

# Sustainable Agricultural Finance Initiative

FINCA International

August 2014–September 2017



## Social and Industry Challenge

**Social Challenge:** The lack of financial products designed to serve the needs of low-income individuals engaged in agricultural pursuits, places significant constraints on their ability to improve their economic circumstances. Agricultural production is an important engine of economic growth and provides the basis for most rural livelihoods in many African markets. In Uganda and Tanzania, for example, agricultural production constitutes nearly a quarter of those countries' GDP and employs over 80% of their workforces.

**Industry Challenge:** Access to the financial services necessary to sustain and grow agricultural businesses is limited, however, despite the need of low-income participants and importance of the agricultural sector to economic growth.<sup>1</sup>

## Program background

The Initiative provides the opportunity for Credit Suisse and FINCA to bring multiple aspects of the partnership to bear on building a sustainable agricultural finance platform. The program follows the capacity building support Credit Suisse provided FINCA for the FINCA Development Academy, an in-house program which has trained over 1,200 managers throughout the FINCA network; and for the development of Social Performance measurement and management, and market research activities to ensure FINCA provides the most needed products to its clients.

FINCA's mission is to provide financial services to the world's lowest income entrepreneurs so they can create jobs, build assets and improve their standard of living. FINCA offers financial education and a suite of financial products and services designed to meet the needs of the poor, including loan products, remittances, micro-insurance, and savings products. Before a loan is made, FINCA provides all clients with training so that they will fully understand the specifications of the financial product they are receiving, the terms of the contract, their rights, and their obligations.

FINCA serves over 765,000 clients in Africa and 457,000 in Eurasia, the majority of whom live in rural areas. Many of FINCA's rural clients derive a significant portion of their livelihoods from agriculturally related enterprises, yet lack access to the products, services and training they need to

## At A Glance

<b>Sector</b>	Agriculture
<b>Geographical Focus</b>	Africa, Eurasia
<b>Number of Countries in which the Program is Active:</b>	8
<b>Target Beneficiaries</b>	Rural smallholder farmers and micro enterprises
<b>Partner</b>	 FINCA
<b>Partnership with Credit Suisse since</b>	2008
<b>Targeted Social Impact</b>	Improve livelihoods of excluded rural poor people in Africa and Eurasia
<b>Targeted Business Impact</b>	Increased access to financial services to support agricultural businesses
<b>Targeted Key Figures</b>	Rural and agricultural finance clients benefitted (increased income, improved livelihoods) including 10,000 clients in Tanzania and Uganda

<sup>1</sup> Central Intelligence Agency World Factbook

enable these enterprises to support themselves and their families. There is a need to develop strategies specifically targeted to the agricultural sector, encompassing product and process development, portfolio and risk management, credit training and client outreach – which will build a sustainable agricultural finance platform to reach low-income farmers, and other small-scale actors in the agriculture value chains, that will help them to secure their livelihoods and reduce poverty.

### **Countries in which the program is active:**

Initial efforts in Africa are focused on Uganda and Tanzania with potential program expansion to Malawi, Zambia, Nigeria and the DR Congo. Several countries in Eurasia, including Azerbaijan and Armenia will benefit as well. Learnings from the program will also have application for the 7 Latin American countries where FINCA operates.

### **Goals and Objectives**

In partnership with Credit Suisse, FINCA plans to build a sustainable agricultural finance program in Africa, and develop risk management and training capacity for the agricultural sector in Africa and Eurasia. Through these efforts, the livelihoods of those served will benefit through the provision of products and services they need to support their agricultural related enterprises.

- Field development: develop agricultural finance strategy for the Africa region and roll-out and scaling of pilots
- Technical capacity building: support more rapid and sustainable scaling of agricultural lending so as to reach more of the rural poor
- Develop other products and delivery mechanisms to best support clients' needs and maximize outreach
- Establish partnerships with other organizations to facilitate development and delivery of products and services
- Develop investment vehicles to provide capital to support agricultural finance and enable socially responsible investors to participate in agricultural development efforts

### **Planned Program Outcomes**

- Access and outreach: the Initiative will enable a greater number of individuals engaged in the agricultural sector to receive the financial products and services needed to improve their livelihoods
- Capacity building: institutional capacity building to enable sustainable outreach
- Sector investment: provide socially responsible investment vehicles for individuals and institutions, and collaborate with other organizations (private and public) to improve access, outreach and capacity

### **Credit Suisse Employee Engagement**

Credit Suisse employees are able to contribute to this program via:

- Global Citizens Program
- Virtual Volunteering
- Microfinance Advocates Network

Recent employee engagement included two Credit Suisse employees working in FINCA offices in Haiti and Tanzania in 2013, on social performance and savings initiatives programs, respectively. In 2014, two Credit Suisse employees will be helping FINCA Tanzania develop process maps for key financial service products and marketing plans to support the initiation of agency banking, an important delivery channel which will expand FINCA's outreach. The Credit Suisse employees will be working on site in Dar es Salaam and other FINCA Tanzania locations.

### **About FINCA International**

FINCA is a microfinance institution, which provides financial services to over 1.6 million clients around the world. FINCA's clients are community-level entrepreneurs, many located in rural and remote areas, who run small businesses that serve the bottom-of-the-pyramid populations. FINCA's extensive in-country microfinance delivery network reaches into some of the most remote and underserved areas of the world.

FINCA currently operates in 22 countries spanning four regions, with a loan portfolio exceeding USD 929 million and deposits of 106 million (Nigeria, FINCA's 23rd market, will commence operations later this year). Approximately 53% of FINCA's borrowers are women.

FINCA and Credit Suisse have collaborated successfully on a number of initiatives including the development of the FINCA Development Academy, an in-house training institution which provides capacity building training to managers across the FINCA network; and social performance measurement and research capabilities. The two organizations have also partnered to create innovative socially responsible investment products including Local Currency Notes used to finance a number of FINCA subsidiaries.

### **Your Credit Suisse Contact**

Manuel Hörl  
Microfinance Capacity Building Initiative  
Email: [manuel.hoerl@credit-suisse.com](mailto:manuel.hoerl@credit-suisse.com)

[www.credit-suisse.com/microfinanceinitiative](http://www.credit-suisse.com/microfinanceinitiative)