



Public Development Banks Driving the Agroecological Transition



**Agri-PDB
Platform**

Agricultural Public Development Bank Coalition

Executive Summary

Rural economies face a compounding crisis: food systems are increasingly fragile, and development finance has not kept pace with the transformation required.

Agricultural Public Development Banks (Agri-PDBs) hold a strategic advantage in enabling transformative pathways that benefit farmers, ecosystems, and national economies.

Agroecology stands out as one of the most promising pathways, strengthening climate adaptation and mitigation, improving livelihoods, and enhancing environmental sustainability.

This Policy Brief outlines why agroecology represents a strategic opportunity for Agri-PDBs, and how the Agri-PDB Platform enhances PDBs' ability to adopt agroecological principles into their portfolios and investment frameworks, fostering more sustainable and inclusive food system transformations.

This Policy Brief provides actionable policy recommendations, aimed at guiding Agri-PDBs and partners in operationalizing agroecology and accelerating food-systems transformation.

Global Poly-Crisis: Need for Action

Globally, food systems and development finance architecture, marked by overlapping poly-crises, demand immediate and coordinated corrective action¹.

Food systems are among the most powerful drivers of environmental breakdown. According to the EAT Lancet Commission (Rockström et al., 2025)², food production has transgressed seven of nine planetary boundaries, including climate change, biosphere integrity, and freshwater use. The Food and Agriculture Organization of the United Nations (FAO) estimates the annual hidden environmental, social, and health costs at approximately USD 12 trillion nearly ten times global agricultural output, borne disproportionately by the world's poorest communities³.

These breakdowns mirror disruptions in global financial systems, which are insufficient to meet sustainable development needs and further strained by socio-economic shocks, geopolitical instability, and accelerating climate crises.

This exposes deep structural weaknesses: fragmentation, under-resourcing, and misalignment with sustainable development priorities.

Following the Scoping Study Report from the UVM Institute for Agroecology⁴, policymakers and financial actors must fundamentally rethink development strategies and the financial architecture supporting them to align food systems and development finance with the Sustainable Development Goals (SDGs).

Fast Facts in Number³

US 1.1T

Annual investment needed in agrifood systems.

1.5%

Share of global climate finance reaching sustainable food systems.

USD 12T

Estimated annual hidden costs of industrial food systems.

³ FAO (2024), Unhealthy dietary patterns drive \$8 trillion in annual hidden costs of global agrifood systems.

Fast Facts in Number:
**PDB's role in
Global Finance**



536 PDBs in 2025



annual financing
as a % of total world investment

~\$23 TRILLION

in assets



ACROSS 155+

Countries & economies
(more than 80% of total assets
in G20 countries)

Finance in Common System (2025), FICS' contribution
for FfD4: Unlocking the potential of Public
Development Banks for sustainable development.

The Paradigm Shift: Public Development Banks and the Agroecological Transition

What are PDBs?

PDBs had been conceived with the goal of mobilizing development finance to assist countries, particularly low-income ones, addressing global challenges. The over 500 PDBs operating worldwide provide “institutional incentives” (loan conditionality), policy-advice to build capacity, and technical assistance^{5,6}.

As SDG enablers with public-interest mandates that prioritize development impact over profit maximization, and with a strong capacity to mobilize capital for the public good, PDBs are pivotal in redirecting financial flows toward the sustainable development transition.

Thanks to their inherent characteristics⁷, public mandates, and significant role played in the global finance, they are uniquely positioned to support transformative pathways such as the agroecological transition. By moving beyond the legacy of agricultural industrialization, PDBs can institutionalize the agroecological transition as a core strategic priority, essential for addressing the urgent environmental and socio-economic deficiencies of global food systems and for building more sustainable, inclusive, and resilient food systems.

Public Development Banks (PDBs) operating within the scope of food systems and rural development sit at the heart of the solution and can lead this transformation.

What is Agroecology?

Agroecology is an integrated and holistic approach to transforming food systems and addressing related environmental and socio-economic challenges, through the implementation of principles that prioritize natural processes, diversification, reduced dependence on external inputs, and minimized negative externalities (IFAD⁸; HLPE⁹).

The Agence Française de Développement (AFD) frames agroecology as a system of agricultural production where economic, social, environmental, and health performances are all together taken into account¹⁰.

The European Commission's Operational Guide on Agroecology further characterises agroecology as a systemic and transformative approach, requiring coordinated changes across production systems, value chains, and governance structures. It anchors agroecology in established analytical frameworks, notably the FAO's 10 Elements and the HLPE's 13 Principles, providing a structured basis for policy design and investment decisions¹¹.

In this view, agroecology goes beyond the adoption of sustainable practices, implying a progressive transformation of food systems to achieve environmental sustainability, economic viability, and social justice, positioning it not only as a scientific discipline, but also as a socio-institutional transition pathway¹².

Why Agroecology works: Rebutting the Productivity Myth

With respect to conventional farming systems, agroecological ones produce a wider range of benefits to farmers, society and ecosystems (food, fodder, ecosystem services, and livelihood benefits), performing over intensive farming when considering total system productivity^{4,13}.

While agroecology generates positive economic, environmental, and social outcomes, intensive farming systems are highly exposed to erratic climate patterns and extreme weather events, markets volatility, and to resource pressures and constraints. These exposures augment the vulnerability of both farmers and the financial actors serving them.

Evidence from the EU-funded ProSoil programme found that agroecological soil management practices in Ethiopia and Tunisia led to increased crop production, with returns on investment in some cases as high as 700%. Looking at single crops or staple foods yields in Tanzania, conventional smallholders may achieve higher average yields while agroecological farmers experience significantly lower relative yield losses in bad years, a critical resilience advantage in a climate-volatile future¹⁴.

Yet, favourable institutional and policy conditions are needed to make agroecology investable, and operational for Agri-PDBs.

¹ World Bank (2024), Poverty, Prosperity, and Planet Report.

² Rockström et al. (2025), The EAT-Lancet Commission on healthy, sustainable, and just food systems, The Lancet.

³ FAO (2024), Unhealthy dietary patterns drive \$8 trillion in annual hidden costs of global agrifood systems.

⁴ Makombore & Anderson (2025), Agroecology and public development banks: Transforming development finance for equity and resilience, UVM Institute for Agroecology.

⁵ Mendez & Houghton (2020), Sustainable banking: The role of multilateral development banks as norm entrepreneurs, Sustainability.

⁶ Prizzon, Josten & Gyuzalyan (2022), Country perspectives on multilateral development banks: A survey analysis, ODI Report.

⁷ Xu, Marodon & Ru (2021), Mapping 500+ development banks: Qualification criteria, stylized facts and development trends, AFD Research Paper No. 192.

⁸ IFAD (n.d.), Agroecology.

⁹ HLPE (2019), Agroecological and other innovative approaches for sustainable agriculture and food systems that enhance food security and nutrition. Rome.

¹⁰ Agence Française de Développement (2023), Intégration de la transition agroécologique dans les projets financés par le groupe AFD.

¹¹ European Commission. 2025. Operational guide on agroecology. Brussels.

¹² European Commission Knowledge Centre for Global Food and Nutrition Security (2026, March5), Brief me on “Agroecology”, European Commission.

¹³ European Commission (2024), Operational guide on agroecology. Brussels.

¹⁴ European Commission (2024), Economic benefits through agroecological soil practices: Evidence from ProSoil.

¹⁵ FAO (2025), Policies to support organic agriculture and agroecology in the framework of the United Nations Decade of Family Farming 2019–2028, FAO.

Box 1 : How PDBs can adopt Agroecology

Instruments

1. Concessional and Climate Finance

Highly concessional finance coupled with climate finance tailored for farmers' needs;

2. Technical Assistance

Policy-advice and technical support (thanks to agroecology experts joining their teams);

3. Capacity Building

Awareness-raising sessions, education, and field training;

4. Partnerships

Partnerships with influential actors in the agroecological domain and definition of farmers' networks;

5. Targeted Instruments

Mechanisms to value farmers adopting agroecological practices, or direct financing agroecological practices;

6. Policy Conditionality

Development policy finance with agroecology-aligned conditionality.

Revision of mandates and frameworks⁴

1. Redesigning Financial Frameworks to drive food systems transformation

Priority must be given to human rights, agroecological principles, and more integrated notions of risk;

2. Phasing out Financial Support for Industrial Agriculture

Excluding from portfolios investments favouring non sustainable intensive farming, such as monocropping farming;

3. Improving Internal Expertise on Agroecology

Recruit and train agroecology specialists within PDB technical teams to bridge the current interdisciplinary skills gap;

4. Building Bankable Agroecology Pipelines

Implement an agroecology taxonomy to ensure standardisation across initiatives and consistency with emerging international sustainable finance frameworks;

5. Institutionalising Agroecology in Financial Operations

Adopt operational tools translating agroecological outcomes into finance-relevant metrics, enabling integration into investment appraisal, risk assessment, and portfolio management.

Case Study 1

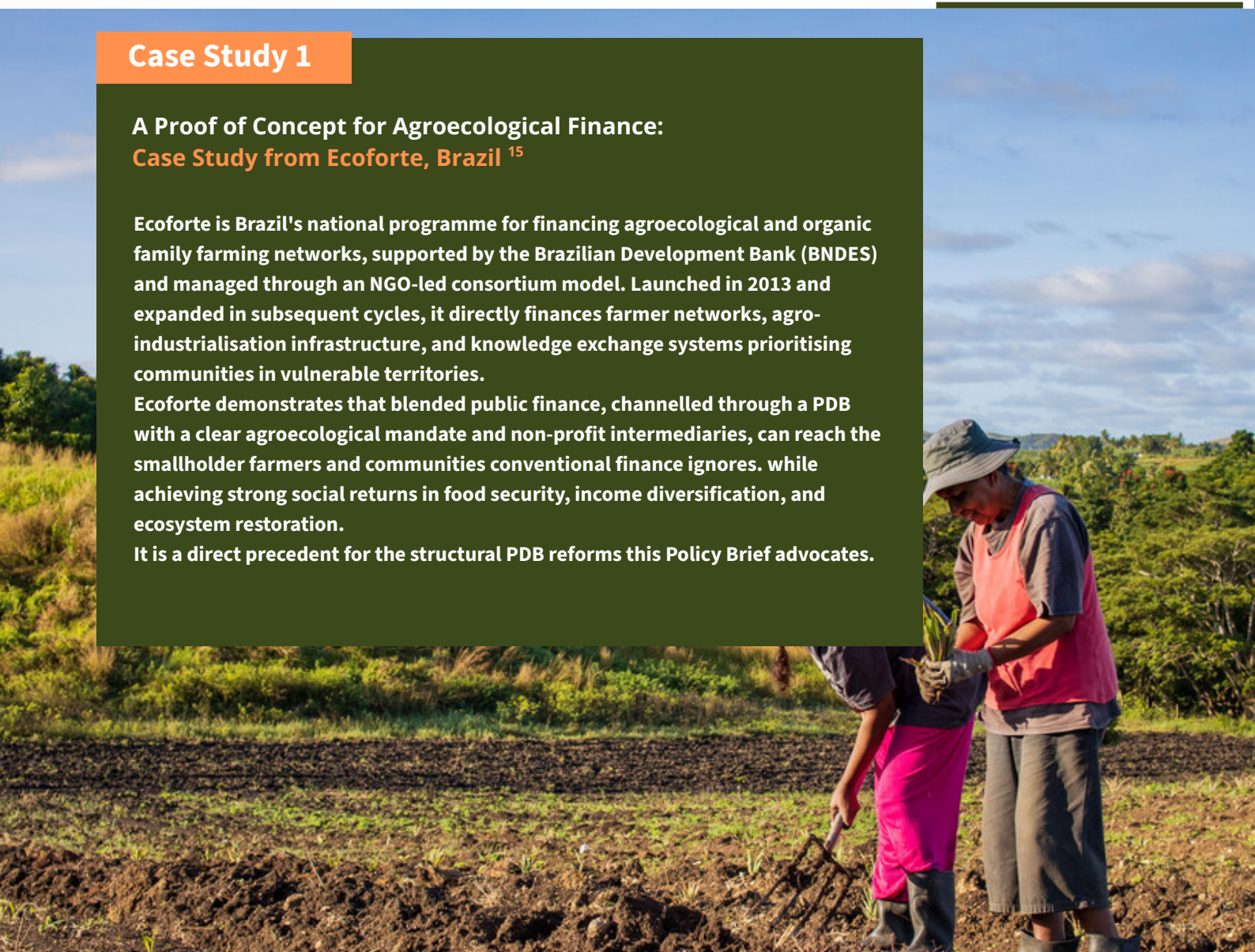
A Proof of Concept for Agroecological Finance:

Case Study from Ecoforte, Brazil¹⁵

Ecoforte is Brazil's national programme for financing agroecological and organic family farming networks, supported by the Brazilian Development Bank (BNDES) and managed through an NGO-led consortium model. Launched in 2013 and expanded in subsequent cycles, it directly finances farmer networks, agro-industrialisation infrastructure, and knowledge exchange systems prioritising communities in vulnerable territories.

Ecoforte demonstrates that blended public finance, channelled through a PDB with a clear agroecological mandate and non-profit intermediaries, can reach the smallholder farmers and communities conventional finance ignores, while achieving strong social returns in food security, income diversification, and ecosystem restoration.

It is a direct precedent for the structural PDB reforms this Policy Brief advocates.



Key Achievements of: Agri-PDB Platform

 **Scale**
138 PDBs
across 94 countries

 **75 → 138**
members since 2021

 **3 Regions**
engaged
through peer exchanges
(Africa, Asia, Latin America)

 **36 staff**
trained
through training activities
(in-person and online)

 **816**
participants
across working groups
and webinars (2025)

 **Key tools**
deployed

- ABC Map, TAPE, B-ACT
- Carbon & Biodiversity methodologies
- Green taxonomies

Learn more about
Peer-to-Peer exchange:



The Agri-PDB Platform: From Mandate to Mechanism

The Agri-PDB Platform is uniquely positioned to advance the agroecological transition, strengthening PDBs' capacity to fully leverage their mandates for food-systems transformation.

Established in 2021 by the IFAD and AFD, the Platform has received substantial financial support from the Livelihood Resilience and Soil Health in ACP Countries (ILSA) programme, financed by the European Union and implemented by IFAD.

The Platform represents the interface of both the Finance in Common Summit (FiCS) coalition for agriculture and the United Nations Food Systems (UNFS) coordination hub.

The Platform empowers its members turning their actions into impacts and institutionalizing agroecology, through core services which open pathways for new mandates and policy frameworks, and for respecting the indispensable conditions for transitioning towards agroecology.

• Working Groups

Issue-focused sessions involving PDBs members and technical partners, revolving around matters relevant to PDBs.

They enable PDBs translating insights into their operational frameworks, and institutionalizing agroecology as a core strategic priority.

• Peer-to-Peer Exchanges among PDBs

Exchanges across PDBs allowing them to leverage each other's strengths and promote synergies by connecting their technical experts and stakeholders.

PDBs showcase real successful agroecological models with their peers, proving agroecology as a modern, resilient, and economically viable paradigm (e.g., NABARD India's JIVA Program, presented during the Exchange with MAIIC Malawi).

• Tailored Training Programme

Tailored thematic trainings on agroecology enable PDBs to build internal expertise by addressing knowledge gaps and empowering them to assess and manage agroecological returns and risks.

From Awareness to Action: Agroecology

Concepts

Working groups introduce concepts and PDB role

Operational Tools

ABC-Map, TAPE, B-ACT, Agroecology Coalition's Agroecology Finance Assessment Tool, online training

Structured Training

In-person Training Programme

Implementation & Uptake

Field Pilots, Monitoring Mechanisms, and Scaling Programmes



Case Study 2

A Proof of Concept for the Platform impact:

Case Study from NABARD and MAIIC peer-to-peer exchange

The exchange, implemented through the support of the Platform, brought together the Malawi Agricultural & Industrial Investment Corporation (MAIIC) and India's National Bank For Agriculture And Rural Development, to learn from NABARD's proven agroecological and natural farming systems, particularly the JIVA model.

It focused on how diversified cropping, seed banks, bio-inputs, and community governance drive soil health and farmer resilience. Ultimately, field evidence (i.e., improved yields, lower input costs, women's empowerment, and stronger community structures) showed why agroecology is viable and scalable. MAIIC gained direct insight into how NABARD links programmes with tailored financial products, climate-finance instruments and strong monitoring systems. The mission helped MAIIC see exactly which mechanisms can be adapted to Malawi rather than starting from scratch.

The Platform ensured this was a structured peer-learning process, making the exchange directly relevant to MAIIC's works and development, and laying the groundwork for formal India–Malawi cooperation under South-South and Triangular Cooperation (SSTC).

Overall, the exchange accelerates MAIIC's agroecology transition.



The Platform Uniquely Supports PDBs in Adopting Agroecology

Integrating agroecology into PDB strategies requires the Banks to overcoming multiple barriers and structural paradigms. The Agri-PDB Platform addresses these constraints through its core functions, supporting PDBs to translate mandates into practice.

Box 2 : Overcoming Barriers to Agroecology Adoption

Barriers faced by PDBs

1. As funding for agroecological research is often limited compared with conventional agricultural research, shifting away from conventional agricultural paradigms requires understanding Agroecology's multidimensional benefits⁴.
2. Improving technical capacity implies high barriers and costs for PDBs lacking access to valuable tools and enabling environment, such as policies and institutional reforms.
3. The financing and uptake of Agroecology is restrained by incomplete measurements of environmental and social performances.
4. Agroecology is framed as unbankable, due to traditional risk models ignoring long term ecological benefits and overestimating sustainable farming risks.
5. While Agroecology is a multi-actor paradigm, PDBs lack strong coordination mechanisms.

Platform Support to PDBs

1. Through evidence, the Platform reframes narratives on agriculture, revealing agroecology as a modern pathway towards socioeconomic and ecological resilience.
2. The Platform enables PDBs integrating tools, methodologies, and technical assistance into portfolio policies and operations.
3. Introducing PDBs to monitoring frameworks and performance tools, the Platform strengthens their accountability and traceability.
4. Through its core services, the Platform supports PDBs to reframe risk and reduce information asymmetry.
5. The Platform crucially connects PDBs and relevant stakeholders, bringing together diverse partners around a shared Agroecology strategy.

Policy Recommendations

Pillar One – Mandates and Governance Reform

1. PDBs should embed agroecology in charters and action frameworks, where national development goals (poverty reduction, rural employment, food sovereignty, etc.) should be formally integrated with global environmental challenges including climate action and biodiversity loss.
2. Governments should actively engage PDBs in the design and implementation of Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs).
3. Governments should create permanent inter-ministerial bodies coordinating ministries, PDBs, farmer organizations, and research institutions, or ensure the effective participation of farmers, research entities, etc in existing mechanisms.
4. Governance mechanisms should ensure inclusive and participatory decision-making, actively involving farmers' organisations, civil society, and local communities (in line with the European Commission's Operational Guide on Agroecology), to favour co-creation of knowledge and farmer-led innovation, rather than top-down models of technology transfer¹⁰.

Pillar Two – Financial Products and Portfolio Alignment

5. PDBs should phase out harmful investments by set deadlines, adding industrial livestock and input-intensive monocultures to exclusion lists, shifting capital towards agroecological and sustainable systems.
6. PDBs should allocate increasing shares of agricultural lending to agroecology- related policies, practices, and infrastructure (e.g., favouring shorter supply chains and agroforestry).
7. PDBs should prioritise territorial and diversified food systems. Direct financing toward territorial food systems, including scale-appropriate processing, community bio-inputs production, local storage infrastructure, and farmer cooperatives, to provide them with the infrastructure that makes agroecological transitions economically self-sustaining.

Pillar Three – Risk Frameworks and Accountability

8. PDBs should adopt holistic assessment frameworks which move beyond narrow financial metrics to adopt frameworks, such as Full Cost Accounting (FCA) and Community Economy Return on Investment (CEROI), which capture the full economic, social, and ecological value that agroecological investments generate over time.
9. PDBs should employ agroecology performance tools, including agroecological performance metrics in their operations (TAPE, ABC-Map, B-ACT). This ensures agroecological outcomes are captured in an harmonized, transparent, and comparable way across portfolios.
10. PDBs should report on the agroecological share of their agricultural portfolios alongside standard climate finance metrics. For instance, the Agroecology Finance Assessment and Tracking Tool enables tracking the alignment of the portfolio to agroecological principles. This improves accountability and provides the data for evidence-based policy engagement and market signalling.

Pillar Four – Internal Capacity and Partnerships

11. PDBs should invest in internal agroecology expertise. Recruit and train agroecology specialists within PDB technical teams to bridge the current interdisciplinary skills gap. Portfolio transformation cannot precede institutional knowledge transformation.
12. PDBs members of the Platform should designate focal points participating in Working Groups, Peer-to-peer exchanges, and capacity building trainings. This ensures continuous and effective knowledge transfer.
13. PDBs should strengthen peer-learning mechanisms and deepen participation in the Agri-PDB Platform and the Agroecology Coalition, to share de-risking models and bankable agroecological success stories. Peer learning has proven to be among the most effective mechanisms for institutional change at scale.

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