

LESSONS IN DRIVING BUSINESS SUSTAINABILITY

FINANCE ALLIANCE FOR SUSTAINABLE TRADE (FAST)

The Finance Alliance for Sustainable Trade (FAST) was originally set up a decade ago to facilitate access to finance for SMEs around the world who might not yet be credit ready but were aiming to achieve sustainable practice in forestry and agriculture. The idea was to link a wide number of financial service providers with the likes of producer organisations, cooperatives and small private companies operating around the world. So it set out to provide training, analytics and matchmaking services. 'The training focused on developing financial literacy,' said project manager Matt Whiteman, 'Training trainers to use these materials to train the SMEs.' They started providing services to coffee and cocoa farmers in Latin America, for example, and the agricultural sector in Tanzania. They could then put the two sides together through a matchmaking service. 'Matchmaking is our bread and butter,' said Whiteman. 'There could be one or two-day meetings between companies and investors. It is a bit like speed-dating.' And by December 2016 they had some US\$43m facilitated. 'They may seem small numbers to some,' said Whiteman, 'But they are big to others.'

FAST started as an idea in 2008 and it has reached a mature stage where SMEs around the world can benefit from its access to finance service.

But they soon found a limitation to their ambitions. They were mostly operating through financial fairs, which took place at fixed times throughout the year in specific places. 'But,' said Whiteman, 'If you need financing you need it now. Waiting for a financial fair to come around was often seen as too early or too late.'

This frustration was the catalyst for their big breakthrough: an online platform. Building on their experience of matchmaking through financial fairs, FAST designed an online platform that would enable not only the gathering of SME-level data and the requests for finance, but also virtual matching of those SMEs seeking financing to FAST's database of financial service providers currently serving the agricultural and forestry sectors anywhere in the world.

This platform is called AXiiS (Access and Exchange for Impact Investment and Sustainability). 'It digitises the introductory process,' said Whiteman. 'Ideally the farmer will have a local financial advisor who understands the local market and institutions,' he said. 'He or she will do a site visit and collect data. That is the first part of the due diligence process. He will do a credit-readiness report and collect together financial documents, and so on. The company can then request to be matched.' The financial institution can see all the information. If they don't have a local advisor, the company can work on its own to gather their documents and upload in AXiiS.

The platform AXiiS scales up the quality and availability of SME finance and closes the financing gap.



A local financial advisor facilitating Financial Literacy Toolbox Training in Iringa, Tanzania supported by the T-Led project of CUSO in Tanzania in collaboration with Global Affairs Canada (GAC)

Business meetings can then be facilitated and if the financial service provider is satisfied then they will invite a credit application. And in the meantime, FAST can provide such help as coaching and then monitor the outcome. The AXiiS platform opens up access to what the company estimates to be at least US\$6bn in private investment capital ready to be invested in agriculture and forestry around the world. And it seeks out credit deals of between US\$50,000 to US\$800,000 in company seeding. The catalyst in the creation of AXiiS was the need to liberate the matchmaking process from the constraints of geography and time. 'Instead,' said Whiteman, 'It spreads it, it democratises it.' It scales up the quality and availability of SME finance and closes the financing gap. And that brings more quality sustainable products to market and grows the global economy. 'FAST started as an idea in 2008 and it has reached a mature stage where SMEs around the world can benefit from its access to finance services', indicated Noemi Perez, President & CEO of FAST.

We envision a world where sustainable production and access to finance are recognised as inherently linked, and finance is readily available to all producers.

Based on the information of SMEs, it is estimated that 91% of the registered SMEs.. that 91% of the registered SMEs on the AXiiS platform are increasing the number of permanent employees. In terms of sustainable practices, 56% are increasing land certifications and 22% are increasing their use of sustainable cultivation techniques. And on the environmental side, they estimate that 25% are reducing their energy use, 41% are increasing reforestation, 38% are improving their waste management while 28% are reducing greenhouse gas emissions.

FAST is also encouraging the idea of aggregated financing. Interest rates in micro-finance can be high. '37.5% over three years is not a sustainable way to run a business,' said Whiteman. But, for example, if there are 500 tomato farmers who don't all know each other but are selling to one buyer then FAST can organise a package which bundles the demand.

The future holds challenges. 'The world of impact investing is still new and growing,' said Whiteman. 'We are not always able to find the provider of the financial product we require,' he said. 'We have the ability to reach out to as many companies and investors as is necessary, but if the financial product doesn't exist, we can't do it.' And much work needs to be done on the ground as well. 'The typical farmer in

Tanzania can't afford a US\$50,000 loan,' said Whiteman. 'They are probably doing their accounts out of a shoebox. Sometimes they may not have an internet connection. We need to provide help and supplement it with training and good institutions. We need to share their practical problems via their local adviser.' FAST is also expanding the capacity to serve new markets. They would like to lower the minimum floor for loans. And they are expanding the languages into which their platform is translated from Spanish and English to French and Swahili. 'We envision,' said Whiteman, 'A world where sustainable production and access to finance are recognised as inherently linked, and finance is readily available to all producers.'



The FAST team at the launch event for Finance Connect, a new matchmaking service tailored to companies seeking financing over US\$800,000

What the judges said

The judges were impressed by FAST's recognition of a changing environment and by delivering a new tool to address this. In particular, the use of a digitised process to deliver outcomes was considered to be particularly courageous and forward-looking in the public sector. The judges were also impressed by the organisation's clear understanding of their strategic vision for the future and the careful choice of partnerships to be able to deliver their strategy.