Inclusive and sustainable rural transformation

Financial for investment for rural and agro-food SMEs

**AGENDA 2030** – aiming among other to:
- Double productivity and incomes of small-scale producers
- Increase the access of small-scale enterprises to financial services
- Strengthen capacity of financial institutions to expand access to financial services

**ADDIS ABABA ACTION AGENDA** – calling among other for:
- More investment in rural sector, agriculture, food systems, smallholders
- Adoption/review of financial inclusion strategies, and financial inclusion as a policy objective
- Work on both supply and demand side of finance for micro, SMEs.

RATIONALE IN A NUTSHELL
PROGRESS NOT FAST ENOUGH, 5 KEY “SYSTEMIC” NEEDS

- Raise profile of this agenda as priority for policy + development finance
- Increase and better combine different sources of finance in this sector
- More uptake of inclusive institutional and business approaches
- Improve both quality and pace of innovation
- Improve knowledge base for strategic learning and accountability
THE SAFIN CO-CREATION PARTNERS AS OF LAST JUNE
SAFIN VISION: MORE EFFECTIVE AND INCLUSIVE ECOSYSTEM FOR AGRI-FOOD AND RURAL SME FINANCE AND INVESTMENT

- Inclusive and evidence-based policy and institutional environments
- Higher volumes and more diverse sources of finance for SME investment
- System-wide alignment around SME-inclusive narratives and practices
- Greater investment in innovation and scaling up good practices/products
- Improved knowledge base informing practice, policy and monitoring
PARTNERS’ 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
TODAY’S MEETING

- Comes after elaboration of proposals and various group discussions
- Builds also on partners’ survey, scoping activities, work done by partners
- Aims to:
  - Continue building the network/strengthen sense of being a group
  - Bring us close to a work plan for 2018 (and to 2020, in less detail)
1. Pooling expertise and knowledge around new initiatives, instruments, and products to be launched by partners, upon demand

- Team to work with partners to identify initiatives, assess demand
- Partners to define roadmaps + activities (2-3 initiatives in 2018?)
INNOVATION WORK STREAM: 2 ACTIVITY LINES

2. Learning about innovative models of delivery of finance and of TA (focus on scale, inclusiveness, sustainability, financial graduation)

- Map key areas of partners’ engagement + key challenges + innovations
- Catalogue relevant knowledge products and initiatives
- 2/3 webinars, 1 partners’ workshop, 2-3 side meetings at FO events
MOBILIZING FINANCE WORKSTREAM: 2 ACTIVITY LINES

1. Building knowledge on diversifying/increasing finance, for agriculture and SMEs, focus on “blending”

- Reach shared definition of blended finance
- Reference book for BF transactions (operational + legal templates)
- Tracking debate on BF framing issues (rationale, risks, “ecosystem”)
- Scoping “brokering” function: what, who, how?
MOBILIZING FINANCE WORKSTREAM: 2 ACTIVITY LINES

2. Dialogue with development finance providers in selected forums
   - Deep dive on OECD DAC policy principles for BF in ag
   - Chapter in annual report on IATF on FfD including BF
   - Side event at FfD Forum in April 2018, possible focus on BF in ag?
   - (PLUS dialogue with GDPRD, DFI wg on blended concessional finance, others)
Afternoon Group Discussion
1. Piloting framework for country level diagnostic of investment and financing gaps and opportunities for SMEs (# countries in 2018)

2. Collaborative programming based on SAFIN diagnostic tool
   - Finalization of “investment prospectus” framework
   - Piloting in # countries, demand-led, different partner configurations
   - Map of partners’ programmatic activities in pilot countries
ALIGNMENT OF INVESTMENT WORKSTREAM: 3 ACTIVITY LINES

3. Reporting on commitments, achievement, learning and impact from collaborative programming under SAFIN

- Stocktaking of collaborative projects, pooling of expected results
- Tracking new collaborative initiatives launched around IP tool
- Working towards SAFIN achievement/impact report in 2019?
ADVOCACY/POLICY ENG. WORKSTREAM: 3 ACTIVITY LINES

1. Evidence-based policy narrative on imperative of access to finance for investment by smallholders, rural/agri-food SMEs

- Umbrella advocacy/policy-oriented narrative, key messages
- Scoping for “State of the World of finance for SH and SMEs”
- Contribute to chapter of IATF on FfD + side event at FfD Forum 2018
2. Coordinated participation in selected global and regional forums
   - Key events calendar, info sharing about partners’ engagements

   - State of global ecosystem
   - Challenges, risks, ecosystem view on BF
Pilots of "Investment prospectus" framework

Collaborative programming in pilot countries

Building knowledge base on "blended finance"

Dialogue with development finance providers

Pooling support around new partners' initiative

Advancing learning on innovative finance and TA delivery models

2018/Q1

Evidence based SAFIN policy narrative

2018/Q2

Coordinated participation in selected policy forums

2018/Q3

Preparing targeted policy briefs

Biennial SAFIN conferences

2018/Q4

Animation of SAFIN website

2019

Dialogue on top research questions

2020

Reporting from collaborative programmes

Alignment of investments
Mobilizing finance
Innovation
Advocacy and policy engagement
Knowledge agenda coordination