

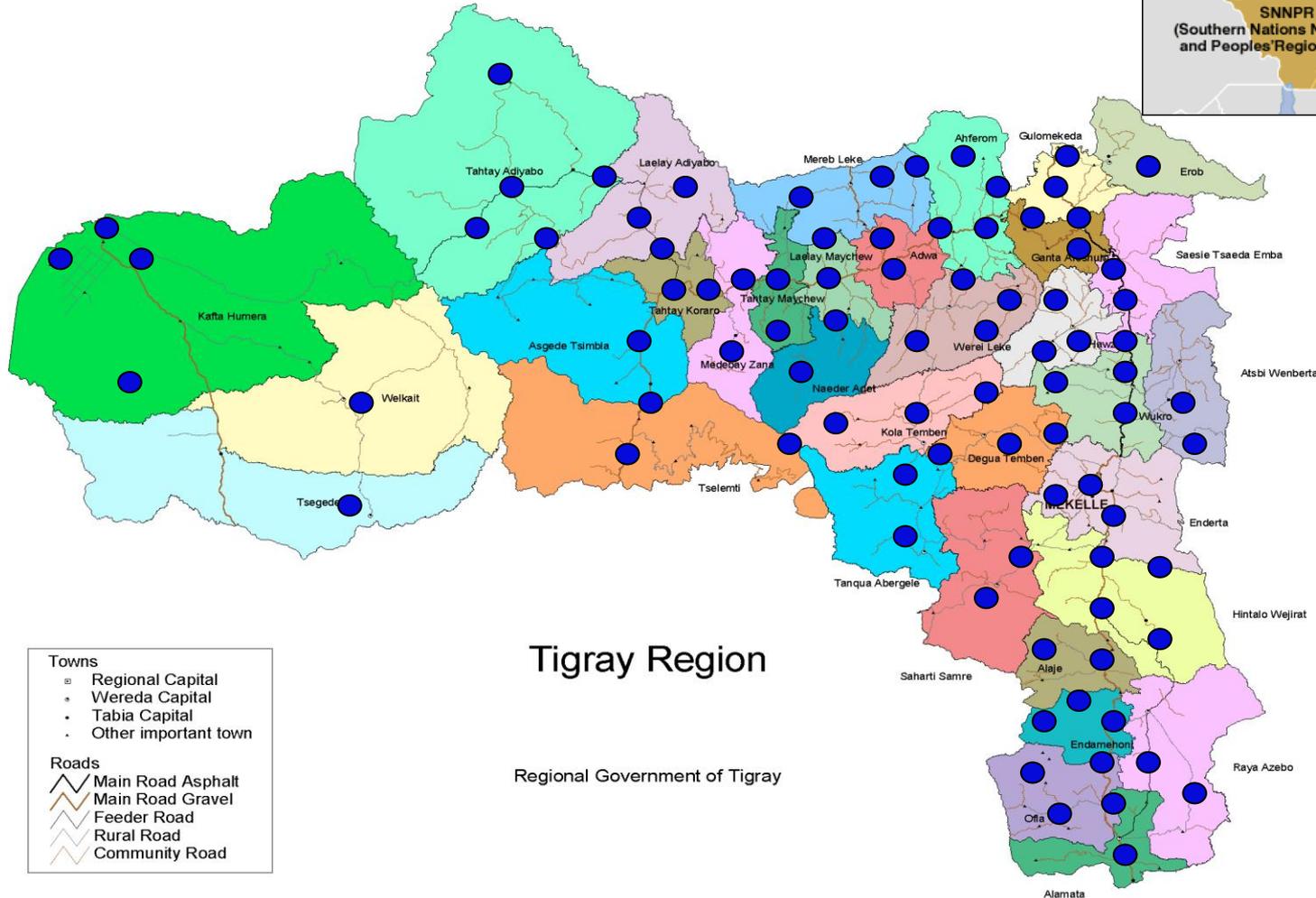
PANEL II (products) – introduction

**Presentation on household
package Program in DECSI**

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MAP OF TIGRAY REGION

DECSI' s S/BRANCH OFFICES



Types of loan products

- Regular loans
 - Loans to Regular borrowers
 - Loans can be for agricultural, processing, trade or services
 - Loans are given on group collateral bases

- Agricultural input loans
 - To buy agricultural inputs (Fertilizer/ seeds)
 - Loans are given on groups collateral bases

- Household package loans
 - Loans are given in the form of packages, on individual bases
 - Finances only agriculture

- MSE loans
 - Loans to MSE operators, on group bases,

Household package loans



■ Objectives

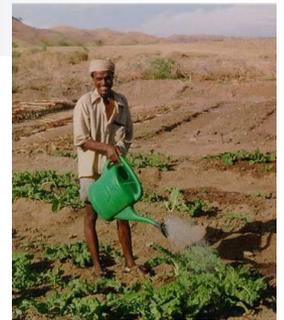
- ensure food security at household level on sustainable basis through the provision of adequate and efficient financial services
- increase and diversify income of households and boosting
 - the agricultural production and
 - productivity

Target groups

- Individual households capable of using loans for productive purposes



Implementation strategies



- Individual farmers have to be screened and trained on the package components

- Farmers have to be trained in relation to the agro-ecological advantages of the region

- Organizations involved in the process include:
 - The rural development office
 - The bureau of Agriculture
 - The food security office
 - The farmers association
 - DECSI



Major activities financed

- Loans are given in packages
- Only feasible projects are eligible for loans
- Components differs from one agro-ecological zone to the other
- An individual can run more than two activities at a time including:
 - Dairy farm, poultry, horticulture and modern beekeeping



Lending policies

- Methodology of lending
 - Loans are given on individual bases
 - The head of the household gets the loan
- Lending rate of interest
 - 9% on declining balance method
- Collateral arrangements
 - Government gives a guarantee to local banks
 - DECSI provides the whole cycle of loan services
- Loan period
 - Depends on the type and nature of the activities
 - Ranges from two to four years



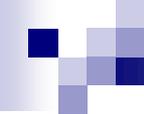
Strengths

- Addresses the marginalized poor
- The program is supported with essential technical trainings to the farmers
- Comparative advantages of the zones are taken in to account
- Source of income to the household is diversified and protected from unexpected natural shocks
- Loans are disbursed taking the resource basis of the households



Opportunities

- Existence of co-coordinated efforts among the development actors
- Service delivery is simple, easy accessible and un-bureaucratic
- The program's coverage with guarantee fund
- Farmers have shown great interest on the program



Limitations/ Weaknesses

- Limitations on the size of loan
- The loan period is still dictated by the National Bank
- The role of DECSI is limited in the process of selections
- Capacity limitations on the technical trainers
- Absence of market information and markets might undermine the efforts of the borrowers

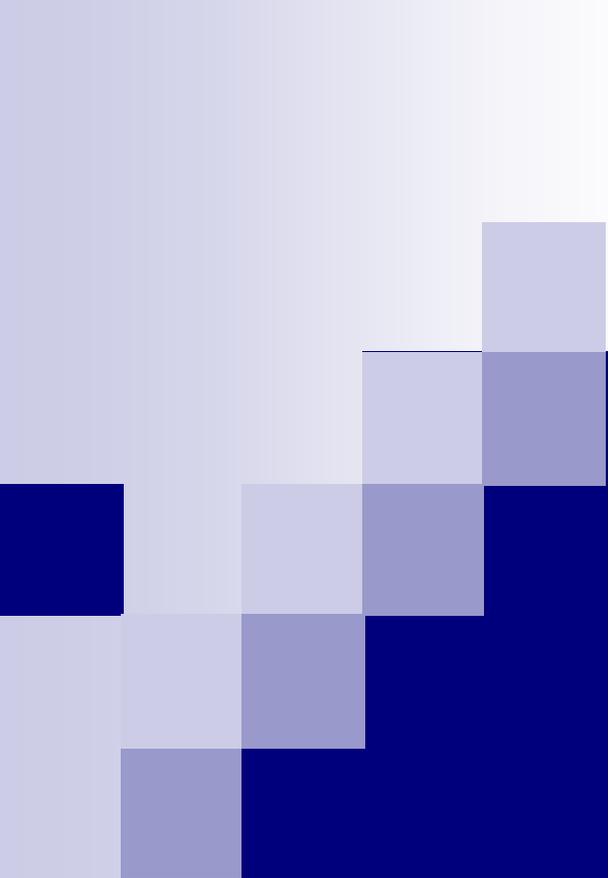
Threats

- Seasonality nature of the program is creating pressures on the markets
 - that increases demands to limited products
 - and escalating the prices
- Possibility of infiltrating bad track record borrowers
- Trainers might not be equal in transferring their knowledge to the beneficiaries
- Natural disasters such as drought



Achievements so far

- DECSI has managed to reach 294235 households in two years
- Preliminary studies nowadays shows
- Farmers have welcomed the new program with great interests
- Some have started to generate good income from their projects
- Most have also started to pay their current installments



Thank you !