Dalberg

KfW Agriculture Finance Program

Research Note: Impact of COVID-19 on Agriculture SMEs

May 2020

Contents

I. Background and Context

The novel coronavirus SARS-CoV-2 (or COVID-19) pandemic has created an unprecedented situation: a widespread and still-building health crisis, with synchronized economic slowdowns across the world. The International Monetary Fund (IMF) has forecast for 2020 the largest annual economic contraction since the Great Depression – with current baseline estimates of a 3% contraction globally and a cumulative output loss of nearly USD $9 trillion as a result of the pandemic.[1] The breadth and depth of the potential impact on livelihoods in developing economies, while still uncertain, will be significant as they simultaneously deal with the health crisis and directly related economic disruptions, including a massive decline in exports abroad.

Agriculture – which is critical for both food security and livelihoods, accounting for more than two-thirds of employment in developing economies[2] – **is already seeing significant disruptions due to COVID-19.** While the "demand shock" impacting most economies today appears to be less targeted at the products and outputs of agricultural producers (particularly of staple and non-staple food crops), the second-order effects of the "supply shock" are leading to increased caution by lenders, tightened credit terms and pre-financing by buyers, and other dislocations in agricultural markets. Many agricultural enterprises are starting to face liquidity issues which could, when further stressed, become solvency issues. This, in turn, will greatly impact financial intermediaries serving these companies. Without intervention, there is risk of a "non-virtuous" cycle in which reduced credit availability inhibits operators from growing (or even sustaining) agricultural operations, creating devastating impacts on the lives and livelihoods of the employees and smallholder farmers they serve.

As a result, KfW, on behalf of BMZ, is exploring different opportunities to support the needs of viable agricultural enterprises and the financial intermediaries supporting them, including those in the portfolios of KfW-backed funds. The overarching objective would be to support agricultural enterprises which were thriving prior to the crisis, and continue to have strong long-term economic fundamentals, but are facing near-term operational and financial challenges as a result of COVID-19. The current focus is on 'systemic actors' within agricultural value chains ("agri-SMEs") – such as large cooperatives, input suppliers, processors, and strong regional agribusinesses (e.g., typically between USD $1-$15 million in annual turnover). Support for such 'systemic actors' would indirectly benefit smallholder farmers by sustaining their input suppliers and end buyers.

To support this objective, five principles have been identified to help guide exploration of different opportunities. Such principles should inform KfW's actions in response to the uncertainty and economic slowdown associated with COVID-19. Specific impact objectives have also been identified as a priority for BMZ and KfW, including a focus on fair trade[3] value chains and enterprises in sub-Saharan Africa.

- **Fit for Purpose**. Clearly address short-term, extraordinary needs in the market.
- **Rapid**. Establish and execute a support program quickly, while needs are most acute.
- **Patient**. Be willing to wait for any returns associated with a financing approach; and be comfortable with impact being about what does *not* happen (i.e., avoided business failures).
- **Broad Access**. Achieve broad accessibility and inclusion of enterprises and intermediaries.

[1] "World Economic Outlook, April 2020: The Great Lockdown." International Monetary Fund. April 2020.
[2] World Bank – World Development Indicators, 2019.
[3] For example, certified sustainable and responsible labels such as Fairtrade International, Rainforest Aliance, UTZ, Fair for life, Fair Trade USA, Bonsucro, Fair Trade by Ecocert, BioEquitable, Bio Solidaire, World Fair Trade Organization, Naturland Fair, Forest Garden Products, SPP, 4C, Proterra and C.A.F.E. Practices.

- **Impact Intent**. Ensure impact intent, such as benefits to smallholders and support to fair trade and other certified sustainable and responsible practices, is codified in investment approach.

The purpose of this document is to articulate the findings from the research on the impacts of COVID-19 on agriculture SMEs conducted by Dalberg Advisors. Over the course of three weeks in late April 2020, these findings were informed by 32 interviews across a range of stakeholders in the sector (see Appendix Section VII for list) including development finance institutions (DFIs), agriculture-focused fund managers, agricultural small and medium-enterprises (agri-SMEs), and representatives of fair trade organizations – and supplemented with secondary research. While the needs of both agri-SMEs and financial intermediaries were assessed, the findings focus primarily on the perspectives of agri-SMEs as the intended beneficiaries of a potential facility. In particular, the document will cover:

- **Impact of COVID-19 on agriculture SMEs** – including the impact across agricultural demand and agri-SME business operations, the impact on the supply of finance to agri-SMEs, and the financing / support needed as a result.
- **Assessment of short-term financing need** – including an indicative estimate of the size of the financing need and an overview of other efforts underway by DFIs (or other funds).

II. Impact of COVID-19 on Agriculture SMEs

Overview

In this section, we examine the following four questions to understand the impact of COVID-19 on agriculture SMEs (Agri-SMEs) in Latin America and Sub-Saharan Africa, with a particular focus on 'systemic' agricultural value chain actors (e.g., processors, large cooperatives and outgrower schemes, etc.) working within fair trade or sustainable crop value chains relevant for German business interests:

What has been the impact on demand for agricultural products? The overall demand for staple foods (e.g., grains, produce) and certain non-staple foods (e.g., coffee, oils) remains steady even in light of COVID-19. However, there is significant variation depending on the specific crop, level of export exposure, premium level of the crop or food product, and where the crop is in its harvest cycle. For example, conventional and fair trade coffee have seen strong sales from increased in-home consumption while specialty coffee has seen a decline due to the closure of in-person retail. Across agricultural products, there is significant uncertainty on demand beyond the next three months due to the possibility of a protracted global economic crisis.

What has been the impact on Agri-SME business operations? As a sector, agriculture has been classified as an essential business which has enabled supply chains to continue operating. However, there have been disruptions across the value chain with the largest disruption occurring in logistics and exports due to movement restrictions, export restrictions, and lockdowns in international markets. As a result, some agri-SMEs have experienced delayed payments and rising operating costs and thus are requesting restructuring of their existing liabilities from funds and DFIs.

What has been the impact on supply of finance to Agri-SMEs? Sources of capital (e.g., funds, banks, buyers) are tightening significantly in the wake of disruptions caused by COVID-19 and uncertainty about the future. National governments have introduced various measures to ease the burden; however, these have not been agriculture-focused and in practice have long lead times and transaction costs, limiting uptake by SMEs.

What is the resulting need for finance for Agri-SMEs? Business disruptions to the agriculture value chain, coupled with a tightening in the supply of financing, have led to a need for additional short-term liquidity for agri-SMEs. Fund managers and agri-SMEs communicated a need in the USD $100 thousand to $3 million range for ticket size and a tenor of 12 to 24 months. There was also broad agreement that the liquidity should be offered closer to market rates, though certain flexibility (e.g., no collateral requirements) should be offered due to the significant impact of the crisis.

Impact on Demand for Agricultural Products

Summary Demand Perspectives

The overall demand for staple foods (e.g., grains, produce) and certain non-staple foods (e.g., coffee, oils) remains steady even in light of COVID-19. As essential businesses, many grocery/retail outlets have remained open globally and sales through this channel (as well as online sales) have generally offset declining demand in the food service industry for basic food products.[4] In select cases, including coffee, demand has increased since the start of the crisis (versus last year) as consumers stockpiled in expectation of potential shortages – though this is expected to be a one-time impact.[5] Finally, in the case of staple food products, declining export demand has often been offset with increased local demand (especially given the effect of greater border control and restricted movement of goods).[6]

However, there is significant variation in the demand impact to date and outlook depending on the specific crop, the level of export exposure, the premium level of the crop or food product, and where the crop is in its harvest cycle.[7] For example, demand for horticulture out of East Africa (a 'non-food' agricultural commodity) has evaporated as European flower markets remain closed – as Fairtrade International notes "Agricultural Employers Association (AEA) and Central Organization of Trade Unions (Cotu) have agreed to send home 50,000 workers without payment."[8] Meanwhile certain food crops with higher export exposure and lower substitute demand domestically, especially perishables, have been impacted by declining demand in the US, Europe, and Asia (e.g., cashew nuts).[9] Finally, specialty/ premium coffee and cocoa have been particularly hard hit as major distribution channels like retail coffee chains have completely closed – with very little visibility as to when a reopening may occur, and the level of footfall even when it does.[10]

For fair trade products, the latest consensus is that the impact is likely to be somewhere between that of conventional/staple foods and that of specialty/ premium foods – again, with variation depending on the crop. For example, thus far fair trade coffee appears to be experiencing a similar demand profile as conventional coffee (including a one-time bump in the month of March) – as noted by Fairtrade International "fair trade coffee sales have remained strong so far thanks to retail sales."[11] In other food products like honey, avocados, and oils, demand out of Europe is reportedly also increasing given greater purchases through grocery/supermarkets.[12] The picture for cocoa is more muted with prices falling 25 percent and purchase orders from China, Europe, and US declining and only modest offsets from local demand – for example, "Ghana's cocoa revenue is expected to receive a shortfall of USD $1 billion, which will affect the entire sector."[13] For certain fair trade crops, a natural hedge also exists to sell some crop as conventional instead of fair trade, which will compress margins but reportedly at a level which can sustain operations at least through this season.[14]

Like elsewhere, in Germany, demand for fair trade products has increased at grocery stores, while it has sharply declined elsewhere – likely leading to a modest decline overall. Grocery stores have seen an increase in demand from consumers' stockpiling goods. Though the retail channel has seen a sharp decline due to closures, including the "One World Fair Trade" stores which have been closed for six weeks. Many of the employees of "One World Fair Trade" stores are over 60 and at high risk for

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[4] "The COVID-19 crisis spills over into the global coffee sector." Centre for the Promotion of Imports from Developing Countries situated in the Dutch Ministry of Foreign Affairs." April 15, 2020.
[5]"Coffee importers stockpiling on fears over coronavirus lockdowns." The Straits Times. March 30, 2020.; Paredes, Xiomara J. "Statement on effects of COVID-19 in Latin America and the Caribbean." Latin American and Caribbean Network of Fair Trade Small Producers and Workers. April 1, 2020; "COVID-19 leads to firmer coffee prices - for the time being." IHS Markit. April 8, 2020.
[6] Stakeholder interviews with DFIs and fund managers
[7]Walker, Jon."Staying United While Keeping Apart: Cocoa in the Time of COVID-19." Fairtrade International. April 20, 2020.
[8]"Fairtrade Together: COVID-19 Briefing." Fairtrade International. April 27, 2020.
[9] Stakeholder interviews with agri-SMEs
[10]"Coffee Market Comments: The Ripple Effect of COVID-19." Mercanta, The Coffee Hunters. April 8, 2020.;
[11] "Fairtrade Together: COVID-19 Briefing." Fairtrade International. April 6, 2020.
[12] Stakeholder interviews with agri-SMEs
[13]"Fairtrade Together: COVID-19 Briefing." Fairtrade International. April 6, 2020.
[14] Stakeholder interviews with DFIs and fund managers

coronavirus, so they may open more slowly than other retail outlets. For coffee, out-of-home consumption represents approximately 25% of demand; the increase from grocery stores, while robust, has likely not fully compensated for the reduction in out-of-home consumption.[15]

Yet there is significant uncertainty beyond the next three months as the specter of a protracted global economic crisis looms – with unknown impacts to demand given the potential severity, duration, and resulting deterioration in consumer buying power. In its most recent global economic outlook, the IMF is forecasting a sharp contraction of 3% globally in 2020, followed by a 5.8% rebound in 2021 as the economy normalizes. However, the report author notes that the 2021 projection assumes the "pandemic fades in the second half of 2020 and containment measures can be gradually unwound" and as a result, "there remains considerable uncertainty around the forecast, the pandemic itself, its macroeconomic fallout, and the associated stresses in financial and commodity markets."[16]

For agricultural products, there is a current expectation in the short to medium term that demand may begin to rebound in struggling sectors due to government support and growing export demand once global quarantine measures begin to ease. As per one agriculture fund manager, "Asian demand is likely to come back as restrictions ease."[17] Yet longer term, the outlook remains highly uncertain given the broader macroeconomic uncertainty.[18] For example, the Centre for the Promotion of Imports from Developing Countries situated in the Dutch Ministry of Foreign Affairs recently noted with respect to coffee, "At this point, a global economic recession in 2020 is almost certain. As the economic downturn unfolds, we may see a general decrease in coffee consumption worldwide. Or will we?... During the world economic crisis in 2009, coffee consumption remained fairly resilient."[19] Meanwhile, in the aftermath of the financial crisis in 2008-09, growth in fair trade sales slowed in most developed markets but still grew at double digit rates due to strong customer interest.[20]

Given the level of variation, the analysis that follows provides more detailed perspectives by geography and crop type (coffee, cocoa, nuts, and selected other crops). Demand for coffee and cocoa were also analyzed by premium 'tier' (conventional, fair trade, and specialty/ premium). Where perspectives were available on longer term outlooks (e.g., based on performance during the 2008-09 financial crisis), those are also included.

Coffee demand

Demand for coffee overall is currently steady as increases in in-home consumption compensates for decreases in out-of-home consumption, but demand for specialty/ premium coffee is likely to decrease. A recent estimate from Rabobank suggests that global demand growth is expected to drop to 0.4% in 2020 compared to 2.5% growth in 2019. The forecasted drop is similar to what occurred during the 2008-09 financial crisis.[21] Similarly, the International Coffee Organization (ICO) estimates that overall coffee consumption will grow 0.7% for the 2019/2020 year, down from previous forecasts;[22] yet they have also released analysis that a 1% decline in global GDP growth historically correlates with a 0.95% decline in coffee demand, suggesting a potential downside case of a 2.9% decline in

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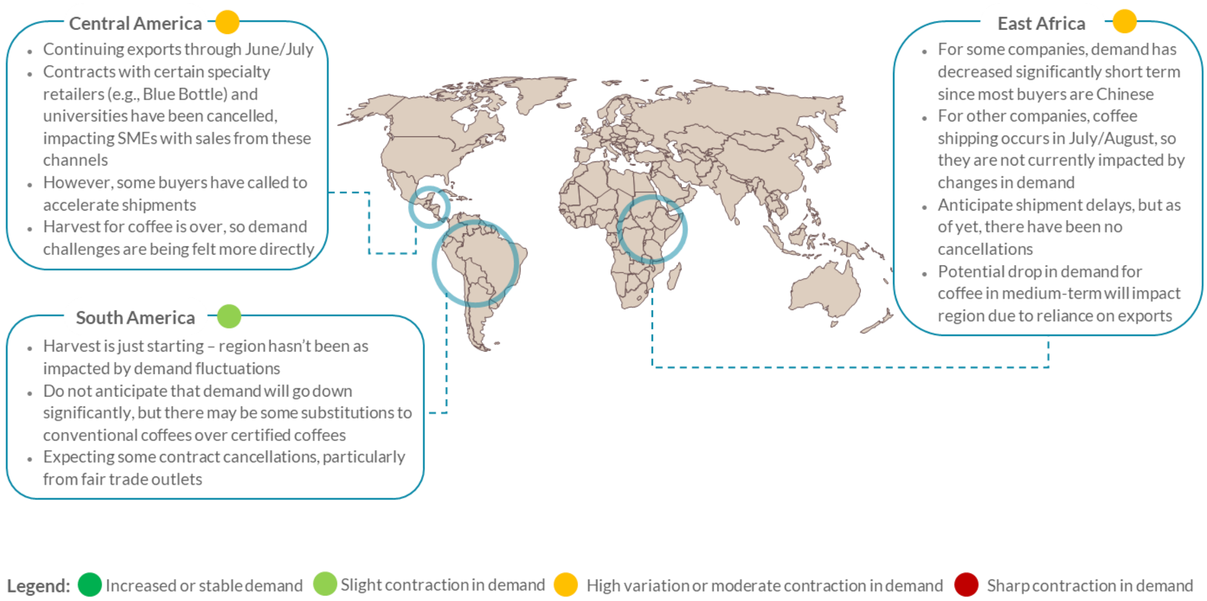
[15] Stakeholder interviews with fair trade organizations
[16]"World Economic Outlook, April 2020: The Great Lockdown." International Monetary Fund. April 2020.
[17] Stakeholder interviews with fund managers
[18] "Coffee Market Comments: The Ripple Effect of COVID-19." Mercanta, The Coffee Hunters. April 8, 2020.
[19] "The COVID-19 crisis spills over into the global coffee sector." Centre for the Promotion of Imports from Developing Countries situated in the Dutch Ministry of Foreign Affairs." April 15, 2020.
[20] Elliott, Kimberly. "Is My Fair Trade Coffee Really Fair?," Center for Global Development. December 2012.
[21] "Coffee Market Comments: The Ripple Effect of COVID-19," Mercanta, The Coffee Hunters. April 8, 2020.
[22] "Coffee Market Report: March 2020." International Coffee Association. March 2020.

consumption.[23][24] Though agri-SMEs highlighted differences in the impact of COVID-19 on demand of coffee by tier:

- Conventional – There has been a one-time increase as customers stockpile but likely steady demand going forward.
- Fair trade – Similar to conventional coffee, fair trade coffee has seen strong sales thus far, but the outlook is uncertain as even though sales grew during the financial crisis of 2008-09, COVID-19 has had an unprecedented impact on in-person retail. Sales are also shifting online but may not fully offset in-person retail declines. To mitigate the impact of potentially lower demand, some agri-SMEs see an opportunity to sell fair trade coffee as conventional in the near-term.[25]
- Specialty/ premium – There has been a significant contraction in demand as customers are primarily in-person retailers (restaurants/hotels) in the US and Europe, which have been closed. In a survey conducted by the Specialty Coffee Association, 68% of respondents have seen at least a 50% decrease in sales.[26] The outlook is highly uncertain as it depends the most on the reopening of in-person retail.

Agri-SMEs in different geographic regions have also experienced varying drivers of demand for coffee based on local policies and stage of harvesting cycle (see Figure 1). Changes in demand are being felt more acutely in Central America where the harvest has been completed. Meanwhile the harvest in South America and East Africa will be beginning in May/June; they are less impacted by current demand fluctuations but could experience major disruption if quarantine measures extend through the Summer.

Figure 1. Coffee Demand Assessment by Region[27]



23 Assuming a 3% contraction in global GDP growth based on the IMF baseline scenario and a 0.95% contraction for every 1% decline in GDP based on regression analysis conducted by the ICO.
24 "Impact of COVID-19 on the Global Coffee Sector: Demand Side." International Coffee Association. April 2020.
25 Stakeholder interviews with agri-SMEs
26 "COVID-19 and Specialty Coffee Survey Response #1 | Survey Results and Key Learnings," Specialty Coffee Association. April 4, 2020.
27 Stakeholder interviews with DFIs, fund managers, and agri-SMEs

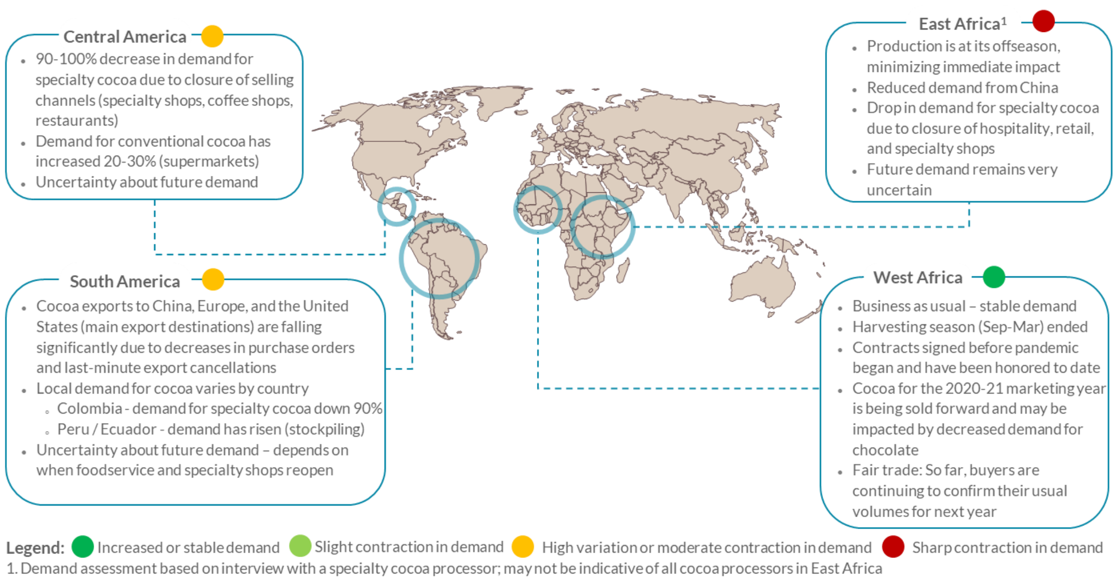
Cocoa demand

Overall demand for cocoa has decreased with prices falling around 25%[28]; specialty/ premium cocoa has suffered from the most significant reduction in demand. In the last financial crisis in 2008-10, the global chocolate market grew with companies reporting sales growth of 2% - 8% per year,[29] but the impact of COVID-19 is likely to be more severe due to the closure of in-person retail and cancellation of events. Agri-SMEs also highlighted differences in the impact of COVID-19 on demand of cocoa by tier:

- Conventional – Similar to coffee, conventional cocoa has seen a one-time increase due to stockpiling by consumers from grocery stores. Chocolate sales in supermarkets have seen an increase of 20-30%.[30] Current outlooks suggest conventional demand will be steady.
- Fair Trade – Many fair trade processors, especially those in West Africa, had signed contracts for this season before COVID-19 started so the impact of decreased demand has been more minimal. But they will be significantly impacted next season if prices remain at current low levels. One agri-SME mentioned they expect a 20% reduction in production next season.[31]
- Specialty/ premium – There has been a significant reduction in demand with 70% of small chocolate businesses reporting a 50% decrease in sales, as per a poll conducted by The Fine Cacao and Chocolate Institute.[32] The future outlook is uncertain as it depends on the reopening of in-person retail outlets and events.

Agri-SMEs in different geographic regions have also experienced varying demand for cocoa based on local policies and the stage of harvesting cycle (see Figure 2). Decreased demand has had less impact in West Africa where the harvest has been completed but will likely have a greater impact in regions where the peak harvest is beginning in the next 1-2 months (e.g., South America, East Africa).

Figure 2. Cocoa Demand Assessment by Region[33]



28 "Fairtrade Together: COVID-19 Briefing," Fairtrade International. April 27, 2020.
29 "Cocoa and chocolate companies brace for Covid-19 impact," IngredientsNetwork.com. April 19, 2020.
30 Stakeholder interviews with agri-SMEs
31 Stakeholder interviews with agri-SMEs
32 "The Impact of COVID-19 on Small Chocolate Businesses," Cacao Magazine. March 25, 2020.
33 Stakeholder interviews with DFIs, fund managers, and agri-SMEs

Nuts demand

Demand has increased in certain markets (US, Europe), while it has dropped in key markets in Asia. Increased demand is being driven by consumers who are stockpiling non-perishable foods such as nuts, but import restrictions in Asia have also led to a drop in prices for certain nut crops (e.g., cashews, macadamia). If restrictions continue, demand in Asia may remain depressed (e.g., India's demand for cashews could fall by 30%). Demand for cashews in the US and Europe is expected to resume normal levels after 6-8 weeks of a surge in demand.[34]

Agri-SMEs in different geographic regions have also experienced varying drivers of demand for nuts based on local policies and the stage of harvesting cycle (see Appendix Section IV). The decrease in demand from Asia is impacting nut markets in East and West Africa while the market in South America is benefiting from increased demand for snacking nuts. These perspectives largely represent fair trade nuts based on interviews with fair trade agri-SMEs.

Demand in selected other crops

Demand has remained strong for grains and other sectors that represent staple foods. Consumers are stockpiling foods from grocery stores and in some cases are increasing in-home consumption (e.g., honey with tea). As per one avocado agri-SME in Eastern Africa, "Certain grocery store wholesalers are requesting 10 pallets instead of the usual 3 pallets."[35] Agri-SMEs in different geographic regions have experienced similar steady demand levels across crops (see Appendix Section IV).

Impact on Agri-SME Business Operations and Performance

While agriculture has been classified as an essential business by governments around the world, enabling supply chains to continue operating, there have been disruptions across the value chain (see Figure 3). The largest disruption has been delays in logistics and exports due to movement restrictions, export restrictions, and lockdowns in international markets. Other key disruptions include limitations in worker mobility and reduction in capacity due to social distancing requirements. Certain disruptions have been specific to certain geographies based on government policies and local dynamics (see Appendix Section V).

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[34] "Cashew Market Update – March 2020," Competitive Cashew Initiative, April 1, 2020.c

[35] Stakeholder interviews with agri-SMEs

Figure 3. Disruptions along the Agriculture Value Chain[36]

Supply and Production

- Degree of disruption in worker mobility varies by local quarantine measures and stage of harvest cycle
- In countries with greater restrictions on worker mobility (e.g., South Africa), there has been greater disruption in workers' accessing the fields
- This disruption has been compounded in countries that are in the middle of harvesting and it will greatly affect countries entering harvesting soon (e.g., cacao in Colombia) if restrictions continue
- Transportation restrictions have also impacted availability of inputs in certain markets

Collection and Storage

- Reduced hours of operations means that producers have challenges in getting coffee to collection facilities
- Increases in inventories due to slowed exporting capacity and delays in transportation to processors
- Collection facilities in certain rural areas have become hotspots for COVID-19 which has limited operations further

Processing

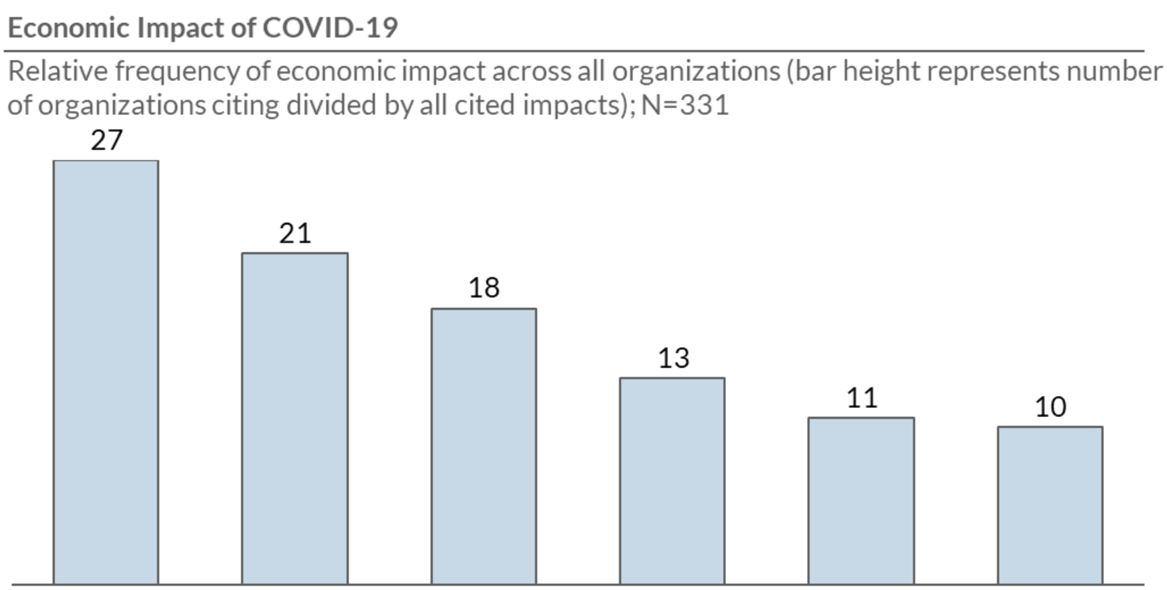
- Social distancing requirements have led to reduced staff in each shift and curfews in certain countries (e.g., Kenya) have limited the number of shifts, thereby reducing capacity of processors
- Certain processors have also had to pay for private transportation for workers due to shutdowns in public transit, but this hasn't increased operating costs significantly

Logistics and Exports

- Logistics and Exports have been the most disrupted element of the value chain due to movement restrictions, export restrictions, and lockdowns in international markets
- Most ports continue to operate but these disruptions have led to significantly increased costs and reduced availability for transportation of goods
- Reduced personnel and increased sanitary checks have also led to delays in transportation
- Landlocked countries are facing particular challenges due to border restrictions

In a recent survey of fair trade organizations[37], rising production costs and the impacts on exports and storage logistics have had the largest impact to date. These were followed by labor impacts and impact on demand (with demand only contributing ~13% to the overall impact to date) (See Figure 4). The fair trade certification process has also been disrupted due to COVID-19. Certification organizations are aiming to do renewals for at least some enterprises over video, but technology limitations will impact their ability to do this widely. New certifications have been put on hold due to restrictions on in-person visits.[38]

Figure 4. Economic Impact in Latin America and Caribbean



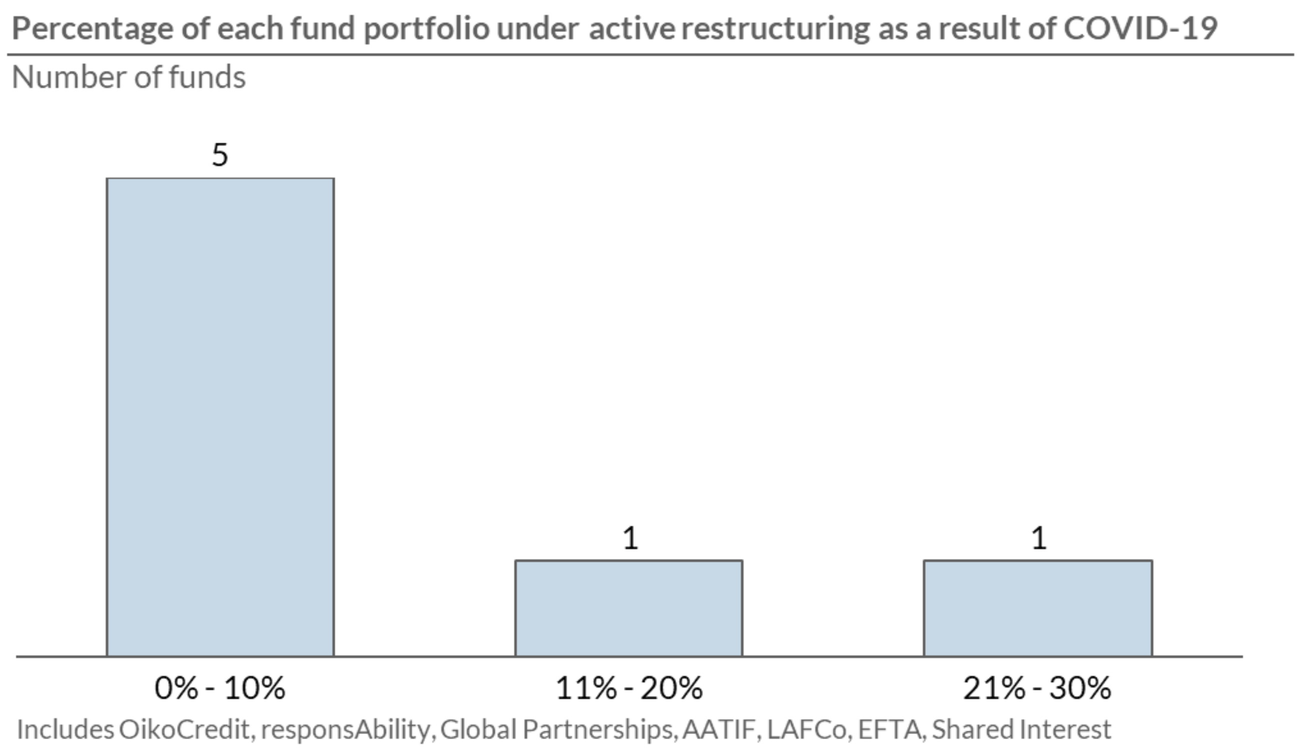
[36] Stakeholder interviews with DFIs, fund managers, and agri-SMEs
[37] Survey conducted by the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (N=331).
[38] Stakeholder interviews with fair trade organizations

Moreover, the interconnected nature of global agriculture supply chains means that even a localized disruption is amplified elsewhere. This creates additional volatility and may exacerbate or prolong business disruptions as effects of the pandemic fluctuate in different parts of the world at different times. Increased supply chain volatility is leading some actors to maintain higher stockpiles of the product. For example, certain coffee processors are requesting "retro-certification" of conventional product that they purchased from fair trade producers to ensure they do not run low on fair trade supply.[39]

To date, smallholder farmers have primarily been impacted at harvest and transporting product to market. As agriculture has been deemed essential, farmers in most regions in SSA and LATAM are still going to the field despite the health risks. However, border controls and disruptions in movement of goods have made it difficult to access markets.[40] Additionally, there is significant risk of greater and more enduring impacts if the current COVID-19-related disruptions interfere with the next planting cycle. Reduced input availability (and/or higher input costs and reduced input financing) will impact harvest yields for farmers. This will then have downstream impacts on the entire value chain.

As a result of these disruptions, agri-SMEs are beginning to request restructuring of their existing liabilities. Funds report that 0% - 30% of their portfolios (average of ~10%) are already actively being restructured (see Figure 5). Looking ahead to the end of the year, select fund managers reported expectations that 33% - 60% of their portfolios will likely require restructuring.[41]

Figure 5. Impact on Interviewed Fund Managers' Portfolios[42]



[39] Stakeholder interviews with fair trade organizations
[40] "Unsung heroes: How small farmers cope with COVID-19." International Trade Centre. April 2020.
[41] Stakeholder interviews with fund managers and DFIs
[42] Stakeholder interviews with fund managers

Impact on Supply of Finance to Agri-SMEs

In the agricultural sector, most financing for 'systemic' agriculture SMEs historically has come from funds (e.g., debt, venture), state and commercial banks, non-bank financial institutions (NBFIs) and microfinance institutions (MFIs), and value chain actors (e.g., buyers). Among these sources, value chain actors and state banks usually offer financing at lower ticket sizes and funds usually offer financing at larger ticket sizes. Due to real and perceived risk, agriculture remains, on average, less than 6% of African commercial bank portfolios, and less than 2% of emerging market private equity investment portfolios overall.[43]

These sources of capital are tightening significantly in the wake of demand and operational disruptions caused by COVID-19 and uncertainty about the future – which is increasing expected risk.

- Agriculture-focused funds[44] are limiting lending due to greater perceived risk from the economic uncertainty and limitations on due diligence due to movement restrictions. Given the greater perceived risk and anticipation of rising non-performing loans (NPLs), funds are reducing exposure across their portfolio to meet risk-return expectations of their limited partners (LPs). In many cases, they are reducing the size of the line, reducing the maximum exposure, or reconsidering renewals as a result of increased perceived risk. Looking forward through 2020, funds are expecting significant declines in disbursements compared to their original projections for the year. Disbursements are expected to decrease 15% - 80% with an average decline of ~30% this year (see Figure 6).
- Regulated commercial banks are similarly reducing their exposure as they are already experiencing rising NPLs from highly exposed sectors (e.g., tourism, hospitality), which is causing increased lending restrictions across all sectors, including agriculture. While regulated banks in many markets do have access to subsidized government financing, this has not yet materialized into increased lending. Moreover, fund managers expect very little to flow through to agriculture as agriculture has not historically been a focus segment for banks as it is subject to high systemic risks (e.g., weather patterns, pests). As a result, banks have been unable to sufficiently assess risks and are reluctant to develop sustainable products for stakeholders in agriculture value chains.[45] As per the Latin American and Caribbean Network of Fair Trade Small Producers and Workers (CLAC), "…national banks are not supporting these kinds of credits, because there is fear of risk right now due to the economic context."[46] Going forward, despite stronger relative performance of agriculture to tourism or hospitality in the near-to-medium term, it is unlikely that banks will have risk appetite to develop agriculture-focused products, given the other systemic factors that remain; moreover, they are unlikely to do so fast enough to meet urgent financing gaps.[47]
- NBFIs and unregulated MFIs, especially those serving rural clients, are experiencing the greatest squeeze given delays in payment collections, an inability to access government financing, and a lack of deposits to borrow against.
- Value chain financing (e.g., buyer pre-financing) is also drying up due to uncertainty. For example, one agri-SME mentioned they usually have a pre-financing agreement with four buyers but this

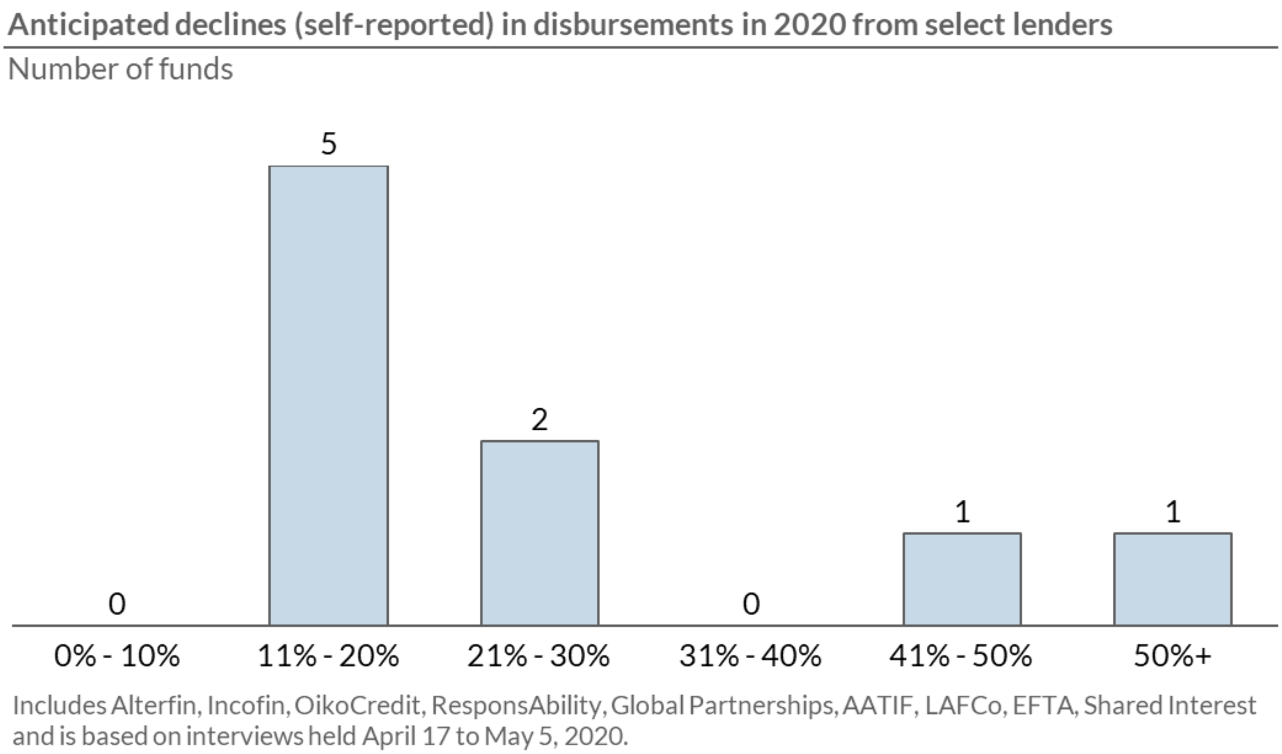
[43] "Inflection Point: Unlocking growth in the era of farmer finance." ISF/RAF Learning Lab. 2016.; "The Fund Manager Perspective: Moving the needle on inclusive agribusiness investment." ISF. 2017.
[44] For the purposes of this assessment, we focused on agriculture-focused funds who primarily provide short-term debt, long-term debt, or equity to medium-sized enterprises in the sector. The funds encompass both commercial and impact investors.
[45] "Policy Brief on Agricultural Finance in Africa," Making Finance Work for Africa. 2012.
[46] Stakeholder interviews with fair trade organizations
[47] Stakeholder interviews with fund managers / experts

year, only two have signed on. In Germany, fair trade buyers are reducing pre-financing due to reductions in their own sources of capital (e.g., limited reserves) and reduced risk appetite due to the uncertainty.[48]

National governments have introduced various measures to ease the burden but generally have not had a significant impact in practice – and in some cases are hurting viability.

- Many governments (e.g., Kenya) have introduced interest moratoriums that provide short-term relief to SMEs; however, this impacts the liquidity of financial institutions and NBFIs.
- Some governments (e.g., Paraguay, Nigeria) have introduced concessional financing for SMEs, but the transaction costs are very high; as a result, some agri-SMEs have said they prefer private sector, market-rate financing which is available quickly.[49]
- Some countries (e.g., Paraguay) are also guaranteeing loans by banks to encourage lending, but banks are still moving slowly and not generally offering new liquidity.

Figure 6. Impact on Funds' 2020 Disbursements[50]



Agri-SMEs' Need for Financing due to COVID-19

Business disruptions to the agriculture value chain, coupled with a tightening in the supply of financing, are generating a need for additional financing for Agri-SMEs. The most appropriate type of financing depends on the business disruption the facility is looking to address (see Figure 7). There is a

[48] Stakeholder interviews with fair trade organizations
[49] Stakeholder interviews with agri-SMEs
[50] Stakeholder interviews with fund managers

clear need for short-term liquidity to address the disruptions cited by 96% of interviewees. However, long term demand contractions are unlikely to be addressed by short term liquidity alone.

Figure 7. Financing Need based on Disruptions[51]

Type of Disruption	% Citing Disruption[1]	Financial Impact	Resulting Financing Need
Long-term demand contraction (3 months+)	30%	Reduces revenue and ability to support fixed operating costs and recycle cash to finance variable costs (e.g., crop offtake; purchasing inputs). Support needed to cover fixed costs and liabilities until demand resumes.	*Highly concessional liquidity or grants to support business survival through to post-COVID normalization.*
Short-term demand contraction (1-3 months)	37%	Reduces revenue. If contained, agri-SMEs expect to be able to absorb the impact. However, in some cases, liquidity needed to provide buffer against volatility and support fixed operating costs (e.g. payroll).	*Short-term liquidity (e.g., to increase working capital levels) to help sustain close-to-planned operational level and minimize layoffs.*
Delays in payments due to transportation delays	81%	Reduces available working capital but does not impact expected revenue. Additional liquidity needed to continue to fund operations until payments received.	
Reduction in customer pre-financing	41%	Reduces cash available to purchase crop from farmers. Does not impact demand / potential revenue, but without additional liquidity up front, may impact ability to service demand (i.e., no cash to buy crop to resell).	
Rising operating costs (e.g., PPE, employee transportation, rising international freight)	44%	Increases operating costs (e.g., freight costs at 2-3x normal levels but expected to be short-term). PPE and employee transport increase operating costs by 1-2%. Currently agri-SMEs expect to be able to absorb impact.	*N/A – independently can be absorbed by existing financing / operations.*

1. N = 27

The experiences of agriculture SMEs interviewed highlight the impact of these disruptions on the financial viability of their businesses. Selected examples below:

- *Avocado Processor in East Africa:* Demand has remained strong, but due to market uncertainty, 2 out of 4 <u>customers have not agreed to pre-financing</u>, limiting the agri-SME's access to working capital. <u>Operating costs have increased slightly</u> due to PPE requirements and the need to get an additional bus for employee transportation, but these costs have not impacted overhead materially. The agri-SME has also been impacted by disruptions in transportation logistics which have caused <u>delays in receiving payments from customers</u>.
- *Coffee Processor in Central America:* Demand has increased for individual subscriptions, but the agri-SME's major customers are universities, which have stopped all purchases. With little visibility as to when universities will reopen, the agri-SME is facing a <u>long-term demand contraction</u>.
- *Cocoa Processor in South America:* The agri-SME makes chocolate for local consumption and exports cocoa beans to specialty chocolatiers in North America and Europe. Local consumption and exports came to a halt in March and April, but the agri-SME is starting to see demand from North America and business in May is expected to pick up; therefore it was important for them to have access to liquidity to survive the <u>short-term demand contraction</u>.
- *Sesame Processor in Latin America:* Demand has remained stable given continued demand from Japan, their primary export market. However, export logistics have become more difficult or have stalled due to the scarcity of containers and slower shipping operations. Shipping companies have announced an increase in their shipment fees and <u>shipping delays are leading to</u>

[51] Stakeholder interviews with DFIs, fund managers, and agri-SMEs

slower payments for the agri-SME. As a result, the agri-SME has less working capital available, hindering its growth and preventing it from continuing to buy volume from the fields.

To solve short-term liquidity needs, fund managers and agri-SMEs broadly agreed that bridge financing with a ticket size between USD $100 thousand to $3 million and a tenure of 12 to 24 months would be optimal. Some agri-SMEs have needs of up USD $3 million to cover working capital needs due to delays and cancellation of other lending facilities. For the tenure, agri-SMEs have significant uncertainty on the broader economic implications of COVID-19, so they are uncomfortable with taking loans that are under a year in tenor. And for some crops, this year was meant to be a strong harvest, so they may need two years to return to normal margins when they can cover liabilities.

However, some fund managers and multi-stakeholder initiatives believed that providing first loss capital to de-risk investing would be preferred to bridge financing. Structuring patient capital as first loss both increases funds' lending capacity and provides flexibility to fund managers in terms of how funds are used. However, this would also mean decreased visibility and control for KfW and an increased risk that funding might mitigate losses in existing loans rather than support new lending.

For the rate, there is broad support for 'close to market' terms though there remain a faction of fund managers that believes concessional rates would be most beneficial. Overall, 9 out of 13 fund managers and DFI representatives interviewed believe the bridge financing should be offered at market or 'close-to-market' rates.[52] Proponents of market rates believe the facility should not introduce distortions in the market, and agri-SMEs have the capability to pay market rates since the largest impact has been on availability of financing and delays rather than margin compression. Proponents of concessional rates believe it will take a few years for operations to return to normal so the facility should support agri-SMEs to deleverage sustainably rather than loading them with additional market-rate debt. Ultimately, per the findings in figure 7, the type of financing that is most useful will depend on the specific disruption faced by agri-SMEs. Regardless of views on interest rates, broad agreement exists that the facility should include additional forms of flexibility (e.g., deferred repayment options, no collateral requirements, grace periods, etc.).

Additionally, certain fund managers raised the importance of supporting smaller, pipeline organizations. In many cases, portfolio companies are already receiving focused attention from fund managers and LPs, but smaller, pipeline organizations are receiving very little support. Supporting these organizations will ensure funds have a strong pipeline of organizations to invest into in the future and that robust agricultural value chains continue to exist.

As the crisis evolves, certain funds and agri-SMEs communicated a need for longer-term financing to enable adaptation. COVID-19 will have long-term effects on the supply chains and business models of many agriculture SMEs. And agri-SMEs will have limited access to longer-term financing as many are utilizing existing longer-term loans that were intended for capital expenses to cover current working capital needs. As a result, agri-SMEs will need longer-term financing to help them adapt their operating models (e.g., build independent sourcing networks, improve access to distribution channels). Such 'adaptation' financing has the dual benefit of addressing immediate needs while also building resilience in the sector.

[52] Stakeholder interviews with fund managers and DFIs

III. Assessment of Short-Term Financing Need

Overview

In this section, we examine the following two questions to understand the short-term financing need arising due to COVID-19 among agri-SMEs in Latin America (LATAM) and Sub-Saharan Africa (SSA):

How much financing is needed in aggregate? An estimated USD $195-220 million is needed in short term liquidity to support just the portfolio companies of Council on Smallholder Agricultural Finance (CSAF) agricultural lenders. The full size of the short-term liquidity need could be as high as USD $2-10 billion when extrapolated to other market actors. Several agri-SMEs and fund managers also expect additional working capital to be at risk for the next season, estimating that 30-75% of typical working capital could be impacted (i.e., an additional liquidity need of USD $10-20 billion). These directional estimates suggest a substantial gap in short term financing may persist throughout 2020 and beyond.

What efforts are proposed or under way by other DFIs and will this facility be additional? Although both bilateral and multilateral DFIs have expressed commitment to providing additional liquidity to their existing investees, there are no existing efforts focused on the agriculture space. Similarly, most existing efforts focus on lending to financial institutions (versus directly to agri-SMEs).

What are other funds doing in response to COVID-19? Announced initiatives to date vary among fund managers, with some providing additional support to their portfolio companies through their existing fund structures and others considering setting up new investment vehicles. Coordinated international response strategies have also emerged as guidelines for fund managers to help them mitigate the effects of COVID-19 on SMEs and MFIs.

Estimated Incremental Financing Need in Sub-Saharan Africa and Latin America

Across the Council on Smallholder Agricultural Finance (CSAF) members, the need for short term liquidity in 2020 as a result of COVID-19 is estimated at USD $195-220 million (see Figure 8). CSAF includes 12 social lenders who target "missing middle" agricultural SMEs in low- and middle-income countries. Its members are AgDevCo, Alterfin, Global Partnerships, Impact Finance, Incofin, OikoCredit, Rabobank, ResponsAbility, Root Capital, Shared Interest, SME Impact Fund, and Triodos Bank. In 2018, CSAF's total disbursements were USD $628 million, with 67% of all disbursements going to SSA and LATAM.[53] Disbursements grew at a compound annual growth rate of 3% during 2014-2018. Assuming a continued growth rate of 3%, this suggests that CSAF would have disbursed USD $666 million in 2020.[54] CSAF focuses on coffee, cocoa, and cashew nuts, with 45%, 14%, and 10% of all disbursements going towards these value chains, respectively.[55]

The incremental financing need for 2020 was estimated by considering current estimated shortfalls within the portfolios of select council members – i.e., where they were reducing the size of the line, reducing the maximum exposure, or reconsidering renewals as a result of increased perceived risk (and a

[53] "CSAF Open Data Portal," CSAF, 2020.

[54] "CSAF Open Data Portal," CSAF, 2020; Dalberg Analysis.

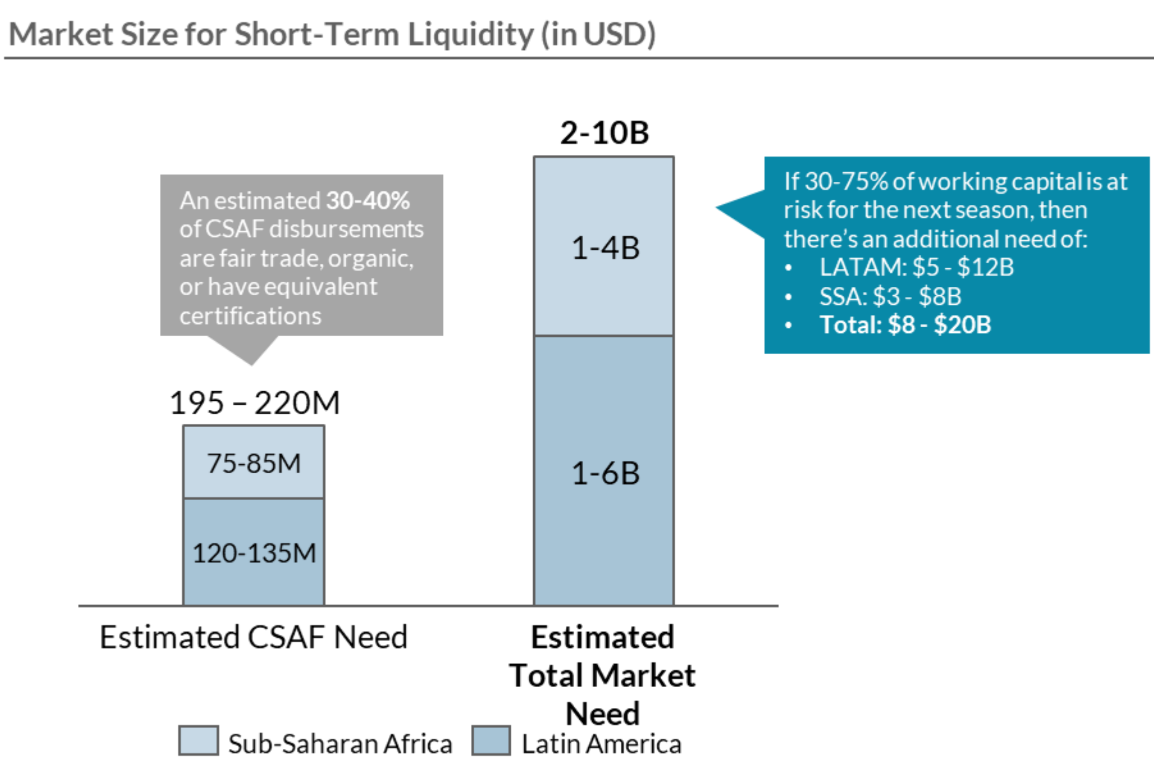
[55] "CSAF Open Data Portal," CSAF, 2020.

need to meet certain risk-return expectations for their LPs). The majority of this would be trade finance – which has a direct impact on those agri-SMEs' ability to finance offtake to then sell to buyers in export markets. While we believe the estimate to be representative based on interviews, it does assume that needs look similar across all CSAF members (and thus should be considered indicative); it also does not include needs outside the CSAF ecosystem.

The full scope of short-term liquidity need is thus likely much larger – between USD $2-10 billion. As mentioned, the estimate pictured below only includes CSAF members. Assuming that CSAF represents anywhere from 2-10% of overall lending in LATAM and SSA, based on recent experience, this translates to a much larger need across the market. Moreover, the estimate was based largely on reductions in trade finance. Multiple agri-SMEs and fund managers also expressed concerns that the typical sources of working capital to support the purchase of inputs for the next growing season may also be impacted; estimates ranged from 30-75% of typical working capital that could be at risk. This effect will not fully materialize until the 3rd or 4th quarter when planting begins to pick up. The incremental liquidity to service this need could therefore be much greater (e.g., anywhere from USD $10-20 billion).

Our estimate assumes that approximately 40% of the need is within SSA and 30-40% of the need within CSAF is fair trade, organic, or equivalent certification. The estimated regional split is based on the distribution in overall disbursements in the CSAF-wide data from 2018. While this is proportionally less than the 50% SSA allocation target for the facility overall, there is still a sizeable absolute need in SSA for CSAF members (USD $75-85 million). The fair trade percentage is based on the fair trade portion of select CSAF members' disbursements. Based on this estimate, there is a sizeable absolute need (~USD $70 million) for fair trade organizations.

Figure 8: Indicative Estimate of Need for Short-Term Liquidity



Additionality Relative to Existing DFI COVID-19 Responses

Bilateral and multilateral DFIs are both considering providing financing support, but there are few focused efforts currently in the agriculture space (either in planning or operational). Multilateral DFIs have presented comprehensive relief packages that include financing for SMEs through trade financing, short term liquidity financing, and loan restructuring, among other instruments (i.e., International Finance Corporation, Inter-American Development Bank, African Development Bank, Asian Development Bank). Yet none of these have a focus on agriculture. IFAD *has* announced a $40 million multi-donor Rural Poor Stimulus Facility[56] and may deploy its newly created private sector engagement instruments for additional agricultural financing interventions – but such support is not yet operational, and is likely to be a small fraction of the short-term need in the market. Beyond the multilateral DFIs, bilateral DFIs have expressed commitment to continuing to support their existing investees. However, they are either focused on different types of support (e.g., grant support for PPE), are still in earlier stages of alignment, or face structural constraints that inhibit them from deploying capital as rapidly as would be required.

Bilateral DFIs that have expressed the greatest willingness to provide support, or with more concrete action plans available, include FMO (Netherlands), CDC/DFID (United Kingdom), BIO (Belgium), FinDev (Canada), and Proparco/AFD (France). The aforementioned DFIs have all expressed commitment to providing additional liquidity to their existing investees. FinDev Canada, as a relatively new DFI, has expressed desire for increasing its investments this year in both SSA and LATAM – though will focus on supporting financial institutions with whom it has existing relationships. Proparco has two cross-sector investment vehicles with agriculture components; it is looking to provide additional short-term liquidity to its portfolio organizations through its existing vehicles; however, efforts are at an early stage.

A summary of existing efforts to date by bilateral DFIs can be found in figure 9. A summary of existing efforts by multilateral DFIs can be found in the Appendix (section VI).

Among DFIs, there is high interest in increased international collaboration for combating the economic impacts of COVID-19, and several have expressed interest in collaborating on a financing program for agriculture. Through the DFI Alliance, DFI's of 16 OECD countries have begun cooperating and using shared resources to tackle liquidity issues, develop interventions to alleviate the economic impacts of COVID-19 on businesses, protect employment, and work with the private sector to expedite recovery. Several DFIs have expressed an interest in potentially collaborating on a financing program for agriculture to address short-term needs.

[56] IFAD's Rural Poor Stimulus Facility, https://www.ifad.org/en/rpsf.

Figure 9. Selected Bilateral DFI COVID-19 Responses (Focus on Bilaterals with efforts already underway)[57]

DFI	Concept	Objective	Target	Detail	Governance	Status
★ FMO	Emergency Grant Facility	• Supply PPE to portfolio companies • Support hospitals	• Segment: Financial institutions • Sector: Agriculture • *Existing clients*	• Instrument: Grants	• Administered by an existing client (FI)	Announced
CDC Investment works	Business Response Facility	• Support businesses adapt or scale-up to respond to COVID-19	• Segment: businesses • Sector: Healthcare, those supporting underserved groups • *Existing clients*	• Instrument: o Grants o Advisory services o Max. USD $200,000 per company	• Managed by CDC Plus	Announced
CDC Investment works	Emergency Technical Assistance Facility	• Develop specific guidance on effective COVID-19 responses • Provide capacity support	• Segment: businesses • *Existing clients*	• Instrument: o Grants o Advisory services o Capacity building o Max. USD $31,000 per company	• Managed by CDC Plus	Announced
BIO	Emergency Liquidity Facility	• Provide short-term liquidity	• Segment: Financial institutions, SMEs, funds • *Existing clients*	• Instrument: o TBD based on client o Shorter-term than traditional instruments	• Not a separate facility with separate governance; will use existing governance structure and process	Proposed

- 20 bilateral DFIs were reviewed – most expressed their commitment to continuing to support their existing portfolios[1]
- Additional measures announced by DFIs include increasing liquidity and capital support, restructuring financing, providing guarantees, supporting with technical assistance and advisory services, and streamlining approval processes

★ Agriculture focus

Notes. 1. Reviewed bilateral DFIs: FMO, USDFC, Bio, FinDev, EDFI, BMI/SBI, CDC, Cofides, Finnfund, IFU, Norfund, OeEB, Proparco, Sifem, Simest, CDP International Development Finance, Sofid, Swedfund, JBIC, China Development Bank.

Additionality Relative to Other COVID-19 Responses

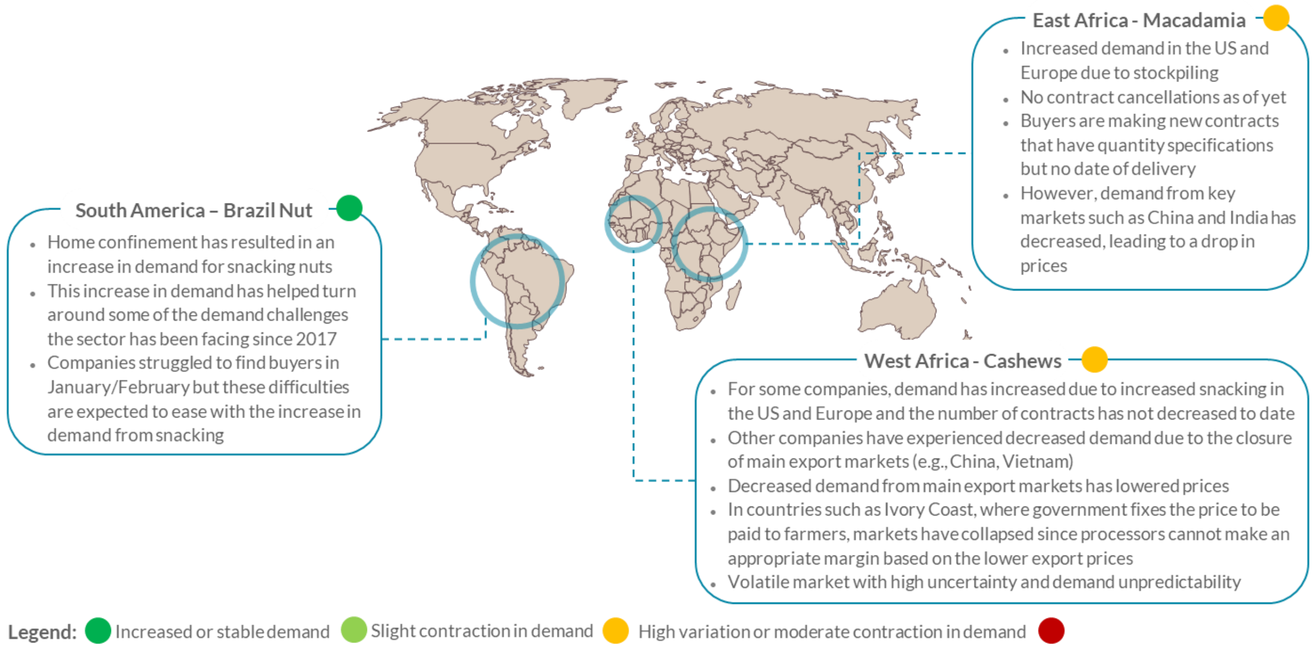
Several initiatives have been proposed among international lenders to support SMEs and financial institutions in the face of COVID-19; however, few are specific to agriculture and none have been officially launched as of yet. Out of the 11 fund managers and multi-stakeholder initiatives interviewed, 6 have unique funding proposals. Among these funding proposals, there is widespread support for obtaining first loss capital, with half of the proposals seeking first loss capital to de-risk investing and bolster risk-appetite. Proposals to date vary in their target investees and preferred instruments, with a slight preference for funding financial institutions by providing medium to longer term tenors and lower or concessional interest rates. 4 out of the 6 proposals target financial intermediaries. Where tenor was specified, most seek to provide longer-term tenors ranging from 1-5 years. Similarly, of the 3 proposals that specified interest rates, 2 argued for lower or concessional interest rates, rather than market rates.

Moreover, beyond the efforts of individual fund managers, the international lender community has come together to provide a coordinated response to reduce the pandemic's economic impacts on SMEs and MFIs. 9 fund managers and investment originators, including BlueOrchard, Incofin, Oikocredit, responsAbility, and Triodos IM signed a Memorandum of Understanding (MoU) that seeks to coordinate refinancing efforts responsibly.[58] The MoU serves as a guideline for investors, investees, and other finance providers to better help investees tackle COVID-19 related business disruptions. Although not legally binding, the MoU is expected to be adopted by several additional fund managers given that many have expressed interest in the initiative. While the MoU may encourage continued lending, it does not itself stipulate a concrete plan to raise incremental short term financing.

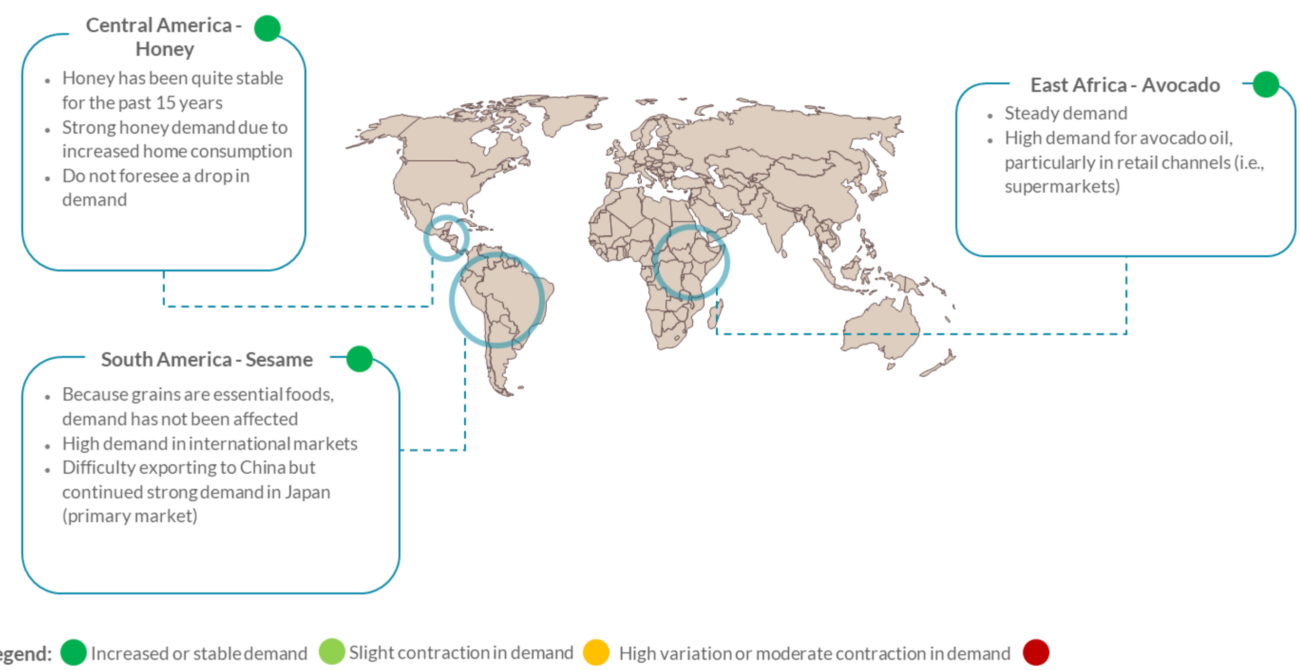
[57] Stakeholder interviews with DFIs; "Responding to COVID-19," CDC. April 20, 2020.
[58] "Coordination among MIVs in response to Covid 19 ". April 23, 2020

IV. Appendix: Demand Assessment for Nuts and Other Sectors

Nuts Demand Assessment by Region[59]



Grains and Other Sectors Demand Assessment by Region (Selected crops)[60]



[59] Stakeholder interviews with DFIs, fund managers, and agri-SMEs
[60] Stakeholder interviews with DFIs, fund managers, and agri-SMEs

V. Appendix: Overview of Business Disruptions by Geography

Disruptions by Geographic Market[61]

Elements that have been disproportionately impacted by COVID-19		CENTRAL AMERICA	SOUTH AMERICA	WEST AFRICA	EAST AFRICA	SOUTH AFRICA
	OVERALL IMPACT	*HIGH*	*MEDIUM- Varies by country*	*LOW-MEDIUM*	*MEDIUM- Varies by country*	*HIGH*
	Logistics and Storage	• Curtailment of movement (e.g., curfews, roadblocks, transport barriers) makes it difficult to source operations, move produce, and secure inputs[1] • Buyer operations have shut-down due to government regulations, resulting in excess inventory and saturated warehouses	• Road blockages / zone shutdowns are hampering crop collection processes and the supply of inputs • Increased challenges due to movement restrictions (e.g., having to provide private transportation for workers) • Increased transportation costs since truck drivers are requesting higher remuneration to move goods to ports	• Lower impact of movement lockdowns since regulations are not strictly implemented due to corruption • Traders are unwilling to move goods from warehouses to ports • Transport disruptions make it difficult to obtain raw materials, halting production	• ***Tanzania:*** No movement restrictions or supply chain disruptions; business as usual • ***Rwanda:*** Movement restrictions (e.g., lockdowns / roadblocks) and increased inspections and paperwork requirements have led to: i) distribution delays (e.g., crops held back in warehouses); and ii) difficulty obtaining inputs, disrupting production	• Heavily enforced country-wide lockdown is hampering mobility; as a result, more produce is getting held back in warehouses and deteriorating
	Personnel	• Social distancing regulations have increased costs (e.g., operating with fewer workers, staggering shifts)	• Farmers refuse to work out of fear of contracting virus, affecting production • Staff decreases (as safety measures, not government-mandated) inhibit facilities from operating at normal speeds	• Farmers are hesitant to go to work due to fears of contracting virus – this along with government-mandated social distancing has reduced production capacity	• ***Rwanda:*** Social distancing (i.e., reducing and staggering staff) is lowering production and raising costs and additional staffing challenges exist (e.g., curfews, limited public transportation, paperwork requirements)	• Movement restrictions have decreased the availability of public transportation • Lockdown is preventing temporary/seasonal workers from going to work • As a result, there's decreased production capacity
	Exports	• Export market disruptions have resulted in delays (e.g., lower shipment frequencies, shipping from different ports, slower customs processes)	• ***Paraguay:*** Exporting has become more difficult due to scarcity of containers and slower operations; resulting in increased shipment costs and delayed payments • ***Colombia:*** No export disruptions	• ***Nigeria, Ghana:*** Closed ports leading to shipment delays • ***Ivory Coast:*** Continued shipping with delays, resulting in increased costs	• ***Tanzania:*** Slower exports; most air freight has been suspended and sea shipments have been reduced, resulting in a 3x price increase for air freight in certain cases	• Widespread export restrictions are causing shipment and payment delays

1. Curfews in Belize, Guatemala, and the Dominican Republic

[61] Stakeholder interviews with DFIs, fund managers, and agri-SMEs

VI. Appendix: Multilateral DFI Response to COVID-19

DFI	Concept	Objective	Target	Detail	Governance structure	Status
★ IFC	COVID-19 Response	• Support economies • Protect jobs • Provide lifeline for MSMEs • Support MSMEs involved in global supply chains • Mitigate supply chain disruptions by providing trade financing to importing and exporting companies, working-capital support and medium-term financing	• Segment: Companies • Sector: Infrastructure, manufacturing, agriculture, and services • *Existing clients*	• Size: USD $2B • Instruments: o Loans o Equity investments	• Administered by and deployed through the existing Real Sector Crisis Response Facility	Announced
			• Segment: Financial institutions • *Existing clients*	• Size: USD $2B • Instrument: o Cover payment risks	• Administered by and deployed through the existing Global Trade Finance Program	Announced
			• Segment: Financial institutions (i.e., emerging-market banks) • *Existing clients*	• Size: USD $2B • Instrument: o Funding to banks to extend credit to businesses (day-to-day funds) to pay bills and workers	• Administered by and deployed through the Working Capital Solutions Program	Announced
			• Segment: Financial institutions (i.e., local banks)	• Size: USD $2B • Instrument: Risk-sharing support	• Administered by and deployed through the Global Trade Liquidity Program and the Critical Commodities Finance Program	Announced

★ Agriculture focus

DFI	Concept	Objective	Target	Detail	Governance structure	Status
IDB Invest	Crisis Mitigation Facility	• Provide liquidity to SMEs and responses in health-related sectors	• Segment: Financial institutions and supply chain actors • Geography: Latin America, Caribbean	• Size: USD $500M • Instrument: Short term lending, supply chain finance	• Facility managed by IDB Invest	Announced
IDB	IDB Response Package	• Support immediate public health response • Provide safety nets for vulnerable populations • Protect incomes • Assist SMEs and strategic supply chains • Support productivity and employment • Support fiscal policies	• Segment: Borrowing member countries, private companies • Geography: Latin America and the Caribbean	• Size: USD $12B total ($5B from IDB Invest) • Instrument: o Grants o Financing programs o Short-term liquidity guarantees o Foreign-trade financing, guarantees o Loan restructuring	• Reprogramming existing IDB resources and funds	Announced
	COVID-19 Rapid Response Facility	• Provide fast, flexible, and effective aid to diminish the severe economic and social impact of COVID-19	• Segment: member countries, companies • *Existing clients* • Geography: Africa	• Size: USD $10B • Instrument: TBD based on client (offers range of options)	• Repurposing of lending program • Rapid approval process	Announced
European Investment Bank Group	COVID-19 Response Package	• Provide rapid financing, technical aid, and short-term support for health and private sector investment • Aid impacted businesses • Support jobs/ livelihoods	• Segment: partners in 100 countries • Geography: Africa, Eastern and Southern neighbors, Western Balkans, Asia, LATAM	• Size: USD $5.6B • Instrument: TBD based on sector and country o Technical assistance o Increasing credit lines of local banks, loans	• Managed by Team Europe response • Financed by guarantees from the EU budget	Announced

VII. Appendix: List of Interviews

Organization	Organization Type	Interviewee	Position
Cacao de Colombia	Ag-SME	Carlos Velasco	Co-founder/CEO
Dulsan	Ag-SME	Gilberto Ozorio	President
Ecookim	Ag-SME	Zie Ouattara	Finance & Accounting
Ingemann	Ag-SME	Lars Moller	General Manager
Kokoa Kamili	Ag-SME	Brian Lobue	Director
Olivado	Ag-SME	Lydia Njeri	Business Analytics Manager
Selecto	Ag-SME	Adriana Adolphs	Administrative and Finance Manager
Vega Coffee	Ag-SME	Robert Terenzi	Founder
BIO	DFI	Simone Verbraeken	Senior Investment Officer
EDFI	DFI	Dimitry Van Raemdonck	AgriFI Fund Manager
FinDev Canada	DFI	Paulo Martelli	Director, Investments
FMO	DFI	Sabine Prinz / Keval Bid	Capacity Development Officer, Agribusiness / Senior Investment Officer, Agribusiness, Food & Water, East Africa
Proparco	DFI	Tibor Asboth	Deputy Head - Private Equity - Africa & Middle East
USDFC	DFI	Patrick Starr	Director - Relationships, Africa
Fair Trade USA	Fair Trade Organization	Victoria Solbert	Director, Standards and Implementation Resources
Fairtrade Germany	Fair Trade Organization	Bettina von Reden	Team Leader, Politics and Development
Fairtrade International	Fair Trade Organization	Dario Soto Abril	CEO
World Fair Trade Organization	Fair Trade Organization	Erinch Sahan	CEO
GAIN	Foundation	Sofia Condes	Programme Lead, Nutritious Foods Financing
Open Road Alliance	Foundation	Caroline Bressan	Managing Director
Alterfin	Fund	Jean-Marc Debricon	General Manager
Barak Fund	Fund	Kyle Smith	Originator
DWS / AATIF	Fund	Michael Hoelter	Fund Manager
Global Partnerships	Fund	Aaron Nasurutia	Vice President, Africa Portfolio
Incofin Investment Management	Fund	Loïc De Cannière / David Dewez / Fallon Casper	Managing Partner & Founder / Managing Partner / Head of Debt Agro
Mbuyu Capital	Fund	Michiel Timmerman	Founder & Managing Partner
Oiko Credit	Fund	Hans Perk	Credit Director Africa
responsAbility	Fund	Mauricio Benitez	Head Credit Analysis and Portfolio Strategy Agriculture
Sahel Capital	Fund	Mezuo Nwuneli	Managing Partner
Shared Interest	Fund	Malcolm Curtis	Head of Lending
Aceli Africa	Multi-stakeholder initiative	Brian Milder	Founder and CEO
Collaborative for Frontier Finance	Multi-stakeholder initiative	Drew von Glahn	Executive Director
Babban Gona	NBFI	Kola Masha	Managing Director