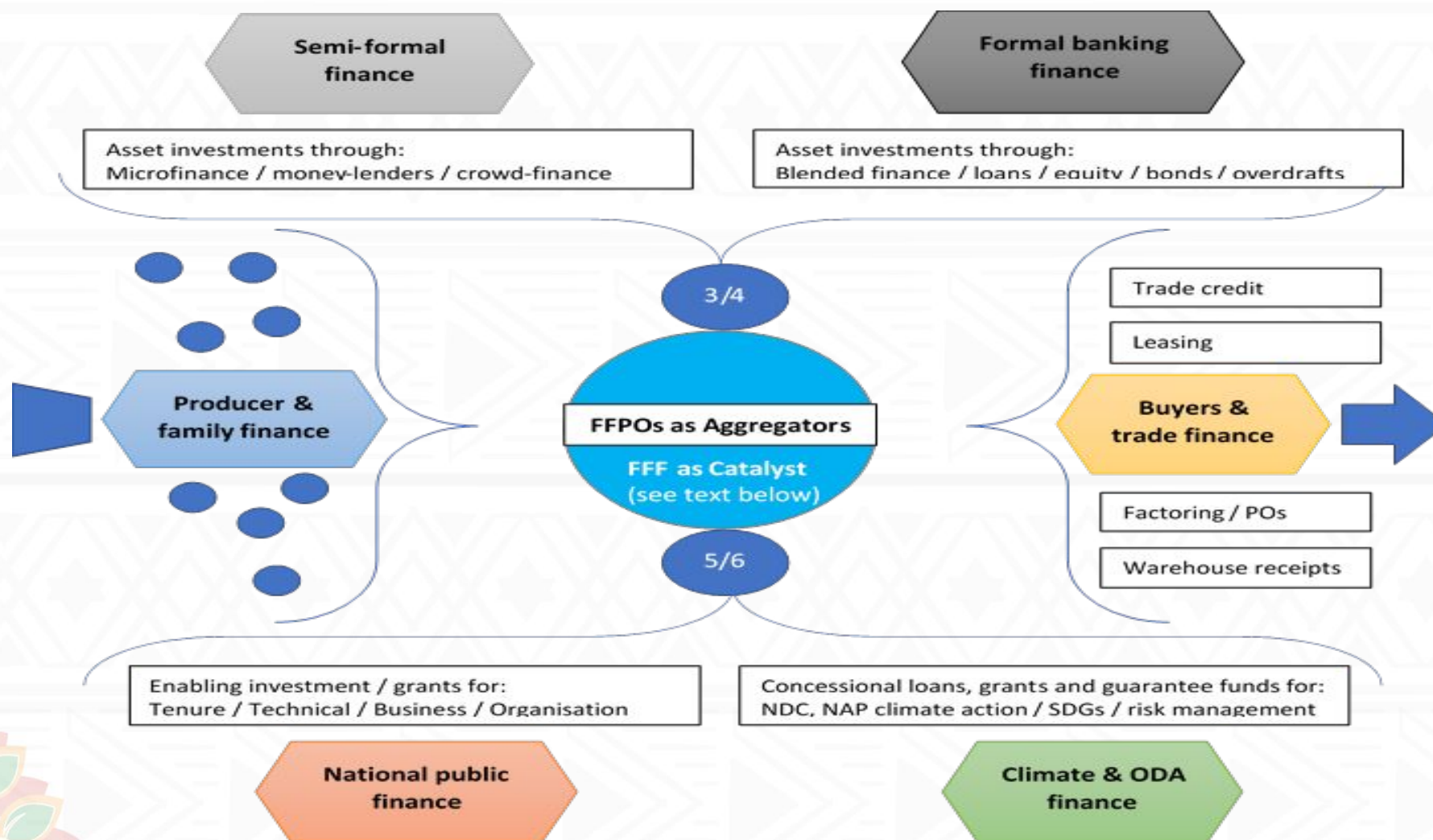


# FFF improves access to multiple sources of finance for FFPOs



**Forest and Farm Facility**  
a partnership between:



Food and Agriculture  
Organization of the  
United Nations

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# 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





# Local private sector financing in value chain

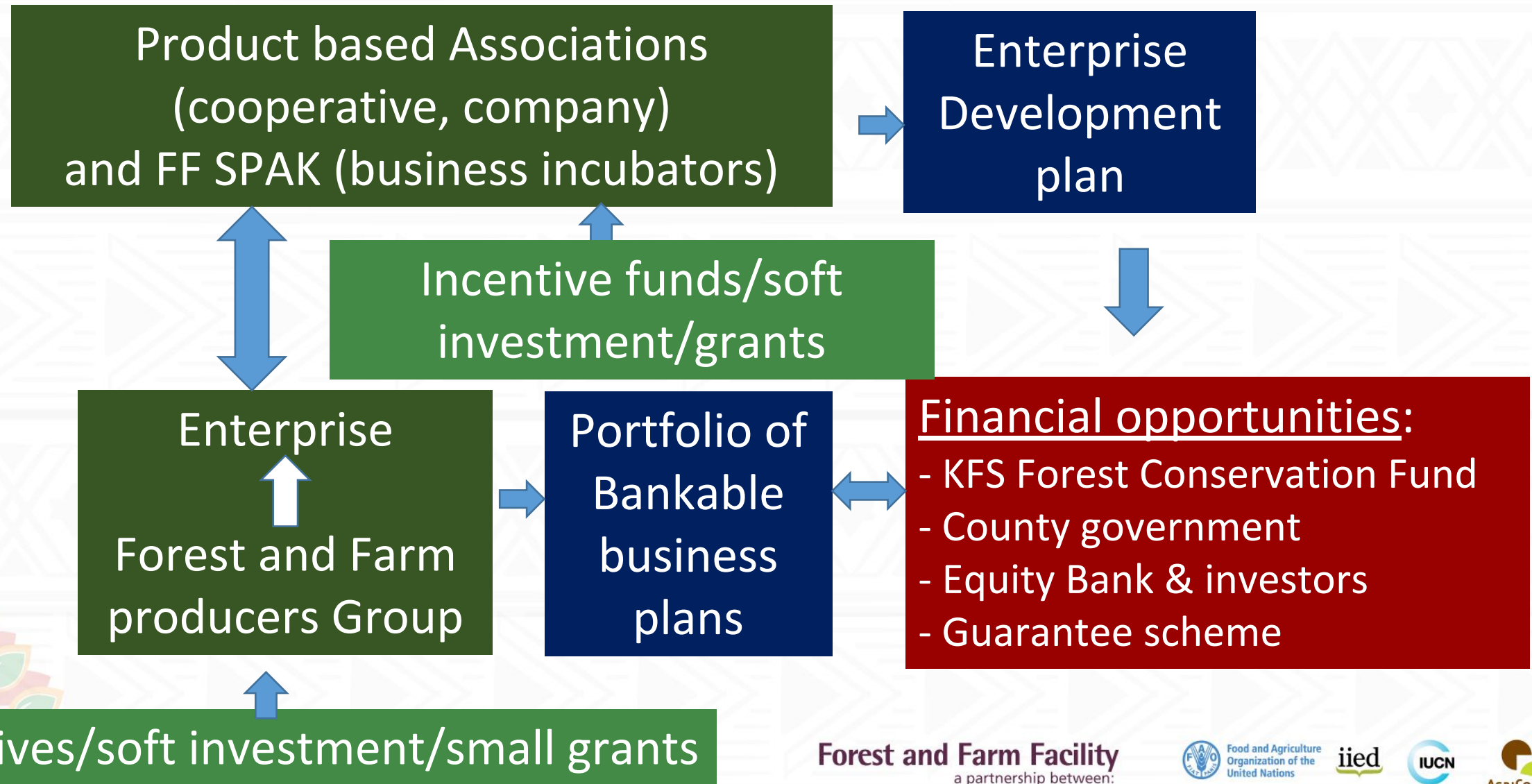


Binh Minh Agroforestry Cooperative in Yen Bai Province Vietnam received support for certification costs, an equity investment in is sawmill from Hoa Phat Industrial Company Ltd, with a contract to buy and process all FSC certified timber in the area – then sold to IKEA.





# Blended finance to support producers for food security and biodiversity conservation (example from Kenya)



# 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.