Press Release
Zurich – 08/08/2016

10 years of the Financial Services Programme in East Africa

Linking cows with economic growth

Innovative leasing models create new opportunities. In the last 10 years, more than half a million Micro, Small & Medium Enterprises (MSMEs) have benefited from Swisscontact’s Financial Services Programme in East Africa. They have increased their incomes on average by 10%. Moving forward, Swisscontact will continue its efforts to increase economic leverage for MSMEs and farmers.

If a smallholder farmer in Kenya can only afford one productive dairy cow, then each day he can produce as much as four-times more milk than if he had just a local zebu variety. There’s just one problem: such a high-producing dairy cow costs four-times as much as a zebu. This is money the smallholder farmer cannot muster and a bank will not give him a loan for lack of collateral.

Therefore, in 2003 Swisscontact came up with the microleasing approach and has been implementing it in various country programmes since 2006. Instead of taking a loan, smallholder farmers and SMEs in East Africa have been leasing productive assets, such as dairy cows with higher milk yields, a water pump, or a milling machine from local financial service providers. The microleasing arrangement offered will help small businesses and farmers generate income, build savings, and continue to pay off the leased asset. The value of leased assets has increased over the last 10 years from US$55,000 to over $28 million.

Sustainable local value added: making financial services available to all

Well-functioning financial systems are essential to entrepreneurial initiative and economic growth. The stated objective of Swisscontact’s Financial Services Programme in East Africa is to make banking services available to poorer segments of the population as well. In this way, MSMEs, subsistence farmers, and low-income households are able to expand their economic activities and diversify their sources of income. Microleasing is just one of many components in this programme, which is celebrating its tenth anniversary this year. The focus is on linking various levels of the financial sector, developing innovative financial products, and supporting the organisational development of financial service providers.

In terms of the supply of various services, Swisscontact is working together with local financial institutions and advises them in the development and introduction of goods and services that are also useful and important to poorer segments of the population. Thus, more than 2,000 providers of financial services have received support in capacity- and skills building over the last 10 years. On the demand side, Swisscontact for example has helped establish 1,900 savings groups through which villagers learn what it means to save and loan out money, in addition to concepts of securities, interest, and how to increase rates of return.
For more information, go to:

About Swisscontact

Swisscontact promotes economic, social, and environmental development in that it offers people the opportunity to improve their living conditions through their own efforts. At Swisscontact, our projects facilitate access to vocational education and local financial services. We also promote entrepreneurship and support efficient use of resources in order to promote effective income generation and employment.

Swisscontact was founded in 1959 as an independent foundation by notable figures of commerce and science in Switzerland. The organization works exclusively in international development cooperation and has been implementing its own projects and mandates since 1961. Swisscontact has maintained close ties with the private sector since its inception. With around 1,100 employees, in 2015 Swisscontact is active in 33 countries. The foundation is headquartered in Zurich.

Media contact

Swisscontact
Swiss Foundation for Technical Cooperation, Hardturmstrasse123, CH-8005 Zurich, Switzerland
Katrin Schnellmann, Communications
E-Mail: katrin.schnellmann@swisscontact.org, Tel. +41 44 454 17 14

www.swisscontact.org