FFF improves access to multiple sources of finance for FFPOs

**Semi-formal finance**
- Asset investments through: Microfinance / money-lenders / crowd-finance

**Formal banking finance**
- Asset investments through: Blended finance / loans / equity / bonds / overdrafts

**Producer & family finance**

**FFPOs as Aggregators**

**FFF as Catalyst**
(see text below)

**National public finance**

**Climate & ODA finance**

**Buyers & trade finance**
- Trade credit
- Leasing
- Factoring / POs
- Warehouse receipts

**Enabling investment / grants for:**
- Tenure / Technical / Business / Organisation

**Concessional loans, grants and guarantee funds for:**
- NDC, NAP climate action / SDGs / risk management

Forest and Farm Facility
a partnership between: Food and Agriculture Organization of the United Nations (FAO)
Financial Options: “basket of funds” to raise initial and growth capital

• Producer, friend and family finance: Internal financial mobilization through VSL and Links to semi-formal and micro finance e.g. using VSL as asset guarantee for accessing bank loans
• Buyers and trade-chain finance: engage buyers to explore equity, purchasing contracts finance or loans (esp. in-country but also regional/global buyers)
• Formal banking finance – reduce risk, understand lending criteria build pipeline of finance ready business plans, explore guarantee schemes
• National public financing: developing financial infrastructure, national credit bureau; formalising alternative forms of collateral (e.g. tree growing-stock); reducing red tape/bureaucratic requirements; digital financial services’ market in forest landscapes; and inclusive targeted financial instruments (e.g. women, young entrepreneurs).
• Climate and Overseas Development Assistance (ODA) finance targets for GEF/GCF/AFR 100 and food security, seek input investment support from donors, blended financing
Expanded work on business incubation

- Land & legality
- Finance / insurance
- Business support
- Marketing
- Technical advice
- Social organisation
- R&D

FFPO Business incubator

Advisory board

Forest farm producer groups

Market
Binh Minh Agroforestry Cooperative in Yen Bai Province Vietnam received support for certification costs, an equity investment in a sawmill from Hoa Phat Industrial Company Ltd, with a contract to buy and process all FSC certified timber in the area – then sold to IKEA.
Blended finance to support producers for food security and biodiversity conservation (example from Kenya)

- Product based Associations (cooperative, company) and FF SPAK (business incubators)
- Incentive funds/soft investment/grants
- Enterprise Development plan
- Portfolio of Bankable business plans
- Financial opportunities:
  - KFS Forest Conservation Fund
  - County government
  - Equity Bank & investors
  - Guarantee scheme

Incentives/soft investment/small grants
Basket of funds For a Basket of products (B4B) –How?

- Take a systems approach that moves away from the single product vertical value chain
- Promote agro ecological production systems at landscape scale
- Build capacity including business incubation cells in producer organizations
- Develop more geographic certification, branding and labelling, including participatory guarantee schemes
- Build new pipeline with portfolio of finance ready basket of products businesses with new business models
- Aggregate production to link small, medium and larger scale private sector actors/investors
- New blended finance packages that provide loans and equity for a range of products with differing harvest times, periodic income flows, and different processing needs
- Mechanisms for distributing and monitoring credit to build on savings and loan funds for small scale entrepreneurs;
- New technical processing and packaging equipment that can accommodate multiple products
Summarizing

• Organize producers (FFPOs) at multiple scales
• Develop long term business incubation and coaching capacity
• Target the relevant size and type of financing
• Tailor capacity development to the above – by understanding needs of finance provider – facilitate interaction to reduce risk perception
• Build finance ready business plans and enterprises strategically – portfolios of business plans and baskets of products
• Develop innovative blended and multi-level financing support policies with targeted mechanisms for the poorest, women, youth etc.
• Private sector has many levels – large new financing buckets need to focus more on getting the funds down to the ground to FFPOs and the small-scale private sector.