Changing the way farmers do business

Presentation to potential investors

Juhudi Kilimo

Changing the way farmers do business
Presentation to potential investors
Improving agriculture -> big social impact

- 75% of works are employed in agriculture
- 30% less productive than in peer countries
- 21% of food consumption imported/aid

Improving agriculture in Kenya
Capital needed to become more productive
Limited access to finance

% of population with access to financial services

As much as 66% of the rural population do not have access to formal financial services.
Juhudi Kilimo was created to address this problem

**Founded:** in 2009 as a for-profit entity and spun-off from the pilot program under the NGO called the K-Rep Development Agency

**Mission:** To provide market driven, wealth-creating financial services that empower smallholder farmers and rural enterprises to create sustainable agri-businesses and improve their livelihoods

**Clients:** 10,550 clients

**Offices:** 8 offices covering central and western agricultural hubs of Kenya

**Repayment Rate:** Average 95% over two years
Product Features: Sample Assets

Dairy cows

Cooling tanks

Irrigation equipment

Green-houses

Poultry

Grain Mills

Other Features

*Grace Period:* up to 2 months of interest only due

*Insurance:* covering death and disease

*Savings:* Required 15% upfront cash collateral
### Success Factors: 
**Traditional Microfinance vs Asset Finance**

<table>
<thead>
<tr>
<th>Traditional Microfinance and Credit</th>
<th>Asset Financing</th>
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<tbody>
<tr>
<td>Working capital and consumption loans</td>
<td>Assets generate cash to pay the initial loan</td>
</tr>
<tr>
<td>Demand collateral used in foreclosure</td>
<td>Assets are collateral</td>
</tr>
<tr>
<td>Can keep clients in a poverty cycle</td>
<td>Build wealth over each loan cycle</td>
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Success Factors: More than just just financing

- **Group Training**
- **Linkages to Experts**
- **Mobile Technology**
- **Insurance**
Success Factors: Strong partners

Juhudi Kilimo’s partners

- USD 3 mn plus strong balance sheet funded by 7 partners
- USD 3 mn of additional funding already secured
Key Statistics: Strong portfolio growth

<table>
<thead>
<tr>
<th>Portfolio $ million</th>
<th>2010</th>
<th>2013E</th>
<th>2015E</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>1.3</td>
<td>8.0</td>
<td>13.0</td>
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<table>
<thead>
<tr>
<th>Customer base Thousand</th>
<th>2010</th>
<th>2013E</th>
<th>2015E</th>
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<tbody>
<tr>
<td></td>
<td>3.5</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>Challenge</td>
<td>Explanation</td>
<td>Mitigation</td>
<td></td>
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<td>-------------------------</td>
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<td>-----------------------------------------------------------------------------</td>
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<tr>
<td>Sector concentration</td>
<td>Too many clients in one type of asset or geographical region</td>
<td>Build portfolio diversification targets for field offices</td>
<td></td>
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<tr>
<td>Variation in climate</td>
<td>For assets used in agriculture, weather patterns can have serious negative impacts on repayments</td>
<td>Diversify portfolio with assets that are less affected by variable weather</td>
<td></td>
</tr>
<tr>
<td>Going deep rural</td>
<td>Administration costs can be high in remote rural areas</td>
<td>Carefully consider transportation issues when expanding to new groups of clients</td>
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</table>
2011 Schwab Social Entrepreneur of the Year

Aleke Dondo
for Juhudi Kilimo