Rural Banks: An Alternative For Small Farmers To Access Credit In Honduras

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Introduction

Today, because of environmental and social vulnerability, the tendency of free trade commerce and economical globalization, it is necessary to support the small productive units of the rural sector. This needs to occur through effective political policies that are oriented to increase productivity and elevate the level of profitability and competitively among these producers. Such an approach would help ensure food security and contribute to poverty alleviation through agricultural development.

The rural banks emerged in Honduras during the 1900’s as an alternative financing system to provide the rural sector with the same advantages that other sectors have in regards to financial aid access. The rural banks are an alternative to solve this problem; besides offering credit the rural banks promote the creation of organized groups and the participation of women, which are very important in the Honduran male dominated society. The rural banks established in Honduras have become an alternative for poor people from the rural sector to access credit and finance their productive activities. Because of this, they have been able to improve their income, quality of life and reduce the dependency on international help during the past two decades.

Major Points of Information to be shared

- As a third world country, Honduras has financial resources provided by International Development Organizations, in an effort to increase the access to credit of the small-scales farmers of the rural areas. Organizations like: United States Agency for International Development (USAID), German Technical Cooperation (GTZ), Gobierno de los Países Bajos (Government of the Low Countries), World Bank, The European Union and The Canadian International Development Agency (ACDI) are very interested in promoting the analysis and discussion of alternative financing of rural areas and other alternatives for small-scales farmers.
- The rural banks are a feasible and appropriate system for small farmers in the rural areas because it is not too complicated to understand how they work. The key to the success of the system is the atmosphere of cooperation, ownership and commitment among groups working with rural banks.
- This system can lead to more effective collaboration among various organizations and agencies for the benefit of the development of Honduras as a country.

Lessons Learned

- There has been little documentation about the experience of these rural banks. There is much research that needs to be done to improve this alternative system that can provide more opportunities to the less fortunate people of Honduras.
• There is an obvious lack training for extension agents and small farmers about the rural bank program.

• The incorporation of women in the process has improved in the last few years, and this has created greater opportunities for women in these areas.

• There are tremendous training needs of the rural bank program participants about financial and business management, leadership, business productivity, etc. This is an opportunity that is currently being missed.

Educational Importance
There is a need for developing an educational package for extension agents and small farmers that in some way work with rural banks in Honduras. One area that it is very important and has not been taken in consideration is the development of leadership skills among the extension agents and small farmers. The Honduran rural banks can provide an excellent mechanism for not only obtaining credit, but also for meeting educational needs for the rural sector that would build upon individual, community and social capital.