Leveraging on Tech to drive Financial Inclusion

April 5-6, 2019 | Nairobi, Kenya

JUHUDI KILIMO
Challenges for 50M smallholder farmers in Africa

- 75% of workforce in agriculture
- $1 billion worth of food imported
- Small farmers have 30% lower productivity
- They are subsistence farmers and have limited markets
- Farm 1-5 acres of land earning USD 2-4 per day
- 2/3 of rural farmers have no access to financial services
OUR JOURNEY

Experiment (2004-2009)
JK’s business model (asset financing/group co-guarantee) was being piloted under K-REP Development Agency.

Independent Company (2009)
JK spun-off into an independent For-Profit social enterprises.

Farmers Reached (2009-Date)
We have given more than 200,000 loans for investment in agricultural value chains and support enterprises.

Total Active Clients
Today, JK has 48,000 active loans advanced to rural smallholder farmers & micro-entrepreneurs.

Outstanding Loan Book
As at 31st Dec 2018, JK had an outstanding loan book of $16.2M.

Number Of Staff
JK has 305 staff, 50 in head office, and 255 in the field, of whom 187 are loan officers.
Our Successful Product Model

**Agri-finance**
- Dairy cows
- Poultry
- Irrigation equipment
- Greenhouses
- Vehicles
- Grain mills

**Insurance**
- Livestock insurance
- Life insurance
- Weather-based index insurance (exploring)

**Training**
- Group governance
- Financial literacy
- Business management
- Farming technology

**Linkages**
- Access to markets
- Buyer linkages
- Veterinarian services
- Farming input suppliers
Going deep Rural

Mitigation

Careful consideration of digital solutions for client, group & staff management in growth strategy

Climate Change

Portfolio diversification, climate-smart agriculture products, weather insurance

Sector concentration

Leverage on technology to build a robust appraisal tool for risk assessment for agri-portfolio
Project Badilisha

Cloud Solution
- Loan Management
- Group management
- Staff productivity tracker

Real-time data entry & view

Loan Officers

Field Offices

Report viewing

Head Office

Analysis and report viewing

Investors and partners

KPIs
- Cut client onboarding time by 50%
- Cut stationery costs by 30%
- Maintain system uptime of 95%
The scale-up plan

Target: **80,000** no of farmers to be reached with Ag-loans by **2021**

Digitize – Group and client management using biometric tech

Grow – Entry into 9 new locations in Kenya, 1 new Country

Training – On financial skills and agricultural best practices
Projections

- **Net Profit**
  - **Operational KPIs:**
    - 20% Improvement in Loan staff Productivity
    - 50% Reduction in lead onboarding time
    - 60% of portfolio to farmers
    - 50% Women
    - 30% Youth

- **Cost optimization:**
  - Average gross Cost of managing a farmer loans before vs projected at scale
    - Unit cost before = $10.3
    - Unit cost after = $8.2
Resources needed to meet scale-up target leveraging the platform

**Platform**

- Technical Resources – Tech development, API Intégration
- Knowledge resources – Training Manuals, implementation of HCD
- Financial Resources – Affordable capital, Grants, TA
- Policy – Data collection and Privacy

**Juhudi Kilimo**

- Robust Credit and Risk Management, Project Management, IT support
- Inhouse Training Manager, Group training manual, credit assessment manual
- WIP on Capital and Grant Fundraising
- Member to cohorts like AMFI & Propagate
Annex: 2018 Pilot

Overview of the Pilot

• Basic digital functions tested on Solar lights and Cookstoves loans
• Loan initiation App ran on Android devices
• Integration with core Loan Management
• Data validation and basic loan qualification criteria
• Coupled with Training to boost uptake

Results

• 8,000 Loans processed
• PAR 3%
• 73% Women
• 96% System Uptime
## Annex: Budget-Phase 1

<table>
<thead>
<tr>
<th>Category</th>
<th>Costs ($)</th>
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<tbody>
<tr>
<td>1. Develop a customized digital appraisal solution for lending to Small holder Farmers (SHFs)</td>
<td>116,400</td>
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<tr>
<td>2. Technical assistance training for smallholder farmers</td>
<td>58,570</td>
</tr>
<tr>
<td>3. Appraisal, Loan Review, Loan Monitoring</td>
<td>11,430</td>
</tr>
<tr>
<td>4. Marketing Activities</td>
<td>122,200</td>
</tr>
<tr>
<td>5. Project Personnel Cost</td>
<td>88,200</td>
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<tr>
<td>6. Other Project Direct Costs/Admin Costs</td>
<td>153,060</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>549,870</strong></td>
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</tbody>
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Annex: Meet the team

Name: Bernard Kivava
Role: CEO
Years of relevant experience: 19

Name: Cleopas Ndaramu
Role: Chief Operations Officer
Years of relevant experience: 10

Name: Adrian Mumo
Role: Chief Finance Officer
Years of relevant experience: 13