



Empowering Rural Africa

African Rural and Agricultural Credit Association

AFRACA Role in Development of Smallholder Finance in Sub-Saharan Africa: *Charting our next Agenda*

***Presentation by Afraca Secretary General
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AFRACA IN BRIEF

The African Rural and Agricultural Credit Association (AFRACA) is an Africa-wide **heterogenous one-stop** network of financial and non-financial institutions that are involved in promoting rural and agricultural financial inclusion targeting the bottom of the pyramid and the agricultural communities.

Afraca was established in 1977 alongside similar institutions across the globe as the lead advocate and coordinator of rural and agricultural finance in their respective regions.

The Afraca secretariat based in Nairobi, Kenya registered in 1981 under the NGOs Coordination Act and **enjoys full diplomatic privileges since 2003.**

Afraca's goal is to build a strong and sustainable regional network of institutions and agencies that provide opportunities for learning, networking and business within and outside Africa.

Our Vision and Mission

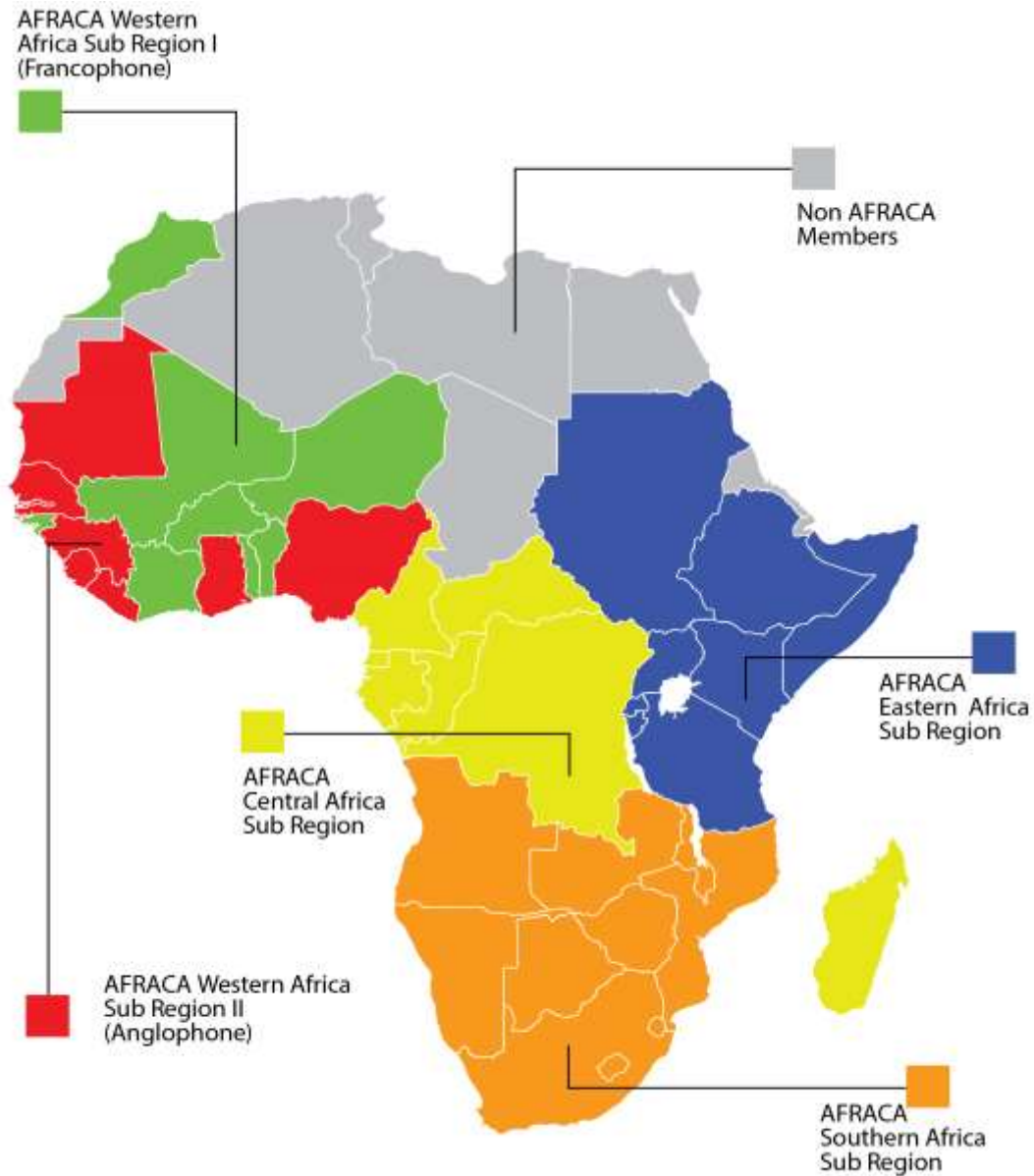
Mission

AFRACA's mission is, 'to improve rural finance environment through promotion of appropriate policy framework and to support member institutions provide sustainable quality financial services to the rural and the agricultural population'

Vision

AFRACA's vision is 'a rural Africa where people have access to sustainable financial services for economic development'

MEMBERSHIP SPREAD



Membership

■ AFRACA MEMBERSHIP COUNTRIES
■ SUB-REGIONAL CLUSTERS

* Please note that the above map shows an overview of the sub regional clusters for AFRACA membership.



Membership is open and consists but not limited to the following categories of institutions:



Governance

The governance processes are imbedded in the Association's constitution. The following are the governance structures of AFRACA:



The General Assembly

Made up of all member institutions, meets biennially.



The Executive Committee

Elected at General Assembly for a two year term renewable.



The Secretariat

Manages the day to day activities of the Association.

ARACA's interventions in addressing smallholder finance is linked to its Strategic pillars of focus-
namely;



Policy Development & Advocacy



Capacity Building and Development



Partnership & Networking Programmes



Knowledge Management & Communication

Policy Development & Advocacy

- AFRACA will continue with policy engagements with a diverse range of policy makers and influencers in the rural and agri-finance space. This will be achieved primarily through **major workshops and conferences conducted and participated regionally and internationally.**
- Topical Policy issues and considerations include;
 - a) **CAADP Implementation:** AFRACA will to further tighten its links with the African Union Commission (AUC) and (NEPAD) to help accelerate the implementation of the agricultural finance component (Pillar 3) of the (CAADP)
 - b) **Risk management: *Scaling up Risk Management tools and approaches*** both at a macro and micro level– e.g the development of more affordable weather-based insurance and promoting risk-sharing incentives for example Nigeria’s NIRSAL and Blended finance approaches-to boost private sector investment in Agriculture.

Policy Development & Advocacy.....

- Other policy considerations include:

Another important area to be drawn to the attention of policy makers is the need for recognition of the role played by **informal, community-based financial institutions** in addressing the needs of the vast majority of smallholder households for access to financial services. Most such households – who are also among the most vulnerable segments

AFRACA invites other SAFIN partners to join us in furthering some of the policy issues outlined above

Capacity Building & Development

- Of its four traditional pillars of activity, capacity building is arguably the single most important-***Over 6000 stakeholders have either attended or contributed to Afraca Capacity Building interventions.***
- Recent capacity building interventions are aimed at bridging the demand and supply gap between FSP's and target clients. While targeting its member institutions,-Afraca Capacity Building interventions are now promoted within the broader African agricultural and rural finance community and related stakeholders, such as agribusinesses and farmers' associations.



Capacity Building & Development

Afraca's Capacity Building Agenda Moving Forward.....

The main vehicles for building this capacity are AFRACA's many conferences and workshops, with their peer-to-peer learning opportunities, and its training courses, exchange visits and learning routes. These will all be continued, and the topics carefully selected to include both *'traditional'* most in demand, such as value chain finance and mobile and agency banking whose relevance only increases, and **newer topics**, also with wide and increasing relevance, **such as climate finance, Islamic finance and community-based finance** will be introduced.

Knowledge Management & Info Sharing

- ‘Traditional’ Afraca KM activities include dissemination of conference/workshop proceedings, quarterly news bulletins and occasional research publications, quick guides and policy briefs. All have been well received by the agricultural/rural finance community across the sub-continent.
- Afraca will endeavour to hold an annual/biennial ‘**Best Practice Conference in Rural and Agricultural Finance**’-that aims to consolidate regional knowledge not only to share best practices but harmonize scaling up of innovations across various countries and regions in SSA.

Knowledge Management & Info Sharing...

- There is scope and potentially a new, limited but still valuable, role for AFRACA to play in helping **fund certain types of research**.
- Though most are ‘one-off’ initiatives-Research Funds/Challenge Funds that promote financial innovations e.g. *Mastercard's Rural Fund for Prosperity* are excellent drivers for promoting innovation
- Afraca proposes a much more perpetual and sustainable **‘Innovation Research Fund’** for member institutions that will complement or partner with on-going initiatives.

Partnership & Networking

- AFRACA's strategic intent is to create greater synergy and impact in the rural and agricultural finance through partnerships and networking within and outside Africa.
- The objectives of partnerships are that they should: *be to mutual benefit; gear up both parties' capacities to deliver on their goals through sharing expertise, effort and information; add to cost-effectiveness and stretch budgets; broaden information gathering and dissemination; and most importantly overcome language barriers.*
- In the years ahead, AFRACA aims to retain all of its existing partnerships and also develop a number of new partnerships in complementary areas including non-financial-agri-based capacity builders such as TechnoServe, Syngenta Foundation and Impact Investors.



Thank you and may God Bless You All!

For further details and enquiries, please contact:

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