



April 2014

Dear Microcredit Summit Campaign and fellow partners in the global movement to help 100 million families lift themselves out of extreme poverty,

FAO, as the UN specialized agency for agriculture, considers that broad access to a wide set of financial services adapted to the needs of smallholder households and agricultural enterprises is one of the several important conditions required to attain sustainable agricultural development and food security. That is why the Organization, through its Rural Infrastructure and Agro-Industries Division, has developed over several decades a permanent in-house technical expertise in rural and agricultural finance with a global focus. In addition, FAO has developed a network of permanent field offices in 143 countries, which enables the Organization to test and adapt intervention approaches for different country settings that aim to identify and up-scale innovations, generated by local partners themselves, related to the promotion of inclusive rural and agricultural finance and investment.

As part of its current work agenda, FAO has launched a research initiative to identify and up-scale innovative financial arrangements that make inclusive agricultural investments feasible. It is motivated by mounting evidence of important structural changes in agricultural value chains led by local actors in response to a rapid increase in the global demand for agricultural products. This has created a favourable environment for innovations in the delivery of financial services to several actors in agricultural value chains, including smallholders and rural households. The research initiative aims to identify how constraints to the delivery of agricultural finance and risk management tools were reduced through innovations and to derive policy recommendations for public actors to facilitate their up-scaling, thereby enabling greater and more inclusive agricultural investments. FAO is conducting this work as part of the CABFIN partnership, which includes FAO, IFAD, GIZ, UNCDF and the World Bank, thereby building on the global knowledge being generated by these organizations.

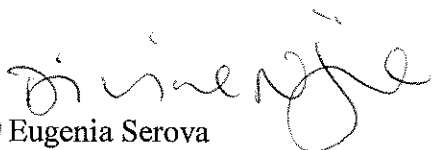
FAO is pleased to announce this work as its Campaign Commitment with the following benchmarks:

1. By the third quarter of 2014, FAO will produce two synthesis reports focused on Africa and Latin America that bring together early findings on innovations and public policy recommendations that enable effective delivery of agricultural finance services and risk mitigation tools that favour inclusive agricultural investments.
2. By the second quarter of 2015, FAO will publish a set of policy guidelines and a set of training manuals outlining how financial service providers and local governments can best design strategies to expand access to agricultural finance services and risk management tools for smallholders and agricultural enterprises.
3. Throughout 2014, FAO will deliver trainings to public and private financial service providers in Africa, Latin America and Asia aimed at mainstreaming value chain finance analysis in their processes as a way of improving their ability to serve the agricultural sector.
4. Throughout 2014 and 2015, the Rural Finance and Investment Learning Centre ([www.ruralfinance.org](http://www.ruralfinance.org)), the CABFIN-supported knowledge management web platform, will be

making available publicly all policy and training material related to rural finance and investment developed by leading organizations around the world, including CABFIN partners.

We look forward to presenting the progress we have made to reach these benchmarks at the next Microcredit Summit and to then renewing our commitment with new benchmarks for specific, measureable, and time-bound actions that represent our part in the global effort to end extreme poverty.

Sincerely,



PP Eugenia Serova  
Director  
Rural Infrastructure and Agro-Industries Division  
FAO