

MEMBERS' SPOTLIGHT 2023

INCLUSIVE FINANCE FOR FOOD SECURITY & NUTRITION



EUROPEAN
MICROFINANCE
PLATFORM

ADVANCING FINANCIAL INCLUSION

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Graphic & editorial design:
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MEMBERS' SPOTLIGHT 2023

INCLUSIVE FINANCE FOR FOOD SECURITY & NUTRITION

e-MFP is a member-led platform, and we always want to hear what our members are doing in different fields, to increase linkages and knowledge sharing both across the platform and with other stakeholders.

This year's European Microfinance Award theme is "*Inclusive Finance for Food Security & Nutrition*" (FSN) and seeks to highlight innovations by **financial inclusion organisations** to **safeguard access to quality and affordable food for vulnerable populations** and to **increase resilience of sustainable food systems**.

Over 2023, e-MFP reached out to its members to see who was doing what in this crucial – and increasingly important - area of focus. We asked our members four questions, and we're very grateful to the following nine members for their contributions, which are reproduced (and edited for clarity and length) here:

- Grameen Foundation USA
- European Investment Bank (EIB)
- Humundi (formerly SOS Faim Belgium)
- International Labour Organization (ILO)
- Incofin IM
- Luxembourg Microfinance and Development Fund (LMDF)
- The Microinsurance Network (MiN)
- Rabo Foundation
- Toronto Centre for Global Leadership in Financial Supervision

QUESTION 1

What is your organisation doing in the area of 'inclusive finance for food security & nutrition'?

GRAMEEN FOUNDATION

Grameen Foundation USA's (Grameen) mission is to enable the poor, especially women, to create a world without poverty and hunger. Food security is core to Grameen's mission. Where possible, we capture the food security and poverty status of our partners' clients to ensure we are reaching the food insecure and the poor. Almost 70% of our incoming clients across our women's economic empowerment and agriculture programs are food insecure. While Grameen no longer engages as deeply in household nutrition programming as Freedom from Hunger (FFH) did (Grameen and FFH merged in 2016), food security is still a northern star for our work. As with many in the financial inclusion sector, we work towards creating new, and strengthening current, financial products so that households have a portfolio of financial services to draw on, relying heavily on mobile money to ensure households have quick and reliable access not only to their own money, but remittances and payments too. Given that agriculture is often the income source of rural households, we work to improve production and align financial services to their needs.



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EIB

The European Investment Bank (EIB) is actively engaged in promoting inclusive finance for food security and nutrition. We've allocated substantial funding to support this initiative. Specifically, we collaborate with agribusinesses and smallholder farmers, providing financing for modernising agriculture, expanding sustainable farming practices, and improving access to markets. Furthermore, we work closely with microfinance institutions to extend credit to vulnerable populations, enabling them to invest in food-related activities.

HUMUNDI



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Around 735 million people were affected by hunger in 2022. Two thirds are small-scale farmers, already deeply exposed to the effects of climate change. This is why Humundi (formerly SOS Faim Belgium) supports small-scale farmers in their economic, social and political challenges. On the economic front, we facilitate their access to adequate financial services by collaborating with MFIs, MFI networks and guarantee funds in sub-Saharan Africa and South America. We are convinced that inclusive finance in favour of FSN should actively involve FSPs as well as farmers themselves, especially when they are organised in associations (e.g. in the design of financial products). So through our long experience in strengthening farmers' associations and working with MFIs, we facilitate articulations between them.

Given the many drawbacks of the current dominant food system, Humundi is also committed to transitioning towards sustainable food systems and our FSP partners can play an important role in this transition by financing environmentally friendly agricultural practices. This will reinforce the stability and sustainability elements of food security and improve nutrition through healthy food products.

ILO

ILO's Social Finance works closely with the financial sector to ensure access to financial services, including insurance, can contribute to development and to the SDGs. We strive to have insurance act as a facilitator for reducing household vulnerability (including food security), promoting stronger enterprises and achieving public policy objectives such as for food security, better nutrition and action against climate change. We develop agriculture insurance products and extend their reach among smallholder farmers along with building access to other financial and nonfinancial services such as credit and farm inputs, agri advisory as well as training for improved practices. This helps farmers look at their farms as enterprises that are not just for sustenance but for economic progress too.

Our work in developing public private partnerships helps governments and the private sector engage effectively both for developing government programmes as well as improved and enlarged implementation by the private sector. New products and processes for different crops have been developed for national schemes in countries like Rwanda, Ghana, Senegal and Benin. Further we assist MFIs in developing agriculture and climate risk insurance as a risk mitigation tool, in Cambodia and Mali. We also support use of relevant technologies for improved implementation across the entire insurance value chain.



©ILO

INCOFIN IM

Incofin IM is committed to advancing sustainable agriculture, the availability and affordability of nutritious foods, and reducing the impacts of food insecurity in Latin America, in Africa, and Southeast Asia across its agri & food focused funds: the Fair Trade Access Fund (FAF), the Agri Finance Liquidity Facility (ALF), the Nutritious Foods Financing Facility (N3F), and the India Progress Fund (IPF). These funds provide different debt instruments in the form of seasonal financing, working capital, long-term finance, and equity, in support of SME growth across sustainable agriculture, food security, and nutrition. In the case of FAF and ALF, the ultimate intention is to target and support smallholder farmers, a segment for which the funding gap is higher. To date, FAF

and ALF have disbursed more than US\$555m in over 130 different SMEs across more than 20 countries, impacting the lives of more than 500,000 beneficiaries and advancing sustainable agriculture and food security in emerging markets. N3F, to be launched in late 2023, is solely focused on nutrition and invests in SMEs (across the different stages of the value chain from upstream to downstream) and financial institutions that have a clear and direct impact on increasing nutrition in and across Sub-Saharan Africa, the region that is suffering more from malnutrition. Moreover, the objective is to support local production for local consumptions, therefore contributing to the reduction of food dependency, a critical topic for many African countries.



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LMDF

LMDF aims to contribute to the alleviation of poverty by supporting organisations that empower people and stimulate entrepreneurship, with a particular focus on the most excluded. While food security and nutrition are not our core focus, as of March 2023, 26% of our partners' portfolio was invested in agricultural activities, and 53% in services and trade. This allows us to estimate that a good portion of our investees are involved in facilitating vulnerable populations accessing food, both directly and indirectly. Additionally, the Fund and its investment advisor ADA have developed a specific investment strategy that focuses on financing activities classified as 'Microfinance Plus'. The Fund is open to investing in potentially high-impact models in three priority areas: asset financing, education and agricultural value chains. Those investments, which today represent 8% of the portfolio, allow LMDF to support innovative solutions in food security and nutrition.

MICROINSURANCE NETWORK

The Microinsurance Network (MiN) is a not-for-profit membership-based association and the only global platform for professionals and organisations seeking to make insurance more inclusive. Agriculture microinsurance helps farmers to become more resilient and to gain access to credit, helping them to grow and sustain food production worldwide, which is vital to achieving food security. The “Building the resilience of smallholder farmers” Best Practice Group of the MiN, co-chaired by the MiN and ILO’s Impact Insurance Facility, brings together members from international organisations, insurance companies, brokers, universities, etc. They work together to share knowledge, organise events with experts to share good practices, write and publish briefing papers to address challenges related to building farmers’ resilience.

Since 2023, the MiN is collaborating with ILO’s Impact Insurance Facility and the African Insurance Organisation to drive the development of microinsurance in Africa. As part of this collaboration, the MiN and ILO organised the Microinsurance Workshop during the 49th AIO General Assembly and Conference in Algeria in 2023 on the topic “Inclusive insurance for mitigating risks towards enhancing food security”. Finally, the MiN also conducts the Landscape programme which provides a unique benchmark, tracking uptake of agriculture insurance products in the world, along with insights into emerging trends.



RABO FOUNDATION

Rabobank has been a cooperative by nature for 125 years. In 1898, Dutch farmers and horticulturists set up the first credit cooperatives to find solutions that is best for our customers and members. As one of the largest food and agriculture banks in the world today, the focus is on the food and energy transition.

Rabo Foundation was founded in 1974 to make a difference not only in The Netherlands but worldwide. Our overall objectives have remained the same, working for a positive change for people and society on 3 themes: sustainable production; food transformation systems; and inclusive finance. We support stronger farmer organisations and successful social enterprises. In the first decades after

WWII, it was all about sufficient *availability* of food, with people starving (such as in Biafra in 1968, Ethiopia/Live Aid 1985, or Sudan/Somalia 1992). This was followed in the 1990s by projects on *quality* of food, such as vegetable gardens, improved seeds and crop diversification. Since 2008 there has been much more attention to *preventing food loss/waste* and *precision agriculture* – which may be called Agtech. How can technology help to improve agricultural productivity and at the same time using less inputs, less water, less pollution for underserved populations? During this current decade, we are rewriting our approach on *food systems transition*. Farmers need a more holistic approach.

TORONTO CENTRE

Toronto Centre for Global Leadership in Financial Supervision (Toronto Centre) provides capacity building and leadership training programs for financial supervisors, focusing on emerging markets and developing economies. This includes in the banking, microfinance, insurance, pension, and securities sectors.

Toronto Centre has been a pioneer in embedding financial inclusion, climate change risks and biodiversity loss into its programming (e.g., risk-based supervision frameworks) and we are doing the same for food security. Climate change and biodiversity loss risk, financial inclusion and food security are inter-related. In February 2023 we convened an executive panel titled Food Security: A Must for Economic Recovery. Leaders from central banking, health and government discussed how to address this global challenge.



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In late August, TC issued a guidance note Food Security: Implications for Supervisors, summarising the relevance for financial supervisors: *“Financial supervisors do consider economic issues such as inflation and interest rates, especially as they relate to financial soundness, risk exposures and reasonable asset and liability valuation. They are also engaged in the impact on the financial sector of climate and biodiversity-related risks, the fair treatment of lower-income and less financially literate customers, financial inclusion (especially access to credit and insurance), and the institutional risk management associated with the providers of relevant products and services.”*¹

¹: https://www.torontocentre.org/videos/Food_Security_Implications_for_Supervisors_AF.pdf

QUESTION 2

What do you see as the most significant current challenges that financial inclusion organisations face in safeguarding access to quality and affordable food for vulnerable populations and increasing the resilience of sustainable food systems? What positive role can FSPs – and their partners – play?

GRAMEEN FOUNDATION

From the agricultural sector's perspective, farming households are locked out of finance. They are often mistrusted due to poor or limited repayment histories, and even if they can access finance, too often the products do not meet their needs. However, this should not simply result in a restriction to lending to farmers. Grameen had an 'ah-ha' moment a few years ago when trying to align credit for cocoa farmers in Ghana to support farm renovation. While this process requires a long-term view of investment, it does not require a large loan because the price of renovation is not significant. What is significant is the time between planting new tree seedlings to the time of the first cocoa bean harvest - counted in years. Households need investment to support income diversification and basic cash-flow support. In fact, many cocoa farmers borrow from the local cocoa traders (acting as low-interest or interest-free community moneylenders where loans are paid back through the sale of cocoa beans). They're borrowing not for inputs, but for day-to-day expenses such as food, education fees, funeral and health expenses. What microfinance did well years ago, bringing high-risk borrowers together into group-based credit groups, is still relevant and necessary today for this reason. Savings groups remain critical to low-income households for their day-to-day needs and required investments.

EIB

Key challenges include limited infrastructure in rural areas, low financial literacy among marginalised communities, and the need to address climate change impacts. Additionally, sustainable food systems require investment in resilient agriculture practices and food waste reduction.



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HUMUNDI



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Many vulnerable areas are affected by conflict and insecurity, especially in sub-Saharan Africa - notably, Mali, Burkina Faso, Niger, and Ethiopia. An even more systemic challenge arises when we take a long-term view and go beyond the usual four pillars of food security to add on its “sustainable” dimension. It is increasingly recognised that this dimension needs to be added, particularly when we consider financial services in the context of food systems and the increasing need to strengthen resilience. However, very few FSPs are trying to finance sustainable agriculture or agroecological practices, which has proved to be major ways of making food systems (and then FSN) more sustainable.

Faced with such complexity, MFIs cannot work alone; their interventions must be combined with those of other development players (governments, donors, NGOs, local civil society, private commercial sector, etc.) to enable them to develop new products adapted to vulnerable contexts or to sustainable agriculture, to combine with TA and to share risks, such as via blending funds, guarantee mechanisms, or in combination with targeted subsidies.

ILO

Climate change and related climate risks as well as increased occurrence of natural disasters directly affect agricultural production and distribution and thereby food security of all. They also negatively impact the ability of farmers to repay their loans thereby impacting their creditworthiness and productivity. These have a greater impact on women who play a dual role in managing households as well as contributing to agricultural production.

Financial inclusion organisations can play a crucial role here, but there are several significant challenges, including: limited access to financial products and services; the need for risk assessment and management strategies to help vulnerable populations recover from events that affect food production; financial education and literacy programs to empower individuals to make sound financial choices related to food security; infrastructure and technology gaps in rural and underserved areas; regulatory and policy barriers, which can either facilitate or impede financial inclusion efforts; gender inequality, and the need for gender-sensitive approaches to ensure that women have equal access to financial resources for food security and sustainable agriculture; coordination and collaboration - challenging but essential for a holistic approach to food security; environmental sustainability, including the need to promote sustainable agricultural practices and investments that reduce the environmental footprint of food production; and building resilience of vulnerable populations to shocks and crises including conflicts and climate disasters.



INCOFIN IM

There are many inter-related challenges in ensuring access, affordability, utilisation and stability. On the agriculture side, for FIs, matching repayment schedules to seasonal agricultural can be challenging, or ensuring that lending goes towards crops that meet a nutritional gap. Many smallholders across Africa produce crops such as coffee, cocoa, wheat, teff, or maize, but these may not necessarily advance nutrition for local communities, or the crops may be significantly below adequate productivity rates and therefore may not even be contributing to meaningfully offsetting food security concerns. Education, capacity building, and other non-financial services may complement communal lending and other lending strategies by FSPs. These can, for example, support clients in selecting the right seeds and crops from a nutritional perspective while also ensuring the cash generation projection is clear to the borrower and supports greater input-output of potentially new and different crops, thereby increasing overall productivity rates.

Food provision is not only related to agriculture production but also down the value chain towards food processing and food distribution SMEs, many of them part of the "missing middle", a segment of companies too large to be tackled by many MFIs and a segment too small for commercial banks. Moreover, most FIs do not provide financial products tailored to the needs of these companies. For instance, commercial banks tend to base their decisions based on collateral rather than on the company's repayment capacity. Supporting these companies requires a different mindset and financing approach.

LMDF

As an impact fund, we see two main challenges regarding safeguarding access to quality and affordable food for vulnerable populations. First, investees often lack a formalised strategy focused on food security and nutrition. Most of our partners have an extensive approach to inclusive finance and provide their clients with tailored and client-centric agriculture and food value chain finance. However, since food security and nutrition is seldom explicit in any internal strategic document, most of them lack robust measures to monitor and report their positive contribution to food security. For this reason, today, we can only estimate their impact.



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Second is the effect of climate change on small farmers' production. Extreme weather events are progressively becoming a higher risk to manage. We must keep supporting our partners in finding creative and innovative technologies and practices to manage risks to maintain and enhance current productivity.

MIN

Climate risks and climate change directly affect agricultural production and the food security of communities. They also affect the ability of farmers to repay their loans to financial institutions such as MFIs and banks, and the probability to be financed again and therefore, their productivity. Agriculture microinsurance solutions provide necessary protection to farmers, whose livelihoods are particularly exposed to climate change and insurance services providers have a key role to play in increasing resilience in the sector. Insurance is not only a protective tool but also a productive one. It helps with riskier but more remunerative activities as well as improving access to credit and inputs.

Mutuals can also play a big role in development of the social economy as they have a good understanding of their members and their needs. They can also help in retaining risks as well as working with mainline insurers and be a good link between the financial industry and the beneficiaries. Furthermore, insurance associations have an important role to play in supporting and driving agriculture insurance by encouraging insurance companies' participation as well as looking for reinsurance solutions. They can also create pools for collective risk taking.

RABO FOUNDATION

There are so many challenges and disruptions in building sustainable food systems it appears a multi-headed monster. FSPs in general and particularly those in rural areas form an extremely important role in providing financial services to the rural population of which 70% is active in agriculture. Increasing resilience by providing adapted financial products and supported by the national financial system. SACCOs in Africa for example still provide essential services to millions of smallholders. However, since the 2000s the attention of many governments and central banks has been on the official banking systems, and NGOs doing excellent work in supporting vulnerable food systems were forced to transform into a Sofom (non-bank FI) and ultimately to become a bank and lose their original mission. The new frontier in inclusive finance is at the bottom: it is about sustainable food, our lives, and our children.



©Rabo Foundation

TORONTO CENTRE

Investment in agriculture finance, production and processing is one of the most neglected sectors that FSPs finance, particularly in emerging markets. There are real and perceived risks. There are also successful models of blended finance, de-risking schemes such as guarantee funds or wagri-insurance, and digital services that bundle financial and non-financial services that need to be well-understood, scaled and monitored for financial safety and stability, and for increased, responsible outreach. Toronto Centre's role in financial supervision capacity building includes oversight of secure and safe payments systems (whether for government transfers or value chain business transactions), ensuring that products offered by FSPs are market appropriate, transparently offered, and are suitable for vulnerable populations. Financial supervisors also need to monitor

consumer protection measures and market conduct of FSPs to ensure they are responsible and compliant.

According to IMF research, the expansion of credit access without proper regulation and supervision elevates risks to financial stability. Unfortunately, the countries witnessing the most significant gaps in financial system access tend to exhibit lower supervisory quality. The IMF emphasises that investing in high-quality supervision yields substantial dividends as financial inclusion widens. The impact of Toronto Centre's role in building financial supervisory skills, leadership, and crisis preparedness for financial regulators will ultimately strengthen the resilience of food systems and vulnerable populations.



©Toronto Centre

QUESTION 3

What are examples you have seen of the most promising financial or non-financial products that help safeguard access to quality and affordable food?

GRAMEEN FOUNDATION

To some degree, the most promising financial or non-financial products that help safeguard access to quality and affordable foods are products we've been promoting for decades. While many financial actors have moved away from group-based lending and savings structures, for vulnerable households these are still critical. Social capital is built among members and helps to meet members' financial needs and any other need that comes up. They often will farm together to produce income to basic household food needs. When there are crises, so long as the entire community is not affected, they can help members bounce



back. While individual financial services are still desired (for all the known reasons, such as desire for privacy), discounting group-based structures is locking rural households out of basic financial services. Similarly, mobile money, especially provided through support of female mobile money agents, has made it possible for rural households to access both money from their social network, and provided safe places to save given the continued lack of financial services providers in rural areas and the lack of attractive financial products. The most promising products and services are among those with which we are already competent in providing, though improvements are needed to be more responsive and timelier to ensure households are not making unacceptable sacrifices to use them.



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EIB

Financial service providers (FSPs) and partners can play a crucial role by innovating financial products like weather-indexed insurance for farmers, microloans for nutrition-focused businesses, and promoting sustainable farming practices. Non-financial products like capacity-building programs and knowledge-sharing platforms are equally vital. Promising examples include digital payment systems for remote areas, community-led agricultural cooperatives, and sustainable farming practices education.

HUMUNDI

Looking at access to food in a very fragile region of Mali, we can cite a multipartite intervention around cereal banks (CB). The CBs receive loans from an MFI, CAECE, to buy cereals from farmers' associations (FAs) in the surplus area and sell them at an affordable price to its members during the lean season. The FAs can also obtain loans to buy grain from their members and are institutionally strengthened by an NGO, as are the CBs. Local authorities are involved to channel external support into the system. This year, six CB Unions and 1,450 members are involved.

In the DRC, since 2021, the MFI Guilgal has developed a mixed fund mechanism to improve food availability, increase farmers' incomes and support green initiatives. The fund combines a loan from Guilgal, a subsidy from Humundi and a (minimum 10%) cash contribution from the client. Risk-sharing like this reduces the interest rate. The fund is primarily intended for organisations in need of investments that are geared towards sustainable agriculture and food security. To date, 30 organisations have been financed, for a total of €300,000.

ILO

A comprehensive holistic approach can help in access both to food and the resources required to produce and distribute it. Financial services such as agricultural credit in combination with crop insurance (both weather and yield based), livestock insurance, warehouse receipt systems have shown to be effective. Their acceptance is enhanced when distributed through community-based organisations such as local farmers associations or savings and credit federations. Non-financial interventions can include training or capacity building inputs on improved agricultural practices, seed and crop diversification, improving market linkages (technology helps!) and social safety nets such as conditional cash transfers and food distribution programmes can be useful. The role of a community-based approach is important here. The effectiveness of the approaches varies based on local conditions and the unique challenges of the target populations. Combining both financial and non-financial approaches can offer holistic solutions to address the complex issues of food security and enhance food system resilience for vulnerable communities.

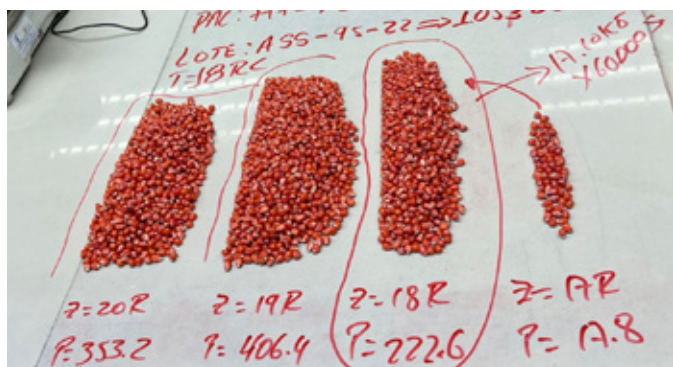


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INCOFIN IM

FIs active in the provision of funding of SME providing/distributing school meals (mainly for low-income schools) are good examples of promising innovations, having developed a supply chain financing approach for nutritious products such as milk (they pre-finance milk producers who have contracts with dairy companies). For medium size FIs, the financing of protein farms is also a good example: Chicken farms and fish farms for example.

FIs can also play an important role in training and educating borrowers on what a nutritious and balanced diet means in the local community and based on the evolving local dietary preferences. This also signals to smallholder farmers on the value of growing relevant produce that provides financial viability to the farmers, allowing them to invest in agronomical practices that would provide safe and nutritious food.



©Incofin IM

Lending to SMEs that are developing solutions for lower-income consumers in the form of smaller packaging, more affordable nutritious products, innovating and attractive products for consumption that are still nutritious and marketing to increase desirability will also contribute to increasing the utilisation of nutritious goods. Adapting financial products to seasonality of crops can also contribute to smoothening of consumption and therefore, potentially, to the affordability of nutritious products.

LMDF

In our experience, a credit product coupled with adapted technical support for micro and small producers has proved to be a 'win-win', ensuring better quality and affordable food for the low-income population. When a knowledgeable product expert who specialises in products like quinoa or milk offers guidance to small producers on how to increase their productivity, it benefits everyone involved in the process, including the clients of the small producers.



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Effective market linkage initiatives promoted directly by the financial service provider that help farmers to partner and access broader markets can also contribute to reducing food waste, ensuring fair prices for producers, and making food more affordable, especially for vulnerable consumers.

MIN



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Experiences have shown the necessity to have a holistic approach in helping safeguard access to food security, by building the resilience of smallholder farmers not only by just focusing on climate risk insurance but also considering the other risks and needs the smallholder farmers are facing - such as personal risks related to health and accident risks. Initiatives and projects involving multiple stakeholders (insurance companies, MFIs, farmer associations and cooperatives, input suppliers, etc.), all pooling resources to provide insurance in combination with services such as farm inputs, agriculture advisory services, sustainable farming practices, climate smart techniques technology for forecasting and loss assessments (as well as credit and savings along with government support) have proven to be very helpful to create a comprehensive package for the farmers that helps build their capacities for managing risks. This package enables improved productivity, enhanced access to finance, income stability and poverty reduction to assist in building resilience in the sector in order to achieve or enhance food security. The MiN's 2022 Landscape report² highlights interesting and innovative case studies involving multiple stakeholders in the agriculture insurance sector.

²: <https://microinsurancenetwerk.org/the-landscape-of-microinsurance>

RABO FOUNDATION

In 22 countries we collaborate with smallholders who are the foundation of the food chain. They produce at least one third of the world's food supply, and therefore play a vital role in feeding our growing global population. It is not only about making farms more resilient against the negative effects of climate change by planting trees, water management and soil improvement. These are primary conditions that have to be met to transform our food systems, but the most promising projects that safeguard access to quality and affordable food are integrated in market systems and operate at regional level. If you produce food but you cannot store it, or there is no market, it gets wasted. If you produce food but politics force you to sell below cost price because they want to keep their urban voters happy, it/that does not work either. Producing essential food for millions is not only a national problem and does not stop at the border.

TORONTO CENTRE

There is evidence of improved crop production, increased risk-taking, and less disruption of financial cashflows at the micro or small enterprise and household level through the use of agri-insurance for small holder farmers (CGAP has done meta analyses of this in 2014 and 2019). Some models of agricultural production and value chain development show the promise and potential for meeting food security needs. Many times, financial and non-financial services are bundled, and increasingly offered through digital channels (credits, agri-inputs, marketing information, agricultural technical advice, and payments). Some value chain development work has also proved to be effective - facilitating fragmented actors and processes of agricultural production, harvesting, processing, and getting to markets - whether for cash crops or for consumption.

QUESTION 4

What are your organisation's future plans or aspirations to further mitigate food insecurity or malnutrition?

GRAMEEN FOUNDATION

Grameen believes greater efforts are needed to address the unacceptable sacrifices households make to use financial services, either due to lack of access to financial services that can help households smooth consumption, or because their use of financial services is causing them to use negative coping mechanisms (e.g. spending less on food to make a loan payment). Efforts to address this can start with generating increased understanding of when households engage in this behaviour, identifying how to predict it, and designing products and services to help mitigate it. Food security should be considered as part of the *design* of financial services, and *not simply seen as an outcome*. Grameen will be measuring unacceptable sacrifices as part of our impact monitoring system going forward to ensure we have the data we need to better understand the use of negative coping mechanisms³. The financial services and agricultural sectors need to spend more time collaborating and identifying places where they intersect, especially in rural communities where the world's food is produced. For example, FSPs can partner with agricultural cooperatives or farmers associations to provide them with the capital required to procure more volume from their shareholders and support them to produce quality products. Agricultural organisations can also work to provide better data, such as farmer revenues, as a source of information that FSPs need to make lending decisions.

EIB

Looking ahead, EIB aims to continue investing in sustainable agriculture, strengthening partnerships with NGOs, governments, and the private sector, and leveraging digital technology to enhance financial inclusion for food security and nutrition. Our goal is to reduce food insecurity and malnutrition across Europe and beyond.



©EIB

³: See also <https://www.e-mfp.eu/blog/unaddressed-and-unacceptable-sacrifices-role-financial-services-food-security-and-nutrition>

HUMUNDI

Humundi intends to continue working in a systemic way, with the aim of co-constructing sustainable food systems. These make it possible to combat food insecurity and malnutrition. Our action is holistic and involves many different kinds of actors.

Concerning FSPs, we intend to consolidate our support in two areas:

- Financing sustainable agricultural practices: FSPs, by remaining attentive to the needs of their clients, have great potential to influence and transform the system around them by directing their funding towards sustainable agricultural practices. This cannot be done all at once and requires additional knowledge as well as other financial mechanisms to support them and small-scale producers. Studies of customer needs are more necessary than ever to understand the greater complexity of financing agro-ecological production (combining several crops) than the traditional financing of a single value chain.
- Promoting the inclusiveness of rural women (who are among the main players in food security and nutrition) as well as rural youth, the guarantors of the food systems of the future as well as a factor of stability in the target areas.



ILO

SDG 2 lays down the marker for us in the UN system to work towards reducing food insecurity and malnutrition. We will continue to work with partners and like-minded institutions to explore and promote access to financial services, including insurance, as a facilitator for:

- Resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters;
- Increased investment for enhanced production capacity as well as improved infrastructure for storage and distribution;
- Improving the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, through increased knowledge, better financial services, markets and opportunities for value addition and non-farm employment; and
- Better insurance products not just for the farm but for the household too.

Achieving these aspirations requires a multi-pronged and coordinated effort at the local, national, and global levels. It involves addressing the root causes of food insecurity and malnutrition while promoting resilience and sustainability in food systems. We will try to play an effective role in helping achieve this goal.

INCOFIN IM

Our flagship nutrition fund, N3F, aims to increase the supply and consumption of safe, nutritious foods throughout Sub-Saharan Africa and generate improved development outcomes by directly financing SMEs that contribute to positive nutrition outcomes along food and agricultural value chains and to financial intermediaries providing financing solutions to target serving domestic markets. These investments support SMEs' efforts to increase the accessibility (including affordability), safety, and consumption of their products, with four expected outcomes:

- Increased access to nutritious foods through wider distribution, improved affordability, variety, and desirability;
- Increased supply of nutrients and reduced harmful elements through improved reformulation;
- Increased food safety and reduction in contaminants; and
- Reduced environmental impact of the food supply chain through decreased food loss.

Our agri investment program in India, IPF, has supported: innovations in supply chains that provide market access for indigenous foods grown by smallholder farmers; access to high quality agri inputs and best practices to farmers; and an integrated value chain approach enabling over 16,000 growers to grow high quality fruits and vegetables. Other investments include a tech enabled warehousing solutions provider which has reduced food losses to 0.5% (India average: 10%) with over 15 million metric tons of farm produce stored annually, along with providing working capital products to value chain participants.

LMDF

In the future, we will continue to support investees directly and indirectly engaged in food production and distribution while remaining true to our mission to support a broad spectrum of inclusive finance. Thanks to our Microfinance Plus programme, we will also keep financing the agricultural value chain, especially in Africa and Latin America, and support innovative solutions to help our partners increase their community resilience towards climate change. We will also strive to have a stronger emphasis on measuring and demonstrating our partners' food security and nutrition results.



MIN

The MiN's "Building the resilience of smallholder farmers" Best Practice Group plans to work closely on 'integration', including integration of needs, risks and solutions in building the resilience of smallholder farmers and not tackling problems related to food security or vulnerability of farmers as standalone issues. The Group is open to collaboration with institutions, organisations, working groups in other sectors (banks, MFIs, health organisations, MSMEs, NGOs and development partners, etc.), in order to work together, identify opportunities and generate innovative solutions to address food insecurity and malnutrition challenges in the world. In its landscape report, the MiN also highlights innovative experiences, emerging trends and case studies in the agriculture insurance sector, helping to achieve food security to help institutions and organisations in their decision making and strategy in mitigating the risks affecting food security and malnutrition. The 2023 Landscape study is ongoing and the 2023 report will also contribute to giving key information to the public on mitigating risks related to food security, with innovative case studies and information on emerging trends in the sector.

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If you look at the bottom of the pyramid, 50% of farmers are women and largely produce food from small plots next to their house, including vegetables, beans, and starch crops. They are often particularly disadvantaged and have trouble obtaining financing. We pay more attention to financing for women to make their farms more climate-smart to face the growing negative impact and to secure household income and nutritional value of food. We will increase our efforts in transformation of food systems, not only looking at productivity, intercropping, mixed cropping, soil quality, but with a much more holistic view on the political and social aspects and stringent market failures. Finally, let us not be overly romantic, seeing organic (i.e. regenerative) agriculture as the one-size-fits-all solution for everything. By 2050, more than two-thirds of the world will live in urban areas. More people than ever will live in mega cities of >10 million and need to eat too. Vertical farming, LED lights, closed nutrient cycles, zero emissions, this is also part of our food transformation thinking process and we need to accept the true value of food.



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TORONTO CENTRE

One of our strategic priorities for the coming five years is to accelerate financial sector support for food security: Financial systems possess the potential to enhance the resilience of food producers by extending their access to finance and offering insurance against catastrophic risks. A staggering 80% of smallholder farmers - 97% within Sub-Saharan Africa - lack formal agri-insurance access. We are committed to amplifying our efforts in the realm of agri-insurance. Increasing sustainable, quality agricultural production in local contexts is critical to increased food security and resilience and is a part of climate adaptation strategies and investments. Of course, the role of financial supervisors in creating agri-insurance markets is fairly narrow; they also face challenges and tensions of where to put their limited budgetary resources.

Another priority for the upcoming five years includes empowering supervisors and regulators to navigate a transformative financial

sector, and to continue promoting financial stability, good governance, and consumer protection. Offering the only professional designation for supervisors – Certified Financial Supervisor (CFS) – represents our commitment to excellence in leadership and sustainable local ecosystems. Financial Inclusion and Climate Risk Supervision are two of the specialisations offered in the CFS. Other initiatives include a Certification on the topic of Climate and Biodiversity Loss risks.

We are also honoured to collaborate as a capacity-building implementation partner with prominent standard-setting bodies, including the Network for Greening the Financial System (NGFS), and our peer supervisory bodies – the International Association of Insurance Supervisors (IAIS) and the International Organization of Securities Commissions (IOSCO) – all of whom recognise the need for increased advocacy on food security.



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