Mobilising finance for community-based resilience

Insights from the Voices from the Frontline initiative

August 2022
About this report

The *Voices from the Frontline (VFL)* initiative supported communities across the global South to share their stories of resilience during the Covid-19 pandemic. This report looks at the barriers and opportunities for mobilising community-level finance, drawing on the examples shared in the VFL stories.

In particular, the report aims to:

- identify key challenges and barriers that inhibit access to finance for locally-led adaptation;
- provide an outline of the high-level sustainable financing approaches and mechanisms used to overcome some of these barriers; and
- provide high-level insights and recommendations for promoting access to finance at the local level.

About the author

Allie Ebrahim is Director at Yubifin (Pty) Ltd. He is a chartered accountant, with more than 20 years’ consulting experience. As an independent financial consultant, he is focused on providing financial advisory and investment facilitation services on behalf of clients and/or projects that seek to deliver development and environmental and social impact in emerging markets.

Acknowledgements

The author would like to thank the interviewees listed in Annex I for their time and valuable insights during the interview process. Thanks is also due to Shahrin Mannan, at the time of writing based at the International Centre for Climate Change and Development (ICCCAD), for providing support during the project inception phase and for the introductions to participants of the VFL stories.

Thank you to Mairi Dupar, Kamleshan Pillay, Lisa McNamara, Michelle Du Toit, Emma Baker and Shanice Mohanlal from CDKN for their advice, technical input and editorial guidance on the report.
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>1</td>
</tr>
<tr>
<td>I. Introduction</td>
<td>4</td>
</tr>
<tr>
<td>Approach and methodology</td>
<td>4</td>
</tr>
<tr>
<td>Limitations</td>
<td>5</td>
</tr>
<tr>
<td>II. Findings</td>
<td>6</td>
</tr>
<tr>
<td>General observations from the review of VFL case studies</td>
<td>6</td>
</tr>
<tr>
<td>Barriers and challenges to accessing finance at the community or grassroots level</td>
<td>7</td>
</tr>
<tr>
<td>Financing approaches that seek to address some of these challenges</td>
<td>10</td>
</tr>
<tr>
<td>Role of the private sector in supporting access to finance for locally-led adaptation</td>
<td>22</td>
</tr>
<tr>
<td>III. Conclusion</td>
<td>24</td>
</tr>
<tr>
<td>Annex I: Interviewees</td>
<td>27</td>
</tr>
</tbody>
</table>
# Abbreviations and acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abalimi</td>
<td>Abalimi Bezekhaya</td>
</tr>
<tr>
<td>CBO</td>
<td>Community-Based Organisation</td>
</tr>
<tr>
<td>CDKN</td>
<td>Climate and Development Knowledge Network</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organisation</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>FBA</td>
<td>Farm Business Advisor</td>
</tr>
<tr>
<td>HoH</td>
<td>Harvest of Hope</td>
</tr>
<tr>
<td>ICCCAD</td>
<td>International Centre for Climate Change and Development</td>
</tr>
<tr>
<td>IDE</td>
<td>International Development Enterprises</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>PEDI</td>
<td>Philippi Economic Development Initiative</td>
</tr>
<tr>
<td>R</td>
<td>South African Rand</td>
</tr>
<tr>
<td>SMME</td>
<td>Small-, Micro- and Medium-Enterprise</td>
</tr>
<tr>
<td>TWW</td>
<td>Tresor Women Warriors</td>
</tr>
<tr>
<td>US$</td>
<td>United States Dollar</td>
</tr>
<tr>
<td>VFL</td>
<td>Voices from the Frontline</td>
</tr>
<tr>
<td>VSLA</td>
<td>Village Savings and Loan Association</td>
</tr>
<tr>
<td>WASH</td>
<td>Water, Sanitation and Hygiene</td>
</tr>
<tr>
<td>WCCI</td>
<td>Women’s Climate Centres International</td>
</tr>
</tbody>
</table>
Executive Summary

The Voices from the Frontline (VFL) initiative was designed to create an evidence base of community-led responses to the Covid-19 pandemic, with an emphasis on commissioning stories from women’s groups, slum dwellers’ associations and youth groups. The stories span Asia and the Pacific, sub-Saharan Africa and Latin America. A total of 44 stories were published on the CDKN and ICCCAD websites at the time of writing this report.1

The VFL stories demonstrate overwhelmingly that despite the exceptional social and economic hardship brought about by the Covid-19 pandemic, grassroots organisations and individuals (many of them women and youth from rural communities or informal settlements) have shown great leadership and initiative in combatting the spread of the virus and strengthening the resilience of their communities against its impacts. Many of the urban poor and vulnerable rural communities in the global South operate at the margins of the formal social and economic system, and they often face many challenges and discrimination related to basic human rights (social, cultural and economic), as evidenced by the VFL stories.

Access to finance emerged as one of the key challenges that has impeded the ability of poor and vulnerable communities (including the grassroots organisations who operate within these communities) to respond to the Covid-19 crisis, as well as other climate-related disasters, such as floods and cyclones.

Several barriers to accessing finance emerged from a desk review and selected interviews with community members and leaders featured in the VFL stories. These barriers are categorised into five themes: (i) Regulatory/governance (ii) Market-related, (iii) Social, (iv) Economic/financial, and (v) Technology.

This study sought to identify the key sustainable financing approaches and/or mechanisms being used by local communities and/or grassroots organisations from selected VFL stories to address some of these persistent barriers. The study identified the following four sustainable financing approaches:

1. Village Savings and Loans Association (VSLA) savings groups;
2. Tresor Women Warriors (TWW) profit-driven microfinance model;
3. Kiva crowd-funding mechanism in partnership with a Field Partner; and
4. Abalimi Bezekhaya subsidised cost model.

The study also explored how the private sector could become involved in supporting access to finance for locally-led adaptation at the grassroots level. The Khulisa Amafama pilot project is used as a case study to demonstrate the key role played by the private sector in improving the viability of emerging small-scale farmers, by guiding and supporting these farmers during the transition from subsistence to commercial farming. This transition will improve the small-scale farmers’ ability to access finance.

However, access to finance alone will not lead to the improved resilience of poor and vulnerable communities. In order to empower local communities to strengthen their resilience, access to finance must be combined with appropriate and sustained training, capacity development and mentorship. Greater cooperation and partnership between local communities, grassroots organisations, development and financial institutions on the one hand, and local and national government departments and agencies on the other, are required to create an enabling policy environment for greater private sector participation.
A set of high-level recommendations are offered to donor foundations, private sector institutions (including financiers) and the public sector for promoting and strengthening the resilience of local communities, grassroots organisations and entrepreneurs to better enable access to finance. These include:

- **Develop a deeper understanding of the needs, aspirations and capabilities of poor and vulnerable communities as well as their unique resources** (physical, social, human and financial) – this will aid in a better understanding of the risks and potential impacts of financing and investment opportunities.

- **Devolve decision-making to the local level as far as possible** and support local grassroots organisations to design and implement their ideas and to contribute to their own economic upliftment.

- **Support and co-fund existing and innovative microfinance mechanisms and similar vehicles to expand the reach and scale of relevant needs-driven finance for locally-led projects.** The VSLA savings group is a well-established microfinance mechanism in the informal economy of many developing countries, and there is an opportunity to support and scale the impact of these savings groups. One way would be to introduce technology and related training to improve the efficiency of administrative and financial management systems of these savings schemes. For example, interviewees indicated that the savings groups in Uganda and Kenya rely entirely on manual processes and procedures, with documentation and tracking of savings, loan advances and repayments being managed almost entirely through the use of handwritten copies of paper-based documents.
• **Collaboration and co-ordination among the donor community, private sector and local government** are essential to create an enabling environment to access finance and unlock small business opportunities.

• **Donors should explore innovative financing instruments** (e.g., performance-based grants) to encourage deeper engagement with local organisations in terms of project outcomes (desired results) rather than outputs only (products or deliverables). Donors should consider aggregating smaller projects and/or co-funding larger projects to create scale, instead of working in silos.

• In addition to providing financial resources, **established private sector businesses and financiers have a wider role to play in mentoring and supporting start-up businesses, entrepreneurs and small-, medium- and micro-enterprises (SMMEs)** in poor communities, so that they have a better chance of accessing suitable and affordable finance. This can be done by:
  
  • Building the financial, business, marketing, technical and technological capacity and skills of beneficiaries;
  
  • Supporting access to relevant business infrastructure and resources;
  
  • Facilitating access to existing and new markets for both inputs and outputs. This may include supporting small-scale businesses (cottage industries) by buying their products and/or supplying inputs at reduced cost; and
  
  • Using their Corporate Social Responsibility (CSR) budgets to provide training on financial literacy and cash-flow management for small businesses.

• **The private sector must continue to play a key role in expanding the digital and financial inclusion of poor and vulnerable communities**, especially in remote areas. This includes developing innovative business models and promoting alternative technologies to improve access to affordable and reliable electricity and broadband. The ability to access information online and use affordable and reliable communication technologies will contribute to greater financial inclusion, including the ability to access financial services and products, and to make payments using technology.

In Kenya, Evelin Namalwa, a community health volunteer, was acting as a communication link between healthcare workers and households during the pandemic. © Women Climate Centers International
I. Introduction

In mid-2020, the Climate and Development Knowledge Network (CDKN), the International Centre for Climate Change and Development (ICCCAD) and the Global Resilience Partnership collaborated on the Voices from the Frontline (VFL) initiative, supporting communities across the world to share their stories about the challenges of and their responses to the Covid-19 pandemic. A total of 44 stories were published on the CDKN and ICCCAD websites at the time of writing this report.

The VFL series was designed to create an evidence base of community-led responses to the Covid-19 pandemic, with an emphasis on commissioning stories from women’s groups, slum dwellers’ associations and youth groups. The stories span Asia and the Pacific, sub-Saharan Africa and Latin America. One of the key barriers cited in many of the VFL stories is that of access to finance.

Community-based financing is often difficult to mobilise given the under-developed nature of formal markets, the public good nature of many projects and the lack of adequate financial returns, which deter traditional financiers and ‘for-profit’ private investors. Typically, this has restricted financing options to public sources, including donor transfers. Despite the ability of donor financing to deliver implementation on the ground, financial flows are typically slow and not always well-integrated with local needs and conditions as well as local traditional knowledge, informal structures and local assets (physical, human, financial and social).

Given these challenges to accessing finance, this study seeks to assess and outline the financing approaches that could be used to develop sustainable business and financial models on the ground, based on selected VFL cases.

Approach and methodology

The primary data-gathering approach for this assignment comprised:

1. A desk review of VFL stories as potential case studies; and
2. Semi-structured interviews with stakeholders from selected VFL case studies.

A total of 42 of the 44 published VFL stories from Asia and the Pacific, sub-Saharan Africa and South America were reviewed and summarised. The desk review sought to:

- Identify the financing sources, uses of funds, financing structures and/or mechanisms used by communities and intermediaries (Non-Governmental Organisations [NGOs] and Community-Based Organisations [CBOs]) as documented in the VFL stories and those with the potential for learning and adaptation to other localities; and
- Provide a preliminary assessment of the VFL stories for the purposes of identifying a shortlist for the subsequent interview process.

It was decided to conduct interviews with available stakeholders from selected VFL stories based on the following broad qualitative criteria:

- Stories that provided some evidence of alternative livelihood initiatives and/or income-generation activities.
- Stories that explored resilience in terms of food security, e.g., agri-business, urban farming, small-scale rural farming, home food gardens.
• New business start-ups, such as manufacturing detergents or construction of water, sanitation and hygiene (WASH) facilities.

• Training and capacity-building initiatives aimed at building new skills for income generation and encouraging entrepreneurship.

• Local community-driven microfinance initiatives, such as group savings schemes.

Based on the above criteria, the 42 VFL stories were reduced to a shortlist of between 10–15 for the semi-structured interview process. Based on availability, responsiveness and timeline for the project, a total of 11 interviews (10 stories) were completed (see Annex I). These stories are located in Africa (9) and Asia (1).

The semi-structured interviews aimed to provide additional qualitative information and validation regarding the sources and uses of finance, as well as the financing approaches and mechanisms (individual, community-based and intermediary-driven) used to implement the interventions covered by the selected VFL stories.

Limitations

The key limitations of this study include:

• The relatively small sample of VFL stories selected for the interview process means that there are reservations related to the possible extension of conclusions from the study to all the coverage areas of the VFL stories, i.e., especially Asia, the Pacific and Latin America. Thus, such conclusions may suffer from discrepancies, given the small size of the interview sample and the emphasis on countries based in sub-Saharan Africa. The selection of mostly sub-Saharan African stories is because many of the VFL stories from Africa met several of the criteria outlined above, such as agri-business and urban farming initiatives, and references to finance initiatives.

• The high-level nature of the (interview-based) enquiry did not allow for a deep analysis into the workings and success factors of the financing approaches identified from the selected VFL case studies. A deeper analysis of the proposed financing approaches is required in order to draw robust conclusions about the relevance, scale and replicability of these financing approaches in different geographic and socio-economic settings.

In Kenya, indigenous women are tapping into local resources, and undertaking individual and collective initiatives to tackle the Covid-19 crisis. © Women Climate Centers International
II. Findings

General observations from the review of VFL case studies

THE CHALLENGES ARE MANY…

Most of the world’s vulnerable and poor live below the poverty line, without basic human rights and access to basic services, which significantly impedes their ability to respond to crises and build resilience. Many of the urban poor are migrants with specific vulnerabilities in crisis situations such as Covid-19 (job insecurity, financial and social insecurity, food insecurity and housing insecurity). Many of these migrants are reliant on day-to-day wages that, in many instances, disappeared overnight during the Covid-19 lockdown.

The interventions of governments during the Covid-19 pandemic have been found to be largely inadequate, fragmented and poorly coordinated (provisions often did not reach the most vulnerable people) in many of the VFL stories.

A number of stories uncovered corruption and unscrupulous practices by individuals and businesses that increased the burden on and suffering of marginalised members of society during the Covid-19 pandemic. For example, loan sharks and businesses were, in certain instances, exploiting the impacts of Covid-19 restrictions for personal gain, by charging very high interest and/or raising prices for basic goods and services.

…but there is hope, and those affected have much to contribute to enhance their own resilience

The VFL initiative demonstrated that poor and vulnerable communities want to be part of the decision-making and interventions aimed at addressing the challenges they face. They want to contribute to their own socio-economic upliftment and be less dependent on handouts. Given the lack of formal structures and/or institutions within informal settlements, social capital and social support structures are a very important means of responding to crises situations.

Individuals and communities have demonstrated their ability to share assets, resources, information (especially local/indigenous knowledge), skills, costs and burdens – sharing is thus a key survival strategy at the grassroots level, especially during crises. Often NGOs and CBOs, as well as individual leaders, play a vital role in ensuring that the basic needs of vulnerable and poor communities are considered during crises and beyond.

The Covid-19 pandemic forced many of those who work in the informal sector to explore alternative livelihoods, but there are persistent barriers, such as lack of access to finance and inadequate training.

The next sub-section outlines the key challenges and barriers to accessing finance, as identified through the interview process and, to a lesser extent, the review of the selected published VFL stories. This is followed by a summary of the identified locally-led financing mechanisms used by communities and intermediaries (such as NGOs and CBOs) to address some of the persistent barriers and respond to the impacts of Covid-19.
II. Findings

Barriers and challenges to accessing finance at the community or grassroots level

The VFL stories are set in the context of the struggles of poor and vulnerable communities (both urban and rural) in accessing ‘traditional’ finance, as well as the gender and institutional discrimination that amplifies these struggles or challenges.

Traditional finance generally refers to loans or credit secured through a formal financial institution (e.g., a bank or a non-bank entity) under conventional risk management principles, such as securing collateral or sureties. Traditional financing follows a standardised process, with lenders relying heavily on rigid numerical factors, such as credit history or score, business plan and assets to determine eligibility for finance.

Interviewees highlighted several barriers or challenges to accessing traditional finance, which can be categorised into five themes, as follows:

REGULATORY/GOVERNANCE
- Informal settlements are not afforded the same status and rights as formal settlements, which limits access to public funds and benefits.
- Lack of formal documentation, such as identity documents or security of tenure, prevents access to traditional finance.
- Donor processes and conditions are often lengthy, burdensome and inflexible, resulting in a disincentive to access donor finance.
- Donor objectives are, at times, not well aligned with the actual needs of communities at grassroots level, which leads to funding gaps or missed opportunities.
Mobilising finance for community-based resilience

II. Findings

MARKET

- The cost of traditional finance is prohibitively expensive and unaffordable to poor and marginalised people in urban slums and rural communities.

- The funding needed by individuals and/or organisations from poor and marginalised communities is typically too small and costly for traditional funders, because of higher transaction costs and lower returns relative to the loan size.

- Traditional investors and lenders place a higher premium on financial returns compared to social impact.

SOCIAL

- Lack of financial literacy deters borrowers from accessing traditional finance sources and instruments, due to a lack of understanding and trust.

- Language barriers often hinder entrepreneurs from adequately promoting their business ideas and prospects to investors or lenders. A lack of fluency in the requisite national language and/or general illiteracy may hamper those from various backgrounds (including remote rural communities and ethnic minorities) from accessing financial services and related developmental support.

- In certain communities, women find it difficult to access finance due to lack of ownership of land and/or lack of economic empowerment because of social norms.

- Corruption deprives local communities from accessing the full extent of donor funding and negatively impacts the efficiency of fund disbursement.

- Non-participatory financing modalities inhibit access to finance. Traditional financiers operate on a largely impersonal/superficial level, without a deeper understanding of the motivations, behaviours and needs of potential borrowers from under-served communities or informal settlements.

ECONOMIC/FINANCIAL

- Individuals and/or organisations from poor and marginalised communities lack adequate collateral to meet traditional lenders’ conditions and requirements.

- Poor and marginalised people typically have no formal borrowing track record.

- Providing finance (loans) to people without stable or dependable incomes is viewed as risky and unprofitable by traditional financiers.

TECHNOLOGICAL

- Poor communities often lack affordable and reliable access to the internet, especially in remote rural areas.

- Low rates of digital literacy and access to digital tools (e.g., smart phones and other smart devices) inhibit access to available and innovative fin-tech services and products, such as mobile banking, mobile payments and insurance. The high cost of smart devices and the risk of theft of these items constrain greater digital transformation.

- Lack of access to stable and affordable electricity slows the pace of digital transformation.
II. Findings

FIGURE 1: Barriers to accessing finance at community level

- **Regulatory/governance**
  - Status and rights of informal settlements
  - Lack of formal documentation
  - Lengthy donor conditions
  - Misalignment of donor objectives and community needs

- **Market**
  - Prohibitive cost of traditional finance
  - Small loan sizes carry higher transaction costs
  - Financial returns prioritised above social impact

- **Technological**
  - Unreliable and/or unaffordable internet access
  - Low rates of digital literacy and access to digital tools
  - Unstable and/or unaffordable electricity supply

- **Social**
  - Lack of financial literacy and trust
  - Language barriers
  - Lack of land ownership for women
  - Corruption
  - Impersonal/superficial relationships

- **Economic/financial**
  - Lack of collateral
  - Lack of borrowing track record
  - Unstable incomes are viewed as risky to financiers
Financing approaches that seek to address some of these challenges

The desk review indicated that many of the Covid-19-related interventions undertaken by CBOs and NGOs, as well as individuals and groups of individuals, were in the form of Covid-19-related grants, internal cash resources, cash donations and in-kind contributions from civil society and arms of government, such as donations of food and food ingredients, cleaning supplies and protective equipment (masks), etc. In some instances, distinct and limited Covid-19-related contributions were provided by international partner organisations or affiliated organisations or individuals with existing relationships with local individuals and/or community-based organisations. For example, Slum Dwellers International (SDI), which consists of a network of 32 country-affiliates across Africa, Latin America and Asia, was one such organisation that provided modest support to their affiliated organisations.¹

Based on the findings from the selected interviews, the following potentially noteworthy and sustainable financing approaches and/or mechanisms were identified at the grassroots level.

1. **Village Savings and Loan Association savings groups**
   Participatory self-managed and self-funded approach, based on saving money, earning interest and accessing savings as loans for income generation.

2. **Profit-sharing microfinance model**
   Based on the principles of a ‘revolving credit facility’, with a profit-share mechanism.

3. **Kiva crowdfunding supported by local field partners**
   International crowdfunding platform that partners with local field partners to facilitate loans to the poor, unbanked and financially underserved.

4. **Abalimi subsidy model**
   Indirect funding mechanism whereby micro-farmers receive essential training, resources and services at a subsidised cost or below market prices.

The four finance mechanisms identified are described at a high-level, by outlining their key features.
VILLAGE SAVINGS AND LOAN ASSOCIATION SAVINGS GROUPS

About VSLA savings groups

Savings groups, which form part of a Village Savings and Loan Association (VSLA), were identified as an important finance mechanism for accessing savings in order to purchase essentials, such as food and healthcare-related supplies during the Covid-19 related lockdown(s).

While it would usually not be considered desirable to access savings for basic daily consumptive purposes, many families used savings that were earmarked for a major expense or investment – such as school fees and supplies or purchase of a durable or productive asset – to temporarily meet their most basic needs for a short period of time during the Covid-19 lockdown restrictions. Furthermore, these savings groups also provided opportunities for some to invest in alternative livelihoods.

Moyna, a VSLA member, washing her hands before a community savings group meeting.
© Saeqah Kabir, World Vision Bangladesh

In southwest Bangladesh’s informal sector, savings groups have been providing economic support to their members, who are predominantly women. For Moyna, a member of a community savings group in Koyra, Bangladesh, the savings group has been life-changing, as she was able to conveniently access loans to meet her daughters’ education expenses and to invest in the expansion of her vegetable garden.4

Moyna, a VSLA member, washing her hands before a community savings group meeting.
© Saeqah Kabir, World Vision Bangladesh
Mobilising finance for community-based resilience

II. Findings

One of the participants from the VFL stories, Saeqah Kabir of World Vision Bangladesh, summed up the significance of these groups: “Savings groups serve as a safety net and a source of social solidarity during crises events.”

Key features of VSLA savings groups

The following key characteristics were gleaned from selected interviews, as they apply to Uganda and Kenya. As a result, characteristics noted below may differ slightly from other VSLAs in other countries and or regions.

- The creation of VSLA savings groups is driven by socio-economic imperatives to improve the well-being and livelihoods of families and, by extension, their communities. VSLA savings groups have to be registered with the local council or district and must have a constitution.

In Central Uganda’s Gomba District, Twehayo Naume, aged 23, obtained practical training in construction from the Women’s Climate Centers International (WCCI), an NGO that provides local peer-to-peer training in Uganda and Kenya. This enabled her to secure construction work within her community related to the safe construction and management of sanitation technologies, such as ecological toilets, lined ventilated pit latrines and double leach toilets. Later, she was able to train other youths in order to expand the roll-out of better sanitation in her community. Ms. Naume also encouraged households to form clusters of 10 households to facilitate joint resource mobilisation. Households in need of finance for sanitation projects were then connected to VSLAs for financial support (in the form of sanitation loans).

One of the participants from the VFL stories, Saeqah Kabir of World Vision Bangladesh, summed up the significance of these groups: “Savings groups serve as a safety net and a source of social solidarity during crises events.”

© Godliver Businge
II. Findings

- VSLA savings groups comprise mainly of groups of women (especially merchants and traders) with the purpose of saving money and accessing finance. Each group consists of between 10 and 30 members.

- The VSLA savings groups enable their members to (i) pool their money on a weekly basis (through collective savings), (ii) offer and/or access these savings as loans, for commercial (income-generating) activities, and (iii) earn interest on these loans. By pooling their own money, members are able to reduce the total net cost of borrowing.

- The VSLA savings groups operate in cycles of 10–12 months, with loan repayment periods varying between 3–10 months. At the end of each cycle, all loans are repaid, and the interest earned on loan advances is shared amongst group members in proportion to each members’ percentage savings (i.e., a percentage of shareholding). This process is then repeated, as desired.

- Interest rates vary (in the example of the two VFL stories, the interest rate was around 2% per month). Interest is payable monthly on the outstanding loan balance.

- The VSLA model relies on a participatory approach and self-management. It relies on maintaining professional relationships and trust between group members who are accountable to each other. In many cases, group members are known to each other and usually live close to each other to facilitate regular meetings, rapid sharing of information and minimisation of expenses.

- In certain instances, individuals within a group may stand as surety or guarantor for other members in that group in the event of default.

- The VSLA model aims to be inclusive and, therefore, the daily/weekly savings amount varies from savings group to savings group, based on affordability for the members.

- The success of the VSLA model relies on, among others, a certain level of solvency of participating members. Therefore, vetting of members is critical and is done, for example, by:
  - Visiting the homes of potential members; and
  - Obtaining a local council letter, where a village elder must vouch for the reputation and good standing of the member.

- Loans are mainly advanced for small income-generating activities, but group members also access their savings and/or loans to pay for major expenses, such as a wedding, medical expenses or their children’s school fees or school supplies.

- The VSLA model offers a flexible and swift self-funding mechanism for the exploitation of profitable opportunities and essential expenditures. This flexibility and agility of VSLA savings groups is possible because the VSLA model is based on a system of self-regulation and relies on the profound appreciation of the reputation, motivation, behaviour (professionalism) and ambition of group members; aspects which traditional financiers fail to address adequately.

**SPECIFIC BARRIERS BEING ADDRESSED BY VSLA SAVINGS GROUPS**

The VSLA savings groups address the following barriers to accessing finance:

- High cost of traditional finance;
- Significant or onerous collateral requirements; and
- Rigid and inflexible conditions of traditional financiers and donors.
TRESOR WOMEN WARRIORS PROFIT-BASED MICROFINANCE MODEL

About Tresor Women Warriors

Tresor Women Warriors (TWW) is a not-for-profit foundation, based in The Gambia. The organisation was founded in 2019 and aims to empower women in the areas of agriculture, education, microfinancing, mentorship and entrepreneurship. TWW partners with grassroots organisations that serve vulnerable women and girls in remote parts of The Gambia, by providing programmes and services that enable women to improve their lives and create sustainable livelihoods for their families (www.facebook.com/Tresor-Women-Warriors).

When the news broke about the Covid-19 pandemic, TWW organised and gathered members of their communities and advised them on proper hygiene, both during farming activities and within their homes. TWW assisted members of their communities by distributing hand-washing dispensers to the homes of women farmers and urged them to be vigilant, wash their hands frequently and restrict movement around the community. During the lockdown, TWW also supported its members by providing seeds and access to land to grow food for their own consumption. When markets were not open or accessible, TWW purchased mobile phones and used WhatsApp to engage with its members and support limited trading.

Consisting of a network of around 7,000 members across The Gambia, TWW is very active in the agriculture sector, where they work with women to grow crops such as maize, groundnuts, vegetables, oranges, mangoes and cashews. The foundation owns six poultry farms, six agricultural farms and five commodity and/or convenience stores, which are a primary source of funding for its activities.

Uplifting women to financial freedom is a core pillar of TWW. One of the ways in which TWW does this is through a microfinancing scheme, where TWW not only invests in the business ideas of these women but also in building their capacity to manage their own finances and develop essential business skills in order to become successful entrepreneurs.

According to a local member of TWW, Mama Jobe, CBOs such as the TWW are playing a vital role in building the resilience of its members and community, protecting their members and members’ families from the [Covid-19] virus, and so enabling them to continue farming in good health and supporting their own food security and livelihoods.7

Farmlands in Jalangbang, West Coast Region of The Gambia. © Tresor Women Warriors
Key features of the TWW microfinance model in The Gambia

- The TWW microfinance scheme is a pilot project and is in some ways similar to a revolving credit fund, with a profit share mechanism. Instead of interest charges on loan advances to members, TWW shares in the returns (profits) and risks associated with a project or business venture, as described below.

- The TWW microfinance scheme is a self-funding scheme. Its primary source of funding is from the internal cash resources from TWW business ventures, as well as the profit contributions from existing members.

- Small loans are provided to groups of women, who become members of the TWW network. Funding is therefore not extended to individuals, but rather to groups of around 10 women. This reduces the risk of default, as the group is held responsible for repaying the loan.

- Loans are only disbursed after the development of a business plan and after capacity-building and training of the group members on financial and business literacy, technical skills (organic farming, soap making, animal husbandry, trading, etc.) and technology adoption. Capacity-building is a key component of the microfinance pilot scheme and takes approximately two months.

- Mentorship of TWW members is also a very important element of the programme, with more experienced TWW project coordinators engaging regularly (at least once a week) with the respective women’s groups assigned to them to ensure that they have access to the necessary advice and support to ensure the success of the funded business venture. Each group is taught (among other skills) how to open a bank account.

- Loan advances to groups are repayable after a period of 6–12 months, which usually aligns with the agricultural season. Profits from the group’s business venture are deposited into the group’s bank account, monthly. The respective groups are required to share the profits generated. Fifty percent of profit generated is contributed into the TWW revolving fund for disbursement of new loans to existing or new members of TWW.

- The TWW foundation works on the principle of ‘paying it forward’, whereby existing members of the TWW are encouraged and required to train and assist new women’s groups. While these existing members are primarily motivated by social solidarity with and responsibility towards other women, they also receive a financial incentive of 5% of the profits of new groups that they assist. The TWW microfinance model, therefore, relies on relationships and trust, and sharing of knowledge, skills and resources between group members.

- The TWW foundation also acts as an aggregator by buying agricultural commodities produced by members of TWW and selling the commodities to third parties for higher prices than what the individual or groups are able to achieve on their own.

SPECIFIC BARRIERS BEING ADDRESSED BY THE TWW PROFIT-BASED MICROFINANCE MODEL

The TWW microfinance model seeks to address the following barriers to accessing finance:

- Lack of empowerment of women to pursue economic freedom and improvement – women that are financially independent are in a better position to access finance;

- High cost of traditional finance;

- Prohibitive collateral requirements – women often lack ownership of capital assets such as land, equipment and livestock; and

- Interest-based loans are prohibited in the context of Islamic law – The Gambia is a majority Muslim country – thereby restricting access to traditional finance.
KIVA CROWD-FUNDING MECHANISM IN PARTNERSHIP WITH FIELD PARTNER IDE

About Kiva

Kiva is an international not-for-profit organisation, established in 2005 in the USA. Its mission is to expand financial access to underserved communities. Kiva does this through crowdfunding – facilitating loans from social impact lenders (i.e., individuals around the world), thereby unlocking private capital, reducing the cost of financial services and addressing the underlying barriers to financial access experienced by millions of poor, unbanked and underserved people across the world. Any individual with access to the internet is able to make a Kiva loan, via the Kiva online platform (www.kiva.org).

The Kiva crowdfunding platform enables financial access, which covers a very broad spectrum of activities: it allows students to borrow money for tuition fees, entrepreneurs to start businesses, smallholder farmers to purchase equipment and families to pay for essential healthcare.

Kiva collaborates with a global network of Field Partners (developmental and/or microfinance organisations) who work within local communities in remote areas and in emerging or developing economies. These Field Partners are vital to Kiva’s work, as they provide essential services on the ground, such as (i) entrepreneurial training and financial literacy, (ii) vetting of potential borrowers, and (iii) loan administration. These partnerships enable Kiva to reach more potential borrowers and deliver greater social impact.

Field Partners, such as International Development Enterprises (iDE), are therefore essential to facilitating access to finance to underserved communities via the Kiva crowdfunding platform.

About iDE

One of the shortlisted VFL stories originates from Mozambique, and a key local actor mentioned in the published VFL story is iDE. iDE is a global donor-funded not-for-profit organisation active in Africa, Asia and Central America. iDE’s mission is to “create income and livelihood opportunities for poor rural households” (www.ideglobal.org).

In Sussundenga, Mozambique, a woman-led agri-business has made itself resilient to multiple shocks. © iDE Mozambique
Mobilising finance for community-based resilience

iDE’s approach is driven by building inclusive, resilient and competitive markets, and their work is focused on agriculture (developing entrepreneurs in the agriculture value chain), water, sanitation and hygiene (developing WASH markets for the sale of latrines, water filters and hand-washing devices) and climate resilience (building resilience to climate change).

In Mozambique, iDE’s objective is to improve the living standard of people by extending agricultural services to households located in remote rural areas, while simultaneously addressing issues related to gender equality, nutrition, food security and resilience to climate change.

Covid-19 affected the safe operation of the weekly farmers’ markets in Sussundenga, Mozambique. iDE provided masks and sanitisers to its beneficiaries and the local community. This included setting up containers or buckets with water and soap, which could be used by farmers and customers during the operation of the weekly farmers’ market. iDE also took precautions of its own when delivering on its training mandate, for example, by restricting training sessions for farmers, which normally comprised 30 people, to 10 individuals.

iDE plays a key role in providing farm extension support for farmers and, since 2016, has collaborated with Kiva to expand and facilitate access to finance for entrepreneurs in the agricultural value chain in Mozambique.

Key features of the Kiva crowdfunding mechanism in partnership with iDE in Mozambique

Based on the interview with the iDE representative in Mozambique (supplemented by information on the Kiva and iDE websites), the following key features of the Kiva crowdfunding platform and iDE’s partnership with Kiva are outlined below:

- iDE works with entrepreneurs (iDE beneficiaries) in the agriculture value chain (i.e., input suppliers, small-scale farmers, agri-dealers, stall-holders, etc.) and focuses on providing technical training and capacity-building, creating market linkages for farmers, and building their resilience to climate change through climate-smart agriculture techniques and technologies.
- iDE works with local agents, known as Farm Business Advisors (FBAs), to promote resource-smart technologies, such as drip irrigation systems, pumps, and post-harvest storage. iDE’s Agribusiness Service Centres support these agents with market links to suppliers and buyers and enhance their entrepreneurial skills.

Amélia Rendição is a 51-year-old woman and farmer from the Sussundenga district in Mozambique. After a decline in her husband’s health in 2017, Ms. Rendição took over the management of their farm. She wished to expand the farm’s activities, and with farm extension support from iDE, she enhanced the farm’s horticultural production capacity and diversity. iDE also offered her provision of inputs, links to output markets, technical production assistance and support to agribusiness management.

Ms. Rendição’s farming operations expanded and diversified so successfully that she became the district aggregator for other small-scale farmers. Her aggregation services and supply of agro-inputs assisted other farmers to better manage their farming costs and motivated them to engage in community-based savings and loans groups. With growing demand for fresh farm produce and given that many of the farmers live in remote areas with few transport options, Ms. Rendição (with the help of iDE) successfully accessed Kiva loans to purchase vehicles to strengthen her marketing and distribution activities.⁸
II. Findings

- One of iDE’s core roles is to support these entrepreneurs to bridge the gap from subsistence to commercial farming and to facilitate access to finance.

- iDE uses the FBA approach to create a personal link between the farmer and their suppliers and buyers. iDE has a network of 300 FBAs across the country who visit the homes and fields of small-scale farmers and assist them in growing better crops and generating higher returns from the sale of their produce. FBAs also act as aggregators, creating markets for smallholder farmers and creating access to better quality and affordable inputs. FBAs are usually agri-business owners with a track record as successful entrepreneurs.

- iDE employs field technicians who identify farmers and other entrepreneurs in the agricultural value chain who are in need of training and finance. iDE’s loan officers then engage with these local farmers to assess their business plan, operations and funding requirements.

- Potential iDE beneficiaries (entrepreneurs) are selected based on their experience of running an agri-business and their potential to transition from subsistence to commercial farming. These beneficiaries (and potential borrowers) undergo an intensive vetting process undertaken by iDE, accompanied by a training and capacity-building programme, which lasts for at least one year. As a result, iDE develops a deep relationship with the entrepreneur (potential borrower) and a good understanding of their business and its prospects.

- In order to assist its beneficiaries (farmers, FBAs and dealers) to access finance, iDE operates a ‘revolving fund’ that facilitates in-kind loans for inputs, equipment and services, for which they charge a processing fee of up to 15% to cover costs and logistics. (Note: This is independent from the Kiva crowdfunding mechanisms.)

- iDE’s loan officers create an online application for a Kiva loan on behalf of eligible beneficiaries and submit relevant information (e.g., business plan and cash-flow statements) to iDE’s Credit Committee for review and approval. Once the loan request is approved and/or modified, the funding application is submitted to Kiva for uploading onto its website, where lenders from around the world can fund the project on a voluntary basis.

- Loans are interest-free and are only disbursed to the borrower (via iDE) once the crowdfunded loan amount reaches the full funding requirement for the project. Lenders are usually motivated by the social impact. They typically fund in increments of US$ 25 or more to a given project and often lend multiple times to new projects. On average, lenders revolve their money 11 times, before withdrawing their money from the Kiva crowdfunding vehicle or donating their money to Kiva.

- While Kiva lenders do not charge interest on loans to borrowers, Field Partners often do charge a fee or interest on the Kiva loans that they have facilitated. This is done in order to cover some of the many expenses incurred by Field Partners in the process of providing services such as training, loan administration and logistics. As Kiva and iDE are both driven by social imperatives, care is taken to ensure that these charges and/or interest costs are reasonable.

- From a gender perspective, iDE encourages women farmers/entrepreneurs to apply for loans by offering more flexible terms, such as a longer grace period for capital repayment or longer loan tenor and lower collateral. Asset finance for women (for the purchase of farming equipment or implements) is encouraged as this equipment can then be used as collateral.

- iDE is piloting community or group project loans, which enables greater scale and allows those individuals who would not otherwise qualify to access funding within a group structure.
SPECIFIC BARRIERS TO FINANCE BEING ADDRESSED BY KIVA LOANS AND iDE SUPPORT:

The Kiva loans, along with iDE’s support as a Field Partner, seek to address the following barriers to accessing finance:

- Agri-sector (especially farming) is typically viewed as high risk, especially in areas that are prone to natural disasters, such as Mozambique;
- High cost of debt finance from traditional banks and lenders with inflexible collateral requirements;
- Variability of income due to seasonality of agri-businesses, which limits access to finance; and
- Women are deprived of accessing loans as they do not own land or other major assets as collateral and they must rely on the men in their family or community to provide collateral/guarantee, which is often withheld due to gender-based restrictive cultural norms.

ABALIMI BEZEKHAYA ‘SUBSIDISED COST’ MODEL IN SOUTH AFRICA

Abalimi Bezekhaya is highlighted in the VFL story on urban gardening and micro-farming as a way to address food insecurity and improve the livelihoods of poor communities in South Africa.9

About Abalimi Bezekhaya and Harvest of Hope

Abalimi Bezekhaya (Abalimi) is a South African development organisation founded in 1982 to develop and promote small-scale urban farming and to support efforts to improve the livelihoods of poor communities in Cape Town, South Africa. It is funded by various donors, private trusts and individuals. Income is also generated through special training or services, including two nurseries based in Cape Town. The Department of Agriculture has also funded project implementation and training. The beneficiaries of Abalimi are home gardeners or micro-farmers (mostly women) who grow vegetables organically in the Cape Flats, an area comprising many poor and vulnerable communities (www.abalimibezekhaya.org.za).

Abalimi provides core services to its beneficiaries based on four main pillars: (i) agri-resources (inputs), (ii) training, (iii) infrastructure, and (iv) market access support. Abalimi’s business model is centred around providing these services at a subsidised cost to poor individuals and communities.

Training and capacity-building is a core component of Abalimi’s work. A three-day training session (including teaching theory and providing a training manual, certificate, meals and start-up kit) typically costs R1,000 (US$ 65–70). This training is offered to poor and unemployed people at a subsidised fee of R70 per person (US$ 4–5) for participants.

Abalimi operated a flagship programme called ‘Harvest of Hope’ (HoH) for 11 years; a market access mechanism and service that connected local micro-farmers with customers. HoH started in 2008 as a social enterprise to support the sustainability of Abalimi’s micro-farmers in the Cape Flats by providing them with access to markets for their produce and providing critical production planning, marketing, packing, packaging, logistics and administrative services.

The idea of HoH was born from a collaboration between local community members, business development organisations (Abalimi, the South African Institute of Entrepreneurship and The Business Place Philippi) and the private sector (Pick ‘n Pay Foundation).
The project evolved from delivering boxes of organic vegetables for families at schools and corporates, to wholesale distribution to restaurants and hotels (a business-to-business (B2B) relationship). By 2014, an average of 450 vegetable boxes were being delivered to customers weekly, from 54 community gardens.

The relationship between the HoH team and micro-farmers was essential, and a formal agreement (contract) between Harvest of Hope, Abalimi and each micro-farmer was implemented to regulate their interactions and ensure that respective commitments were understood and documented.

Farmers were paid once a month after deducting the cost of inputs (seeds, seedlings, manure) provided by Abalimi. This is a form of short-term, interest-free finance over several months. Abalimi also encouraged micro-farmers to use 10% of their produce for their own consumption, and to open bank accounts and save 10% of their earnings as a ‘reserve fund’ for garden-related emergencies.

The market access provided by HoH, which started as a closed system between Abalimi, HoH and micro-farmers, evolved into an open system by 2018, with other role players accessing the market and providing alternative opportunities and resources for urban micro-farmers. This created complexities and challenges for HoH around production planning and availability of produce (i.e., sufficient quantities and variety to satisfy customers and to justify the overhead costs of HOH).

The alternative market access mechanisms that developed organically saw micro-farmers increasingly selling their produce directly through these alternative outlets. Abalimi eventually decided that its HoH project had served its purpose of creating a market for the organic produce of micro-farmers and that the time had come to terminate the HoH project in 2019.

Between 2008 and 2019, HoH had sold over R16 million worth of produce (approx. US$ 1 million), paid around ZAR 10 million of this to urban micro-farmers (approx. US$ 600,000) from around 70 different homes and community gardens, and supported 245 micro-farmers and their 1,225 dependents.10
Key features of the Abalimi Bezekhaya subsidised cost model

- Abalimi effectively offered micro-farmers an indirect funding mechanism whereby micro-farmers received essential training, resources and services at subsidised cost or below market price. In addition, HoH also operated as an aggregator of agricultural produce purchased from micro-farmers. The micro-farmers were paid once a month for their produce, net of input costs incurred with Abalimi. Abalimi, thus, supported micro-farmers by funding the upfront cost of inputs and agri-resources (i.e. a form of working capital finance).

- Abalimi provided a one-stop-shop offering, combining technical training and capacity-building, business mentorship, agri-resources and market access. The innovative partnership between Abalimi as a development organisation and HoH as a social enterprise to create an alternative market network for micro-farmers was key to creating a sustainable urban micro-farming ecosystem. Together, Abalimi and HoH were able to provide ongoing training, skills, resources, mentoring and market access to micro-farmers during the entire life cycle of an urban micro-farming enterprise – from survival to subsistence, then subsistence to livelihood, and finally to commercial operations.

- Through HoH, Abalimi succeeded in incubating a ‘closed market’ for urban micro-farmers, which later transitioned into an ‘open system’ that enabled micro-farmers to grow their skills, knowledge, confidence and ambition to eventually engage directly with the end customer and other third parties.

- Abalimi and HoH effectively used a subsidy-based business model, where beneficiaries contribute (financially and in-kind) to their own economic upliftment – training and resources are provided at subsidised costs or below market rates, rather than given as handouts. This approach, in part, contributed to the sustainability of both the micro-farmers and Abalimi.

- Abalimi further supported the sustainability and viability of micro-farmers by encouraging farmers to open bank accounts and to save for emergencies or contingencies (a ‘reserve’ fund).

- The work of Abalimi and their HoH programme contributed to the financial upliftment of micro-farmers, enabling them to generate a regular (albeit variable) income stream, which can only improve their chances of accessing finance.

SPECIFIC BARRIERS ADDRESSED BY ABALIMI AND ITS HARVEST OF HOPE PROGRAMME

Abalimi and its HoH programme sought to address the following barriers to accessing finance:

- Due to a lack of access to lease agreements or access to land, small-scale farmers in townships find it difficult to access finance.

- Traditional banks and micro-lenders charge high interest and require significant collateral, which is often unaffordable for micro-farmers.

- Lack of a consistent/dependable income stream – micro-farming income is susceptible to seasonal and climate impacts and fluctuating market prices.

- Working capital finance, such as significant upfront costs related to farming inputs and equipment, is expensive but essential for the viability of agri-businesses.

- The financial viability of new micro-farmers is threatened (and access to finance limited) by lack of access to markets, high transportation costs, and inadequate financial management and administration systems and skills.
Role of the private sector in supporting access to finance for locally-led adaptation

The role of the private sector in facilitating access to finance is multifaceted and can best be demonstrated through a case study. The example below illustrates a recent development in South Africa that showcases how the for-profit private sector is collaborating with local entrepreneurs, a development organisation, and a local government agency to support the financial viability and resilience of grassroots communities, organisations and SMMEs.

KHULISA AMAFAMA – PRIVATE SECTOR PARTNERSHIP PILOT

Summary

This case study was identified during the interview with Abalimi Bezekhaya’s Managing Director. Information about the case study was sourced from UCOOK’s website (https://www.ucook.co.za/good), the key driver and promoter of this pilot.

• The Khulisa Amafama project is a partnership between UCOOK, a leading South African online meal-kit delivery business; Philippi Economic Development Initiative (PEDI), a local government-led agri-processing facility; and Abalimi, a development organisation.

• This pilot project works directly with urban small-scale farmers in Cape Town to develop and improve their livelihoods. Four urban farmers (representing a larger group of emerging small-scale farmers in the Cape Flats, an area consisting predominantly of informal settlements) have initially been selected for the pilot and will be assisted with market access, skills training and mentorship, production inputs and infrastructure support.

• Abalimi and PEDI provide the training, workshops, youth internships, agri-resources (inputs) and agri-infrastructure and logistics needed by these small-scale farmers.

• UCOOK’s primary role is to provide (among others) access to market, production planning, marketing and business mentorship. This includes weekly meetings with small-scale farmers to determine market needs, production and harvest planning to ensure that production/supply meets market needs/demand. This includes determining what to grow in terms of seasonal produce and best value products.

• UCOOK is providing market access by being a guaranteed offtaker (buyer, often in advance) of the produce of the participant farmers.

• The pilot programme includes the establishment of an emergency or ‘reserve’ fund (Farmer Fund) to support the survival of distressed participant farmers in the event of unplanned events, such as theft, vandalism, water shortages, flooding, etc.

The intended aims of the Khulisa Amafama pilot project are:

• To improve the viability of emerging small-scale farmers, by guiding and supporting these farmers during the transition from subsistence to commercial farming. This transition will improve the small-scale farmers’ ability to access finance (credit), especially those who have an offtake agreement with UCOOK.

• To support emerging urban farmers to access external funding from public sector and/or donor programmes e.g., Department of Agriculture’s Comprehensive Agricultural Support Programme (CASP) and Violence Prevention through Urban Upgrading (VPUU).

• To foster a direct working and learning relationship between farmer and customer and other partners (from farm to retail).
II. Findings

- To combine agricultural (technical) capacity-building, production planning, extension support services with market access for emerging small-scale farmers.
- To stimulate local markets and improve food security and social solidarity by encouraging farmers to sell a portion of their harvest to their local communities at reduced prices.

A community garden in Cape Town, South Africa. © Anaya Katlego, Unsplash
Access to finance alone will not lead to the improved resilience of poor and vulnerable communities. A multi-pronged approach is required to empower local communities to strengthen their resilience by combining access to finance with appropriate and sustained training along with capacity development and mentorship, all while working with government to promote an enabling policy environment for greater private sector participation.

Below are selected considerations and suggestions for donor foundations, private sector institutions (including financiers) and the public sector for promoting and strengthening the resilience of local communities, grassroots organisations and entrepreneurs, by making finance and other services more accessible for locally-led adaptation initiatives:

- **Invest more time in understanding the needs, aspirations, capabilities and existing resources** (physical, social, human and financial) of poor and vulnerable communities. This will aid in a better understanding of the risks and potential impacts of investment opportunities.

- **Devolve decision-making to the local level as far as possible** and support the local grassroots organisations to design and implement their ideas and to contribute to their own economic upliftment.

- **Support and co-fund existing and innovative micro-finance mechanisms and similar vehicles to expand the reach and scale of relevant needs-driven finance for locally-led projects.** The VSLA savings groups is a well-established microfinance mechanism in the informal economy of many developing countries, and there is an opportunity to support and scale the impact of these savings groups. One way would be to introduce technology and related training to improve the efficiency of the administrative and financial management systems of these savings schemes. For example, interviewees indicated that the savings groups in Uganda and Kenya rely entirely on manual processes and procedures, with documentation and tracking of savings, loan advances and repayments being managed almost entirely through the use of multiple handwritten copies of paper-based documents.

- **Collaboration and co-ordination among the donor community, private sector and local government** are essential to create an enabling environment to access finance and unlock small business opportunities.

- **Donor organisations should explore and implement innovative financing instruments,** such as performance-based grants, that encourage greater engagement with local organisations, including local government institutions. These instruments are focused on outcomes (desired impact) rather than mere outputs (products or actions) and enable local organisations with limited experience and resources (but a high degree of local accountability) to directly access performance-based funding that is supported by local government institutions to achieve positive local impact.

- **Donors should consider aggregating smaller projects and/or co-funding larger projects** to create scale, instead of working in silos.
• In addition to providing financial resources, established private sector businesses and financiers have a wider role to play in mentoring and supporting start-up businesses, entrepreneurs and SMMEs from poor communities, so that they have a better chance of accessing suitable and affordable finance. This can be done by:
  • Building capacity and skills (financial, business, marketing, technical and technology);
  • Supporting access to relevant business infrastructure and resources;
  • Facilitating market access and/or expansion into new markets;
  • Supporting small-scale businesses (cottage industries) by buying their products and/or supplying inputs at reduced cost; and
  • Using CSR budgets to provide training on financial literacy and cash-flow management for small businesses.

• The private sector must continue to play a key role in developing innovative business models, promoting alternative technologies to improve access to affordable and reliable electricity, and expanding the digital inclusion of poor and vulnerable communities, especially in remote areas. The ability to access information online and use communication technologies will contribute to greater financial inclusion (including the ability to access financial services, products and to make payments using technology).
Endnotes


2 Ibid.


6 Ibid.


Annex I: Interviewees

Below is a list of the individuals and organisations who participated in the interview process.

1. Artwell Nyirenda, programme officer at Dialogue on Shelter for the Homeless People; Lonica Kenneth, member of Zimbabwe Young Peoples’ Federation; Steven Myamapfeka and Shadreck Tondori, representatives from Hatcliffe Water Committee. Zimbabwe.


3. Hbibatou Drammeh and Ebrima S. F. Bah, members of the University of The Gambia; Aji Kumba Daffeh Kah, founder and president of Tresor Women Warriors; Mama Jobe Jeng, a local woman farmer. The Gambia.


5. Grace Stead, MD, Abalimi Bezekhaya. South Africa.


7. Sedem Tetevi, semi-pro basketball player, civil engineer and co-founder of SEDLA. Ghana.

8. Godliver Businge, civil works technician and community development worker, WCCI. Uganda.


10. Sarah Nandudu, national coordinator of the National Slum Dwellers Federation of Uganda. Uganda.

Mobilising finance for community-based resilience

This work was carried out with the aid of a grant from the Ministry of Foreign Affairs of the Netherlands and the International Development Research Centre (IDRC), Canada, as part of the Climate and Development Knowledge Network (CDKN) Programme. The views expressed herein do not necessarily represent those of the Ministry of Foreign Affairs of the Netherlands, or of the International Development Research Centre (IDRC) or its Board of Governors, or of the entities managing CDKN.

© Climate and Development Knowledge Network, 2022. This work is licensed under a Creative Commons Attribution, Non-Commercial Licence (CC BY-NC 3.0).

Fishermen in Caloco, Philippines, started harvesting seaweed when they could not go fishing on the high seas during lockdown. © Rhaydz Barcia

About the Climate and Development Knowledge Network (CDKN)

CDKN supports decision-makers in developing countries in designing and delivering climate compatible development. We do this by combining knowledge sharing, research and advisory services in support of locally owned and managed policy processes. CDKN works in partnership with decision-makers in the public, private and non-governmental sectors nationally, regionally and globally.