

PÉROU

Financing more environmentally friendly agricultural investment projects

AFD's project is supporting the public bank Agrobanco with its aim of helping Peruvian farmers improve their agricultural practices, use more environmentally friendly technologies, and fight against the impacts of climate change. It also allows the bank to more effectively manage the environmental and social risks related to its activity.

CONTEXT

Current agricultural practices in Peru are not sufficiently environmentally sustainable. Agriculture in the broad sense and the related land-use change account for some 60% of the country's greenhouse gas emissions and are one of the main causes of deforestation.

Agrobanco, as a public bank, is implementing the Government of Peru's policy for the fight against climate change in the sectors related to it (agriculture, forestry) via its specific tools (loans, technical assistance where required). It is consequently in the best position to encourage farmers to develop more sustainable and climate-compatible farming, fishing and livestock raising techniques.

DESCRIPTION

Agrobanco mainly lends to small and medium-sized producers, as well as to Peruvian agricultural cooperatives. Since 2013, the bank has been engaged in a process aiming to turn it into a "green development bank". This is set out in its "Green Bank Plan", which was approved by its Board of Directors in 2015.

AFD's financing aims to support its two main objectives: Develop and strengthen its "green" investment portfolio; Improve its environmental and social performance. AFD's loan is combined with a EUR 5m grant from the European Union via the Latin America Investment Facility (LAIF), which will provide farmers with financial incentives. The aim is to reduce the costs related to the most innovative investments, and implement a technical assistance program to improve the definition and identification of eligible green projects.

IMPACTS

The program targets a 10% increase in Agrobanco's green portfolio in 2015 and a 25% increase between 2016 and 2018.

Between 8,000 and 10,000 producers/farmers are expected to benefit from green financing via the program. This will reduce greenhouse gas emissions and, at the same time, improve their productivity and incomes.

18/11/2015

Project start date



Pucallpa
Location



Agriculture and Rural Development , Climate , Biodiversity
sector(s)



Non Sovereign Non Concessional Loan
financing tool(s)



50 000 000 EUR
Financing amount

Agrobanco
Beneficiaries

