NATIONAL AGRICULTURAL FINANCE IMPLEMENTATION ROADMAP - SUMMARY

2025-30 (NAFIR)

DRAFT FINAL OUTPUT DOCUMENT V5

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NOTICE

The document contains a draft summary of the National Agri-Finance Implementation Roadmap and is circulated for consultation purposes only. It does not represent any final opinion or decision by NBE or any other institution.

PURPOSE AND METHODOLOGY

The National Agri-Finance Implementation Roadmap (NAFIR) is a project of the National Bank of Ethiopia (NBE) under the National Financial Inclusion Strategy (NFIS) to coordinate the scale-up of agri-finance in Ethiopia. NAFIR proposes a package of transformative solutions that will integrate and energise Ethiopia's emergent agri-finance landscape through a five-year implementation framework.

NAFIR supports the achievement of key policy objectives under NFIS and the Homegrown Economic Reform Agenda 2.0 (HGER): the deepening of financial inclusion in the agricultural sector; the modernisation of Ethiopian agriculture; the strengthening of sectoral linkages between agriculture and industry; value addition and export growth. Key outcomes linked to these policy objectives include improved farmer incomes and livelihoods, strengthened food security, economic growth, job creation, climate resilience, gender equality and digital transformation, contributing to multiple UN Sustainable Development Goals and African Union Agenda 2063 Priorities.

NAFIR has been developed using a mixed methods approach involving quantitative and qualitative analysis. Quantitative analysis has been performed on demand and supply-side data. Data has been sourced from official sources and peer-reviewed research. The official data is highly aggregated, comprising reporting by FIs on overall agri-finance loan disbursement and loans outstanding. However, the potential agri-finance demand/supply gaps may not only be quantitative but also cyclical, distributional and qualitative. Therefore to supplement the official data with a deeper understanding of the cyclical, distributional and qualitative performance of agri-finance in Ethiopia, and to systematically engage stakeholders on their perspectives, experiences and ideas, two rounds of stakeholder consultation have taken place:

- **Direct stakeholder engagement** – a round of meetings and workshops held in November 2024, and some additional meetings thereafter (see **Annex I**); and
- **Stakeholder survey** – survey instruments were distributed in January 2025 by NBE to licensed financial institutions and development partners; and through survey interviews conducted across Ethiopia with a sample of agricultural producer cooperatives (APCs), rural savings and credit cooperatives (RuSACCOs) and agro-processors (see **Annex II**).

A third round of stakeholder consultation will take place for purposes of validating the draft NAFIR output document prior to finalisation.

CONTEXT

Agriculture is under-financed in Ethiopia despite its critical contribution to the national economy and society as a whole. In 2023-24, credit flows to agriculture represented 8% of loans disbursed by banks (24%, including CBE fertiliser finance[1]) and 18% of loans outstanding from microfinance institutions (MFIs). This compares with the 32% contribution that agriculture makes to Ethiopia's gross

[1] NBE defines agricultural credit as lending to "business that includes cultivating soil, producing crops, raising livestock, bee-keeping, fishery and other related activities"(NBE Directive No. MFI/24/2013). The large-scale fertiliser financing scheme funded by the Commercial Bank of Ethiopia (CBE) is one major source of financing the 'other related activities'. Under this arrangement, significant quantities of fertiliser are imported and distribued to rural areas through regional governments and cooperatives. Without this scheme, farmers may not have access to fertiliser. However, the scheme does not result in the provision of credit to primary producers as the end farmer still has to pay cash for the fertiliser or find credit from another source. However, this finance accounts for nearly 70% of total reported agri-loan disbursement for 2023/24. For purposes of the analysis in this document, the report quotes agri-finance statistics that may include or exclude the CBE fertiliser finance, according to context, and as stated in the text. It is emphasised, the same underlying official data has been used in all cases, and any difference versus official NBE data and publications stems from the statistics in which the CBE fertiliser finance has been excluded.

domestic product (GDP), 64% to employment and 79% to exports. As of 2023-24, just 2% of total national demand for agri-finance was fulfilled – Ethiopian Birr (ETB) 52 billion per annum (ETB 125 billion, including CBE fertiliser finance) was supplied as against ETB 2,582 billion demand[2].

However, the demand-supply gap for agri-finance in Ethiopia is not merely quantitative, but also cyclical, **qualitative and distributional**. Agri-finance must be tailored to fulfil key agricultural 'use cases' at the right time of the season: inputs, irrigation, mechanisation, livestock, outputs and insurance. Fulfilment of these use cases drives productivity gain, farm size expansion, post-harvest loss (PHL) reduction, diversification, livelihood strengthening, and resilience. Agri-finance is also necessary to enable efficient aggregation and supply of agricultural raw materials to downstream agro-industries, and to mitigate the high structural risks faced by the sector.

The causes of agricultural under-financing in Ethiopia are multi-faceted. Financing agriculture involves higher cost and risk compared with other sectors. Loan sizes are small, reflecting the smallholder-predominant modes of production across Ethiopia's agricultural value chains. The cost of providing finance is high, driven by geographic distance, infrastructure gaps, low bank presence, financial illiteracy, and challenges complying with regulation and documentary requirements. High structural risks emerge from seasonality, cyclicality and the volatilities of climate, price and financial sector credit availability, which remain difficult to mitigate, while agricultural borrowers tend to lack possession of the types of collateral typically accepted by financial institutions (FIs). Many FIs do not have the specialised knowledge or offer tailored products required to sustainably finance the sector.

Significant investments have been made over recent years by government, development partners and private sector to address these challenges and build Ethiopia's agri-finance landscape. Registries have been developed by NBE and the Ministries of Agriculture (MoA), and of Trade and Regional Integration (MoTRI) so that agricultural assets can serve as loan collateral to fulfil key agri-finance use cases. The value of loans disbursed against agricultural assets registered in the National Rural Land Administration Information System (NRLAIS), the National Warehouse Receipt System (NWRS) and the Movable Property Securities Registry (MPSR) has grown significantly. However, agricultural assets remain a small fraction – less than 1% – of total registered assets.

Regulations and cross-cutting financial and digital infrastructure have been introduced. These include the credit reference bureau (CRB), the national identity scheme, and frameworks for capital goods financing, contract farming and integrated agro-industrial parks (IAIPs). The Ethiopian Cooperatives Commission (ECC) has worked to strengthen rural FIs, supported by the Agricultural Transformation Institute (ATI) which has launched an extensive array of initiatives to build foundations for access to agri-finance and rural financial inclusion. Significant multistakeholder programmatic efforts have improved agricultural and livestock insurance in the country. However, while the coverage value of livestock and floriculture insurance policies have grown significantly, agro-insurance remains at similar levels to 2016/17. Agri-finance has also been positively impacted by the emergence of agriculture finance technology ('agfintech') platforms such as Lersha and Kifiya which help FIs to overcome the physical barriers of financing agriculture, as well as digital platforms that connext farmers to essential services, such as MasterCard FarmPass.

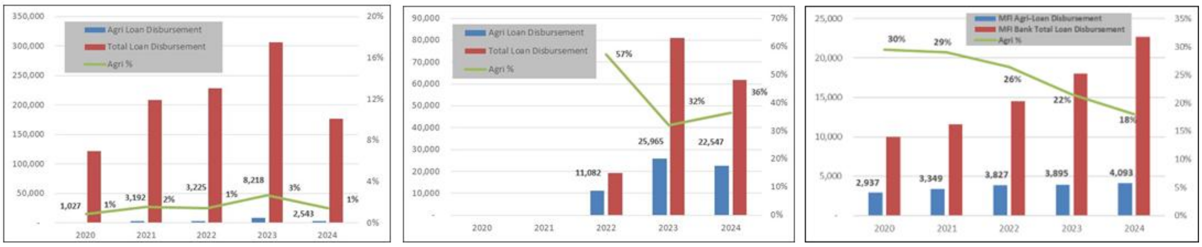
[2] Agri-finance demand has been calculated during the development of NAFIR based on a granular quantification by value chain according to each of the five main 'use cases' identified in the document – inputs, irrigation, mechanisation, livestock and outputs – based on unit costs of input and equipment per hectare/animal head, hectarage/animal heads per crop, and output values derived from official statistics and peer-reviewed research. By these calculations, ETB 2,582 billion per annum total demand breaks down into ETB 330 billion for inputs, ETB 69 billion for irrigation, ETB 86 billion for mechanisation, ETB 911 billion for livestock (annual cost and stock replenishment), and ETB 1,186 billion for outputs.

PROBLEM STATEMENT AND RATIONALE FOR NAFIR

However, even when these investments come to maturity, key constraints are likely to hold back the scale-up of agri-finance to meet policy ambitions. These include: quantitative and cyclical constraints to the loanable funds available for FI agri-lending; disincentives driven by the high costs and risks of financing agriculture compared with other sectors; compliance bottlenecks as producers struggle to meet regulatory requirements for documentation[3]; pervasive borrower financial illiteracy; under-developed agricultural risk management frameworks; and weak linkages between banks and rural FIs.

As Ethiopia rebalances its economy towards greater private sector participation, the outlook looks challenging with current trajectories trending negative. Agri-lending by the 'traditional' private banks – those established prior to 2020 – has remained range-bound within 1-3% of total credit supply. There has been a significant fall in the proportion of credit provided to agriculture by the microfinance sector from 30% to 18% in just four years. The drop was even more pronounced for those MFIs which converted to become banks between 2020-22, experiencing a fall in the proportion of lending to agriculture from 57% to 32% in just one year.

Charts: Agricultural Loans, 2020-24 (ETB millions, %) – Banks, Converted Banks, MFIs



Source: NBE

Despite the importance of agri-finance, and the sizable challenges it faces to scale up, no over-arching strategy is in place to coordinate stakeholder actions across Ethiopia's agri-finance landscape. Initiatives are fragmented under the auspices of different institutions. There is limited data captured or monitored to provide insight on the evolving status of agri-finance in the country. And there has not been a systematic effort to coordinate actions across the different stakeholders involved.

[3] Financial institutions that have engaged in pilot smallholder and MSME agri-financing schemes report a large amount of laborious groundwork when banking farmers. Farmer loan applications can take many weeks or months, requiring repeat visits either by the bank to the borrower, or by the borrower to the bank. Key challenges include: obtaining documents from regional and woreda administrations, which often entails delays, inconsistencies, system challenges and lack of understanding; use of various local languages; variant spelling within and across these languages; obtaining consistent signatures; different naming conventions; different marital structures; inefficient document renewal regimes; requirement for Tax Identification Numbers (TIN) numbers which most farmers do not have; the high number of documents and contracts that a borrower – often facing literacy and awareness challenges – needs to sign; and the need to obtain and navigate NBE exemptions and waivers for various parts of the above.

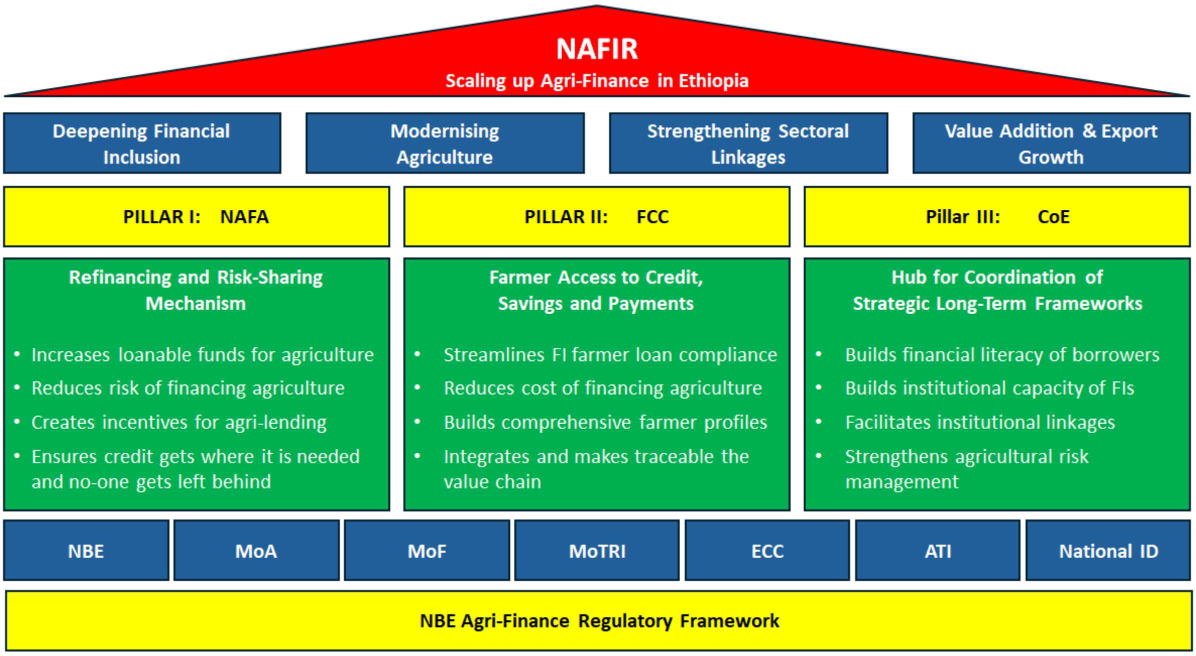
In this context, the rationale for developing a national agri-finance implementation roadmap is therefore to:

1. **Develop an over-arching strategy** to integrate and energise Ethiopia's emergent agri-finance landscape by resolving remaining constraints through transformative 'game changing' solutions;
2. **Build a comprehensive database** to establish a baseline of relevant indicators and monitor progress going forward towards national policy targets; and
3. **Put in place a coordinating mechanism** for joined-up multistakeholder action.

VISION AND SOLUTIONS

Drawing on African and international experience, three 'game-changing' solutions are proposed as the pillars of NAFIR for short-term impact:

- **National Agri-Finance Accelerator (NAFA):** a refinancing and risk-sharing vehicle that makes available loanable funds earmarked specifically for agriculture and provides incentives for FIs to scale-up agri-finance.
- **Farmer Credit Card (FCC):** an efficient interface for FIs to access farmer information, and for the farmer to access credit, streamlining compliance and reducing the cost of lending to the sector.
- **Agri-Finance Centre of Excellence (CoE):** a hub for integrating financial literacy, FI capacity-building, institutional linkages and agricultural risk management efficiently and cost-effectively into NAFIR implementation through strategic and coherent long-term frameworks.



The framework that emerges offers a holistic, incentives-based approach across its three pillars. NAFA increases loanable fund availability and reduces the risk of lending to agriculture. The FCC streamlines compliance and reduces the costs of financing the sector. The CoE builds the financial literacy of borrowers and the institutional capacity of lenders, addressing both the demand- and supply-sides of the agri-finance landscape.

A new policy instrument for mandated minimum lending to agriculture may be considered subject to further assessment and progress review as NAFIR is implemented[4]. A vision of how NAFIR may work in practice in provided in ***Annex III****.*

Pillar I - NAFA: The refinancing component of NAFA is designed to make available a new source of loanable funds for FIs. NAFA would act as a conduit for pooling resources from government, development partners and private sources. It would channel the pooled resources to ensure not only that they reach agriculture, but also that credit is available where it is needed – use cases, value chains, regions, borrower types, gender, and insurance – to make sure that no-one gets left behind.

This approach is structured to crowd in and scale up private sector funding for agriculture, in line with the HGER policy emphasis for Ethiopia's transition to a private sector-led growth model. When a FI originates a qualifying agri-loan, it refinances the loan by selling a portion of it to NAFA. That portion of the loan capital is then received back by the FI and becomes available for originating new loans. In return, NAFA acquires the right to the equivalent share of the interest, creating an income stream for NAFA to sustain itself and organically scale-up. The result is a risk-sharing arrangement in which NAFA bears the risk for the portion of the loan that it refinances, and for loans provided to high priority or otherwise under-served segments takes a defined first loss position on the remainder. FI agri-finance performance would be monitored by NAFA, with high-performers and innovators recognised in an annual awards ceremony and rewarded with preferences in government and development partner project opportunities.

NAFA would be integrated closely with the existing components of Ethiopia's agri-finance landscape for a coordinated scale-up of credit to meet policy ambitions. NAFA Integration and Scalability Plans would be developed by the registries, initiatives, and programmes driving each agri-finance use case. These would set out the actions required to build the necessary capacity to support more farmers, more transactions, more locations and more value chains.

NAFA would be accompanied by longer-term measures to further increase loanable funds available for agriculture. A ratings system for FIs and the cooperative sector would create transparency and strengthen readiness for taking on agri-finance-earmarked credit lines. Agro securitisation would be developed via the Ethiopian Securities Exchange (ESX) to facilitate access to funds from the capital markets.

The combination of refinancing with risk-sharing through NAFA has been recommended over other possible approaches. Alternatives include: an agri-bank, which may result in the monopolisation of agri-credit supply, crowding out private sector and dampening the dynamism and innovation that results from competition, as well as sectoral concentration challenging risk management and prudent operation; a national risk-sharing facility, which as a standalone approach would not address the constraint in loanable fund access that holds back the scaling up of FI credit flow to agriculture; and relying on FIs to source their own credit lines and risk-sharing facilities, which is important and will be supported through NAFIR, but would not – as a short-term standalone measure – result in a systematic

[4] This would take note that, while there is a 5% minimum requirement for lending against movable assets already in place, less than 1% of assets registered in Ethiopia's Movable Property Security Registry (MPSR), are agricultural assets. Leaning lessons from international experience, it is recommended that a minimum agri-credit lending requirement, if introduced, would create maximum flexibility in how FIs could fulfil the requirement. FIs may on-lend through other FIs. They may provide credit that is intermediated via, for example, cooperatives, offtakers, agro-dealers, aggregators, warehouse operators, commodity exchanges, mobile money and agfintech platforms. They may purchase loans from other FIs whose loan value exceeds the requirement and have surplus. This would create a market-based incentive for FIs to aim as high as possible with their agri-loans and not stop once they reach the minimum requirement, spurring some FIs to specialise in agri-finance and boost rural presence, knowing these investments would be rewarded.

and coordinated solution to ensure sufficient capital is raised to meet national policy targets or that credit reaches where it is needed to make sure that no one gets left behind.

Pillar II - FCC: **The FCC is a physical credit card which stores farmer data and enables farmers to pay on credit for agricultural goods and services up to a defined credit allowance.** It would be linked to a named farmer, Fayda ID number, farm plot and/or tagged livestock, cellphone number, and a digital wallet the farmer may use for savings and to facilitate digital payments. Presentation of the FCC by a farmer to a FI would allow the FI immediate access to all relevant information it requires to issue a loan to the farmer, per NBE regulatory franeworks to be updated. The aim is to cut out entirely the need for farmers to submit compliance documentation to the FI, eliminating large amounts of paperwork, processing effort, and time delay.

The credit allowance would be defined by algorithm, jointly developed by the FIs under NBE auspices, based on farmer need (e.g. farm size, crop selection, input cost, market price) and past performance. The allowance would be sub-allocated to different use case 'windows' for inputs, irrigation, mechanisation, livestock, outputs and insurance, and pre-cleared for NAFA refinancing and risk-sharing to closely link farmer access with FI incentive. Gender-intentionality would be incorporated into the credit allocations, recognising the specific needs and challenges facing women farmers.

As a condition of access to credit through the FCC, agro- or livestock insurance would automatically be taken. This would enable insurance to be bundled with credit, refinanced by NAFA on a risk-sharing basis, and repaid out of the farmer's sales proceeds along with other credit the farmer takes via the FCC. As a result, agro- and livestock insurance would become more affordable for the farmer and create the conditions for significant growth in farmer uptake, with the economies of scale and efficiencies of distribution driving reduction in premium cost.

Also as a condition of access to credit through the FCC, the farmer would need to use the card when making or receiving digital payments related to agro-input, mechanisation and output transactions.

- The use of the FCC for procuring agro-inputs and mechanisation equipment or services would provide assurance that the farmer is using credit for the intended purposes and create an audit trail of the farmer's input and equipment use over time.
- The use of the FCC to receive the sales proceeds from the farmer's output marketing would enable loan repayments to be deducted from the farmer's sales proceeds and create an audit trail of the farmer's marketable surplus and income over time.

With the farmer's output marketing transactions systematically recorded, the FCC would create traceability of the flow of goods along the value chain. In so doing, the FCC would also serve to deter and detect 'side-selling' against contract farming commitments, providing a stimulus for contract farming and related value chain finance (VCF)-based lending. This would help to strengthen value chain relationships, integrate farmers into the formal economy, and provide opportunities for digitalising revenue collection by government linked to the **'Digital Ethiopia 2025'** national digital transformation strategy. To strengthen sectoral linkages between agriculture and industry, as well as value addition and export growth, a special provision for NAFA refinancing and risk-sharing would be made for loans to offtakers that participate in contract farming arrangements and IAIPs.

Data from the FCC would feed into a National Agri-Finance Database (NAFID), building a comprehensive profile for each farmer to drive bankability and a surge in farm-level investment. This profile would comprise farmer identity, farm data, marketing track record, and financial history. Over time, on-farm monitoring to measure farm performance (productivity, water efficiency, PHL, etc), would also feed into NAFID, enabling comprehensive tracking of progress towards agricultural modernisation by value chain and region.

Pillar III – CoE: The CoE is intended as a hub for stakeholder coordination, implementation and monitoring in the areas of financial literacy, FI capacity development, agricultural risk management and FI linkages. Its purpose is to supersede approaches which in the past may have been fragmented, small-scale and program-specific with strategic and coherent frameworks which are systematic, coordinated and have long-term continuity, backed by a technical assistance facility. The CoE would be tasked with four action areas:

National Agri-Finance Literacy (NAFIL) Framework: The CoE would oversee development and delivery of a national framework for agri-financial literacy, under the National Financial Education Strategy (NFES). NAFIL would include, among others, a segmented stakeholder needs assessment, a gap analysis, and the scoping and development of relevant content necessary to build the financial literacy of producers and cooperatives to successfully absorb and put to effective use agri-finance across the different use cases and value chains. NAFIL would be delivered smartly to farmers and cooperatives by integrating it with the roll-out of NAFA and FCC, in partnership with MoA, ECC and ATI, to improve efficiency, inclusivity and cost-effectiveness.

FI Capacity Development: The CoE would develop best practice principles, guidelines and templates, backed by training and capacity-building services, to support FIs introduce specialised agri-finance products and their IFB equivalents, and to guide them in building up their in-house specialised agri-finance capability.

Hub for Agri-Finance Institutional Linkages (HAFIL): The CoE would build improved access for Ethiopian FIs to credit lines from international sources, and for MFIs and RuSACCOs to credit lines and on-lending facilities from banks. A further linkage facilitated by HAFIL would be between FIs and DFS solutions providers, including mobile money and agfintech platforms, to drive forward digital transformation in agriculture. The CoE's role would be to facilitate partnerships, disseminate information, study and share best practices, and monitor progress

Agriculture Risk Management: An Agriculture Risk Management Permanent Working Group under the CoE would be formed with two broad objectives:

- ✓ **To integrate agro- and livestock insurance within the NAFA/FCC framework.** This would enable insurance to be bundled with credit, refinanced by NAFA, and repaid out of the farmer's sales proceeds along with other credit the farmer takes via the FCC. As a result, agro- and livestock insurance would become more affordable for the farmer and create the conditions for improved farmer uptake.
- ✓ **To develop and implement a national strategy for agricultural risk management**, including components on agro- and livestock insurance and price risk management. The initial focus will be to continue scaling up agro- and livestock insurance, building on the four Dialogue Platform Meetings that took place under the JICA ICIP project between May 2022 and January 2024, while linking to ongoing initiatives such as IRFF (MoA/UNDP) and ARC (ATI/WFP). The medium-term focus would be developing a framework for price risk management. This would involve development of an agriculutural price risk management strategy under which solutions would be introduced and piloted linked to instruments offered by domestic and international commodity exchanges, as well as actuarial instruments. Based on piloting experiences, a national programme framework for price risk management would be developed before the end of the first NAFIR period in 2030.

IMPLEMENTATION

NAFIR will be implemented in close partnership with the institutions supporting the key components of Ethiopia's agri-finance landscape. NAFA will be funded through a resource mobilisation strategy coordinated with MoF. The FCC will be implemented in partnership with MoA, ATI, ECC and National ID, and interface with digital platforms (e.g. FarmPass, agfintech platforms), with regulations for credit provision through the FCC defined under NBE directive. NAFID would link with the CRB, National ID, and asset registries operated by NBE, MoA and MoTRI. The CoE will be delivered in partnership with the Ethiopian Institute for Financial Studies, MoA, ATI and ECC, and in collaboration with global centres of excellence.

Governance of NAFIR implementation is recommended to take place through a steering committee comprising NBE, MoA, MoF, MoTRI, ECC, ATI, and National ID. The steering committee would in turn oversee a project management unit that would be housed within the NBE. This approach convenes the key institutional actors supporting agri-finance in Ethiopia and is intended to drive a whole-of-government approach. A NAFIR consultative body would also meet with demand- and supply-side stakeholders, as well as experts from development partners, academia and technical institutions, on a regular basis to review the progress of NAFIR and identify enhancements.

Funds for NAFA implementation may be sourced from government, development partners and private sources, and may encompass in-kind as well as cash contributions. These may include agricultural goods and services currently provided on a grant-funded basis by government and development partners. By transitioning from grant-funding to in-kind contribution, this funding becomes catalytic for private sector credit flows under the NAFIR framework.

The key NAFIR target is the Ten-Year Development Plan (TYDP) objective of ETB 881 billion per annum credit flow to agriculture by 2030. Further scale-up to fulfil larger portions of total agri-finance demand may be considered for a second NAFIR covering the period 2031-2035. *A full results framework and implementation plan has been developed and will be updated based on pre-implementation feasibility studies*.

NAFA resource mobilisation will scale incrementally based on 'test and learn' cycles targeting identified agricultural sub-sectors and regions. To achieve the policy target, based on high-level estimate, NAFA funds under management would need to reach ETB 250-300 billion (USD 1.9–2.3 billion) by 2030. Additional capitalisation of ETB 8-10 billion (USD 60-75 million) is proposed to provide a refinancing and risk-sharing facility for loans to offtakers that enter into contract farming arrangements and participate in IAIPs, to incentivise uptake and strengthen sectoral linkages between agriculture and industry, and stimulate value addition and export growth. Implementation costs, including a technical assistance facility linked to the CoE, are estimated at ETB 8-10 billion (USD 60-75 million).

ANNEX I – STAKEHOLDER ENGAGEMENT

Session	Attendees	Email Address
NBE Bilateral Discussion	Ato Temesgen Zeleke (Director, Financial Inclusion Secretariat)	tmsgnzeleke@gmail.com
NBE Bilateral Discussion	Mr Frezer Ayalew (Director, Bank Supervision Directorate)	frezer_a@nbe.gov.et
NBE Bilateral Discussion	Mr Belay Tulu (Director, Insurance Supervision Directorate)	belaytulu@gmail.com
NBE Bilateral Discussion	Mr Zerihun Necho (Principal Examiner of Microfinance Institutions, MFI Supervision Directorate)	Zerihunnecho143@gmail.com sintayehu_d@nbe.gov.et
NBE Bilateral Discussion	Mr Fikremarkos Abebe (Financial Infrastructure Coordinator, Credit reference and movable collateral registry directorate)	fikremarkosa@nbe.gov.et temelsoa@nbe.gov.et
DBE Bilateral Discussion	Mr Samson and Mr Tefera (rural area and related financing)	sasa.3dbe@yahoo.com
Siinqee Bank Bilateral Discussion	Mr Morkena Ousu (Deputy VP-Micro Finance Service)	husnimk22@gmail.com
Bilateral Discussion	Ato Melaku Kebede (Project Manager, FSD)	melkebesh@gmail.com
Cooperative Bank of Oromia/Rabo Bank Bilateral Discussion	Mr Yohannes Ambisa, VP of Agriculture and Cooperatives relation Mr Corne de Louw (Program Director Advisoru Services, Rabo Bank) and Beatrice Githinji (Africa Lead- Advisory Services, Rabo Bank)	Yohannes.Ambisa@coopbankoromiasc.com Corne.de.Louw@rabobank.nl beatrice.githinji@rabobank.com
Vision Fund MFI Bilateral Discussion	Mr Taye Chimdessa, CEO	taye_chemdessa@wvi.org
Wasasa MFI Bilateral Discussion	Dr Amsalu Alemayehu, CEO	amsalualemayehu46@gmail.com
Farmers and Cooperatives roundtable	Farmers and Cooperatives roundtable	
Nyala Insurance Bilateral Discussion	Mr Solomon, Inclusive Insurance Division Manager	solomonzegeye487@gmail.com
Kifiya Financial Technology	Mr Albert (Rural Financial Services), Mr Melkachew (Agri Insurance), Mr Yegermal (Agri MSME Finance)	mduri@kifiya.com

Session	Attendees	Email Address
Dashen Bank Bilateral Discussion	Mr Tadesse Kassahun: Director of MSME Banking Dept Mr Wondimagegn: Senior Manager Micro and Small businesses Mr Tilahun Girma: Senior Manager KYC and CDD (for the onboarding process)	tadesse.kasahun@dashenbanksc.com wondimagegn.getachew@dashenbanksc.com Tilahun.Girma@dashenbanksc.com
IFAD	Mr Mawira Chitou, Lead Technical Specialist in Water and Rural Infrastructure	m.chitima@ifad.org
Lersha	Mr Abrhame Endrias, Fouder and Managing Director	abrhame.endrias@lersha.com
CBE Bilateral Discussion	Mr Asegahegn Dagne, Director of Credit Appraisal	Asegahegndagne@cbe.com.et
Ministry of Agriculture	Mr Tigistu (Rural Land Administration Use), Dr Hadgu (Livestock Traceability System Lead), Dr Bula	tigistug@yahoo.com mailtohadgu@gmail.com
ATI	Mr Solomon Legesse (AgriHub Project Team Leader) and Mr Henok Mesfin (Director - Private Sector in Agribusiness and Market Development)	Henok.Mesfin@ati.gov.et Solomon.Legesse@ati.gov.et Haile.Deressa@ati.gov.et
Roundtable discussion with Ethiopian Millers Association and Oromia Federation	Mr Tedla Hailegiorgis (EMA board president), Mr Abinet Tarekegn (Oromia Federation President)	tedlal.th@gmail.com abenet.tarekega@gmail.com
World Bank	Mr Elliot Mghenyi, Lead Agricultural Economist	emghenyi@worldbank.org
Safaricom MPESA	Ms Elsa Muzzolini, CEO Safaricom MPESA Mobile Financial Services	elsa.muzzolini@safaricom.et
Ethio Telecom TeleBirr	Mr Bruk Adhane Haile, Chief Mobile Money Officer	bruk.adhane@ethiotelecom.et
Ethiopian Stock Exchange	Mr Tilahun Kassahun, CEO	tkassahun@esxproject.com
Fayda National ID	Mr Yodahe Zemichael, Director – Stakeholder Engagement and Use Case	yodahe@id.et

ANNEX II – SURVEY RESPONDENTS

Banks	MFIs	Other FIs	APCs	Unions	SACCOs	Agro-Processor
Abay	Aggar	Kaza CGF	**Amhara**	**Amhara**	**Amhara**	**Amhara**
Addis Intl	Amal	Awash Insurance	Abasem	Admas	Abeba Dulecha	Tsehay Edible Oil
Awash	Amba Awra	Lion Insurance	Abchkli	Merkeb	Abebech	Unison Edible Oil
Berhan	Busa Gonofa	Nyala Insurance	Alefa	Union 4	Andinet	
Bunna	Debo	Oromia Insurance	Awuramba	Wedera	Dirmara	**Oromia**
CBE	DECSI		Bagunan		Fikir	MuluRata
CBO	Dynamic		Banetu	**Oromia**	Gojjam Ber	Dina
Dashen	Elsabi		Barekat	Berke Alelitu	Tadila	Geda
DBE	Eshet		Denebe	Hetosa	Wena Birhan	Kebie Flour
Enat	Harar		Fakuwa	Reya Kajawa	Wenjetta	Milki
Gadaa	Harbu		Fana	Reya Wekana	Wuha Sahy	Shari Kik Sra
Goh Betoch	Lefayda		Gerba		Yemisrach	
Hibret	Lideta		Gulawenz	**SNNP**	Yesanqa Edget	**SNNP**
Lion	Liyu		Hamus Gebeya	Malik		Aste Fayen
Nib	Meftihe		Kilaj		**Oromia**	Kedja na Betesebwa
Shabelle	Metamamen		Liben	**Sidama**	Ababo	Lindet
Sidama	Nisir		Sendeka	Nuli Kolite	Abdi Waqa	Zeman
Siinqee	Success		Shendena	Sidama Chalal	Biftu Ganama	
Siket	Tana		Shumata		Boki	**Sidama**
Tsedey	Vision Fund		Siya Denba	**Somali**	Bonsu Boqona	Hayat
Tsehay	Wasasa		Yimali	Tawakal	Boonsa	MK
Wegagen	Yegna				Burkitu	Yamlak Sra
Zamzam	Yemisrach		**Oromia**	**Tigray**	Busa Gonofe	
Zemen	Yeshewabirhan		Abdii Gudina	Enderta	Care Walkite	**Somali**
			Arrabbi	Jira	Faaya Boru	Durdur Flour
			Bekie	Medebay	Gudeta	Liban Food Complex
			Bucha Danbaa	Mereb	Gudetu	
			Bura Adalee		Hawi Gudina	
			Buriqitu Alkasa		Ifa Boru	
			Cilaaloo		Iteya	
			Dabala Adaree		Jitu	

Banks	MFIs	Other FIs	APCs	Unions	SACCOs	Agro-Processor
			Galama Genata Gonda Fincaama Haxee Ondoode J Qullensa Jammo Galamaa Lensho Wabbee Qacama Qona Mara Alaltu Bucho Qona Mara Danaba Qona Mara Booru Jaawii Qona Mara Odaajilaa Qona Mara Bulchaana Sanyi Bayiftu Lencho Wabe Segni Bayistu Tulu Deneba Sero Anketo Shaaqi Shararaa Tokkuma Sagure Molee Tullu Dannabaa		Lalistuu Lelise Liqqi Metemamen Misoma Toora Raya Waligala Shala Chubete Sokoru Tashoma Tokuma Wagee Walii Wasasa **SNNP** Alah Yashnan Ashabe Women Selem Tgagezut **Sidama** Tesfa Edget **Somali** Bilan Halgan Horseed **Tigray** Debri Deremeyti Dedebit Enderta	

Banks	MFIs	Other FIs	APCs	Unions	SACCOs	Agro-Processor
			Wirtu Qacama Xamasaa **<u>SNNP</u>** Dagmawi Tewodros **<u>Sidama</u>** Bisetam & Akebabi Hudana Galo **<u>Somali</u>** Wacays **<u>Tigray</u>** Debre Harnet Debry Selam Shewit Alamata Shimta Temesgen Werie		Fana Fana Mekelle Hibret Hade Mekelle Meseret Mizan Quiha Adeday Wegahta Wukiro Maray	

ANNEX III – NAFIR IN PRACTICE

This Annex sets out an illustration of how NAFIR could work in practice, looking at three prospective financing scenarios.

Scenario 1: Direct FI-Provided Credit

In this scenario, a bank, MFI or RuSACCO provides credit direct to the farmer via the FCC and receives refinancing and risk-sharing from NAFA. The financing is secured against the farmer's land via the SLLC registered in NRLAIS or a pastoralist's animal(s) registered in EthLITS, with these assets in turn being registered in the MPSR collateral registry. Agro- or livestock insurance is taken automatically after the first draw-down by the farmer. If the farmer stores goods in the warehouse and takes WRF against the stored goods, the WRF proceeds may be used to repay the input and equipment loan, and the transaction is secured against the warehouse receipt issued either by the NWRS or ECX and registered in the MPSR collateral registry.

Table 10: Activity Flow under Direct-FI Provided Credit via FCC and NAFA

No	Activity	Description
1	**Credit-Score**	FCC algorithm sets farmer credit allowance based on farmer needs and track record
2	**Approach**	The farmer approaches an FI – a bank, MFI, or RuSACCO – for credit
3	**Presentation**	The farmer presents the FCC to the FI at the branch, to a field agent, or online
4	**Validation**	The FI validates the cardholder's identity via Fayda National ID
5	**Access**	The FI scans/swipes the FCC in a device and accesses the farmer's information[5]
6	**Approval**	The FI approves the credit same day, against the FCC-defined credit allowance
7	**Allocation**	Credit is loaded onto the FCC and allocated to different 'use case' windows[6]
8	**Recordal**	The loan is recorded in NAFID, and specified as the Direct FI-Provided modality
9	**Lien**	A lien is registered in MPSR, NRLAIS and EthLITS over the farmer's SLLC and animals
10	**Insurance**	Agro- or livestock insurance[7] is automatically taken to cover the farmer's production
11	**Draw-down**	The farmer proceeds to use the FCC, at the appropriate time of the season, to: ✓ Pay for inputs / feed / animal health products at approved[8] agro-dealers ✓ Pay for equipment[9] (e.g irrigation, farm implements) with approved providers ✓ Pay for mechanisation services with approved providers ✓ Use storage at an WRS-approved warehouse and receive 70% of the goods' value ✓ Use for miscellaneous items for household purposes up to a maximum limit
12	**Refinancing**	Each draw-down is recorded in NAFID. The applicable refinancing ratio is applied, returning the equivalent portion of loan principal from NAFA to the originating FI.
13	**Risk-Sharing**	Once refinancing takes place, risk sharing starts to apply
14	**Sale**	The farmer markets their produce and receives payment onto the FCC
15	**Claim**	If the insurance conditions are triggered, the payout is received on the farmer's FCC
16	**Repayment**	The repayment amount due to the originating FI and NAFA is deducted from the FCC and transferred to the originating FI and NAFA
17	**Recovery**	If sales proceeds are not received or insufficient, initial recovery efforts are made via Woreda-level authorities through direct engagement with the farmer
18	**Enforcement**	If initial recovery efforts fail, NAFA sends notice of enforcement on behalf of itself and the originating FI to applicable registries and agencies

[5] This includes all farmer profile necessary for loan approval per updated NBE regulations (i.e. national ID number, NRLAIS farm data, EthLITS livestock data, required Woreda-level systems data), plus data extracted from NAFID including farmer identity, farm plot, marketing track record, and financial history.
[6] I.e. inputs, irrigation, mechanisation, outputs, insurance, non-farm purposes
[7] Subject to FI preferences, other insurance – e.g. life and health cover – may also be applied
[8] Each use case window would only be permitted to be spent with an approved provider of the relevant services
[9] Equipment would not be purchased each year but for the expected lifetime of the asset

Scenario 2: FCC-Based Value Chain Finance via Offtaker linked to Contract Farming Arrangement

In this scenario, the FI provides credit to a contracted farmer via the offtaker based on the value chain relationship, a specialised agri-finance product known as value chain finance (VCF). As above: the FI receives refinancing and risk-sharing via NAFA; the loan would be secured against the farmer's land via the SLLC registered in NRLAIS or a pastoralist's animal(s) registered in EthLITS, with these assets in turn being registered in the MPSR collateral registry; and agro- or livestock insurance is automatically taken with the first draw down.

If the offtaker permits deferred delivery, then the farmer may store the goods in a warehouse and take WRF against the stored goods. As above, the WRF proceeds may then be used to repay the input and equipment loan, and the transaction is secured against the warehouse receipt issued either by the NWRS or ECX and registered in the MPSR collateral registry, pending sale and delivery of the goods to the offtaker.

Table 11: Activity Flow under FCC-Based Value Chain Finance linked to Contract Farming

No	Activity	Description
1	**Credit-Score**	FCC algorithm sets farmer credit allowance based on farmer needs and track record
2	**Agreement**	An offtaker enters into agreement with an FI prior to contracting with farmers
3	**Disbursement**	The FI disburses funds to the offtaker.
4	**Presentation**	The farmer presents the FCC to the offtaker at the depot, to a field agent, or online
5	**Validation**	The offtaker validates the cardholder's identity via Fayda National ID
6	**Access**	The offtaker scans/swipes the FCC in a device and accesses the farmer's information
7	**Contracting**	The offtaker enters into a contract with the farmer, specifying the goods and services to be financed and their value, and the farmer's obligation to deliver outputs
8	**Recordal**	The contract is recorded in NAFID, and specified as the Offtaker-Provided modality
9	**Purchase**	The offtaker purchases inputs and equipment at the appropriate time of the season
10	**Provision**	The offtaker provides the farmer, at the appropriate time of the season, with: ✓ Inputs / feed / animal health products ✓ Equipment ✓ Services ✓ Miscellaneous items for household purposes up to a maximum limit All up to the total value of the credit allowance under each 'use case' window
11	**Insurance**	Agro- or livestock insurance[10] is automatically taken to cover the farmer's production
12	**Lien**	A lien is registered in MPSR, NRLAIS and EthLITS over the farmer's SLLC and animals
13	**Draw Down**	The farmer's receipt of goods and services, and their value, is recorded on the FCC against the farmer credit allocation under each 'use case' window
14	**Refinancing**	Each draw-down is recorded in NAFID. The applicable refinancing ratio is applied, returning the equivalent portion of loan principal from NAFA to the originating FI.
16	**Risk-Sharing**	Once refinancing takes place, risk sharing starts to apply
17	**Sale**	The farmer delivers outputs to the offtaker and receives payment onto the FCC
18	**Claim**	If the insurance conditions are triggered, the payout is received on the farmer's FCC
19	**Repayment**	The repayment amount due to the originating FI and NAFA is deducted from the FCC and transferred to the originating FI and NAFA.
20	**Recovery**	If sales proceeds are not received or insufficient, initial recovery efforts are made via the offtaker through direct engagement with the farmer
21	**Enforcement**	If initial recovery efforts fail, NAFA sends notice of enforcement on behalf of itself and the originating FI to applicable registries and agencies

[10] Subject to FI preferences, other insurance – e.g. life and health cover – may also be applied

Scenario 3: FCC-Based Intermediated Credit

In this scenario, the FI provides credit to a farmer via one or more intermediating entities. Variants of this arrangement could include:

- ✓ an agro-dealer or AOSS (ATI) that provides famers with inputs, feed or animal health products on credit;
- ✓ an equipment vendor or mechanisation service provider that provides goods and services to the farmers on credit;
- ✓ a warehouse operator that disburses WRF to the farmer on behalf of the FI;
- ✓ a cooperative, aggregator, ACC (ATI), agfintech platform or commodity exchange that provides various financial products and services to farmers.

In some cases – such as a cooperative, aggregator, ACC, agfintech platform or commodity exchange – all the agri-finance use cases may be fulfilled by agri-finance products and services provided through the entity.

In other cases – for example, through an agro-dealer, equipment vendor, mechanisation service provider or warehouse operator – one or several but not all the use cases may be fulfilled by agri-finance products and services provided through that entity. Accordingly, it may be that the farmer receives finance via multiple intermediating entities.

In the table below, these entities are referred to as intermediaries, as they are intermediating the provision of agri-finance. *However, this terminology is not intended to imply they are intermediating the purchase of outputs from the farmer.*

Table 12: Activity Flow under FCC-Based Intermediated Credit

No	Activity	Description
1	**Credit-Score**	FCC algorithm sets farmer credit allowance based on farmer needs and track record
2	**Agreement**	The intermediary enters into agreement with an FI
3	**Disbursement**	The FI disburses funds to the intermediary to purchase stock/equipment/services
4	**Presentation**	The farmer presents the FCC to the intermediary
5	**Validation**	The intermediary entity validates the cardholder's identity via Fayda National ID
6	**Access**	The intermediary scans/swipes the FCC in a device and accesses the farmer's information
7	**Contracting**	The intermediary enters into a contract with the farmer, specifying the goods and services to be financed and their value
8	**Recordal**	The contract is recorded in NAFID, and specified as the Intermediary-Provided modality
9	**Purchase**	The intermediary purchases applicable inputs, equipment and/or services at the appropriate time of the season
10	**Provision**	The intermediary provides the farmer, at the appropriate time of the season, with goods or services on credit: ✓ Inputs / feed / animal health products ✓ Equipment ✓ Services ✓ Miscellaneous items for household purposes up to a maximum limit All up to the total value of the credit allowance under each 'use case' window
11	**Insurance**	Agro- or livestock insurance[11] is automatically taken to cover the farmer's production
12	**Lien**	A lien is registered in MPSR, NRLAIS and EthLITS over the farmer's SLLC and animals

[11] Subject to FI preferences, other insurance – e.g. life and health cover – may also be applied

No	Activity	Description
13	**Draw Down**	The farmer's receipt of goods and services, and their value, is recorded on the FCC against the farmer credit allocation under each 'use case' window
14	**Refinancing**	Each draw-down is recorded in NAFID. The applicable refinancing ratio is applied, returning the equivalent portion of loan principal from NAFA to the originating FI.
16	**Risk-Sharing**	Once refinancing takes place, risk sharing starts to apply
17	**Sale**	The farmer markets their produce and receives payment onto the FCC
18	**Claim**	If the insurance conditions are triggered, the payout is received on the farmer's FCC
19	**Repayment**	The repayment amount due to the originating FI and NAFA is deducted from the FCC and transferred to the originating FI and NAFA.
20	**Recovery**	If sales proceeds are not received or insufficient, initial recovery efforts are made via the intermediary through direct engagement with the farmer
21	**Enforcement**	If initial recovery efforts fail, NAFA sends notice of enforcement on behalf of itself and the originating FI to applicable registries and agencies