SAFIRA
Strengthening Agricultural
Finance in Rural Areas

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Strenghtening Agricultural Finance in Rural Areas - **Lessons Learned**

AIP-RURAL **LEARNING SERIES**

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Lynley Mannell

Executive Summary

Strengthening Agricultural Finance in Rural Areas (SAFIRA) is funded by the Australian Department of Foreign Affairs and Trade (DFAT) and since 2015 has been working in Indonesia as a component of Australia-Indonesia Partnership for Rural Economic Development Investment (AIP-Rural) in the field of agricultural finance. It supports financial institutions to expand their portfolio to smallholder farming households and to deliver it effectively. The purpose of this report is to help ensure that the knowledge and learning captured as part of SAFIRA'S work during 2015-18 are captured, and used to inform and improve the program's work, as its first phase comes to an end and it prepares to continue its work as part of PRISMA 2. The report presents three themes within SAFIRA's work and lists the program's key insights. These are:

- **Value chain finance** (VCF) is central to SAFIRA's MSD approach. The program has learned five lessons about VCF:

  1. VCF can be supported by a **free market** system, with the pricing of the commodities it supports done at the market rate to prevent side-selling, one of the biggest risks in VCF.

  2. VCF needs calculated risk management, in addition to the usual mechanisms essential to ensure risk reduction for financial institutions (FIs). This report identifies four major, specific risks and presents SAFIRA's eight packages of technical assistance designed to address them.

  3. **VCF consulting** in Indonesia is still in its nascent stage and needs to be supported. To achieve systemic change, SAFIRA envisioned that delivery of its strategy should be achieved by national consultants. To assist with this, it designed a toolkit to support consultants in their provision of services to FIs to enable the latter to better implement VCF.

  4. The **regulatory environment** in Indonesia is largely favourable to VCF.

- SAFIRA uses an **institutional development approach** to strengthen the concept of VCF in Indonesia. Three lessons learned were:

  5. SAFIRA's **institutional development approach was essential to** exploring the potential of VCF and **achieving targets**. SAFIRA knew it had the capacity to affect systemic change within the institutions it worked with, and the finance landscape of Indonesia. To achieve this, it worked to change the ways that FIs lend to the agricultural sector.

  6. To secure VCF, **agribusinesses prefer to engage FIs to secure credit** rather than being supported by SAFIRA to facilitate finance themselves.

  7. SAFIRA was successful at **adapting as interventions progressed**. This can be attributed to one of the program's key principles: to integrate learnings early on. This was particularly evident in three areas: gender, in-kind lending, and the need to address the failing of some FIs to maintain proper administrative systems.

  8. **SAFIRA can work with** Kredit Usaha Rakyat Mikro (**KUR**). KUR is a subsidised loan product pushed out by the GoI directly to farmers at below-market interest rates and with no expectation of repayment,

an approach which is at odds with MSD. Having recognised the significance of KUR, SAFIRA decided to change it to make it fit better with an MSD approach. This was made easier in 2018, when the GoI introduced 'Special KUR', essentially a VCF product.

- During its three years of work, SAFIRA has identified **additional learnings** of value to it and its partners:

9. SAFIRA's institutional development approach enabled it to support its partners in understanding **the commercial case for working with Indonesian women**. SAFIRA has incorporated this analysis into its VCF toolkit to provide guidance for FIs, and suggests four ways to increase women's engagement.

The report concludes that SAFIRA has responded quickly and successfully to changes in the market and among its partners and beneficiaries, innovating and adapting to ensure that any program changes are sustainable after the support it provides comes to an end. This report attempts to capture some of those learnings which were experienced along the way in order to benefit SAFIRA's own staff, the development of AIP-Rural's activities, and other MSD or VCF programs in the wider development world.

Introduction

SAFIRA is part of a suite of market systems development (MSD) programs collectively known as AIP-Rural, funded by the Australian Department of Foreign Affairs and Trade. Starting in September 2015 with funding of AUD 4 million, its focus was agricultural finance, specifically value chain finance (VCF). Its rationale was to utilise the VCF approach to leverage the intangible assets that smallholders have (that is, long-term relationships with suppliers and buyers) to enable them to access small but significant amounts of credit. In this, SAFIRA supported existing financial institutions to expand its portfolio to agriculture and deliver it in the most effective way in the target province locations, namely East Java, East Nusa Tenggara, West Nusa Tenggara, Papua and West Papua. SAFIRA ends in December 2018 and from January 2019 will merge with PRISMA 2. It will continue to work in collaboration with the other programs under one PRISMA umbrella. The purpose of this report is to help ensure that the knowledge and learning acquired by SAFIRA during 2015-18 is captured internally.

in 2015, SAFIRA was created to augment PRISMA interventions through facilitating access to VCF, specifically through input credit financing. This is a novel product, and PRISMA's needs were wide-reaching and highly diverse in terms of commodities and geographies. SAFIRA needed to find a means of covering these diverse needs with a solution which did not otherwise exist in the market. It also had outreach targets to achieve within a relatively short amount of time, compounded by the tendency of financial institutions (FIs) to adopt a slow and risk-averse approach to change and to developing new products. This is particularly true for the agriculture sector, which is perceived by FIs to involve high risk and high transactional costs.

SAFIRA's first 12 months were slower than anticipated, and the program experienced challenges arising from a team with a low understanding of MSD and how it could or should be adapted to meet the approach outlined in the initial design. A restructuring and restrategising exercise in 2017 provided the impetus for a fresh start, and following the recommendations from the midterm review, the program adopted four key fundamental changes to inform SAFIRA's structure and approach: 1) the focus was broadened and diversified from purely focusing on financial institutions; 2) team skills and culture were transformed with a 100% turnover of the team; 3) SAFIRA began to codify its own analysis and intervention design processes and integrate them into the same systems which PRISMA uses; 4) the deepening and strengthening collaboration between SAFIRA and the other three AIP-Rural programs was considerable.

Within the revised strategy, SAFIRA's vision of change is that more financial institutions in eastern Indonesia are equipped with the skills and capability to engage in profitable applications of agricultural VCF, so that value chain actors have the access to finance they need to make the investments required to enhance productivity and increase their income. SAFIRA's revised strategy aimed to achieve this systemic change by formalising VCF within the financial ecosystem through three main pillars:

- supporting financial institutions and agribusinesses to develop VCF products;
- developing VCF consulting services and links to them, and
- facilitating knowledge-sharing among stakeholders.

Encouraging a FI to develop and roll out a VCF product requires holistic support from SAFIRA to understand the opportunity, and to develop or test new products for the market. To achieve this in a sustainable way, SAFIRA

adopted an institutional development approach of working with partners in order to embed knowledge of VCF, enabling the FI to reach scale in a sustainable way through offering an appropriate VCF product. This includes providing a variety of support facilities designed to encourage the partner to adopt VCF and increase its agricultural lending. This included technical assistance in VCF development, in areas such as developing VCF products, change management, operations procedures, new product marketing and advice.

To maximise the chances of buy-in to the model at a management level, SAFIRA's focus was non-sector specific. A commodity-specific approach, while it would have supported PRISMAs interventions, would have provided only limited scope of experience for an FI, rather than sensitising staff from the beginning about the commercial value of VCF, the benefits to their bottom line, and a walk-through of how to assess, adapt and implement the approach. This was a reversal from the original approach, which was to develop sector products and build impact from these. Instead, SAFIRA switched to focusing on the process of supporting institutional change first, which would result in specific products and impact second. This approach has more potential for scale and sustainability, and leaves partners with the legacy of determining the subsector and/or value chain structure which best meets their needs in terms of their appetite for risk and desired outcomes.

As of October 2018, innovations tested by SAFIRA have shown positive results, which support the case for VCF as a means of FI lending to agriculture. The institutional development approach has been well received, and all 12 of SAFIRA's intuitional partnerships have yielded a VCF product being put out to market. The 12 developed VCF products encompass eight agricultural sectors, across eight districts in the pilot phase. Of these 12 VCF products, nine have been commercialised. Furthermore, in 10 FIs there are senior staff dedicated to upholding the change within their institutions. Five partners have further invested by hiring a new team or dedicating an entire team to managing VCF; they have also increased lending significantly in the agriculture sector. Six partners have extended VCF to other agriculture commodities; five of these have also increased geographic coverage.

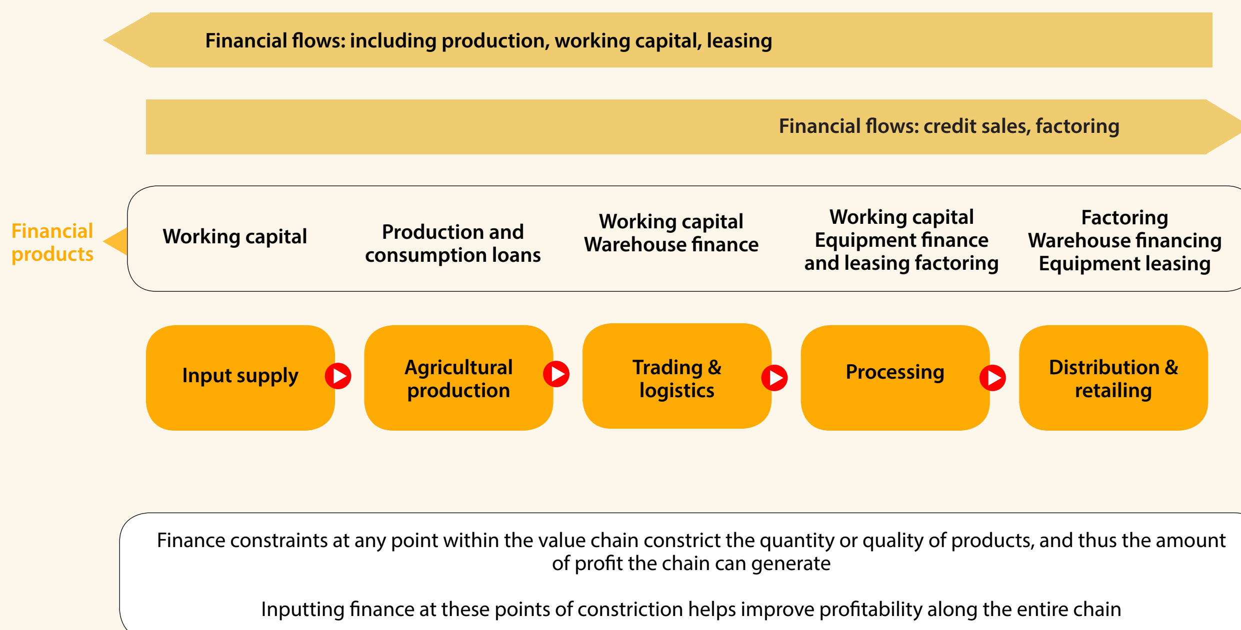
The final proof of concept has emerged following the results of 9,764 households increasing their income against a target of 6,000; there are also clear indications of strong buy-in to the VCF model on the part of partner FIs, which have invested further by modifying the product structures for new products, expanding their ISP networks, and extending their marketing activities into new areas on their own initiative after the initial intervention from SAFIRA. In a relatively short space of time, SAFIRA has piloted a model with partners which has the scale and reach to achieve significant systemic impact across the whole of Indonesia. This report presents the cumulative learnings acquired throughout that process.

Section 1: Value Chain Finance

Value chain finance (VCF) is a relatively new concept to many financial institutions and their agriculture sector partners. It encompasses both internal financing (where one actor in the value chain provides financing to another actor in the value chain) and external financing (where an external party, such as a financial institution, provides financing to a value chain actor). Essentially, VCF is a means of lending to one actor in the chain, who on-lends to another actor in the chain in order to reduce the financial constraints within the chain.

Within VCF, formal lending is provided to parties who maintain the risk profile appropriate for financial institutions, and yet are familiar with the actors in the chain and can confidently on-lend to others who can benefit from additional finance. This concept reduces the need for informal lending at the village level from 'loan sharks' who charge extremely high interest rates. It also reduces the barriers that many in the agriculture sector face in accessing formal finance, including (on the consumer side) the existence of a credit profile, required documentation and collateral, and (on the side of the FI) the higher transaction costs combined with reduced risk. Ultimately, VCF aims to address the needs and constraints of actors in the chain in order to increase the quality and quantity of agricultural commodity production (Miller & Jones, 2010).

SAFIRA's work in this field has elicited several findings, including the essential elements which need to be in place in order for the successful widespread adoption of VCF to occur. These factors are a free market system, risk management support functions, a network of consultants available to support the adoption of VCF by FIs, and a supportive regulatory framework. At present, each of these elements exists in various forms in Indonesia.



Review: agricultural value chain finance instruments currently used to finance value chain actors

Instrument	Brief description	Benefits for value chain actors
Trader credit	Traders advance funds to producers to be repaid at harvest time, usually in kind	Traders can procure products; farmers can obtain cash needed (for farm or livelihood usage). Enables guaranteed sale of outputs for the trader.
Input supplier credit	Input supplier advances agricultural inputs to farmers (or others in the value chain) for repayment at harvest or other agreed time(s). The cost of credit (interest) is generally embedded in the price.	Enables farmers to access inputs; for suppliers, sales increase.
Marketing company credit	Marketing company, processor or other company provides credit in cash or in kind to farmers, local traders or other value chain enterprises. Repayment is most often in kind.	Upstream buyers are able to procure outputs and lock in purchase prices and in exchange farmers. Others in the value chain receive access to credit and supplies and secure a market for selling their products
Lead firm financing	Lead firm provides either (1) direct finance to value chain enterprises including farmers, or (2) guaranteed sales agreements enabling access to finance from third party institutions.	Provides farmers with finance, technical assistance and market access; ensures quality. Provides timely products to the lead firm.
Trader receivables finance	A bank or other financier advances working capital to agribusiness receivables (supplier, processor, marketing and export actors) companies against accounts finance receivable or confirmed orders to produce	Takes into account strength of buyer's purchase and repayment history.

Lesson 1: free markets support VCF

One of the essential components of VCF is the market rate pricing of the commodities it supports. This means that when off-takers purchase a commodity, the price agreed must be based on the comparable pricing of similar purchases in the market. This will prevent one of the largest risks in VCF, which is side-selling.

If a farmer knows they can get a better price for the commodity by selling it to another off-taker, this breaks the 'chain' feature of VCF, meaning the producer is no longer tied into the chain on the basis on which the VCF agreement was made. At the same time, if the farmer sells to the off-taker in the chain with whom the initial agreement was made but who is offering a lower price than available elsewhere in the market, besides receiving a lower income they may be unwilling to participate in VCF again.

Ideally, SAFIRA as a program wants to reach out to those farmers who typically make less than USD2.50 a day, who are thus highly affected by every slight variance in income, and for whom it is important to obtain market-based pricing for their product, while at the same time, loans need to be repaid through the chain as intended.

The other required component of a free market system and VCF is that lending is based upon principles of supply and demand. In other words, for a loan request for a specific commodity to be approved, there needs to be an observed demand for that commodity in the market. When finance is provided to a subsector where there is demand, and where finance can be leveraged to increase productivity for commodities which are then sold at market rates, this can increase the productivity of the entire chain and is far less likely to burden farmers with debt.

Financing demand-driven commodities significantly reduces the risks which poor producers face from common finance challenges, including misuse or misallocation of funds, poor investment decisions, and high default rates. An example of this (see Box 1) relates to Kredit Usaha Rakyat Mikro (KUR) disbursement.

Situations like this need to be observed and managed carefully. Local actors, including district authorities, are often motivated by competing agendas to provide access to finance for specific groups of beneficiaries. For the model to work (and lead to increased incomes and/or improved productivity), it is imperative that there is demand and market rate pricing for the commodity.

Lesson 2: VCF requires proper risk management

Value chain finance has its own, built-in risk mitigation mechanism for lending to agriculture, which works by making sure there are structures in place so that the activities within a value chain support the repayment of credit. In building and implementing the system around VCF, a primary consideration is the reduction of collateralised loans, which requires a means of risk mitigation for banks, farmers and intermediaries other than through the utilisation of collateral. Within a VCF approach, these mainly include those relationships in the chain which are valued by the other actors in an existing chain or small community. Broadly speaking, the categories of risk which can affect the success of VCF are market risk, production risk, political risk and operational risk.

The importance of *market risk* is addressed in the section above relating to a free market system. *Production risk* can arise as a result of factors such as climate, disaster or pest attack, which lead to a suboptimal harvest and impact the ability of the farmer or other actors in the value chain to repay loans. SAFIRA mitigated this risk largely by collaborating with its sister program PRISMA, which provided training and information on good agricultural practices (GAP) and guidance to SAFIRA's partners, while ensuring value chain actors were aware of best practices and enabled to implement them. In terms of adverse climatic effects, within VCF an FI is much closer to the value chain, meaning it is likely to be more aware of any potential challenges and constraints and able to adapt accordingly, for instance by rescheduling loans or adjusting its products to increase their immediate relevance. This proximity also helps the FI in differentiating between a client's ability or willingness to repay. While use of GAP provides the best chance of a commodity's success such as enhancement of productivity, the FI can also manage expectations accordingly, creating better conditions on both sides.

Political risk can be interpreted as a fluctuation and/or involvement of established regulations counterproductive to the success of VCF (see Lesson 5, below). Another possible aspect of political risk in the Indonesian context is the

Box 1: Negative effects of price fixing breaking the value chain

SAFIRA was involved in designing a VCF-based model to support a bank in Sumenep which was embarking on an opportunity to lend GoI KUR to maize farmers. At the farmer level, KUR is known historically as a guarantee scheme, which results in high default rates as farmers believe it is secured by GoI funds. SAFIRA's intervention involved attempting to utilise KUR but to wrap up repayments in the value chain to ensure repayment took place.

This intervention was jeopardised by stakeholders in the district who, at the time the agreement was made, encouraged the off-taker to agree to a higher-than-market-rate price. When harvest-time came, the off-taker reneged and began lengthy negotiation with the local stakeholders to lower their offer. Many farmers resorted to side-selling their maize to others offering a reasonable price, and refused to pay back the loan to the bank.

They knew that because of the way the business model was set up, the off-taker was responsible for repaying the loan – at the same time, because of the attempt to undercut the agreed price, they no longer felt obliged to pay on behalf of the off-taker. If the off-taker, local stakeholders and farmers had agreed to market-based pricing at the point of harvest, the model would have had a better chance for success.

Box 2: Reducing operational risk

SAFIRA was successful in improving the non-performing loan rate of an input supplier financing scheme, reducing it from 50% to 0% by implementing a book-keeping mechanism as a way for the company to improve its internal operations and agent engagement with farmers at the field level.

Another example of SAFIRA's success can be demonstrated by comparing the different approaches of two banks to the distribution of

disbursement of KUR[1] largely as a support program for governmental poverty reduction strategy, especially in politically important years such as 2018/2019. This largely concluded that special KUR. Special KUR[2] is a new type of KUR recently developed in 2018. Its features are similar to Small KUR. The only difference is that Special KUR recipients are farmers (including cattle farmers) or fisherman based on type of plantation, cattle or fishery clusters in collaboration with business partners. Special KUR has a unique mechanism in its implementation as it requires the involvement of a business partner/ supervising consultant and farmer group.

In order for the loan to be disbursed, a formal relationship must be established between the farmers group and the business partner(s)/supervising consultant in the form of a formal agreement or contract. The business partner(s) or supervising consultant must (1) be a legal entity with a core business in the corresponding sector, (2) act as a market guarantor or credit guarantor, (3) provide technical assistance and quality seed to the farmers group, and (4) assist the FI to ensure repayment. The FI also coordinates with the business partner(s)/supervising consultant to conduct monitoring activities to ensure the sale of the crop and the eventual repayment of the loan. This model is very similar to VCF. Special KUR is in line with VCF; however, KUR itself is not characterised by repayment, and if KUR is to continue, SAFIRA suggests some strategies which FIs can adopt to reduce their operational expenditure and thus improve their margins, ensure profitability, and increase sustainability.

With regard to *operational risk* and VCF practice, SAFIRA worked with its partners and with consultants to design standard operating procedures (SOPs) and integrated them into the package of institutional development support which it offers to partners. This included (1) developing field practices for customer segmentation and barrier-based analysis (needed to address constraints in accessing finance), (2) product design and the specialisation that needs to take place after solutions have been devised to address these constraints, and (3) types of product for the FI to implement and how to do this effectively, including record-keeping and repayment mechanisms.

To this end, SAFIRA has delivered eight packages of technical assistance based on the program's structured toolkit, designed to implement VCF using both internal and external analysis and a market-based approach. The aim is to improve the processes that FIs follow to develop, adopt and adapt their products to make them appropriate for VCF.

FIs are familiar with risk – which is a fundamental aspect of the banking industry – and their typical means of mitigation involves transferring that risk to other parties. In Indonesia, one way FIs often do this is by utilising the reimbursement mechanism of KUR and other forms of insurance. In other interventions, SAFIRA adopted additional means of mitigating risks (see box 3).

SAFIRA understood the importance of risk mitigation and adjusted 100% of its interventions to include at least one risk mitigation solution from the list above, implementing these practices in the toolkit as well as in partners' SOPs. In future, any adoption of VCF should be sensitised to these risk mitigation features.

In addition, PRISMA 2 should consider additional means of risk mitigation for every party involved, including insurance at the farm level, forward contracts, and contract farming. In 2017 and 2018, SAFIRA introduced several of these features into its interventions, including insurance and technical assistance via PRISMA in interventions with three banks and an agribusiness.

1 As part of KUR, the GoI provides subsidised, partial credit guarantees to FIs in order to secure lending to higher risk markets. Under the current KUR program, the GoI provides interest subsidies and principal guarantees to participating banks, allowing them to lend to MSMEs at capped interest rates (7% at the time of writing). The interest rate subsidy is provided to FIs to buffer the artificially low interest rate they have mandated to the market. The new KUR program largely supports the provision of inexpensive loans to MSMEs.

2 The agriculture sectors covered by special KUR are coffee, cacao, tea, nutmeg, pepper, rubber, clove, palm, coconut, sugarcane and tobacco.

Box 3: Additional means of mitigating risks adopted by SAFIRA

Risk mitigation	Description	Useful in terms of	Benefits	Limitations
Insurance	Upfront payment ensures a pay out as the result of a specific event	Weather effects; attack from pest and disease	Provides protection	Additional cost
Subsidy (KUR)	Acts as guarantee for unpaid loans	The bank is repaid even when farmers are unable or unwilling to repay	Covers both the principal and interest payable to the bank	Covers losses to FI and not to farmer; market distortion when farmers think loans are subsidised
Forward contract	Involves the actual transaction of a food or agricultural product at a set price for delivery in the future	Securing a market for the commodity and ensuring a purchase price that provides a profit to farmers	Intended to reduce the chance of side-selling or payment risk.	Only as good as the parties' willingness to respect the agreement
Disbursement in kind	Farmer receives loans in form of inputs	Reducing opportunity for cash to be misspent	Reduces likelihood of farmers using the loan for other purposes	Farmers want cash
Repayment through the chain	Reduces ability of farmers to use funds for other means instead of repaying the loan	Reducing opportunity for cash to be misspent	Reduces risk of farmers not repaying loan	Only as good as the parties' willingness to respect the agreement
Lending to groups or co-ops	Lending to a lead farmer, head of a group of farmers, or an agent, who then on-lends to farmers (preferably in kind)	Lending to a large number of farmers in that this keeps transaction costs low	Reduced transaction costs for the FI; reduced risk as intermediary is accountable and therefore responsible for collecting repayment	Adds an additional element of social pressure and disburses accountability to more than just a single farmer;
Referrals	Requiring referrals for farmers from other actors in the value chain	Lending to farmers who have a reduced risk profile	Increases credibility of borrowers	If incentives for larger numbers are involved, referrals might not be justified
Partnership agreements	These typically state the relationship between parties and accountability for their part	Documenting off-taker obligations and gaining buy-in for value chain actors	Common understanding	Only value is the degree to which parties adhere to them

Lesson 3: the VCF consulting supply in Indonesia needs improving

SAFIRA's approach included envisioning the delivery of its institutional development strategy through a number of national consultants. To achieve systemic change and ensure sustainability beyond the timeline of the program, take-up of the program's functions by relevant market actors after SAFIRA's support came to an end was essential. In MSD projects it is important that staff keep in mind how best to transfer technical skills to the market, and not just keep them contained within the team. SAFIRA determined that consultants already engaged in providing support services to FIs would be the ideal actors to adopt the intervention activities designed to provide support and advice to FIs about implementing VCF effectively. In other words, the knowledge, expertise and commercial viability of VCF consultants in the market is key to the program's sustainability.

To roll this out, SAFIRA designed a toolkit providing a step-by-step guide for consultants to use when advising an FI on how to implement VCF. The toolkit walks the user through assessing challenges in the market and barriers to finance, as well as commercial opportunities in lending to these markets. It then helps the FI adapt existing products (or design new ones) to reach the relevant markets. The toolkit can be utilised in a few ways. Firstly, along with SAFIRA's facilitator's guide, it assists consultants in their provision of training to FI staff. Secondly, a consultant can use it to provide a guideline for technical support to the FIs (in eight out of nine SAFIRA interventions, the program delivered the toolkit in both of these ways). Alongside the toolkit, SAFIRA provided consultants with training in VCF design and implementation.

One of the key challenges that SAFIRA noted in this process was the gap between (1) the VCF products and capabilities currently available, and (2) the institutions providing VCF support services. Encouraged by the will of some of the country's existing consulting companies to adopt VCF products, the program initially trained six consulting companies in VCF and deemed that four had the capacity to offer the service to potential partners. These were Hadidaya, KIRAN, SPIRE and MicroSave (although MicroSave offered a similar product earlier). After the training, these four companies supported SAFIRA partners; collectively they have an additional three potential clients in the pipeline interested in VCF technical support. However, SAFIRA then recognised that it had not fully anticipated the extensive degree to which these consultants would require support in delivering a service that they had already identified as being advantageous to offer. However there remains a need for reinforcement and support to consultants in guiding them through the process of supporting FIs. Some methods of achieving this are:

- **Select local consultants carefully**, based on their ability to work with FIs towards a common goal. Local consultants are prioritised because they can be accessed by financial service providers and agribusinesses in Indonesia, and their presence in the country is likely to support the sustainability of VCF consulting services.
- **Ensure that when international consultants are used they are paired with local counterparts**, and/or that appropriate means for knowledge transfer to other consultants (through reports or workshops) are incorporated into TORs.
- **Ensure repeat exposure** in terms of advice and support from program staff.
- **Build exposure of consultants to VCF** through a range of clients and develop their skills where necessary.
- **Assist consultants to market their services** through professional associations or groups.

SAFIRA has tried to implement these methods where possible, especially in terms of providing international consultancy and training in areas related to VCF, and engaging the local consultants alongside international as well as program staff. However, to reinforce partners' efforts to adopt VCF, more remains to be done to ensure these recommendations are properly taken up and adequately supported.

Lesson 4: there is a mostly favourable regulatory environment for VCF in Indonesia

VCF is a method of providing finance to smallholders and businesses operating in agriculture. Before considering an intervention, it is essential to determine the degree to which a system of loans might already be in existence, specifically whether the GoI is enforcing its agenda to lend to agriculture and if so, whether this is in the form of VCF. SAFIRA examined the regulatory environment, including regulations affecting VCF in terms of **MSME lending**, **partnership** and **on-lending**, and found that the conditions existing in Indonesia for the implementation of VCF are generally favourable.

The overall positive stance and support fo **MSME[3] lending** is indicated by the regulations set by the Central Bank of Indonesia in PBI 17/12/PBI/2015 on "Credit or Financing by National Banks and Technical Assistance to Support the Development of Micro, Small, and Medium Enterprises". This obliges national banks to have at least 20% of their total loan portfolio directed to MSMEs by the end of 2018 and includes a set of incentives in place to enforce this regulation to full effect.

[4]**Partnership-related regulations** include those which specifically support the concept of VCF. Partnerships between actors in the value chain form the backbone of VCF, and so it is important to have these relationships recognised as a form of risk mitigation and/or security for financing. Interestingly, SAFIRA discovered that in Indonesia, there exists a regulation specific enough to allow for **on-lending** to be provided by one value chain actor to another, based on those relationships. In 1997, the GoI established the legal basis for leveraging these relationships as a form of intangible collateral within Regulation Number 44 on Partnership, naming the following permissible activities:

- Provide financing assistance to small businesses as one of the partnership activities
- Provide information on the source of credit
- Provide guidelines on applying credit guarantee from various guarantor institutions
- Mediate financing sources

Regulation 44 thus provides for an intermediary to receive financing from a FI and to on-lend to a third party. This facilitates VCF and formalises lending through the value chain, thereby reducing risk to participating actors.

The regulation goes further to outline specifics for 'partnership financing'. In *Chapter IV: Supporting Institutions*, a financial institution is described as one of the supporting institutions named in Act 20. Moreover, upon realising the need for partnership and on-lending support to the sector, the Ministry of Agriculture set out a regulation addressing partnerships in the agriculture sector. In Ministry of Agriculture Decree No. 940/Kpts/OT.210/10/1997 on Agriculture Business Partnership Guidelines, this piece of regulation codifies the rule of partnership between agribusiness companies ('Partner Company') and farmers, farmer groups, agriculture cooperatives and small agriculture businesses ('Agriculture Business Partner') across all agriculture sectors (farming, livestock, fisheries, plantation and forestry). In Act 11, this document further highlights two key points related to the application of VCF:

- In partnership, Partner Company may act as credit guarantor to Agriculture Business Partner
- In partnership, Partner Company and Agriculture Business Partner may utilize bank finance based on the applicable laws

Suffice to say, Indonesia's regulatory environment is supportive of partnership schemes and lending between value chain actors, including MSMEs and those involved in agriculture. Formalising this on-lending mechanism and utilising relationships as a means of replacing collateral, provide potential opportunities in terms of VCF and, if any scheme should go awry, formal access to support mechanisms.

3 A micro business is defined as one with maximum of IDR 50 mio net assets (excluding land and building of business) or a maximum annual revenue of IDR 300 mio. Small businesses each possess net assets of IDR 50 mio to IDR 500 mio (excluding land and building of business) or an annual revenue of IDR 300 mio to IDR 2,500 mio. Medium-sized businesses have net assets of IDR 500 mio to IDR 10,000 mio (excluding land and building of business) or an annual revenue of IDR 2,500 mio to IDR 50,000 mio.

4 Howeverm the level of deterrence that the reward and punishment system might confer on national banks might differ.

Section 2: SAFIRA's Institutional Development Approach

SAFIRA's end goal in its use of the institutional development approach was to embed the concept of VCF within financial institutions and the ecosystem of Indonesia in order to increase agricultural lending and, ultimately, the income of farmers. The program views this institutional development as the way to facilitate FIs to understand, operationalise and implement VCF as a more secure, less costly way of lending to agriculture. SAFIRA's approach meant that while engaged with partners and consultants at the institutional level, the program was able to monitor interventions closely and, when necessary, modify them during implementation to provide whatever support the institutions needed to accomplish a robust service.

Box 4: SAFIRA's institutional development approach keeps its partner engaged

As a partner of SAFIRA from 2016, the bank showed early interest in VCF. The intervention had started with cattle fattening in collaboration with PRISMA, and even this small pilot interested the bank in learning more and receiving support from the program.

SAFIRA adapted the intervention to take more of an institutional development approach and scaled up to include more diverse commodities. Despite challenges with one off-taker, the bank could still see the benefits of VCF. The program adapted its support to the partner, to make the VCF implementation applicable in other regions and with an increased range of commodities.

Lesson 1: adopting the institutional development approach was essential in order to explore the potential of VCF and achieve targets

SAFIRA's initial remit was to support PRISMA's interventions by providing access to finance through VCF, specifically input credit financing. This is a unique product offering, and PRISMA's needs were wide-reaching and highly diverse in terms of commodities and geographies. SAFIRA needed to find a means of meeting these diverse needs with a solution which did not otherwise exist in the market. An added complication was that the program also had outreach targets to achieve within a short amount of time, and FIs tend to have a slow and risk-adverse approach to change and to developing new products. This is particularly true for the agriculture sector in Indonesia, which is perceived as having high risks and high transactional costs.

SAFIRA worked to achieve the program objectives through creating a change in the market. Rather than only achieving targets based on its collaboration with PRISMA, the program had more work to do to gain buy-in for VCF by FIs and needed a broader approach. To this end, SAFIRA worked to change the way that selected FIs lend to the agricultural sector through:

- **partnering with FIs and agribusinesses to develop VCF products**, by identifying a small number of FIs and intermediaries;
- **the development of and linkages to VCF consulting**, by tailoring a number of institutional development interventions and working alongside local consulting companies to build the core competency of FIs in VCF;
- **facilitating knowledge-sharing among stakeholders**, by testing the above through a number of trial products (via program interventions in a variety of sectors), and learning from them at the institutional and program levels so that successful models could be replicated and scaled.

In order to affect such a shift in the market to meet the needs of agricultural lending, SAFIRA needed to adopt an all-inclusive, holistic support system, which would enable FIs to understand the commercial viability of the market, to assess the barriers themselves, and to adopt new products to meet the needs of the market. The change required a very closely monitored and guided process which would support the FIs with credible and knowledgeable expertise, using a language they understood.

In terms of achieving targets, SAFIRA could not have achieved half of the commodity coverage, outreach or systemic change that it did without adopting this institutional development approach. While an alternative,

commodity-specific approach would have supported PRISMA interventions, it would also have provided a partner FI with only a limited scope of experience. It also probably would not have had the same buy-in from management as the institutional approach, which informs FI staff at the start of any intervention about the commercial value of VCF and the benefits to their bottom line, alongside their receiving training on how to assess, adapt and implement this holistic system. Box 4 provides an example of this work with a partner.

Lesson 2: agribusinesses prefer to engage FIs for credit provision within the value chain

Under the program's institutional development strategy which took shape in 2017, SAFIRA intended to broaden and diversify from its focus on FIs, so as to provide more opportunities for innovation in the financial sector. It was suggested that the program could benefit from partnering with a few agribusinesses and enable them to facilitate finance to the other actors in the value chain, principally farmers. However, SAFIRA's discussions with agribusinesses showed they preferred to utilise loans from FIs for this, in order to mitigate the potential impact to their cash flow.

This makes sense from a business perspective. A private enterprise whose primary product is not credit would not want to entertain credit mechanisms on the company's balance sheets, as this could perhaps temporarily affect the company's bottom line or distort quarterly trends. For cash flow requirements such as temporary lending to the value chain, an agribusiness would almost always prefer to approach an FI for the capital needed, even when the business is willing to on-lend.

Lesson 3: adapting and learning as implementation progressed was key to progress

One of the key principles of MSD is that it should absorb any learnings early on and be innovative in its work, ensuring that follow-up activities are well-informed. SAFIRA integrated learnings as the program developed, including in areas of gender, in-kind lending, due diligence requirements, and SOPs.

Box 5: PT BISI – a successful exception

This was not the case for one of SAFIRA's partners, who adopted a delayed payment mechanism, allowing farmers to pay for 50% of input costs up front and the remaining 50% at harvest time. This mechanism delayed (rather than reduced) profits, which means it was able to absorb the temporary effect of delayed payments as well as any failure of farmers to make the second payment.

This strategy could be adopted by other input retailers to scale up access to finance for farmers, although it might depend on the percentage of profit and the motivation needed to absorb such as potential risk.

Box 6: Hiring women agents

PT BISI saw that the information on gender developed by SAFIRA provided an opportunity, and that with the added support of female sales agents, they could more easily reach women within the household, increasing their customer base.

They also surmised that repayments rates would improve further by training women to lend to women. During their work with SAFIRA and by incorporating women as an aspect of their adjusted service delivery, BISI's NPL rate improved from an initial 50% to 0%.

In 2017, SAFIRA introduced gender as a concept and as an integral part of the program's approach, through an advisor whose remit was to carry out a stocktake of the degree to which interventions incorporated gender-relevant information and activities. Initially, SAFIRA's score was quite low. Of the 11 interventions assessed, 64% (7) interventions made "no reference to gendered information", 18% (2) interventions "acknowledged gender but made poor use of the information" and 18% (2) interventions "integrated some gender information". One internal rationale for this low success rate was that because SAFIRA worked with FIs which had no interest in working in a gender-focused way, the program thought it could do little to implement the concept. However, with the right support, SAFIRA began to turn this mindset around.

Beginning in 2018, SAFIRA aimed to use the institutional development approach to its advantage in implementing gender-focused information at a more impactful (that is, a more systemic) level. The program identified the points where a FI could be better equipped with gender-specific information, and worked to implement relevant content at each of those points. For example, it conducted an assessment of the barriers faced by women (independently of men) in terms of their ability to access finance, and incorporated the results into the SAFIRA toolkit which is used as an implementation tool for all program partners. SAFIRA also developed a paper outlining the commercial value of lending to women and presented it to its partners. This provided both international and national data in terms of the

reduced risk that women present and the more diverse product offerings they engage with.[5]

The concept was socialised to partners as broadly as possible, after which the program offered support in areas relevant to working with women in which partners expressed an interest. As a result of this intervention the above scores improved, and SAFIRA was able to influence FIs to address some of the barriers faced by women, and to design products with them in mind.

Another way that SAFIRA incorporated learnings was to encourage partners to lend in-kind as much as possible. The program had support from research and the experience of staff that lending in-kind and repayment in-kind can reduce the risk of borrowers spending finance on something other its intended use, and as a result becoming stuck in a cycle of debt. The program worked with (1) partners to identify what products were suitable for lending in-kind, and (2) FIs to support them to partner with input retailers to offer vouchers or inputs directly. SAFIRA saw that a reduction in cash lending also helped to improve the partners' NPL. Overall, because of the program, 90% of partner lending had an in-kind element.

Other elements which at first SAFIRA largely assumed would be in place included the record-keeping needed to support the administration of loans and lending. The program expected FIs operating in a large, developed financing market to maintain their own records of accounts on a regular basis, to have contracts in place between borrowers, and to establish requirements for lending in an internal, documented process. However, SAFIRA learned that within different interventions this was not always the case. For example, some banks did not provide enforceable contracts requiring repayment of loans; others did not maintain borrower or repayment records, or, in some instances, conduct proper due diligence on prospective borrowers before disbursing a loan.

Each of these examples has been incorporated into the partner selection criteria given below, so that even if the processes are not in place at the start of an intervention, the program is aware that they should be, and can work to support the FI to improve its systems. Ideally, this requires incorporating additional technology to make systems more streamlined and efficient, as opposed to being cumbersome and too complicated to function.

5 See the section on gender for further discussion.

Box 7: Partner selection criteria

Aspect	Score			
	1	2	3	4
Strategic Fit				
General business	FI is not currently in agri/farmer financing business and has no foreseeable plan to enter agri financing	FI is not currently in agri/farmer financing business but has a foreseeable plan to enter agri/farmer financing	FI is currently in agri/ farmer financing business with limited scale/portion and plan to expand its portfolio	FI core business is in agri/farmer financing and looking to expand
History and momentum	FI since inception has no history of agri business or VCF and no encouraging momentum to do so	FI has been transitioning to agri business or VCF and but no encouraging momentum to do so	FI has been transitioning to agri business or VCF and has encouraging momentum to do so	FI has been focusing on agri business or VCF and has encouraging momentum by which to expand business through agri or agri VCF
Reputation and risks	FI has bad reputation and risky operation with strong indication of potential fraud	FI has bad reputation and risky operation	FI has good reputation but risky operation	FI has good reputation with well-managed risks
Gender	FI has no gender-focused activities	FI has limited gender-focused activities	FI has sufficient gender-focused activities	FI positions gender-focused activities as one of main activities

Willingness				
FI willingness	FI is not willing to cooperate in VCF institutional development	FI is willing to cooperate in VCF institutional development as a side-project and still consider omiting collateral	FI is willing to cooperate in VCF institutional development as one of main priority agendas and is willing to omit collateral for VCF loan	FI is dedicated to cooperating in VCF institutional development and put it the most prioritised agenda and has existing uncollateralised loan product
Personnel willingness	FI is not willing to cooperate in VCF institutional development	FI personnel are willing to cooperate in VCF IS as a side-project	FI personnel are willing to cooperate in VCF Institutional development as one of main priority agendas	FI personnel are dedicated to cooperating in VCF institutional development
Organisation Readiness				
Leadership	FI leader does not support VCF implementation	FI leader supports VCF implementation but does not fully comprehend risks/ level of effort required to implement VCF	FI leader supports VCF implementation and comprehends risks/ level of effort required to implement VCF but does not have dedicated time to do so	FI leader fully supports and understands the risks/level of effort needed to implement VCF and is able to allocate necessary resources
Structure and PM	FI does not have the organisation structures and project management knowhow/experience required for VCF implementation	FI has limited organisation structures and project management knowhow/experience required for VCF implementation with major modification	FI has organisation structures and project management knowhow/experience required for VCF implementation with minor modification	FI has organisation structures and project management knowhow/experience required for VCF implementation
Culture	FI values and culture do not support VCF implementation	FI requires intensive coaching to adopt new values and cultures	FI requires minor coaching to adopt new values and cultures	FI values and culture are suitable for VCF implementation
HR competencies	FI has only basic competency needed to implement VCF	FI has only basic competency needed to implement VCF	FI has only basic, partial competency needed to implement VCF	FI has sufficient inhouse competency to implement VCF
VCF prior knowledge	FI has no prior VCF knowledge	FI has limited VCF knowledge	FI has sufficient VCF knowledge	FI has practiced VCF
Financial capacity	FI has limited financial capacity to implement VCF and no funding potential	FI has limited financial capacity to implement VCF but has funding potential	FI has financial capacity to start pilot project	FI has financial capacity to expand VCF implementation
Processes	FI has no SOPs, tools and experience needed for VCF implementation	FI has limited SOPs, tools and experience needed for VCF implementation with major modification	FI has limited SOPs, tools and experience needed for VCF implementation with minor modification	FI has required SOPs, tools and experience needed for VCF implementation with minor modification
System/MIS	FI has no system in place to support VCF implementation	FI has limited system in place to support VCF implementation with major modification	FI has limited system to support VCF implementation with minor modification	FI has an automated system to support VCF implementation

Lesson 4: SAFIRA can work with KUR

The GoI KUR as a guaranteed loan product is pushed out directly to farmers at below-market interest rates (7%), an approach which does not immediately go hand-in-hand with MSD (which favours more capitalist methods of financial product development and disbursement). Alongside this, the KUR product is guaranteed by the government, meaning that if a loan is not repaid, the GoI will reimburse the bank up to 70% of the unpaid principal.

KUR is a very expensive loan product for banks to distribute, as the operational costs for implementation are high, given that the initial intention was that loans would be made directly to farmers. Rather than using profit to motivate FIs to lend the product (as would be common with a commercial product), KUR is mandated by the GoI to be disbursed by select partners. Based on the records of the Ministry of Economic Affairs of Indonesia, the total KUR ceiling is IDR 76.18 trillion per year. One of SAFIRA's partner banks is the largest KUR-channelling bank; by the end of July 2017, it had channelled IDR 52.32 trillion to 2.6 million debtors. This is followed by a non-partner bank, with a total realisation of IDR 10.1 trillion to 155,342 debtors. A third bank was recorded to have realised a KUR amount of IDR 10.06 trillion. These FIs are motivated by targets rather than profits; they are also less likely to use additional spending to conduct due diligence, or to establish an understanding among farmers of the conditions of the loan. Rather, FIs are more motivated to keep costs low and collect reimbursement as part of the guarantee system. As long as they collect close to the 30% repayment figure, the 70% reimbursement from the GoI allows them to, at a minimum, break even.

Given this lack of due diligence, and with the KUR guarantee being common knowledge among the farming community, loans usually go unpaid. Farmers perceive KUR as a grant, which is something that FIs trying to lend profitably to agriculture will have to contest if they are to achieve more profitable repayment rates.

In terms of the 7% interest rate, this is subsidised: a 7% interest rate is offered to the market, subsidised by the GoI up to 12.5%. This makes it almost impossible for a financial institution to offer competing products at a similar market interest rate without the top-up, and still generate a profit. As a result, KUR loans are squeezing out commercial products designed to lend to agriculture from the market. These loans are flooding the market, have artificially low interest rates, and do not carry any expectation of repayment, which distorts the supply and demand for agricultural lending.

However, through its research and development of relationships with market actors, SAFIRA surmised that avoiding KUR in the Indonesian agricultural lending arena is extremely difficult, and instead started to look at how to work with KUR. This was made easier in 2018 when the GoI introduced 'Special KUR', essentially a VCF product meant to be offered to a group of borrowers acting as members of a value chain. This is a positive adjustment in SAFIRA's eyes, as it integrates an element of mutual interest in productivity and repayment within the chain.

SAFIRA suggests the following three-fold adjustments:

- In terms of the broader market as well as to its partners, technology can solve issues of due diligence and transaction costs while keeping risks low and the potential for profits high. The program saw evidence of this with its FI partner with the best repayment rates. This bank has a system of technology supporting its operations by providing uptodate, real-time information on its loans and their borrowers. This allowed it to stay on top of both the detail and direct resources. SAFIRA's second suggestion is that,

- If the KUR remains with a 7% market interest rate and 70% guarantee, it is in the best interest of FIs to characterise the loan as an additional product – that is, as something other than KUR. Even if the government subsidies and guarantees to the FI remain in place, there is nothing which says the final product needs to be branded as KUR. The important change to achieve is that the customer stops thinking of the product as a grant and accepts it as a loan. SAFIRA saw one of its FI partners do this with its loan products, leading to a positive response to the product within the community and the FI achieving a better repayment rate, leading to its acquisition of profits (which also results in less market distortion in terms of repayment).

- SAFIRA would like to support partners in terms of KUR by discovering complementarity and/or what is otherwise known as 'side-selling'. After an FI secures a new customer by means of KUR, it can collect

information about that customer and determine repayment rates. When the customer repays the loan, the FI can look at other products and services of potential benefit to the customer and perhaps more profitable for the bank. An example of this model's success is a very large FI in Indonesia which engages in this practice. It collects customer data as it would with any other loan, which it uses along with the customer's KUR repayment record (which other FIs might not track on an individual basis) to count towards the 'know your customer' data which it analyses for further borrowing. Next, it targets appropriate customers just as an FI would when seeking to secure a higher income market segment. If this practice was extended, it could contribute to bringing farming customers into the formal financial system.

On the policy side, SAFIRA would also like to suggest that the GoI reconsider the 7% market interest rate, which is squeezing out otherwise commercial lending products. Financial institutions are unable to lend profitably with this rate and the product exists so farmers are drawn to it. If the model is becoming such that other value chain actors can also access the loan (in addition to farmers), it is going to increasingly squeeze out more and more commercial lending potential. If interest rates are raised, an FI would be able to create comparable products which may be profitable for them and therefore more sustainable.

Section 3: Additional Learnings for SAFIRA and its Partners

A key feature of MSD work is its commitment to uncovering learnings as each intervention progresses and using these to (1) modify or drop interventions, (2) increase the knowledge and expertise of project staff, and (3) tailor and improve the support provided to partners. Research into what worked well and what did not, as well as the reasons why, at regular, specified intervals throughout the lifetime of SAFIRA helped it to better implement its aims to innovate, and to respond quickly to changing situations. During 2017-18, three significant additional learnings have emerged:

Lesson 1: the commercial case for working with Indonesian women

SAFIRA's institutional development approach enabled it to support its partners to understand the commercial case for working with women; this was also a key learning for the program. Its research revealed almost unanimous consensus that there is a strong business case for FIs to invest in increasing their number of female clients. Working with women results in the increased uptake of financial services, higher savings and loan amounts, and improved repayment rates. In many developing or emerging markets, women are an untapped market, both individually and in terms of women-owned SMEs. SAFIRA sought to examine the relevance of international statistics in the Indonesian context, and through its research into Indonesian women and women-owned SMEs, confirmed these positive global findings. In 2006, an IFC study survey of female SME owners in Surabaya revealed similar behavioural characteristics, citing Indonesian businesswomen as cautious borrowers who accept only the minimum amount of capital necessary in order to reduce the risk of default[6]. An earlier survey (2003) had found that "MFIs reported that female customers are considered superior to male customers. They are said to be better in promptness of repayment of loan instalments, easier to collect from, and more honest[7]."

The SOFIA study[8] of Eastern Indonesia also found that "even as women (generally) may not have achieved the same education levels as men, they appear to perform better along a number of dimensions in terms of 'financial capability'", including tracking income and expenses. The key takeaway here is that an individual's financial literacy is not dependent on their level of education.

Preparing the business case to present to partners gave SAFIRA staff the chance to learn for themselves about the great opportunity available to the program. Women are capable, they already have the habit of borrowing (although usually not through financial institutions), and they face different barriers to access than men, both in terms of themselves and of their businesses. When they are able to utilise appropriate products, their uptake and behaviours are more advantageous to banks than those of the latter's male customers. This separate degree

6 IFC-PENSA. (2006). Access to credit for businesswomen in Indonesia. https://www.ifc.org/ wps/wcm/connect / 88095f0048855b358824da6a6515bb18/ CreditAccessIndonesia.pdf?MOD=AJPERESandCACHEID=88095f0048855b358824da6a6515bb18.

7 The Asia Foundation. (2003). Microfinance Services in Indonesia: A Survey of 6 Provinces; https://asiafoundation.org/resources/pdfs/Indomicrofinancesurvey.pdf.

8 AIP-Rural's Survey on Financial Inclusion and Access (SOFIA) was a survey project with 20,000 respondents, funded by the Australian Embassy and the Government of Switzerland, in cooperation with Bappenas (2017).

of analysis, based upon the different barriers faced in terms of gender, has been incorporated into SAFIRA's VCF toolkit as part of its guidance for FIs and the analysis they need to carry out when assessing potential commodities.

Other ways that SAFIRA and its partners can consider to increase female engagement are:

- Design financial products appropriate for women. For example, product specifications such as loan amounts, repayment schedules, and collateral requirements should accommodate diverse client needs.

- Look for opportunities to socialise women in ways that work for them. For example, SAFIRA worked with partner BISI to arrange women-only socialisation events, targeting locations with the highest levels of female-led households. These events made provision for children, provided food, and even encouraged the women attending to take food home, recognising that being at the event compromised the time available to them for everyday tasks. Events were also held at a time which worked for the women in terms of their daily responsibilities. These factors contributed to high attendance rates and at the same time enhanced the partner's image.

- In addition to the core loan product, FIs can offer complementary savings, micro insurance products, and financial literacy training as part of an overall client vulnerability and risk reduction strategy[9].

- FIs can consider the separate needs of women, in a much broader sense than just as potential customers. This can be extended to all levels of management and decision-making. However, this is beyond the current scope of SAFIRA.

Conclusion

In December 2018, SAFIRA closed after three years as part of the AIP-Rural suite of programs. It was designed on the basis that if more farmers have access to finance, this will lead to improvements in their level of competitiveness and a consequent increase in income. For many smallholder farming households, access to finance from the more formal institutions can be difficult for a range of reasons (from gender discrimination and scarcity of assets, to low financial education and limited risk mitigation options such as insurance).

These factors all involved careful research into local conditions, and in-depth analysis of the findings, in order to put local resources to efficient good use. Key to SAFIRA's MSD approach was the notion that not only should its partners learn from intervention activities, but also that program staff would reflect upon learnings as the program unfolded, and re-evaluate, adapt and re-strategise as appropriate. AIP-Rural follows an adaptive management approach, which means that built in to the project plan is an acceptance of what other, more conventional development programs might consider to be 'failure'. It reframes this as a commitment to incorporating the flexibility to innovate and experiment, and even to drop sectors or interventions if this makes sense. At the same time, an awareness was instilled in SAFIRA staff that learnings should be acquired, assessed, and put to work as interventions progressed.

This report sets down these learnings under four major headings: value chain finance, SAFIRA's institutional development approach, the market systems development approach, and additional learnings. As PRISMA enters its second phase, it is committed to ensuring that these learnings continue in their usefulness: informing program design, and enhancing the skills and performance of PRISMA 2 staff and their partners.

9 ILO. (2009). Small change, Big changes: Women and Microfinance. http://www.ilo.org/wcmsp5/groups/public/@dgreports/@gender/documents/meetingdocument/wcms_091581.pdf.

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