

Addressing Value Chain Finance: A How-to Guide By Leading Bankers



THE WORLD BANK

INTRODUCTION & PURPOSE

- Consensus at 2013 AgriFin forum:
 - Importance of using the value chain to reach smallholders in a cost-effective manner
 - The crucial need for in-depth understanding of value chains in order to direct financial institution's engagement at different levels, and inform their product development

GUIDE OUTLINE – PART I

- ▶ Part I: Concepts and principles
 - ▶ Defining the value chain
 - ▶ Value chain finance vs. conventional lending
 - ▶ Leveraging the value of Information in VCF

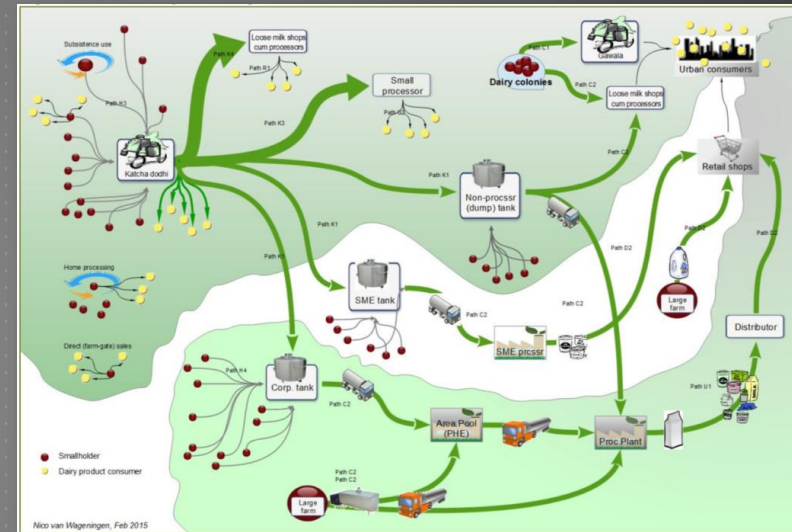


Broiler Breeder Farm from Yapi Kredi's value chain review.

GUIDE OUTLINE – PART II

▶ Part II: Practice of Value Chain Finance

- ▶ Identifying a value chain
- ▶ Mapping a value chain
- ▶ Entry points
- ▶ Tailoring products and services
- ▶ Pricing, risk sharing and cost sharing
- ▶ Adjusting banking structure to account for agricultural value chain finance



Mapping of product and finance flows in the HBL case study.

PARTNERS





- ▶ Seed producers, producer organizers and seed companies in the states of Andhra Pradesh and Karnataka, India
- ▶ Focus on hybrid seed production



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- ▶ Farms, shops and processors surrounding Karachi and Lahore, Pakistan
- ▶ Dairy cow (buffalo and cattle) production





- ▶ Producers, off-takers, processors and marketers in Mexico
- ▶ Fresh vegetable production

