



USAID
FROM THE AMERICAN PEOPLE

HOW USAID/HONDURAS AND FINTRAC HELPED SMALLHOLDERS UPGRADE AND COMPETE SUSTAINABLY IN HIGH POTENTIAL VALUE CHAINS

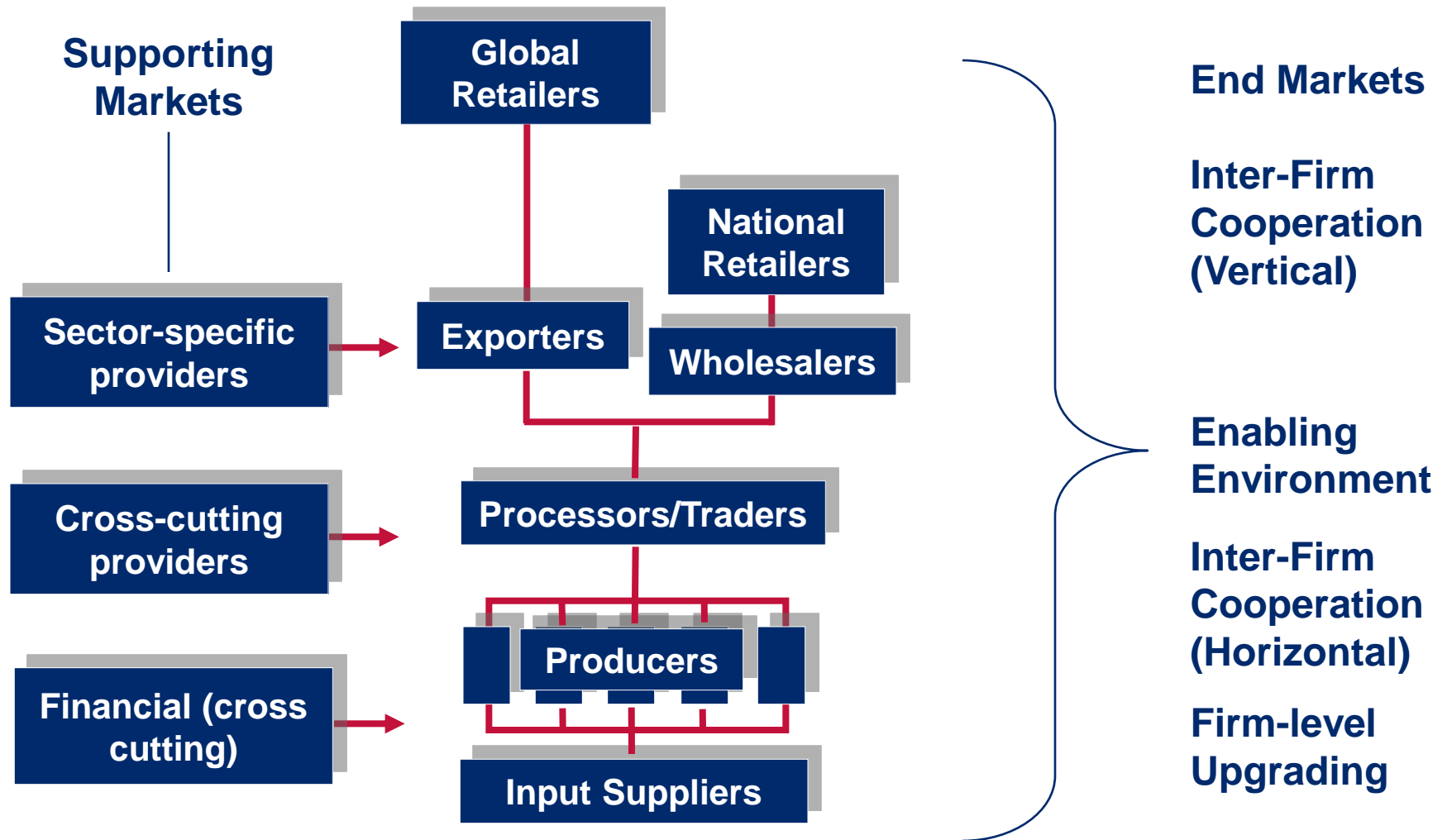
GEOFFREY CHALMERS

DECEMBER 7, 2005

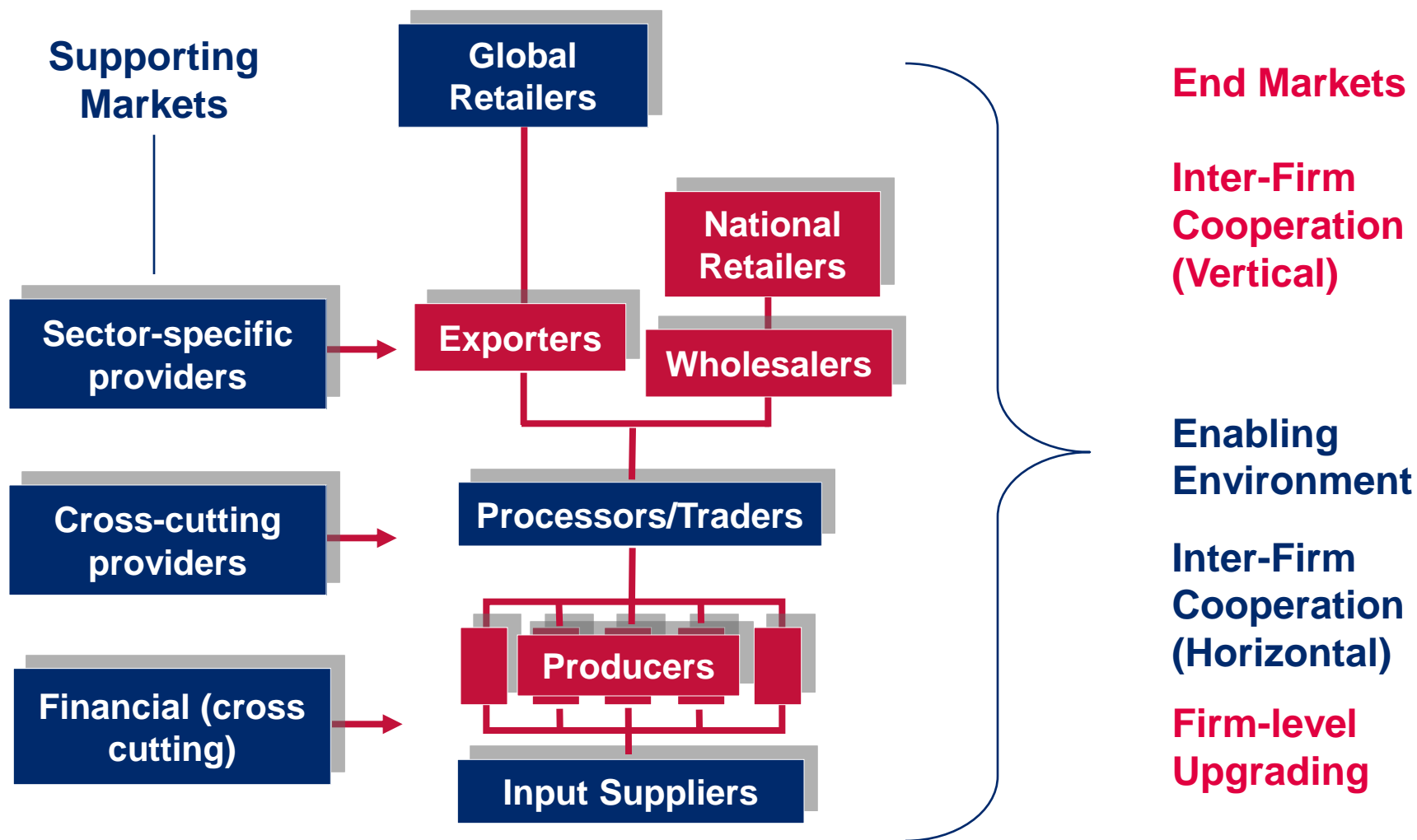
QUESTIONS WE'LL TOUCH ON:

- How did USAID/Honduras and Fintrac help smallholders compete in high potential value chains?
- How did they make their interventions more sustainable?
- How did these producers finance their participation?
- How can donors facilitate access to financial services that enable smallholder participation?

WHAT IS A VALUE CHAIN?



CDA'S INITIAL AREAS OF FOCUS: HELPING SMALLHOLDERS COMPETE IN VALUE CHAINS

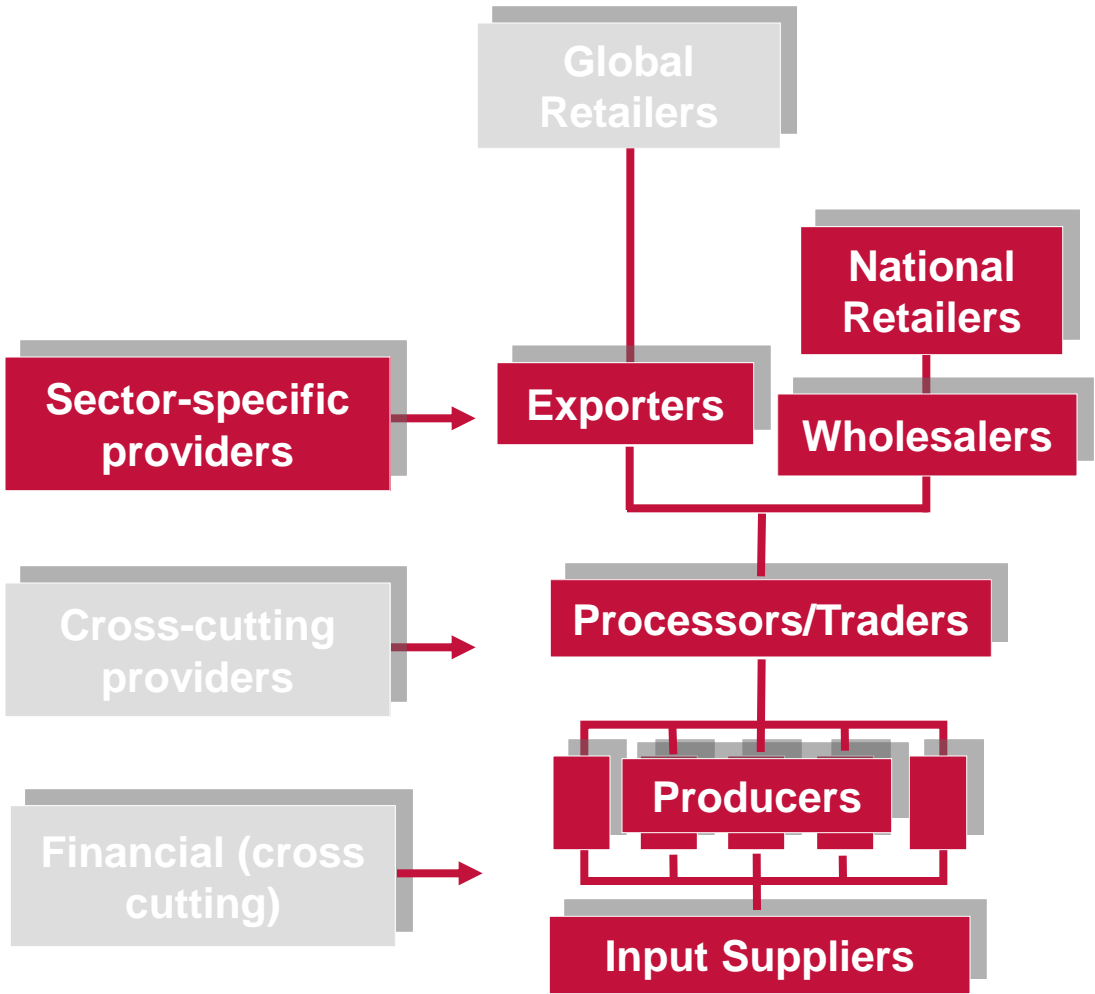


PHASE TWO: HELPING SMALLHOLDERS COMPETE **SUSTAINABLY**

Sustainability initiatives:

1. Local provision of services (seedlings, technologies, production assistance)
2. Demonstrate to buyers it can be in their interest to encourage learning
3. Make TA applicable to multiple crops

PHASE TWO: HELPING SMALLHOLDERS COMPETE SUSTAINABLY



PHASE THREE: HELPING SMALLHOLDERS COMPETE *AND UPGRADE* SUSTAINABLY

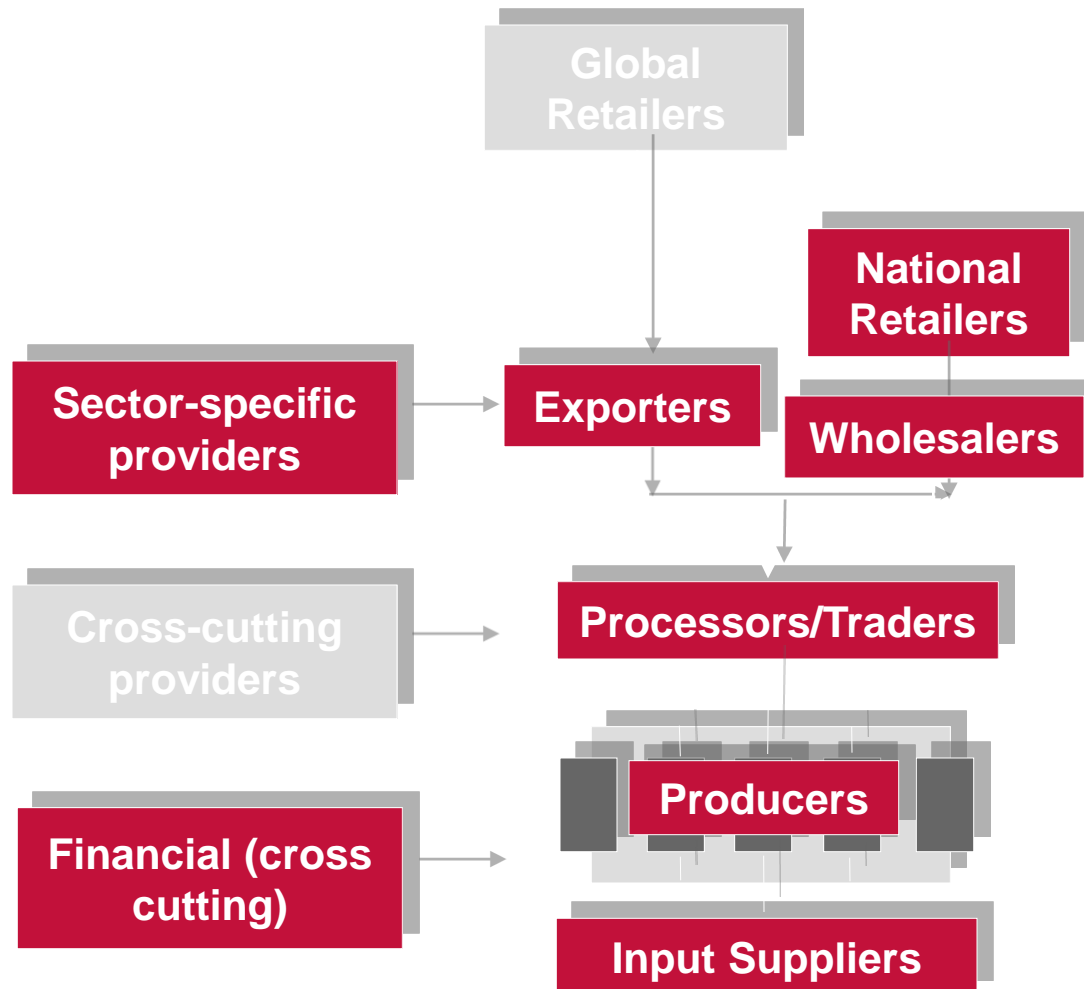
Access to finance is key to replicability:

- Without project support, self-finance more difficult
- Self-finance isn't good enough for upgrading
- Need sustainable sources of finance

Alliance with microfinance program:

- Working with banks and MFIs to adapt their products

PHASE THREE: HELPING SMALLHOLDERS COMPETE *AND UPGRADE* SUSTAINABLY



THE LINK BETWEEN FINANCE AND UPGRADING

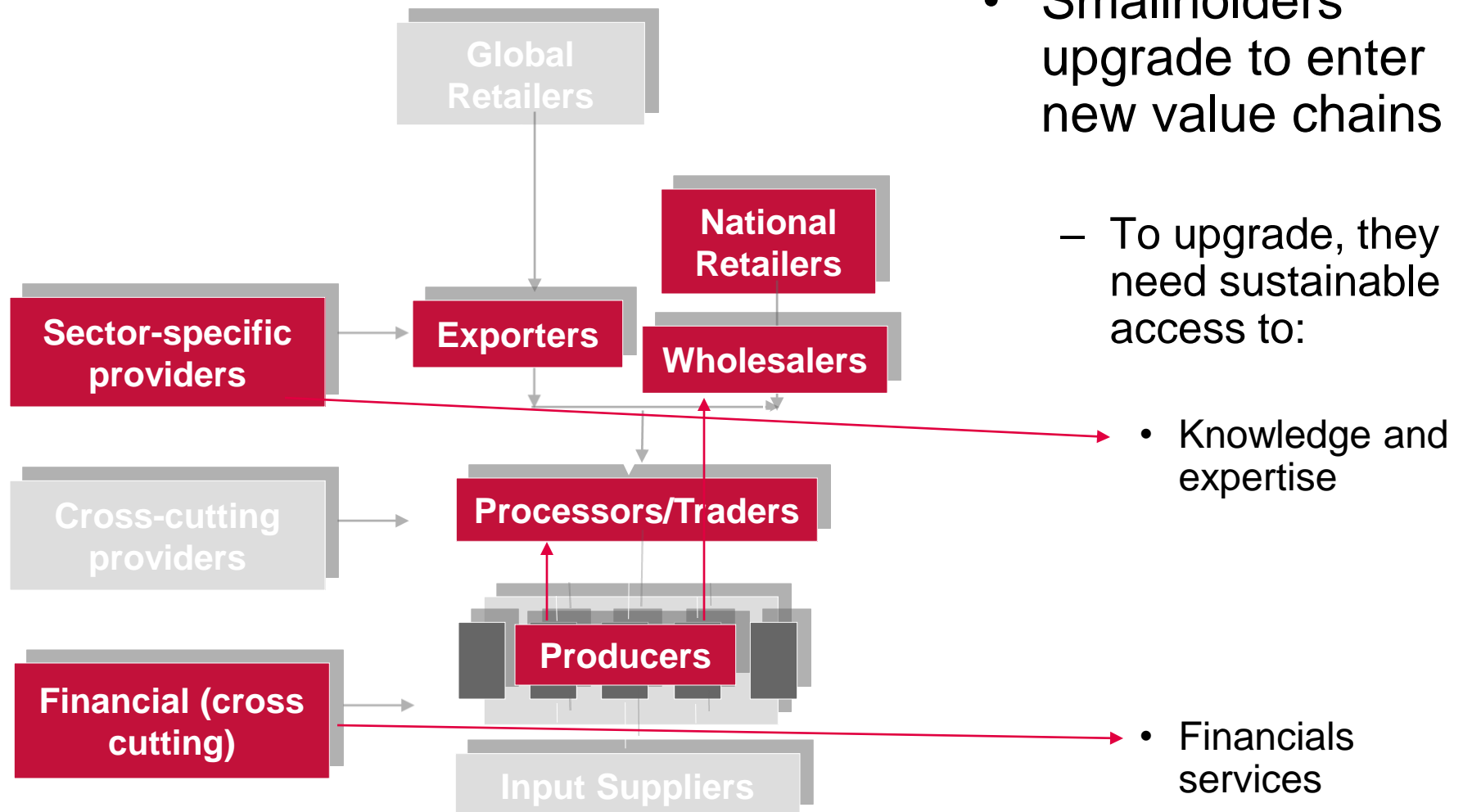
Research on smallholders' access to finance in Central America is showing us:

- When they need finance and when they don't
- How access to finance from financial institutions can facilitate entry into new value chain
- How value chain integration impacts on creditworthiness

SO WHO'S GOING TO PROVIDE THIS FINANCE?

- Banks? Generally not interested
- MFIs: Usually don't have the right product
- But, there's an opportunity here:
 - Provide assistance in product design
 - Encourage lending based on commercial relations

THE LINK BETWEEN FINANCE, SKILLS, AND UPGRADING





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THANK YOU!

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