



# ACCESS TO FINANCE

Winrock empowers farmers and entrepreneurs with **Access to Finance** that fosters economic growth and increases business stability.





Like all entrepreneurs, business owners in developing countries need capital to hire workers, buy equipment, launch new services, manage cash flow and meet other business needs. Yet their potential is often stunted by a lack of financing. To address this problem, Winrock prepares entrepreneurs to attract outside investment, identifies funding sources, and facilitates transactions that reduce investor risk while meeting the capital requirements of small and growing businesses.

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## Methodology

Winrock has extensive experience working both with public and private institutions that offer financing and the businesses and entrepreneurs who need it. This unique perspective helps us to craft innovative solutions in a variety of sectors and geographies that benefit borrowers and lenders. Our approach to increasing financial access in developing markets reduces investment risk while building the prospects for business success and more inclusive and sustainable growth.

Winrock identifies promising entrepreneurs and small businesses with financing needs and develops their capacity to receive investment through training, mentorship and networking opportunities. Winrock has particular expertise working with women, youth and other marginalized populations.

In the vital areas of energy and agriculture, Winrock's market and investment feasibility capabilities help potential investors assess risk and unlock much-needed capital. Clean energy technologies, for instance, often require more upfront capital than their fossil fuel counterparts, making credible risk assessment critical.

Winrock works with capital partners to encourage investments to support enterprises facing a variety of poorly-understood risks. Increased weather variability due to climate change, for instance, presents a new category of risk for people who depend on agriculture, livestock and fisheries for their livelihoods. Finding mechanisms to reduce investor risk can unlock capital and also stimulate ideas for new businesses.

Winrock improves an enabling environment for public and private investment. We work with governments to help them better appreciate how policies, regulations and laws affect markets. We strengthen governance and design financial instruments such as guarantees, loans, equity and insurance that increase **Access to Finance**. We then help parties negotiate terms and leverage complementary resources.

The achievement of the United Nations' (UN) Sustainable Development Goals, such as poverty reduction, can be inhibited by financial constraints and a lack of the appropriate financial instruments. **Access to Finance** is a critical tool for development. It can have a meaningful impact across multiple Sustainable Development Goals, from enabling more inclusive economic growth to increasing the availability of affordable and clean energy.

Winrock harnesses resources from the public and private sectors and local beneficiaries to open up **Access to Finance**. We pursue creative and practical solutions that are appropriate to the local context. With decades of experience, Winrock provides a range of financial products and services, including:

- Feasibility studies to assess risk associated with investment in new technologies, enterprises and infrastructure;
- Loan guarantees that incentivize banks to invest in and scale up new business services and geographies;
- Cooperative arrangements that aggregate small producer resources in order to improve product quality, reduce supply risk and access credit;
- Purchase and pricing commitments in collaboration with supply chain buyers that connect entrepreneurs with markets;
- Working capital to bridge seasonal fluctuations in revenue;
- Valuation of ecosystem and environmental benefits to attract better terms for debt and equity;
- Microfinancing that provides small amounts of money that's faithfully repaid; and
- Incentive mechanisms that encourage innovation by rewarding performance.



# 🔍 CASE STUDIES

## Indonesia

In **Indonesia**, Winrock has worked with private palm oil mills to prepare prefeasibility and feasibility studies for systems that capture methane from the treatment of palm oil mill effluent. The methane is either used to generate power for the mill or sold to the national power company, PLN. To date, 30 mills have completed studies. Two of these mills completed construction and commenced operation in December 2015. Four others have finalized financial deals to begin producing biofuel. Investment costs for the two completed facilities were \$6.7 million.

## Nigeria

Access to capital is particularly challenging for companies offering new technology. In **Nigeria**, Winrock helped a local company access \$300,000 in loans from a local bank backed by the United States Development Credit Authority. The loans were used to scale up manufacturing and distribution of biogel for cooking. The biogel burns more efficiently in stoves and improves indoor air quality. As a result of the loans, 93,000 beneficiaries now use biogel.

## Mindanao

In order to increase productivity and quality, small agricultural producers need access to credit to purchase better inputs and improve post-harvest processing and storage. Winrock provided a Philippine financial cooperative on the island of **Mindanao** with a \$1.7 million loan guarantee to enable lending to small producers. So far, this guarantee has resulted in thousands of loans totaling over \$2.2 million to small horticulture, livestock and fish producers. The program also uses grant funds to leverage resources from the government and the private sector for investment in cold storage facilities that keep products from spoiling, and for training about how to maximize quality.

## Nepal

**Nepal** has a large, undeveloped renewable energy potential well-suited to its challenging terrain and dispersed population. Winrock launched a Clean Energy Development Bank in 2006. The bank has successfully invested \$25 million in 16 hydropower projects. It has also invested \$10 million in a range of small renewable energy projects, including biogas, solar water pumps, electric vehicles and solar home systems.

## Innovate Arkansas

In the U.S., Winrock helped Arkansas technology entrepreneurs and inventors boost their ventures from early stages through to commercial viability. As an agent of the **Arkansas Economic Development Commission**, Winrock uses government grants to strengthen the business skills of entrepreneurs. It also helps them raise capital for investments in emerging businesses that have the potential to hire workers at above-average salaries for the state. **Innovate Arkansas** hosts technology conferences and “pitch-your-idea” events. To date, it has helped raise \$295 million, assisted more than 575 clients, generated \$281 million in revenue and added more than 650 new jobs in the state.

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