



ISF

Argidius Foundation Food Systems  
Framework  
*Colombia Country Study*

April 2021

# Purpose and background of this document

- **In January-February 2021, ISF Advisors developed a food systems framework for the Argidius Foundation, to help it better understand food systems and use as a decision-making framework to decide if, where and how to engage with food system SMEs**
  - The food systems framework developed provides an overview of the definition, structure, stages and outcomes associated with food systems, the role and needs of SMEs within those systems, and the types of support available for those agri-SMEs
  - A public version of this food systems framework is available via the Argidius Foundation [website](#)
- **This document represents one of two country studies whose primary aim was to test the food systems framework in a particular context in order to validate the framework**
  - Two countries were selected for the country studies, Colombia and Uganda, representing two priority regions for Argidius Foundation (Latin America and East Africa) and representing countries in which Argidius Foundation has and has not yet had a significant presence (Uganda and Colombia, respectively)
  - While the primary purpose of the country studies was to test the framework, the insights from the country studies may provide value to external audience as well, which is why we have created public versions of both country studies
  - The Uganda country study can also be found on the Argidius Foundation [website](#)

# Content

## **The food sector in Colombia**

SMEs in the food system

Agri-SME needs

Agri-SME support ecosystem

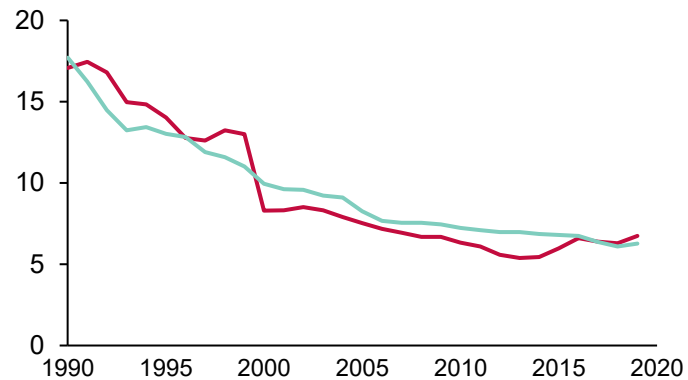
Annex

# **The food sector in Colombia:** Summary of key messages

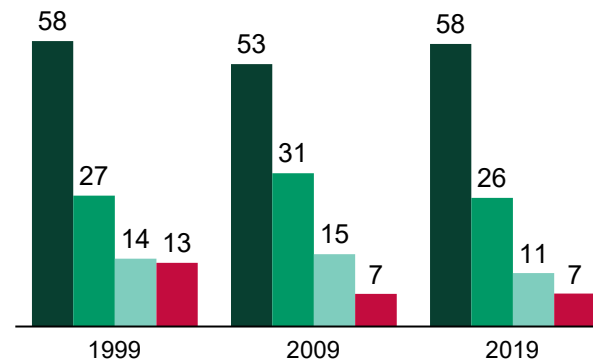
- **Food systems play an important role in Colombia**
  - Although both figures are declining, agriculture makes up approximately 7% of GDP and makes up 17% of employment
  - The importance of agriculture is higher in rural areas and for poorer segments of the population
  - High degrees and rates of urbanization and growing household consumption lead to lengthening and more complex food value chains and associated opportunities for agri-SMEs
- **Food systems activity is concentrated in the central region of Colombia, which is most populous, interconnected and stable**
  - While agriculture is also highly important in peripheral regions in Colombia, these are not well-connected to national and international food chains, and barely any agri-SMEs are located in these areas
- **Food systems activity differs according to the type of food value chain, of which we recognize four: domestic, export oriented, import dependent, and mixed**
  - Implications for agri-SMEs are at the length of these food value chains as well as the proportion of value added in the midstream and downstream segments differ significantly
- **Looking at overall food system maturity, we identify two main (parts of) food value chains relevant for agri-SMEs**
  - For food value chains with a significant presence of smallholder farmers, farmer cooperatives operating as agri-SMEs play significant role in aggregation, trading and marketing, and in some cases input provision and even exports
  - A number of processed food categories are growing relatively fast and have a significant presence of processing agri-SMEs, although in many cases most or all raw commodities are imported

# The food and agriculture sector is a major employer in Colombia despite being the smallest in terms of GDP contribution

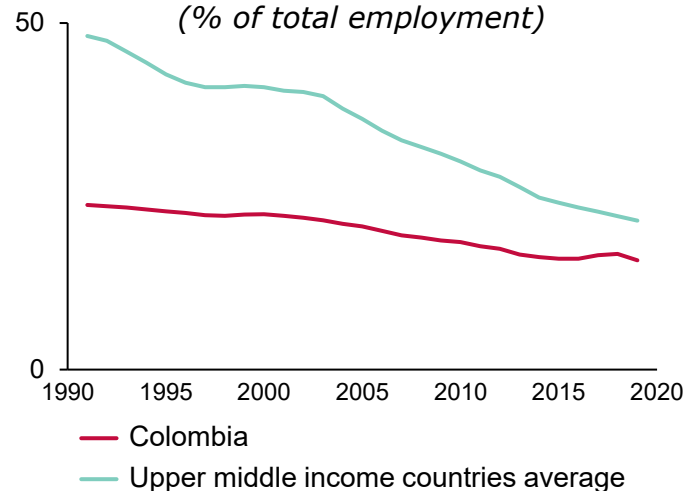
**Ag & fisheries contribution to GDP<sup>1</sup>**  
(value as % of GDP)



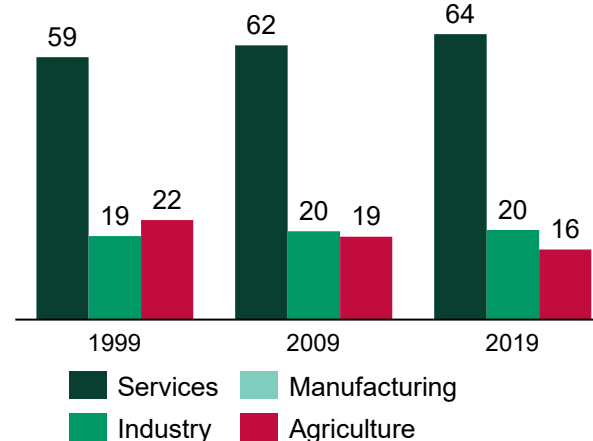
**Ag & fisheries contribution to GDP, comparison to other sectors<sup>1</sup>**  
(as % of GDP)



**Employment in ag & fisheries<sup>1</sup>**  
(% of total employment)



**Employment in ag & fisheries, comparison to other sectors<sup>1</sup>**  
(% of total employment)



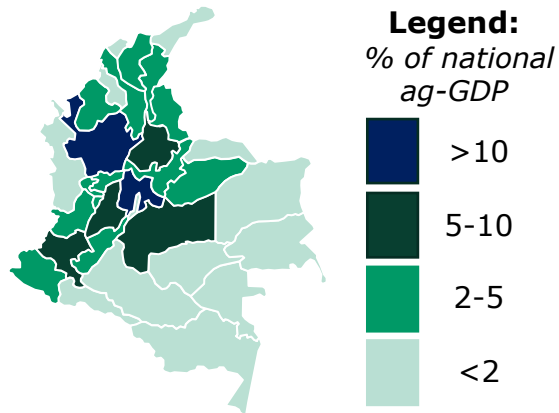
## Discussion

- Colombian **GDP** is expected to grow between **3% and 4.4%** annually for the coming years, with similar growth rates for private consumption
- The agriculture sector has **steadily declined** in terms of its contribution to GDP, largely in line with trends in other middle-income countries that have transitioned to service-based economies
  - Agriculture has been displaced by growth in the services sector, which includes mid- and downstream food value chain activities (not disaggregated from total GDP figures)
  - For 2019, **5% of industrial GDP was in the processed foods sector<sup>2</sup>**
- Agriculture remains a **major employer**, mainly in **rural Colombia** where employment opportunities are scarce
  - While equally as many people work in the industry sector as do in agriculture, GDP output on a per employee basis is higher in industry reflecting lower value add and capital intensity of agriculture. The lack of rural employment opportunities leads to low real rural wages, disincentivizing productivity-enhancing investments in agriculture

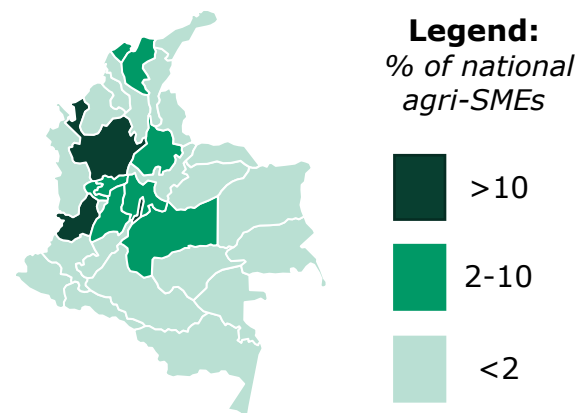
Notes: Agricultural GDP accounts for upstream farming activities only (i.e., excludes mid- and downstream food system activities). Employment estimations do not distinguish between industry and manufacturing according to ILO calculation methodologies  
Sources: 1. World Bank, 2021; 2. Colombia Productiva, 2019; ISF analysis

# Agricultural activity and value-add is concentrated in the central region, reflecting stability, population and better connectivity

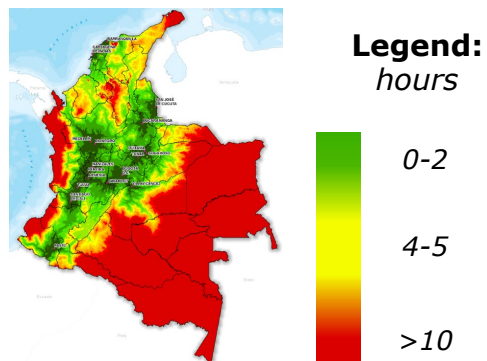
Contribution to agricultural GDP<sup>1</sup>



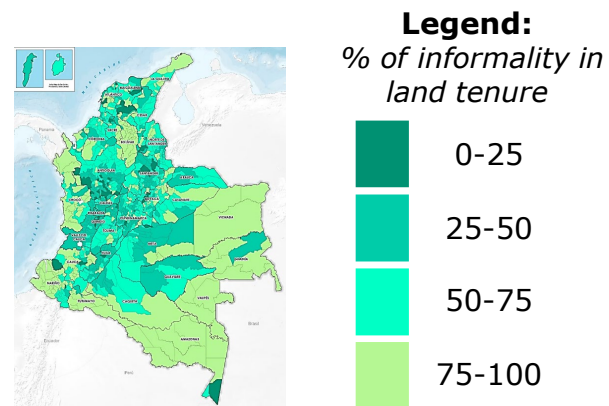
Presence of agri-SMEs<sup>2</sup>



Distance from urban centers<sup>3</sup>



Informality in land tenure<sup>4</sup>



## Discussion

- Colombia can be largely divided into two economic macro-regions encompassing several departments in Colombia, a central and a peripheral region
  - The **central region** runs along the Andes mountain range, and is the **most populous, interconnected and stable**
  - Peripheral Colombia** tends to be **sparsely populated** and **disconnected** from the main infrastructure networks in the country
- Most economic activity along food value chains occurs in the central region suggesting a strong **correlation between a strong enabling environment, urbanization and the value and volume of food-related economic activity**
- Rural municipalities within the central region** tend to be highly dependent on agriculture for **employment** and benefit from proximity to urban areas and a stronger enabling environment
  - While the **periphery is mostly disconnected from national food value chains**, subsistence agriculture remains the most important source of livelihoods

Notes: Agricultural GDP accounts for upstream farming activities only (i.e., excludes mid- and downstream food system activities)

Sources: 1. DANE, 2019; 2. SuperSociedades, 2020; 3. Ministerio de Agricultura, 2018; 4. UPRA, 2017; ISF analysis

# Upstream food value chains face various structural challenges, largely stemming from an ongoing armed conflict

Challenges	Description
Low levels of economic growth <sup>2</sup>	<ul style="list-style-type: none"> <li>From 2005 to 2019, national GDP increased by 3.9% on average, compared to 2.7% in rural areas. Additionally, disproportionate urban-rural migration by youth has increased the average age of rural smallholders to 50</li> </ul>
Informality and concentration in land ownership	<ul style="list-style-type: none"> <li>Rural land ownership is highly concentrated in Colombia, with smallholders making up 72% of farms, but only 2% of total land. Many smallholders do not enjoy formal land ownership. Land consolidation is a direct consequence of the armed conflict driving rural families away from their lands*</li> </ul>
Poverty	<ul style="list-style-type: none"> <li>Unemployment is not an issue in rural areas, rather the low quality of available employment (low pay and seasonal variation) is a major challenge. This has led to multidimensional poverty levels being 40% in rural areas compared to 14% in urban areas</li> </ul>
Deficient health service provision	<ul style="list-style-type: none"> <li>Health indicators such as infant mortality and percentage of households with barriers to access to healthcare are 60% and 10% worse in rural versus urban areas respectively</li> </ul>
Education	<ul style="list-style-type: none"> <li>The <i>low academic achievement</i>** indicator is 110% higher in rural versus urban areas, evidencing the profound educational gap between urban and rural Colombia</li> </ul>
Lack of quality housing	<ul style="list-style-type: none"> <li>10% of rural households do not have access to electricity, while 50% are not connected to municipal aqueducts</li> </ul>

## Discussion

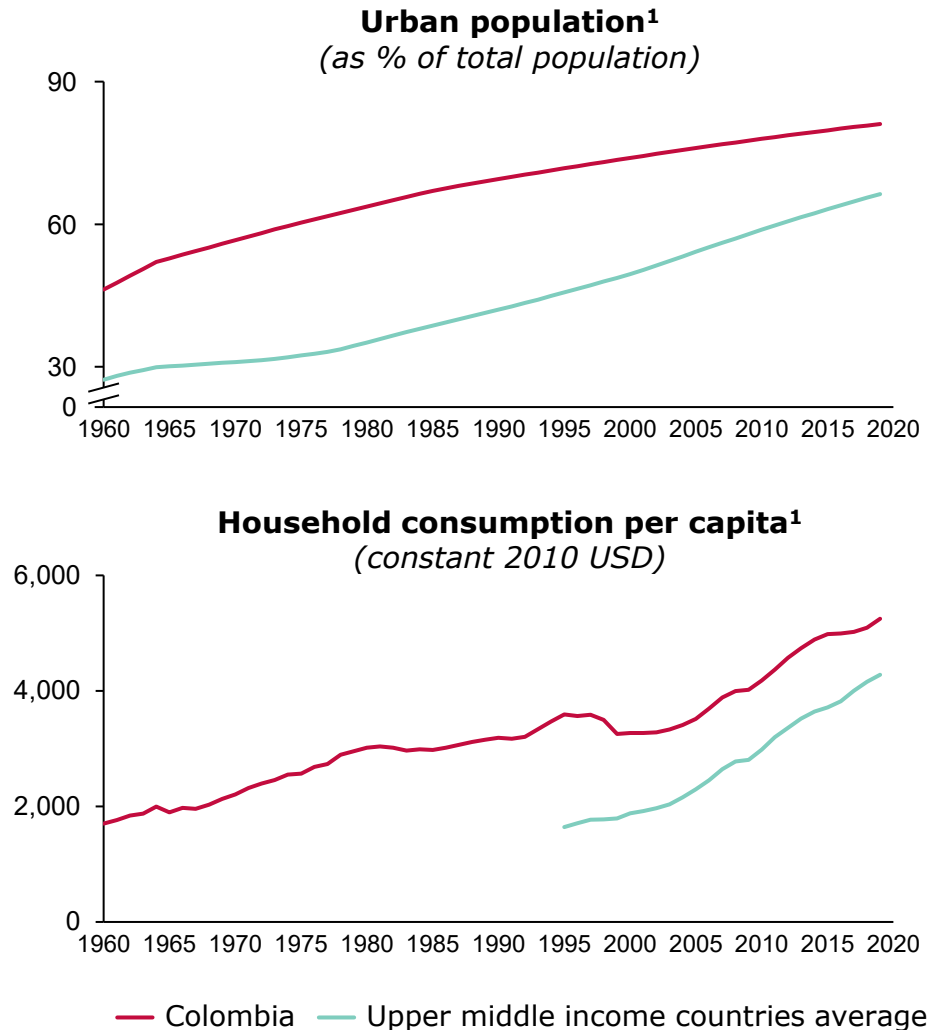
- Colombia has been afflicted by an **armed conflict lasting almost 60 years**, the longest in the Western hemisphere
  - Most of the conflict has developed around the country's **rural areas**, with cities being largely shielded from violence
  - This has led to relatively **high levels of urbanization**, with rural peoples migrating and/or being forcibly displaced to urban areas seeking refuge from conflict and better economic opportunities
- While Colombia is categorized as an **upper middle-income country** with the likes of Mexico, Brazil, Peru, South Africa and Turkey, **levels of rural development in Colombia are comparatively lacking** in both social and economic terms
- This is largely explained by most of the country's recent **economic development taking place in urban areas** away from conflict-prone rural spaces
- Large agroindustrial operations are better able than SMEs to bridge infrastructure gaps and tend to enjoy high levels of agricultural productivity, although they still face instability resulting from conflict

Notes: \* Figures on land usage are somewhat misleading as land used for livestock (generally very large plots) is also considered agricultural land

\*\* *Low academic achievement* is an indicator that measures the percentage of households where the average years of schooling for adults above 15 years of age is equal or below to 9 years.

Sources: Universidad de la Salle, 2019; Ministry of Agriculture, 2018; ISF analysis

# Urbanization and household consumption create opportunities for SMEs to emerge and compete as part of maturing food systems



Notes: No aggregate data for household consumption available for upper middle income countries prior to 1995  
Sources: World Bank Indicators, 2021; ISF analysis

## Discussion

- Colombia has had a **high rate of urbanization** in past decades and is a highly urbanized country, more so than other upper middle income countries
  - This phenomenon of high urbanization has been caused in part by the rural armed conflict that has displaced millions of people towards Colombia's urban centers where **economic opportunities and lower levels of conflict** present better opportunities
- Consumer trends in Colombia have been significantly altered by urbanization and a **steep decrease in multidimensional poverty dropping from 30% in 2010 to 18% in 2016<sup>1</sup>**
  - Since the late 1970s, Colombia has shifted to become a highly urbanized country with a growing middle class seeking to consume ever increasing amounts of processed foods, animal protein, imported foods and specialized niche food products
- These changes in the Colombian economic structure have created an attractive environment for SMEs by creating a **highly concentrated urban demand, lengthening and more sophisticated food value chains**
  - All of these are typical characteristics of transitioning food systems, in which opportunities emerge for SMEs in the midstream as an increasing proportion of value is created further downstream from farming



# The length, size and complexity of food value chains differ by their relation with trade and their processing opportunities and needs

## Food value chain categorization

### Relation with trade

#### Domestic

The entirety of the value chain from the upstream to the downstream is contained within an economy

#### Export-oriented

Where upstream and/or midstream activities are mainly oriented towards exporting a food product

#### Import-oriented

Food products where no significant upstream production is taking place and where local demand is met through imports

#### Mixed

Refers to food products where there is an almost even split mix of imported, exported and domestic food products

### Processing

#### Unprocessed

Food products that require no significant processing and are consumed in their raw state (e.g. potatoes)

#### Light processing

Refers to food products that undergo processing to be refined/transformed to be fit for consumption (e.g. oil and coffee)

#### Heavy processing

Food products that require the mixing of inputs to create processed foods (e.g. cookies and sausages)

## Discussion

- Food value chains tend to vary in complexity depending on where specific food products exist along two dimensions, their **relation with international food value chains** and a product's **processing needs**
- SMEs are best positioned to play a significant role in food value chains where **significant added value** can be created and can be done by small and medium-sized (rather than large consolidated) enterprises
  - For export oriented products with light processing needs, large businesses tend to dominate due to the economies of scale they enjoy
  - On the other hand, food products with mixed and domestic value chains, especially those with opportunities for processing, offer opportunities for SMEs to prosper in a product niche such as in the case of premium chocolate

Page 12 provides an overview of selected FVCs, profiles of remaining FVCs in the annex

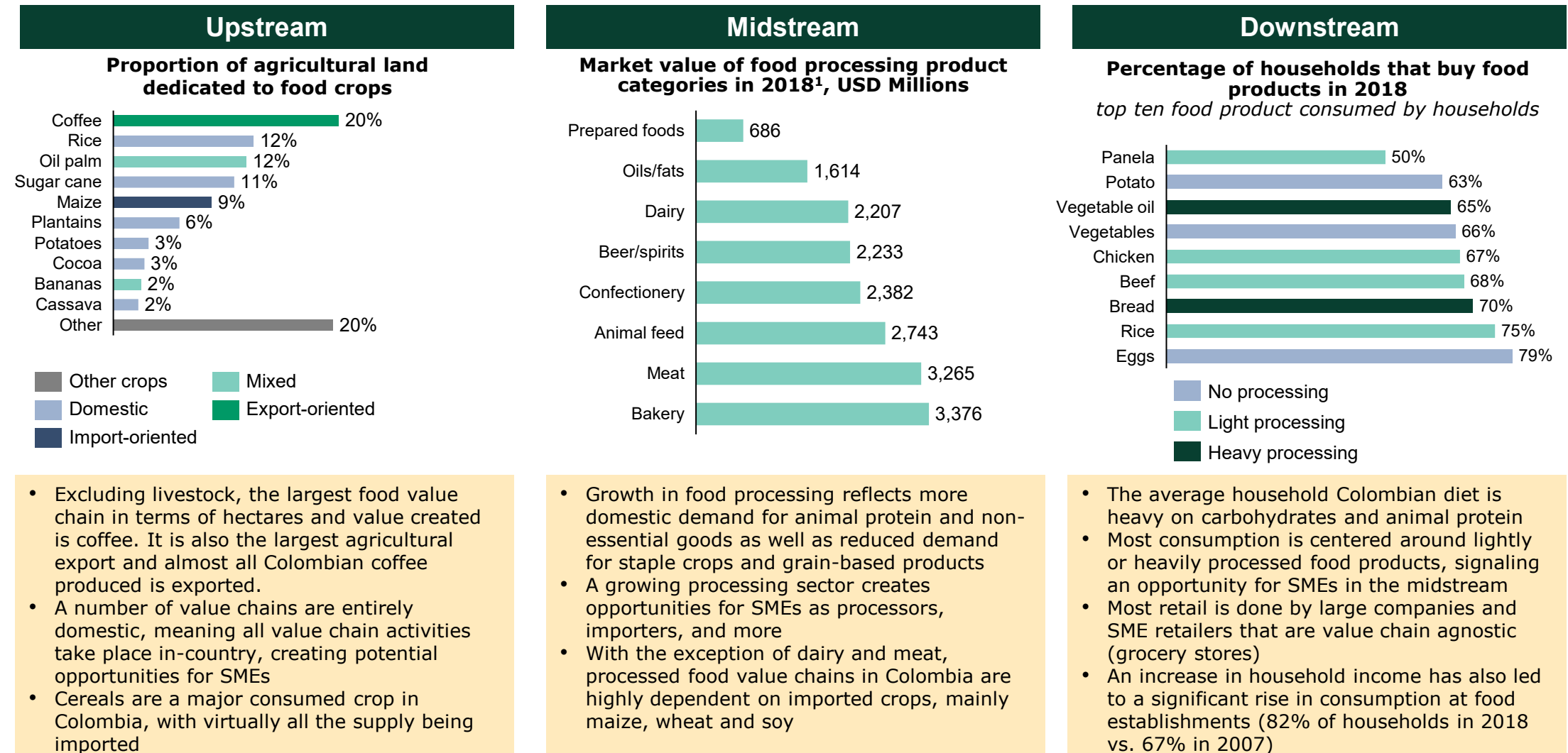
# We have identified the ten most important food value chains in Colombia

Value chain	Reasons for analysis
Coffee	<ul style="list-style-type: none"><li>61% of total agricultural land in Colombia is dedicated to the cultivation of these crops</li><li>The remaining 39% is dedicated to crops holding 3% or less of agricultural land each</li><li>Additionally, for coffee, palm oil and bananas, they are the three largest ag-food exports representing around 7.5% of total export value</li><li>Sugar cane accounts for 11% of agricultural land usage, while panela, a sugar by-product, is the 10<sup>th</sup> most consumed household food item in Colombia</li></ul>
Rice	
Palm oil	
Bananas	
Sugar cane	
Grains	<ul style="list-style-type: none"><li>High consumption of bread and vegetable oils is heavily reliant on imports of grains and soy beans</li></ul>
Soy	
Processed foods	<ul style="list-style-type: none"><li>Processed foods and the meats and dairy value chains are the largest in the processing stage accounting for more than 80% of local production</li><li>These value chains represent half of the top ten most consumed food items in Colombia</li></ul>
Meats and dairy	
Tubers	

Mapping of prioritized value chains				
		Processing		
		No processing	Light processing	Heavy processing
Relation with trade	Domestic	Tubers	Rice	Meats and dairy
			Sugar cane	
	Export oriented		Coffee	
	Import oriented		Soy	
	Mixed	Bananas	Grains	Processed foods
			Palm oil	

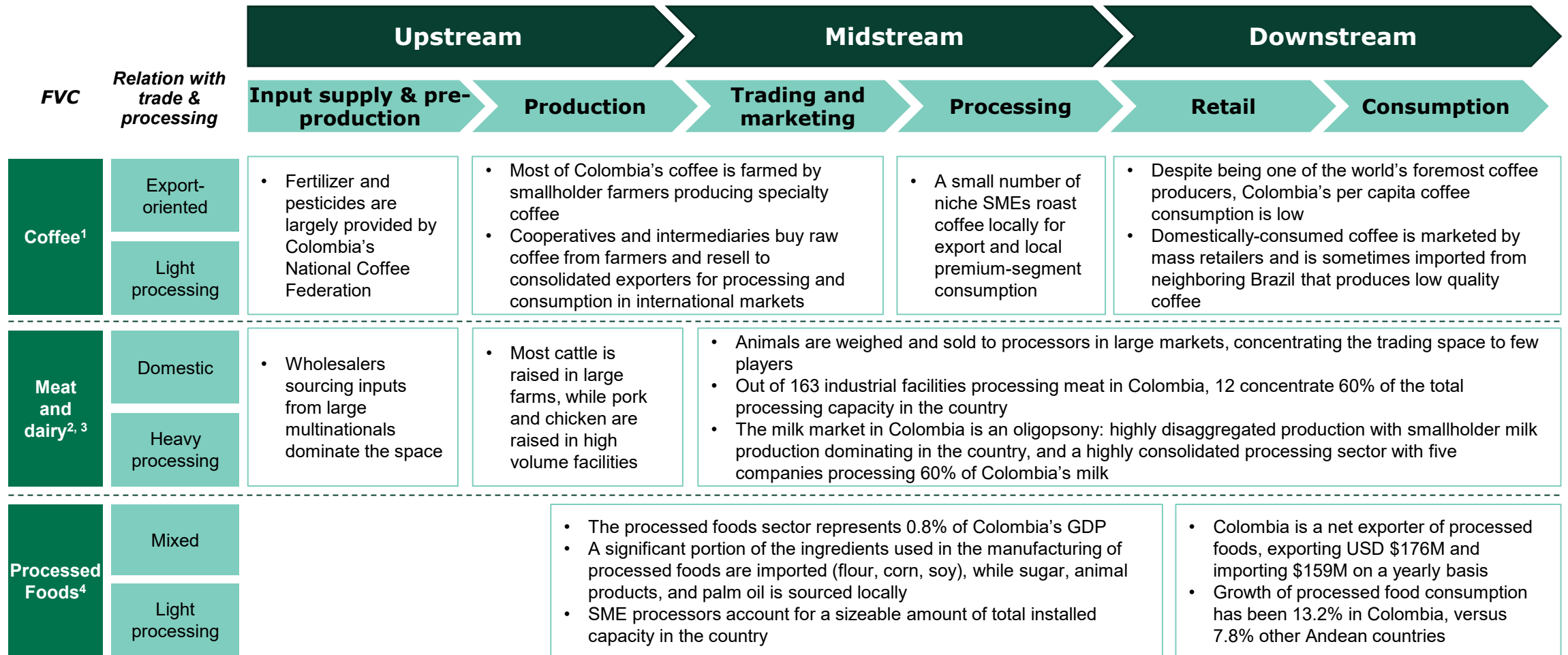
Notes: Agricultural land utilization rates excludes land used to raise livestock. Grains includes wheat, corn and by-products of these crops  
Sources: ISF Analysis

# These have been selected as contributing most to up-, mid- and/or downstream segments of food systems



Sources: FAOStat, 2021; DANE ENPH, 2019; DANE-EAM, 2020; ISF Analysis

# The role of agri-SMEs differs per food value chain and per value chain stage, as shown by three illustrative examples



Source: 1. Parente-Laverde, 2020; 2. Ministry of Agriculture, 2019; 3. Universidad Libre de Pereira, 2017; 4. Colombia Productiva, 2019; ISF analysis

Literature defines food value chains as broadly falling into three main stages; these can be at different stages within one FVC

**TABLE 12.1** Synthesis of features of the food economy for different stages of food value chains (FVC)

Characteristics of the food economy	Traditional FVC	Transitional FVC	Modern FVC
Urban share in food market	Low	Medium	High
Share of grains and staples	High	Medium	Low
Seasonality	High	Medium	Low
Food service sector	Small	Modest	Large
Reach FVC	Local	National	Global
Product cycle	Local niche	National commodity	Differentiated product

Source: Authors.

**TABLE 12.2** Synthesis of features of structure and conduct for different stages of food value chain (FVC) transformation

Characteristics of structure and conduct	Traditional FVC	Transitional FVC	Modern FVC
<b>Structure</b>			
Spatial length FVC	Short	Long	Long
Intermediation length FVC	Short	Long	Short
Value-addition	Low	Medium	Large
Concentration	Moderate	Low (parastatals; large number of small and medium-sized enterprises)	High (private large-scale food industry firms)
<b>Conduct</b>			
Quality differentiation	Low	Low	High
Quality and safety standards	Few	Public	Private
Technologies	Labor-intensive	Labor-intensive	Capital-intensive
Contracts	Spot markets only	Spot markets dominate; emergence of contracts	Spot markets small; contracts dominate

## Discussion

- Different parts of the same FVC can be in different stages of maturity. For instance, especially for export-oriented cash crops, highly fragmented production (and prevalence of SHFs) often co-exists with highly concentrated mid- and downstream markets
- Drivers of transition through the stages include urbanization and diet change downstream ('pull'); evolution in the systems and business models in the mid-stream or intermediating stage; and transformation of production systems at the upstream (such as intensification, diversification, etc.)

Source: Reardon, Thomas and Bart Minten, (2021), "Food Value Chain Transformation in Developing Regions," Agricultural Development: New Perspectives in a Changing World. Keijiro Otsuka and Shenggen Fan, IFPRI ; ISF analysis

# Content

The food sector in Colombia

**SMEs in the food system**

Agri-SME needs

Agri-SME support ecosystem

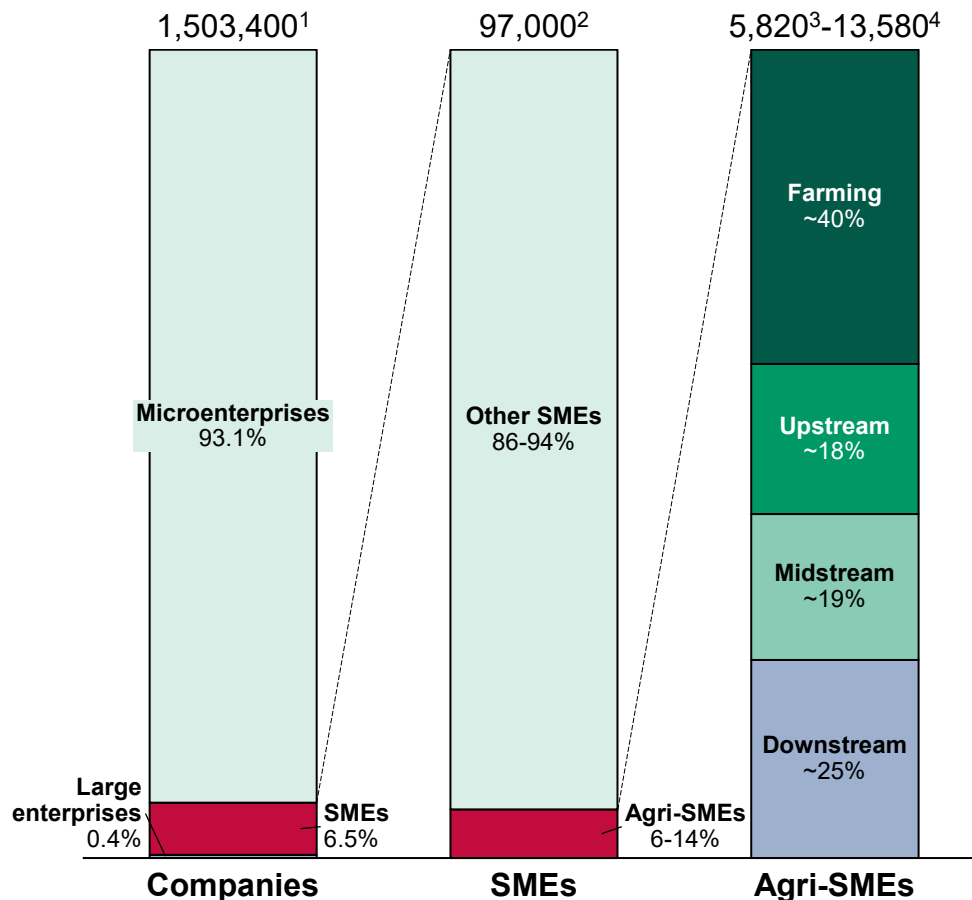
Annex

## **SMEs in the food system:** Summary of key messages

- **MSMEs play a major role in Colombia, however the vast majority are micro-enterprises**
  - Across all industries, MSMEs make up over 99% of over 1.5 million companies in Colombia, contributing 40% of GDP and 67% of employment
  - The vast majority of companies (93%) are micro-enterprises, small and often informal enterprises, with unique and distinct challenges and needs
- **Agri-SMEs make up a relatively small proportion of companies in Colombia, and are mainly active in farming and midstream activities**
  - Agri-SMEs are mainly present in the upstream part of value chains, and for certain value chains (tubers, rice, grains, bananas), the only agri-SMEs identified are active in farming
  - A significant number of agri-SMEs are also present across a variety of processed goods
  - Finally, there are a large number of SME food retailers (downstream) and input providers (upstream) not focused on a particular food value chain
- **From six main categories of most prevalent agri-SMEs in Colombia, we identify cooperatives, traders, and food processors as most relevant for potential impact on unemployment and poverty reduction**
  - These types of agri-SMEs provide the greatest impact potential unemployment and poverty reduction at the largest scale

There are approximately 108k SMEs in Colombia, of which 6.5k are agri-SMEs present throughout all stages of food value chains

**Distribution of firms in Colombia by categories, 2019**



## DISCUSSION

- MSMEs are key players in the Colombian economy representing **99.6% of firms**, generating about **67% of employment** and approximately **40% of GDP**<sup>1</sup>
- SMEs make up **83% of exporting companies**, likely driven by the fact that micro-enterprises are highly unlikely to export<sup>5</sup>
  - However, SMEs represent only **5% of total export value**, as a small number of large enterprises dominate the space, mainly in lower value-added product categories that enjoy the benefits of economies of scale such as minerals and certain agricultural commodities (e.g., coal and coffee)
- The proportion of agri-SMEs is between 6 and 14%** depending on the consulted sources
  - Interviews suggest the amount of farming SMEs may be even higher than 40%, as many farming companies are not formally registered and therefore not accounted for in official statistics

## What is considered an SME in Colombia?

Enterprise size <sup>6</sup>	# of employees	Total asset value (# of MLMS)
Microenterprises	<10	<500
Small enterprises	11 to 50	>501; <5,000
Medium enterprises	51 to 200	>5,001; <30,000
Large enterprises	>200	>30,000

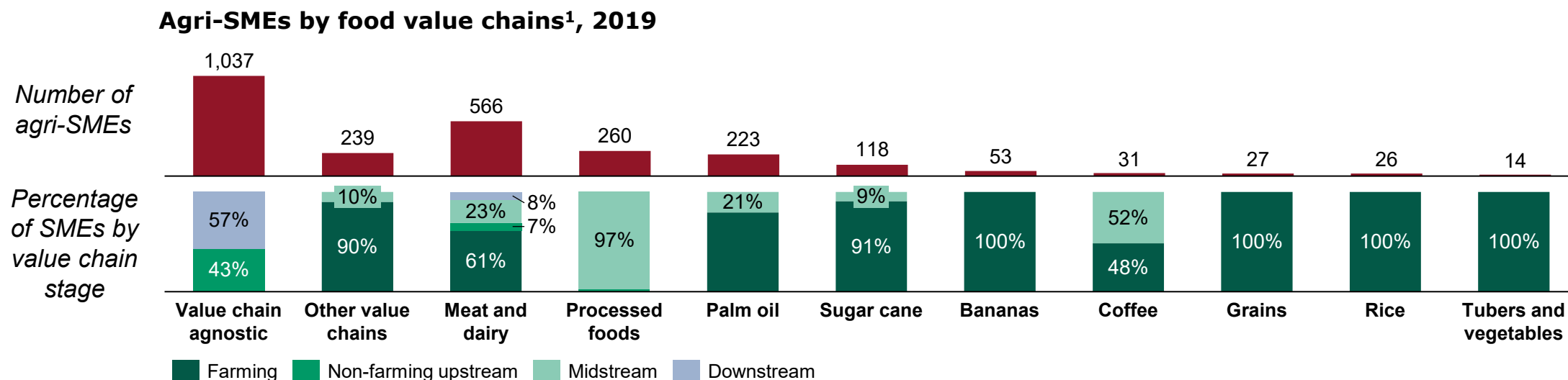
Notes: The MLMS (Minimum Legal Monthly Salary) is a unit of measurement used by the Colombian government to measure the asset value of SMEs.

Each MLMS is roughly equivalent to USD \$254, and company asset value is expressed in terms of number of MLMS

Sources: 1. Revista Coyuntura PyME, 2020; 2. Cuervo, 2018; 3. ISF analysis/calculations based on extrapolation of number of SMEs by stage a obtained from the Superintendencia de Sociedades for SMEs in 2019 – See annex for details; 4. ISF Interviews; 5. Silva, 2017; 6. OECD, 2020 ; ISF analysis



# Agri-SMEs play a narrow set of roles within different stages of food value chains



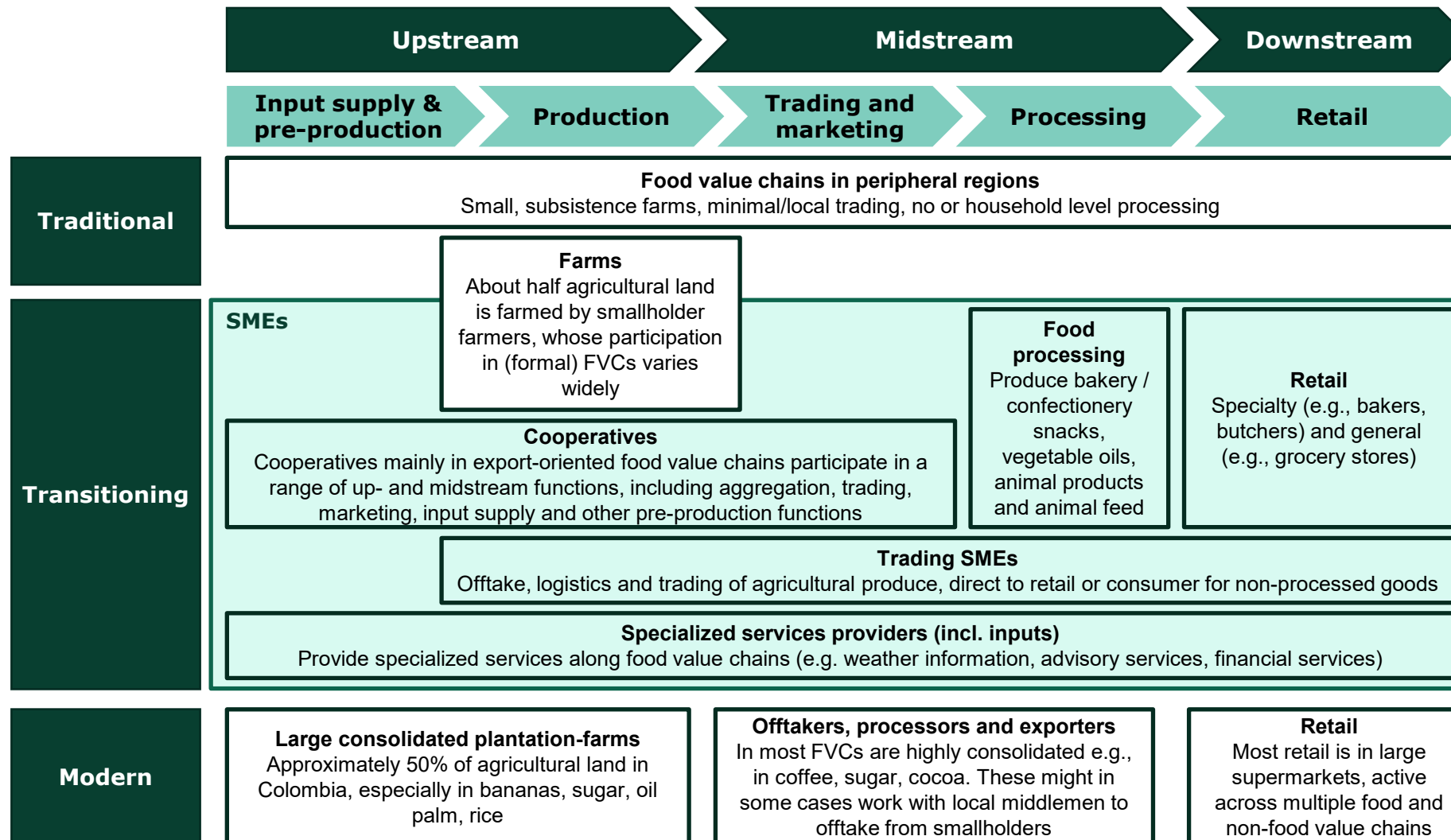
## Discussion

- **Farming:** 40% of agri-SMEs are small & medium sized farms larger than 5 ha. These tend to be concentrated in food value chains where the upstream is disaggregated (coffee, tubers, vegetables and fruits) and where the midstream is dominated by consolidated offtakers
- **Non-farming upstream:** Some SMEs provide agri-inputs, services and sell machinery to small and medium-sized farming operations, all of which are generally value chain agnostic activities – i.e., the SME provides inputs across a range of value chains rather than focusing on a specific value chain. A number of SMEs operate providing specialized services for the meat and dairy value chains, such as veterinary services and bovine semen sale
- **Midstream:** SMEs tend to exist as either cooperatives that act as intermediaries offtaking directly from farmers, or as processors focusing on products with processing needs such as coffee and bread. In some cases, cooperatives extend upwards towards provision (or facilitation) of agri-inputs and other pre-production goods and services. Many SMEs engage in food processing, such as coffee exporters, sugar refiners and vegetable oil processors
- **Downstream:** 25% of all agri-SMEs operate in the downstream as small or medium-sized retailers that tend to be value chain agnostic, as they aggregate and sell products from across multiple value chains. In some cases, retail SMEs sell specialized products such as meat derivatives (butcher shops) and bread (bakeries)

Notes: 1. Reflects only details for 2.5k agri-SMEs included in the Superintendencia de Sociedades representing between 43% and 18.5% of the total formally-registered agri-SMEs in Colombia. Refer to the annex for methodological details and definitions of value chains

Sources: 1. ISF analysis based on SME data obtained from the Superintendencia de Sociedades for SMEs in 2019

# SMEs are located in the segments that fall under the transitioning stages of food value chains



## Discussion

- The particular **challenges and needs** agri-SMEs in Colombia face vary significantly across these 6 main categories
  - As a result, a strategy of supporting agri-SMEs will differ depending on **which type(s) of agri-SME to support**
  - Supporting multiple or all types will likely require a **broad range of interventions** to cater to different needs, challenges and dynamics
- On the following pages, we evaluate these SME types by their potential **impact on poverty alleviation and employment generation, and scale**

This scoring exercise focuses further analysis on those SME segments that supporting will have the highest impact across key categories


Evaluation Category	Purpose of evaluation	Scoring rationale	Discussion
Employment	<ul style="list-style-type: none"> <li>Evaluates <b>the direct impact of supporting</b> the specific agri-SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Number of people that are currently or (crucially) could be employed in the future by this kind of agri-SME</li> <li>Particular emphasis on generating employment of vulnerable population sub-segments</li> </ul>	<ul style="list-style-type: none"> <li>While valuable to contextualize the different segments of SMEs across Uganda, <b>this evaluation is not meant to be a comprehensive scoring of all SME segments</b></li> <li>Rather, the scoring system <b>provides a rationale and framework</b> for narrowing focus onto a <b>few key segments in order to understand potential impact across a few key categories</b></li> <li>Each category of evaluation <b>measures the support for agri-SME segments at varying levels</b>, from the <b>direct impact of support</b> (employment) to the <b>macro level of support</b> implied by the scale of SMEs</li> </ul>
Poverty reduction	<ul style="list-style-type: none"> <li>Evaluates how support of agri-SMEs <b>indirectly improves the broader system</b></li> </ul>	<ul style="list-style-type: none"> <li>Degree to which agri-SMEs contribute to poverty reduction, through indirect actions such as connecting farmers to markets and improving food security by expanding and making more efficient FVCs</li> <li>Particular emphasis on reducing poverty of vulnerable population sub-segments</li> </ul>	
Prevalence of SMEs	<ul style="list-style-type: none"> <li>Measures <b>the potential macro-level impact</b>, as low prevalence rate could lead to low overall impact even if individual agri-SMEs have high employment and poverty reduction impact potential</li> </ul>	<ul style="list-style-type: none"> <li>Prevalence of type of agri-SME and likelihood for this presence to grow</li> </ul>	

# Agri-SMEs in Colombia vary in terms of their impact potential

		Employment*	Poverty reduction*	Scale
Recommended Target SMEs	Cooperatives	Low Employment growth is not the main mission of coops	High Main mandate is to improve farmer access to markets, and hence incomes	High Plentiful cooperatives but tend to be small (20-40 farmers)
	Traders	High Creates jobs in both rural and urban areas	High Potential to create fast growing companies, important role in productivity, creates formal jobs	Low Only a handful of trading SMEs exist in Colombia
	Food processors**	High Reliant on well-paid labor, being a good source of quality employment	High Increases value-add in-country; satisfies food demand; impacts urban poverty	Low Roughly represent 18% of total agri-SMEs
	Farms	Low Can create more formal employment than smaller family farms	Low Unlikely to raise rural wages, may decrease labor intensity of farming	High 20% of Colombia's agricultural land is farmed by SME farms
	Retailers	Low Business is largely driven by physical assets, not labor	Low Can improve market efficiency especially in urban areas	High Approximately 25% of all agri-SMEs are retailers
	Specialized services providers	Low Can create new jobs; labor intensity depends on business model	High Effective models can increase yields and income for farmers and create new industries	Low 18% of agri-SMEs, though limited market demand and growth

## DISCUSSION

- Focusing on supporting cooperatives, trading SMEs and food processors could have the most impact across these categories
  - Coops are plentiful and support the most fragmented, upstream part of FVCs, directly and indirectly improving rural livelihoods
  - Traders and food processors make up what is often termed the "hidden middle" of food systems
- Organizations like Acumen support farmer organizations to co-invest in midstream companies, as a hybrid between coops and traders/food processors

**Legend: level of potential impact**  
 Low  High

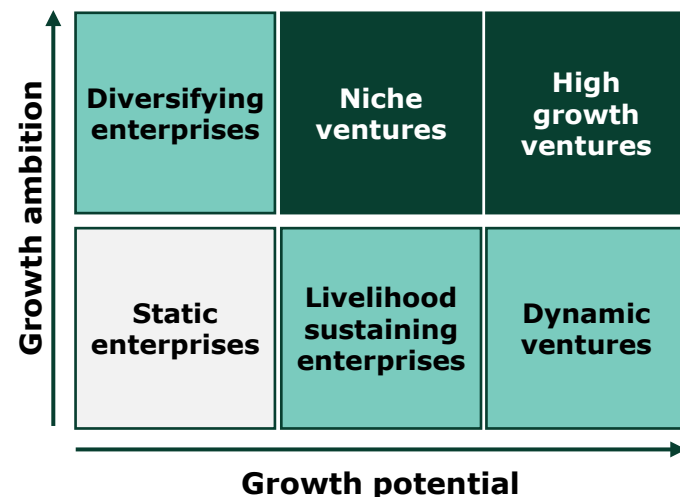
Notes: Notes: \* Scoring on employment and poverty reduction potential is complicated. While urban unemployment may be higher than rural employment, the quality and security of employment is generally higher. In the Uganda country study, more explicit scoring metrics and justifications were included

\*\* For the purposes of this analysis, meat and dairy are included within the *food processors* category

Source: ISF analysis

# SMEs can fall into a number of segments of agri-SME types that vary depending on their growth potential and ambition

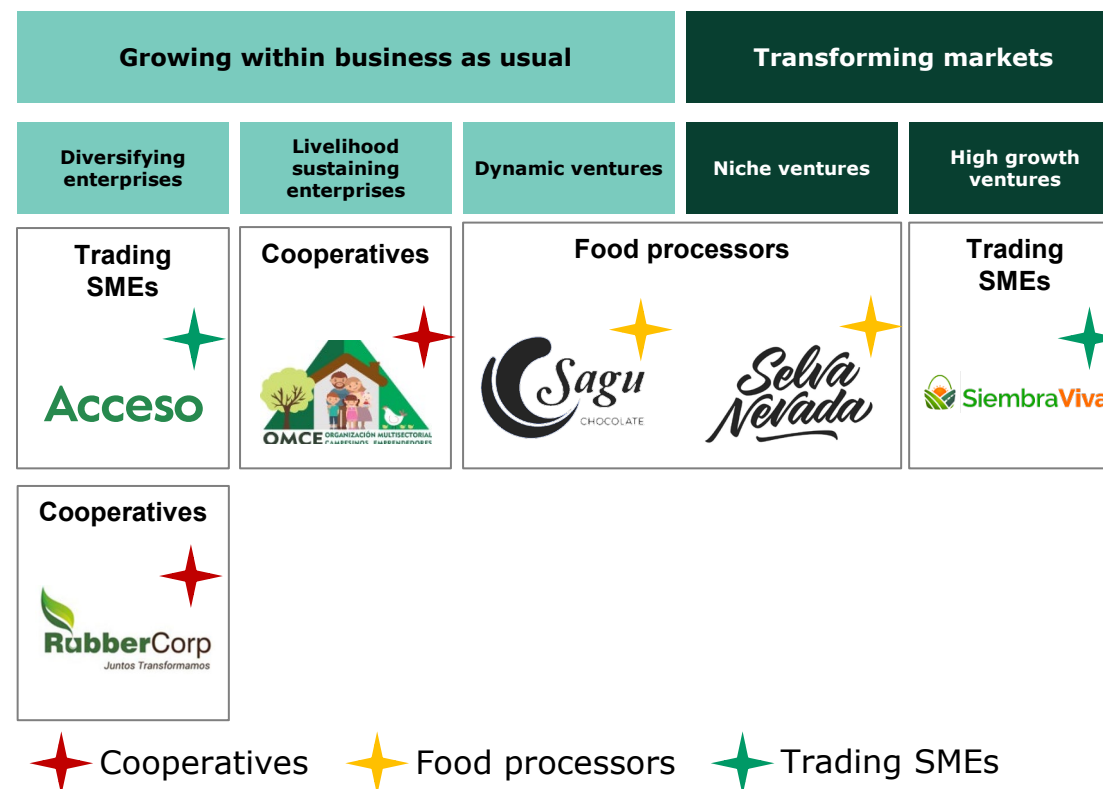
## Types of agri-SMEs



### Legend




Growing within business as usual

Transforming markets






We provide an overview of illustrative SMEs, two from each of the three prioritized agri-SME categories, to provide an indication of their impact potential, support needs. While not exhaustive, we believe these profiles are generally representative of the broader segments




# The highest impact organizations are those that interact directly or in close proximity to smallholder farmers (1/2)

		Company name	Value chains active	Business model	Impact potential	Support needs
Growing within business as usual	Dynamic ventures		<ul style="list-style-type: none"> <li>Raw and semi-processed cacao</li> </ul>	<ul style="list-style-type: none"> <li>Buys raw cacao directly from farmers and coops to then process into own-brand premium chocolate</li> <li>Offers manufacturing services for private third-party labels</li> </ul>	<ul style="list-style-type: none"> <li>Sources from areas where cacao has been planted as a replacement crop for illicit coca leaf plantations</li> </ul>	<ul style="list-style-type: none"> <li>Governance and financial structuring support to conduct a primary equity raise</li> </ul>
	Livelihood sustaining enterprises		<ul style="list-style-type: none"> <li>Premium coffee from the municipality of Tamesis in Antioquia</li> </ul>	<ul style="list-style-type: none"> <li>Farmer association buys raw coffee from members. The organization washes raw coffee and sells to local offtakers</li> </ul>	<ul style="list-style-type: none"> <li>OMCE has 133 members out of which 60 are coffee smallholder farmers in a region affected by armed conflict</li> </ul>	<ul style="list-style-type: none"> <li>Access to buyer networks and management support to be able to streamline buying and selling processes</li> </ul>
	Diversifying enterprises		<ul style="list-style-type: none"> <li>Rubber in the departments of Cordoba, Antioquia and Cauca</li> </ul>	<ul style="list-style-type: none"> <li>Owned by farmer associations</li> <li>In the business of offtaking from smallholder rubber farmers to then sell to large processors</li> </ul>	<ul style="list-style-type: none"> <li>Its proximity to farmers provides a high impact potential by increasing farmer income sharing profits from value added activities</li> </ul>	<ul style="list-style-type: none"> <li>Technical support to bring a processing plant online</li> <li>Financing to enable the company to finish the construction of the processing plant and to market refined rubber</li> </ul>




Source: ISF analysis

 Cooperatives
  Food processors
  Trading SMEs

# Transforming market business models tend to be scarce but highly likely to have a sizeable and systemic effect on farmers (2/2)

		Company name	Value chains active	Business model	Impact potential	Support needs
Growing w. business as usual	Diversifying enterprises		<ul style="list-style-type: none"> <li>Fruits, vegetables and fish</li> </ul>	<ul style="list-style-type: none"> <li>Sources fruits, vegetables and fish directly from producers</li> <li>Processes and packages products that are sold directly to retailers</li> </ul>	<ul style="list-style-type: none"> <li>By eliminating middlemen, increases the income of farmers in areas where conflict has made it difficult for formal agricultural markets to develop</li> </ul>	<ul style="list-style-type: none"> <li>Financing to expand into new areas</li> </ul>
	High growth ventures		<ul style="list-style-type: none"> <li>Fruits and vegetables</li> </ul>	<ul style="list-style-type: none"> <li>Through the use of an online platform, connects smallholders with buyers in the city of Medellin</li> <li>Buys from farmers at above-market prices and resells to consumers</li> </ul>	<ul style="list-style-type: none"> <li>Siembra Viva guarantees farmers a constant demand as well as better pricing, decreasing income volatility for farmers</li> </ul>	<ul style="list-style-type: none"> <li>Financing to expand operational capacity, as well as reach in farmer communities</li> </ul>
Transforming markets	Niche ventures		<ul style="list-style-type: none"> <li>Tropical fruits</li> <li>Frozen exotic fruit-based processed products (ice cream, smoothies, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Sources tropic fruit from Colombian SHFs</li> <li>Processes into frozen products, sells these to domestic retailers</li> </ul>	<ul style="list-style-type: none"> <li>Sources from post-conflict areas, supporting rural development</li> <li>Seeks to be part of / create a niche domestic market, tapping into urban and more affluent markets</li> </ul>	<ul style="list-style-type: none"> <li>Financing to expand operations and processing capacity</li> </ul>

Source: ISF analysis

 Cooperatives
  Food processors
  Trading SMEs

# Content

The food sector in Colombia

SMEs in the food system

**Agri-SME needs**

Agri-SME support ecosystem

Annex



# Summary of key messages

- **In general, agri-SMEs in Colombia face challenges similar to agri-SMEs globally, across all five of the major areas used in recent SAFIN research**
  - Agri-SMEs struggle with access to finance, mainly due to small ticket sizes and insufficient capabilities
  - For growth-oriented agri-SMEs, access to qualified talent is often a challenge
  - Networking and matchmaking is important for SMEs to succeed, especially in often consolidated food systems, and in Colombia often face challenges with finding and engaging with potential partners and markets
  - Export markets are an attractive prospect for SMEs looking to capture more value, but lack of knowledge about markets and regulatory requirements hampers their ability to expand
- **The three specific types of agri-SMEs most relevant have a number of distinct needs, reflecting their unique positions in food value chains**
  - Cooperatives' main function is to improve farmers' access to markets, and key challenges to playing this role well are lack of access to finance and knowledge, and weak governance structures and trust in cooperatives
  - SME food processors require access to knowledge and talent to allow them to compete effectively and meet the requirements of larger and more mature (downstream) partners
  - Trading SMEs' needs depend on whether they work within a current market structure or seek to transform the way a market functions
- **Depending on the value chains, a number of agri-SME needs may be value-chain specific**

# We map agri-SME needs against five main categories

## Key enablers for agri-SME growth



# Agri-SMEs in Colombia in general face a range of challenges across these five categories

Area	Challenges	Support needs
<b>Access to finance</b>	<ul style="list-style-type: none"> <li>• Project ticket sizes tend to be too small for credit lines provided by commercial banks and for investors</li> <li>• SMEs have weak administrative, financial and operational capacities that banks and investors judge as being too risky or unbankable</li> <li>• Government programs aimed at unlocking finance, such as subsidies, are below what is needed</li> </ul>	<ul style="list-style-type: none"> <li>• Investment readiness training</li> <li>• Long term business and financial planning</li> <li>• Financial management</li> </ul>
<b>Access to talent</b>	<ul style="list-style-type: none"> <li>• While Colombia statistically does not have a human capital shortage, agri-SMEs struggle to find and engage with qualified individuals to fill key positions, such as attracting talent for senior positions (CFO, COO, CMO, etc.)</li> <li>• Founders and managers tend to be untrained to manage the controlled growth of the company</li> </ul>	<ul style="list-style-type: none"> <li>• Recruitment support</li> <li>• Staff training</li> <li>• Leadership training</li> <li>• Strengthen governance practices</li> </ul>
<b>Ecosystem of support</b>	<ul style="list-style-type: none"> <li>• Offtaker and retailer networks are notably difficult to penetrate for SMEs, especially given the high degree of consolidation in these parts of food value chains</li> <li>• Incubators and accelerators are present and provide this kind of support, but target highly innovative SMEs in fintech or others, rather than agri-SMEs</li> </ul>	<ul style="list-style-type: none"> <li>• Networking with industry players</li> <li>• Mentoring from FVC experts</li> <li>• Supply chain strengthening (primarily at the upstream)</li> </ul>
<b>Access to knowledge</b>	<ul style="list-style-type: none"> <li>• SMEs lack strategic information about the markets where they operate, limiting their ability to develop innovative products that are able to compete in domestic and international markets</li> <li>• Sanitary, tax and export regulations are difficult to navigate for SMEs without specialized expertise</li> </ul>	<ul style="list-style-type: none"> <li>• New product development protocols</li> <li>• Regulatory compliance support</li> <li>• Strengthen impact measurement</li> </ul>
<b>Access to markets</b>	<ul style="list-style-type: none"> <li>• Agri-SMEs tend not to be part of procurement networks that process most of Colombia's food-related transactions with large offtakers and retailers</li> <li>• Some SMEs either rely on analog systems, or utilize un-integrated digital solutions that present obstacles to gaining access to more complex markets and procurement networks</li> </ul>	<ul style="list-style-type: none"> <li>• Access to industry associations</li> <li>• Digital solutions training</li> <li>• Negotiation skills</li> <li>• Support go-to-market strategies</li> </ul>

# There are some specific challenges and needs faced by prioritized agri-SME categories

SME Category	Area	Challenges	Support needs
Cooperatives	Access to finance	<ul style="list-style-type: none"> <li>Cooperatives tend not to have collateral (land and real estate) to offer as guarantees, or tend to have deficient credit records limiting access to finance</li> </ul>	<ul style="list-style-type: none"> <li>Risk-reducing instruments such as insurance and factoring</li> </ul>
	Ecosystem of support	<ul style="list-style-type: none"> <li>Low levels of trust and inadequate governance structures inhibit long term planning, enable internal corruption, and stagnate business growth within farmer cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>Decision-making frameworks that promote transparent participation</li> </ul>
	Access to talent	<ul style="list-style-type: none"> <li>The vast majority of Colombia's educated population reside in cities, leading to a shortage of educated workers in rural areas where cooperatives operate</li> </ul>	<ul style="list-style-type: none"> <li>Strategies to attract urban talent to rural areas and the ag-sector</li> </ul>
Processors	Access to knowledge	<ul style="list-style-type: none"> <li>To be able to sell products to formal retailers, food processors must have an INVIMA certification to meet stringent standards. Maintaining these standards requires robust administrative, managerial and financial coordination by the SME</li> </ul>	<ul style="list-style-type: none"> <li>Access to adequate machinery and facilities that meet minimum standards</li> </ul>
	Access to talent	<ul style="list-style-type: none"> <li>Technical expertise on agroindustrial and food processing is lacking in Colombia, limiting the ability of food processors to hire experienced employees</li> </ul>	<ul style="list-style-type: none"> <li>Training programs on food processing and agroindustrial standards</li> </ul>
Trading SMEs	Access to finance	<ul style="list-style-type: none"> <li>Unconventional business models in the ag-space tend to be seen as high risk because of their market transforming potential, and because they operate in a sector with high perceived risk, limiting their access to debt and equity financing</li> <li>Traders have a high inventory turnover, however many banks do not accept factoring or inventory as guarantees, limiting trader's ability to provide collateral</li> </ul>	<ul style="list-style-type: none"> <li>Seed capital and investment readiness training</li> <li>Risk-reducing instruments</li> </ul>
	Access to talent	<ul style="list-style-type: none"> <li>Trading SMEs cite a lack of highly-qualified personnel to develop the technological and administrative systems that enable service provision</li> </ul>	<ul style="list-style-type: none"> <li>Matchmaking facilities for highly qualified personnel</li> </ul>

**Access to finance** and **access to talent** are consistently cited as the most pressing issues faced by prioritized SMEs.

Finally, certain agri-SME challenges and needs will be specific to the value-chain in which the SME operates

ILLUSTRATIVE

		Coffee <sup>1</sup>	Cocoa
SME type and FVC segment		SME Traders <i>Midstream</i>	Food processors <i>Midstream</i>
Challenge areas		<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• Access to knowledge</li> <li>• Access to talent</li> </ul>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• Access to talent</li> </ul>
Value chain specific challenges		<ul style="list-style-type: none"> <li>• SME coffee traders seeking to export coffee tend to find difficulties obtaining the necessary working capital to finance their operations, particularly given the long periods of time between when an order is fulfilled and when payment is received</li> <li>• While there is demand for specialty Colombian coffee in international markets, the know-how and skills (speaking English and being knowledgeable about food exporting) required are in short supply, particularly in rural areas where exporting SMEs operate in proximity to coffee farms</li> </ul>	<ul style="list-style-type: none"> <li>• Cocoa is a crop with very low production levels in Colombia, and with high degrees of concentration in processing. Premium processors often find that despite having strong financials and available collateral, banks are unwilling to provide financing because cocoa processing is perceived as being a sector where SMEs in Colombia do not have a proven track record</li> <li>• Processors require experienced engineers in food processing, particularly around cocoa processing. Interviews reveal such expertise is not easy to come by in current job markets</li> </ul>
Needs		<ul style="list-style-type: none"> <li>• Traders require tailored financing facilities that provide loans with repayment schedules adjusted for industry-standards that tend to have a lower payment turnover than conventional commercializing of products</li> <li>• Specialized training programs for coffee and ag-specific experts in exporting regulation and procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Specialized programs to design tailored financial facilities that are able to recognize and be comfortable with lending for nascent industries in food processing</li> <li>• Training that focuses on creating the skills necessary to operate and optimize high quality food processing plants in cocoa at small and medium-sized scales</li> </ul>

# Content

The food sector in Colombia

SMEs in the food system

Agri-SME needs

**Agri-SME support ecosystem**

Annex

# Summary of key messages

- **In general, Colombia scores highly on ease of doing business, especially compared to regional peers, although it lags in specific areas**
  - Agri-SMEs depend on a supportive and predictable enabling environment to be able to start and scale their businesses, and in Colombia this environment generally exists, although Colombia lags in the ease with which new (formal) businesses can be started. This is reflected in the high degree of informality among businesses
  - While agricultural businesses such as fertilizer suppliers and livestock services businesses enjoy a strong enabling environment, trading is weaker. This impacts our recommendation that trading SMEs be one of the prioritized SMEs
  - Colombia scores high in terms of access to finance, especially in the agriculture sector
- **The Colombian state has a large range of support mechanisms for SMEs – though limited food systems-specific policies, strategies and support mechanisms**
  - Given the current and potential role of agri-SMEs, the national and regional government focus on supporting SMEs is highly relevant for food systems. Since 2001, the Colombian state has developed a comprehensive MSME support ecosystem which has heavily focused on promoting formalization amongst microenterprises, offering concessional financing to banks for on-lending to SMEs, strengthening the human capital of SMEs through training, and promoting innovation in the science and technology sector. However, these programs tend to focus on urban SMEs
  - Programming specific for agri-SMEs is very limited. Many of the needs we have identified are generally overlooked by state entities supporting SMEs. This is particularly pronounced in access to finance where ag-SME programs often benefit larger companies and are not sufficient to reduce financial risk for lenders and investors
- **Foreign aid by both national, development, multilateral and philanthropic organizations extends into agriculture, though none have a focus similar to AF's**
  - The main focus of foreign direct aid from national and multilateral organizations into the agricultural sector is on farmers, with relatively less focus on supporting SMEs further down the value chain
  - BDS organizations active in Colombia support agri-SMEs across the majority of SME needs areas, indicating an opportunity for AF to support work across the food system through the majority of these existing potential partners

# The enabling environment for conducting business in Colombia is generally positive

## Ease of Doing Business Ranking

**67<sup>th</sup> in the World Bank's Ease of doing business ranking**

- Ease of doing business ranks economies from 1 to 190, with first place being the best. A high ranking (a low numerical rank) means that the regulatory environment is conducive to business operation

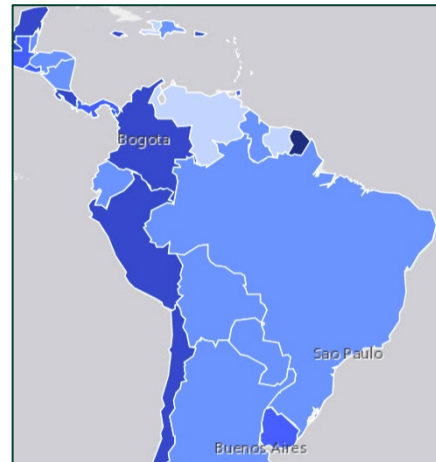
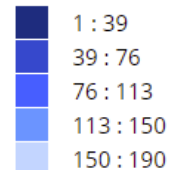
**Track record of recent positive reforms**

- Prior to 2019, Colombia had been one of the top 10 improvers for Ease of doing business scores for three years in a row, displaying a recent willingness to improve upon this metric
- Starting a business, trading across borders, and resolving insolvency

**Attractive macro environment relative to regional peers**

- Colombia (67) ranks above all other Latin American countries other than Chile (59) and Mexico (60) in the global rankings

2019-Ease of doing business index (1=most business-friendly regulations)



## Discussion and implications

- The general ease of doing business environment is important to SMEs across all sectors as **these enterprises are typically heavily impacted by certain aspects of this metric** (e.g., starting a business)
- Colombia's ease of doing business ranks near the top regionally, revealing an **attractive enabling environment for SMEs across all sectors**
- Relative to its regional peers **Colombia does lag in two areas: starting a business** (~20 points below the global average of 65, out of a scale of 100) and **registering property** (~23 points below global average)
- Both starting a business and registering property are **crucial steps for entrepreneurial SMEs owners** and represent a potential **opportunity for third-party support**



# Colombia has the highest Enabling the Business of Agriculture score in Latin America, with specific strengths in access to finance

## Enabling the Business of Agriculture – The World Bank



- The 2019 Enabling the Business of Agriculture (EBA) report examines whether government regulations and processes either facilitate or hinder agricultural activities
- The report provides data on eight quantitative indicators: supplying seed, registering fertilizer, securing water, registering machinery, sustaining livestock, protecting plant health, trading food, and accessing finance
- The EBA creates an aggregate score for each country on a scale from 0 to 100, 100 being the best ideal score

## Colombia's performance on the EBA

- Colombia scored 82 with particularly high scores in criteria such as water regulation, plant health regulation, and finance
- The table below summarizes the relevant scores for those indicators associated with input providing (seeds, fertilizer and sustaining livestock) and food trading

Indicator	Colombia Score	Global Average	Regional Average*
Overall score (0-100)	82	61	63
Supplying Seed (0-100)	59	53	59
Registering fertilizer (0-100)	82	55	52
Sustaining livestock (0-100)	73	62	62
Trading food (0-100)	63	69	72
Access to finance (0-100)	90	61	75

Note: \* Latin America & Caribbean region  
Sources: The World Bank, 2020; ISF Analysis

## Discussion and implications

- Those indicators associated with **input provision** (seeds, fertilizer and sustaining livestock), **food trading, and securing finance** could serve as **indicators of the enabling environment for agri-SMEs** within Colombia
- Colombia has a **strong enabling environment for fertilizer suppliers and providers of animal feed/veterinary products** relative to both global and regional averages
- Colombian **seed suppliers and food traders** across the system **face less beneficial regulations, higher costs, and increased timing constraints** to do business
- Importantly for agri-SMEs, **Colombia scores highly on access to finance within the agriculture sector** due to **strong regulations related to agricultural finance**
- Despite this high access to finance score, market feedback indicates the finance availability is heavily focused towards larger businesses, **indicating further opportunity for financing to SMEs**

Since 2004, Colombia has developed a comprehensive national support system for SMEs, with a notable gap for agri-SMEs


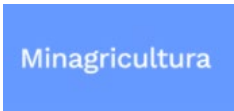


### State entity support by SME needs area



### Discussion

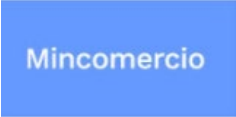




- Law 905 of 2004 established the **National System for MSME Support**, creating a mandate for state entities to support the country's MSMEs
- While the system includes mandates for ag-specific entities such as Finagro, a state-owned ag-finance provider, and the Ministry of Agriculture, **many of the needs identified for ag-SMEs in Colombia are not covered by current programs offered by these entities**
  - A clear obstacle is the focus of Finagro and the Ministry on farming, further **limiting available support for other stages in food systems**
- Existing MSME programming focuses on **largely urban companies** in the **innovation and technology sectors**
  - Subsidies and financing programs tend to be insufficient to unlock financing for agri-SMEs
- We provide an overview of state entities and their corresponding programming for SMEs in Colombia

# Most state entities in Colombia lack capillarity to be able to engage with agri-SMEs, with SENA as an exception

Entity	Description	SME need areas covered	Support and relevance for agri-SMEs
	<ul style="list-style-type: none"> <li>The SENA is a public institution that develops vocational training programs providing technical and technological degrees and courses</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Access to talent</li> <li>Ecosystem of support</li> <li>Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Grant provision to SMEs that participate in the National Innovation System</li> <li>Professional training for SMEs</li> <li>Incubator training and advising entrepreneurs in the creation of SMEs. SENA also has a Fund that provides seed capital</li> </ul>
	<ul style="list-style-type: none"> <li>Ministry of Agriculture and Rural Development. Part of the executive branch of the government</li> </ul>	<ul style="list-style-type: none"> <li>Ecosystem of support</li> <li>Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Programs to promote the creation of producer associations and cooperatives</li> <li>The ministry supports the development of "financial and non-financial services markets" for rural SMEs. These programs are implemented as extension services with a focus on incorporating and growing rural SMEs</li> </ul>
	<ul style="list-style-type: none"> <li>Ministry of Science. Part of the executive branch of the government. Founded in 2020</li> </ul>	<ul style="list-style-type: none"> <li>Ecosystem of support</li> <li>Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Support the development of programs for SMEs with high innovation potential for them to improve management processes and access tax benefits for innovation</li> </ul>
	<ul style="list-style-type: none"> <li>Focuses on promoting foreign direct investment (FDI) and exports of non-conventional products (excludes coffee, oil, and other conventional Colombian exports)</li> </ul>	<ul style="list-style-type: none"> <li>Access to markets</li> </ul>	<ul style="list-style-type: none"> <li>Procolombia develops training programs to teach SMEs about the processes and available tools available for them to develop export plans</li> <li>With select SMEs, Procolombia also provides one-on-one support and consulting services</li> </ul>

Notes: Not an exhaustive description of state entity programming  
Sources: Ministry of Commerce, 2020; ISF Analysis

# State-sponsored access to finance support for agri-SMEs provides concessional financing rates and guarantees, but these tend to be insufficient for SMEs that require investment readiness support

Entity	Description	SME need areas covered	Support and relevance for agri-SMEs
 	<ul style="list-style-type: none"> <li>Innpulsa is the entrepreneurship and innovation agency accelerating high potential entrepreneurship projects and financing initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Access to talent</li> <li>Ecosystem of support</li> <li>Access to knowledge</li> <li>Access to markets</li> </ul>	<ul style="list-style-type: none"> <li>Support the implementation of investments to expand SME capacity, provide direct financing to SMEs that are part of “innovation clusters” and support the scaling of SMEs with high growth potential</li> </ul>
	<ul style="list-style-type: none"> <li>State owned development bank providing financing to support Colombian exports and enterprise growth. Bancoldex emphasizes supporting SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> </ul>	<ul style="list-style-type: none"> <li>Bancoldex primarily targets creating partnerships with regional entities such as chambers of commerce and conducts workshops to increase the amount of loans taken by SMEs</li> <li>Provides financing for financial institutions to on-lend to SMEs</li> </ul>
	<ul style="list-style-type: none"> <li>State owned financial entity providing credit guarantees to independent workers and MSMEs</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> </ul>	<ul style="list-style-type: none"> <li>The FNG does not provide guarantees to the ag sector (upstream)</li> <li>Guarantees tend to be insufficient for banks to lend to SMEs in general</li> </ul>
	<ul style="list-style-type: none"> <li>Finagro is a public-private bank that provides financing to financial institutions for on-lending to individuals and enterprises in the ag sector in Colombia</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> </ul>	<ul style="list-style-type: none"> <li>Channels earmarked funds for SMEs in agricultural activities</li> <li>Finagro also disbursed a subsidy for livestock farmers affected by the aphtose fever outbreak in 2018/19</li> <li>Manages a guarantees fund targeted to producers</li> </ul>

Notes: Not an exhaustive description of state entity programming  
Sources: Ministry of Commerce, 2020; ISF Analysis

# Foreign development organizations support Colombia's food systems with a particular existing focus on upstream producers

## Major foreign organizations working within Colombia's food system and / or SME support sector

Work directly impacts food systems





Work directly impacts SMEs (sector agnostic)



## Discussion and implications





- While direct foreign aid to the agriculture / food system sector within Colombia is **significantly smaller than other areas** (e.g., peace keeping efforts), foreign organizations do consistently engage with the sector
- Major multi-lateral and some larger unilateral organizations conduct work that **directly impacts the Colombian food system as well as SMEs** within the agricultural sector
- There are some organizations with a smaller footprint in Colombia that **engage with the food system in targeted ways** (typically focused on upstream production support) or with SMEs in a sector agnostic manner
- Overall, the **main focus of foreign direct aid into the agricultural sector is on farmers**, with relatively less focus on supporting SMEs further down the value chain
- Organizations that do have existing programs focused on agri-SMEs across the value chain include **USAID, the FCDO, and GIZ**

# Large multilateral organizations typically have a presence across the food system value chain and often interact with SMEs

Entity	Description	Support and relevance for food system / SMEs
	<ul style="list-style-type: none"> <li>The FAO works in a coordinated manner with national counterparts in alliance with international foundations, agencies of the United Nations System and the private sector to achieve success in its priority areas</li> </ul>	<ul style="list-style-type: none"> <li>The FAO focuses on 5 thematic areas within Colombia, all of which touch in some way on the broader food system: 1) food and fight against malnutrition 2) natural resources and governance of forests, land, and water 3) social and technological innovation for sustainable agri-food systems 4) family farming and inclusive markets and 5) risk management and rehabilitation of livelihoods</li> </ul>
	<ul style="list-style-type: none"> <li>The World Bank aims to leverage its financial knowledge and convening services to respond to the specific development needs of Colombia</li> </ul>	<ul style="list-style-type: none"> <li>The World Bank primarily supports small rural farmers by providing access to credit, agri-insurance, and microfinance opportunities</li> <li>Additionally, it has invested in upstream producers to increase productivity and sustainability by improving land-use planning, protecting landscapes, and providing technical assistance to farmers</li> </ul>
	<ul style="list-style-type: none"> <li>The IDB Colombia strategy is structured in three strategic pillars: (i) increase the productivity of the economy; (ii) improve the effectiveness of public management; and (iii) promote social mobility and consolidate the middle class</li> </ul>	<ul style="list-style-type: none"> <li>IDB supplied Bancoldex with an \$8M credit as part of a project to promote a reduction in greenhouse gas emissions by scaling financing to SMEs investments in energy efficiency projects, benefiting ~200 SMEs from all sectors of the economy, including agriculture, requiring access to medium and long term credit to invest in energy efficiency plans</li> </ul>
	<ul style="list-style-type: none"> <li>Supports efforts to promote economic prosperity; improve the living conditions of victims of violence; promote respect for human rights and rule of law; and address climate change and environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>USAID partnered with Small Enterprise Assistance Funds (SEAF) on their Colombia Agribusiness Fund (SCAF)</li> <li>SCAF and SEAF are working together to create a technical assistance tool for small and medium-sized businesses participating in rural agribusiness value chains. This tool will help develop an agribusiness network, enhance company operations, and provide employee training</li> </ul>



# Development organizations tend to focus the majority of their support on farmers, although many work across the value chain

Entity	Description	Support and relevance for food system / SMEs
	<ul style="list-style-type: none"> <li>• <b>AFD:</b> Supports sustainable development, policies to mitigate and adapt to climate change, and social cohesion in Colombia</li> <li>• <b>Proparco:</b> a subsidiary of AFD focused on private sector development; currently operates 8 funds/projects within Colombia, two of which focus on SMEs specifically</li> </ul>	<ul style="list-style-type: none"> <li>• AFD supports the development of an increasingly autonomous and self-sufficient food system within Colombia by providing direct support to upstream producers</li> <li>• Proparco invested in Darby Latam PF III, a fund dedicated to Latin America, that targets SME family businesses across sectors to support their development and professionalization via innovative financing</li> </ul>
	<ul style="list-style-type: none"> <li>• GIZ focuses on three main priority areas within Colombia: peacebuilding/crisis prevention, environmental policy and conservation, and sustainable economic development</li> </ul>	<ul style="list-style-type: none"> <li>• ~20% of GIZ projects within Colombia focus on food systems support</li> <li>• GIZ's "Promoting sustainable rural economic development" project primarily supports agricultural producers in rural areas</li> <li>• The "Participation of internally displaced persons in economic development" improved the income and employment opportunities for displaced persons by supporting SMEs, producer associations, and entrepreneurs, mainly focused on the producer segment of the agriculture value chain</li> </ul>
	<ul style="list-style-type: none"> <li>• The Japan International Cooperation agency focuses on peace-building and natural environment conservation within Colombia</li> <li>• JICA conducts work within the broader food system through in an effort to support these two sectors of focus</li> </ul>	<ul style="list-style-type: none"> <li>• The "Improvement of the Nutritional Condition of the Vulnerable People" project aims to improve nutritional by providing educational support and technology for urban agriculture</li> <li>• Another project aims to assist the social reintegration of deserting soldiers by offering basic pan-sector training courses such as starting a business, cooperative associations, and seeking employment</li> </ul>
	<ul style="list-style-type: none"> <li>• The UK FCDO addresses major global challenges including poverty and disease, mass migration, insecurity, and conflict</li> </ul>	<ul style="list-style-type: none"> <li>• ~50% of FCDO expenditure in in the 2021 budget is focused on the agriculture segment</li> <li>• FCDO supports the Colombian agricultural sector across the value chain, with projects focused on land use by producers as well as supporting innovation in small agri-businesses working further downstream</li> </ul>

# Large philanthropic organizations account for most of the volume of philanthropic giving that is available in Foundation Directory

## Philanthropic landscape in Colombia

The Foundation Directory maintains a **global database of grantmaking philanthropic organizations** and their activities. While this is **viewed as the best source** to understand philanthropic activity, it is important to understand that the database, and thus the following statistics, **should not be taken as comprehensive**

- Of the ~\$620 million in grants to Colombia since 2006 recorded in the database, just **4% (~\$26 million)** has been directly focused on food and agriculture
- The database records **49 grantmakers actively operating** in Colombia
- Of those organizations captured in the database, the top 10 grantmakers account for **65%** of all grants made
- Major recipients include large farmer **cooperatives**, **research** and **policy advocacy** organizations, and local **impact investors** that are focused on private market development

### Top 10 Grantmakers active in food and agriculture

*We provide brief profiles of the 4 most active organizations on the following slide*






Citi Foundation



GLOBAL GREENGRANTS FUND



# The most active philanthropic organizations in the Colombian food systems are larger multinationals

Entity	Description	Philanthropic activities in Colombia relevant to food systems
 <b>FORD FOUNDATION</b>	<ul style="list-style-type: none"> <li>Fundamental mission is to challenge inequality by working across interconnected sectors around the globe, including natural resources, climate, technology, and civic engagement</li> </ul>	<ul style="list-style-type: none"> <li>Committed 42 grants captured in the Foundation Center database focused mainly on sustainable agriculture and civic participation through food-related programs since 2006</li> <li>Seeks to build more robust civic engagement through a variety of means, including giving to research organizations in Colombia that seek to bridge the gap between agricultural producers and policy makers</li> </ul>
 <b>GLOBAL GREENGRANTS FUND</b>	<ul style="list-style-type: none"> <li>Charitable foundation that makes small grants to grassroots environmental causes around the world to support community-based groups working on issues of environmental justice, sustainability, and conservation</li> </ul>	<ul style="list-style-type: none"> <li>Has committed 26 grants Foundation Center database since 2006, mainly focused on sustainable agriculture projects targeting farmer cooperatives and environmental rights groups</li> <li>Seeks to support local communities, with a focus on indigenous communities, to combat extractive industries, secure agricultural land rights, and protect biodiversity</li> </ul>
<b>Citi Foundation</b>	<ul style="list-style-type: none"> <li>Invests in efforts that increase financial inclusion, catalyze job opportunities for youth, and reimagine approaches to building economically vibrant communities</li> </ul>	<ul style="list-style-type: none"> <li>Funds programs that focus on pathways to financial inclusion for the impoverished, especially youth, and views investments in the food system as a crucial strategy to achieve this</li> <li>Specific grants in Colombia food systems include investments in programs to facilitate youth involvement in ICT training for food system jobs and funding for development of sustainable agricultural production chains</li> </ul>
	<ul style="list-style-type: none"> <li>Mission is to catalyze transformational change to improve the standard of living and quality of life for the world's most impoverished and marginalized populations by working primarily in food security, conflict mitigation, and public safety</li> </ul>	<ul style="list-style-type: none"> <li>Colombia is one of the 7 priority countries for the foundation</li> <li>They work in partnership with the Colombian government to support implementation of the 2016 peace accord by supporting smallholder agricultural development, voluntary coca crop substitution, and investing in rural infrastructure</li> </ul>

# BDS organizations within Colombia support agri-SMEs across the majority of SME needs areas

## BDS organizations supporting agri-SMES by SME needs area








## Discussion

- All of the 15 major BDS organizations with an agri-SME component in Colombia profiled **provide access to finance** as a core part of their mission
- Beyond finance access, **the major SME needs areas** of access to markets, ecosystem support, and access to knowledge **are well covered across these organizations**
- There is an **opportunity to increase support in the access to talent segment of the agri-SME needs**, as only TechnoServe is actively engaged in that space
- The relatively broad coverage of most BDS organizations across SME needs areas indicates **there is an opportunity for to support work across the food system**






Note: Not an exhaustive description of BDS providers in Colombia  
Sources: ISF Analysis

# Most impact investing and development organizations that focus on agri-SMEs within Colombia prioritize access to finance (1/3)

BDS provider	Description	SME need areas covered	Support and relevance for agri-SMEs
	<ul style="list-style-type: none"> <li>• ACDi/VOCA is a leading market systems practitioner that addresses food security, economic prosperity, and social inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• Ecosystem support</li> <li>• Access to markets</li> <li>• Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Help farmers and agribusinesses sustainably improve productivity, access markets, and feed a growing population</li> <li>• Reaches agri-SME through cooperatives, farm groups, and private service providers</li> </ul>
	<ul style="list-style-type: none"> <li>• Acumen invests in entrepreneurs and early stage innovators tackling the problems of poverty</li> </ul>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• Ecosystem support</li> <li>• Access to markets</li> <li>• Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>• Acumen facilitates increases upstream production the integration of farmers into global supply chains</li> </ul>
	<ul style="list-style-type: none"> <li>• AlphaMundi provides debt and equity financing to scalable social ventures in strategic sustainable human development sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• Ecosystem support</li> <li>• Access to markets</li> </ul>	<ul style="list-style-type: none"> <li>• Provides debt and equity investments to agri-SMEs, primarily producers, to access finance and provide general ecosystem support</li> </ul>
	<ul style="list-style-type: none"> <li>• Agora empowers purpose-driven entrepreneurs in Latin America with knowledge, networks and capital</li> </ul>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• Ecosystem support</li> <li>• Access to markets</li> </ul>	<ul style="list-style-type: none"> <li>• Provides entrepreneur-friendly loans to upstream providers (e.g., coffee farmers) to help buy equipment</li> <li>• Provides training and support to agri-SMEs</li> </ul>
	<ul style="list-style-type: none"> <li>• An impact investing platform which provides innovative financing solutions to businesses in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>• Access to finance</li> <li>• Access to markets</li> </ul>	<ul style="list-style-type: none"> <li>• Invests in business models of farmers and agri-SMEs that support sustainable and inclusive agricultural value chains</li> </ul>






Notes: Not an exhaustive description of BDS providers in Colombia  
Sources: ISF Analysis

# Most impact investing and development organizations that focus on agri-SMEs within Colombia prioritize access to finance (2/3)

BDS provider	Description	SME need areas covered	Support and relevance for agri-SMEs
	<ul style="list-style-type: none"> <li>Supports SMEs by strengthening their operational efficiency and connectedness to markets through digital solutions and on-the-ground consultants</li> </ul>	<ul style="list-style-type: none"> <li>Access to markets</li> <li>Access to finance</li> <li>Ecosystem of support</li> </ul>	<ul style="list-style-type: none"> <li>FUNDES has worked with SMEs along all stages of food value chains that are involved in the business lines of organizations such as Alqueria (dairy offtaker) and Cargill (poultry production)</li> </ul>
	<ul style="list-style-type: none"> <li>Foundation of IC Constructora, a real estate developer</li> <li>Primary focus is on strengthening the investment readiness of farmer cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Focuses on strengthening business practices, train staff and design growth plans</li> <li>IC Fundacion provides concessional loans for cooperatives to expand, enter a new segment (processing) or export</li> </ul>
	<ul style="list-style-type: none"> <li>Manages funds and investments in emerging countries, driven by a desire to promote inclusive progress</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Access to markets</li> </ul>	<ul style="list-style-type: none"> <li>Provides risk capital to sustainability focused producer cooperatives and agri-SMEs (e.g., De los Andes Cooperativa)</li> </ul>
	<ul style="list-style-type: none"> <li>Impact Investing Fund that seeks to channel resources from its investors towards growth initiatives for SMEs</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Access to markets</li> <li>Ecosystem support</li> <li>Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Actively invests in agri-SMEs, with a current focus on midstream processing and downstream retail</li> </ul>
	<ul style="list-style-type: none"> <li>Provides tailored financing and one-on-one business development support to early-stage high impact social entrepreneurs</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Ecosystem support</li> <li>Access to markets</li> </ul>	<ul style="list-style-type: none"> <li>NESsT does not have a specific focus on agri-SMEs but has supported agricultural offtakers and processors, some of which have been cooperatives</li> </ul>

Notes: Not an exhaustive description of BDS providers in Colombia  
Sources: ISF Analysis

# Most impact investing and development organizations that focus on agri-SMEs within Colombia prioritize access to finance (3/3)

BDS provider	Description	SME need areas covered	Support and relevance for agri-SMEs
	<ul style="list-style-type: none"> <li>Root capital invest in the growth of agricultural enterprises so they become engines of impact that transform rural communities</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Ecosystem support</li> <li>Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Provides loans specially tailored to harvest and sales cycles</li> <li>Also provides training to strengthen financial management, governance, and agronomic capacity</li> </ul>
	<ul style="list-style-type: none"> <li>A private equity fund that invests growth capital in SMEs along the agribusiness value chain in Colombia</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Ecosystem support</li> <li>Access to markets</li> <li>Access to knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Provides capital and business assistance to growth-oriented firms throughout Colombia, primarily those operating in or directly affecting the agribusiness sector in rural communities</li> </ul>
	<ul style="list-style-type: none"> <li>Provides early-stage project finance capital to high impact community-based projects in developing countries</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Access to markets</li> </ul>	<ul style="list-style-type: none"> <li>Invests in projects generating income from smallholder's production of sustainable ag. products</li> <li>Invests farmers in and around forest areas, allowing them to capture more of the value chain</li> </ul>
	<ul style="list-style-type: none"> <li>TechnoServe helps smallholder farmers and promotes sustainable agriculture</li> </ul>	<ul style="list-style-type: none"> <li>Access to finance</li> <li>Access to markets</li> <li>Ecosystem support</li> <li>Access to knowledge</li> <li>Access to talent</li> </ul>	<ul style="list-style-type: none"> <li>TechnoServe helps smallholder farmers improve the quality and quantity of high-value crops with particular potential for improving incomes</li> <li>Delivers training and support to local entrepreneurs to help them achieve their full potential</li> </ul>
	<ul style="list-style-type: none"> <li>Addresses poverty from the bottom up with Philanthropic Venture Funds and the top down with Corporate Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Access to markets</li> <li>Ecosystem support</li> <li>Access to knowledge</li> <li>Access to talent</li> </ul>	<ul style="list-style-type: none"> <li>Yunus Social Business provides investment in infrastructure, a market through a co-exporting model, and training that makes farmers partners in all transactions</li> </ul>

Notes: Not an exhaustive description of BDS providers in Colombia  
Sources: ISF Analysis

# Engaging with the active community of impact investors focused on food systems is important to enable effective BDS delivery

## Impact investing landscape in Colombia

Pitchbook maintains a database of global private equity, impact investing, venture capital, and M&A transactions. While this is considered the **primary way to attain impact investing data** in Colombia it is important to understand that the database, and thus the following statistics, **should not be taken as comprehensive**

- There are **23 active impact investors** working in food systems listed in the database
- Amongst those investors listed, there are **29 active investments** in the space
- Top investors in the database (by deal volume) include **Acumen Fund, EcoEnterprises Fund, and Yunus Social Business**
- **9** of the investors included are based in Europe, **7** are based in the U.S., and **3** are based in Colombia

## Discussion

- Understanding the impact investing landscape, and especially the **needs and goals of impact investors**, is crucial to properly support the business development of agri-SMEs, as one of the end goals of BDS is often to obtain financing from these actors
- **Understanding the barriers** that typically stop investors from financing an enterprise can more effectively ensure BDS is impactful





[www.isfadvisors.org](http://www.isfadvisors.org)

# Content

The food sector in Colombia

SMEs in the food system

Agri-SME needs

Agri-SME support ecosystem

**Annex**



# SMEs tend to be present in value chain stages where there is low levels of consolidation

FVC	Relation with trade & processing	Upstream		Midstream		Downstream	
		Input supply & pre-production	Production	Trading and marketing	Processing	Retail	Consumption
Bananas <sup>1</sup>	Mixed	<ul style="list-style-type: none"><li>Inputs are usually imported in-house by large plantations and sold by wholesalers for smaller farms</li></ul>	<ul style="list-style-type: none"><li>Most banana production takes place in medium-sized plantations between 5-40 ha</li></ul>	<ul style="list-style-type: none"><li>Half of Colombia's production is bought by three large offtakers than then export banana directly to the United States and the European Union</li><li>The other half of Colombia's production is consumed locally, and sold by large offtakers to retailers</li></ul>			
	No processing						
Grains <sup>2</sup>	Mixed	<ul style="list-style-type: none"><li>Wholesalers sourcing inputs from large multinationals dominate the space</li></ul>	<ul style="list-style-type: none"><li>Most of Colombia's wheat and corn, are imported from the United States</li><li>Half of local demand for wheat is met by local large-scale production</li></ul>	<ul style="list-style-type: none"><li>MSMEs and large enterprises in the processed food business utilize most wheat and corn imported by-products</li><li>Another significant source of demand for wheat and corn is the domestic manufacturing of animal feed</li><li>Consolidated businesses domestically package flour for household consumption</li></ul>		<ul style="list-style-type: none"><li>Wheat and corn flour are staple foods used to produce bread and corncakes</li><li>These products tend to be sold by large retailers</li></ul>	
	Light processing						
Palm oil <sup>3</sup>	Mixed	<ul style="list-style-type: none"><li>Wholesalers sourcing inputs from large multinationals dominate the space</li></ul>	<ul style="list-style-type: none"><li>75% of Colombia's 6.5 thousand oil palm farmers are considered medium sized farmers. The remaining plantations are large scale farms with more than 100 ha each</li><li>Oil extractors receive raw oil palm fruit bunches and extract crude palm oil using mechanical presses and high temperature sterilization of the resulting oil. There are 64 large scale primary processors of raw palm oil in Colombia</li></ul>		<ul style="list-style-type: none"><li>40% of palm oil produced in Colombia is exported to the United States and the European Union</li><li>60% of the palm oil produced in Colombia is consumed domestically in the form of cooking vegetable oil, margarine and biodiesel</li></ul>		
	No processing						
Rice <sup>4,5</sup>	Domestic	<ul style="list-style-type: none"><li>Rice farming is mostly carried out by medium and large-scale producers with industrialized farming</li><li>However, there is a sizeable amount of farmers producing rice at a small scale</li><li>Rice is aggregated by intermediaries and by rice mills.</li><li>A small and highly consolidated group of rice mills process and store almost all of the locally farmed rice in Colombia that is then packaged and sold by retailers</li><li>Rice mills tend to provide financing and inputs to farmers</li></ul>				<ul style="list-style-type: none"><li>Colombia consumes an average of 2.6 M tons of rice per year, with 5% of local consumption being met by rice imports primarily from the United States</li></ul>	
	Light processing						

Notes: Not an exhaustive overview of food value chains in Colombia  
Source: 1. Wageningen Economic Research, 2019 2. ISF Analysis; 3. Cenipalma, 2016; 4. Universidad Libre Seccional de Cucuta, 2019; 5. Portfolio Magazine, 2019

# SMEs tend to be present in value chain stages where there is low levels of consolidation

FVC	Relation with trade & processing	Upstream		Midstream		Downstream	
		Input supply & pre-production	Production	Trading and marketing	Processing	Retail	Consumption
Soy <sup>1</sup>	Import-oriented	<ul style="list-style-type: none"><li>Only 5% of domestic demand for soy beans is met by local producers</li><li>These producers are highly consolidated industrialized plantations that source inputs from large multinationals</li></ul>		<ul style="list-style-type: none"><li>95% of Colombia's 720k ton per year demand for soy beans is met by imports primarily coming from the United States</li><li>Soy beans are then locally refined by a handful of processors for vegetable oil production and for manufacturing of processed foods and animal feed</li></ul>		<ul style="list-style-type: none"><li>After being mixed with locally-sourced palm oil, the resulting vegetable oil is marketed by large retailers</li><li>Animal feed returns to the upstream and enters the meat and dairy value chain as an input</li></ul>	
	Light processing						
Sugar <sup>2</sup>	Domestic	<ul style="list-style-type: none"><li>Inputs are usually imported in-house by large plantations and sold by wholesalers for smaller farms</li></ul>	<ul style="list-style-type: none"><li>Most farms are medium and large industrial scale production operations with farm sizes between 11 and 1000 ha representing 80% of all farmers</li><li>21 highly consolidated companies provide transport services for raw sugar cane</li></ul>		<ul style="list-style-type: none"><li>After raw sugar cane is harvested and pressed in one of Colombia's 13 sugar mills, the resulting sugar juice is processed by five large companies in the business of ethanol production, or is sent to two large companies that produce most of Colombia's refined sugar for human consumption</li></ul>		
	Light processing						
Tubers <sup>2</sup>	Domestic	<ul style="list-style-type: none"><li>Small input retailers sourcing inputs from large multinationals dominate the space</li></ul>	<ul style="list-style-type: none"><li>100% of Colombia's 2.6 M ton/year tuber production is done by smallholders</li></ul>	<ul style="list-style-type: none"><li>The tuber value chain is dominated by a large amount of informal offtakers (microbusinesses) that transport the raw potato to large centralized markets in the country's urban centers. These wholesale markets then sell potatoes to restaurants, large retailers and SME food vendors</li><li>10% of local production being destined for processing as an ingredient in food products or to produce precooked frozen potatoes</li></ul>			
	No processing						

Notes: Not an exhaustive overview of food value chains in Colombia  
Source: 1. Ministry of Agriculture, 2015; 2. Ministry of Agriculture, 2019

# Number of Agri-SMEs - Calculation Notes & Methodology

Stage	Value chain	Activities included
Farming	Grains	Farms cultivating cereals (except rice), legumes and oil seeds (soy and others)
	Rice	Farms involved in rice cultivation
	Tubers and vegetables	Farms cultivating roots, tubers and vegetables
	Bananas	Banana and green plantain cultivation
	Coffee	Coffee production farms
	Sugar cane	Sugar cane plantations
	Palm oil	Oil palm plantations
	Meat and dairy	Cows, horses, sheep, goats, pork, chicken, other birds and animals
	Meat and dairy	Transitory crops, fruits, fishing / aquaculture, permanent crops and herbs
Upstream	Value chain agnostic	Agrichemical provision, machinery manufacture, seed propagation, ag-services
	Meat and dairy	Support services for livestock operations, animal feed manufacture
Midstream	Coffee	Threshing, decaffeination, roasting, grinding
	Sugar	Sugar refining, panela manufacture
	Palm oil	Manufacture of vegetable oils and biodiesel
	Processed foods	Prepared foods, pasta, beverages, confectionery, bakery, breads, beer and spirits

### Methodology and Disclaimers

- For the purposes of this study, the database titled *Información financiera -NIIF, con corte a 31 de diciembre de 2019 - PYMEs Individuales*, from the Superintendencia de Sociedades was used to analyze a sample of 2,594 agri-SMEs across all stages of food value chains (does not include flowers)
  - Depending on the estimate for total agri-SMEs, 6k or 14k, companies in the database represent between 43% and 18.5% respectively of the total formally-registered agri-SMEs in Colombia
- Methodology to isolate agri-SMEs in the raw database:**
  - Companies in the database are categorized using the *Standardized CIIU Rev. 4 A.C. Business Classification* standard.
  - Selected categories were assigned a stage within food value chains (farming, up-, mid-, downstream) and a value chain (specific, other, value chain agnostic). The 16.5k SMEs that remained uncategorized were eliminated as they were deemed to fall outside food value chains
  - Given that the Standardized CIIU Rev. 4 A.C. Business Classification standard was self-reported by SMEs, the database contains instances where SMEs are misclassified e.g., some traders, and upstream input retailers are classified as retailers or as farms. This however is not a widespread error in the database, resulting in an indicative analysis that should be viewed as a sample of the broader ecosystem of agri-SMEs
- The tables below provide an overview of the SMEs contained within the value chain categories used in the analysis**

Stage	Value chain	Activities included
Midstream	Meat and dairy	Processing and conservation of meats, dairy products
	Others	Processing and trade of fruits, fish, vegetables and starch products
Downstream	Meat and dairy	Butcheries, retailers of meat and eggs
	Value chain agnostic	Groceries, <i>fruvers</i> (selling fruits and vegetables), distributors, wholesalers

# ISF’s research was informed by the views of a broad range of stakeholders

Organization	Name of interviewee(s)	Interviewee title	Relevance
Acceso	<ul style="list-style-type: none"><li>Juan Diego Rueda</li></ul>	<ul style="list-style-type: none"><li>General Manager</li></ul>	<ul style="list-style-type: none"><li>Acceso is a trading SME that buys vegetables, fruits, and fish directly from smallholder famers. The company packages these goods and sells directly to SME retailers and supermarkets. In this way, the company reduces the amount of intermediation between farmers and consumers, thus being able to pay higher prices to farmers</li></ul>
ACOPI	<ul style="list-style-type: none"><li>Antonio Osorio</li></ul>	<ul style="list-style-type: none"><li>Vice-President</li></ul>	<ul style="list-style-type: none"><li>ACOPI is the union of Colombia MSMEs. While ACOPI is focused on supporting mostly industrial MSMEs, the organization is seeking to expand into supporting agri-SMEs. Their most recent thinking around the challenges faced by agri-SMEs informs this study</li></ul>
Acumen	<ul style="list-style-type: none"><li>Sabrina Lee Sanchez</li><li>Camilo Cortes</li><li>Jorge de Angulo</li></ul>	<ul style="list-style-type: none"><li>Head of business development</li><li>Senior portfolio associate, LatAm</li><li>Associate Director, LatAm</li></ul>	<ul style="list-style-type: none"><li>Acumen operates a “pioneer fund” which supports high growth potential ventures, some of which are in the midstream of food value chains (processors and traders)</li></ul>
IC Fundacion	<ul style="list-style-type: none"><li>Jose Diaz</li></ul>	<ul style="list-style-type: none"><li>Director</li></ul>	<ul style="list-style-type: none"><li>IC Fundacion provides business-development services to farmer associations and cooperatives in the up- and midstream of food value chains in Colombia</li></ul>
KitCo	<ul style="list-style-type: none"><li>Diana Guerrero</li></ul>	<ul style="list-style-type: none"><li>Co-Director</li></ul>	<ul style="list-style-type: none"><li>KitCo is a food processor incubator based in Bogota. They provide business development services, including industrial-style facilities and regulatory support to entrepreneurs in the food space</li></ul>
NESsT	<ul style="list-style-type: none"><li>Diego Santana</li><li>Gonzalo San Martin</li></ul>	<ul style="list-style-type: none"><li>Portfolio manager</li><li>Program director</li></ul>	<ul style="list-style-type: none"><li>NESsT provides tailored financing and one-on-one business development support to early-stage high impact social entrepreneurs in Central and Eastern Europe and Latin America. The organization has supported agri-SMEs in food processing</li></ul>
Neumann Kaffee Gruppe	<ul style="list-style-type: none"><li>Catalina Eikenberg</li></ul>	<ul style="list-style-type: none"><li>Head of Sustainable Business</li></ul>	<ul style="list-style-type: none"><li>NKG is one of the world’s largest coffe traders and a major offtaker in Colombia. Catalina is also the former country manager of TechnoServe in Colombia</li></ul>
Sagu Chocolate	<ul style="list-style-type: none"><li>Maria Camila Suarez</li></ul>	<ul style="list-style-type: none"><li>General manager</li></ul>	<ul style="list-style-type: none"><li>Sagu Chocolate is an SME cocoa offtaker and processor. The company is based in Bogota</li></ul>

# Bibliography

1. Agricultural Policy Monitoring and Evaluation 2020 - Colombia, OECD, 2020
2. Agriculture Companies in Colombia. Pitchbook Data Inc., 2021
3. Albarracin, M; Mendoza, I. (2019). Modelo para la diversificacion y sofisticacion del sector arrocero en el area metropolitana de Cucuta, Universidad Libre Seccional Cucuta
4. Alimentos procesados - Una oportunidad de crecimiento, Colombia Productiva, 2019
5. Amador, Dana Juliana. (2017). Caracterizacion de la cadena productiva del aceite de palma en el departamento del Meta y como referencia la empresa Amador Buitrago y Cia, Universidad Santo Tomas
6. Ana-Maria Parente-Laverde (2020), "Value chain and economic development: the case of the Colombian coffee industry," in Organizations and markets in emerging economies, 2020, vol. 11, no. 1 (21), pp. 173-188. Vilnius University Press
7. Anexo 1: Valor de la producción, según cadena, eslabón y producto 2012-2018, Departamento Nacional de Planeación, 2019
8. Atlas of Economic Complexity: Colombian Agricultural Export Database for 2018, Harvard Growth Lab, 2018
9. Beekman, GM (2019) "Towards a sustainable banana supply chain in Colombia - Rainforest Alliance Certification and economic, social and environment conditions on small-scale banana plantations in Magdalena, Colombia." Wageningen, Wageningen Economic Research
10. Cadena avícola, Direccion de Cadenas Agricolas y Forestales, March 2019
11. Cadena de la papa, Direccion de Cadenas Agricolas y Forestales, June 2020
12. Cadena de la soya, Direccion de Cadenas Agricolas y Forestales, April 2019
13. Cadena deL azucar, Direccion de Cadenas Agricolas y Forestales, June 2015
14. Censo Nacional de Población y Vivienda 2018. DANE. 2020
15. Colombia Country Report. Economic Intelligence Unit, 2021
16. Colombia Ease of Doing Business 2017. World Bank, 2017
17. Colombia Export Product List, TradeMap, 2021
18. Colombia Production Data, FAOSTAT, 2021
19. Colombia Rationale, Argidius Foundation, 2019
20. Coyuntura PYME, ANIF, 2020
21. Cuantas empresas hay en Colombia?, EA, March 2019

# Bibliography

22. Cuervo, R; Rincon, A; "PYMES del agro en Colombia - Que tanto las une el comportamiento de la informacion financiera?," Congreso Internacional de Contaduria, October 2018
23. Ease of Doing Business 2020. World Bank. 2020
24. El panorama que atraviesa el sector arrocero en Colombia, Portafolio, 2019
25. Empleo en Colombia, Innpulsa, 2021
26. Employment and GDP contribution in Colombia and Comparable Countries, World Bank Data, 2021
27. Enabling the Business of Agriculture 2019. World Bank. 2019
28. Encuesta de Desempeno Empresarial 4to Trimestre 2020, Dpto. de Estudios Economicos - ACOPI, 2021
29. Encuesta nacional de presupuesto de los hogares, DANE, 2018
30. Evaluacion socioeconomica de la cadena productiva del arroz en Colombia, Fedearroz, 2010
31. Fertilizer Indicators. FAOStat, Accessed April 2021
32. Gomez, Andres (2021). "Produccion y mercado del arroz en Colombia," Red Agricola
33. Gran Encuesta PYME, Centro de Estudios Economicos - ANIF, 2020
34. Gustavo Ferro (2021), "Colombia case study: Roasted Coffee," Presented at United Nations Conference on Trade and Development, 11 March 2021, Addis Ababa, Ethiopia
35. Hoyos-Villa, Oscar (2019). "Factores que impulsan la internacionalizacion en las PYMEs industriales del Eje Cafetero Colombiano: estudio de caso." Entramado Vol. 15.
36. Informacion estadistica de productividad en Colombia, DANE, March 2020
37. Información financiera -NIIF, con corte a 31 de diciembre de 2019 - PYMEs Individuales. Superintendencia de Sociedades, 2020
38. Informe Anual de Gestion y Resultados sobre el apoyo a las MIPYMES, Consejo Superior de PYME, 2019
39. McFalls, Ricarda (2017). "Good procurement practices and SMEs in supply chains: Nespresso AAA sustainable quality program impact of procurement practices in an SME in Colombia." International Labour Office, ENTERPRISES, SME Unit. - Geneva: ILO
40. Ministerio de Agricultura y Fenalco Firman Memorando de Entendimiento para apoyar las PYMEs del campo, Fenalco, October 2020
41. Morales, Victor; Ospina, Jonathan. (2017). "Analisis de la cadena de valor de la industria lactea en Colombia," Universidad Libre Seccional de Pereira
42. "Mosquera, M., & López, D. (2017). Aceite de palma certificado sostenible: análisis de la cadena de valor. Palmas, 38(1), 11-25."

# Bibliography

43. Nieto, Victor; Ramirez, Nicolas. (2018). "Cadena productiva de carnes y productos carnicos," Departamento Nacional de Planeacion
44. Perfetti, Juan Jose (2012). "Costos de produccion de doce productos agropecuarios." Fedesarrollo & IQuartil
45. Población ocupada según su actividad económica, Sistema Nacional Estadístico DANE, April 2020
46. Productividad de la tierra y desarrollo del sector agropecuario medido a través de los indicadores de crecimiento verde en el marco de la misión de crecimiento verde de Colombia, CIAT, October 2017
47. Rendón Acevedo, J. A., y S.Gutiérrez Villamil (2019). Brechas urbano-rurales. Las desigualdades rurales en Colombia. Revista de la Universidad de La Salle, (82), 13-36.
48. Resultados Encuesta Nacional Agropecuaria, DANE, June 2020
49. Ritchie, Hannah; Roser, Max (2019) "Crop Yields". Published online at OurWorldInData.org.
50. Ruiz, Cristina (2018). "Cadenas productivas de Cordoba-Carnicos," SENA
51. SME Policy Scorecard Colombia, OECD, 2020
52. The Entrepreneurship and Enterprise Growth Landscape: Colombia, Enabling Outcomes Ltd, Argidius Foundation, September 2019
53. The Hague University of Applied Sciences: Agri-food in Colombia, Netherlands Enterprise Agency, 2016
54. Valencia Pinzon, Andres (2019), "Insumos Agropecuarios," Documento de Política No. 5, Política Agropecuaria y de Desarrollo Rural 2018-2022, Ministerio de Agricultura
55. Valencia Pinzon, Andres (2019), "Política Agropecuaria y de Desarrollo Rural 2018-2022", Ministerio de Agricultura
56. Valor Agregado por actividades económicas para las regiones. Series encadenadas de volumen con año de referencia 2015, Serie 2014 - 2019pr, Sistema Nacional Estadístico DANE, September 2020
57. Varela, Rodrigo, "Colombia SMEs' 70 years of progress: what's next?", ICESI University, January 2017
58. World Bank: Agriculture, forestry, and fishing, value added (% of GDP) - Colombia, World Bank Data Repository, 2021