The last quarter of the year is always an exceptionally intense time for SAFIN. It is when we come together in our annual plenary to share news, take a critical look at work done together this year, and reflect about where to go next. This year we met in New Delhi, taking advantage of the Sixth World Congress on Agricultural and Rural Finance. This setting provided a great opportunity for dialogue with actors outside the network, including traditional and non-traditional players in agricultural finance. A few strategic issues where more cross learning is critical clearly emerged – notably innovations in value chain finance and in climate-smart agricultural investments. Some exciting outreach opportunities have also come this quarter, as we have started dialogue with the inclusive finance platform NpM in The Hague and attended the UK Africa Agribusiness Partnership Forum in London. It is now time to look towards the new year with renewed commitment to the SAFIN vision and with many new ideas to follow up on.

Bettina Prato, Senior Coordinator, SAFIN

Highlights from our workstreams

**Annual Plenary Meeting of SAFIN Partners 2019**

Progress made this year, emerging partner-led initiatives, and collective plans for 2020 were at center stage at this year’s Plenary Meeting of SAFIN partners in New Delhi on 10-11 November, adjacent to the 6th World Congress on Rural and Agricultural Finance. Over the course of two days, representatives from more than 35 SAFIN partner institutions from Africa, Asia, Europe and the Americas had the opportunity to learn about each other, forge new bonds or strengthen existing ones, hear about the latest research on the “state of the sector” in agricultural finance, brainstorm about two new initiatives in the agri-finance landscape, and reflect about the SAFIN trademark collaborative workstreams. Most importantly, they had the opportunity to take stock of where the network is going, re-assess its value proposition in a rapidly changing environment, and begin to think together about strategic directions for the future.

The focus of much attention was the SAFIN “Investment Prospectus” framework – our signatory approach to identifying strategic investment opportunities in the agri-food sector and designing joint financing solutions to realize such investments. The prospectus pilots carried out so far in Jamaica, Dominican Republic, Uganda, and Nigeria offered concrete food for thought about the potential of the process and its current limitations. Partners confirmed their enthusiasm around the collaborative nature of the process, its effort to bridge among the agricultural and finance communities in specific countries, and its ambition to help alignment and productive synergies among the portfolios of partners and with country-led strategies and programmes. They agreed about the need for each prospectus to offer concrete and actionable analytics around investment opportunities and financial solutions, which lay out pathways for action for different actors, and about the need for deeper and structured engagement of a range of stakeholders on the ground.
Some exciting opportunities to strengthen the process through strategic collaborations were identified with the International Center for Tropical Agriculture and the International Trade Center, respectively around climate smart agriculture investment programming and the Alliances for Action approach to building industry-wide constituencies for transformative investment.

The second collaborative SAFIN workstream brought to partners for reflection and stocktaking at the plenary was the “deep dive” on blended finance and agri-SME finance conducted by SAFIN and OECD since mid-2018. This effort has included a landscape report, the collection of ten case studies and two regional learning events held in Bangkok and Nairobi in collaboration with the two regional Rural and Agricultural Credit Associations from Asia and the Pacific and Africa, respectively.

Yuri Soares Dillon of the IDB Innovation Lab summarized the results of the landscape report, relating the use of blended solutions to a range of risks and financing needs along agricultural value chains, offering a taxonomy of most prevalent types of blended structures in the sector, and highlighting some of the main challenges confronting practitioners and donors – notably as concerns data to articulate rationale and manage for impact. He also noted a degree of innovation in the use of blended finance in the sector, with more use instances of blending to develop new value chains and to de-risk technological innovations that can transform agriculture and food systems to achieve the Sustainable Development Goals.

In her commentary as discussant of this session, Kruskaia Sierra-Escalante of the International Finance Corporation highlighted the role that SAFIN can play as a repository of knowledge on innovative uses of blended finance in the sector – including new ways to blend across climate and agricultural finance. She also stressed the importance of SAFIN’s engagement in strengthening the capacity of national development finance institutions to engage in blending for agri-SME finance.

The attention of partners turned to specific partner or guest-led initiatives with a pitch session and two sessions designed to brainstorm and offer support to two new initiatives in the making. The pitch session featured short presentations from across the network: Norbert Tuyishime of EAFF presented the E-granary initiative; Dipi Thapa of the World Bank described a new vision for GAFSP; Thouraya Triki of IFAD introduced the Fund’s new private sector strategy; Tasmin Mulder of TechnoServe presented work on the CASA B technical assistance facility and; Sachin Hirani of the MIX Market presented their fintech data initiative. Partners then put their minds together to provide support to current thinking about two upcoming initiatives- the Global Cooperative Impact (GCI) Fund, a new cooperative-funded, cooperative-targeted investment fund under development by the International Co-operative Alliance (ICA) and Impulse, and a new value creation hub envisioned to bring together different strands of AgDevCo’s current technical assistance capabilities.

The institutional diversity and co-existence of actors with a global scale of operations or concerns and those operating in specific local contexts make SAFIN a distinctive network. Maintaining a productive dynamic between global identity and local engagement capacity is a vital challenge for any network, and SAFIN is no exception. After two days of joint reflection, partners agreed on steps for a more decentralized operating model for the network. This new direction aims to increase the intensity and effectiveness of local/global flows of information, learning, and peer support. Key changes include strengthening the facilitative role of the Secretariat with progressively less focus on direct implementation, and more agile, decentralized communication approaches.

Recent progress in the investment prospectus country pilots

The draft Investment Prospectus for Cassava, Maize and Soybean Value Chains in Nigeria was validated by local stakeholders and SAFIN partners at a workshop on 24 October 2019 in Abuja. AFEX Commodity Exchange Ltd., serving as country anchor for the pilot, hosted the workshop. Participants included representatives from USAID, NIRSAL, IFAD, the European Commission, the Bank of Industry, GIZ and AGRA, amongst others. The main substantive outcome from the workshop was consensus on the need to design an investment programme or structure around institutions that currently
serve as intermediaries between producers and processors in Nigeria, called Agro-Service Providers (ASPs), in order to facilitate the development of a market-enabling environment in the value chains of focus. This will be further elaborated by partners and the SAFIN Secretariat in the first quarter of 2020.

Building upon the reflection on how to strengthen the Investment Prospectus Framework surrounding the plenary, steps have already been taken to move towards a two-phase approach with an initial scoping exercise around a number of value chains in a given country or region, followed by a more business-oriented and narrowly focused Investment Prospectus.

The first example of the new two-phase approach is the India country pilot, for which the scoping exercise was conducted during this quarter, focusing on coarse cereals or nutri-cereals, oilseeds, pulses, spices and non-timber forest produce value chains. A validation workshop for the first draft of the scoping study was scheduled on the side-lines of the Livelihoods India Summit (12-13 Dec). Similar scoping exercises were designed during this quarter for Colombia and three countries in the Sahel, with the Colombia scoping covering the dairy, coffee and cocoa value chains expected to be concluded this year.

The SAFIN-OECD deep dive: Regional workshops on blended finance and agriculture

In October 2019, the Secretariat and OECD collaborated with AFRACA and APRACA to co-organize two regional workshops where national development and agriculture finance institutions from across Asia and the Pacific and Africa exchanged knowledge and experiences in the use of blended finance to mobilize private capital towards agri-SMEs. As underlined in our previous newsletter, these regional and national institutions engage in structures and transactions that can be considered “blending,” but this work receives very little attention in the international debate on good policy and practice on blended finance. These workshops were an opportunity for SAFIN to engage with and learn from their experiences in this area.

The regional workshops were structured around an introduction to key concepts, models, and trends in the blended finance market related to agriculture and agri-SMEs, followed by a series of participatory sessions informed by in-depth analysis of case studies from the region. Examples from the case study collection from the SAFIN-OECD deep dive were discussed at length, including: the Tropical Landscapes Financing Facility in Indonesia; the AGR13 Fund; the Agricultural Guarantee Fund Pool of the Philippines; the Financing Ghanaian Agriculture Project; the Programme for Rural Outreach of Financial Innovations and Technologies and; the Private Agricultural Sector Support Trust. Participants at the validation workshop for the SAFIN Investment Prospectus for Cassava, Maize and Soybean Value Chains in Nigeria

The learnings from these regional workshops will inform future activities in the next phase of SAFIN activities in the area of blended finance, including capacity development through practical learning tools. A report on the case studies used during these workshops will be issued at the OECD Private Finance for Sustainable Development week in Paris on 30 January 2020.

Participants at the validation workshop for the SAFIN Investment Prospectus for Cassava, Maize and Soybean Value Chains in Nigeria

Participants at the regional workshop in Bangkok, Thailand on 13-14 Oct 2019

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Participants at the workshops expressed interest in advancing their capabilities in structuring blended solutions to specific institutional or ecosystem challenges. In particular, they highlighted the need for support to generate sound data and analytics on both the financial and impact performance indicators of blended transactions involving agri-SME investments – fully in line with the fifth OECD DAC principle on blended finance.
The role of finance in enabling agricultural transformation towards climate resilience emerged as an issue of intense interest across regions, and so did innovations in value chain finance and ways to use new data and analytics that can profoundly transform how finance is designed and delivered for agricultural transformation, down to the level of poor rural households and small agricultural units.

The New Delhi Declaration, which was issued by the organizers, states their commitment to promote investment in agriculture and and sustainable food production systems, including by scaling up flows of private finance to low-carbon emission investments; encouraging public private partnerships to achieve food security; promoting rural economic diversification; harnessing geospatial and digital technologies and promoting chain finance also as an instrument for social and economic inclusion.

**World Bank Group relaunches the Agriculture Finance platform**

The Agriculture Finance Platform (AgriFin) of the World Bank Group’s community of practice on agriculture finance was relaunched on Friday 13 December 2019. Since its inception, AgriFin has promoted best practices for agricultural finance and provided opportunities for networking and learning to its 7000 members through webinars, study tours and peer-to-peer boot camps.

This new phase for the platform remains centred on knowledge exchange among agriculture finance professionals, but introduces greater focus on engaging with policy makers and on facilitating multidisciplinary discussions between agri-finance experts, researchers and policy makers with new functionalities.

Hosted as a group on the Collaboration for Development (C4D)- a secure social collaboration website focused on development issues - AgriFin’s knowledge repository includes reports, policy papers, videos and diagnostics produced by the World Bank and other external partners on a range of agriculture finance topics. An interactive discussion forum has also been added to the platform, allowing members share their experiences and exchange views on the expansion of rural finance in the developing world.

Visit the new AgriFin platform [here](https://www.worldbank.org/).
Perspective: "Supporting innovation among agri-SMEs requires higher risk appetite,"
Martijn Blom, Hivos Impact Investments

Since 1968, Hivos Foundation has worked to empower agents of social change through its grant programs and microfinance initiatives. In recent years, Hivos has also ventured on a new path to foster financial inclusion and support small-scale enterprises that can deliver social impact, through Hivos Impact Investments.

Why did Hivos Foundation branch out into impact investment?

Next to its programs and grants, Hivos saw impact investment as a tool to reach its goal and foster greener societies, by supporting entrepreneurs with capital and other means so they can create greater value. We found that most impact investors and others in the development finance landscape tend to focus on SMEs at relatively mature stages of development, while accelerators and support programs are active in the initial phases. We decided to focus on entrepreneurs that operate somewhere in between these stages, striving to address this financing gap.

How differently do NGOs and traditional financiers approach impact investment?

While NGOs can take a number of different approaches to impact investing, one difference between NGOs and traditional financial institutions is that the former often tend to go more in depth on the impact they want to make with the investments that are made possible by their financial interventions. In our case, we focus not only on economic indicators like increase in income but also on desired impact on food systems like preventing soil degradation and food loss.

What is the Food and Lifestyle Fund? Who does it target and how do you measure its success?

The Hivos Food and Lifestyle Fund invests in early stage companies that can reduce food miles, prevent soil degradation and create more diverse, healthier diets. We have very specific impact targets for which we created an extensive reporting method, supported by a theory of change and a measurement system. We measure the results of each company every quarter, including economic development impact factors such as inclusive job creation especially for women and for smallholder farmers. Since we work with early stage companies, these indicators are often directly related to their output and income impact.

What is your vision for the future of investment in agri-SMEs? What role do you think impact investors play in moving towards that future?

Agriculture is quite vulnerable to climate change and a lot of innovation is necessary to keep food production up with current population growth rates. Traditional finance is important but it doesn’t necessarily provide the capital to help the needed innovations to bloom- they are often considered too risky or too costly. This is where impact investors come in, we have a higher risk appetite and we can support agri-SMEs become an innovative force to address these challenges.
**Partner in the spotlight: Abigail Thomson of Technoserve**

Can you tell us about TechnoServe and what it does in the domain of agricultural and rural finance?

TechnoServe’s mission is to help entrepreneurial men and women in poor areas of the developing world to build businesses that create income, opportunity and economic growth. Facilitating inclusive agribusiness is at the heart of TechnoServe’s mission, as we leverage the power of private enterprise to help people lift themselves out of poverty. As a manager and implementer of Technical Assistance Facilities, TechnoServe designs and delivers core and inclusive business support to increase the commercial success and development impact of businesses in Africa, Asia and Latin America.

Can you tell us about your role at TechnoServe and the career path that led to it?

I currently serve as the Team Lead for the DFID-funded Commercial Agriculture for Smallholders and Agribusiness Technical Assistance Facility (CASA TAF). The CASA TAF engages with investors to design and implement transformative technical assistance projects to benefit over 30 agribusinesses and over 100,000 smallholder farmers across Africa and South Asia. I had the same role for the African Agriculture Fund’s TAF, where I worked with private equity fund managers, Phatisa and Databank, to introduce inclusive business models at 10 of their portfolio companies. I joined TechnoServe in 2015 after five years at the Gatsby Foundation managing agriculture sector development programs in East Africa.

What is different about the CASA TAF compared to other existing facilities in the sector?

There are three distinguishing features of the CASA TAF compared to other technical assistance facilities. 1) We are open to partnership with multiple investors rather than being linked to one investor or fund. This gives us the scope to identify like-minded investor partners seeking to strengthen their agribusiness smallholder supply chains, from DFIs to PE fund managers to commercial lenders. We believe the right investors can bring capital, skills and drive to support agribusinesses to scale inclusive business innovations. 2) We have a focus on agribusinesses that source from smallholders. Our goal is to build an evidence base of commercially viable approaches to sourcing that will ultimately influence investors to allocate more capital and technical assistance to agribusinesses and smallholders. 3) We produce rigorous inclusive business plans (IBP) at the start of every engagement with a client. The analysis quantifies the commercial and development impact opportunity from more direct sourcing and can convince companies to take a new direction they wouldn’t otherwise take, or test out new ways of investing in smallholders that they wouldn’t otherwise consider.

"**We believe the right investors can bring capital, skills and drive to support agribusinesses to scale inclusive business innovations.**"

Why did Technoserve join SAFIN?

We joined SAFIN to benefit from the knowledge, the networking and the community of like-minded commercially-oriented development thinkers! A key value for TechnoServe is results so we are always looking for opportunities to learn from others as well as explore partnerships that help us to deliver our ambitious impact targets.

How is Technoserve contributing to SAFIN?

TechnoServe’s main contribution to SAFIN is to share our experience of actionable inclusive business solutions with forum members. We produce regular learning papers on inclusive business and technical assistance approaches, for example a repository of materials is available on the AAF TAF website and we also recently produced a paper in partnership with CDC on impact measurement across different technical assistance models. We will be producing annual learning papers under the CASA TAF beginning with a landscaping of the TA provided by DFIs in March 2020.
What we're reading

Read the latest publications in our resource library

Pathways to Prosperity: 2019 State of the Sector Report
ISF Advisors | RAF Learning Lab

Global Microscope 2019: The enabling environment for financial inclusion
The Economist Intelligence Unit

Promoting SME competitiveness in Francophone Africa
International Trade Centre

Where we're going

Join us at these upcoming events to exchange knowledge with our partners

28-30 Jan 2020
Private Finance for Sustainable Development Conference
Paris, France

15-16 Apr 2020
Asia - Africa Financial Inclusion Summit
Dubai, UAE

20-23 Apr 2020
ECOSOC Forum on Financing for Development follow up
New York, USA

The Smallholder and Agri-SME Finance and Investment Network (SAFIN) is a partnership of actors that are committed to aligning their efforts to scale up access to financial services for agri-SMEs and for small commercial farms.