WEBINAR REPORT

JULY 2022

UNLOCKING INVESTMENT OPPORTUNITIES FOR FEMALE-LED AGRI-SMES



ZOOM AGRI-BUSINESS TALK









CONTENTS

Webinar Topic	01
Date	01
Participants	- 01
Organizers	01
Location	- 01
Contextual Background	02
Objectives	03
Approach	03
Moderators	03
Speakers	- 03
Key Takeaways from Discussions	04
Challenges of female-led agri-businesses	04
What needs to be done to unlock investment opportunities	
for female-led Agri- SMEs from Agri - SME and Investor	
perspectives?	05
What does progress for gender lens investment mean?	- 07
What else can be done to build up smaller businesses?	08
At what stage of business growth can a business get financial	
support?	08
Recommendations and Next steps	09
Panelists	10

Webinar Topic: Unlocking Investment Opportunities for

Female-led Agri - SMEs

Date: July 5, 2022, 12:00PM – 2:00Pm EAT

Participants: Agribusinesses

Policy makers & government representatives

Impact Investors

Financial Institutions

Development partners

Organizers: Finding XY and Proodos Capital

Location: Zoom

CONTEXTUAL BACKGROUND

Women's contribution to the agricultural sector in sub-Saharan Africa is significant. The averages in Africa range from just over 40 per cent in Southern Africa to just over 50 per cent in Eastern Africa. However, Female-owned enterprises face huge obstacles in their operations. These include limited access to financing, lack of a support network to grow their businesses, and restriction by social norms among other limitations.

Finding XY in partnership with Proodos Capital organized this agricultural investment forum to bring together impact investors, Agri-SMEs, development agencies, government representatives and others to bring focus to the much-needed investment in Agriculture. Finding XY established the Women in Agriculture Impact Investment (WAII) facility to accelerate investment to Agri-SMEs, across the value chain using a blend of instruments and a gender lens approach.

WAII is made possible by the generous support of the American people through the United States Agency for International Development (USAID) under the Feed the Future Uganda Inclusive Agricultural Markets Activity and is implemented by Finding XY.

We thank our network partners Small Foundation (Gerard Wayne) and We shared Forward (Elani) for the support provided in the build-up to the webinar.

Objectives:

- 1. Discuss challenges faced by female entrepreneurs in the agriculture sector across sub-Saharan Africa.
- 2. Unlocking investment opportunities in Agri-SMEs using a Gender lens investment approach.

Approach

The panelists explored investment opportunities in Agri-SMEs, mechanisms for sourcing a quality pipeline, investment readiness for Agri-SMEs, technical assistance required, investor portfolio performance management and de-risking investments in the sector.

Moderators

Eddie Sembatya - C.E.O, Finding XY

Fei Gan - Partnerships Lead, Proodos Capital

Speakers

Felicity Jones - Co-founder and Co-Director, SDG Changemakers

Hilary Barry - Founder and General Secretary, Lady-Agri Impact Investment Hub

Anne Maftei - Portfolio Lead, Value For Women

Judith Ngonyo - Investment Manager, Goodwell Investments.

KEY TAKEAWAYS FROM DISCUSSIONS

This section provides an overview of the presented challenges as well as summarized discussion points from the webinar

Challenges of Female-led Agri- SMEs

- Investment ecosystem, female-led Agri-SMEs are perceived as unpredictable. They have limited track records which makes them risky and reduces investor appetite for them.
- Most Female-led Agri-SMEs lack tangible assets that they can offer as collateral.

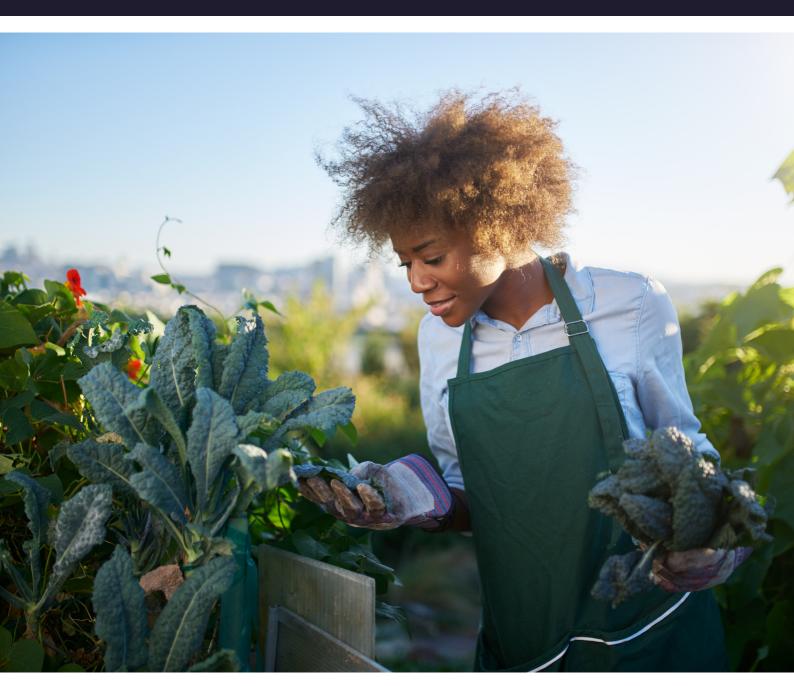
- Women's value chains were neglected in the past. This explains why commodity value chains are predominantly dominated by men.
- There is a gap in supporting female/youth led agri-business and the actual risk capital requirements of the impact investment

"There is a gap in supporting female/youth-led agri-business and the actual risk capital requirements of the impact investment"



WHAT NEEDS TO BE DONE TO UNLOCK INVESTMENT OPPORTUNITIES FOR FEMALE-LED AGRI - SMES?





What needs to be done to unlock investment opportunities for female-led Agri – SMEs from Agri - SME and Investor perspectives?

Agri - SMEs

Coach and restructure the cooperatives to understand the risk perceptions of the banks. Restructure the social and entrepreneurship model of female Agri-SMEs, linking them to finance and markets.

Carry out our research on investors to understand their investment criteria. By the time you are approaching them, you should know if you tick some of the criteria boxes and also know the likelihood of success.

Agri SMEs should be investor-ready – work with Business development service providers to understand your business in detail and package it well for the investment. Investors are looking for businesses that are sustainable and have a lifelong impact.

Data on impact: Agri-businesses should know that investors invest for social and environmental impact. Agri - SMEs should find a way to quantify and qualify the impact they create.

Agri - SMEs need to Know their value proposition businesses. For example, in the agriculture sector, does your business cater to the key needs that smaller holder farmers face?

"Carry out our research on investors to understand their investment criteria. By the time you are approaching them, you should know if you tick some of the criteria boxes and also know the likelihood of success"

Investors

Understand that the SDG agenda is an investment agenda; therefore, financial institutions need to include gender-smart approaches to their operations.

Become gender-responsive or/and situate SDG 5 in supporting female-led Agri-SMEs from early-stage to growth-stage.

Work with women entrepreneurs to structure businesses and offer financial literacy, business management and understanding of market positioning.

Support cooperatives to make transitions to an SMF model.

Support women across the value chain – from production to supply.

Develop capacity for cooperatives and financial institutions to develop gender lens investment and market learning interventions.

Determine what kind of gender lens they want to apply to the investment capital they provide.

Embed a gender lens across sourcing and building a pipeline, all through to portfolio management and impact measurement. This involves taking an inward look within the organization. A gender lens investor walks the talk – investing in their workforce (e.g.- do you have women representatives on the board where decisions are being made?)

Tap into women accelerators, incubators networks, and associations that have high rates of women as members.

Examine the Communication/ marketing material: Is it inclusive? what channels are you using? Images on websites? Female entrepreneurs may feel unrepresented by your communications or feel that you are not using inclusive language.

Understand the impact of using a gender lens investment approach from top to bottom during the deal structuring and due diligence. Due diligence should scrutinize every aspect of the business.

Walk the journey with the entrepreneur after successful deal closure to ensure that the business is sustainable until your exit.

Support agribusinesses that lack resilience in

Support agribusinesses that lack resilience in terms of land ownership, and advocate for changes to the land structures.

Explain the indirect and direct benefits of investing in a female-led business. If you invest in a woman and encourage/enable her to generate her income, the return of the investment will be in the community, education, literacy, and better nutrition

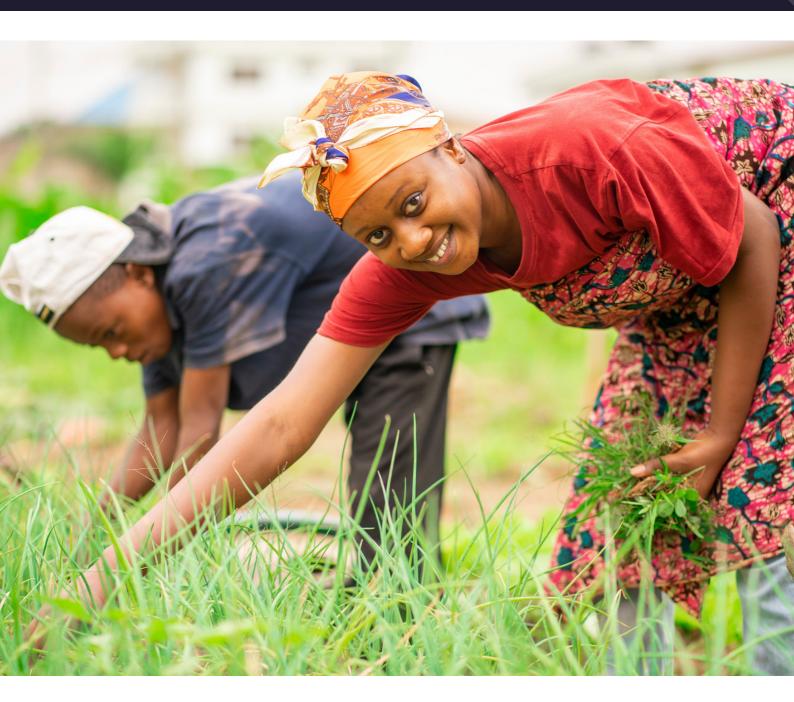
Provide very early targeted support to emerging businesses. Early-stage funding is sometimes not very attractive – Agri-SMEs need support to understand the competitiveness within the space to gain credibility.

Consider different types of financing. With women who don't have collateral, there are numerous ways of addressing an enterprise's ability to pay back a loan and accredit worthiness without collateral.

"Explain the indirect and direct benefits of investing in a female-led business. If you invest in a woman and encourage/enable her to generate her income, the return of the investment will be in the community, education, literacy, and better nutrition"

PROGRESS FOR GENDER LENS INVESTMENT





What does progress for gender lens investment mean?

Understanding that gender-inclusive businesses are beyond leadership, beyond who sits on the board – How women producers are treated - Are they getting access to SME agricultural training or access to fertilizers/seeds and mechanization?

Look out for business viability, gender responsiveness and inclusivity - ensuring that women are not the lowest economic factor - cheap labor.

Financial Institutions looking internally at how they deal with women

Boots on the ground: Sitting in the passenger seats of the women's businesses and finding out what is happening on the ground, the obstacles to growth and how investors are going to serve them better.

Investors and lenders putting resources towards understanding gender impact beyond counting numbers in the portfolio – investing in case studies to demonstrate the social impact of the capital they provide and any other non-financial services (e.g BDS or technical assistance).

Literacy and connectivity – accelerating progress with due diligence – providing the businesses with the development support services.

Reviewing the funding patterns to include programmes where women in different age groups can achieve funding and support.

Investors should have a broader spectrum of funding and consider different ticket sizes for the ecosystem to bridge the gap between investment of various ticket sizes and the stage of business growth.

"Investors and lenders putting resources towards understanding gender impact beyond counting numbers in the portfolio – investing in case studies to demonstrate the social impact of the capital they provide and any other non-financial services"

Investors should consider co-investment or collaboration – if the opportunity is not quite right for one lender, they can pass it on to another – success /progress.

Investors need to look inwardly at what their data says. For example, what is the performance of the female-led businesses that you support? It's crucial for Investors to understand how they are serving the women and also build engagements that unlock resources at the leadership level internally.

There is a need for analysis of where along the investment or the lending process women are falling off. This helps to highlight where you may need to make adjustments. It could be that no women are joining your pipeline – which may require you to adjust your sourcing.

Investors need to check their criteria to make sure it doesn't inadvertently exclude women. Social science research shows: Women will not apply if they don't meet 100% of the criteria whereas, men will apply when they meet 60% of the criteria

WHAT ELSE CAN BE DONE TO BUILD UP SMALLER BUSINESSES?





What else can be done to build up smaller businesses?

Investors should have a broader spectrum of funding and consider different ticket sizes for the ecosystem to bridge the gap between investment of various ticket sizes and the stage of business growth.

Investors should consider co-investment or collaboration – if the opportunity is not quite right for one lender, they can pass it on to another – success /progress.

Investors need to look inwardly at what their data says. For example, what is the performance of the female-led businesses that you support? It's crucial for Investors to understand how they are serving the women and also build engagements that unlock resources at the leadership level internally.

"Investors should consider coinvestment or collaboration – if the opportunity is not quite right for one lender, they can pass it on to another – success/progress"

There is a need for analysis of where along the investment or the lending process women are falling off. This helps to highlight where you may need to make adjustments. It could be that no women are joining your pipeline – which may require you to adjust your sourcing. Investors need to check their criteria to make sure it doesn't inadvertently exclude women. Social science research shows: Women will not apply if they don't meet 100% of the criteria whereas, men will apply when they meet 60% of the criteria

At what stage of business growth can a business get financial support?

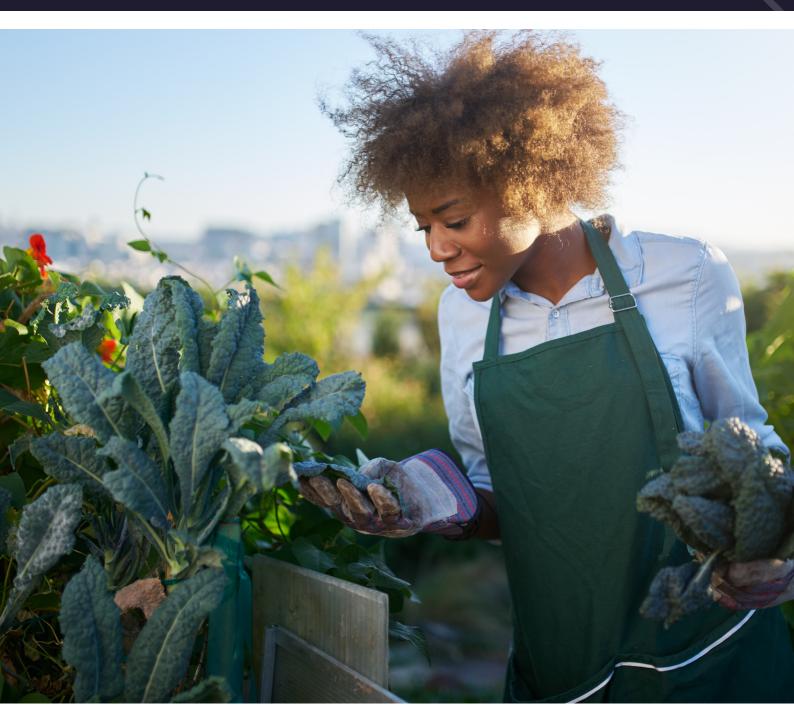
Businesses need to go through a few agricultural seasons to prove that they are resilient enough. Agriculture is risky given the climate changes and COVID-19 disruptions; hence, a track record of at least three agricultural seasons would build the confidence of the Agri-SME.





RECOMMENDATIONS AND NEXT STEPS





Recommendations and Next steps

Investors and financial institutions need to commit resources to become more gender-inclusive both internally and, in the way they provide capital to SMEs.

Support female-led entrepreneurs or innovators to understand the competitive advantage and the opportunity they have.

Dive deep into sustainable solutions for investing.

There is a need for collaboration with accelerators, incubators, foundations, and investors, and to have more conversations to identify gaps and challenges on where the businesses are falling through during the funding process.

Encourage women entrepreneurs that they are in the right space and there is support available – they shouldn't grow faint in seeking funding to scale.

Provide support beyond financing to include coaching or mentoring to Agri SMEs so that even if the need is not financing at the moment, they can be helped to the point of growth – when they start seeking financing, they are ready to present themselves.



Moderators



Eddie Sembatya, C.E.O, Finding XY



Fei Gan - Partnerships Lead, Proodos Capital

Welcoming Remarks



Dorothy Najjingo, Partnership & Intervention Assistant USAID FTF Uganda Inclusive Agricultural Markets Activity

Speakers



Anne Maftei - Portfolio Lead, Value For Women



Judith Ngonyo - Investment Manager, Goodwell Investments.



Hilary Barry - Founder & General Secretary, Lady-Agri Impact Investment Hub



Felicity Jones - Co-founder & Co-Director, SDG Changemakers

10





