

# Aceli Africa

**Critical transitions:**



**Innovation:** Blended finance funds

**Geographic focus:** Sub-Saharan Africa

**\$:** \$50 million



Aceli Africa is a market incentive facility aimed at catalysing lending to agriculture in sub-Saharan Africa. Through its work, it hopes to address the region’s \$65 billion annual financing gap for agricultural SMEs.

Aceli Africa’s goal is to improve the financial attractiveness of lending to agricultural SMEs by increasing the capital supply, providing technical assistance and generate data and learnings for policy changes benefitting agricultural SMEs. Research led by Aceli Africa found that lending to the agriculture sector is limited because of low margins and high opportunity costs.<sup>53</sup> To de-risk investments, Aceli Africa assists local agricultural SME lenders by providing 2-8 percent of the qualifying loan amount (\$25,000 to \$1.5 million; aligned with gender inclusion, food security, nutrition, and/or climate resilience goals) into a reserve account, which can be drawn on to cover first losses of any qualifying loans across the local lender’s portfolio.<sup>54</sup> Aceli Africa’s second intervention is to reduce the cost of originating and serving - especially rural - agricultural SME loans, through its “origination incentives” for loans ranging from \$25,000 to \$500,000. Additionally, Aceli Africa has \$10 million reserved for technical assistance in form of business and finance training to agricultural SMEs, through which it hopes to increase the investable pipeline for lenders.

The design funding for Aceli Africa was provided by UK Aid, while the implementation donors (2020 onwards) are USAID, Feed the Future, Good Energies and Mulago. Its institutional partners are the Council on Smallholder Agricultural Finance (CSAF), Global Development Incubator (GDI) and Ropes&Grey, while its data and learning partners are Dalberg, the International Growth Centre and MIX.

**Stakeholders:**

USAID; Feed the Future; Good Energies; Mulago; Council on Smallholder Agricultural Finance (CSAF); Global Development Incubator (GDI); Ropes&Gray; Dalberg

**Status:**

● Operational