INTRODUCING THE SMALLHOLDER AND AGRI-FOOD SME FINANCE AND INVESTMENT NETWORK - SAFIN

AGRIFIN WEBINAR PRESENTATION

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RATIONALE IN A NUTSHELL

2030 Agenda – aiming among other to:
- Double productivity and incomes of small-scale food producers
- Increase the access of small-scale enterprises to financial services
- Strengthen capacity of financial institutions to expand access to financial services
- Income growth of the bottom 40% of the population
- Enhanced global partnership for sustainable development
- Promote effective public, public-private and civil society partnerships

Addis Ababa Action Agenda – calling among other for:
- More investment in rural sector, agriculture, food systems, smallholders
- Adoption or review of financial inclusion strategies, and financial inclusion as a policy objective
- Work on both the supply and the demand side of finance for micro, small and medium-sized enterprises
BUT: PROGRESS NOT FAST ENOUGH, 5 KEY “SYSTEMIC” NEEDS

1. Raise profile of this agenda as priority for policy + development finance
2. Increase and better combine different sources of finance in this sector
3. More uptake of inclusive institutional and business approaches
4. Improve both quality and pace of innovation
5. Improve knowledge base for strategic learning and accountability
BRIEF STORY OF HOW WE GOT HERE

• 2014-15: bringing agri-food sector in the spotlight in the 2030 Agenda and in Addis Ababa

• Milan Expo and “Finance for Food”

• November 2016 workshop: an alliance for smallholder and rural transformation?

• January 2017 conference on investing in inclusive rural transformation

• “Volunteer group” for co-creation of SAFIN

• First working meeting June 2017, next meeting scheduled for October, launch for early 2018
CONCRETELY, JOINT INTEREST IN WORKING IN 5 AREAS

Engaging on the enabling policy environment

Joining forces to mobilize new resources

Aligning investments via inclusive models

Pooling efforts around innovation/scaling up

Helping address strategic knowledge agenda

Accountability
SAFIN vision:
An inclusive partnership of actors operating in different parts of the ecosystem for agro-food and rural SME finance, who pool knowledge and resources and align efforts towards progressively greater, measurable and transparently communicated impact, with a view to closing the financing gap for this market segment in the time frame of the 2030 Agenda and the AAAAA.

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THE SAFIN CO-CREATION PARTNERS
APPROACH TO SAFIN DEVELOPMENT

- **Co-creation process** – IFAD facilitates but initiative is co-owned by prospective partners
- **Basis for participation** – Shared interest, ambition, desire to work together in five action areas
- **Iterative approach** - Leveraging the assets of initial partners and seeking to deliver short and medium-term value, while building up and out scope and impact
- **Not a new organization** – decentralized model, work-streams and activities led by partners
- **Light secretariat** – facilitator of linkages, clearinghouse, repository of learning, convenor
HIGHLIGHTS OF PROSPECTIVE WORK-STREAMS

On the policy environment:

- Coordinated participation in selected regional and global policy forums
- Targeted policy briefs informed by partners’ knowledge

To support innovation:

- Pooling partner support around new vehicles or to solve operational challenges requiring innovative solutions
- Platform for peer sharing among innovators in the ecosystem
To advance the knowledge base:

- Helping take forward a strategic research agenda
- Candid, solution- and collaboration-oriented dialogue on sensitive issues
- Biennial SAFIN conference for the community to dive deep into specific themes and for partners to take stock of individual and joint activities
- Pooling partners’ reports on commitments, impact, policy-relevant lessons
To mobilize more resources and align partners’ investments:

- Country-level investment prospectuses
- Dialogue on roadmaps to scale up + diversify finance for the sector
- Mapping of key actors/initiatives, analysis of gaps/complementarities
- Pooling TA/facilitating access to TA by SME organizations
WHAT THIS MAY LOOK LIKE AT 2020

- Documented increase in focus on agri-food and rural SME finance and investment in selected policy forums
- Inclusive, multi-stakeholder narrative on key policy issues for faster progress in this domain clearly articulated

- # investment prospectuses released and brought to the attention of investors and policymakers in # countries
- Prospectuses help focus investments of SAFIN partners and crowd in other actors and investors in # countries

- Landscape mapping regularly updated, showing synergy opportunities to inform partners' investment decisions
- Documented growth in # and volume of investments that result from aligned efforts of SAFIN stakeholder groups

- # new initiatives/products by SAFIN partners benefit from learning and peer support facilitated by the network
- # examples of innovation scaling up pathways brokered by SAFIN partner collaboration

- Strategic research agenda clearly defined with contribution from different stakeholder groups
- Map of landscape of research/knowledge sharing facilitates collaborative efforts among partners and with others
SINCE JUNE 2017, THREE PRIORITY AREAS OF WORK:

- Framework for sectoral investment prospectuses
- Scoping of research landscape: coordination gaps, key knowledge gaps, possible role for SAFIN
- Considering tools to map partners AND map progress in the ecosystem
FRAMEWORK FOR SECTORAL “INVESTMENT PROSPECTUSES”
- **Aim** is to help both mobilize and better align different efforts and flows

- **Content:** Mapping of investment gaps and opportunities at meso level, between individual “bankable projects” and country-level strategies, PLUS financial K and services supply PLUS enabling environment bottlenecks

- **Where we are:** scoping study underway, next come:
  - fine-tuning framework
  - defining a process to ensure operationalization of the framework is fully nested in country-led/owned processes
  - rolling out in selected countries
SCOPING OF RESEARCH AND KNOWLEDGE PRODUCTION + GAPS
**Aim:** Are the practitioner and academic communities addressing strategic knowledge needs in this area? If not, what can SAFIN do to help address that?

**Where we are:** Scoping paper on key topics and trends in knowledge production on this issue done, options for SAFIN are under consideration

Two key thematic areas of possible focus identified:

- How to assess “demand” for agri-food SME finance/complementary services?
- Tools, approaches, measuring impact and limitations of “blended finance” for ag
Two-fold aim:

- How to track progress in global and country-level ecosystems for agri-food SME finance and investment?
- How to improve partners’ understanding of our own respective and collective work in specific areas?

Where we are:

- Survey of participants completed
- Various options under consideration also in dialogue with other specialized initiatives (e.g. MIX Market), possibly anchored into rolling out of investment prospectus work
FOUR (COMPOSITE) QUESTIONS FOR YOU

- Who are we missing in the initial SAFIN group? Who do we need to reach out to in order to make this initiative as much as possible demand-driven and impactful?

- Do you agree on the value of seeking to bring more strategic focus to knowledge efforts in this area? If so, how could a network like SAFIN concretely add value?

- Do the two main thematic “knowledge gap” areas listed above resonate with your experience? What other major “gap” issues would you flag?

- Does the idea of country-level investment prospectuses resonate with you? What are your suggestions as to how to develop and roll these out in specific countries?
THANK YOU!!