Our work is possible thanks to the generous support of our donors.
Foreword

As the only global network focused on agriculture financing, the Smallholder and Agri-SME Finance and Investment Network (SAFIN) has a vital role to play. In the face of threats to our food systems including conflicts and the COVID-19 pandemic, urgent collective action is required to shore up essential resources for small farmers and agri-SMEs. Through the collective efforts of our members, SAFIN continues to prove its relevance by providing a space for sharing knowledge and co-creating solutions to unlock capital at local and regional levels.

As the network enters a new phase (SAFIN 2.0), collaboration continues to be central to our efforts. Connections between SAFIN members have always been at the heart of our activities and workstreams, and the five focus areas of SAFIN 2.0 and some of the achievements covered in this report have brought such connection into even sharper focus. As you read this report, note the numerous results of our collaborations. It is my hope that the network achieves even more such feats in the future.

This report documents highlights of our work as a network but also unearths trends in agri-SME finance, along the lines of our three learning agenda themes. While I encourage you to celebrate our progress, I also challenge you to ask questions about how we might further increase our efficacy and impact, and move forward together. As a network of equals, we continue to accommodate the needs and experiences of our full membership to facilitate solutions that move more resources towards those who most need them. Going forward, I hope to see more participation, and indeed collaboration, from our members as we work together to leverage our different capabilities and build inclusive ecosystems in agri-SME finance.

Ayodeji Balogun
Chair, Steering Committee

Small and medium enterprises that supply farmers with inputs, aggregate and process their yields, and supply these to consumers, among other services, have continued to gain importance in the global food systems and sustainable development agendas. The role of these businesses in food systems is as important today as it was when the International Fund for Agricultural Development (IFAD) initiated the SAFIN in 2018. Their prominence and engagement in policy and investment plans have only increased over the last few years.

After dedicating my 25-year career to designing, implementing and managing programmes focused on providing finance to agri-SMEs and the rural poor, I am heartened to see these enterprises take a central role in these broader agendas. I hope to bring my knowledge and experience to the fore to help the SAFIN Secretariat, Steering Committee and network members achieve the mission of leveraging their different capabilities to build effective and inclusive institutional and market ecosystems in agri-SME finance.

Looking back on the achievements of SAFIN over the past year, as documented in this report, I am honoured and humbled to have been chosen to take on the role of Interim Coordinator of the network. 2021 was a watershed year for SAFIN. While the COVID-19 pandemic continued to disrupt the normal course of business for many institutions, it also resulted in an unexpected opportunity for SAFIN, allowing it to take on a leading role as an industry hub that facilitates connections between diverse partners dedicated to agri-SME financing. Throughout the year, SAFIN was able to generate a significant breadth and depth of knowledge, provide a safe space for both regional and international dialogues, and foster collaborations between highly differentiated partners.

2022 promises to be another even more exciting year for SAFIN. The network will continue to take forward the three learning agenda themes prioritized by its members with one or more key knowledge partnerships helping to drive each of these. The network will also further strengthen some of its focus areas by identifying and curating co-creation opportunities among its members. Looking ahead, there is a need to get smarter about the deployment of innovative finance for agri-SMEs across value chains, including through more robust data collection, knowledge-sharing, as well as new models and approaches. SAFIN will continue to offer an open space to foster this. I look forward to working with the network membership and the wider agri-SME finance community in facilitating this process.

Frank Rubio
Senior Coordinator, Ad. Interim
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## Abbreviations/acronyms

<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACDI</td>
<td>Agricultural Cooperative Development International</td>
</tr>
<tr>
<td>AFA</td>
<td>Asian Farmers’ Association for Sustainable Rural Development</td>
</tr>
<tr>
<td>AFD</td>
<td>Agence Française de Développement</td>
</tr>
<tr>
<td>AGRA</td>
<td>Alliance for a Green Revolution in Africa</td>
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<td>AGRF</td>
<td>African Green Revolution Forum</td>
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<td>APRACA</td>
<td>Asia-Pacific Rural and Agricultural Credit Association</td>
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<tr>
<td>ASP</td>
<td>agroservice providers</td>
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<tr>
<td>CABFIN</td>
<td>Improving Capacity Building in Rural Finance Partnership</td>
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<tr>
<td>CGIAR</td>
<td>Consultative Group on International Agricultural Research</td>
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<tr>
<td>CSAF</td>
<td>Council of Smallholder Agricultural Finance</td>
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<tr>
<td>DFI</td>
<td>development finance institutions</td>
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<tr>
<td>ESO</td>
<td>enterprise support organization</td>
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<tr>
<td>GAFSP</td>
<td>Global Agriculture and Food Security Program</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Corporation</td>
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<tr>
<td>IPF</td>
<td>Investment Prospectus Framework</td>
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<tr>
<td>SAFIN</td>
<td>Smallholder and Agri-SME Finance and Investment Network</td>
</tr>
<tr>
<td>SME</td>
<td>small and medium enterprise</td>
</tr>
<tr>
<td>UAA</td>
<td>Uganda Agribusiness Alliance</td>
</tr>
<tr>
<td>UNFSS</td>
<td>United Nations Food Systems Summit</td>
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<tr>
<td>VOCA</td>
<td>Volunteers in Overseas Cooperative Assistance</td>
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Introduction

About SAFIN

SAFIN is the only global multi-stakeholder network advancing inclusive agri-SME finance, designed to bridge the silos among the providers, seekers and enablers of finance by fostering greater connection, coordination and collaboration among these players. With more than 50 member institutions from across the agri-finance ecosystem, SAFIN is a dynamic space for knowledge-sharing, advocacy and co-creation around initiatives with the potential to move more capital and other non-financial resources closer to agri-SMEs.

SAFIN member institutions jointly set the network’s agenda. For the period of 2021-2025, also known as SAFIN 2.0, the network has agreed to take forward five main focus areas:

1. **Convene**
   - Bringing the ecosystem together to build trust and mutual understanding.

2. **Track**
   - Mapping out opportunities for innovative collaborations.

3. **Focus**
   - Fostering a shared understanding of strategic issues and knowledge gaps for the future of agri-SME finance.

4. **Influence**
   - Bringing an agri-SME finance focus to country-led initiatives for private investment towards sustainable food systems.

5. **Co-create**
   - Aligning around effective financial solutions to emerging challenges in the sector.
1.2 Our membership

From different vantage points, with different tools and entry points, each of our member institutions works to bridge the investment gap in agriculture and food systems by financially empowering agri-SMEs and small farmers.

**Figure 1.** SAFIN member institutions.
Network members in 2021
2021: Reflections from our members
Agri-SME Finance in 2021

Stefania Lenoci
Head of Private Sector Advisory and Implementation Unit
International Fund for Agricultural Development
SAFIN-host

2021 marked the third year since IFAD commenced direct investments into private entities, building on its vast sovereign lending programme and experience on the ground. 2021 saw the launching of the Private Sector Financing Programme with the ambition to mobilize private funding and investments that deliver economic, social and environmental benefits to rural poor and small producers. By the end of the year, investments in Nigeria, Uganda, Mozambique and Madagascar were approved by the IFAD Executive Board, with more to come in 2022. As the Fund’s business model evolves to scale up its impact, SAFIN has been a key resource to engage with and learn from the experiences of other agri-finance players. Going forward, we hope to see more investments that trickle down to the last mile, including through co-investment opportunities with the diverse SAFIN membership and beyond.

Dr. Prasun Kumar Das
Secretary General
Asia-Pacific Rural and Agricultural Credit Association
Thematic platform

Agri-SME finance entered into a new era of sustainability with a strategic shift towards addressing the challenges of strengthening value chains and their efficacy in 2021. During an unprecedented year of humanitarian crises, APRACA played the role of a trusted partner to provide knowledge and technical support to financial institutions in scaling up their outreach to the last mile in Asia and the Pacific. ‘Team APRACA’ facilitated the design and delivery of innovative financial products/services for the small-scale fisher and fishing enterprise ecosystem to provide liquidity during the pandemic.

Hedwig Siewertsen
Head of Inclusive Finance
Alliance for a Green Revolution in Africa
Technical Assistance provider

Local financial institutions in Africa have increasingly seen an opportunity in financing agriculture, with many setting clear targets in their loan portfolios. There is also increasing awareness about the mismatch between the current financial offering of large ticket sizes targeting agri-SMEs in tight value chains, and the need for smaller ticket sizes for those in loose value chains. In 2021, AGRA invested in innovations that can reduce the cost and risk of agri-SME lending, such as matchmaking between agri-SMEs and lenders or building the capacity of business development service providers. We learned that 50-80% of agri-SMEs currently give credit to small farmers and receive credit from their suppliers outside the banking system. Going forward, we are exploring how to leverage these relationships to enhance the financing of inputs and outputs.

Claude Torre
Project Manager
Agence Française de Développement
Bilateral donor

I observed a pronounced focus on financing agricultural investments at international summits in 2021. Public Development Banks, or PDBs, have been recognised as major players in facilitating sustainable financing of agriculture, especially the agri-SME segment that can benefit from instruments such as guarantee funds or long-term credit lines. AFD continued to support PDBs through our AgreenFi programmes, which provide credit and technical assistance to these banks. Environmental assessment of investments using digital tools is one promising innovation in the sector. It is now possible to estimate ex-ante and ex-post impact in an increasingly robust manner at a lower cost, and as a result, promote agroecology.

Katell Segalen
Social Responsibility Project Manager
FEDECOCAGUA
Farmers’ organization

Access to finance continued to be a challenge for coffee growers in our member cooperatives in 2021, particularly as many lack the collateral needed to secure loans. While coffee prices rose significantly on the international market, higher input costs such as an increase of up to 3 times in fertilizer prices cut down the profit margins of small farmers. Throughout the year, local development banks remained reliable partners for the Federation to access credit for on-lending to our members. We have also started to see large multinational corporations step up for more sustainable coffee value chains, including by investing in new technologies with the potential to reach water savings of 80% during coffee processing. We hope to see more engagement from the private sector moving forward.

Panos Varangis
Principal Agriculture Finance Specialist
International Finance Corporation
Development Finance Institution

The need for investments in more resilient agriculture came to the fore in 2021, not only for production but along the whole agricultural supply chain. There has been an impressive growth in the ag-tech scene, with digital platforms providing a variety of services to small farmers, capturing transactional and alternative data, and innovating around agricultural credit. In IFC’s agri-finance portfolio, we increased the focus on climate-smart solutions and digital applications that enhance the provision of various services to farmers including access to finance. We expect to see more of such innovations and an increase in the provision of longer-term finance to support local processing, logistics and marketing for commodities in the near future.
1.4 Highlights from 2021

Jan
- Investment prospectus: Minor millets value chain in India
- Independent Food Systems Dialogue: The role of agri-SMEs in food systems
- Launch of SAFIN 2.0 and election of SAFIN Steering Committee

Feb
- New member: AgDevCo
- Network Discovery Map launched

Mar
- Report: Deploying blended finance to mobilize investment at scale in food and agriculture
- Independent Food Systems Dialogue: Catalysing finance for young food entrepreneurs
- Learning Brief: Agri-SME taxonomy
- New member: ACDI/VOCA and Setuka Partners
- New member: ACDI/VOCA and Setuka Partners

Apr
- Independent Food Systems Dialogue: Catalysing finance for women food entrepreneurs
- Workshop: Green finance for sustainable agriculture and food systems: From short-lived interventions to lasting achievements
- Learning Brief: Agri-SME taxonomy
- New member: ACDI/VOCA and Setuka Partners

May
- Good practices and innovations in risk management for agri-SME finance under COVID-19
- Workshop: Inclusive rural financial services and agri-SMEs: Lessons from IFAD’s portfolio

Jun
- Webinar: Propelling agri-SMEs from early to growth stage investment
- Webinar: Long-term investment capital for agri-SMEs: sources, challenges, and prospects

Jul
- Workshop: Effective partnership models to mobilize green finance for agri-SME investment

Sep
- Webinar: Partnerships in green finance initiatives for agri-SMEs
- Side session at the AGRF Pre-Summit
- SAFIN Annual Plenary Meeting

Oct
- New member: SME Finance Forum
- Learning Note: The role of blending in green finance for agri-SMEs

Nov
- Mapping exercise of SME Enterprise Support Organizations commenced

Dec
- Learning Note: Effective partnerships to direct green finance towards agri-SMEs
Progress in our focus areas

In 2021, SAFIN entered a new five-year phase (SAFIN 2.0), following on from the success of a three-year pilot. During this phase, the network aims to continue leveraging the knowledge and capabilities within its member institutions while building on the foundation and lessons learned from the pilot phase (2018-2020). Over the course of the year, much effort was dedicated to putting in place mechanisms for member-led implementation, greater peer-to-peer information flow across the network and strengthening the network’s tools to track and report on our progress towards more inclusive and effective agri-SME finance ecosystems.

During the first year of SAFIN 2.0, the network made significant progress across its focus areas. SAFIN policy engagement activities mainly focused on raising the profile of agri-SMEs at the United Nations Food Systems Summit and in global forums on blended finance. A new learning agenda was established by network members, prioritizing three main themes: green finance for agri-SME investment, digital innovations in agri-SME finance and access to finance for farmers’ organizations. To inform or report on these advocacy and learning activities, SAFIN also invested in a number of knowledge products aiming to address evidence gaps that persist in the sector. These include a comprehensive agri-SME taxonomy, two Learning Notes on green finance for agri-SME investment, a paper on how to achieve private investment at scale in food and agriculture through blended solutions, an analysis of the use of concessional finance for additionality in mobilizing finance for agri-SME investors and a mapping exercise of SME enterprise support organizations (ESOs) in sub-Saharan Africa.

The network also continued to nurture collaborations across different actors in agri-SME finance, contributing to stronger partnerships among its member institutions. These include partnerships between Small Foundation and the Uganda Agribusiness Alliance (UAA), the establishment of Rajasthan State as a millet hub in India, the formation of the Platform for Green and Inclusive Food Systems, as well as the initiation of a regional financing facility for farmers’ organizations in Asia and the Pacific.
SAFIN curates spaces for collective learning and joint reflection on issues of relevance to agri-SME finance through a variety of events throughout the year. In 2021, the main avenues for this were a series of convenings in support of the network’s learning agenda and the SAFIN Annual Plenary Meeting. In total, the network hosted 12 learning events reaching over 1,400 agri-finance practitioners.

### Learning agenda

SAFIN’s transition from its pilot phase in January 2021 was accompanied by a shift in the approach taken by the Secretariat to foster opportunities for collaboration among network members. This shift was characterized by a move away from the implementation-focused Investment Prospectus Framework (IPF), which sought to identify concrete opportunities for collaborative action and investment along agricultural value chains. Instead, for SAFIN 2.0, the membership endorsed the introduction of a learning agenda that seeks to address the knowledge gaps that currently hinder co-investment and collaboration in the agri-SME finance ecosystem.

For the period of 2021-2022, SAFIN members identified the themes of “green finance for agri-SME investment”, “digital innovations in agri-SME finance” and “access to finance for farmers’ organizations” as those with pre-existing knowledge gaps of most interest. These themes will form the basis of the network’s learning agenda for this period. SAFIN learning activities during 2021 primarily focused on the theme of green finance, beginning with a landscape mapping exercise of existing knowledge resources on the topic. SAFIN and the Improving Capacity Building in Rural Finance Partnership (CABFIN) then co-hosted a two-day workshop in May 2021 on the state of green finance in agriculture, the main challenges in improving the enabling environment around green investments and some recent innovations in this field.

#### Convene

SAFIN curates spaces for collective learning and joint reflection on issues of relevance to agri-SME finance through a variety of events throughout the year. In 2021, the main avenues for this were a series of convenings in support of the network’s learning agenda and the SAFIN Annual Plenary Meeting. In total, the network hosted 12 learning events reaching over 1,400 agri-finance practitioners.
Following this workshop, SAFIN members elected to focus further learning more specifically on partnerships to mobilize and deploy green finance for agri-SMEs. As a result, the network hosted a fireside chat with representatives of Rabobank and Samunnati to share lessons from their enduring partnership in India that demonstrates how trusted partners with local knowledge and expertise are key for global investors managing a portfolio of green investments. In October 2021, a workshop on effective partnership models in this space was co-hosted with the Consultative Group on International Agricultural Research (CGIAR) as part of the SAFIN Annual Plenary Meeting 2021. The workshop explored the experiences of two partnerships in the sector: one linking local financial intermediaries to green finance providers featuring Gold Standard and the International Union for Conservation of Nature, and one at the science-investor interface featuring the Alliance of Biodiversity International and CIAT and responsAbility. The SAFIN Secretariat captured the key learning from these activities in two Learning Notes (see box 1), offering recommendations on the role of blended solutions in green finance for agri-SME investment and on two of the success factors in lasting partnerships in this area.

**Box 1. Learning Notes: Green finance for agri-SME investment**

### Effective partnerships to direct green finance towards agri-SMEs

Bringing green finance closer to agri-SMEs requires intense collaboration among SMEs themselves, global green finance providers, local agricultural finance providers and other institutions with a broad range of expertise. This Learning Note describes the key ingredients of strong partnerships among institutions that have different perspectives, capabilities, incentive structures and expectations. These include strategic partner selection, and alignment around shared tools and metrics.

Read the Learning Note

### The role of blending in green finance for agri-SMEs

It is well known that high-risk perception factors heavily into the reluctance of commercial investors to engage in the agriculture sector, and particularly with SMEs. The intersection of green finance and agri-SME finance can generate a de-risking impact but can also increase transaction costs and make it harder to identify “green” investable pipelines. This Learning Note presents two potential benefits of blended solutions for pipeline development and for the development of green agri-business models.

Read the Learning Note

### 2.1.2 Annual Plenary Meeting

The SAFIN Annual Plenary Meeting has continued to be the main venue for member institutions to connect, discuss common challenges in their areas of work and seek inputs for ongoing or upcoming initiatives. SAFIN hosted its fifth Plenary from 5 to 7 October 2021, at which more than 140 participants examined the present and future of agri-SME finance, with a special focus on the role of green finance in this space. Over three days and nine sessions, three key highlights emerged from the discussions:

- During a collective reflection exercise facilitated by the School of International Futures, SAFIN members explored alternative futures for agri-finance and for the network by examining the values that are over- or under-represented in the sector today. SAFIN members agreed that the values of gender equality and equity, empowerment of agri-SMEs, learning and collaboration are among those key to a more desirable future for food systems, rural economies and societies.

- In a half-day workshop co-organized with CGIAR at the Plenary, participants explored different ways for the providers and enablers of finance to effectively collaborate to channel green finance to agri-SMEs and to small farmers. Three main ingredients emerged as essential for successful partnerships in this domain: shared definitions of green finance, common metrics and reporting mechanisms, and common approaches to defining the bankability of potential green investees.
• The network also came together in four parallel clinic sessions to exchange knowledge and expertise on: new developments among development finance institutions active in African agriculture; the key features of investment vehicles targeting farmers’ organizations; the role of value chain alliances for agri-SME investment in the Caribbean; and how to strengthen gender-equality impact in the portfolios of agri-SME impact investors.

Other convenings

SAFIN also hosted several stand-alone sessions with members and external partners that were thematically aligned to the network’s vision. These included a discussion led by IFAD on its Private Sector Financing Programme and lessons learned from a stocktake of its inclusive rural financial service portfolio. Another session with the International Finance Corporation shared insights from a review of the main sources of longer-term finance for agricultural SMEs, as well as the current challenges and future prospects in this area. In a separate event, Our Food, an agribusiness working to decentralize the food processing industry, and CASPIAN, an early-stage impact investment firm from India, shared their experiences of transitioning through different stages of financing and the challenges of deploying capital to agri-SMEs, respectively. SAFIN also hosted a consultation session with its membership and SCOPEinsight to inform new bankability metrics that seek to bridge the language gap between lenders and agri-SMEs through robust data and performance analytics. Finally, a session co-organized with the African Venture Philanthropy Alliance brought together investors from the philanthropic, public and private sectors to discuss the many challenges related to transitioning agri-SMEs from early to growth-stage investment.
In 2021, SAFIN members continued efforts to champion agri-SME finance in various global forums, with a specific focus on the United Nations Food Systems Summit (UNFSS). The Secretariat also played a key role in advancing global policy and practice in the area of blended finance for agriculture by engaging in global forums and networks, and by developing new evidence in this area. Additionally, the Secretariat spoke at over 30 events and supported member institutions in the design or organization of various advocacy events.

2.2.1 Spotlight on agri-SMEs at the UNFSS

The UNFSS was convened to launch bold new actions to deliver progress on all 17 Sustainable Development Goals, each of which relies to some degree on healthier, more sustainable and equitable food systems. The summit process was organized around Independent Dialogues to facilitate meaningful exploration of potential solutions to the main challenges affecting food systems, and five action tracks to foster new partnerships or amplify existing ones for food system transformation. Both of these channels were important opportunities for SAFIN to enhance the visibility and engagement of agri-SMEs in this agenda. The network organized three Independent Dialogues where over 260 participants, including agri-SMEs themselves, exchanged views on game-changing solutions with the potential to empower small businesses with financial and other resources. The SAFIN-hosted dialogues yielded six SME-related action recommendations which informed key outcomes of the summit related to this theme, including a de-risking facility targeting agri-SMEs in Africa.
SAFIN also worked closely with ISF Advisors to develop a comprehensive agri-SME taxonomy that can be adapted to various local contexts, to frame discussions in the summit process. This taxonomy contributed to the conceptual framework for the summit’s agenda on small businesses. The SAFIN senior coordinator was appointed as a food systems champion and as the finance lead of the summit’s Action Track 4 (Advance equitable livelihoods), both of which had cascading effects on the network’s recognition as a leading voice around the theme of agri-SME finance. Finally, SAFIN collaborated with the summit Secretariat and Wasafiri to establish the Good Food SME Hub – a virtual platform for knowledge exchange and collaboration among agri-food entrepreneurs and ESOs.

2.2.2 Championing agri-SMEs in global forums on blended finance

Building on the body of evidence developed by SAFIN during its pilot phase around the theme of blended finance for agriculture, the network has gained a prominent role in global debates at the intersection of the financial and agricultural sectors. During 2021, the network collaborated with Convergence on a report examining how large sums of private finance can be invested in the agri-food sector without compromising on the impact at SME and small farmer level (see box 2). SAFIN also participated in the Good Food Finance Network, one of the results of finance-related work in the UNFSS process, to ensure continued recognition of the significance of agri-SME finance when pursuing green and nutrition impact through finance. In addition, the Secretariat supported various partners in the design or facilitation of policy engagement events around blended finance, including the Inclusive Finance India Summit, the Agri-Food Transition Summit and the Global SME Finance Forum.

Box 2. Working paper 8

Deploying blended finance to mobilize investment at scale in food and agriculture

Blended finance brings together capital with different risk-return profiles within a single financial vehicle or transaction. Its function is to mobilize commercial capital when this is held back by high risks or low expected returns, and when a strong development rationale exists for investment. At present, agriculture represents a small share of the volume of finance deployed through blended structures, despite large investment gaps and opportunities in the sector. With blended finance figuring prominently in discussions about financing food systems transformation, this paper discusses how to achieve scale in this area. The report explored ways to reconcile different dimensions of scale among which there may be trade-offs, namely the size of blended vehicles, financial mobilization and the depth and reach of impact.

Read the report
Focus

At a time when many member institutions struggle with large information flows about different issues of relevance to their work, the network aims to address strategic knowledge gaps with the potential to influence the future of the sector. During 2021, this work commenced with efforts to address the long-standing need for a shared definition and segmentation of agri-SMEs. SAFIN collaborated with ISF Advisors to develop a flexible agri-SME taxonomy in support of work by member institutions and others to better address the investment or technical assistance needs of these enterprises (see box 3).
Agri-SME Taxonomy

Businesses in the agri-SME segment do not form a unified or homogeneous block in terms of size or activities. Instead, their asset bases, number of employees and revenue vary widely, depending on their market of operations and other factors. The term “agri-SME” is used to encompass all types of enterprises, from agritech companies, to input suppliers, processors and even farmer cooperatives. The absence of a broadly shared definition for agri-SMEs limits our understanding of their contributions along value chains and their investment needs as relates to food systems transformation. This taxonomy proposes a flexible framework to define and categorize these enterprises, as well as their financial and non-financial needs. It is a practical tool that covers a broad range of enterprises and can be adapted to different countries and value chains.

SAFIN also supported an initiative led by the Council of Smallholder Agricultural Finance (CSAF), which seeks to build the evidence base linking the use of concessional finance to mobilize additional finance for agri-SME investors, agri-SME growth and development impact around selected indicators such as farmers’ livelihoods and environmental impact. This work, which is being conducted in collaboration with International Growth Centre of the London School of Economics, builds on the SAFIN/ISF agri-SME taxonomy and will be finalized in mid-2022.

Additionally, following discussions during the UNFSS process about the business model sustainability and effectiveness of the various stakeholders supporting SMEs, SAFIN contracted Nourishing Africa to conduct a comprehensive mapping exercise of agri-SME ESOs in sub-Saharan Africa. This exercise resulted in a Learning Brief, detailed report and database of ESOs operating in eight countries in the region, due for release in early 2022.
As a network, SAFIN works to connect institutions, initiatives and resources to each other towards the goal of improved access to finance for agri-SMEs. In 2021, SAFIN’s efforts in this area contributed to the initiation of a regional financing facility for farmers’ organizations in Asia and the Pacific, plans to establish Rajasthan State as a millet hub in India, the establishment of the Platform for Green and Inclusive Food Systems and a strategic collaboration agreement between two SAFIN member institutions. Details on these various initiatives follow.

Following SAFIN’s engagement in the Finance in Common Summit 2020, the Secretariat continued to support IFAD and Agence Française de Développement (AFD) in the establishment of the Platform for Green and Inclusive Food Systems in 2021. With inputs from the SAFIN membership provided at the Annual Plenary Meeting in 2020 and ongoing consultation with a working group of SAFIN members, the platform was designed to provide public development banks with technical assistance, opportunities for knowledge exchange and innovation, and tools to measure the social and environmental impacts of their investments.

The SAFIN IPF, undertaken from 2018 to 2020, was an opportunity for the network to influence co-investment plans at country level through a multi-stakeholder process to identify financial solutions around investment opportunities in agri-SME dense value chains. The final IPF pilot was concluded in India in early 2021 with the publication of an Investment Prospectus for the minor millets value chain in Madhya Pradesh and Rajasthan states (see box 4). In 2021, the prospectus formed the basis of engagement between ACCESS Development Services with the State Government of Rajasthan to establish the state as a millet hub. Following these advocacy efforts, approximately US$13 million has been earmarked by the State Government for the Rajasthan Millets Promotion Mission, which will provide an improved variety of seeds to small farmers, support the establishment of millet processing units and establish a Center of Excellence at Jodhpur Agricultural University.
Minor millets value chain in India

This report builds on growing recognition of minor millets such as proso, kodo and browntop as highly nutritious and climate-resilient indigenous crops in India. It analyses investment opportunities in the minor millets value chain, which holds significant potential for impact on local nutrition, incomes and climate resilience, in the states of Madhya Pradesh and Rajasthan. It also lays out recommendations for policymakers and financial service providers to strengthen the enabling environment around farmer producer organizations and agri-SMEs that play critical roles in this value chain.

Read the prospectus

Following the recommendations in an Investment Brief on Maize, Soybean and Cassava Value chains in Nigeria, the SAFIN IPF pilot in the country was concluded in 2020 through a comprehensive study of the landscape and investment needs of agroservice providers (ASPs) in Nigeria. ASPs are agri-SMEs that act as intermediaries between small farmers and processors, offering quality inputs, financing and other services to farmers while supplying aggregated goods to processors. In 2021, SAFIN country pilot anchor, AFEX Commodities Exchange, implemented an enhanced ASP programme based on the findings of the study, offering financing and processing support to ASPs that provided input financing packages to small farmers in their supply chain. AFEX engaged with 15 ASPs in 2021, which reached 5,000 small farmers and disbursed inputs worth about US$1.4 million.

SAFIN also brokered collaboration between the Asian Farmers’ Association for Sustainable Rural Development (AFA), the Global Agriculture and Food Security Program (GAFSP) and CARE International for the development of a potential financing facility for farmers’ organizations in Asia and the Pacific. Through small group consultations and a design clinic at the Annual Plenary Meeting 2021, SAFIN members pooled their expertise around the initiative. The regional facility, still under development, aims to address agricultural cooperatives’ need for long-term investment capital that would enable them to gain economies of scale through improved productivity and quality.

Finally, SAFIN facilitated stronger partnerships between Small Foundation and the UAA. The two institutions connected around common interests in agribusiness ecosystems during engagement in SAFIN convenings held in 2018. The institutions formalized their partnership in a strategic collaboration agreement from 2021 to 2022, which aims to strengthen UAA’s core capacity and impact on the agribusiness ecosystems of Uganda.
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Network Development

3.1 A new phase for the network

2021 marked the beginning of the second phase of the network, ushering in a five-year period with a greater focus on member-led implementation. During the three-year pilot phase of the network (2018-2020), the network tested various approaches to jointly work towards SAFIN’s vision, including working groups, workstream co-leads at member institutions and the IPF. The key lesson emerging from these approaches was the need for a greater focus on activities and initiatives where different institutions intersect and collaborate, with the SAFIN Secretariat playing a facilitative role to connect, convene and foster learning among the membership. This has translated into five focus areas that position SAFIN members as the protagonists of network activities. To better facilitate a member-led implementation model, the SAFIN Secretariat has developed new tools or strengthened existing ones to facilitate peer-to-peer information flow, coordination and discovery of opportunities for collaboration. These include quarterly member convenings, the “Partners Area” portal, bimonthly bulletins and a new “Network Discovery Tool”.

3.2 Network dynamics and governance

In 2021, the network welcomed four additional members: Agricultural Cooperative Development International/Volunteers in Overseas Cooperative Assistance (ACDI/VOCA), AgDevCo, Setuka Partners and the SME Finance Forum. Efforts were also made to rebalance the network’s membership to ensure sufficient engagement and representation of the supply, demand and enabling sides of agri-SME finance, resulting in a total of 52 member institutions by the end of 2021. Early in the year, a new Steering Committee for the period of 2021-2022 was elected by SAFIN members to represent various communities: farmers’ organizations; donors and development finance institutions (DFIs); agribusiness companies and platforms; financial institutions and investors; as well as development partners and technical assistance providers.

In close collaboration with Small Foundation, the Secretariat has strengthened its capacity to monitor and report on network health, connectivity and development through annual surveys and social network analyses. In 2021, the Secretariat integrated a member engagement dashboard into its monitoring toolkit, aiming to track participation in network activities and capture the collaborations taking place among SAFIN member institutions. The results of these analyses were discussed with the membership and continue to inform the evolution of network activities.
Between 2019 and 2021, three network health surveys have been conducted in SAFIN, with the highest response rate reached in 2021. The results of these surveys show steady progress in SAFIN members’ appreciation of network activities around knowledge sharing and facilitation of collaborations. In 2021:

- **90%** of respondents stated that their participation in the network had benefited them professionally.
- **79%** of respondents stated that they have gained new skills or knowledge by participating in the network.
- **45%** of respondents stated that their participation in the network has led to at least one new collaborative project with another organization.
4.1 Digital channels and resources

SAFIN website

The network website continued to be the main channel for external communication with SAFIN’s broader audience. Over the years, the website has evolved into a vast knowledge hub with an exclusive focus on agri-SME finance, hosting over 1,200 resources including publications, articles, events and opportunities in the sector. In early 2021, a new “Network Discovery Tool” was integrated into the member portal of the website in response to needs expressed during the Plenary 2020. This tool, in addition to the existing member portal and discussion feed, made the SAFIN website home to a full suite of digital tools for peer-to-peer information sharing and collaboration. Two microsites were also maintained for the Annual Plenary Meetings as well as the Annual Progress Report. Data on website page views and users by acquisition channel are shown in figures 2 and 3.

Figure 2. Page views from 1 Jan to 31 Dec 2021.

![Graph showing page views from January to December 2021]

Page views 22,787
Our electronic newsletter was regularly sent to a global audience of over 1,300 contacts, representing an increase of 53 per cent from 2020. The newsletter was used to share updates from network activities, new publications, partner initiatives, events and opportunities from across the agri-finance sector.

**Bulletins**

The bimonthly roundup bulletin, which was introduced exclusively to SAFIN members during 2020 in response to coordination needs following the onset of the COVID-19 crisis, was regularly issued in 2021. Early in the year, the scope and purpose of the bulletin was broadened beyond COVID-19 responses to cover all relevant news from member institutions in the area of agri-SME finance. Each issue of the bulletin was viewed an average of 96 times during 2021.

**Print materials**

The work of branding and harmonization of SAFIN knowledge and communication products continued in 2021 with the introduction of briefer, more accessible formats of print materials in response to the learning preferences expressed by SAFIN members. This took the form of two-page Learning Notes highlighting the lessons learned from knowledge-sharing events and eight-page Learning Briefs summarizing the key messages from detailed research reports. In addition, the SAFIN Secretariat also developed new materials to support promotional and fundraising activities following the launch of SAFIN 2.0. These included an information note, a detailed booklet, a pitch deck and an Annual Progress Report.
Since its pilot phase, the SAFIN Secretariat has maintained a budget to cover coordination costs for network activities of a public good nature. This includes human and financial resources for convening meetings and other events, knowledge-sharing, communication and advocacy, as well as resources for activities or knowledge products that no individual member may fund but that can: (1) benefit all members and the broader ecosystem; and (2) pave the way for follow-up activities or products that individual members can carry out or fund at a later stage. Network activities in 2021 had a total cost of around US$809,000.

**Figure 4.** Financial resources (1 Jan-31 Dec 2021).
Details of expenditures in the different categories above are provided below:

- **Staff**: This budget category covers expenditures for the salaries of members of the SAFIN Secretariat, including a senior coordinator, a technical specialist, a knowledge management analyst and an administrative assistant.

- **Consultancies**: Overall expenditure reflects the cost of consultants hired for graphic design work, event management and maternity cover, as well as the cost of recruitment of interns supporting the Secretariat during the year.

- **Training**: This category relates to the training and development activities undertaken by the SAFIN Secretariat. During 2021, the senior coordinator had virtual training on Strategic Foresight.

- **Institutional contracts**: During 2021, three contractual agreements were signed with partner institutions to conduct analytical work in relation to agri-SME taxonomy, mapping of ESOs in sub-Saharan Africa and the use of concessional finance for additionality.

- **Communication**: Under this category, budget was allocated to cover the maintenance costs of the SAFIN website and conferencing software, as well as the production and translation of communication materials.

- **Advanced commitments for 2022**: This category reflects funds committed for Secretariat staff costs and ongoing institutional contracts in 2022.
2021 was a pivotal year as SAFIN entered its second phase, and thus provided more learning opportunities for the network. The following key lessons emerged from ongoing consultation with the network’s membership and will continue to shape SAFIN going forward:

**Thematic focus**

The themes selected for SAFIN’s Learning Agenda, launched in early 2021, have proven to be extremely well aligned to the broader focus of the agri-finance sector. Green finance in particular permeated all major industry events, including the UNFSS, AGRF and COP26, and SAFIN’s focus on partnerships in this area highlighted two interesting tensions. First, the gap between the products or services on offer and the climate-related needs on the ground, and second, the need to scale and replicate solutions while retaining the flexibility to address localized and value chain-specific challenges. SAFIN also supported other key efforts aimed at addressing knowledge and structural gaps that limit systemic transformation, such as the agri-SME taxonomy, bankability metrics and mapping exercise of ESOs in Africa. Going forward, the SAFIN Secretariat will seek to deepen its learning activities around these themes, and look further into how digital innovations for agri-SME finance can be scaled and how the main gaps in access to finance by farmers’ organizations can be addressed.

**Strategic positioning**

SAFIN’s membership confirmed its recommitment to the network’s vision and focus areas at the beginning of SAFIN 2.0, recognizing it as a valuable industry hub that convenes a wide array of players to exchange on key challenges and opportunities at the global level. Beyond the network, SAFIN continued to gain recognition as a key champion for agri-SME finance in global debates related to financing sustainable agriculture. However, there is a need to introduce a regional dimension to its learning and advocacy activities in efforts to provide context-specific recommendations and solutions to the issues faced by finance providers, seekers and enablers on the ground.

**Operations**

SAFIN members have shown great appreciation for the regular convenings and knowledge products emerging from the network. In particular, the membership highlighted publications that fill knowledge gaps that have remained prevalent in the agri-SME finance ecosystem, such as the agri-SME taxonomy. Going forward, this consideration will continue to shape SAFIN’s knowledge generation work and learning events. The membership also expressed interest in greater facilitation of investment opportunities that target agri-SMEs. In 2022, greater efforts will be made to further develop the ‘Co-create’ focus area, which can be a powerful tool to adequately respond to this through effective co-investment solutions. Building on member engagement in 2021, SAFIN will also scale its efforts to define and enhance its member benefits package, and to provide sufficient opportunities for one-on-one connections among its members through digital channels and convenings – both online and hybrid.
Notes