Agenda

The Mastercard Foundation Fund for Rural Prosperity (FRP)

The Portfolio

Achievements by the end of 2018

Strategies for overcoming barriers
Agricultural Finance Barriers

Sector Risks

- Low understanding of market
- Low financial literacy
- Financial products design

High costs to serve

Low levels of demand
The Mastercard Foundation Fund for Rural Prosperity

**OBJECTIVE**
Reach 1 million financially excluded people in rural and agricultural areas in Sub-Saharan Africa

**INTENDED IMPACT**

**Farmer Level**
Improve livelihoods and incomes of smallholder farmers by building their capabilities to access and use financial services

**Institution/ Firm Level**
Enable financial services providers and agribusinesses to develop and expand access and partnerships for smallholder farmers

**Sector Level**
Promote systemic change in agricultural finance by attracting other influential actors and supporting innovation

**Total Fund amount** - US$50mn
**Total committed** – US$41.3mn

**Period:** 7 years (25/08/2014 – 31/12/2021)
The FRP Portfolio

Where we operate

55% of projects are implemented in Kenya, Tanzania or Uganda

Investment so far..

FRP Funds Committed
$ 41.3 million

Matching Funds
$ 69,703,159

Leverage: 1 : 1.7

Skin in the game and capacity to implement are key success factors

Countries of operation to date

15

Number of projects in country
FRP Participants
Achievements by the end of 2018

Number of participants by business model

- Credit: Tech 13%, Outgrower 24%, Direct banking 37%, Asset finance 11%, Inputs-based finance 10%
- Savings: Other 5%

Financial products – # of projects

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1,330,659 customers reached to date or ~ 6.65M households beneficiaries

- Pre-2018: 432,716
- 2018: 897,943

Loans are the most popular among providers: offered by 76% of projects

Insurance tends to be bundled with other products: offering insurance with input purchases is an innovative approach

Women and youth stick with savings and insurance products, if they sign up: active customers of end-2018 >> new customers
• **Partnerships Matter:** Partnerships have evolved as a strong theme in the delivery and design of rural finance solutions. Very few institutions want to go it alone. Partners help in either developing the financial solutions (TA partners), marketing and outreach to the target market, providing additional services or value add to beneficiaries. Quality of partnerships influence product design and contribute to capacity to implement.

• **Value chain financing remains a common theme:** Agribusinesses remain a force in the agrifinance space, leading innovation in the delivery of financial services to smallholder farmers in their supply chain. Securing the supply chain is critical to their business in Africa. This is not a nice-to-have but a commercial imperative.

• **Training is key:** Training approaches have varied substantially e.g.:
  – **Ibero Uganda** has provided one-on-one training to farmers on software and data entry to enable them to use the mobile money platform
  – **FutureLink** has coordinated financial literacy training sessions to fit around other SACCO sessions
  – **Dodore** has taken a “training of trainers” approach

Customers received financial literacy training as at Dec 2018

591,303
• **Mobile Technology is a Game-Changer:** Digital solutions have transformed the way financial services are delivered and enabled “last-mile” solutions for many of Africa’s unbanked. Highlights of the key features in the digital financial services models include:

✓ **Creation of digital platforms and digital finance plus** that provide basic financial services as well as mobile-plus services including solar energy, financial literacy education, weather and pricing information as well as agronomic education

✓ **Use of digital channels to enhance delivery:** This includes a range of tools such as mobile point of sales devices and mobile phones to enroll new customers and to provide basic financial services

• **Big data drives credit:** A number of solutions have included the use of wider variety of data collection methodologies e.g. geospatial and biometric to collect data on customers. This data is then used to build platforms for credit assessments. Depending on the size of firm and its strategy, it could either use the data to lend directly or to link customers to financial services providers.

• **Bundling Products:** Offering more than one financial product or combining a financial with non-financial offering is often a cost-effective strategy for the supply side, while offering more convenience for the demand side
Questions

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Thank You