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Climate-Smart Farming Loan Platform

Background

Accelerating climate-smart farming finance in Thailand can make an enormous contribution to the goals set in the Paris agreement. Hindering Thai farmers is poor financial literacy and limited access to formal financial assistance or funding sources with inadequate cash or credit. One of the ways in which Thai government policies aim to improve farmer’s financial savings and income is through its “**Transform for SME 4.0**” policy that focuses on connecting agricultural SMEs with markets and business incubation programmes. Deemeeesook is addressing this gap through the development of a community savings and loan platform to facilitate finance for agricultural SMEs with a view to increasing their financial security. The FIN Loan Platform creates a system for farmers to sign up as groups, pool together their savings, and create a community-based digital savings scheme.

Solution Overview

The proposed *FIN Loan Platform* offers tailored loans for rural climate-smart farmers who require affordable financing with low interest rates. The platform combines a digital platform allowing climate-smart farmers to invest their own savings as a group while having access to finance via a digital savings and loans platform. Farmer groups who join the platform implement climate-smart farming market studies for their products supported by Deemeeesook experts and gain member access to lower interest loans supporting their sustainable agricultural production. In addition, traditional farmers who join the Deemeeesook FIN Loan Platform are trained on topics such as climate-smart agriculture, supporting their overall market access and ultimately contributing to a more sustainable agricultural system.

Currently, the Deemeeesook FIN Loan platform is piloted within three communities with the plan to expand to other provinces in Thailand.

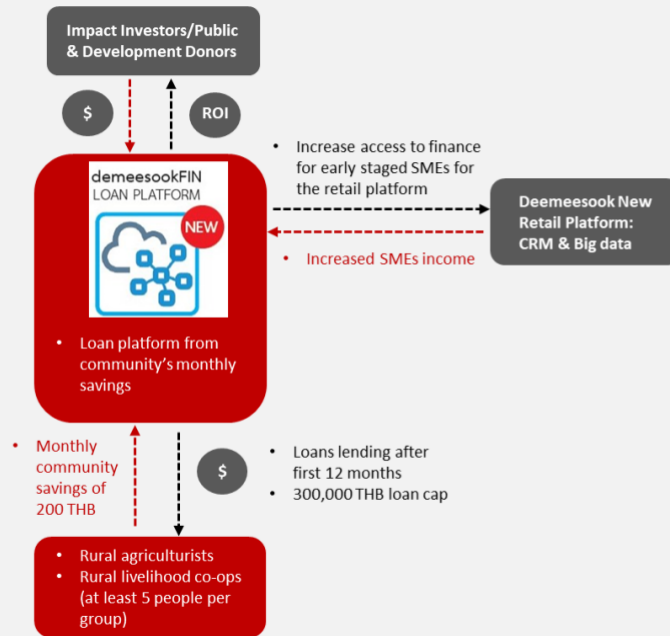
Focus:	Sustainable Agriculture
Instrument Type:	Access to Finance
Lab Cycle:	Thailand 2021
Product	Deemeeesook
Developers:	

Key Features

The solution enlists support from Ashoka and Hands Up as well as financing from the Thai National Innovation Agency to pilot the initial uptake of climate finance.

The Deemeeesook climate finance solution has three key features:

- 1) **The FIN Loan Platform provides a holistic low-threshold community-based digital savings and lending platform.**
- 2) **Lower interest rates at 1% for loans** and a 6-month period repayment programme.
- 3) **Tailored market study and business support programmes** which aim to triple farmer’s revenues within three years.



Target Market

The Deemeesook FIN Loan Platform targets rural agriculturists and rural climate-smart and inclusive SMEs who are looking to manage their savings and loans electronically. The targeted rural SMEs are supported in the transition from traditional to climate-smart farming methods. The first year's pilot will target 10 communities across Thailand's southern provinces.

Impact Potential

The FIN Loan Platform combines low interest loans with a support programme on saving management skills.

By engaging with rural agriculturists the market study and business support programme aims to help the development of value-added sustainable and climate-smart agricultural products.

After the support programme, agriculturists create a loan and savings group that is digitised and tracked in the Deemeesook FIN Loan Platform

The platform aims to triple the community's revenue within a 3-year period, while increasing monthly savings and reducing rural inequalities.

Solution Developer



Deemeesook

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SEED Practitioner Labs Climate Finance supports participants in a hands-on and collaborative Labs process to turn major financing challenges into finance instrument prototypes. SEED Practitioner Labs Climate Finance are part of the implementation of "Financing and capacity building for micro and small climate-smart enterprises: Filling the gap of the missing middle", a project supported by the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety.