

FIELD Day Briefing

FIELD Day was held in Arlington, Virginia on November 3, 2009

Linking Finance to Food Security: Approaches, Products, and Tools

This session explored the innovations, successes, opportunities, and challenges facing those who use the latest learning in financial services to increase the Food Security of poor families.

Historically, financial services have played a limited role in programs that increase food availability and poor families' access to it. This situation is due in large part to the strong focus of MFIs on microcredit for small, mostly non-agricultural businesses. The growing evidence that poor families need, and want, safe savings and affordable risk management strategies is dramatically changing the role of financial services in Food Security programs. Index-based weather insurance offers the prospect of protecting crops against the effects of drought or floods, just as progress in managing weather risks has the potential to radically change the dynamics of rural finance. Such insurance can protect the financial institution's agricultural credit portfolios, and may result in more and cheaper loans for agricultural inputs.

Thierry van Bastelaer, Senior Director for Innovations in the Save the Children Livelihoods Department opened the session by noting that contrary to the impression that practitioners have been talking about this issue for centuries, it is a fairly new concept. Mr. Bastelaer noted that the fact that *Food Security* and *Financial Security* are used in the same sentence stems from a perception that all poor people live off agriculture. He also noted that there are good reasons why we have not been talking about this as much before, which is mainly related to the risks agriculture is posing. Though now development tools exist to address those risks, more needs to be done to address them.

This session's speakers (Steve Coffey, Opportunity International/Micro Insurance Agency; Scott Graham, FINCA International, Yetnayet Girmaw, CARE; Christopher Dunford, Freedom from Hunger) addressed issues relating to: Levels of Food Insecurity among FINCA Clients, Agricultural Microinsurance, Linking Poor Rural Households to Microfinance – Ethiopia Experience, Linking Finance to Food Security: Microfinance and Health to Increase Access and Utilization.