

## Locked-in loans

A 200-year-old European farm credit system could soon help more West African farmers secure bank loans and get better prices for their produce. The Food and Agriculture Organization plans to extend the concept of agricultural warrantage to Burkina Faso, Mali, and Senegal after a test project boosted farm incomes and crop yields in Niger.

Under warrantage, farmers can leverage their produce inventories for credit. Instead of selling their produce immediately after

harvest—when prices are lowest—to generate financing for the following season, farmers can store their harvest and use it as collateral for bank credit. The produce is stored in locked warehouses secured by banks, which then extend credit based on the value of the stored harvest.

Farmers can use the up-front bank finance to purchase inputs for the next season, while also

storing their harvests until deep into the off-season when produce scarcity boosts prices. When the stored produce is marketed at off-season prices, farmers can use the proceeds to pay off the banks and retain any remaining earnings as profit.



Food market in Maradi, Niger.

## Banking for all

Half the world's population is "unbanked." This means that 2.9 billion adults do not have the opportunity to save, get loans, or manage their finances for the future.

In many Asia-Pacific Economic Cooperation (APEC) economies, the percentage of the adult population with access to a bank account is still low, with rates in Indonesia, Papua New Guinea, Peru, the Philippines, and Vietnam below 40 percent. The result is that large portions of society cannot save or get credit, or are forced to access credit at inflated prices in informal markets—for example, through loan sharks—which can lead to inescapable debt spirals.

A recent APEC forum in Sapporo, Japan, explored possible solutions to the problem, such as expanded mobile phone banking and greater use of agent banking, a system under which retail outlets such as shops and post offices act as agents for banks.



Fish market in Bohol, Philippines.

## Ray power

The Asian Development Bank (ADB) announced an Asian solar energy initiative to generate some 3,000 megawatts of solar power over the next three years.

"With energy demand projected to almost double in the Asia and Pacific region by 2030, there is an urgent need for innovative ways to generate power while at the same time reducing greenhouse gas emissions," ADB Managing Director General Rajat Nag said at the project's launch in Tashkent, Uzbekistan.

The ADB plans to provide \$2.25 billion in finance to the initiative, which is expected to spur an additional \$6.75 billion in solar power investments over the same period. Nag noted the significance of the initiative's launch in Central Asia, a region that is particularly reliant on carbon-intensive energy sources but well suited to solar energy development.



Taklamakan Desert in central Asia.

## Events in 2010

### June 26–27, Toronto, Canada

Group of Eight and Group of Twenty Leaders' Summit

### July 12–13, Daejeon, Republic of Korea

Korea/IMF High-Level International Conference

### October 9–11, Washington, D.C.

Annual Meetings of the IMF and the World Bank

### October 14–15, Chengdu, People's Republic of China

Asia-Pacific Economic Cooperation Economic Leaders' Meeting

### November 4–5, Washington, D.C.

IMF Eleventh Annual Jacques Polak Research Conference

### November 11–12, Seoul, Republic of Korea

Group of Twenty Summit

### November 16–18, Rome, Italy

Organization for Economic Cooperation and Development Global Forum on Trade