



Business Investment Financing Track Pilot

The Global Agriculture and Food Security Program Brief

BIFT scales up catalytic finance for underserved agricultural entrepreneurs in low-income countries

About BIFT

For more than a decade, GAFSP has provided much needed financing to smallholder farmers, producer organizations, and agribusinesses in low-income countries requesting investment support to transform food systems. The program has mobilized more than \$2.5 billion in donor funds for public and private sector investments to reach 20.5 million people.

GAFSP launched the Business Investment Financing Track (BIFT) pilot on October 1, 2024 to take finance for addressing food insecurity in low-income countries to the next level. The BIFT is designed to catalyze access to affordable private and climate finance for smallholder farmers, producer organizations, innovative startups, and micro-, small-, and medium-enterprises (MSMEs) in the agrifood sector.

Smallholder farmers and early stage agrifood businesses often lack access to financial services, which limits their ability to respond to growing local and regional food demands. Accelerating financial innovations that unlock private and climate financing can empower rural communities while building more resilient agriculture and food systems in the world's poorest and most vulnerable nations.

BIFT represents a second-generation funding window designed to leverage existing and new GAFSP funded projects, promote civil society engagement, and incentivize public and private partnerships. It builds momentum towards the adoption of more sustainable and climate-smart agricultural practices, infrastructure, and technologies that increase productivity, climate resilience, and economic opportunities across local and regional value chains, especially for nutritious foods.





BIFT funding will be managed by GAFSP's partner multilateral Development Finance Institutions (DFIs) including: African Development Bank (AfDB), Asian Development Bank (ADB), IDB Invest, International Fund for Agricultural Development (IFAD), and International Finance Corporation (IFC). These partners will act as project sponsors and co-investors. They will be responsible for proposing projects centered on strategic partnerships with private sector actors (impact investors, financial institutions, fund managers, agribusiness companies, as well as producer organizations), governments, civil society organizations, and other development partners.

BIFT funding will crowd in other sources of financing. The first source will be from the DFIs' own contribution, which will match the GAFSP funding. The second source will be from private investors, which will be at least 2 times that total amount. This leverage will be achieved on the concessional investment financing made available under BIFT. Concessional investment financing, unlike grant funding, has the potential to earn income and return principal, which can form the basis of renewable funding for future investments supported under the BIFT.

Why is GAFSP prioritizing the Business Investment Finance Track?

The BIFT model addresses entrenched challenges and constraints by creating and developing capital markets for smallholder farmers and early-stage agribusinesses in low-income countries that show high potential and are ready to transition into their next phase of growth. BIFT will not only empower traditionally underserved groups; it will also reward farmers for contributing to more sustainable and resilient food systems. For example, performance-based incentives could be built into innovative financing solutions for farmers to invest in diverse food crops, healthy soils, biodiversity conservation, and ecosystem services – so that the financing will directly contribute to sustainable productivity improvements and a better environment, pushing closer to the goal of a net zero world, free of poverty and hunger.

GAFSP envisions a world where small-scale producers and rural communities in low-income countries are flourishing, and producing more nutritious foods for local, regional, and global markets. Farmers and food producers can lead the change needed in food systems by investing in the production of nutritious foods and the adoption of more sustainable and climate-smart solutions. Developing more inclusive capital markets can help the most vulnerable working in the sector, including smallholder farmers, women, and youth, implement transformative investments and strengthen the resilience of agrifood value chains in the future.

Learn more

www.gafspfund.org/business-investment-financing-track-pilot



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