



ssnup

Smallholder Safety Net
Upscaling Programme



IMPROVING ACCESS TO AN AFFORDABLE AND FLEXIBLE AGRICULTURE LOAN PRODUCT IN INDONESIA



Africa



Latin America



Asia



Financial services



Non-financial services



Market building



Internal management

CONTEXT

The Republic of Indonesia is the world's largest archipelago of more than 17,000 islands straddling the Indian and Pacific Oceans in Southeast Asia. Indonesia is the fourth most populated country in the world, with a population reaching nearly 280 million. The nation's total land area used for agricultural production has increased over the last decades and is now equivalent to 32% of the total land area. Although its share of GDP is decreasing, agriculture is still of crucial importance for Indonesia's economy, accounting for 14% of GDP.

CURRENT STATUS OF THE INVESTEE

Established in 2004 as a foundation, Koperasi Mitra Dhuafa (KOMIDA) started providing microcredit in 2005 to the tsunami-affected population in Banda Aceh province in Indonesia. It transformed into a cooperative in 2008 in order to increase its outreach to more low-income and financially excluded women. KOMIDA is owned by a total membership of over 830,000 women. As a savings and loan cooperative, it helps low-income women through financial assistance in the form of savings and collateral-free loans, non-financial services, motivating education for members' children, and family financial management. KOMIDA implements group lending using the Grameen methodology. As of October 2022, KOMIDA operates in 324 branches in 13 provinces in Indonesia, serving 795,000 borrowers, of which 97% are from rural areas.

OBJECTIVE OF THE PROJECT

The main objective of the project is to provide smallholder households with access to an affordable and flexible agriculture financing product and non-financial services in order to meet their capital needs for production, to purchase necessary supplies and to improve their farming practices. Komida aims to roll out their revised agricultural financial product which includes a de-risking scheme to branches where there is the capacity to deliver agricultural loans and services, and to the areas where there is a high demand of agricultural financing by the members.

The expected outcomes of this project are:

- Improve agricultural loan product for 10,000 members.
- Increase agricultural loan portfolio from EUR 72,000 to EUR 2.5 million.

IMPACT INVESTOR



AGGREGATOR / INVESTEE
KOMIDA (MFI) - Indonesia

TARGETED N° OF FARMERS
10,000 farmers

AGRICULTURAL VALUE CHAIN
Not limited to a specific AVC

STARTING DATE
May 2023

DURATION
24 months

TOTAL TA BUDGET
€ 323,186 (estimated)
Including € 185,921 (58%)
contribution from SSNUP



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