



ssnup

Smallholder Safety Net
Upscaling Programme

20

20



annual report



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ABBREVIATIONS AND ACRONYMS

AVC(s)	Agricultural Value Chain(s)
CFS	Committee on World Food Security
CSAF	Council on Smallholder Agricultural Finance
DFI(s)	Development Finance Institution(s)
ESG	Environment-Social-Governance
FAO	Food and Agriculture Organization
GPFS	Global Programme for Food Security
IISD	International Institute for Sustainable Development
KPI(s)	Key Performance Indicator(s)
M4P	Making Markets for the Poor
MFEA	Ministry of Foreign and European Affairs of Luxembourg
PPDP(s)	Public-Private Development Partnership(s)
RAI	Principles for Responsible Agricultural Investment in Agriculture & Food Systems
SDC	Swiss Agency for Development and Cooperation
SDG(s)	Social Development Goal(s)
SH(s)	Smallholder Households
SSA	Sub-Saharan Africa
SSNUP	Smallholder Safety Net Upscaling Programme
TA	Technical Assistance
TAF(s)	Technical Assistance Facility(ies)

FORWARD



Agricultural development is one of the most powerful tools to boost economic growth and social change. Indeed, growth in the agriculture sector is two to four times more effective in raising incomes among the poorest compared to other sectors, and according to the World Bank, the agricultural sector in 2018 accounted for as much as 25% of global gross domestic product (GDP) in some developing countries.¹

Nevertheless, the agricultural sector in developing countries still struggles to attract the necessary investments to achieve its full potential. Couple this lack of investments with the additional challenges of climate change and the huge variety of risks faced by agricultural value chain actors, it is imperative to reduce these risks so that they can flourish and ultimately serve as springboard for improving the lives of those who work in them, particularly the smallholder households.

The Smallholder Safety Net Upscaling Programme, or SSNUP as it is better known, looks to do just that. By leveraging the knowledge of impact investors and the relationships they already have with agricultural value chain actors, **the programme aims to not only improve the resilience of smallholder households and strengthen agricultural value chains, but also aims to encourage additional investments in the sector.**

As the coordinator of the programme, we (ADA) are incredibly excited about what can be achieved and are confident that **SSNUP** will not only achieve the objectives laid out but will also play an important role in developing the sector through **the sharing of lessons and knowledge gleaned from the programme that ultimately improve the lives of vulnerable people, including the youth and women.**



Laura Foschi

Executive Director of ADA



1. World Bank - <https://www.worldbank.org/en/topic/agriculture/overview>

SSNUP AT A GLANCE



Introduction to the programme

Agricultural productivity has for centuries driven improvements in living standards and well-being, however developing countries still face significant challenges such as rising undernourishment, low farming productivity and harsh climate change related events (World Bank 2019). With 80% of the world's poor living in rural areas and an estimated 500 million of them being smallholder households involved in small-scale and low productive farming, the challenge is significant (World Bank 2016).

The smallholder households face a whole range of challenges in accessing resources, technology, inputs, financing and market information, and are very vulnerable to external shocks, such as extreme weather events and price volatility. Since growth of the agricultural sector is a key factor in reducing poverty, it is essential to reinforce and improve the safety nets for these important stakeholders.

In order to respond to the needs of the smallholder households, the Luxembourg and Swiss development agencies along with Lux-Development, and in collaboration with ADA, launched the **Smallholder Safety Net Upscaling Programme (SSNUP)**.



Global objective

The aim of the 10-year programme is to **strengthen sustainably the safety nets of 10 million smallholder households** resulting in an improved well-being of altogether 50 million low-income and highly vulnerable people through a systemic agricultural value chain development approach.

The programme focuses on **3 specific outcomes, each one integral to the overall objective of the programme:**



1

Smallholder households

will enhance their productivity and/or resilience by using improved agricultural risk mitigation and transfer solutions, and adopting more sustainable and climate-smart farming practices in line with agro-ecological principles.



2

Agricultural value chains

will be strengthened by actors adopting more sustainable environmental and social business practices that generate increased income and jobs, as well as enhanced food security.



3

Investments

will increase and finance the expansion of agricultural value chains that comply with the global responsible agricultural investment principles and adopt sustainable environmental, social, and good governance standards.



SSNUP AT A GLANCE



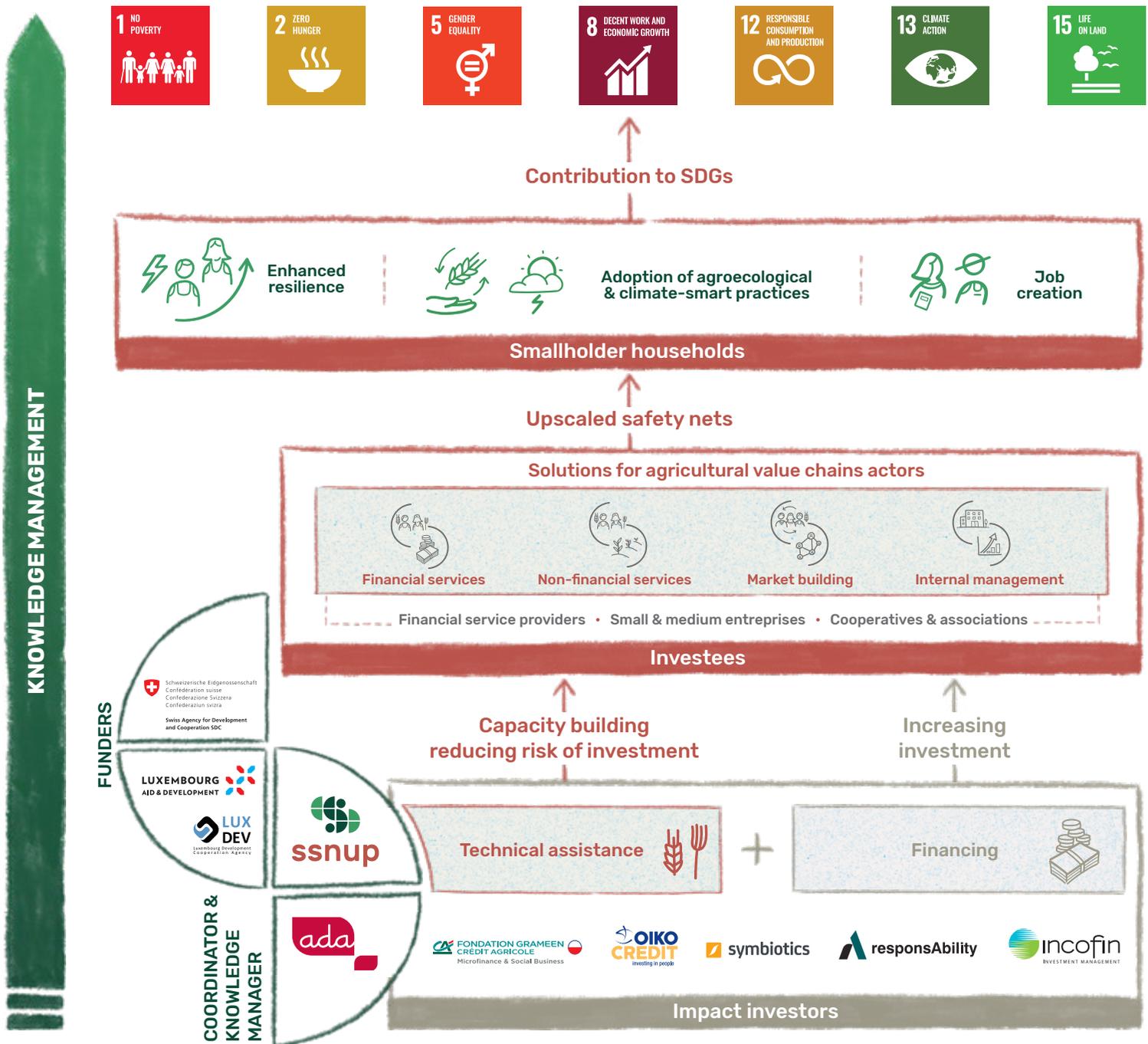
Implementation

The programme aims to **leverage the knowledge and partnerships of impact investors and their corresponding Technical Assistance Facilities (TAF)**, who are already present and active within the targeted agricultural value chains of SSNUP. This innovative public-private partnership approach consists of providing funding for TA projects that not only strengthens the resilience of the smallholder households, but also **de-risks the investments of the impact investors and therefore contribute to the growth of responsible investments in the agricultural sector.**



Strategic overview

The following illustration is a graphical representation of how the various stakeholders will work together to ultimately strengthen the safety nets of smallholder households.



SSNUP AT A GLANCE



Stakeholders

Through public private partnerships, the programme aims to bring together stakeholders of the most promising agricultural value chains through direct and indirect action and financing. These include the target beneficiaries (agricultural value chain actors and their clients), service providers and business facilitators, and the 3 main ones mentioned here: **funders, impact investors and the programme coordinator.**

Programme governance

The programme is governed by the **SSNUP Steering Committee**, which is the highest decision-making body of the programme and is composed of representatives from the funders, as well as the impact investors. Any new funder or investor that joins the programme will be invited to join the Steering Committee.

Funders



Luxembourg Directorate for Development Cooperation and Humanitarian Affairs

The Luxembourg Development Cooperation is a branch of the Ministry of Foreign and European Affairs of Luxembourg, is firmly committed to ending poverty by focusing on well-defined social sectors including those related to microfinance, inclusive finance, and the agricultural sector.

The Luxembourg Development Cooperation is the lead donor of SSNUP and is an example of how Luxembourg supports innovative initiatives to achieve its objectives.

LuxDev is the operational pillar of the Luxembourg bilateral cooperation and plays the role of supporting and representing the lead donor, Luxembourg Development Cooperation, in the Selection Committees of the programme.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC

The Swiss Agency for Development and Cooperation (SDC)

is the Directorate for international cooperation and humanitarian aid of the Federal Department of Foreign Affairs of Switzerland.

SSNUP is intrinsically aligned with the objectives of the Swiss International Cooperation which aims to foster economic self-reliance and contribute to the improvement of production conditions, help address environmental problems, and ensure better access to education and basic healthcare services.

Impact investors

The impact investors represent the private component in the public private partnerships approach of the SSNUP. **They are in fact the driving force of the programme** through which knowledge, technical assistance and funds are leveraged to achieve the final objectives of SSNUP.



Created in 2008, **the Grameen Crédit Agricole Foundation** is a multi-business operator that aims to promote a shared economy. As an investor, lender, technical assistance coordinator and fund advisor, **the Foundation supports more than 80 partners (MFIs and social business institutions) in some 30 countries** with commitments of nearly € 90 million.



Incofin is a global leading impact fund manager focused on investing in dynamically managed enterprises in emerging countries, founded with the purpose to drive impact for people in emerging countries in a financially sustainable way. **The fund has 19 years of experience of working with risk capital** in the form of private debt and private equity investments with over € 1 billion in assets under management.



Oikocredit is a social impact investor and worldwide cooperative with over four decades of experience in leading positive change through **investments in financial inclusion, agriculture and renewable energy**. Guided by the principle of empowering low-income people to improve their quality of life, Oikocredit supports partners in Africa, Asia and Latin America through loans, investments and capacity building.



Symbiotics is the leading market access platform for impact investing, dedicated to financing micro- small and medium enterprises and low- and middle-income households in emerging and frontier markets. Since 2005, Symbiotics has structured and originated some **4,000 deals for over 450 companies in almost 90 emerging and frontier markets representing more than USD 5.5 billion**.



responsAbility Investments AG is an asset manager in the field of development investments and offers professionally managed investment solutions to private, institutional and public investors. The company's investment solutions supply debt and equity **financing predominantly to non-listed firms in emerging and developing economies**. Through their inclusive business models, these firms help to meet the basic needs of broad sections of the population and to drive economic development.

Coordinator & knowledge manager



ADA is a Luxembourg NGO that acts as a **catalyst to generate, identify, develop and implement solutions that facilitate inclusive development**. ADA aims to reinforce and develop the inclusive finance sector in southern countries through an integrated approach that focuses on the end client, in particular women and young entrepreneurs, micro and small businesses and agricultural producers.

PROGRAMME COORDINATION



Launch event

On the 2nd of October 2020, Luxembourg's Directorate for Development Cooperation and Humanitarian Affairs, represented by **Minister Franz Fayot**, and the **Swiss Agency for Development and Cooperation** formally launched the **Smallholder Safety Net Upscaling Programme (SSNUP)** at the House of Microfinance in Luxembourg, where ADA is located.

OCT
2020



Patrick Losch, Vice-president of ADA; Franz Fayot, Minister for Development Cooperation and Humanitarian Affairs
Credit: MAEE Source: chronicle.lu



Franz Fayot

Minister for Development Cooperation
and Humanitarian Affairs

The cooperation strategy foresees the establishment of new multi-actor and public/private partnerships, as well as new, innovative and efficient financial instruments, which will help us to multiply truly impact-oriented investments. The SSNUP programme will lead to greater food security, higher incomes, and more employment for smallholder farmers. These interventions are particularly relevant in the context of the current health crisis.

Together with Swiss Cooperation, we are convinced that the combined expertise of our partners, such as ADA, Lux-Development and impact investors, represents a real added value to the implementation of SSNUP.

NOV
2020

Steering Committee

The Steering Committee met for the first time in November 2020 one month after the launch. It was the occasion for the **2 donors and 5 impact investors** to start getting to know each other and develop relations.

The 2020 Steering Committee resulted in:

- approval of the **2021 work plan**;
- a presentation and discussion on **the planned activities** which is a fundamental part of the programme;
- a sharing of ideas on **the fundraising plan and potential donors** to approach in order to raise the additional € 3 million needed to achieve the € 18 million target;
- a discussion around on **how to manage project requests** that come from shared partners to ensure efficiency and avoid any duplications.



PROGRAMME COORDINATION



Knowledge management

The activities related to knowledge management and knowledge generation are a key component of the programme and will become ever more important as it progresses. Indeed, by leveraging on the experiences and projects implemented by impact investors to improve the resilience of smallholder farmers and their agricultural value chains, **SSNUP represents a unique opportunity to learn from a wide variety of experiences.**

By measuring and analysing the results, outcomes and impact of projects, and then sharing good (and bad) practices, success and failure factors, as well as promising innovations, **the programme will contribute to the strengthening of the agricultural sector in developing countries.**



In 2020, a detailed knowledge management plan was developed, presented and validated at the Steering Committee.

The main components of this plan are the following:



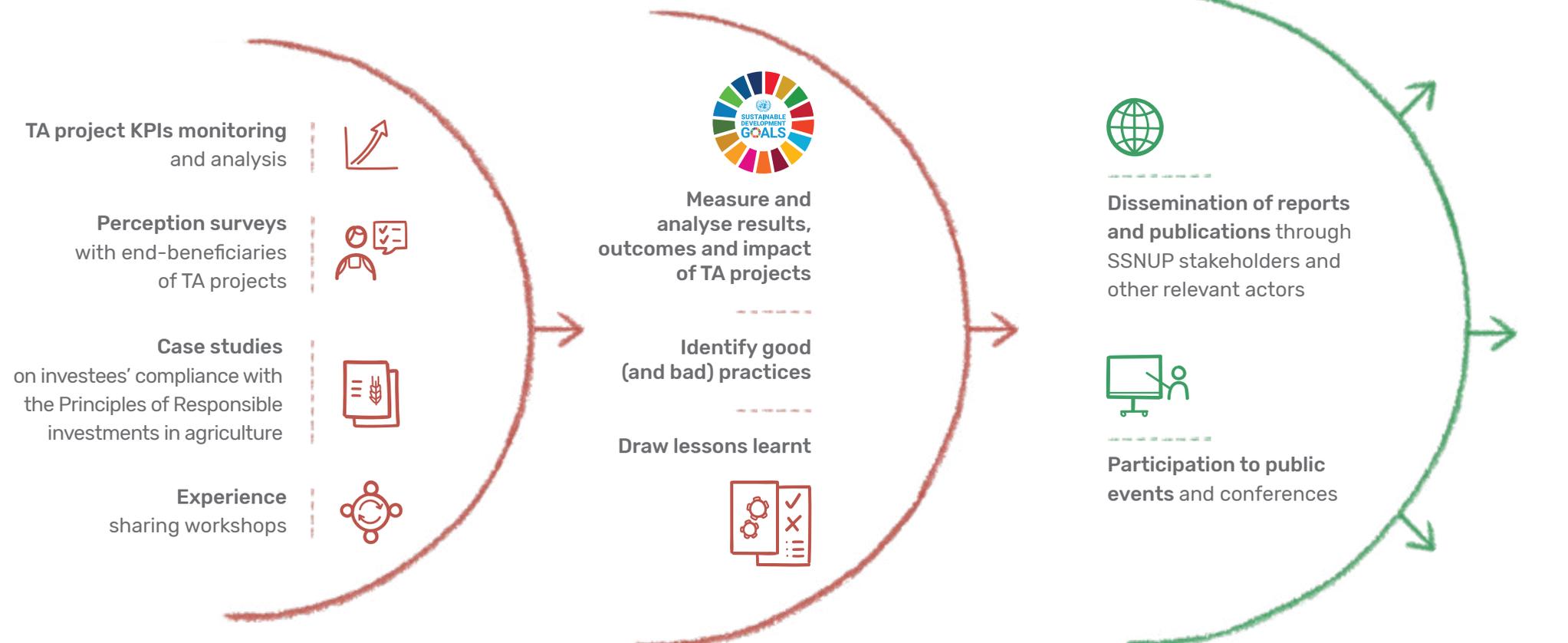
Knowledge creation

Better understand the solutions contributing to the upscaling of smallholder households safety nets



Knowledge dissemination

Share the new knowledge generated with the sector and foster the development of even more solutions



PROGRAMME COORDINATION



Setting-up and communication



Contractual agreements

After having signed the **agreements with the funders** in the summer of 2020, the coordinator drew up and signed **agreements with each of the 5 impact investors** between September and November 2020.



Management tools created

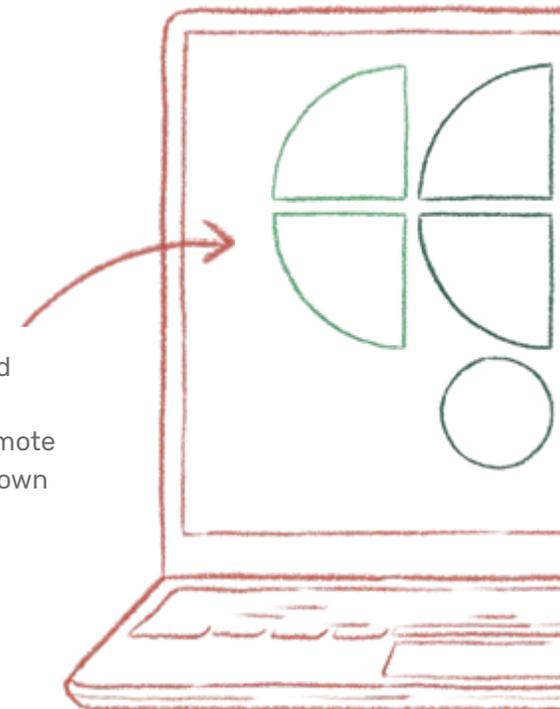
In addition to the usual communication, monitoring and reporting tools developed and shared with the stakeholders of the programme, **two specific tools** have been made available with the aim to facilitate information exchange between impact investors on:

1 } the TA needs of their investees;

2 } local, regional and some international TA providers.

The objective being to encourage dialogue and the sharing of TA information between investors.

All these abovementioned tools and other relevant documentation such as communication resources, knowledge management tools and Steering committee documents have been made **available on an online platform accessible to all stakeholders**. This platform essentially is a repository of documents and facilitates the sharing of information.



Branding

A **visual identity** was developed along with the logo and other relevant documentation to promote the programme and ensure its own branding.

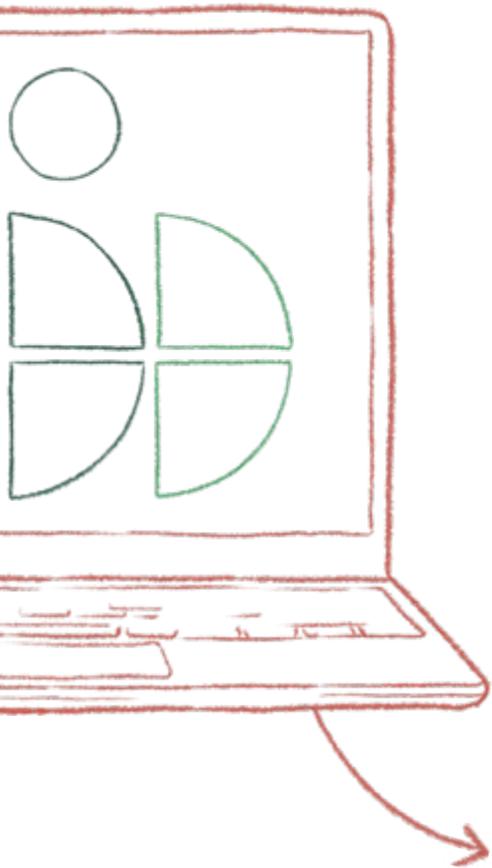
Online presence

The SSNUP webpages are hosted on ADA's website for the sake of efficiency but can also be found at: www.ssnup.org.

The following pages are available in 3 languages:

-  **About SSNUP**
The homepage offers an overview of the programme, its objectives and how it functions.
-  **Projects**
This page brings together all the project factsheets in a (soon to be) searchable database by region, country, project type, investee, value chain, etc.
-  **Partners**
A summary of the programme stakeholders are detailed here, including the impact investors, funders and knowledge management partners.

Additional pages are planned as the programme progresses.



Communication indicators 2020

748

Webpage visitors

78
countries



185

Documents downloaded



2 > 65

Events people

SSNUP
presentations
European
Microfinance Week
2020



PROGRAMME COORDINATION



Fundraising

In order to meet the target of € 18 million in the first phase (2020-2023), **an additional € 3 million needs to be raised**. A first step in doing so took place in 2020 with the presentation of the programme at the European Microfinance Week in November to 25 delegates, some of whom were potential donors.



Following the event, a list of potential donors was drawn up and have been contacted individually to gauge their interesting in joining the initiative.





STRENGTHENING SMALLHOLDER HOUSEHOLDS AND THEIR AVCs



Laying the foundations

During the first months of the programme, each impact investor shared a list of planned TA projects (pipeline) that aligned with the objectives of SSNUP and were encouraged to submit project proposals.

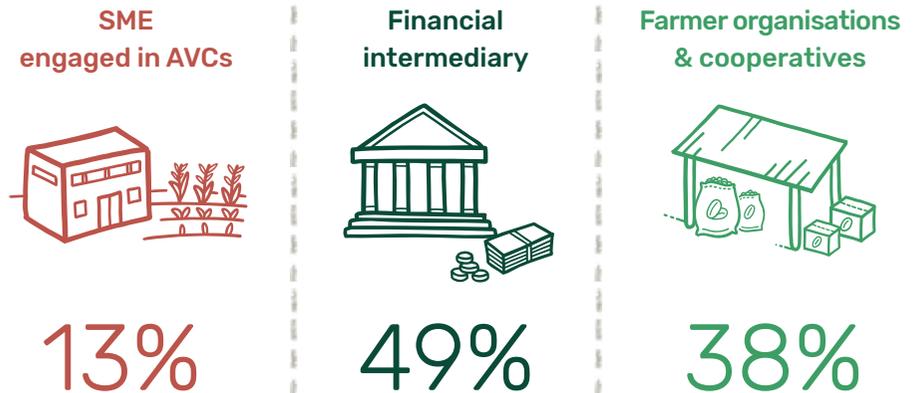
Pipeline of TA projects

The aggregated data from the pipelines offer an insight into the potential TA projects, including the types of investees and activities, the regional and budgetary distribution, as well as the different value chains targeted and the role these investees play within the value chains. It also demonstrates the potential of the programme, while also illustrating the needs on the ground.

This section will show some of the highlights from the analysis.

1 } Type of investees targeted by upcoming projects

Based on the pipelines

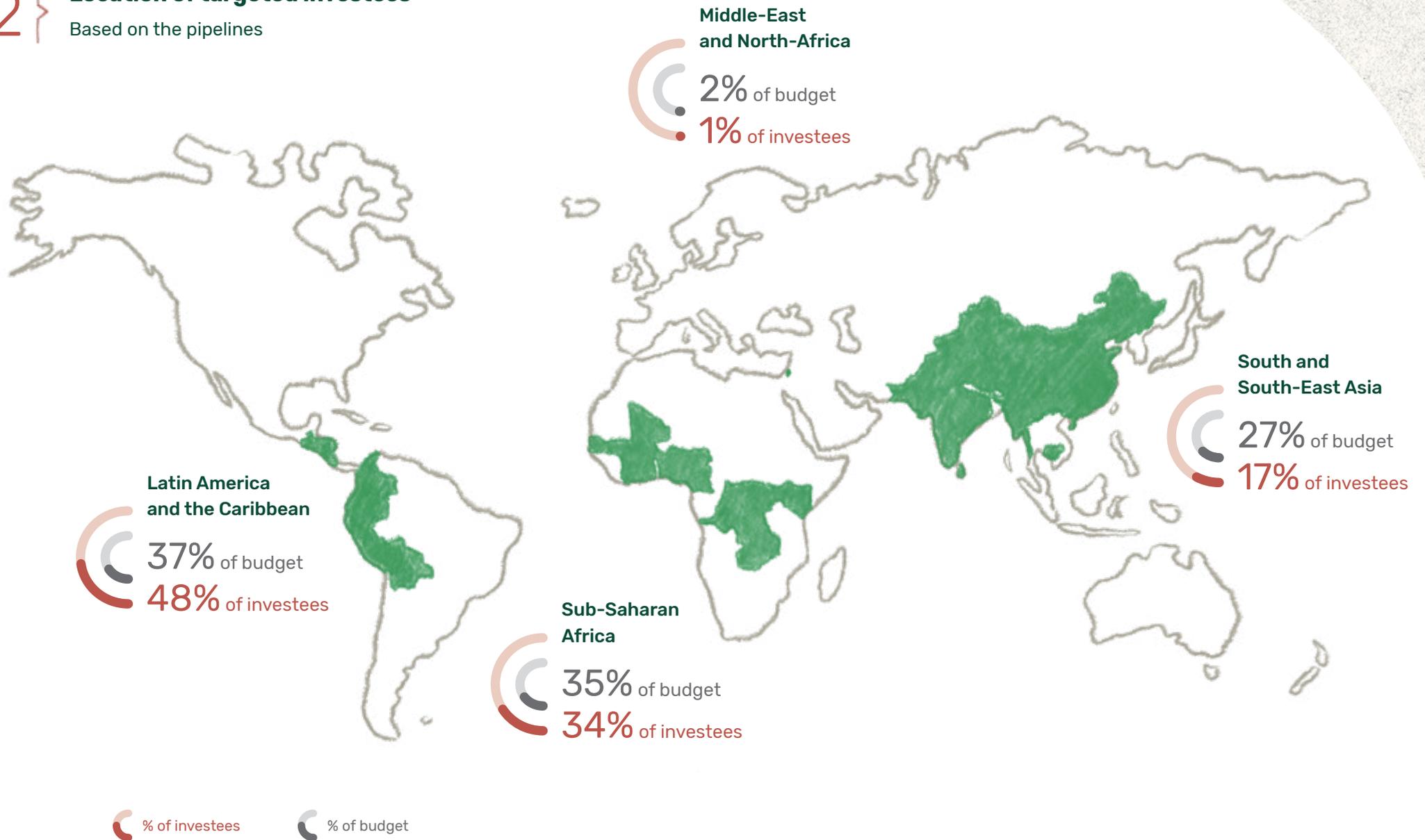


According to the pipelines, most of the investees to be supported are financial intermediaries, of which the majority are microfinance institutions but also includes other types such as rural banks and insurance brokers.



2 } Location of targeted investees

Based on the pipelines



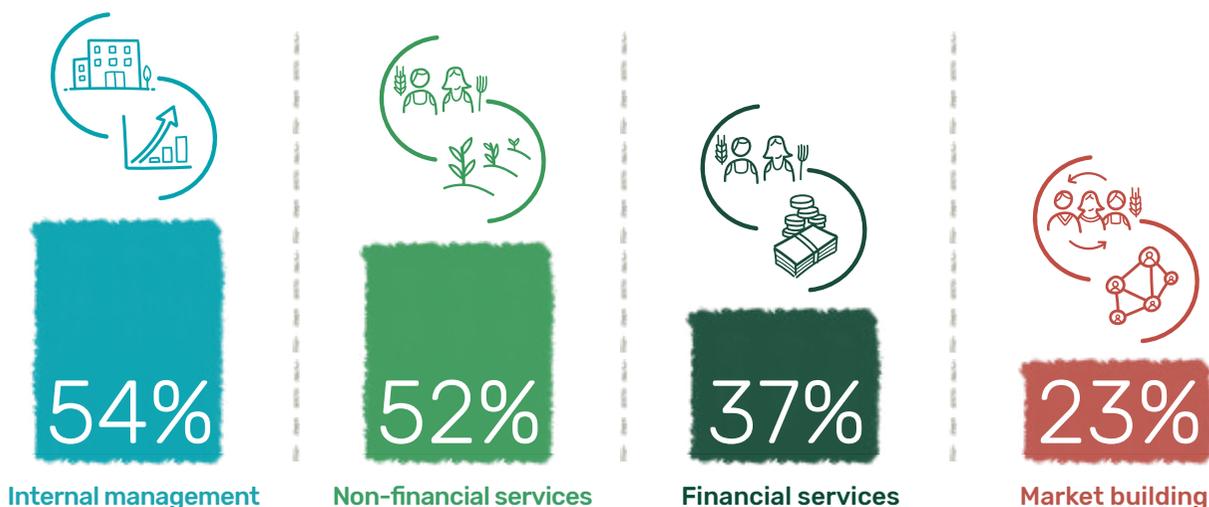
Almost half of the investees to be supported are located in Latin America and the Caribbean, however from a budgetary perspective, **SSNUP's contribution to TA projects is expected to be more equally shared** between Sub-Saharan Africa, Latin America and the Caribbean and South and South-East Asia.

STRENGTHENING SMALLHOLDER HOUSEHOLDS AND THEIR AVCs



3 } Share of investees to be supported on each TA topic Based on the pipelines

Most of the investees are expected to be supported on several aspects at the same time in order to offer risk mitigation or transfer solutions to smallholder households.



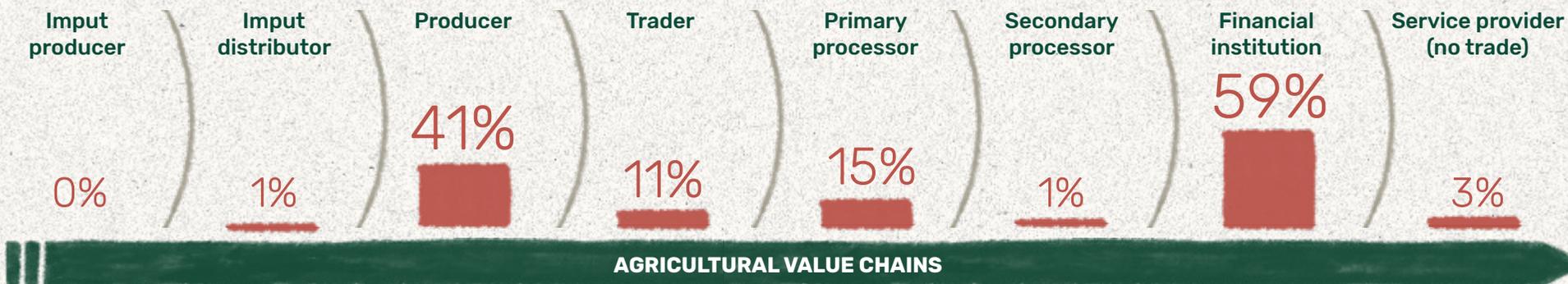
The top two areas of intervention of technical assistance projects submitted in the pipelines are **internal management**, which relates to capacity building of investees on financial, risk or business management, ESG performance, digital transformation, etc., and the development of **non-financial services**, such as technical support to farmers to foster the adoption of sustainable, agroecological or climate-smart practices, and certifications.

Over a third of the investees are also expected to develop new **financial services** such as credit or insurance for producers or other agricultural value chain actors.

Market building is the fourth area of intervention, with projects expected to facilitate collaborations, the sharing of information and/or business transactions between various agricultural value chain actors, for instance with digital platforms or specific contractual relationships.

4 Roles of investees in agricultural value chains

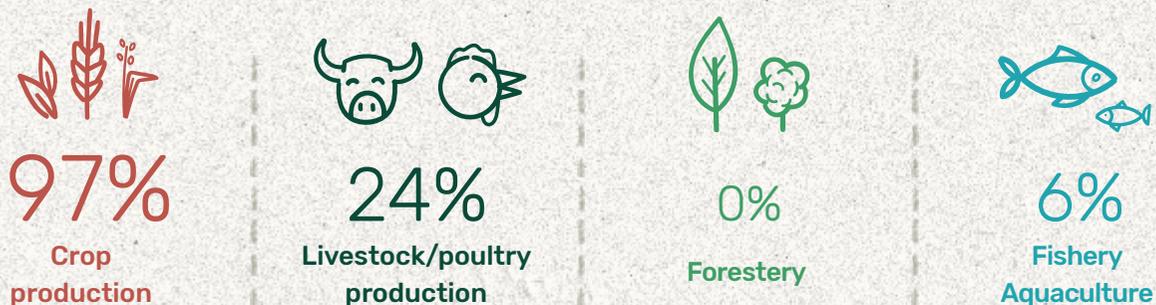
Based on the pipelines



The investees to be supported are involved at various levels of **the agricultural value chains**, from production to processing to trade to financing, with a significant focus on investees involved in production and financing. Some investees act at several levels of the value chain.

5 Type of agricultural value chains to be supported

Based on the pipelines



The targeted investees are involved in several types of value chains, **however the vast majority of the investees to be supported are involved in crop production**. This will be key to contribute to the objective of SSNUP related to food security and increased income of smallholder households. However, investees involved in livestock production, forestry or fishery and aquaculture are also eligible to the programme: **fostering the adoption of sustainable practices and upscaling the safety nets of smallholders are the core objectives of the programme whatever the sectors smallholders are involved in**. Additionally, some sectors such as forestry are also key to contribute to the sustainable development goals related to climate change.



STRENGTHENING SMALLHOLDER HOUSEHOLDS AND THEIR AVCs



Projects proposed in 2020

In 2020, the first two TA project proposals were submitted by the impact investors and approved in early 2021.



1 Enhancing the financial inclusion of female smallholder farmers in rural China



Non-financial services



Internal management

The overall objective of this project is to **reinforce the microfinance institution Huimin's internal capacities and to strengthen its strategic and financial performance** to attract additional investments and serve more clients, thus contributing to the increase in financial inclusion among female smallholder farmers in rural China.

Impact investor



Aggregator / investee

Huimin (MFI)
China

Targeted # of farmers

12,069 farmers trained
20,668 additional farmers financially included by 2023

Agricultural value chain

Vegetables and fruits (potatoes, corn, berries, licorice, grape)
Livestock (mainly sheep and beef cattle)

Starting date

15/02/2021

Duration

1 year

Total budget

€ 149,880
Including € 76,407 (51%) contribution from SSNUP

2 } Index insurance in West Africa



Financial services



Non-financial services

The overall object of this project is to **reduce the risks of 60,000 smallholder farmers (including 20,000 women) in 5 West African countries** by subscribing to agricultural insurance for the first time, on the one hand. And on the other, to improve the financial management and risk awareness of 100,000 smallholder households through financial literacy trainings.

Impact investor



Aggregator / investee

Inclusive Guarantee
Burkina Faso, Ivory Coast, Mali, Senegal

Targeted # of farmers

60,000 farmers
in 2021/22

Agricultural value chain

Cotton, millet, rice, sesame, sorghum, soya

Starting date

01/01/2021

Duration

2 years

Total budget

€ 235,000
Including € 100,000 (43%) contribution from SSNUP



STRENGTHENING SMALLHOLDER HOUSEHOLDS AND THEIR AVCs



Looking ahead

2021 will be the first full year of operation and the objectives are ambitious but achievable, even when considering the effects of the pandemic. The success of the programme relies on all stakeholders working together throughout the process, from the submission of impactful project proposals, as well as an efficient and streamline validation process, all the way to the knowledge creation and dissemination, not forgetting the implementation of projects in the middle. **The table below highlights the main objectives of the programme related to the TA projects in 2021:**

Level	KPI	2021
Outcome	Number of SHs benefiting from a non-financial service	600,000
	Number of SHs using a new/improved financial product	300,000
Output	Number of new/improved financial product available in the market for SHs	6
	Number of new/improved non-financial services offered to SH	15
	Number of AVC actors strengthened on market building or internal management	15
Activities	Number of investees supported through TA	50

With regard to Knowledge Management, 2021 will be laying the foundations for what is come in terms of information and data, as **many more projects will be launched during this year than will be finalised**. In addition to the foundation work, a number of **workshops, case studies, and publications are planned**, as well as the establishment of strategic knowledge management partnerships.





FINANCIAL REPORT



2020 budget

This section of the report reviews the financial aspects of the programme, offering a view of the income and expenses related to the launch and initial activities (July – December 2020). The SSNUP account has been audited by Mazars as part of the audit of ADA asbl, the coordinator of the programme.

SSNUP 2020	Budget	Funding received	Expenses	Outstanding/ Funding 2021
Technical assistance projects	€ 1,620,000		€ 1,380,000	
Co-funding from investees (20%)	€ 324,000		€ 0	
Funding from SSNUP	€ 1,296,000		€ 1,380,000	
TA Facilities Management fees	€ 142,560		€ 151,800	
Knowledge management & Dissemination	€ 45,025	€ 1,759,846	€ 21,543	€ 80,154
Evaluation and financial audit	€ 23,500		€ 3,500	
Programme coordination	€ 167,925		€ 122,848	
LuxDev Support to Lead Donor	€ 15,000		€ 0	
Total budget	€ 2,014,010	€ 1,759,846	€ 1,679,692	€ 80,154
Total budget (without investee contribution)	€ 1,690,010			

The table above summarises the 2020 budgetary categories at the level of the coordinator. It includes the budget, the funds received from the donors, the expenses and finally the balance at the end of the year.



In 2020,

99% of the budget was used with the TA projects and Management fees budget lines slightly exceeding the budgeted amount while all the other categories came under budget.

In terms of the human resources directly related to the management of SSNUP, a total of € 136,270 was spent in 2020, spread across the coordination and knowledge management activities. This accounts for only around 70% of the coordination budget mainly due to the slower than expected start of the programme.

The instalments transferred to the investors, which amount to € 1,531,800, will be used and spent in 2021 when projects are launched. Indeed, 2020 was dedicated to the setting up of contractual agreements with the various stakeholders, notably impact investors and funders, the official launching of the programme and the approving of 2 initial projects so that they could kick off early 2021.

In conclusion, of the € 1,759,846 received from the funders, € 1,679,692 was spent in 2020, leaving a balance of € 80,154, which will be added to the 2021 budget.





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