WEBINAR: Overcoming Market Constraints To Deliver Sustainable Financial Inclusion To Rural Communities

23 October 2019
Presenter

Elizabeth Mastors
Chief of Staff to the CEO
Apollo Agriculture
The opportunity in Africa is enormous, but most land is farmed by small-scale farmers who:

- Are rural, remote, and difficult to reach, with small (less than 3 acre) farms, operating in disorganized supply chains
- Lack capital or access to credit (no financial histories), and can’t afford the upfront cost of high-return, farming investments

The cost of acquiring and servicing African farmers has been too high.
What we do

Apollo bundles everything a farmer needs for each crop: financing, farm inputs, advice, insurance, and market access, when possible.

How we do it

Automated operations keep costs low & processes scalable

Satellite data and machine learning enable better credit decisions
Apollo’s Proprietary Tech Platform Unlocks an Untapped Market

1. Scalable marketing and lead qualification pipeline
2. Asset verification and KYC
3. Automated and scalable credit rating
4. Last-mile distribution
5. Automated training for farmers
6. Repayment via mobile money or crop sales
Growth so far

- Strong YoY customer growth since first season in 2017
- 85% of surveyed customers saw their standard of living improve

Key enablers

- Infrastructure: mobile network and mobile money penetration, advances in satellite imagery and ML
- Operating context: product-market fit already established and best practices well documented
- Capital: need a variety of capital sources at different stages
Presenter

George Muga
Head of Market Infrastructure
Financial Sector Deepening Uganda

fsduganda
Financial Sector Deepening
Success in Financial Inclusion is an interplay of several factors

- No equitable intersection
- Varying dimensions of their application / support.
- Uptake & Usage limited

For total Inclusion to be achieved

- Equitable application of all parameters
- Must complement each other

With rural communities the success becomes more complex
Success in Unlocking the Constraints

Regulation
- Enabling regulation
- Adaptive (Caring / Listening) policy environment

Technology
- Simple
- Sustainable (Supply)
- Scalable (Supply Side)
- Interoperable*
- User Interface / User Experience

Price
- Charges (access of USSD, SMS, data)
- Charges for use of service

Awareness / Literacy
- Know (heard, seen, tried, use)
- Advocacy >> Adoption
- Language

Access / Channels

<table>
<thead>
<tr>
<th>Mobile phone ownership</th>
<th>46%</th>
<th>52%</th>
<th>70%</th>
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<tbody>
<tr>
<td>Internet access</td>
<td>5%</td>
<td>10%</td>
<td>25%</td>
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</tbody>
</table>

% of Rural adults  % Urban Adults  % All Adults

FinScope, 2018
• Efforts should be collaborative amongst players – from informality to formality.
• Technology penetration is moderately increasing, rural communities cost conscious.
• Drive Value and NOT profits
• Start small, grow big.
• Youth and women agenda.
Presenter

Renita Nabisubi
Head of Digital Financial Solutions (DFS)
Access to Finance Rwanda
Are we getting the desired impact?

Accounts at FSPs have increased over the past 13 years

Country comparison of access:

<table>
<thead>
<tr>
<th>Country</th>
<th>2009</th>
<th>2016</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>UG</td>
<td>45%</td>
<td>72%</td>
<td>78%</td>
<td>89%</td>
</tr>
<tr>
<td>RW</td>
<td>57%</td>
<td>89%</td>
<td>78%</td>
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</tr>
<tr>
<td>TZ</td>
<td></td>
<td></td>
<td>89%</td>
<td></td>
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<tr>
<td>KE</td>
<td></td>
<td></td>
<td>59%</td>
<td>89%</td>
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</table>

Source: Finscope surveys

However, overall reduction in poverty has not matched the growth in accounts
Usage has not grown as much, affecting the sustainability of the businesses providing these services.

Activity rates vary across the regions:
- On average, Banks tend to have higher activity rates.
- In Tanzania, mobile money activity rates are higher.
- The trend in Kenya shows that as the country becomes more digitalized, mobile money activity rates increase while bank account rates decrease.

Implementation costs are high, without high activity rates sustainability is a challenge.
Beyond demand and supply

Challenges

- Lack of information
- Fragmented infrastructure
- Lack of cheap longer-term borrowing options
- Poor or nonexistent industry standards
- Low capacity of SMEs to formalize business operations

Recommendations

- Data driven decision making
- Implementing interoperable systems
- Strengthen industry associations
- Set targets to build capacity as a national strategy
- Strengthen capital markets

We need to focus on supporting services and rules/regulations to improve the efficiency of the market
Question time

• Please ensure your mics remain off at this time and send your question through chat only.
• Please send your questions by writing them into the chat to GOduor.
• No need to send your questions to everyone on the chat.
• If you have a preference for who the question is for, please indicate it.
  – Elizabeth Mastors
  – George Muga
  – Renita Nabisubi

• Material regarding this webinar will be posted to the Fund website www.frp.org

• In case there is no time to answer every question, a Q&A from the webinar will be posted on the Fund website or disseminated to you.

• After this webinar, please send an email to info@frp.org with your name, job title, organisation. Let us know if this webinar was useful to you and how, and any thoughts on future webinars.
Acknowledgements
References

- EAC Financial Inclusion Ecosystem Mapping Report, 2019, FinTech Stage
- [Private Equity Investment Guide: For Limited Partners in East Africa](#), 2019, FSDA
- [Finscope Uganda: Topline Findings Report](#), 2018, FSD Uganda
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- [Catalysing Investment Finance for SMEs: FSD Tanzania's Foray into the Enterprise Growth Market](#), 2017, Financial Sector Deepening Trust, FSD Africa
- [Finscope: Financial Inclusion in Rwanda 2016](#), 2016, Access to Finance Rwanda
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