Project Factsheet

Project duration: March – July 2014
Implementation partner: Source Trust
Further partners: AZMJ, Farmers Support Company Ltd., St. Vincent Cocoa Company
Direct beneficiaries: Microfinance professionals at Farmers Support Company; 20 cocoa and pepper farmers (pilot)
Focus areas covered: fostering an enabling environment and removing constraints

Training for Agricultural Finance Professionals
St. Vincent and the Grenadines

Five staff members of the Farmers Support Company, the leading microfinance institution set up by the Government of St. Vincent and the Grenadines in December 2013, have been trained in agricultural value chain financing. The results of this initial training not only builds both staff and institutional capacity, but also pioneers a microfinance lending model that will serve the needs of local farmers by filling a vital gap to access financing options.

Context
Following the decline in market opportunities for bananas for local farmers over the past years, the St. Vincent Cocoa Company (SVCC) wants to re-introduce cocoa farming opportunities to Vincen- tian farmers as a viable agricultural commodity alternative. The farmer rate of planting cocoa, however, remained low due to combined constraints of planting material and fertilizer costs, coupled with accessibility of local financing. Banking institutions have been unwilling to provide funding to farmers for cocoa production due to the institutions’ lack of experience and understanding in working in the agricultural sector. Recognizing this shortcoming, the Government of St. Vincent and the Grenadines established the Farmers Support Company (FSC).

Project Content
This short-term project was comprised of two main components to first initiate a one-time loan officer training that then led to the development and piloting of a proactive lending model for rural farmers.

1. Loan Officer Training: A one-week training workshop was conducted for five FSC staff members by AZMJ, an international consulting firm focused on facilitating finance to rural and agricultural markets. SVCC participated in relevant sessions related to the private sectors role as a commercial buyer and exporter. In addition, on-going follow-on support by the lead trainer occurred through individual consultations with the trainees.

The workshop training components covered: a.) basic concepts of value chain analysis; b.) value chain finance and risk mitigation tools; c.) and how to apply these tools while developing value chain financial products in order to lend funds to cocoa and other farmers.

About the Lindt Cocoa Foundation:
The Lindt Cocoa Foundation was found in 2013 and has the declared purpose of working to achieve social and ecological sustainability in the cultivation, production and processing of cocoa and other raw materials used in chocolate production.

Learn more:
www.lindtcocoafoundation.org
2. Microfinance Lending Model: Following the training workshop, FSC developed a financial product to pilot with an initial 20 cocoa and pepper farmers in partnership with SVCC. FSC developed client profiles and gained assistance in developing guidelines to conduct farmer due diligence.

Under the pilot, SVCC worked closely with FSC representatives to provide loans for farmer working capital and investment purposes. At the time of the sale of cocoa and/or peppers, SVCC first pays down farmer loans while the remainder is paid to the farmer directly in cash or via direct deposit in a farmer bank account with FSC. If farmers do not currently have existing cocoa production or other means to service their interest as their cocoa trees mature, short-cycle production, such as peppers and ground provisions, are introduced to service interest and provide a viable income.

The outcome of the pilot was for FSC to apply their value chain finance expertise and develop a mutually beneficial financing arrangement with SVCC and other off-takers of agricultural produce in St. Vincent. In turn, this assists to increase the rate of new planting of cocoa, peppers, and other crops in St. Vincent.

Serving the Mission of the Lindt Cocoa Foundation
The project touches upon a focus area of the Lindt Cocoa Foundation by addressing one of the key constraints farmers face in gaining access to critical finance for agricultural development.

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