



Marlon Tajiboy, an employee of macadamia company Alianza, grades macadamia shell to ensure quality.
Photo by Oscar Leiva/Silverlight for CRS

Isidro: A Blended Finance Initiative

AN INNOVATIVE APPROACH TO INVESTING IN SMALLHOLDER AGRICULTURE

THE LANDSCAPE

Central to the business of agriculture are two intimately connected players: smallholder farmers and small to medium-sized agricultural enterprises (SMEs). Smallholder farmers produce the bulk of the world's food but are often poor, struggle to link to formal markets and increasingly see their production threatened by a changing climate. SMEs that process and distribute agricultural goods are the bridge to markets for farmers and drive economic development in rural communities. Moreover, SMEs generate most jobs in developing countries, and they play a crucial role in global food security, rural income growth, and natural resource management. When they thrive, so do millions of farming families who represent a third of the global population.

TOO SMALL FOR TRADITIONAL LENDERS. TOO BIG FOR MICROFINANCE. JUST RIGHT FOR US.




Isidro, a CRS blended finance initiative, targets a vital but underserved class of agricultural enterprises, including farmer organizations, seeking loans of \$25,000 to \$500,000. These loans are often passed over by commercial lenders that consider them too small, expensive, and risky. For the few borrowers who do qualify, credit from banks come with steep interest rates and rigid guarantees. Isidro offers a blended solution of technical assistance, business development services and investment funds to chart a path to success for these overlooked, yet impactful SMEs.

TABLE 1 – THE AVERAGE ISIDRO CLIENT

SMALL FOOD & AGRICULTURAL GOODS PROCESSOR

Type:	Small, private enterprises or farmer-run cooperatives and associations
Sales/Revenue	\$200,000-\$500,000
Capacity Gaps:	Business & financial management; marketing & sales; production
Capital Needs:	\$100,000-\$300,000
Investment Needs:	Working capital; capital expenditures
Reach:	300-500 farmer suppliers

QUICK FACTS

-  Smallholder farmers generate 80% of the world's food and beverage.
-  SMEs generate 7 out of 10 jobs in developing countries.
-  A gap exists for SMEs with financing needs between \$25,000-\$500,000.



A LENDING CULTURE COMMITTED TO THE NEEDS OF SMALLHOLDER AGRICULTURE

Isidro prepares promising SMEs to qualify for loans, then manage the invested capital while meeting growth and impact targets. Our technical team addresses the distinct needs of clients related to production, quality control, marketing and sales, and management and accounting best practices – all necessary business elements to qualify for formal market-based financing. By understanding the business models and value chains of our clients, and making loans accordingly, we help turn farming enterprises into economic engines that elevate rural communities.

ISIDRO'S OFFER



Comprehensive technical assistance to prepare underserved and informal, enterprises for investment and set them on the road to growth and bigger impact.



Extensive on-the-ground network of partners, positioned to support our clients as they grow their business.



Access to value chain and agricultural expertise, grounded in knowledge of local markets through CRS' field teams and existing programming.



Two innovative financing products, one targeting first time borrowers and the other for more established enterprises in niche value chains and/or seeking a mix of working capital and equipment/infrastructure financing.

ISIDRO INVESTMENTS LLC

Once SMEs are deemed investment-ready, Isidro can offer short- and mid-term debt for working capital and capital expenditures, with flexible guarantee requirements. Through its wholly-owned financing vehicle, Isidro Investments LLC, CRS invests directly in promising SMEs or works with local financial partners to facilitate loans.

ALIANZA: OUR FIRST INVESTMENT WAS A TOUGH NUT TO CRACK

Alianza, a Guatemala-based macadamia company, was seeking \$155,000 for a processing plant to enable them to produce higher-value, processed, organic nuts and tap into a global market valued at \$1.7 billion. To prepare for the investment, Isidro helped strengthen Alianza's financial management, business planning and procurement systems. Following construction and equipment installation, Alianza is poised to reach at least 225 additional macadamia growers, increase the price paid to farmers by at least 20% and expand agroforestry and organic production methods to an additional 500 acres of land.

WHEN AGRICULTURAL SMEs THRIVE, FARMERS FLOURISH

Across Latin America, Africa and Asia, CRS draws on long-standing relationships with rural communities and local private sector networks to aid in identifying prime SME candidates for our pre-investment readiness program. Isidro leverages our global reach, agribusiness expertise and partner capacity-building experience to reduce risk and position clients for economic gain. Strengthened agricultural SMEs not only buy more product from farmers, they connect them to high-value specialty food and beverage markets, which prize sustainably-sourced product. As these businesses grow, they scale good environmental practices, generate employment in rural communities, and improve farmer livelihoods.

ISIDRO FOOTPRINT & EXPANSION PLANS



ISIDRO FIVE-YEAR TARGETS



11,000
Farmers income improved



400
Rural jobs generated



14,500
Hectares of land restored



30+
Portfolio companies



\$5M+
Gross portfolio value

THE REAL RISK IS NOT LENDING FARMERS THE SUPPORT THEY NEED.

Farmers and agricultural enterprises around the world need your partnership.

Help fill the gap

For more information, contact us at isidro@crs.org