

FINAS DIALOGUES

DISPATCH - 010

OCTOBER 2026

FINAS Founders Partners put year-round collaboration on the agenda for 2027



Dr. Charity Mutege, FINAS Summit Director, presents the 2026 Summit Recap and Director's Brief to the Founders Partners. PHOTO CREDITS: FINAS.

Founders Partners of Financing Agri-Food Systems Sustainably (FINAS) have called for collaboration to continue well beyond the annual summit, as preparations begin for the next Summit proposed for 8 - 10 June 2027.

The call came at a Founders Partners meeting on 9 October 2026, which reflected on lessons from FINAS 2026, a three-day summit with 40 sessions. A central message was that mobilising capital alone will not transform Africa's food systems. Financing must be structured around the needs of agricultural value chains, and commitments must turn into action.

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summit@finasafrica.org



+254 722 670 910 / +254 717 782 782 / +254 734 782 782



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Financing Agri-food Systems Sustainably

US\$40 Million Funding Round Targets East Africa's Food Supply Chains

A US\$40 million funding round for Tanzanian agritech company East Africa Foods will support the expansion of food processing, storage and logistics infrastructure, highlighting the role of investment beyond the farm in strengthening agricultural markets.

Announced early this month, the financing includes a US\$26 million Series B equity round led by the Private Infrastructure Development Group (PIDG), through its InfraCo investment arm, alongside impact investor Oikocredit and the Dutch Entrepreneurial Development Bank (FMO). The broader capital raise also includes funding from existing shareholders and debt financing from the Schmidt Family Foundation.

East Africa Foods currently sources produce from more than 28,000 registered smallholder farmers and supplies over 10,000 urban retailers. Its operations span aggregation, grading, storage, processing and distribution, connecting farmers to buyers through an integrated physical and digital platform.

The new funding will expand these operations, strengthen the company's digital systems and support entry into additional markets. The company aims to reach up to 100,000 smallholder farmers over the coming years, with women expected to account for 45% of those reached.

The investment addresses a persistent challenge in Kenya and Tanzania, where up to 40% of food produced is estimated to be lost before reaching consumers. Inadequate storage, grading, aggregation and transport contribute to these losses, reducing the value farmers can capture from their produce while affecting the consistency of supplies reaching urban markets.

For agricultural finance, the investment highlights a part of the food system that can receive less attention than farm production itself: the infrastructure and businesses that connect farmers to markets. Storage, processing, aggregation and transport all require capital, yet weaknesses in these areas can reduce the value of what farmers produce before it reaches a buyer.

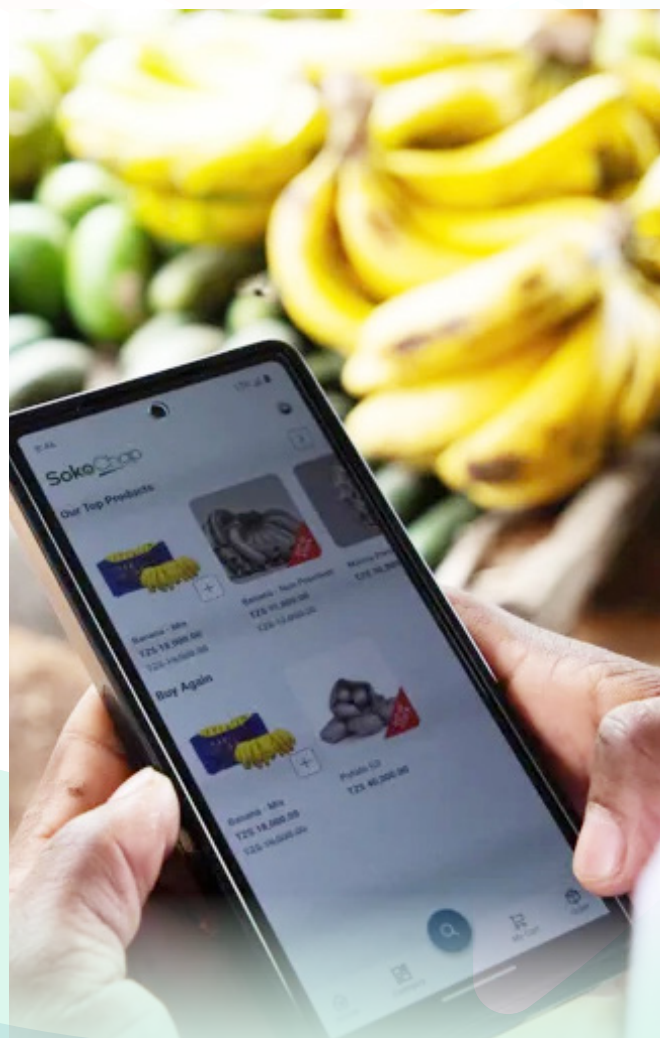


Photo credits: East Africa Foods

The wider question is whether financing these links can make agricultural markets work better for farmers as well as businesses. Expanding infrastructure is one step; ensuring that farmers gain more reliable market access and better opportunities to earn from their produce is the outcome that matters. As East Africa Foods expands, its progress will offer a useful test of how investment in the middle of the value chain can contribute to stronger food systems.



FINAS Founders Partners following the discussions during the meeting. Photo credit: FINAS.

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The founders partners said financing has often led from the supply side, and stressed the need to confirm viable markets and buyers, strengthen links between lenders, farmers and off-takers, and make better use of data to reach farmers who have no land title to offer as collateral. They also called for financial regulators to join the conversation, given concerns about high-cost mobile lending and rising farmer debt, and raised resilience, including energy and water, as a priority.

They discussed making FINAS a continuing platform for engagement, one that keeps stakeholders connected, strengthens institutional ownership and tracks progress on commitments made at the summit. They also began shaping the 2027 theme, which is expected to build on this year's focus on a sustainable financial architecture while giving greater attention to implementation.

The meeting marks the start of preparations for the next Summit, with a shared aim of connecting finance, policy and agricultural markets throughout the year, not only at the event.



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HEAD OFFICE
 Agricultural Finance Corporation
 Development House, Moi Avenue
 P.O. Box 30387, 00100, Nairobi
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 ☎ +254 - 788 524888/704153773
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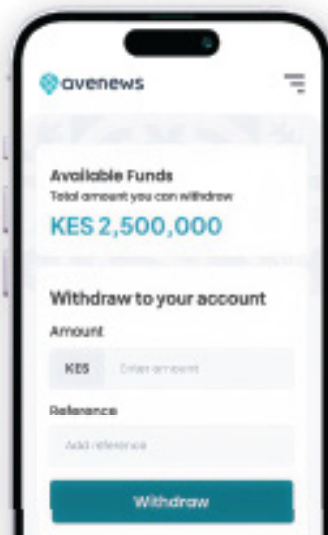
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Who Can Actually Reach the 80%?



Workers harvest tomatoes into crates. Photo credits: FAO

By Maarten Susan

Banks get the credit and the blame for agriculture's financing gap. Neither is quite right. The real fix lies with the institutions built to reach the 80% banks can't.

The agricultural finance gap isn't shrinking. Ten years of donor programs, dozens of conferences, hundreds of reports, and the gap looks about the same size it did a decade ago. By some measures, it's wider.

Estimates of the gap's size vary widely, from \$60 billion to well over \$100 billion, depending on how the number is built. But nobody disputes the direction. It isn't closing.

The usual explanation is that banks aren't stepping up. Push them harder, add another guarantee scheme, relax prudential guidelines, tighten the mandate, and the gap will close.

I don't think that's the whole story anymore.

A disclaimer before going further: most African countries have two or three banks that genuinely push into agricultural finance, take the risk seriously, and build products to match, and they deserve credit. This isn't aimed at them.

But for most commercial banks, reaching the farmer is structurally out of reach, and that's closer to inability than unwillingness. They simply lack the specialized skills and the last-mile distribution capacity it takes.

The problem isn't ambition. It's visibility.

Take Kenya as a case study, not because it's unusual, but because it has better data than most African markets, making the pattern easier to see. KNBS estimates that around 80% of Kenyan agriculture operates informally. No documentation, no audited accounts, no formal collateral, no registered address a bank's systems can use.

There's a structural piece behind all this too. Egypt, Morocco, and Turkey each run large, state-backed agricultural banks, deep rural branch networks, subsidized funding, and technical support built into the same institution. East Africa has nothing comparable.

Kenya's Agricultural Finance Corporation exists but lacks the deposit-taking capacity and balance sheet to operate at that scale. Arguably, that absence explains more of the gap than anything the commercial banks are or aren't doing.

Banks are built to lend against what can be verified. IFRS provisioning rules trigger the moment a scheduled repayment slips, and a late rain-fed harvest isn't a default. It's a calendar problem. KYC requires paperwork that many smallholders don't have. Unit economics punish small loans, since a \$400 input loan costs almost as much to originate as a \$400,000 one.

None of that comes down to a failure of will. It comes down to how the system is built, and systems like this rarely move just because a conference resolution asks them to.

If Kenya, with relatively strong data and a genuine cooperative tradition, still can't get banks past that formal layer, it's a reasonable bet that the same wall exists elsewhere, just less measured.

Where the real imbalance sits.

For decades, donors have been active in agriculture, running technical assistance programs of every shape and size. What gets less attention is where all that support lands. The bulk of it flows to banks and institutions already active in agricultural finance, at the upper end of the value chain: processors, Agri-SMEs, exporters, and the cold chain. Many were lending there before the TA arrived.

SACCOs, MFIs and other FinCos, the institutions closest to that informal majority, receive only a fraction of that support relative to where the actual reach is, not none, just badly out of proportion.

That's the actual gap: not a shortage of lending, but a shortage of resourcing aimed at the wrong end of the value chain.

It's an understandable mistake. Banks are easy to work with. They have offices, compliance departments, brand recognition, and people who respond to emails within a working week (hopefully

in days). Smaller SACCOs and other grassroots financial institutions are harder to reach, harder to standardize, and harder to report back to a donor programme manager. But being easy to work with and well-positioned to close the gap are two different things, and funders have been optimizing for the first.

So who can actually reach the farmer?

Breaking this deadlock probably means marrying age-old lending principles with the technology available in 2026, not treating the two as alternatives.

Probably not the bank, at least not directly. But there's a layer of finance built for exactly this kind of relationship: local, small-scale, and built on trust rather than documentation. Farmer groups pooling savings. SACCOs lending against cross-guarantees instead of land titles. Community structures where everyone already knows who's good for the loan, because they live three doors down and see each other's harvest.

One way support could take shape is to establish a dedicated supervision unit for digital agricultural SACCOs alongside existing cooperative regulation. Digital monitoring instead of manual inspection, so oversight scales without an army of field auditors. A shared digital back office, so small farmer groups can run on the same systems and reporting infrastructure as larger institutions, without carrying that cost alone. A path to concessional credit for those who can demonstrate performance.

None of this exists yet; it's an idea rather than a program, but it answers a design question that keeps getting skipped: how do you supervise thousands of small, community-rooted institutions without either ignoring them or burying them in bank-grade compliance they were never built to carry.

The question worth asking.

Not "why won't banks lend more to farmers." That question has an answer, and the answer is mostly structural, not moral. The better question is what it would take to get technical assistance and donor attention flowing toward the institutions already positioned to reach the 80% banks can't see.

Kenya won't have the answer for the whole continent. But it's as good a place as any to start testing one.

Ghana Raises US\$288 Million for Cocoa Purchases, Falls Short of Target



Cocoa beans sundried. Photo credits: REUTERS/Francis Kokoroko.

Ghana's shift towards domestic investors is testing whether local capital markets can provide the working capital needed to keep cocoa purchases moving.

Getting cocoa from tree to export takes more than a good harvest. It takes cash in the right hands at the right time. When Ghana's 2026/27 cocoa season opened on 25 September, some licensed buying companies, the firms that purchase beans from farmers on behalf of the Ghana Cocoa Board (COCOBOD), warned they could not finance purchases while waiting for reimbursement. The warning exposed a funding bottleneck at the start of the season.

On 5 October, COCOBOD raised GH¢3.39 billion (about US\$288 million) through short-term commercial paper issued to domestic investors at an interest rate of 11%. The notes mature in June 2027. The amount raised was about 15% below the indicative GH¢4 billion target for the first tranche.

The issuance is the first under a GH¢16.3 billion domestic financing programme managed through Cocoa Capital PLC, a wholly owned COCOBOD subsidiary. The programme provides for up to GH¢14

billion in commercial paper to finance seasonal cocoa purchases and GH¢2.3 billion in longer-term bonds to refinance existing debt. Repayment is backed by receivables from selected cocoa export contracts.

The new approach follows the breakdown of COCOBOD's long-standing syndicated loan arrangement with international banks and difficulties with a subsequent model involving international cocoa traders. Financing problems contributed to payment delays in the previous season.

The wider lesson extends beyond cocoa. Agricultural value chains depend on working capital at the point of purchase, not just financing for production. When buyers cannot pay for crops promptly, the consequences can travel through the chain, from farmers and buying companies to exporters.

Ghana's domestic financing programme offers one route to addressing that challenge, but its effectiveness will depend on whether funding is available when purchases need to be made. For Africa's food systems, the question is not only how much capital can be mobilised, but whether it reaches the right point in the value chain at the right time.

US\$10 Million Partnership Targets Africa's Early-Stage Agribusiness



Photo credits: IFAD

An IFAD–AgDevCo agreement aims to channel more investment towards agricultural businesses that struggle to secure conventional financing.

Early-stage agribusinesses can have promising markets and growth potential yet struggle to secure the capital needed to expand. A new US\$10 million agreement between the International Fund for Agricultural Development (IFAD) and AgDevCo Ventures Limited aims to help close that gap by mobilising financing for businesses across East Africa.

Signed on 3 September 2026, the loan brings together IFAD funding, long-term risk-tolerant capital and technical assistance from AgDevCo, with financing support from the Government of Canada. The partnership is designed to make investment in early-stage agricultural enterprises more attractive by helping manage the risks that can deter conventional lenders and investors.

The initiative will initially focus on Ethiopia, Kenya, Rwanda, Tanzania and Uganda, supporting up to 15 enterprises across agricultural production, input supply, aggregation and processing. These businesses occupy different points in the food value chain, but many face a similar challenge: securing suitable financing to grow their operations, improve productivity and reach new markets.

Over 12 years, the initiative is expected to benefit nearly 128,000 smallholder farmers and create approximately 2,900 full-time jobs. These are projected outcomes, with locally owned enterprises and women-led businesses among the intended priorities.

The financing gap is significant. According to figures cited by IFAD from AGRA, Africa faces an estimated annual agricultural financing shortfall of US\$180 billion, including about US\$65 billion for small and medium-sized agribusinesses.

The agreement highlights the role blended finance can play in addressing this challenge. By combining development finance with risk-tolerant investment and technical support, such partnerships aim to help businesses attract capital that might otherwise remain out of reach.

The longer-term test is whether this approach can draw in additional private investors and build a more durable flow of capital to agricultural enterprises. For Africa's food systems, financing the next generation of agribusinesses is not only about helping individual firms grow; it is also about strengthening the businesses that connect farmers to inputs, processing and markets.



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