

## First SAFIN workshop and second SAFIN working meeting – 27-28 November 2017 – FAO, Iran Room (1<sup>st</sup> Floor B Building)

### SAFIN workshop – "Understanding, channelling, mapping 'demand' for finance for investment by agri-food and rural SMEs" – 27 November

#### *Introduction*

Much of the literature on investment opportunities and gaps in agriculture and related value chains is based on estimates of financing needs rather than on actual demand for finance for investment—the latter implying not just generic need but also an active posture and absorptive capacity on the part of key investors, notably smallholders and (other) rural SMEs. The reasons for this are complex and they can be related in part to institutional factors both on the demand and on the supply side of financial ecosystems serving these investors. On the demand side, for instance, the roles traditionally played by different types of farmers' organizations and cooperatives in articulating and also intermediating demand for finance by smallholders (and other farmers) are not matched by a corresponding type of institutions representing demand from the heterogeneous landscape of SMEs working in agricultural value chains as input providers, agro-processors, traders, etc. On the supply side, there are challenges related to data availability, capacity to engage with rural SME clients, and high transaction costs associated with better understanding this market.

This combination of factors can result in significant challenges in advancing towards demand-responsive financial ecosystems that are fit for the purpose of supporting the investment capacity and objectives of smallholders and (other) rural and agri-food SMEs. Overcoming these challenges is thus critical from an ecosystem development perspective, but it is also important to improving the practices and impact of individual institutions in the ecosystem.

In light of the above, the theme of "demand" for finance for investment by agri-food and rural SMEs, including smallholder farmers, has been chosen as the object of the first workshop to be held under the Smallholder and Agri-food SME Finance and Investment Network (SAFIN). The purpose of the workshop is two-fold, namely: a) advancing learning and the SAFIN partners' knowledge base on this theme; b) identifying practical options for improved demand analysis and mapping that can be taken forward in the context of relevant SAFIN workstreams in the coming months. The workshop conclusions will thus feed into the second SAFIN meeting of 28 November, which will address proposals for action under different SAFIN workstreams for 2018 and to 2020.

#### *Agenda*

The agenda of the day will include four working sessions, as follows. Each of the sessions will be facilitated in the form of interactive dialogue kicked off by 2 or 3 ten minute presentations, followed by a brief question and answer segment and by facilitated group discussion.

#### **8:50 – 9:10 Registration**

**9:10 -9:20 Introduction and objectives of the workshop** – Bettina Prato, SAFIN Coordination Team

**9:20 – 10:50 First morning session: The challenge of representing demand for finance from SMEs in the agri-food sector – the role of farmers' organizations and cooperatives** (Moderator: Zak Bleicher, IFAD)

There are no single type of professional organizations representing agri-food and rural SMEs broadly speaking. However, farmers' organizations and cooperatives play a central role in understanding, aggregating, and articulating demand for finance for investment by their members, and this often includes not only investment in primary production but also in value addition activities at the SME level (e.g. for agro-processing plants, etc.). In many cases, these organizations also play a key role as facilitators of access to finance for their members. This first session will present and contrast three different models and tools for this set of functions, from organizations from Asia, East Africa, and Guatemala. Each presenter will address the following questions:

- What are the main challenges in understanding and channelling demand for finance for investment by farmers and other small-scale agri-food and rural entrepreneurs?
- What are the tools that your organization uses to assess and aggregate "demand"?
- What are the key aspects of demand for finance for investment among your membership, and what are the main challenges in meeting this demand today?

**Presenters:** **Esther Penunia**, Secretary General, [Asian Farmers' Association](#); **Norbert Tuyishime**, [East African Farmers' Federation](#); **Italo Antoniotti**, Director of Institutional Relations, [FEDECOCAGUA](#);

*10:50 – 11:10 Coffee break*

**11:10 – 12:40 Second morning session:** *Country-level institutional frameworks to mediate and respond to SME demand for finance* (Moderator: Alex Simuyandi, SAFIN Coordination Team)

Institutional mechanisms where the demand and the supply sides of finance for investment can meet are essential to ensure that the financial ecosystem around agriculture is demand-driven and responsive to smallholders and SMEs more broadly. This can include a variety of mechanisms from value chain or sectoral dialogue platforms to forums of financial institutions, regulators, and service providers. This session will feature four relevant experiences from the Dominican Republic, Italy, and the African continent. Each presenter will address the following questions:

- What role does your institution play in facilitating dialogue between small-scale agro-entrepreneurs and providers of finance (including other value chain actors), regulators, and policymakers?
- What are the main challenges in taking forward an effective dialogue between these different actors in your experience? What are the success factors?

**Presenters:** **Saleh U. Gashua**, Secretary General, [African Agricultural and Rural Credit Association](#); **Osmar Benitez**, Executive President, [Junta Agroempresarial Dominicana](#); **Hedwig Siewertsen**, Head of Inclusive Finance, [AGRA](#); **Juan Lopez**, International Relations Manager, [Federcasse](#).

*Lunch break – Area adjacent to Iran room*

**14:00-15:30 First afternoon session:** *Mapping initiatives and tools on the supply and demand side* (Moderator: Zak Bleicher, IFAD)

Generating and tracking data about both demand and supply of finance for investment is often particularly challenging when it comes to SMEs in the rural space more broadly, due to institutional capacity gaps, methodological challenges, lack of adequate investments in data generation and tracking at different levels. In this session, four different experiences and sets of tools to address these gaps – from a global perspective and from Tanzania and India, respectively – will be presented for discussion. The presenters will address the following:

- What programmes and tools do you use to assess, track, and map the supply side of financial ecosystems for agricultural and rural finance? To what extent are these tools also looking at the capacity of supply side institutions to respond to demand by SMEs and smallholders?
- What are the main knowledge and data gaps when it comes to mapping the demand side of these ecosystems? How can these be overcome, in your experience?
- What are the main obstacles to scaling up successful models and tools, in your experience?

*Presenters:* **Jamie Anderson**, Senior Financial Sector Specialist, [CGAP](#); **Sosthenes Kewe**, Executive Director, [Financial Sector Deepening Trust](#); **Blaine Stephens**, COO, [the MIX](#); **Vipin Sharma**, CEO, [Access Development Services](#).

*15:30 -15:50 Coffee break*

**15:50 – 17:20 Second afternoon session:** *Governance models for demand-driven approaches in development finance and social investment institutions* (Moderator: Alex Simuyandi, SAFIN Coordination Team)

How well do development finance institutions, commercial banks, and social investors do in being demand-based and demand-responsive when it comes to smallholders and agri-food SMEs? In this final session, three different perspectives – two from banks that also operate social lending portfolios, the other from a multi-lateral development bank – will be presented for discussion. Presenters will consider the following:

- How does your institution assess demand for finance by smallholders and agri-food and rural SMEs? What are the data sources and platforms for articulation of demand that you rely on?
- How does your institution engage with organizations representing smallholders and agri-food and rural SMEs in the process of designing and implementing your programmes?
- How do you assess impact in terms of meeting demand by this specific group of actors?

*Presenters:* **Michael van den Berg**, Fund Manager, [Triodos Sustainable Trade Fund](#); **Yuri Soares**, Unit Chief, [Multilateral Investment Fund](#), [Inter-American Development Bank](#); **Arindom Datta**, Head, Sustainability Banking (Asia), [Rabobank](#)

**17:20 - 17:45 Key learning points for SAFIN** (Moderators complemented by group feedback)

**17:45 – 17:50 Conclusions** – Bettina Prato, SAFIN Coordination Team

*18:00 – 19:30 Cocktail offered by FAO, Caracalla room*

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### *Second SAFIN working meeting – 28 November*

The second working meeting of SAFIN participants aims to advance towards the finalization of workstreams and activities to be taken forward under the umbrella of the network in the next year, and with less detail to 2020. The agenda below provides a flexible framework to organize the day, which can be adjusted as more or less time may be needed to address individual items. The meeting will take place both in the Iran Room and in the space adjacent to it, in order to accommodate a dynamic flow alternating between presentations and Q&A and working group sessions.

#### *Agenda*

**9:00 – 9:10 Welcome and introduction to the agenda** – Bettina Prato, SAFIN Coordination Team

**9:10 – 9:40 Kick off presentation:** *The long-term case for blended finance for agri-food SMEs – The experience of [Investisseurs & Partenaires](#)* – Thomas Lauruol, Investment Director, I&P

This presentation will be followed by a brief Q&A session.

**9:40 – 9:45 Framing the two morning sessions: brief overview of activity proposals** – Bettina Prato, SAFIN Coordination Team

**9:45 – 11:00 First morning group session – "innovation" workstream:** *Models for TA delivery for both "bankable" and not-yet "bankable" agri-food and rural SMEs*

10:40 – 11:00 Coffee break

**11:00 – 12:40 Second morning group session – "resource mobilization" workstream:** *Principles, standards, and practical guidelines for implementation of blended finance initiatives connecting public development finance and private finance*

Both morning sessions will aim to address the guiding questions presented in the related session notes, through a combination of facilitated plenary discussion and group work by individual tables.

12:40 – 14:00 Lunch break (self-catered)

**14:00 – 14:30 Introducing the Smallholder and SME Investment Finance Fund – SIF** – Michael Hamp, Lead Technical Specialist, Inclusive Rural Finance Services, IFAD

This presentation will be followed by a brief Q&A session.

**14:30 – 14:35 Framing the two afternoon sessions: brief overview of activity proposals** – Bettina Prato, SAFIN Coordination Team

**14:35 – 14:45 Introducing a framework for country-level investment prospectuses** – Tanja Havemann, Consultant to the SAFIN Coordination Team

**14:45 - 16:00 First afternoon group session – "alignment of investments" workstream:** *Country "investment prospectuses" for SAFIN partners: design, process, and identification of pilot countries*

(Coffee break available during the afternoon sessions)

**16:00 – 17:15 Second afternoon session: "global policy engagement" workstream:** *Elaboration of a SAFIN policy narrative and tracking the "state of the world of smallholder and rural SME finance"*

Both sessions will aim to address the guiding questions presented in the related session notes, through a combination of facilitated plenary discussion and group work by individual tables.

**17:15 – 17:30 Wrap up and next steps** – Bettina Prato, SAFIN Coordination Team