

**EXPERT
TALK**

WEBINAR

25
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2025

Access to Finance Agribusiness Transformation in Africa



1PM - 3PM GMT



Key Outcomes from the Webinar

Expert Dialogue on Financing Agricultural MSME's in Africa



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The expert dialogue on access to finance for agribusiness transformation in Africa underscored that there can be no serious progress on food systems without putting micro, small and medium enterprises (MSMEs) and cooperatives at the center. Against the backdrop of a worsening food security crisis, over 300 million Africans facing hunger, more than 20 percent of the continent's population,

the webinar situated its discussion squarely within the CAADP/Malabo commitments and the CAADP Kampala Action Plan. The message was clear: financing agricultural MSMEs is not a niche technical issue, but a central lever to deliver on continental goals of food security, nutrition, jobs, climate resilience and inclusive growth.

A first key message is that MSMEs and cooperatives are indispensable for agrifood and value-chain transformation. They are the real interface between smallholder farmers and markets, aggregating production, organizing logistics, carrying out primary processing, and negotiating with buyers in national, regional, and export markets. When MSMEs and producer organizations are weak, value chains remain fragmented, informal and volatile, and farmers stay trapped in low-productivity subsistence.

When they are strong, they become engines of rural job creation, especially for youth and women, and they translate high-level policy commitments under Malabo and Kampala into concrete investments and market opportunities. The dialogue stressed that development partners, governments and financiers must stop viewing MSMEs and cooperatives merely as “beneficiaries” and instead recognize them as strategic partners and operational vehicles for the transformation of agri-food systems.



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A second key message is that finance alone is never enough; the real bottleneck is investment readiness. Grants and loans can only be effective if they rest on solid internal capabilities: sound governance, basic accounting, robust financial management, leadership, and clear business models. The experience of the Business Support Facility for Agricultural Value Chains (BSF4AVC) implemented by GIZ projects Agribusiness Facility for Africa (ABF) and MOVE Comcashew, which has worked with more than 100 MSMEs, shows that sustainable enterprises are built on skills rather than subsidies. Through Farmer Business School, Cooperative Business School (CBS), Processing Business Schools (PBS) and inclusive Contract Farming (iCF) programs, blended e-learning platforms, and tailored advisory support, MSMEs have been able to improve their planning, record-keeping and operational discipline. From the investor side, as the impact fund Kampani emphasized, repayment capacity, profitability and track record are non-negotiable. Without strengthening these fundamentals, agricultural MSMEs remain unbankable and fall into the “missing middle,” even when funds exist on paper.



The Matching Grant Fund model presented during the webinar, with contributions of up to €200,000 matched by 50-60 percent MSME co-investment, is designed as a catalyst rather than a perpetual subsidy.

A third key message is that matching grants and blended finance are powerful de-risking tools but should not become permanent crutches. The Matching Grant Fund model presented during the webinar, with contributions of up to €200,000 matched by 50-60 percent MSME co-investment, is designed as a catalyst rather than a perpetual subsidy. It enables enterprises to formalize, build systems and acquire a track record in managing external funds, while simultaneously upgrading technology, expanding into new markets, and improving efficiency in value chains such as cocoa, cashew, maize and livestock. Layered on top of such schemes, blended finance instruments, credit guarantees, concessional loans, first-loss tranches, climate finance windows, and sustainability-linked terms, help reduce perceived and real risks for investors and lenders. The aim is to use these instruments strategically to crowd in private capital and move MSMEs along a pathway from “grant-ready” to “impact-investor-ready” and eventually “commercial-bank-ready,” rather than allowing grants to substitute indefinitely for private finance.





A fourth key message is that de-risking agriculture requires both financial instruments and policy and regulatory reform. Structural bottlenecks, high collateral requirements, formally weak credit histories, and the tendency to treat agriculture as inherently too risky, cannot be solved by projects alone. The webinar underlined that financial products remain misaligned with agricultural realities: long production cycles, climate variability, and commodity price swings sit uneasily with short-term, rigid loan products. De-risking must therefore operate at two levels: at the level of instruments such as guarantees, insurance schemes, revolving input funds and climate-risk facilities; and at the level of macro policies and prudential regulation that govern how banks and other financial institutions treat agricultural lending. In line with CAADP and Kampala, speakers called for integrating risk-mitigation measures into national agriculture investment plans, revisiting regulatory frameworks so that specialized agricultural finance is not constrained by one-size-fits-all rules, and investing in digital and data systems that reduce information asymmetry and allow risks to be priced more accurately.

A fifth key message is that public finance must be deployed to leverage, not crowd out, private investment. Earlier CAADP phases focused heavily on achieving the ten percent public expenditure target under Maputo and Malabo, but the conversation has now advanced toward how to combine public and private resources to meet the much larger investment needs articulated in the CAADP Kampala Action Plan, including the ambition to mobilize 100 billion dollars. The webinar emphasized that public funds should be used in a smart, catalytic way: financing infrastructure, research, extension, last-mile distribution systems and risk facilities that raise returns and reduce risks for private investors. Strategic public investment can improve productivity, lower transaction costs, and stabilize value chains, thus making it more attractive for local banks, DFIs, impact funds and even diaspora capital to engage. The question is no longer only “how much public money” but “how effectively that money shifts the risk-return equation to crowd in private capital.”



A sixth key message is that a functioning ecosystem matters more than any single financing instrument, and that cooperatives and producer organizations sit at the heart of that ecosystem. Effective cooperatives solve the core problems of fragmentation and lack of bargaining power by aggregating volumes, standardizing quality, negotiating better prices, and enabling group-based financial access that individual smallholders could never achieve alone. The webinar presented examples where cooperatives only succeeded in securing finance after they strengthened their internal management, governance and accounting systems, confirming CAADP's emphasis on cooperative-based agribusiness models as foundations for inclusive, climate-resilient development. At the same time, the discussion highlighted the importance of coordination platforms, country agribusiness partnership frameworks (CAP-F) and country compacts that align public sector, private sector, DFIs and farmer organizations around value-chain-specific investment programs. These efforts increasingly benefit from South-South and ACP-wide exchanges: many of the structural challenges faced in African value chains are shared with Caribbean and Pacific countries, and successful models in one region, whether cooperative models in the Pacific, blended finance solutions in East Africa, or cocoa value-chain experiences in West Africa, can be adapted and replicated elsewhere. Financing will scale sustainably only when this broader ecosystem of capable organizations, structured markets, coherent policies, and cross-regional learning advances together.



Looking ahead, one important next step is to institutionalize a practical learning and matchmaking platform that builds on this expert dialogue and its ACP-wide character. With over 450 participants and an active chat full of concrete questions, the webinar clearly demonstrated demand for ongoing knowledge exchange and direct engagement between MSMEs, cooperatives, investors, DFIs, banks, regulators and technical partners across Africa, the Caribbean and the Pacific. Establishing a regular series of expert talks and an accompanying online space would make it possible to share case studies, respond to operational queries, and connect enterprises to potential financiers and advisors in a more structured way, while also serving as a repository of tools, templates and guidance aligned with CAADP/Malabo and the CAADP Kampala Action Plan.

A second next step is to develop structured investment-readiness pipelines for MSMEs and cooperatives at country level, explicitly linked to value-chain priorities and national food security objectives. In practice, this

would mean that organizations such as GIZ, IFAD, Kampani, AUDA-NEPAD, AfriCatalyst and their national counterparts work together to identify promising enterprises and producer organizations, diagnose their gaps in governance, financial management and market access, and then support them over time through a sequenced package of capacity building, technical assistance and advisory services. These pipelines should be connected directly to matching grants, guarantees, impact funds and local banks, with transparent criteria for graduation into different types and sizes of finance. Such an approach would help move countries from fragmented, project-based interventions toward systematic pathways that transform a pool of potential MSMEs and cooperatives into a cadre of bankable, scalable agribusiness actors contributing directly to food security and employment.



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A third next step is to translate the CAADP Kampala financing agenda into concrete, de-risked investment strategies integrated into national agriculture investment plans (NAIPs) and value-chain development programs. Countries will need support to embed risk-mitigation tools, such as national guarantee schemes, climate and disaster-risk instruments, agricultural insurance, and strategic public infrastructure investments, within their NAIPs and related sector plans, rather than treating them as stand-alone projects.

They will also need to design and manage value-chain-aligned investment pipelines that are explicitly connected to CAADP and Kampala commitments, the food security emergency, and the 100 billion dollar mobilization target, and that are deliberately structured to engage private investors, DFIs, diaspora finance, local banks, cooperatives and farmer organizations. By anchoring these strategies in CAADP/Malabo and Kampala and operationalizing them through coordinated national and regional processes, African and ACP countries can move from dialogue to action and build a more robust, inclusive and resilient financing ecosystem for agribusiness transformation and food security.



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