

18 NOVEMBER 2021

Innovations Session N°7
Innovations in the African
agroprocessing sector:
the key role of SMEs and
businesses



INNOVATIONS^{Wi-Fi}
SERIES





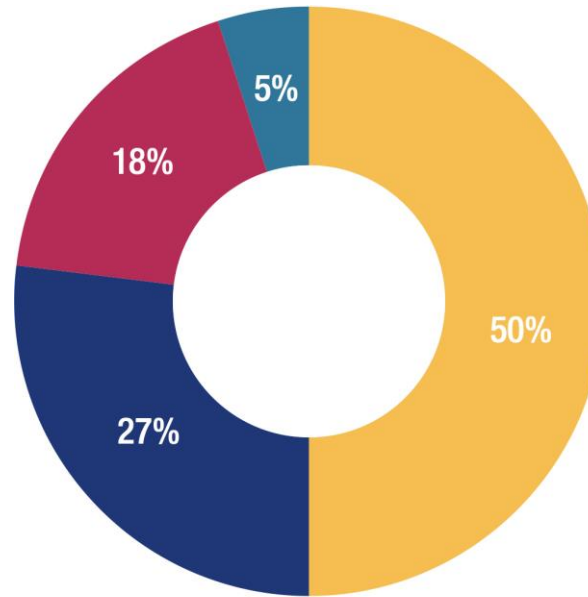
Financing innovations – Agri SMEs

Yves Komaclo

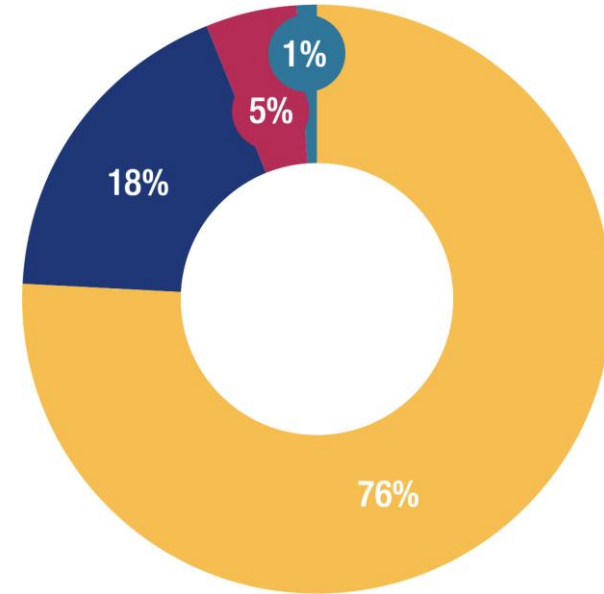
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OIKOCREDIT PROFILE

- Socially responsible investor
 - Cooperative society registered and headquartered in Holland
 - Development finance pioneer
- 563 partners in 63 countries
- € 845.1 million development financing outstanding
- Regional and country offices in 14 countries



- Latin America and the Caribbean
- Asia
- Africa
- Other



- Financial inclusion*
- Agriculture
- Renewable energy
- Other

* including microfinance and SME finance

Members of CSAF impact investors group

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Rabo
Rural Fund

responsAbility

 root capital

SHAREDINTEREST
INVESTING IN A FAIRER WORLD

SME Impact Fund


Triodos  Investment Management

 OIKO
CREDIT
investir dans l'Homme

OIKOCREDIT SUPPORT THROUGH CAPACITY BUILDING & FUNDING

KEY CHALLENGES

- Limited access to inputs, finance
- Poor producer financial literacy
- Need to improve SME governance
- Inadequate exposure to commodities market dynamics
- Limited knowledge of international trade and payment terms practices
- Insufficient technical know-how and marketing capacity

CAPACITY BUILDING INTERVENTIONS

- Marketing and logistics to secure sales and manage delivery /sales costs;
- Agro-technical methods to respect the environment, improve yields and quality
- Introduction to international trade processes and financing;
- Agri-processing business and risk management including controlling and model monitoring;
- Farm - firm relationship building

FINANCIAL INSTRUMENTS

- Direct loan to producers' organisations, SMEs, microfinance institutions
 - Credit line
- Equity and quasi equity
 - Multiple currencies
- **Co-finance & syndication**

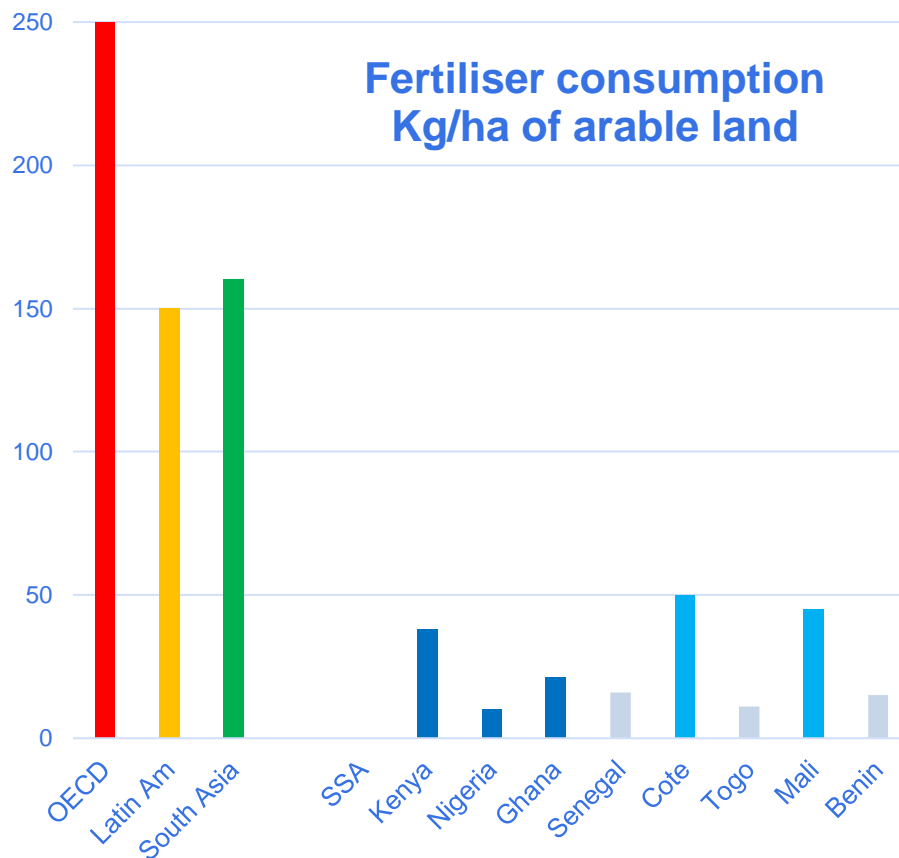
Strong multiplier effects of agri investment in West Africa

- **Massive potential for agri investment**

- Significant arable land available
- Weak agricultural yields and mechanisation levels
- Strong regional and international demand for food & cash crops

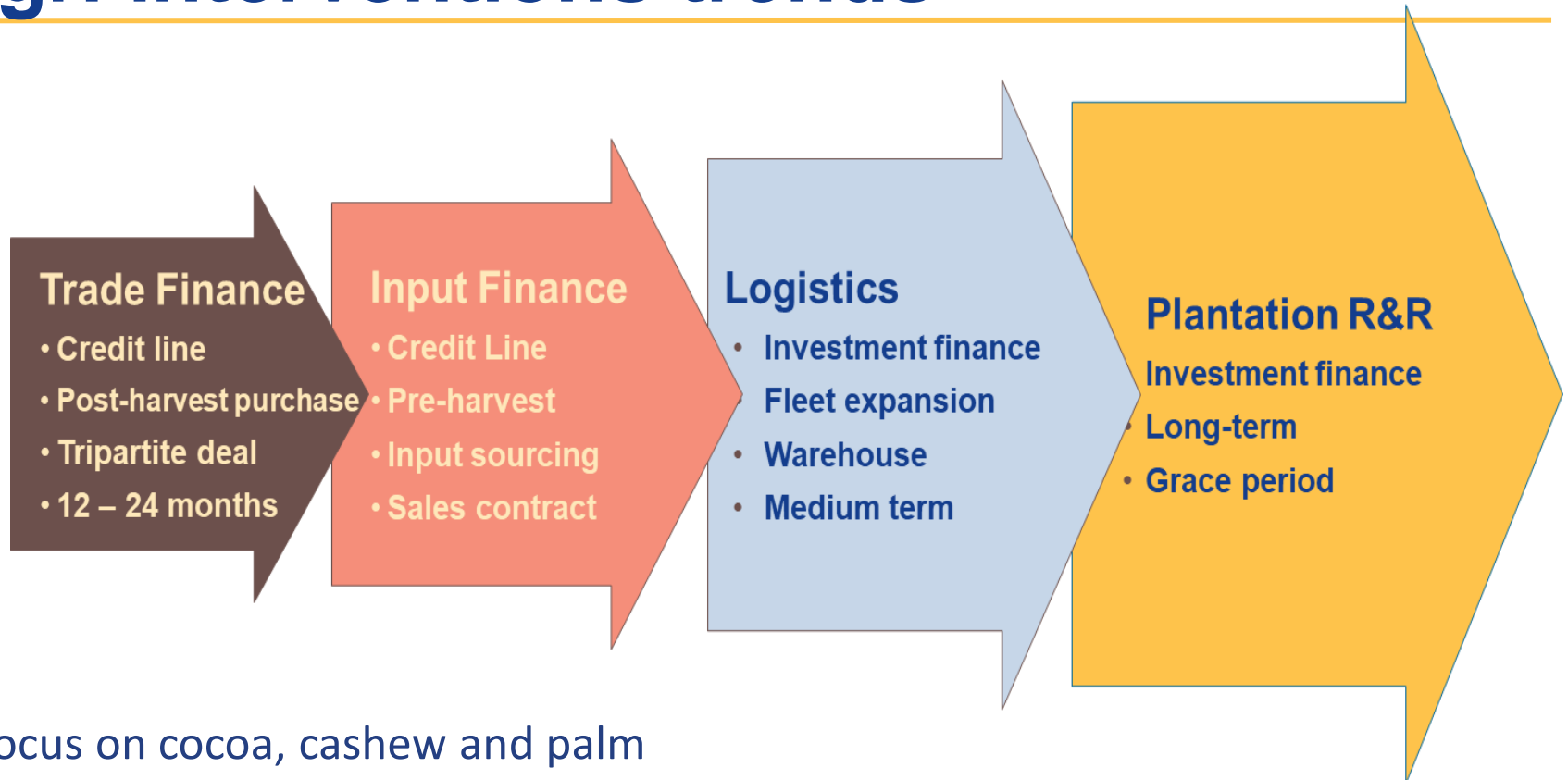
- **Agri investment socially impactful**

- Poorest benefit most from agri growth
- Agri's stronger contribution to poverty reduction



25% of world's arable land yet 10% of agri output

Agri interventions trends



- Focus on cocoa, cashew and palm
- Relationships begin with post-harvest working capital to cooperatives / SMEs for the purchase of (i) cocoa beans ready for export, (ii) raw cashew nuts or palm fresh fruit bunches for local processing
- Then provide input finance
- Then investment finance (equipment, plantation renovation)

Leading export crops, cocoa & cashews show strong investment potential



Source: Agriculture in Africa 2021 Oxford Business report

- Cocoa and cashew: if processed, some of the highest untapped export potential
- Cashew and cocoa also to benefit the most from increased use of fertilisers and extension services
- Higher technology adoption and expanding applications in cocoa

Renewable energy & financial inclusion investments benefit agri upgrades

Funding and progress in West Africa impact sectors

Impact of renewables

- Increased access to sustainable irrigation, drying solutions improving yields and reducing post-harvest losses
- Facilitate transition to mechanical traction equipment, optimisation of input usage
- Provide timely, granular, accurate weather and climate data
- Support certification to and implementation of climate-smart agriculture (ScopeInsight)

Impact of financial inclusion

- Improved support for input finance leading to increased production yield and farm revenue, enhance fight against deforestation (Ocean, MOCA)
- Combination of savings and microinsurance to increase resilience (Planet Guarantee, Soro Yiriwas)
- Establishment of VC finance to improve post-harvest marketing, ensure smooth farm – firm relationships (Benin Cashew, ACA)
- Digital finance solutions to increase access, provide market information, effect cashless transactions

THANK YOU

Presentation : *Venture financing*

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Thank you

