

IFAD welcomes the European Union's commitment to a new impact fund targeting small agribusinesses across emerging markets

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Rome, 18 December 2018 - The European Union has committed €45 million to the establishment of a new impact fund that will boost investments in small rural agribusinesses across emerging markets. The agreement between IFAD and the EU was signed on 18 December 2018 at the High-Level Political Forum Africa -Europe in Vienna. Luxembourg and the Alliance for the Green Revolution in Africa (AGRA) have already committed €5 million and €4.3 million respectively to the new fund.

“I would like to thank the European Commission for its commitment of €45 million, alongside Luxembourg and the Alliance for the Green Revolution in Africa (AGRA). Their contributions underscore their commitment to improving access to capital for smallholders,” said IFAD President, Gilbert F. Hounbo.

With a special focus on Africa and young people, the Agribusiness Capital Fund (ABC Fund) will target small and medium-sized enterprises (SMEs), farmers' organizations and 'agripreneurs' across emerging markets, to spur economic and social development in rural areas and create jobs.

The ABC Fund will be established as a private sector fund incorporated in Luxembourg in early 2019. IFAD has selected Bamboo Capital Partners and Injaro Investments to set-up and manage the ABC Fund.

The ABC Fund will provide loans to owners of rural, agricultural SMEs that fall into the “missing middle” between large-scale farmers served by commercial banks and subsistence farmers relying on micro-credit.

The demand for loans of this size is estimated at US\$200 billion in sub-Saharan Africa, South and South-East Asia, and Latin America alone.

The ABC Fund will place a particular focus on incubating new enterprises led by young people. This will not only improve the income of this vulnerable group, but will also create broader employment opportunities in rural communities, particularly in Africa, to offer an alternative to migration. An estimated 440 million young people will enter the rural labor market by 2030 in Africa alone.

Globally, today’s generation of young people is the largest ever, estimated at 1.2 billion. A significant percentage of young people live in rural areas and are two to three times more likely than adults to be unemployed. Those employed often have insecure, low-quality jobs in the informal sector.

Impactful investments in smallholder farming and off-farm activities are required to end poverty and hunger, and produce food sustainably.

For example, reaching the United Nations’ Sustainable Development Goals (SDGs) will not be possible without the private sector’s involvement. Estimates show that incremental investments of US\$210 billion per year for agriculture and US\$38 billion per year for food security are required to achieve the SDGs.

Please see IFAD’s article: <https://www.ifad.org/en/web/latest/news-detail/asset/40953002>