AFRICAN GRAIN TRADE SUMMIT

RESILIENT GRAIN MARKETS:
UNLOCKING AFRICA'S FOOD SECURITY POTENTIAL

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Main Session 4

Financing African grain markets:

Driving access to affordable capital and enabling local currency trade

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Session Sponsors: idh transforming markets

RESILIENT GRAIN MARKETS: UNLOCKING AFRICA'S FOOD SECURITY POTENTIAL

FINANCING AFRICAN GRAIN MARKETS: DRIVING ACCESS TO AFFORDABLE CAPITAL AND ENABLING LOCAL CURRENCY TRADE

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PASS TRUST 25 YEARS OF CREATING IMPACT

TZS 2.344 Trillion

Value of loans guaranteed/ supported

~20%

Of all lending to the sector supported

25%

Of all guarantees are Green Guarantees

95.6K

Approved business proposals

4.76M

Total beneficiaries reached

27% (1.28M)

Youth beneficiaries reached

48% (2.28M)

Women beneficiaries reached

2.81M

Employment created

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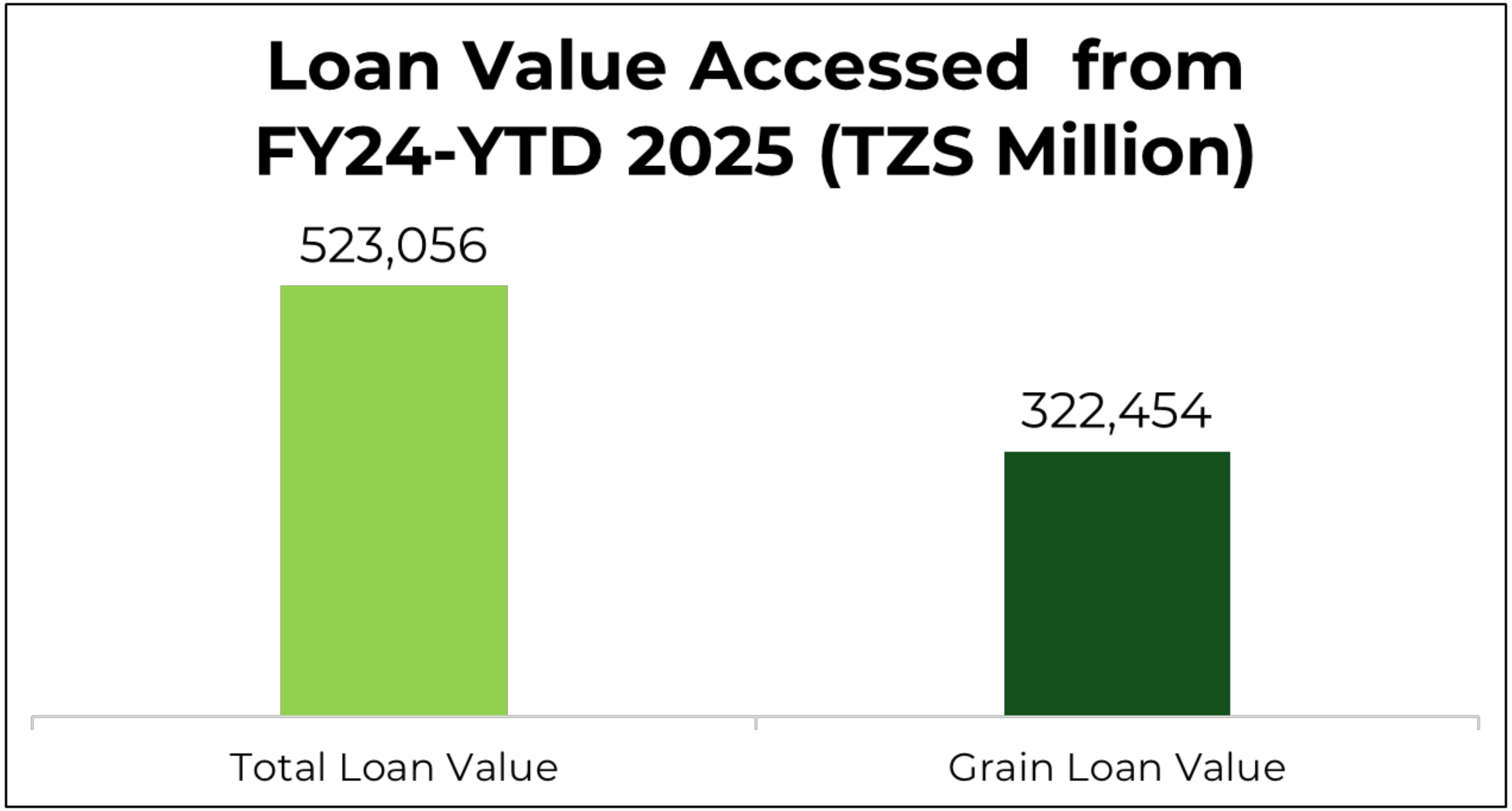
TOTAL LOAN AMOUNT TO GRAIN VALUE CHAINS 2024 – 2025 YTD



Key Notes:

- Among the total loans accessed in grains (322,452 million), **crop trading shares 37%**, crop production – **14%** and crop processing – **11%**

CREDIT GUARANTEES AND DE-RISKING AGRIBUSINESS LENDING

- **Sector-specific design**: Grain value chains face seasonal cash flow cycles, storage risks, and price volatility. Guarantees & loans are tailored to address the major risks.
- **Commodity Compact Approach**: Instead of case-by-case loans, PASS Trust is piloting commodity compact guarantees/financing (e.g., wheat in Njombe) that bundle farmers, aggregators, and off-takers under one risk-sharing structure.
- **Integration with insurance and warehouse receipts**: Pairing guarantees with warehouse receipt systems and index insurance creates a stronger safety net, which improves lender confidence and unlocks larger credit lines – proven under DAFs Project.
- BDS provision as an enabler

SMALLHOLDER FARMERS TRANSITION TO SCALE

- **Blended financing models**: PASS Trust helps reduce interest rates and collateral demands, making loans affordable.
- **Digital Credit Guarantee**: in partnership with MNOs, linking farmers to financial institutions via digital mobile payments, and alternative credit scoring enabling informal farmers access to structured finance.
- **Capacity building**: Beyond guarantees, PASS provides business development services, training in financial literacy, governance, business management and market access—which empowers farmers and SMEs to graduate into formal financial systems.
- **Demonstration effect**: Once smallholders see peers successfully accessing guaranteed loans, trust builds, and informal lenders become less dominant.

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CALL TO ACTION

- The key shift is treating guarantees as mainstream financial infrastructure—not as temporary donor add-ons.
- Governments must create dedicated value chain guarantee windows within agricultural financing policies, backed by predictable budget allocations and regulatory support (e.g., movable asset registries, warehouse receipt laws).
- Use guarantee windows to incentivise value chains prioritisation
- Governments to create consistent sector policies
- Lenders & Central Banks to consider relief capital provision as an option

Photos: PASS Trust supported farmer & farms

THANK YOU.