

Cocoa Input Supply Financing Scheme - Indonesia

For the USAID-funded cocoa development project on the Indonesian island of Sulawesi, mobile phones were selected as a cost-effective and convenient way to distribute and repay loans. This input supply financing scheme had a partner bank to disburse the loan, on behalf of the farmer, directly to the input supplier's mobile bank account. The farmer could then pick up the seeds and fertilizers from the input supplier for the next season. Upon harvest the farmer sells the cocoa to the other project partner, a large international buyer of soft commodities. Accounts are settled electronically, the farmer receives the profit via mobile phone, and the bank loan is paid off. Agricultural finance schemes like these are common, but using mobiles as the channel for disbursements and repayments is novel.
