

AGENDA

The use of blended finance to mobilize private capital towards agri-SMEs – Learning from experiences in Africa

1 October 2019 | Kenya School of Monetary Studies – Nairobi, Kenya

Overview

Bridging the investment gap in agriculture and food systems is critical to achieve the 2030 Agenda. In this context, improved access to finance is a precondition to strengthen the investment capacity of all actors in agri-food value chains – including farmers and small and medium enterprises (SMEs). Traditionally, these actors are a challenging market for financial institutions – notably commercial banks. This is due in part to the risks associated with financing agriculture, and in part to the specific risks and costs associated with serving a geographically dispersed, at times remote rural population.

In recent years, the possibility of using development finance catalytically to mobilize commercial capital for investment towards the 2030 Agenda in sectors where risks and costs are high for commercial financiers – otherwise known as blended finance – has received growing interest from governments, international financial institutions, and development partners. In this context, the role of blended finance to mobilize private capital in agriculture has received limited attention to date – both in the international debate and as a share of donor-driven blending.

In 2018, the Smallholder and Agri-SME Finance and Investment Network (SAFIN) and OECD joined forces to better understand the actual and potential role of blended finance in agriculture and with respect to rural finance. In early 2019, this led to the preparation of a landscape report, followed by the collection of a number of case studies. In the process, the important role of national development finance institutions and national agricultural finance institutions in blending for agriculture has been apparent. The need to build bridges for mutual learning between international and national development and commercial finance providers in the sector has thus emerged as an important one.

This learning event is co-organized by SAFIN, OECD and the AFRACA Secretariat (a core SAFIN partner) to promote a shared understanding of key issues around blended finance in the sector among a key group of institutions from Africa, to bring out the perspectives of these institutions with regard to blending, and to learn from a number of experiences where blended approaches or instruments have been deployed. Particular attention will be given to examples of application of blending to address business model risks facing financial institutions with respect to serving small farmers and agri-SMEs. The event is expected to feed into the elaboration of a future knowledge and capacity building agenda for financial institutions to be designed by the organizers for next year.

Agenda

Tuesday 1 October

8:30 – 9:00 am Registration

9:00 – 9:15 am Welcome remarks from Thomas Essel, Secretary General of AFRACA

9:15 – 9:45 am Objectives and expectations

Session facilitator and morning lead: Bettina Prato, Senior Coordinator SAFIN/IFAD

This session will lay the groundwork for the event, ensuring clarity about objectives and about the expectations of both the co-organizers and participants.

9:45 – 10:15 am Framing the learning event – key elements in the global debate on blended finance

Presenter: Lasse Moller, Senior Economist and Private sector development advisor, OECD

This session will introduce the main issues, challenges and concerns around blended finance from a perspective of good use of development finance. It will present the main definitions of the concept, focusing in particular on the OECD DAC definition, and present key figures about this market. It will further present recent analysis on trends in the use of public development finance through blended funds, facilities, and other structures and approaches, as well as various initiatives to orient policy and practice around shared principles.

10:15 – 11:00 am The landscape of blended finance – main instruments, models, and market trends

Presenter: Lade Araba, Managing Director, Africa - Convergence

This session will present the basic archetype of structures and approaches in this market, types of actors involved, and the state of the market, globally and in Africa.

11:00 – 11:15 am Coffee break

11:15 – 12:30 The landscape of blended finance in agriculture

Presenter: Yuri Soares, Unit Chief, Innovation Lab, IADB

This session will present the findings of two reports commissioned by SAFIN, individually or with other partners, in the past two years, concerning the actual and potential uses of blended approaches in agriculture. The presentation will be followed by Q&A and by small group discussion about the experience of participants in relation to blended finance in the sector, particularly from a perspective of promoting access to finance for agri-SMEs.

12:30 – 1:45 pm Lunch

1:45 – 2:00 pm Introduction to the case study sessions

Afternoon lead: Massimo Pera, Project Coordinator, FAO

This introduction will lay out the approach taken to identifying three case studies

representing three different ways to address business model challenges for financial institutions targeting agri-SMEs and smallholder farmers, each one taking an ecosystem-change approach in which blending is used beyond individual products or vehicles. It will also detail how each case study session is expected to unfold.

2:00 – 3:20 pm Case study session – part 1

In this session three case studies will be presented in turn, representing three different approaches using blended finance to address business model and other risks holding back the engagement of financial institutions with the agri-SME and smallholder market. The presentations will be complemented by dialogue with the afternoon lead and participants.

The Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT) in Kenya. Presenter: Ezra Anyango, Senior Programme Officer Blended Finance, Alliance for a Green Revolution in Africa – AGRA
The Financing Ghanaian Agriculture Project (FinGAP). Presenter: Amanda Fernandez, Director, Economic Growth, Palladium
The Private Agricultural Sector Support (PASS) initiative in Tanzania. Presenter: Nicomed Bohay, Managing Director, Private Agriculture Sector Support (PASS) Tanzania, with Bevin Angellah Bhoke, Communication Specialist, PASS

3:20 – 3:30 pm Introduction to small group session

3:30 – 3:45 pm Coffee break
Case study session – part 2

3:45 – 4:45 pm Small group reflection on the experience of participants in light of the case studies

4:45 – 5:15 pm Plenary discussion about small group session and recommendations for SAFIN

5:15 – 5:30 pm Wrap up and closing remarks by Thomas Essel, Secretary General of AFRACA and Bettina Prato, Senior Coordinator, SAFIN
