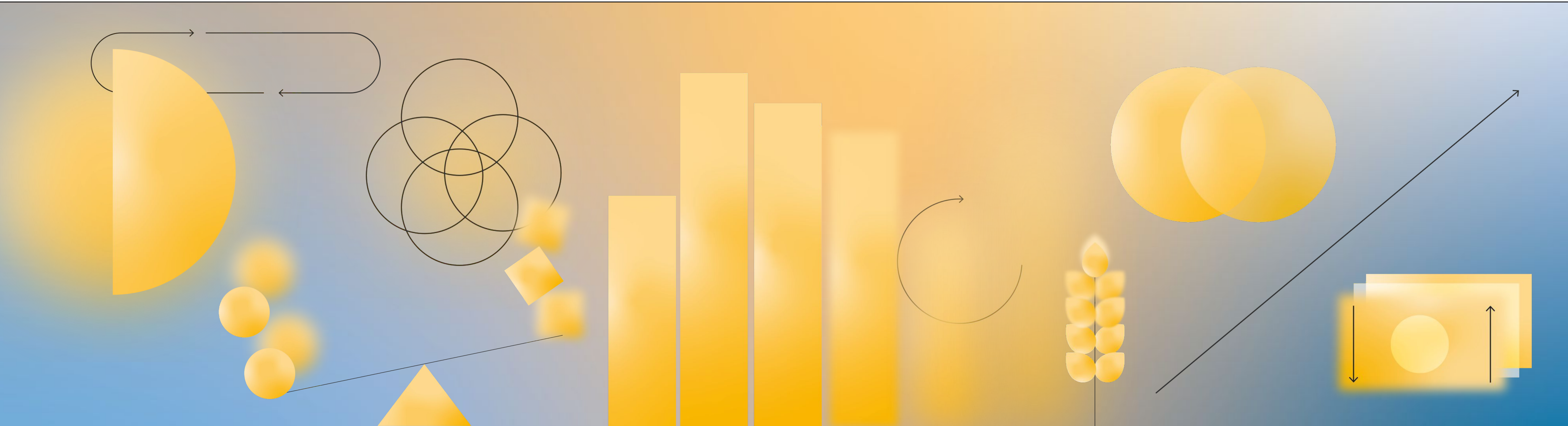




Food and Agriculture  
Organization of the  
United Nations



# **Blended Finance in the agri-food sector**

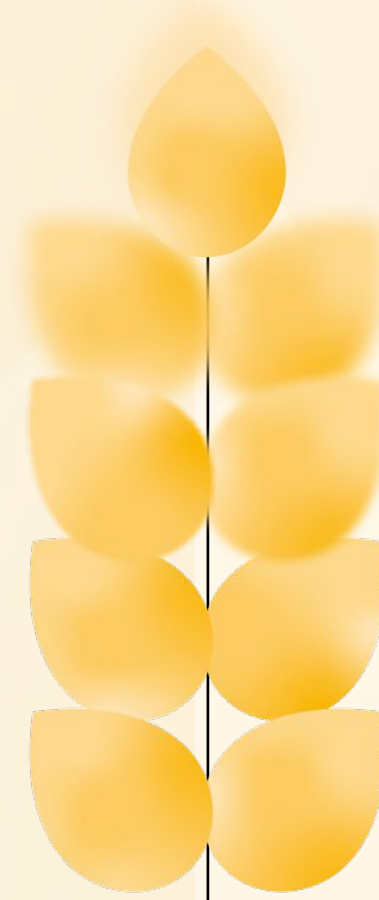
## **Achieving a perfect mix in investment funds**

### **Do's and Don'ts**

# THE PROBLEM

## The agri-food sector needs more investments, which require more financing

- USD 300–350bn of additional funding p.a. required globally to transform food systems
- USD 74bn financing gap p.a. across agricultural SMEs in Sub-Saharan Africa (SSA)
- Three in four agricultural SMEs from SSA are lacking sufficient access to finance



## This won't come from the public sector alone

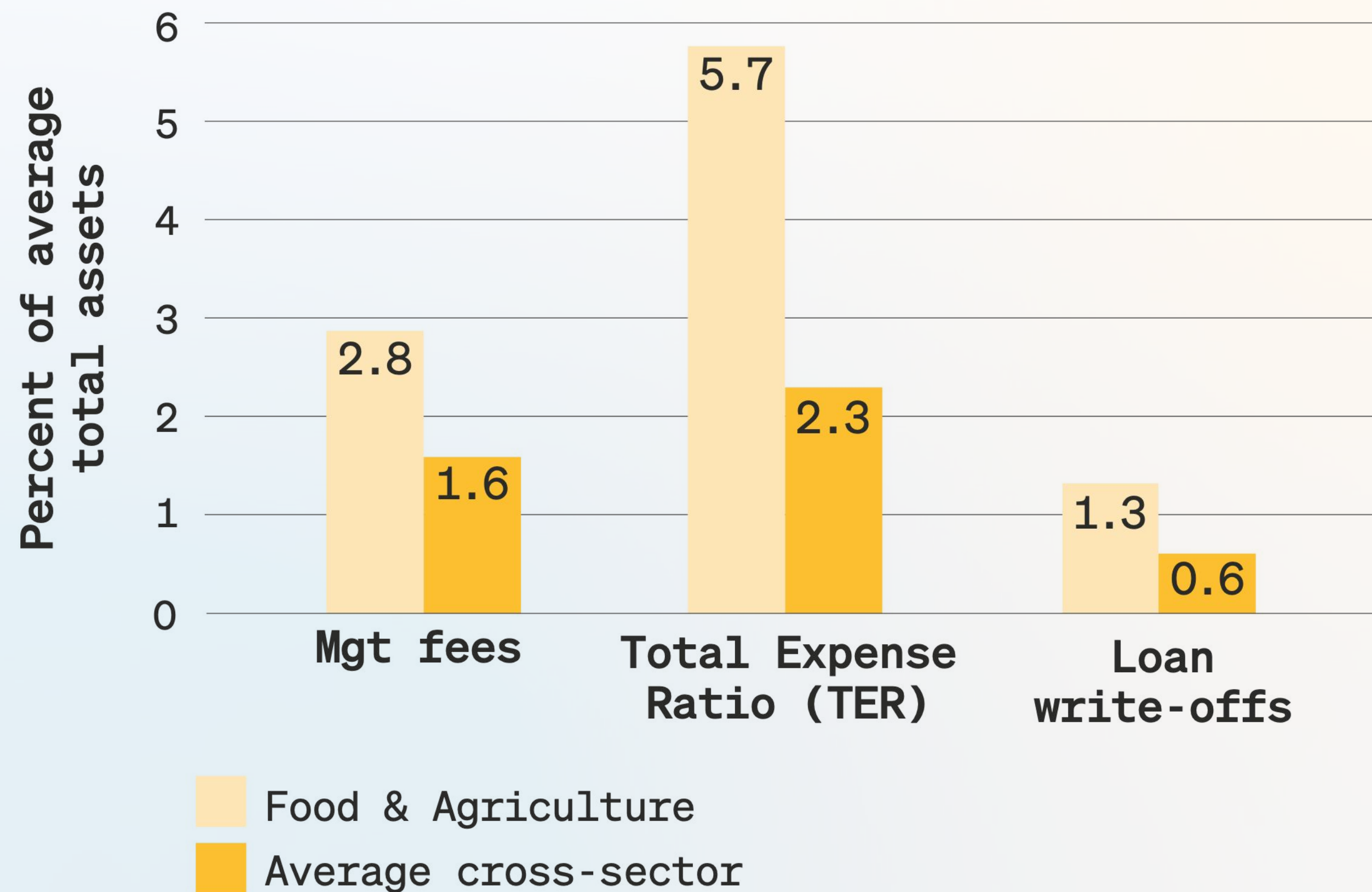
- Constraints on public budgets
- Mixed track-record of public agriculture finance
- DFIs are doing a lot but it is not enough



# MORE PRIVATE CAPITAL NEEDED

**But the sector is perceived as more risky and more expensive to serve**

## Fees, costs and losses



**Source:** Tameo private asset impact fund report 2021

An analysis of 175 investment funds targeting emerging and frontier markets with a development impact focus

# BLENDING FINANCE THE SOLUTION?

## Mixing concessional and commercial capital in the same vehicle

- Some success stories, but can we scale up?
- “Mixing” different investors can be a challenge (objectives, culture, corporate governance etc.)
- De-risking is welcomed but not sufficient – enhancing investors’ return is more difficult
- “Small is beautiful” ... but costly

# DO'S AND DON'TS IN BLENDED FINANCE

## Mixing concessional and commercial capital in the same vehicle

- 1 Clarify whether capital mobilization is a priority or not
- 2 Everything needs to be structured in function of the co-investors targeted
- 3 Do not reinvent the wheel
- 4 Be flexible and avoid a very narrow investment strategy
- 5 Keep it simple – BF should facilitate financing, not bring additional complexity
- 6 Consider tailored subsidies to unblock well-identified bottlenecks
- 7 Technical assistance = de-risking by knowledge



# JUST BLEND IT!

This presentation is based on a Brief that will be soon published by the FAO Investment Centre about the “Do’s and Don’ts in Blended Finance”

If you have any question/comment, or to be the first to receive this Brief, please contact [Alexandre.Kaufmann@fao.org](mailto:Alexandre.Kaufmann@fao.org)