

## SUCCESS STORY:

### **In-depth training of financial institutions in South Kivu: The SVC Project works to boost agricultural financing through the DCA Guarantee**

Since 2017, the SVC project has worked with USAID to implement the DCA Guarantee with two partner banks, Equity and FINCA. The guarantee is important to mobilize credit disbursements in the agricultural sector. Normally, Congolese banks tend not to finance agricultural activities or agricultural SMEs due to perceived risk or lack of collateral. The SVC Project is working to resolve this problem through training, advice, analysis, and networking to increase stakeholder understanding of agricultural enterprise profitability in South Kivu.



**Photo Caption:** MFI training participants see how coffee beans are transformed in the washing process.

In the first year of the SVC project, Equity Bank disbursed loans to several coffee cooperatives in South Kivu. This year proved that these cooperatives are repaying their loans. This success has both increased credit renewals and enticed new clients from other cooperatives to apply for loans. Seeing Equity's success, directors at FINCA bank have also become more confident about loaning to the agricultural sector.

In FY19, the SVC team leveraged this momentum to provide more information to banks including recommendations to expand their financial services, improve their credit risk management, and deepen their knowledge of the agricultural sector (especially coffee). The goal was to strengthen the capacity of partner bank staff at FINCA and Equity, and MFI members of the GAMF network, in agricultural risk analysis. With these new skills, partner bank staff and MFIs became more comfortable providing loans to the agriculture sector and see agricultural lending as a positive move for their business.

In August 2019 the SVC A2F Specialist implemented an in-depth training that brought together four groups from FINCA, EQUITY and two other MFIs in South and North Kivu. Participants included managers, operational officers, and credit analysts from regional bank branches and from the Kinshasa headquarters.

The workshop consisted of two days of theoretical training and exercises on the Kivu agricultural context, and a full day of field visits to coffee cooperatives, washing stations, a women's association producing soybeans, and a large coffee plantation and storage facility. Participating institutions discovered what it was like to work in these sectors and reexamined their misconceptions about agricultural enterprises. Sessions were discussion based and produced exchanges which resulted in commitments from participating banks to improve their lending policies for the agricultural sector.



**Photo Caption:** Equity Bank training participants learn about the operations of CPCK's coffee wet mill.

The training was a success. Banks requested similar training for other value chains such as rice, cassava and potatoes. Banks also requested support to define conditions specific to the agricultural sector including the definitions of costs, conditions for credit, and risk management. Equity and FINCA staff are willing to share their knowledge and experience to continue to build institutional capacity in agricultural lending. As a result of this training, all participating financial institutions reinforced their interest in lending to the agricultural sector.