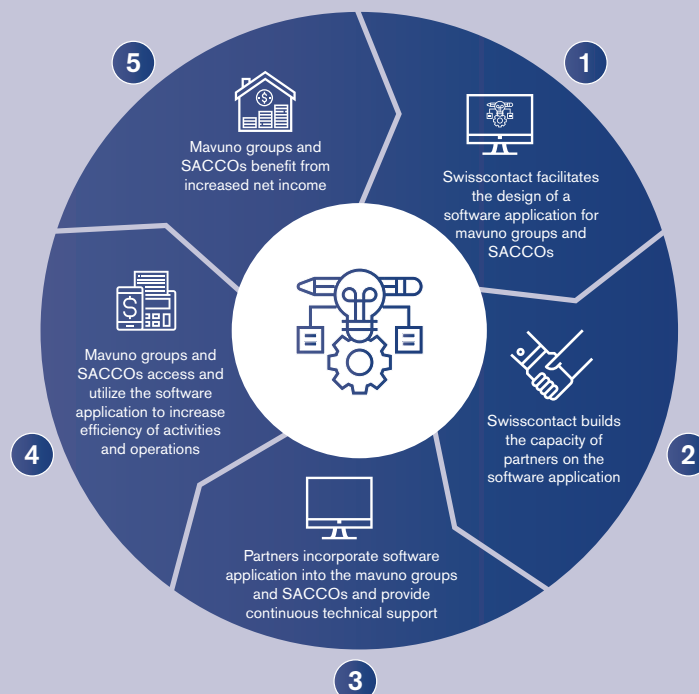


# Inclusive Finance Programme (IFP)

<b>INTERVENTION:</b>	<b>Innovation Lab</b>
<b>REGION:</b>	Central, East & Southern Africa
<b>COUNTRIES:</b>	Kenya, Uganda & Tanzania
<b>PROGRAMME PHASE:</b>	January 2017 – December 2020
<b>FUNDING:</b>	Swiss Agency for Development Cooperation (SDC), Swiss Private Sector and ESPERANZA Kooperative Hilfe gegen Armut

## INNOVATION LAB

Automation or Digitalization of mavuno groups and SACCOs

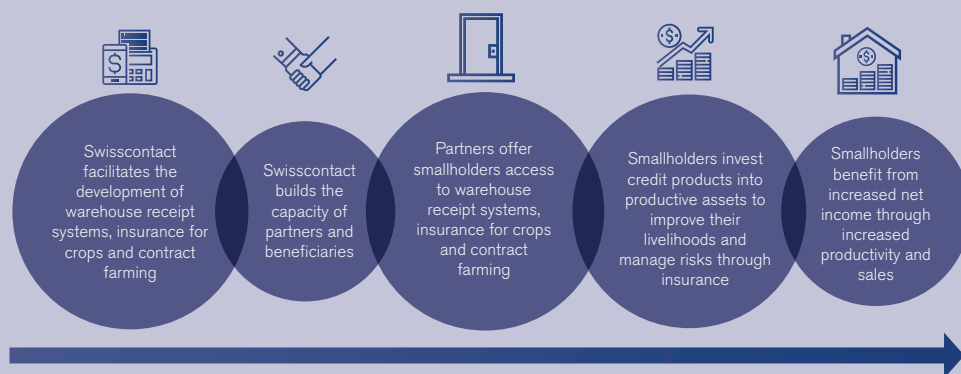


## RATIONALE

Innovation plays an important role in contributing to income generation, job creation, poverty reduction and a thriving economy. Today, many smallholders in the region face several challenges ranging from improper financial record keeping systems, unassured markets for their produce, inefficiency in business operations, high operational costs among others. These contribute to low production outputs and limit smallholder expansion. There is a constant need to apply practical strategic responses and adapt to the changing environment so as to increase productivity and food security, reduce risk, improve operations and fully benefit from outputs.

## INNOVATION LAB

Warehouse Receipt System | Insurance for Crops | Contract Farming



## INTERVENTION DESCRIPTION

This Inclusive Finance Programme (IFP) intervention seeks to craft unique financial products, test and eventually implement them within the different projects. The innovative components include: the warehouse receipt system, contact farming, insurance for crops and the automation or digitalization of mavuno groups and SACCOs. Swisscontact will facilitate and link the target beneficiaries; the bottom poor, to the market actors within all four components.

- **Warehouse Receipt System (WRS).** This innovation uses securely stored goods as loan collateral. It allows smallholders to deposit commodities in a secure warehouse against a receipt certifying the deposit of goods of a particular quantity, quality and grade. The smallholders can then use the receipt as a form of portable collateral to request for a loan from a financial institution. The linkage provided by the intervention will help smallholders increase their storage options which will moderate seasonal price variability, reduce post-harvest losses and increase production.
- **Contract Farming.** Smallholders face many challenges at farm level such as low quality supply, insufficient capital and limited market access. This innovation works on the premise that there is need to open up new markets which would otherwise be unavailable to smallholders. The farmers secure markets for their produce and access finance through structured arrangements that bring together stakeholders like insurance companies, input suppliers, processors and off-takers. Since the farmer price risk is reduced, they are able to generate good incomes. Some contracts also include the introduction of new technology which enables farmers to learn new skills.
- **Insurance for crops.** The intervention facilitates the linkage between smallholders and insurance firms who step in to cover farm crops from various production risks.
- **Automation or digitalization of mavuno groups and SACCOs.** The innovation seeks to improve efficiency in business operations through an easy-to-use and secure system for record keeping. The intervention will work with a service provider to customize, test, monitor, adapt and introduce the system for use by the project beneficiaries.

### CONTACT INFORMATION

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## EXPECTED INTERVENTION IMPACT



Improved access to structured finance by smallholders leading to increased supply chain efficiency, secured markets and insurance of crops against risks.



- Reach 3,900 smallholders through the warehouse receipt system in Kenya, Uganda and Tanzania.



- Reach 3,900 smallholders through insurance for crops in Kenya, Uganda and Tanzania.



- Reach 900 smallholders through contract farming in Kenya and Tanzania.



- Enroll 1,500 smallholders in mavuno groups through the automation or digitalization process in Kenya and Tanzania.

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