



2SCALE

Stories from the Field

Your friendly neighborhood bank

Sometimes a good idea isn't enough – you need money to translate ideas into profits. But smallholder farmers and small businesses find it hard to raise money from conventional lenders. Solution? Get a better partner.

The LAPO Microfinance Bank in Nigeria is a non-profit organization with a million customers, a billion-dollar loan portfolio, and a reputation for combining financial muscle with a pro-poor agenda. The 2SCALE-LAPO partnership began in 2013. In four years, we've reached more than 10,000 farmers and entrepreneurs, and disbursed nearly 100 million naira (\$ 325,000) in low-interest loans.

The partnership goes beyond financing – LAPO works with 2SCALE on financial education, mobilizing savings groups, and incentives to encourage technology adoption. The goal is to tailor products to borrowers' needs, e.g. repayment schedules to match the crop cycle. Activities cover multiple sectors: soybeans, groundnuts, vegetables, maize and rice.

Hot money

The Pampaida cooperative in Kaduna state grows chilies for sale to another 2SCALE partner, AACE Foods. Together, we've helped the cooperative grow into one of the largest chili suppliers in Nigeria.

Farmer training programs covered production and post-harvest handling (conducted by 2SCALE), accounting and business management (by LAPO). We brokered a tripartite agreement under which LAPO provides farmer loans,

2SCALE consortium



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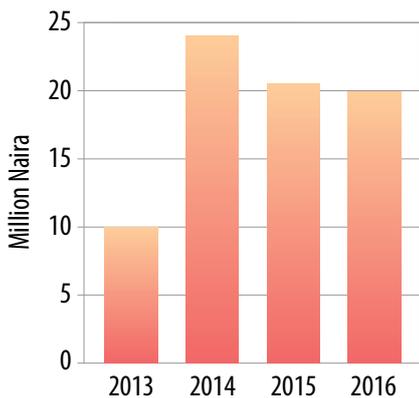


International Fertilizer Development Center
www.ifdc.org



LAPO loans helped farmers build simple wooden trellises for tomatoes. Cleaner fruits, fewer diseases, easier to harvest.

LAPO loans to the Pampaida chili cooperative



without collateral, for input purchases and labor expenses. The loans are repaid by AACE through deductions from farmer payments for the chilies supplied.

Loans of 75 million naira have been disbursed; more than 1000 farmers have benefited. Repayment rates are 98%, compared to 40% in most other agricultural lending programs. Equally important, a savings culture has been established. 2SCALE teams helped mobilize savings groups – 3000 members and counting – and provided mentoring to help them manage their growing profits.

Scaling out

These successes encouraged LAPO to roll out services to other 2SCALE clusters. New financial products were launched in three states (Benue, Kaduna and Kwara) in 2016 and 2017. Soybean farmers in Kaduna and rice farmers in Benue can now access loans to purchase seeds, fertilizers and biostimulants. The loans are repaid by the buyer, Serpah Oil, under a tripartite arrangement similar to AACE-Pampaida. Another category of loans targets youth wishing to provide services – for example, loans to buy spray equipment or motorcycles for transporting goods to market.

The lesson? If lenders are well intentioned and recipients well organized, small loans lead to big benefits.



The 2SCALE project is funded by the Netherlands government and implemented jointly by IFDC, ICRA and BoPInc. 2SCALE was launched in June 2012. By mid 2017, our partners included 567,000 smallholder farmers, 1300 agribusinesses and nearly 1500 cooperatives in nine countries across sub-Saharan Africa.