WB-P181242

Access to finance for the sustainable transformation of agrifood systems

Quick Facts

Countries	Colombia
Financial Institutions	World Bank (WB)
Status	Canceled
Bank Risk Rating	B
Voting Date	2025-11-17
Borrower	FINAGRO
Sectors	Agriculture and Forestry
Investment Type(s)	Loan
Investment Amount (USD)	$ 125.00 million
Loan Amount (USD)	$ 125.00 million
Project Cost (USD)	$ 200.00 million

Project Description

According to the WB, the development objective is to promote access to sustainable finance for agricultural investments for the transformation of the agri-food production system of the project beneficiaries

The proposed project is a five-year financial intermediary investment project with a total cost estimated at US$239 million. The proposed project would be financed with a US$100 million IBRD loan, US$17 million financing from the Canadian Clean Energy and Forest Climate Facility (CCEFCF), US$ 8.0 million from the Food System 2030 Umbrella Program (FS2030), US$15 million counterpart funding from FINAGRO, and, at least, US$99 million from private financing. FINAGRO will be the borrower and implementing entity. The project will improve productivity, strengthen the capacity to adapt to and mitigate climate change conditions and reduce greenhouse gas emissions, also leveraging the Bank's global knowledge and experience specialized in strengthening agrifinancial institutional capacity. The project consists of three components: (1) Strengthening financial sector institutional capacity, (2) Access to sustainable finance for agrifood system, and (3) Project management. Component 1. Strengthening agrifinancial sector's institutional capacity and repurposing agriculture support policies (US$ 2 million FINAGRO; and US$ 8.0 million FS2030). Under this component, the project will finance the provision of technical assistance, capacity building, training, and institutional strengthening of FINAGRO, FINAGRO's Agricultural Partial Credit Guarantee - FAG, and Participating Financial Institutions (PFIs) to enable small low-income farmers, and medium-scale farmers in Colombia to access sustainable financing to implement CSA and agri-businesses. This component will also help institutions linked to the agricultural sector transform the agrifood system by redirecting resources from harmful and distorting practices to more sustainable ones through the repurposing of agrifinance support programs. Subcomponent 1.1. Enhancing the institutional capacity of the agrifinancial sector (US$ 2 million FINAGRO). This subcomponent would finance, inter alia: (a) provision of technical assistance to improve FINAGRO's capacity to structure climate-smart credit programs; (b) develop and implement a data management system which collects and monitors beneficiaries' personal and subloan data for reporting purposes; (c) strengthen FINAGRO's recently created Sustainable Finance Unit; (d) improve the capacity to integrate climate change risks, costs, and opportunities into FINAGRO's business model; (e) implement capacity building programs aimed at PFIs, including the development and/or improvement of their Environmental and Social Management Systems; and (f) conduct knowledge exchanges on strategies and operational approaches to agricultural finance.Subcomponent 1.2. Repurposing agriculture support policies (US$ 8.0 million FS2030). This subcomponent will support MADR with, inter alia, (a) conducting of a comprehensive review of the existing CSA technologies available, and develop technical materials and technical agriculture delivery mechanisms for the identified CSA technologies; (b) studying the existing financing support programs to the agriculture sector, identify areas of improvement and propose policy changes. This activity also involves designing and implementing repurposing pilots to reorient public support towards CSA technology adoption, providing technical assistance for the modernization of policy, legal, regulatory, and institutional frameworks governing the agriculture sector to mainstream climate change and food security and nutrition targets, and developing and implementing a communication strategy to inform the public and private sector about the drawbacks of these publicly supported programs and the benefits of reform. Furthermore, this subcomponent will help FINAGRO finance, inter alia, (c) the design and implementation of sustainable financing products to promote the adoption of CSA technologies: this activity also involves assessing options and covering related costs to ensure the integrity and credibility of climate change mitigation efforts (i.e. certification bodies, government agencies, international organizations, others), particularly in the context of carbon markets. Component 2. Access to sustainable finance for agrifood systems (US$99 million IBRD; US$17 million CCEFCF; US$12 million FINAGRO; US$99 million private financing). This component will finance the provision of lines of credit and partial credit guarantees to eligible PFIs, which in turn will provide subloans for climate-smart investments to final borrowers in the agricultural sector. These subloans will cover final beneficiaries' investment needs, especially those investments requiring long-term to be repaid. By way of example, FINAGRO will classify subloans that align with CSA eligibility criteria into four credit types: (a) On-farm irrigation technologies and practices to improve water use efficiency; (b) Clean energy and energy efficiency; (c) Technology and

Investment Description

- World Bank (WB)

Contact Information

No contacts available at the time of disclosure

ACCESS TO INFORMATION

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Bank Documents

- Appraisal Environmental and Social Review Summary (ESRS) - Access to finance for the sustainable tra
- Appraisal Project Information Document (PID)
- Concept Environmental and Social Review Summary (ESRS) - Access to finance for the sustainable trans
- Environmental and Social Commitment Plan (ESCP) - Access to finance for the sustainable transformati
- Stakeholder Engagement Plan (SEP) - Access to finance for the sustainable transformation of agrifood