

Photo: Catherine Wakinga



INNOVATIVE FINANCE FOR IMPROVED LIVELIHOOD PROJECT (IFIL)



IFIL is a 5-year (2021-2026) pilot partnership project implemented by Church of Sweden (CoS), Oikocredit International and We Effect with funding from Swedish International Development Agency (Sida). In acknowledging the multiplicity of challenges faced by FBOs in Kenya and Uganda, IFIL project will focus on addressing their capacity weaknesses and opportunities of 30 farmer-based organisations (FBOs)

The project combines a Loan Guarantee Facility with Capacity Building Initiatives in a

unique way to address the lack of access to financial services through a set of interventions, involving different types of actors bringing together different funding modalities, development agencies, technical assistance providers and investors.

It is targeting 30 Farmer Based Organisations (FBOs) in Kenya and Uganda largely owned by women and is an innovation implemented through a human rights-based approach.

PARTNERS

The Church of Sweden (CoS) plays the overall global coordination, monitoring and evaluation role of the project. CoS has an extensive background and history of working with agricultural development and sustainable livelihoods since the start of the Church of Sweden Aid in 1947. CoS works in several countries to increase access to finance for micro, small and medium-sized agricultural businesses.

We Effect which plays the actual coordination of implementation in the two countries is a development organisation working in 25 countries in the world facilitating sustainable development through partnerships with member-owned-member-managed organisations. We Effect has vast experience in organizational development with emphasis on human rights-based approach, promoting inclusivity, gender equality and youth participation in development. We Effect has

its regional office based in Nairobi and country offices in Uganda and Tanzania. In its development cooperation, We Effect uses a variety of strategies and methods. They all aim at achieving the mission to, through a mutual partnership, strengthen local and democratic civil society organisations so that their members can improve their living conditions, enforce accountability of duty-bearers, defend their rights and contribute to a more just world.

Stichting Oikocredit International Support Foundation (Oikocredit) is responsible for conducting technical assessment of the farmer-based organisations as well as in capacity building efforts of the FBOs.

Oikocredit will work closely with We Effect in jointly rolling out the project in Kenya and Uganda.



Overall Objective

Improved livelihoods of members of strengthened farmer based organisations (FBOs) in Kenya and Uganda.

Project Objective

Strong farmer based organisations (FBOs) (including Cooperatives, Sacco's and SME's) accessing commercial loans for improved businesses and service delivery to their members.

Project expected outcomes

The project seeks to enhance access to financial services for the targeted FBOs. Gender mainstreaming will enhance equal opportunities for women, men and youth to access financial resources, which is critical for improved livelihoods, survival of rural enterprise, and poverty reduction.

The ripple effects of financial access for FBOs include; improved capacity of farmers to invest in climate-smart and sustainable agriculture, uptake of agriculture technology (including agricultural value chain digital services), secured all year employment, economic empowerment of women, improved food security, stable income, value addition, reduced rural-urban migration and resilience to climate and environmental change.

- a) Improved loan access by 30 mature FBOs to invest in their value chains. (Within 5 years of capacity building start.
- b) Improved policies that support the commercialisation of FBOs businesses are discussed.
- c) Financial Service Providers (FSP) develop more responsive products to FBOs.
- d) Other civil society organisations that show interest to participate in similar interventions arise.

PROJECT COMPONENT



Capacity building Stream

The aim is to achieve an increase of a specific capacity and meet a threshold that a financial service provider would set to be able to engage and ultimately enable access to financial services, a loan, that will further enhance the prospect of the FBO and its relevance to its members and thereby contributing to improving the livelihoods of the members.

Establish a simple process, yet effective in improving the institutional capacity of a specific selected FBO to be able to get access to financial services appropriate to the business of the FBO. Capacity assessment, tailored capacity building plan, Role out implementation (emphasis on Human Rights-Based Approach (HRBA), promoting inclusivity, gender equality and youth participation).



Small Credit Facility

The pilot aims to introduce a small credit facility (SCF) that will be able to offer short-term loans (6 months-2 years) below market rate (the finalisation of the product will be done jointly with the facility manager, We Effect, and Church of Sweden).

The small loans of each of (5000 – 20 0000 USD) for weaker FBOs (estimated to be around a third of the portfolio) will facilitate organisational development and contribute to productive assets and/ or activities.



Loans by Guarantee

Loans issued will be based entirely on Oikocredit's normal loan procedure, in terms of ESG and financial scrutiny-scoring, agreements and conditions and other administrative aspects that may occur. The loans procedure is thus a matter for the financial service provider entirely.

EXPECTED RESULTS



Improved livelihoods of members and strengthened FBOs in Kenya and Uganda.



Better policy framework/ implementation policy.



Commercial banks/institutions increased lending to Farmer Based Organisations (FBOs).



Other CSOs engage in similar interventions.



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