



SUMMARY REPORT

Learning Moment: ACCESS TO FINANCE

OVERVIEW

Low productivity in agriculture globally is largely related to smallholder farmers' lack of capital and access to affordable credit. The unmet demand for smallholder finance is huge: the short- and long-term credit gap for farmers in developing countries is estimated at about \$170 billion per year. Programs implemented by the AgriCord alliance aim to strengthen and enable the FOs to provide better economic services to their members, to improve their access to markets and finance and to increase members' production and value addition. To distil experiences and learnings within the alliance related to access to finance, the AgriCord secretariat organised a virtual learning moment on November 9th 2022. The session brought together 22 participants our agri-agencies and some FO partners from South-East Asia and Eastern Africa.

This document summarises the main takeaways and learnings emanating from the two keynote presentations by Cresente Paez, AgriCooPh and Maina Gakuru, We Effect and from the two working group discussions.

JOINT CHALLENGES

- **Affordable credit:** Access to affordable loans and credit poses a significant challenge to farmers. The issue is actually not that funding is not present - it is simply that it does not reach farmers. Further adding complexity to the matter, is that the situation varies across value chains.
- **Capacity of FOs:** Many FOs still face challenges in the area of financial capacity and literacy to sufficiently access and manage financial resources on behalf of farmers. Key aspects include among others the ability to draft a convincing business plan or business presentation with a clear strategic direction and financial statements with a convincing cash flow; the capacity to establish good working relationships with lenders; the ability to reassure the FO's commitment to existing loans and liabilities etc.

MAIN LESSONS LEARNT

- **Blended financing:** During this session, it was emphasised that a mixture of funding sources was essential in providing stable access to finance for FOs. For example, in Kenya, the use of small credit facilities (including small loans of 5000 USD – 20000 USD) for farmers was guaranteed by a major donor. The Swedish International Development Agency (SIDA) used a facility, [called the Innovative Finance for Improved Livelihood \(IFIL\) fund](#), to guarantee these loans. This allows to build-up a track record to enable increased access to commercial loans. In short, both donor guaranteed credit funds/loans, combined with commercial loans, can be an excellent source of blended financing.
- **Inclusiveness:** Inclusiveness was identified as a key aspect in access to finance. Providing farmers with access to finance must be combined with a pro-poor and gender approaches. This relates to both the individual and collective levels. Capacity-building for improved financial literacy can reach individual women, youth and men alike, but can also be aimed at strengthening FOs as institutions.

[To watch the discussion, please select this link.](#)