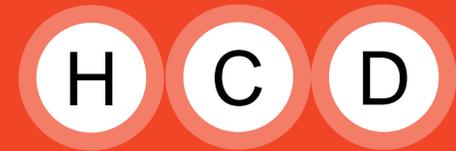




Leveraging Human-Centered Design to Develop and Demonstrate Firm to Farm Finance Solutions for Smallholders

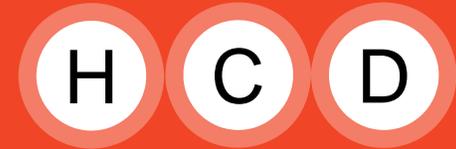


Introductory Activity



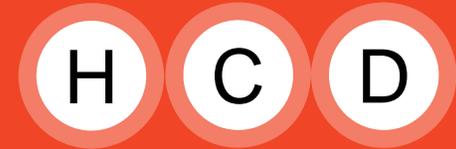
- Welcome! Please take a seat and grab an index card.
- On your card, please write the following:
 1. **One access to finance challenge** you are facing in your organization's work right now.
 2. **The sector in which this challenge is occurring**; or if it is multi-sectoral, name one sector in which this problem exists and where your organization is currently working.
 3. **The country and region of that country where this problem exists**; or if it is widespread, name an area in which this problem exists and where your organization is currently working.
- Please place your cards in a pile in the middle of the table.
- And take a moment to greet your neighbors...

Workshop Objectives



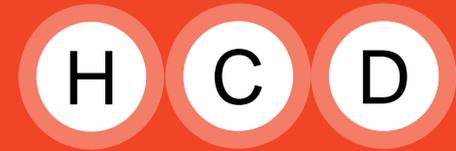
- Share Firm to Farm Finance Case Study
- Introduce HCD concepts and toolkit
- Apply HCD process to:
 1. Research, develop and demonstrate genuinely customer-oriented financial products and services
 2. Assess and develop partnerships with commercial actors for product and service innovation
 3. Sensitize and persuade other commercial actors to adopt and scale new and innovative financial products and services

Agenda



- Introductions
- Firm to Farm Finance Case Study
- Human Centered Design
- Group Activity and Report Backs
- Concluding Remarks

About Rasti



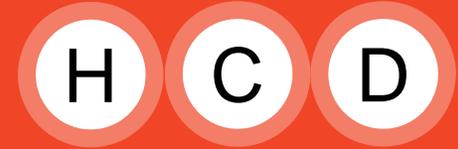
Mohiuddin Rasti Morshed

Head of Risk,

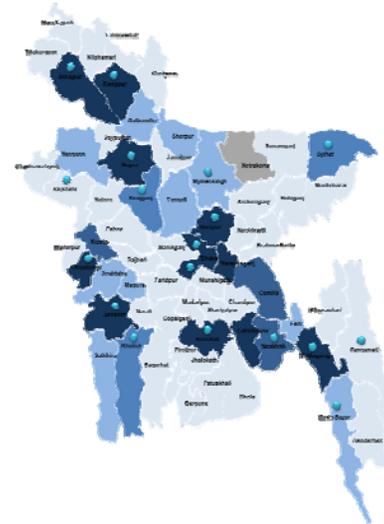
United Leasing Company Ltd.

rasti@ulc.com.bd

About United Leasing Company, Ltd.

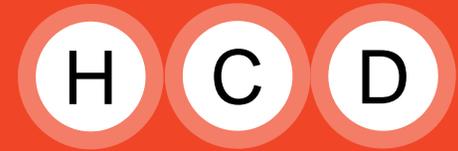


- Non-banking financing institution established in 1989
- Regulated under Financial Institutions Act, 1993 and monitored by the Central Bank
- Can take public deposits and can provide various forms of financing
- 19 offices nationwide; financing in 64 districts nationwide
- Focus on serving the under-served and un-served markets



Mission: “To contribute to the development of the economy by assisting the development of productive private enterprises by extending financing for industrial, agricultural, transport and commercial purposes with emphasis on the small and medium industry sector.”

About Kevin

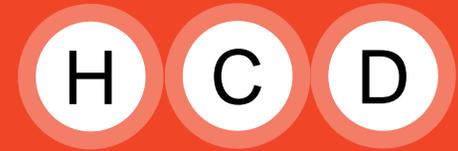


Kevin Robbins

*Technical Specialist – Programs, iDE
Bangladesh*

Kevin.Robbins@iDE-Bangladesh.org

About iDE

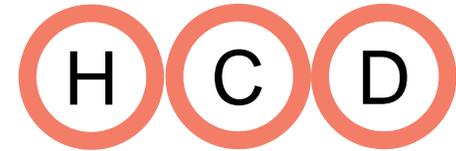


- International NGO
- Operates 12 country programs in Asia, Africa, and Latin America
- **Mission:** to create income and livelihood opportunities for poor rural households
- **Approach:** market systems, M4P
- Funding from more than 90 donors, including USAID, the Bill and Melinda Gates Foundation, DFID, CIDA, and the World Bank



Four Focus Areas:

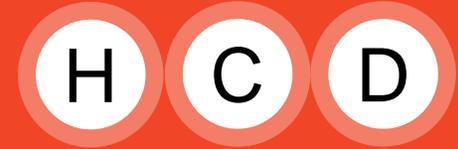
1. Agricultural Development
2. Food and Nutrition Security
3. Water, Sanitation, and Hygiene (WASH)
4. Technology Commercialization



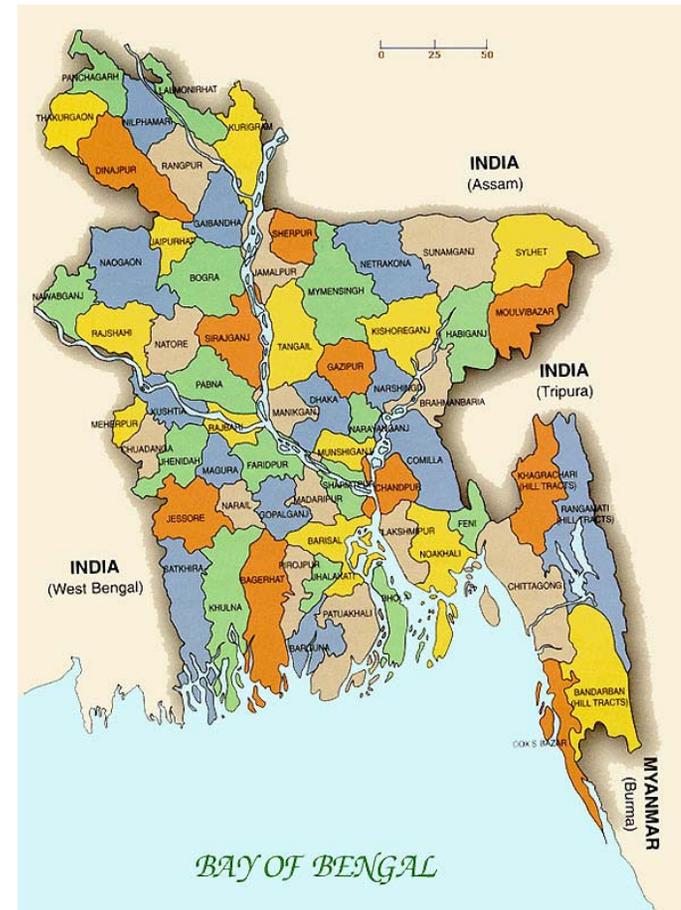
Firm to Farm Finance Pilot

ULC and iDE-B's collaboration on the Rural Business Credit Model

Lending Statistics



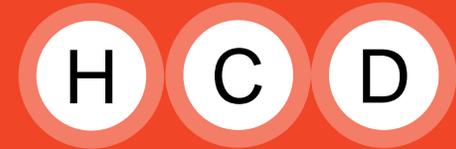
- 81% of adult population under purview of financial inclusion (formal and informal)
- 40% have formal accounts (India 35%, Pakistan 10%)
- Women are 90% of micro-credit clients.
- Average of 4.3 loans per head



*Microcredit Regulatory Authority, Bangladesh, 2011

Presented at the "Advancing the Field" Conference, Washington DC, 9/12/2012

The Journey



Timeline

Activity

Sep 2010 – Aug 2011

Concept/Idea, Field Study,
Model Design and Develop

Dec 2011

First Loan Sanction
(Noakhali and Bhola)

Sep 2012

Rangpur

Jan 2013

CMDI Project

Mar 2013

Barisal

Apr 2013

Rangamati

Philosophy of Model

H

C

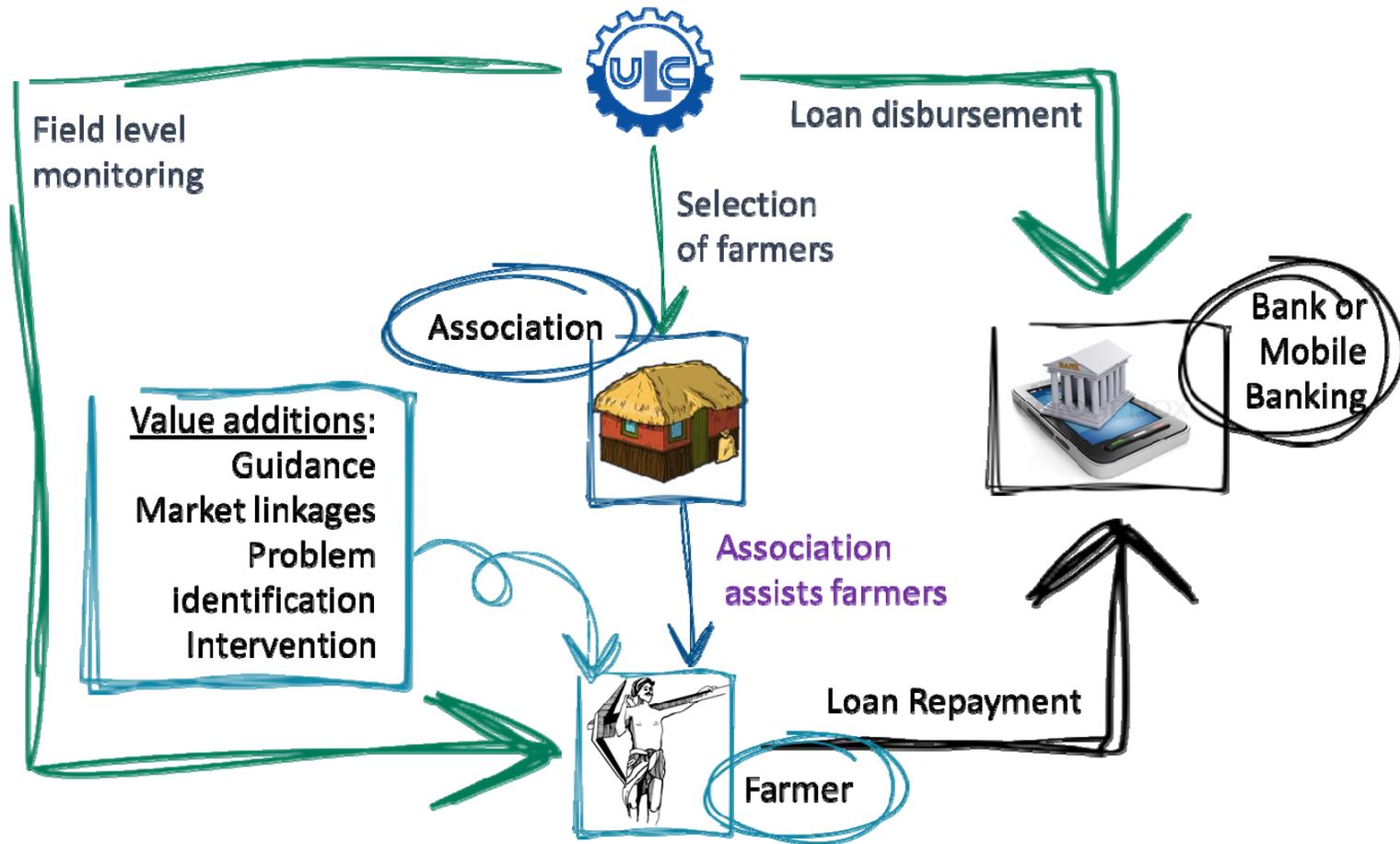
D

Proper utilization of loan fund ensures sufficient return from that commercial activity and that guarantees loan repayment

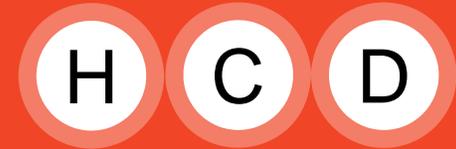


The Model

H C D



RBC's Innovative Features



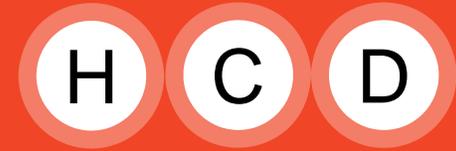
- Product design based on borrowers' needs and desires
- Cash flow based financing
- Encourages “banking” of borrowers through formal banking system
- In case of crop loss due to natural disaster, tenure of the loan will be extended
- Direct loan usage supervision through monthly field officer visits, which ensures: 1) proper use of loans, 2) identifies problems early on, and 3) allows for necessary interventions

Social Benefits



- No discrimination based on land ownership or gender; in fact, participation of women are encouraged
- Encourages and ensures usage of scientific and modern agricultural technologies and methods
- Creates access and ensures usage of formal banking system
- Encourages literacy – farmers who can not sign are asked to learn to sign to be eligible for loan in the second cycle
- Activity Cash Flow helps to conceptualize farming as a commercial activity

Finance Features

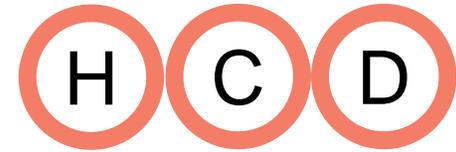


- Finance amount based on activity cash flow and number of livestock or land under cultivation
- Facility period depends on cultivation/rearing season (between 3 months to 1 year)
- Interest is calculated on daily loan outstanding
- Collateral is NOT required, only hypothecation of crop/cattle and group guarantee

Financing History



Particulars	Dec 2011	Dec 2012	Dec 2013	July 2014
Coverage (Districts)	2	6	8	5
Associations	3	13	30	36
Farmers	80	661	2,441	4,704
Land Size	141 acre 57 hectare	751 acre 303 hectare	3,259 acre 1,318 hectare	3,343 acre 1352 hectare
Product (crops/cattle)	3	7	21	25
Cumulative Disbursement	BDT 1.05 mil USD 13,474 EUR 10,304	BDT 13.21 mil USD 169,364 EUR 129,514	BDT 67.80 mil USD 869,264 EUR 664,731	BDT 135.10 mil USD 1,732,036 EUR 1,324,498



Human-Centered Design

Concepts and Steps to Operationalize

Innovation Supporters



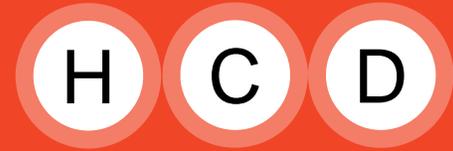
- USAID-funded
- Support from FHI 360, FIELD-Support LWA
- Implemented through partnership of iDE-B and ULC
- **Mission:** advances the state-of-the-practice of micro-enterprise development and microfinance



Square Pegs and HCD



It Starts with the Customer

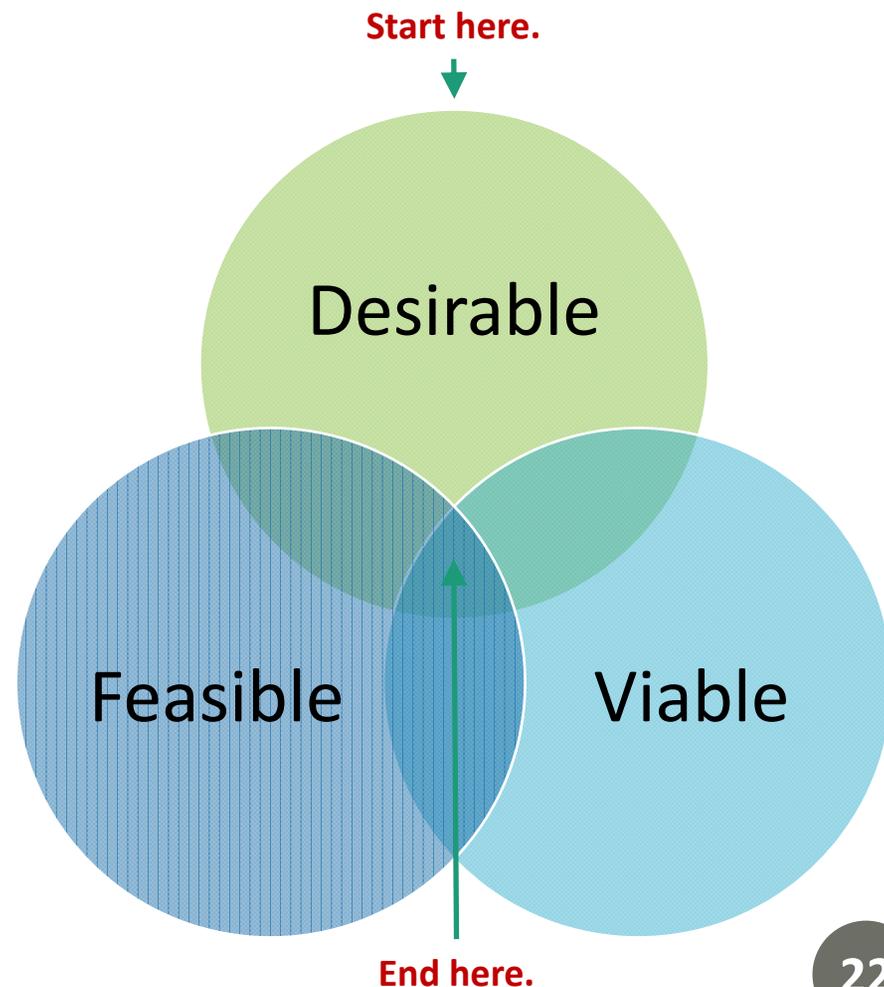


Presented at the "Advancing the Field" Conference, Washington DC, 9/12/2012

HCD Lenses



- What is **desirable** to the customer?
- What is technically and organizationally **feasible**?
- What is **viable** in the market?



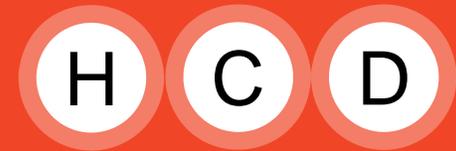
Slide 22

RC2

Colors of HCD used here as well?

Raisa Chowdhury, 8/14/2014

HCD is a Process



H EAR



deeply **understand**
the needs of users
in new ways...

C REATE



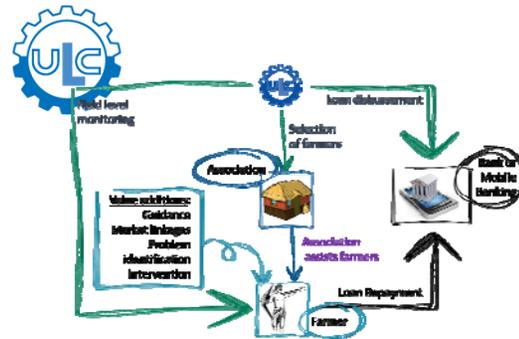
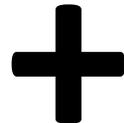
create **innovative**
solutions to meet
those needs...

D ELIVER

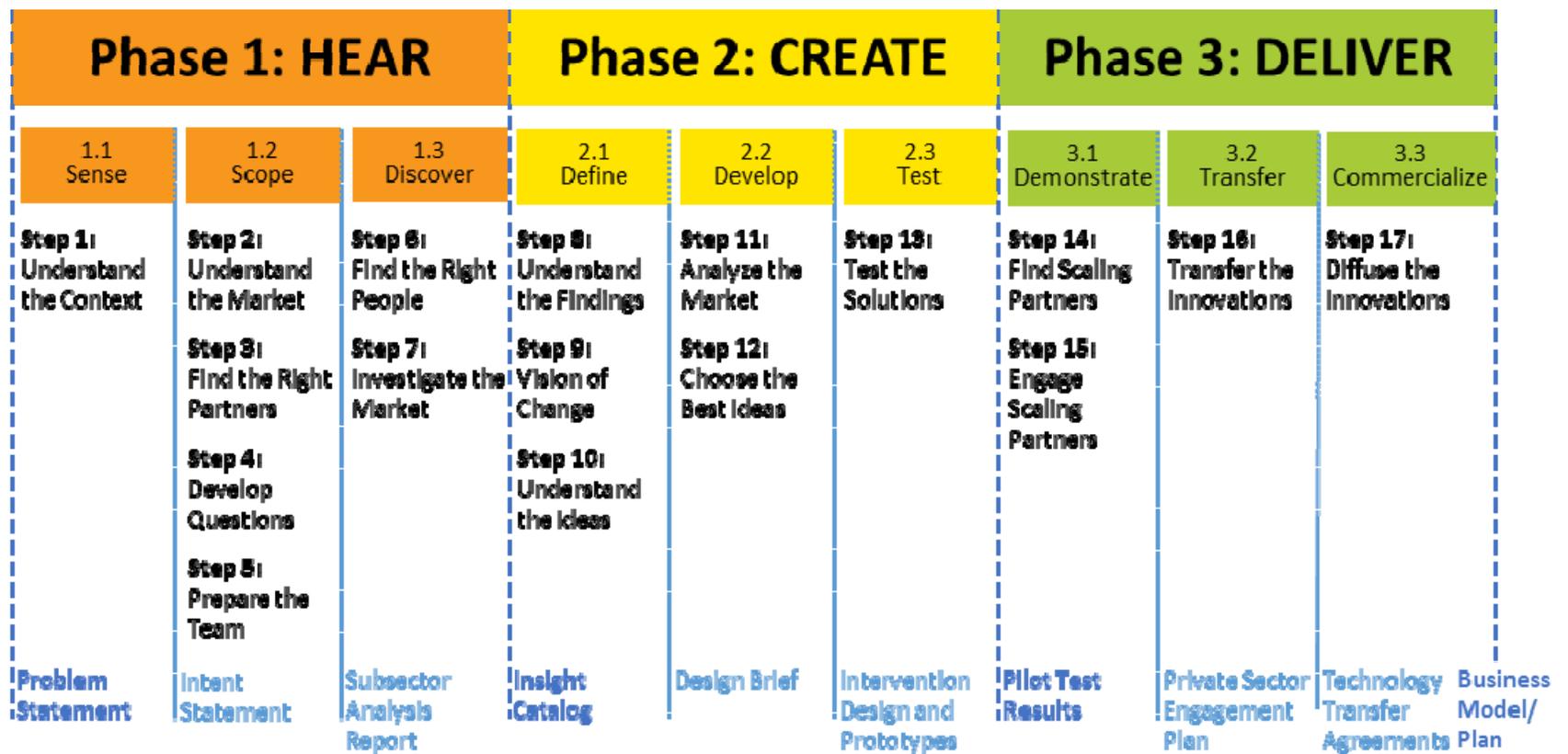
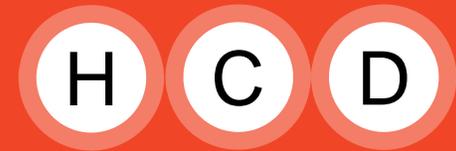


deliver **financially**
sustainable
solutions.

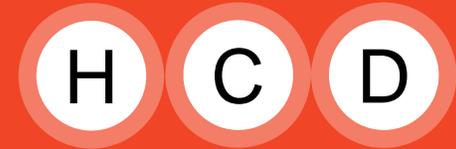
The Firm to Farm Finance Toolkit



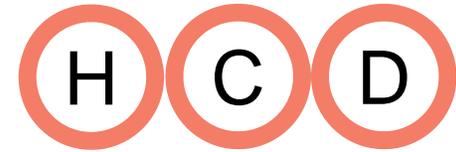
The Firm to Farm Finance Process



What We Learned



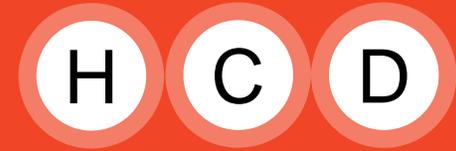
- With the right approach, piloting without a project can work
- Genuinely customer-oriented products can succeed even in saturated markets
- Lenses put trade-offs into perspective
- Partnerships between non-traditional players lead to unique solutions
- Effective partnerships are grounded in assessing and matching your skills with the right partner(s)



HCD Lessons

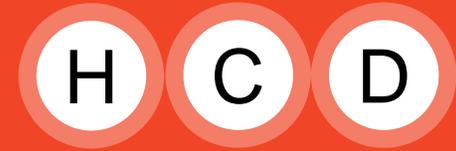
Concepts and Steps to Operationalize

Creating Customer-Oriented Products and Services



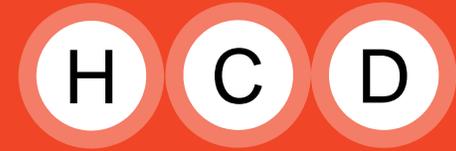
- HCD specifically – and design thinking more broadly – are excellent methods for really understanding customer needs and desires
- The three HCD lenses – desirable, feasible, and viable – facilitate tradeoff decision making and drive a scalable product from the outset
- Fail fast. Iterate often. Don't be afraid to change.

Innovation With Commercial Partners

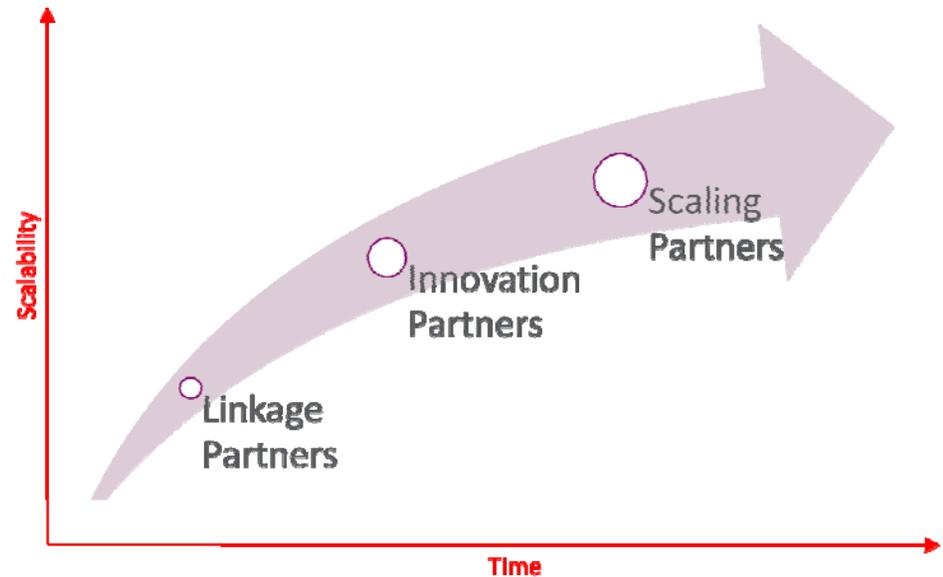


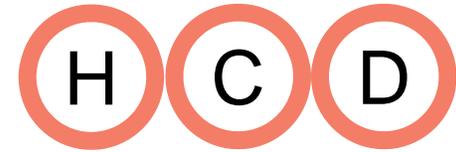
- Partnerships between non-traditional players lead to unique solutions
- Partnerships between non-traditional players are not easy; organizational cultures, approaches, priorities, etc. are different. Don't be afraid of creative conflict.
- It is important to move through the hear phase together, to co-own the findings, to co-develop the strategy, and to learn about each other along the way.

Adopting and Scaling Innovations



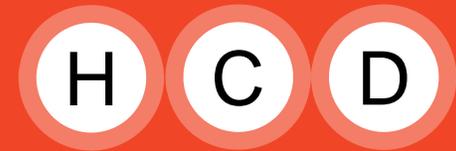
- Scalability is “baked in”
- You need proof: supply- and demand-side
- Your scaling partners may be different than your innovation partners





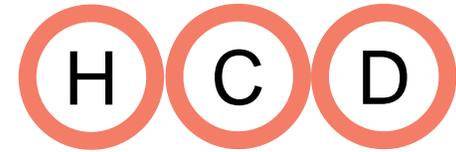
Group Activity

Group Activity Instructions



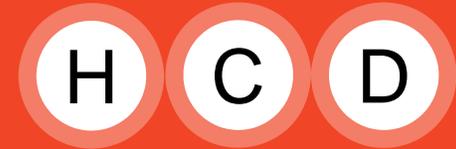
- You (your table) are a project manager at an NGO in [COUNTRY NAME]. You are currently operating a development project in the [SECTOR].
- Six months into the project, your field staff tell you that [ACCESS TO FINANCE CHALLENGE] is a constraint on the project's success. You've been thinking about applying HCD in order to address finance challenges and here is your chance.
- Broadly speaking, how would you organize an HCD process that work for your team? How would you hear, design, and create?

Questions or comments?



Concluding Remarks

What's Next for ULC?

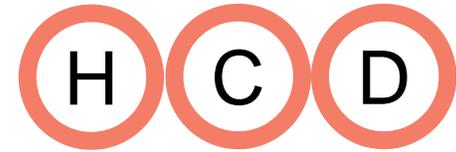


- Continue to scale-up current products
- Look for new pilot opportunities
- Consult those who want to learn and adopt the model or the method

What's Next for iDE-B?



- We are pursuing new innovation ideas with ULC
- We are looking for additional innovation partners in other arenas
- We are facilitating scale-up with ULC and with other financial service providers
- We continue to refine our HCD craft not just in finance, but in WASH and agricultural technologies as well (check out iDEsign's Sandbox!).



Thank You!
