



Investing in rural people

Enhancing the CABFIN partnership's delivery of policy guidance, capacity development and global learning to foster financial innovations and inclusive investments for agricultural and rural development

GRANT RESULTS SHEET



©IFADImagebank

The goal was to train development practitioners to improve interventions aimed at increasing access to finance

Goals and objectives

The overall goal of the grant funding was to strengthen the capacity of development practitioners in developing countries to identify, design and implement more effective interventions aimed at increasing access to rural and agricultural finance.

To achieve this goal, three specific components were identified:

- 1) Develop or strengthen evidence-based approaches to policy making that promote access to rural and agricultural finance.
- 2) Translate policy guidance into practical recommendations for development practitioners to apply in programmes through training and capacity-building projects and programmes.
- 3) Develop an easily accessible, user-friendly web platform – the Rural Finance and Investment Learning Centre (RFILC) – where knowledge generated through the project is made publicly available.

Component 1 launched regional studies in Latin America, Africa and Asia to identify, analyse and showcase innovative finance and risk-management mechanisms developed by private and public actors that have successfully tackled the challenges of agricultural financing to smallholder families and small agro-enterprises.

Component 2 developed training courses synthesizing technical knowledge, policy recommendations and good practices that promote inclusive rural and agricultural finance markets, and delivered training with local partners at the regional and global level.

Component 3 involved a major redesign of the RFILC website to enhance its effectiveness, outreach and impact, by making it more accessible, structured and interactive, and increase the quality of the content.



Facts at a glance

Grant implementing agency

Food and Agriculture Organization of the United Nations

Theme

Inclusive Rural Finance

Benefiting countries

Global

Total programme cost

US\$875,000

IFAD contribution: US\$560,000

Cofinancing (other donors):
US\$315,000

Partners

Food and Agriculture Organization of the United Nations (FAO)

GIZ/BMZ

World Bank

United Nations Capital Development Fund (UNCDF)

Effectiveness and duration

2013-2016 (48 months)

Linkages to IFAD investment projects

All IFAD project leaders and partners with loans and grants involved in rural agriculture or small and medium enterprise finance and investment

Beneficiaries

The beneficiaries consisted mainly of development practitioners in the agriculture and finance ministries; executives from local financial service providers; leaders and members of cooperatives and producers' organizations; and staff from local and international NGOs providing development-related services. The grant-funded activities enhanced their ability to design and implement more effective interventions that foster inclusive agricultural and rural financial markets.

Main results

Three regional publications that analysed 32 innovative finance and investment ventures were produced: (1) Innovative Risk Management Strategies in Rural and Agricultural Finance in Latin America (in Spanish); (2) Bank Downscaling Strategies to Reach Smallholder Families: the Case of Tamwil El Fellah in Morocco; and (3) Policy Recommendations to Promote Inclusive Rural Financial Services in Asia (publication forthcoming).

Seven new or improved training courses were developed on key topics related to rural and agricultural finance. The courses were delivered to beneficiaries as part of 25 regional and global training programmes, including the Boulder Institute of Microfinance's annual three-week Rural and Agricultural Finance Program (RAFP).

The Rural Finance and Investment Learning Centre web portal was redesigned to facilitate access to information and to make it more appealing to practitioners and the general public. As a result, the website witnessed an 86 per cent increase in average monthly user visits; a 30 per cent increase in the percentage of returning users; and a 14 per cent decline in the bounce rate. This is an indication not only of the greater value perceived by users but also of the increased efficacy in targeting and structuring content, a positive trend which needs to continue to improve through increased work on the website.

Lessons learned

- Generating data and extracting evidence from case studies is a useful way of developing innovative approaches to providing smallholders with demand-driven, customer-centric and affordable financial services that address their unique needs. At present, there is insufficient information on rural financing to satisfy general interest in the subject or to specifically enrich the content of trainings. Rural financing is a relatively new sector in the development world and CABFIN is an effective network through which updated information on the subject can be made widely available. Training courses need to be constantly updated with new findings that emerge from fieldwork.
- We have registered a substantial rise in the demand for information, data and training on agricultural finance and innovative approaches for providing financial services to smallholders. This creates the context for CABFIN to become gradually more sustainable.
- The global professional community of agricultural finance specialists and practitioners is currently quite fragmented. The CABFIN partnership can unite this community to: jointly define good practices within public programmes focused on rural financial inclusion; make these programmes more cost-effective at the country level; and shape the overall community of practice in a way that is beneficial to smallholders and other agribusiness SMEs.

- Private and public actors from formal and informal networks hold critical information on rural financial markets and investment opportunities. But they rarely interact and have difficulties in engaging in systematic and sustainable cooperation to deliver adequate financial services to rural households. Leveraging the CABFIN partnership knowledge networks and sharing knowledge between these groups would enable the tackling of persistent constraints to inclusive rural and agricultural finance.
- The Rural Finance and Investment Learning Centre – CABFIN’s knowledge and learning portal – holds great potential as a learning tool to reach executives in the public sector as well as private practitioners, who together can help deliver appropriate financial services to an underserved rural population.

Beneficiary story

The African Rural and Agricultural Credit Association (AFRACA) is a regional association of financial and non-financial institutions involved in promoting rural and agricultural finance in Africa. AFRACA was established in 1977 alongside similar institutions across the globe, with each being a lead advocate and coordinator of rural and agricultural finance in their respective regions. The AFRACA secretariat is based in Nairobi, Kenya, where it was registered under the NGOs Coordination Act in 1981. It received diplomatic status in 2003.

AFRACA members are leading, pioneering financial institutions that explore ways to better service rural households and help them improve their livelihoods.

The policy guidance and capacity development activities implemented by the CABFIN project have been reported as very valuable and effective, as policy recommendations are presented in a training format and delivered in a series of training events showing how recommendations can actually be put into practice. In addition, these represent services provided by AFRACA to their members, strengthening the value seen by financial institutions in being organized to share knowledge and experiences.

Way forward

It is recommended that management be decentralized by assigning more official responsibilities to partners and delegating tasks to stakeholders closely involved in the project.

For example, partners could be asked to be responsible for the organization of CABFIN events. Some partners hold strategic positions and could bring considerable added value when it comes to reaching the targets of the new phase of the grant agreement proposal. Consultants could be supported by partners, for example, in reaching out to government entities to collect case-study data or to access databases. CABFIN could give these consultants and other stakeholders new tasks, such as disseminating knowledge generated by the project or uploading the information onto the website.

It is also recommended that CABFIN events be organized periodically to draw attention to the project, whether by promoting CABFIN publications or by bringing together practitioners and experts in the field of agricultural finance.

FAO could organize a large transition event when implementation of the next phase starts to present the results of the preceding phase and to focus on the forthcoming three years, illustrating the developments planned for CABFIN’s network of stakeholders

Knowledge generated

The activities enabled by the grant have contributed (and will continue to contribute) to plugging gaps in domain knowledge, policy guidance and capacity development materials by generating policy advice and training materials on how innovations in rural finance can be replicated to promote agricultural and rural investments in the most inclusive and cost-effective manner. Broad-based dissemination of the material is achieved through the Rural Finance and Investment Learning Centre, as well as through global- and country-level project-related activities. Specific mention must be made of the Rural and Agricultural Finance Program (RAFP), organized by CABFIN and the Boulder Microfinance Institute, which involved several training sessions generated by CABFIN as part of its coursework. The RAFP is a highly specialized programme for experienced rural and agricultural finance practitioners and institutions, whose objective is to promote financial inclusion by strengthening the technical capacity of service providers institutions serving rural SMEs and smallholder farmers.



The importance of the Rural Finance and Investment Learning Centre website continues to be underscored by feedback from numerous stakeholders, who have found its ample range of rural finance-related materials both relevant and useful. The platform has also played an important role in providing and facilitating e-training.

Partner contact

Grant manager

Akos Szebeni
Akos.Szebeni@fao.org

IFAD contact

Michael Hamp

Lead Technical Specialist -
Inclusive Rural Financial Services
Email: M.Hamp@ifad.org

For feedback and queries:
ptakmmailbox@ifad.org