

OFFICIAL FEEDBACK FORM

DIALOGUE DATE	Monday, 11 January 2021 14:00 GMT +01:00
DIALOGUE TITLE	Agri-SME finance at the Food Systems Summit
CONVENED BY	Smallholder and Agri-SME Finance and Investment Network (SAFIN)
DIALOGUE EVENT PAGE	https://summitdialogues.org/dialogue/2711/
DIALOGUE TYPE	Independent
GEOGRAPHICAL FOCUS	No borders

The outcomes from a Food Systems Summit Dialogue will be of use in developing the pathway to sustainable food systems within the locality in which they take place. They will be a valuable contribution to the national pathways and also of interest to the different workstreams preparing for the Summit: the Action Tracks, Scientific Groups and Champions as well as for other Dialogues.

1. PARTICIPATION

TOTAL NUMBER OF PARTICIPANTS

34

PARTICIPATION BY AGE RANGE

0-18

19-30

31-50

51-65

66-80

80+

PARTICIPATION BY GENDER

Male

Female

0 Prefer not to say or Other

NUMBER OF PARTICIPANTS IN EACH SECTOR

Agriculture/crops

Fish and aquaculture

Livestock

Agro-forestry

Environment and ecology

Trade and commerce

Education

Communication

Food processing

Food retail, markets

Food industry

Financial Services

Health care

Nutrition

National or local government

Utilities

Industrial

Other

NUMBER OF PARTICIPANTS FROM EACH STAKEHOLDER GROUP

Small/medium enterprise/artisan

Large national business

Multi-national corporation

Small-scale farmer

Medium-scale farmer

Large-scale farmer

Local Non-Governmental Organization

International Non-Governmental Organization

Indigenous People

Science and academia

Workers and trade union

Member of Parliament

Local authority

Government and national institution

Regional economic community

United Nations

International financial institution

Private Foundation / Partnership / Alliance

Consumer group

Other

2. PRINCIPLES OF ENGAGEMENT

HOW DID YOU ORGANIZE THE DIALOGUE SO THAT THE PRINCIPLES WERE INCORPORATED, REINFORCED AND ENHANCED?

1. We organized the dialogue with urgency, aiming for the findings to feed into the FSS. 2. Our discussions focused on solutions following Chatham House rules while recognizing the complex issues surrounding agri-SME finance and food systems. 3. We shared detailed information about the summit with participants beforehand, enabling them to better understand how they may contribute to it through these dialogues. 4. We generally followed the dialogue format proposed by the Reference Manual, including an opening/introductory session, small group discussions and a reflection session including reporting from discussion groups.

HOW DID YOUR DIALOGUE REFLECT SPECIFIC ASPECTS OF THE PRINCIPLES?

DO YOU HAVE ADVICE FOR OTHER DIALOGUE CONVENORS ABOUT APPRECIATING THE PRINCIPLES OF ENGAGEMENT?

3. METHOD

The outcomes of a Dialogue are influenced by the method that is used.

DID YOU USE THE SAME METHOD AS RECOMMENDED BY THE CONVENORS REFERENCE MANUAL?

Yes

No

4. DIALOGUE FOCUS & OUTCOMES

MAJOR FOCUS

On 11 January 2021, SAFIN partners held a "Food Systems Dialogue," as the first contribution of the network to the preparatory process for the UN Food Systems Summit (FSS) to be held in September.

The objectives of the dialogue were to:

- Allow SAFIN partners to be well informed about the FSS, so they can reflect on what opportunities and expectations this brings for the network;
- Reach clarity about why and how agri-SME finance most fits into the FSS agenda, so that the network can focus its engagement and develop a compelling narrative around it;
- Identify 2-3 priority issues or challenges in agri-SME finance that are critical to address in order to achieve impact in the FSS Action Tracks;
- Brainstorm about 2-3 potential "game-changing" actions around these issues or challenges.

In line with the standard structure of Food Systems Dialogue, the event started with a framing presentation (an overview of the Summit process and intended outcomes by Alison Cairns, Partnership Lead in the Summit Secretariat) and then moved into two interactive breakout sessions facilitated by Kindra Halvorson (Technoserve) and Brian Milder (Aceli Africa and CSAF). Both breakout groups discussed the top challenges in agri-SME finance that should be addressed in order to transform food systems in line with the FSS Action Tracks, and the top "game-changing actions" that could be launched around the Summit to address these challenges at scale.

ACTION TRACKS

- Action Track 1: Ensure access to safe and nutritious food for all
- Action Track 2: Shift to sustainable consumption patterns
- Action Track 3: Boost nature-positive production
- Action Track 4: Advance equitable livelihoods
- Action Track 5: Build resilience to vulnerabilities, shocks and stress

KEYWORDS

- Finance
- Innovation
- Human rights
- Women & Youth Empowerment
- Policy
- Data & Evidence
- Governance
- Trade-offs
- Environment and Climate

MAIN FINDINGS

Summary of outcomes

The top challenges identified by network participants in both groups fell under four headings:

1. Limited bankable demand on the agri-SME side. This includes:
 - a. limited capacity (particularly in terms of business management) of individual entrepreneurs and companies
 - b. market-level factors that affect agri-SME bankability (e.g. fragmentation of farmers, high transaction costs of doing business in rural areas, value chain malfunctioning, lack of business development service models that work well at scale).
2. Limited capacity to engage with agri-SMEs among financial institutions. This includes:
 - a. limited capacity or willingness to engage with agri-SMEs for some types of institutions (due to lack of understanding of the market, risk factors, etc.)
 - b. lack of proper segmentation of the agri-SME market and, consequently, clear asset classes in this market
 - c. ill-suited product offerings (particularly among traditional financial institutions)
 - d. processes of client acquisition and client management with high transaction costs
3. Limited capacity of agri-SMEs and finance providers to address new environment or climate-related challenges or to tap into climate finance and the sustainable investors' market.
 - a. Environmental and climate pressures bring new risks and costs for many agri-SMEs (including for compliance with new standards etc.), but only a fraction of public and private finance for climate mitigation and adaptation goes to agri-SMEs
 - b. Many finance providers are ill-prepared to design and issue investment products for to green/sustainable investors to deploy in agriculture, nor do they easily access or have capacity to manage funds from public sources of green finance for this sector
4. Policy and coordination gaps. This includes:
 - a. political interference or policy gaps (e.g. at Central Bank level)
 - b. lack of coordination, information gaps and information asymmetries among different actors in the agri-finance ecosystem
 - c. lack of convergence around shared standards, e.g. concerning effective business development services or agri-SME bankability.

The proposed "game-changing" actions that the Summit could help launch or amplify/scale were:

1. A clear recognition by governments of the key roles of agri-SMEs in delivering against various public goods related to food systems and commitment to reward the positive development externalities generated by agri-SMEs through their business models.
2. A multi-actor initiative to bring more transparency into the business development service market for agri-SMEs, including an evidence-based benchmarking of effective models against impact on access to finance, an effort to standardize BDS curricula on the basis of such benchmarking, and value-for-money metrics for funders of such services.
3. One or more large-scale regional risk reduction facilities (e.g. risk capital pools plus technical assistance) to mobilize regional commercial capital, including long-term, patient investors' capital, for regional (local currency) investments for agri-SMEs (particular focus on Africa).
4. A platform targeting agri-SME users with information about the universe of potential investors in their markets, their product and services offering, their bankability requirements, and their potential suitability to each company's growth stage.
5. A shared international reference framework on the use of blended finance for agri-SME investments in a "food system transformation" context, allowing evidence-based decisions about where to focus "subsidy" to leverage private capital for agri-SMEs, how to phase it out and how to assess additionality in agri-SME finance from a holistic food system standpoint.
6. An international platform or programme to: a) support innovation in digital technology and in business models applying digital solutions to agri-SME finance, b) address barriers to scale for business models with scale potential, c) roll out digital solutions among a broad community of financial institutions serving agri-SMEs, focusing on solutions that reduce the costs of acquiring smaller clients, managing risk, and achieving positive environmental/climate impact.

ACTION TRACKS

	Action Track 1: Ensure access to safe and nutritious food for all
	Action Track 2: Shift to sustainable consumption patterns
	Action Track 3: Boost nature-positive production
✓	Action Track 4: Advance equitable livelihoods
	Action Track 5: Build resilience to vulnerabilities, shocks and stress

KEYWORDS

✓	Finance		Policy
	Innovation		Data & Evidence
	Human rights		Governance
	Women & Youth Empowerment		Trade-offs
			Environment and Climate

OUTCOMES FOR EACH DISCUSSION TOPIC

ACTION TRACKS

- Action Track 1: Ensure access to safe and nutritious food for all
- Action Track 2: Shift to sustainable consumption patterns
- Action Track 3: Boost nature-positive production
- Action Track 4: Advance equitable livelihoods
- Action Track 5: Build resilience to vulnerabilities, shocks and stress

KEYWORDS

- | | |
|----------------------------------------------------|--------------------------------------------------|
| <input type="checkbox"/> Finance | <input type="checkbox"/> Policy |
| <input type="checkbox"/> Innovation | <input type="checkbox"/> Data & Evidence |
| <input type="checkbox"/> Human rights | <input type="checkbox"/> Governance |
| <input type="checkbox"/> Women & Youth Empowerment | <input type="checkbox"/> Trade-offs |
| | <input type="checkbox"/> Environment and Climate |

AREAS OF DIVERGENCE

ACTION TRACKS

- Action Track 1: Ensure access to safe and nutritious food for all
- Action Track 2: Shift to sustainable consumption patterns
- Action Track 3: Boost nature-positive production
- Action Track 4: Advance equitable livelihoods
- Action Track 5: Build resilience to vulnerabilities, shocks and stress

KEYWORDS

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