

FEASIBILITY STUDY – FACTSHEET

Feasibility Study	FSW-13: Inclusive financial services for cocoa growing families through a holistic outgrower finance approach
Country	Ghana
Partner Financial Institutions	Allianz Ghana, Lindt & Sprüngli, Armajaro
Grantee	Swiss Microfinance Holding (SMH)
Overall Budget	CHF 156'220 (35% self-contribution)
SCBF Contribution	CHF 101'700 (65% SCBF funding share)
Date of Approval	18.12.2014
Duration	01.2015 to 06.2015
Context	Ghana has an enabling environment for inclusive financial services, authorizing a broad range of institutions and services. This has led to a vivid network of microfinance institutions, focusing to a large extent on urban areas. Almost no institution is reaching out significantly to cocoa farmers, a low-income segment of several million people. Main reasons for almost complete exclusion of cocoa farmers from formal financial services are high transaction costs in remote areas and small ticket sizes in savings and credit.
Current Status of the MFI	Not yet established.
Objective and Main Activities	<p>The objective of the study is to assess the feasibility and provide key data for the business plan of a broker institution, connecting the services and information systems of a group of institutions in order to offer high quality services in small tickets to low-income households. This broker would develop and define savings, insurance and credit products based on the understanding of the demand side and its knowledge of the market actors and regulations. It would not provide these products itself, but mobilize partners to provide them on contract basis and it would make them accessible in rural areas through the use of the cocoa database, phone banking tools and substantial financial education efforts.</p> <p>The project associates microfinance competence (SMH), Lindt & Sprüngli, a Swiss chocolate producer that wishes to improve the live of the producers and establish a sound long term relationship, Armajaro, the purchasing company that is buying for Lindt from the farmers and running the Lindt database, and Allianz Ghana that wishes to develop new market segments with the support of the worldwide Allianz SE Group. This group of institutions is ready to invest together if the SCBF funded study is confirming the feasibility. The group envisages to provide a meaningful set of financial services to 10'000 farmers in year 1, and then expand the approach to the 100'000 farming families producing cocoa for Lindt. This means financial inclusion for at least 500'000 people from the poorest quarter of Ghana's population. It is expected that access to meaningful financial services will allow decreasing vulnerability of these families and stabilizing their household economy.</p> <p>Major deliverables of the feasibility study will be: (1) A detailed demand assessment report, (2) a term sheet on products and delivery mechanisms which will be discussed with stakeholders, and (3) an action plan and financial projections finalized and define the underlying business strategy, thus enabling an investment decision.</p> <p>Upon completion of the study, the group of investors in the broker institution should be in a position to take a decision for the initial investment and the business strategy.</p>
Next Steps	<p>Next steps after the FS will be:</p> <ul style="list-style-type: none"> • To prepare the legal and technical documentation allowing to proceed with the mentioned investment • To exchange on the developed approach with actors of other value chains in Ghana and elsewhere.