

OFFICIAL FEEDBACK FORM

DIALOGUE DATE	Tuesday, 23 February 2021 09:00 GMT +01:00
DIALOGUE TITLE	Catalyzing finance for young food entrepreneurs
CONVENED BY	SAFIN, the Agripreneurship Alliance, AGRA, the Global Agribusiness Alliance, the International Agri-food Network, IFAD, Nourishing Africa and One Young World.
DIALOGUE EVENT PAGE	https://summitdialogues.org/dialogue/3390/
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

130

PARTICIPATION BY AGE RANGE

0 0-18 33 19-30 76 31-50 17 51-65 2 66-80 2 80+

PARTICIPATION BY GENDER

61 Male 69 Female 0 Prefer not to say or Other

NUMBER OF PARTICIPANTS IN EACH SECTOR

75	Agriculture/crops	2	Education	0	Health care
2	Fish and aquaculture	2	Communication		Nutrition
3	Livestock	5	Food processing	2	National or local government
2	Agro-forestry	0	Food retail, markets	0	Utilities
2	Environment and ecology	14	Food industry	3	Industrial
5	Trade and commerce	14	Financial Services	0	Other

NUMBER OF PARTICIPANTS FROM EACH STAKEHOLDER GROUP

28	Small/medium enterprise/artisan	0	Workers and trade union
3	Large national business	5	Member of Parliament
7	Multi-national corporation	0	Local authority
3	Small-scale farmer	3	Government and national institution
14	Medium-scale farmer	0	Regional economic community
0	Large-scale farmer	12	United Nations
7	Local Non-Governmental Organization	3	International financial institution
19	International Non-Governmental Organization	24	Private Foundation / Partnership / Alliance
0	Indigenous People	0	Consumer group
0	Science and academia	0	Other

2. PRINCIPLES OF ENGAGEMENT

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

The event was organized with a specific focus on multi-stakeholder participation and with panels added to the group dialogues properly designed to enable young food entrepreneurs to voice their views and experiences in person, rather than having others speak on their behalf. A dedicated effort to identify and give visibility to relevant existing initiatives was also made.

HOW DID YOUR DIALOGUE REFLECT SPECIFIC ASPECTS OF THE PRINCIPLES?

See above.

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

n/a

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

The main focus of the dialogue was how to empower many more young food entrepreneurs to access finance, as well as the complementary services and skills required to use finance to develop new business models that can transform food systems, particularly at the SME level. The theme is relevant across the FSS ATs, though the event was particularly connected to the At4 process.

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

Participants discussed potential game-changers in six areas of action related to mobilizing finance for young food entrepreneurs. These included coordination among different actors in the financial ecosystem, approaches to de-risking financing, how to strengthen the entrepreneurial capabilities of young women and men in the food economy, how to mobilizing more finance for small agri-tech companies, how to improve information flows for young entrepreneurs, and how to harmonize bankability metrics among lenders to agri-SMEs. The dialogue reinforced the critical roles played by agri-SMEs and, in particular, by young women and men as food entrepreneurs, all across food value chains and in food and agri-related services and innovation. It underlined the importance of bridging the financing gap for these small and medium-scale entrepreneurs and the fact that this requires working both on the "demand side" of finance - particularly through effective platforms and initiatives to support access to information and skills development (including financial skills development) for young (aspiring) entrepreneurs, and on the "supply side", through better use of de-risking capital, shared metrics to assess investibility of new or existing enterprises, and better coordination among lenders and investors.

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OUTCOMES FOR EACH DISCUSSION TOPIC - 1/6

Discussion topic 1: Building young people's capabilities as innovators in food and agriculture

Key game-changer proposals:

- a) A "One-Stop-Shop" bringing together Agri-SMEs, investors, and diverse business development service providers, with global reach but anchored into in-country activities, offering a menu of services including:
- Peer-to-peer SME learning and networking
 - Partnerships among BDS and other supporting organizations to connect their respective initiatives and avoid silos
 - Curating a database of entrepreneurs and sharing the same approach to mapping their functions and supporting needs (building on ISF/SAFIN taxonomy)
 - Facilitating dialogue with investors
 - Building financial literacy and skills
 - Training
 - Guidelines and toolkits
 - Mentorship and coaching.
- b) A community ecosystem accelerator including that would be accessible to women and youth with capacity to develop start-up business solutions to needs at the community level, enhancing local self-sufficiency and self-reliance from a food system perspective. This would address a number of key needs including:
- Training programs for women on basic financial education
 - Access to finance to start business.
 - Bringing markets to SMEs, develop the mechanism to bring produce to markets.
 - Solving challenges of post-harvest value chain
 - Supporting youth innovation

Measuring success:

- a) Annual Tracker of progress on the various activity lines of the Platform, compiled into an annual publication (similar to the African Investment Outlook Report) Such a Tracker would allow demonstration of impact e.g., development of human capacity, number of employees, turnover, demonstrate the changes and growth of individual entrepreneurs, development in sectors of activity etc. Efficiency of training may also be measured by evaluating knowledge before and after (several organisations already do this).
- b) Measurement of impact would focus on the community level, but much impact is expected to be of intangible value. Tangible metrics would include: number of work working with start-ups that have built programs directed to them; analysing the social improvement of the life of women once they improve their livelihoods and education (e.g. changes in domestic violence for instance, psycho-social impact, social cohesion); number of women's groups created; impact on child nutrition; jobs created; access to markets.

Who can contribute/realize these game changers:

- a) There are many stakeholders across different sectors – universities, training and support organisations, NGOs, youth associations, international organisations, governments (inter-ministries), banks, and other financial institutions – who can contribute to the proposed one-stop platform. A mapping of this ecosystem is needed to clearly understand who can be engaged. The key is to build on what is already in place by connecting across initiatives and actors rather than starting anew for this platform.
- b) Accelerators must be in a cohort; they have to be geographically located or around enough critical mass to make a difference. Aggregation is key to help women to position themselves in a more empowered position and the cohort aspect helps to bring a better understanding of what a group needs. As for who we should seek to involve in an ecosystem accelerator, that includes first of all community leaders and then also relevant development partners and networks (including Slow Food, IFAD, etc.)

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OUTCOMES FOR EACH DISCUSSION TOPIC - 2/6

Discussion topic 2: Information systems empowering agripreneurs to navigate the financial sector

Key game-changer proposals:

- a) The most effective information systems are those that are close to users – whether closeness means accessibility of information services via digital tools (e.g. phones) or via radio or small-group training organized directly with young (prospective) entrepreneurs in the field. For either approach to be really game changing though we need a lot of curation of information content, as this needs to be really relevant to young people’s practical needs, accessible (not too abstract or “fancy”), and focused on concrete experiences and lessons learned. This may be packaged into a multi-lingual app with localised content related to specific markets, commodities, and financial systems, or it may be delivered through local information points e.g. in mini business centers located in postal offices.
- b) A second proposal is a platform that would facilitate global investment matchmaking for agripreneurs, providing an easily accessible and comprehensive information package to agripreneurs including reliable and timely financial data and resources, tools to build their investment readiness, and information about potential investors. This platform would be a one-stop-shop to help businesses ‘from start to scale’ find tailored funding and financing support. The platform would be integrated with existing stakeholder initiatives across different countries to achieve impact at scale.

Measuring success:

- a) Level of uptake of information/use of the system (app?), but also success stories of information shaping entrepreneurs’ decisions and number of young people that managed to get funding.
- b) Relevant metrics would be:
- Successful transactions and deals closed on the platform
 - Matches made between investors and agriSMEs
 - Number of agribusinesses registered and able to access resources on the platform
 - New jobs created by the SMEs
 - Sales and revenue growth recorded by the SMEs.

Who can make this happen, and what can each of us contribute?

- a) Policymakers have major roles to play, but also development agencies and financial institutions.
- b) Ecosystem groups and associations, entrepreneur networks, and youth bodies who must be involved in the development, growth, and broad dissemination of the platform to agriSMEs and other value chain actors.

This will also ensure that the end users are involved in all stages of the platform growth. Other key actors are investors and SMEs. Nourishing Africa volunteered to take the lead in further conceptualizing this given that the Nourishing Africa platform already focuses on agribusinesses, albeit with an Africa-only focus.

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OUTCOMES FOR EACH DISCUSSION TOPIC - 3/6

Discussion topic 3: Financial de-risking of investment capital for young agripreneurs

Key game-changer proposals:

- a) There is need for much greater focus on de-risking by reducing transaction costs associated with financing small scale enterprises and young entrepreneurs, strengthening due diligence to increase the chances of successful investments, educating investors, and improving value chain functioning and risk-sharing across value chain actors - rather than only on financial de-risking of specific transactions.
- b) Game-changing solutions require a combination of better financial tools and products meeting the needs of young food entrepreneurs, incentive mechanisms for FSPs and investors, and common metrics and standards to reduce transaction costs and improve transparency and competitiveness in the financial ecosystem.

Measuring success:

- Farmer continuity and improvements: Measure the number of farmers that are able to continue operating, including those that are able to grow their operations.
- Supply and demand for education: Compare a measurement of the amount and nature of information (i.e. training, knowledge sharing, etc.) that is being offered to FSPs and Producers, as compared to that of the demand for information.
- Fund disbursement time: Track the variations in the time required for funds to be disbursed, especially to younger entrepreneurs, starting from the moment an application is made.

Who can make this happen, and what can each one of us contribute?

Large corporates can use their convening power to mobilize and align value chain actors, and participate in the development and circulation of knowledge around agriculture production and financing practices. TA providers can develop the knowledge base required to better inform FSPs and producers. Public sector actors at the local level can have a mandate and capacity to engage in de-risking activities (education and partnerships), particularly those that promote young entrepreneurs in the agriculture sector, given its importance for job creation and GDP. International public actors (e.g. World Bank and EU) can contribute through funding, influence over policies and knowledge sharing across regions.

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OUTCOMES FOR EACH DISCUSSION TOPIC - 4/6

Discussion topics 4: Enhancing coordination among different types of capital and financial service providers

Key game changer proposals:

- a) Increased coordination by regional bodies to develop road maps on priority sectors for development in the agriculture space that can guide entrepreneurs and investors. "One" voice/body would give the different stakeholders confidence but should also be resourced appropriately to support acceleration of investment activity and ultimately crowd in investors from across the capital structure (i.e., business development teams to work with entrepreneurs, structuring of incentives/grants, etc.).
- b) Increased participation from strategic investors (broadening the investor landscape). Increased focus beyond the "usual" financiers i.e., commercial banks, impact investors, private equity, DFI's. This would allow enterprises to benefit from more operational support (if the value proposition for both parties is clear). With the changing investor lens (increasing focus on impact and sustainability), enterprises can be a core part of the strategic players for value chain transformation.
- c) Reviewing the economics of funding vehicles(esp. private equity) to enhance their ability to provide operational support to enterprises versus solely a focus on financial competencies/returns. Entrepreneurs are asking: Are the vehicles being set up to support their businesses they invest in? Is there mentorship? Is this an equal partnership? In addition, development of investment vehicles that take a platform approach i.e., consolidate various businesses that feed into their eco-system e.g., feed-mill business, poultry business, retailer/off-taker which minimizes risk across each of the value chains but also increases collaboration/learnings between different parties.

How would we measure success around such initiatives?

- Vocal and effective regional bodies with actual participation from the private sector, able to signal to investors clear priorities and how they will be supported.
- Investment vehicles effectively structured to enhance financial and operational performance over longer term investment horizons.
- Increased participation from strategic investors and recognition that target enterprises can feed into their supply chains and enhance their financial, social and environmental impact.

Who can make this happen, and what can each one of us contribute?

There is need for actors involved in these types of strategic investment focusing and facilitation initiatives to share experiences across geographies and facilitate also dialogue and mentorship among entrepreneurs when possible.

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OUTCOMES FOR EACH DISCUSSION TOPIC - 5/6

Discussion topic 5: Enhancing investor coordination through shared bankability metrics

Key game-changer proposals:

- a) The main proposal was to develop common standards and metrics for assessing SMEs. These would be used to better target Technical Assistance to SMEs and provide a shared understanding of needs and risks. It would also allow better tracking of progress achieved and alignment between TA and capital providers. The standardized metrics should include climate change and adaptation assessment areas to inform green investments and allow quantification of benefits (some of which could be monetized). Overall, the metrics should be adapted to different value chains and sectors and the use of the metrics by stakeholders across the ecosystem.
- b) A second proposal was to develop a platform of capital providers that could create a pool of capital that allows for shared risk facility and provide a continuum for investments.
- c) A third proposal was to use large scale organizations like chambers of commerce to Build a database of agri-SMEs members to improve their access to finance and partnerships.
- d) A fourth proposal was to build a sort of "LinkedIn" for agriculture - a network for entrepreneurs and investors operating/interested in the agricultural/food sector.
- e) A fifth and final proposal was to better track and coordinate development finance at the source given that it is difficult to track the large number of operators. In short, donors could publicly disclose the projects they fund and create a comprehensive database/visual geo-localization of all projects. They should also request new entities asking for their support to develop synergies with at least 2 ongoing initiatives from this map. Blockchain could be used to trace the resources at the level of end-beneficiaries to foster synergies and avoid duplication.

Measuring success:

- a) For bankability metrics, success would be measured by adoption rate, reduced transaction cost and due diligence cost, and adaptation/improvement on the FAO EXACT impact tool related to climate and enterprise investments.
- b) For the platform of partners, success would be measured by improved transparency and synergies created around investments and by increased investment of different types of finance matching the various SME needs.
- c) For the fifth proposal on donor coordination, success would be measured by improved transparency around donor interventions and number of synergies among donor-funded projects.

Who can make this happen, and what can each one of us contribute?

All participants in the group stated their interest, and also noted the need for broad-based support from the FSP and agri-SME communities and from key donors to agriculture, potentially led by IFAD given its credibility in the space and its experience in leading financial coordination efforts in the agricultural finance ecosystem (global and at country level).

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OUTCOMES FOR EACH DISCUSSION TOPIC - 6/6

Discussion topic 6: Financial services and products for ag-tech innovators

Key game-changer proposals

- a) The challenge to be addressed lies primarily in developing new fin-tech solutions that are suited to local needs and contexts (e.g. in different market conditions or degree of coverage of IT infrastructure). Game-changing solutions to this challenge need to rest on multi-stakeholder collaboration is critical and capacity to convene different stakeholders in the areas of technology, policy, finance, agriculture, and more. A specific game-changer may be a convening space for public and private actors to discuss their respective roles in supporting young food entrepreneurs in fintech innovation, to be organized around the FSS.
- b) Scoring models that can guide the development of financial models for agri-SMEs and technology solutions providers.
- c) A global competition allowing small entrepreneurs to access large pools of capital based on random selection, to be used for innovation piloting.
- d) Local investor networks pooling resources to tap and finance local tech innovations
- e) A global townhall initiative for agtech innovations to showcase innovations and share experiences/support each other.
- f) A global blended facility or country-level blended facilities pooling capital for start-up ag-tech entrepreneurs to pilot their innovations.

Measuring success:

- a) Success for a convening alongside the FSS would be measured by the range of actors involved, including FSPs and technology companies, farmer organizations, governments, inter-ministerial agencies, and private investors, as well as youth groups. Success would also be measured by the depth of knowledge and experience sharing across different regions.
- b to f) For the other game-changers, success would be measured by access of small entrepreneurs to new investor networks and improved product offering among FSPs.

Who can make this happen, and what can each one of us contribute?

- a) AGRA and Nourishing Africa agreed to take this forward.
- b) For the other game changers, there is need for broad-based engagement of governments, local agtech entrepreneurs, and IOT stakeholders as well as commercial investors.

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AREAS OF DIVERGENCE

The dialogue did not bring out areas of divergence per se but it did underline the challenges of connecting different actors and initiatives in the financial ecosystem around agri-SMEs and around young entrepreneurs in particular, including difficulties in aligning around shared approaches, standards, and metrics in assessing investment risks, limited availability or ineffective use of derisking capital in this space, and fragmentation of initiatives and of information systems and platforms.

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