



## European Microfinance Week November 12<sup>th</sup> – 14<sup>th</sup>, Luxembourg



## What is missing in Agri-Value Chain Finance Training and how to Fill the Gaps?

**Miriam Cherogony - KMP**

# Rural Finance Knowledge Management Partnership (KMP) Intro....

- **KMP** Started in 2003 as rural finance thematic network for East & Southern Africa
- **Overall goal:** to raise income and standard of living of poor rural communities
- **Objective:** to strengthen IFAD's engagement in rural financial service delivery through:
  - **Knowledge management for experience sharing**
  - **Action research for policy dialogue**
  - **Direct technical support for implementation and capacity building services**

# Africa Rural and Agricultural Credit Association (AFRACA) Intro...

- **AFRACA:** established in 1977 to promote rural & agricultural finance
- Membership-Based Association with over 120 members in 30 African Countries; secretariat in Nairobi, Kenya
- **Objective:** to improve rural & agricultural finance environment through:
  - (i) Policy Development & Advocacy
  - (ii) Capacity Building
  - (iii) Knowledge Management & Information Sharing
  - (iv) Partnerships and Networking

# Bert-Jan Ottens



- Director @



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**ProFound**  
ADVISERS IN DEVELOPMENT

- **Market Research & Analysis, Market Information Systems**
- **Programmes in Developing Countries:**
  - ✓ **Value Chain Analysis & Development**
  - ✓ **Micro & Rural VC Finance**
  - ✓ **Sustainable sourcing**



# KMP Knowledge products: Value chain design for food security



Change with Innovations

**Rural Finance  
Knowledge Management  
Partnership (KMP)**

Experiences from East and Southern Africa- ESA

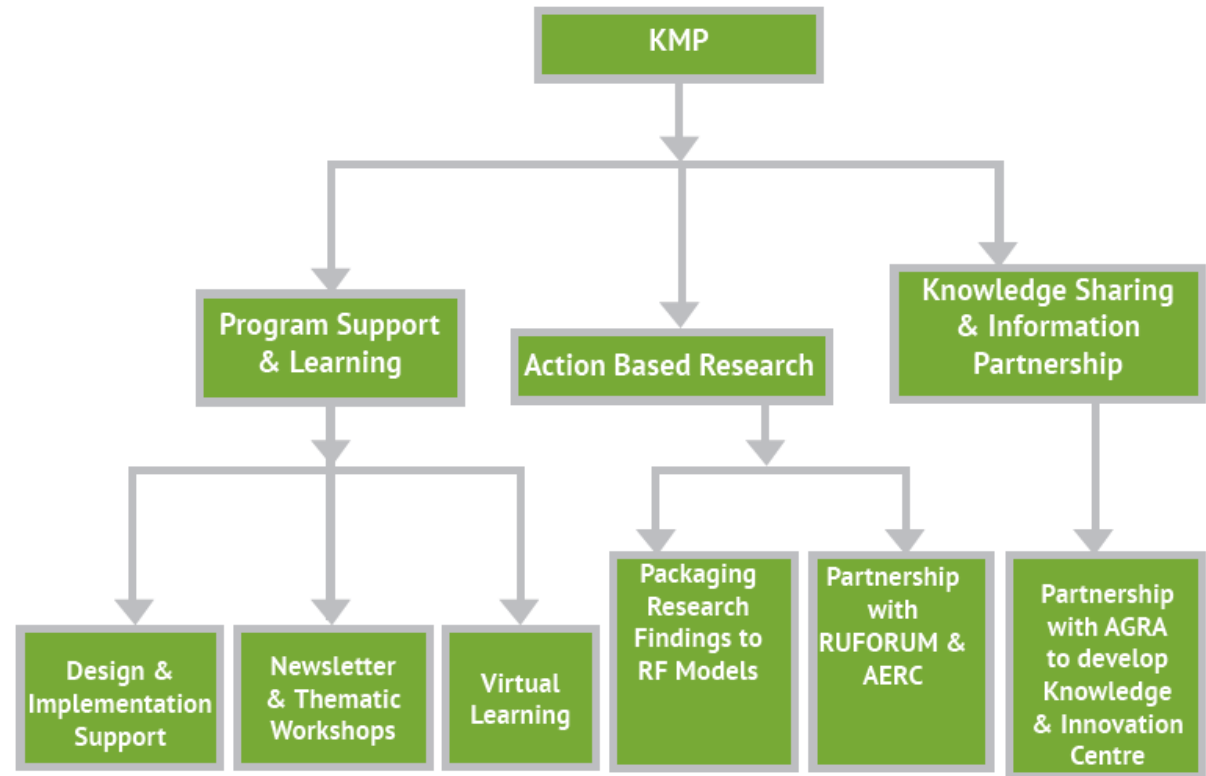


**Value chain design for food security**

# Rural Finance Knowledge Management Partnership (KMP)

## Expected outputs of KMP

- Become a knowledge broker on rural finance in the region.
- Develop systematic knowledge products and make them widely available.
- Work with private- sector institutions to make the needed financial services available for both agriculture and related non-farm activities
- Improved performance of IFAD supported rural finance initiative in ESA
- Effective knowledge management and networking





# Capacity Building

- Key recommendation of many workshops on value chain finance: need to **build the capacity of value chain actors**
- Result: **triangular arrangement**: financial service providers, technical business development providers, and farmers work together to make value chain efficient & effective
- Attempts on-going to **develop curricula** for agri-value chain capacity building programmes, measuring impact & possible areas of upscaling

# Issues and Challenges

- **Inadequate human resource capacity**, in terms of knowledge & skills in agricultural lending/finance, within the financial sector institutions
- **Absence of contextualized training programs** in agricultural finance
- **Disaggregated information**, inappropriately organized, thus limiting its use to enhance decisions relating to agricultural lending.



# Issues and Challenges Cont..

- Limited/weak **agri-business knowledge** in value chain appraisal and evaluation
- Difficulty to **manage high information asymmetry** among various actors within the value chain
- Limited **capacity of the regulator** in agricultural lending
- Weak **business and financial management skills** and lack **entrepreneurship** among SMEs

# What is Missing & How to Address it?

## Capacity Gaps

- Limited adoption of VC approach
- Skills on enterprise risk analysis and management
- Developing appropriate financial products

## Suggested Solutions

- Holistic approach to CB
- Adopting Value Chain Analysis as a service
- Deeper understanding of roles and interests of each actor in the chain
- Capacity Building of all actors in value chain

# What is Missing & How to Address it?

## Capacity Gaps

- Attempts to capacitate not really addressing all actors in AVCF
- Enabling environment for AVCF

## Suggested Solutions

- Training in Risk management/insurance.
- Replicate best practices & AVCF successful models
- Expand policy environment for agricultural finance to cover emerging financial products and technologies
- Enforce transparency & fair treatment of all players

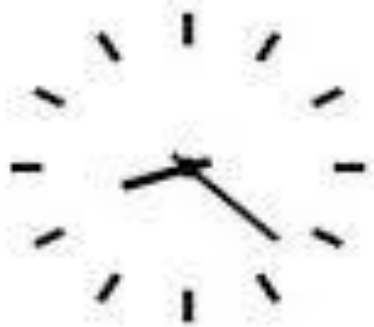
# Lessons and Opportunities

- **Extending certificate course** in agricultural finance to a wider audience: face2face & e-learning; provide English/French option, develop certified programme
- Develop **training manuals and case studies** to support the training process
- Need for **experimental learning with financial institutions** as part of certification process
- Need for **knowledge management e-hub** for agricultural finance training, research, standardized lending instruments

# Lessons and Opportunities Cont..

- Need for **joint efforts** between development partners, like the CABFIN initiative that support research, publications, workshops and web knowledge sharing and brings together several partners such as IFAD, GTZ, WB, etc.
- Need for **scaling up of initiatives** such as the value chain analysis tool developed by FAO; can be downloaded for free <http://www.fao.org/easypol/output>
- Support FAO **agricultural value chain training** that has developed eleven modules so far.

# Thank you



**Q & A time**



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# Contacts

Miriam Cherogony

Rural Finance / Knowledge Management Specialist

Rural Finance Knowledge Management partnership (KMP)

2nd Floor Shelter Afrique

Mamlaka Road Off Nyerere Road

P.O Box 41378 , Nairobi 00100, Kenya

Tel: + 254 (20) 271 3702/04 ; Fax: +254 (20) 271 3706

Email: [mcherogony@ifadafrica.org](mailto:mcherogony@ifadafrica.org)

Website: [www.ruralfinancenetwork.org](http://www.ruralfinancenetwork.org)