



# Annual Progress Report 2022





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# Annual Progress Report 2022

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Smallholder and Agri-SME  
Finance and Investment Network



# Foreword

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*As a global network representing 56 organizations, the Smallholder and Agri-SME Finance and Investment Network (SAFIN) has uniquely positioned itself as a dynamic, collectively owned space for its members to tackle the challenges facing agricultural small and medium-sized enterprises (SMEs) globally in accessing finance. In its current phase, SAFIN supports many transformative initiatives to build investment pipelines and co-create inclusive, effective financial ecosystems in collaboration with partner organizations and donor agencies. SAFIN learning events on emerging issues in the sector have been widely recognized as an outstanding contribution to the global community. Its focus on disseminating novel business models, case studies and best practices, building on the breadth of knowledge within our network, will continue in the coming years.*

*During 2022, our network invested its time and resources in identifying areas of collaboration among its members, which is demonstrated by a significant increase in the joint initiatives they undertake together. We also recognized the importance of regional working groups, which have the potential to connect diverse local challenges to solutions and to the global community in support of the agri-SME development agenda. The SAFIN members present at our Annual Plenary Meeting 2022 discussed at length the current global scenario and how it is affecting agricultural SMEs. Particular concern was voiced about post-COVID recovery and the conflict in Ukraine, which have put a strain on global agricultural value chain actors, with SMEs among those most affected. It was also agreed that there is no silver bullet for addressing their immediate and long-term needs, but multi-actor solutions are potentially the best alternatives. Fortunately, SAFIN is exclusively devoted to supporting such initiatives, with strong support from our members and donors.*

*As the network advances towards new horizons in 2023 and beyond, I would like to take this opportunity to thank Frank Rubio for his leadership as the network's Senior Coordinator in 2022 and welcome Nadia Martinez to the SAFIN Secretariat. I am confident that her wealth of experience will contribute to boosting our efficiency and impact on the ground. I also call on our members to actively engage in co-creating impactful solutions and sharing their expertise through SAFIN. Going forward, we plan to continue leveraging our membership's capacity to deliver improved financial and non-financial services to agricultural SMEs and smallholder farmers across the globe.*

A handwritten signature in black ink, appearing to read 'Prasun'.

**Dr. Prasun Kumar Das**  
Chair, Steering Committee

*It gives me great pleasure to present SAFIN's Annual Progress Report for 2022. As we reflect on the year, we are proud of the progress SAFIN has made towards our mission of building an inclusive ecosystem for finance and investment in rural areas.*

*The past year has been a challenging one for small-scale farmers, agricultural SMEs and, consequently, all those who benefit from their contributions to ensuring a regular food supply, creating jobs and generating economic prosperity locally and globally. These are the times when working together is not only helpful but essential. From producer organizations to financiers, and all the supporting and complementary service providers in between, SAFIN members are contributing individually and collectively to advancing the interests and heightening the resilience of our sector.*

*In 2022, SAFIN continued to extend its reach through a strong and active network of members, which now comprises 56 organizations spanning the entire investment value chain across the globe. This has enabled us to leverage our expertise and resources to share knowledge and experiences, facilitate conversations, foster partnerships that promote sustainable and inclusive agricultural finance and showcase positive models of multi-stakeholder collaboration towards a common interest.*

*Looking ahead, I recognize that there is still much work to be done. As I take over the role of Senior Coordinator of SAFIN from Frank Rubio, I intend to build on the substantial progress made under his leadership. One of the network's key achievements this year has been the conclusion of a 2-year learning agenda that has yielded significant knowledge about key issues that will help to advance our work. I plan to engage closely with members and partners to ensure that these research findings turn into tangible activities and projects that benefit the network and the sector. I hope to bring my experience from multi-stakeholder initiatives to foster new and innovative collaborations, and my commitment and enthusiasm to promote the work of the network.*

*On behalf of SAFIN, I would like to express my gratitude to our members, partners, supporters and other stakeholders for their continued commitment, support and collaboration in our collective mission. I look forward to working with the entire SAFIN community towards a thriving ecosystem for farmers and agricultural SMEs. Together we can build a more sustainable and resilient world for all.*



**Nadia Martinez**  
Senior Coordinator

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<b>AFA</b>	Asian Farmers’ Association for Sustainable Rural Development
<b>ASP</b>	agro-service provider model
<b>BDS</b>	business development services
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CSAF</b>	Council on Smallholder Agricultural Finance
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FSP</b>	financial service provider
<b>GDPRD</b>	Global Donor Platform for Rural Development
<b>IFAD</b>	International Fund for Agricultural Development
<b>PSFP</b>	Private Sector Financing Programme
<b>SAFIN</b>	Smallholder and Agri-SME Finance and Investment Network
<b>SME</b>	small and medium-sized enterprise



# 1 Introduction

SAFIN is a global multi-stakeholder network that advances 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 non-financial resources closer to agricultural 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 focus on five main actions:



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



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



**Track:**  
Mapping out opportunities for innovative collaborations.

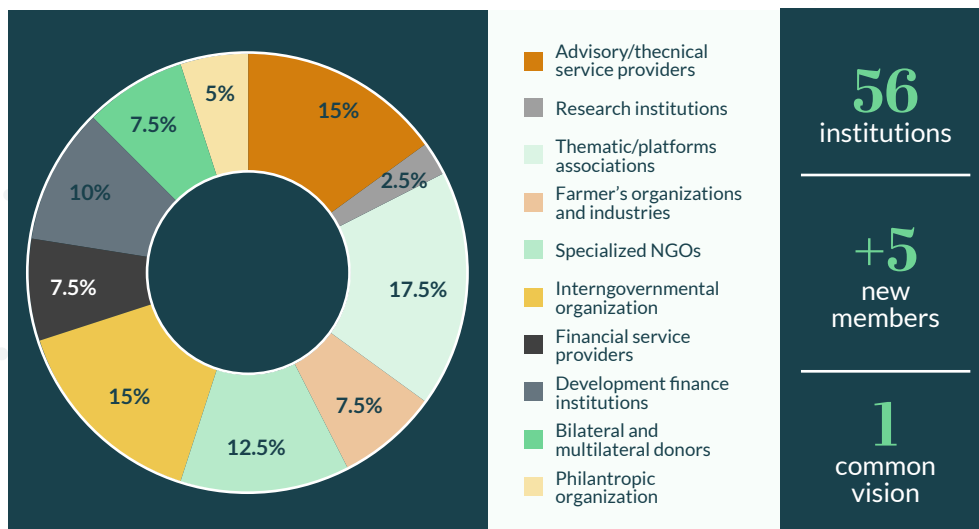


**Influence:**  
Bring an agri-SME finance focus to country-led initiatives for private investment towards sustainable food systems.



**Co-create:**  
Align around effective financial solutions to emerging challenges in the sector.

## a. Our membership



## b. Network members in 2022



### c. State of the agri-SME finance sector 2022

The agri-SME finance sector in 2022 was marked by interconnected shocks, which together led to the greatest food crisis since 2007-2008. The combined impact of the conflict in Ukraine, global inflation, climate-driven events and the COVID-19 pandemic has exacerbated the various challenges that agricultural SMEs face in accessing finance. Several macro trends linked to the global crisis, including rising prices for imported grains, inputs such as fertilizers and energy have directly impacted the business performance of agricultural SMEs, particularly those operating in Africa. In addition, demand from both domestic and international buyers has slowed due to the inflationary environment. SMEs in the agriculture sector have faced difficulties passing price increases to consumers, especially in the value chains for locally consumed commodities, as prices have become volatile and food increasingly unaffordable. As a result, many businesses at the farm production level have responded by reducing their production capacity to cut costs.

Nevertheless, the advent of the “polycrisis” has also contributed to some positive trends and opportunities, which SAFIN has sought to better define through its learning agenda. This includes new research funded by SAFIN member FAO and conducted by ISF Advisors that highlights the impact of these crises on agri-SME finance in Africa, as reported by lenders and agricultural SMEs. According to the report, financial institutions and impact investors broadly experienced positive portfolio performance in 2022. These lenders shared plans to allocate more capital to agricultural SMEs going forward, albeit by adopting a more cautious approach. This may imply more conservative investment decision-making, marked by lower risk tolerance, exhaustive risk assessments, increased risk mitigation and more rigorous due diligence processes.



Similarly, many advances in the landscape of digital innovation in agriculture have been associated with the COVID-19 pandemic, as different actors have turned to technology to cope with the disruptions caused by lockdowns. This rapid growth bolstered investor interest in these innovations throughout the year, but it is evident that few digital solutions managed to achieve significant scale. To facilitate more visibility into this market, SAFIN supported a landscape mapping study of agritech and fintech solutions across East and Southern Africa, focusing on solutions with a demonstrated impact on access to finance. The study identifies the key drivers of commercial viability and the role of concessional finance at different stages of solution development. The report also emphasizes the growing role of bundled services, which combine agricultural and financial services, in addressing multiple pain points and offering the most compelling value proposition to agricultural SMEs and smallscale farmers.

The provision of business development services (BDS) is another critical approach to strengthening the capacity of agricultural SMEs and other value chain players to build resilience to future shocks, improve access to finance and actively support systemic growth. However, little is known about the effectiveness and efficiency of BDS providers or their service delivery models. New research supported by SAFIN on this topic has brought to light some of the priority areas to be addressed in this sector, including the outsized role of donor institutions as the main funders of BDS providers at the local and international level. While there is overwhelming evidence of the positive impact of BDS services, better-quality data and industry-wide alignment on a set of indicators would allow for better assessment and understanding of the broader impact of BDS across agri-food systems.

Turning the focus to farmers' organizations, SAFIN set out to shed light on the state of their access to finance through a survey covering multiple countries in sub-Saharan Africa and Asia and the Pacific. The survey's findings revealed significant differences across regions in terms of existing access to capital, as well as unmet needs and key barriers to meeting them. Farmers' organizations in South-East Asian countries generally benefited from larger volumes of financing, accessed predominantly from financial service providers, and reported lower unmet needs compared to those operating in West Africa. Although such findings are not unique to the past year, the report indicates some trends that resulted from the ongoing crisis, such as a high demand for emergency loans reported by members of farmers' organizations. The report also exposed a massive gap between the number of farmers' organizations actively addressing the impact of climate change through adaptation and reforestation projects (nearly 60 per cent of farmers' organizations) compared to the mere 2.7 per cent of them that reported access to dedicated sources of green finance.

Going forward, SAFIN will seek to build on this learning in collaboration with its members and partners to shape the future of the agri-SME finance sector. While the overlapping crises of the past year are likely to continue influencing the broader state of the sector, it is important to understand their varying impacts in different contexts. SAFIN therefore plans to bring its members together at a regional level to generate new knowledge and promote more collaborative action to improve access to capital for agricultural SMEs.

## 2 Highlights from 2022



**20,550**  
website  
views



**600**  
practitioners  
reached



**9**  
learning events  
hosted



**5**  
new member  
institutions



**4**  
joint research  
initiatives



**4**  
global forums  
engaged

### 2022: MEMBER REFLECTIONS

“ With compounding global crises, rural producers and agricultural SMEs in developing countries face even greater challenges in accessing affordable finance, and governments alone cannot cater for their needs. In 2022, IFAD's Private Sector Financing Programme (PSFP) has continued to help them access the resources and know-how they need to improve their income, food security and resilience with two new investments in Bolivia and Cambodia. The diverse expertise of the SAFIN membership has informed this work, including through joint research initiatives in 2022 on the financing needs of farmers' organizations and the landscape of digital innovations for agri-finance. Now more than ever, as we face the worst food crisis in a generation, we remain committed to joining forces with SAFIN members and the broader agri-finance community to channel more capital to small-scale producers and rural SMEs, who are often the only source of income and jobs for the rural poor.

**Thouraya Triki**, Director,  
Sustainable Production, Markets and Institutions Division, IFAD





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### 3 Progress in SAFIN focus areas

2022 was a year of re-energized efforts to facilitate collaboration among SAFIN members and improve the ecosystem for agri-SME finance. The SAFIN Secretariat took steps to balance its public good offering of knowledge-sharing events with closed sessions for coordination, peer support and debate among its members. The network hosted six open knowledge-sharing events around the themes of its learning agenda, reaching over 600 agri-finance practitioners. SAFIN also introduced an enhanced design clinic process to pool the expertise of its members around two emerging initiatives. The network introduced a segmented approach in its policy engagement activities, targeting donors, private corporations, governments and commercial banks through various regional and global forums. SAFIN also built on its work to track sector developments and innovations through regular member coordination meetings and two new digital tools for mutual discovery and collaboration: a new members' intranet and six digital knowledge hubs. The SAFIN Secretariat leveraged the broad reach and resources of the network's membership to generate new evidence through four thematic reports and documented the learning from its activities through three learning briefs. To facilitate member action emerging from this research, the network introduced a regional approach to foster better collaboration through thematic working groups.



# Convene



## a. 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 2022, the network hosted six open learning events reaching over 600 agri-finance practitioners and various member-only sessions, including one full day at the SAFIN Annual Plenary Meeting focused on the network's trajectory.

### i. Annual Plenary Meeting 2022

Members of our network and the broader agri-finance community came together at our Annual Plenary Meeting to exchange views on how to shape the future of financing for agricultural SMEs. The event was held from 21 to 22 November 2022 in Morelia, Mexico as an official side event of the [7th World Congress on Rural and Agricultural Finance](#). Under the theme, Opportunity in an evolving landscape, the SAFIN Annual Plenary Meeting emphasized how the global “polycrisis” of war, climate change and pandemic is affecting agricultural SMEs and their financiers. Over 14 sessions featuring 27 speakers, 13 exhibition booths, a virtual speed networking café and two in-person members' receptions, the following key messages emerged:

- » **Crisis is the new normal: Agricultural finance players should plan for and adapt to it.** Recent years have produced shock after shock to the global economy. While short-term measures such as working capital and bridge funding during periods of cash scarcity are essential to keep agricultural SMEs afloat, finance providers and governments should plan and implement longterm investments to maintain stable access to finance for these enterprises during turbulent times, both now and in the future.
- » **Towards a greener future: All finance is green finance.** Development finance institutions have made a seismic shift to address the need to scale green finance and investment solutions for agriculture, but more should be done to strengthen policies for greater support to build resilience among agricultural SMEs and smallholder farmers. There is a need to explore approaches to mainstream green finance components into all financial products in the agriculture sector, as stand-alone green finance products are often unattractive to agricultural SMEs due to their interest rates and use restrictions.
- » **Multi-actor solutions, not isolated projects, are critical for inclusive access to finance.** No single actor or project can address the diverse challenges faced by agricultural SMEs today in accessing capital in the current global context. After the onset of the COVID-19 pandemic, governments and the private sector collaborated to ensure the rapid and effective delivery of vaccines across the globe. Given the strength and commitment of the sector, we can replicate what was done with vaccines in food systems and agricultural finance. food systems and agricultural finance what was done for vaccines.

## Publication Spotlight

### Opportunity in an evolving landscape: Annual Plenary Meeting 2022 Summary Report

This report summarizes the key takeaways from six learning sessions at our annual flagship event in 2022, which took place as the world grappled with the impacts of multiple crises. During the event, sector leaders shared their experiences in advancing agricultural SMEs' access to finance through a variety of approaches, from green finance to digital innovations to business development services. It also summarizes 12 member initiatives that were showcased in a virtual exhibition hall during the event.



READ THE REPORT



## ii. Open webinars and workshops

SAFIN's current learning agenda was established by network members in 2021 to address key knowledge gaps that hinder collaboration in the sector around the following themes:

- » *Green finance for agricultural SMEs*
- » *Digital innovations for agricultural finance and access to finance for farmers' organizations*

In 2022, the network responded to the growing demand from our members and new trends in the external environment with learning sessions on two additional themes:

- » *The enterprise support environment for agricultural SMEs*
- » *Financing agricultural SMEs during times of crisis*

In the context of the war in Ukraine, SAFIN members, including the International Finance Corporation and the International Fund for Agricultural Development (IFAD), joined forces with the SME Good Food Hub to organize an in-depth workshop to ascertain the impact of the war on the operations of agricultural SMEs, financial service providers and donors. SAFIN also hosted a session to bridge the gap between the suppliers and seekers of green finance in the coffee sector of Latin America and the Caribbean, in collaboration with the International Trade Centre, a SAFIN member. An additional webinar explored how enterprise support organizations can boost their impact on the growth of SMEs and their access to finance. This was hosted in collaboration with SAFIN member Argidius Foundation. The Secretariat also continued its efforts to capture and transfer the learning from these sessions through blogs and learning notes.

RELIVE ALL THE SESSIONS HERE.



## Publication Spotlight

### Agri-SME Finance: Navigating Volatility in the Wake of the War in Ukraine

The war in Ukraine has supercharged the longer-term trends driving up poverty and hunger, such as the COVID-19 pandemic and climate change. Agri-SMEs are under unprecedented pressure, with many scaling back their operations, raising prices for consumers or cutting costs to maintain cash flow and margins. Now more than ever, agri-SMEs need capital for their businesses to survive. This learning brief summarizes the challenges, opportunities and responses of agri-SMEs, financiers and development partners to the current food crisis, as described in our recent learning event hosted on 6 July 2022. It details the recent innovations adopted by agripreneurs, trends in lending to the agriculture sector among financial service providers and recommendations for development actors to mobilize private financing for agri-SMEs more effectively during times of crisis.



READ THE BRIEF



### iii. Closed meetings and consultations

During 2022, SAFIN stepped up its offering of internal meetings to facilitate joint learning, peer support and coordination among its members. The SAFIN Secretariat improved its design clinic process, through which members share inputs to improve the design and implementation of new or upcoming initiatives in the agri-SME finance space. The improved process consists of targeted expert selection for project consultation, pre-consultation documentation that includes key design questions and a detailed recommendation note to inform the design of the selected initiatives. In 2022, two member initiatives benefited from this peer support process:

1. A financing and technical assistance facility spearheaded by Palladium that aims to harness geomapping and other digital technologies to de-risk lending to smallholder farmers.
2. A policy acceleration facility to improve the enabling environment for agricultural lending in Africa, led by AGRA.

Other internal sessions held within the network include a closed session for SAFIN members to review an advance copy of the [State of the Agri-SME Finance Sector](#) report, hosted in partnership with the Commercial Agriculture for Smallholders and Agribusiness (CASA) Programme.



## b. Influence

In 2022, SAFIN continued its efforts to bring the SME finance *missing middle* agenda to regional and international forums, in efforts to align industry players around the need to scale access to capital for agricultural SMEs. Building on momentum from our engagement in the United Nations Food Systems Summit in 2021, the network applied a segmented approach to its policy engagement work, aiming to influence not only donors and policymakers but also other key stakeholders who play an essential role in establishing inclusive agri-finance ecosystems across different regions.

### i. Engaging global leaders and agriculture experts on ‘crisis-ready’ financing solutions for agricultural SMEs in Africa

At the [Africa Green Revolution Forum 2022 Summit](#), SAFIN and AFEX co-hosted a side event to highlight the key challenges faced by Africa-based agricultural SMEs in accessing fit-for-purpose financial services during global crises. During the session, experts shared their experiences in innovative risk mitigation approaches and partnerships that can sustain the flow of capital to these enterprises despite ongoing market volatility. Participants also emphasized the importance of policy measures that can unlock more financial resources during global crises. While emergency policies like export bans are rapidly being introduced to secure local production, financing and food security, these measures are rarely long-term. Agriculture experts at the event urged governments to introduce longer-term policies that can ensure greater coordination across agricultural value chains and markets during times of crisis and thereby contribute to higher volumes of investment in agricultural SMEs in the region.

#### 2022: MEMBER REFLECTIONS

“ In 2022, FAO’s Investment Centre continued supporting public and private investments to help countries transform their agri-food systems towards sustainability, including through a work stream on innovative finance. The year was marked by a sharp deterioration of economies in many developing countries, with a combination of rising food and energy prices coupled with growing pressure on local currencies. Depending on their business model, many agricultural SMEs have struggled in this environment. SAFIN has an important role to play by conveying key messages about agricultural SMEs and facilitating discussions to help banks, funds, development finance institutions and donors better understand SME needs and develop tailored responses to address today’s challenges.

**Nuno Santos**, Deputy Director, Investment Centre  
United Nations Food and Agriculture Organization (FAO)



**ii. [Engaging private financiers on their role in scaling climate adaptation finance for agricultural SMEs in Southeast Asia](#)**

SAFIN joined forces with the Commercial Agriculture for Smallholders and Agribusiness (CASA) Programme to co-host a breakfast roundtable at the [Grow Asia Forum 2022](#). The session brought together suppliers of green finance from the private sector to discuss the opportunities and challenges they face in investing in climate adaptation. Event participants expressed optimism about the potential for adaptive practices, innovative technologies and new business models to attract more green finance towards agricultural SMEs in the region. They also highlighted the need for further evidence to support this, backed by affordable and effective measurement tools to quantify and track the impact of adaptation investments. Prominent private sector players also shared their concerns about the high risks and costs, restrictive policy and regulatory environment of some countries in the region, and lack of harmonized taxonomies for green finance in agriculture. Addressing these challenges would be key to further engaging the private sector in deploying climate adaptation finance in Southeast Asia.

**iii. [Engaging donors and philanthropic organizations to embrace their catalytic role in attracting private investment to the agri-food sector](#)**

In June 2022, Ayodeji Balogun, former chair of SAFIN's Steering Committee and CEO of AFEX, represented the network at the opening session of the [Annual General Assembly of the Global Donor Platform for Rural Development \(GDPRD\)](#). During the session, he engaged with key donor countries and philanthropic organizations about how they can support early-stage innovations and crowd in food system investments from the private sector to amplify the impact of each donor dollar tenfold through blended financial instruments. He also shared the case of the SAFIN Investment Prospectus Pilot in Nigeria, implemented through grant funding from donors, which [illuminated investment opportunities in agricultural SMEs in Nigeria](#) and informed the design of the AFEX agro-service provider model (ASP). Through the ASP model, AFEX aims to support up to 300 agripreneurs and through them, impact the lives of 600,000 small-scale farmers by 2025.

**iv. [Engaging commercial and central bankers in Latin America and the Caribbean to prioritize the underserved segment of agricultural SMEs](#)**

At the opening session of the [7th World Congress on Rural and Agricultural Finance](#) in November 2022, SAFIN spoke about the global context of investment in food and agriculture alongside leaders from the Bank of Mexico, the Inter-American Development Bank, the Inter-American Institute for Cooperation on Agriculture (IICA) and IFAD. During the session, SAFIN made a case for central banks and financial service providers at the event to prioritize and grow their agri-SME lending portfolios despite the uncertain global context. SAFIN offered examples of current innovative solutions in the market from its members, including Aceli, Africa's financial incentives for loans to agricultural SMEs in East Africa and IFAD's Private Sector Financing Programme (PSFP), which provides agricultural SMEs and financial institutions with debt, equity and risk mitigation tools to weather turbulent times.

# Track



## Track

For the period 2021-2025, SAFIN aims to track new developments and innovations in the agri-finance sector to inform collaborations within its network and beyond. During 2022, SAFIN built on initial efforts made in this work stream the previous year through new digital tools and regular member coordination meetings. Beginning in 2023, the network plans to further leverage these new avenues to highlight opportunities for innovation and co-creation among its members.

### i. Facilitating mutual discovery and coordination within the network

Following the positive response from members in 2021, SAFIN continued its regular coordination meetings through which members seek co-funders or implementation partners for their new or ongoing initiatives targeting agricultural SMEs. Throughout the year, three group meetings were hosted by the network, including programme spotlight segments focused on the work of GDPRD, Chemonics International and IFAD. Additionally, the network rebooted its monthly bulletin with key member updates to introduce a new focus on the themes of SAFIN's learning agenda.

SAFIN also maintained its "Network Discovery Tool," an interactive map that captures the diverse types of expertise, stakeholder groups, thematic focus and regional coverage currently available across the network. The tool grew to cover over 80 per cent of SAFIN member institutions in 2022, further boosting its potential to build bridges across the network. In the second half of 2022, the network initiated the development of dedicated webpages for each SAFIN member institution and a new members' portal as part of the redesign of its website. Through dedicated member webpages, member institutions can explore the achievements and approaches of others in the network in agricultural finance. The new members' portal, to be made available to all staff of SAFIN member institutions in 2023, aims to consolidate the different functionalities of the network's digital tools for peer-to-peer information exchange, coordination and discovery into one user-friendly venue.

#### 2022: MEMBER REFLECTIONS

“ Last year, we were encouraged to see a growing consensus on the need to professionalize agricultural SMEs to attract more investment towards them. We see SAFIN as a network that can make a tangible difference in aligning stakeholders around BDS standards and contribute to addressing the immense finance gap faced by these enterprises. By using tailored assessment tools to measure the professionalism of agricultural SMEs, we can gather data that highlights the connection between professionalism and access to finance. Using the data-driven insights from our extensive database, SCOPEinsight has worked with SAFIN partners to improve their BDS investment. In 2023, we plan to continue this collaboration to grow the pipeline of investment-ready agricultural SMEs collectively and cost-effectively.

Marise Blom, Chief Operations Officer  
SCOPEinsight



## ii. Mapping sector developments for the broader agri-finance community

Using the model of our coordination efforts after the onset of the COVID-19 pandemic, in mid-2022, SAFIN established a knowledge hub to track and share information about the impact of the war in Ukraine on the agri-finance sector. Building on this experience, later in the year the network began developing six public good knowledge hubs to address all the thematic areas covered by SAFIN since 2018, from blended finance for agriculture to enterprise support for agricultural SMEs. SAFIN also introduced new functionality for moderated content submissions on its website to facilitate the active engagement of agri-finance practitioners in building the knowledge base of each thematic hub.



# Focus



## d. Focus

SAFIN documents persistent and emerging issues in agri-SME finance, helping our members and the broader agri-finance community focus on topics that matter most for the future of the sector. During 2022, the Secretariat leveraged the broad reach and resources of the network's diverse membership to generate new evidence around four themes of our learning agenda.

### i. Examining the financing needs of farmers' organizations in Africa and Asia:

In 2021, IFAD surveyed 45 farmers' organizations in East and Southern Africa to better understand the gap in the volume of finance and financial products for these institutions that can be addressed through IFAD's private sector investments. In 2022, SAFIN joined the initiative, building on interest from its members in scaling their support to farmers' organizations by expanding the survey to cover West Africa and Asia and the Pacific, reaching 220 farmers' organizations in collaboration with two SAFIN member institutions: ACCESS Development Services (ACCESS) and the Asian Farmers' Association for Sustainable Rural Development (AFA). The survey team also held two consultations with farmers' organizations from the two regions in late 2022 to validate and help interpret its key findings.

### Publication Spotlight

#### Access to finance for farmers' organizations: Evidence from a multi-country survey

Farmers' organizations across the globe play a key role in the agriculture sector by aggregating groups of producers and offering them a range of services, such as access to inputs, markets and training. Despite that, these organizations face challenges in accessing capital from financial institutions that is tailored to their needs. This report offers new evidence to inform the design of suitable and timely financial products for farmers' organizations, including the following highlights:

- » Farmers' organizations in South-East Asia received loans that were 3.4 times the average size of those in West Africa.
- » The average loan amounts secured by farmers' organizations are higher when they can source predominantly from formal financial service providers like commercial banks.
- » Among the available financial products, working capital loans elicited the highest demand from respondents.
- » Despite their engagement in climate-related activities, only 6 out of the 220 respondents accessed dedicated sources of green finance.



### READ THE REPORT



**ii. Reconsidering the economics and effectiveness of business development services (BDS) for agricultural SMEs in Africa:**

In 2022, SAFIN joined a multi-stakeholder research effort to examine the cost-efficiency and effectiveness of BDS delivery to agricultural SMEs in Africa. This collaboration with Agriterra, AGRA, the Agribusiness Market Ecosystem Alliance (AMEA), the Argidius Foundation and Small Foundation resulted in a ground-breaking study that shed light on the critical business development sector. Along with an extensive desk review of existing research and key informant interviews, the research team collected data from 15 global and local BDS providers that offered support to 509 agricultural enterprises representing a collective revenue of US\$415 million. Broad dissemination and validation activities are planned throughout 2023.

2022: MEMBER REFLECTIONS

“ The recent SAFIN-supported study on the cost-effectiveness and efficiency of business development services showed that they can generate a strong bang for their buck in terms of finance mobilized and revenue growth reported by agricultural SMEs. This pattern validates what we see at Argidius Foundation across several sectors and evidence bases. Group-based mechanisms, such as peer-to-peer learning and information exchange, are one of the important drivers of cost-effectiveness gains, but this approach is underutilized with larger agribusinesses. SAFIN can be a key conduit for the sector to improve its use of BDS and increase overall efficiency in accelerating the financing and growth of agricultural SMEs by promoting the uptake of this, and the other key findings.

Nicholas Colloff, Executive Director  
Argidius Foundation



**iii. Building the evidence base for the use of concessional finance for additionality for agri-SME lending and development impact in Africa and Latin America:**

In 2021, SAFIN supported an initiative led by the Council on Smallholder Agricultural Finance (CSAF) to explore the link between the use of concessional finance for additionality in mobilizing finance for agri-SME investors, agri-SME growth, and development impact as measured through selected indicators, including farmers' livelihoods and environmental impact. The research, conducted in 2022 in partnership with the International Growth Centre (IGC) at the London School of Economics (LSE), builds on vast data from the lending portfolios of CSAF members, experiences and literature from SAFIN members and the SAFIN agri-SME taxonomy. The resulting evidence will inform industry actors on how best to use concessional funding to attract private capital to agricultural SMEs and how to steer that capital to ensure the greatest development impact in the two regions. The final reports will be published and disseminated in 2023.

#### iv. Assessing the landscape of digital innovations for agricultural finance in East and Southern Africa

IFAD and SAFIN commissioned a study to evaluate agritech and fintech solution providers in East and Southern Africa, aiming to improve access to affordable finance and increase climate resilience for small-scale farmers, agricultural SMEs and farmers' organizations through innovative digital solutions. The study, conducted by SAFIN member Palladium, uncovers the main challenges these providers face in accessing finance, scaling their offering and increasing uptake of their solutions by traditional financial institutions. It also recommends agritech and fintech business models that can effectively unlock access to climate adaptation finance in the region.

##### Publication Spotlight

##### Agritech and Fintech Providers in East and Southern Africa: A landscape assessment

Digitization is expected to provide an important avenue for African economies to advance growth across different sectors. In agriculture, which employs over 65 per cent of the population across the region, there is a growing transition from government-led service delivery to new digital platforms offering services even in the most remote locations. This report summarizes the key learning from an assessment of agritech and fintech solutions in the region, from which the following recommendations emerged:

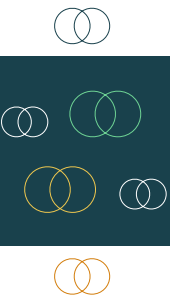
- » Targeted support through concessional capital should be extended to agritech and fintech providers to reduce risks and enable them to achieve scale.
- » Funders and development partners should prioritize three business models in the region: bundled agricultural and financial service providers, market access solution providers and data and analytics companies.
- » New partnerships between technology providers and traditional financial institutions should be fostered, aiming to facilitate the development of mutually beneficial solutions that address the needs of farmers and agricultural SMEs.
- » Policy advocacy efforts should be supported to improve regulatory environments and incentivize the adoption of digital solutions by financial institutions.



READ THE REPORT







# Co-create



## e. Co-create

As a network, SAFIN works to connect institutions, initiatives and resources towards the goal of improved access to finance for agricultural SMEs. In 2022, SAFIN brokered or supported collaborations among mission-aligned institutions within and beyond the network.

### i. Towards a regional approach to collaboration and knowledge generation

In 2022, SAFIN members opted to create regional working groups, aiming to link the network’s global learning agenda to local challenges and solutions. The groups bring SAFIN members together around a specific thematic issue relevant to improving access to finance for agricultural SMEs in the region. Initially, the regional working groups will jointly generate new knowledge and linkages that resonate with the global agri-finance community while also highlighting specific challenges to be addressed and opportunities to be exploited locally. The working group plans to collaborate on a second phase, with the aim of co-designing a solution to address the challenges that emerged in Phase 1. In September 2022, SAFIN piloted its first regional working group in South-East Asia consisting of IFAD, AFA, Asia-Pacific Rural and Agricultural Credit Association (APRACA), Heifer International and Grow Asia. The group came together around the findings of the survey on access to finance for farmers’ organizations, aiming to collaborate on the design of a financing solution that addresses the emerging financing gaps. The working group reconvened in October 2022 to consult representatives from farmers’ organizations on financing solutions. In 2023, SAFIN plans to facilitate the co-design of a related solution, including through a facilitated design clinic session. Plans for 2023 also include the formation of regional working groups for Latin America and the Caribbean and sub-Saharan Africa for intraregional and cross-regional knowledge exchange and solution development.

#### 2022: MEMBER REFLECTIONS

“As an association representing 22 farmers’ organizations in 16 Asian countries, AFA joined SAFIN to help ensure better access to finance for small-scale family farmers. Our collaboration with SAFIN members in 2022 on a survey about the financing needs of farmers’ organizations in our region highlighted our key initiatives and challenges in accessing finance. In 2023, we look forward to working with SAFIN to turn the survey results into financing solutions that can make a real difference in the lives of family farmers.

**Esther Penunia**, Secretary General  
Asian Farmers’ Association for Sustainable Rural Development



## 4 Member engagement and external relations

### a. Network membership and governance

In 2022, SAFIN welcomed five new institutions to the network: [Center for Entrepreneurship and Executive Development \(CEED\)](#), [Chemonics International](#), [Samawati Capital Partners](#), [SCOPEinsight](#) and [Small Enterprise Assistance Funds \(SEAF\)](#). The new members are representative of SAFIN's efforts to attract more private financiers that target agricultural SMEs to the network, which will continue in 2023. In early 2022, the SAFIN Steering Committee approved a new member engagement approach for the network, aiming to maintain a vibrant and engaged network through structured outreach, application and onboarding processes. As part of the enhanced member engagement plan, the Secretariat held annual bilateral calls with each member institution and in-depth onboarding sessions for new members in 2022. Finally, following consultation and voting by the full membership at the Annual Plenary Meeting 2022, the current Steering Committee's term was extended by one year with a view to ensuring continued guidance and leadership during the transition period.



## b. External communication and outreach

The second half of 2022 saw SAFIN initiate two key activities to strengthen its position as a leading network within the agricultural finance sector. SAFIN revamped its branding to better align with its thematic areas, with a sharp focus on the role of agricultural SMEs in fostering more sustainable food systems. This brand enhancement will continue in 2023, particularly through publications and outreach activities targeting key actors and influencers in the agri-finance ecosystem. The network's website redesign and development, also kicked off in the second semester of 2022, embodied efforts to place SAFIN members' work in support of agricultural SMEs at the centre of the network's narrative. Simultaneously, SAFIN continued to maintain and scale the reach of its existing communication channels: its website and newsletter. Throughout the year, the SAFIN website reached over 1,600 resources, while the newsletter experienced over 30 per cent growth in subscriptions, a reflection of the value it brings to the sector. Finally, SAFIN also continued to grow its portfolio of partnerships for external outreach. This took the form of a collaboration with the CGAP-hosted FinDev Gateway to highlight the need to rethink how agricultural SMEs are financed during global crises through events and the dissemination of publications and featured articles. An event sponsorship for the 7th World Congress for Rural and Agricultural Finance was also established with the Latin American Association of Development Financing Institutions (ALIDE), in line with the network's ambitions to grow the representation of finance providers within its membership and increase the engagement of its members in Latin America and the Caribbean.



## 5 Financial resources and expenditure

In 2022, the SAFIN Secretariat continued to manage the network’s budget and evaluated various avenues to ensure its financial sustainability in close consultation with the SAFIN Steering Committee. SAFIN received funding totalling US\$ 518,407 from the Government of Italy and IFAD in 2022.

### Expenditure: 1 Jan-31 Dec

Item	Actual expenditure (US\$)
Research and analytics	273,671
Events and communications	127,257
Partnerships and consultancies	45,249
<b>Total expenditure</b>	<b>446,178</b>

Details of expenditures in the different categories above are provided below:

**Research and analytics:** This category covers the costs associated to research and analytical work for SAFIN’s learning agenda, including joint research initiatives with members and external partners.

**Events and communications:** This category covers the costs related to the maintenance of SAFIN’s communication channels, production of publications, hosting network convenings and participation in global or regional forums.

**Partnerships and consultancies:** Under this category, budget was allocated to network development and strategy as well as to partnerships for external outreach.

#### 2022: MEMBER REFLECTIONS

“ The growth of agri-tech and fintech providers in 2022 is poised to bring lasting change to how capital and market information are delivered to small farmers and agricultural SMEs, including during global crises. In 2022, Heifer International provided additional grant support to its client farmers through a COVID-19 relief package while Heifer Impact Capital doubled the amount of capital it invested into farmers and agricultural SMEs across the globe. In 2023 and beyond, we are excited to work with other SAFIN members to realize the potential of regenerative agriculture and data-driven solutions to inform decisions that can increase sustainable production and incomes in rural communities.

Terry Wyer, Senior Vice President of Investment Programs  
Heifer Impact Capital



## 6 Lessons learned and way forward

In 2022, SAFIN built on the progress made during 2021 in implementing the network's second phase (2021-2025), also known as SAFIN 2.0. SAFIN members were able to carry out in-person activities, the Secretariat welcomed new leadership and the network introduced a new approach to meeting its goals. The following key lessons emerged from SAFIN's efforts to maximize the value proposal for its members and the broader agri-finance community in 2022:

**Thematic focus:** The three thematic areas covered by SAFIN's learning agenda remained highly relevant to the work of our members in 2022. SAFIN complemented its existing calendar of learning events with active support for new or existing research initiatives to address knowledge gaps in the sector. This was primarily done by engaging network members in collaborative efforts to address thematic questions and provide specific expertise or support that would otherwise be lacking. This approach also brought to light the value of remaining flexible to explore emerging issues that can shape the future of financing agricultural SMEs. New topics such as the enterprise support environment for agricultural SMEs and the global food crisis gained increasing relevance throughout the year. SAFIN responded to this by convening key actors for timely research initiatives and introducing thematic hubs for agri-finance practitioners to track important developments around these themes. The cross-cutting nature of green finance in the food and agriculture sector also came to light through network consultations and discussions with external experts. This resulted in the integration of a green finance perspective across other thematic areas such as digital innovations and access to finance for farmers' organizations.

**Strategic positioning and operations:** In early 2022, SAFIN set out to build on previous successes by enhancing its member benefits package and introducing a regional dimension to its work. Throughout the year, SAFIN made efforts to maintain its public good offering while addressing the business needs of its members. This resulted in open learning events and new publications available to the broader agri-finance community, coupled with enhanced project design clinics, new digital tools and contact brokering for its members. SAFIN's regional approach was implemented through strategic influence in various regional forums and the launch of regional working groups to engage members around our thematic areas. The working groups represent a renewed approach to facilitate greater collaboration to address context-specific challenges through joint generation of knowledge and financing solutions by SAFIN members. Going forward, SAFIN will seek to integrate lessons learned from the pilot working group in Asia and the Pacific into future working groups and other network activities.

## 7 Meet the Team

### Steering Committee



**Amanda Fernandez,**  
Executive Director/Chief  
of Party of CATALYZE,  
Palladium



**Arindom Datta,**  
Independent consultant,  
Non-voting advisor



**Claude Torre,**  
Project Manager for Agriculture  
and Rural Development,  
Agence Française de  
Développement



**Esther Penunia,**  
Secretary General,  
Asian Farmers Association for  
Sustainable Rural Development



**Hernan Manson,**  
Head Inclusive Agribusiness  
Systems,  
International Trade Centre



**Norbert Tuyishime,**  
Programme Officer,  
East African Farmers Federation



**Panos Varangis,**  
Principal Agriculture  
Finance Specialist,  
International Finance Corporation



**Patricia Richter,**  
Senior Technical Officer,  
Social Finance Programme,  
International Labour  
Organization



**Prasun Kumar Das,**  
Secretary General,  
Asia-Pacific Rural and  
Agricultural Credit Association  
(Chair)



**Sanne Steemers,**  
President, Rest of Africa,  
AFEX



**Thouraya Triki,**  
Director, Sustainable  
Production, Markets and  
Institutions Division,  
International Fund for  
Agricultural Development (IFAD)

### Secretariat



**Nadia Martinez,**  
Senior Coordinator



**Michael von During**  
Technical Specialist



**Emily Kitongo,**  
Knowledge Management  
and Communication Analyst





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