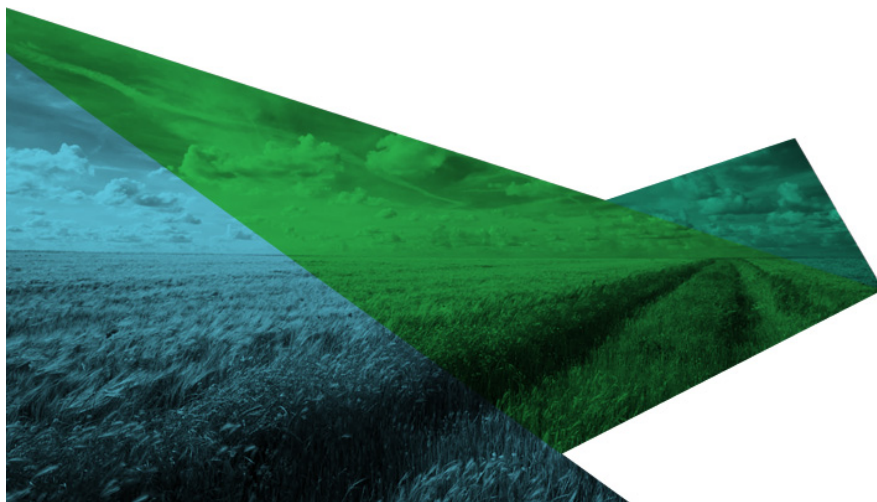


# The Challenge and Opportunity of the Decade

Access to Agricultural Finance

Presentation for the SALSA General Conference  
*19 March 2014*



PARTNER TO  
ENTERPRISING PEOPLE  
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**Aspen Network of  
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Ministry of Foreign Affairs of the  
Netherlands

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# Notice

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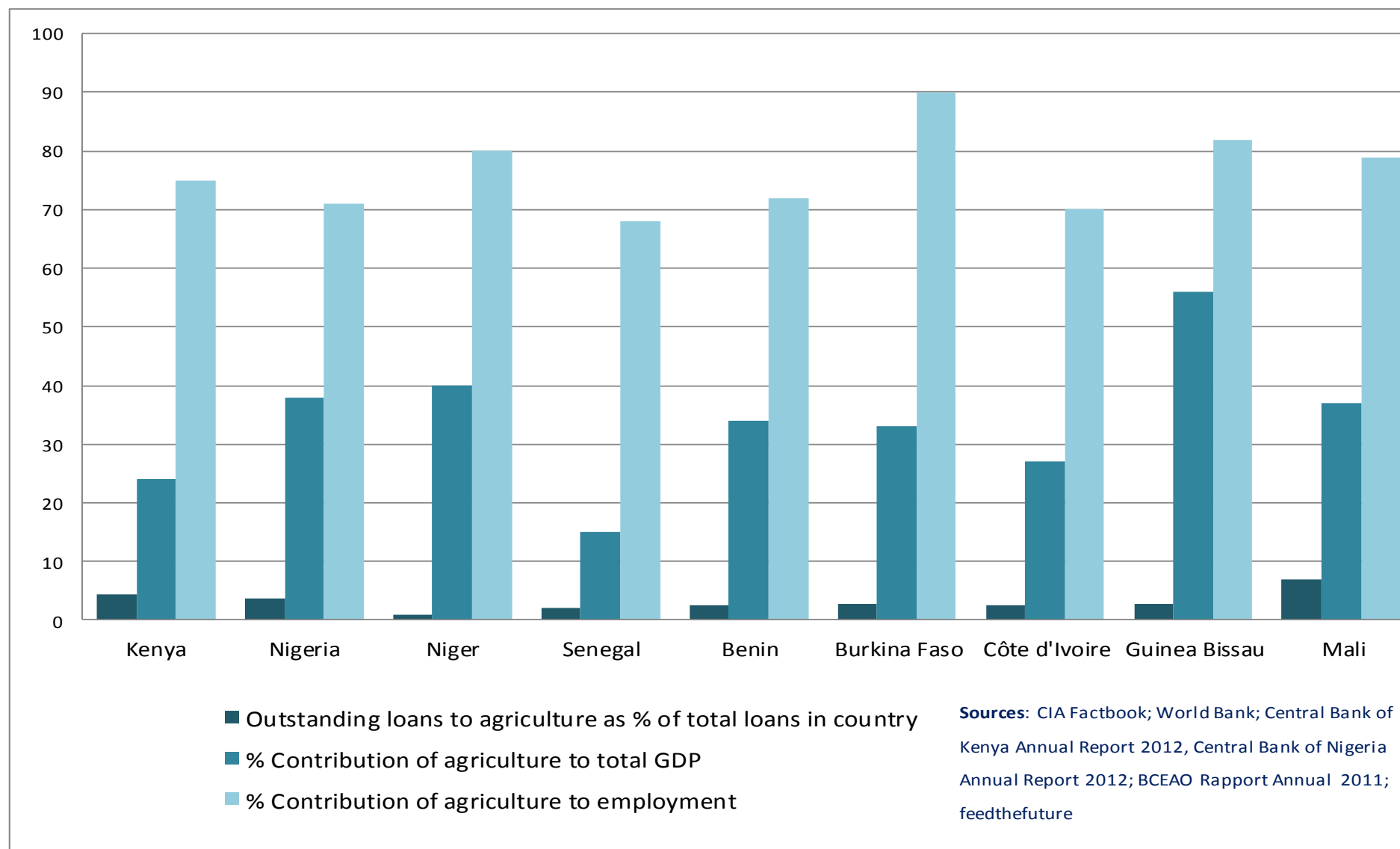
# The challenge



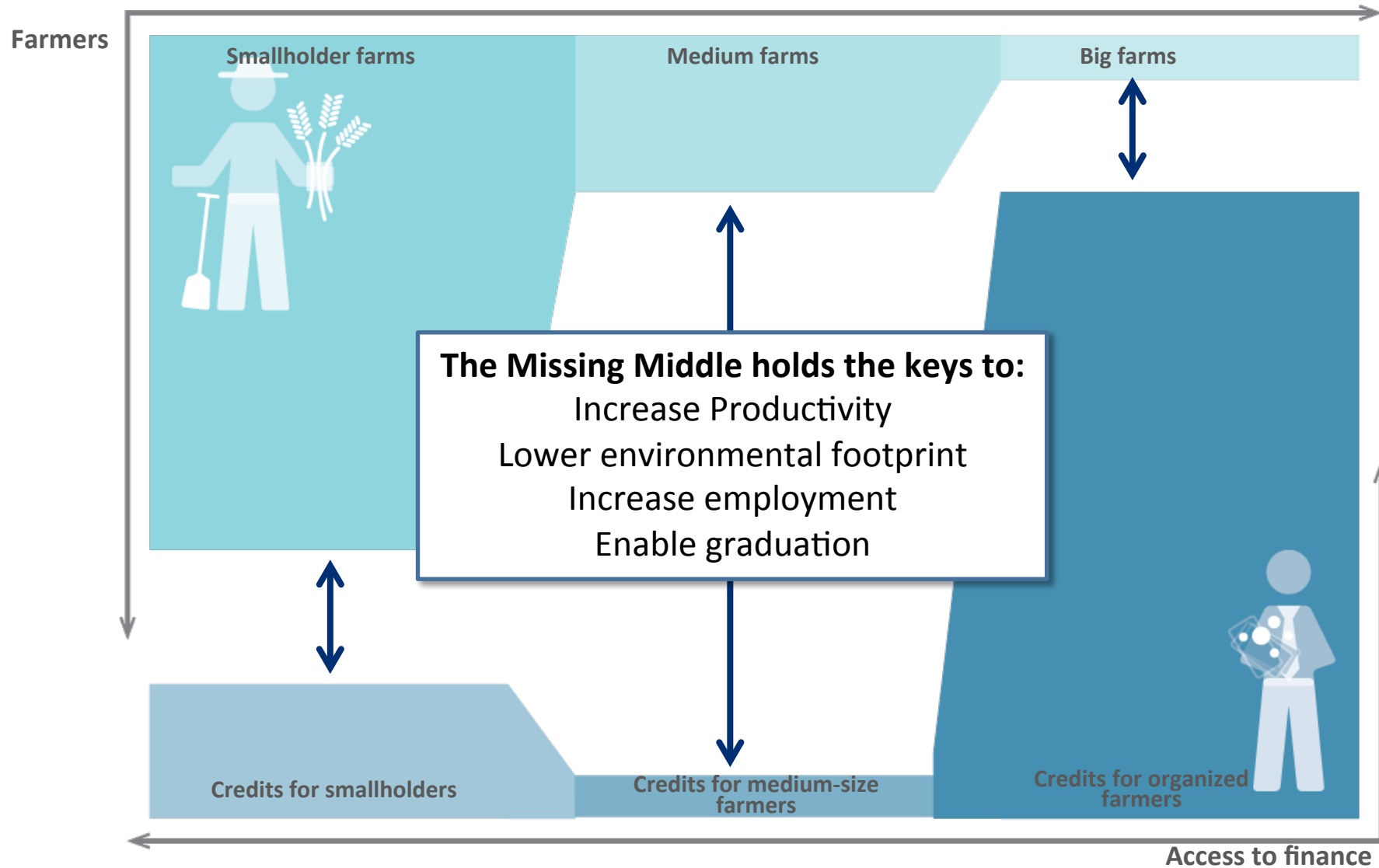
The agricultural sector needs to become more professional and more sustainable. For this, investment in the sector is required.

How can we structurally and systemically create an efficient and mainstream **agricultural finance market** for SME producer organizations?

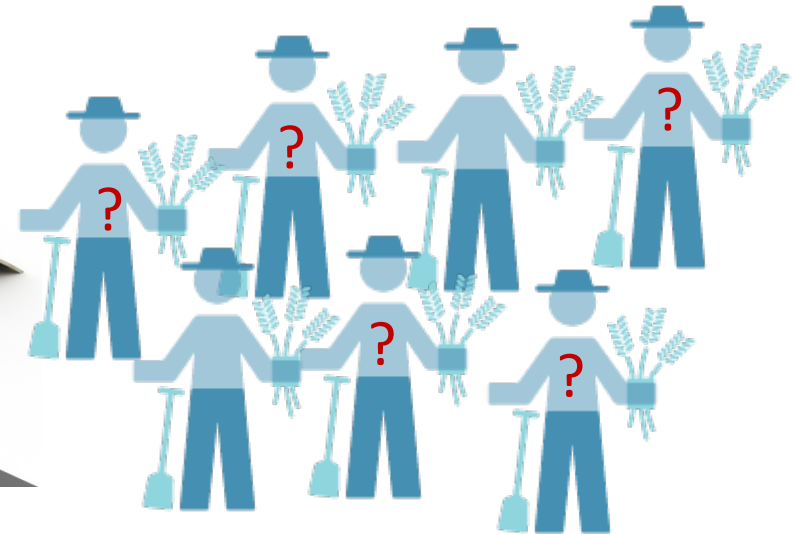
# The African Agricultural Finance gap (2011)



# The Missing Middle



# Main barriers for agricultural finance



“Agriculture is high risk and has no collateral”

“How to get complete and credible information?”

“Who is bankable and who is not?”

“We have profitable alternatives”

“Who can I trust?”

“Relative small loan sizes”

“How to do a risk assessment and where is the information”

“Bankers and farmers do not speak same language”

Bad experiences from the past (high defaults)

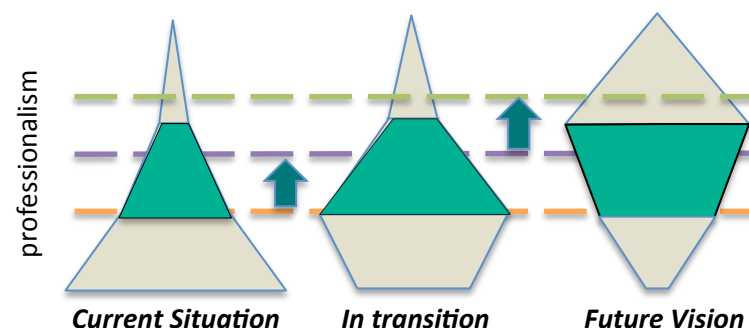
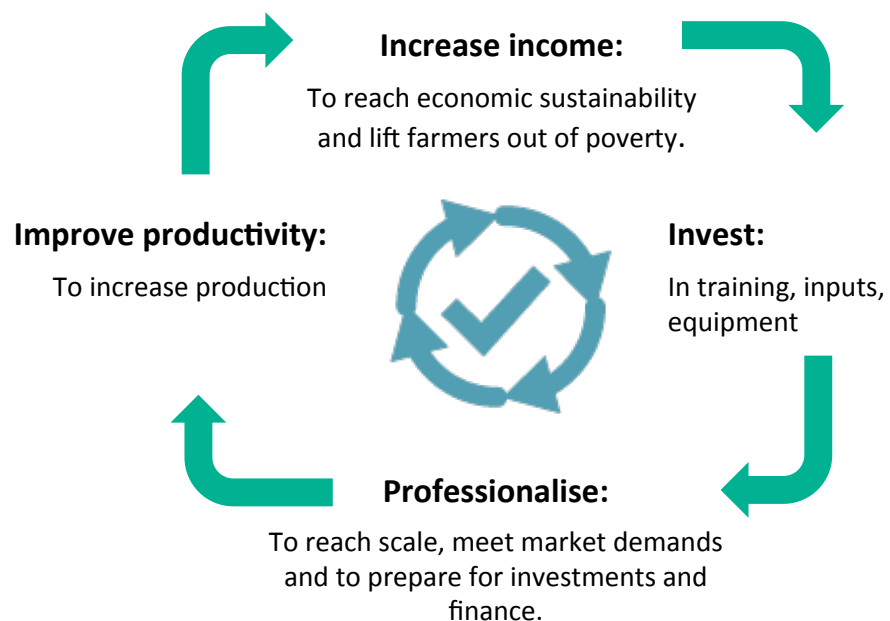
“We don’t really understand Agriculture”

# Towards a more competitive agricultural sector

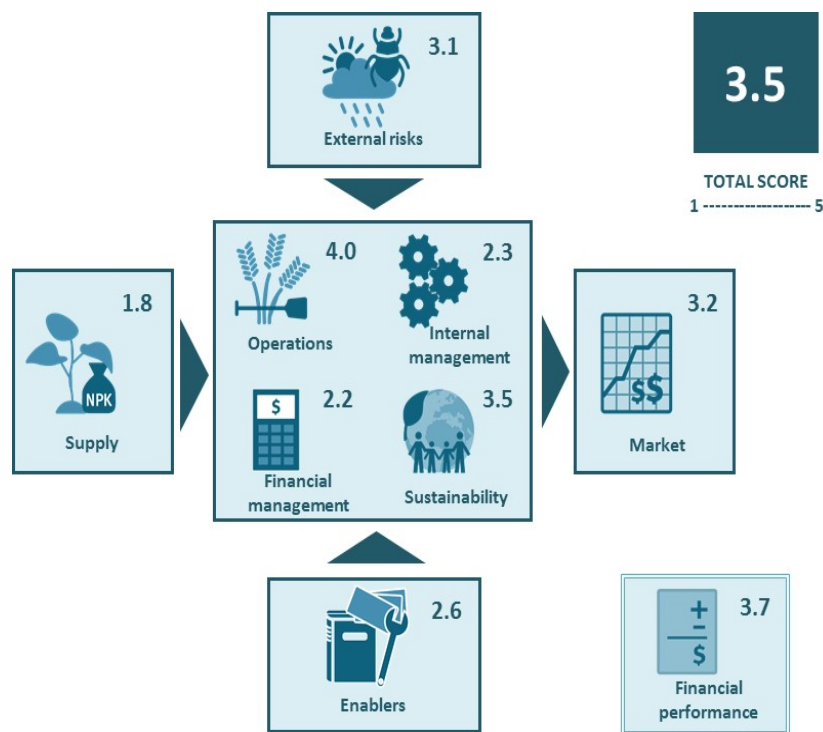
In agriculture the MSME segment consists of producer organizations. Farmers, or producers, aggregated into entities. The **professionalisation and graduation** of these producer organizations is key to the transformation of the sector.

If producer organizations enter into the virtuous graduation cycle....

... then they will be the driving force for sector transformation



# The SCOPE tool: a means to bridge the gap

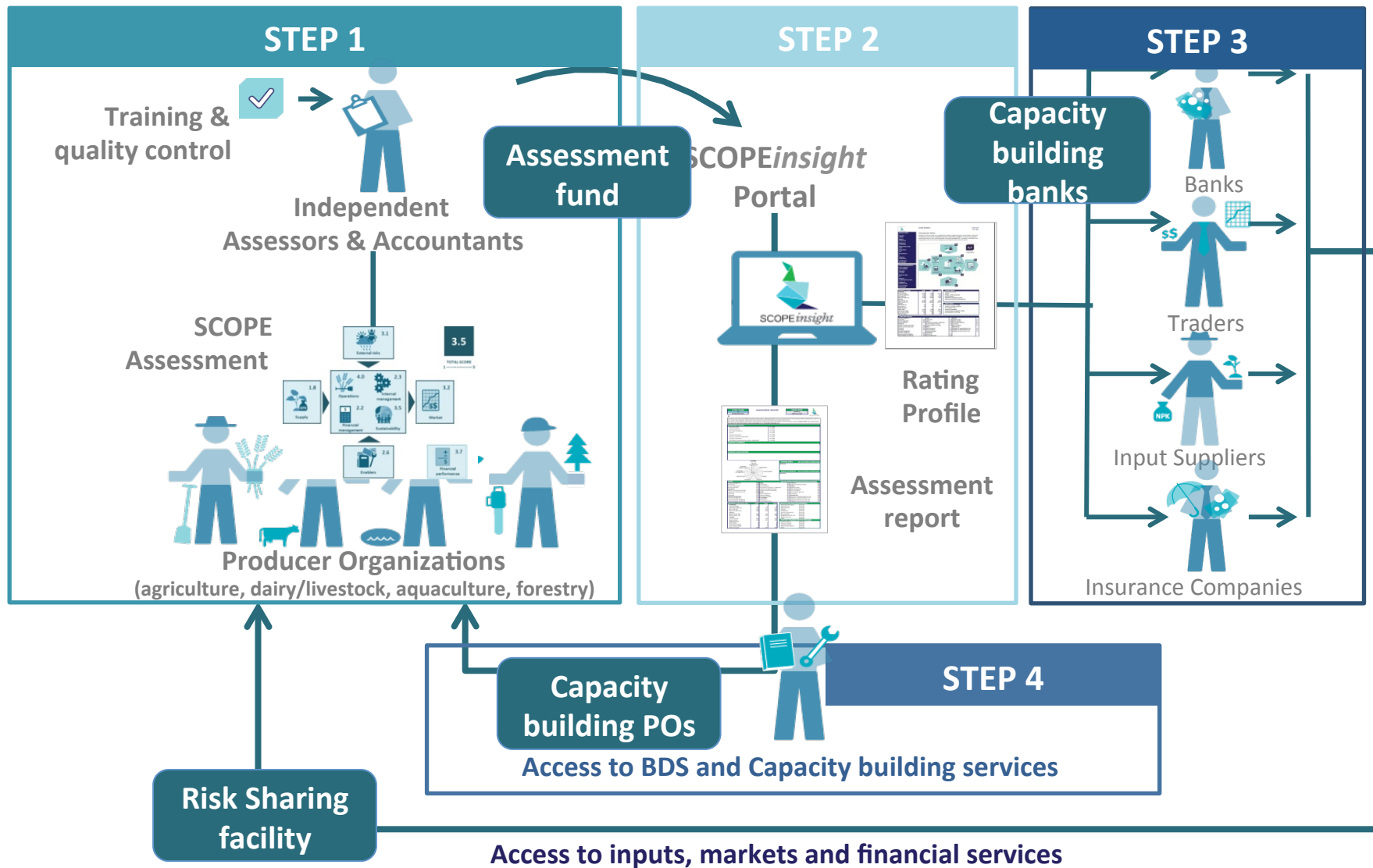


## The SCOPEinsight assessment methodology:

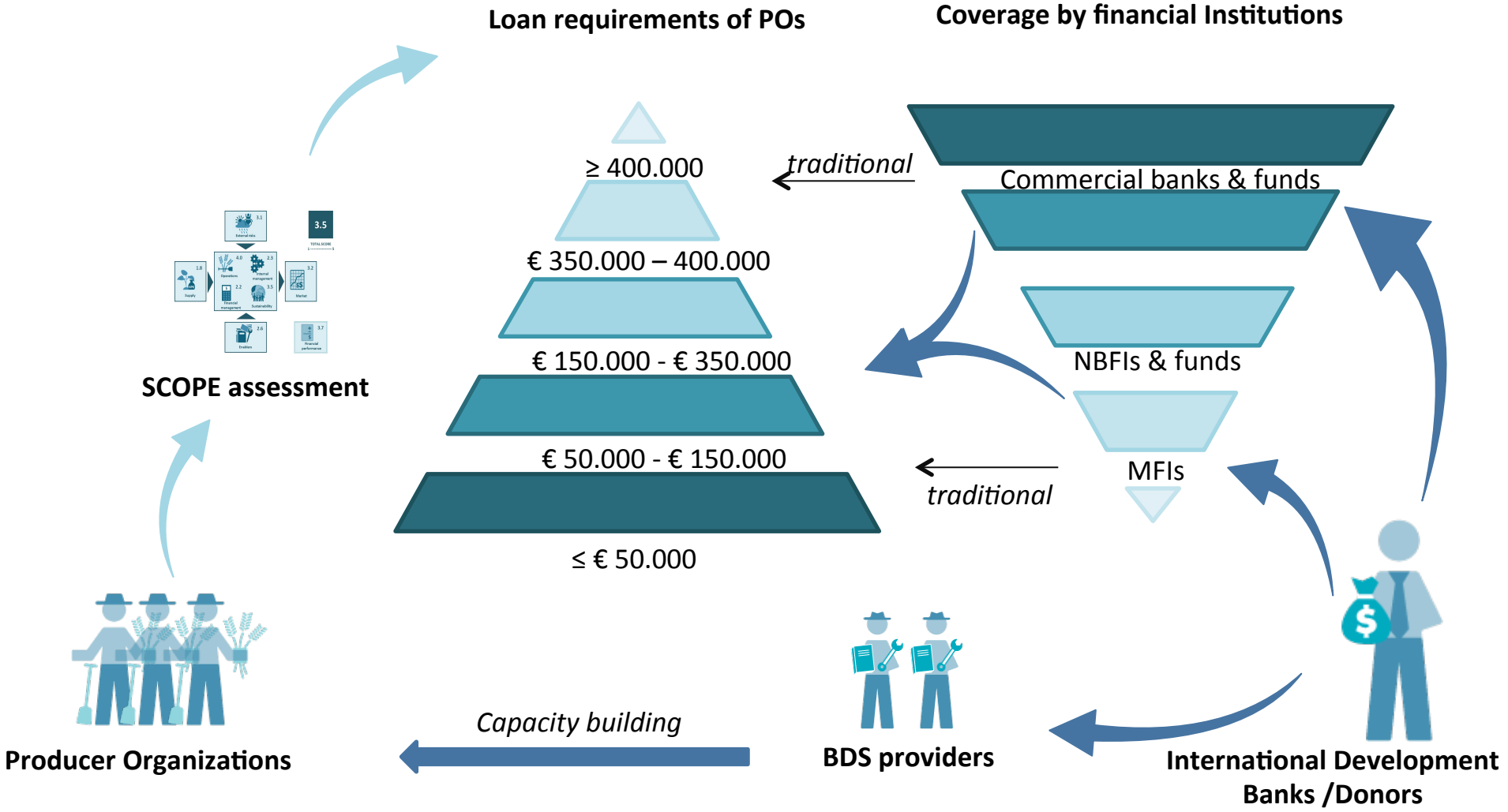
9 chapters, 31 subchapters and over 200 control points that assess and score (in a range of 1 to 5) the business potential, professionalism and bankability of producer organizations in agriculture, dairy/livestock, aquaculture and forestry.



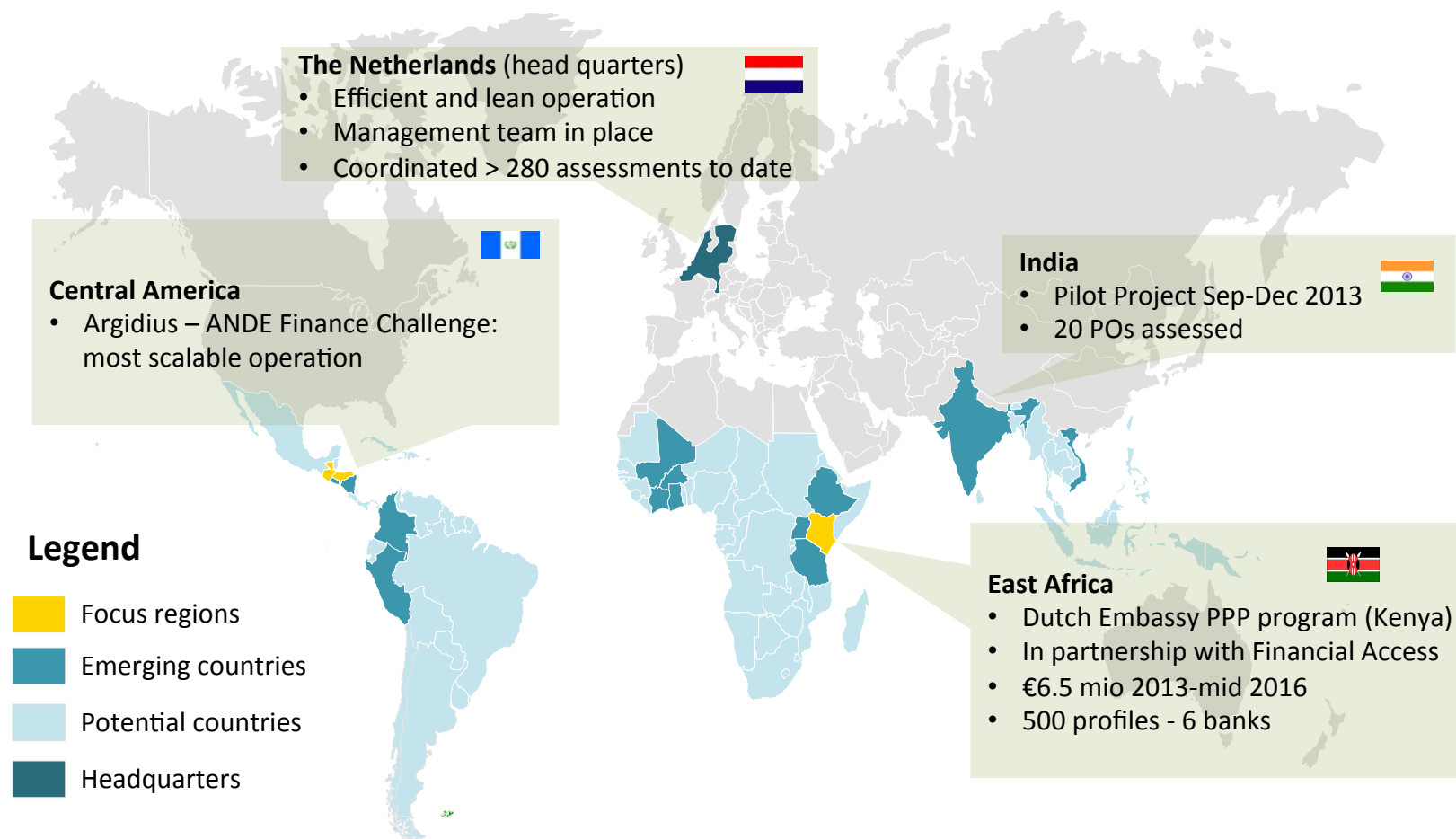
# 4 steps to an efficient, scalable agricultural finance market



# Financing the Missing Middle

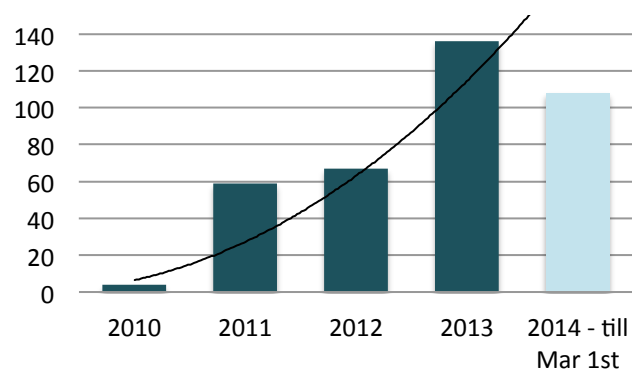


# Where we work



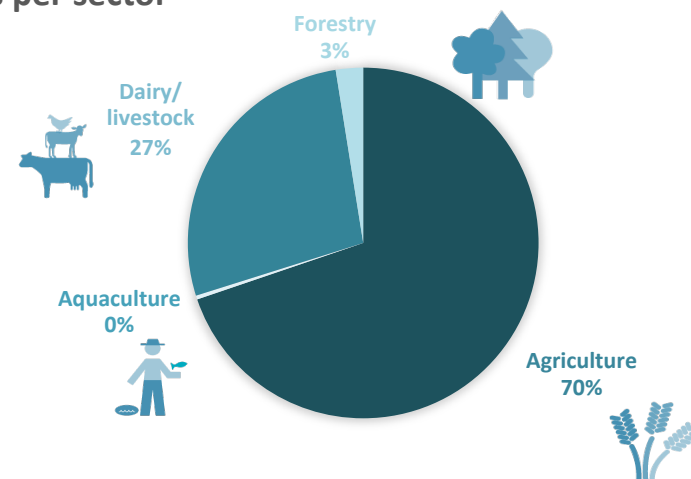
# Portfolio to date

## Assessments to date

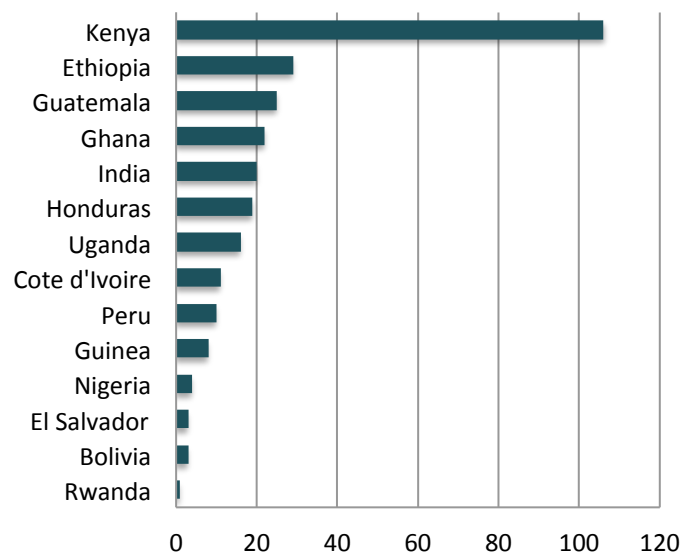


**We see exponential growth in our assessment portfolio**

## Assessments per sector

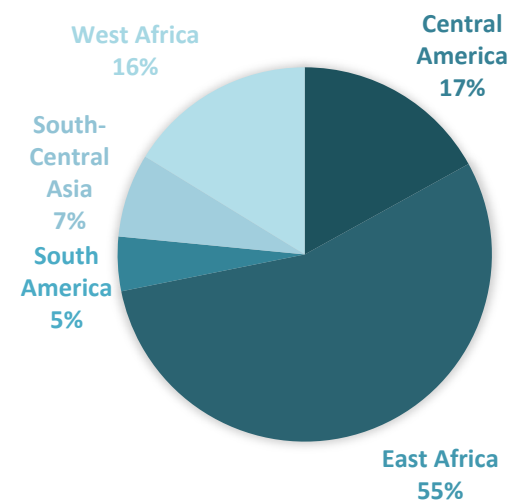


## Assessments per country



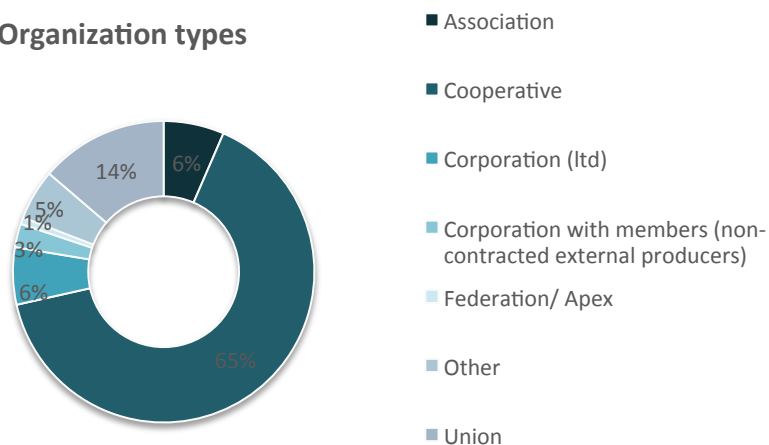
## Assessments per region

**Most assessments took place in Kenya, as a result of our country focus and our partnership approach with the PPP**



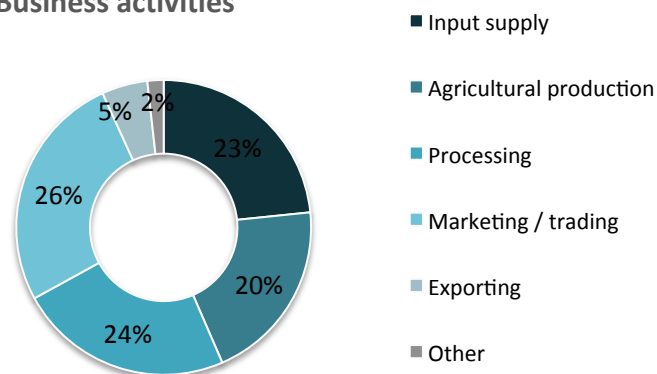
# We gain insight in important statistics (N = 270)

## Organization types



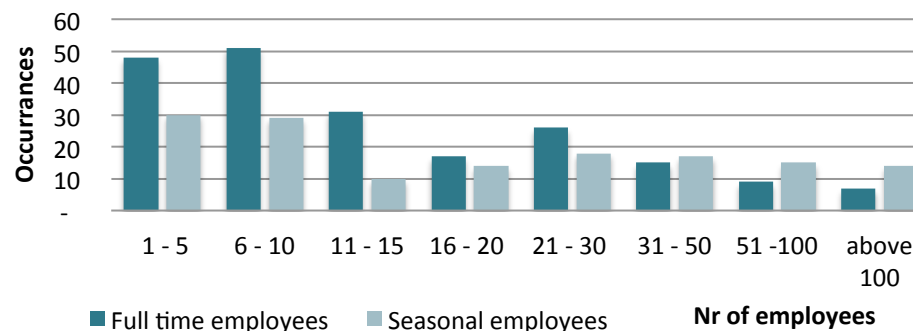
Most POs are organized in cooperatives

## Business activities



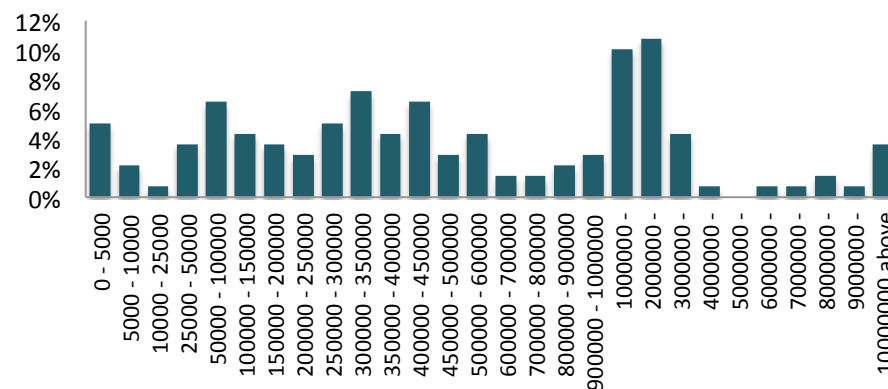
Primary production, marketing and processing are the most common activities

## Employees



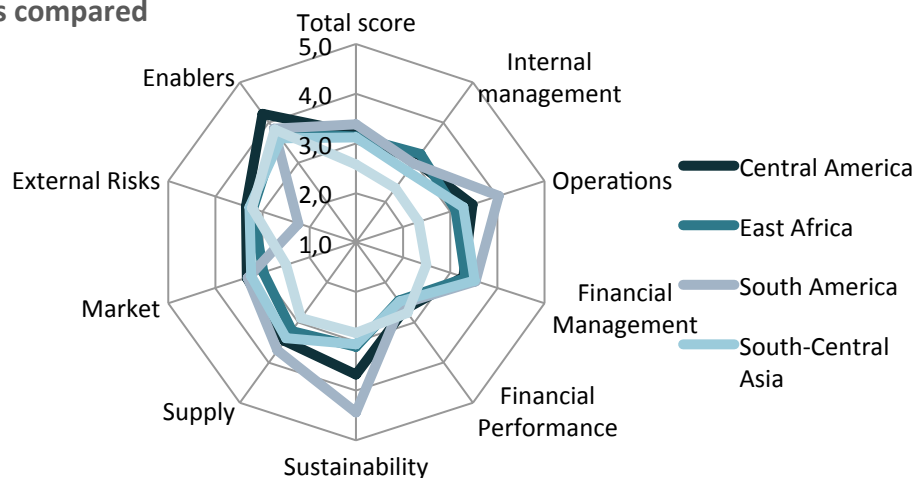
Producer organizations vary substantially in number of employees and turnover

## Revenue range

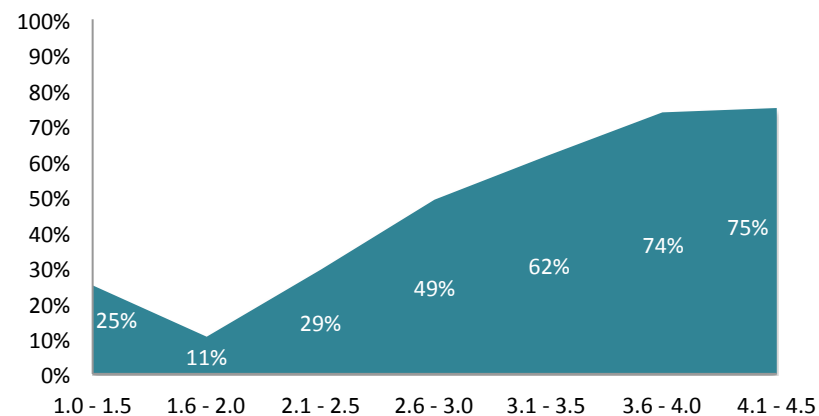


# We gain insight into important statistics (N = 270)

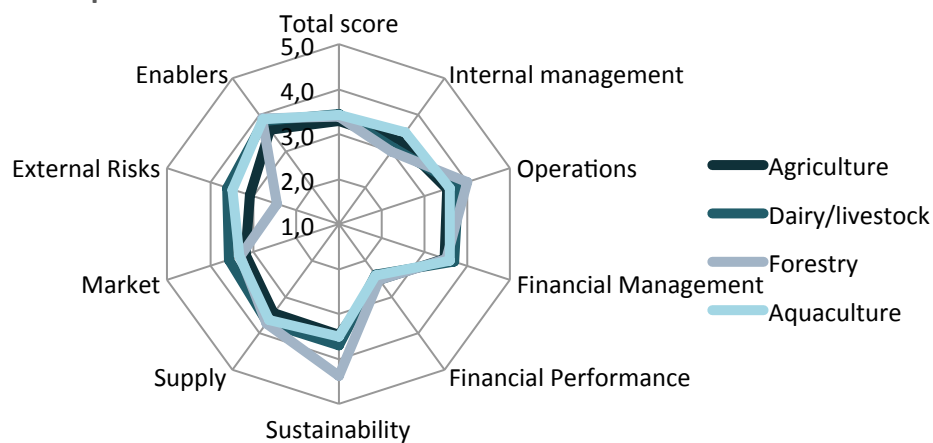
Regions compared



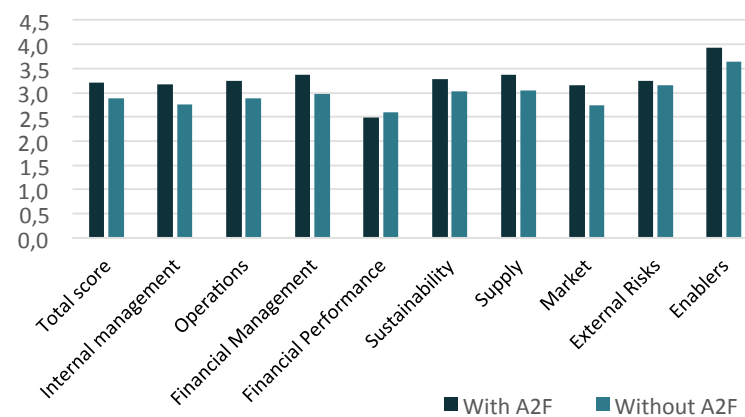
Access to finance compared to scores



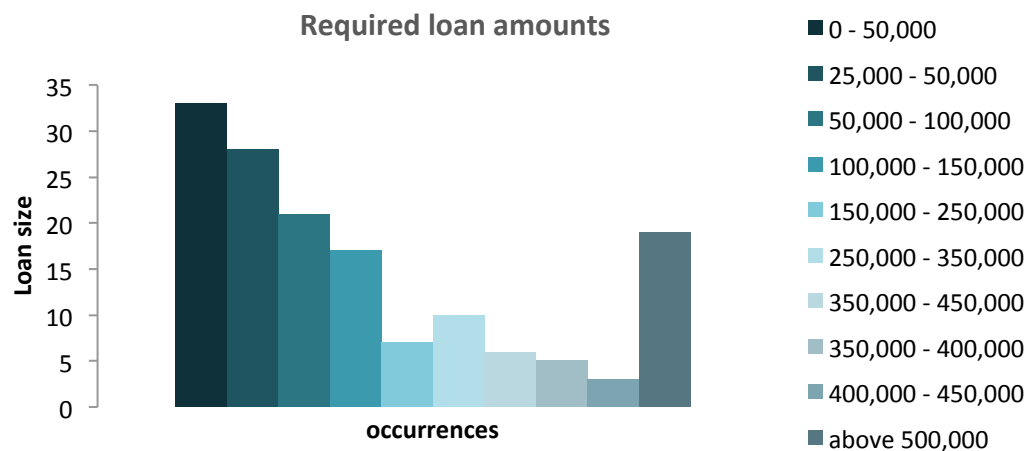
Sectors compared



Scores of POs with and without A2F compared

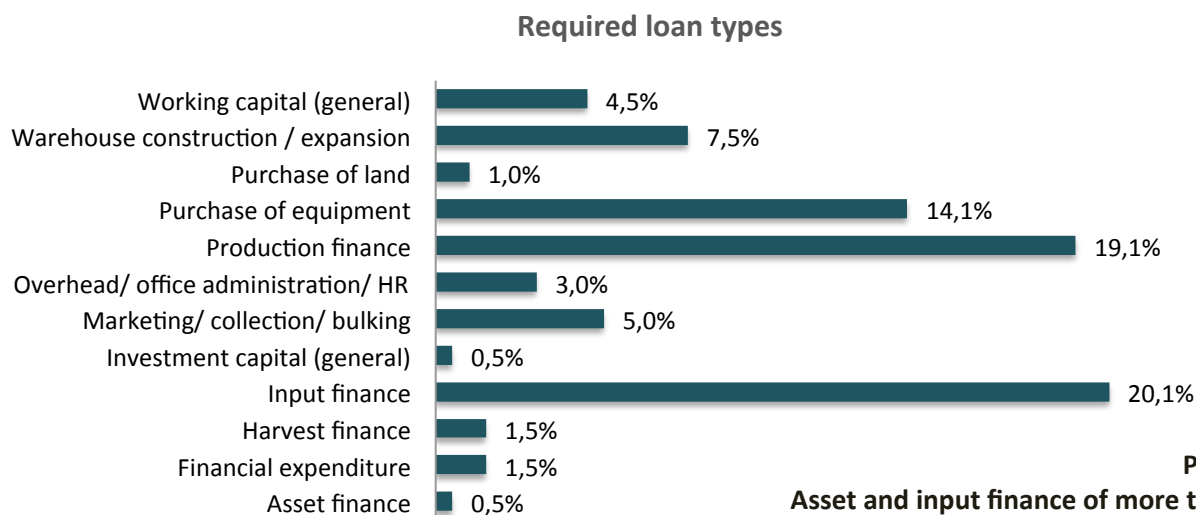
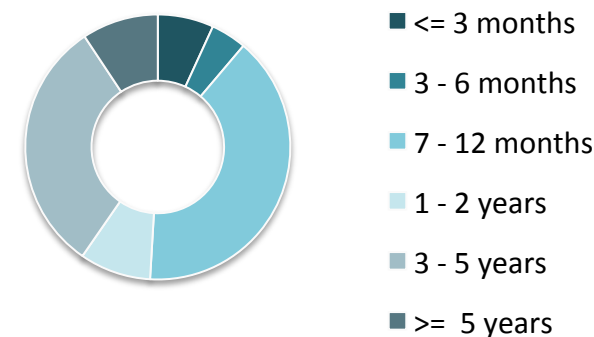


# We gain insight into important statistics (N = 270)



There is a clear need for longer term finance

### Required loan duration



POs need more than just working capital  
Asset and input finance of more than one harvest cycle are much needed



# Insight in SCOPEinsight

## Bringing sectors together



## Building the assessor network



## Worldwide assessments





# Thank you for your attention!

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