



Training on **Developing Financial Solutions for Climate-Resilient Agricultural Value Chains**

June 19-21, 2024

Mekong Institute Training Centre
Khon Kaen, Thailand



About Us

The **Asia-Pacific Rural and Agricultural Credit Association** (www.apraca.org) is a regional member-based association established under the auspices of the FAO of the UN, Central Banks, Rural Finance and Agricultural Credit Institutions in the region on October 14, 1977. A total of 37 institutions from 16 countries joined the APRACA as its founding members. Currently APRACA membership spreads across 24 countries with 92 members institutions in the region. APRACA mission is to promote the efficiency and effectiveness of rural finance and improve access to financial services through a network of knowledge sharing and learning, capacity-building, research, and exchange of expertise. The focus areas of APRACA and its member institutions are to support Green and Climate Finance for Sustainability; Value Chain Strengthening and Finance to Agri-SMEs; Risk Proofing in Agriculture and SME Finance and Digital Financial Service to Agriculture and SMEs

Mekong Institute or MI (www.mekonginstitute.org) was established on August 28, 1996, and has grown into a recognized intergovernmental organization (IGO) which is represented by all six GMS countries, namely Cambodia, P.R. China, Lao PDR, Myanmar, Thailand, and Vietnam. has played a transformational role in capacity development in the region, focusing on human resource and learning programs to enhance regional development, cooperation, and integration. The institute provides training, conducts research, gives advice and facilitates policy dialogues on topics that matter to the GMS. As one of the longest-running intergovernmental organizations owned by the GMS governments, MI is committed to helping to build a better GMS by connecting the GMS countries, and advancing development on all fronts.



Background

The Greater Mekong Subregion (GMS) stands at the forefront of agricultural innovation and climate change challenges. As one of the world's most diverse and dynamic agricultural hubs, the region faces unique risks related to climate variability and extreme weather events. Its dependency on natural resources and agriculture makes it particularly susceptible to climate-induced risks such as floods, droughts, and erratic weather patterns, all of which directly impact agricultural output and productivity. These factors threaten not only the sustainability of agricultural practices, but also farmers' financial stability and livelihoods.

Financial institutions, agricultural extension services, and non-government organizations play pivotal roles in developing and implementing financial solutions that can help mitigate these risks. However, the effectiveness of such solutions heavily relies on a deep understanding of the local agricultural landscape, the specific climate risks involved, and the financial needs of the farming communities.

By focusing on profiling farmers to understand their specific vulnerabilities and needs, stakeholders can more effectively tailor financial products and services that encourage the adoption of sustainable practices. Furthermore, designing suitable green financial products is not only a necessity for risk mitigation but also a strategic investment in the region's long-term sustainability and economic health. These products can facilitate transitions to sustainable agricultural methods, such as precision farming, organic farming, and the use of drought-resistant crop varieties, which are vital for the resilience of the agricultural sector.

Moreover, effectively marketing these innovative financial products is crucial to ensuring their adoption at the grassroots level. Advanced marketing strategies will enable officers and officials to communicate the benefits of these products clearly and effectively, ensuring that farmers understand and are willing to embrace these new opportunities.

Equipping key stakeholders, such as bank desk officers, development workers, and government officials, with the necessary skills and knowledge to accurately profile farmers' vulnerabilities and needs, design tailored financial products that address these specifics, and effectively market these solutions will ensure wide adoption and impact. It will foster a collaborative approach to agricultural finance, promoting sustainable practices that are critical for the agricultural sector's resilience against the backdrop of climate uncertainty in the region.

Responding to the need for strategic investment in climate-smart agriculture, Mekong Institute (MI) and the Asia-Pacific Rural and Agricultural Credit Association (APRACA) have initiated a project aimed at enhancing the resilience of the agricultural sector through innovative financial solutions. Through this joint effort, capacity building programs are being held to catalyze a transformative approach to agricultural finance from 2021. This year, the training program will focus on shaping and steering the financial and support services that can empower farmers to adopt more resilient agricultural practices.



Objectives

The three-day training is designed to enhance the capacity of key stakeholders in the agricultural finance sector to tailor financial and support services that will assist farmers in transitioning to more resilient agricultural practices. Specifically, it will:

1. Educate bank desk officers, development workers, and government officials on the latest methodologies for profiling farmers' vulnerabilities and needs in relation to climate change and agricultural sustainability;
2. Develop expertise in designing specialized loan products that incorporate green elements, aimed at promoting sustainable agricultural practices;
3. Provide participants with effective marketing strategies to communicate the benefits of green loan products to the farming community and actors in the commodity value chains; and
4. Foster a collaborative network among financial institutions, non-governmental organizations, and government bodies to support the ongoing development and refinement of agricultural finance products.

Target Participants

- **Bank desk officers** such as agricultural loan officers, relationship managers, credit analysts, branch managers, and sustainability officers.
- **Government officials in agriculture** such as agriculture extensionists, policymakers, and regulators.
- **Program/project officers in NGOs** working in the fields of agriculture, finance, environmental conservation, or rural development

COURSE CONTENTS

Module 1: Understanding Climate Risks and Farmer Profiling

This module serves as the foundation for the training workshop, aiming to equip participants with a deep understanding of the various climate risks that impact agriculture, particularly in the GMS. It also focuses on developing skills for profiling farmers to accurately assess their vulnerabilities, needs, and capacities in the face of these risks. The knowledge gained in this introductory module is critical for designing financial products and support services that are both effective and sustainable. This sets the stage for effectively addressing the challenges that lie ahead in the workshop, ensuring that participants are well-prepared to develop and implement financial solutions that can mitigate the impacts of climate risks on agriculture.



Learning Objectives

By the end of this module, participants will be able to:

1. Understand the climate risks that pose a threat to agriculture in the region; Conduct thorough and informed farmer profiling that incorporates climate risk assessment; and
2. Recognize the importance of incorporating environmental considerations into financial and support services for farmers.

Key Topics

1. Climate Risks Overview
 - a. Introduction to global and regional climate trends
 - b. Detailed discussion on specific climatic threats to agriculture in the GMS
2. Impact of Climate Risks on Agriculture
 - a. Examination of how these risks affect agricultural productivity, crop yields, and the economic stability of farming communities
 - b. Case studies from various parts of the region
3. Farmer Profiling Techniques
 - a. Methods for collecting and analyzing data on farmers' land usage, crop choices, resource access, and financial health
 - b. Psychological profiling to understand farmers' risk tolerance, investment readiness, and openness to adopting new agricultural practices
4. Integration of Climate Risks into Farmer Profiling
 - a. Strategies to include climate risk assessment as a regular part of farmer profiling
 - b. Tools and technologies that can aid in gathering relevant data and making informed decisions

Module 2: Designing Tailored Loan Products

Building on the foundational understanding of climate risks and farmer profiling, Module 2 shifts focus to the practical application of this knowledge in the design of innovative financial products. This module aims to equip participants with the skills necessary to create loan products that are not only financially viable, but also specifically tailored to meet the unique needs and challenges of farmers in the context of climate change.

Learning Objectives

By the end of this module, participants will:

1. Be proficient in the design of agricultural loan products that effectively integrate financial sustainability and climate resilience.
2. Have a thorough understanding of how different loan features can be tailored to meet the specific needs of different types of farmers; and
3. Be aware of the regulatory environment affecting agricultural loans and how to navigate it in product design.



Key Topics

1. Principles of Loan Product Design
 - a. Understanding the key components of agricultural loans
 - b. Evaluating the effectiveness of different loan features such as duration, interest rates, grace periods, and subsidies
2. Integration of Climate Risk Management into Loan Products
 - a. Strategies for incorporating risk mitigation tools and insurance products into loan packages
 - b. Case studies on successful climate-smart loan products from the Asia-Pacific region
3. Tailoring Loans to Farmer Profiles
 - a. Using data from farmer profiling to design loans that address specific needs and capacities
 - b. Techniques for adjusting loan terms based on different types of farming operations and their exposure to climate risks
4. Regulatory and Policy Considerations
 - a. Overview of regulatory frameworks that impact agricultural lending
 - b. Discussion on how policies can support or hinder the development of innovative loan products

Module 3: Developing Financial Products for Financing Commodity Value Chain

Module 3 focuses on the financial aspects of commodity value chain development. It aims to equip participants with the expertise to design financial products that support the entire commodity value chain, from production to marketing. Additionally, it will transform the theoretical knowledge and practical skills from previous modules into effective marketing strategies for the newly designed loan products. It focuses on developing and implementing comprehensive marketing plans that support development of value chains and communicate the benefits of climate-smart financial products to farmers. The strategies will ensure that these products are not only available but also accessible and appealing to the agricultural community.

Learning Objectives

Upon completing this module, participants will:

1. Understand how to effectively market agricultural loan products to farmers, taking into account the unique needs of the actors in the value chain aligning the national context;
2. Have formulated targeted marketing strategies and linking with the value chain actors that are ready for instant execution within their organizations; and
3. Be capable of measuring the success of their marketing efforts to link the actors in the commodity value chains and making informed adjustments to maximize impact.

Key Topics

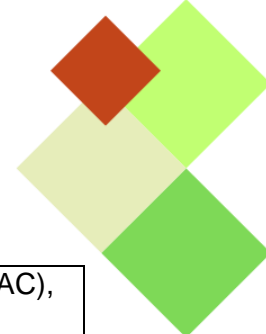
1. Understanding the Agricultural Market and Commodity Value Chains
 - a. Analysis of the target market's demographics, behaviors, and preferences
 - b. Identifying the actors in the commodity value chains and various communication channels most effective in reaching different actors including the farming community
2. Designing Value Chain Financial Products



- a. Principles of creating tailored financial products such as loans, credits, and insurance tailored to specific stages of the value chain
- b. Innovative financing models, including revolving funds, supply chain financing, and contract farming arrangements
3. Marketing Strategies for Financial Product Promotion
 - a. Planning and executing product launches
 - b. Strategies for promotional activities, partnerships, and community engagement to enhance product visibility and uptake

PROVISIONAL AGENDA

Time	Activity	In-charge
DAY 1 – June 19		
08:30 AM	Registration	MI team
09:00 AM	Opening program <ul style="list-style-type: none"> • Welcome remarks by MI • Opening remarks by APRACA • Course introduction • Knowing each other and setting of expectations • Pre-test 	
10:15 AM	Break	
10:30 AM	Module 1: Understanding Climate Risks and Farmer Profiling <ul style="list-style-type: none"> • Climate Risks Overview • Impact of Climate Risks on Agriculture 	Ms. Amber Sharick Sustainable Finance Specialist International Rice Research Institute Vietnam
12:00 NN	Break	
13:30 PM	Module 1: Understanding Climate Risks and Farmer Profiling <ul style="list-style-type: none"> • Farmer Profiling Techniques • Integration of Climate Risks into Farmer Profiling 	Ms. Amber Sharick
15:00 PM	Break	
15:15 PM	Module 1: Understanding Climate Risks and Farmer Profiling <ul style="list-style-type: none"> • Group Work: Participants collaborate to create profiles for hypothetical farmers based on provided scenarios 	Dr. Prasun Kumar Das Secretary General, APRACA
16:45 PM	Debriefing	MI team
17:00 PM	Preparations	
17:30 PM	Welcome dinner	
20:00 PM	End of Day 1	
DAY 2 – June 20		
08:30 AM	Recap of Day 1	MI team
08:45 AM	Module 2: Designing Tailored Loan Products <ul style="list-style-type: none"> • Principles of Loan Product Design 	Mr. Wichai Paksa Bank of Agriculture and Agricultural



	<ul style="list-style-type: none"> Integration of Climate Risk Management into Loan Products 	Cooperatives (BAAC), Thailand
10:15 AM	Break	
10:30 AM	Module 2: Designing Tailored Loan Products <ul style="list-style-type: none"> Tailoring Loans to Farmer Profiles 	Mr. Wichai Paksa
12:00 NN	Lunch	
13:30 PM	Module 2: Designing Tailored Loan Products <ul style="list-style-type: none"> Interactive Workshop: Participants design their own loan products using templates 	Mr. Wichai Paksa & Dr. Prasun Kumar Das
15:00 PM	Break	
15:15 PM	Module 2: Designing Tailored Loan Products <ul style="list-style-type: none"> Regulatory and Policy Considerations 	Mr. Wichai Paksa & Dr. Prasun Kumar Das
16:45 PM	Debriefing	MI team
17:00 PM	End of Day 2	
DAY 3 – June 21		
08:30 AM	Recap of Day 2	MI team
08:45 AM	Module 3: Developing Financial Products for Financing Commodity Value Chain <ul style="list-style-type: none"> Understanding the Agricultural Market and Commodity Value Chains 	Mr. Surasak Sompadung BAAC, Thailand
10:15 AM	Break	
10:30 AM	Module 3: Developing Financial Products for Financing Commodity Value Chain <ul style="list-style-type: none"> Designing Value Chain Financial Products 	Dr. Prasun Kumar Das
12:00 NN	Lunch	
13:30 PM	Module 3: Developing Financial Products for Financing Commodity Value Chain <ul style="list-style-type: none"> Marketing Strategies for Financial Product Promotion 	Mr. Surasak Sompadung
15:00 PM	Break	
15:15 PM	Closing program <ul style="list-style-type: none"> Course report Awarding of certificates Closing remarks (TBC) 	
17:00 PM	End of the training	



Contacts

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