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Foreword

A year of transition in an increasingly dynamic landscape

The year 2019 was a time of learning from experience and from dialogue for the Smallholder and Agri-SME Finance and Investment Network (SAFIN). By December, a substantial body of experience and knowledge was in place in the Network’s priority areas: the Network’s learning agenda for the use of blended finance for agricultural investments, and its signature investment Prospectus” (IP) process, which seeks to align partners’ portfolios around a shared understanding of investment opportunities and financing needs in specific value chains or food systems.

On the blended finance front, we produced a landscape report and nine case studies documenting good practice. We also organized or participated in several learning and policy dialogue events in different parts of the world. On the IP front, we completed three prospectuses, numerous in-country consultations with stakeholders in agriculture and in finance, prepared two scoping reports and conducted a workshop focusing on improvements in the IP process.

All this was done thanks to collaboration among SAFIN partners, particularly the anchors of the IP country pilots, those co-leading collaborative workstreams and those with a mandate for knowledge-sharing in agri-SME finance, such as the secretariats of the regional agricultural credit associations. The leadership provided by the members of the SAFIN Steering Committee, including its chairperson, was of pivotal importance.

This was also a year of transition for the SAFIN secretariat and of dynamism in the environment in which the network operates. For the Secretariat, the year brought new staff and a new institutional home within the International Fund for Agricultural Development (IFAD). In the broader environment, new data and analyses regarding smallholder finance that were presented by Initiative for Smallholder Finance (ISF) Advisors at the annual SAFIN plenary meeting suggested that the current landscape differs from the one in which SAFIN was conceived in 2017.

New finance and service delivery models have been emerging, new products are coming on line, and new and non-traditional partnerships are being formed. The market segment of concern to us – SMEs located along agricultural value chains – is drawing more attention from financiers, corporate service providers and others. While limited progress has been seen in terms of access to finance for this market segment, the universe of actors and initiatives around SAFIN is a highly dynamic one.
In the coming months, both this dynamism and the learning accumulated in the past 12 months will need to be leveraged to strengthen the value proposition of the network as an ecosystem builder and a catalyst for progress in agri-SME access to finance.

Almost one third of the way along the path plotted out by the 2030 Agenda, this is hardly a time for complacency. It is a time for renewed commitment, clarity of purpose and strategic action towards the SAFIN vision of an inclusive and effective ecosystem for agri-SME finance in which a wide range of public and private actors, operating globally, regionally and locally, work in concert as much as possible to boost the investment capacity of agri-SMEs.

Bettina Prato
Senior Coordinator, SAFIN
1. About SAFIN

The Smallholder and Agri-SME Finance and Investment Network (SAFIN) is a network of 48 institutions from different parts of the landscape of financing for small and medium-sized agricultural enterprises (agri-SMEs). Established in early 2018, it is coordinated by a secretariat housed at the International Fund for Agricultural Development (IFAD), is guided by its six-member Steering Committee and has been funded by the French Development Agency [Agence Française du Développement] (AFD), IFAD, the Small Foundation, the United States Agency for International Development (USAID), the Ministry of Foreign Affairs and International Cooperation of Italy and New Venture Fund.

The vision of SAFIN is of a more effective and inclusive institutional and market ecosystem for the delivery of agri-SME finance that can enable much faster progress in access to finance for investment by this critical group of enterprises. The mission of the Network is to contribute to the realization of this vision through dialogue, knowledge-sharing and non-traditional forms of collaboration across different communities in this sphere. SAFIN partners see finance as a key enabler of agri-SME investment and view SMEs as playing key roles in transforming agriculture and food systems, thereby contributing to the achievement of the Sustainable Development Goals (SDGs).

Network partners
Our work

SAFIN’s hallmark is the diversity of its partners, which come from communities that are often working on the basis of limited mutual understanding, let alone intentional synergy, on both the demand and the supply sides of agri-SME finance. SAFIN offers a curated pre-competitive space for these actors to learn about each other, approach shared knowledge gaps from a vantage point informed by their diversity and find opportunities to work in synergy to achieve greater impact.

As a network, what SAFIN does is effectively what its partners do in pursuit of this vision. However, partners are also committed to joining hands around specific collaborative workstreams with support from the network Secretariat. These workstreams are the focus of this annual report, alongside coordination and communication activities undertaken by the secretariat.

For its pilot phase, which runs from 2018 to 2020, SAFIN partners have prioritized collaboration in five workstreams:

- **Mobilizing new and diverse financial resources**: Improving how finance is mobilized to flow towards actors and institutions that serve agri-SMEs, including financial and value chain actors.

- **Aligning investments through inclusive models**: Aligning the investment portfolios of partners and other stakeholders around a shared understanding of strategic opportunities.

- **Supporting innovation and scaling up of solutions**: Coordinating support for strategic innovations in agri-SME finance.

- **Coordinating advocacy and policy engagement**: Bringing a compelling, evidence-based narrative on the importance of a transformative agenda in agri-SME finance to key global and regional policy forums.

- **Facilitating the pursuit of a strategic knowledge agenda**: Identifying strategic knowledge gaps to build an inclusive ecosystem in agri-SME finance and supporting coordinated responses to these gaps.

During 2019, action was taken particularly on workstreams 1 and 2, and with less intensity of engagement on workstreams 3 and 4.
2. Highlights from 2019

- **Jan**: SAFIN-OECD ‘deep dive’ on blended finance and agriculture kicks off
- **Mar**: Consultation meetings: Investment prospectus pilots in Uganda
- **Apr**: Landscape report on blended finance and agriculture
- **May**: Case study collection on blended finance and agriculture commences
- **Jun**: SAFIN website relaunched
- **Jul**: Forum on Financing for agricultural development in Latin America and the Caribbean
- **Aug**: Secretariat: Technical Specialist and KM Analyst recruited
- **Sep**: Webinar: Accountability Deficit-Blended Finance and Smallholder Farmers
- **Oct**: Consultation meeting: Investment prospectus pilot in Nigeria
- **Nov**: Webinar: Fintechs and Financial Inclusion
- **Dec**: Regional workshops (2): Blended finance and business model risks in agri-finance

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- **Oct**: Webinar: Fintechs and Financial Inclusion
- **Nov**: Regional workshops (2): Blended finance and business model risks in agri-finance
- **Dec**: Report on funding discovery needs of agri-SMEs
3. Progress in our workstreams

Mobilizing Finance

In 2018, SAFIN partners agreed to focus this workstream on building evidence around the rationale for the use of blended finance and good practices in that connection with a view to mobilizing private capital for actors that deliver finance to agri-SMEs (including financial and value chain actors). A collaborative effort with OECD to take a joint “deep dive” into blended finance in agriculture was kicked off with a session at the OECD Private Finance for Sustainable Development Week in Paris in January 2019. The session was chaired by the SAFIN Senior Coordinator.

Achievements Jan–Dec 2019

Landscape report on blended finance and agriculture

In late 2018 the secretariat commissioned a study to frame the SAFIN/OECD deep dive from Tanja Havemann, Director of Clarmondial. The report covered trends in agricultural and development finance, types of risks that may require recourse to blended finance in the sector, data sources and challenges, and a taxonomy of blended approaches and instruments in agriculture.

The findings set out in this report served as the basis for a subsequent call for case studies and the design of two regional learning events focused on concrete examples of blending that addressed business model risks facing financial institutions serving agri-SMEs, blending to develop new value chains and blending to develop green financial products in agriculture.
Case study collection on the use of blending in agricultural and rural finance

In May 2019 SAFIN and OECD issued a call for proposals for case studies on the use of blended finance in agriculture and in rural finance. This yielded around 20 proposals covering traditional and innovative tools and approaches used by a range of actors in Latin America, Asia and the Pacific, and Africa. Around half of the proposals were selected for further development in the course of the summer. SAFIN partners contributed the bulk of these case studies, which demonstrated that blended finance is an established reality for many institutions involved in the network as sponsors, funders, technical service providers or implementers.

Nine case studies were eventually finalized for publication. These studies cover examples of blending for the purpose of addressing business model risks facing specific financial institutions (notably banks), blending solutions designed to simultaneously redesign incentives and redistribute risks in the agri-finance ecosystem, and blending aimed at fostering market diversification.

Regional workshops on blended finance and business model risk in agri-finance in Africa and Asia and the Pacific

Two regional workshops were organized in Nairobi, Kenya, and in Bangkok, Thailand, on 1 and 2 October and on 14 and 15 October, respectively, to validate the findings of the landscape report and to promote in-depth discussions on good practices and lessons emerging from the case studies. Co-organized with OECD and with the secretariats of the African Rural and Agricultural Credit Association (AFRACA) and the Asia-Pacific Rural and Agricultural Credit Association (APRACA), the workshops were designed to provide participants with an opportunity to listen to the views of financial institutions operating at the country or regional level whose voices are not widely heard in international debates on blended finance. These workshops brought together representatives of AFRACA and APRACA member institutions, including agricultural and rural banks, microfinance institutions, a number of investment funds and central banks.
Participants discussed the reasons why, in their experience, blending is used, who is mainly involved, the implications of the growing use of blending by central banks, both as regulators and as initiators of blending schemes, and examples of good practice. The participants in both events showed interest in reaching a common language about blended finance that is suited to the realities of national financial institutions.

They also expressed a desire to learn more about concrete examples of good practice and to build institutional capacity to engage in this domain. These results informed follow-up conversations between the SAFIN secretariat, the leadership of AFRACA and APRACA, and other partners – notably the Food and Agriculture Organization of the United Nations (FAO) – about how the deep dive might be followed up on by a capacity-building agenda that may possibly be facilitated by SAFIN.
The 2018 SAFIN Investment Prospectus Framework provides an adaptable blueprint for a collaborative process to shed light on transformative investment opportunities in selected value chains, areas where the financial sector is unable or unwilling to provide solutions to unlock investment, and financial solutions that can be designed or implemented by SAFIN partners.

Four country pilots had been initiated in 2018 (for the Dominican Republic, Jamaica, Nigeria and Uganda) which required additional substantive analytical and consultative work in 2019. A new pilot was also launched during the year in India based on a scoping exercise, and another such exercise was initiated for Colombia. The purpose of these exercises was to lay the foundations for the development of very focused and action-oriented investment prospectuses (IPs) by paving the way for discussions among partners around transformative opportunities and possible financial interventions.

Active country pilots

In 2019, SAFIN Investment Prospectus Framework pilots were active in 6 countries as shown below.
The introduction of scoping exercises was the outcome of a reassessment of the IP process to date by SAFIN partners which culminated in a workshop in Delhi on 10 November. This step was taken in response to a widely felt need to enhance local ownership of the IP process by ensuring that the focus of each pilot is chosen in line with government development priorities and with a full awareness of the economic, policy and institutional context.

It also came in response to the difficulties encountered in achieving sufficient granularity in the identification of concrete investment opportunities and of the financial interventions needed to make them more attractive to the requisite range of investors. The new IP approach includes an initial scoping exercise and a later “deeper dive” or IP process. As another effort to further local ownership and foster a focus on concrete opportunities, a dialogue was initiated with the International Center for Tropical Agriculture (CIAT) and the International Trade Centre (ITC) around how to create synergies between the IP process and the CIAT climate-smart investment need assessments and the ITC Alliances for Action.

**Progress by country**

**Jamaica**

<table>
<thead>
<tr>
<th>Country Lead</th>
<th>Value chain (s)</th>
<th>Validation</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Image]</td>
<td>Coconuts and associated crops</td>
<td>2018</td>
</tr>
</tbody>
</table>

The 2018 IP for the coconut value chain in Jamaica was completed in the same year and highlighted opportunities in seedling business development and the processing of coconut water for local consumption and export. Led by ITC, this IP process benefited from sector-wide dialogue and investment planning developed through the Alliances for Coconut Industry Development for the Caribbean (CIDC) project, which was designed using the Alliances for Action (A4A) model.

The prospectus contributed to the project by identifying knowledge gaps and targeting training aimed at increasing the flow of finance to the sector (e.g. financial literacy training for farmers). It also informed stakeholders about investment challenges and opportunities along the value chain, thereby influencing policy decisions and helping to secure US$22 million in planned investments in Jamaica in the processing of value added products and nursery development.
Dominican Republic

Country Anchor  

Value chain (s)  

Coconuts and associated crops  

Validation  

April 2019

A draft prospectus for coconuts and associated crops in the Dominican Republic was validated during a consultative meeting held in April 2019 with coconut producers and processors and representatives of financial institutions, governmental entities and SAFIN partners. The draft outlines three main opportunities for investment: smallholder intercropping, medium-scale intercropping and intensive coconut farming. It describes the following potential approaches for supporting the provision of credit and investment in the sector: a financing scheme for enhancing the value chain, a “patient” investment fund and a financing model using self-managed funds supported by fiduciary committees.

A small group of stakeholders led by Fundación Capital – a SAFIN partner and the author of the prospectus – then set out to work on a proposal for the design and implementation of a financial solution based on the opportunities highlighted in the IP. Other stakeholders involved include JAD, the Ministry of Agriculture and Fisheries, and ITC, with the latter institution’s participation again taking the form of an Alliances for Action project.
Investment prospectuses for two value chains were validated in the first quarter of 2019 through consultations in Kampala with local SAFIN partners, the Ministry of Agriculture, Animal Industry and Fisheries of Uganda, and oilseed and coffee producers. In the oilseeds value chain, the main investment opportunities were found to lie in soybean bulking for local markets, soybean farming, medium-scale sunflower processing, small-scale sunflower processing and smallholder sunflower farming. In the coffee value chain, opportunities were found in dry processing, coffee farming and export grading.

The IP findings were positively received by key sector stakeholders, but no consensus was reached regarding which specific opportunities to pursue or what related financial interventions to undertake. Given the high level of interest generated among industry stakeholders by the IP process, however, UAA intends to apply that process to six other livestock-related value chains. Moreover, the IP for oilseeds informed the design of the IFAD-supported National Oilseed Project in the second half of 2019.
### Nigeria

<table>
<thead>
<tr>
<th>Country Anchor</th>
<th>Value chain (s)</th>
<th>Validation</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFEX Commodities Exchange Ltd.</td>
<td>Cassava, Maize, Soybean</td>
<td>October 2019</td>
</tr>
</tbody>
</table>

This IP was validated in Abuja in October at a consultative meeting hosted by SAFIN country anchor AFEX Commodities Exchange Ltd. The focus is on states where the cultivation of these three crops is prevalent: soybeans in Benue State, maize in Kaduna State and cassava in Kogi State. The opportunities for transformative investments identified in the course of this process include soya cake and crude soya oil processing, packaged garri processing and expansion of the Agro-Service Provider (ASP) infrastructure.

One key outcome of the consultation was a consensus that the latter should be the focus of follow-up action and an agreement as to the next steps to be taken, which include conducting a feasibility study and designing a financial solution to ensure private sector involvement in strengthening the ASP system in order to maximize sustainability and market impact.
India

Country Anchor: India

Validation: December 2019

In the last quarter of 2019, a scoping analysis was conducted of five agri-SME dense value chains: oilseeds, nutri-cereals, pulses, spices and non-timber forest produce. This study was reviewed at a consultation meeting in Delhi hosted by ACCESS Development Services, SAFIN’s anchor for the pilot. Private, public and development actors at the meeting validated the analysis and made recommendations concerning the focus of subsequent prospectus development efforts.

A proposal was made to move forward with an IP process focusing on millets in the States of Rajasthan and Madhya Pradesh, given their importance as indigenous, highly nutritious, climate-resilient crops endowed with strong market potential. Ongoing preparations by the Government of India for the International Year of Millets in 2023 were also a factor in selecting this focus for the IP to be prepared in 2020.

Colombia

Country Anchor: Colombia

Value chain(s): Coffee, Cocoa, Dairy

Validation: December 2019

A scoping exercise covering investment opportunities in the cocoa, coffee and dairy value chains was launched late in the year. The analysis identified several opportunities in each value chain, including increasing productivity at the production level, product differentiation, deepening local markets (notably for dairy products and coffee) and investing in climate resilience (notably for coffee). An in-country consultative meeting is planned for the first quarter of 2020.
Policy engagement

Since its establishment, SAFIN has sought to raise awareness about the need to bridge the financing gap and enhance the investment capacity of agri-SMEs. In 2019, the SAFIN secretariat and a number of the partners convened or participated in several international and regional forums dealing with policy-related issues with this agenda in mind.

Engagement Jan-Dec 2019

Sustainable Development Goals (SDG) Investment Fair and Financing for Development (FfD) Forum: April 2019 | New York, USA

The FfD Forum is the pre-eminent international forum for discussions on investments conducive to the realization of the 2030 Agenda. To date, agricultural finance and agricultural or agri-food investments have received limited attention in this forum, however. As in 2018, in 2019 SAFIN partners sought to address this gap by playing a leading role in the organization of side events showcasing not just needs, but also opportunities for financing transformative investments in this domain.

In partnership with the International Coffee Organization (ICO), the SAFIN secretariat, with the participation of ITC as a SAFIN partner, co-hosted two events on challenges, risks and possible solutions for closing financing gaps in the coffee sector at a time of low international prices and mounting environmental and climate-related challenges. The first session, held at the SDG Investment Fair, targeted an audience of private investors, while the second targeted the policy and development finance communities gathered at the FfD forum. Both sessions teased out some key elements of effective strategies for mobilizing short- and long-term finance for coffee value chain transformation, including policies, public investments and financial innovations for addressing investment risks.

Forum on financing for agricultural development in Latin America and the Caribbean: May 2019 | San José, Costa Rica

In May the SAFIN secretariat was invited to join the International Food Policy Research Institute (IFPRI) and the Inter-American Institute for Cooperation on Agriculture (IICA) in co-hosting a forum in San José, Costa Rica, on policy, institutional and market challenges in agri-finance in Latin America and the Caribbean. The discussion revolved around the question whether current agricultural and rural finance systems in the region can support the transformative investments required to fulfil the 2030 Agenda, including shifting to a “greener”, more nutrition-sensitive and inclusive type of agriculture.
The event was framed by a paper prepared by IFPRI and IICA that offered a historical overview of agri-finance systems in the region, including first- and second-tier agricultural banks. A forward-looking knowledge and action agenda was drafted on the basis of the paper and the discussions that focuses on the evolving mandates of these particular institutions and emerging business models in fintech and in value chain finance in the region.

For the secretariat, this was an opportunity to gain an understanding of what a regional agenda for the Network may look like. It was also an opportunity to bring some regional SAFIN partners from the impact investing community and from cooperative and farmers’ organizations to the table in order to share their experiences and views with experts and officials from formal financial institutions.
Supporting innovation

As is their regular practice, SAFIN partners offered peer support for the design of two new initiatives: a new impact investment fund led by the International Co-operative Alliance, and a new technical assistance facility or value creation hub led by AgDevCo. This support primarily took the form of brainstorming sessions and webinars in the run-up to the November plenary meeting.

In addition, during the first half of the year, the secretariat continued to scope the elements of a potential SAFIN “match-making” platform to facilitate productive collaboration between finance providers and seekers from within the Network and beyond. It also led a dialogue among several existing platforms around what institutional, language-related or technological innovations could facilitate greater inter-platform connectivity.

During the second half of the year, the secretariat commissioned a study from Maarten Susan of Moving Frontiers on possible solutions for the problem posed by the lack of transparency in the funding landscape from the perspective of agri-SMEs. The study proposed the development of a “funding discovery” platform that would allow agri-SMEs to learn about a broad spectrum of financial providers, their products and services. The study was finalized and shared with partners in December.
4. Network development

Building a strong facilitating unit at IFAD

Throughout 2019, the SAFIN secretariat continued to play an active role in convening SAFIN partners and facilitating the work of the network. In June, a new technical specialist who bears primary responsibility for the IP process, and a knowledge management and communication analyst joined the SAFIN team. The Senior Coordinator was reconfirmed in her post on a full-time basis in August 2019.

Convening the network and facilitating knowledge sharing

As a network, knowledge-sharing and convening partners are essential functions for SAFIN and therefore also for its secretariat. During the first half of 2019, a gap in secretariat capabilities in knowledge management and communication slowed the pace of network activities. The second half of the year was marked by a revitalization of SAFIN communication activities and products. This was driven by a desire not only to increase network visibility but also to engage with SAFIN partners more as originators of content based on their achievements, perspectives and knowledge products. Achievements in this regard included the following:

SAFIN website: In the period from July to September, the SAFIN website was revisited to improve its navigability and user-friendliness. The new website hosts a knowledge hub for news, publications and opportunities in connection with agri-SME finance, highlights partners’ initiatives and showcases the collaborative work of the network. The website has since been regularly updated, reaching a global audience of about 1100 unique users. Periodic updates for IFAD Management and staff are published on the IFAD intranet.
Quarterly newsletter: The SAFIN newsletter continued to provide updates about the SAFIN collaborative workstreams. In addition, its structure was enhanced in September to increase the visibility of partner news, publications and events. A new “Perspectives” interview series was introduced to give space to the views of actors in agri-SME finance beyond the network, starting with Blaine Stephens, Chief Operating Officer of MIX Market, and Martijn Blom, Senior Investor Relations Manager at Hivos Impact Investments.

Webinars: In the second half of 2019, SAFIN hosted four webinars, the first two of which were co-organized with FAO:

- 08 Jul 2019: "Blended finance and smallholder agriculture: lessons from an Oxfam study" presented by Hanna Saarinen, EU Policy Advisor on Investment in Agriculture at Oxfam International
- 18 Sep 2019: "Fintechs and Financial Inclusion" presented by Gayatri Murthy, Financial Sector Specialist at CGAP
- 22 Oct 2019: "Introducing the Global Cooperative Impact Fund" presented by Silvia Schiavon, Programme Coordinator at Cooperatives Europe and Justine Palermo, MENA and Africa Manager at Inpulse
- 30 Oct 2019: "Introducing AgDevCo’s Technical Assistance Facility" presented by Sandi Roberts, Head of Smallholder Development Unit at AgDevCo

Annual Plenary Meeting, 2019: The plenary meeting of SAFIN was held on 10 and 11 November in New Delhi, India, alongside the Sixth World Congress on Rural and Agricultural Finance, in partnership with the APRACA secretariat. The event was attended by approximately 50 partners and guests. Matt Shakhovskoy of Initiative for Smallholder Finance (ISF) Advisors delivered an inaugural presentation in which he shared insights from the latest research on the state of the world in agricultural (notably smallholder) finance based on the Pathways to Prosperity report that was later published by ISF Advisors with the RAF Learning Lab. A workshop on the IP process was also held on 10 November 2019, followed by the annual in-person meeting of the SAFIN Steering Committee, which was chaired by Ayodeji Balogun of AFEX.

On 11 November, partners reviewed the work done during the year and listened to five pitches of new programmes or initiatives. The e-Granary Initiative was presented by Norbert Tuyishime of the Eastern African Farmers Federation; the new phase of the Global Agriculture and Food Security Programme was presented by Dipti Thapa of the World Bank; the new IFAD Private Sector Strategy was presented by Thouraya Triki of IFAD; the Inclusive Fintech 50 initiative was presented by Sachin Hirani of the MIX Market; and the Commercial Agriculture for Smallholders and Agribusiness (CASA) Technical Assistance Facility was presented by Tasmin Muller of TechnoServe.
A session on SAFIN’s work on blended finance featured interventions by Yuri Soares Dillon of the Inter-American Development Bank (IDB) Innovation Lab (a member of the SAFIN Steering Committee) and by Kruskaia Sierra-Escalante, Senior Manager for Blended Finance at the International Finance Corporation (IFC). As noted earlier, two brainstorming sessions directing peer support towards new initiatives also took place. One of these sessions dealt with the International Co-operative Alliance’s Global Cooperative Impact Fund and was led by Balasubramanian Iyer of the International Co-operative Alliance, while the other focused on a new value creation hub and was led by Sandi Roberts of AgDevCo.

**Knowledge Management Strategy:** At the end of the second semester, a knowledge management strategy was drafted and submitted to the SAFIN Steering Committee to frame the on-going and future activities for individual and collective learning in the network. The strategy aims to address the knowledge needs of SAFIN partners while capitalizing on existing capacities within the network.
5. Financial resources and expenditure

The SAFIN budget for 2018-2020 is based on the assumption that it should not generate any extra costs for partners (including IFAD as the host of the SAFIN secretariat) in connection with activities that are within their mandates and fully aligned with their plans. Dedicated resources are therefore needed only for work carried out by SAFIN that focuses on producing public goods with respect to the Network.

This includes human and financial resources for convening meetings and other events, knowledge-sharing, communication and advocacy, as well as resources for activities or knowledge products that no individual partner may fund but that can: (1) benefit all partners and the broader ecosystem; and (2) pave the way for follow-up activities or products that individual partners can carry out or fund.

<table>
<thead>
<tr>
<th>Resources (1 Jan–31 Dec 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD 1.2 Million</strong></td>
</tr>
<tr>
<td>Italy 16%</td>
</tr>
<tr>
<td>USAID 23%</td>
</tr>
<tr>
<td>Small Foundation 11%</td>
</tr>
<tr>
<td>IFAD 25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure (1 Jan–31 Dec 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>USD</strong></td>
</tr>
<tr>
<td><strong>Staff costs</strong> 299,354</td>
</tr>
<tr>
<td><strong>Consultancies</strong> 121,803</td>
</tr>
<tr>
<td><strong>Travel</strong> 112,586</td>
</tr>
<tr>
<td><strong>Communication</strong> 10,585</td>
</tr>
<tr>
<td><strong>Institutional contracts</strong> 84,395</td>
</tr>
<tr>
<td><strong>Total expenditure</strong> 628,723</td>
</tr>
</tbody>
</table>
Details of expenditures in the different categories above are provided below:

**Staff costs:** Under this category, expenditure reflects the cost of staffing the SAFIN Secretariat, including the Senior Coordinator, Technical Specialist, and Knowledge Management Analyst.

**Consultancies:** Overall expenditure reflects the cost of consultants hired for research, analysis and administration in support of SAFIN workstreams on Aligning Investment, Mobilizing Finance and Supporting Innovation.

**Travel:** Expenditure under this category reflects travel for the SAFIN Secretariat, sponsored speakers and participants to attend learning and advocacy events in various locations.

**Communication costs:** Under this category, budget was allocated to maintenance of the SAFIN website and conferencing software, and translation of communication materials.

**Institutional contracts:** During 2019, four contractual agreements were signed with partner institutions to conduct analytical work in relation to the IPF country pilots, and to provide logistical support for the annual plenary meeting and learning events on blended finance for agriculture.
6. Lessons learned and the way forward

As noted at the start of this report, 2019 was a year of transition and of learning for SAFIN. Some of the main lessons learned across the workstreams and other SAFIN activities include the following:

1. **Realizing the full scope of opportunities around the IP process.** The realization that the IP process holds much greater potential and is much more complex than originally thought has led to a change in approach both in the analytical part of the process and in the approach taken to partnerships. Partners have expressed the conviction that there is a great deal of scope for refining the IP tool and turning it into a nimble but powerful broker of productive conversations and inclusive business-oriented collaboration between the agricultural and finance communities. The next generation of IP pilots to be nurtured in 2020 is likely to be focused less on aligning the portfolios of SAFIN partners and more on fostering transformative locally owned and led processes.

2. **Empowering all partners as co-owners of the network through a new knowledge management approach.** SAFIN can only thrive and make a positive difference if it adds value to what its partners do, both on a transactional basis and by amplifying the impact of their work to build a better ecosystem for agri-SME finance. In this regard, 2019 has yielded important lessons concerning what sort of knowledge management and communication instruments and architecture the network requires in order for it to be broadly owned and broadly sustained by its partners.
3. Developing strategic partnerships to leverage SAFIN’s niche in blended finance. SAFIN has found a niche in the debate on blended finance since 2018 thanks to its focus on, and capacity to engage with, national financial institutions (including through regional agricultural credit associations) in order to give voice to their perspectives in global debates and to respond to their needs for knowledge and capacity-building. As the regional learning events in Asia and Africa have demonstrated, these needs are context-specific and have to do with local institutional histories, market circumstances and investment risks. SAFIN’s niche position is also a reflection of the fact that its diverse range of partners mirrors the diversity of the types of collaborative efforts that need to be in place in order for blending to contribute to the development of more inclusive and sustainable agricultural markets. Both of these features of the “SAFIN niche” call for a greater focus on strategic partnerships in the coming months, whether in activities designed to build local capacity or in piloting uses of blending that are driven by market-building, rather than deal-making, considerations.

4. Considering how to address data opacity in the funders’ landscape from the agri-SME perspective. Finally, as many data initiatives emerge across the landscape, SAFIN has identified the lack of transparency regarding funding opportunities from an agri-SME perspective as a largely neglected area in which a great deal of work needs to be done. Going into 2020, the challenge will be to consider what role SAFIN could play – given its limited capabilities and the constraints on the scope for data-sharing within the Network itself – in closing this gap and who the most strategic partners for this effort may be.
## Annex

### SAFIN Results Framework 2018-2020

<table>
<thead>
<tr>
<th>Workstream</th>
<th>Goal</th>
<th>Outcomes</th>
<th>Outputs</th>
<th>Indicators of performance (to be fine-tuned in annual work plans)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advocacy and Policy Engagement</strong></td>
<td>Improved policy environment around agri-SME investment and access to finance</td>
<td>SAFIN partners - collectively and individually - are able to engage more effectively in key policy forums through coordination and collaboration</td>
<td>Shared policy-oriented narrative on key policy obstacles and approaches to facilitating agri-SME access to finance</td>
<td>Narrative and advocacy message developed and widely owned by partners&lt;br&gt; # of contributions to major policy relevant reports&lt;br&gt; # of side events or sessions organized at major global or regional forums</td>
</tr>
<tr>
<td><strong>Mobilizing Finance</strong></td>
<td>Improved volume, composition and quality of finance available to institutions serving agri-SMEs</td>
<td>SAFIN partners and other key stakeholders improve their knowledge base and practice on how to use different sources of development finance to sustain an inclusive financial ecosystem around agri-SMEs</td>
<td>Deep dive on OECD blended finance principles (research products, events, capacity building material)</td>
<td># of learning events organized with OECD and SAFIN partners&lt;br&gt; # of reports on blended finance and agriculture completed and communicated in relevant forums&lt;br&gt; # of other user-friendly knowledge products (case studies, lessons learned, capacity building material) developed</td>
</tr>
<tr>
<td><strong>Alignment of Investments</strong></td>
<td>Improved coordination across the ecosystem for finance to agri-SMEs</td>
<td>Increased collaboration and synergies amongst SAFIN partners at country level enables them to better use their specific assets, capabilities, and resources</td>
<td>Piloting a framework for country-level diagnostic of investment and financing gaps/opportunities - the Investment Prospectus framework</td>
<td># of IPs produced and validated for quality and broad ownership&lt;br&gt; Quality of IP process progressively improved and validated by partners</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>Strategic innovation needs for ecosystem-level change in access to finance by agri-SMEs addressed</td>
<td>Partners jointly support a specific knowledge building and learning agenda around a specific innovation priority of shared concern</td>
<td>Pooling expertise and knowledge around new initiatives, instruments, and products to be launched by partners</td>
<td># of facilitated dialogues for peer support to new initiatives led by SAFIN partners or other actors in the ecosystem</td>
</tr>
<tr>
<td><strong>Strategy Knowledge Agenda</strong></td>
<td>Improved focus on key research questions for ecosystem-level progress</td>
<td>Partners have a shared understanding of key research needs and activities underway in the ecosystem</td>
<td>Annual SAFIN conference</td>
<td>1 Annual SAFIN conference organized</td>
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</tbody>
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