

# Inclusive agriculture value chain financing



## Key details

### Location

Indonesia, Vietnam

### Duration

**Start** Jun 2018

**End** Jun 2024

### Budget

AUD 1,990,250

### Commissioned organisation

International Food Policy Research Institute,  
USA

### Partners

Abdul Latif Jameel Poverty Action Lab;  
Indonesian Centre for Agriculture Socio  
Economic and Policy Studies; Innovations for  
Poverty Action (IPA) Myanmar; Institute of  
Policy and Strategy for Agriculture and Rural  
Development; International Food Policy  
Research Institute; Myanmar Economics  
Association; South East Asia (J-PAL SEA);  
University of Sydney

### Project Leader

Dr Alan de Brauw

### ACIAR Research Program Manager

Mr David Shearer

### Program

[Agribusiness](#)

### Project code

AGB/2016/163

## Overview

**This project is increasing understanding about the context and potential for agricultural value chain financing models and approaches in Indonesia, Myanmar and Vietnam.**

Smallholder farmers in developing countries face substantial obstacles that limit their ability to reach their production potential. This includes access to credit to invest in new crops or technologies, or how to deal with risks and shocks.

New technologies, markets and government priorities in Indonesia, Myanmar and Vietnam point to new opportunities to overcome long-standing challenges to agricultural finance.

By working throughout the value chain, information, relationships, institutions and market connections can

be leveraged to maximise the efficiency and impact of financial services, also potentially minimising risks to individual smallholders and small and medium enterprises.

This project aims to develop a rigorous impact evaluation design for agricultural value chain financing models; increase knowledge about how to design and implement innovative and inclusive agricultural value chain financing models in target countries; and enhance awareness and adoption of agricultural value chain financing models.

## Expected project outcomes

- Households in targeted communities using newly available financial products able to either grow higher-value products or intensify their production.
- Participating farmers able to access markets for their products, contributing to increased incomes or reduced income variability.
- Farmers and agribusiness entrepreneurs with increased access to value chain finance.
- Increased awareness and knowledge among policy-makers and value chain practitioners on the opportunities and constraints for agricultural value chain finance.
- In each national research partner organisations, greater capacity among researchers to conduct impact evaluation research at international standards, and among key leaders to disseminate and communicate the results for policy.

well as a synthesis paper that includes comparative lessons from all three countries.

- During Phase 2, the main research in Vietnam will study demand for new loan products marketed to coffee farmers in the Northwest associated with the Phuc Sinh coffee company. The marketing will further test whether marketing to primary farmers (usually men) or couples is more effective, and whether farmer incomes increase through these products. In Indonesia, the research is helping the government propose a loan product based on subsidized Kredit Usaha Rakyat (KUR) loans, that would specifically target agricultural producers that sell to specific companies. At present, KUR loans are not targeted to agriculture. The team has piloted with one set of growers and will conduct further research with a second set in late 2022-early 2023.



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Aid 

## Summary of outcomes to date

### 2021–22

The Inclusive Agricultural Value Chain Financing project has moved well into Phase 2 in two of the three target countries (Vietnam and Indonesia).

- During Phase 1, the project published agricultural value chain finance reports for each of the three target countries, as well as summaries of each report. The project further developed a report summarizing lessons from all three countries, as