

Inclusive Finance

Promoting Financial Inclusion for Agricultural SMEs and Smallholder Farmers



Doubling of yields requires financing of:

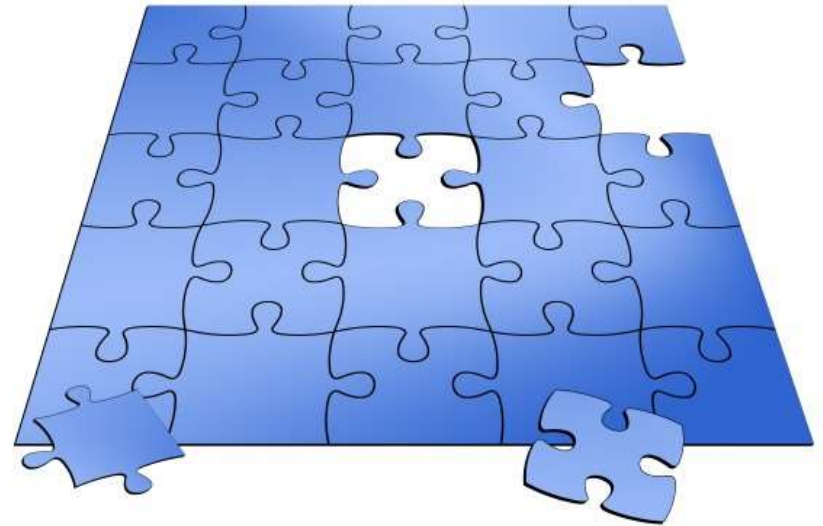
- Inputs (production, trade and usage of seeds and fertilizers)
- Mechanization (purchase of equipment or payment for usage)
- Crop insurance

Doubling of income requires financing of:

- 'Hunger period' to prevent sales of standing crop
- Value addition (grading, shelling, drying equipment)
- Storage assets (warehouse, PICS bag, cocoon,...)
- Working capital for trading (supply chain finance)
- Pre-financing storage (warehouse receipt financing)

Build capacity of farmers, value chain actors and financial institutions in the area of agricultural finance using grants

Mobilize funds like credit lines, equity and guarantee resources for financial services provision



What are we doing in Inclusive Finance?

AGRA seeks to bridge the gap between:

1. Farmers and agricultural SMEs that want access to finance
2. Providers of financial services (banks, FBOs, SMEs, ...)



Aim: Improved use of public funds to grow the agricultural finance sector

How: Support government in designing and deploying blended finance tools for agriculture

Examples:



Advise Government of Malawi on the input subsidy scheme. Subsidies could be used to make farmers bankable if linked to credit



Design of Incentive-based Risk Sharing system for Agricultural Lending (IRSAL), where public funds are used for credit guarantees, technical assistance and incentives to get banks involved in agricultural finance



Implementation of business development services and risk sharing facility components of PROFIT in support of Government of Kenya

Aim: Make agro-SMEs investable for growth and increase available funding for agro-SMEs

How:

1. Provide **Business development services** that make SMEs investable
2. Provide **Technical assistance** for providers of financial services and promote **de-risking mechanisms** such as value chain finance, guarantee mechanisms and challenge funds for providers of financial services.

Examples:

- All BDS provided by AGRA, should lead to investability/growth of SMEs and FBOs
- AECF agribusiness windows
- PROFIT's and FISFAP's technical assistance for financial solution providers

Smallholder Farmers

Aim: Make farmers more resilient to shocks

How: Provide grants to organizations to develop and scale their (financial) solutions to farmers' problems using digital channels

Examples:

