Scaling Strategy for ShambaShield: Inclusive bundled finance for smallholders

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Executive Summary

ShambaShield is a design-led, evidence-informed blueprint for scaling climate-resilient financial inclusion in East Africa. It integrates three complementary CGIAR innovations—climate insurance, adaptive credit products, and digital advisory services into a unified, farmer-centered solution that reduces risk for both smallholders and lenders. This initiative tackles a critical market failure: despite escalating climate shocks, less than 1% of Kenyan farmers are insured, and formal credit access remains limited. ShambaShield offers a scalable alternative that enhances resilience, expands financial access, and unlocks private and public investment.

This strategy document outlines a comprehensive plan to scale ShambaShield through microfinance institutions (MFIs), SACCOs, fintech platforms, banks, and impact investors. During its product discovery phase, ShambaShield explored how climate-informed credit, insurance, and digital advisories can be bundled into an integrated solution to de-risk agricultural lending. These components are at varying stages of maturity: credit scoring tools have been piloted with lending partners, index insurance is in early prototyping, and behavioral advisories have shown strong uptake. Initial results from Kenya, insights from CGIAR research and a catalytic $125,000 Scaling Fund grant—demonstrate promising signals: improved loan eligibility, better repayment performance under drought, and high engagement with advisory content.

The vision is to evolve from tested prototypes into a modular platform of interoperable solutions that financial institutions can adopt and adapt to local contexts and market needs. For lenders, this means lower portfolio risk and more precise customer segmentation. For farmers, it means more equitable, climate-responsive financial tools.

Crucially, this is also a strategy guide for frontline financial actors. MFIs, SACCOs, and rural lenders often don't have access to scaling expertise to craft growth strategies. ShambaShield fills that gap with a plug-and-play framework that institutions can use to develop and scale their own bundled products. This document provides practical scaling pathways, risk mitigation tools, and evidence-based design principles tailored to real-world constraints. This strategy lays out a realistic and adaptable pathway for scale—grounded in user insights, climate data, and financial rigor—to reach 500,000 farmers within five years, with a strong focus on inclusion: at least 35% women and 15% youth.

By blending behavioral science, climate analytics, and user-centered design, ShambaShield offers a concrete path forward for scaling inclusive, climate finance, responding to the needs of both farmers and the institutions that serve them.

Problem Statement & Demand Analysis

Problem Statement

Smallholder farmers in sub-Saharan Africa face a confluence of challenges that trap them in low productivity and vulnerability. Chief among these are limited access to credit, lack of insurance, and increasing climate risks. Only about **6% of African smallholders have access to formal credit,** contributing to an estimated **$75 billion annual financing gap** for small-scale agriculture. In Kenya alone – where over **7.5 million smallholders** produce a significant share of food – the vast majority live on less than $6 a day and cannot obtain affordable loans to invest in quality seeds, fertilizer, or irrigation. This credit deficit exists despite evidence that access to finance can dramatically raise farm productivity and incomes. On the insurance side, **the protection gap is even starker: less than 1% of Kenyan farmers have ever received an insurance payout to cope with climate shocks**. Across Africa, it is estimated that 97% of smallholder producers lack any agricultural insurance coverage, leaving their livelihoods exposed to droughts, floods, and other climate extremes. *SMEs supporting Africa's agri-food system face over $100B financing gap; an estimated 97% of African smallholders lack insurance, even as climate disasters cause billions in damages.* These statistics underscore a huge unmet demand for financial products that can mitigate risk and unlock investment in climate-adaptation.

SMEs supporting Africa's agri-food system face an annual financing gap of over $100 billion

There is a 97% insurance protection gap of African smallholder producers

Climate change caused more than $8.5 billion in economic damage in Africa in 2022

Recurring droughts and erratic weather, devastate harvests and underscore farmers' need for effective risk transfer and adaptive strategies. Climate change has made seasonal weather more unpredictable in East Africa, directly threatening agricultural output and rural incomes. Kenya's economy, for instance, relies heavily on farming (over 40% of employment and a quarter of GDP, yet the country just experienced **the worst drought in four decades in 2022, leaving 5.4 million people in acute food shortage.** These shocks have cascading effects: crop failures erode farmers' ability to repay loans, making lenders even more reluctant to offer credit the next season.

Financial institutions perceive smallholders as high-risk borrowers due to several factors:

1. Highly variable and seasonal incomes,
2. Lack of conventional collateral like land titles, and
3. High exposure to natural hazards.

This conundrum – that those who need finance the most are least able to obtain it – defines the problem ShambaShield seeks to solve.

Target Group & Country Context

The primary beneficiaries are smallholder farmers in Kenya and East Africa, typically cultivating less than 5 hectares and relying on rain-fed agriculture. This group includes men, women, and youth in rural areas engaged in staple crops (maize, sorghum, etc.), horticulture, or mixed farming. **Notably, women farmers face added barriers**: they often lack land ownership (hence collateral), have lower access to extension services, and are underserved by banks. ShambaShield's design explicitly targets these marginalized groups – for example, by using group lending models that allow women to borrow without land collateral, and by delivering content in local languages through mass media to reach those with limited literacy. Kenya is an ideal launch market due to its relatively advanced mobile financial services and supportive policy environment. Over **84% of Kenyan adults have mobile money accounts** (e.g. M-Pesa), creating infrastructure to deliver digital loans and insurance The government of Kenya also recognizes the need for agri-finance innovation: the Central Bank issued guidelines in 2021 for banks to integrate climate risk management into their strategies, and insurance regulators have defined micro-insurance and index-based insurance in law to encourage tailored products. Such policies form an enabling backdrop for ShambaShield. At the same time, neighbouring countries like Uganda, Tanzania, and Rwanda have similar smallholder demographics and are in earlier stages of digital financial inclusion, representing expansion opportunities once the model is proven in Kenya. By addressing a problem that is region-wide, the vulnerability of ~50 million African smallholders to climate and financial exclusion – the demand for ShambaShield's solution extends across East Africa.

Market Demand & Opportunity:

There is strong evidence that when agricultural insurance and credit are made accessible, farmers invest more and achieve higher productivity. Studies show that access to insurance can lead to significantly larger on-farm investments and a shift toward riskier but higher-return activities, as farmers are more confident to plant higher-yield crops or spend on inputs . However, standalone products have struggled to scale. Traditional crop insurance in Africa has low uptake due to high transaction costs and trust issues, while banks that tried lending to farmers often saw default spikes after bad weather. The market is now recognizing that **bundling is key** – combining credit with insurance and advisory services can provide more value and address multiple constraints simultaneously. For instance, **bundled credit + insurance** programs in Kenya and Mali have enabled tens of thousands of farmers to borrow without collateral because the insurance serves as a guarantee. In Mali, an MFI found that insured farmers in co-operatives needed no traditional guarantee and those outside co-ops only 50% of usual collateral, thanks to weather index insurance backing the loans. Similarly, in Kenya, bundling rainfall insurance with input loans has allowed nearly 70,000 farmers to access credit who otherwise would have been excluded. These examples point to latent demand: farmers are willing to pay (or co-pay) for insurance if it's tied to getting a much-needed loan, and lenders are willing to finance smallholders if catastrophic risk is off-loaded. ShambaShield directly taps into this demand by offering an integrated package that is easy for farmers to join and valuable for lenders to support.

Ecosystem Analysis

A number of pioneering organizations have begun offering partial solutions to this problem, confirming the feasibility of the bundled approach.

Innovative case studies:

Pula Advisors:

Pula Advisors is a Kenya-based insurtech that provides index-based agricultural insurance, often bundled with farm inputs and delivered through partnerships with agribusinesses, governments, and financial institutions. As of April 2024, Pula has supported over 15 million farmers across 22 countries, including significant operations in Kenya. Their collaboration with Apollo Agriculture, which bundles insurance with input credit, exemplifies an innovative model to address risk and financial access for smallholders.

Apollo Agriculture:

Apollo Agriculture is a Nairobi-based agri-fintech company that offers a comprehensive "farm package" loan to smallholder farmers. This package includes quality inputs on credit, agronomic advice, and crop insurance. Apollo utilizes satellite imagery and machine learning for credit decisions, enabling them to serve a significant number of Kenyan farmers, primarily maize growers. Apollo's model combines input financing with sophisticated analytics, remote sensing, agronomic machine learning, and mobile money. This approach allows them to provide tailored services to farmers, enhancing productivity and profitability

ACRE Africa

ACRE Africa is a social enterprise that emerged as one of Africa's earliest providers of index-based agricultural insurance. Their model integrates insurance with the purchase of seeds and fertilizers, allowing farmers to activate coverage via mobile phones and receive payouts through platforms like M-Pesa. By 2018, ACRE Africa had facilitated over 1.7 million insurance contracts, reaching approximately 8.5 million individuals across Kenya, Rwanda, and Tanzania.

Government and Donor Programs

Kenya's government has taken steps to address climate risks in agriculture through initiatives like the Kenya Livestock Insurance Program (KLIP) and crop insurance pilots. KLIP, a public-private partnership, offers subsidized index-based insurance to pastoralists in arid and semi-arid lands.

Regionally, donor-led initiatives such as IFAD and WFP's R4 Rural Resilience Initiative have pioneered the bundling of weather index insurance with savings, credit, and risk reduction practices in countries like Ethiopia, Zambia, and Kenya. These models demonstrate the potential of integrated approaches, though sustainability and operational scaling remain ongoing challenges.

The growing interest in bundled financial services across Kenya and East Africa reflects a shared recognition of the need to de-risk agriculture through integrated solutions. ShambaShield builds upon these lessons to offer a research-informed, collaborative platform. Anchored in CGIAR's science and co-designed with financial institutions and farmers, ShambaShield's innovation lies not in creating entirely new components, but in providing the connective infrastructure – the "glue" – that enables scalable bundling of credit, risk protection, and digital advisory services.

ShambaShield aims to serve as a neutral backbone for de-risking agriculture by leveraging existing innovations, enhancing interoperability, and ensuring that smallholders receive coherent, user-centered financial offerings. Our approach is explicitly partnership-driven: we see value in aligning with existing players to create an enabling environment where bundled services can be adopted at scale, supported by rigorous evidence and adaptive delivery.

Core Innovation & Solution Statement

What is ShambaShield?

ShambaShield is a research initiative and design blueprint that explores how complementary innovations—climate-informed agro-advisory services, adaptive credit products, and risk protection mechanisms can be integrated into a scalable solution for smallholder farmers.

The core components are:

1) Climate-Credit Scoring Tool:
A data-driven credit scoring system that incorporates climate risk factors into assessing a farmer's creditworthiness. Traditional credit scoring for farmers is sparse or non-existent, leading to financial exclusion. This tool, developed with partners like Financial Access Consulting and piloted with institutions (e.g. ECLOF MFI in Kenya, Centenary Bank in Uganda), uses indicators such as local climate hazard exposure, crop diversification, and adaptive practices as part of the score. By capturing a farmer's resilience (not just assets or income), it can identify lower-risk borrowers among smallholders who would otherwise appear risky. Early tests indicate that farmers classified as lower-risk under a climate-integrated score were indeed more likely to receive loans, while those flagged higher-risk could be guided to support (such as agronomic training) to improve their profiles. This tool thus expands the pool of bankable farmers and encourages lenders to extend credit more confidently.

2) Climate insurance:
Climate insurance within credit delivery systems, grounded in data-driven climate analytics and behavioral insights from smallholder contexts can be a powerful de-risking mechanism. The core principle is that loan-linked insurance can serve as a shock absorber—protecting farmers from weather-induced income loss while de-risking lending portfolios. The insurance component is based on parametric (index-based) designs that respond to objective weather indicators—such as rainfall deficits or excess—monitored through satellite data or localized climate models. When extreme events occur and thresholds are breached, the insurance pays out automatically to reduce the farmer's outstanding loan balance or cover upcoming installments. This mechanism ensures timely relief, prevents loan default, and builds lender confidence.

ShambaShield's approach goes beyond conventional index insurance by applying behavioral insights to increase trust and uptake. For example, bundling payouts with loan repayment directly addresses farmers' fears of debt distress during bad seasons—one of the key barriers to credit adoption. Likewise, co-designing policies with farmers and MFIs ensures product relevance and transparency.

Core Innovation & Solution Statement

3) Digital climate services and agro-advisories:
A suite of farmer-centric information services delivering climate adaptation advice, financial literacy, and market linkages via popular media and mobile channels.

Effective risk management for smallholder farmers requires timely, actionable information. Rather than relying solely on traditional extension systems—which often struggle to reach remote or underserved communities—ShambaShield adopts a multi-channel strategy to deliver climate services (CIS) and tailored agro-advisories at scale. The approach blends mass media, SMS platforms, and mobile engagement tools to ensure farmers receive guidance on seasonal forecasts, crop planning, risk-reducing practices, and financial literacy. By delivering simple, actionable content through radio, television, SMS, WhatsApp, and call centers, ShambaShield ensures broad and inclusive outreach. These messages are designed not only to improve agronomic decision-making (e.g. when to plant or harvest) but also to build farmers' understanding of financial tools like credit and insurance.

Crucially, the advisory content is informed by climate science, behavioral insights, and co-design with end users—ensuring that it is context-relevant and practically useful. The system also allows for two-way interaction, enabling farmers to ask questions, request clarification, or seek further support, thereby reinforcing trust and engagement.

This information ecosystem is central to the success of the bundled services. It builds farmers' adaptive capacity, supports better loan and insurance outcomes, and helps bridge the "last mile" of climate and financial inclusion.

The vision behind ShambaShield is to integrate the farmer journey across multiple touchpoints: understanding risk, accessing appropriate credit, and receiving ongoing support through advisory services. For example, a farmer might be introduced to the concept through a mass media segment, opt into further learning via SMS, get assessed through a prototype climate risk score, and then be offered a loan embedded with insurance by a local MFI. Alongside this, they receive timely advice tailored to seasonal risks and best practices. This end-to-end framework is meant to address the interlinked barriers that smallholders face—from lack of credit history to fear of weather shocks. By covering all these bases, ShambaShield de-risks innovation at the farm level – farmers are more willing to try new seeds or invest in fertilizer if they have both information on how to do it right and a financial backstop in case nature turns against them. As one farmer succinctly put it: “Before, I feared taking a loan because of drought. Now I feel like the bank is my partner – if drought comes, they carry some of the burden.” This change in mindset is a key impact of the ShambaShield bundle.

History & Scaling Readiness: ShambaShield’s vision was born through the 2024 Ukama Ustawi Scaling Fund, where it received $125,000 and technical support to develop early prototypes and test bundling opportunities. Each component of the innovation bundle exists at a different stage of maturity—from early prototypes (e.g., the climate-credit score) to tested models with scaling potential (e.g., mass-media advisory platforms and embedded insurance-linked credit pilots). With the scaling fund, CGIAR teams co-developed and field-tested the climate-credit scoring tool with financial institutions in Kenya, trained loan officers, and began evaluating farmer responses. Partnerships were developed with ecosystem actors including meteorological agencies, financial providers, and media platforms to test the feasibility of bundling services in a farmer-centric way.

A small cohort of farmers received the first integrated loans; though results are preliminary, there were cases where insured farmers were able to maintain timely repayments despite poor rains, validating the concept. These early successes and stakeholder buy-in indicate ShambaShield’s readiness to scale. We have moved beyond the ideation stage to a tested prototype with real users, and we have a coalition of implementers coalescing.

Co-design process

As part of the initiative, co-design workshops like the IPSR (Innovation, Practice, and Scaling Readiness) workshops were conducted which convened key stakeholders including financial institutions, advisory providers, researchers, and farmer-facing platforms—to collaboratively assess the feasibility of bundling credit, insurance, and advisory services. Through this process, partners mapped enablers, barriers, and co-developed pathways for integration, laying the foundation for a scalable and context-relevant bundled solution.

Equally critical, ShambaShield has embraced **user-centered design and iteration,** meaning the solution has been refined based on farmer feedback and is contextually and culturally appropriate. For instance, initial feedback from women's groups led us to simplify insurance terms into local analogies (describing it as a "safety umbrella" in local language) which improved understanding and uptake. Also, the advisory content was adjusted to focus more on financial literacy after discovering many farmers didn't know how to formally apply for loans. These adjustments demonstrate an **agile approach** in practice. With these validations, ShambaShield is poised for scaling – the next step is to expand outreach to thousands more farmers in Kenya and ensure the products and processes can handle larger volumes. This strategy document is part of that scaling effort: it articulates our vision, how we will grow and what support is needed.

Solution Impact (to date and projected):

Ultimately, ShambaShield aims to deliver impact in three intertwined areas: **financial inclusion, climate adaptation, and agricultural productivity.** The **theory of change** is that *by stabilizing farm incomes (through insurance) and increasing investment (through credit and knowledge), farmers will adopt climate-resilient practices and boost yields, leading to higher and more secure incomes over time.* While large-scale impact data will come as we scale, the anticipated outcomes are: increased access to credit for previously unbanked farmers, reduction in loan default rates in bad years, higher uptake of climate-smart technologies (like drought-tolerant seed or water harvesting) due to reduced risk, and ultimately improved food security at the household level. Monitoring from initial pilots shows promising trends – e.g., after being exposed to advisories, farmers in one area reported a 20% increase in the use of certified seeds in the following season (as per a quick survey), and the partner MFI saw a marked improvement in on-time loan repayment even when parts of the county experienced below-average rainfall. **One key impact metric is "credit unlocked."** Another metric is **resilience** – with insurance, a farmer avoids distress-selling assets or cutting meals in a drought year. While hard to quantify immediately, studies suggest that insured farmers are less likely to fall back into poverty after shocks. As we scale, we plan rigorous impact evaluations to quantify gains in crop yields, income stability, and possibly gender empowerment (e.g. women increased decision-making power when they can access loans). In summary, ShambaShield is an **innovative solution bundle** that has demonstrated proof-of-concept in Kenya and is ready for expansion. Its climate-credit scoring, insurance, and mass-market advisory elements work in synergy to solve the core problem of smallholder risk and access to finance. The next sections of this strategy detail how we will responsibly scale this innovation, the market segments we will target, how we will sustain and finance the growth, and how we will measure success.

Innovation Bundle & Scaling Readiness

Scaling ShambaShield is a deliberate process of designing, testing, and expanding access to bundled financial services in ways that are inclusive, adaptive, and grounded in system realities. The initiative recognizes that smallholder farmers particularly women, youth, and those in remote areas face entrenched barriers to accessing credit, insurance, and advisory services. ShambaShield places social equity at the center, intentionally targeting underserved groups and monitoring reach through disaggregated data and user feedback. ShambaShield's approach to scale is guided by three core principles: social equity, user-centered design, and ecosystem alignment. These principles ensure that growth is not only about numbers but about building inclusive, trusted, and sustainable systems that work for smallholder farmers.

Human-centered design and behavioral insights guide the development of each component. Rather than assuming digital tools are accessible or effective by default, we engage users through co-design, tailoring services to match local languages, seasonal cash flows, and trusted delivery channels like mobile SMS and radio. Advisory content is simplified and contextualized, while financial tools are iterated based on real-world feedback. This approach ensures services are not only available but usable, relevant, and trusted.

At the same time, ShambaShield's scale depends on aligning with broader institutional frameworks. We work with policymakers, regulators, and financial networks to support responsible lending, smart subsidies, and integration of climate risk analytics. The goal is not just to scale a solution, but to strengthen the enabling environment—so that bundled services can be sustained and owned by local actors. In this way, ShambaShield's scaling strategy is not just about reach, but about resilience, inclusion, and long-term systems change.

Innovation Bundle & Scaling Readiness

Innovation Outcomes & Use-Cases:

The k**ey outcomes** we seek as ShambaShield scales are:

1. **More farmers financially included** – evidenced by the number of smallholders successfully obtaining loans/insurance who previously had none.

2. **Reduced climate-induced losses** – evidenced by insurance payouts preventing loan defaults or asset losses, and quicker recovery of farming activities post-disaster.

3. **Adoption of climate adaptation** – evidenced by increased uptake of recommended seeds, farming methods, or diversification, measured via surveys and possibly remote sensing of farms.

4. **Improved livelihoods** – evidenced by higher farm yields and incomes, and improved household welfare (food security, ability to pay for education/health, etc.). To break it down by use-cases: *A typical use-case outcome would be "A maize farmer in Machakos county accesses a $200 ShambaShield loan to install a drip irrigation kit; a drought occurs but the insurance covers 40% of his loan, allowing him to repay the rest; he manages to harvest some crop thanks to irrigation and does not fall into debt – next season he is deemed creditworthy again and perhaps even qualifies for a larger loan."*
   Another use-case: *"A women's farming group in western Kenya pools together to take a group ShambaShield loan for poultry farming; they all watch agroadvisory shows on improved poultry housing and feed; as a result, their poultry business thrives and each member's income stabilizes, empowering them economically." These anecdotal outcomes will be validated by our Monitoring & Evaluation. We anticipate that by scaling, default rates on agricultural loans will drop in participating institutions (making a strong case for commercial sustainability) and that farmers' productivity will increase on average (thus contributing to national food security goals).*

Market Segmentation & Customer Acquisition:

ShambaShield's market segmentation approach is grounded in the recognition that smallholder farmers are diverse, with varying risk exposures, financial capacities, and preferences. Early design research—conducted through co-creation workshops and user profiling for the ShambaShield playbook, helped define three illustrative farmer segments. These personas serve as design anchors for testing differentiated delivery models and scaling pathways.

Segment A:
Subsistence farmers in arid/semi-arid areas – typically very vulnerable, mainly growing staples for home use, little to no surplus. For this segment, the emphasis is on **resilience and safety nets.** We reach them via NGOs, community organizations, and government programs (e.g. leveraging existing social safety net programs to distribute insurance or using radio since they may not all watch TV). The product for them might involve more subsidy or grant component (perhaps initial premiums covered by a donor) given their low capacity to pay, but it prepares them to graduate to more market-based finance as their situation improves.

Segment B:
Commercializing smallholders in medium/high potential zones – those who sell a portion of their produce (cash crops or dairy farmers, for example). They are slightly better off and more connected (more likely to have a smartphone or be in a farmer cooperative). For this segment, the ShambaShield value prop is **unlocking credit for investment** (e.g. buy a dairy cow, greenhouse, etc.) to scale their farms. We reach them through **cooperatives, agribusiness aggregators, and mobile platforms**. Safaricom DigiFarm, for instance, targets such farmers by linking them to input suppliers and buyers – we partner to embed our scoring and insurance so that when these farmers seek input financing, it becomes a ShambaShield-enabled loan. This segment can pay near-market interest rates, making them viable for bank partnerships.

Segment C:
Youth and agri-entrepreneurs – a growing segment of young people engaging in farming or agri-SMEs (like a youth running a poultry farm or a horticulture venture). They are tech-savvy and hungry for opportunities but often lack collateral and credit history. ShambaShield appeals to them by **reducing the collateral hurdle** and providing know-how. We reach them via **youth agribusiness incubators, university ag programs, and social media campaigns** highlighting success stories. This segment could overlap with B but is distinguished by age-specific outreach (like partnering with the Kenya Youth Agribusiness Forum or using Facebook/WhatsApp channels popular with youth). They may adopt digital tools readily, so our mobile app (planned for later) could be first rolled out with them.

Geographically, within Kenya we segment by regions as well – starting in areas like Eastern Kenya and Coastal Kenya which are climate-vulnerable and under-served by finance, while also piloting in high-agricultural-potential areas like Rift Valley to capture upside potential. As we expand to East Africa, segmentation will consider differences like: in Uganda, the microfinance network is strong so segment A and B might be reached via MFIs; in Tanzania, mobile money is widespread but formal insurance is nascent, so we might focus on segment B via input companies there.

Customer Acquisition Approach

ShambaShield's customer acquisition approach is anchored in leveraging existing, trusted channels rather than building costly direct marketing campaigns. Recognizing that trust and familiarity are essential in driving adoption, our strategy integrates with platforms and institutions that already engage with farmers—particularly those with wide media, community, and institutional reach.

Mass media (e.g. TV, radio) serves as an effective awareness channel, especially through partnerships that allow climate-resilience content to be embedded in popular programming. For instance, after a segment on insurance or loan options airs, farmers can be prompted to opt in via SMS short codes. These initial expressions of interest then feed into a pipeline managed through call centers or partner MFIs, who follow up to complete onboarding, offer financial literacy, and finalize enrollment.

We also tap into community trust systems. "Farm Finance Field Days" bring together early adopters and peers to exchange experiences, showcasing stories of farmers who have benefitted from improved practices or payouts. Peer validation remains a powerful motivator. In addition, we engage with existing structures like village savings and loan groups (VSLAs or table banking groups), which often include rural women and serve as credible platforms for introducing formal financial tools in a collective setting. By aligning with these structures, we ensure more inclusive reach and lower acquisition costs. This ecosystem-based strategy allows ShambaShield to tailor its outreach and onboarding mechanisms to different market segments while maintaining efficiency, inclusiveness, and trust.

Enabling Environment Analysis:

The external environment will significantly influence scaling, and currently many factors are in ShambaShield's favor.

Policy: As mentioned, Kenya has progressive micro-insurance regulations and its central bank pushing climate risk management in finance. This means regulators are likely to be supportive or at least open to our model. We will engage with the Insurance Regulatory Authority (IRA) to ensure our index insurance component meets all guidelines (Kenya's 2019 insurance act amendments allow electronic policy documentation and proportional requirements for micro-insurance, which is helpful for digital delivery). We also foresee working with the central bank to possibly get a "no objection" for the climate-credit scoring tool as a recognized methodology (perhaps even influencing credit information sharing systems to include climate factors in future).

In the broader East Africa context, regulatory frameworks vary: Rwanda and Uganda are catching up on microinsurance regulation; Tanzania recently approved guidelines for index insurance pilots. We will conduct a country-by-country regulatory scan before entry and involve local regulators early (potentially via AFRACA's policy forums).

Another enabling factor is the infrastructure: the spread of mobile networks (most rural areas now have at least 2G/3G connectivity) and mobile money systems (critical for premium collection and payout distribution) is a backbone we leverage. The expansion of satellite coverage and weather stations (some installed by programs like TAHMO in Africa) also enables more accurate index insurance triggers, improving product quality. Data privacy laws (e.g. Kenya's Data Protection Act) are an area to watch – we ensure our data handling (especially for credit scoring) is compliant and transparent to users, building trust.

Economically, interest rates and inflation affect our loan products. Kenya recently removed interest rate caps, which means banks are freer to price risk – that could help as they might price ShambaShield loans slightly higher (because of insurance cost) without a legal cap issue. However, if inflation is high, farmers may struggle with repayment amounts. Our mitigation is to structure seasonal repayment schedules and possibly offer grace periods when shocks hit.

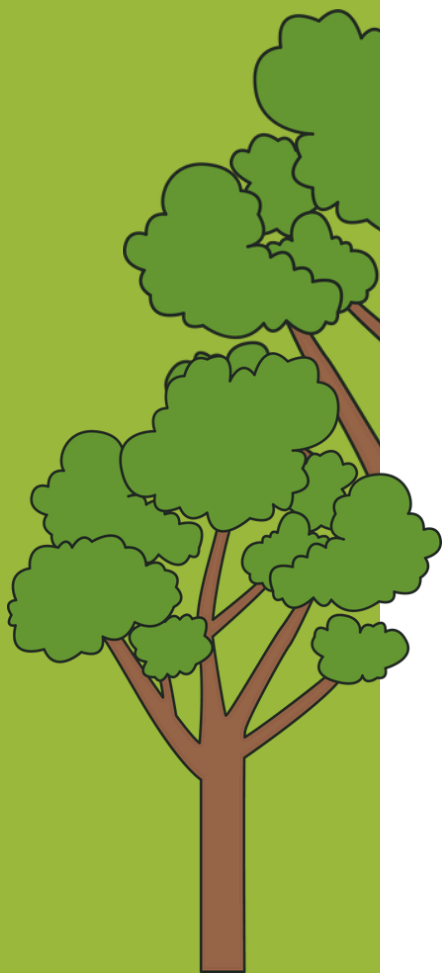
Social and cultural factors also matter: Insurance uptake historically has been low partly due to lack of trust or understanding. That's why ShambaShield's presence in communities is key to **building trust and awareness.** The enabling environment we seek to foster includes financial literacy at population level – we may align with national financial literacy strategies or campaigns to amplify messaging.

Finally, the global focus on climate finance**:** institutions like the African Development Bank are launching facilities like ACRIFA (Africa Climate Risk Insurance Facility for Adaptation) which aims to mobilize $1 billion for climate insurance solutions at micro and meso level. Such initiatives can provide co-funding or risk capital to scale ShambaShield. We will actively position ShambaShield within these broader programs (for example, seeking a partnership with ACRIFA to tap into their technical assistance or capital for premium support). International donors (World Bank's Global Index Insurance Facility, InsuResilience Global Partnership, etc.) constitute an enabling ecosystem that we intend to leverage – their convening power can help us share learnings and possibly replicate in new geographies. In summary, the current enabling environment – from policy to technology to funding trends – is favourable for scaling ShambaShield, and our strategy includes engaging with these external elements to reinforce and accelerate our progress.

Scaling Pathways & Financial Sustainability

Scaling Timeline & Phases:

We envision scaling ShambaShield through a phased approach over the next five years, with clear milestones at each phase.



Phase 1: Pilot and Model Refinement (Year 1)

GOAL	Validate the integrated bundle in two Kenyan counties and build operational capacity.
ACTIVITIES	Expand pilot to ~5,000 farmers in Kenya (up from a few hundred) by working with two MFIs and one bank; fully deploy the credit scoring tool in those institutions' loan processes; run the financial literacy campaign for one full season with climate finance messaging.
MILESTONE	By end of Year 1, demonstrate a **successful planting season** where insurance-triggered payouts occurred seamlessly for any drought-affected pilot farmers, and loan recovery rate exceeded 90% even in those conditions. Also, document farmer satisfaction and iterate on any product tweaks (e.g., adjust insurance trigger if needed).

Phase 2: Acceleration in Kenya (Years 2-3)

GOAL	Rapidly grow coverage within Kenya and solidify partnerships for scale.
ACTIVITIES	Onboard additional financial partners (targeting at least 3 more MFIs, one SACCO, and a top-tier bank), possibly through AFRACA's network or an industry consortium. Roll out ShambaShield in at least **15 counties of Kenya** including diverse agro-ecological zones. Introduce a dedicated **mobile app/USSD interface** for enrollment and self-service by farmers to reduce cost of scaling. Increase outreach via radio and community events.
MILESTONE	**By end of Year 3,** reach around **100,000 farmers in Kenya** with an active ShambaShield product (loan or insurance policy), and have a proven model where unit economics in Kenya approach sustainability (see financial models below). Also by this time, we aim for ShambaShield to be a known brand among rural communities, improving customer acquisition via word-of-mouth.

Scaling Pathways & Financial Sustainability

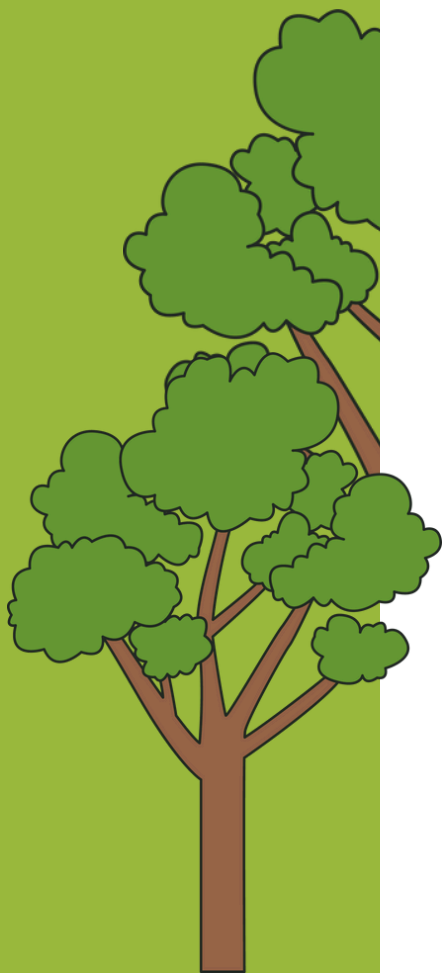
Scaling Timeline & Phases:

Phase 3: Regional Expansion (Years 3-5)

GOAL	Adapt and export the ShambaShield model to at **least two other East African countries** (e.g. Uganda and Tanzania) and explore partnerships in Southern Africa if opportunities arise.
ACTIVITIES	Conduct feasibility and partnership development in Year 3 for new country entry in Year 4. Likely partner with a major regional bank or microfinance network present in target countries for easier roll-out. Localize the advisory content (different languages, crop focuses). Engage in policy dialogue in new countries to smooth regulatory approval of index insurance products.
MILESTONE	By end of Year 5, ShambaShield to have **at least 500,000 cumulative farmers reached** (e.g. 300k in Kenya, 100k Uganda, 100k Tanzania, hypothetically). Also by Year 5, evidence of impact should be strong enough to attract either government adoption (e.g. a government might incorporate ShambaShield into its national agricultural program) or significant private sector investment for further growth.

Phase 4: Scale-out and Institutionalization (Beyond Year 5)

While outside the immediate scope, we note the vision that ShambaShield transitions into either a standalone social enterprise or a public-private program integrated in national systems. The pathway could involve licensing the climate scoring tool to banks commercially, or government-backed guarantee funds bundling with ShambaShield loans to reach the poorest. The ambition is that by year 5, **ShambaShield becomes self-propelling**, no longer dependent on a core project team, but rather adopted broadly by the financial sector to serve millions more.



This timeline remains **agile** – we will adapt pace according to results and opportunities. If early traction is faster than expected, we may accelerate expansion (for example, if a large bank wants to onboard 200k farmers at once in year 2, we would scale up capacity accordingly). Conversely, if we encounter major hurdles in year 1, we might extend pilot period to perfect the model. The key is a **learning-oriented scaling – scale what works, fix what doesn't, continuously**.

Financial Models for Sustainability:

Financial sustainability is paramount for ShambaShield; the model is designed such that over time, the revenues from financial services cover operational costs, allowing it to continue without indefinite donor funding. There are a few layers to the financial model:

Farmer services

Farmers pay for services in an affordable manner as part of the bundle. Instead of upfront fees, costs are embedded. For example, the insurance premium is built into the loan interest rate or a slightly higher repayment amount when harvests are good. This "contingent payment" model aligns with farmers' cash flow – they essentially pay a bit more when they're able (no shock) and pay less when times are bad (shock hit, insurance paid). The advisory service is largely provided free to the farmer (via radio/TV which is free-to-air, or subsidized SMS) because it's in service of driving outcomes that benefit all. As volumes grow, we might introduce a freemium model for advisories (basic content free, premium personalized advice for a small fee), but that's optional. The critical point is farmers see clear value: analyses will show that even with the added premium, their expected gains from higher yields outweigh costs, and the avoided losses in bad years make it worthwhile.

Institution /partner revenue:

There are multiple stakeholders who need to see financial benefit. **Banks/MFIs** earn interest on the loans – ShambaShield enables them to safely lend more, so their interest income grows. Even if they share a portion to pay for insurance, the reduction in default losses and increase in portfolio size should increase their net earnings. **Insurers** get premium revenue from a largely untapped market. By bundling into credit, acquisition costs drop, making these micro-policies viable. Insurers also benefit from diversification when we scale across regions. **Telecom or fintech partners** could see increased customer loyalty and usage (if our product drives more transactions on their platform). We may have a revenue-share or commission arrangement with some partners – e.g. an MFI might pay ShambaShield a small fee per loan facilitated via our scoring tool, or we might get a marketing fee from an input company that sells more seeds because our farmers have loans. These details depend on negotiations, but the principle is to align incentives so that each actor's contribution (loan capital, insurance underwriting, distribution, etc.) is compensated.

Operating model:

As an initiative, ShambaShield will have operating costs – staff for coordination and training, tech maintenance for the scoring platform, content creation for advisories, M&E, etc. In early years, these are grant-funded. But we plan to **blend revenue streams** to cover these as we scale: a combination of service fees from partners (for example, charging a financial institution a **0.5% fee on loan disbursements** done under ShambaShield, or licensing the credit score tool on a subscription basis), and performance-based payments from donors (e.g. outcome funders paying for each farmer effectively insured or each female farmer reached, similar to results-based financing). We will also explore cross-subsidy internally: if a commercial bank partnership is profitable, those profits can support work with a non-profit MFI reaching poorer farmers. By Year 5, the aim is that core operations (especially in Kenya) can be funded by these self-generated revenues: interest spreads, fees, or possibly an equity stake in a loan portfolio. .Our approach might lean more social enterprise, but we similarly want to attract impact investors by showing a path to break-even.

Pathways for Public-Private Collaboration

A hybrid of public and private involvement is not only beneficial but likely necessary for scale. We outline a few collaboration pathways:

Path 1

Public sector support

Governments can amplify reach via **smart subsidies or guarantees.** For example, a government might provide a premium subsidy for the poorest 20% of farmers or set up a first-loss guarantee fund that backstops the lending institutions in case of catastrophic, systemic climate events (beyond the insurance triggers). Kenya's AgriFI and the planned AfDB, ACRIFA fund are potential sources of such risk-sharing capital. We will approach relevant ministries (Agriculture, Finance) to integrate ShambaShield in their climate adaptation programs – perhaps as the mechanism to channel any donor funds for agricultural insurance. Policy-wise, we will collaborate to ensure regulations are conducive (e.g. in Uganda or Tanzania if certain insurance laws need exemptions for index insurance, we can provide evidence and success from Kenya to encourage policy action).

Path 2

Private sector scale drivers:

On the other hand, private companies bring efficiency and innovation. Partnering with **agri-input companies** (e.g. seed companies, fertilizer distributors) as channels – they could market ShambaShield loans to their customers, boosting their sales while helping enrollment. A win-win: more farmers buy improved inputs on credit (good for company), and those farmers are protected and financed (good for us). Similarly, **agribusiness off-takers** (like a grain buyer or a dairy processor) could collaborate, perhaps by co-marketing insurance to their contracted farmers or even co-guaranteeing loans (since they have vested interest in farmers' output). We see a pathway where an off-taker might deduct loan repayments from crop sales (a tri-partite arrangement) to secure the credit – this reduces default risk further and ties into value chain finance.

Path 3

Fintech and ICT firms:

Collaboration with fintech startups can help refine tech components. For instance, a weather data startup or an AI company might plug into our scoring tool to enhance predictive analytics. These partnerships typically operate on commercial terms (rev-share or API integration deals), accelerating our penetration at low marginal cost.

Responsible Scaling: Principles guiding the ShambaShield strategy

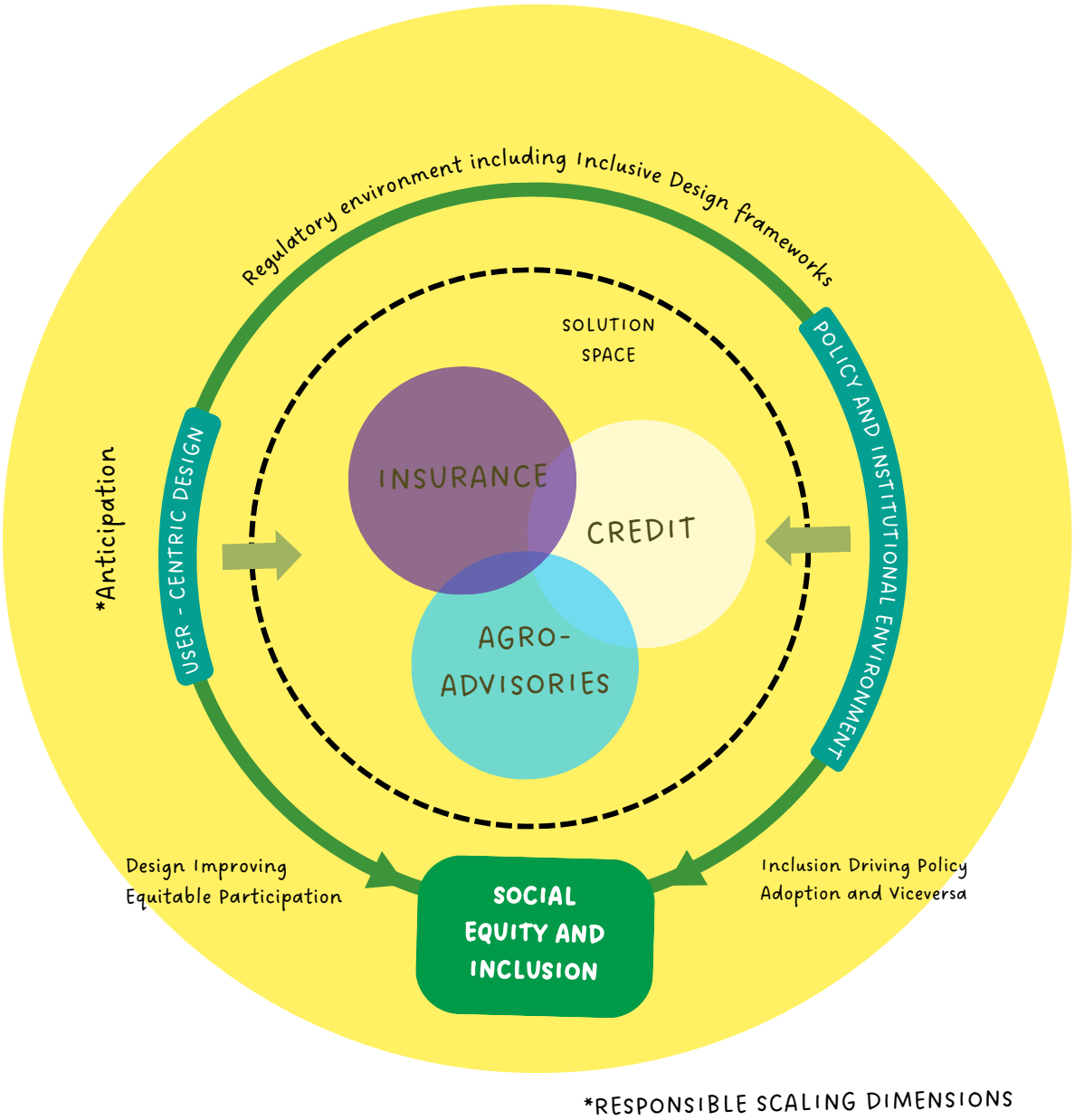
Scaling ShambaShield is not merely about reaching more farmers, but about ensuring that growth is inclusive, sustainable, and adaptive to risk. We developed a conceptual framework to bundle core innovations of ShambaShield, which integrates three core dimensions: user-centered design and social innovation, social equity and inclusion, and a supportive policy and institutional environment. These elements are:

- User-Centered Design: ShambaShield builds from field-tested human-centered design (HCD) methods developed during its playbook phase, ensuring that product discovery is grounded in real farmer needs. This includes adaptive loan structures aligned with crop cycles, multilingual and low-literacy-friendly advisories, and intuitive engagement through mobile and mass media.

- Social Equity and Inclusion: Gender and youth inclusion are not side objectives but central design pillars. The strategy incorporates procedural equity (e.g., access for farmers without collateral), distributional fairness (e.g., avoiding digital redlining), and participatory governance. We also leverage inclusive delivery channels—like SACCOs, women's groups, and informal savings networks—to broaden access.

- Policy and Institutional Environment: We engage policymakers, regulators, and financial institutions early to align ShambaShield's tools with emerging frameworks on climate risk disclosure, inclusive microinsurance, and digital credit. This creates an enabling environment for responsible innovation—balancing innovation incentives with consumer protection and public value.

By embedding these principles into each stage, from pilot to scale—ShambaShield avoids "scaling fast and breaking trust," and instead creates a roadmap for equitable, adaptive, and accountable scaling that others can learn from.

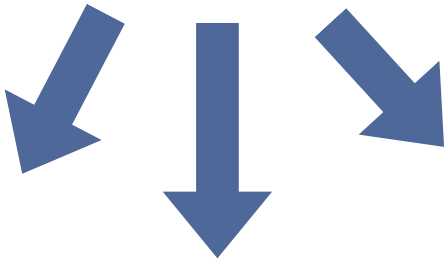


*RESPONSIBLE SCALING DIMENSIONS

SCALING PATHWAYS

*RESPONSIBLE

*REFLEXIVITY



Critical Design Elements, Costs & Benefits

Key Design Elements and Actor Roles:

Successfully scaling ShambaShield requires a coordinated design where each stakeholder has clear roles and incentives.

Product Design & Pricing

ShambaShield's vision to bundle financial products (loans, insurance) must be designed to be attractive yet viable.

ACTORS	**Financial institutions (Banks/MFIs)** take the lead in setting loan terms (interest rate, tenure) in consultation with us to include insurance. **Insurance companies** design the index insurance cover (perils covered, payout formula) working with climate data experts. **ShambaShield team** ensures integration and collaboration across actors – e.g. that the loan amount accounts for premium cost, and that payout triggers align with loan repayment schedules.
BENEFITS	A well-designed product means farmers get affordable protection and institutions cover costs. For example, a typical loan might be priced at an effective interest rate of 15% (instead of 13% without insurance) to cover premium – that design needs actuarial and financial calibration.

Distribution & Customer Interface

This covers how farmers sign up, get information, and receive payouts.

ACTORS	• **Fintech/Telecom partners** provide the digital platform (USSD menus, apps) and agent touchpoints for enrollment and transactions. • **MFIs/Cooperatives** play the role of field mobilizers – their loan officers or field staff conduct group meetings, verify applicants, and do ongoing client management. • **Media partners** (e.g. the TV show, radio) serve as a mass communication channel to drive awareness and education, essentially marketing and training at scale.
BENEFITS	• By leveraging existing distribution, we keep costs low and reach high. The cost of acquiring a customer via TV or an existing agent is far lower than hiring a whole new sales force. • Each actor benefits too – FinTechs get more transactions, MFIs get more clients, media fulfills educational mission (often funded by sponsors).

Critical Design Elements, Costs & Benefits

Key Design Elements and Actor Roles:

Data & Analytics Backbone

ShambaShield's engine is data – climate data, farm data, loan data.

ACTORS	**Meteorological agencies** (national Met Dept or satellite data providers) supply weather and index data for insurance triggers. **Credit bureaus and ag databases** provide any existing info on farmers (e.g. past loans, maybe yield data). **Tech providers** maintain the scoring algorithm platform and the dashboard that partners use to track loans and payouts.
BENEFITS	This is essential for accuracy and trust – all parties rely on the data being timely and accurate. A cost here is setting up ICT infrastructure; partnerships can offset this (e.g. using an existing credit scoring SaaS and just plugging in our climate module). The actors benefit via data exchange agreements (Met agencies may monetize their data in a new way; credit bureaus gain new rural data for their systems).

Funding & Risk Sharing

As described, some funding might be needed for premiums or first-loss.

ACTORS	**Donors/Impact investors** provide grants or concessional capital to support premiums in early years or to capitalize guarantee funds. **Government agencies or development banks** (like an agricultural finance corporation) might also contribute to a guarantee facility or interest rate subsidy for certain target groups. **Commercial investors** could co-fund loan pools or provide debt capital to MFIs to on-lend.
BENEFITS	**Benefit:** This spreads risk and resource burden. For instance, if IFI provides a grant to pay 30% of premiums for 3 years, insurers can charge less to farmers and demonstrate viability, then withdraw subsidy gradually. Each funder gets clearly defined outcomes (number of insured farmers etc.) for their money.

Critical Design Elements, Costs & Benefits

Key Design Elements and Actor Roles:

Governance & Coordination

Ensuring all these actors work in concert requires a governance structure.

ACTORS	**ShambaShield Core Team/Consortium** – possibly formalized as a Steering Committee including reps from major partners (bank, insurer, NGO, government) or networks might host this to give it legitimacy and regional scope. The governance oversees strategy, resolves issues (e.g., if farmers complain about payout delays, governance pushes insurer to act), and aligns incentives (maybe decides on bonus payouts if targets are met).
BENEFITS	Coordination reduces duplication and conflict. All actors know where to escalate problems. The cost is minimal (meetings, some coordination staff) compared to the benefit of smoother operations.

Cost Structure & Budget Considerations: The costs in scaling ShambaShield can be grouped into: development/setup costs, operational costs per year, and subsidy costs (if any) for farmer benefits. High-level, major cost components include:

Technology and product development:
Building and refining the credit scoring system, integrating mobile platforms, developing content for edutainment. Much of this was initiated with CGIAR support.

Anticipated costs:
For scaling, we may invest around $200k in tech upgrades (to handle larger user base, add language support, etc.) and $100k/year in content development (new radio programs, translating materials). These are front-loaded in early years.

Training and capacity building:
Training loan officers on climate finance, training insurance agents, training call center staff for farmer queries, etc. We expect to train hundreds of personnel across institutions.

Budget
$50k for initial training workshops (some funded by donors), plus ongoing refreshers. This is important to build capacity to implement – so training mitigates institutional risk (we don't want a partner mishandling payouts or credit due to ignorance).

Marketing and mobilization:
Though we leverage mass media, there will be costs for community meetings, demo plots, and possibly incentive payments to agents.

Budget
Perhaps $50k for community outreach events in the first 2 years. However, media (TV/radio) might be partly covered by existing programs or sponsors, limiting cost to content production.

Insurance premium costs:
Initially, premiums might be subsidized. Suppose average premium is 5% of sum insured; for a $150 loan, that's $7.5. If we subsidize 50% in year 1 for 5,000 farmers, that's 5,000 * $3.75 ≈ $18,750 – quite manageable via a donor.
By year 3 with 100k farmers, we aim to reduce subsidy to perhaps 20% or zero for many. In worst climate years, insurers may pay out large sums – but that's not a cost to us per se (it's the insurer's liability, which they price in premium and possibly reinsure). We do need to ensure **reinsurance** is in place so that local insurers aren't bankrupted by a mega-drought; typically global reinsurers in these schemes.

Operating team:
A core team managing partnerships, M&E, and product refinements will be needed at least through the first phases. Estimate: a team of ~5-7 professionals (project manager, M&E officer, product manager, training coordinator, data analyst, etc.) costing about $200k-300k/year in salaries and operations. Over time, as things institutionalize, these roles might be absorbed by partners or reduced.

Value proposition and Investment Outlook:
Over a five-year horizon, ShambaShield anticipates a total external financing need of approximately $4 million. Year 1 ($0.5M) will focus on development and pilot operations; Year 2 ($0.8M) on scaling operations; Year 3 ($1M) will support peak expansion, including regional pilots; followed by Year 4 ($0.9M) and Year 5 ($0.8M), by which point core operations aim to be revenue-sustaining. A detailed financial plan will refine these projections, but they provide an indicative scale.

Farmer Impact:
At the farm level, ShambaShield aims to increase resilience and net productivity. For example, if climate insurance prevents a catastrophic loss once in five years, it could save a smallholder up to $200 in a bad season—critical for food security and debt prevention. Access to adaptive credit may boost yields by 20–30% due to investment in inputs, translating to $500–$1,000 cumulative benefit over five years per farmer. With a scaling target of 500,000 farmers, the economic uplift and asset protection could exceed $100 million in value over time.

Financial Institution Benefits – Portfolio De-risking and ESG Compliance:
For lenders and insurers, ShambaShield reduces exposure to correlated climate risks. Embedding climate-index insurance and climate-smart credit scoring into loan origination lowers the probability of default in stress years and improves repayment predictability. For instance, lowering default rates from 5% to 2% on a $10M agri-loan book saves $300,000 in potential losses, while also enabling portfolio expansion through better risk segmentation. Additionally, use of climate-adjusted credit models can support compliance with emerging climate risk disclosure frameworks, including those informed by the various central bank's-led risk guidelines. ShambaShield's design aligns with ESG mandates by enhancing rural financial inclusion (social), promoting adaptive agriculture (environmental), and supporting transparent, data-driven risk management (governance). This positions financial institutions to demonstrate ESG-aligned portfolio growth in the agriculture sector, a critical domain for sustainable finance in Africa.

ShambaShield's core strength lies in its networked delivery model and deep technical foundation. The initiative draws on CGIAR's proven scientific tools in climate analytics, risk modeling, and agricultural systems, ensuring that all financial products are rigorously designed and locally relevant. The team also brings operational experience across finance, insurance, digital platforms, and behavioral research.

What sets ShambaShield apart is not just the idea of bundling, but its co-creation with key actors—MFIs, insurers, TV/radio networks, and farmers—ensuring buy-in and real-world applicability from the outset. While we acknowledge that similar models may emerge, our strategic posture is collaborative, not defensive: we actively seek to work with larger platforms, telcos, and governments to embed our science-based components and amplify shared impact. Rather than competing in a fragmented landscape, ShambaShield aims to build an enabling infrastructure that others can plug into—creating a collective lift for inclusive, climate-resilient finance.

Moreover, in terms of operations, we maintain **flexibility** to pivot – if one distribution channel underperforms, we can shift focus to another (for instance, if TV uptake is slow but radio is high, we adapt accordingly). This agility is part of our team's ethos and is a critical design element in itself: building a solution that can respond to farmer feedback, climate events, and market changes on the fly, rather than a rigid one-size model.

Finally, **adoption targets** have been clearly delineated: 500k farmers by year 5 with interim targets. We also set targets for **women's inclusion** (at least 40% of clients by year 5, say) and track usage (not just sign-ups but farmers actively utilizing the loan/insurance). These targets are ambitious but reachable given Kenya's smallholder population (~5 million households) and regional expansion. By setting these targets, we push ourselves and partners to achieve scale, and can measure progress to adjust strategy if we fall behind.

In conclusion, ShambaShield's design has been critically thought out to ensure that all stakeholders play their part, the costs are manageable and front-loaded investments lead to future sustainability, and that our team and partners are well-equipped to drive this innovation to scale. The careful balancing of roles, incentives, and benefits is what will make ShambaShield not only **scalable** but also enduring in the long run, even in a competitive and challenging environment.

System Strengthening for Sustainable Growth

Scaling ShambaShield is about strengthening **the broader financial and institutional system** to support climate resilience in agriculture. In this section, we outline how ShambaShield contributes to and depends on improvements in policy, governance, capacity, and efficiency.

Policy and Regulatory Environment:

From the outset, we have engaged regulators to ensure ShambaShield aligns with and informs policy frameworks. In Kenya, the inclusion of microinsurance and index insurance in the Insurance Act (2019) is a boon but effective implementation requires detailed regulations (which are under development). We will provide evidence and data from our program to regulators like the IRA on claims ratios, farmer feedback, etc., to help shape **microinsurance regulations that are farmer-friendly** (e.g. ensuring simple claims processes, appropriate consumer protection for index insurance). Furthermore, the Central Bank of Kenya's **Guidance on Climate Risk** means banks have to report climate risk exposure – we will demonstrate how using ShambaShield's approach can be a compliance tool for them (our climate scoring can feed into their risk reports). If we can get a nod in the CBK's reports or a mention that ShambaShield is a best-practice example, that would encourage more banks to join.

In other countries, we may need to advocate for enabling policies: for example, convincing the central bank in Uganda to allow MFIs to bundle insurance with loans, or persuading Tanzania's insurance regulator to relax the requirement for on-the-ground loss assessment in favor of index triggers. We anticipate working with pan-African bodies like the Alliance for Financial Inclusion (AFI) or Access to Insurance Initiative (A2ii) which often support regulators in these topics, thus indirectly boosting the environment for ShambaShield. Additionally, **data policies** (e.g. sharing meteorological data) may need attention – we might advocate open access to historical weather data for index design, which some countries restrict. Our credibility as a research-backed initiative will aid in these policy dialogues. The overall goal is a policy environment where **agri-lending and microinsurance are promoted** via incentives (like tax breaks for insurers reaching smallholders, or risk-based capital relief for banks with insured portfolios) and where consumer protection is balanced (ensuring farmers are treated fairly and understand products).

System Strengthening for Sustainable Growth

Governance and Institutional Anchoring for Scale

To ensure that ShambaShield outlives donor cycles and pilot phases, we are designing a governance model that supports scale, adaptation, and institutional sustainability. In the near term, we propose establishing a multi-stakeholder Steering Committee comprising representatives from government agencies, financial and insurance institutions, farmer organizations, CGIAR, and other key partners. This committee will guide strategic direction, troubleshoot implementation barriers, and ensure accountability, including the use of annual progress reports to maintain transparency and stakeholder trust. Importantly, farmer voices will be represented through associations or community-based structures to ensure local feedback informs adjustments to product features, outreach, and service delivery.

Over the medium term, we will evaluate institutional pathways to anchor ShambaShield within a permanent entity or platform. This could take the form of a public-private partnership (PPP)—for example, with the Ministry of Agriculture co-owning a national “ShambaShield Program” alongside participating banks and insurers—or a social enterprise spin-off that manages product integration, data services, and contracts with partners, potentially governed by an independent board. These options will be assessed based on neutrality, efficiency, and alignment with farmer-centric goals.

Looking ahead, as ShambaShield scales across countries, we envision forming a regional advisory council to promote cross-country learning and safeguard the integrity of the approach. This council could include national leads from each scaled country and support mutual accountability, technical standardization, and ongoing innovation.

Ultimately, our governance strategy is about embedding ShambaShield in local systems, backed by trusted institutions and supported by responsive policies. The goal is that even if the original project team steps back, the capacity to provide climate-informed financial services to smallholders endures.

Capacity Building Needs:

A major aspect of system strengthening is building capacity at different levels:

FARMER CAPACITY:	Through our advisory and edutainment, we are essentially strengthening the human capital of farmers – improving their financial literacy, record-keeping, and adoption of best practices. This has spillover benefits beyond ShambaShield usage; it helps them engage with any formal market. We will measure improvements in farmer knowledge and confidence as an outcome.
FINANCIAL INSTITUTION CAPACITY:	Many rural-oriented MFIs or SACCOs have limited experience with insurance or digital scoring. We provide training modules and toolkits on **climate-smart lending** for loan officers and branch managers (for example, how to explain index insurance to a client, or how to use the climate score output in loan decisions). By doing so, we create a cadre of "climate finance champions" within these institutions who can continue the work internally. We might collaborate with AFRACA to include our training in their regular programs for members, thereby institutionalizing this knowledge across Africa.
INSURANCE SECTOR CAPACITY:	Index insurance is relatively new; local insurers may lack actuarial expertise in this domain. We link them with global experts (perhaps through IFC's Global Index Insurance Facility which offers technical advice). Over time, local actuaries and underwriters in our partner insurance firms gain skills in designing and pricing these products. This is valuable for the system because it means even outside ShambaShield, they could develop new microinsurance products (e.g. livestock or health insurance for rural folks) with a better understanding of low-income markets.
TECH AND DATA CAPACITY:	Implementing ShambaShield involves data collection (farm geolocation, yield data, etc.). We plan to strengthen local capacity for data analysis – perhaps working with a local university to involve students in analyzing our program data, or training our partner staff on using satellite data. This contributes to the local ecosystem of agri-tech expertise.

In essence, every component of ShambaShield includes a capacity-building dimension, so that if external support withdrew, the local partners could, in theory, continue operations with the skills acquired.

Efficiency Improvements and Digital Innovation:

To sustain scale, efficiency is crucial. We will continuously seek ways to streamline operations through technology and process improvement. For instance, moving from paper forms to **a mobile app for loan officers** not only cuts time and errors but also allows real-time data sync for credit scoring. We already use mobile money for premium collection and payouts, which vastly reduces transaction costs compared to physical cash handling. As volumes increase, we'll automate as much as possible: automated weather data ingestion, automated SMS triggers when rainfall deviates, etc. Another efficiency angle is **bulk aggregation** – insuring groups or portfolios as one contract with sub-beneficiaries, which lowers administrative overhead. We are exploring a **portfolio insurance approach** where instead of issuing individual policies, the lender holds a master policy covering its ShambaShield loan portfolio, and farmers are certificate holders. This way, the insurer deals with one client (the bank) and the bank passes benefits to farmers, simplifying claims and reducing paperwork for farmers. Efficiency also comes from **learning and adapting the product** to avoid waste – for example, if we notice many farmers default despite insurance (maybe because of other reasons like market prices), we adapt loan terms or complementary support to address that, thereby improving efficiency of outcomes per dollar lent.

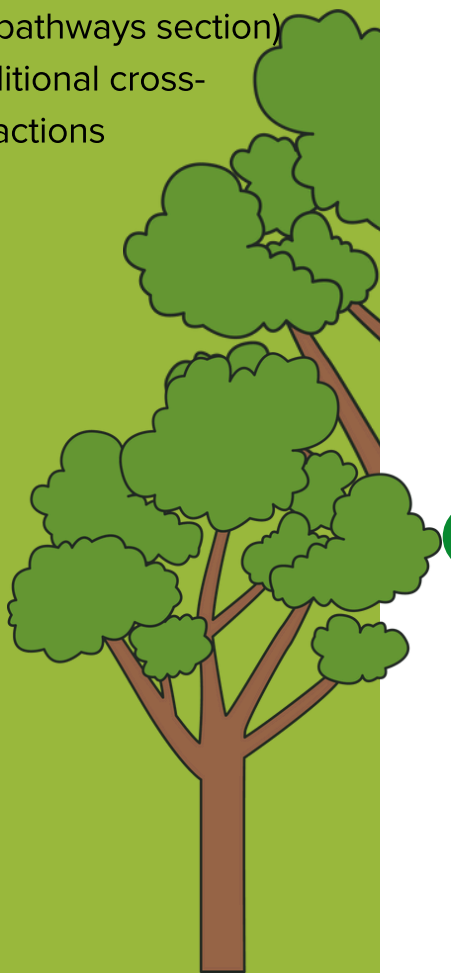
We also encourage healthy **competition and market development as a systemic approach:**

If other insurance companies see our success and start offering similar products, we welcome it because it builds a market and can drive down costs. We ensure farmers benefit from any cost efficiency by advocating for competitive premium pricing and interest rates. ShambaShield could even act as a facilitator for an "insurance pool" where multiple insurers co-insure to spread risk, which can reduce the cost per insurer (this has been done in India and Latin America for ag insurance). Such behind-the-scenes efficiency measures strengthen the system's ability to handle large scale shocks (no single insurer over-exposed) and ensure continuity.

Implementation Plan & Monitoring (MELIA)

Key Activities & Milestones:

Delivering this scaling strategy will involve a sequence of well-defined activities with milestones to track progress. We outline a possible implementation plan through a timeline of activities (some of which we touched on in the scaling pathways section) and additional cross-cutting actions



Q1-Q2 Year 1:

Establish formal agreements with initial partners (MFIs, insurer, media). Develop training curriculum and conduct **capacity building workshops** for loan officers and insurance agents. Launch the first wave of the ShambaShield edutainment campaign on TV/radio focusing on basic financial literacy and climate risk awareness.

Milestone: By end of Q2, at least 1,000 farmers enrolled in a pilot loan or insurance product, and baseline surveys conducted for those households.

Q3-Q4 Year 1:

Refine the climate-credit scoring model using pilot data; adjust index insurance parameters if needed. Implement the **Monitoring & Evaluation framework** – ensure data collection processes are running (loan performance data, farmer feedback surveys, etc.). Engage an external evaluator or research partner (possibly a university or IFPRI) to help design an impact evaluation plan.

Milestone: End of Year 1 – pilot results reviewed, product tweaks made, and a documented playbook ready for scale (including any necessary changes like simplifying loan paperwork or adding an FAQ section to training based on farmer questions received). Also, draft of expansion strategy for Year 2 completed.

Year 2

Expand to new regions in Kenya. Roll out the digital platform (USSD/app) to streamline enrollment. Kick-off partnerships with additional institutions (one major bank by mid-year). Intensify marketing during the main agricultural seasons (e.g., just before rains when farmers plan planting). Begin operations in one neighboring country towards end of year if funding and groundwork allow (e.g. start with a pilot in Uganda with Centenary Bank which was already a pilot partner in scoring).

Milestone: By end of Year 2, total outreach ~50,000 farmers, two countries involved (Kenya full rollout, Uganda pilot launched), and initial evidence of improved outcomes (e.g. interim evaluation showing increased input use among participants). Also, at least one **public forum or conference** where we share Year 1-2 lessons (establishing ShambaShield as a thought leader).

Year 3

Scale-up operations significantly. Introduce any needed second-generation products (for instance, perhaps a micro-savings component if we find it necessary, or new insurance cover like pest insurance if demand arises). Achieve national coverage in Kenya (presence in all key agricultural counties) and expand further in second country, possibly start in a third (Tanzania or Rwanda) depending on partnerships. Strengthen the local teams/partnership structures to handle growth – possibly by now the core team expands with country coordinators for each country.

Implementation Plan & Monitoring (MELIA)

Key Activities & Milestones:

Milestone: End of Year 3 – ~150,000+ farmers reached, default rates of ShambaShield loans at least 30% lower than non-ShambaShield ag loans in partner institutions (a performance metric), and gender target on track (e.g. 30-40% women participants). Also, **a midline impact evaluation** report is published by this time, showing preliminary impacts (like changes in income or resilience indices among farmers after 2 years).

Year 4

Consolidation and integration. By now, hopefully the approach is proven and we work on embedding it deeply: e.g., ensuring partner institutions have internalized processes (making ShambaShield loans part of their standard products). Work on policy integration – maybe formalize a partnership with government at this stage if not earlier, such as government co-financing premiums or using ShambaShield as delivery channel for some program. Expand to additional country if feasible (maybe in Southern Africa, leveraging CGIAR networks).

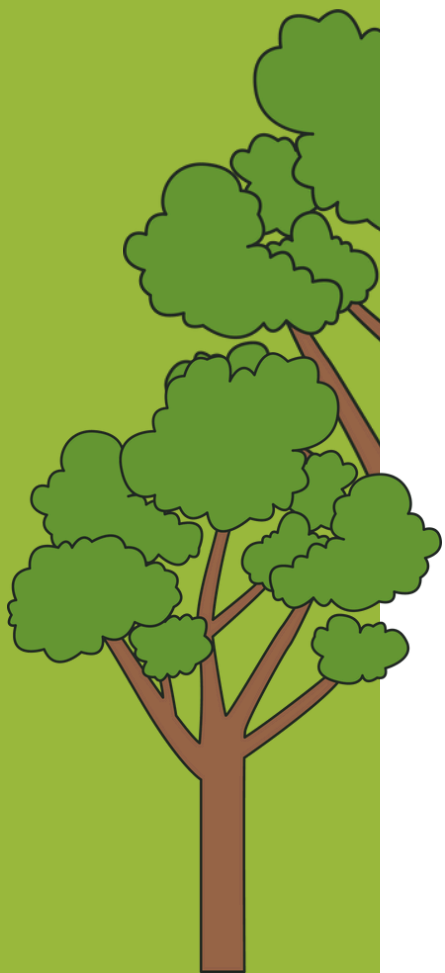
Milestone: End of Year 4 – 300,000+ farmers, and importantly, evidence of **financial sustainability metrics:** e.g., a partner MFI continues offering the product without external subsidy for newer clients, or an insurer renews the scheme out of their own interest. We also aim to have a clear plan for post-Year 5 institutionalization by this time (whether through PPP or a company spin-off as discussed).

Year 5

Final scale push and transition. Hit the 500k farmer target (if not reached earlier). Conduct final evaluation and disseminate results widely (workshops, policy briefs). Transition governance – possibly formal launch of an independent entity or handing over certain functions to partners. Ensure a **sustainability plan** is in place for each country (e.g. identify who will fund continued expansion, how will ongoing farmer training happen, etc., beyond initial donors).

Milestone: End of Year 5 – ShambaShield recognized in national policy documents as a key tool for agri-finance resilience (for example, included in Kenya's next medium-term plan or a Ministry strategy), and at least one country replicating the model with minimal input from us (that's a success sign of system uptake).

Throughout all years, certain cross-cutting actions include robust MELIA (Monitoring, Evaluation, Learning, Impact Assessment) activities, risk management actions, and ensuring inclusivity:



Gender and Social Inclusion Considerations

ShambaShield's scaling vision is grounded in the principle that climate resilience and financial inclusion must be equitable. Women, youth, and marginalized farmers are not only more exposed to climate shocks but often face deeper systemic barriers to accessing finance, insurance, and information. The design and delivery strategy for ShambaShield therefore prioritizes inclusion across all dimensions—content, channels, and institutional interfaces.

Inclusive Product and Delivery Design

Scaling ShambaShield involves embedding gender-sensitive and socially inclusive features from the outset. Advisory messages and credit-scoring models are designed with the realities of diverse farmer groups in mind—recognizing, for instance, that women may have different cropping patterns or access to labor and land. Awareness and onboarding activities would be scheduled to accommodate women's time constraints and facilitated by female agents or respected community figures to build trust and reduce social barriers. Youth engagement would be enhanced through digital platforms and relatable content that speaks to aspirations around agripreneurship and income generation.

Leveraging Gender-Sensitive Financial Ecosystems

The strategy envisages delivery through trusted community financial structures where inclusion is already embedded. For example, scaling could build on the reach of SACCOs, women-focused MFIs, or informal savings groups like VSLAs, which often serve women and vulnerable groups more effectively than traditional banks. These entities tend to offer flexible group-based lending, simplified procedures, and social collateral mechanisms—all of which can be aligned with bundled insurance-credit offerings. By integrating with these platforms, ShambaShield aims to lower structural barriers such as lack of collateral or formal identification.

Responsive Monitoring and Feedback Loops

GESI outcomes will be rigorously monitored through a MELIA system that disaggregates data by gender, age, and other relevant dimensions. The approach is not only to track who is reached, but how equitably benefits are distributed. If, for instance, women systematically access smaller loans or default at higher rates, diagnostic analysis would guide design tweaks—such as revising loan sizes, improving advisory outreach, or adjusting risk assessments to reflect context. These feedback loops are essential to ensure the model evolves in ways that address—not reinforce—existing inequalities.

Climate and Environmental Co-benefits

Inclusion is also a pathway to sustainability. Evidence suggests that when women have reliable access to finance and information, they are more likely to adopt climate-resilient practices. By reducing vulnerability, ShambaShield can help farmers avoid harmful coping strategies like deforestation or distress asset sales. This supports broader environmental goals while empowering communities. Future efforts may capture these environmental co-benefits as part of a learning agenda. In sum, ShambaShield treats GESI not as a side objective but as a foundational pillar of responsible and effective scaling. The vision is to co-create a solution that not only extends services to the underserved—but does so in a way that transforms underlying systems of exclusion.

Risk Management: Scaling an initiative like ShambaShield can come with various risks which we identify and plan to mitigate:

- ***Operational Risk:*** E.g., the risk that insurance payouts do not reach farmers promptly (which would destroy trust). Mitigation: clear agreements with insurers on payout timelines, a monitoring system that flags trigger events and prompts action, and perhaps a backup fund if an insurer delays so we can advance payouts. Also, diversifying insurer partners to avoid single point failure. Another operational risk is default rates higher than expected if, say, multiple bad seasons occur or if selection wasn't done right. Mitigation: conservative underwriting at first, continuous portfolio monitoring, and having the guarantee fund for catastrophic events.

- ***Financial Risk:*** Currency risks if we have funding in foreign currency but local operations in local currency – we might hedge or keep funds as much as possible in local currency accounts. Inflation risk – if high inflation, interest rates might need adjustment or farmers might need larger loans to have same purchasing power; we include flexibility in product terms accordingly (maybe semi-annual rate adjustments or tying loan size to input price index).

- ***Reputational Risk:*** If something goes wrong like an index fails to trigger in a severe loss (basis risk), farmers could lose faith not just in ShambaShield but in insurance generally. We mitigate basis risk by designing indices with ground validation and adding features like "discretionary payout" in extreme anomalies. We also invest heavily in transparency and communication – if a drought occurs and payout is not triggered because say rainfall was just above threshold but yields were low, we communicate and possibly provide some ex gratia support via donor funds to maintain goodwill. Being honest and farmer-centric in these situations is key to reputation.

- ***Political Risk:*** Changes in government or policy (e.g., if a new law suddenly caps interest rates again as happened in Kenya before, or if political actors promise "debt forgiveness" which might encourage default). We cannot control politics, but we can engage policymakers and show the value of our approach so that any new policies consider our segment (for example, if an interest cap returns, lobby for exemption for microloans or insured loans given their different nature). If government were to roll out free input distribution (sometimes happens in election years), that might reduce demand for credit temporarily – we emphasize complementary nature (credit still needed for other investments).

- ***Scale/Quality Risk:*** The risk that in pushing for scale, quality of service drops (e.g., training not as thorough, or customer service lagging, leading to bad client experience). We mitigate by setting up a **strong MELIA and feedback loop**. We'll solicit farmer feedback via SMS polls or community meetings every season and monitor complaints logged. If we see rising complaints or confusion, we slow down and fix issues before continuing expansion. Essentially, **scale at the pace of quality** – not sacrificing the trust we build.

MELIA Framework: We adopt the Monitoring, Evaluation, Learning, and Impact Assessment (MELIA) framework to ensure continuous learning and accountability. Key elements of our MELIA plan:

Monitoring:

We track output indicators regularly: number of farmers enrolled (by gender, region), number of loans disbursed, total value of loans, number of insurance policies/payouts, training sessions held, media reach (listeners/viewers). This is mostly routine data collection through our MIS and partner reports monthly or quarterly. We have dashboards that show progress toward targets in near real-time.

Evaluation:

We plan both internal performance evaluations and external impact evaluations. Internally, we assess how the model is working – e.g., comparing default rates of ShambaShield loans vs traditional loans in partner institutions (a KPI for performance). Externally, we want to measure impact on farmers' well-being and resilience. Ideally, we will do a quasi-experimental or experimental evaluation – for example, if scale allows, randomly phasing rollout in certain areas and comparing outcomes with control areas. We will look at metrics like crop yields, income, asset ownership, food security scores, and a "resilience index" (like ability to recover from a shock) for participants vs non-participants. Given resource constraints, we might piggyback on existing surveys (like national household surveys or use mobile phone surveys) to gather data.

Learning:

MELIA is not just data, but learning and adaptation. We'll organize **Learning Workshops** annually to reflect on data with all partners. For instance, if uptake by women is lower, we discuss reasons and solutions (maybe need more female loan officers, as one example). If one insurance trigger didn't correlate well with actual farm losses (a basis risk scenario), we learn and refine the index or add complementary measures. We document lessons in brief reports or case studies so that stakeholders (and others in the sector) benefit. This ties to one of CGIAR's principles of scaling – ensure that learning guides the scaling trajectory rather than rigidly sticking to a plan.

Impact Assessment:

By Year 5, we plan to have a comprehensive impact assessment (possibly by a third party like a research institute or consulting firm) to quantify ShambaShield's contributions to outcomes and even cost-effectiveness. This is important for accountability to funders and to make the case for any future scale or replication. If results are strong, this becomes a tool to influence policy (e.g., showing that ShambaShield farmers increased productivity X% more than others or had Y% less drop in income during drought, etc.). If results show mixed outcomes, we'll transparently report that too and identify what could be improved or what conditions affected it.

Sustainable Growth Considerations: By the end of the scale-up period, we aim to have in place a system where incentives are aligned for continuing ShambaShield or similar services indefinitely. That means farmers value it and demand it, providers profit or at least cover costs from it, and government sees public good in it. At that point, our role can shift to oversight and quality assurance, while the market handles expansion. We must also ensure resilience of the system to external changes. For example, if climate change accelerates and weather becomes even more erratic beyond our index parameters, we should have adaptability (like updating index triggers or adding new insurance perils). If an economic shock hits (like a recession or pandemic), how does the model cope? We'd stress test the financial model and maybe integrate features such as emergency loan restructuring protocols. This way, ShambaShield is not a fair-weather solution but one that can operate under stress – reinforcing the financial system's stability. In fact, regulators might see it as a stabilizing factor: because it explicitly manages risk, it could reduce systemic risk of rural bank portfolios. Another system element is integration with **social protection systems**. In extreme events beyond what insurance covers (say a multi-year drought that's catastrophic), governments often step in with aid. If ShambaShield data can feed into those systems (for instance, identifying which areas have suffered crop losses quickly via our index and reaching affected people faster with aid), it makes disaster response more efficient. We can discuss data-sharing agreements with agencies like the National Drought Management Authority, thus ShambaShield becomes part of the fabric of national resilience strategies.

Environmental and Social Safeguards: We integrate risk management for unintended consequences as well. For environment, as said, we ensure advice given is climate-smart. We will also track if irrigation expansions from credit have any water resource implications (if we notice, for example, a surge in tube-well drilling, we might work with water authorities to ensure sustainable water use advice is given). Socially, we ensure no exploitation – e.g., making sure loan terms are fair, debt collection practices by partners remain ethical, etc. We include these in partner MOUs (code of conduct).

Exit Strategy and Sustainability: By the end of implementation, success means we don't need to continue heavy external support – local actors (banks, MFIs, insurers, governments) have taken up the mantle. Part of our plan will be to gradually hand over responsibilities. For example, in Year 4 we might hand over the management of the advisory SMS system to a local telecom or government extension service if feasible, or have the partner bank fully manage the insurance contracting with minimal input from us. We will still likely maintain a light-touch coordination or quality assurance role, through ongoing initiatives, to ensure fidelity of the model if it continues expanding.

This implementation plan is ambitious and detailed, but it provides a clear roadmap from our current pilot stage to a scaled, sustainable program. Each milestone is a checkpoint where we can celebrate successes or recalibrate if needed. By diligently following this plan and adapting as circumstances require, we increase our odds of achieving the vision: **hundreds of thousands of East African farmers with better tools to manage climate risk, more financial empowerment, and a pathway out of poverty into resilient prosperity, all enabled by the ShambaShield innovation bundle.**

Dimensions of scaling

Building on ShambaShield's foundational components, we outline the key dimensions along which scale will occur. This section sets out the pathways for scale across five core dimensions: risk mitigation, production-level financing, geographic expansion, tiered financial integration, and south–south collaboration.

Risk-Based Scaling

ShambaShield's scaling must account for key agricultural risks – production risk, market risk, and climate risk – which can all hinder farmer repayment and adoption. Mitigating these risks is crucial to scale safely:

- **Production Risk (Crop/Yield Risk):** Smallholders face yield volatility from pests, diseases, and poor inputs. Scaling requires improving yields and consistency. Strategies include promoting better agronomic practices, quality inputs, and crop diversification, as well as insurance for crop losses. For example, One Acre Fund's model of supplying improved seed/fertilizer and training led to a 50%+ increase in farm income for over 800,000 East African farmers – higher yields reduce default risk and build farmer trust in the program.

- **Market Risk (Price and Market Access):** Even with good harvests, farmers may be unable to sell at favorable prices. Price volatility and lack of storage can force distress sales. Scalable finance must link farmers to markets or protect against price crashes. Solutions include contract farming or forward purchase agreements, crop aggregation through cooperatives, and **post-harvest financing** (e.g. warehouse receipt systems). In Kenya, for instance, a warehouse receipt program lets maize farmers store grain after harvest and borrow ~60% of its value, then sell later when prices rise. Such financing shields farmers from low post-harvest prices and ensures loan repayment by timing sales strategically.

- **Climate Risk (Weather/Shock Risk):** Droughts, floods, and climate extremes pose the biggest threat to scaling, causing systemic defaults. ShambaShield addresses this via risk **transfer mechanisms** like index insurance and climate-adaptive credit. Weather-index insurance can stabilize incomes and give lenders confidence to lend.

Dimensions of scaling

The lesson is that insurance-backed credit *de-risks* lending, allowing scale even under high climate uncertainty. Additionally, layering risks is important – encourage farmers to self-manage frequent small losses (savings, on-farm risk reduction) while using insurance or disaster funds for rare catastrophic events. At a macro level, governments can backstop catastrophic climate risk (e.g. drought) so that microfinance and insurers remain solvent during disasters. In Africa, sovereign risk pools exemplify this approach.

- **Mitigation Strategy:** Build a risk management bundle into ShambaShield's design. This means pairing credit with index insurance or guarantees for weather shocks, facilitating access to storage and forward markets to manage price risk, and offering agronomic support to boost yields. By addressing these risks in tandem, ShambaShield can scale up while keeping default rates low and farmer resilience high. Notably, the Agriculture and Climate Risk Enterprise (ACRE Africa, formerly Kilimo Salama) found that a **holistic solution** (insurance + credit + advisory) was key to its success – it enabled lenders to enter agri-lending confidently by "mitigating weather-related repayment risk" through insurance, local weather data, and farmer training.

ShambaShield can adopt similar all-in-one risk management so that both farmers and financiers feel secure as the program expands.

Production-Level Scaling

To reach more farmers, ShambaShield must scale the financing offered across the agricultural production cycle – from inputs to harvest to post-harvest. Each stage has different capital needs and scaling considerations:

- **Input Financing:** Upfront credit for seeds, fertilizers, and other inputs can dramatically improve yields but requires reaching farmers at the season's start and ensuring repayment after harvest. Scaling input loans calls for efficient distribution (e.g. digital vouchers or local agro-dealer partnerships) and risk-sharing. Successful models include One Acre Fund's input loan program, which delivers inputs on credit plus training to over 800k farmers and maintains ~98% repayment. Key lessons are to collect repayments gradually (e.g. flexible mobile instalments) and to bundle inputs with advice so that productivity gains enable repayment. Government programs also demonstrate scale: India's Kisan Credit Card scheme provides millions of farmers with revolving credit for inputs each year, and East African governments have e-voucher input subsidy programs reaching hundreds of thousands. ShambaShield can leverage mobile banking to disburse input loans and use satellite/field data to customize loan sizes to farm needs (climate-linked credit scoring). Insurance integration is vital here – as seen in Kenya, farmers with insured inputs were able to access credit more easily. By scaling a **"credit + insurance + advisory"** input package, ShambaShield can increase input use safely and attract institutional lenders to fund these seasonal loans.
- **Working Capital (Cultivation & Labor Finance):** Beyond inputs, farmers often need in-season cash (for labor, irrigation, etc.) and cash to bridge until harvest. Microfinance institutions (MFIs) traditionally provide such working capital via short-term loans tied to the crop cycle. Scaling this requires streamlined client onboarding and credit evaluation. Digital fintech solutions can reduce the cost of serving many small loans – for example, digital agri-lenders in Kenya use phone data and farm modeling to approve loans quickly.

South-South insights: In India, millions of farmers access working capital through the Kisan Credit Card and Self-Help Group-bank linkage models, which aggregate demand and have government interest subventions to keep lending affordable. In East Africa, input financiers like Apollo Agriculture are bundling working capital into their packages using data-driven credit scoring. ShambaShield's approach of climate-linked credit scoring is designed to scale this working capital provision by automating risk assessment. One practical lesson is to partner with aggregators (cooperatives, producer organizations) where possible – financing a group or via a cooperative can lower transaction costs and reach more farmers at once. For instance, social lenders like Root Capital fund farmer cooperatives to on-lend to members, which has proven efficient in Latin America and Africa. Adopting a similar approach, ShambaShield can scale faster by channeling working capital through existing farmer groups or SACCOs, rather than only signing up individual farmers one by one.

- **Post-Harvest Financing:** As farmers scale up production, they need solutions to avoid "sell-low" situations right after harvest. Providing loans for storage, processing, or delayed sale can greatly increase farmer incomes and ensure loans are repaid from stronger sales. The **warehouse receipt system (WRS)** model is instructive: farmers store produce in certified warehouses and receive a loan against the stored goods (typically 50–70% of value). Later, they sell the product and repay the loan, pocketing the additional profit from higher prices. While challenges (like minimum quantity and transport) exist, this model helps farmers wait for better market conditions, effectively **managing market risk at scale.** ShambaShield can partner with warehouse operators or storage tech companies to integrate a post-harvest loan option into its bundle. Similarly, **crop aggregation and processing financing** can be scaled by working with agribusinesses: e.g. a dairy processor providing advance payments to farmers for milk delivered, or a cotton ginner financing smallholders' harvest in exchange for crop delivery. These value chain financing models have scaled in certain value chains (tea, sugar, cotton) and can be replicated. The overarching lesson is to embed finance into the value chain – when farmers have assured buyers or storage, the financing can scale up with lower default risk. For ShambaShield, aligning credit repayment with harvest sales (and possibly directly deducting loan repayments at sale time) will facilitate larger outreach without overwhelming farmers with stand-alone debt obligations.

Geographical Expansion

Scaling ShambaShield geographically will involve expanding to new regions within Kenya and to other countries. This requires strategies for **horizontal scaling** (reaching new areas) while maintaining effectiveness. Key considerations and examples include:

- **Local Expansion and Replication:** Within Kenya, ShambaShield can scale from pilot counties to nationwide by leveraging local partners (county governments, local banks, cooperatives) and tailoring to agro-ecological zones. A practical approach is to refine the model in a core region, then replicate it in similar contexts. The logic is to build operational capacity and proof of concept locally (e.g. demonstrate success in a few counties like Bungoma or Machakos) which then attracts funding and buy-in for expansion.
- **Infrastructure & Outreach:** Digital platforms (mobile apps, USSD) allow scaling across geography without physical bank branches, but on-ground agent networks or extension officers are still vital for last-mile farmer reach. Many scalable agri-finance models use a "hub-and-spoke" rollout – setting up regional hubs that support field agents who enroll and service farmers in new areas. For instance, India's microfinance institutions grew by establishing area offices and training local staff as they entered each new state.

ShambaShield can similarly partner with local agri-tech hubs or extension services in each new region to quickly gain farmer trust and distribution.

- **South–South Collaboration:** Tapping into knowledge from other emerging markets can accelerate scaling. Kenya and India, in particular, offer complementary lessons in agricultural finance. **Asia and East Africa:** India has pioneered large-scale rural finance and insurance schemes (like the Pradhan Mantri Fasal Bima Yojana crop insurance program covering 40+ million farmers, and extensive self-help group microfinance networks). South-South knowledge exchange can help adapt such models to East Africa. In fact, a recent South-South pilot by USAID and TechnoServe transferred low-cost farm innovations from India to Kenya and Malawi. This collaboration demonstrated that techniques developed by Indian farmers (e.g. low-cost irrigation, weather advisories) could be scaled in African contexts with appropriate localization. For ShambaShield, partnering with institutions like APRACA (Asia-Pacific Rural and Agricultural Credit Association) through AFRACA could provide insights into successful Indian models (such as crop insurance premium subsidies or warehouse receipt systems in India's mandi system) that might be adapted to Kenya. **East Africa and Asia:** Conversely, Kenya's success in mobile banking and digital credit is instructive for South Asia. Joint initiatives could explore how Kenya's MNOs (mobile network operators) successfully bundled financial services so that similar mobile-based outreach could be replicated in India's vast market.

South-South partnerships can also bring investment, signaling strong commitment to cross-border agricultural finance development. Such funds and knowledge exchanges provide a platform for ShambaShield to scale with international support while remaining contextually appropriate.

- **East African Regional Scaling:** Beyond Kenya, ShambaShield can target East Africa's broader smallholder markets (Uganda, Tanzania, Rwanda, etc.), which share similar climatic and market conditions. Many initiatives have taken a regional scaling pathway – for example, One Acre Fund expanded from Kenya into Rwanda, Burundi, Tanzania and now serves farmers in six countries, proving that a model can travel if adapted to local languages and institutions. A regional approach might involve partnering with organizations like the East African Farmers Federation (EAFF) or regional microfinance networks to reach farmers in multiple countries. One practical lesson is to engage early with each country's regulators and policy environment; for instance, insurance and lending regulations differ, so ShambaShield would need to customize its product (e.g. get approvals for index insurance in Uganda, or work with Tanzania's community banks for credit delivery). **Pan-African initiatives** like the African Development Bank's risk-sharing facilities or AGRA's (Alliance for a Green Revolution in Africa) programs could be tapped to support multi-country scaling. In scaling out geographically, it's also crucial to maintain a feedback loop – local pilot data should inform adjustments in each new geography. By adopting a "test, learn, scale" cycle in each expansion country, ShambaShield can achieve breadth (new areas) without sacrificing depth (impact per farmer).

Financial Tier-Based Scaling (Micro, Meso, Macro)

ShambaShield's strategy should operate across the **micro, meso, and macro** financial tiers to achieve scale. Different interventions at each level can reinforce each other and expand outreach:

- **Micro-Level (Retail Client-Level Scaling):** This involves scaling **farmer-by-farmer**, as is common in microfinance and microinsurance. It means reaching individual clients with loans or insurance policies, typically through high-touch models (field officers, mobile apps, etc.). Micro-level scaling is often slower on a per-client basis due to high transaction costs, but it builds grassroots impact. The focus here is on product design that suits individual smallholders (small ticket sizes, simple terms) and efficient delivery to thousands or millions of farmers. A relevant example is the GIIF-backed index insurance projects which sold micro-policies to farmers in Senegal and Haiti. Those projects demonstrated that with education and the right channels (e.g. mobile weather alerts bundled with insurance), even remote farmers will buy insurance individually. For ShambaShield, micro-level scaling means onboarding as many smallholders as possible onto its platform – using mobile enrolment, farmer group meetings, and partnerships with local NGOs to reach clients one by one. **Lesson:** Leverage technology to reduce cost per client. Digital interfaces and remote sensing can replace some in-person interactions, making it feasible to serve tens of thousands of farmers directly. However, pure micro-level expansion can be resource-intensive, so combining it with meso strategies is wise.

- **Meso-Level (Institution/Portfolio Scaling):** Meso-level scaling works through **aggregators or intermediaries** – e.g. financing a whole cooperative, or insuring the loan portfolio of an MFI, rather than individual farmers directly. This "wholesale" approach can quickly expand coverage. For instance, index insurance at the meso level has been provided to aggregators like banks or farmer associations; one case is in the Dominican Republic where a cocoa growers federation bought a meso-level cover for its members. By covering a portfolio of farmers, transaction costs drop and outreach increases through one institutional client. Global experience suggests this is an efficient pathway: "By targeting the aggregate portfolio of a microfinance institution (MFI), lower administration and delivery costs are achieved than by providing direct coverage to smallholders" globalagrisk.com. ShambaShield can pursue meso-level scale by partnering with MFIs, savings cooperatives, and agribusinesses. For example, it could offer a package to a tea factory to insure and lend to all its outgrowers collectively, or work with a microfinance bank to integrate ShambaShield's credit-insurance bundle into the bank's agricultural loan product (covering thousands of clients at once). **Meso-level finance** also includes guarantee facilities – an MFI could receive a guarantee or insurance for its agri-loan portfolio, enabling it to safely expand lending to more farmers (this is effectively meso-level risk transfer). The important lesson here is alignment of incentives: the aggregator (MFI or coop) must pass on the benefits to farmers (e.g. lower interest due to insurance protection). If structured well, meso-level scaling can rapidly increase numbers (reaching farmers in bulk) while leveraging partners' distribution networks. ShambaShield should identify key meso partners – candidate partners might be nationwide SACCO unions, input supplier networks, or even telecom companies with large farmer customer bases – and structure deals that cover large groups under one umbrella agreement.

- **Macro-Level (System & Policy Scaling):** Macro-level scaling involves engaging with governments, regulators, and International Financial Institutions (IFIs) to create an enabling environment and top-down support for scale. This can include policy interventions, subsidies, or risk pooling at a national level. For example, at the macro tier, governments might provide reinsurance or disaster aid that backs the insurance part of ShambaShield, or enact policies that mandate banks to serve agriculture (priority sector lending). A notable macro model is India's nationwide crop insurance scheme (PMFBY), which by 2023-24 enrolled over 40 million farmers with heavy premium subsidies – a scale impossible to reach without public sector involvement. While ShambaShield is a private/NGO-led initiative, aligning with macro-level programs can accelerate scaling. Policy-level engagements: ShambaShield's team can work with Kenyan authorities to integrate its model into government programs, such as the Kenya Agriculture Insurance Program or the Credit Guarantee Scheme for agricultural loans. Already, Kenya's regulatory environment is becoming more supportive of digital finance and inclusive insurance, which helps. Engaging policymakers could yield support like premium cost-sharing, data provision (e.g. meteorological data), or inclusion of ShambaShield as an official tool for climate resilience. Lesson: Macro-level support can massively amplify scale, but requires ShambaShield to fit into broader frameworks. By demonstrating results on the ground, ShambaShield can lobby for inclusion in national strategies (for instance, Kenya's agricultural transformation strategy or climate adaptation plans).

In summary, a tiered scaling strategy means: continue building the client base farmer-by-farmer (micro), accelerate through partnerships with institutions that aggregate farmers (meso), and seek government/IFI partnerships for risk-sharing, funding, and policy support (macro). This comprehensive approach ensures scaling is both rapid and sustainable, as evidenced by global practices (from government programs and insurance pools).

Scaling Pathways and Business Models

To execute the above dimensions, ShambaShield should pursue diverse **pathways and partnerships.** This involves innovating on business models and collaborating with key players in the ecosystem: telecom companies, fintech startups, microfinance institutions, and international agencies. Each offers a pathway to reach scale, and often a combination is needed. Below are the major pathways with examples and lessons:

Telecom and Mobile Network Partnerships:

Mobile network operators (MNOs) are powerful allies for scaling fintech and insuretech solutions to rural clients. In Africa, big telcos have distribution channels (USSD menus, mobile money agents) that reach millions, including smallholders. Working with an MNO can rapidly increase ShambaShield's user base via mobile phone services. In agricultural finance, **Econet's EcoFarmer** in Zimbabwe is a prime example: the telecom launched a mobile-based crop insurance and advisory service that farmers could subscribe to for as little as $0.08 per day via airtime . This brought previously unreachable farmers into an insured network, using simple SMS/USSD technology. The success of EcoFarmer (providing both insurance payouts and vital information like weather and market prices) shows that bundling services through a telco can achieve scale with low operational cost.

Lesson: By integrating ShambaShield's offerings (loans, insurance, advice) into mobile money menus or agri-value-added services of telcos, customer acquisition can skyrocket. The convenience of phone-based access and payments addresses the rural outreach challenge. ShambaShield should negotiate revenue-sharing deals with telcos (who are keen to add value for their subscribers) – for example, partnering to bundle insurance with airtime or to use mobile wallets for loan disbursement/repayment. This pathway can dramatically lower cost of service delivery and leverage the trust and brand of established telcos to encourage farmer sign-ups.

Digital Fintech and Agri-Tech Platforms:

Fintech innovation is another scaling pathway, harnessing technology and data to serve farmers at scale. ShambaShield's model already includes digital credit scoring and agro-advisory – partnering or emulating leading agri-fintechs can enhance this. **Apollo Agriculture (Kenya)** illustrates a viable fintech-driven business model: Apollo uses machine learning on satellite data and mobile usage to underwrite input loans with bundled insurance and delivers advisory via voice calls . This "high-tech, low-touch" approach has allowed Apollo to serve tens of thousands of farmers in Kenya and expand to Zambia, all through a lean digital infrastructure. Another example is **FarmDrive (Kenya),** which aggregates alternative data (SMS records, farm info) to credit-score unbanked farmers for partner financial institutions. In India, agri-fintech startups like **DeHaat** and **Samunnati** have built digital marketplaces that include financing options for farmers and agri-SMEs, reaching hundreds of thousands of users.

Lesson: Technology can reduce overhead and provide scale intelligence – e.g., satellite imagery can trigger insurance payouts or monitor crop progress for loans, allowing one agronomist to oversee thousands of farms remotely. ShambaShield should continue investing in its digital platform, possibly integrating with existing agri apps or marketplaces to reach more users. Joining forces with fintechs that have complementary services (for instance, a weather forecast app with millions of farmer downloads, or a digital payments fintech) can create a seamless user experience. The end goal is a **platform-based model** where a farmer with a basic phone can apply for a loan, get an instant credit decision, automatically have crop insurance activated, and receive farming tips – all without heavy field infrastructure. This can be achieved by open APIs and data-sharing partnerships among agri-tech innovators.

Microfinance Institutions (MFIs) and Cooperatives:

MFIs and credit cooperatives remain a cornerstone for scaling rural finance due to their grassroots presence. Many MFIs have thousands of existing client relationships and deep knowledge of community-level credit. ShambaShield can scale by piggybacking on these networks. For example, it could train MFI loan officers to offer ShambaShield's bundled product to their farmer clients or co-develop a special loan product that includes ShambaShield insurance and advisory. There is precedent for MFIs bundling products: in India, **BASIX** (an MFI) partnered with ICICI Lombard to sell weather insurance alongside its loans, reaching over 7,000 farmers in just a couple of years. An important insight from the BASIX case was the role of the MFI as a trusted intermediary – farmers were more willing to adopt the new insurance because it was offered by an institution they knew, and BASIX's staff incorporated education on the product in their interactions. This trust factor and distribution reach can be replicated. In East Africa, many MFIs (e.g., Kenya's Equity Group Foundation, Tanzania's PRIDE, Uganda's BRAC) have piloted agriculture-focused loans and could scale further with a risk-sharing partner like ShambaShield.

Lesson: Align incentives with MFIs – demonstrate that bundling insurance will reduce their portfolio at risk, and that digital advisory can improve client repayment (through better yields). If MFIs see a clear value-add, they will drive scale on ShambaShield's behalf. Likewise, **cooperatives and farmer associations** can act as aggregators. The model used by projects like One Acre Fund (group lending and group trainings) and various value-chain financing schemes is to work through organized farmer groups. ShambaShield can provide group-based credit-insurance packages, where a cooperative might sign a single agreement covering hundreds of farmers. This not only scales outreach but can improve repayment via peer accountability in groups. Essentially, MFIs and cooperatives offer a **meso-level channel** (as discussed) to scale up client acquisition dramatically.

International Financial Institutions (IFIs) and Blended Finance:

Partnering with IFIs and development organizations can unlock funding and risk mitigation instruments that propel scaling. IFIs can provide concessionary capital, guarantees, or insurance backing that make it viable to serve more farmers. For instance, ShambaShield could work with the World Bank's agriculture finance programs or IFAD to obtain a partial credit guarantee that covers a portion of losses if many farmers default due to a bad season – this encourages local banks to lend generously to ShambaShield clients. The experience of the World Bank's GIIF and IFAD in index insurance shows that donor support in early stages can build momentum until the model reaches commercial viability. Additionally, global initiatives like the InsuResilience Investment Fund and IFC's blended finance for climate-smart agriculture could invest in ShambaShield's scale-up. Case in point: The R4 Rural Resilience Initiative (by WFP/Oxfam) combined food-for-work, insurance, and credit for farmers in Ethiopia and Senegal, initially heavily donor-supported, and over time leveraged government and private sector involvement to reach ~180,000 farmers. The R4 program's growth demonstrates how de-risking through donor funds (farmers paid insurance with labor, WFP subsidized premiums) can lead to local insurers and banks entering the market on their own. For ShambaShield, engaging IFIs could mean securing subsidy for farmer training, capital for on-lending (a revolving fund), or support for expansion into tough, drought-prone areas where purely commercial models fear to tread.

Lesson: Use smart subsidies and partnerships to build a track record – as losses and risks stabilize, attract commercial capital to replace donor funds. Also, policy-level engagement through IFIs can influence regulations in favor of ShambaShield (for example, simplifying insurance licensing, or enabling remote KYC for farmers).

Capacity Building and Institutional Strengthening:

A sometimes overlooked but critical pathway is building the capacity of institutions that will carry ShambaShield's model forward. This includes training staff, partners, and even competitors in the nuances of bundled financial services. Organizations like AFRACA (African Rural and Agricultural Credit Association) play a key role here. AFRACA has spent decades convening member banks and MFIs across Africa to share best practices and build skills in agricultural finance. Notably, AFRACA runs training-of-trainers workshops on topics like value chain finance, product development, and risk management, and even facilitates South-South exchange programs with its Asia counterpart (APRACA). This kind of capacity building creates an ecosystem more conducive to scaling innovations like ShambaShield.

Lesson: By strengthening partners' abilities (through toolkits, training, exposure visits to successful projects), ShambaShield creates multipliers for impact. This also ensures sustainability: even if ShambaShield as a project ends, the knowledge and demand for such products will persist among local institutions.

Successful Models and Case Studies to Inform ShambaShield

Drawing on the above dimensions, several real-world initiatives offer practical lessons for ShambaShield's strategy:

- **ACRE Africa (formerly Kilimo Salama) – East Africa:** This is a flagship example of scaling **bundled insurance with credit**. ACRE reached over 200,000 farmers in Kenya, Rwanda, and Tanzania by partnering with seed companies, MFIs, and mobile operators to bundle weather index insurance into input loans. Farmers buying insured seeds on credit invested significantly more in their farms and saw higher earnings than those without insurance. A critical success factor was use of mobile technology (M-Pesa) for premium payments and payouts, which cut costs. Also, ACRE worked with global reinsurers and local insurers to manage risk, and with agri-tech firms to provide localized weather data.

Lesson for ShambaShield: Bundling multiple services can increase uptake – farmers were more willing to borrow when they knew insurance was safeguarding them. Also, partnering across the value chain (insurers, agri-input firms, telcos) accelerates scaling; no single actor could have done it alone. Finally, demonstrate impact early – ACRE's impact study showing 16% income gains built credibility, helping them scale to ~1.3 million insured by 2020. ShambaShield should similarly measure and broadcast its impact on yields/incomes to win support as it scales.

- **One Acre Fund – East Africa:** One Acre Fund (OAF) is often cited for its smart scaling in smallholder finance and services. Operating in Kenya, Rwanda, Burundi, Tanzania, and beyond, OAF provides a bundle of inputs on credit, training, and market facilitation to farmers. Starting in 2006 with a few hundred farmers, it scaled to 800,000+ by 2018 and aims for 4 million by 2030. Its strategy included focusing on **unit economics** (achieving 75% field operational sustainability through farmer repayments) and iterating the model in pilot areas before expanding. OAF prioritized depth (increasing farmers served in existing countries) before breadth (new countries) to refine their approach and logistics. They also heavily invest in local capacity – hiring and training thousands of village-based field agents who provide last-mile delivery.

Lessons for ShambaShield: Ensure the model delivers real value to farmers (OAF farmers see >50% income boosts, which drives word-of-mouth growth). Maintain a strong field presence or surrogate (via partners) to build trust – even as ShambaShield digitizes, some human touch (agents, call centers, or demo farms) will aid scale. Also, OAF's willingness to continuously test and adjust (they run trials on loan terms, new crops, digital tools) has been key; ShambaShield should embed a culture of learning to adapt the model as it scales to new contexts. Finally, OAF shows the importance of **blended capital**: they used donor grants to fuel expansion and cover upfront costs, while working toward financial self-sufficiency in operations. Similarly, ShambaShield can use grant funding in early scaling stages (for technology, enrollment drives, etc.) with a plan to achieve a sustainable revenue model at scale.

- **R4 Rural Resilience Initiative – Africa (Ethiopia, Senegal, Malawi, Zambia):** R4 is a multi-country program integrating disaster risk reduction, **index insurance, credit, and savings** for smallholders. It began as HARITA in Ethiopia (with Oxfam and WFP) and expanded to other countries, reaching nearly 180,000 farmers by 2020. Farmers participate in risk reduction activities (like soil conservation) to earn an insurance premium voucher ("Insurance-for-Work"), receive weather-index insurance, and in good years are encouraged to save and can take loans. When bad droughts hit, the insurance pays out, protecting farmers and enabling loan repayment. R4's scaling was facilitated by WFP's support and eventually government buy-in. For example, in Ethiopia the government integrated R4 into its Productive Safety Net Program, a national safety net, to reach food-insecure farmers.

Lessons for ShambaShield: A holistic resilience package can be more impactful than a single product – combining risk reduction, insurance, and credit creates positive feedback (farmers invest more when protected). Partnerships with public programs can target the most vulnerable at scale, which could be relevant if ShambaShield wants to reach poorer, risk-prone regions (e.g., arid counties in Kenya) – working with government safety nets or NGOs could extend its model there. Additionally, R4 shows that farmers are willing to "pay" for insurance through labor when cash is scarce, implying ShambaShield might consider alternative premium payment methods in cash-constrained communities (such as loan-interest rebates in good years, or community work programs funded by insurers). R4 also underscores the value of community engagement and trust-building for scale; peer learning and group activities drove uptake in new villages.

- **Index-Based Livestock Insurance (IBLI) – (Kenya and Ethiopia):** IBLI, developed by ILRI, is a successful case of scaling an insurance product tailored to pastoralists. It provides drought index insurance for livestock keepers in arid counties (e.g., Marsabit in Kenya) and has reached tens of thousands of pastoralists, with the Kenyan government eventually adopting and subsidizing it as the Kenya Livestock Insurance Program (KLIP). The scheme scaled by working through local administrations and herder groups, and by demonstrating value – in the 2016 drought, significant payouts were made, proving its efficacy.

Lesson for ShambaShield: Tackle specific risks with targeted solutions and involve government early for scale. For ShambaShield, if expansion targets different farmer segments (like pastoralists, fisherfolk, etc.), it may need to design product variants. Also, showing impact (how payouts prevent asset loss) can convince governments to come on board, as happened with IBLI.

- **Farmers' Aggregation and Agribusiness Accelerator Models:** In addition to finance-focused initiatives, some scaling models revolve around aggregating farmers and linking them to markets and skills. For example, DFID's Propcom program in Nigeria and USAID's Feed-the-Future programs have set up outgrower schemes and agribusiness incubators that provided embedded finance (input loans, equipment leasing) along with training, reaching large numbers of farmers through lead firms. In Asia, National Rural Livelihoods Mission (India) mobilized millions of women into self-help groups which then accessed bank loans and insurance as a group – a social mobilization approach to scale finance.

Lesson for ShambaShield: Building social and market structures (producer companies, farmer business schools, etc.) can create a stable base for financial services to scale. ShambaShield could incorporate elements of an accelerator or incubator for farmer groups – for instance, helping organize farmers into groups that can graduate into bankable entities, or partnering with accelerators that work with agri-SMEs (e.g., input retailers or local processors) who can on-lend/extend services to their network of farmers. Accelerating agribusiness and entrepreneurship in the value chain indirectly supports scaling of ShambaShield by strengthening the businesses that farmers rely on (thus improving loan repayment prospects and reducing market risk).

In conclusion, ShambaShield's scaling framework is multifaceted – addressing risk management, financing across the value chain, geographic rollout, multi-tier financial structuring, and innovative partnerships/business models. The common thread from the case studies and initiatives is the importance of integration and partnership. Scaling is not just about growing numbers; it's about building an ecosystem where farmers, financiers, insurers, markets, and enablers (technology, government, capacity builders) all reinforce each other. By learning from leading initiatives, ShambaShield can craft a robust scaling strategy. The framework above serves as a roadmap: mitigate risks to unlock scale, tailor financing to production stages, expand smartly across regions with south-south insights, leverage micro/meso/macro synergies, and engage the right partners for distribution and support. With these dimensions in place, ShambaShield can realistically aspire to reach hundreds of thousands of smallholders, helping transform rural livelihoods and resilience at scale, while attracting the investment and support needed for long-term sustainability.

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Project lead
Shalika Vyas
s.vyas@cgiar.org

Contributors
Carolyne Mundia
Pedro Chilambe
Hanna Ewell
Mastawesha Engdaw
Anne Timu
Murat Sartas

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