
Sagana Nuts, Kenya © Adam Finch, Root Capital

State of the Sector
2025
Executive Summary

CSAF COUNCIL ON SMALLHOLDER AGRICULTURAL FINANCE

Global Members

Affiliates & Regional Members

Institutional Host

Field Building Partners

We would like to thank CSAF members & affiliates for their monetary and data contributions. We also recognize the institutions that have signed on as field building partners to ensure that the data and insights generated by CSAF members in this report and the CSAF Open Data Portal are publicly available free of charge.

Vision & Mission

CSAF is an alliance of lending institutions with a shared commitment to building an inclusive and sustainable financial market for small- and medium-sized enterprises (SMEs) in the agriculture sector in developing countries worldwide. CSAF members convene to share learning, develop industry standards, and engage other stakeholders, with the goals of:

1. Facilitating market growth to meet a greater share of the vast financing needs of agricultural SMEs globally;

2. Promoting responsible lending practices and social and environmental standards to ensure that market growth for agricultural SME finance contributes to positive impact on smallholder farmers, workers, rural communities, and the natural environment; and

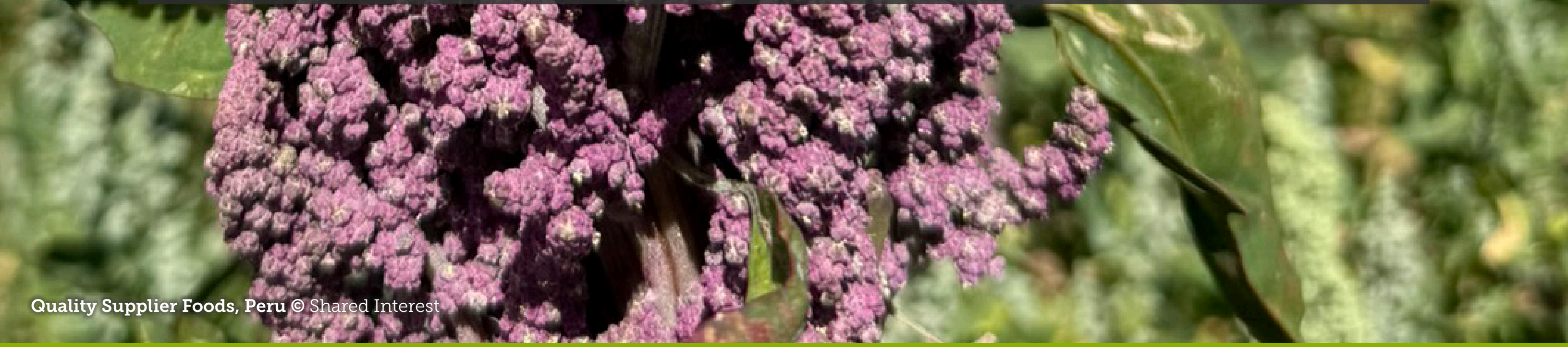
3. Building the ecosystem for inclusive and sustainable financial markets and agricultural value chains.

Target Market

Each CSAF member maintains a portfolio of loans and investments and independently pursues its respective mission to finance high-impact agricultural enterprises. As distinct from micro-lending, CSAF lenders seek to promote environmentally sustainable practices and improve the livelihoods of smallholder farmers by financing enterprises that purchase crops from hundreds or thousands of individual producers and then aggregate, process, and sell those crops into domestic or global markets.

These businesses vary in size (annual revenues range from $250K to well over $10M) and structure (from farmer-owned cooperatives to private enterprises). In addition to providing economic opportunities for farm households, the businesses served by CSAF members generate substantial seasonal and year-round employment and often function as multi-service providers, offering farmers access to finance, farm inputs, and agronomic training. Many also provide non-agricultural services, such as scholarships for local youth, entrepreneurship training programs for women, clean drinking water, or health insurance. With reliable access to finance, agricultural SMEs can play an important role in building prosperity and climate resilience in developing economies.

Collectively, CSAF members have provided $7.7B in lending to agricultural SMEs reaching 7M smallholder farmers since we began collecting data in 2013.



Quality Supplier Foods, Peru © Shared Interest


EDUCE, Mexico © Shared Interest

Opening Letter

Dear Stakeholder,

This year marks a pivotal moment for agricultural SME finance. **As global development aid shifts and shrinks around the world, the continuity of the catalytic capital that has fueled growth in our sector for decades is uncertain.** Donors are recalibrating their strategies, with key support mechanisms that have supported agricultural SMEs and lenders, including guarantees and technical assistance facilities, now at risk. As public and private investors re-evaluate their portfolios in the face of economic and geopolitical uncertainty, we anticipate further gaps in funding activities and de-risking mechanisms, which will require creative adjustments and new partnerships to fill.

CSAF members collectively supported over 600 agribusinesses in 2024, disbursing nearly $800 million—a 14% rebound from the previous year's decline and the highest annual lending volume to date. This growth was primarily due to increased demand for trade finance linked to soaring commodity prices of coffee and cocoa. While these prices offered an immediate income boost for many smallholder farmers, continued price volatility presents uncertainty and risk as well: high prices today can quickly give way to demand slumps or cash flow shortfalls tomorrow (read more on page 10). Looking ahead, price fluctuations and tightening margins will make it even more challenging for agricultural enterprises to manage uncertainty while continuing to serve smallholder farming families.

Lenders and borrowers are adapting. CSAF members are strategically providing borrowers with technical assistance to help businesses strengthen financial and operational management, build climate resilience, and invest in digital readiness to navigate new regulatory environments such as those created by the EU Deforestation Regulation and Corporate Sustainability Due Diligence Directive. Several borrowers have diversified into new crops or invested in value addition, evolving their models to remain viable and deliver deeper impact for their communities. Two such examples—EcoCajou in Côte d'Ivoire and APODIP in Guatemala—are highlighted in this year's borrower profiles (see pages 9 and 14). **Each business has been able to diversify thanks to strong management teams, visionary leadership, and targeted support—a trifecta that remains out of reach for most agribusinesses.**

Building internal capacities is increasingly important for agri-SMEs, as risks continue to mount. After a spike in 2023, the percentage of the portfolio at risk—a key metric of the level of risk in members' portfolios—returned to historical norms in 2024. While encouraging, this trend may be short-lived. **Due to new geopolitical pressures, weather disruptions, and inflation-related increases to business costs, we anticipate that risk levels will climb again in the year ahead.** Lenders are already seeing early signs, including greater foreign exchange volatility, higher liquidity and refinancing risks, and increased unpredictability of commodity prices resulting in higher rate of defaults on buyer contracts.

These pressures come at a time when, due to funding shortfalls, agricultural enterprises may have reduced access to the technical assistance previously provided by partners. The increased risk is exacerbated by the shifting aid environment, which creates uncertainty around the future scale and continued existence of many of the blended finance mechanisms—such as guarantees and concessional capital—that have historically de-risked this market. These changes raise questions about social lenders' continued ability to reach underserved agricultural SMEs.

Against this backdrop, **CSAF has continued to invest in shared tools, coordination, and learning.** In addition to hosting our annual convening to discuss the sector's most pertinent challenges, we have expanded our data collection to inform research on technical assistance and guide institutional benchmarking, while also using a participatory approach to redevelop our joint monitoring tool. New insights from the Agri-SME Learning Collective have provided guidance on how to tailor business development services to fit the maturity and needs of different enterprises (read more in the full report).

As we look to the second half of 2025, CSAF lenders are bracing for a difficult year. We draw optimism from our knowledge that CSAF members and the agricultural SMEs they serve have weathered storms before and successfully navigated complex risks with persistence and purpose. CSAF will continue to fulfill its role as a convener of practitioners on the market frontier, bringing stakeholders together to share lessons, coordinate responses, and amplify knowledge and solutions. **Our spirit remains unchanged** and will be essential in the months ahead as we continue to support agricultural SMEs committed to building more inclusive, sustainable, and climate-resilient communities.

Sincerely,

Andrea Zinn
CSAF Director

RECENT TRENDS

1 Lending volume rebounded while the number of borrowers remained consistent.

After a drop in disbursements in 2023, lending activity increased by 14% to $799M. This growth was driven primarily by increased demand for financing tied to record-high global prices for coffee and cocoa.

2 Lenders supported new borrowers at smaller ticket sizes.

In 2024, the median loan size to new borrowers dropped to $250K, as lenders extended financing downmarket to businesses with smaller capital needs but growing potential for impact and scale.

3 Write-offs increased sharply as a result of higher risk in recent years.

Write-offs nearly doubled in 2024 due to the elevated risks posed by price volatility, climate shocks, and management challenges. Write-offs still remained down from the peak of 8.1% in 2020 and 2021 tied to the COVID pandemic.

4 Shifting macroeconomic conditions and aid policies have increased uncertainty.

The full effect of inflation, decreased foreign aid flows, tariffs, and other large-scale economic factors remains to be seen, but agri-SMEs and lenders are acting to build resilience for what lies ahead.

Impact Numbers

2024 Total | 2013-2024 Cumulative

	2024 Total	2013-2024 Cumulative
Amount Disbursed	$799M	$7.7B
Businesses Reached	611	1,739
Loans Disbursed	1,177	16,709
Farmers Reached	2.8M	7M
Countries Represented	55	80

Global Insights

Disbursement volume increased by 14% in 2024 as CSAF lenders helped agri-SMEs meet the greater credit needs associated with increased commodity prices. After a slight dip in the prior year, lending rebounded to reach peak disbursement levels despite the total number of borrowers remaining flat. This growth was seen globally, as the large majority of lenders grew their portfolios. Despite overall growth, there were meaningful differences by value chain and region, as explored in detail on page 11.

In 2024, CSAF members disbursed $799M in credit to 611 businesses across 55 countries. Agri-SMEs used this capital to commercialize products from over 2.8M smallholder farmers to markets while employing 68K people in rural communities. The median farm size for these smallholder farmers is 1.9 hectares (4.7 acres).

The average size of active loans in 2024 remained steady at $1.2M, with a slight increase in the proportion of loans below $250K. After significant growth in average loan size from 2014 to 2021, which evidenced upmarket movement by CSAF lenders to larger businesses; the steady loan size of the past few years may indicate a change in that trend. Lenders continue to cover a significant range of business profiles and loan sizes in line with the diverse needs of agri-SMEs. Disbursements increased across nearly all loan sizes, with the greatest growth occurring for loans of $500K–$1M and $2M–$5M.

The median loan size for new borrowers has decreased over the past four years to $250K. As CSAF members expand credit access, smaller loans are matched with agri-SMEs that have smaller credit needs, lower debt capacity, and higher perceived risk as relatively unknown borrowers. Limited or no credit history can typically result in lenders decreasing their exposure while borrowers establish a track record.

In 2024, CSAF members reached 91 new borrowers, similar to recent years. This level of growth roughly compensates for client attrition driven by risk, competition from local lenders, or shifting portfolio strategy. After years of contraction from a 2016 peak, the number of borrowers reached has remained largely consistent since 2019.

Working capital for trade finance continues to represent the vast majority of CSAF lender disbursements (82%) and outstanding loan value (49%). Working capital for other purposes comprised

Figure 1: Annual Lending and Businesses Reached

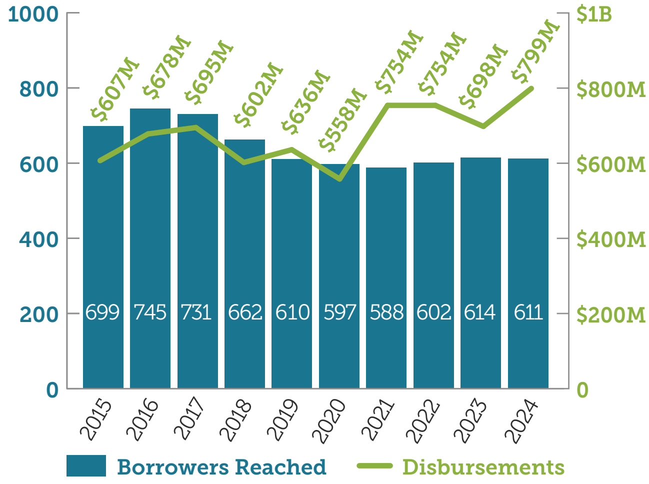
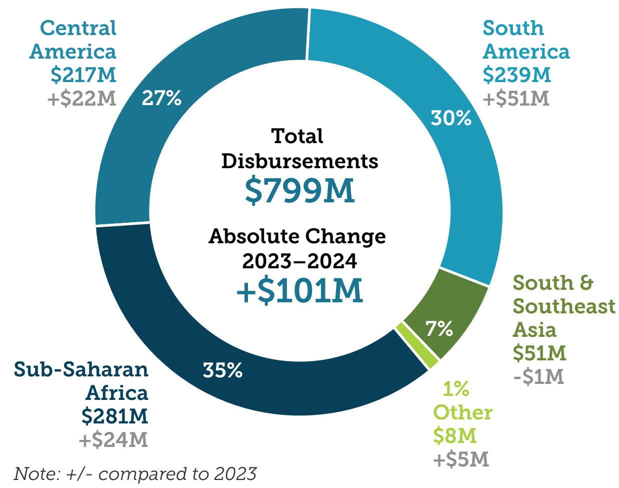
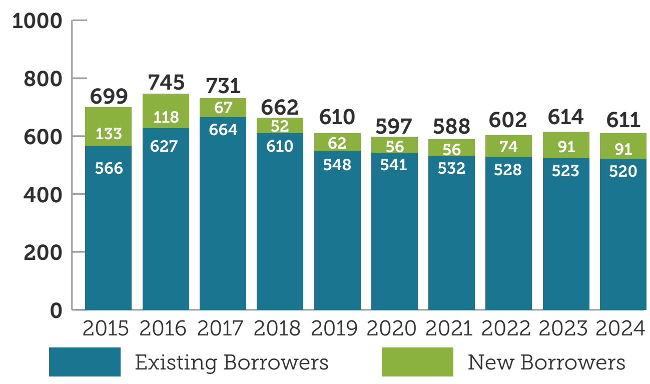


Figure 2: Credit Volume by Region (2024)



Note: +/- compared to 2023

Figure 3: Existing & New Borrowers Reached



13% of disbursements and 24% of outstanding loan value. Loans in this category may be used to finance sales on the local market, input purchases, rental of equipment, or other short-term operating needs. While asset financing represents a small portion of disbursements (5%), it constitutes a significant portion of outstanding loan value (25%). These latter two categories share a disproportionate amount of the outstanding balance due to the long-term nature of these loans, which, in the case of asset financing, may be disbursed just once before remaining outstanding for three or more years.

Private companies remain a growing plurality of CSAF borrowers compared to cooperative and non-profit clients, but this varies significantly by region. Clients in sub-Saharan Africa and Asia are predominantly private companies while the majority of borrowers in the Americas (64% in Central America and 51% in South America) are structured as farmer-owned cooperatives or associations. Globally, the majority of coffee and cocoa borrowers (56%) are cooperatives or associations.

After a spike in the prior year, portfolio risk decreased by -$16M as write-offs rose by a nearly equal amount. The portion of the portfolio at risk greater than 90 days (PAR90) rose to $53M in 2023 (8% of outstanding loan balance), but dropped to $37M in 2024 (5.1%). During the same period, write-offs more than doubled to $33.3M, accounting for much of the drop in PAR90. To operate within the financial constraints of risk, many CSAF members have historically leveraged de-risking mechanisms, such as concessional first-loss guarantees. Accompanied with standard risk management, these strategies buffer investor capital while meeting financial needs in the agriculture sector that are unmet by commercial lenders.

Loan restructures have increased significantly over the past two years with 74 restructured loans in 2024, representing 10% of outstanding balance. Of these, 70% of restructured loans and 78% of restructured volume remain on-time. Restructured loans can serve as a lifeline to struggling agri-SMEs by helping them recover from uncertainty and supporting their long-term stability. In some cases, restructuring may be an acknowledgment that the terms of the original loan may not have been adequately adapted to the constraints of the agri-SME. While such support aligns with the missions of CSAF members, it can be resource intensive for lenders, creating obligations to increase provisioning and consequently may tighten lenders' balance sheets.

Figure 4: Borrowers and Disbursements by Number of CSAF Members Financing Client (2024)

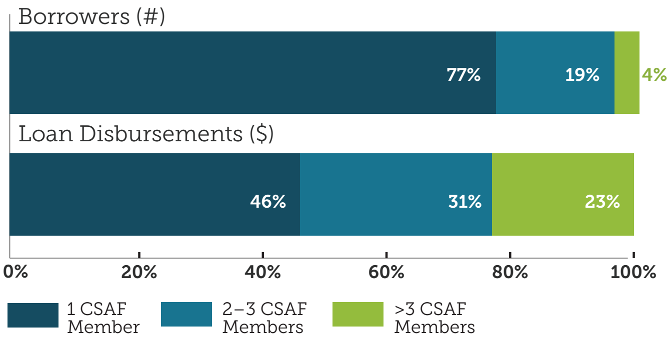


Figure 5: Average Loan Size

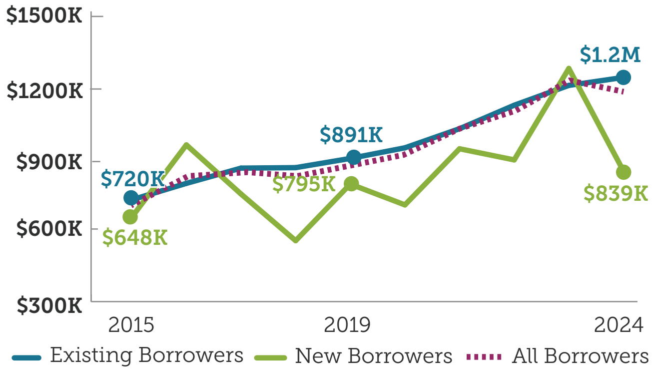
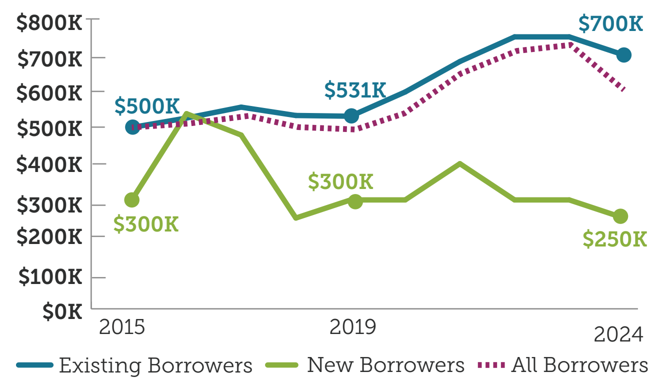


Figure 6: Median Loan Size




EcoCajou, Côte d'Ivoire © SIDI

BORROWER PROFILE

Diversifying incomes with cashew in Côte d'Ivoire

Côte d'Ivoire is the world's largest cocoa producer and is well-known for its dominant role in cocoa production. Forty percent of the country's agricultural exports are cocoa, predominantly grown by smallholder farmers. In recent years, the industry has faced significant challenges including catastrophic weather events, an outbreak of cacao swollen shoot virus, rampant price volatility, and new compliance requirements from emerging regulations, such as the EUDR. Many of these risks are highly variable throughout the year, which magnifies their impact on smallholder farmers, who rely on the once-per-year harvest of cocoa beans. Agri-SMEs that process cocoa must also navigate these risks, as is the case with Ecookim, the country's largest cocoa cooperative union and a business that borrows from six CSAF lenders. In the face of persistent threats to the cocoa sector, Ecookim identified the need to diversify, for the benefits of its farmers and its business.

In 2020, Ecookim launched EcoCajou, a subsidiary focused on processing and marketing cashew for smallholders across southern Côte d'Ivoire. This new business unit allows Ecookim to diversify its income, protecting against losses concentrated in one crop while also enabling year-round activity, as the cashew harvest occurs in a different season than peak cocoa harvest. For farmers already affiliated with Ecookim, the new venture ensures a reliable offtaker for cashew. Many smallholders have already been growing cashew alongside cocoa while others are beginning to convert parts of their farms to cashew to ensure year-round income generation. In the Odienné region, where the local climate makes farming cocoa more challenging, diversification into cashew has enabled EcoCajou to extend its reach to farmers who have otherwise struggled to access markets.

Since 2023, EcoCajou has worked with SIDI through its European Solidarity Financing Fund for Africa (FEFISOL). Starting with a line of working credit, SIDI has renewed the initial credit line and expanded to a capital expenditure investment to improve the cooperative's processing capacity. In less than a year, this financing has enabled EcoCajou to increase the amount of cashew it processes per day from eight tons to over 60 tons. Previously, EcoCajou had to export most of its cashew to Asia for processing, but the new facility can ensure value addition closer to the smallholder farmers. Through the establishment of EcoCajou, Ecookim has been able to diversify its revenue streams, decrease enterprise risk, and reach thousands of additional farmers.

Skyrocketing commodity prices and increased volatility heighten risks for agri-SMEs and lenders

Smallholder farmers rely on agri-SMEs to facilitate direct market access, which delivers higher, more secure incomes in an increasingly unstable economy. Market access is particularly important in periods of prolonged low prices as agri-SMEs can leverage long-term relationships with buyers and certification minimums to maintain stable livelihoods for smallholders. However, the dramatic commodity price volatility of the past few years has posed challenges to agri-SMEs; if not handled properly, these challenges threaten businesses' ability to support their farmers over the long term.

As a result of climate shocks, crop diseases, and macroeconomic uncertainty, global coffee prices surged 65% in 2024, and cocoa prices nearly tripled. Volatility remained high, with coffee prices jumping 20% one week, only to fall by the same margin the following week. While high prices can benefit smallholder farmers by boosting incomes and allowing farmers to sell to the highest bidder, **market volatility makes it increasingly challenging for exporting agri-SMEs to meet contract commitments to buyers and repay lenders.** As agri-SMEs sign advanced contracts with buyers at fixed prices, a rise in prices during the harvest may make it difficult for agri-SMEs to afford the local market price. This drives down margins and encourages speculation, a key threat that can result in significant losses and liquidity management issues among borrowers. **If agri-SMEs are unable to survive times of high volatility, these businesses will be unable to support farmers when they are most needed.**

Over the past year, CSAF lenders reported a significant increase in demand for credit as borrowers competed with multinational traders in the local market to aggregate sufficient product to meet buyer demand. In 2022, CSAF lenders saw the results of price volatility firsthand in Peru, where long-time borrowers defaulted as a consequence of price risk and speculation; even large cooperatives with established track records were not immune to this trend. Farmer cooperatives typically lack sufficient equity cushions to absorb fluctuations in margins during difficult years as the cooperative structure is traditionally designed to maximize dividends to farmers rather than withhold earnings. **A strong management team and organizational understanding of price risk management is essential for an agri-SME to weather periods of high volatility.**

CSAF members are individually working to help borrowers protect against price volatility and avoid dangerous speculation while also improving capacity across CSAF members' own staff. Since 2017, Oikocredit has helped more than 40 coffee agri-SMEs manage price volatility through developing internal price risk management capacity and strategies. Some lenders have partnered with capacity builders Vuna Coffee School and Agroclick to train staff and borrowers alike through online training on prudent price risk management.

CSAF members are also taking collective action by adapting a monitoring tool for borrowers. **With the support of the Coffee Circle Foundation, CSAF has partnered with Digital Coffee Future to improve the CSAF monitoring tool to better facilitate agri-SMEs' understanding, management, and reporting of price risk.** Through a participatory process with farmer organizations to test and refine the tool development, the initiative aims to ensure consistent and long-term management practices.

Such tools will grow in importance in the years ahead, due to justifiable concerns about increased market uncertainty. Price volatility may increase with further isolation of global economies compounded by climate change, buyer consolidation, and country-level political or security risks. CSAF members and their borrowers will continue to serve as a stabilizing resource to farmers and consistently connect them to higher prices in premium markets.

"Price volatility is one of the greatest, daily risks our borrowers face—and speculative behavior is increasing in the market. Over the years, we have seen far too many cooperatives close as a result. If lenders can help borrowers respond to this risk, we can protect our investments and strengthen the resilience of cooperatives and their farmers."

Martha Valera Wunder, Root Capital

Value Chain Trends

Representing just over half of disbursements, coffee remains the most financed crop by CSAF members, in line with prior years. After a dip of -20% in 2023 that was driven by subdued coffee prices and risk concerns, disbursements rebounded by $70M, reaching $420M. While most countries saw a rebound in 2024 that offset the 2023 decline, this was not the case in Peru, CSAF members' largest market for coffee lending. In Peru, disbursements increased by just $14M, significantly less than the corresponding contraction of -$44M in 2023.

One reason for this anomaly may be the timing of the Peru coffee harvest which occurred in the first half of the year, before coffee rebounded from low prices to reach all-time highs. It may also reflect the profile of the clients that exited CSAF member portfolios in Peru in 2023 due to defaults. Many of these businesses were larger than those in other countries. They were replaced in member portfolios by smaller clients, which require time to grow their financing needs. Despite the significant challenges of working within the coffee value chain (such as price risk, which is detailed on page 10), CSAF lending risk in coffee remains lower than in other sizable crop segments as measured by PAR90. This may be due to lower inherent risk for lending to coffee agri-SMEs, greater data and experience of CSAF members in the industry, or a combination of both (see callout box on this page for more).

Cocoa, the second most-financed crop by CSAF lenders, experienced the sharpest growth in disbursements in 2024, rising 55% to $147M, an all-time high. While cocoa remains concentrated in Côte d'Ivoire, CSAF lenders witnessed disproportionate growth in other countries as well. In Ecuador and the Philippines, agri-SMEs increased their demand for financing following a tripling of cocoa prices between October 2023 and February 2024. Across countries, disbursements in the cocoa sector predominantly went to larger businesses with greater loan sizes: in 2024, 60% of cocoa disbursements were for loan sizes over $2M, as compared to 37% of coffee disbursements in the same ticket range. Despite having no CSAF cocoa borrowers until 2022, activity in the Democratic Republic of the Congo grew significantly this year, driven by loans less than $1M.

Figure 7: Lending by Industry (in millions)

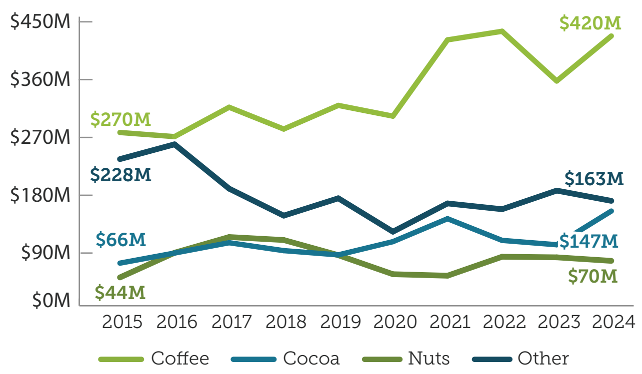
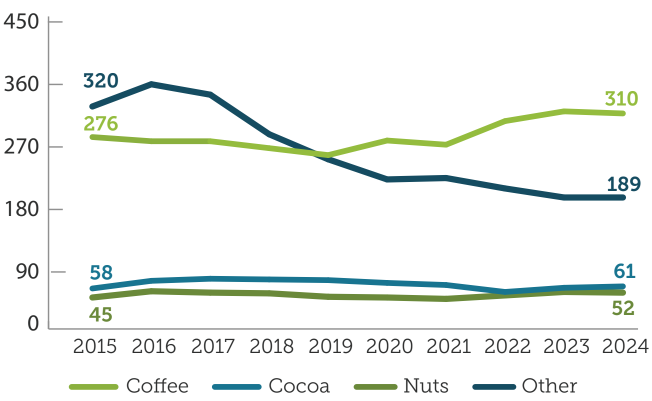


Figure 8: Borrowers by Industry

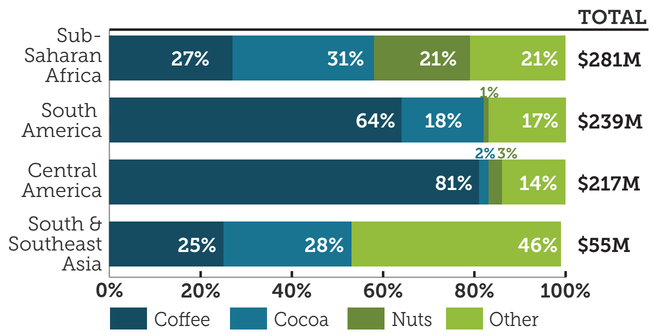


A 2023 analysis of CSAF member data by the International Growth Centre, with funding from SAFIN, analyzed risk by country, crop, and country-crop pairings. The report found that default rates decrease as lenders gain experience with a specific crop or country-crop pairing. While this might suggest that lenders improve their screening of borrowers as they increase knowledge of the crop and country context, it could also indicate that lenders choose to acquire experience in industries which are inherently less risky. Whatever the driver, this trend can be seen in coffee and cocoa, the two most financed commodities by CSAF members and also among the crops with the lowest risk.

Disbursements to nut businesses remained steady in 2024, with Kenya and Nigeria together representing over half of lending activity. As has held true since 2021, most activity occurred with macadamia businesses, with disbursements increasing by 39% to $50M. While cashew businesses in West Africa have been historically important to CSAF lenders' strategies, this has been less so in recent years. For these businesses, disbursements dropped by more than half in 2024, to $16M, due primarily to weather conditions that adversely affected crops throughout West Africa. An unregulated industry, cashew may be particularly prone to the impacts of price volatility and climate shocks. CSAF lenders continue to lend to agri-SMEs working with Brazil nuts, but it remains a minor source of lending activity.

Lending by CSAF members in other industries remains significantly diversified across crops and countries, but remains in-line with the global trends noted on page 7. The vast majority of these borrowers (78%) are private businesses, and 84% of disbursements went to borrowers working with just one CSAF member (compared to 46% for overall lending). The most significant industries by volume of disbursements are cereals, fruits, and pulses.

Figure 9: Regional Lending by Value Chain

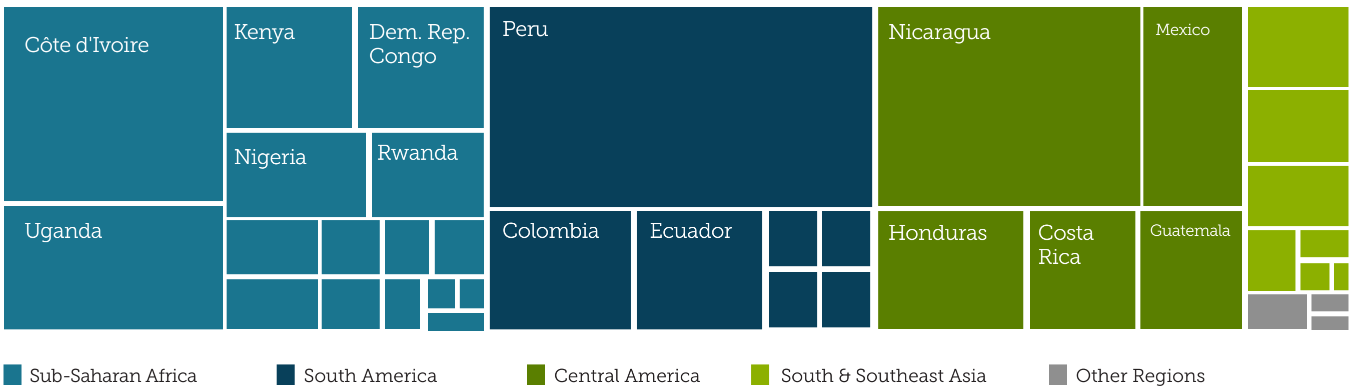


Regional Trends

Sub-Saharan Africa remains the largest concentration of lending for CSAF members, reaching an all-time high of $281M in 2024. Disbursements in the region rose by $19M, an increase of 7% compared to 2023. Over the past decade, lending activity in this region has become more concentrated in large loans: the total disbursements for loans greater than $2M has increased from 30% of overall disbursements to over 50%. While the number of borrowers in the region remained steady at 274, there was significant variation by country with Côte d'Ivoire (+18% of borrowers) and Kenya (+23%) being the only two countries to meaningfully grow in number of borrowers. Of the three largest regions for CSAF lending, risk remained highest in sub-Saharan Africa, although it improved from 2023, in line with global trends.

South America experienced the largest growth in lending activity of any region, growing disbursements by $44M to $239M. As noted previously, coffee lending in Peru increased by $14M after dropping significantly in the prior year. It remains the largest country for coffee lending. In neighboring Colombia, coffee disbursements increased by 57% (+$13M) after significant contraction in 2023. Regionally, there was particularly strong performance of cocoa borrowers, more than doubling to $42M and comprising 18% of the region's disbursements. The majority of these borrowers were in Peru, but a smaller group of larger agri-SMEs in Ecuador drove more lending volume. Lending in South America is less concentrated in larger loan sizes as compared to other regions, with loans less than $1M accounting for a third of disbursements (44% of number of loans).

Figure 10: Share of Disbursements by Country and Region (2024)



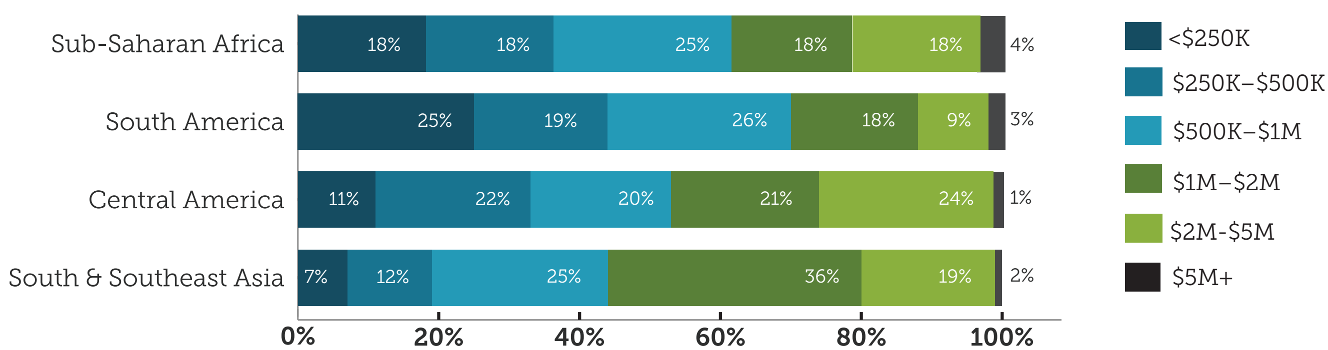
The number of borrowers reached in Central America dropped in 2024, but disbursements grew to a historical high of $217M. New client acquisition was particularly slow, adding just seven new borrowers, which was insufficient to replace borrower attrition and resulted in a shrinking of the borrower base to 103. Disbursements still increased sharply (+15%), a result of the same trends impacting global coffee lending. Central America remains the region most concentrated in coffee with over 80% of lending activity in that value chain. Bucking the global trend, risk actually increased in Central America in 2024, while write-offs decreased. This may be a result of the seasonality of the Central American harvest, which runs from October to March; increased challenges faced by clients in 2023 may not have been reflected as portfolio at risk until payment delays occurred at the end of the harvest in 2024. However, risk in Central America remained roughly in line with the global trend; PAR90 was 5.7% in the region in 2024 compared to 5.1% globally.

After being the only region to grow in 2023, South and Southeast Asia sustained last year's growth, remaining steady with disbursements of $55M. The plurality of disbursements in the region went to coffee and cocoa businesses (53%) with the rest being split between other commodities including coconut, maize, fish, and others. The region saw a sharp increase in cocoa lending, especially in the Philippines, continuing a five-year trend of increased activity.

Disbursements in other regions increased in 2024 driven by a few large loans, primarily for dates in Tunisia and Turkey. Lending outside of sub-Saharan Africa, Latin America, and South & Southeast Asia remains a minor part of the strategies for CSAF members.

Figure 11: Annual Credit Volume and Number of Businesses

Figure 12: Active Loans by Region and Size (2024)



Cocoa © Root Capital

BORROWER PROFILE

Leveraging partnership for cocoa farmers in Guatemala

While Guatemala is best known for its coffee, farmers from the Indigenous Q'eqchi Maya community have grown cocoa for millennia. Despite cocoa's celebrated history and cultural importance across Central America, producers in the region grow a small fraction of global production. In 2003, 48 farmers on the edge of the Sierra de las Minas Biosphere Reserve founded the Asociación de Productores Orgánicos para el Desarrollo Integral del Polochic (APODIP) to market coffee from the local community. Upon realizing the risks of focusing on just one crop, in 2008 the association expanded its focus to include marketing the region's cocoa as well. A calculated gamble, the strategy has paid off for the cooperative.

Since 2018, APODIP has sold its product to Ethiquable, a French cooperative food brand with a social mission. Long-term, direct relationships such as these enable businesses like APODIP to participate in sustainable supply chains where they often earn higher prices for their products. Steady partners are also critical to facilitate the three-party agreements used by CSAF lenders in cases where agri-SMEs lack sufficient assets to use as leverage against their credit needs. These tripartite agreements often offer one of the only ways for agri-SMEs to access finance.

Since 2023, SIDI has partnered with Ethiquable to support seven small suppliers across its supply chain, ensuring that agri-SMEs have the working capital needed to pay farmers on time, meet contract specifications, and ensure continuity of buyer relationships. As part of this partnership, APODIP receives trade credit to expand its liquidity and ensure it can pay farmers on time for their cocoa. Such partnerships with buyers offer a significant opportunity to de-risk loans with borrowers. They have become increasingly important in the shifting aid environment as funding for guarantees and other de-risking mechanisms have proven to disappear with little advance notice.

With a capital expenditure loan from Oikocredit, APODIP has grown its financing and expanded its processing plant. The association is now able to process cocoa from throughout the region, beyond just its farmer-members. APODIP has also started to import cocoa from three Nicaraguan cooperatives to process and sell to Ethiquable and other international cocoa buyers. While climate shocks have depressed APODIP farmer production in recent years, the additional revenue from processing Nicaraguan cocoa has enabled APODIP to cushion their business in periods of lower production and remain well-positioned to deliver better livelihoods for farmers in the years to come.


Coopecan, Peru © Rabo Rural Fund

Looking Ahead

The smallholder agricultural finance sector has entered a period of profound transition. Shifting donor priorities, increasing market volatility, and rising costs have put pressure on even the most resilient agribusinesses and the institutions that finance them. Yet despite these challenges, the past year also brought renewed momentum as CSAF lenders rose to meet the needs of agri-SMEs and their farmers, growing disbursements to $799M and reaching 611 businesses, impacting 2.8M farmers.

In the face of these headwinds, CSAF lenders and their partners are evolving their strategies to extend finance more sustainably and effectively. This continued support has allowed agri-SMEs to innovate by increasing their teams' capacity, diversifying revenue streams, and finding new ways to serve smallholder farmers under increasing constraints.

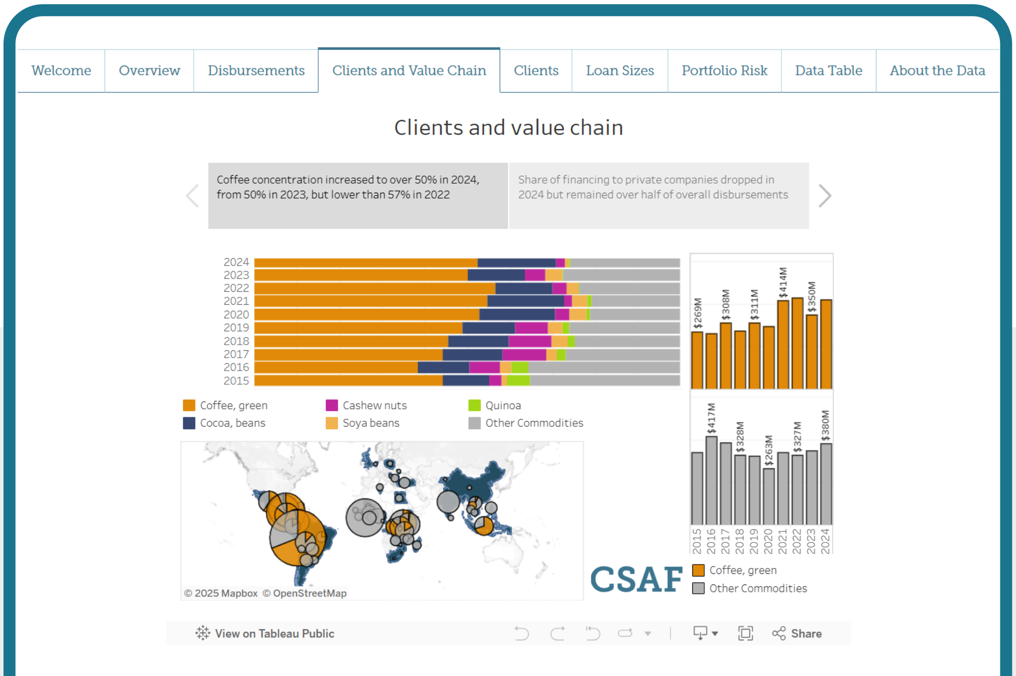
No single institution can navigate these changes alone. The coming years will demand coordinated action across the sector. Investors, donors, and other practitioners must join efforts to chart new pathways for blended finance, deepen support for enterprise capacity-building, and creatively unlock capital in underserved markets.

"As agricultural SMEs face colliding threats, lenders play a critical role in supporting agribusinesses so that they can move beyond crisis management and towards stable growth—breaking the cycle of vulnerability."

Andrea Zinn, Director, CSAF

Explore the Data

Deeper analysis, country-level data and additional insights are available in the CSAF Open Data Portal (data.csaf.org), under the 'Data Table' tab. The portal is an interactive dashboard designed to help users explore CSAF lending data in greater depth, offering the capacity to filter by year, country, or sector, and visualize trends over time. We encourage practitioners to explore the portal to better understand the dynamics of agricultural SME finance across our markets.



Explore our data portal at data.csaf.org

CSAF COUNCIL ON SMALLHOLDER AGRICULTURAL FINANCE

This document discusses general industry and sector trends; lending activity; and broad economic, market, and policy conditions as perceived by the authors. It is not research or investment advice. This document has been prepared solely for informational purposes. Although the authors of this report made a reasonable attempt to obtain information from sources that they believe to be reliable, they do not guarantee its accuracy or completeness, and the authors undertake no responsibility to update this report for information that may have changed after it was obtained by the authors. The historical performance presented in this report is based on unaudited data reported independently by each financial institution and is not representative of future performance.