Near East Foundation

DECENTRALISED REVOLVING CREDIT FUNDS

Theory, practice, evidence, and impact: deeper inclusion, more reach, and sustained impact – without abandoning protection and do-no-harm commitments.

A supported entrepreneur's boutique in Syria

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Executive Summary

This study documents the Near East Foundation's (NEF) decentralised revolving finance approach—its theory, operating logic, and evidence—across humanitarian, protracted-crisis, and development settings. It describes what NEF does within a structured analytical framework, compares it to relevant models used by other organisations, and clarifies recurring questions raised by practitioners, funders, and partners.

What this model is: reusable capital for fragile markets

A decentralised RCF is not simply a loan fund; it is a reusable financing system designed for places where conventional finance does not reach.

NEF uses the term 'revolving credit funds', or RCFs, as shorthand for a broader **family of revolving finance arrangements**. Alongside conventional loans, NEF and peers often use quasi-loan instruments[1] that preserve the core revolving logic (recovery and recycling of capital) while adapting terms to vulnerability and volatility. These can include repayable grants, recoverable support, in-kind/input credit, interest-free or Sharia-compliant structures, lease-to-own, and other cost-recovery mechanisms (including service-fee or revenue-share models linked to collective assets).

Decentralisation as a risk management strategy, not just a delivery model

Local partners, community-anchored hubs, and delegated decisions reduce information gaps, lower last-mile costs, and make finance safer in fragile settings.

At its core, the approach is **partnership-first and decentralised**. NEF works with local partners, community-anchored hubs, and delegated decision-making—supported by common standards, oversight, and data—so finance can reach hard-to-reach people and markets and underserved and excluded groups where conventional financial institutions cannot reach, engage and/or service. This decentralised structure is not only a delivery choice; it is also a risk- and inclusion-focused strategy that reduces information gaps, lowers last-mile costs, and enables protection-sensitive tailoring in fragile contexts.

Evidence that finance-plus[2] can protect livelihoods and rebuild enterprises

When paired with enterprise support, revolving finance can improve income stability, business continuity, jobs, coping capacity, and household resilience.

Evidence across NEF programmes indicates that revolving finance—when delivered responsibly and paired with enterprise and market support—contributes to **poverty-reduction outcomes, livelihood recovery, and enterprise resilience**. Results include improved income stability, reduced reliance on negative coping strategies, harmful or high-cost debt, stronger ability to meet basic needs, reduced food insecurity signals, job creation/retention, and empowerment effects (especially for women and youth) such as higher self-confidence and agency.

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[1] Quasi-loan instruments: Repayable grants and other cost-recovery arrangements that preserve a revolving logic (recovery and recycling of funds) while adapting terms and repayment triggers to vulnerability and risk.

[2] 'Finance-plus' refers to the combination of complementary services alongside access to finance.

Food security is a priority lens for revolving finance, particularly in humanitarian settings where markets are disrupted and households face repeated shocks. RCFs do not replace emergency food assistance; they complement it by helping farmers, traders, and micro-businesses keep supplying food and essential goods, protect productive capacity, and recover faster following shocks. NEF evidence from crisis-affected agricultural programmes points to improvements in productivity, incomes, and coping capacity—signals that translate into better food availability and access when combined with market linkage support, climate-smart practices, and (where needed) cash-plus[3] or protective assistance.

Concessional by design, disciplined by governance

The model protects inclusion by absorbing risk at the facility level, while preserving enough capital discipline to keep funds revolving over time.

NEF positions **capital preservation as facility-level capital stewardship**. In fragile markets, concessionality is a designed feature—not merely a principle—and responsible delivery may involve planned subsidy, flexible repayment, and in some cases managed depletion of first-loss capital in service of deep inclusion and resilience. Recapitalisation and periodic top-ups are legitimate tools for maintaining outreach and affordability when inflation, displacement, or shocks erode real lending capacity. Local capital circulation—recycling repayments through local partners and re-lending locally—is treated as both an economic benefit and a resilience mechanism.

From individual loans to local economic infrastructure

Revolving windows can finance shared assets—storage, processing, transportation, and market infrastructure—that remove bottlenecks for many households at once.

Importantly, NEF expands the frame **beyond individual enterprise loans**. NEF experience shows that revolving windows can finance communal and collective assets—storage, processing, irrigation committees, shared market infrastructure, and other bottleneck-removing investments—when designed with clear governance, inclusive access rules, and maintenance provisions. These collective investments can strengthen local food systems by reducing post-harvest losses, improving market access, enabling value addition, and spreading benefits across many households and enterprises at once.

Finance that can move at the speed of shocks

Shock-triggered revolving windows can release rapid, reusable liquidity while protecting borrowers, markets, and fund integrity.

Another area of study is the explicit **linkage between revolving facilities and anticipatory action and shock response**. The document sets out how shock-triggered revolving windows can provide reusable liquidity rapidly and responsibly in crisis and refugee settings when designed with clear triggers, governance, and safeguards—complementing (not replacing) humanitarian assistance. NEF's own evidence informs this design: in Syria, NEF leveraged established revolving infrastructure and local hubs as part of a market-based response after the 2023 earthquake; in Sudan and Mali, NEF experience, immediately post-crisis, similarly shows the value of rapid, locally governed liquidity to protect livelihoods and market functioning. Together, these proven pilots point to a scalable model for 'finance that can move at the speed of shocks' while protecting clients and portfolio integrity.

[3] 'Cash-plus' refers to the combination of cash assistance with complementary services for people in crises.

Revolving finance has a **direct links to climate resilience** (through adaptation investments and climate-sensitive enterprise recovery), to **social protection and 'cash-plus' pathways** (sequencing finance with protective support and graduation), and to **women's economic empowerment** (designing products, governance and delivery systems that expand access and agency). It outlines how NEF's facilities complement financial institutions by filling last-mile gaps, building pipelines of investable micro and small enterprises, and de-risking markets through partner capability and data systems.

A proven institutional form adapted for fragility

NEF's model is not an outlier; it adapts community finance, blended finance, and reusable public-finance principles to crisis realities.

Finally, the document situates NEF's approach within **broader comparative practice**. It draws parallels with community finance models (community banks, savings banks, credit unions, CDFIs) and notes that revolving, delegated, and reusable public finance vehicles are common in advanced economies, including subnational revolving funds that stretch public resources through reflows. These parallels reinforce a key message: NEF's model is not an outlier concept—it is a well-established institutional form adapted for fragility, deep inclusion, and crisis realities. The remainder of the document provides the detailed design elements (governance, product menus, concessionality, risk management, decentralised controls, communal asset windows, and shock-triggered mechanisms.

Acronyms

BHA	Bureau for Humanitarian Assistance
CDFI	Community Development Financial Institution
CFI	Center for Financial Inclusion
DFI	Development Finance Institution
DFID	Department for International Development
EPSCF	The Elsa and Peter Soderberg Charitable Foundation
ER4	Early Recovery, Risk Reduction and Resilience Framework
FAO	Food and Agriculture Organization of the United Nations
FI	Financial Institution
ICRC	International Committee of the Red Cross
IFC	International Finance Corporation
IPA	Innovations for Poverty Action
M4P	Making Markets Work for the Poor
MFI	Microfinance Institution
MSD	Market Systems Development
MSME	Micro, Small and Medium Enterprise
NEF	Near East Foundation
PAR	Portfolio at Risk
RCF	Revolving Credit Fund
rCSI	Reduced Coping Strategies Index
SLF	Sustainable Livelihoods Framework
ToC	Theory of Change
UN DESA	United Nations Department of Economic and Social Affairs
UNHCR	United Nations High Commissioner for Refugees

Methodology and sources

This study synthesises NEF programme evidence with established analytical frameworks. It is structured to support: (i) internal learning and programme design, (ii) industry alignment and operational guidance, and (iii) external communication on why decentralised revolving finance is a credible modality for deep inclusion and sustainability in fragile contexts.

NEF's evidence base. The study draws on NEF internal learning products and programme materials provided for this drafting exercise (including learning evidence from Syria, Jordan, Mali, Sudan, and elsewhere; partnership updates and notes; and feasibility/model documents). Where quantitative data appear in these documents, they are included as short 'evidence features.'

Public sources. To enrich theory and comparative practice, the study references work from CGAP on inclusive finance in fragile contexts; ICRC guidance on micro-economic initiatives; blended concessional finance principles from IFC and the DFI Working Group; research and policy evidence on community finance (community banks, credit unions and CDFIs); and food-system and resilience frameworks (FAO/CFS, USAID/BHA, Oxfam and others). A selected bibliography is provided at the end.

Evidence standard. Most NEF indicators referenced here are programme monitoring and learning data. They are valuable signals of performance and plausibility, but they are not a substitute for external impact evaluation.

How RCF design differs across contexts

RCFs are a flexible instrument. But the choices that make an RCF safe and effective in a protracted crisis are not identical to those that optimise performance in a stable development context. The table below summarises practical design differences that repeatedly appear in NEF experience and in wider inclusive finance practice. These are tendencies rather than rigid rules: the operating principle is to tailor risk controls, terms and governance to local market realities and protection conditions—without sacrificing transparency and portfolio integrity.

Design dimension	Humanitarian & protracted crisis settings	More stable development settings
Purpose	Early recovery, market continuity, and household stabilisation; reduce harmful coping while restoring productive activity.	Enterprise growth, graduation, and institutionalisation; deepen local financial ecosystems.
Targeting	Vulnerability + feasibility; lighter documentation; strong protection lens; displacement-aware targeting.	Inclusion + growth; stronger emphasis on formalisation and long-run viability.
Product terms	Higher flexibility (grace periods, shock-triggered rescheduling), often more concessional; short-to-medium tenor tied to volatility.	More predictable schedules; gradual movement toward cost recovery where markets permit; longer tenors for productive assets.

Design dimension	Humanitarian & protracted crisis settings	More stable development settings
Delivery model	Decentralised access points; partner-first and community proximity to reduce mobility risk; strong safeguarding.	Partnership-first still; more scope for financial institutions co-lending, digital onboarding, and formal structures.
Risk management	Inflation and currency risk management; rapid iteration; intensive monitoring; conservative exposure limits per sector.	Portfolio diversification and scaling through systems; more formal credit analytics becomes feasible.
Complementarity with financial institutions	Often catalytic/bridge finance when banks/MFIs retrench; guarantees/first-loss structures may be essential.	Graduation pathways and refinancing structures can be built earlier; co-financing becomes realistic sooner.

1. The problem NEF RCFs solve: exclusion, volatility, and the need to stretch scarce resources

Across the Middle East, North Africa, and parts of Sub-Saharan Africa, local economies increasingly operate under conditions that make conventional finance of productive activities and self-reliance structurally difficult. Insecurity and mobility constraints raise the cost of engaging in productive activities and of financial service delivery. Limited state capacity weakens contract enforcement and property rights. Inflation and currency instability make long-term pricing hard. Disrupted value chains raise input costs and reduce predictability. Climate shocks destabilise agricultural production and household income. These conditions produce a distinctive last mile finance gap that is not simply a shortage of capital: it is a mismatch between how formal finance is designed and how fragile economies function.

In such markets, the actors most central to economic recovery—informal traders, micro-manufacturers, service providers, smallholder producers, and women-led home-based enterprises—are often excluded by the mechanisms used to manage risk. Collateral requirements and formal financial statements are unrealistic for informal enterprises. Rigid repayment schedules do not match seasonal or shock-affected cash flows. Pricing that embeds high risk premia can become unaffordable and can push households into debt stress. Where finance exists, it may be short-tenor, high-cost, or predatory, discouraging productive investment and increasing vulnerability.

Humanitarian systems respond to immediate needs through grants, in-kind and cash assistance. These are essential, but by design they are not always meant to create durable local financial infrastructure. In protracted crises, the challenge becomes how to preserve and reuse scarce resources while enabling people to rebuild livelihoods and maintain market participation. A decentralised revolving structure offers a distinctive value proposition: **it provides liquidity for recovery while creating a mechanism to keep capital working locally.** This does not replace grants; it complements them by creating an 'investment-style' modality for parts of the population and the economy where repayment is feasible and where a revolving instrument can generate repeated rounds of benefit.

The funding logic matters as much as the delivery logic. In a world of repeated shocks and constrained aid budgets, a central question for economic inclusion is not only 'what works?' but 'what can be sustained?' Revolving finance is, at its core, an answer to the sustainability question: it **aims to preserve principal, recycle capital, and improve the cost-effectiveness of reaching additional people over time—while maintaining responsible lending and protection-sensitive delivery.**

2. What is a decentralised revolving credit fund?

A revolving credit fund (RCF) is a pool of capital that is lent out and replenished through repayments so that the same funds can be re-lent to new or repeat borrowers. The core feature is not simply lending; it is the ability to preserve the principal and stretch the original capital across multiple cycles. Over time, this can reduce the effective cost of reaching each additional borrower compared to a one-off transfer—especially when repayment performance is strong and operational costs are controlled.

Throughout this study, RCF is used as a shorthand for a broader family of revolving finance arrangements—not only conventional fee/interest-bearing loans. In fragile and displacement-affected settings, NEF and peer organisations often use quasi-loan instruments that preserve the core revolving logic (capital is recovered and recycled) while adapting to vulnerability and market realities. These can include repayable grants (repayment triggered by feasibility or income thresholds), in-kind or input-based credit (repayment in cash or kind after sale), interest-free or Sharia-compliant structures, lease-to-own arrangements for productive assets, and other cost-recovery mechanisms such as service-fee or revenue-share structures linked to collective assets. The common denominator is not the legal label of the instrument, but the intent and discipline of capital recycling, affordability, and responsible delivery.

NEF's RCFs are decentralised. Governance and delivery are anchored in local institutions and local service points, rather than being concentrated in a single centralised lender. Decentralisation is *operational* (how loans are delivered and monitored), *institutional* (who makes decisions and who owns capability), and *financial* (where capital circulates after repayment). In practice, decentralisation lowers information and delivery costs by leveraging local proximity and community knowledge that are essential in informal economies and fragile contexts.

NEF's model is partnership-first. Capital is channelled through partnerships with community associations, cooperatives, CSOs and enterprise support entities that play a role in outreach, selection, borrower support, and accountability. In addition to being implementers, these partners anchor governance and maintain lending capability at the local level. Partnership-first delivery can therefore be understood as a localisation strategy: it shifts decision-making and capability toward local institutions that can outlast a single project, while maintaining portfolio integrity through standard operating procedures, monitoring systems, and graduated oversight.

It is useful to distinguish decentralised RCFs from related instruments.

- Village savings and loan associations (VSLAs) mobilise member savings and provide internal lending; they are powerful for inclusion, but capital is constrained by the savings capacity of poor communities and by the limits of informal governance.
- Traditional microfinance institutions (MFIs) can reach low-income clients at scale, but many struggle to operate in high-risk, low-density, conflict-affected areas without concessional support.

- Revolving grant funds recycle grants rather than loans; they may be appropriate for ultra-poor households, but they do not necessarily build credit discipline or create sustainable credit infrastructure.

NEF-style decentralised RCFs sit between these options: they are designed for deep inclusion and fragile markets while remaining financially disciplined and capable of scale through partnerships and systems.

A final clarification is important for a study of revolving funds. 'Revolving' is sometimes used loosely to mean 're-used funding.' In this study, revolving refers specifically to a facility that is capitalised, disburses loans or quasi-loans under defined terms, and recycles repayments into new lending while protecting the principal through portfolio management. This is the mechanism that enables capital preservation and local capital circulation.

3. Theory: why decentralised revolving funds can deliver deep inclusion in fragile contexts

3.1 Market failures in last-mile credit

The core economic challenge of lending to last-mile enterprises is that the fixed costs of underwriting, monitoring and collection do not fall proportionally with loan size. A USD 500 loan may require many of the same steps as a USD 50,000 loan. In fragile contexts, these costs rise: travel is dangerous and/or expensive; borrower cash flows are volatile; documentation is absent; and courts and registries are weak. Formal lenders therefore ration credit or price it at levels that are unaffordable for thin-margin businesses.

This is compounded by information asymmetry. Many last-mile enterprises are opaque because they operate in the informal economy and keep limited records. Risk cannot be assessed through standard 'hard information' such as audited accounts or collateral registries. Instead, viable lending depends on 'soft information'—relationships, reputation, and ongoing observation of cash-flow behaviour. The theory of relationship lending in banking emphasises that lenders with proximity and repeated interactions can gather soft information that improves credit decisions and reduces default risk.

The transaction cost and information problems become more severe for excluded groups. Women may lack formal asset ownership, so collateral is unavailable even when businesses are viable. Displaced people may lack documentation. Rural producers face seasonality and weather risk. In each case, conventional models price risk through high interest and strict terms, further excluding the populations most in need of a pathway to resilience and recovery. RCFs are designed to respond to these market failures by changing the delivery model and the cost structure.

3.2 Relationship lending, social collateral, and decentralised governance

Decentralised governance leverages social capital and local knowledge. Local selection committees and loan officers can assess character, business behaviour, and community embeddedness in ways that distant lenders cannot. When legal enforcement is weak, repayment behaviour is supported by social collateral: norms, reputational incentives, peer monitoring, and community accountability. This logic has long underpinned group-lending microcredit and community finance models, but it remains highly relevant in fragile contexts where formal enforcement mechanisms are limited.

Decentralisation, however, is not automatically positive. Social collateral can become social pressure, and community structures can exclude or discriminate. That is why safeguards are not optional. A responsible, decentralised model must include transparent selection criteria, grievance mechanisms, and client protection standards. It must also recognise that local power dynamics can distort decision-making without proper oversight and accountability. In other words, decentralisation is a design choice that must be paired with governance rules that protect inclusion and integrity.

Partnership-first delivery strengthens the relationship lending logic. Local partners reduce operational distance and bundle finance with non-financial services that improve business viability. This 'finance plus' approach is especially important in fragile contexts where markets are thin, business skills gaps are large, and disruptions are frequent. It aligns with market systems thinking: finance is a supporting function that is most effective when complemented by skills, information, and market linkages.

3.3 Concessionality: why below-market terms are a design requirement

Concessional finance refers to capital provided on terms more favourable than market rates—lower pricing, longer tenors, grace periods, flexible scheduling, or subsidised operating costs and risk sharing.

Concessionality is often operationalised through instrument choice. Among the most vulnerable individuals and groups, a repayable grant can be safer than a fully repayable loan: it protects borrowers by linking repayment to feasibility or performance milestones, while still enabling partial or full recovery of capital for recycling. In other cases, concessionality is embedded in interest-free products, administrative fee caps, longer tenors, or blended structures where grant capital covers operating costs and risk-sharing so that end-user terms remain affordable. In fragile and crisis settings, concessionality is often necessary for three reasons.

First, it corrects a market failure. Where transaction costs and risk are high and loan sizes are small, commercial pricing pushes rates beyond affordability. Without concessional support, either lending will not happen or it will happen under harmful terms. Concessionality enables affordability and reach.

Second, it supports a protection and do-no-harm lens. Borrowers in crisis markets operate under high vulnerability and thin margins. Pricing that embeds large risk premia can create repayment stress and increase protection risks. Concessional terms, combined with responsible underwriting, can reduce the probability that credit becomes a driver of harm.

Third, concessionality can serve a market-building purpose. Public blended finance principles emphasise that concessional funds should have a clear economic rationale, be used at the minimum level necessary ('minimum concessionality'), and aim to crowd in additional finance over time where feasible. In the RCF context, this translates into using subsidy strategically to reach excluded groups, generate performance evidence, and create partnerships that can reduce subsidy requirements or attract other capital.

An important implication is that concessionality is not simply 'cheap loans.' It is a structured set of design choices that align finance with vulnerability, market failure realities, and systems-building goals. In practice, concessionality may appear through interest-free or very low-cost products in some contexts, through subsidised operating costs (so delivery can remain proximate and safe), or through risk-sharing capital layers that protect principal while allowing affordability.

3.4 Revolving structures and the economics of capital preservation

The revolving structure changes the economics of aid. A grant disburses once. A revolving fund can disburse repeatedly, allowing an initial capitalisation to reach multiple cohorts over time. When repayment performance is strong, the effective 'cost' per borrower declines across cycles. This is one of the strongest arguments for RCFs in protracted crises: repeated needs can be met with a facility that keeps working rather than being exhausted.

Capital preservation is not automatic. It depends on portfolio integrity (repayment, write-offs, fraud control) and on operational cost discipline. It also depends on macroeconomic conditions. In high inflation environments, preserving nominal capital does not preserve real value; programmes must therefore consider indexation, foreign currency denomination, or periodic recapitalisation mechanisms. These design choices are not financial technicalities; they determine whether the RCF remains a resilient local asset or gradually depletes.

A choice of capital preservation strategy must also be honest about trade-offs. Higher inclusion and deeper vulnerability targeting can increase risk and cost. Crisis volatility can increase arrears. The revolving logic therefore requires an explicit risk appetite and a clear policy for managing shocks—balancing flexibility (to avoid harming viable borrowers) with discipline (to maintain a repayment culture and preserve the fund).

3.5 Local capital circulation and the 'regional principle' analogy

Decentralised revolving funds keep liquidity circulating locally. Instead of extracting repayments to a distant capital market, repayments are retained and re-lent within the same community or network. This can stabilise market activity and support repeated rounds of micro-investment that cumulatively rebuild value chains.

This logic has parallels in community-rooted banking models. Germany's savings banks (Sparkassen) are often described as operating under a regional principle: locally mobilised funds are reinvested locally, supporting households and MSMEs and preventing capital outflow from weaker regions. While NEF RCFs are not deposit-taking institutions, the analogy is instructive. It highlights why locally embedded finance can reduce information costs, support an inclusion mandate, and strengthen local economic ecosystems rather than extracting surplus to distant financial centres.

For fragile contexts, the 'local circulation' argument is especially powerful. When conflict and displacement disrupt markets, liquidity is fragile. A revolving fund that keeps operating locally can provide continuity—helping traders restock, farmers buy inputs, and service providers maintain operations. Over time, this continuity can contribute to social cohesion by supporting shared economic recovery among hosts and displaced communities.

3.6 RCFs as resilience instruments

Resilience frameworks commonly distinguish between absorptive capacity (withstanding shocks without collapse), adaptive capacity (making incremental adjustments to reduce future risk), and transformative capacity (changing systems and structures that produce vulnerability). In this framing, RCFs can contribute across all three—if designed appropriately.

Absorptive: RCFs provide liquidity that helps households and enterprises avoid harmful coping and maintain market participation during shocks. They can function as an early recovery tool that restores economic activity quickly.

Adaptive: By financing productivity improvements, diversification, and risk-reducing investments—including climate-smart inputs—RCFs can help enterprises and households adjust to volatility and build buffers.

Transformative: Transformative effects are slower and depend on institution building. Decentralised RCFs can strengthen local governance capability, support women's economic agency, and create enduring community-level financial infrastructure that changes who has access to capital and how local markets function.

The Sustainable Livelihoods Framework (SLF) provides a complementary lens. It conceptualises livelihoods as combinations of human, social, physical, natural, and financial capital. RCFs directly increase financial capital and can strengthen other capitals through NEF's complementary interventions and investments in productive assets, learning, and collective action. The design question becomes: how does finance interact with other programme components to create sustainable livelihoods that can cope with and recover from shocks?

3.7 Market systems thinking: finance as a supporting function in thin markets

Market Systems Development (also known as M4P) frames markets as systems of core transactions, supporting functions (information, finance, inputs, skills), and rules (formal and informal). In fragile contexts, finance is often the missing supporting function that prevents viable actors from participating. RCFs can be understood as a catalytic intervention that corrects missing finance while strengthening complementary functions such as skills, information, and market linkages.

This framing helps avoid 'credit-only' thinking. Credit by itself can increase risk when markets are disrupted. When paired with technical assistance, market linkage support, and governance strengthening, finance becomes a lever that enables systemic recovery. It also allows the programme to identify which parts of the system need finance (e.g., traders, transport, processing) rather than assuming that all borrowers are equivalent.

CGAP's recent work on inclusive finance in fragile contexts reinforces these points by highlighting the importance of understanding informal financial mechanisms, aligning with humanitarian systems (including cash transfers and social protection where relevant), and designing services that build resilience rather than debt stress. This is a crucial theoretical anchor for positioning RCFs as crisis-aware financial inclusion instruments.

4. NEF's partnership-first decentralised RCF model: operating logic and safeguards

Although NEF's RCFs are adapted to each context, the operating logic is consistent. The fund is capitalised and governed through an accountable structure. Delivery and client interface are often devolved to local partners (except in special circumstances) and decentralised service points, which provide proximity and soft information. The RCF is integrated with complementary services and structured to be culturally appropriate and responsible. Portfolio integrity is safeguarded through standardised procedures, segregation of duties, monitoring, and independent oversight.

A key feature in NEF's technical approach is the concept of graduated delegation. Early in implementation, NEF provides close technical oversight, often including direct involvement in loan committees and operational decisions. As partner capacity strengthens and performance stabilises, direct involvement is reduced and responsibility shifts toward the local institution, with NEF maintaining performance monitoring. This model recognises that sustainability is not only financial; it is institutional. A revolving fund can only last if local capacity to govern and manage it is built.

4.1 Partnership lifecycle: selection, capacity strengthening, and delegated delivery

Partnership-first begins with partner assessment. NEF's technical approach involves institutional capacity assessments, governance and fiduciary checks, risk profiling, and due diligence processes adapted for lending schemes. The goal is to ensure decentralisation reduces costs and improves reach without compromising transparency, accountability, or borrower safety.

Once partners are selected, NEF provides capacity strengthening: training in credit processes, record keeping, compliance, customer care, safeguarding, and portfolio management. Partners may host service points, facilitate outreach, and support monitoring and follow-up. In many contexts, this partner role is what makes last-mile reach feasible: it reduces travel requirements for borrowers, increases trust, and embeds the programme in local knowledge systems.

Over time, partners can graduate into stronger financial intermediaries. In some pathways, partners become permanent operators of an evergreen fund; in others, they become part of a network that interfaces with MFIs or banks. In either case, the partnership-first approach creates a 'capability transfer' that is often missing from conventional project models.

4.2 Products and terms: affordability, cash-flow alignment, and crisis responsiveness

NEF RCFs emphasise cash-flow aligned products. Trade and services often require short-cycle working capital; agriculture requires seasonality-aligned schedules and sometimes grace periods; manufacturing may require longer tenors for equipment. In fragile contexts, flexibility becomes a core risk management tool. Shock-triggered rescheduling policies can prevent viable enterprises from defaulting during temporary disruptions.

Product design also includes cultural and normative alignment. Where relevant, NEF programmes have developed Sharia-compliant structures and interest-free products. This is not merely a compliance choice; it can expand legitimacy and acceptance, thereby improving uptake and repayment. One NEF feasibility document describes evidence from a community-centred, interest-free approach combined with business support, emphasising the ability to achieve strong repayment and meaningful social impact.

In addition to loan terms, responsible pricing and transparency are essential. NEF's approach can be aligned with the global client protection standards developed in the microfinance sector (often summarised as appropriate product design, prevention of over-indebtedness, transparency, responsible pricing, fair treatment, data privacy, and grievance resolution). These standards are particularly relevant in crisis contexts where clients may be more vulnerable to debt stress.

NEF's Experience in Iraq

NEF has tested an alternative access-to-finance approach through its implementation of the *Women's Economic Empowerment in the Livestock Value Chain (WEEL)* initiative in the Anbar Governorate. The initiative demonstrated that interest-free, community-centred lending combined with business support services can achieve high repayment rates, strong portfolio performance, and meaningful social impact, particularly for women entrepreneurs. Based on this evidence, NEF sought to build a sustainable RCF model that reduces operating costs.

A growing small business in Iraq

4.3 Non-financial services: why finance alone is insufficient in fragile markets

NEF treats enterprise support as integral to the success of its financial services. Training, mentoring, and market linkage facilitation improve the probability that loans are used productively and that businesses generate cash flows needed for repayment. This is consistent with wider inclusive finance practice: in thin markets, credit without capability support can increase risk and harm.

Non-financial services also contribute to resilience. They can help enterprises diversify, adopt better practices, and integrate into value chains—reducing vulnerability to shocks. In agricultural contexts, extension support and input advice can improve yields and reduce climate vulnerability. In displacement contexts, business coaching can help households adapt to new markets and constraints.

A practical principle is that the 'right' amount of non-financial support is context-specific. Some borrowers need only light-touch coaching; others need structured training and market access support. The programme's ability to tailor support—often through decentralised partners and enterprise hubs—becomes a competitive advantage in fragile settings.

4.4 Safeguards and integrity: making decentralisation safe

Decentralised models require explicit safeguards. These include separation of duties (approval versus disbursement versus collection), transparent record keeping, affordability checks, grievance mechanisms, and audit trails. Where digital loan management systems are used, they can strengthen portfolio visibility and enable early warning on arrears. Even simple systems that standardise forms and reporting can make a large difference in preventing leakage and in improving consistency across decentralised partners.

Fragile and displacement contexts require additional safeguards. Borrower data must be protected. Meeting times and locations must be safe. Staff must be trained to recognise protection risks and refer individuals appropriately. Programmes must avoid coercive collection practices and must be prepared to reschedule responsibly during shocks. These safeguards ensure that decentralisation expands inclusion without increasing harm.

5. Humanitarian and protracted crisis contexts vs development contexts: design implications

RCFs sit at the intersection of humanitarian assistance and development. They can support early recovery and market functioning in crises, and they can build long-run local financial ecosystems in development contexts. However, the balance of priorities shifts markedly. The choice of RCF strategies must therefore answer two context questions: (i) what is the objective hierarchy in this setting (stabilisation, recovery, growth, institution building), and (ii) what risk and protection constraints define what 'responsible finance' means here?

The most common failure mode is to import a stable-context microfinance model into a crisis setting. Crisis economies differ: markets are fragmented, mobility is constrained, incomes are volatile, and households face overlapping vulnerabilities. Crisis-aware RCF design requires flexibility, proximity, safeguards, and intentional integration with other services. In contrast, stable development contexts allow stronger institutionalisation, graduation pathways, and co-financing with formal lenders.

A useful way to frame the difference is through 'why, when, how.'

- Why: in crisis, the 'why' is continuity and resilience; in development, it is growth and system building.
- When: in crisis, RCFs become appropriate when markets remain at least partially functional and when borrowers have a credible pathway to repayment; in development, RCFs can be used earlier as part of a market-building strategy.
- How: in crisis, delivery must be decentralised, light on documentation, and protection-sensitive; in development, delivery can evolve toward greater formalisation and co-lending.

5.1 Crisis and protracted crisis settings

In humanitarian and protracted crisis contexts, the primary objective is often to restore economic function and reduce harmful coping. Programmes operate under high volatility, weak enforcement, inflation, and heightened protection risks. Design choices therefore emphasise proximity, flexibility, and safeguarding: conservative exposure limits, higher monitoring intensity, contingency policies for inflation and displacement, and strong integration with enterprise support and humanitarian services.

CGAP's work on inclusive finance in fragile contexts highlights several levers that align closely with this: leveraging and linking to humanitarian systems (cash transfers and social protection where relevant), understanding informal financial services already used by crisis-affected households, and designing financial services that contribute to resilience rather than debt stress. Therefore, RCFs are not 'microcredit transplanted into a crisis,' but crisis-aware, system-building inclusion tools.

Another crisis-specific consideration is political economy and trust. In many crisis settings, formal institutions may be distrusted or absent. Partnership-first delivery through local actors can increase legitimacy, but it also requires careful management of local power dynamics. Transparent selection criteria, community oversight, and grievance mechanisms become central to both legitimacy and accountability.

5.2 Development settings

In more stable development contexts, the objective becomes institutionalisation and scale. The RCF can be positioned as a platform to build credit histories, strengthen enterprise viability, and crowd in financial institutions through co-lending or refinancing. Pricing can move closer to cost recovery where markets permit, while preserving an inclusion mandate through targeted, time-bound subsidy.

Stable contexts also allow more formal experimentation: digital onboarding, data-driven underwriting, and partnerships with MFIs or banks. Importantly, 'graduation' becomes more plausible. Borrowers who build assets and repayment history can transition into more commercial products, freeing concessional capital to reach new excluded groups.

Even in stable contexts, however, the decentralised and partnership-first features remain valuable. They support hard-to-reach outreach and reduce information costs. They also ensure that scaling does not become a centralised expansion that loses proximity and inclusion.

6. NEF evidence base: what the portfolio shows and what it implies

This section summarises evidence from NEF materials across Syria, Jordan, Mali, and Sudan. The indicators presented should be read as programme evidence rather than externally validated impact evaluation results; nevertheless, they provide valuable signals about market demand, portfolio performance, and likely development outcomes.

Across contexts, three propositions are consistently supported:

- First, demand is strong where terms are affordable and delivery is proximate.
- Second, repayment can remain high even in crisis conditions when products are well-designed, supported, and monitored.
- Third, enterprise and household outcomes improve most when credit is bundled with training, mentoring, and market support rather than delivered as a standalone product.

A fourth proposition is emerging from NEF's own strategy and feasibility work: blended risk-sharing and first-loss structures can be used to extend reach to groups and geographies that many MFIs cannot serve, while keeping borrower costs responsible. This underlines that RCFs are part of a broader derisking and partnering approach, not a parallel microfinance industry.

6.1 Syria: decentralised lending under protracted crisis

Syria provides a clear demonstration of decentralised revolving finance functioning under severe fragility. NEF's learning evidence describes a portfolio built around decentralised service points and a lending management system. At the time of reporting, NEF had disbursed over 5,500 loans and maintained 98.5% repayments. The portfolio composition reflects pragmatic recovery dynamics: trade, services, manufacturing, and agriculture are typical sectors that can restart even when formal employment is scarce.

Outcome evidence indicates strong enterprise performance. Monitoring at specific milestones reported substantial improvements in business revenues and net income, as well as increased employment. Importantly, household-level indicators also improved, including changes in coping strategies linked to food security. These findings support a central claim of this study: even in crisis settings, well-designed decentralised finance can enable recovery while recycling capital.

Syria also illustrates why systems matter. Decentralised delivery requires portfolio visibility. Lending management systems and standardised processes help ensure that decentralisation remains accountable. They also enable rapid iteration—adding products such as emergency loans, adjusting repayment schedules, and tailoring terms to sectors such as agriculture.

Evidence Feature - Syria, Enterprise Revenue

Under NEF's RCF, the majority of borrowers increased their revenues, net income, net business earnings, and were able to hire additional employees.

Business Revenues, Net Income and Jobs: 78% of borrowers increased their business revenues since receiving their loans with an average business revenue of $2,177.72 during the 1-year milestone against a baseline value of $1,060.62, a 105% increase. This improved revenue also translated to net income, which increased from $294.89 at baseline to $451.23 at the milestone (53% increase). 71% of borrowers reported increasing their net business earnings.

Job Creation: Increased earnings ultimately allowed borrowers to hire additional employees with an average of 0.91 jobs per business at baseline compared to 1.38 jobs per business during the 1-year milestone survey.

To enhance the prospects of borrowers and sustainability of businesses, it is important to build skills, confidence, and agency of individuals to manage their enterprises.

A farmer in Syria who was helped by NEF's community based RCF

6.2 Jordan: capital recycling and evergreen financing

Jordan demonstrates the 'revolving' proposition in practice. NEF's Jordan RCF delivered repeated cycles of lending with the same capital base, and mobilisation of additional resources to expand outreach. The community-centred delivery model—implemented through partnerships with local associations and cooperatives—enables finance to reach groups underserved by commercial banks and to support micro and small enterprise continuity.

The evergreen position is important. It situates the facility as a long-term local asset rather than a project-bound scheme that closes at the end of a grant. This matters for sustainability: local institutions can plan around an enduring capital pool, borrowers can access repeat cycles as enterprises grow, and the facility can be strengthened as a community finance platform.

Programme evidence also points to business continuity and productive use of loans. Such indicators are especially relevant in fragile markets: maintaining business operations during volatility is an outcome in itself, as enterprise closure often leads directly to negative coping at the household level.

Evidence Feature - Jordan Portfolio

With the support of initial capital from EPSCF, 379 loans have been issued through the RCF in Jordan, totalling $687,000. By mobilising an additional $200,000 from other sources, the programme expanded to disbursing 760 loans totalling more than $1,156,362 overall, representing more than three full cycles of revolving capital. The average loan size is $1,521, with an average duration of 19.5 months. The current active portfolio consists of 315 loans.

Business continuity: During an ex-post assessment reaching a sample of borrowers roughly 3 years (on average) after having received financing, 80% of enterprises remained active. Amongst these active businesses, 87% reported their monthly business revenues had improved from an average of JOD 247 prior to receiving financing to JOD 416 during the ex-post assessment, while 83% reported their monthly net profit (revenues less expenditures) had improved from JOD 2 to JOD 238 compared to the period before receiving their loan.

These rates of increase remained steady across different variable considerations, with 89% of women, 80% of men, 84% of development loan borrowers, and 87% of microloan borrowers improving their monthly revenues. Borrowers were also maintaining healthy financial practices which promote business continuity and sustainability, as the majority of net profits generated by active businesses are being used to further productive activities, with 31% direct reinvested in the business, 14% set aside for business savings, and 15% being used to pay business debts.

6.3 Mali: scaled revolving finance linked to food security and climate resilience

In Mali, NEF positions revolving finance as part of a broader programming linking food security, livelihoods and climate resilience. Evidence highlights substantial scale, including thousands of loans and large numbers of households benefiting from combined financial access and technical training. The Mali experience is notable because it explicitly links portfolio performance to complementary investments in market infrastructure and natural resource governance. This recognises an essential point: **loan repayment and productive impact depend on the wider system—water access, grazing governance, conflict mediation, storage and processing, and market access.**

This system's framing strengthens the case that **RCFs are not 'microcredit alone.'** They are a financing component in an integrated resilience model. In food systems, finance is most effective when it addresses the real bottlenecks—storage, aggregation, processing, transport and working capital—rather than only funding individual production.

6.4 Sudan: association-led revolving mechanisms under conflict and displacement pressures

Sudan evidence illustrates how community associations can anchor revolving mechanisms even amidst conflict and displacement. NEF evidence describes integrated support—training, inputs, and value chain support—paired with revolving funds that provide liquidity for productive activities. The evidence suggests that when revolving finance is paired with agricultural extension and collective market investments, it can support both livelihoods and broader production outcomes.

Sudan also illustrates a key operational insight: **associations can perform as credible intermediaries when supported with governance strengthening and clear operational rules.** This is one of the ways decentralised RCFs contribute to resilience: they build local capability to manage resources collectively and transparently, which can persist even as external project funding fluctuates.

Evidence Feature - Sudan

The initiative strengthened agricultural productivity and resilience across Sudan's Kassala, North Kordofan, South Kordofan, and White Nile states. Working with 23 community associations, the initiative provided loans to 4,503 borrowers, trained 1,050 lead farmers in climate-smart practices and value chains, cascading benefits to over 21,000 producers. It provided seeds to 2,928 farmers and distributed 20 value-addition machines to cooperatives to enhance crop processing. Despite challenges like conflict, economic instability, and logistical hurdles, the initiative empowered local farmers and producers to improve livelihoods, strengthen food systems, and adapt to a rapidly changing context. This is evidenced by: (a) 78% of programme participants reported an increase in average monthly household income from USD 511 to USD 738; (b) 86% of participants reported their agricultural productivity had improved; and (c) 75% of participants reported their household self-reliance had improved after financing and project support.

Sudan fund sustainability: A total of 4,503 loans valued at USD 531,390 have been disbursed by community associations and cooperatives with NEF support over the last 2+ years. As of a June 2025 portfolio-level data update, 71% (USD 377,943) of the initially disbursed portfolio had been repaid to cooperatives in service of recapitalising RCFs to be accessed by other cooperative and community members. Supported cooperatives reported that with these revolved funds, 530 additional loans were disbursed to support agricultural and income generating activities in supported communities.

An agricultural demonstration site in Sudan

7. Impact pathways: from credit to enterprise performance, household welfare, and resilience

A study of revolving funds should not treat the loan as the outcome. Credit changes behaviour by relaxing liquidity constraints, enabling investment, smoothing consumption, and altering risk coping choices. This section articulates the main impact pathways and the conditions under which they hold.

Enterprise pathway. Working capital enables micro and small enterprises to buy inputs in bulk, smooth procurement, avoid stockouts, and exploit seasonal price opportunities. Asset finance enables productivity improvements through investments in tools, machinery, irrigation or processing equipment. The magnitude of impact depends on market access, competition, and the enterprise's capability to deploy capital efficiently—hence the importance of business support and market linkage interventions.

Household pathway. Enterprise cash flow translates into household income, consumption, savings, and reduced negative coping. In crisis settings, this pathway is crucial: modest increases in stable income can prevent distress sales, reduce reliance on harmful debt, and allow households to maintain food access. NEF's Syria evidence linking enterprise outcomes to coping indicators illustrates this translation.

Resilience pathway. When households and enterprises build buffers (savings, inventory, diversified income sources), they can absorb shocks with less harm. Adaptive investments—such as climate-smart practices, water-saving technologies, or diversified market linkages—reduce exposure to future shocks. Transformative outcomes are possible when local institutions become durable intermediaries and when women and excluded groups gain lasting economic agency.

System pathway. When delivered at scale, RCFs can stabilise local market activity. By financing multiple actors across a value chain—producers, transporters, processors, retailers—an RCF can restore market connectivity, improve supply reliability and reduce volatility. This pathway is strongest when RCFs are intentionally designed around value-chain bottlenecks rather than isolated loans.

Protection pathway. In fragile and displacement contexts, economic inclusion interacts with protection. Income can reduce exposure to exploitation, but debt stress can increase it. Responsible design therefore includes affordability, flexibility, and safeguarding. This pathway is often under-analysed but is essential for a credible 'humanitarian plus' finance model.

Evidence Feature: Syria — Economic Multipliers & Value-for-Money Financing

NEF's Syria programme shows how enterprise finance can deliver a high return on investment in fragile and conflict-affected markets when capital is designed to revolve, stay affordable, and be paired with practical business support. Through the Siraj model and RCF, NEF has financed more than 5,600 enterprises with USD 8.2 million in revolved lending, delivered through localised hubs, tailored loan products, first-loss guarantees, and digital Siraj tools. The model has maintained a 98.5% repayment rate, while 75% of households reported increased income or savings, average income rose by 20%, and savings rose by 39%. Nearly all supported MSMEs remain operational, 62% report profit growth, and each enterprise created an average of 0.76 full-time-equivalent jobs.

The economic multiplier is especially strong in non-agricultural sectors. Recent analysis indicates that every USD 1 million in enterprise financing generated approximately USD 8.75 million in aggregated household income, USD 3.35 million in enterprise net profits, 2,000 full-time-equivalent jobs created or sustained, and nearly USD 20 million in cumulative wages. In agriculture, where returns are shaped by seasonality, climate risk, and production cycles, every USD 1 million generated approximately USD 0.85 million in household income, USD 1.3 million in enterprise net profits, 550 FTE jobs created or sustained, and nearly USD 7.5 million in cumulative wages. These ROI calculations use a five-year horizon and account for capital recycling through two-year loan cycles, with assumed depletion and mortality per cycle.

The Syria evidence matters because the return is not only financial. The model converts short-term funding into a renewable local asset: repayments are recycled into new loans, businesses remain active, and income circulates through wages, suppliers, household spending, and local markets. Its adaptive features — such as seasonal repayment schedules, trigger-based grace periods, interest-free lending aligned with local norms, and tailored coaching — help preserve portfolio performance without pushing risk onto vulnerable entrepreneurs. This makes the Syria model a practical example of value-for-money financing: one that protects households, sustains enterprises, creates jobs, and builds a pathway from assistance to self-reliance in one of the world's most difficult operating environments.

8. Capital preservation and local capital circulation

This section reframes **'capital preservation' as capital stewardship.** In fragile and displacement-affected markets, the objective is not to demand that crisis-affected borrowers carry the full burden of volatility, nor to treat a revolving fund as a permanent endowment. Instead, NEF positions each revolving credit facility as an impact-first pool of capital whose value is managed at the level of the fund: <u>protected where feasible, deliberately subsidised where necessary to reach excluded groups, and replenished when that is the most responsible way to maintain outreach and affordability over time.</u>

In practice, **decentralised revolving funds stretch scarce resources** through two connected mechanisms. First, they recycle reflows (from conventional loans and quasi-loan arrangements such as repayable grants, recoverable grants, or other repayable support) into new rounds of financing. Second, they use facility-level risk buffers and concessional design so that excluded households and enterprises can participate safely without being priced out by the risk premium that formal finance commonly assigns in fragile settings.

8.1 Facility-level risk management: pooling risk, buffers, and governance

A decentralised revolving fund works because risks are pooled and managed at portfolio and facility levels - not exported to individual borrowers. The RCF is often designed to absorb a predictable level of portfolio loss and macro stress (defaults, write-offs, shocks, and real-value erosion), while borrowers receive products that are affordable, cash-flow aligned, and paired with support that increases enterprise viability. This is the opposite of a borrower-blame model: it recognises that exclusion is structural, and that responsible finance must share risk through design.

At minimum, facility stewardship includes clear policies on provisioning, rescheduling, and write-offs; separation of duties and auditable controls across partners; portfolio diversification rules (sector, geography, ticket size); and real-time portfolio visibility so corrective actions happen early. In NEF's practice, lending management systems and partner reporting are designed to capture repayment behaviour realistically in crisis settings - including partial repayments, extraordinary payments on previously written-off loans, and flexible repayment schedules when shocks disrupt cash flow.

Decentralisation therefore does not mean loose finance. It means delegated delivery with central standards: local partners originate and service financing because they hold trust, local knowledge, and last-mile reach; the facility provides shared tools, risk thresholds, and governance that make local delivery safe, comparable, and investable across multiple partners and geographies.

8.2 Concessionality and managed depletion: inclusion-first capital design

Concessionality is not a weakness in this model; it is the mechanism that makes deep inclusion possible. In thin or distorted markets, local interest rates often reflect structural exclusion, high transaction costs, and conflict-related risk premia rather than borrower productivity. If an RCF simply charges the local market rate, it will often replicate exclusion (pricing out women, displaced entrepreneurs, rural producers, and informal enterprises) or push clients toward harmful coping strategies and predatory credit.

NEF therefore treats subsidy as a deliberate facility-level design choice. Concessionality can be expressed through lower pricing, grace periods, seasonal repayment alignment, simplified eligibility, Sharia-compliant structures, or shock clauses that enable restructuring when households face verified disruptions. RCFs can also use quasi-loan instruments (for example, repayable grants, recoverable grants, or other repayable support) when fixed instalments would create undue stress, but an expectation of repayment and recycling remains appropriate.

Because concessionality is real, capital preservation must be defined realistically. In protracted crisis settings, some level of managed depletion is ethically acceptable and often expected: a portion of catalytic capital is intentionally depletable first-loss, absorbing write-offs and crisis shocks so the facility can keep serving excluded groups at affordable terms. The question is not whether losses occur; it is whether losses are anticipated, governed, and justified by inclusion and resilience outcomes.

NEF's Jordan evergreen and hyperlocal fund design illustrates this logic: first-loss capital is structured to be recyclable (so principal repaid can be re-lent) and can also be written down over time without triggering fund closure. This is a facility-level acceptance of loss in service of sustained outreach, which is paired with governance, portfolio monitoring, and gradual cost-recovery pathways so the vehicle remains viable and continues to revolve.

This design choice also normalises recapitalisation. In many humanitarian settings, the practical choice is not preserving capital forever versus spending a grant once. The choice is whether to invest catalytic capital so it can recycle and compound benefits for several cycles, and then top up the facility when inflation, displacement dynamics, or new shocks would otherwise force a contraction in outreach or a rise in borrower costs.

8.3 Macro and shock risks belong to the facility: inflation, FX, and crisis volatility

In fragile contexts, macro risks—especially inflation, currency depreciation, liquidity freezes, and sudden access constraints—are often the binding constraint on capital stewardship. These are not borrower risks in any meaningful sense; they are system risks that must be managed at the level of the facility if the objective is inclusion and resilience.

A facility-level macro strategy can combine several tools, selected based on legal feasibility, market norms, and borrower protection: shorter tenors (to reduce exposure); local-currency lending with an explicit recognition that real value may erode; and periodic recapitalisation to restore lending power after shocks. Where feasible, indexation mechanisms can protect real value without transferring volatility to borrowers; where infeasible, the facility can transparently plan for real-value erosion and protect outreach through pre-agreed top-up triggers or periodic revaluation of capital needs.

NEF's broader innovation agenda proposes additional options for protecting the facility buffer rather than shifting stress onto borrowers. Parametric insurance and hedging mechanisms can reduce portfolio stress from climate and currency shocks, helping preserve first-loss capital for its intended purpose (absorbing loss so inclusion terms remain affordable) rather than forcing the facility to tighten credit or raise pricing when shocks hit.

The design implication is clear: in crisis settings, capital preservation is not a static state. It is an active management function - stress testing, tailoring products, protecting the buffer, and accepting that some erosion is the cost of serving people and markets that are structurally unable to access fair finance.

8.4 Local capital circulation: preserving value by keeping capital working locally

Local capital circulation is a complementary pillar of facility stewardship. When reflows are recycled through local partners and re-lent locally, the facility does more than finance individual enterprises: it reinforces local market liquidity, keeps value in the community, and reduces dependence on expensive informal credit that extracts cash from crisis-affected areas.

This is why the decentralised architecture is not just a delivery choice; it is an economic design choice. Community-anchored partners and hubs can lower unit costs through proximity and trust, improve targeting, and keep financing embedded in local economic ecosystems. At scale, repeated lending cycles can progressively deepen the local enterprise base, particularly when combined with business support, market linkages, and value-chain interventions that increase the productivity of each financing cycle.

The analogy to savings banks' regional reinvestment logic remains useful as a heuristic: local reinvestment can reduce capital flight and support local MSMEs. In crisis settings, the effect can be even more pronounced because local economies face severe liquidity constraints, market fragmentation, and predatory lending dynamics. A revolving facility becomes a locally circulating counterweight: it provides predictable, fair capital flows that stabilise micro-markets, support local suppliers, and keep repayment value working repeatedly in the same communities where shocks are concentrated.

8.5 What to measure: stewardship metrics beyond repayment rates

If capital preservation is understood as facility-level stewardship, monitoring must go beyond borrower repayment rates. A practical dashboard typically includes: the facility's recycling performance (how quickly and how many times capital reflows into new financing); loss absorption against the planned first-loss budget (write-offs and arrears net of recoveries); inflation- and FX-adjusted lending capacity over time; the effective subsidy and affordability profile (pricing, fees, and any top-ups relative to target groups); and inclusion and protection indicators that show whether the facility is expanding access while avoiding harm (such as distress signals, rescheduling patterns following shocks, and client protection monitoring).

9. Community resilience and cohesion

RCFs contribute to resilience through both household/enterprise effects and institutional effects. Household effects occur through income, savings, and reduced negative coping. Institutional effects arise because decentralised revolving funds require governance structures, record keeping, decision rules and conflict-resolution mechanisms. These are resilience capacities in themselves: they can support collective action, social cohesion, and local problem solving.

The resilience contribution is particularly visible in protracted crises where communities must continuously adapt. When a community-level institution can manage a revolving facility transparently, it creates a local platform for decision-making and mutual accountability. Over time, this platform can support other collective economic actions: bulk procurement, shared storage, cooperative marketing, and reinvestment in community infrastructure that supports livelihoods.

RCFs can also contribute to social cohesion in displacement settings when designed to include hosts and displaced populations on equitable terms. Economic recovery interventions that exclude one group can inflame tensions. A decentralised fund governed locally can explicitly manage inclusion and can create shared economic benefits. This requires careful design and monitoring, but it can turn a finance instrument into a cohesion instrument.

Finally, resilience measurement matters. If the RCF is positioned as a resilience tool, indicators should capture more than repayment and revenue. RCF metrics include coping strategies, savings, diversification, food security proxies, and where feasible, agency measures—especially for women and displaced people. This aligns with emerging resilience measurement practice that distinguishes absorptive, adaptive, and transformative capacities.

10. Food availability, access, and food-system resilience

Food security is commonly framed around availability, access, utilisation, and stability. **Decentralised RCFs can influence at least three of these dimensions directly.** Availability can improve when finance enables inputs, irrigation, mechanisation, storage, and processing that raise production and reduce post-harvest loss. Access improves through income and liquidity—households can purchase food rather than reducing meals or taking high-cost debt. Stability improves when finance helps actors manage seasonality and shocks through inventory, savings, and working capital for traders.

Food-system impacts are strongest when finance is designed around bottlenecks rather than around individual borrowers. In fragile settings, one missing link (e.g., storage, aggregation, transport, processing) can collapse the whole chain. In Sudan, South Sudan, and Mali the revolving facility finances multiple chain actors that can improve supply reliability and reduce price volatility. NEF's Mali and Sudan experience explicitly links finance with market infrastructure and natural resource governance.

Inventory credit (warrantage) provides a concrete external parallel. Early evidence from Mali shows that inventory credit—where farmers store crops and access credit against stored inventory—can increase consumption, savings, and investment in agricultural inputs and education. The mechanism matters for RCF design: by easing both credit and storage constraints, programmes reduce distress sales after harvest and allow households to capture seasonal price increases.

In crisis settings, the food system pathway is also a protection pathway. When food prices spike and incomes collapse, households may resort to harmful coping. If RCFs enable productive activity and support food market continuity, they can indirectly reduce risk of negative coping at scale. This is why NEF positions revolving finance in Mali, South Sudan, and Sudan as a tool linked to food security and resilience rather than simply enterprise lending.

Strengthening food security, agricultural development, and small enterprise lending in Syria

11. Investing in local actors and localisation through finance

Localisation is often discussed as a political commitment, but it is operationally hard: it requires transferring resources and decision-making to local institutions while managing fiduciary risk. **Decentralised revolving funds are one of the few modalities that can operationalise localisation in measurable ways.** They provide a structured mechanism for local institutions to manage resources, make credit decisions, maintain records, and build a track record of performance.

NEF's partnership-first approach emphasises that local actors are not only implementers; they are governance anchors. Over time, partners can become enduring intermediaries or can form the backbone of a network that interfaces with MFIs, banks, and digital financial services. This is a pathway toward investing in local systems rather than delivering temporary projects.

Importantly, investing in local actors is not merely 'giving money to local partners.' It is building their institutional capability: governance systems, financial management, compliance, client protection, and learning. A decentralised RCF creates repeated practice in these capabilities, which is precisely what makes it valuable as a localisation modality. The revolving nature adds an additional benefit: partners manage a continuing asset, not only a one-off disbursement, which can strengthen institutional incentives for integrity and performance.

Local and national actors as investable institutions

NEF's experience has revealed that investment in local and national actors should move beyond short-term capacity building toward long-term institutional development: strengthening governance, financial management, systems, strategic capability, and financial self-reliance. Several models supported point to a similar conclusion: local actors need flexible, multi-year investment, but also financing pathways that help them diversify revenue, access domestic and innovative capital, and build credible 'integrity systems' that funders and financial institutions can trust. This is directly relevant to decentralised RCFs: when local partners manage revolving capital with clear controls, transparent reporting, and borrower protection standards, they are not only delivering finance; they are building the institutional architecture needed to absorb larger resources and lead local recovery systems over time.

12. Sustainability and scalability

Scalability is often misunderstood as simply increasing capital. For decentralised RCFs, scale depends on an operating system: standard procedures, data visibility, trained partners, and risk management that can absorb growth. It also depends on a credible capital strategy: a 'capital stack' that preserves affordability while protecting principal and enabling expansion.

Sustainability has multiple layers. Portfolio sustainability refers to preserving principal through repayment and arrears management. Operational sustainability refers to covering delivery costs (staff, monitoring, systems) without consuming the principal. Social sustainability refers to do-no-harm, borrower protection, and inclusion. Environmental sustainability refers to whether financed investments support climate adaptation and resource stewardship.

Public blended finance practice provides a useful analytical frame. IFC describes blended finance as using relatively small amounts of concessional funds to mitigate specific risks and rebalance pioneering investments that cannot proceed on strictly commercial terms. DFI Working Group principles emphasise minimum concessionality, crowding-in, and high governance standards. For RCFs, this translates into practical questions: What market failure is being addressed? What is the smallest subsidy necessary to reach excluded borrowers responsibly? How will the programme demonstrate performance and build partnerships that reduce subsidy requirements or attract other capital?

NEF's own derisking and partnering materials emphasise the use of first-loss protection and technical assistance. The logic is to use grants strategically to reduce portfolio risk and increase operational capability, enabling lending to excluded segments without imposing unaffordable pricing on borrowers. This is especially relevant in fragile settings where MFIs and banks often retrench. Risk-sharing structures can also create collaboration rather than competition: an RCF can partner with an FI by providing a guarantee, first-loss tranche, or joint pipeline and monitoring system.

Scale pathways can be sequenced. One pathway is replication through networks of partners using standardised systems and training. Another pathway is institutionalisation into an evergreen fund or a specialised local intermediary. A third pathway is crowding in or partnering with MFIs and banks as conditions stabilise. Each pathway requires clarity on what is being scaled: capital, delivery capability, governance integrity, or the ecosystem relationships that enable graduation.

13. Climate resilience linkages

Climate shocks amplify the very risks that exclude last-mile actors from finance: yield volatility, income uncertainty, and asset loss. Yet adaptation requires up-front investment—water systems, energy solutions, improved inputs, storage, and processing. Affordable finance is therefore a critical constraint to climate resilience in fragile agrarian economies.

Climate-smart finance is not a separate programme pillar; it can be embedded into enterprise finance products and underwriting. This includes financing for water-efficient irrigation, solar-powered pumping, improved seeds and soil practices, storage and processing that reduce loss, and energy solutions that lower operating costs. In fragile contexts, climate investments often need concessional terms because payback periods are longer and risk is higher.

NEF's climate-sensitive financing for Syria highlights climate as a compounding risk factor in a protracted crisis. It highlights severe drought conditions during 2020–2022 and describes practical climate-responsive solutions such as solar-powered irrigation to support agricultural livelihoods. The design implication is that a revolving fund can be a mechanism to scale climate adaptations by financing technologies and practices that households and enterprises cannot afford up-front.

Adaptation finance: making climate-smart investments affordable

NEF's RCF model is well suited to climate adaptation because many resilience investments require upfront capital that small producers and micro-enterprises cannot afford through savings alone. The working paper identifies practical adaptation investments that can be financed through revolving windows, including **water-efficient irrigation, solar-powered pumping, improved seeds and soil practices, storage and processing, and energy solutions that reduce operating costs**. These are not peripheral 'green' add-ons; they are productive investments that can reduce exposure to drought, input-price volatility, post-harvest losses, and energy constraints.

This is especially relevant in protracted-crisis contexts such as Syria, where drought and market disruption compound the risks facing agricultural livelihoods. By offering concessional, cash-flow-aligned finance, an RCF helped producers adopt technologies such as solar-powered irrigation without forcing them into high-cost debt or unrealistic repayment schedules. The climate value of the model lies in its combination of affordability, local delivery, and recycling: each repayment cycle can finance another adaptation investment, allowing scarce climate and recovery capital to reach more producers over time.

14. Women's economic empowerment

Women face layered barriers to finance in fragile settings: limited collateral and asset ownership, mobility restrictions, time constraints due to care work, and exclusion from male-dominated business networks. Decentralised RCFs can address these barriers through local access points, culturally appropriate product designs, gender-sensitive outreach, and bundling of finance with coaching and market linkages.

Women's empowerment is not only access. It is also agency and safety. Programmes should therefore assess how credit terms interact with household decision-making and protection risks. Flexible repayment schedules, small initial loan sizes, coaching and peer support, and safe delivery locations can reduce stress and increase effectiveness. Integration with women's groups and cooperatives can create networks that support both repayment and empowerment.

NEF evidence from multiple contexts indicates substantial women's reach

For example, Mali evidence notes 4,085 women-owned enterprises among 7,428 loans in 2024. NEF also positions community-centred lending as particularly impactful for women entrepreneurs when combined with access facilitation, peer support, community mobilisation to support agency, and business support. This approach supports the hypothesis that decentralised, partner-first delivery is especially suited to women's inclusion in contexts where formal institutions are male-dominated or distant.

A salon business helped by NEF's innovative financing methods in Jordan

15. Displacement settings: design and safeguards

Displacement creates distinct barriers to finance. Documentation is often lost, legal status may be uncertain, and mobility constraints can make travel to financial institutions unsafe or impossible. Negative coping through informal borrowing may dominate, sometimes at predatory rates. A decentralised delivery model directly responds to these constraints: service points can be embedded where displaced communities live, outreach can be conducted through trusted partners, and products can be adapted to unstable livelihoods.

Displacement also increases protection risks. Debt stress can increase household conflict, exploitation, or negative coping. Responsible lending therefore requires careful affordability checks, clear communication, and flexible shock-responsive policies. Grievance and complaint mechanisms must be accessible to displaced populations and must be safe. Programmes should also be prepared to integrate with humanitarian services, including referrals to protection and social support.

An additional displacement-specific dimension is social cohesion. Host communities may perceive that refugees receive preferential support, or vice versa. A decentralised fund governed locally can manage inclusion transparently and can create shared benefits by supporting enterprises that serve both communities. This is a practical nexus contribution: a finance modality that supports both stability and economic inclusion.

Bringing finance closer to displaced and host communities

Displacement creates specific barriers to finance: people may lack documentation, have uncertain legal status, face mobility restrictions, or rely on informal and sometimes predatory borrowing. NEF's decentralised RCF model responds to these constraints by shifting delivery closer to where displaced and host communities live, using trusted local partners and service points rather than requiring clients to access distant formal financial institutions. This matters because in displacement settings, access is not only a financial question; it is also a protection and trust question. Embedded delivery can reduce travel risks, improve outreach to women and informal entrepreneurs, and allow products to be adapted to unstable livelihoods and interrupted cash flows.

The displacement value of an RCF is strongest when finance is paired with safeguards. The same conditions that make displaced households financially excluded also make them vulnerable to debt stress. NEF's experience in Mali, Syria, and Sudan reveals that responsible design requires affordability checks, clear communication, flexible repayment and shock-rescheduling policies, accessible complaints mechanisms, and referral links to protection or social support where needed. In this sense, RCFs in displacement settings are not framed as standalone credit products, but as **protection-sensitive economic inclusion infrastructure**: they support enterprise recovery and self-reliance where repayment is feasible, while preserving do-no-harm principles and avoiding pressure on households that first need protective assistance.

16. Decentralised financing: governance architecture, accountability, and portfolio integrity

Decentralisation is a governance proposition. It changes who makes decisions, who holds information, and how accountability operates. NEF's approach treats decentralisation as a structured delegation: local committees and partners have defined roles in selection and support, while fund-level oversight maintains standards and integrity.

A decentralised RCF therefore requires a clear governance architecture: policies for eligibility and underwriting; separation of duties; procedures for arrears management; audit and verification processes; and transparent reporting to communities and funders. The RCF model emphasises graduated oversight and the progressive reduction of NEF involvement in lending committees as local capacity strengthens.

Governance also includes ethical and borrower protection standards. The microfinance sector has developed client protection principles precisely because weak governance in credit delivery can lead to over-indebtedness and abusive practices. In fragile contexts, these risks are magnified. A decentralised RCF institutionalises ethical borrower treatment, transparent communication, data privacy, and grievance handling as core operating standards.

Finally, governance must address fiduciary and integrity risks: fraud, leakage, and political capture. Decentralised delivery increases the number of touchpoints, so risk management includes clear documentation, audit trails, spot checks, and partner performance incentives aligned to integrity rather than volume alone.

17. Enterprise financing and complementarity with financial institutions

RCFs are not designed to replace financial institutions. They are designed to reach groups that mainstream lenders cannot profitably or safely serve under current conditions—and to de-risk those segments over time so that MFIs, banks, or digital lenders can enter responsibly.

Complementarity takes several forms. First, RCFs can build a pipeline: repeated borrowing and enterprise support create behavioural and financial records that improve creditworthiness. Second, RCFs can pilot products aligned to agricultural and crisis cash-flow cycles that FIs can later adopt. Third, donor-funded risk sharing (first-loss, guarantees) can enable co-lending or refinancing structures. Fourth, in stable environments, graduation can occur: borrowers who build assets and credit discipline transition into formal finance, allowing concessional revolving capital to reach new excluded groups.

The theory of relationship lending strengthens this complementarity narrative. Community banking research emphasises that local lenders often have a comparative advantage in collecting soft information and serving small businesses through relationships. Community development finance institutions (CDFIs) and credit unions similarly exist to serve groups overlooked by mainstream finance, often combining lending with advisory support. These analogies reinforce the proposition that local, relationship-based intermediaries are not a niche charity model—they are a proven institutional form for inclusion, often supported by catalytic public capital.

The implication for NEF is strategic: <u>RCFs are a bridge between humanitarian assistance and the financial system. They can stabilise markets, generate performance evidence, and create partnerships that make deeper inclusion feasible for the broader finance ecosystem.</u>

18. Linkages and parallels in global practice: ICRC, community finance, and humanitarian innovation

The International Committee of the Red Cross (ICRC) micro-economic initiatives approach provides one of the closest operational parallels to NEF's RCF logic in conflict settings. ICRC describes how microcredit interventions are typically achieved through partnerships with microfinance institutions and a combination of tools such as increasing a revolving fund's size, starting new credit lines tailored to target groups, and establishing guarantee funds. The emphasis is not on direct lending by ICRC, but on enabling sustainable intermediary delivery through partners with appropriate safeguards.

This aligns strongly with NEF's partnership-first proposition and strengthens external credibility: revolving funds, credit lines, and guarantees are viable tools for recovery in conflict settings when delivered through competent partners and governed responsibly.

In high-income settings, community-rooted finance models offer further parallels. Community Development Financial Institutions (CDFIs) in the UK and US explicitly exist to provide finance to viable borrowers who cannot access mainstream bank finance. In the US, the Treasury's CDFI Fund supports institutions that provide credit and services to underserved communities—an explicit recognition that inclusion requires intermediaries built for that mission and often requires catalytic public support. Similarly, credit unions operate as member-owned cooperatives with a community and inclusion mandate, and savings bank systems emphasise local focus and reinvestment.

Humanitarian innovations also reference revolving funds as instruments that can provide reusable liquidity in crisis and refugee settings when designed with clear governance and triggers. This points to an emerging frontier for NEF and partners: linking revolving facilities explicitly with anticipatory action and shock triggers, so that finance can respond rapidly and responsibly when shocks occur.

18.1 Anticipatory action and shock-triggered finance: bringing 'early action' logic into revolving facilities

Anticipatory action has grown as a distinct field in humanitarian practice, built on a simple premise: if predictable shocks can be forecast, then agreed actions and financing can be released earlier—before negative coping, distress sales, and market breakdowns deepen harm. Most anticipatory action mechanisms are grant-based. However, the same trigger-and-protocol logic is adapted to decentralised revolving facilities, especially where NEF is already embedded through partners, governance structures, and borrower networks.

For decentralised RCFs, the objective is not to 'predict everything', but to create a standing capacity to act quickly and responsibly when a shock occurs—whether slow-onset (drought, seasonal food price spikes) or sudden (earthquake, displacement surges). The distinctive contribution is reusable liquidity: a facility can deploy concessional, cash-flow-aligned finance rapidly, recycle repayments where feasible, and absorb planned depletion (or be recapitalised) to protect inclusion and resilience outcomes.

18.2 Design pattern: a Shock-Triggered Revolving Window inside the facility

A practical way to operationalise anticipatory action within a revolving facility is to establish a dedicated 'Shock-Triggered Revolving Window' (STRW) as part of the overall fund design. The STRW is not a separate project; it is a governed window with (i) ring-fenced liquidity, (ii) pre-agreed activation triggers, and (iii) an approved playbook of financial actions that can be deployed within days—not weeks or months.

In crisis and refugee settings, this window can serve three roles simultaneously: (1) **portfolio protection** (preventing avoidable defaults by rapidly refinancing, rescheduling, or temporarily pausing repayments); (2) **market stabilisation** (providing working capital to key micro and small enterprises—traders, processors, repair services—so essential goods and services remain available); and (3) **recovery acceleration** (funding repairs, restocking, and critical household/enterprise re-start costs through quasi-loan arrangements such as repayable grants).

18.3 Triggers: choosing objective signals that are locally credible

Trigger design should be locally anchored and technically credible. In practice, most facilities will use **tiered triggers**—a lighter 'alert' threshold that authorises preparatory steps, and a stronger 'activation' threshold that authorises disbursement and product switches. This avoids both over-reacting (activating too often) and under-reacting (waiting until damage is entrenched).

Triggers can be grouped into four families:

- **Forecast/seasonal triggers** (e.g., rainfall anomalies, flood forecasts, heatwave thresholds, vegetation indices) suited to anticipatory action for climate shocks.
- **Market triggers** (e.g., rapid food price increases, fuel scarcity, transport disruptions) especially relevant where NEF's objective is market-based response and maintaining food access.

- **Displacement and protection triggers** (e.g., rapid influx into a locality, camp/settlement capacity thresholds, border closure or access disruption) to support refugee-hosting areas with fast liquidity for essential market actors.
- **Conflict and political economy triggers** (e.g., pre-announced elections, escalation warnings, road closures) where conflict anticipation tools exist but require careful safeguards to avoid harm or politicisation.

18.4 Governance and safeguards: speed with integrity

Because decentralised revolving finance is partnership-delivered, governance is the core enabling condition for rapid response. A STRW should specify, in writing: who declares an alert/activation; what evidence is required; what financial actions are permitted; ceilings by product and by partner; and the minimum integrity safeguards that remain non-negotiable even in crisis (identity checks, documentation, segregation of duties, complaints channels, and post-disbursement verification).

A common approach is a two-level authorisation: partner-level credit or emergency committees can approve small emergency actions within pre-set caps, while a facility steering committee (NEF + partner + community representation) approves larger allocations and any temporary changes to terms (grace periods, interest waivers, or conversion of a portion of support into a repayable grant). The aim is to preserve local decision-making while keeping facility-level risk appetite explicit and managed.

18.5 The financial 'playbook' when a shock hits

Once a trigger is activated, the STRW playbook can prioritise actions that protect inclusion and maintain market functioning. In practice, this often means supporting existing borrowers first (because due diligence already exists), then extending carefully targeted liquidity to additional actors critical to recovery. Typical measures include:

- **Emergency refinancing / top-ups** for existing borrowers to prevent forced liquidation of assets or inventory.
- **Automatic grace periods** or temporary repayment pauses, with clear re-entry rules.
- **Market-stabilisation working capital** for traders, processors, transport, repair services and other 'market spine' actors.
- **Repair and restart finance** using quasi-loan instruments (repayable grants, partially forgivable loans) when households and enterprises face high shock losses.
- **Communal and collective asset restoration** (e.g., shared irrigation infrastructure, community boreholes, storage, milling equipment) when these assets underpin local food systems and livelihoods.
- **Targeted concessionality** as a deliberate facility-level choice to prioritise resilience and deep inclusion, acknowledging that some managed depletion and recapitalisation may be both appropriate and efficient.

18.6 Parallels from global practice: pre-arranged finance, early action protocols, and 'crisis modifiers'

Global anticipatory action practice offers directly transferable design elements for revolving facilities. Forecast-based financing approaches emphasise pre-agreed triggers and protocols, where funds are released automatically or rapidly once thresholds are met. 'Pre-arranged finance' similarly stresses that financing should be secured in advance, linked to objective triggers, and tied to a pre-agreed plan—reducing delays associated with reprogramming and ad hoc decision-making. Humanitarian grant instruments such as crisis modifiers follow the same principle: ring-fence flexible resources that can be activated quickly when conditions deteriorate.

For decentralised RCFs, the innovation is to apply these approaches to reusable liquidity at the last mile. A facility can pre-agree upon trigger thresholds, product switches, and governance permissions, while keeping delivery anchored in local partners and community structures. In doing so, revolving facilities become part of the crisis-finance ecosystem: complementary to cash transfers (which protect consumption) and to FIs (which often withdraw from thin markets during crises).

WFP's SheCan initiative provides a relevant parallel in how inclusive finance can be structured as a blended, partnership-oriented facility. SheCan is a financial inclusion initiative that helps financially excluded communities—especially women—build the skills and confidence to use financial services and to start or grow small businesses, and in some contexts provides tailored micro-credit through local delivery partners and digital finance pathways. The common elements with NEF's approach include: a strong focus on women's economic participation, bundling finance with capability building, and using partnership structures to reach excluded groups sustainably.

The positive differences are also instructive. NEF's decentralised revolving facilities are built to operate as shock-responsive public-good infrastructure in fragile settings: they emphasise delegated community-anchored governance, local capital circulation, and a broader menu of instruments (including repayable grants and cost-recovery models for collective assets). In the anticipatory action framing, NEF's distinctive value is the ability to embed objective triggers and rapid 'product switches' directly into a revolving facility that is already operating at the last mile—so liquidity can be released quickly without building a parallel system.

Inkomoko offers another strong parallel from displacement-focused practice. Inkomoko is widely cited as an 'investor in displacement-affected communities' that combines business advisory with affordable capital for refugee and host-community entrepreneurs, delivering strong repayment performance and growth outcomes. The overlap with NEF includes deep inclusion (refugee/displaced markets, women's enterprises), finance-plus support, and a practical belief that crisis-affected entrepreneurs are investable when terms and support are designed for reality.

The positive differences again matter for positioning NEF's model. Inkomoko is an enterprise support and finance provider built as a specialised intermediary; NEF's approach is a decentralised facility architecture that can be embedded inside humanitarian and recovery programmes and operated through local partners, with explicit facility-level shock triggers and governance. NEF also extends the finance proposition beyond individual enterprises to community and value-chain bottlenecks (collective assets such as storage, processing, irrigation committees), where cost-recovery can replenish the facility and strengthen food-system functions.

Taken together, these parallels reinforce a simple proposition: the building blocks of shock-responsive, inclusive, reusable liquidity are already present in multiple mature models (blended finance facilities, refugee-enterprise intermediaries, and early-action protocols). NEF's contribution is to integrate these building blocks into a single decentralised revolving system that can (i) switch quickly during shocks via trigger-based governance, (ii) preserve affordability through designed concessionality and first-loss buffers, and (iii) strengthen local institutions and food-system infrastructure as part of recovery.

18.7 Proven pilots from NEF: shock-triggered revolving finance in practice

Syria earthquake response (northwest Syria, 2023). NEF's Syria experience at the onset of the emergency documents how NEF's existing revolving finance infrastructure and borrower networks enabled a rapid, market-based response after the earthquake. NEF quickly mobilised operational resources and its entrepreneur network, identifying (i) urgent needs for physical rehabilitation support for local businesses; (ii) opportunities for local firms to deliver emergency services and rehabilitate reception centres, facilities, and markets; (iii) the role of operational businesses in retaining inventory to support impacted enterprises; and (iv) the need for a refinancing mechanism for current borrowers—explicitly including a new emergency-loan product. This illustrates a practical 'trigger-to-playbook' pathway: when the shock occurred, the facility could pivot from standard growth finance to recovery liquidity while using local markets as part of the response rather than bypassing them.

Sudan conflict escalation (April 2023 onwards). NEF's Sudan experience documents how the violent conflict disrupted operation of partners and access to supplies, requiring rapid adaptation while prioritising partner, beneficiary, and staff safety. NEF's Sudan evidence highlights revolving loan funds used alongside agriculture and value-addition support—demonstrating that revolving mechanisms can keep capital circulating even amid conflict and economic instability when governance and delivery structures hold. In this environment, shock-triggered revolving windows can further protect inclusive finance portfolios (through rapid moratoria and refinancing) and sustain recovery functions when access allows, while partners monitor market impacts on food security as trade and supply lines are disrupted.

Mali post-crisis recovery and rapid local activation. NEF's Mali programme experience evidences rapid, locally activated emergency assistance (including cash and agri-vouchers) coupled with community platforms that circulate capital. It documents mobilisation of community credit platforms to support rapid enterprise recovery post-crisis, and rapid delivery of food-security and displacement-responsive packages. For revolving facilities, Mali demonstrates how community-rooted financial infrastructure can serve as a 'last-mile switch'—able to pivot quickly from routine lending to shock-responsive liquidity and recovery support when triggers are met.

19. Practice guidance: designing and operating a decentralised RCF

This chapter summarises practical design and operational guidance. The intent is not to prescribe one template, but to specify the decisions that determine performance and safety. The recurring lesson across contexts is that decentralised finance succeeds when the programme is designed as a system: product, governance, partner capability, non-financial services, and data and risk management are integrated rather than treated as separate workstreams.

19.1 Clarify purpose and the inclusion frontier

Begin with a purpose statement that is operational, not rhetorical. Is the RCF primarily an early recovery tool to stabilise households and markets? An enterprise growth tool? A food system resilience tool? A localisation and institution-building tool? The purpose determines target groups, product terms, and risk appetite.

Define the inclusion frontier explicitly: which groups are excluded by markets and why (women, youth, displaced people, rural producers, people with disabilities), and what design features remove those barriers while maintaining affordability and responsibility. Purposeful inclusion prevents two common errors: over-expanding to groups the model cannot serve responsibly, or under-reaching to avoid risk.

19.2 Market mapping and feasibility: diagnose the binding constraint

A robust feasibility assessment should map existing finance providers, informal borrowing practices, borrower cash-flow profiles, and value-chain dynamics. Market systems thinking helps identify whether finance is truly the missing supporting function or whether the actual binding constraints are market access, input supply, infrastructure, and/or rules and norms.

Feasibility also includes protection mapping. In crisis and displacement settings, finance delivery intersects with safety: mobility restrictions, gender norms, and power dynamics can create risks. A feasibility assessment should therefore include a do-no-harm lens and identify the safeguards needed for ethical delivery.

19.3 Product design and responsible lending

Product design should be cash-flow aligned, culturally appropriate, and protection-sensitive. Practical considerations include loan size progression, tenor, repayment frequency, grace periods, and what happens during shocks. In crisis contexts, product flexibility can be a risk-management tool as much as a client protection tool: shock-triggered rescheduling can preserve both borrower viability and repayment culture when managed transparently.

Responsible lending requires affordability assessment and transparent disclosure. Client protection standards from the inclusive finance sector offer concrete guidance: appropriate product design, prevention of over-indebtedness, transparency, responsible pricing, respectful treatment, data privacy, and complaint mechanisms. In decentralised partner-first models, these standards must be embedded in partner training, SOPs and monitoring.

Instrument choice should be explicit. The programme may use a menu of revolving instruments—standard loans, repayable grants, in-kind/input credit, lease-to-own, or revenue/service-fee cost recovery—selected based on the inclusion frontier, cash-flow realities, and protection risk. The operational standard remains the same: clear repayment triggers and schedules, transparent client communication, affordability, and disciplined portfolio monitoring so that capital can be preserved and recycled.

Concessionality should be designed, not assumed. It may be embedded through pricing, subsidised delivery cost, flexible terms, or risk-sharing arrangements that allow affordability. The principle is to apply the minimum concessionality needed to reach the inclusion frontier responsibly, while maintaining the discipline needed for capital preservation.

19.4 Governance, roles and decision rights

Clarify decision rights. Who screens applicants? Who approves loans? Who disburses funds? Who collects repayments? Who authorises rescheduling and write-offs? Decentralised systems fail when roles are ambiguous. They also fail when incentives are misaligned (e.g., rewarding disbursement volume without accountability for repayment quality or client protection).

Loan committees can be effective when they combine local knowledge with clear rules and when conflicts of interest are managed. NEF's graduated oversight approach is a useful practice: early phases include closer technical involvement and stronger verification; later phases transfer responsibility as partner performance stabilises.

Governance should also include community accountability: clear communication on eligibility rules, transparent reporting of fund performance at an appropriate level, and accessible grievance mechanisms. These features strengthen legitimacy and reduce capture risk.

19.5 Portfolio management: arrears, rescheduling and write-offs

Portfolio management policies define whether capital is preserved. A decentralised RCF should have clear rules for arrears follow-up, rescheduling during shocks, and write-offs. Rescheduling is especially important in crises: poorly handled rescheduling can destroy repayment culture; overly rigid policies can destroy borrower viability. Good practice is to use transparent criteria (shock verification, enterprise viability assessment) and to document decisions to maintain integrity.

Arrears management should be supportive rather than punitive. The goal is to diagnose the cause of delinquency and to respond appropriately: business guidance, rescheduling, or escalation where fraud is suspected. In fragile settings, a proportion of delinquency is often shock-related. Programmes should treat shock as a predictable feature and design policies accordingly.

19.6 Systems and data: minimum viable digital oversight

Digital systems can dramatically improve scalability and integrity. Even a minimum viable lending management system can standardise the loan process, create audit trails, and provide real-time portfolio monitoring. Where connectivity is limited, offline-capable tools and periodic synchronisation can still deliver value.

Data is not only for control; it is for learning and adaptation. Portfolio data can reveal sector risk, the effects of repayment schedule changes, and which non-financial services correlate with better outcomes. Over time, data can support more advanced credit assessment and graduation pathways, and can also strengthen credibility with financial institutions and investors.

19.7 Capital strategy: building a facility, not a project

A central practice lesson is to design the capital strategy alongside the programme model. What is the fund's life? Will it be evergreen? How will operating costs be covered? How will inflation risk be managed? What risk-sharing arrangements will protect the principal while keeping terms affordable? How might the fund crowd in other resources over time?

Blended finance principles can guide this design. Concessional funding should have an economic rationale, be governed transparently, and aim to crowd in other finance where feasible. In practice, an RCF capital stack can include donor grants for operating cost and technical assistance, a first-loss tranche to protect the fund, and a senior tranche from mission-aligned investors or local financial partners. This approach aligns with NEF's derisking strategy and can create a growth pathway beyond donor-only capitalisation.

20. Measurement, learning, and research agenda

RCF performance should be measured at three levels: (i) financial performance (repayment, PAR, write-offs, capital preservation); (ii) operational performance (cost per loan, turnaround time, partner capacity indicators, governance compliance); and (iii) development outcomes (enterprise revenue and net income, jobs, household consumption and food security indicators, resilience and coping, women's agency, and climate-related investments).

NEF's programme learning to date points to a strong contribution to poverty-relevant outcomes when revolving finance is delivered responsibly and bundled with enterprise support. Across contexts, NEF evidence indicates improvements in household income and stability, reductions in reliance on harmful or high-cost debt, greater ability to meet basic needs, and shifts in coping strategies consistent with reduced food insecurity. At the enterprise level, NEF monitoring frequently reports business continuity and growth signals—including job creation (new paid work or retained jobs), increased revenues, and reinvestment in productive assets. Qualitative learning also points to psychosocial and empowerment effects—especially for women and youth—such as higher self-confidence, greater agency in household decisions, and strengthened social networks through group-based delivery and local partners.

These outcomes are central to NEF's value proposition and should be treated as a core learning and communications priority rather than as secondary narratives. Practically, this means continuing to capture and triangulate household-level welfare indicators (basic needs, food security proxies, coping strategies, debt profiles), enterprise-level indicators (revenues, profits, jobs, investment, survival rates), and resilience indicators (buffers, diversification, shock recovery). NEF should also continue to analyse results by group—women, displaced people, rural producers, youth—and by context type (protracted crisis vs more stable development), so that the organisation can refine product design, targeting, and complementary services while communicating clear evidence on what works, for whom, and under what conditions.

Public evidence on microcredit impacts is mixed and often modest on average. Randomised evaluations have shown that microcredit can increase business investment and profits for some borrowers, but effects are not uniformly transformative and can vary by context and product design. This underscores a practical lesson for NEF: the strongest case for RCFs in fragile settings is not an abstract claim that 'credit reduces poverty,' but a context-specific claim that 'responsible, concessional, decentralised finance combined with enterprise support preserves livelihoods and stabilises markets in fragile settings, while preserving capital for repeated use.'

For a study-grade evidence base, NEF can strengthen attribution through comparative and quasi-experimental designs: phased rollouts, matched comparison groups, and regression discontinuity or difference-in-differences where feasible. Qualitative research remains essential for capturing protection and inclusion effects that are hard to quantify. A pragmatic research agenda should prioritise questions that directly inform scale and sustainability: which product terms preserve repayment culture under shocks, what level of concessionality is necessary to reach the inclusion frontier responsibly, which non-financial services have the highest marginal impact, and how decentralised governance affects both inclusion and fiduciary integrity.

Finally, learning should include cost-effectiveness. Revolving finance is often justified as 'more sustainable,' but that claim should be evidenced through metrics such as cost per outcome, the number of cycles and borrowers per initial dollar, and preservation of real capital value under inflation. These measures strengthen the credibility of the model for funders and partners. NEF's recent cost-effectiveness analysis in the context of Syria and Sudan RCFs has highlighted the possibility of capturing those metrics even in highly complex, fragile, and dynamic settings.

21. Linking revolving finance with social protection, cash transfers, and graduation pathways

Economic inclusion in displacement and crisis settings is increasingly framed as 'cash-plus' or 'social protection plus': predictable assistance that protects basic consumption, combined with promotive support that enables livelihoods and self-reliance. This framing matters for revolving finance because it helps answer a core ethical design question: when is credit appropriate, and when are grants or protective transfers necessary first?

NEF's internal working group on unlocking social protection through economic inclusion in displacement-affected settings positions revolving finance as one component in a blended operating model. The model combines (i) promotive economic inclusion (skills, enterprise support, market integration and access to capital), (ii) protective and preventive support (cash and voucher assistance where needed, shock response and stabilisation), and (iii) transformative safeguards (rights-based accountability, protection referrals, and inclusion measures). In practice, this means revolving credit is used when there is a plausible repayment pathway, while cash or protective instruments address immediate vulnerability and reduce the risk that credit becomes harmful.

This approach aligns with CGAP's analysis of inclusive finance in fragile contexts, which emphasises the importance of understanding and complementing humanitarian systems rather than operating in isolation. Revolving finance can complement cash assistance by enabling productive investment and by supporting market continuity, while cash assistance can protect consumption and reduce distress borrowing—thereby improving the conditions under which credit can be used responsibly.

A practical design implication is sequencing. In highly vulnerable households, the pathway may begin with grants or cash support and progress to savings and credit as stability increases. For less vulnerable but excluded entrepreneurs, concessional revolving credit may be appropriate earlier. These pathways can be operationalised through targeting criteria, loan size graduation, and integration with case management and referral systems.

21.1 Why this matters for capital preservation and deep inclusion

Linking revolving finance with protective systems is not only a welfare consideration; it is also a fund integrity consideration. When programmes push credit into contexts where households cannot realistically repay—because income is unstable, shocks are frequent, or needs are too acute—the result can be both borrower harm and loss of capital. Protective assistance, shock response mechanisms and flexible rescheduling policies create a buffer that helps preserve both livelihoods and the revolving fund itself.

In other words, **capital preservation and deep inclusion are aligned when programmes are willing to combine instruments.** Concessional revolving finance can stretch resources, but it does this best when it is embedded in a broader architecture that prevents borrowers from being forced into debt stress.

22. Community finance analogues: what community banks, savings banks, credit unions, and CDFIs teach about decentralised inclusive finance

NEF's decentralised RCF approach has strong precedents. In multiple financial systems, community-rooted institutions exist precisely because mainstream banking models do not reliably serve smaller borrowers or economically weaker regions. Understanding these analogues strengthens the theoretical foundation for NEF's model and provides practical lessons for scale and sustainability.

Community banks and relationship lending. Banking research emphasises that local banks have a comparative advantage in small business lending because they collect soft information through proximity and relationships. This helps overcome information asymmetry that makes small business lending difficult for large, centralised institutions. NEF's partner-first model mirrors this logic: local partners and service points reduce information gaps and enable context-specific assessment of viability, especially where formal records do not exist.

Savings banks and the regional principle. Germany's savings bank system is frequently described as operating under a regional principle: funds mobilised locally are reinvested locally, supporting households and MSMEs and preventing capital outflow from weaker regions. Although NEF's RCFs are not deposit-taking institutions, the analogy is instructive. It frames local capital circulation as an intentional design feature that strengthens local economies and can reduce long-run exclusion.

Credit unions and cooperative governance. Credit unions are member-owned cooperative financial institutions with an explicit mission of service to members. Cooperative principles (member ownership, democratic control, member economic participation, autonomy, and independence) provide a governance lens that is highly relevant to decentralised finance. They demonstrate that local financial governance can be both ethical and financially disciplined when roles, accountability, and data are well structured.

CDFIs and mission-aligned lending. Community Development Financial Institutions (CDFIs) are mission-driven lenders that provide finance to underserved borrowers and often combine loans with advisory support. The British Business Bank describes CDFIs as non-profit lenders that provide debt finance and support through a relationship-based approach. In the US, the Treasury's CDFI Fund exists to expand the capacity of these institutions to serve underserved markets. The CDFI logic parallels NEF's RCF logic: catalytic capital is used to sustain an inclusion mission that markets would otherwise undersupply.

Together, these analogues support a central thesis: **decentralised, relationship-based finance is a proven institutional form for inclusion.** NEF's RCFs can be positioned as a fragile-context adaptation of these proven models—designed for last-mile delivery where volatility, informality and protection risks make conventional lending infeasible.

22.1 Practical lessons from community finance for NEF RCF scaling

Several practical lessons translate from community finance models to NEF's context:

First, governance is a scalability tool. Community-rooted models scale when governance is standardised enough to protect integrity, while remaining local enough to retain soft information advantages. NEF's graduated delegation approach is consistent with this: build partner capability and enforce core standards, then decentralise decision-making while maintaining fund-level oversight.

Second, proximity lowers costs and risk simultaneously. Relationship-based models reduce underwriting error and can lower delinquency, which is critical for capital preservation. This supports NEF's focus on decentralised service points even when digital finance is expanding.

Third, mission requires catalytic capital. Community finance models often rely on public or philanthropic support to reach underserved groups. This reinforces the study's argument that concessionality is not an optional discount; it is the enabling condition for inclusion where markets fail.

Fourth, blending finance with support services is normal, not exceptional. CDFIs and credit unions frequently provide advisory support alongside lending. This mirrors NEF's finance-plus approach and strengthens the case that non-financial services should be treated as part of the lending system rather than as an 'add-on.'

23. The Siraj pathway: institutionalisation and ecosystem building in Syria

NEF's Syria experience is not only an example of lending performance; it is an example of building an ecosystem around enterprise recovery. The Siraj model is an integrated platform combining: (i) decentralised finance; (ii) enterprise capacity strengthening; (iii) market linkage support; and (iv) digital tools (such as digital platforms for business support and market access). This is consistent with the market systems approach: finance is most effective when embedded in a broader system of supporting functions.

NEF's recent 'Inclusive Growth and Job Recovery in Syria' programme emphasises building on the proven Siraj model, with a strong focus on women, youth, and underserved groups and with a pathway toward inclusive growth and job recovery. The programme also reflects a mature view of sustainability: it leverages the revolving credit facility alongside donor co-funding, treating the revolving mechanism as a lasting asset that can be expanded and reused across programmes.

23.1 Why ecosystem framing matters for scale

The Siraj pathway illustrates a key scaling principle: the unit of scale is not only the loan. The unit of scale is the system that makes loans productive and safe—partner networks, enterprise support, data systems, market integration, and governance. When these components are treated as a coherent platform, scaling becomes more feasible and less risky. It becomes possible to replicate the model into new geographies, to transfer operational capability to partners, and to build partnerships with financial institutions that can eventually refinance or co-lend with the platform.

This ecosystem framing is also relevant for climate resilience and food systems. Digital and market platforms can connect producers to buyers, reduce transaction costs, and support traceability and quality—all of which make credit more likely to produce sustainable returns. In fragile settings, these system effects can matter as much as the credit itself.

A Siraj centre in Jordan

24. Revolving finance for communal and collective assets

Revolving funds are often described as financing individual households or micro-entrepreneurs: working capital, small tools, or inventory. But in many fragile and rural economies, some of the biggest barriers are not individual—they are shared. Producers may lose assets because there is no storage. Traders may pay more because there is no bulk buying or shared transport. Small businesses may stay informal and low-margin because there is no shared equipment or processing space.

A decentralised RCF can respond by financing communal and collective assets, not only individual income activities. This means using revolving finance to support assets that are owned, governed, and used by a group—such as a cooperative, women's group, community association, or value-chain cluster. Examples include storage units, processing machines, shared workspaces, irrigation improvements, or transport and market infrastructure that charges modest user fees.

The point is practical: when a shared asset removes a bottleneck, many households and enterprises benefit at once, and repayment can come from diversified user fees or group revenues. This fits NEF's partnership-first approach because local institutions are best placed to set fair rules, keep records, manage maintenance, and resolve disputes. It also supports sustainability: once repayments refill the facility, the same window can finance upkeep, replacement, or the next shared constraint.

24.1 Why collective assets matter for resilience, food systems, and market functioning

Collective assets can improve food availability and access by strengthening local value chains. Storage reduces post-harvest loss and helps farmers avoid distress sales right after harvest. Cold or dry storage can extend market windows and reduce spoilage. Shared processing equipment (milling, drying, pressing, packaging) can increase value added and improve the supply of affordable food products locally.

Collective assets can also unlock climate resilience. Many adaptation investments have a shared scale: water harvesting, irrigation canals, communal solar pumping, shared equipment that saves fuel or water, or processing that reduces waste. These investments are hard to finance through individual microloans because benefits and responsibilities are shared. A revolving facility can finance a cooperative or committee to manage the asset and recover costs through fair, transparent user fees.

Finally, collective assets can strengthen community resilience and cohesion when designed well. Shared infrastructure requires agreed rules, transparent decisions, and basic accountability. In fragile and displacement-affected settings, that governance practice is itself a resilience gain. The design must include safeguards against capture and exclusion—especially for women, youth, and displaced people—so that collective assets widen access rather than reproduce local inequalities.

24.2 How a revolving fund can finance communal assets

Financing communal assets requires a slightly different design logic than financing individual enterprises, because repayment is typically generated through collective revenue and governance rather than a single household cash flow. There are several established structures that can be used within an RCF framework.

One structure is a cooperative or association loan. The borrower is the cooperative, producer group, or community association. The loan finances a shared asset such as storage, a processing unit, or shared equipment. Repayment is made through member contributions, service fees, or profits generated from using the asset (for example, milling fees or storage charges). This structure depends heavily on governance capacity and clear rules for how revenues are collected and allocated.

A second structure is asset leasing (or lease-to-own). The RCF (or a partner entity) purchases the asset and leases it to the group. User fees collected from members or clients are paid into the fund as lease payments, and after a defined period the asset transfers to the group. This can simplify collateral and reduce misuse risk because the asset remains under contractual control until payments are completed.

A third structure is a user-fee financed community infrastructure model. Here, the RCF co-finances a community infrastructure investment—such as a market hangar, a cold storage unit, or an irrigation channel rehabilitation—on the condition that a user-fee system is established and transparently managed. Fees replenish the revolving facility and finance maintenance. This model is especially relevant when the asset has quasi-public-good characteristics but still generates predictable cash flows.

In practice, communal asset financing often works best as blended finance at the micro-level: a grant component can cover the 'public good' portion (for example, initial construction or governance establishment), while the revolving component covers productive, revenue-generating portions that can realistically repay. This is consistent with the study's concessionality argument: subsidy is not a weakness; it is a tool to align finance with real market failures and inclusion goals.

24.3 Governance, inclusion and safeguards for collective assets

Because communal assets rely on collective action, governance is the central success factor. The main risks are well-known: elite capture (a few people control the asset and exclude others), free riding (users do not contribute to repayment or maintenance), weak maintenance leading to asset failure, and conflict over usage rules. These risks can be higher in fragile settings where local governance is stressed.

A decentralised, partnership-first model can mitigate these risks, but only if governance safeguards are explicit. These include: transparent eligibility and usage rules; bylaws that define decision rights, fee-setting, and accountability; accessible grievance mechanisms; routine disclosure of revenues and expenditures; and independent verification or spot checks. For gender and displacement inclusion, governance should explicitly protect access for women and other excluded groups—otherwise communal assets can replicate existing power imbalances.

A technical design element that is often overlooked is maintenance and depreciation. Collective assets fail when programmes finance purchase but not upkeep. Good practice is to require a maintenance reserve (funded from user fees), define responsibilities for repairs, and include basic training for operators and committees. Where feasible, simple service contracts with local technicians can reduce downtime and protect the asset's revenue stream—supporting both resilience outcomes and the revolving fund's capital preservation.

24.4 Concrete examples and linkages from NEF programming

NEF materials already frame revolving finance as capable of supporting collective investments.

In **Mali, NEF's** RCF delivers a 'clustered market infrastructure and collective investments window' that includes examples such as fattening barns, storage, and irrigation committees, with user-fee revenue designed to replenish the fund. The RCF in Mali also facilitates co-financing collective investments such as market hangars, small-scale irrigation committees, and cold or dry storage with cost-recovery mechanisms. These examples illustrate the practical model: the asset is collective, revenues are structured, and repayments recycle capital for additional investments.

Sudan evidence also points to collective asset logic through value addition and processing. The programme supports the financing of value-addition machines to enhance crop processing, alongside revolving loan funds and training. While equipment may be held by groups or local actors depending on implementation, the value-chain framing is consistent with a collective asset approach: processing machinery creates shared capacity, increases product value, and strengthens food system performance. The same programme delivers financial support used to construct storage options and adopt preservation methods such as solar drying, which are frequently most effective when organised at a group level.

In **Syria**, NEF's inclusive growth and job recovery programming supports advancing 'collective economic structures' and highlights constraints such as limited horizontal organisation and the absence of collective equipment and processes. This provides a strong rationale for using revolving facilities not only to finance individual microenterprises, but also to finance group-based assets that increase bargaining power and reduce unit costs for entrepreneurs—particularly women, youth, and other excluded groups. Further, the 'innovation loans' financing window in Syria prioritises collective assets and collective groups for the benefits of broader value chain, market, and/or community.

Across these contexts, communal asset financing reinforces the study's core thesis: deep inclusion and resilience are strengthened when finance targets the real bottlenecks in local economies. In many places, those bottlenecks are collective. A decentralised revolving fund is one of the few modalities that can finance collective assets responsibly because it can be governed locally, integrated with partner capability building, and designed with user-fee-based cost recovery that supports both sustainability and capital preservation.

24.5 Monitoring collective-asset revolving windows

Monitoring communal asset financing requires additional indicators beyond standard loan portfolio metrics. In addition to repayment performance and fund recycling, programmes should track: asset utilisation rates (who uses the asset, how often), inclusion (women, youth, displaced users), fee collection performance, maintenance reserve adequacy, downtime and repair cycles, and value-chain outcomes such as post-harvest loss reduction or improvements in price differentials for producers. These metrics connect the facility's financial sustainability to its food systems, resilience and inclusion objectives.

Where collective asset windows are designed around food systems, monitoring can include warehouse throughput, storage capacity use, processing volumes, and seasonal price spreads. Where designed around climate resilience, monitoring can include water use efficiency, energy cost reduction, or adoption of climate-smart technologies enabled by the asset. This measurement approach also supports the study's argument that RCFs should be assessed as systems-building instruments, not only as credit disbursement mechanisms.

To learn more about our work or to get in contact, email info@neareast.org

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