



PRESS RELEASE

GREENLAND FEDHA SLASHES INTEREST RATE ON LOANS FOR SMALLHOLDER FARMERS

Nairobi, Wednesday, 1st December 2021:

Greenland Fedha Limited, the microfinance arm of KTDA Holdings, has reduced the interest rate on loans to smallholder tea farmers to 8%, down from 21% effective 1st December 2021. This new rate applies to both existing and new customers.

The move aims to increase access to affordable credit for smallholder farmers to enable them to meet their obligations. This move fulfils the pledge made by the current KTDA Holdings Board made during the agitation for reforms in the Tea industry.

Speaking during a press briefing in Nairobi, KTDA Holdings Chairman David Ichoho noted that for a long time, farmers had not been financially empowered due to challenges in accessing affordable credit.

"We are now glad that our farmers can now access loans through Greenland Fedha Limited at just 8% interest. During our agitation for reforms in the tea sector, we expressed concern that credit to farmers was too expensive, making it inaccessible. The existing debt burden is a great threat to the empowerment of the farmers and, therefore, unsustainable. Today, we are happy to mark this transformative milestone that will significantly increase access to credit by our farmers," he said.

This follows a number of reform initiatives that the new KTDA Board has instituted to ensure farmers get more money in their pockets. The initiatives include the increase in the initial monthly pay per kilo of green leaf from Kshs 16 to Kshs 21; the setting up of a minimum reserve price of tea at the auction that has seen the price of tea rise by 53% in four months; the importation of 85,000 metric tonnes of fertilizer to smallholder farmers and the subsequent negotiation and award of a Kshs 1 billion subsidy by the Government of Kenya.

"We are focused on ensuring farmers get maximum returns in their business. We will continue working with partners including the Government of Kenya, financial institutions and other stakeholders in the industry in making tea farming more sustainable," he added.

Focusing on diversification of economic activities among tea farmers, Chairman Ichoho encouraged farmers to venture into other economic activities to increase income streams for their empowerment.

"We want to encourage our farmers to additionally increase viable income-generating activities such as livestock farming, poultry farming and avocado farming. Together with the KTDA Foundation, we have rolled out a comprehensive financial literacy programme to empower our farmers to manage and grow their income, not just from tea but from other ventures.

In the meantime, the Board urges farmers to enhance tea production and improve tea quality to sustain the high tea prices currently being enjoyed in the market.

The move to reduce the interest rates comes soon after KTDA managed factories released Kshs 21 billion as second payment (bonus) to their farmers.

Ends.

About Greenland Fedha

Greenland Fedha Limited is a non-deposit taking microfinance institution wholly-owned subsidiary of KTDA Holdings Limited with a mandate of providing high quality, affordable financial services to tea farmers across the country.

GFL uses farmers' green leaf as collateral to disburse credit to farmers, making the credit access process faster and more efficient. With voluntary membership, farmers are not required to provide upfront savings to borrow funds from GFL.

The company has leveraged mobile technology, making it convenient and efficient for farmers to access funds seamlessly through their mobile phones anytime, anywhere.

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