

INTERNATIONAL CONFERENCE: "WHAT MICROFINANCE FOR DEVELOPING COUNTRIES' AGRICULTURE?"

December 4, 5 and 6, 2007, PARIS (FRANCE)

WORKSHOP 6: WHAT AGRICULTURE-RELATED NON-FINANCIAL SERVICES WOULD INCREASE THE IMPACT OF MICROFINANCE?

THE ISSUES

The profession of farming involves combining a variety of factors to produce one or more outputs, and to add value to the resulting products. The economic result of this activity, fundamental for the farmer, depends largely on his or her capacity to access simultaneously and coherently these factors.

These factors include: the intangible, such as technical know-how, management capacity, information and economic techniques; the physical, such as land, equipment and inputs; the organizational such as mutual organizations to purchase, sell and manage equipment; and finally, financial factors which are somewhat particular since they directly and/or indirectly effect access to most of the other factors, and the access conditions to the other factors determine the financial factors' own effectiveness. Indeed, access to finance is not enough to make these other factors either available in quantity and quality or efficient.

This observation raises the following questions: Must microfinance limit itself to financing or should it consider non-financial services that are apt to boost its own effectiveness? In the event of the latter, what sort of ties can be made to microfinance services? Is it in the interest of microfinance institutions to internalize these non-financial services? Under what conditions? At what cost to the user? And in both cases (to provide or not provide non-financial services), what are the limitations and/or strengths of microfinance that justify the choice?

Should professional agricultural organizations and governments be called upon to implement non-financial services?

EXPECTED OUTCOMES

Workshop presenters and participants are invited to comment on these questions based on their own experiences so as to analyze:

- The conditions needed to create a more efficient and effective overall environment for farmers that will permit the optimal use of microfinance.
- The extent and type of involvement needed from MFIs to help create these conditions.

