

Eastern Africa Farmers' Federation (EAFF)

Norbert Tuyishime

Department Trade, Agribusiness and

Policy

31st May 2023

Nairobi, Kenya



Content

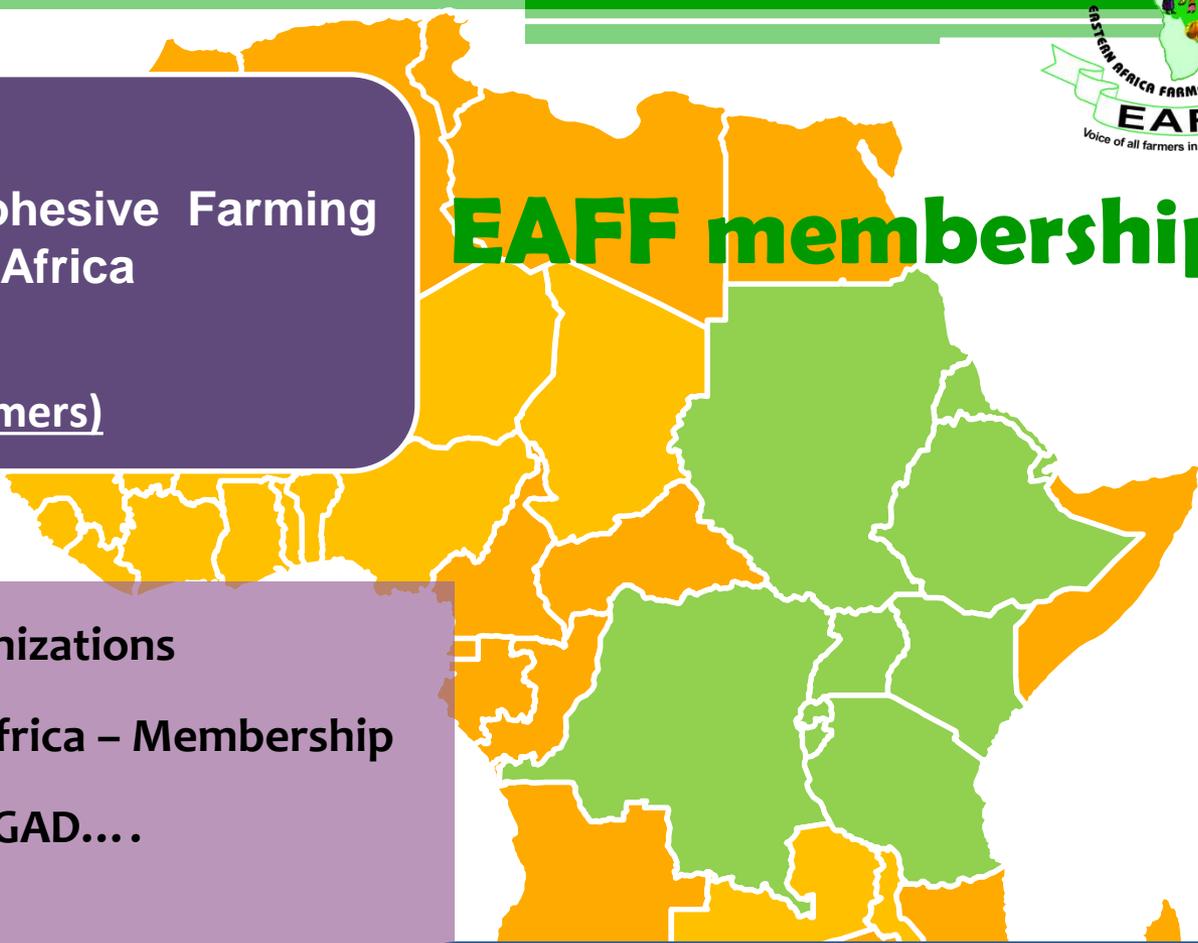
- EAFF Membership
- EAFF experiences for SHFs access to finance
- What EAFF and members are doing to facilitate SHFs access to finance?
- Lessons

E AFF Vision

A Prosperous and Cohesive Farming Community in Eastern Africa

Currently (> 20 million farmers)

E AFF membership



10 countries; 24 apex organizations

Our scope is the Eastern Africa – Membership

scope in EAC; COMESA & IGAD....

- Producer co-operatives;
- Commodity Associations;
- Women organizations;
- Lobby & advocacy based ;

- Launched in 2001 - operations from 2005
- Purpose – Regional Integration process
- Members are producers of crops; livestock; fisheries & Agroforestry

EAFB experiences for SHFs access to finance

Challenges:

Smallholder farmers are seen as high-risk profile clients, dependent on climate, and with no collateral. Financial institutions are very shy of investing in small holder farmers and less than 1% of bank lending goes to Agric and even this is mostly consumed by large scale farmers. Many reasons:

- Fragmentation
- Lack of historical data for credit scoring
- Unreliable partnerships with other key value chain actors: Markets, input suppliers
- Capacity to understand commercial loans (T&Cs, interest rates)
- Lack of collateral

Supply side:

- Most FSPs in EA do not have adequate capacity in agriculture sector....
- Payment schedule does not take into account agricultural seasons

What EAFF and members doing to facilitate SHFs access to finance

EAFF: Kenya, Rwanda and Uganda



Facilitation services:

- Help FOs secure supply contracts which enable them access affordable credit and insurance in order to procure certified inputs and mitigate production risks

Scaling up rural youth/women access to finance

1. Identify bankable projects from youth and women groups
2. Matching of these bankable projects to financial institutions

EAFF Members

- Burundi: Staple crops (Cereals, tubes, beans, etc)
- CAPAD (Confederation des Associations des Producteurs Agricoles pour le Development): **La SOCOPA** est une Société Coopérative de transformation agro-alimentaire et de commercialisation des produits agricoles. STa

Initiator	Partner	Type of partner	Agreement status	Achievements/ progress
CAPAD	FENACOBUR	Microfinance	Agreements signed with 44 cooperatives	Granting of a loan of USD 254571.70 for the 2023A agricultural season
CAPAD	FINBANK & BANCOBU	Bank	Agreement signed	Approved USD 384,985.56 to SOCOPA to be able to aggregate and purchase farmers' produce.

- Kenya: Dairy sector

Tripartate agreement: (3)Dairy cooperative, Kenya Cooperative Creameries LTD and Cooperative Bank. The lending is done to Cooperatives and to individual farmers

lessons

- It takes time to build trust... 2 to 3 years and out of 15 FSPs you end up working with only 2 to 3
- Guarantee funds tended to benefit the private sector much more than FOs and which, when they exist, once these funds have been withdrawn, Banks are very reluctant to grant financing to FOs due to the reasons mentioned the high costs which are engaged; which means that there is a need to adjust the products for the business of POs to be viable.
- an agricultural bank be established handle agricultural financing and generally to develop special products for youth in accessing: Rwanda,
- Use of technology is very critical in reducing the transaction costs associated with traditional way s of serving farmers.



Thank you