Financial support can make a significant difference to poor urban families. Many of the increasing group of urban dwellers who live around the poverty line are (informal) micro-entrepreneurs, involved in a diversity of activities such as waste collection and recycling, trading, having a shop, transport and farming. These entrepreneurs require access to working capital, but most of them face limited access to credit and investment schemes. Important lessons can be drawn from rural micro-finance programmes. The challenge now is to further build on these experiences, including (partnerships with) the private banking sector and rural innovative micro-finance institutions. This chapter reviews lessons learnt from studies in the urban setting.
Introduction

In cities around the world, urban and periurban agriculture (UA) is assuming an increasingly important role in making cities more sustainable. By growing food in the city, the urban poor can reduce household food expenses and generate additional income, thereby enhancing food security and reducing poverty. UA can also help recycle urban wastes, create green space in cities, and maintain existing green spaces in both urban and periurban areas (see further Chapter 1).

However, UA requires increased financial and political legitimacy if it is to continue developing as a productive force. While political support for urban agriculture has been steadily increasing, financial support for urban growers has been more limited. Most urban producers lack access to credit and investment schemes. Information about such schemes is also scarce. Evidence about the benefits of urban agriculture is anecdotal and deals mainly with highly localised, small-scale experiences. Little is known about credit and investment interventions around the world that could benefit large numbers of producers and thereby make UA a major contributor to productive and inclusive urban economies.

Thus, a more systematic survey and evaluation of significant and diverse modalities of finance and investment provision to urban agriculture were deemed very timely. This, more so, because the growth of the UA sector at the margin of the mainstream economy could not only aggravate the environmental and public health risks posed by bad practices, but could also undermine the ability of the sector to make an even greater contribution to food security, employment and income generation as well as productive management of idle or underutilised urban resources (land, waste and water).

This chapter thus examines how different types of urban and periurban agriculture (UA) are financed drawing on the following empirical, field, and scientific sources:

1. Analysis of 13 experiences with urban and periurban agriculture in Asia, Latin America, and Europe (see also Box 4.1);
2. Direct exposure to a large number of local processes in Latin America and the Caribbean region from 1994-2004;
3. Research and development of UA activities in the Fortaleza metropolitan region of Brazil (1988-1997) with special attention to the economic and financial dimensions of these activities (See Cabannes, 1997);
4. Publications by RUAF and IDRC-Cities Feeding People Program;
5. Observations following presentations on UA made at the World Urban Forum (WUF) networking seminar in Barcelona in 2004 (see also Box 4.2).
As a result, this paper reflects the collective work and contributions of a wide array of actors, both academics and practitioners. The central question of this chapter is “what kind of financing is best suited to each different type of UA?”

**Types of Urban Agriculture**

An analysis of current practices suggests that, to start with, some conceptual clarification is necessary to understand the different types of UA, in light of substantial differences (a) between subsistence-oriented activities and market-oriented activities, and (b) between these activities and urban agricultural activities as a source of leisure and recreation.

The choice of the most appropriate financing mechanisms for UA should be guided by the type of UA system. Currently, UA is being practised for meeting subsistence needs, as a market-oriented activity, for recreation, or as a combination of these, each of which requires a different financing instrument or mechanism. For instance, micro-credit may not be the best form of financing for a poor family that undertakes UA at subsistence level and is not capable of repaying a formal loan. And a small cooperative composed of farmers aiming for expansion of their UA activities would need forms of financial support that go beyond the provision of free access to seeds or other equipment. Thus it is necessary to get an in-depth conceptual understanding of these types of UA in order to select the appropriate financing mechanisms of these interventions (See also figure 4.1).

**Figure 4.1 Various types of urban agriculture**

The first type of UA, and probably the most common, refers to UA as a way by which the urban poor and, to a lesser extent the middle class, support their livelihoods. In this case, UA plays a part in a subsistence economy, generally family-based, and is seldom monetized. This activity does not generate a cash surplus but provides food or medicinal plants that reduce the expenses of the family, improves their diet and provides them with medicine (Cabannes, 1997).

The second type is related to market-oriented activities. They can be individual or family-based micro-enterprises or activities undertaken through larger cooperatives or producer associations. They refer to the whole food chain, from the production of vegetables, milk,
fruit, and other products to agro-processing and marketing. As part of these market-oriented activities, the products are sold by directly by the producers at markets or through intermediaries. To a lesser extent, these products are dispersed through formal distribution channels such as supermarkets and green grocers.

The third type refers to urban agriculture that is undertaken as a part of leisure and recreational activities, occasionally or regularly. This type is more common in the developed rather than the developing countries. In some cities, this type of UA is seen as a way to maintain or restore the relationship between urban citizens and nature, raise awareness on environmental issues and allow children to experience food production cycles.

Mixed forms are a combination of two or three of the previously described types. For instance, a family involved in UA for its own food consumption can also sell the surplus locally, providing extra, occasional cash. Similarly, European farmers practicing UA primarily as a recreational or health-related activity use some of the produce for food, thus reducing their home expenses occasionally.

Urban Agriculture and Municipal Policies

Beyond clarifying the types of UA, it is also necessary to improve our understanding of the links between these and other policy target areas, such as the alleviation of poverty, economic development, or environmental policies, so as to justify the financing of UA and mainstream it into existing policies and public support programmes. According to specific situations, municipal and national policies that aim at supporting UA can be part of a wide range of policies.

Urban agriculture can be part of a poverty alleviation policy that sees in UA a means to mitigate the effects of poverty and enable social inclusion. The main aim here is to ensure a food secure and inclusive city. Such policies can take special importance during a crisis, and support to UA can then be part of a crisis mitigation strategy. This is illustrated clearly by the Cuban national and municipal policies, which promote UA in the face of the crisis generated by the economic embargo imposed by the United States. It is also illustrated by the municipal policy of the city of Rosario, Argentina. The optimisation of vacant land and its transformation into cultivable land was a strategy to cope with the dramatic effects of the economic collapse of the country in December 2000 and the social turmoil that resulted from an increase of poverty to levels never seen before (Dubbeling, 2004).

Urban agricultural policies can also be part of a local economic development policy that focuses on income generation and job creation, for a whole range of producers, not only home-based or community-based and not necessarily poor. In this case, the rationale for urban agriculture is its economic value and its capacity to generate local economic development. The main aim is to achieve a productive city, one in which produce brought from outside the city is substituted with locally-grown produce.

Urban agriculture is in some cases part of an integrated environmental policy, with its main benefit being the greening of the city and raising citizen’s awareness of nature. Increasing the access of the poor to a healthy environment or reducing the ecological urban footprint could be dimensions here.
In short, UA activities are, according to its different contexts, part of municipal policies for different reasons, considering their contribution to making the city more inclusive, more productive or more ecological. And this in turn allows urban agriculture to be linked to a broader sustainable development perspective that is based on similar elements, i.e. social, economic and ecological sustainability.

Learning from Field Experiences

Before examining the different ways to finance specific types of UA (be it subsistence, market-oriented, or recreation) as part of strategies that support poverty alleviation, local economic development or environmental management, some general findings and lessons learned from local practices and global research are presented here. More specifically, they include findings of a cross-sectional analysis of 13 innovative experiences of credit and investment schemes for UA, geographically representing various regions: Latin America (3), Africa (4), Asia (3) and Europe (3) (see also Box 4.1).

Box 4.1 City survey of experiences related to credit and investment for urban agriculture

The city survey and evaluation of significant and diverse modalities of credit and investment provision to urban agriculture were commissioned in 2002 and 2003 by UN-HABITAT, the Urban Management programme-Regional coordination for Latin America and the Caribbean (UMP-LAC), IPES-Promotion for Sustainable Development, International Development Research Centre (IDRC) and the International Network of Resource Centres on Urban Agriculture and Food Security (RUAF). The 13 cases commissioned were: (1) Micro credit and investment for UA - the municipal experience of Texcoco, Mexico; (2) Verticalisation program of UA - PROVE Pantanal, in the State of Mato Grosso do Sul, Brazil; (3) Social agro-breeding programme - PSA- in the municipalities of Cordoba and Camilo Aldao, Argentine; (4) WACS - Wadramli Agricultural Cooperative Society in Khartoum, Sudan; (5) Urban and periurban saving and loans cooperatives in Nepal; (6) Investment in the urban agriculture component of urban poverty reduction: the case of Miralao, the Philippines; (7) Micro-credit for UA activities in Bulgaria; (8) St. Petersburg urban gardening and farming: micro-credit and investment for UA in Russia; (9) Resources and financing of UA interventions in London: the Woodlands Farm and Vauxhall City farm experience; (10) The Horticultural Produce Cooperative Marketing Society: a success story of urban agricultural marketing in Bangalore; (11) Kintyre Lake County Development and Musikavambu Cooperative, Zimbabwe; (12) Investment and micro-credit for UA in Gaborone, Botswana; (13) Credit and investment of large companies and credit to small producers in Nairobi, Kenya. (See also figure 4.2.)

Summarised descriptions of these cases are available in the ninth issue of the Urban Agriculture Magazine (RUAF, April 2003). A synthesis paper and a policy brief on micro-credit for UA were elaborated by IPES and UMP-LAC in cooperation with the Centre for the Promotion of and Employment in the Urban Informal Sector (CEPESIU -Ecuador), systematising the case studies and discussing options, lessons learned, and proposals for an agenda for more effective support and promotion. Some of the involved municipalities are currently testing new financing instruments for UA, and are requesting further support.

Reality of finance for UA

A crucial finding of the research, substantiated by cases studied, is that micro-finance institutions, banks, and micro-credit initiatives seldom allocate resources and loans to urban and periurban activities. Financial support to (peri)urban producers and agro-industries seems to be taken on as part of rural agricultural support programmes, as is the case in Gaborone, Texcoco, Camilo Aldao and Addis Ababa, or as part of urban community development programmes (Philippines). Credit is the exception rather than the rule. In addition, credit for urban agriculture and urban-agro processing is rarely incorporated in banking statistics or public budgets. These, and other factors, make it difficult to determine if loans have been allocated to urban, periurban or rural based activities. These methodological
and technical difficulties tend to further blur the reality of finance for UA, as limited as it is already, and is an issue that deserves future attention.

**Figure 4.2 Location of case studies**

Source: Survey of city experiences with credit and investment for Urban Agriculture interventions, IPES/UMP-LAC/IDRC.

### Three basic ingredients of UA financing: savings, subsidies and credit

The cases describe a variety of financial systems and mechanisms for (peri)urban agricultural production and marketing. Urban and periurban agriculture is usually financed through a highly variable combination of savings, subsidies and credit (primarily micro-credits).

### Key role of savings and resource mobilisation

Urban farmers rely heavily and primarily on the mobilisation of their own funds. By and large, urban agriculture for subsistence is self-financed. Generally speaking, resource mobilisation and savings occur in very different ways and can be: a) individual b) family-based c) collective savings of small groups of producers or d) community-based. There are situations in which voluntary and organised savings are more formalised as in the case of the Nepalese savings and credit union cooperatives.

### The variety and sources of subsidies

A second type described here is subsidies or donations for agriculture in the city, again in different forms:

- financial subsidies to the banking system, such as those related to “soft conditions” for credit,
- subsidies directly to the farmer, for main agricultural inputs (land, water, seeds etc.), or subsidies in the form of free technical assistance and training or support to obtain inputs (Botswana, Nairobi-Kenya), and
c. subsidies to generate a facilitating environment such as in St. Petersburg, where a positive environment for agricultural production in and around the city is created by subsidising transport to agricultural plots and markets.

Private sector subsidies such as grants and charities from NGOs and other civil society groups (as is the case in London), and from public subsidies coming from local and national government such as the case of the HOPCOMS cooperative in Bangalore are other forms of subsidies.

Another key lesson from the research is that fully commercial loans, eg. those operating at a full cost recovery approach, are an exception and not the rule. This underlines the need for subsidy policies.

Credit systems
A third group is (micro-)credit systems. These encompass credit funds supported by international donors (Bulgaria), national governments (Argentina), federal or municipal governments (Brazil), private banks, informal private credit, or NGOs and cooperatives (Sudan). Most existing credit and investment schemes however are not accessible by the poor or other vulnerable groups, as clearly identified in the Bulgaria experience. Poor urban farmers usually cannot afford the requested collateral or the high interest rates, while they often lack access to marketing or management experience. There are however several innovative experiences that allow for the participation of these excluded groups. In Argentina, for example, participation is restricted to those who do not have additional forms of income or whose family income does not add up to more than two minimum salaries (US$156). In Nepal, the system of peer or group lending incorporates a system of solidarity guarantees which excludes physical collateral is required. In Texcoco (Mexico), grace periods are defined in relation to the type of production system and cycle (including for example longer grace periods for animal husbandry systems). All cases point to the need of integrated development strategies, where financial support is complemented with training (technical and business skills), legal advice and marketing support.

Combination of strategies
Most studies indicate that financial support for urban agriculture is best based on a combination of all three mechanisms: savings, subsidies and (micro-)credit. Savings could for example work as collateral for receiving credit. Tax incentives or other subsidies could motivate people to become involved, and complement credit systems with training and assistance, and in this way better guarantee success and sustainability of the (integrated) support programmes.

Understanding the financing credit cycle: from financial sources to financial products
In general terms the financing cycle can be summarised in three successive steps. The first refers to the sources of finance, which can be international, national or local, from public, private or institutional sectors or from private savings. The second refers to the transformation of these resources into financial products by specific financial intermediaries, and the third to the type of products financed.

The St. Petersburg UA financing cycle: an example of complexity
Financial flows and products for urban farmers from the study case of St. Petersburg, Russia, Moldakov 2002 (see figure 4.3) illustrate the complexity and the richness of financing UA.
The sources of finance are of different origin: (a) International, being loans and grants through the European Bank for Reconstruction and Development or the Eurasia Fund; (b) Private (agro) processing companies; (c) Private savings and deposits from individuals and (d) Public resources coming from the municipal budget. These sources have varied timelines: the savings and deposits are on a monthly or occasional basis, the municipal budget is annual; the international resources are usually made on a project-by-project basis, stipulating a number of years for disbursement. Transforming such different resources into strong, reliable and steady credit (financial products) is a key issue in any financial system. The answer lies essentially in the quality and the nature of the financial intermediary that will transform these resources into financial products.

**Figure 4.3** Financial flows and financial products for urban farmers in St Petersburg, Russia

<table>
<thead>
<tr>
<th>Financial Sources</th>
<th>&gt;&gt;</th>
<th>Financial Intermediaries</th>
<th>&gt;&gt;</th>
<th>Financial</th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td></td>
<td>Berd (loans)</td>
<td></td>
<td>Conventional commercial products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fund Eurasia</td>
<td></td>
<td>Micro-credit for women</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OCI</td>
<td></td>
<td>Recomposition of assets (capital) max $30,000/1 year</td>
</tr>
<tr>
<td>Private savings and deposit</td>
<td>&gt;&gt;</td>
<td>Savings Bank of Russia</td>
<td>&gt;&gt;</td>
<td>Agricultural production, seeds, equipment, animals max $2,500</td>
</tr>
<tr>
<td>Private (agro) processing companies</td>
<td>&gt;&gt;</td>
<td>St. Petersburg Farmer Credit Cooperative (Assets $2M)</td>
<td>&gt;&gt;</td>
<td>Agro-processing</td>
</tr>
<tr>
<td>Municipal Budget (St. Petersburg City)</td>
<td>&gt;&gt;</td>
<td>St. Petersburg Lease Center ($ 20,000 M)</td>
<td>&gt;&gt;</td>
<td>Debt alleviation</td>
</tr>
</tbody>
</table>


Cabannes, Y 2004a.
The case of St. Petersburg is typical of the multiplicity and different characteristics of the financial intermediaries, some of them being local and others being a branch of a national bank. Some of these institutions have a unique source of financing whereas others have the capacity to draw on from multiple sources. The main institutions identified in this particular case are: (a) St Petersburg Lease Centre, having a limited volume of resources, drawn mainly from the municipal budget; (b) St. Petersburg Farmer Credit Cooperation, fed by both private agro-processing companies and private savings; (c) Saving Bank of Russia that is channelling international credit and grants to various Russian cities, including St. Petersburg; (d) some private banks, such as the Petrovsky bank, AB Bank or NBO Bank, who in their turn receive funds from national and international sources.

These multiple sources and the variety of financial intermediaries explain the wide variety of products that an urban farmer can access, in theory. They cover the following kind of credits and grants: leases for trucks and tools, debt alleviation; micro-credits for agro-processing or for agricultural production, seeds and animals; short term loans (less than one year) for composition of assets; micro-credits especially for women or conventional commercial loans, open to clients able to provide a high level of guarantee.

The Botswana experience
Figure 4.4 “ Financing of UA in Botswana” shows, as in St. Petersburg, the multiple intermediaries that transform very diverse financial resources from central government, individuals, international and private enterprises into loans and grants to urban farmers. In this case, the following intermediaries were identified: (a) commercial and parastatal banks; (b) Citizen’s Entrepreneurial Development Agency - CEDA (c) Cooperatives; (d) African Development Foundation, (e) NGOs (f) Micro-Finance Institutions

The existence of multiple intermediaries does not always mean that they are resourceful and that their products are accessible to most urban farmers. They suggest on the contrary that some effort should be made in order to connect these initiatives and to focus on the one(s) that would have the best comparative advantages. The complexity of intermediaries, as illustrated by these two cases, was found in most situations analysed. This suggests that efforts should be taken to give this information to urban farmers in a simpler way. Urban farmers are usually interested in knowing about the reliability, quality of service and financial conditions on loans of intermediaries. But above all they are interested in clear information on the duration of credits and grants offered. Brochures that explain these options in simple terms appear to be a necessity, not only in St. Petersburg and Botswana but in the majority of the cases studied.

Role and Diversity of Financial Intermediaries
Analysing all the cases, it is clear that a large number of actors are involved in providing (sources) and managing funds (intermediaries) for (peri)-urban agriculture. A more detailed analysis is needed to define which system(s) is/are best adapted to the specific local circumstances. Funding sources are found in the context of poverty alleviation programmes, food security programmes (Argentina) employment generation programmes (Brazil, Botswana), or integrated environmental management programmes. Funds stem from for example the “Fund for Social Municipal Infrastructure” (Mexico), “Fund for Social Investment” (Brazil), within general “Financial Assistance or Entrepreneurial Programmes” (Botswana) or through specific “Agricultural or Horticultural Programmes” (as is done in India). However, in most of the studies, there is confusion and overlap between the source of funds - private, public, institutional, international - and their transformation into credit or subsidies. These two aspects and the role different actor’s play in each of them should be distinguished and clarified.

A typology of intermediaries that transform resources into loans directed to urban farmers can be drawn up for this purpose (see Figure 4.5). Some typical situations include:
a. Public intermediaries at local level (see initiatives from two local governments, Texcoco in Mexico and Rosario in Argentina),

b. Private and community-based intermediary (illustrated by the experience of a saving and credit cooperative from Nepal) and

c. Private banking system with the case of Prove Pantanal (Brazil) or combinations of all the above (Botswana, St. Petersburg).

**Figure 4.4** Financing of urban agriculture in Botswana

![Diagram of financing in Botswana](image)


**Municipal Intermediaries**

The local government of Texcoco, in the Mexico metropolitan region, set up an innovative urban agricultural loans programme a few years past this date (see Figure 4.6), and obtained significant results (See Ramirez-Garda, 2002) both in financial and social terms.

Resources from the central governments were transferred to local governments, as part of a vast national social programme. The Texcoco municipality decided to transform these resources into a limited and innovative set of loans to agricultural cooperatives (in particular for flower production) and to small solidarity groups of producers that had not yet formed cooperatives, as was the case with a group of rabbit keepers. A third line of loans was specifically tailored to women urban farmers. No specific institution was set up and the resources were simply earmarked and deposited in a bank that was managing the municipal resources.
After a couple of years, this successful programme received less attention from the newly elected local senior officials and the mayor. Despite requests from the producers, the technicians in charge and the university that was technically supporting the activities; the programme was left to die out slowly.

Participatory budgeting in Rosario, a promising initiative
The recent experience of the city of Rosario, a city of one million inhabitants in Argentina, shows under which conditions municipal earmarked resources can meet the needs and the expectations of urban producers, Municipalidad de Rosario (2003) (see also Figure 4.7).

Here, the financial resources for UA are managed in two different ways: on the one hand, the Municipal Secretariat for Social Promotion develops a set of support activities to assist local urban farmers (input supply, technical assistance, and training). In addition, Rosario started a Participatory Budgeting Approach\(^2\) in 2002 through which citizens – whether organised or not - could control how part of the public resources of their cities is used. Interestingly enough, in two out of the six districts of Rosario where the approach was introduced, organised urban farmers proposed projects related to the production and commercialisation of their products.

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**Figure 4.5 Financial intermediaries in the urban agriculture financial cycle**

<table>
<thead>
<tr>
<th>Financial Sources (Example)</th>
<th>Financial Intermediaries (Example)</th>
<th>Financial Products (Example)</th>
</tr>
</thead>
<tbody>
<tr>
<td>International</td>
<td>Institutions</td>
<td>Individual loans for agro-processing</td>
</tr>
<tr>
<td>Public National Local</td>
<td>Cooperative banks and credit unions</td>
<td>Micro-credit for women</td>
</tr>
<tr>
<td>Institutions</td>
<td>Community-based institutions</td>
<td>Lease for equipment</td>
</tr>
<tr>
<td>Private deposits and savings</td>
<td>Municipal intermediaries</td>
<td>Collective loans for marketing and commercialisation</td>
</tr>
<tr>
<td></td>
<td>Informal and non-declared lenders</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td></td>
</tr>
</tbody>
</table>

Cabannes, Y 2004a
processing of UA vegetables and medicinal plants. These two projects were eventually prioritised and were integrated into the municipal budget allocations. The corresponding resources were then earmarked within the Municipal Secretariat for Social Promotion. Financially speaking, they were included in the budgetary allocation and specific funds were deposited in the bank managing the budget of the city.

Figure 4.6 Financial flow for urban agriculture, Texcoco, Mexico


Figure 4.7 Financing of urban agriculture with participatory budgeting, Rosario, Argentina

Financial Sources >> Financial Intermediaries >> Financial Products

Private savings

Local government budget

Municipal Account in Local Bank

Request District 2

Participatory Budget ROSARIO (specific account)

Secretariat for Social Promotion ROSARIO Municipality (earmarked account)

Locally organised producer groups

The key element that differentiates the experience in Texcoco from that of Rosario lies in the control of resources. In Rosario, the producers have direct control of public resources (bottom up approach), whereas in Texcoco, decision-making over the resources always remained in the hands of the local government. However, even though participatory budgeting allows for better adaptation of public resources to the needs of the population, it is not a full guarantee of continuity as the process could be interrupted by circumstances such as a change of government.

Public resources and subsidies have been a crucial source of funds for facilitating the access to credit of small urban farmers, and for leveraging and channelling additional resources. However, the dependence on public money has the risk of a sudden interruption to or closing of excellent and economically successful UA activities. The case of Texcoco shows the risk of depending on public resources as the UA programme was halted after a change of local government. The extent of independence of a financial intermediary and its ability to survive political or policy changes should be given close consideration. In order to reduce the dependency of a credit system on political will, it is necessary to build strong intermediary financial institutions that can lend and work with public money, but that will not depend on political orientation for their continuity. This is probably one of the key issues to be dealt with as far as financing of UA is concerned.

Here, the financial resources for UA are managed in two different ways: on the one hand, the Municipal Secretariat for Social Promotion develops a set of support activities to assist local urban farmers (input supply, technical assistance, and training). In addition, Rosario started a Participatory Budgeting Approach in 2002 through which citizens – whether organised or not – could control how part of the public resources of their cities is used. Interestingly enough, in two out of the six districts of Rosario where the approach was introduced, organised urban farmers proposed projects related to the production and processing of UA vegetables and medicinal plants. These two projects were eventually prioritised and were integrated into the municipal budget allocations. The corresponding resources were then earmarked within the Municipal Secretariat for Social Promotion. Financially speaking, they were included in the budgetary allocation and specific funds were deposited in the bank managing the budget of the city.

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The financial resources of the cooperative’s members is generated through various types of savings such as regular compulsory (monthly), voluntary, marriage and festival savings. This variety indicates how a community-based banking facility is tailored to cultural and local practices and substantially different from conventional banking systems for the poor in which savings is simply a compulsory activity that is precondition for getting a loan.

In addition, the central government provides loans and (limited) grants. Various “Social Economy” institutions have provided loans, occasional subsidies and technical assistance to MPSACCO and its members (i.e. Cooperative Development Board, Federation of Savings and Credit Unions of Nepal and Aaincho Paaincho, a Micro-Finance Institution).
Private and banking sector as financial intermediaries
The Prove experience in the State of Mato Grosso do Sul, Brazil, is based on a similar successful experience carried out in Brasilia, in the mid 90’s. Its basic principle is to provide credits and technical assistance to home-based producers, so that they can add value to their agricultural family-based production by processing primary produce and selling it to supermarkets.

**Figure 4.9** The case of PROVE Pantanal, Mato Grosso do Sul State, Brazil

The credit that Prove provides at state level was funded through Central Government resources, while the technical assistance comes from the State Government budget. Interestingly, the State Government separated the technical assistance component from the management of the credits, and delegated the financial management to a development bank operating through its branches at State level. The bank authorises the various loans and the borrowers repay at this same bank, in a fairly conventional way.

Such a model raises again the issue of what might happen in the case that the Federal Government stops feeding the current credit line. Two answers might be given. For one, the loans are paid back to the State Development Bank that does not have to pay back to the Federal Government. The budget allocation from the Federal Government to the State Bank is used as a starter for generating a revolving fund. The money paid back by the clients can be given out again as loans. However currency devaluation and possible reimbursement defaults will cause the lending capacity to shrink.

Secondly, this financial set-up has had the opportunity to open the doors of the bank, in most cases for the first time ever, to family-based urban farmers. If they pay their first loans back and thus gain credibility, they will be in a better position to apply for future loans from the bank, beyond the specific, subsidised PROVE credit line. In this sense, the PROVE programme acts as a bridge between informal producers and the formal banking system, and this makes it especially attractive.

Producer involvement in management of resources
The financial intermediation, as far as the studies are concerned, is an area of great innovation that deserves more attention. A thorough understanding of the best adapted financial
intermediaries - either a private cooperative such as in Nepal; a public/private one in Bangalore; a public bank such as in Mato Grosso do Sul; or a private bank - is crucial in order to optimise the financial sources. In this context, involvement of producers/user groups in fund management such as is often the case in credit cooperatives, credit unions and community-based financial organisations appear as viable and important mechanisms that necessitate attention. The cases of London and St. Petersburg and the group credit mechanisms in Sofia are also particularly relevant.

Conclusions

How are the different types of urban agriculture currently financed?

Earlier in this chapter, three types of urban agriculture (UA) have been identified. Further, financing of urban agriculture has been discussed by means of a varying combination of three financial mechanisms: (a) mobilisation of both financial and non-financial resources by the urban farmers and their families, (b) subsidies, which may come from varying origins, especially public and international, and are usually channelled through differing mechanisms, and (c) credit provision, generally limited in amount, and usually for individual borrowers, and not so much for groups.

A matrix can be drawn to correlate the origins of the resources to the differing types of urban agriculture. Such a matrix shows the most common situations and can help in deciding on the most desirable options for financing urban agriculture in future. Figure 4.10 depicts the most common situations in the cities studied.

**Figure 4.10 Financial sources according to the type of urban agriculture**

<table>
<thead>
<tr>
<th>Origin of finance</th>
<th>Savings &amp; Resource Mobilization</th>
<th>Credit &amp; Loans</th>
<th>Subsidies</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home consumption &amp; livelihoods</td>
<td>$$$</td>
<td>$</td>
<td>$$$</td>
<td></td>
</tr>
<tr>
<td>Micro enterprises &amp; productive commercial activities</td>
<td>$</td>
<td>$$</td>
<td>$</td>
<td>$$$</td>
</tr>
<tr>
<td>Recreational activities &amp; environment &amp; education</td>
<td>$</td>
<td>$$$</td>
<td>$$$</td>
<td></td>
</tr>
</tbody>
</table>

Subsidies, both from public and international sources, can allow the financial burden on small urban producers to be reduced. Since subsistence agriculture is not commonly commercialised, and is undertaken by a large number of urban poor people (generally without land titles, fixed employment or a regular income) who are often unable to secure conventional banking guarantees, credit for this type of urban agriculture is almost non-existent. Unfortunately, they are the neediest and have the most to gain from financial assistance, but are precisely the ones who receive the least support.

The second type, the more commercial and economically-focused UA, appears to have limited access to credit. In addition, as shown in the experiences referenced in this study, it receives non-financial subsidies, such as technical assistance or other inputs in the form of seeds, equipment and tools.
The third type of urban agriculture, more recreational and educational nature or related to healthy practices in the cities, is probably the form of UA which is most subsidised, mainly by public resources (see examples from Europe, Canada or the experiences in St. Petersburg). Notwithstanding, it also depends to a large part on the capacity of the urban producers to mobilise their own resources to pay the rents for their plots or the taxes levied.

**How to optimise the available financial resources and for which type of urban agriculture?**

There is no one solution to this question. The matrix below (see figure 4.11) can help in deciding on the allocation of resources according to the type of urban agriculture practiced and to which kind of urban farmer financial support should be directed to.

![Figure 4.11](image)

*The necessity to adapt and optimise the resources according to the type of urban agriculture desired*  

<table>
<thead>
<tr>
<th>UA cycle Origin of finance</th>
<th>Savings &amp; Own Resources + Credit &amp; Loans + Subsidies = Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home consumption &amp; livelihoods</td>
<td>? + ? + ? = ?</td>
</tr>
<tr>
<td>Micro enterprises &amp; productive commercial activities</td>
<td>? + ? + ? = ?</td>
</tr>
<tr>
<td>Recreational activities &amp; environmentaleducation</td>
<td>? + ? + ? = ?</td>
</tr>
</tbody>
</table>

Cabannes, Y 2004a.

However, one can suggest that public resources from central, regional and local governments should be distributed more evenly between the different UA types than is being done currently. Some of these public resources should also be used to reduce the financial exclusion of poor families and urban farmers, especially those to whom urban agriculture is a vital source of food and medicines. Access to affordable credits and credit conditions is also crucial.

A similar analysis can be applied in trying to identify which UA activity should be financed: primary production, processing (agro-industries) or marketing (figure 4.12).

![Figure 4.12](image)

*Urban agriculture production cycle and sources of financing*  

<table>
<thead>
<tr>
<th>UA cycle Origin of finance</th>
<th>Cultivating and Breeding &gt; Agro Processing &gt; Marketing Commercialisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings and own resources</td>
<td>$$ &gt; $$ &gt; $$</td>
</tr>
<tr>
<td>Credit and Loans</td>
<td>$$ &gt; $$ &gt; $$</td>
</tr>
<tr>
<td>Subsidies</td>
<td>$$ &gt; $$ &gt; $$</td>
</tr>
</tbody>
</table>

Cabannes, Y 2004a.
One can observe in the case studies that both subsidies and credit tend to concentrate in the first phase of the UA cycle, during the growing cycle of crops or for the raising of animals. There are very few experiences and financial systems in which resources have been concentrated in the agro-processing phase (i.e., preparation of frozen food, food preservation or making of extracts and natural essences for medical use) and in the marketing and commercialisation phase, particularly in the formal sector (supermarkets, permanent markets, hypermarkets). The experiences of PROVE in Brazil and Camilo Aldao in Argentina are extremely relevant, because they clearly demonstrate the positive results that are obtained when credit and subsidies are concentrated on the latter phases of the UA cycle.

In the light of several successful experiences, financial systems should support the demands of the urban producers and service their needs and initiatives. Participatory budgeting processes, which allow urban farmers to exercise their citizen’s rights and decide on the destination of public resources, are encouraging and deserve much attention. Specifically, a gender equity focus in the definition of target groups and operational structures should be incorporated.

On the other hand, political legitimacy and support remains crucial to further development of UA. Under the current circumstances, specific support from municipal governments will be necessary for urban agriculture, especially when dealing with urban poor and vulnerable groups. Beyond facilitating access to finance, secure access to land and water sources are of paramount importance (see also Chapter 3 in this book).

**Recommendations**

One of the main conclusions of the present study is probably the significant lack of appropriate “financial products” for urban farmers and producers that could help them cultivate, process and better market their farming products. The shortage of credit, as well as limited access to credit, forces us to think about several strategies that are not mutually exclusive:

- Setting up of municipal funds for UA;
- Establishing a system of evolutionary loans (loans that develop over time) with decreasing subsidies; and
- Drawing on existing rural and urban housing and micro-enterprise credit systems.

**Municipal local fund for UA and for economic and social inclusion**

Mixed municipal funds are not yet very common in the field of urban agriculture, but they exist in other sectors such as home improvement and/or generation of income. Figure 4.13 illustrates a central element of these funds, which is the diversity of their financial sources to include international donations or loans, public resources and private savings particularly of urban farmers.

Such devolution of power to the people was part of a broader approach on empowerment through credit. Such an approach was not incompatible with a financial rationale. As a matter of fact, the financial results were much better than in any of the formal banking systems. One the one hand the level of reimbursement was significantly higher and the proportion of defaulters was minimal. On the other hand, the administrative costs for the whole programme were extremely low, mainly because of the involvement of the community at each stage of the process.

The final aspect that needs emphasis is that these mixed funds should have a bank account in the most suitable financial institution operating at local level, be it a commercial bank, a cooperative bank or a development bank.
Evolutionary loans with decreasing subsidies

The co-responsibility principle applied in such municipal funds, between the government (contribute with subsidies), the citizens (mobilising their savings and paying back their credit) and the private sector (who contributes generally with credit lines) also constitutes the basis for models of evolutionary loans with decreasing subsidies.

Other principles are that credits are limited in value (and thus more accessible), are of short duration, and are progressive, which means that the second credit can be superior to the first, and the third superior to the second. The above mentioned “Better Homes” programme, for example, grant loans with a duration of less than 12 months and less than US$ 300 dollars in value, which were equivalent in 1997 to three monthly minimum wages.

The numbers in the rows of the table (Figure 4.14) indicate the proportion of the savings, of the subsidy and of the credit to the total value of the loan. For instance, for the first loan, the value of the compulsory savings in 1997 was around US$ 100, whereas the subsidy was US$ 200, and the maximum amount of credit was US$ 300, adding up to total of $ 600. With this amount of money a family could improve part of its home, for instance adding a room, changing the roof tiles or building an outer wall around the family plot. For subsequent loans, the subsidy is gradually reduced, whereas the saving component increases, along with the value of the credit.

These evolutionary loans are progressive steps that lead people to get access to the formal banking system. In the model presented here, the initial idea was that the fourth loan was not granted by the municipal local fund, but alternatively by private banks. The fund thus acts as a bridge that allows poor people, normally excluded from the formal banking system, to get access to higher-valued loans managed by banks, having being gradually introduced.
to repayment obligations and systems of savings. The regressive subsidies, in addition to their value for the people, acquire a social function, fostering the inclusion of those who had no access to formal credit before. It would be interesting to carry out additional research to monitor and assess the level of actual “banking exclusion” of those involved in the Brazilian and other similar projects.

**Figure 4.14 Evolutionary loans with decreasing level of subsidy, the Casa Melhor model, Brazil**

<table>
<thead>
<tr>
<th></th>
<th>Savings</th>
<th>+</th>
<th>Subsidies</th>
<th>+</th>
<th>Credit</th>
<th>=</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st loan</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd loan</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd loan</td>
<td></td>
<td>2</td>
<td>0</td>
<td>4</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Private banking system*

**Drawing from existing banking initiatives and credit**

The first strategy would consist of channelling credits for “rural agriculture” to periurban and urban agriculture. The knowledge accumulated over the years in rural financing should be applied to UA as well. The practical experience of organisations working in rural areas should also be tapped into. Examples of rural innovative micro-finance institutions are found in cooperatives with owner-membership and solidarity groups or credit groups (or rotating credit groups), which are less formal, and are donor-driven or traditional like those found in West Africa. These also include village banks, which can be seen as a combination of cooperatives and solidarity groups, and micro-banks, which are not based on membership but more on individual contracts. All these experiences are aimed at reaching the poor micro-entrepreneurs and at creating sustainable financial support systems. The achievements of the Wadramli Agricultural Cooperative Society, close to the city of Khartoum in Sudan, are a noteworthy example.

**Loans for productive homes**

Many urban agricultural activities are home-based, and therefore, the notion of “productive housing”, i.e. a home that is not limited to a residential function, is a key feature of UA. Micro-credits or housing loans to upgrade or to develop the “productive side” of a house (adding on a small workshop, a kitchen that will become a small restaurant opened to the public, a room to process what was cultivated or transforming a vacant backyard into a place to cultivate plants) have been very difficult to include within conventional building loans, even for home improvement loans. Despite the success of the few experiences such as the “Casa Melhor” program in Fortaleza or the “Casa Production” in Peru, we have not been very successful in developing such programmes to the needed scale, though this should be further experimented on.

**Way forward: development and action-research agendas on financing for UA**

**Development agenda for finance and urban agriculture**

Consolidation of the existing positive experiences should be promoted, while at the same time improving the documentation of lessons learned, and the monitoring and evaluation of impacts to make the concrete and positive results visible and thereby support upscaling and dissemination.
Additionally, the issue of financing of UA should be placed on the agricultural agenda and international debates on development, beyond the circles that it has reached to date and fairly quickly.

Strengthening local experiences including local governments
The first suggestion is to consolidate existing local experiences on credit and investment for UA, in particular those that were documented and referred to in the present study. This can happen through the channelling of financial resources from other sectors or through the implementation of mixed local funds for the UA, and by including the modality of regressive subsidies that provide a bridge to the formal banking sector. The consolidation of experiences in some selected cities will bring about a demonstrative power that could move other cities and actors to become involved.

Building “resource cities” in urban agricultural finance
In addition to consolidating experiences at city level, it is necessary to build the capacities of the actors in these cities so that they become international and national advocates of their experiences. Such consolidated cities could become “resource cities”, capable of exporting their knowledge, advising other interested cities and functioning as “on the job training centres”. The time is ripe to select a number of cities and to contribute to building the capacities of the different actors involved.

Lobby at international level

Several local government initiatives in financing UA have been active and successful in recent years. Several of the documented cases provide evidence to the determining and positive role local governments in UA. It may be timely to bring these experiences to the international arena. One possibility is establishing close relations with the Forum of Local Authorities for Social Inclusion (FAL) which meets usually at the same time as the World Social Forum of Porto Alegre and of its regional forums such as the European Social Forum or the Social Forum of the Americas.

So far, the FAL is a loose gathering of around 400 local governments, namely those dealing with inclusion and participatory democracy. In addition, the FAL became the first commission (on social inclusion) of the newly established World Association of Cities and Local Governments (Barcelona 2004).

Dissemination of the lessons learned from the experiences of the “resource cities” to the cities associated with the Forum of Local Authorities for Social Inclusion, as well as to other local government forums, should be a priority.

It may also be useful to use WUF 2006 as an event to present research findings related to the agenda suggested below. The appropriation of the findings by the academic and scientific community dealing with urban agriculture and finance issues are important for the future.

Urban agriculture and its contribution to the Millennium Development Goals
For local or international actors to provide further financial support to UA, it would be necessary to identify the tradeoffs of supporting investment in UA rather than other activities, as well as to monitor its impacts, amongst others, on improved livelihoods, social inclusion, local economic development and environmental management. In a recent paper (Cabannes,
A preliminary effort was made to identify how and to which extent UA is contributing to the Millennium Development Goals (in terms of its outcomes) and to good governance in terms of the processes that it entails (see also Chapter 1 of this book). Measuring these contributions in qualitative and quantitative terms is essential to justify financial support to UA and to target it to the different types of UA.

**An action-research agenda on Urban Agriculture finance**

In addition to the issues highlighted in the analysis of the case studies, the following areas could become part of an action-research agenda to continue developing knowledge and supporting the development of expertise and capacities, which a wide range of actors (from government to producer groups) need. With such knowledge and expertise, these actors can devise and improve the means and ways for UA to make our cities better fed, cleaner, safer and more liveable:

1. **Capture the full economic value of using intra and periurban space for agriculture, aquiculture, animal husbandry and forestry**
   
   Capturing the urban value of cultivated land refers to the valuation of the benefits, opportunity costs and costs avoided through UA in our cities, not only in economic and monetary terms, but also in social terms (health, safety, sense of community, preventive inclusion of youth), and in environmental terms (productive green spaces, reduction of contamination, dumping, squatting, increased waste recycling). This is important for governments and society in order to justify financial support to UA. The economic rationale should go beyond the commercial value and the potential economic rate of return. This thinking supposes a totally different economic calculation that includes notions such as social value and ecological value, which are as significant as economic value. This approach takes a critical view on the conventional liberal economic perspective that often equates the economic value to the commercial value.

2. **Understand and enhance producers' own informal financing strategies**
   
   The study and analysis of mechanisms of resource mobilisation by urban farmers referring to the means and ways through which urban farmers and producers mobilise financial resources and invest in urban agricultural activities is another understudied area. What are the informal financing mechanisms created by producers to facilitate access to inputs and services which allow them to expand, intensify or diversify their production, and process, store and distribute their products? It is important to know more about this if we are to introduce formal financing mechanisms that would enhance what people arrange on their own. How can the financial assistance to make farmers less dependent on outside resources be transformed over time? Could this be achieved through a community development programme? And what about providing appropriate technical assistance? All these questions need to be examined in combination.

3. **Document proven options for optimising the use of public subsidies, issue guidelines and support pilot interventions**
   
   One of the outcomes of the research on credit refers to the wide range of levels, types, and channels of subsidies related to UA, both at local and central government levels. It demonstrates that subsidies have empowering and leveraging impacts. However,
more research needs to be accomplished to optimise the use of public policies for UA. After all, how public policies can best enable urban producers make the transition from full subsidy to mainstream financing (capacity building and intermediaries are important) remains a key question.

4. Implement and monitor innovative fiscal and financial instruments
Fiscal and financial municipal policies are other fields that demand research. Increasing the knowledge on issues such as participatory budgeting and its impact on UA, partnerships with banks and micro-finance institutions, mixed municipal funds, innovative institutional financial set-ups, extending rural credit to peri- and intra-urban areas and fiscal policies are key to increasing the access of urban producers to financing products.

5. Document, advice and test supply contracts between producer groups and large consumer groups
Organisation is critical for small peri-urban producers to gain recognition, respect, legitimacy and inclusion in policy processes, receive appropriate support, professionalize, be more accountable for their trade, and enlarge their contribution to the local economy, through partnerships and alliances with a range of rural and urban actors. These alliances allow, among other benefits, the produce and products of urban producers to reach various consumer markets. UA is well placed to cater to important niche markets in cities. What is and can be the role of public institutions (schools and others), consumers’ associations, private sector business in financing UA, for example, through direct buying of primary or processed produce (on farm, in food boxes, for canteens etc.)?

6. Comparative advantage of financial intermediaries
In this chapter, several institutions of financial intermediation have been identified and described: public sector intermediaries, private agencies and community-based institutes. Having made this typology, a comparative study of the advantages and the limits of each of these models should be done to further strengthen the current experiences.

The following is an agenda that was adopted during a panel event organised as part of the World Urban Forum 2004 in Barcelona (see Box 4.2). Further inputs in crafting and implementing this action-research agenda that will lead to successful credit and investment programmes for UA and that will ensure their inclusion in local, national, and regional agendas, are welcome.

Micro-credits for income generation and job creation
The fast and massive expansion of MFIs - Micro Finance Institutions- and of the financial resources available for micro-enterprise development has scarcely benefited UA producers. To find modalities to tap these resources for the benefit the urban farmers presents a decisive shift for the expansion of the sector. Experiences in Quito-Ecuador showed the willingness of credit cooperatives to finance market-oriented activities of urban farmers and farming groups, especially when other organisations stepped in to support these activities through training, technical assistance and social organisation.

Promoting UA as part of new urban development models
As a final remark, we want to stress that financing urban agriculture cannot be separated from promoting an urban development model, where local economic development goes hand in hand with respect for the environment and social inclusion and justice for all.

The rationale of financing urban agriculture, and its expansion and success, lies in its integration into sustainable development models that aim to respond to the needs of a growing urban population for food, jobs and recreation and provide “rights to the city for all”.
Hundreds of millions of the urban poor are already practising UA to reduce their food and financial insecurity, to relate with the urban economy and urban environment in a more socially-inclusive way, as well as to build better governance. Governments and financial support institutes can tap into this creativity and energy to build more self-reliant food systems, healthier communities and more productive local economies. The signs are that more and more of them are taking this route.

**Notes**

1 The Graph was prepared with the help of the author of the case study. For a complete description, see Mosha, A.C, (2002)
2 For more information on participatory budgeting and a comparative analysis that includes Rosario, see Cabannes, Y. (2003)
3 For further information on this innovative experience, see Centre for Micro Finance (2002)
4 For a description and critical analysis of the Prove experience of credits to home based producers in Brasilia Federal District, see the following working paper written by one of the key players and moving spirit of this seminal experience: Homen de Carvalho, João Luís, O Prove-Programa de verticalização da pequena produção familiar, Brasilia, Brasil. APROVE, PGU, IDRC, IPES. 2001, 60p. Quito, Cuaderno de Trabajo N° 83, Programa de Gestión Urbana (UN Habitat / UNDP).

**References**


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**Box 4.2 Panel event on credit and investment for urban agriculture**

An international panel on credit and investment for urban agriculture was organised during the 2004 World Urban Forum (WUF 2004) by the International Development Research Centre (IDRC), IPES-Promotion of Sustainable Development and the Urban Management Programme for Latin America and the Caribbean (UMP-LAC), with support of ETC-RUAF and the International Centre on Urban Management (CIGU). Experts in urban and financial issues, researchers, and decision makers shared information and experiences about innovative forms of UA financing. The views of international agencies and local actors about public financing of urban agriculture, micro-credit systems, and farmers cooperatives were presented.

The panel aimed to:

- Report and debate with the participants on some innovative ways, which cities have been using to finance UA so as to better understand the trade-offs of supporting investment in UA rather than other activities, and the role that different forms of financing play in developing UA,
- Situate these local innovations within the broader context of urban development and discuss how local experiences can be successfully upscaled, and
- Share with and invite the participants to develop, based on the given presentations, an action-research agenda that will lead to successful credit and investment programmes for UA.

This action-research agenda will continue to be refined and developed over the coming months. Progress made will be reported upon during the 2006 World Urban Forum in Vancouver, Canada.


Cabannes, Yves. 2004b. “Credit and Financing for Urban Agriculture'. Paper presented at workshop on IDRC-supported initiatives on urban agriculture and food security, Ryerson University, Toronto, August-September 2004


The case of Prove Pantanal, Mato Grosso do Sul State, Brazil (based on Araújo Szukala, (2003))


RUAF, Leusden, Netherlands.

Nepal is a landlocked country sandwiched between China and India. About 80 percent of the Nepalese population depends on agriculture, which is mainly based in the rural areas.

Due to the high rate of urbanisation, most of the arable land of Nepal’s capital city Kathmandu is occupied by housing infrastructure and agricultural production has thus been reduced. At present the population of Kathmandu Metropolitan City is estimated at 701,962 (2001 census) with a per capita income of US$ 360. Cultivation of rice, wheat and vegetables within the metropolitan area continues on a small scale. Some inhabitants are also involved in cow and buffalo keeping for milk production, for their own use as well as for sale.

Most of the arable land on the city’s fringes is used for agriculture (rice and wheat cultivation), horticulture, poultry farming and bee keeping on a larger scale, the products of which are processed (jams and pickles) and sold at local markets.

Nepal is a predominantly agricultural country. The government has formulated a 20-year Agriculture Perspective Plan (APP) in which the development of advanced technology and infrastructure for achieving high agricultural production is emphasised as one of the main objectives. The national policy recognises micro-finance as an important means of reducing poverty and achieving economic growth. However, the need for micro-finance investment in urban and (peri)urban agriculture is generally not recognised, though there are some (peri)urban based micro-finance institutions, including member-based saving and credit co-operatives, which provide micro-finance services to members/clients for (peri) urban agricultural activities.

Two credit and investment schemes
Mahila Prayas Savings and Credit Co-operative Ltd. (MPSACCO) is a women-only cooperative that has adopted two types of lending methodologies: individual lending and peer lending. Samudayik Savings and Credit Co-operative Ltd. (SSACCO) is a mixed membership cooperative that has individual lending only.

Individual lending is characterised by:

- loans that are guaranteed by savings and/or co-signatories (in the case of SSACCO, loans are guaranteed by co-signatories for amounts up to Rs.20,000 (US$260) and/or by physical collateral (for loan amounts more than Rs.20,000 (US$260));
- potential clients who are screened by credit checks and character references;
- loan amounts that are based on thorough viability analysis;
- loan sizes and terms that can be tailored to needs of the business within a maximum limit;
- staff of the lending institution who work to develop close, long-term relationships with members.
Peer lending has the following characteristics:
- loans are mutually guaranteed by other members in the group;
- potential clients are screened by their peers;
- loan approval is based on the scheme presented;
- loan size and terms are determined by the nature of the business;
- staff of the lending institution has a distant relationship with large numbers of clients; and
- peer groups are used to reduce staff workload.

MPSACCO has individual lending in urban areas and peer lending in the periurban areas. The cooperative has different kinds of savings schemes like regular savings, voluntary savings, marriagesavings and festival savings. Each member deposits Rs.100 (US$1.30) every month as regular savings (or in the case of group savings, each group collects money from its members), for which the cooperative provides 12 percent interest rate. One can further deposit any amount at any time on a voluntary basis, for which the cooperative provides a 9 percent interest rate. Similarly, a member can save for marriage and for a particular festival. She cannot draw on these savings for other purposes. The cooperative provides 12 percent and 9 percent interest rates for marriage savings and festival savings, respectively.

SSACCO has only one kind of savings, compulsory savings, for which each member has to deposit at least Rs.100 (US$1.30) per month at a 10 percent interest rate. According to the records, the members have deposited Rs.100 (US$1.30) to Rs.500 (US$6.50).

Members’ savings are the main source of capital for these cooperatives. Other sources of capital of MPSACCO are:
- a revolving credit fund of Rs.375,000 (US$4,870) provided by the Asian Development Bank funded Micro-Credit Project for Women, disbursed only to group members in Kathmandu, and
- loans of Rs.200,000 (US$2,597) under the Self-Reliance Fund of Nepal Rastra Bank, a central bank of Nepal, at a subsidised interest rate, invested only in group members in the periurban area of Kathmandu, Rs.500,000 (US$6,493) from the Nepal Federation of Savings and Credit Co-operative Union at 17 percent interest rate and Rs.325,000 (US$4,221) from Aaincho Paincho, a Multinational Financial Institute, at a 14 percent interest rate.

Most of the members of MPSACCO in periurban areas use credit for agricultural activities such as buffalo/cow/goat raising, poultry farming, vegetable cultivation, millet cropping, bee keeping and nursery management. In addition some group members have opened shops. The urban members of MPSACCO use the credit for opening shops. Some members purchase vegetables from the wholesale market and sell these at retail prices in the local markets.

Ladyfinger cultivation along with corn cropping
The members of SSA CO have predominantly invested in agricultural activities like buffalo/cow/goat raising, poultry farming and vegetable cultivation, using the credit. The milk produced by the members is partly sold in the local areas and also supplied to the collection centres, giving reasonable profit. Some members have invested in shops.
MPSACCO has both short-term credit, provided for six months, and long-term credit, provided for 18 months. The minimum loan size is Rs.5,000 (US$65) and the maximum loan size is Rs.50,000 (US$649). The cooperative charges 18 percent interest rate to the urban-based members, who join as individual members, whereas it charges only a 16 percent interest rate to the periurban based members. In the case of individual lending, members who know the borrower have to be the guarantor. Clients, who live in a rented house, must have the house owner as the guarantor in order to receive individual loans. However, in the case of peer lending, group members have to be the guarantor.

There are different types of repayment procedures provisioned in the cooperative. Some repay the instalment each month (for household consumption or running a shop), some repay every three months (for vegetable cultivation) and some repay every six months (for livestock raising). Loans issued for poultry farming can be repaid at three-monthly or six-monthly intervals.

SSACCO has only one loan term, in which the borrower has to repay the loan within one year in different instalments. Instalments can be monthly, bi-monthly and quarterly within a year. The cooperative provides a minimum loan size of Rs.8,000 (US$104) and a maximum loan size of Rs.50,000 (US$649). Members have borrowed Rs.8,000 (US$104) to Rs.15,000 (US$195) for vegetable cultivation and about Rs.50,000 for buffalo raising, cow raising, poultry farming and opening a shop. SSACCO charges 18 percent interest rate on the loans provided to its members. If a member takes a loan less than her or his savings in the cooperative, then the cooperative charges only 16 percent interest rate. To borrow an amount up to Rs.20,000 (US$260) another member of the cooperative should be a guarantor. Members have to pledge their land ownership certificate as collateral to get a loan of more than Rs.20,000.

**Recommendations**

- With effective and efficient management, the member based savings and credit co-operative model could be a viable model for providing sustainable microfinance services to the members as it has its own resource base to meet its operational and financial costs.
- Diversification of savings schemes in a member-based cooperative supports its capital formation. Credit should be combined with savings as savings could work as collateral to some extent. Diversification of savings schemes also addresses the various needs of its members.
- Financing family businesses generates more employment (for all family members) and is more sustainable than financing individual businesses.
- Peer lending is more sustainable and inclusive in terms of reaching the poor and women, since it emphasises group membership and adopts the mechanism of group screening. This minimises risk and saves costs in terms of time and money.
- Credit schemes should incorporate agricultural training to the members. For this, the cooperatives should seek support from local governmental bodies, municipalities, donors and international NGOs.
- The central and local government should link urban farmers with international NGOs and donor agencies and create an urban environment that attracts private investment. The government should further promote urban farmers’ organisations, especially of women farmers and/or vulnerable groups. Tax incentives to the members of the schemes would motivate people to be involved in agricultural enterprises.
- NGOs should provide training and seed capital to urban farmers (members of the cooperatives). In this regard they should take the urban farmers’ organisations (eg., cooperatives) as partners.
Farmer organisations should include cooperatives as part of their network, and assist in technology transfer among its members, organise workshops to share knowledge and skills. Exposure visit programmes among its members could also be organised to learn new and innovative agricultural techniques.

The responsible authorities should facilitate the supply of agro-products from urban farmers to the markets, through collection centres and provision of information regarding availability of finance, inputs and product demand.

Note

This case study was undertaken for IDRC, UMP-LAC and UN-HABITAT in 2003. The article appeared in UA Magazine no. 9, 2003. Both, the article and the full paper are available at www.ruaf.org.
The city of Gaborone, with a population of 225,000 in 2001, has grown from a very small village to become the capital city of Botswana in a period of less than 36 years. Still, subsistence and commercial agriculture are both found throughout Gaborone and Greater Gaborone.

While poverty in Botswana is predominantly rural, the rate of urbanisation (at 8.4 percent per annum) is the highest in Africa. Rural migration has led to increasing concerns about social and physical changes in urban areas. One of the safety nets adopted by the poor has been urban agriculture either as a means of survival or to supplement low incomes, while some entrepreneurs have opted for urban agriculture as a means of making money. Poultry (40 percent), horticulture (20 percent) and piggeries (10 percent) dominate the activities taking place in the city. There is a gender bias in favour of women within this sector. A key problem to further development of urban agriculture is the lack of financial support.

Credit and Investment for UA Interventions

The Botswana government has a long history of assisting the entrepreneurial development of businessmen and women through various schemes and programmes; it also provides credit in the form of outright financial grants, loans, inputs (machinery, seeds and seedlings, etc.), as well as other financial subsidies. In addition, NGOs and donors have mainly invested in the poor, while the private sector has provided credit for commercial farms in many areas including periurban areas. Of the various programmes, three have achieved some marked success in urban and periurban agriculture. These programmes will be examined in depth and evaluated further in this paper.

The Arable Lands Development Programme (ALDEP)

The ALDEP was conceived in 1977 and has gone through several phases since then. It provides assistance to needy farmers who are capable of increasing production and household income, the prerequisites for eligibility being the number of cattle they own and their yearly income. The assistance packages provide the approved applicants with an 85-90 percent subsidy for fencing materials, water tanks, agricultural tools and inputs and cattle. These conditions have been conducive enough to attract a great number of citizens to be farmers, but only with minimal involvement in farming.

In the Gaborone area, the target was to reach 11,388 individuals, but to date only 5,484 farmers have been reached (48 percent). Packages received vary from a low of US$ 852 to US$ 4,326 per farmer (GoB,1999). The ALDEP has not been able to significantly improve the performance of urban and periurban farmers as they usually cultivate only small patches of land (GoB, 2000). At present, the ALDEP appears to be more of a welfare programme rather than a development programme.
The Financial Assistance Programme (FAP) (1982-2001)

The FAP was introduced in 1982 as an incentive and subsidy programme aimed at creating employment and encouraging investment in a range of economic activities, including agriculture. The FAP has been a significant catalyst in increasing urban agriculture. Funding has been given for setting up of chicken or horticultural farms, rearing of animals, etc., and is used to purchase inputs, and to help pay for training and other costs. Women were given priority in the disbursement of grants; hence, 82 percent of the beneficiaries were women.

The total amount of FAP grants provided to commercial periurban and urban farmers in the Gaborone area is approximately P3,000,000 (US$ 500,000). The grants fall within the small- and medium-scale sectors, which support enterprises with investments in fixed assets of less than P75,000 (US $ 12,500) and between P75,001 (US$ 12,500) and P200,000 (US$ 33,333), respectively. In a recent study by Hovorka, many respondents noted the FAP as a major incentive to start up agricultural production. Those not receiving FAP assistance had bank loans or lines of credit, while the remainder used personal savings for financing their agricultural operations (Hovorka, 2001).

Citizen Entrepreneurial Development Agency (CEDA)

In 2001, the government of Botswana shifted from the policy of issuing grants under the FAP to giving loans under the CEDA Programme. The financial assistance provided by CEDA is in the form of loans at subsidised interest rates as opposed to outright grants. This is meant to be a “soft window” for citizens wishing to start or expand business operations and to buy into existing businesses.

Since the project is quite new and still trying to find its feet, it is difficult to make an evaluation of its impact in terms of benefits to the agricultural sector in the study area of Gaborone and its environs. However, up until the end of 2000, 229 applications had been accepted in principle, totalling P139 million (US$ 23 million). Of these, 22 were urban and periurban agricultural projects (Botswana Guardian, 26 April, 2002).

The minimum size of the loan for small projects is P5000 (US$ 900) and the maximum is P150,000 (US$ 25,000). An interest rate of 5 percent per annum is charged on the loans. Repayment periods vary according to the size of the loan and the project cash flow, with a maximum repayment period of 60 months or 5 years, with some flexibility for projects of a special nature (urban and periurban agriculture included).

For medium-scale projects the minimum size of the loan is P150,001 (US$ 25,001) and the maximum is P2,200,000 (US$ 445,000). An interest rate of 7.5 percent per annum is charged on the loans. Repayment periods vary according to the size of the loan and the project cash flow, with a maximum repayment period of 84 months or 7 years, with some flexibility for agricultural projects.

Assistance for large projects (such as big chicken, dairy or pig farms) takes on the form of equity capital and/or loan and management assistance. This is provided under the Venture Capital Fund. However, promoters are required to contribute a minimum of 25 percent of the total project cost as equity and to pay market-related interest rates.
Other schemes
There are also private banks providing some credit to farmers. The African Development Bank is active in assisting producer groups in agriculture and other sectors involved in economic empowerment projects. However, their role is limited, because they are reluctant to lend money to agricultural projects as they consider agriculture as a high-risk sector.

The Women Finance House is an NGO that gives limited loans to agricultural projects at 4 percent interest. These are payable within 6-12 months. These are meant to assist women and are extended to individuals.

Lastly, the Department of Cooperatives has a Central Cooperative Fund that cooperatives can draw on to assist their businesses. They are required to repay the money so that others can also benefit (acts like a revolving fund). These cooperatives, most of which are dominated by women, have attracted funding from other government departments like Women Affairs that have resources for funding women's groups, as well as from international organisations like the Canadian, American, German and Norwegian embassies. Producer groups exist mainly in the horticultural sub-sector. Poultry, Piggery, Small stock and Dairy also exist.

Analysis of the Different Schemes

The government has slowly shifted from giving outright grants or a mixture of grants and loans (as in FAP, and ALDEP) to giving loans (CEDA), which are well-monitored and controlled through a bank, and impose (subsidised) interest rates.

Financial Grants were the hallmarks of the FAP, and to a lesser extent the ALDEP. Such grants are useful in situations where the people are extremely poor and cannot raise credit through the formal or informal systems. However, a reliance on grants leads to complacency and can in the end kill the spirit of self-reliance, as with some people who took FAP grants as a free-for-all financial handouts.

Loans are the only financial assistance mechanisms that have sustainability in the long run. Obviously, they suit middle- and high-income earners. People are encouraged to work hard in order to pay back such loans. This is the new philosophy of CEDA.

Input supports in agriculture like tractors, seeds, fertilisers, etc. (e.g. under the ALDEP) are justified when prospective farmers cannot afford to buy them. Targeted inputs can be quite effective in getting people started.

Tax incentives are useful in attracting major investors to agriculture and manufacturing. If properly targeted and selective, they can be very effective in creating employment and incomes. However, the time factor should not be more than 3-5 years; otherwise they can be abused as in the case of the large-scale FAP grants/loans and CEDA loans.

Cooperatives can be quite an effective means of getting people started in urban agriculture. The government, donor agencies, and NGOs find it better to lend to cooperatives than to individuals. It is suggested that the Cooperative Bank should be resurrected and that the government should intensify the promotion of institutional Savings and Credit Cooperatives.

Conclusion and Recommendations

Institutional cooperation is needed. The different institutes and programmes should interact and collaborate to improve credit services for (peri-)urban agriculture. Some effort should be made in order to connect the above described initiatives and to focus on the one(s) that would have the best comparative advantages. Also the accessibility of these schemes for poor urban farmers should be studied in order to develop specific credit lines.
Flexible credit-support systems should additionally be put in place to provide farmers, especially small-scale farmers, with market information and support, and training in basic bookkeeping, business skills and marketing.

Under market forces, urban farmers will be squeezed out; hence, measures such as zoning, price subsidies, and relaxing some of the stringent town planning and environmental laws are necessary and should complement financial support.

This case study was undertaken for IDRC, UMP-LAC and UN-HABITAT in 2003. The article appeared in UA Magazine no. 9, 2003. Both, the article and the full paper are available at www.ruaf.org.

References


Porto Alegre is the capital of the state of Rio Grande do Sul (Brazil), and has 1,340,590 inhabitants (IBGE, 2000). It is the second state capital in the country with the largest suburban area, representing 30.56 percent of the city’s land surface 17,116 ha (SMIC, 2002). Of this area, 60 percent is used for horticulture, fruit growing and cattle keeping. According to the 2002 statistics (EMATER), there are close to 600 farmers in the area.

**Participatory Budget**

Porto Alegre is internationally known for its innovative management strategies. One of the pillars of local democratisation was the implementation of a Participatory Budget, a democratic process of popular participation, under which the population directly decides how to allocate public funds for works and services to be executed by the municipal administration. Organising the Participatory Budget and getting it operationalised took several years. Under the administration of the previous government (2000-2004), it worked as described below.

The city is divided into 16 regions, based on geographical, social and community organisational aspects. On this regional basis, the population expresses its needs and highlights four priorities within 13 existing themes every year. Within each theme, the work to be carried out and the services to be performed are prioritised. In addition, six technical committees operate city-wide to extend participation to other social actors previously not involved in the Participatory Budget (i.e. union members, merchants, businessmen, farmers, students). These committees are able to go beyond a restricted neighbourhood vision and think at the scale of the city. The committees decide on sector investments to city organisation and urban and environmental development; traffic and transport; health and social welfare; education, sports and leisure; culture; and economic development and taxation. The city administration organises a large plenary meeting of the community each year.

Over the past years, four urban agricultural initiatives were financed by the PB, and prioritised by the Thematic Economic Development Committee.

**Fishermen’s Cooperative**

The city of Porto Alegre lies on the banks of the Guaíba River. In 1999, the fishermen of the islands (Ilha da Pintada and others) established the first fishermen’s production and service provision cooperative in the state of Rio Grande do Sul, Coopeixe. In the same year they applied to the Thematic Economic Development Committee for funds to construct a fish collection centre (located in the periurban area). The construction of this building would allow them to collect the entire fish harvest at one location and to handle and clean the fish according to health regulations; the building was also supposed to serve as a supply centre. The monetary investment was approximately 350,000 Reales (2). Currently, the cooperative has 230 members. Fish is sold at markets, to restaurants and directly to consumers. This
experience with the municipal participatory budget prompted the cooperative’s members to go further and participate at state level. In 2000-2001, the state’s fishermen got organised and applied for funds to purchase material (nets and vessels), securing 150,000 Reales from the Thematic Agriculture and Supply Committee.

Casa do Mel of the Gaucha Bee-keepers Association

The Gaucha Beekeepers Association (AGA) was created 40 years ago, and currently has 80 members in Porto Alegre. One of the biggest problems faced by the association’s beekeepers was the processing of honey. In 1995, the members applied for and obtained approximately 70,000 Reales from the Participatory Budget’s Thematic Economic Development Committee to build a Casa do Mel (“Honey House”). The association bought equipment for the house (30,000 reales) using a percentage of the proceeds from the honey sales. The house was inaugurated in 1998. In 2002, the association decided to apply for more credit to build another processing unit and a structure for the collection of honey as an extension to the current honey house. Products currently processed in Casa do Mel bear the federal health control seal, which allows them to be exported. The honey produced by the association is sold at a kiosk assigned by the municipality and located in the centre of Porto Alegre and also at fairs. The association does not want to sell its honey in supermarkets as it would then be sold at higher prices, which the members believe is not correct from a social point of view. In 2002, 15 tonnes of honey was produced.

Pig Farmers’ Association

In the 1990s, urban pig farmers in Porto Alegre used to collect the city’s unsorted garbage and sort it at their homes, separating out the organic matter to feed their pigs. However, these practices were harmful to the environment. To solve this problem, the Municipal Department of Urban Sanitation (DMLU) implemented a project whereby organic waste was sorted at the source, and thereafter collected and distributed to producers. In return, the 15 producers involved in the project supplied two day-care centres (200 children) with non-perishable food worth 500 Reales every month. Currently, the organic waste is collected at 35 facilities (mostly hospitals and some company cafeterias) with an average of 7 tonnes/day to feed 1,700 pigs. The DMLU is responsible for the collection and transportation of the waste to a distribution centre, located at the house of one of the pig farmers. At the start of the project, the 15 producers were not organised in an association. They decided to form the Association of Pig Farmers of the Southern Zone to be eligible to submit an application to the Participatory Budget. In 1996, they applied for and obtained from the Thematic Economic Development Committee funding to purchase a machine to crush and sterilise organic waste. This year, the members plan to apply for funding to the PB to construct an agro-industrial facility to slaughter the animals and process the meat.

Agro-industry within a tourism project

The rural community association of Belem Velho is developing an agricultural tourism project that includes treks to nearby areas, visits to farms, etc. The members wish to process local products and sell them to the tourists. In 2002, they applied for and obtained from the Participatory Budget’s Thematic Economic Development Committee 10,000 Reales for the construction of an agro-industrial facility. Either this year or the next, they hope to apply for more credit to build shops within the association’s facility in order to sell local products.


Reflections

In Latin America, since the first PB in Porto Alegre in 1989, there is an exponential increase in the number of local governments undertaking PB. In 2005, more than 1400 local governments have worked with PB, most of them located in Peru where a national law enforces local governments to define their budget in a participatory manner.

PBs in LA are diverse in terms of the budget allocated, the level and forms of citizen’s participation and the methodologies used (Cabannes, 2004). For example, the methodology used in Porto Alegre induces the selection of paving, sanitation, health, and education projects in regional committees, while urban Agricultural projects can be financed only through the Thematic Economic Development Committee. In Peru, the PB methodology used facilitates the selection of various local economic development projects in territorial assemblies. This methodology facilitates the funding of agricultural projects such as small agro-industries (producing cheese, cacao), food security projects, agricultural cooperatives or fish farming.

Urban farmers have to be organised and be part of an association in order to obtain funds through the Participatory Budget. As the number of representatives from the same association in meetings and assemblies to apply and advocate for their requests increase, the chances of succeeding also increases. It is evident that the likelihood of getting funds provides a significant incentive for farmers to join forces (Coopeixe, Pig Farmers’ Association) or to strengthen their organisation (Casa do Mel). During the meetings where the prioritisation of investments is discussed, arguments used by farmers in submitting their requests are always focused on social benefits and gains for their communities.

Farming activities supported by the Participatory Budget in Porto Alegre are diverse and the granted funds range between 10,000 and 350,000 Reales. In the cases mentioned, the Participatory Budget was the only way for producers to obtain funds for their activity. In the case of Coopeixe, the PB allowed them to build the infrastructure, without which the cooperative could never have existed.

Urban farmers obtain funds through the Participatory Budget to support production (machinery and materials), supply and processing (infrastructure and equipment for agro-industries). They are also considering applying for funds to support commercialisation (shops).

The participation of farmers and fishermen in the Participatory Budget opens communication channels with the municipal government, which allow for other types of collaboration (sales points, service provision for municipal events, possibility to profit from complementary training). In some cases, members of organisations provide social services in return.

Notes
1 For information on the participatory budget, see: www.portoalegre.rs.gov.br/op
2 In March 2003, 3.35 Reales was US$1.

References


EMATER Empresa de Assistencia Tecnica e Extensao Rural do Estado

IBGE, Instituto Brasileiro de Geografia e Estadística

SMIC, Secretaria Municipal da Produção, Indústria e Comércio
CHAPTER 4: FINANCING AND INVESTMENT

Resources

Micro-credit and investment for urban agriculture/Microcrédito e inversión para la agricultura urbana.

Working paper/Cuaderno de Trabajo 123, UMP-PGU, IDRC, IPES, CEPESIU, 2003, Quito-Ecuador

In 2002-2003, a systematic survey and evaluation of significant and diverse modalities of credit and investment provision to urban agriculture was implemented and co-ordinated by UN-Habitat through its Urban Economy and Finance Branch (Nairobi, Kenya), its Urban Management Programme for Latin America and the Caribbean (UMP-LAC), its Regional Anchoring Institution IPES- Promotion of Sustainable Development as well as the International Development Research Centre (IDRC). The project identified, typified and analysed 13 experiences (case studies) in different cities of Latin America (3), Africa (4), Asia (3) and Europe (3). A comparative analysis of the case studies was included in a synthesis paper, elaborated by IPES and UMP-LAC in cooperation with the Centre for the Promotion of and Employment in the Urban Informal Sector (CEPESIU -Ecuador). The document is available in both English and Spanish.

RUAF, “Financing Urban Agriculture”, Urban Agriculture Magazine No. 9, April, 2003, Leusden, the Netherlands

The above-mentioned initiative was further supported with additional cases by RUAF. Fifteen of these cases were incorporated in issue 9 of the UA-Magazine, which can be downloaded from www.ruaf.org.


An in-depth process of consultation and field testing, reflection, and improvement has gone into this manual. The process was led by a core team of the SEEP Network – a private voluntary organisation (PVO) of practitioners. It had supplementary guidance of AIMS researchers and USAID, and it engaged NGO practitioners of micro-finance (in six sites around the world) as testers, trainees, and early users. The document that has emerged out of this pool of diverse experience and skills is one that describes several critical advances in the practice of mid-range impact assessment.

CD-Rom International Panel on Credit and Investment for Urban Agriculture (English and Spanish)

An international panel on credit and investment for urban agriculture was organised during the 2004 World Urban Forum by the International Development Research Centre (IDRC), IPES-Promotion of Sustainable Development and the Urban Management Programme for Latin America and the Caribbean (UMP-LAC), with support of ETC-RUAF and the International Centre on Urban Management (CIGU). Experts in urban and financial issues, researchers, and decision-makers shared information and experiences about innovative forms of UA financing. The views of international agencies and local actors about public financing of urban agriculture, micro-credit systems, and farmers cooperatives were presented. The presentations made by this panel, accompanying background papers, lessons learned and the elaborated action agenda have all been put together on a CD-ROM. The CD-ROM is available in English and Spanish.

www.uncdf.org/english/microfinance/index.html

The United Nations Capital Development Fund (UNCDF), through its micro finance programmes, supports a variety of initiatives that facilitate the provision of financial services to the poor. A joint unit of UNDP and UNCDF established in 1997, called the Special Unit for Microfinance (SUM), is now fully integrated into UNCDF, and is considered the lead technical unit on all matters pertaining to micro-finance in the UNDP Group.

www.microfinancegateway.org

The Microfinance Gateway is a public forum for the micro-finance industry at large that offers a wealth of tailored services for micro-finance professionals, including resource centres on specific topics in microfinance, a searchable library of electronic documents, a consultant database, a jobs listing service, and specialised discussion groups.

www.fao.org/ag/ags/agsm/biblio.htm

These pages of the FAO web site allows access to the Bibliography on Agricultural Credit and Rural Savings, Second Series No. 10 prepared by the FAO Rural Finance Group, in collaboration with the Department of Agricultural Economics at The Ohio State University (OSU), USA.

www.gdrc.org/icm/icm-bibliography.html

This library on micro-credit of the Global Development Research Centre contains 810 entries. It gives you categories such as Newsletters on Micro Finance, Islamic Banking and the Urban Informal Sector. Also of interest is the page http://www.gdrc.org/uem/index.html on Urban Environmental Management.