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This newsletter provides information on the FAO project “AgrInvest - Enabling inclusive and efficient private sector investment in agri-food systems” (AgrInvest-FS). The newsletter is a core tool for sharing knowledge among members of the project.

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WELCOME

Welcome to the fourth issue of AgrInvest-FS Flash News, a quarterly newsletter to keep you updated on the project. AgrInvest-FS aims to attract private investments into agri-food systems aligned with the Sustainable Development Goals (SDGs) by leveraging public funds.

This newsletter will share information and knowledge about the project, through several different features, such as: weekly results and achievements; alerts for new publications; success stories; messages from the team; upcoming events; links to project videos and photos; links to online discussions; and much more.

In this issue you will find:

1. Two articles on our latest workshops in Burkina Faso and Niger;
2. Insights from the newly released publication on the aquaculture value chain in Kenya;
3. The experience of Ethiopian financiers attending the Agricultural and Rural Finance Training Programme (FAR 2021).

Enjoy your reading!
The AgrInvest-FS Team

1. National dialogue on SDG-aligned investment opportunities in the rice sector in Burkina Faso

On the 28 May 2021, the AgrInvest-FS project organized the workshop “AgrInvest-Food Systems Project Consultative meetings on SDG-aligned investment opportunities in the rice sector” in Bobo-Dioulasso, Burkina Faso.

The objectives of the event were to present and validate the draft report of the rice value chain assessment – currently under development in partnership with the European Center for Development Policy Management (ECDPM) -, as well as to obtain additional information to enrich the study. Lastly, the workshop served to identify steps towards making arrangements for multi-stakeholders to address the problem of finance bottlenecks and sustainability issues in the rice value chain.



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Participants attending the workshop in Bobo-Dioulasso, Burkina Faso.





In order to comply with the safety measures to contain the COVID-19 pandemic, the number of participants attending the event was limited.

The consultative meeting was attended by 44 representatives of national and local government, financial institutions (FIs), farmers' organizations (FOs), rice producers, academic institutions and regional platforms dealing with the rice sector.

The participants identified various bottlenecks along the rice value chain, among which limited access to quality inputs, low levels of production, lack of irrigation systems, and the limited capacity of producers as regards processing and mechanization.

After several presentations and discussions, participants agreed on the need to focus on processing and production and post-harvest mechanization as priority areas for investment.

Additional recommendations collected during the workshops include the need for greater engagement on the part of the Ministry of Trade and the Ministry of Finance in the development of the rice value chain, and the importance of building the capacities of rice processors engaged in the sector.

2. National workshop on investment opportunities in the onion value chain in Niger

A second workshop focusing on the onion value chain was organized in Niamey, Niger on 25 May to discuss investment opportunities in the sector.

As for the workshop in Burkina Faso, the aim of the event was to present the preliminary results of the draft assessment of the onion value chain in Niger and to collect data from 21 representatives of the public and private sector engaged in the chain.



Participants attending the workshop in Niamey, Niger

The issue of access to credit through local storage systems (warrantage) as a financial tool to be promoted to foster the onion value chain in Niger was widely discussed among the participants.

The participants drew up several recommendations for development partners, including: to support the establishment of a local onion seed control committee, which would be responsible for monitoring seed quality; and to increase the capacity of financial institutions to develop financial products targeting the needs of onion producers and processors. For the government, the group recommended setting up a conducive environment for financial institutions dealing with actors engaged in the onion value chain.

The results of this workshop served as a basis for finalizing the analysis of the value chain in greater detail by ECDPM and FAO.

3. Increasing sustainable investments in the Kenyan cage aquaculture chain

As result of a partnership with ECDPM, the project has just released its first value chain assessment, targeting the aquaculture value chain in Kenya.



This document is part of a set of five publications which will be released under AgrInvest-FS, assessing different value chains in Burkina Faso, Ethiopia, Kenya and Niger.

This report builds on ECDPM's sustainable food systems approach and the first Kenyan report on AgrInvest-FS, which is available online at: www.fao.org/3/cb2259en/CB2259EN.pdf. Aquaculture was selected due to its investment potential, favourable political economic position and ability to contribute to wider food system sustainability.

This study focuses mostly on cage aquaculture in the riparian counties of Lake Victoria (Migori, Homa Bay, Kisumu, Siaya and Busia) and Vihiga County, with the inclusion of Nairobi County as an end market.

According to the study, cage fish farming in Lake Victoria is considered promising due to its lower land opportunity costs. There is considerable large-scale development of this cage fish farming chain, but demand still outstrips supply.

Attracting more investments - and aiming for maximal sustainability returns on each Kenyan Shilling invested - can be helped by a whole-chain approach, which builds stronger business cases by coordinating a value chain that is currently mostly unstructured.

The study points out that a multi-stakeholder platform provides the necessary space to discuss this coordination, but it can also develop lobbying power to address the governance issues beyond business cases, such as environmental regulation.



4. Ethiopian financiers attend the Agricultural and Rural Finance Training Programme (FAR 2021)

As anticipated in the previous issue of the newsletter, following the success of the French edition of the Training in Agricultural and Rural Finance (FAR), held in-person in Burkina Faso in 2019 and online in 2020, the Appui au Développement Autonome (ADA) organized an English version of the course for African financiers from English-speaking countries.

With the facilitation of the AgrInvest-FS project, seven agricultural financing experts from Ethiopia have been attending this new training course. The participants included representatives from the Commercial Bank of Ethiopia, the Development Bank of Ethiopia, three microfinance institutions (MFIs) and the country coordinator of AgrInvest-FS. The experts have heterogeneous backgrounds covering different positions within their financial organizations, including senior loan officers, general managers, operation directors and rural financing officers.



Two participants will benefit from a scholarship provided by ADA and the Ministry of Foreign and European Affairs of Luxembourg to attend the in-person session, which will take place from 11-16 October 2021, in Kigali, Rwanda, prior to the African Microfinance Week (SAM 2021).

A participant from the Development Bank of Ethiopia, Mr. Yifredew Adamu, Senior Loan Officer, commented that as a state bank, it has been targeting micro and small enterprises either through direct financing or through MFIs. However, he went on to say that, “Financing micro and small enterprises engaged in the agriculture sector in Ethiopia is challenging and risky as we always require collaterals in the form of fixed assets.”

The various participants reported that training has been a valuable experience for their operations. Mr. Adamu pointed out that, “The training was relevant to understand how an agricultural credit product can be designed in a way that can protect the customer by taking into account the various risks inherent in the agricultural activity.” He concluded by saying, “Particularly, looking at agricultural credit products across the target agricultural value chains and linking the financing mechanism with agricultural insurance were relevant to better engage micro and small enterprise.”



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