



THE SMALLHOLDER AND AGRI-SME FINANCE AND INVESTMENT NETWORK

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SAFIN partners meet at IFAD Headquarters in Rome for their second annual plenary meeting

Around 60 SAFIN partners and guests convened at IFAD's headquarters in Rome on 11-12 October for the [second annual plenary meeting of SAFIN and a workshop on technical assistance \(TA\) to agri-SMEs](#). Preceded by the first in-person meeting of the SAFIN Steering Committee, which elected as its Chair Ayodeji Balogun of AFEX Commodities Exchange Ltd Nigeria, the plenary was designed as a space for network building. It allowed partners to know each other better, identify opportunities for collaboration and reflect together upon our collective journey and what it means to be both a learning and an action network. Supported by an analysis of network functioning and leadership conducted in collaboration with Zach Anderson at [Converge](#), partners reconfirmed their commitment to the network, its vision, and working in coordination, particularly

through country-level "investment prospectus" work. Many suggestions were made about how to improve collaboration and communication within the network.

A workshop on "**Business Models for the Delivery of Technical Assistance Complementing Finance for Smallholders and Agri-SMEs**" engaged participants in one and a half days of interactive panels, "pop-up" sessions, design and implementation support "clinics", and presentations of ongoing work supported by the SAFIN Coordination Team.

Three panels focused on themes addressed in webinars this year related to business models for the delivery of TA to agri-SMEs and smallholder farmers.

Panel 1 was chaired by Bruno Vindel of the French Development Agency (AFD) and featured Mohamed Manssouri from the

Food and Agriculture Organization of the United Nations (FAO) Investment Centre, Patricia Richter from the International Labour Organization (ILO), Abigail Thomson from TechnoServe and Dan Zook from the Initiative for Smallholder Finance. The panel focused on the role of technical assistance facilities (TAFs) particularly in complementing the work of investment funds. The value of TAFs was compared to that of other approaches and lessons were shared about TAF design, implementation, and monitoring of performance and impact.

Panel 2 was chaired by Hedwig Siewertsen of the Alliance for a Green Revolution in Africa (AGRA) and featured: Jim Riordan from the World Economic Forum; Poorva Pandya from the Export Trading Group Farmers Foundation; Iris van der Velden from the IDH Sustainable Trade Initiative; Khalid El Harizi, a rural

development and agricultural innovation specialist; and Patrick Starr from the United States Agency for International Development (USAID) Bureau of Food Security. The panel focused on TA provided by value chain actors as a complement to other value chain transactions. Panellists discussed the rationale for this approach to delivering TA from the perspective of companies involved, and its role – and limitations – in helping to build TA markets and accelerating the adoption of transformative technologies.

Panel 3 was chaired by Matthew Brooke of the European Commission and featured: Jose Romeo (Jojo) Ebron from the Asian Farmers' Association for Sustainable Rural Development; Norbert Tuyishime from the Eastern Africa Farmers Federation; Frank Rubio from Oikocredit; Danilo Salerno from the International Co-operative Alliance; and Rebecca Savoie from the National Cooperative Business Association. The panel addressed TA delivery rooted in cooperatives and other types of farmers' organizations, assessing its unique strengths and weaknesses. Some panel members emphasized the unique "power of ownership" as a driver of TA effectiveness in this model, while others suggested that some functions of farmers' organizations in value chain relationships may increasingly be taken up by more effective contract relationships or by technology.

A "pop-up session" enabled partners to present new initiatives and products under development, respond to questions, receive suggestions for improvement and consider possible collaborations as their

initiatives are rolled out or replicated. Norbert Tuyishime from the Eastern Africa Farmers Federation presented an IFAD grant-supported project implemented by the Federation to support young farmers' groups to develop viable business plans, access finance, and implement their plans. Aude Sauvaget from the Association of European Development Finance Institutions Management Company spoke about the European Commission's AgriFI, a facility that co-invests in agriculture with European development finance institutions (DFIs), with a focus on Africa. Partners discussed the theory of change behind the initiative, how to maximize its scale of impact and how to design a technical assistance function in support of the facility. Arindom Datta from Rabobank India presented three financial products focused on risk sharing to expand the engagement of Indian commercial banks with small-scale farmers. Blaine Stephens from MIX Market presented plans for a platform that will leverage existing data to address the origination costs holding back many potential investors in the agri-SME space. Finally, Marco Penna from IFAD introduced the Agribusiness Capital (ABC) Fund initiative, which includes a fund designed to leverage the portfolios of IFAD and AGRA in order to generate pipeline and de-risk investments in financial institutions serving smallholders, agri-SMEs and farmers organizations.

Two "clinics" on design and implementation support focused on funds that target agri-SMEs and agricultural finance providers serving smallholders. The **Huruma Fund** was presented by Luca Torre from GAWA Capital

in a session facilitated by Jenny Scharrer of KfW Development Bank. Discussion topics centred around: (i) the type of financial institutions to target and the appropriate balance between "greenfielding" and building on existing institutions; (ii) metrics for measuring the "agricultural readiness" of target financial institutions; and (iii) how to design a technical assistance facility linked to the fund.

The **Food Security Fund** was presented by Akinyinka Akintunde of AFEX Commodities Exchange Ltd in a session facilitated by Melanie Machingawuta of TechnoServe. This session allowed partners to share their expertise, addressing questions related to the rationale, structure, resource mobilization and TA delivery associated with this fund, which is currently under development.

TA landscape analysis in Uganda. The last session of the workshop focused on an agri-SME and smallholder TA landscape analysis conducted by Marzia Perilli of the SAFIN Coordination Team in Uganda. This analysis complemented the SAFIN investment prospectus pilot for Uganda and there are plans to replicate it for other pilots. Early findings suggest that the TA institutional and funding landscape is just as critical as the financial landscape in delivering towards the SAFIN vision. Suggestions for the way forward included a comparative analysis on TA market development and SAFIN championing a process of "TA provider vetting" in prospectus pilot countries.

In the plenary meeting and workshop, partners from FAO, Junta Agroempresarial Dominicana, the Asian Farmers' Federation, Small Foundation, and

the Uganda Agribusiness Alliance shared their perspectives on SAFIN and how it fits in with work at the global, regional, and country levels. Following the meeting, on 15 October, this group of partners along with USAID presented SAFIN to the Committee on World Food Security in a session entitled "[A concrete example of multi-stakeholder platform for investment towards SDG2: the SAFIN network](#)".

SAFIN workstreams update

1. Mobilizing finance for the ecosystem.

The third and last quarter of 2018 have seen an acceleration of activities on SAFIN's agenda related to mobilizing finance for actors and institutions serving agri-SMEs and smallholders. During the month of September, SAFIN held a session on the role of investment funds in agriculture at the African Green Revolution Forum in Kigali and a dialogue on blended finance and corporate agribusiness investment in New York. October featured the participation of the SAFIN Senior Coordinator at the International CEO Forum of the Association of African Development Finance Institutions (AADFI) and the Association of Development Finance Institutions of Asia and the Pacific (ADFIAP), held in Kyrenia, Cyprus, under the auspices of the World Federation of Development Finance Institutions. This event kick-started dialogue with the Secretariat of ADFIAP – a SAFIN partner – and members of the AADFI network on the role national development banks play in mobilizing private finance for



agri-SME and smallholder investments.

An immediate opportunity to follow up on this dialogue came with the launch of analytical work on blended finance and agriculture in the context of a deep dive project agreed with the Organisation for Economic Co-operation and Development (OECD). Early findings from this research will be presented at OECD headquarters in Paris in January 2019 and in February at the annual plenary meeting of ADFIAP in Muscat, Oman.

2. Alignment of investment around inclusive models.

The pilot of the SAFIN Investment Prospectus Framework – a diagnostic tool combining opportunities for agri-SME development, financial sector offerings, and partners' programmatic activities – is ongoing in all four pilot countries selected for this year. Country anchors Junta Agroempresarial Dominicana and the Ministry of Agriculture in the Dominican Republic, the Uganda Agribusiness Alliance in Uganda, AFEX Commodities Exchange Limited in Nigeria and ACCESS Development Services in India have set up steering committees for each pilot with provisions to ensure a participatory diagnostic process.



The most advanced pilot is in Uganda, where a draft investment prospectus focused on the coffee and oilseeds (sunflower and soya) value chains is under review. Early findings suggest a favourable investment and financing environment, but limited "bankability" of many value chain actors and limited capacity of financial institutions. Since many SAFIN partners active in Uganda are planning or implementing

value chain development projects that include coffee and oilseeds, prospects for the integration of findings into partners' portfolios appear promising.

As confirmed at the SAFIN plenary, the work around the investment prospectuses is of great importance for aligning efforts on the ground. Following investments in diagnostic work in 2018, next year will feature focused efforts by in-country partners to ensure that concrete actions and investments follow from each prospectus.

3. Innovation in Technical Assistance.

In addition to the 12 October workshop, in the last quarter of 2018, the SAFIN Coordination Team organized two [webinars](#). The first, held in September, presented the International Co-operative Alliance, an international non-profit association established in 1895 to advance the cooperative model in all sectors, including agriculture. This webinar also zeroed in on the role of cooperatives as providers and recipients of technical assistance. The second webinar, held in November, featured Partners in Food Solutions, a non-profit organization working to enhance the development of agri-food companies in Africa through a private sector-led model with support from volunteer experts from leading international food companies.



SAFIN and partners' events this quarter

Making Finance Work for African Agriculture, Masterclass and Conference

On 22-26 October 2018, SAFIN partner Uganda Agribusiness Alliance organized a master class and conference on **“Making Finance Work for African Agriculture”** in partnership with the New Partnership for Africa's Development (NEPAD), the African Rural and Agricultural Credit Association, the German Agency for International Cooperation (GIZ), AGRA and other organizations. The event addressed critical issues for an effective policy agenda on agricultural finance in Africa and innovations in the financial ecosystem. Marzia Perilli from the SAFIN Coordination Team led a session on **“Business Models for the Delivery of TA Geared Towards Supporting the Investment Capacity of Smallholders and Agri-SMEs”** with Michael Sudarkasa, CEO of the Africa Business Group. The session was one of the liveliest at the event, confirming the strategic importance of TA in the agri-SME investment ecosystem. Issues included the: limited replicability and scalability of successful TA models; strategic importance of standardization in business development services; value chain approaches to TA development; role of farmers' organizations; importance of education for a change in mindsets towards agriculture as a business; and role of information and communication technologies, bundling, and the media in TA innovation.



International CEO Forum 2018

The bi-annual meeting of the CEOs of AADFI and ADIAP members was held on 23-25 October in Kyrenia, Cyprus. The event brought together close to 100 senior representatives of African and Asian DFIs and experts in “green finance”. Focused on **DFIs and the Green Economy**, the programme covered a number of areas in which DFIs are deploying capital for green investments. While most examples were in renewable energy, water management and urban construction, a session dedicated to Sustainable Agriculture was chaired by SAFIN Senior Coordinator Bettina Prato. This session, which elicited great interest, showed that agriculture is central to many DFIs' “green economy” activities.

Participants highlighted the need to strengthen connections between the agenda on agricultural and food system investments with initiatives and actors in the “green finance” space. The role of national DFIs in this context remains important – both on the demand and supply sides of finance. The session also provided an opportunity to illustrate IFAD's experience with the *Platform for Agricultural Risk Management*. Both real and perceived risk were recognized by all participants as major obstacles to scaling up financing for agriculture.



APRACA Policy Forum

The Asia Pacific Rural and Agricultural Credit Association (APRACA) Regional Policy Forum, 70th Executive Committee Meeting and 21st General Assembly were held on 8-10 October in Colombo, Sri Lanka. The Forum gathered APRACA member banks from the Asia-Pacific region around **“Financing Micro, Small and Medium Enterprises; Solutions for the Missing Middle”**. It was hosted by the Bank of Ceylon, a driving force in the Government of Sri Lanka's agenda for economic sustainability. The forum focused on market-based approaches and the role of central banks, development banks, commercial banks and other actors in improving lending infrastructure and financial regulations. Opportunities and challenges arising from the rapid expansion of “fintech” in the region were also discussed.

The event offered local banks and financial institutions the opportunity to strengthen their networks with similar institutions in other countries. The outcomes of this forum will provide guidance to APRACA members on strategies to enhance financing for micro, small and medium-sized enterprises while ensuring financial and fiscal sustainability.



Africa Investment Forum 2018

The Africa Investment Forum on 7-9 November in Johannesburg was led by the African Development Bank (a SAFIN partner). The forum gathered close to 300 institutional investors from 53 countries, including 23 non-African countries, and brought together investors, project sponsors and government leaders to catalyse concrete investment decisions through a marketplace approach. The forum highlighted the pipeline of projects for investors in the agriculture sector. After a final review of all projects, investor interest stood at close to US\$40 billion.

Social Entrepreneurship: Innovative Finance for Rural-Urban Transformation

This event, focusing on social entrepreneurship and its role in filling the gap for development finance for rural-urban transformation, was hosted by the Swiss Agency for Development and Cooperation (SDC) on 17-18 October 2018 in Beijing with the participation of SAFIN partner Dr Xiangping Jia of the Rural Innovation Centre for Knowledge and Investment. Approximately 70 participants from Europe, China and Mongolia discussed the meaning of social entrepreneurship and how to foster an enabling ecosystem in the context of rapid urbanization within China and other developing countries. Building on their improved understanding of the landscape of social entrepreneurship in East Asia, the host and partners are envisioning follow-up activities to support social entrepreneurs in the coming months and at next year's event.



New partners joining SAFIN this quarter

In the last quarter of 2018, the network gained two new partners: the [Africa Agribusiness Academy \(AAA\)](#) and the [Agricultural Finance Corporation \(AFC\)](#). AAA is an entrepreneur network founded in 2010 that seeks to foster small-scale agribusiness growth in Africa through capacity building and innovation. AFC is a specialized DFI and the leading public financial institution mandated to provide credit for agriculture in Kenya.

Partner in the Spotlight: Arindom Datta of Rabobank



Arindom Datta, Asia Head, Sustainability Banking at Rabobank

Can you tell us about Rabobank and its history?

Rabobank is an international financial services provider operating on the basis of cooperative principles. It offers retail banking, wholesale banking, private banking, leasing and real estate services. As a cooperative bank, Rabobank puts customers' interests first in its services, and is committed to making a substantial contribution to welfare and prosperity in the Netherlands and to feeding the world sustainably. The Rabo Foundation was set up forty years ago by local banking cooperatives. In forty years Rabo Foundation has developed into a professional development aid organisation. Today it serves approximately 5.5 million people around the world, operates in no fewer than 25 countries supporting some 200 different projects annually and, with nearly two million members, is one of the largest cooperatives in the Netherlands.

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

I worked in the public, private and development sectors in different capacities for over 26 years and have a deep knowledge and experience in Rural Finance, Cooperative Banking, Microfinance and Agribusiness. I decided to join Rabobank because I believe that the Bank's experience, expertise and its profound knowledge in cooperatives, banking and agriculture can make a real difference in the agri-finance world. I am currently the Head of Rabo Foundation India and I am responsible for the Sustainability Banking business in Asia. Before joining Rabobank, I worked with NABARD, IDBI Bank and CARE India. I am a graduate from St. Stephens' College, Delhi and

have an MBA with specialization in Finance and Strategy from Indian Institute of Management, Kozhikode.

What do you think are the most significant developments in India in the past couple of years in terms of the agri-finance landscape?

The recent years have been extremely positive and full of important developments in India in terms of the agri-finance landscape. First of all, more than 4,000 Farmer Producer Companies (FPC) have been set up and some of them have been able to attract capitals and negotiate good market rates. Secondly, technology has acted as an aggregator of farmers with new

and improved platforms and useful data that helps address the issues of smallholders and agri-SMEs, specially access to finance and organised markets. Thirdly, more and more professionals are getting into the field of addressing the issues of fragmentation in agriculture.

Why did Rabobank decide to join SAFIN?

Rabobank shares the network's vision of a more inclusive and sustainable agri-finance ecosystems. We believe that we can play a major role in contributing to the work of SAFIN thanks to our experience and knowledge on cooperatives, banking and agriculture. At the same time, we feel that we can

learn a lot from the other partners and greatly appreciate the knowledge sharing environment of the network.

How is Rabobank contributing to the work of the network?

Rabobank is involved in the "Alignment of investment" around inclusive models work stream and, specifically, in the Investment Prospectus Framework (IPF) work for India. It is a member of the IPF Steering Committee in India and is now preparing for the first in-country meeting of the Steering Committee scheduled to take place next month. It has also shared its knowledge and insight on blended finance solutions for agri-SMEs with the network.

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