



Embassy of the Kingdom
of the Netherlands



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MINISTRY OF AGRICULTURE

Horti-LIFE project

Access to finance: Key for horticulture transformation

In order for farmers to make a decent farm income and reduce various farming risks, they need to invest in quality hybrid seeds, seedlings, (organic) fertilisers, agrochemicals, irrigation equipment, labour, transportation, and marketing. These are the agricultural practices and technologies promoted by Horticultural Livelihoods, Innovation and Food safety in Ethiopia (Horti-LIFE)'s farmer field schools (FFS) programme. Unfortunately, banks and micro-finance institutions (MFIs) perceive agriculture as too risky and not profitable enough, hence farmers struggle to get loans.

Horti-LIFE developed a specific loan product for smallholder vegetable and fruit farmers with its partners, Siinqee Bank in the Oromia region, Tsedey Bank in the Amhara region, Dedebit Microfinance in Tigray, and Omo Bank in the Sidama, south, central, and southwest regions of Ethiopia. They developed specific Horti-loan products after being convinced that participation in the Horti-LIFE FFS programme would ensure profitable horticulture production, and that, if farmers follow the correct farm practices and invest in new technologies, farm risks would be reduced considerably. The four finance institutions participated in cost-benefit analyses, visited farmers' fields, and interacted with FFS members. The numbers convinced them that horticultural production is indeed profitable and less risky when farmers have the right competencies, use appropriate crop management practices, and can purchase introduced technologies.



Key interventions

Guarantee Fund: Horti-LIFE provided a Birr 48.1 million guarantee fund to the four financial institutions mentioned. This model allows the institution to provide horticulture loans to farmers up to ten times the value of the guarantee fund. In case of loan defaults, the loss is shared equally: the institutions cover 50%, while the guarantee fund covers the remaining 50%. At the end of the Horti-LIFE project, the institutions will reimburse the remaining balance of the guarantee fund.

Capacity Building: Horti-LIFE strengthened bank staff's understanding of horticulture technology and practices, profitability, and business planning, enabling them to properly assess the repayment capacity of applying to vegetable and fruit farmers.

Gender sensitisation: Bank staff were also trained on gender issues and how to approach women, as many of them have less confidence dealing with officials and less education. 22% of the loans are taken by women.

Loan utilisation studies: To ensure farmers use the loans for their intended use, loan utilisation studies were conducted. The most recent study conducted in September 2025 found that almost all loans were used for horticulture production purposes.

Achievements

- Since the introduction of the Horti-loan product, a total of **€1,500,000 has been disbursed**. These are funds that were previously not earmarked for smallholder horticulture farming.
- The current **loan repayments stand at 98.3%, indicating it is a very viable business for** financial institutions.
- The Horti-loan programme currently **covers 67 woredas** across seven regions.
- A total of **2,343 FFS members received Birr 149.92 million loans**: on average per person **Birr 60,000 for vegetable farming, and Birr 100,000 for fruit farming** for 0.25 hectares production. Demand is high, and the targets can easily double each year if bank liquidity and security allow.
- The Horti-loan products developed allow business plan assessments adapted to **horticultural**
- **Entrepreneurship, seasonal loans** for vegetables (6-12 months, one-time payment after harvest), and long-term loans for fruit (e.g., five years for avocado, yearly repayments, based on intercropping in the first three years), and can include **inputs, labour, fixed assets** like irrigation equipment.
- To help loan officers and branch managers understand the dynamics of horticulture farming, **focused training was provided**.

Impact

Fitah Abreha Haftu, FFS member,
Tahtay Koraro Wereda, Tigray

"I am married, but I produce my own onions on 0.25ha of irrigated land. I am a member of the FFS group in my village. After hearing about the Horti-loan opportunity, I borrowed 100,000 ETB from Dedebit Microfinance, Beles branch. I was able to buy onion hybrid seeds, fertiliser, and agro-chemicals, and to cover costs related to well excavation, pump maintenance, pump fuel, and transportation for marketing my produce. However, money is not the only important thing. By attending the FFS in my village, I gained new knowledge that made me a better farmer.



"I now know how to use my loan. For example, through the FFS, I learned how to identify pests and diseases. Before, I would just spray the pesticides I could buy. I feared losing my harvest! But now I know which pesticides to apply, at which stage in the crop cycle, and what the proper way of spraying is. Sometimes there is no need to apply chemicals. This has really increased my onion production. I fully repaid the loan, without any difficulty. Now, I am planning for next season's production. I have even applied for a bigger loan this time."

Mr. Sefu Getachew, an Operations Manager at OMO Bank,
Mareko woreda branch, South Ethiopia

"We have our own experience that agriculture is not a loan-worthy activity. Our previous agricultural loans led to significant defaults. Why not limit ourselves to loans for shopkeepers, people with permanent jobs, petty or livestock traders, weavers, etc.? Then in 2022, I participated in a Horti-LIFE workshop. We were not easily convinced, but project staff and even WOA extension officers were adamant: vegetable and fruit production is definitely profitable. They came with numerous cost-benefit analyses from their FFS programme. Even participating FFS lead farmers were also there, ready to testify. They trained our staff to properly assess investments proposed by farmers.

From my bank here in Mareko, we have already provided 103 vegetable farmers with loans for the last production season. So far, repayment performance is 100%. We are preparing ourselves for the new production season. Our own liquidity availability is the limiting factor, not our belief that horticulture is not bankable!"

"We once thought agriculture wasn't bankable; today, horticulture loans are one of our most successful products."

Mr. Sefu Getachew

