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The U.S. Government's Global Hunger & Food Security Initiative

 **Norway**

Bridging the Gap: Financing Africa's Agriculture Growth

Statement of Support for Blended Finance for A Food Secure Africa

Agricultural small and medium enterprises (agri-SMEs) are Africa's largest employer and economic engine—and the key to transforming a largely subsistence agriculture sector into a commercially-sustainable industry that can feed the continent. Up to 95 percent of smallholder farmers in sub-Saharan Africa access processing through agri-SME processors or wholesalers. Agri-SMEs play a critical role in securing employment, livelihoods, and food/nutrition for their communities.

Yet, agri-SMEs are substantially underfinanced. An estimated 75 percent of agri-SMEs can't access formal bank finance, but are too large for microfinance, creating an estimated \$100 billion gap in unmet demand for financing. Financial institutions and potential investors, however, face significant structural barriers to investment in the agri-SME finance market.

Blended finance can be an effective way to address the barriers and risks associated with financing agri-SMEs or support agri-SMEs to become more investment ready.

We, the signatory financial institutions, investors, and companies acknowledge the inherent risk and costs in investing in agriculture, and specifically agri-SMEs, the need to increase financing for these entities as a critical step for transforming food systems in sub-Saharan Africa, and the need for new financial tools to address this financing gap in order to meet the second Sustainable Development Goal ("SDG2") Zero Hunger.

Therefore, we recognize the importance of the "Financing for Agricultural SMEs in Africa" (FASA) Fund, a multi-donor initiative providing highly concessional capital to investment funds with an aim to de-risk and mobilize additional sources of commercial financing. We appreciate the work of the Kingdom of Norway and the U.S. government to advance efforts to support agri-SMEs through this new concessional financing facility.

We applaud the approach of blended finance and look forward to working to promote sustainable food systems and support inclusive economic development in an effort to end hunger as envisioned in the Sustainable Development Goals.

<i>Acumen</i>	<i>Convergence</i>	<i>Lightsmith</i>
<i>African Development Bank</i>	<i>Dutch Good Growth Fund</i>	<i>Norfund</i>
<i>AGRA</i>	<i>Equity Bank</i>	<i>Oikocredit</i>
<i>Argidius Foundation</i>	<i>GARI</i>	<i>Small Foundation</i>
<i>AgriFI</i>	<i>Incofin</i>	<i>Sorenson Impact Foundation</i>
<i>AgDevCo</i>	<i>I&P</i>	<i>U.S. International Development Finance Corporation (DFC)</i>
<i>Bayer</i>	<i>Leap by Bayer</i>	<i>Vestergaard</i>
<i>Calvert Impact</i>	<i>MCE Social Capital</i>	<i>Yara</i>
<i>Ceniarth</i>	<i>IDH</i>	