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MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS

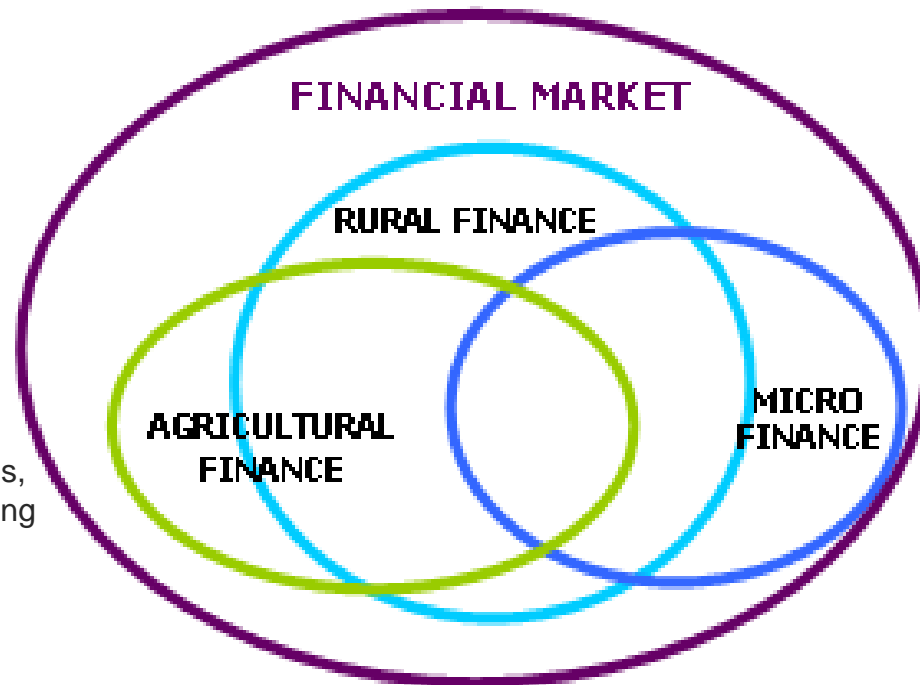
Innovative means to accelerate rural finance in Africa



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What is Rural Finance?

Rural finance: Financial services used in rural areas by people of all income levels



Agricultural finance:
Financing of
agriculture-related activities,
from production to marketing
in rural and urban areas

Microfinance: Financial services
for poor and low-income people



Reasons for lack of access to rural finance

- Framework
- Demand side
- Supply side

Strengthening demand side: the agricultural sector

- 500 mill. smallholder agricultural dependent households with different financial needs
- Capacity Development: Strengthen agricultural sector players along the value chain
 - Strengthen farmers in their ability to negotiate contracts
 - Strengthen their financial literacy
 - Introduce integrated risk management (agricultural insurance)
 - Support producers in organising themselves



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Strengthening supply side (MFIs, banks, SACCOs)

- Help providers understand clients' behaviour
- Alternative collateral, like warehouse receipts and credit information bureaus improve banks' security → better data on demand side is needed (creditworthiness, soil quality, price development, weather data – for insurers)
- Use and improve existing (informal) financing arrangements within the value chain (contract farming, warehouse receipt systems)
- Design tailor-made AgFin products to fit the production circles of clients, using new technologies
 - Digital Financial Services
 - Insurance products



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Some key lessons

- Systemic approach
- Going beyond credit
- Consider the whole Value-Chain
- Framework conditions matter
- Technology on the move
- Focus on demand and supply side constraints