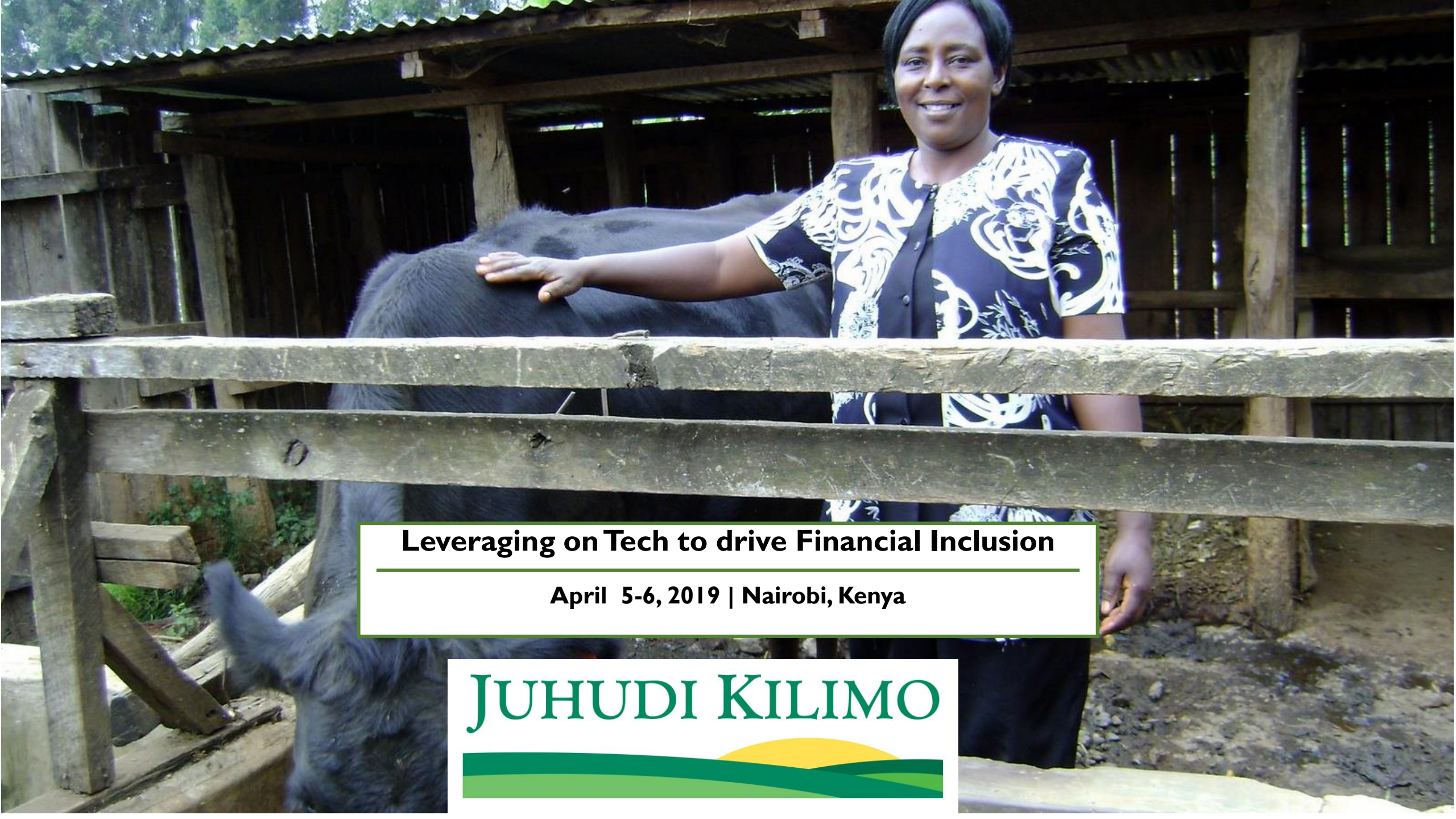


Leveraging on Tech to drive Financial Inclusion

April 5-6, 2019 | Nairobi, Kenya

JUHUDI KILIMO

Challenges for 50M smallholder farmers in Africa

75% of workforce in agriculture

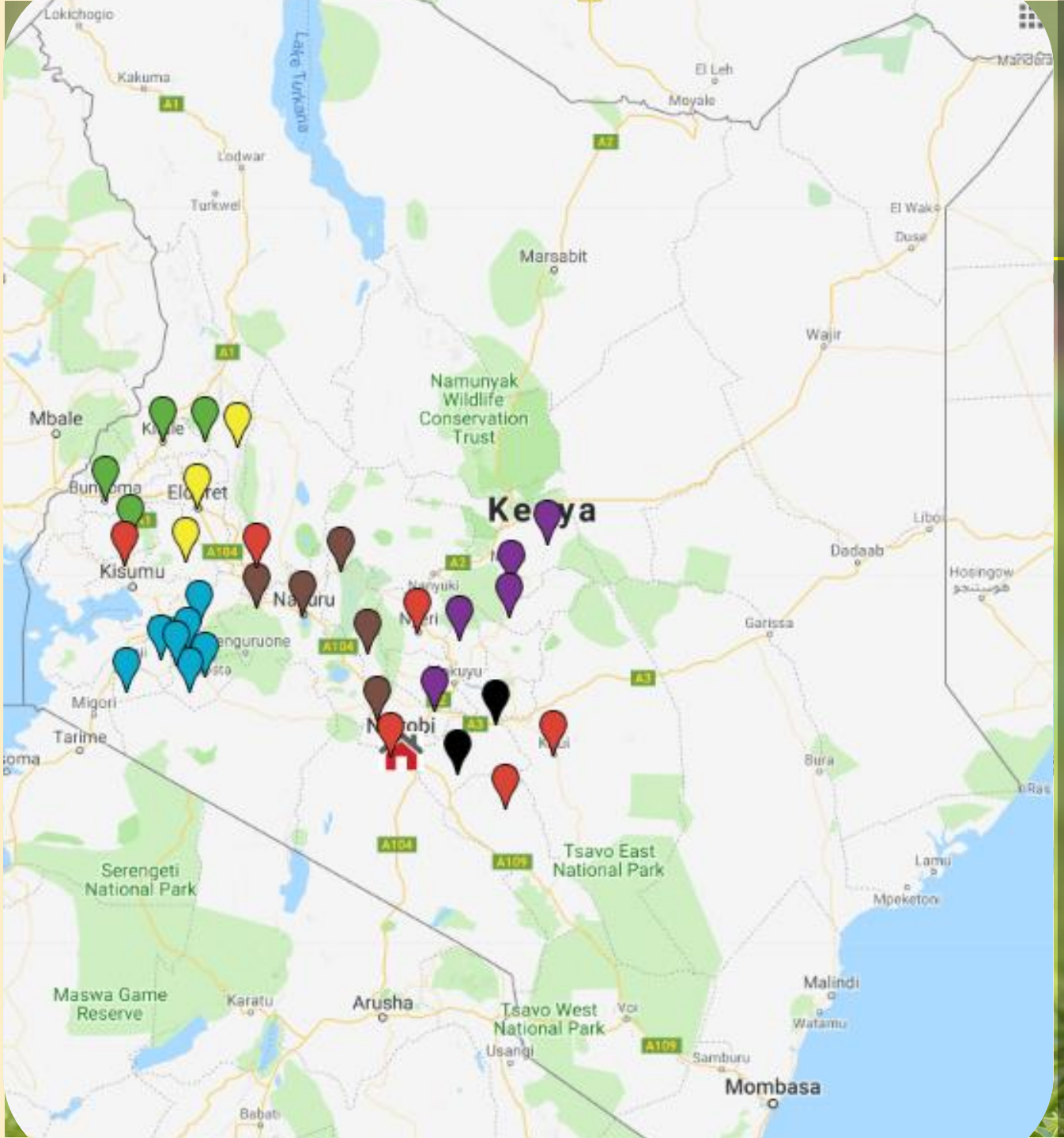
$1 billion worth of food imported

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

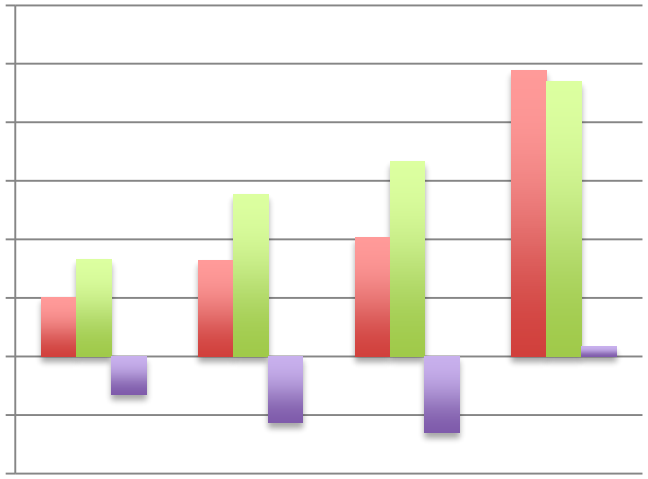
- Access to markets
- Buyer linkages
- Veterinarian services
- Farming input suppliers

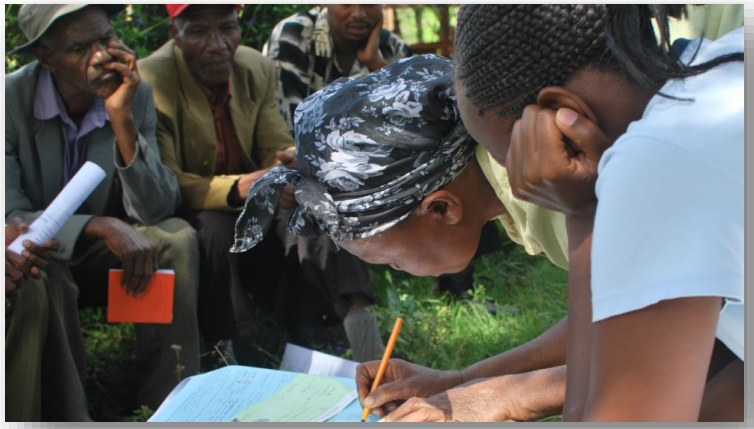
Going deep Rural

Climate Change

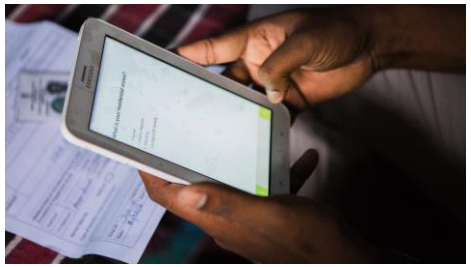
Sector concentration

Challenges





Mitigation



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

Portfolio diversification, climate-smart agriculture products, weather insurance

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

Report viewing

Field Offices

Analysis and report viewing

Head Office

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

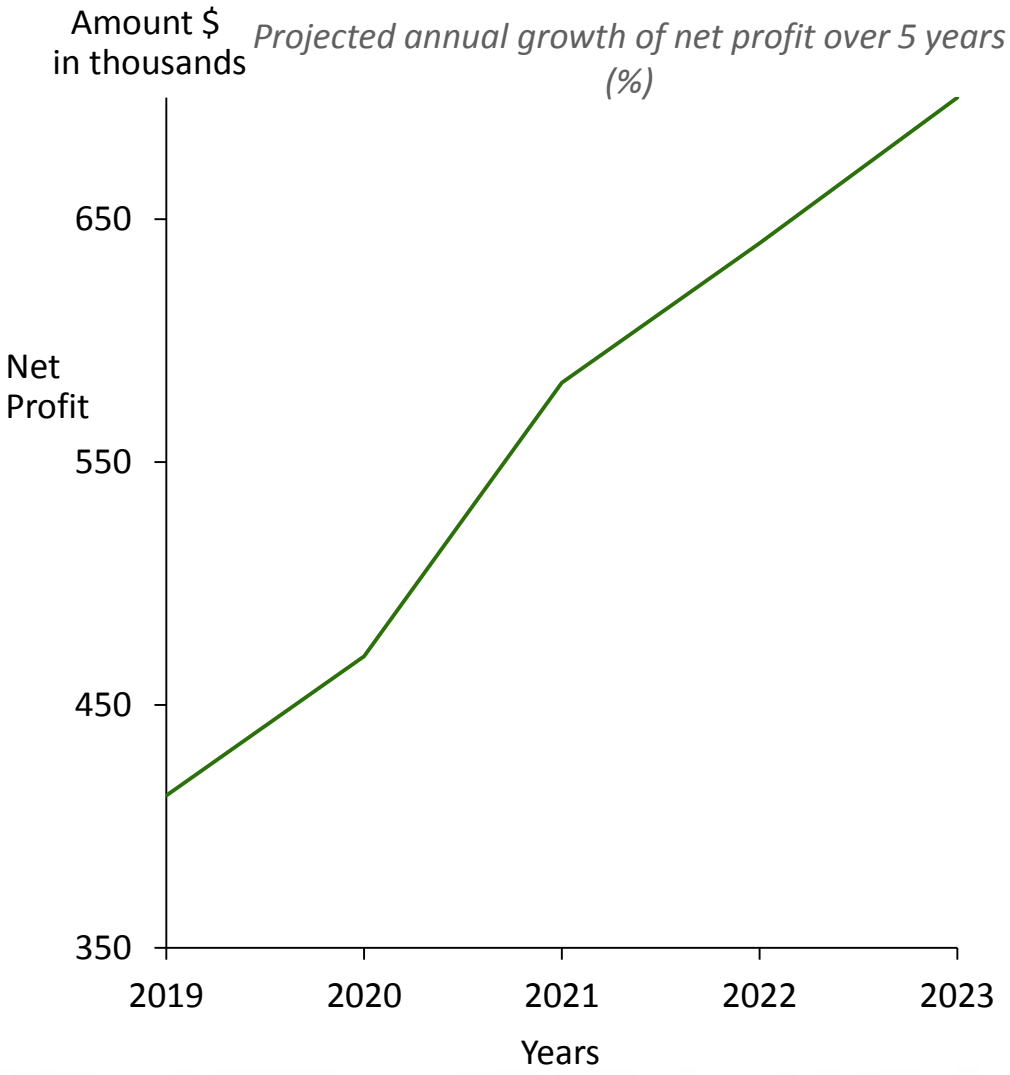
Target: **80,000** no of farmers to be reached with Ag-loans by **2021**

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



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 developement, 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 assesment 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

Category	**Costs ($)**
1. Develop a customized digital appraisal solution for lending to Small holder Farmers(SHFs)	116,400
2. Technical assistance training for smallholder farmers	58,570
3. Appraisal, Loan Review, Loan Monitoring	11,430
4. Marketing Activities	122,200
5. Project Personnel Cost	88,200
6. Other Project Direct Costs/Admin Costs	153,060
Grand Total	**549,870**

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