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Financing for Sustainable Development

By

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The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.



Financing for sustainable diversification

Sustainable investing in agricultural SMEs
to drive farmer livelihood, economic growth and climate
resilience



2XChallenge

December, 2025

The **production value in export oriented agricultural value chains** across Africa, Asia and Latin America is **US\$ 166 billion and growing at double digit annual growth rates**

Agri-SMEs are the backbone - in Africa alone **agri-SME exports in coffee and cocoa are ~ US\$ 7 billion annually** – providing a livelihood to millions of smallholder farmers

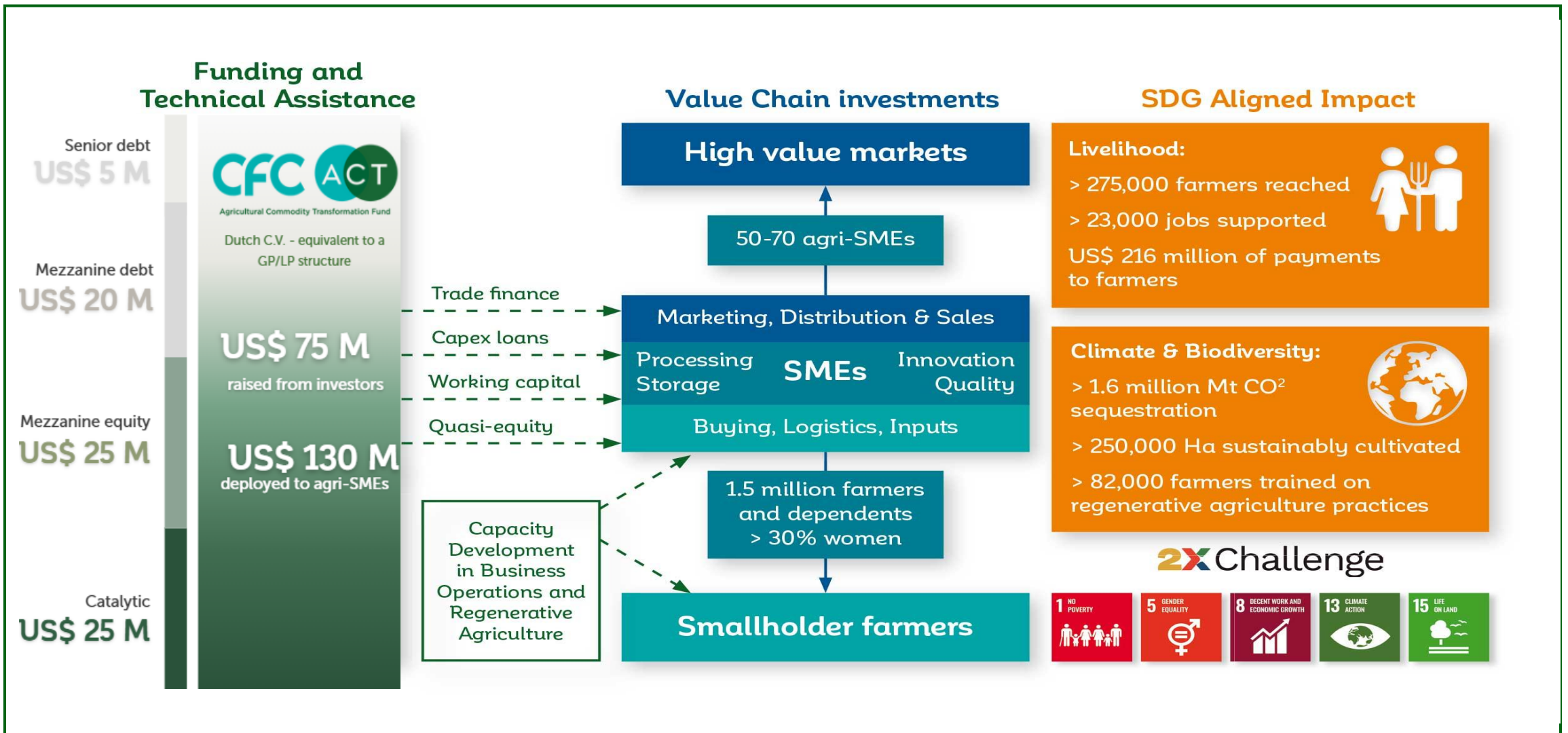
500 million smallholder farmers produce **most of the world's food**. Agri-SMEs interact daily with these farmers to address their **financing and capacity** needs

SMEs provide **70% of all formal jobs** and are engines of economic growth, employment and innovation– **access to credit unlocks this growth potential**

Still, **70% of Africa's exports** are raw materials without local value addition, often due to **lack of access to capital and knowledge**

Sustainable investment strategy **bundles debt finance and technical assistance to high impact agri-SMEs** addresses diversification

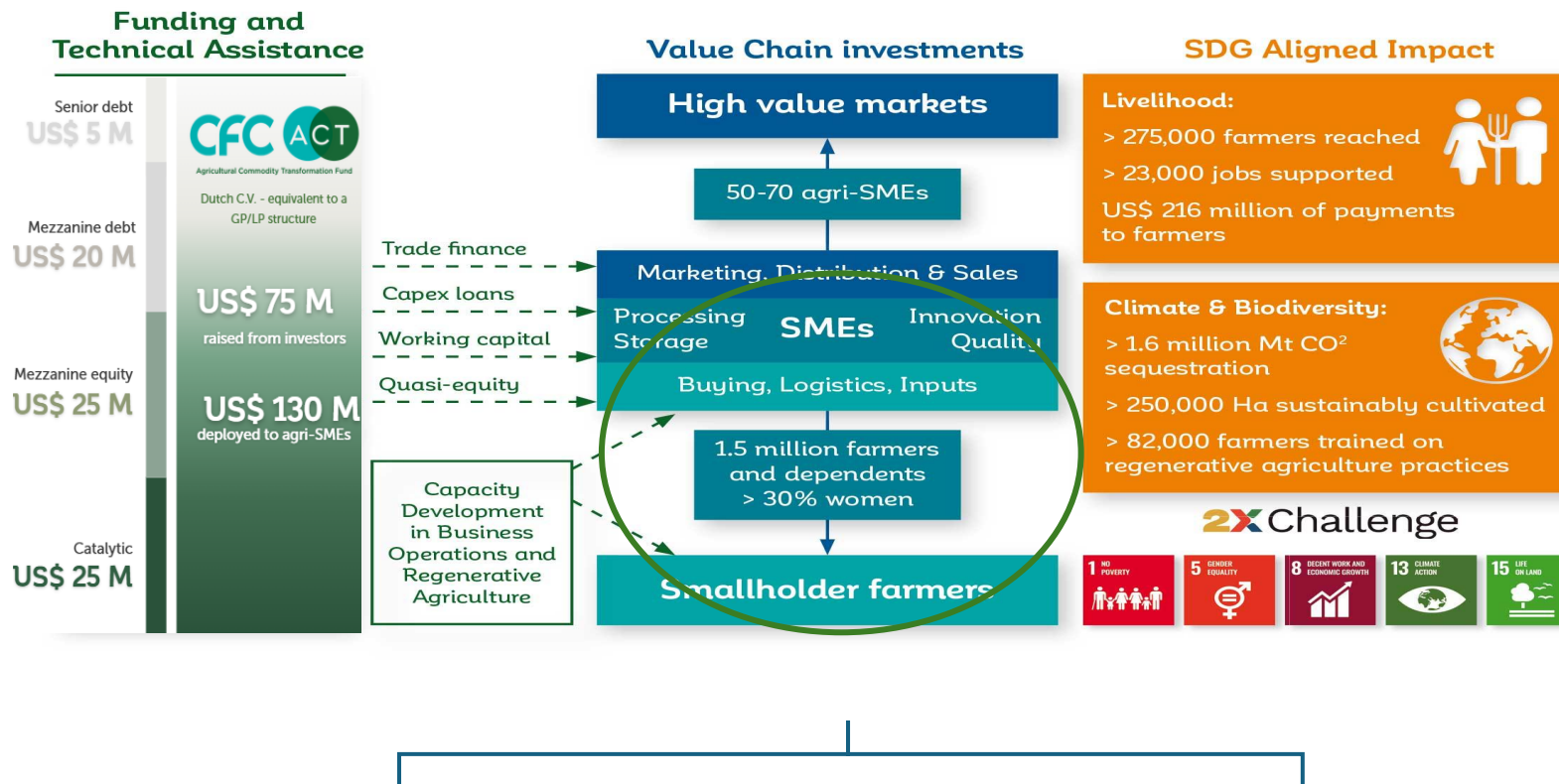
BIG PICTURE – “patient” financing to agri-SMEs operating at the nexus between high value markets and smallholder farmers





IMPACT AT GRASSROOTS - agri-SMEs interact daily with farmers offering market access, inputs, knowledge and advance financing

CFC and ACT Fund's
financing and technical
assistance to agri-SMEs as
last distributors of
cultivation support and
financial advances to
smallholder farmers



Aside access to high-value markets, agri-SMEs provide farmers with :

- Production inputs such as seeds, organic compost, farming and harvest equipment
- Agronomic advice at various moments in the crop cycle improving yields and productivity
- Financial advances during cash-low period, typically pre-harvest



LIQUIDITY FINANCE offers the lifeblood to agricultural SMEs and paves the way for longer-term diversification

Entering with **short term finance** paves the way for **deploying long-term capital** with established investees

Ticket sizes range between **USD 1,5 million** and **USD 5 million**

Trade Finance: 6-18 months (~45% of investments)

Seasonal, bridges the cashflow gap between paying farmers at harvest time and receiving payments from buyers post-season

Working Capital Loans: 12-24 months (~30%)

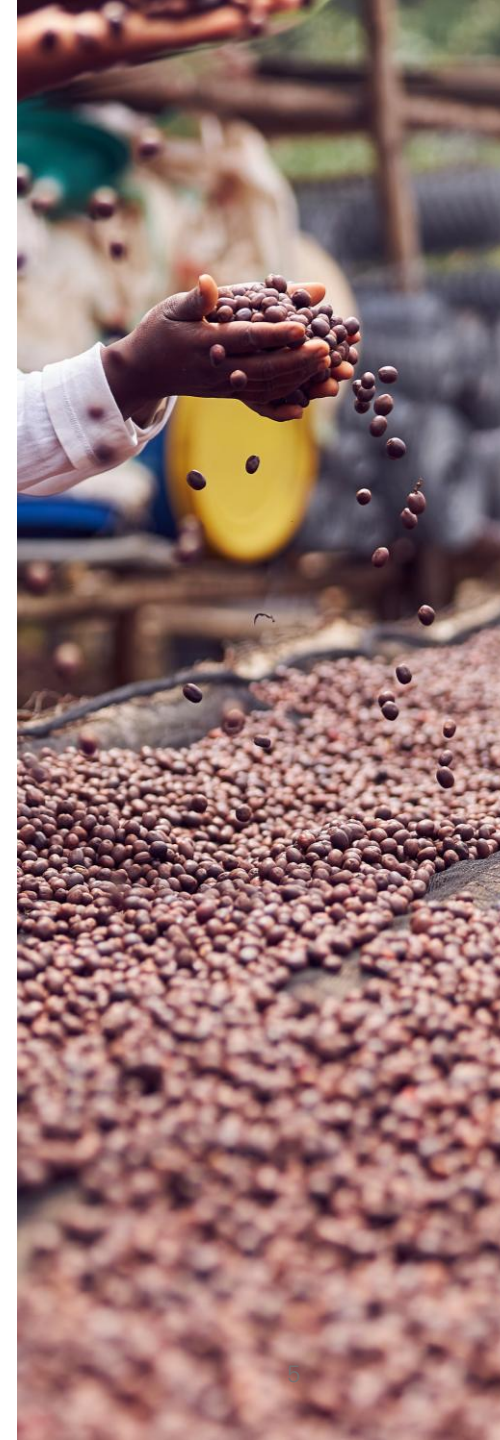
Revolving credit line, provides flexibility in the timing and use of funds, vital for optimizing cashflows of SMEs

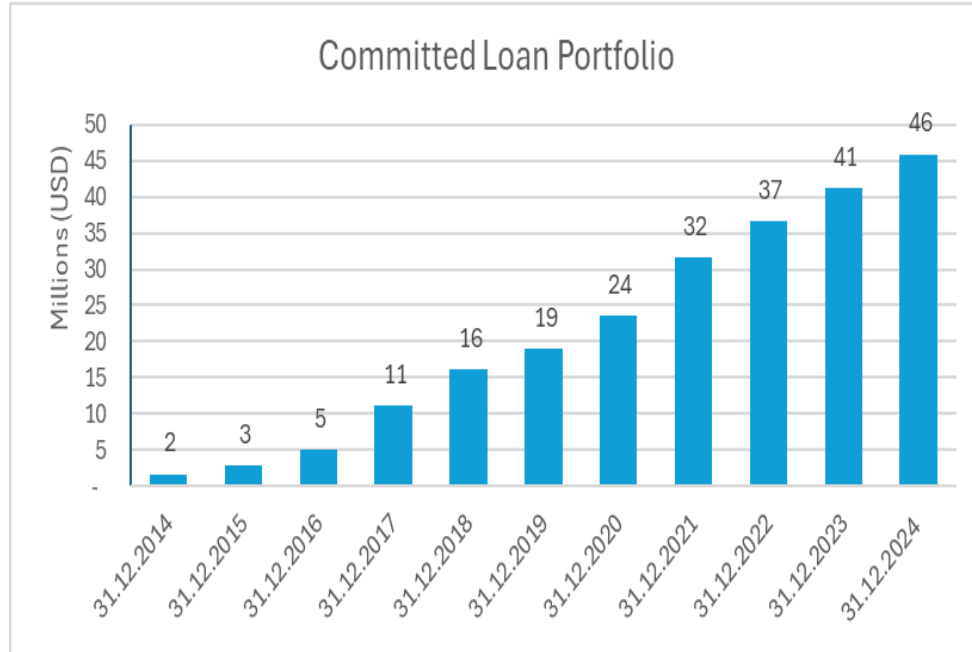
Capex loans: 3-5 years (~20%)

Capital investments for expansion and enhanced value addition (e.g. for improved processing or warehousing)

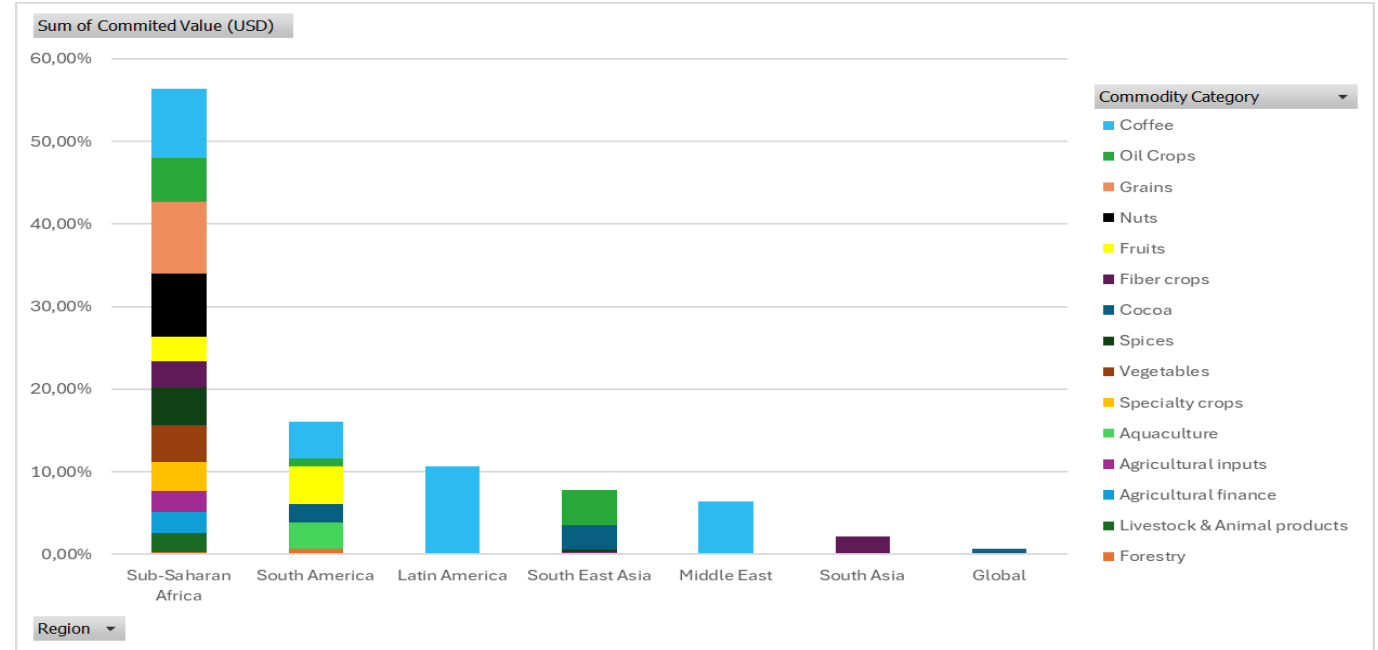
Quasi-equity & mezzanine: 3-7 years (~5%)

Medium term growth capital, offering upside to investors





*Data as of End December 20XX



*Data as of End December 2024

- Since 2014 USD 84 million of debt financing approved
- Committed loans: steady Year-on-Year growth rising to USD 45.8 million as of FY 2024
- Trackrecord is **well diversified across commodities also within regions**, with a strong focus on **Sub-Saharan Africa** - supporting the region's unmet demand in financing agricultural exports. We **build on this trackrecord with ACT's portfolio composition**



EXAMPLES



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A farmer-owned cooperative established in 1999, is reshaping the future of specialty coffee

Financing:

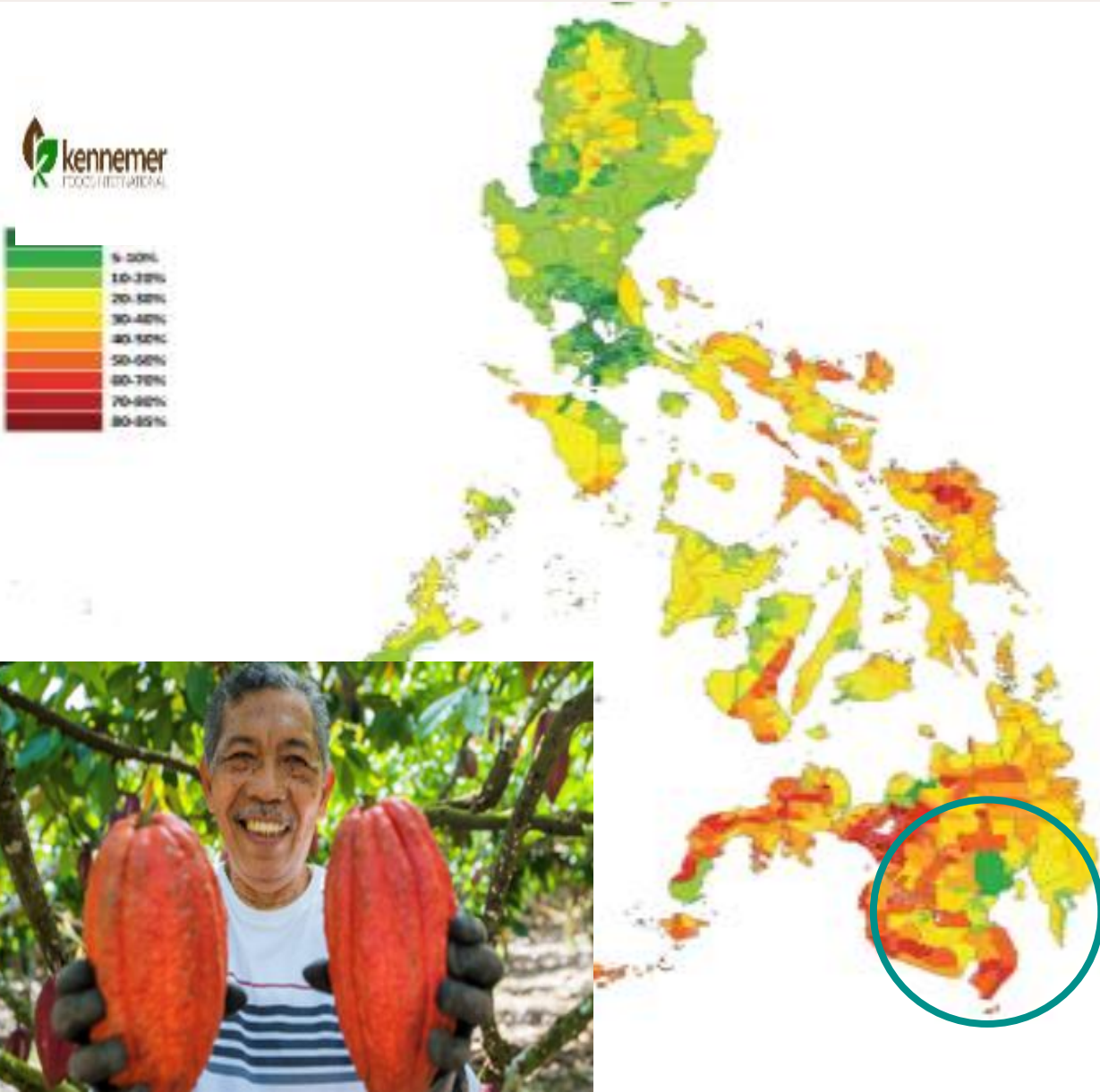
- With more than 950 members today – 26% of them women – Capucas is a **vertically integrated specialty coffee exporter** – 83+ cupping points
- Introducing **diverse processing methods** – Natural, Honey, Washed, and Anaerobic fermentation
- **Blockchain traceability ensures transparency from the plot of land to the consumer's cup**

CFC FINANCING

- **USD 1 million Trade Finance** rotating several times throughout the season



PROJECT EXAMPLE – Philippines: investing in diversified cocoa production with strong biodiversity enhancement and climate adaptation features



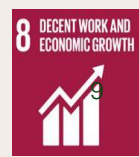
Kennemer Foods International (KFI) – supporting cocoa farmers and reforestation in the Philippines

The Investee:

- The company sources cocoa directly from **>23,000 smallholder farmers**.
- Trades certified cocoa to buyers such as Mars
- Over **20 million trees planted** since inception in 2010. Rehabilitation exceeds the carbon losses of production.
- **5,800 farmers certified** under Rainforest Alliance and/or Cacao Trace standards in 2024
- **140,000 hectares is for conservation**, 259 hectares is farms
- **12,225 microfinance clients, 93% women**, supported through Agronomika Finance

FINANCING

- **USD 1.4 million Capex** to invest in new processing equipment



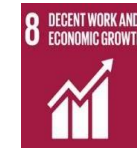


The Investee

- **Goldtree** is a producer of **Organic** and **Fair for Life** palm oil, operating in Sierra Leone and **resurrecting the sector**.
- Has its own palm oil farm, rehabilitated and transitioned an existing conventional farm to an organic certified farm
- Works with over **8,000 smallholders under an outgrower scheme**
- Provides technical assistance to farmers to convert their farms into organic and increase yields
- Provide seedlings to increase the use of **high-yield palm varieties** among smallholders.

ACT Fund FINANCING

- **USD 1.5 million Trade Finance** facility, renewable over five years



DEALFLOW EXAMPLE – Kenya: regenerative practices and agroforestry in macadamia and avocado



Supporting smallholder farmers with multiple cropping and organic agroforestry farming

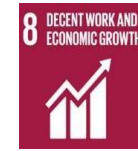
The Investee:

- Sources macadamia nuts, avocado, mango and coffee directly from **7,000 organic smallholder farmers** near Mount Kenya, with plans to grow to over **8,000 farmers**.
- Employs **700+ permanent staff at 4 processing sites**, with 76% being women.
- Uses proprietary **Biofans traceability software** to ensure transparency and instant payments to farmers via mobile platforms.
- Expected production growth from **900 MT to 1,500 MT** of organic macadamia nuts by 2029.



ACT Fund FINANCING

- **USD 2 million Working Capital Facility**, renewable for up to five years, to expand sourcing and processing.





Thank you!



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