



## **European Microfinance Week 2014**

# **Accelerating rural finance in Africa: initiatives from funders and support organizations**

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GIZ/ Making Finance Work For Africa**



## The MFW4A Partnership

### A G8 Initiative

The MFW4A Partnership is a G8 initiative launched in October 2007

### Target Beneficiaries

- Donors and Development Partners ; and
- Public and private sector African Stakeholders.

### MFW4A PARTNERS



german  
cooperation  
DEUTSCHE ZUSAMMENARBEIT



Buitenlandse  
Zaken





## The MFW4A Secretariat: Structure and Activities



**Hosted by the African  
Development Bank**

### ***MFW4A Secretariat Operational Objectives***

***“Enhance knowledge sharing  
and generation”;***

***“Enhance interaction and  
engagement with African  
Stakeholders”;***

***“Improve coordination among  
Development Partners”;***

***“Promote the financial sector  
agenda and awareness”***



## Kick off of the MFW4A process on Agricultural Finance



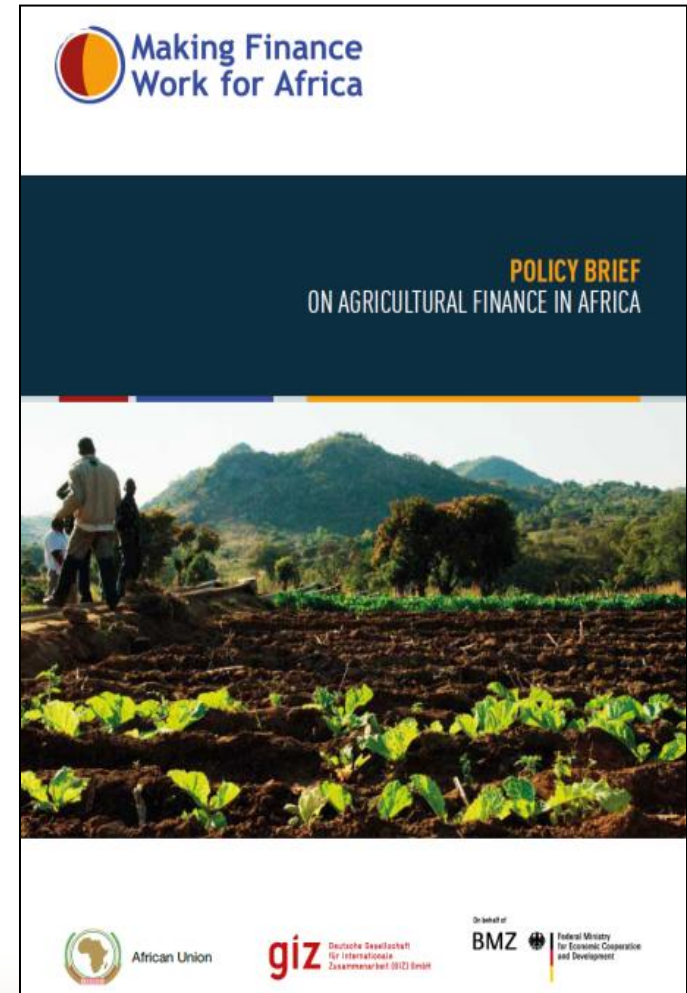
### Who were the task force members and participants?

- the public & the private sector, international agencies, research institutions, regional initiatives
- from the agricultural and financial sector



## Kampala Principles – Uganda, 30th June 2011

- ✓ Set of 11 policy recommendations
- ✓ Endorsed by 300 conference participants
- ✓ Recognize that the financial services needs of agriculture sectors in Africa are pressing and demand special attention
- ✓ Cornerstone of the Policy Brief on agricultural finance in Africa, signed by the AU Commissioner for Rural Economy and Agriculture and the MFW4A coordinator





# Examples of Kampala Principles & Policy Recommendations



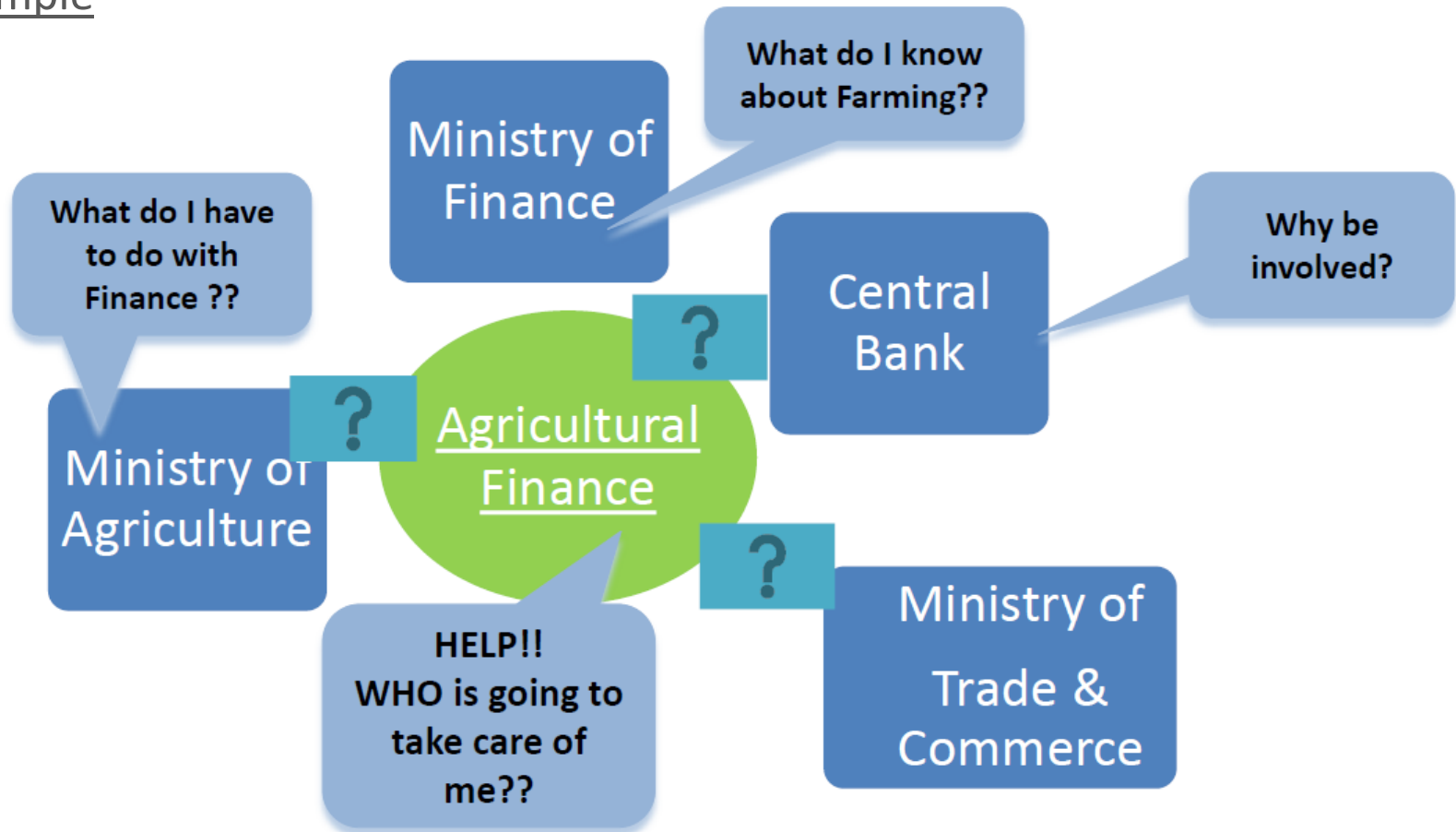
## Problem Statement: Agricultural Finance is a Policy Orphan

### Example

Kampala  
Principle  
No. 1

Kampala  
Principle  
No. 4

Kampala  
Principle  
No.10





## Problem Statement: Agricultural Finance is a Policy Orphan

Kampala  
Principle  
No. 1

### Agricultural Finance Policy Recommendation:

Adopt a strategy of strong policy advocacy in favour of expanding agricultural finance, anchored with a strong and dedicated institutional advocate.

Kampala  
Principle  
No. 4

Kampala  
Principle  
No.10





## Problem Statement: Legislation & Regulation lagging behind

### Examples

Kampala  
Principle  
No. 1

#### **Warehouse Receipt Systems:**

Acceptance of warehouse receipt systems as collateral

Kampala  
Principle  
No. 4

#### **Leasing:**

The contracts system should account for the legal requirements of all involved parties

Kampala  
Principle  
No.10

**!!** Both require specific legislation accounting for the characteristics of the respective arrangement



## Problem Statement: Legislation & Regulation lagging behind

Kampala  
Principle  
No. 1

Kampala  
Principle  
No. 4

Kampala  
Principle  
No.10

### Agricultural Finance Policy Recommendation:

Foster a conducive legal and regulatory environment that takes into consideration the specificity of agricultural finance, removing barriers to financing agriculture and allowing for innovation.



## Problem Statement: Lack of reliable data

### Examples

Kampala  
Principle  
No. 1

#### **Financial Institutions:**

willingness to lend depends on having sufficient information to evaluate the borrower's reliability and capacity to repay

Kampala  
Principle  
No. 4

#### **Farmers:**

market data as well as marketing channels are required

Kampala  
Principle  
No. 10

- + huge information gaps between the financial and agricultural sectors in Africa and within each of these sectors.
- + information needs for value chain participants, active and potential finance service providers and for policy makers.



## Problem Statement: Lack of reliable data

Kampala  
Principle  
No. 1

### Agricultural Finance Policy Recommendation:

Close the information gap between agriculture and finance through knowledge generation and management. Expand and improve data collection, research, training and the dissemination of knowledge.

Kampala  
Principle  
No. 4

Kampala  
Principle  
No. 10



## Mainstreaming the Kampala Principles into the CAADP



### **CAADP = Comprehensive Africa Agriculture Development Programme**

- is about bringing together diverse key players at country round tables
- identifies priority areas for investment through a CAADP Compact agreement
- Is active in 46 countries; 39 countries signed compacts (as of 12/2013)



## Further Activities & Next Steps

- support the MFW4A Secretariat to implement the recommendations of the report “Mainstreaming the Kampala Principles into the CAADP framework” with funding of an Agfinance expert at the CAADP secretariat
- support the activity of the MFW4A Agricultural Finance Stakeholder Working Group’s (AFSWG) work plan on the analysis of the policy coordination in Burkina Faso, Ethiopia, Ghana, Morocco and Zambia to generate country specific knowledge and recommendations



[www.mfw4a.org](http://www.mfw4a.org)