

SLLC catalyses inclusive finance

Innovative loan product promotes productive investments in agriculture

LIFT has innovated the first individual, **SLLC-linked loan product** that allows rural farmers in Ethiopia to go beyond income smoothing and invest in productive agriculture. LIFT is partnering with MFIs, who are adapting the new loan product and are proactively investing in its expansion.

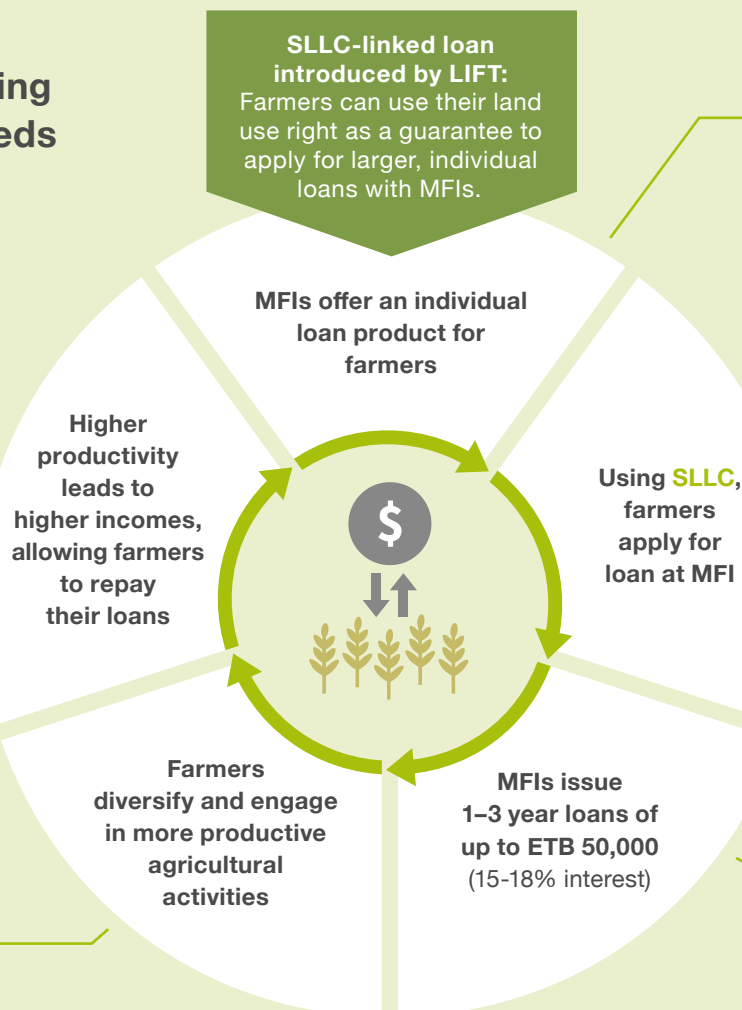
The Land Investment for Transformation Programme (LIFT) supports the Government of Ethiopia to provide 14 million **Second-Level Land Certificates (SLLC)** to farmers in Oromia, Amhara, SNNPR, and Tigray.

With increased security of tenure, farmers are more willing to invest in their land in sustainable and productive ways.

Loan cycle meets growing financial needs of farmers

Low default rates and high repeat loans allow for a sustainable loan portfolio.

The higher, individual loan enables investment in improved agricultural inputs and equipment, additional labour, livestock fattening and other agricultural activities.



MFIs create awareness about the credit product and its benefits.

LIFT partner MFIs: ACSI, Aggar, OCSSCO, OMFI, PEACE and Wasasa.

MFIs liaise with land administration office to ensure that SLLC is registered and only pledged once.

Higher loan amounts but at rates comparable to group lending. All include savings accounts, most include life insurance.

Partner MFIs expand beyond LIFT target areas

Partner MFI ACSI has expanded the SLLC-linked loan to 50 branches in Amhara. Five of the new branches are outside of LIFT's target areas and use other land certificates as a guarantee (not SLLC). This is an example of MFIs taking ownership by expanding and adapting the loan product.



Repayments are timely and loans offer resilience

Our partner MFIs are experiencing timely repayments with only a few farmers delaying payments and many demanding repeat loans.

In Selti woreda, **Seman** explained how he used his loan to diversify into sugarcane, maize, and vegetable production. Diversifying in different crops offers Seman resilience: even as flooding damaged part of his crops, he was still able to repay his loan.



Demand stays strong and investments are productive

Many farmers have voiced the need for longer loan periods and loans larger than the current ETB 50,000 limit.

In Bora woreda, **Mattheos** utilised the SLLC-linked loan to invest in irrigated vegetable production and employ 10 additional, permanent labourers. His revenue increased promptly, allowing him to pay back his loan in four months. Mattheos acquired two more loans within the same year to expand his agri-business further.

Vulnerable groups can access SLLC loan

The individual SLLC loan offers vulnerable groups, who struggle to access finance, new opportunities.

Female-headed households can diversify their income. For example, **Endenat** from Gozamin woreda in Amhara, 65, used her loan to hire labour and diversify her production from only cereals to high value vegetables and coffee.



MFIs' and farmers' uptake of the SLLC loan product has increased significantly over the last two years, with overwhelming satisfaction of users, high repeat loans and low defaults.

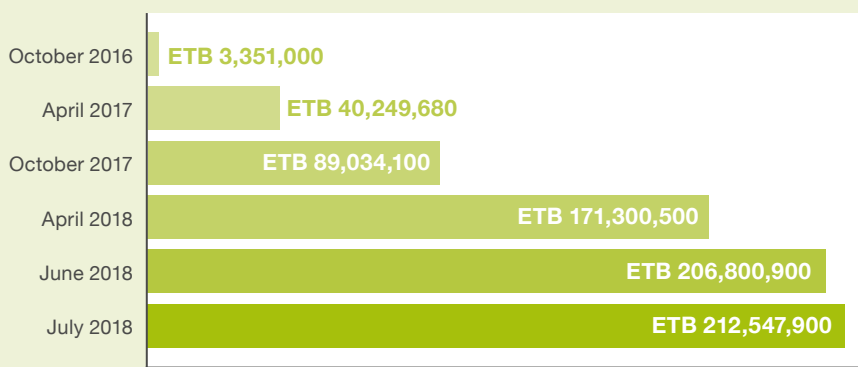
High demand for SLLC-loans

An MFI branch manager stated that the SLLC-linked loan is the most demanded product. As a result it has become the second largest credit product in their portfolio.

Policy Impact

In response to public demand, the Amhara regional government enacted a new land proclamation in 2017, allowing the land use right to be utilised as a guarantee.

Total value of SLLC loans disbursed (in ETB) taking off...



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