



Investing in rural people

Executive Board

President's report on a proposed regional grant to the German Sparkassenstiftung for International Cooperation for Scale Up Agtech and Fintech Solutions within IFAD's portfolio (Innovatech NEN)

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 17.

Technical questions:

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President's report on a proposed regional grant to the German Sparkassenstiftung for International Cooperation for Scale Up Agritech and Fintech Solutions within IFAD's portfolio (Innovatech NEN)

I. Background and compliance with the IFAD Regular Grants Policy

1. The Near East, North Africa and Europe (NEN) region faces significant demographic pressures and climate vulnerability, underscoring the need to modernize rural economies through inclusive digital solutions. Agriculture remains central to rural livelihoods, but smallholder farmers continue to face persistent barriers in accessing finance, markets and technology. While the rapid growth of digital entrepreneurship offers new opportunities to bridge rural–urban divides, tech start-ups often struggle to reach rural producers, owing to low digital literacy, weak infrastructure and limited access to finance, making the region both a promising and a challenging context for testing innovative rural development models.
2. The Innovatech 1.0 and 2.0 programmes in Latin America and the Caribbean successfully demonstrated that a demand-driven start-up acceleration model can effectively link digital innovators with IFAD's programme of loans and grants – with more than 20,000 rural households benefiting from digital services and more than 380 producers' organizations (POs) connected to start-ups – while advancing the inclusion of women and youth. Building on these results and the lessons learned from the previous grants, Innovatech NEN will adapt and test this proven methodology in Jordan, Türkiye and Uzbekistan – where digital ecosystems are expanding and the grant recipient has an established presence – to assess the transferability of the model to a new regional context and strengthen IFAD's capacity to deliver scalable, sustainable digital solutions for smallholders. Specifically, the programme in NEN will adopt the Innovatech "hub edition" implementation model, successfully piloted under Innovatech 2.0 in Latin America and the Caribbean, in which the programme is implemented through regional hubs applying the Innovatech methodology and acting as key promoters for local start-up ecosystems. This model enables the initiative to function as a unified international programme while adapting to local contexts.
3. Innovatech is in line with the goal and objectives of the IFAD Regular Grants Policy (2021),¹ which seeks to advance sustainable and inclusive rural transformation. It responds to strategic objective 1 of the grants policy by strengthening in-country capacity to deliver impact on the ground, and supports priority area 4 by enhancing performance, efficiency, and scaling potential. By leveraging partnerships with private Tech startups, the programme is also consistent with IFAD's priority commitment areas 4 (increasing engagement with the private sector) and 6 (enhancing the sustainability and scalability of investments),² and with IFAD's Private Sector Operational Strategy 2025–2030, particularly the objective of fostering inclusive access to markets.
4. The programme will contribute to the following Sustainable Development Goals (SDGs): SDG 1 (no poverty), SDG 2 (zero hunger), SDG 5 (gender equality), SDG 10 (reduced inequalities), SDG 13 (climate action), SDG 15 (life on land) and SDG 17 (partnerships for the Goals). Finally, by creating opportunities for young people in the context of migration/displacement, the programme will also contribute to the overall SDG commitment of leaving no one behind.

¹ EB 2021/132/R.3.

² [EB 2024/143.R.24](#).

5. The grant recipient, German Sparkassenstiftung for International Cooperation (DSIK), was identified through direct selection. The direct selection was approved by the Operational Strategy and Policy Guidance Committee Chair on 29 May 2025.

II. The proposed programme

6. The **overall goal** of the programme is to foster the adoption of digital technologies and services and to increase the productivity, income, climate adaptation and economic resilience of rural smallholders. The **development objective** is to strengthen the ecosystem of digital services provided by tech start-ups in NEN that allow will improve rural smallholders' access to markets, financial and non-financial services, and technical solutions.
7. The three **specific objectives** are to: (i) assess the demand for and supply of technology solutions among rural smallholder farmers and POs; (ii) implement a start-up acceleration and mainstreaming programme to support and accelerate the development of up to eight start-ups within the three selected countries to provide ad hoc financial and non-financial services to smallholder farmers within the IFAD portfolio, including women, youth and refugees/displaced persons to improve their access to financing, technical assistance and markets access; and (iii) establish monitoring, knowledge management and a regional community of practice.
8. The **target group** will be composed of about 8,000 rural households, encompassing approximately 28,000 individuals. Priority target groups will include: (i) small-scale farmers and rural households, and their respective POs, that have been greatly affected by economic, social or climate shocks and that are currently benefiting from IFAD-supported projects; (ii) women (around 50 per cent of participants), who face persistent gender gaps in access to finance, technology and markets; (iii) youth (also around 50 per cent of participants), who are often excluded from rural employment and entrepreneurship opportunities; and (iv) minorities (around 10 per cent), with a focus on refugees and other displaced communities in rural areas of the three countries. The indirect participants will include up to eight agtech and fintech start-ups and micro, small and medium-sized enterprises from the private sector (minimum two per country), which will be supported in adapting and scaling their solutions for rural smallholders.
9. The programme will be implemented over a period of 20 months in Jordan, Türkiye and Uzbekistan, targeting specific subregions within IFAD's NEN region. Its activities will focus on rural areas where smallholder farmers face structural barriers in access to finance, technology and markets and will be closely aligned with existing IFAD-funded projects in the three countries (specifically, the Dairy Value Chains Development Project II in Uzbekistan; the Uplands Rural Development Programme and the Euphrates River Watershed Rehabilitation Project in in Türkiye; and the Rural Economic Growth and Employment Programme Upscaling in Jordan). In line with IFAD's Regular Grants Policy, the three selected countries represent a balanced mix of lower-income (Jordan, Uzbekistan) and upper-middle-income economies (Türkiye).³
10. The programme will have three components: (i) **component 1** – assessment of demand and supply; (ii) **component 2** – Innovatech programme for tech start-ups; and (iii) **component 3** – monitoring and evaluation (M&E), knowledge management, community of practice and communication. Under component 1, the programme will start with a demand and landscape analysis to identify rural needs, define focus areas and select start-ups with strong potential to address the challenges faced by smallholder farmers. Component 2 will feature an acceleration programme for digital technology solutions for the selected start-ups, with the development of a relevant network and linkage to IFAD projects, strategic partners

³ [World Bank. 2026. "World Bank Country and Lending Groups".](#)

and POs. Component 3 will focus on establishing an IFAD-aligned M&E framework, supported by a digital knowledge system, to monitor digital inclusion, financial access, start-up growth and technology adoption. Additionally, it will advance regional collaboration and communication initiatives to support scaling up efforts and knowledge-sharing among start-ups, POs and farmers' groups, and partners.



III. Expected outcomes/outputs

11. The programme is expected to have the following main outcome: by adopting the digital technologies and services fostered by the programme, smallholder farmers within the IFAD portfolio, including women, young people and migrants, will benefit from ad hoc financial and non-financial services that will improve their access to financing, technical assistance, markets and improved production practices. This outcome will be achieved through the following outputs.

Under component 1:

- Output 1.1: A demand analysis will be completed for each of the three targeted countries; and
- Output 1.2: A landscape analysis will be carried out to assess the current supply of agtech, fintech, climate tech and other technological services in the target countries.

Under component 2:

- Output 1.3: Start-ups offering agtech, fintech, climate tech and other technology solutions will expand their services to reach IFAD's target groups in the selected countries.

Under component 3:

- Output 1.4: A group of organizations committed to rural development and technological innovation will join the programme as benefit partners, either participating actively or providing pro bono support to the selected start-ups; and
- Output 1.5: An event will be organized with the participating companies to showcase start-up solutions adapted to the needs of rural smallholder farmers and highlight other results of the programme.

IV. Implementation arrangements

12. DSIK will assume full responsibility for programme implementation and grant management and will ensure the highest quality outcomes. This will be achieved through a qualified and committed programme team – selected in consultation with IFAD – supported by robust backstopping structures, continuous M&E of subrecipients and contractors, and close coordination and knowledge exchange with programme stakeholders.
13. DSIK will be fully responsible and liable for both subrecipients and subcontractors. Subrecipients of the grant will include start-up companies supported by the

programme, and subcontractors will include external service providers and consultants, such as the organizations contracted for the implementation of the Innovatech 2.0 hub edition. The programme's backstopping and quality management will be ensured through an international expert based at DSIK's headquarters who is familiar with IFAD grant regulations and who was also responsible for overall programme management under Innovatech 1.0 and 2.0.

14. The programme will also receive support from DSIK's country offices in Jordan, Türkiye and Uzbekistan. Additionally, DSIK's head office has dedicated divisions in place that will facilitate programme accounting, information technology management, public relations and internal revision.
15. Deviations from the standard procedures for financial reporting and audit are as follows: the audit of the institutional financial statements will be submitted to IFAD within 11 months after the end of each fiscal year. This deviation will be reflected in paragraph 8 of the grant agreement. For the audit opinion on the statement of expenditure, the six-month deadline will be maintained, in line with IFAD standard procedures for financial reporting and audit. The certified statements of expenditure, including the expenditure transaction lists, are to be submitted to IFAD, along with the audit opinion on the statements.

V. Indicative programme costs and financing

16. The total cost of the programme is US\$1.715 million, including US\$1.5 million in IFAD regular grant funding. The grant recipient (DSIK) and the subrecipients (agtech and fintech companies) will contribute counterpart financing totalling US\$215,000. Overhead costs amount to US\$98,134, representing 7 per cent of the direct costs.

Table 1

Costs by component and financier

(Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>DSIK</i>	<i>Fintech/ agtech</i>	<i>Total</i>
1. Assessment of demand and supply	260	41		301
2. Innovatech programme for tech start-ups	763	13	100	876
3. M&E, knowledge management, community of practice, communication	137	3		140
4. Programme management	242	58		300
5. Overheads	98			98
Total	1 500	115	100	1 715

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>DSIK</i>	<i>Fintech/ agtech</i>	<i>Total</i>
1. Salaries and allowances	402	48		450
2. Operating costs (including travel costs)	102			102
3. Goods, services and inputs (including consultancies)	306	67	100	473
4. Workshops and training (including equipment and materials)	42			42
5. Grant and subsidies	550			550
6. Overheads	98			98
Total	1 500	115	100	1 715

VI. Recommendation

17. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, Scale Up Agtech and Fintech Solutions within IFAD's portfolio (Innovatech NEN), shall provide a grant of one million five hundred thousand United States dollars (US\$1,500,000) to German Sparkassenstiftung for International Cooperation for a twenty-month period upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Alvaro Lario
President

Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Increase productivity, income, climate adaptation and economic resilience for rural smallholders	Rural smallholders reporting increased productivity, income, climate adaptation or economic resilience (%)	PO Survey - Program M&E System	Services promoted by the program might include access to startup solutions or participation in one or several of the program events, such as workshops, analyses, etc.
Objectives	Strengthen the ecosystem of digital services provided by Tech startups in NEN that allow rural smallholders to have better access to markets, financial and non-financial services, and technical solutions	Support selected companies (start-ups and MSME) in customizing and mainstreaming the provision of their services to smallholders within IFAD Selected companies financed and leveraged	Program M&E System Start-up contracts	
Outcomes/ outputs And Key activities by component	Outcome 1: Smallholder farmers within the IFAD portfolio, including women, young people and migrants benefit from ad-hoc financial and non-financial services that improve their access to financing, technical assistance, markets access and improved production practices	Number of persons accessing the services of Agtech, Fintech, Climatetech, or other Tech as a product of the program activities	Innovatech Participation Form signed by PO representative	Start ups are willing to engage with agricultural value chains and to adapt their technologies to the realities of rural smallholders. Tech companies are able to address the gaps in rural connectivity, and low digital literacy among farmers
Comp. 1 Assessment of the Demand and Supply	Output 1.1 Demand analysis for each of the 3 targeted countries	Number of IFAD projects involved in the demand analysis Number of completed analyses	Demand analysis report for each targeted country	
	Output 1.2 Landscape Analysis for the current offer of Agtech, Fintech, Climatetech and other technological services in the targeted countries	Number of completed analyses	Landscape analysis report for each target country	
Comp. 2 – Innovatech Program for Tech Startups	Output 1.3 Startups with Agtech, Fintech, Climatetech and other technological solutions expand their services to IFAD's target group in the selected countries	Number of companies selected after due diligence process Individual business model adaptation plans for startups	Signed Innovatech Program contract Innovatech Program Document of each startup	Estimated reference numbers which can be adjusted over the course of the program, depending on the number of POs established per country
	Output 1.4 A group of organizations committed with rural development and technological innovation to join the programme as Benefit Partners by having an active participation over the course of the programme or providing pro bono support to the selected start-ups	Number of Benefit Partner agreements signed, including a list of pro bono services offered	Signed Benefit Partner Agreements	

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	Innovation Hubs are trained in the Innovatech methodology	Execution of Innovatech Hub Edition	Execution report including learnings	
C.3. M&E, Knowledge Management, COP, Communication	Output 1.5 Execution of an event where the participating companies will showcase the startup solutions adapted to the needs of rural smallholder farmers as well as the results of the program	Execution of a Demo Day Event and level of participation (1 event /country) No of Policy Briefs published	List of participants, Startup Pitch Decks, follow up on investment opportunities Practical examples and evidence of how technological entrepreneurship can drive local and rural development are disseminated	