

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	SCBF 2017-03: Agricultural microinsurance and risk management for a rural MFI in Mali
Country / Region	Mali
Partner Financial Institution	Réseau de Micro Institutions de Croissance de Revenus (RMCR)
Grantee	Grameen Crédit Agricole Microfinance Foundation (GCAMF) endorsed by Syngenta Foundation for Sustainable Agriculture
Overall Budget	CHF 68'030 (34% self-contribution)
SCBF Contribution	CHF 45'210 (66% SCBF funding share)
Date of Approval	23.5.2017
Duration	4.2017 until 9.2018
Context	<p>In Mali, agriculture is a key economic sector, employing about two thirds of the active population, and representing 40% of the GDP (World Bank). However, neither the commercial banks nor the microfinance institutions are able to provide sufficient credit to farmers. One of the main barriers preventing microfinance institutions from lending to farmers is the existence of weather risk. Bad weather can lead to low yields and lower revenues for farmers who are unable to pay back their loans. In the absence of protection against weather risk, farmers are doomed to underinvest in their farm businesses, do not adopt modern farming techniques and maintain low yields.</p> <p>Crop index insurance is an innovative approach, which allows access to insurance even for smallholder farmers. Crop insurance protects farmers in case of adverse weather conditions leading to bad yields. Bundling crop insurance with seasonal credit is particularly relevant, as insurance reduces the risk of default for agricultural borrowers.</p>
Current Status of the MFI	<p>The Réseau de Micro Institutions de Croissance des Revenus (RMCR) was created in May 2000 by the local entity of the international NGO World Vision (WVI). The institution currently intervenes in rural areas of Segou, Koulikoro, Mopti and Sikasso regions. RMCR mainly offers one solidarity loan (Group solidarity or GS of three to nine members regrouped in Community Groups or CCO of up to 35 members) throughout its 22 branches and a limited number of individual loans. The majority of loans beneficiaries are women who, on average, account for 75% of clients' base.</p> <p>Crop insurance is a new product for RMCR. It is a particularly relevant tool to improve the creditworthiness of smallholder farmers and will help the MFI to expand its agricultural loan portfolio.</p>
Objective and Main Activities	<p>The project aims at improving agricultural risk management for both farmers and the microfinance institution by bundling seasonal credit with crop insurance based on weather index. It will also provide adequate sources of financing to the MFI as the insurance premium will be financed with an investor.</p> <p>Upon project completion, RMCR should be in a position to systematically propose crop insurance linked with credit to its clients, control the quality of the agricultural loan portfolio and improve access to credit for smallholder farmers.</p>