



**POST REPORT
VALUE CHAIN FINANCING
EDITION OF THE AGRIQUE AFRICA**

INVESTMENT SUMMIT
18+19TH OF SEPTEMBER 2019
UTRECHT, THE NETHERLANDS



INTRODUCTION

The main essence of the Value Chain Finance Edition of the AgriQue Africa Investment Summit is to see fruitful and rewarding discussions around how to promote agricultural value chain financing in agribusiness in Africa, whilst simultaneously providing a platform that help advance agricultural stakeholders in Africa.

DELEGATES

THE VALUE CHAIN FINANCING EDITION OF THE AGRIQUE AFRICA INVESTMENT SUMMIT, ATTRACTED NO MORE THAN 50 PEOPLE. THOSE IN ATTENDANCE INCLUDED:

- ✓ Agribusiness Investors and key Agribusiness Stakeholders
- ✓ Aid Agencies: Senior level Aid Agency representatives focused on private sector development
- ✓ Institutional investors with investment allocations to emerging markets
- ✓ Leading institutions such as World Bank, IFC CDC, USAID, DFID, Bio-Fund, Swedfund, DEG
- ✓ Sovereign Wealth Funds
- ✓ Policy Analyst/Advisors: Agriculture/Agribusiness Investments
- ✓ Development Banks: Senior level development banking professionals
- ✓ Africa's leading financial services companies, including Banks, Insurance Companies, Microfinance companies, Leasing companies, Asset Managers, Stock Brokers
- ✓ Family Offices with interest/focus on emerging markets
- ✓ Foundations: Director level and senior investment professionals with an interest in emerging markets



OPENING REMARKS

The summit began as at 9:00am on the 18th of September and was officially opened by Miss Bamidele Seun Owoola, the host and CEO of Welcome2Africa International (W2A).

Welcome2Africa International is a private sector development company specializing in convening finance and investment professionals with the goal of catalyzing finance into Africa's Agribusiness Sector.

After the welcome speech Ms Bamidele Seun Owoola went ahead to introduce the delegates and organizations presents after which the core goal providing an interactional platform where the basics and intricacies of the agricultural value chain can be discussed among value chain and stakeholders. VCF2018 will explore how value chain financing can be maximized fully in Africa's Agribusiness Sector.

The panel that first opened the event was moderated by the Bamidele Seun Owoola, the host and before they began acknowledged the absence of two of the panelist (Jon Vandenhuevel, CEO first hectare's capital and Jean marc, general manager, Sunfoods group).



PANEL DISCUSSION HOW CAN FOREIGN INVESTORS SUSTAINABLY, INNOVATIVELY AND EFFECTIVELY FINANCE VALUE CHAIN ACTORS IN AFRICA?

PANELIST:

- Aly Khan Jamal Partner, co head Agriculture and food security, Dalberg
- Ben Valk Head, food and agriculture, Rabobank.

Aly Khan Jamal, partner co-head Agriculture and food security who was the first speaker made the audience aware of the kind of work that they do, he stated that Dalberg helps solve problems facing agriculture actors at the international and local level, the organization completes the value chain analysis and as well as monitor and evaluate programs and funds that support agriculture. Ben vank co partner of food and agriculture, Rabobank gave the audience an insight of what happens in Rabobank, he said 'our mission is to provide developing countries and emerging markets with improved access to financial services'. African Agriculture needs finance for growth but in parallel must be prepared to restructure in order to improve profitability. The panelist shared their thoughts and the discussion closed with answers and resolutions they provided. He gave food for thought on the 3 undermined questions.

1 **The usual investors questions.**

- ✔ Access to external competitiveness of the value chain
- ✔ Assess the risk profile
- ✔ Assess the market of the value chain's product

2 **The usual investors questions**

- ✔ What is the performance of the whole value chain
- ✔ How do I navigate African politics
- ✔ Who shall I trust?
- ✔ Where can I develop large scale farms and integrated supply chains.

3 **Innovative and effective finance structures.**

- ✔ Taking multi sectional view sometimes banks-local & regional banks
- ✔ Often not banks but value chain finance structures.

ALTERNATIVE FINANCING POSSIBILITIES FOR AGRIBUSINESS THROUGH CROWDFUNDING

By: KENTARO-TAKASU

Investment Manager, CrowdCredit inc



1. Connecting countries with funding gaps
2. Cross border crowdfunding platforms in japan
3. How agribusinesses can use our platform-opportunities are underlying
4. Crowdfunding possibilities for agricultural value chain-potentials for future partnering

Delivered by kentaro takasu, he gave a presentation on how crowdfunding is an emerging option to help farmers obtain capital. He said "because crowdfunding has already done the legal and regulatory legwork and built a base of investors interested in agriculture, we can be a source of capital for producers who would like to raise anywhere from a few hundred to a few millions dollars, we allow farmers to bring in equity investors, which keeps their debt to asset ratios lower, reducing the risk to the grower from events that might normally result in a farm foreclosure.". Kentaro spoke on how crowdcredit connects connects countries, he said countries with financial surplus support emerging/frontier countries. He went ahead to state the loan originators, which are the

- ✔ *personal loans
- ✔ *trade finance
- ✔ *non-performing loans
- ✔ *secured car loans
- ✔ *payday loans

GEODATA FOR INCLUSIVE FINANCE AND FOOD FREE OF CHARGE.



In light of a growing world population, smallholder farmers are crucial in supplying the world with sufficient food. To achieve a much-needed growth in production, access to affordable and appropriate finance is key. However, financial institutions see agriculture lending as risky and costly and do not easily lend to smallholder farmers. The Rural and Agricultural Finance Learning Lab estimates that the financing gap for smallholder farmers amounts to \$200 billion. NpM's study states that geodata applications have the potential to

1. Improve risk management
2. Lower costs
3. Design tailored products
4. Increase outreach.

Geodata applications can de-risk smallholder farmers by providing the financial service provider with information on, for instance, extreme weather

Josien Sluijs, Director, Platform for Inclusive Finance NptM's

Josien made a presentation on the use of geodata to promote agriculture before but before that she gave an insight on what NPM does- Npm represents the investors for financial inclusion, but basically they link the investors amongst themselves and with other stakeholders within the industry. She said, if you really want to increase on agri finance, you depend on data to promote us, promoting geodata is by bring the right stakeholders.

Josien talked about the 4 pillars of NPM, which are

- The knowledge hub for the dutch inclusive finance sector
- The linking pin of the dutch inclusive finance sector
- The voice of the dutch inclusive finance sector
- Structural liaison with the ministry of foreign affairs and other stakeholders.

Lastly, she spoke about the missing link-essential link for success. What can link the small holder farmers and value chain actors with the financial institutions are

- MNOS
- SOFTWARE COMPANY
- GEOSPACE COMPANY
- SCIENTIST

Because of this link, the small holder farmers will experience

- Increased yields
- Constant supplies
- Market access
- Track record

While the financial institutions experience

- Improved risk management
- Lower cost
- Well-designed products
- Increased Outreach



INTRODUCING STERLING BANK PLC

Sterling Bank Plc is a full service national commercial bank licensed by the Central Bank of Nigeria

The bank provides services to individuals, small businesses (SMEs) and large corporations. As of December 2016, the bank's branch network numbered 187, distributed throughout Nigeria with total assets valued in excess of NGN:834 billion and shareholders' equity estimated at about NGN:85.6 billion).

Presenter : Bukola Awosanya, Head of Agric, Sterling Bank Plc

Bukola gave an insight on what sterling bank is into, their size, skills, journey, vision and how they enrich their customers.

Moving forward, Bukola's presentation focused on Nigerian agricultural sector, in her presentation she made mention of Nigeria's set back regarding it's agric journey and also the opportunities in this sector.

Bukola mentioned their financing support when it comes to the value chain.

Lastly she mentioned the problems they encountered and the solutions they employed



HOW CAN WE MAXIMALLY ENHANCE FINANCIAL INNOVATIONS?

HOW CAN AGRIBUSINESS COMPANIES TAKE ADVANTAGE OF NEW SOURCES OF FINANCE AND FINANCIAL PRODUCTS ASSOCIATED WITH THE SUSTAINABLE DEVELOPMENT AGENDA (INCLUDING CLIMATE FINANCE) FOR VALUE CHAIN INVESTMENTS?

Finance experts will come together under this session to discuss ways to ensure maximum financial innovations...some of these ways include; Screening Borrowers, Disbursement and Repayment of Loans, Default Risk or Collateral, Capacity Building. This session appeals more to how agribusiness companies can access new finance and financial products frontals to enable sustainable development in their business, thereby promoting value chain investments

PANELISTS

- ✔ Ainina Aidara, Technical Specialist, Smallholder Agriculture Finance and Investment Network (SAFIN) (Moderator)
- ✔ Josien Sluijs, Director, NpM, Platform for Financial Inclusion
- ✔ Alberto Didoni, Managing Director, Varcando.
- ✔ Bukola Awosanya, Head of Agric, Sterling Bank Plc.
- ✔ Niek van Dijk, Program Manager, Base of the Pyramid Innovation Center (BoPInc)

This panel discussion was moderated by Ainina Aidara, technical specialist, smallholder agriculture finance and investment network.

The panelists are experts who will be discussing ways to enhance financial innovations in the agric sector, the panel's focus was on the two questions which were thrown to them by the moderator. The questions are:

- 1 In the past five years, what is the most effective financial innovations related to the agricultural sector and what is needed to enhance this innovation in Africa.
- 2 Giving financial service providers, how do we acquire market intelligence to elaborate new sources of finance for agribusinesses in Africa. If yes, how is the information being collected and is used internally to pave on their financial province, if not, the investment prospectus constitutes a relevant tree to obviously style.

All the panelists expressed their opinions on this topic and an overview on what they know, are of the opinion that technology is key in our modern day society.



SQUARING THE CIRCLE: KAMPANI, AN ATTEMPT TO ADDRESS THE MISSING MIDDLE

Description: since the 2009 Oxfam UK paper laid bare the existence of the "missing middle", a number of initiatives have attempted to address it. Kampani is such an initiative. In this presentation, its Executive Director will discuss Kampani's answer to this problem.

Wouter Vandersypen, Executive Director, Kampani

Kampani provides the challenges of investing in small scale enterprise.

- ✔ Insufficient skilled staff
- ✔ Insufficient market insight
- ✔ Risk overwhelming adversity
- ✔ Inexperienced entrepreneurs, bad governance

Wouter also spoke about the beauty of a niche fund, he mentioned

- ✔ Focus and specialization
- ✔ Pro-active client targeting
- ✔ Broad network of stakeholders and share holders
- ✔ Flexibility and patience

In an attempt to address the missing middle Wouter gave us some of the ultimate Objectives which are

- ✔ Sufficient financial return
 - ✔ Revolving fund
 - ✔ Sustained improved quality of life of smallholder farmers
- to mention but a few.

BRIDGING THE GAP BETWEEN AGRI-SMES AND FINANCING TO CREATE MORE BUSINESS OPPORTUNITIES FOR ALL STAKEHOLDERS

A lot of effort is put into professionalizing agri-SMEs with access to finance as an important goal. At the same time, lenders invest significantly to find and qualify agri-SMEs for financing. Despite these parallel efforts, today's market is still characterized by low visibility into a pipeline of viable agri-SMEs and a lack of reliable data to drive decisions. How can the gap be bridged in a systemic way? How do we link the professionalism of agribusinesses to bankability? What data will help lenders reduce their costs for finding and qualifying agri-SMEs? In this session we would like to determine the critical success factors for a global solution. Who will join us?

PANELISTS

- ✔ **Marise Blom**, General Manager, SCOPEinsight (Moderator)
- ✔ **Blaine Stephens**, Chief Operating Officer (COO), MIX
- ✔ **Jean-Marc Debricon**, General Manager, Alterfin
- ✔ **Jonas Mva Mva**, IDH Cocoa Program Director, IDH



Moderated by Marise Blom, General Manager, SCOPEinsight. This was basically an interactive session and the goal is to identify the challenges that are there, bridging the gap between the agric SMEs and financing.

HIGHLIGHTS OF THE DISCUSSION

Some of the challenges were

- ✔ A mismatch between the ngo's and financiers
- ✔ Farmers don't consider themselves as business men and others don't consider them as business men, therefore they don't meet.
- ✔ Farmers are the ones paying 100% interest to the money lenders
- ✔ Language-when farmers go to the bank, they talk to him about different things that when he gets home, he's confused.
- ✔ Access to finance is crucial

*what to do to help the farmers

- ✔ Talking to the farmers in simple terms
- ✔ Bringing the farmers and the financiers together to bridge the gap between farmers and finances
- ✔ Understand the farmers is key
- ✔ Making sure the famers and financiers know how they can collaborate.

BUILDING AGRIBUSINESS ECONOMIES FROM THE GROUND UP

Description: Looks at a proven model for agribusiness development that uses development funding and institutional spending to kick start the development of a whole of value chain agribusiness, including commercial farms, emerging commercial farmers, shared mechanised and post-harvest services, agroprocessing, collateral management and credit to farmers, all the way through to distribution of product to local and international commercial markets. Use case studies from our business to show how this model can work
Isak Pretorius, CEO, Afriscope Holdings and JAM International

Isak's presentation uses the case study of their business to show how the model works. JAM's development methodology is based on 'FEED' model (Farm, Empower, Enhance and Distribute). FEED takes an initial development input and turns it into a sustainable local agricultural economy, improving the lives of impoverished communities, establishing sustainable national nutrition programs and building commercially viable enterprise.



SECURING SUPPLY, AND YOUR RETURN ON INVESTMENT.

PRESENTER : GIELJAN BEIJEN, BUSINESS DEVELOPMENT, ICRA

At the source of value chains, smallholder farmers, traders and processors often operate in volatile conditions. Dealing with the risks of weather, pests and markets remains challenging. Satisfying today's needs may be chosen over building future business. These constraints can lead to missed opportunities offered by lucrative value chains and in the way of sustainable and profitable business relationships between actors. A farmer is going to need income at a certain moment to protect their livelihood, pay loans, send children to school, while a processor might demand input at a different moment and moves on to another supplier when this farmer can't deliver because she already sold her harvest.



PRESENTATION ON EXTERNAL INVESTMENT PLAN

The External Investment Plan (EIP) was adopted by the European Commission in September 2017 to help boost investment in partner countries in Africa and the European Neighbourhood. It aims to:

Contribute to the UN's sustainable development goals (SDG) while tackling some of the root causes of migration

Mobilise and leverage sustainable public and private investments to improve economic and social development with a focus on decent job creation

In this presentation, European Commission will share with the audience its involvement in the External Investment Plan.

Cristina Vicente-Ruiz, Programme Manager, European Commission



As the last presentation for this summit, the European commission (EC) gave an overview of their support to the private sector and also private investment for sustainable agriculture.

The EC first spoke of the tools to promote the private sector, and also the key challenge in 2030 agenda –eradicate poverty in all its forms and dimensions.

Key Information included :

- For the period 2014-2020 sustainable agriculture and food nutrition security are the main sectors of EU's assistance (~€ 9 billion).

6 eligibility criteria:

- Additionality
- Neutrality
- Demonstration effect
- Shared interest and co-financing
- Sustainability
- Measurable development impact

