GLOBAL RESILIENCE PARTNERSHIP

RISK-CONTINGENT CREDIT (RCC)

An innovative market-based risk management solution

RCC is a linked or bundled financial product that incorporates insurance protection, providing a risk-efficient balance between business and financial risks. When triggered, the insurance offsets payments due to the lender.

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INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

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COLUMBIA UNIVERSITY
CORNELL UNIVERSITY
EQUITY BANK (KENYA)
SWISS RE

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RCC ENCOURAGES RISK-RATIONED FARMERS *to* TAKE UP LOANS

Along with Cornell University, IFPRI is piloting RCC in Kenya with our private-sector partners Equity Bank, APA Insurance, and Swiss Re. We conducted a baseline household survey for 1,170 households in May 2017 and found that over 50 percent of the study households are credit-rationed. In September, we conducted financial trainings and public lotteries in Machakos County of Kenya to randomize our sample into three groups: traditional credit, RCC, and control (no credit). We find that the uptake rate of loans in the RCC group is 40 percent, whereas the uptake rate in the traditional credit group is 30 percent.

OUT OF
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LOAN UPTAKE *is* HIGHER *with* RCC