ACOPAGRO, Peru © Rabo Rural Fund

State of the Sector

2026

CSAF COUNCIL ON SMALLHOLDER AGRICULTURAL FINANCE

Global Members

Affiliates

Institutional Host

Field Building Partners

We would like to thank CSAF members & affiliates for their monetary and data contributions. We also recognize the institutions that have signed on as field building partners to ensure that the data and insights generated by CSAF members in this report and the CSAF Open Data Portal are publicly available free of charge.

Vision & Mission

CSAF is an alliance of lending institutions with a shared commitment to building an inclusive and sustainable financial market for small- and medium-sized enterprises (SMEs) in the agriculture sector in developing countries worldwide. CSAF members convene to share learning, develop industry standards, and engage other stakeholders, with the goals of:

1. Facilitating market growth to meet a greater share of the vast financing needs of agricultural SMEs globally;

2. Promoting responsible lending practices and social and environmental standards to ensure that market growth for agricultural SME finance contributes to positive impact on smallholder farmers, workers, rural communities, and the natural environment; and

3. Building the ecosystem for inclusive and sustainable financial markets and agricultural value chains.

Target Market

Each CSAF member maintains a portfolio of loans and investments and independently pursues its respective mission to finance high-impact agricultural enterprises. As distinct from micro-lending, CSAF lenders seek to promote environmentally sustainable practices and improve the livelihoods of smallholder farmers by financing enterprises that purchase crops from hundreds or thousands of individual producers and then aggregate, process, and sell those crops into domestic or global markets.

These businesses vary in size (annual revenues range from $250K to well over $10M) and structure (from farmer-owned cooperatives to private enterprises). In addition to providing economic opportunities for farm households, the businesses served by CSAF members generate substantial seasonal and year-round employment and often function as multi-service providers, offering farmers access to finance, farm inputs, and agronomic training. Many also provide non-agricultural services, such as scholarships for local youth, entrepreneurship training programs for women, clean drinking water, or health insurance. With reliable access to finance, agricultural SMEs can play an important role in building prosperity and climate resilience in developing economies.

Collectively, CSAF members have provided $8.6B in lending to agricultural SMEs reaching 7.4M smallholder farmers since we began collecting data in 2013.

Good Nature Agro, Zambia © MCE Social Capital

CAYAT, Côte d'Ivoire © Shared Interest

Opening Letter

Dear Stakeholder,

The beginning of 2025 was defined by disruption, creating a more difficult operating environment for agricultural lenders. U.S. tariffs reshaped commodity flows, supply chain disruptions persisted, buyer instability increased, and coffee and cocoa prices remained at historic highs. The dissolution of USAID and cuts in official development assistance by leading donor governments added uncertainty across the development finance ecosystem. For agricultural lenders, these overlapping pressures increased both financing demand and operating risk.

Development finance was not immune to these market shifts. The steep decline in foreign aid intensified competition for scarce development funding, particularly for lenders that leverage concessional capital, guarantees, and donor-backed technical assistance to serve higher-risk borrowers and markets that commercial finance often cannot reach. Despite this increasingly complex environment, CSAF members balanced competing priorities to meet unprecedented demand for financing while protecting portfolio quality. The result: record-high lending disbursements and record-low portfolio risk.

In 2025, CSAF members disbursed a record $944M in lending to agricultural SMEs, an 18% increase over the prior year's high. Coffee and cocoa—two industries that comprised three-quarters of CSAF lending—were the primary drivers of increased financing demand amid a second consecutive year of exceptionally high commodity prices. Arabica coffee prices reached a new record high in February 2025 and averaged 50% above 2024 levels,[1] while average cocoa prices increased modestly from 2024 and remained more than twice their 2023 average.[2] These sustained high prices significantly increased agri-SMEs' working capital needs. As noted in previous reports, high prices can create opportunity for smallholders in the form of higher income, but also pose elevated risk for agri-SMEs and their lenders as farmer side-selling increases and SMEs may struggle to secure supply.

Despite mounting threats, risk in lenders' portfolios reached all-time lows by year-end. Portfolio-at-risk greater than 90 days (PAR90) has now declined for two consecutive years, reaching just 2.6% in 2025 despite a more challenging environment. Lenders reached fewer clients overall, as higher working capital needs concentrated lending within existing borrowers. In parallel, growing market uncertainty has increasingly narrowed the pool of borrowers that meet lenders' underwriting criteria.

Helping borrowers and lenders manage these evolving risks remains a core priority for CSAF. Earlier this year, we published new price risk management tools through our partnership with the Coffee Circle Foundation. Designed through a participatory process, these tools were created in collaboration with CSAF members and tested through

[1] International Coffee Organization (ICO), Coffee Market Reports — December 2024 and December 2025 editions (New York ICE futures data)
[2] International Monetary Fund, "Global price of Cocoa" (PCOCOUSDA, via FRED; Underlying price data: ICCO).

focus groups with cooperatives and exporting SMEs. You can learn more about these resources, available in three languages and applicable to both coffee and other value chains, on page 21.

Alongside price volatility, another operating risk came into sharper focus this year: increasing buyer instability. Buyers are central to many CSAF lenders' operating models: agri-SMEs need reliable offtakers, and many loans rely on triangulating payments based on purchase contracts with buyers. Buyers face many of the same pressures as agri-SMEs, from commodity price volatility to shifting trade dynamics, and are adapting their sourcing strategies to manage these risks. When buyers delay payments, shift their geographic focus, or, in extreme cases, go bankrupt, the ripple effects can limit agri-SMEs' ability to grow or repay loans (more on page 14). As buyers gravitate to the largest and most established suppliers, fewer smaller SMEs hold the purchase contracts needed to secure trade finance—narrowing the pool of borrowers that CSAF lenders can effectively reach.

Taken together, these market dynamics raise an important question: What is the cost of managing compounding risks? **As development finance places greater emphasis on commercially sustainable models to close the agricultural finance gap, distinguishing between market segments that can be served on commercial terms and those that continue to require concessional support has become increasingly important.** Through a new partnership with FAO Investment Centre, CSAF is undertaking an analysis of lending economics to understand the cost, risk, and profitability of lending to agricultural SMEs. The findings will contribute to a broader evidence base on how concessional capital can more effectively catalyze agricultural SME finance.

CSAF members have weathered the challenges of the past year, responding to uncertainty with seasoned expertise to meet the needs of agri-SMEs and smallholder farmers. Looking ahead from July 2026, the agricultural finance sector faces both familiar and new challenges. Demand for financing has already softened as coffee and cocoa prices have retreated from historic highs. Meanwhile, looming El Niño conditions and rising fuel and fertilizer prices threaten to increase the cost of production. As the agricultural finance landscape evolves, CSAF will continue to bring stakeholders together to confront and learn from these challenges in pursuit of expanding access to finance for agricultural SMEs.

Sincerely,

Andrea Matheis Zinn
CSAF Director

RECENT TRENDS

1 Lending volume hit an all-time high for the second year in a row.

After significant growth in 2024, disbursements increased by a further 18% in 2025 to $944M. Lenders met the greater financing needs of agri-SMEs fueled by high commodity prices, especially for coffee and cocoa.

2 Number of borrowers dropped to lowest levels in the past ten years.

In response to increasing capital needs of existing borrowers and a shrinking pool of agri-SMEs that met lenders' underwriting criteria, CSAF members reached fewer borrowers in 2025, prioritizing the financing needs of existing clients.

3 Portfolio risk reached a record low, driven by decreased risk across larger loans.

As lenders prioritized portfolio quality and trusted client relationships amid a challenging operating environment, the portfolio-at-risk greater than 90 days dropped to 2.6%, the lowest level recorded since CSAF began collecting data in 2013.

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Impact Numbers

2025 Total | **2013-2025** Cumulative

Amount Disbursed

$944M

$8.6B

Businesses Reached

585

1,809

Loans Disbursed

1,215

17,915

Farmers Reached

2.9M

7.4M

Countries Represented

52

80


CSAF Global Convening 2025 © CSAF

Recent Updates

During the past year, CSAF worked with members, affiliates, and field building partners to advance its mission and impact:

- The annual CSAF convening, hosted in Brussels in September, brought together over 60 stakeholders from 42 institutions. The participants discussed strategies to advance agri-SME finance through stronger incentives, technical assistance, and new markets.
- CSAF welcomed Nimi Akinyi as a Junior Data Associate to support annual data collection, analysis, and insight generation. With experience in analytics and reporting, she specializes in identifying patterns and translating complex datasets into clear, business-relevant narratives.
- CSAF and the FAO Investment Centre launched a partnership to update CSAF's landmark 2018 agricultural SME lending economics study. This new research will leverage seven years of data from CSAF lenders to provide updated evidence on the cost, risk, and profitability of agricultural SME finance, informing investors and policymakers as they mobilize catalytic capital and strengthen the agrifood sector.
- With support from Coffee Circle, CSAF launched a suite of price risk management tools for agricultural SMEs. These practical tools include a version for the coffee sector as well as a version that is adaptable across value chains. Available in English, French, and Spanish, they are accompanied by user manuals and video tutorials. Read more on page 21.
- CSAF enhanced member expertise through a technical session with COLEAD on financing fruit and vegetable value chains and a session with Solidaridad focused on borrower adaptation to the European Union Deforestation Regulation (EUDR).
- A study by Rabo Foundation and 60 Decibels demonstrated the impact of cooperative membership on smallholder farmers. Findings showed positive correlations between membership and market access, quality of life, and gender inclusion for smallholders, validating CSAF members' models of working through producer organizations to improve outcomes for farming families.
- CSAF launched a field building partnership with FASA (Financing for Agri-SMEs in Africa) to provide technical input on learning, data collection, and fund performance methodologies. Supported by NORAD, FCDO, and KOICA, FASA is a fund of funds aiming to unlock financing for agri-SMEs across Africa.
- Livelihood Impact Fund joined CSAF as a field building partner. As a funder already supporting several CSAF members, Livelihood Impact Fund focuses on improving the lives of the global poor through sustainable solutions.
- CSAF welcomed PlanCatalyst as a field building partner. PlanCatalyst helps organizations maximize the impact of their social investments and initiatives. The organization will provide pro-bono advisory to CSAF's lending economics research.
- Field building partner Aceli Africa released its five-year learning report, reflecting on the first half-decade of incentivizing lending to early-stage agri-SMEs in East Africa and Zambia. Founded following initial research from CSAF, as of June 2026 Aceli has worked with 55 lenders to mobilize $500M in lending to SMEs that collectively reach 2.6M farmers and employ 87K workers across five countries. The report details how locally domiciled financial institutions have leveraged Aceli's incentives and capacity building support to overcome risk-and-return barriers, driving significant growth in agri-SME investment in the region.

MC Ingredients, Madagascar © SIDI

BORROWER PROFILE

Diversifying for Resilience in Madagascar Spices

Vanilla is one of the world's most labor-intensive crops: Each orchid flower blooms for just one day and must be pollinated by hand to produce a single bean. This intricacy makes industrial-scale farming difficult, meaning the majority of the world's vanilla is grown by smallholder farmers, carefully cultivating vanilla alongside other crops on family farms. Most of that work happens in Madagascar, where over 80% of the world's vanilla originates. Here, the family-owned exporter MC Ingredients (MCI), part of Concordia Group, connects more than 2,000 farmers to international markets for vanilla. MCI specializes in certified organic and Fairtrade products while supporting quality standards, traceability, and long-term market access.

Starting in 2015, mounting climate pressures in Madagascar led the price of vanilla to skyrocket. Prices peaked in 2017 when Cyclone Enawo hit the island, damaging 35% of the crop and sending prices above $600/kg. The contraction of supply and resulting price volatility created significant challenges for MCI and other local businesses as they worked to meet international demand and fulfill contracts. These market fluctuations reinforced the importance of building resilient business models capable of supporting farmers through changing economic conditions.

With working capital, SIDI has contributed to the Concordia Group's ongoing diversification strategy in the face of these threats to the vanilla sector. In addition to vanilla, the Group has expanded its activities into pulses, chili peppers, and other agricultural value chains, working with different producer groups and production zones throughout Madagascar. This diversification strategy has strengthened the company's resilience while expanding market opportunities for Malagasy agricultural producers. Today, MCI's operations support rural farmers while also providing formal job opportunities through its sourcing, processing, and export activities, employing 60 full-time staff members and 200 seasonal workers.

Looking ahead, MCI is continuing to develop new opportunities. Building on its role in agricultural sourcing and exports, the team has constructed a candied fruits processing plant to increase local value addition and retain a greater share of the product's value within the country. This investment reflects years of strategic planning and supports MCI's ambition to move beyond the export of raw agricultural products toward greater long-term economic value creation in Madagascar.

Global Insights

Lending volume hit an all-time high in 2025 with disbursements increasing 18% as CSAF lenders met the greater financing needs of agri-SMEs tied to high commodity prices for coffee and cocoa. After jumping 15% in 2024, disbursements again increased even while the total number of borrowers dropped. The median growth rate across CSAF members remained strong at 18% year-over-year—although this was down from 38% in the prior year, indicating a slower pace of growth. The majority of members grew their portfolios while others contracted. Trends differed across value chain and region as detailed starting on page 17 of this report.

In 2025, CSAF members disbursed $944M in capital to 585 businesses operating in 52 countries. This capital supported agri-SMEs in connecting 2.9M smallholder farmers to markets and employing 75K people in rural communities. The smallholder farmers reached by these businesses had a median farm size of 2.2 hectares (5.4 acres).

The total number of clients decreased to the lowest level in the past decade. This decline is driven by a drop in new borrowers reached, while the rate at which existing borrowers exited remained unchanged. Rapid growth in recent years caused internal capacity constraints for some lenders while borrowers struggled to manage price risk against a backdrop of high commodity prices and other risks. As a result, lenders intentionally focused on supporting existing clients with proven track records. This meant reduced outreach to new borrowers: just 59 borrowers served in 2025 were new clients to CSAF members, down from 90 the previous year. Some lenders noted that the majority of their new borrower outreach was focused on replacing clients churning out of their portfolios rather than growing the overall number of clients they reach.

Median loan size increased, matching the previous peak of $750K set in 2023. Among returning borrowers, median loan size hit a high of $777K, reflecting lenders' strategic shift toward known clients as a risk mitigation measure as well as higher lending demands due to elevated commodity prices. Median loan sizes for new borrowers also shot up from $250K to $500K, reversing a multi-year trend of decreasing loan sizes to this segment. This suggests that lenders may be focusing their limited new borrower outreach on businesses with larger financing needs.

Figure 1: Annual Lending and Businesses Reached

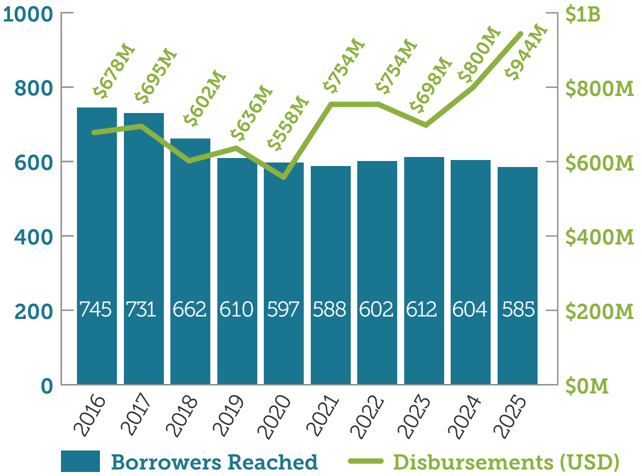
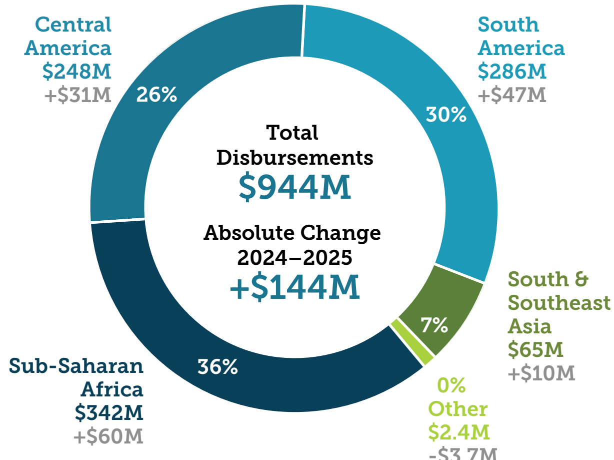
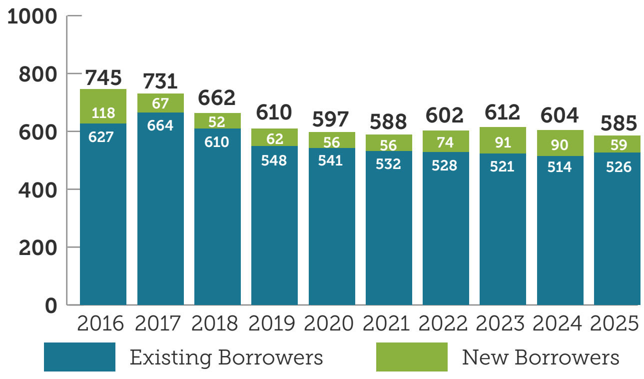


Figure 2: Credit Volume by Region (USD, 2025)



Note: +/- compared to 2024

Figure 3: Existing & New Borrowers Reached



Trade finance comprised 82% of 2025 disbursements, reflecting the continued importance of unsecured working capital to finance agri-SME operations. Tailored to harvest timelines, this dynamic capital supports the purchase of crops from smallholders. Much of this financing is facilitated through triangulated payment agreements with buyers. This model continues to be crucial to meeting the most basic operational needs of agri-SMEs, but has become increasingly complex to offer in recent years given price volatility and other trade disruptions, as highlighted on page 21.

Asset finance capital remains an important tool for agri-SMEs. Despite comprising 8% of disbursements in 2025, asset finance represents 29% ($225M) of outstanding balance. These investments often extend beyond the harvest cycle, investing in crop renovation and infrastructure such as processing improvements or green energy technology to accelerate the impact and scaling of rural businesses. Managing the risk associated with asset financing is critical for ensuring the continuing health of borrowers, given that the long-term nature of these loans makes them a key part of both lenders' and borrowers' balance sheets. Trends in asset finance are detailed further on page 16.

The number of cooperatives decreased while the number of private companies remained stable. The majority of borrowers were private companies (61%) while 37% of borrowers were cooperatives and the remaining 2% were nonprofits. The number of cooperatives dropped by 7%, but disbursements to these businesses increased by 20%. This could be tied to the fact that coffee and cocoa businesses, where the greatest increase in disbursements was channeled in 2025, were more likely to be cooperatives. Among CSAF borrowers in the coffee and cocoa value chains, 55% were cooperatives while nearly all (93%) of borrowers in the nuts industry were private companies. Business type also differs by geographic market: Private businesses comprised the large majority of clients in Asia and sub-Saharan Africa while cooperatives and associations were the slight majority of clients in Latin America.

Globally, 79% of agri-SMEs relied on a single CSAF member, underscoring continued lender additionality. Meanwhile, 61% of disbursements supported borrowers financed by multiple lenders, as CSAF members collaborated to serve borrowers' larger financing needs and share risk.

Figure 4: Share of Borrowers and Disbursements by Number of CSAF Members Financing (2025)

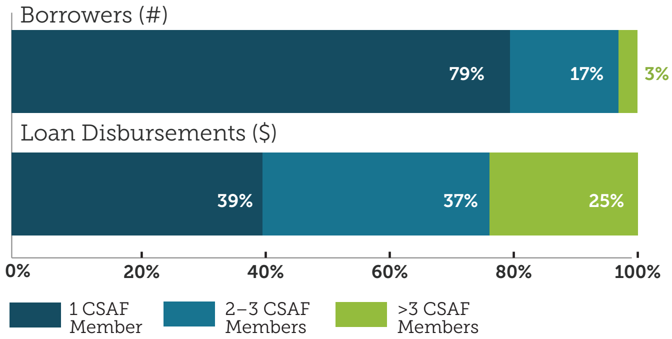


Figure 5: Median Loan Size (USD)

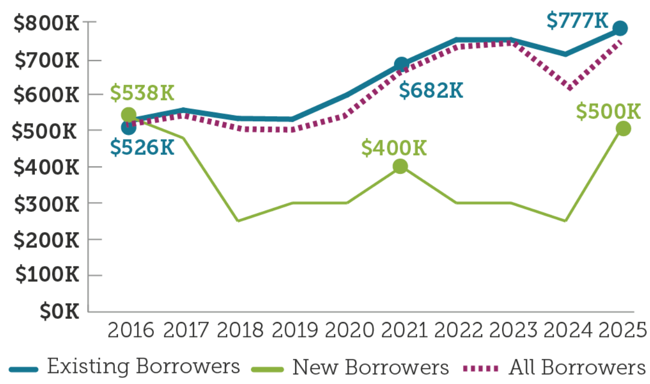
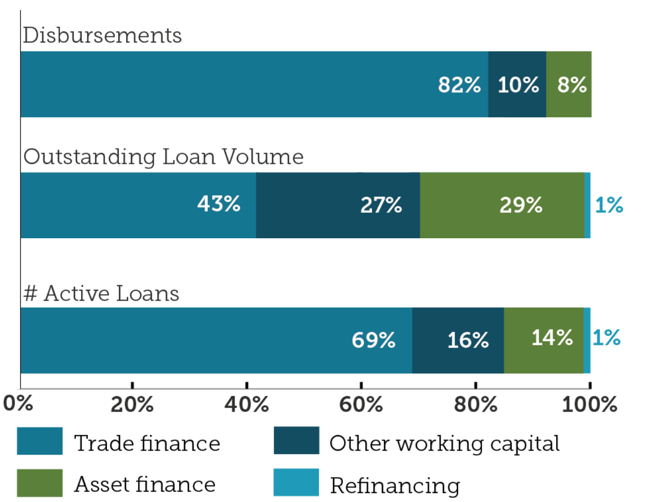


Figure 6: Share of Disbursements, Outstanding Loan Volume, and Active Loans by Purpose (2025)



Risk continued to drop in 2025, hitting the lowest level recorded, as lenders prioritized portfolio quality and existing client relationships. Despite the challenging external environment detailed in this report, the portfolio-at-risk greater than 90 days (PAR90) dropped by $16.6M to settle at $20M, just 2.6% of portfolio outstanding. Trends differed by loan size with PAR90 increasing for loans below $1M. This effect was most acute for loans below $250K, where PAR90 doubled compared to 2024 (see Figure 9). While risk has historically been higher for smaller loans, this trend may also reflect macroeconomic factors disproportionately impacting smaller businesses with tighter margins, as well as the decrease in volume outstanding for smaller loans this year. As lenders respond to the continued risk of lending to agri-SMEs, some have established exposure limits across commodities, geographies, buyers, and borrowers to distribute risk.

Write-off volume in 2025 totaled $22M, a 27% decrease from the previous year. Write-offs represented 5% of total loans (up slightly from 3% in 2024). Write-offs are a trailing indicator of portfolio health as borrowers attempt to restructure delinquent loans over months or years before writing them off. However, in the context of the standardized CSAF analysis, any loan over 365 days in PAR is considered written off. The lower level of write-offs in 2025 is consistent with the significant improvement in portfolio quality since 2023, when PAR90 for loans of $1M–2M exceeded 10% (now down to 3%). Restructuring decreased significantly as well, from $69M to $26M, reflecting the continued improvement in risk management in recent years.

Figure 7: Share of Disbursements and Borrowers by Client Type (2025)

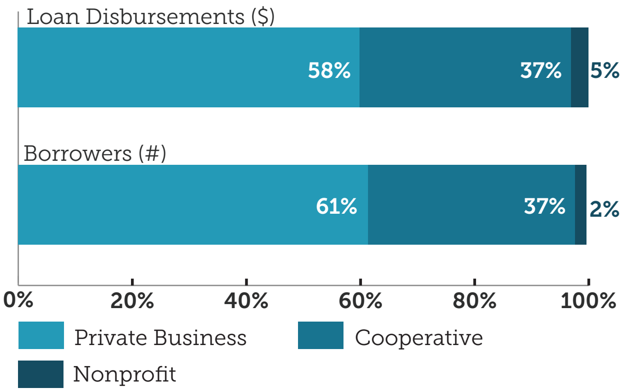


Figure 8: Portfolio-At-Risk Greater than 90 Days (All Loans)

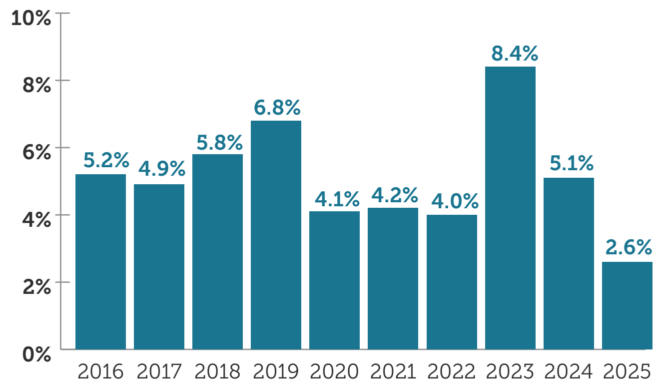


Figure 9: Portfolio-At-Risk Greater than 90 Days (by Loan Size)

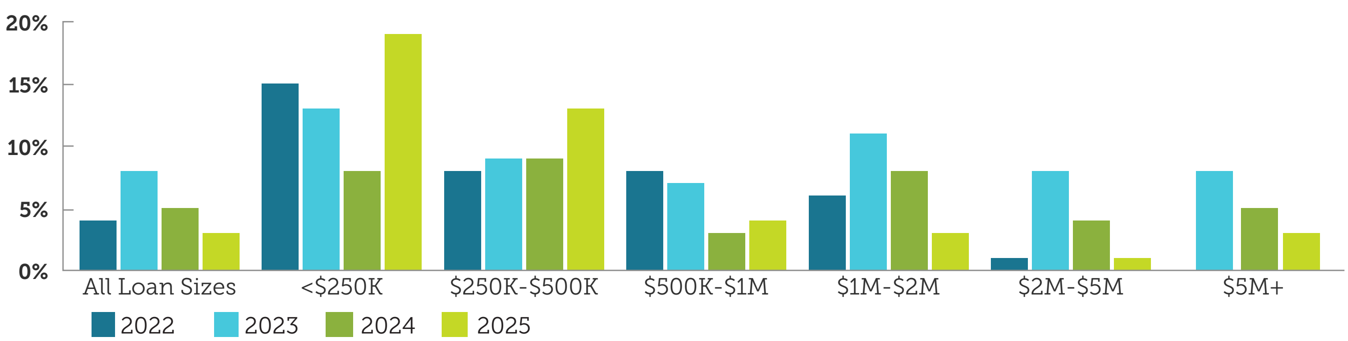
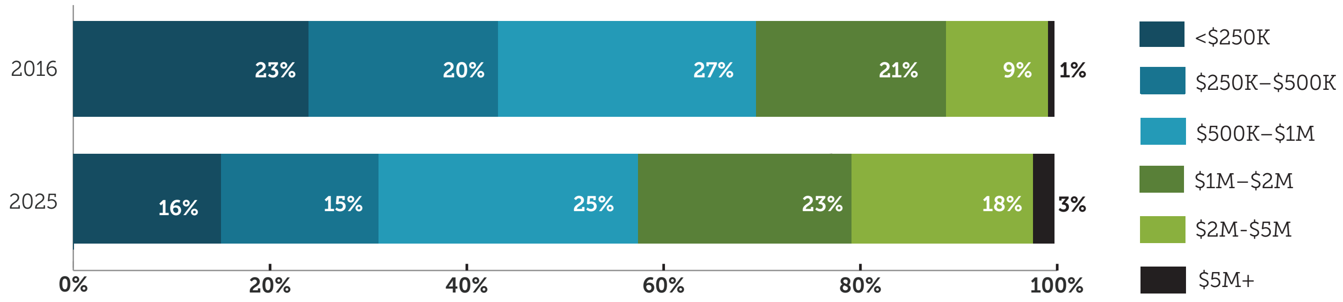


Figure 10: Active Loans by Size (2016 vs. 2025)



CSAF members held $90M in outstanding equity investments in 2025, reaching 36 agri-SMEs. These investments help businesses to scale, invest in new infrastructure, or enter new markets, such as with Hatch Africa, profiled on page 15. All of the agri-SMEs receiving equity investments are private companies with the vast majority located in sub-Saharan Africa and diversified across many value chains. As disbursements of equity investments are uneven, behave differently than other forms of capital, and remain a minor part of members' strategy, they are excluded from the rest of the analysis in this report.

Figure 11: Equity Total Disbursements (USD)

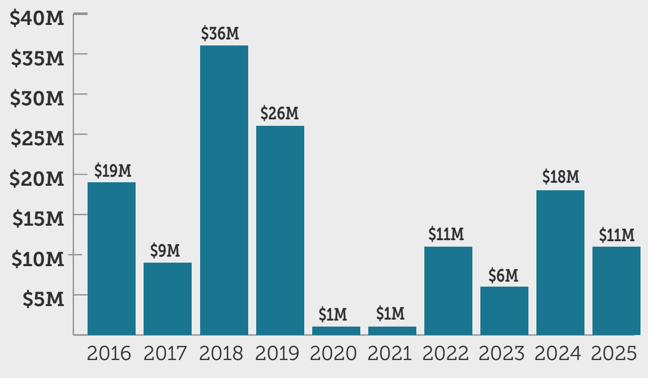
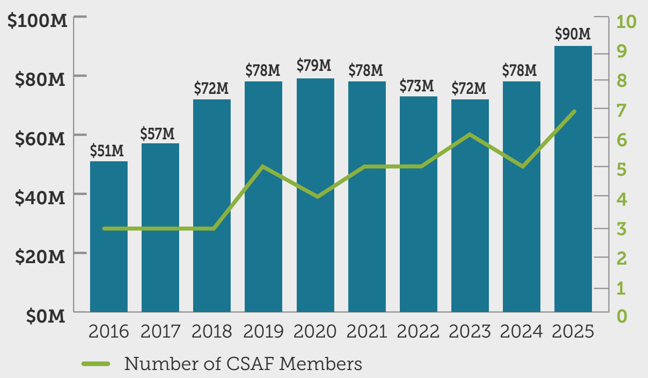


Figure 12: Equity Outstanding to Number of CSAF Members



Rising Buyer Instability Shifts CSAF Members' Risk Management Strategies

Smallholder agricultural market systems rely on agri-SMEs to bridge the gap between farmers and buyers. Securing access to premium markets is a primary way for farmers to increase incomes, reinvest in their farms, and build long-term economic resilience. However, lack of long credit histories and traditional collateral create barriers for many agri-SMEs to access the working capital they require. **To combat this, agribusinesses can leverage their trade relationships with reputable buyers to help unlock financing through a triangulated payment model.** Lenders use the underlying trade contract as a source of repayment with the buyer as the repayment counterparty for the loan. Over more than two decades, this model has unlocked billions of dollars in capital for agri-SMEs.

Just as agri-SMEs have faced growing challenges in recent years, **buyers have also come under increasing pressure.** Buyers are plagued with profitability concerns stemming from tariffs, inflation, and shipping disruptions. At the same time, macroeconomic factors, including rising interest rates, have increased the cost of credit, which hinders buyers' liquidity. This makes it difficult to hedge against market uncertainty and the increased volatility in commodity prices in recent years (for more on the impacts of this price volatility on agri-SMEs, see page 21).

These issues may be even more pronounced in local value chains where a more dispersed set of buyers lacks the capital and risk mitigation resources available to international firms. While CSAF members less commonly utilize a triangulated payment model with non-exporting SMEs in local value chains, monitoring the local buyer reliability remains critical as these offtakers are key players in ensuring agri-SMEs have capital to repay loans.

As buyers mitigate threats, their response can unintentionally increase risk for agri-SMEs and their lenders. In 2025, a number of buyers canceled or delayed contracts in response to U.S. tariffs, moving away from long-term relationships in high-tariff countries like Nicaragua or Brazil in favor of low-tariff options elsewhere. This left some agri-SMEs without offtakers for their product, needing to sell it for a loss on the spot market, which threatened the borrowers' ability to repay their loans. Buyers also delayed payments in some cases due to global challenges, such as shipping delays or liquidity crises. **These delayed payments resulted in some loans needing to be restructured or in borrowers avoiding much-needed investments in asset improvement, instead prioritizing their own liquidity.** In some cases, the risks in the sector have proved too much for buyers, leading to acquisitions, consolidation, and even bankruptcy. Bankruptcies are infrequent but have a high impact; they can result in agri-SMEs being unable to find an offtaker for their harvest or not being paid for products already delivered. **In general, buyer risk may be of particular concern in the cocoa sector where the buyer landscape is already significantly consolidated, meaning the behavior of a single offtaker would have an outsized impact on the sector and its clients.**

Managing buyer risk is therefore a critical tool for CSAF members to ensure the security of their loans and stability of their portfolios, and to more deeply support agri-SME borrowers and their long-term prosperity. Relationships are the foundation for the triangulated payment model, and maintaining close relationships with buyers can help to minimize risk. Through understanding the challenges facing both buyers and borrowers, lenders are able to identify issues early and push for joint solutions. Members complement these relationships with support from credit risk agencies to monitor any concerning threats facing individual buyers. Given the growing complexities of agrifinance markets, borrowers can mitigate individual offtaker exposure by diversifying their buyer base. CSAF members support borrowers in doing that work by expanding the buyers with which they are triangulating, building new relationships across Asia, Europe, and North America alongside their agri-SME clients.

Buyers are a crucial piece in unlocking CSAF lending and supporting agri-SME growth. Managing risks associated with buyers is just as important as more traditional risks (key person risk, price risk, etc.) when responsibly financing agri-SMEs. Through collaboration, CSAF members can decrease risk for themselves and their borrowers while continuing to support a sector built on relationships, trust, and a commitment to shared impact.


Hatch Africa © IDH Investment Management

BORROWER PROFILE

Patient Capital Hatching Food Security in Africa

Smallholder farmers grow much of the world's food, but too often go hungry themselves. Over 60% of rural people in Africa experience food insecurity, with the crisis particularly acute in farming communities.[1] These farmers are constrained by limited land size, unpredictable weather, and seasonality of food crops. Adding chickens to smallholder farms can be a solution: Taking up minimal space and subsisting on materials that might otherwise be waste products, chickens can be an affordable source of protein to bridge nutrition gaps in rural communities. The dominant breeds in the market, broilers, are fast growing and nutrient dense, but also resource intensive and vulnerable to diseases. By comparison, local chicken breeds are hardy, but produce insufficient amounts of eggs and meat.

Hatch Africa connects smallholder farmers across Africa with affordable chickens through a unique agent model. The breed used by Hatch is 3x more productive than local chickens, disease resistant, and well-suited for the rural African smallholder. Hatch Africa sells day-old chicks to trained "agent farmers" who raise them for five weeks; the ready chicks are then sold to smallholder farmers in the local community. This model reduces early mortality of the chickens, derisking the value chain and ensuring that farmers are buying sturdier birds. By facilitating connections between the agent farmers and smallholders, Hatch Africa empowers each operator in the chain to be an entrepreneur, rippling the positive impact throughout the community. This unique model has a large social impact upside for smallholder communities, but it also poses challenges for expansion—most notably due to the significant infrastructure investments required. Making those investments is only possible with patient capital, which is scarce in agri-SME finance.

AgDevCo first partnered with Uzima, a subsidiary of Hatch Africa, in 2017 and has since expanded its support, including with a $4M equity investment to help the business expand to Rwanda. Building on this success, in 2024 CSAF members IDH Investment Management and AgDevCo jointly provided Hatch Africa with a $9.5M investment to support the business's expansion in adjacent countries by financing core operating expenses, working capital, and startup CapEx. This seven-year loan is structured with specific plans for interest and principal repayment tailored to Hatch Africa's needs during this era of expansion. In total, CSAF members have supported Hatch Africa with $25M in loans and $7.4M in equity. This financing is helping Hatch Africa build out its model in Kenya, Ghana, and Côte d'Ivoire, using improved chicken breeds to boost opportunities for local entrepreneurs and combat food insecurity.

[1] FAO, IFAD, UNICEF, WFP and WHO. 2025. The State of Food Security and Nutrition in the World 2025. Rome. https://doi.org/10.4060/cd6008en

Asset Finance Supports Long-Term Business Growth

Working capital is critical to agri-SME operations, providing the liquidity needed to maintain and scale production. However, it does not meet all the needs of businesses investing in long-term growth and future resilience. Upgrades such as building processing facilities to access certified markets, installing solar power, or purchasing transport vehicles are essential for growth. Yet, with thin profit margins, agri-SMEs often struggle to self-fund these investments. **Asset finance to acquire or upgrade equipment and infrastructure (CapEx) offers a solution, helping businesses adapt to climate change, increase value capture, and scale.**

However, these loans carry distinct risks compared to trade finance, requiring lenders to have differentiated strategies for risk management.

Longer tenors: Asset finance loans are typically longer-term, matched to the repayment realities of borrowers. CSAF members' asset finance loans for equipment and infrastructure have a median loan term of 60 months. By contrast, lenders tailor trade finance to harvest timelines; these loans are short-term, typically lasting less than a year. Due to its longer tenors, asset finance makes up a disproportionate amount of CSAF members' outstanding lending volume at the end of each year: 23% outstanding in 2025 despite comprising just 13% of active loans.

Operational cash flow: Trade finance is primarily used for purchasing crops, tied to the core business and seasonal cash flow of the agri-SME. Repaying asset finance requires the business to have surplus cash flow, and is often linked to the expected income increases from the asset being financed. For agri-SMEs struggling with thin margins, this can pose repayment challenges when unexpected market shifts affect cash flow expectations.

Collateral: In 2025, 60% of asset finance loans were secured by some form of collateral, including mortgages, pledges on equipment, or third-party guarantees, while most trade finance loans were unsecured. During loan origination, accurate valuation of these underlying assets can be challenging; if a loan defaults it is also difficult to liquidate the assets, which may be of limited utility or geographically isolated, necessitating write-offs of this collateral.

Despite these challenges, asset finance remains an important need of agri-SMEs and a meaningful part of CSAF member activity, although activity was 80% concentrated among just two lenders in 2025. Almost all of the borrowers receiving disbursements for equipment and infrastructure loans in 2025 were private businesses, largely located in South & Southeast Asia and sub-Saharan Africa. Disbursements spread widely across industries with just 20% in coffee. While CapEx loans range from under $250K to over $5M, the average loan size has increased over the past three years—growing from $1.4M in 2023 to $1.6M in 2025—reflecting the increasing capital requirements as businesses scale.

Figure 13: Asset Finance Disbursements for Equipment and Infrastructure, by Region (USD)

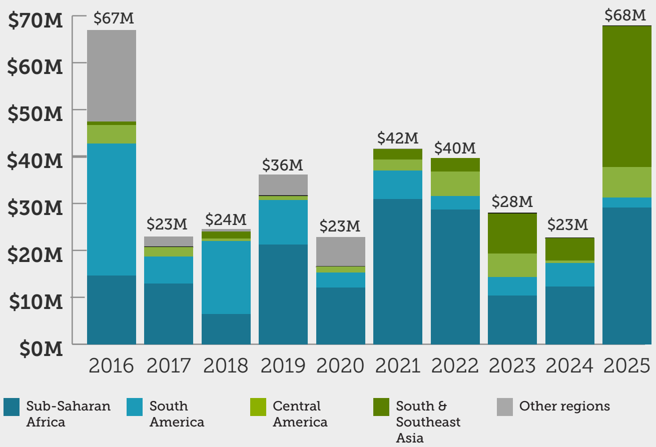
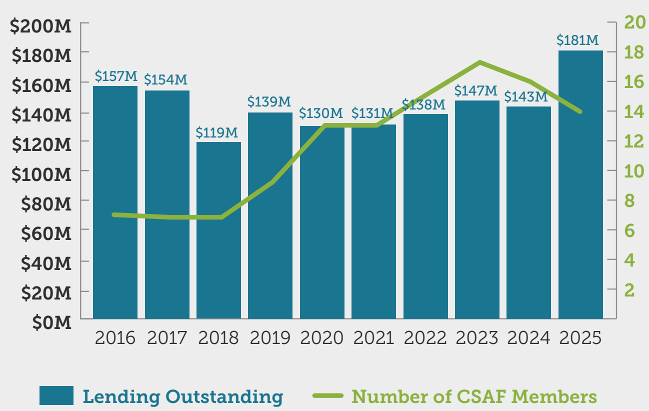


Figure 14: Lending Outstanding Asset Finance for Equipment and Infrastructure (USD)



The data in this callout refers to the subset of asset finance for equipment and infrastructure (CapEx). For the purposes of the Global Insights analysis, the Asset Finance category includes both equipment/infrastructure and crop renovation.

Value Chain Trends

Disbursements to coffee businesses increased 26% to $533M, an all-time high. Borrower demand for financing increased significantly due to sky-high prices on the commodity market increasing the cost of goods for agri-SMEs. Coffee represented the majority of member disbursements in 2025 (57%), while coffee businesses comprised just under half of total borrowers. This is reflected in a larger average loan size for coffee SMEs compared to other value chains. Similar to global trends, coffee disbursements increased significantly while the total number of borrowers decreased to 289 (-6%). New coffee borrowers in 2025 dropped to 21, less than half of the 2024 total.

The bulk of coffee lending activity remained concentrated in Latin America, with 30% of total CSAF disbursements for coffee occurring in Peru ($159M)—a rebound from a two-year dip in Peru coffee disbursements. Outside of Latin America, disbursements in Uganda continued to grow sharply, especially in robusta coffee. To learn more about one fast-growing borrower in Uganda, see page 20.

Cocoa disbursements increased to $180M (+22%) driven by strong performance in Côte d'Ivoire and Peru. While the cocoa commodity market also experienced high prices in 2025—a continuance of a multi-year trend—the environment was significantly more volatile than coffee. Despite this, risk was remarkably low with just 0.2% of the portfolio-at-risk greater than 90 days, matched with similarly low write-offs. Bucking the global trend, CSAF members actually grew the number of cocoa borrowers this year to 66, an increase of 10% from 2024. Cocoa activity remained concentrated in Côte d'Ivoire with growing activity in Peru and the Democratic Republic of the Congo. Cocoa lending in other countries was limited to a handful of borrowers and only 1-2 lenders in each country.

Tree nut activity increased sharply to $100M (+43%), but growth was variable across different types of nuts. Disbursements to cashew businesses grew to $70M, an increase of 94% driven by a small number of larger businesses. The increase in disbursements also somewhat reflected U.S. trade policy, which imposed steep tariffs on Vietnam resulting in increased demand for cashews from sub-Saharan Africa where most CSAF borrowers were located. Lending activity in macadamia, the second-most-financed nut by CSAF members, was largely flat compared to 2024. Across the nut sector, borrowers remained heavily concentrated in sub-Saharan Africa with nearly all of the agri-SMEs being private enterprises.

Figure 15: Lending by Industry (USD)

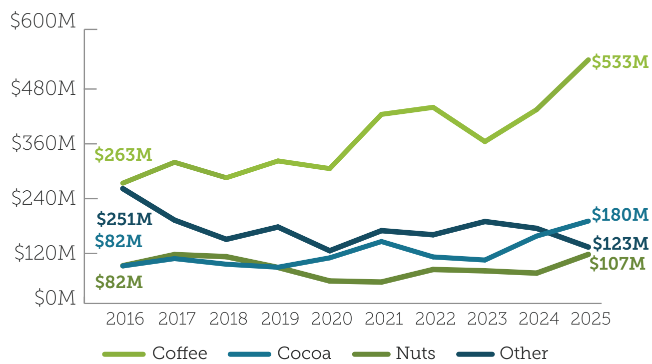


Figure 16: Borrowers by Industry

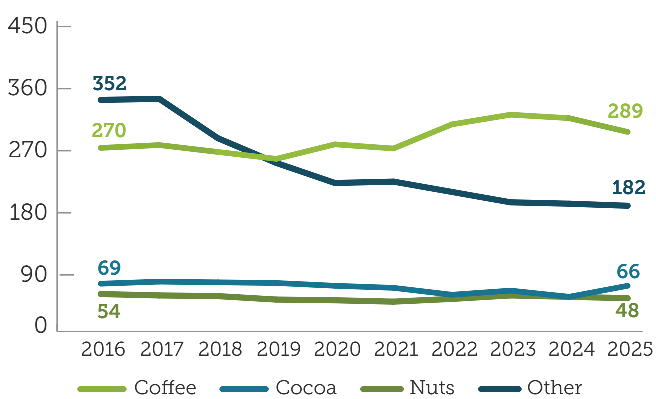
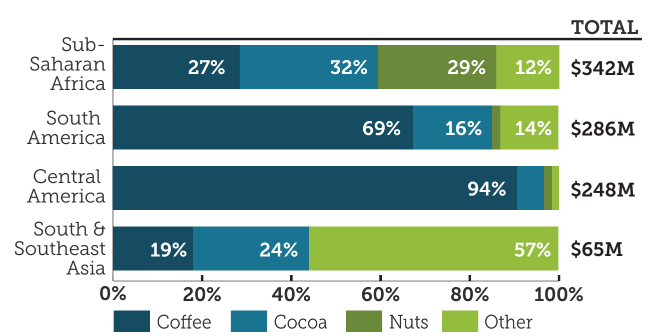


Figure 17: Regional Lending by Value Chain (2025)



Lending activity in other commodities mostly decreased in 2025 to 13% of disbursements as CSAF members continued to consolidate in core value chains and clients. Outside of the main three value chains detailed above, CSAF members provided loans to borrowers working with cereals, livestock, fresh fruits, sugar, and more. These borrowers were mostly private businesses with lending activity spread fairly evenly across Latin America and sub-Saharan Africa. Risk across these value chains was higher than the aggregate, with 4.0% of the portfolio-at-risk greater than 90 days, compared to 2.6% overall.

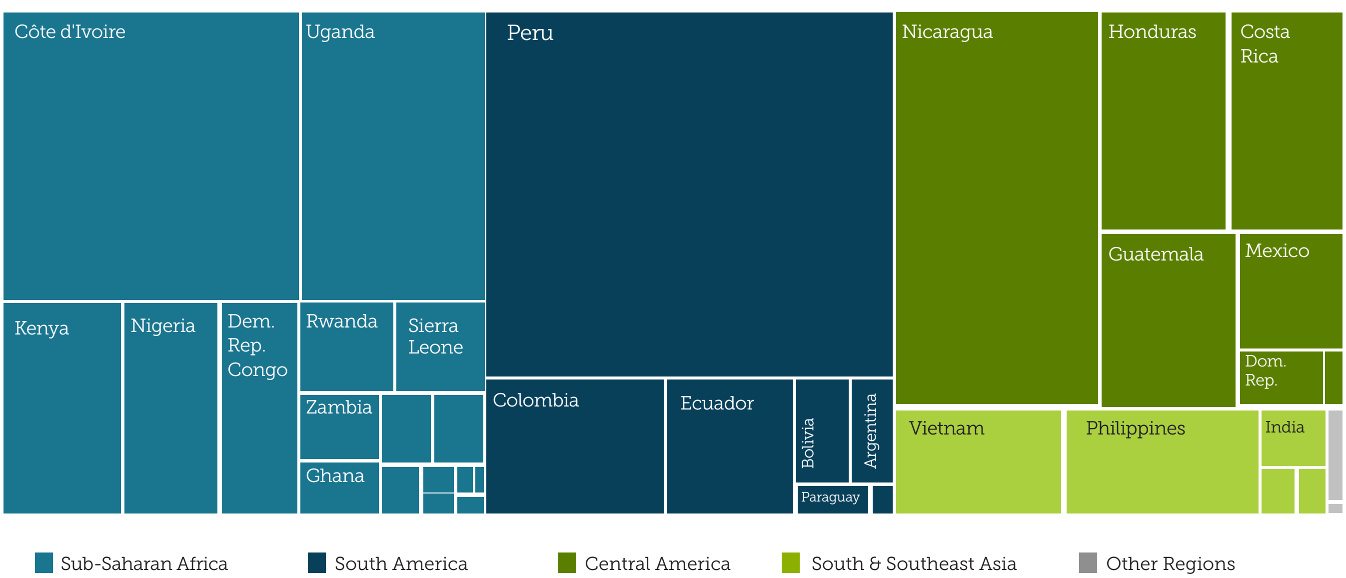
Regional Trends

Sub-Saharan Africa remained the most important region for CSAF lenders with a record high of $342M in disbursements, representing 36% of global lending activity. This 20% increase occurred while the number of borrowers dropped by just 4 to 263, signaling that new client outreach nearly matched client turnover. More than half of new borrowers (54%) came from this region. The majority of the lending growth was driven by Côte d'Ivoire (+$40M) and Uganda (+$23M) with a mild increase in Kenya. Other important countries like Rwanda and the Democratic Republic of the Congo decreased modestly while Ethiopia and Tanzania experienced steep declines in disbursements.

Cocoa lending in the region spiked to a high of $111M (32% of regional disbursements), surpassing coffee as the region's leading commodity. Coffee continued a five-year upward trend to reach $91M. Outside of these crops, sub-Saharan Africa is the most diversified region with significant lending in nuts, livestock, pulses, and other crops. Historically, CSAF members have experienced greater risk in industries where they have fewer loans and less experience. While PAR90 remained higher than in other regions, it dropped to 3.4%, down from 6.8% the year prior, while write-offs in the region also decreased.

South America was the second-most-financed region by CSAF members, increasing disbursements to $286M (+20%), though growth was uneven by country. Peru remained the most-financed country globally, growing disbursements by 40% to $209M. Peruvian disbursements offset the rest of South America where nearly every other country experienced a slight dip in disbursements. Lending activity in the region remained focused on coffee; a sizable amount of disbursements went to cocoa businesses, with a slight increase to $45M, building upon 2024's peak. Keeping with historical trends, cooperatives and associations represented the vast majority of lending activity in South America.

Figure 18: Share of Disbursements by Country and Region (2025)



Central America and Mexico lending activity hit an all-time high of $248M, despite slower growth compared to other regions. Increasing by 14%, Central American disbursements were focused almost exclusively in coffee. The biggest driver of regional growth was Nicaragua where, despite challenges tied to tariffs and other macroeconomic factors, lending grew by $18M. Nicaragua remained the most-financed country in Central America and was the third-most-financed country globally. Nearly all other countries in the region experienced modest growth, except for Mexico. Despite a challenging operational context, the PAR90 for Central America and Mexico dropped to 1.5% following a spike to 5.7% in 2024.

Lending activity in other regions remained a minor part of CSAF member strategies. In South & Southeast Asia, disbursements remained stable around 7% of global disbursements, growing in line with the global trend. Meanwhile, lending in other regions, typically including West Asia and North Africa, dropped to a negligible $2M. Investment in these regions is down from a momentary five-year peak of $6M in 2024.

Figure 19: Annual Credit Volume (USD) and Number of Businesses by Region

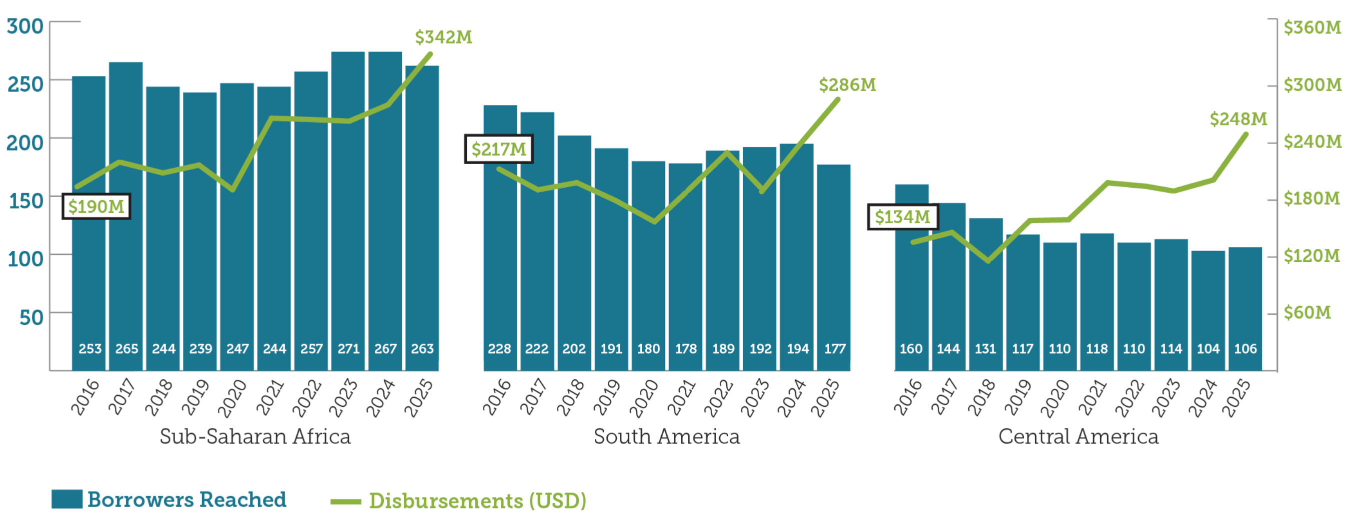
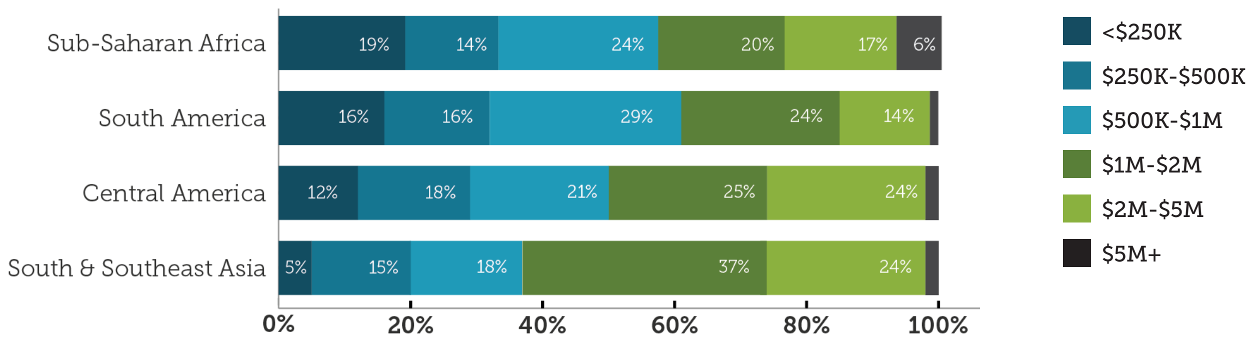


Figure 20: Active Loans by Region and Size (USD, 2025)




JKCC, Uganda © Rabo Rural Fund

BORROWER PROFILE

Financing a Growth-Stage Ugandan Coffee Business

In Uganda, nearly all of the coffee is robusta—a hardier and higher-yielding variety than the more common arabica. However, robusta coffee sells for significantly less on the international market, leaving Ugandan coffee farmers particularly vulnerable to eras of low prices if they cannot compensate with increased productivity. The country's sourcing channels are highly fragmented, with a large number of informal intermediaries. In 2019, farmers also had more limited access to extension services for on-the-ground agronomic support, meaning local farmers battled low farm yields, low prices, and low incomes. That year, JKCC General Supplies Limited was established to help farmers overcome these challenges. JKCC, also known as "Just Know Your Coffee Cup," works through local cooperatives and other organized farmer groups to offer farmers timely payments, competitive prices, and technical support. In exchange for these investments in farmers' success and long-term relationships, product quality and supplier reliability improve.

To offer these benefits to farmers, JKCC needs financing. In 2021, Root Capital and Rabo Foundation offered JKCC its first loans from CSAF members: working capital to finance on-time, premium purchases from farmers. Since then, CSAF financing has scaled alongside the business as JKCC has cumulatively accessed over $43M of operating capital from six different CSAF lenders. CSAF members have also accompanied the business with technical assistance: training agronomic extension teams, equipping business leadership with tools for succession planning and gender inclusion, and helping to implement digital systems to scale its warehouse management and sales.

As the business has grown, so too have its longer-term capital needs. In 2025, IDH Investment Management made an 8-year investment for $6.5M accompanied by an additional $6.5M from the Africa Agriculture and Trade Investment Fund. In addition to continued working capital support, this loan included significant flexibility for capital investment. JKCC has leveraged the initial funding to support the construction of dozens of coffee collection centers embedded in farmers' communities, as well as to operationalize a central processing facility. With these investments, JKCC can take greater control over its supply chain, improving traceability and quality control to build trust with its own buyers and access premium prices.

This support has unlocked massive growth for JKCC. The business has grown to be one of the top exporters in Uganda, sourcing from more than ten thousand smallholders and increasing the business's sales by 10x. JKCC's growth has been rooted in support for local farmers, providing agronomic extension across its supplier base and establishing savings and credit cooperatives to finance farm inputs to boost productivity. As a result, some JKCC farmers have tripled yields, resulting in more income in farmers' pockets. JKCC's success to date shows how a combination of technical assistance and short- and long-term capital can drive meaningful outcomes for thousands of smallholders.

CSAF Launches New Tools for Managing Price Risk in Volatile Markets

Price volatility is a defining feature of coffee markets, but producer organizations and SMEs are not equally equipped to absorb its effects. Early in 2025, the global coffee price hit an all-time high of $4 per pound, then dropped 30% in a matter of months before rocketing back up to similar heights by the end of the year. This historic volatility drove significant losses for several otherwise strong smallholder cooperatives. Management teams had limited capacity to monitor and respond effectively to price movements. For many agricultural SMEs, the challenge is not simply volatility itself, but the ability to track, interpret, and act on risk in real time. Many agri-SMEs manage multiple purchase modalities, fluctuating inventories, and forward contracts, often without a clear view of their aggregate and real-time exposure to international coffee price fluctuations. Meanwhile, lenders financing these businesses must assess their clients' exposure to price risk, with limited visibility**. The result is a shared blind spot: risk is recognized, but not systematically measured or managed.**

Since 2016, CSAF lenders have combated this blind spot with a shared reporting tool which standardizes monitoring of coffee SMEs. While this has created a foundation for improved data collection and reduced reporting burden on SMEs, challenges in effective price risk management have persisted. **In partnership with the Coffee Circle Foundation**, CSAF partnered with Digital Coffee Future to design a set of new Risk Management Tools for agri-SMEs to strengthen how SMEs and lenders understand and respond to price risk. These build upon CSAF's previous monitoring efforts and include two Excel-based price risk management tools—one tailored to the coffee sector and one adaptable across other value chains—each available in three languages (English, Spanish, and French). The tools are supported by multilingual user guides and video tutorials.

These improved tools prioritize helping SMEs move from reactive decision-making—and, in some cases, unintended speculation—toward more structured risk management. With these tools, businesses can track purchasing, sales, and contracting positions in real time, with built-in analysis to assess exposure against defined limits. Visual dashboards highlight current exposures and speculative positions, helping users identify risks earlier and take corrective action. For lenders, the tools improve the consistency and quality of reporting, enabling more informed credit decisions and more efficient monitoring processes.


Coffee SMEs met in Masaka, Uganda to test tools © CSAF

"Price volatility may be inevitable, but its impact is manageable. By embedding price risk management into everyday business decisions, companies can protect margins, improve planning, and build resilience. The risk management tools offer businesses across the globe a professional way to navigate uncertainty, trade with confidence, and unlock sustainable growth."

Carolyne Sigei, Rabo Rural Fund

Importantly, these tools were developed through direct engagement with both SMEs and lenders across regions. Focus group testing with coffee-exporting SMEs in Peru and Uganda ensured that the tools reflect real operating conditions, including differences in market structures, product types, and levels of prior familiarity with price risk concepts. **This participatory approach helped balance usability with rigor—ensuring the tools are both technically sound and practical to adopt.** By sharing the tools publicly, the project aims to make structured price risk management approaches—often practiced only among larger commercial actors—more accessible to agri-SMEs.

Strengthening price risk management is not a one-time intervention, but an ongoing process of building capability across the market. This work enables SMEs to better understand market exposure, make more informed commercial decisions, and build resilience in volatile markets. In turn, SMEs can provide more stable outcomes for the farming communities they serve.

ACOPAGRO, Peru © Rabo Rural Fund

BORROWER PROFILE

Powering Sustainable Revenue in Peruvian Cocoa

For decades, the Central Huallaga Valley in Peru was a center of the Andean drug trade. A lack of sufficient economic opportunities drove local farmers to grow coca: the primary input for cocaine production. In 1997, Cooperativa Agraria Cacaotera ACOPAGRO was founded to provide a pathway to an alternative livelihood through cocoa farming. Starting with just 27 members, the association has grown through a focus on fairtrade and organic cocoa, driving transformation for local farmers and the entire community.

For agri-SMEs, fairtrade and organic certifications carry price premiums and open up new markets, both of which drive up benefits for farmers. However, managing these certifications can be complex at the farm level. ACOPAGRO has an agronomic extension team, which supports new farmer-members in converting their farms to organic practices. For existing farmer-members, the association provides ongoing training to maintain yields and cocoa quality; this is paired with the cooperative's internal credit facility to support farmer-member purchases of organic farm inputs like fertilizer or seedlings. The association rewards these farmers for their high-quality cocoa in the form of price premiums on top of the additional returns earned through organic and fairtrade production.

Over the past two decades, CSAF members have provided ACOPAGRO with working capital to make purchases from its members and fulfill export commitments for higher-priced, certified cocoa. This financing supports the business's growth by allowing it to increase sales volumes and reach more farmers. Starting with a small loan from Rabo Rural Fund in 2005, the business has grown, leveraging $80M+ in financing from six CSAF members over twenty years. The cooperative has been a reliable borrower in that time, renewing annually with some lenders for as many as 15 years in a row. In addition, CSAF members have supported the borrower with technical assistance, including a recent project by responsAbility, boosting the use of specialty cocoa varieties among cooperative members and increasing their productivity.

Backed by twenty years of partnership with CSAF members, ACOPAGRO has grown to be the largest organic cocoa exporter in Peru, creating pathways to legal, sustainable income for rural families. From 27 farmers in 1997 to over 2,000 today, ACOPAGRO has leveraged the support of CSAF lenders to increase opportunity for thousands of smallholders while driving community-wide change in the Central Huallaga Valley.

Convening Stakeholders to Accelerate Actionable Learning

Launched in 2024 as a joint effort by CSAF and other ecosystem actors, the Agri-SME Learning Collective (ASLC) advances evidence-based practice across the sector. Today, the ASLC brings together 23 organizations including donors, investors, lenders, researchers, and other field-building allies. **The Collective serves to accelerate learning, address evidence gaps, and ensure that practical insights inform decisions by practitioners, donors, and policymakers building a thriving agri-SME sector.**

In 2025, its second year, the ASLC continued to focus on three key thematic learning gaps that require cross-sector collaboration to solve: Catalytic Capital, Business Development Services & Technical Assistance (BDS/TA), and Livelihoods & Environment. As a convener, the ASLC leveraged existing efforts focused on sharing more visible, credible, and usable learning across the ecosystem.

Catalytic Capital: The ASLC's catalytic capital framework aims to explore how different forms of capital in agri-SME finance can be additional and drive impact. Working with the Global Donor Platform for Rural Development, in 2025 the ASLC piloted this framework with donors and practitioners, sharing high-level findings in a short report. This phase confirmed the value of the draft framework as a structured tool to help donors, intermediaries, and practitioners assess catalytic capital needs across the agri-SME finance chain. The pilot also showed that specific elements of the framework required deeper examination to better understand their complexity and practical relevance. Building on these findings, ASLC has partnered with Financing for Agri-SMEs in Africa (FASA) to further refine the additionality between intermediaries and agri-SMEs.

BDS/TA: Published last year, the Agri-SME Segmentation Guidance Paper offers an experience-based approach to categorizing agri-SMEs and tailoring technical assistance to where it can be most useful. Since this publication, several ASLC members have incorporated the proposed segmentation guidance within their own institutions, ensuring the product moves beyond theory and into practice. Members are sharing this segmentation approach with their own relevant partners to boost uptake across the sector.


ASLC Convening 2025 © ASLC

Livelihoods & Environment: Through case studies provided by IDH, Aceli Africa, and 60 Decibels, the ASLC surfaced different approaches to exploring the nexus between supporting agri-SMEs and improving livelihoods. These case studies will inform a practical tool to help practitioners and capital allocators think through questions of rigor, data needs, and fit-for-purpose evidence for decision-making. In addition, members plan to share their experiences with emerging climate finance products, including lessons learned while developing these instruments.

TWO YEARS OF ASLC: A TEAM EFFORT

In a sector shaped by recurring crises, the ASLC has helped create the conditions for more purposeful collaboration, shared experience, and co-created evidence. **Over the past two years, the ASLC has affirmed that collective learning is most effective when it begins with clearly defined evidence gaps and shared learning questions. Trust is a necessary condition for this work;** sustained relationships have enabled members to exchange candidly, work through common challenges, and focus on generating broadly applicable insights. As the policy landscape changes and resources become more constrained, this kind of trusted learning infrastructure becomes even more essential. Working together, the Collective fosters a community committed to strengthening the evidence that guides the sector and directs scarce resources toward the approaches that deliver the greatest impact.

Taboa, Brazil © Rabo Rural Fund

Looking Ahead

In 2025, CSAF members responded to structural uncertainty with a continued commitment to agri-SMEs. Through market volatility, buyer instability, and macroeconomic insecurity, members were able to reach 585 businesses, growing disbursements to an all-time high of $944M in support of 2.9M smallholder farmers.

Looking to the year ahead, indicators suggest decreasing credit demands as commodity prices revert to historic norms. These factors, combined with the anticipated climate shocks associated with El Niño patterns and increasing fuel prices, will test the resilience of agri-SMEs. The agricultural lending sector's challenge ahead will be to scale the deployment of capital, both in terms of total disbursements and the number of borrowers reached, while balancing growth with sound risk management.

As operating conditions become more complex, no single lender or institution can meet the needs of agricultural SMEs alone. Building shared knowledge on how to finance agricultural SMEs sustainably and at greater scale is central to the work ahead. CSAF will continue to facilitate practical learning and bring together the institutions needed to address common challenges. Through convening, collaboration, and shared learning, these efforts will continue to advance the evidence base and practical tools that enable agricultural lenders to navigate uncertainty and provide sustainable sources of finance to agri-SMEs.

"The current questions for impact lenders are: How much more of the market can we serve with our existing models? And how do we, as a sector, need to evolve if we want to deepen our impact?"

Andrea Matheis Zinn, Director, CSAF

Lestari, Indonesia © Rabo Foundation

Appendix 1: A Note on Methodology

The results in this report and the CSAF Open Data Portal are based on agricultural lending activity by 18 financial institutions: ten CSAF global members, five global affiliates, and three regional affiliates from January 1, 2025 to December 31, 2025. CSAF members and affiliates (collectively referred to in this report as 'members') provided this information to CSAF under a nondisclosure agreement. Subsequent analysis was conducted by CSAF using an aggregate dataset that does not identify either the borrower or the lender. To account for inconsistent data types and improve trend analysis, CSAF applied a unified adjustment methodology across new as well as historical data; as a result, readers may notice variations from the data published in CSAF's previous annual reports. We believe this methodology presents the most accurate and up-to-date picture of our constantly evolving industry. Additionally, we restrict our reporting to active loans, which are defined as meeting at least one of the following criteria, having:

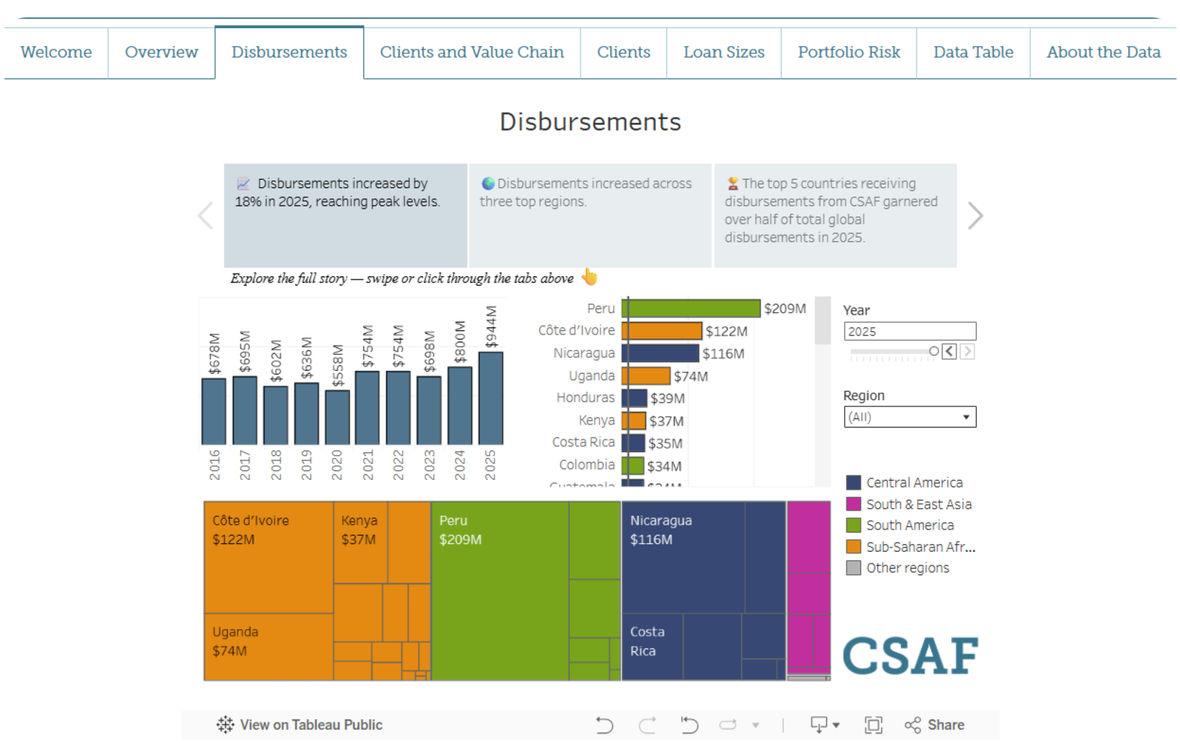
- a maturity date of 2025 or later;
- one or more disbursements during 2025; or
- an outstanding balance (not subject to write-off) at any point during 2025.

To complement and contextualize the data presented in this report, CSAF members participated in qualitative surveys and discussions covering trends affecting portfolio growth and credit quality, with insights incorporated throughout the report.

Appendix 2: Explore the Data

	CREDIT				BORROWERS			LENDERS
	Amount Disbursed (in USD $M)	% Change from Previous Yr	% of Global Disbursements	Average Disbursements (in USD $K)	# of Borrowers	Change from Previous Yr	% of Total Borrowers	# of CSAF Members & Affiliates
GLOBAL	944	18%	100%	1333	585	-19	100%	18
Central America	248	14%	26%	1267	106	2	18%	15
South America	286	20%	30%	1082	177	-17	30%	15
South & Southeast Asia	65	19%	7%	1397	33	-1	6%	9
Sub-Saharan Africa	342	21%	36%	1547	263	-4	45%	16
Other regions	2	-61%	0%	1467	6	1	1%	5

This table provides a regional overview of borrower and credit trends. Deeper analysis, country-level data and additional insights are available in the CSAF Open Data Portal (data.csaf.org), under the 'Data Table' tab. The portal is an interactive dashboard designed to help users explore CSAF lending data in greater depth, offering the capacity to filter by year, country, or sector, and visualize trends over time. We encourage practitioners to explore the portal to better understand the dynamics of agricultural SME finance across our markets.



Explore our data portal at data.csaf.org

CSAF COUNCIL ON SMALLHOLDER AGRICULTURAL FINANCE