

Inclusive Finance Programme (IFP)



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



RATIONALE

Access to financial services is a vital component for economic empowerment and a powerful vehicle for uplifting the living standards of the poor and enhancing national development. However, accessibility to relevant and affordable financial services and productive assets is inadequate in the rural areas of East Africa, where over 70% of the population derives its livelihood from agriculture. This is caused by several factors ranging from lack of collateral and credit history required by all financial institutions when taking up loans, lack of affordable and structured products that are in line with the cash flow of the poor, low financial literacy among other reasons.

*Wananchi SACCO staff receives
logbook from asset dealer in
Nyeri*



Felix Ngatia feeding the cows he acquired through microleasing

INTERVENTION DESCRIPTION

The microleasing intervention fosters the quality development and provision of leases for the acquisition of productive assets by those at the bottom of the pyramid. It frees the smallholder farmers and micro entrepreneurs from upfront resource commitments and helps them grow their businesses, increase their net incomes and create additional jobs using productive assets. A micro-lease is an insured and structured loan product tied to a productive asset. The asset pays itself off from the production outputs over a given transaction period and transfer of ownership only takes place once the user has fully paid for the asset.

Swisscontact plays a facilitation role and conducts several feasibility and market studies. The intervention comprises preliminary dialogue with stakeholders to explain the proof of concept. It supports contract negotiations between key parties and organises capacity building sessions for the different stakeholders. Additionally, it enables linkages between the microleasing service providers and investors as asset pre-financing is key to meeting demand.

EXPECTED INTERVENTION IMPACT



Fill the financial access gap by facilitating the provision of fully-fledged financial leases for the acquisition of productive assets by the bottom poor thus enabling them to diversify and get additional income.



Reach:

- 8,000 smallholders in Kenya, Uganda and Tanzania.
- 50 Micro-Small and Medium Enterprises (MSMEs) in Tanzania.
- 1,745 youths in Uganda.

TESTIMONIAL

"Being a member of Wananchi SACCO has helped me secure life's necessities for my family. Through the tailor-made microleasing products, I have been able to acquire productive assets whose outputs I have used to pay back the SACCO. In 2014, I acquired a cow worth CHF 790 through the microleasing product - Kilimo Maziwa. I worked hard and was able to fully payback the lease using the income from the milk sales. I also created a job for my eldest son when I purchased a motorcycle worth CHF 1,305 through the Chomoka na Pikipiki product. He uses the motorbike to ferry people around the area and transports my milk for sale to the local dairy societies. Before taking up the micro-leases, I used to work as a casual labourer and earned CHF 59 a month. I now make up to CHF 197 a month from my milk sales and have been able to buy six sheep and ten chickens with my income. My son is also able to sustain his family's needs."

Felix Ngatia | 56-year-old Beneficiary and Member of Wananchi SACCO in Nyeri, Kenya.

CONTACT INFORMATION

Swisscontact, Swiss Foundation for Technical Cooperation
6th Floor, Victoria Plaza, Westlands
P.O. Box 47996 00100 Nairobi, Kenya
Tel: +254 20 374 3927/4042
www.swisscontact.org

We create opportunities



Swisscontact worldwide



@Swisscontact