



Access to Financial Services for Cocoa Farmers

World Cocoa Conference 2018

Claudia Huber
devImpact GmbH

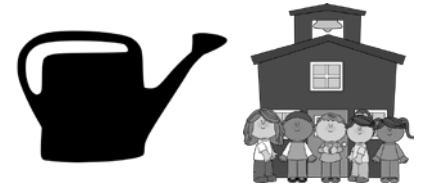
24 April 2018

Farmers need a range of financial services...

... (but) tailored to their needs and the specific context!



savings



short-term liquidity



Investment credit



payments



risk management
mechanisms

Financial Institutions

- Understand overall cash flows/needs and design tailored products
- Timing/seasonality
- Alternative delivery channels
- Non-traditional collateral



Government

- No direct lending
- Check subsidies for interference
- Enabling framework conditions (simplified KYC, non-traditional collateral, alternative delivery channels)
- Financial literacy initiatives

Industry

- Contracts
- Tripartite agreements
- Track records for farmers
- Transparent conditions for input finance

What can governments do?

- Do not engagement in lending yourself!
- Check if planned subsidies interfere with any private sector activity
- Support/lobby for enabling framework conditions for sustainable access to finance (innovation vs. consumer protection)
 - Simplified Know-Your-Customer regulations
 - Non-traditional (movable) collateral
 - Alternative delivery channels
- Support financial literacy initiatives on a national scale

What can industry do?

- Provide contracts that can be used as collateral
- Engage in tripartite agreements linking farmers/cooperatives to financial institutions
- Help establish track records for farmers, e.g. by digitalizing crop flows
- If providing input finance or working capital directly, be transparent about conditions
- Look at farmers full range of needs, including household needs

What can donors do?

- Support financial institutions in developing strategy/products (pilots) for agricultural sector
- Develop business case calculations for farmers
- More importantly: help to scale successful pilots
- Support development of alternative delivery channels (mobile money/agent banking), help fund up-front investments (tablets, motor bikes...)
- Provide long-term refunding capital for medium to long-term loans (investments!)
- In certain cases: provide well-thought guarantee funds (covering <50% of risk, time-bound, clear exit strategy)
- Prepare farmers for financial service (financial management, GAP, financial literacy)

What can financial institutions do?

- Start with cooperatives, but move down to the farmer level
- Think about solutions for cooperatives without export licences
- Understand farmers' overall cash flows and needs and design tailored products
- Develop alternative delivery channels and pass on savings in operational costs to clients... and/or lower your ticket sizes
- Get the timing/seasonality right
- Be open about non-traditional collateral
- Encourage savings



Claudia Huber
devImpact GmbH
claudia@dev-impact.com
+41-78-896 85 60



devImpact