Overview of recent developments across our work

Spring is a time of renewal and growth, and the SAFIN family has been no exception this year. This quarter has brought us opportunities for dialogue in high-level forums and an expansion of the SAFIN team at IFAD. Progress has also been made in our collaborative work streams in global engagement and advocacy, learning about blended finance and agriculture, and country level alignment of investments through the SAFIN Investment Prospectus Framework (IPF) country pilots. Our usual summary of key developments under each heading is outlined below. This is followed by an overview of some partner-led events and a Partner in the Spotlight interview with Ayodeji Balogun of AFEX Commodities Exchange Ltd.

1. **Global policy engagement**

Every April the international community gathers in the Financing for Development (FfD) Forum under the United Nations Economic and Social Council to discuss progress and challenges in implementing commitments made at the United Nations International Conferences on FfD. For the past two years, SAFIN has sought to raise the visibility of agriculture and agri-SME finance in FfD debates, which often focus on infrastructure, energy and social services. This year we worked in partnership with the International Coffee Organization (ICO). Together we targeted both the policy and development finance communities gathered at the FfD Forum, and the investors’ community gathered at the United Nations SDG Investment Fair. We have drawn attention to challenges around financing investment in coffee value chains, given growing global consumption but sharply declining global prices over the past two years. Both value chain actors and financial investors are affected by low prices. Moreover, they hinder financing flows for investments in transforming production systems to better withstand environmental stressors and climatic shocks, to which many small producers in particular are vulnerable.

The sessions teased out the key elements of effective solutions to mobilizing short- and long-term finance for coffee value chain transformation. They discussed some country experiences in terms of sectoral policies and public investments, as well as approaches to managing investment risk - including innovative financial tools such as the IFAD-supported Climate and Commodity Hedging to Enable Transformation (CACHET).

Our session at the Fair was opened by José Sette, ICO Executive Director, followed by a panel chaired by Zachary Bleicher, IFAD representative in New York, with Bill Murray, President and CEO of the United States National Coffee Association; Mary Petitt, Ambassador for North America of the Global Coffee Platform; Steve Hollingworth, CEO of the Grameen Foundation; SAFIN Steering Committee member Hernan Manson, Head of Inclusive Agribusiness at the International Trade Center. The session at the Forum featured José Sette and Mary Petitt with H.E. Mr. Admasu Nebebe, State Minister of Finance and Economic Cooperation of Ethiopia and Juan Esteban Orduz, President of the Colombian Coffee Federation.

Shortly after the events in New York, we took a broader look at policy, institutional and market challenges in the agri-finance sector.
ecosystems of countries in Latin America and the Caribbean (LAC), as co-organizers of a forum on Financing and financial inclusion for agricultural, rural and agri-food development in LAC, shown in the newsletter cover image above, which took place on 5-6 May in San José, Costa Rica.

The event was co-led with Eugenio Díaz-Bonilla and Valeria Piñero of the International Food Policy Research Institute (IFPRI) and Joaquín Arias of the Inter-American Institute for Cooperation in Agriculture (IICA). The aim was to take stock of key issues around the ongoing evolution of agri-finance institutions in the region, where comparative studies have lagged behind other regions. The co-organizers designed the forum to help craft a knowledge and action agenda in support of this evolution towards a needed transformation in food systems in the region. Key areas of focus included the roles of first- and second-tier institutions specializing in agricultural or rural finance, as well as the trajectories of fintech and value chain finance in the region. For SAFIN, this was also an opportunity to assess the scope for stronger engagement in the region.

The forum was very well attended by officials and experts from state-owned banks, parastatal financial institutions, the private sector, farmers’ organizations and cooperatives from across the region. In addition to SAFIN Senior Coordinator Bettina Prato, participants included SAFIN partners such as Fundación Capital, Oiko Credit, and the Americas office of the International Cooperative Alliance. In the spirit of contributing to an inclusive ecosystem dialogue, SAFIN also sponsored the participation of Nancy Montaña Molina of FINAGRO, Colombia and Marvin Perez of the COINACREDIT cooperative association in Guatemala.

The discussion was framed by a paper prepared by IFPRI and IICA, which offered a historical snapshot of the development of agri-finance institutions in the region, raising some key questions for a future-oriented knowledge agenda. Participants confirmed and enriched these questions. They also stressed the value of the space for knowledge sharing provided by the event, which co-organizers – including SAFIN – will consider how to build upon in the coming months.

Later in May, the SAFIN Senior Coordinator was invited to take part in the panel Impact investing: the challenge of the hybrid social innovation, at EXCO2019 in Rome, where she discussed the importance (and the difficulties) of building bridges across ecosystem actors in the agri-SME finance space, as a precondition for sustainable, long-term impact in the area of access to finance.

2. Building our knowledge base on blending for agri-SME finance

After the release of the landscape report on Blended Finance and Agriculture prepared by Tanja Havemann of Clarmondial for SAFIN in March, in May SAFIN and the Organization for Economic Cooperation and Development (OECD) jointly issued a call for proposals for case studies on the use of blended finance instruments and approaches in agriculture and rural finance. This yielded almost 20 proposals, covering a spectrum of traditional and innovative tools and approaches to blending for agricultural investments and/or to serve a rural clientele. Proposals also covered a range of geographies (spanning Latin America, Asia, and sub-Saharan Africa) and a range of actors in the agri-finance ecosystem.

Between eight and ten case studies will be developed during the summer, in preparation for in-depth discussion at two regional learning events (see later section on upcoming events). These are being co-organized with SAFIN Steering Committee member and work stream co-lead Yuri Soares of the Inter-American Development Bank, Wiebke Bartz-Zuccalá and Paul Horrocks of OECD, and the Secretariats of the Africa and Asia and the Pacific Rural and Agricultural Credit Associations (AFRACA and APRACA).

FOR MORE INFORMATION
Write to b.prato@ifad.org

3. Aligning investments - the SAFIN Investment Prospectus Framework (IPF) country pilots

The IPF pilots have continued to advance in all four countries where they are under way during 2018-2019. The Dominican Republic and Uganda pilots have made the greatest progress, reaching the stage of in-country validation and dissemination of findings and business opportunity proposals. Substantial progress has also been made in the Nigeria pilot, and scoping and
start-up activities are under way in India.

**Uganda:** In addition to the validation workshops held with key stakeholders in Kampala described in our previous newsletter, draft investment prospectuses for the coffee and oilseed value chains were presented to SAFIN partners in an on-line meeting on 11 April 2019, led by Ainina Aidara, SAFIN Technical Specialist and David Wakyiku, lead author of the prospectus. Initial reactions to the findings and proposals has been positive, with the Uganda Coffee Platform for instance expressing interest in using the coffee prospectus to develop a new roadmap for this value chain in the country. The Uganda Agribusiness Alliance intends to use the IPF for six other value chains in the livestock production sector, and to promote the framework in the agriculture finance policy environment in Uganda.

**Dominican Republic:** The draft investment prospectus for coconut and associated crops in the Dominican Republic was discussed and validated during an in-country workshop on 23 April 2019 (featured in the image above), which was attended by representatives of local coconut producers and processors, financial institutions, governmental entities, and SAFIN partner Junta Agroempresarial Dominicana (JAD), which is the co-anchor for the pilot with the Ministry of Agriculture and Fisheries. An on-line call around the pilot was held with SAFIN partners on 14 May 2019. Following the release of the prospectus, Banco Leon and FONDAGRO have expressed an interest in providing finance to address investment opportunities in the coconut sector. SAFIN partners at the International Finance Corporation (IFC) have indicated their ability to help formulate financing solutions to the findings of the prospectus.

**Nigeria:** Analytical work on a draft investment prospectus for the cassava, maize and soya value chains in Nigeria has continued during this quarter, with further refinements expected in July. Meetings held in Abuja in late June by the SAFIN Secretariat with AFEX Commodities Exchange Ltd., other SAFIN partners and selected investors, have shown appetite for more details on specific investment opportunities, which will be a central concern while refining the prospectus in July.

![Participants at an investment prospectus validation workshop, San José, Dominican Republic, 23 April](image)

**India:** Start-up work on the investment prospectus on non-timber forest products in eastern India has begun, in collaboration with SAFIN partner ACCESS Development Services.

**FOR MORE INFORMATION**

Write to m.vonduring@ifad.org

---

**A selection of SAFIN partners' events from this quarter**

**ALIDE's 49th General Assembly**

The 49th General Assembly of the Latin American Association of Development Financing Institutions (ALIDE) brought together senior officials of development banks, governments and international organizations from European, Latin American and Caribbean development banks on 20-22 May in Madrid, Spain. The assembly aimed inter alia to strengthen financial and technical cooperation between LAC and European institutions, with Spain acting as a historical bridge in many instances. The event included sessions on climate related financial risks, local currency lending and sustainability awareness bonds. Several speakers noted the continued importance of national development banks as financial intermediaries and in channelling savings into investments.

**Expert workshop on guidelines for micro-finance, credit and insurance for small-scale fisheries in Asia**

An expert workshop to finalize guidelines for better access to financial services and design a capacity building programme for financial services to small-scale fisheries was hosted by APRACA and the Food and Agriculture Organization of the United Nations (FAO) on 7-9 May 2019 in Bangkok, Thailand. Attended by 32 rural finance and fisheries experts from the region and
beyond, the event aimed to contribute among others to the implementation of the Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries. A programme on capacity-building for small-scale fisheries in micro-finance, credit and insurance services is being finalized, and pilot projects are being developed for the Philippines and Thailand.

AFRACA’s 20th Annual General Meeting

AFRACA’s Annual General Meeting convenes regularly to elect new executive officials and to take stock of major interventions implemented by AFRACA members and partners to improve the state of rural and agricultural finance in the continent. This year’s meeting was held on 11-12 February in Lomé, Togo, with the theme of “Hits and Misses: A Review of Successes, Challenges and Impact of Rural and Agrifin Interventions in Africa”. AFRACA members reviewed the recent performance of the Association, planned for the next two years and discussed emerging issues and strategic direction for the next five years. A meeting was also held with representatives from the SAFIN team and FAO to discuss joint activities for the coming months.

Upcoming SAFIN and partners' events

On 3-6 September 2019 the Africa Green Revolution Forum (AGRF) will be hosted by the Alliance for a Green Revolution in Africa in Accra, Ghana on the theme, “Grow Digital: Leveraging digital transformation to drive sustainable food systems in Africa”. The SAFIN Secretariat is partnering with AGRF organizers for the design of an Investors’ Deal Room, aiming to facilitate impactful encounters between finance providers and project sponsors and/or enterprises in the agri-food sector in the African continent.

On 14-18 October, 2019 the Committee on World Food Security (CFS) will meet in Rome for its 46th plenary session, on the theme of “Making a Difference in Food Security and Nutrition.” Of high relevance to SAFIN is that the agenda of the session will include a discussion on CFS members’ experiences in multi-stakeholder partnerships to finance and improve food security and nutrition, as well as the 2018 report of the High-Level Panel of Experts of the CFS on this theme.

As part of the joint SAFIN/OECD deep dive on blended finance and agriculture, we are organizing two regional learning events on blended finance. These will take place on 1 October in Nairobi, Kenya and on 14-15 October in Bangkok, Thailand, in close collaboration with the APRACA and AFRACA Secretariats. The events will combine general introductions to blended finance and its application in the sector with an in-depth discussion of the case studies under preparation.

As already announced, the 2019 plenary meeting of SAFIN partners will take place on 10-11 November in New Delhi, India, in close proximity to the 6th World Congress on Agricultural and Rural Finance.

Partner in the Spotlight: Ayodeji Balogun and AFEX

This issue of the newsletter features Ayodeji Balogun, Country Manager, Nigeria at AFEX Commodities Exchange Limited (henceforth AFEX) as our partner in the spotlight.

Can you tell us about AFEX and its history?

In mid-2012, African Exchange Holdings Limited contracted with the Government of Rwanda to establish the first node of the Pan-East Africa Exchange, East Africa Exchange Limited (EAX), which opened in early 2013, while the first node of the Pan-West Africa Exchange, AFEX Commodities Exchange Limited (AFEX Nigeria), was incorporated in February 2014.

AFEX Nigeria is an agricultural, finance and technology-based exchange that is providing solutions to challenges faced by Nigerian smallholder farmers around aggregation, storage and financial inclusion, as well as providing a ready market for both farmers and buyers to participate in seamlessly with trust embedded. AFEX Nigeria has reached and enhanced the livelihoods of over 100,000 smallholder farmers and
aggregated over 120,000 metric tons of grain since inception. Our inclusive approach supports ancillary infrastructure critical to the development of agriculture at large, and we promote the value of the commodities produced as capital with tradable electronic warehouse receipts by increasing the bargaining power of farmers and linking these communities to agronomic education, access to inputs & credit.

So far, it is safe to say that over the years there have been notable improvements in AFEX Nigeria: a more structured operations system and the building out and introduction of the WorkBench and ComX Platforms, which enable people to trade online without worrying about settlements. AFEX now also has a more robust farmer base.

Can you tell us a little bit about yourself and your role in AFEX?

My name is Ayodeji Balogun, I currently serve as the Country Manager for AFEX Nigeria and the Business Lead for Africa Exchange Holdings Limited in West Africa, where I am pioneering the development of a private sector led commodities exchange and warehouse receipt system. I started learning trade and business operations as a teenager in my family business. I grew to manage my family owned commodities trading business, and as I got older I also founded a haulage business, was part of a mobile service start-up and also part owner of an agribusiness venture. All these experiences early on gave me a great appreciation of the potential of agribusiness and commodity investing.

My core job at AFEX is to build the business across West Africa for the countries that we are keen on – building businesses that provide solutions to barriers to competitiveness and access to finance for Africa’s smallholder farmers. We provide solutions to these barriers which often put financing agriculture low on the list of sectors targeted by the money and capital market.

My job requires me to raise capital to do this, working with my board and management team. My aim is to build a business that people love to go to every day, while ensuring that it creates value and shared prosperity for all stakeholders, and becomes a business that will outlive us all.

What are the most important recent developments in rural finance in Nigeria?

There’s been a lot of focus on financial inclusion at the core and how to expand the players, with respect to accessibility of finance, to include people in rural agrarian communities. There has also been a lot of attention from the Government on how to finance primary production understanding: teaching the farmer how to farm in itself does not solve the problem if he is unable to buy what he needs to improve his production activities. Also, there has been a shift in development finance from a donor-centric, grant-oriented capacity development approach to a more market-enabled support system. The focus now is on how to make farmers economic actors and players in the market system, as a more sustainable mechanism for providing support and grants.

Why did AFEX decide to join SAFIN?

We joined SAFIN to gain a trusted network and avenue to share our experience in using our methods to affect the current systems in Nigeria but also to leverage on other partners to attain our short and long-term goals in essence, tapping into the network effect of working with other partners to provide financing for smallholder farmers.

How is AFEX contributing to the work of the network?

I am the Chair of the SAFIN Steering Committee. We are working with other players in the space on developing an investment prospectus for three crop value chains in Nigeria – maize, soybeans and cassava – and we will be needing the efforts and support of the secretariat. AFEX has also been a co-convener for a number of SAFIN member meetings in Nigeria and participates in the broader content development. The aim is to expand the body of knowledge on how to finance smallholder farmers using tools such as blended finance and capital market structures, but also to bring these agendas to the core of the discussions at major forums on Agri-Finance.