



Alliance Reserve Partners

FINANCIAL RESILIENCE · SHARED PROSPERITY

A TWO-MINUTE OVERVIEW

The Income Reserve Fund

Financial resilience for African farmer groups, and the businesses that buy from them, when shocks strike.

An early-stage concept. We are asking for honest feedback, not funding.

One bad season can undo years of progress.

The shock

A poor harvest, a price collapse, an epidemic or a drought can wipe out much of a season's income.

The cushion

Farmer groups and agri-enterprises often have little to fall back on. The loss spreads quickly to the farmers who depend on them.

The cost

Funders and investors may spend years helping an organisation grow. One setback can undo much of that work.

The Income Reserve Fund is designed to add another layer of protection.

Members save in their own name. A Shared Reserve stands behind them.

Savings stay in the member's own account, in its own country. The **Income Reserve Fund (the Fund)** verifies the record but never holds the money.

Members choose how much to save and can withdraw at any time. They pay no Fund fees.

The longer and more steadily a member saves, the more support it can receive.

The **Shared Reserve (the Reserve)** has two layers, a Donor Tranche and an Investor Tranche.

When a qualifying external shock causes a loss

- 1 **Own savings** are used first
- 2 **Donor Tranche** adds support next
- 3 **Investor Tranche** only if the Donor Tranche is used up

Support never exceeds the actual loss or the member's support limit.

Buyers can stand behind the farmer groups that supply them.

An Anchor Buyer pays a fee for each farmer group it enrolls. Most of it goes into the Reserve; the rest helps pay for running the Fund.

The farmer group gains

- Stronger protection in a bad year
- A better case for inputs and credit from its buyer
- Full control of its own savings

The Anchor Buyer gains

- Steadier supply through difficult years
- Better prospects of recovering inputs and credit
- A credential with customers, lenders and partners

Anchor Buyers are not members. They do not save with the Fund and receive no payments from it.

04 · AN EXAMPLE

A drought causes a \$40,000 loss.

A farmer group has saved \$500 a month for two and a half years, building \$15,000 in its own account.

	On its own	With an Anchor Buyer
Own savings, used first	\$15,000	\$15,000
Support from the Reserve	\$18,000	\$25,000
Total against the \$40,000 loss	\$33,000	\$40,000
Not covered	\$7,000	None

Illustrative only. The support formula and limits have not yet been set.

Donors take the first loss. Members pay no fees.

Donor Tranche

Donors provide the first-loss layer. Anchor Buyer fees add to it over time.

Investor Tranche

Outside investors provide a second layer, exposed only once the Donor Tranche is used up.

Operating Budget

Grants and Anchor Buyer fees pay for running the Fund, not fees or interest on member savings.

The Reserve is held in conservative hard-currency investments. The Fund is a social enterprise, not an insurance product.

Tell us where the idea is weak.

1 Is there a significant unmet need for this approach?

2 Can organisations that share value fairly with farmers be identified reliably?

3 Would buyers value more reliable suppliers enough to pay toward their protection?

4 What regulatory issues would arise?



info@AllianceReservePartners.com