



EUROPEAN
MICROFINANCE WEEK 2014
DEVELOPING BETTER MARKETS



Agricultural Microfinance

Approach by a financial institution: Rafiki Microfinance Bank

Friday 13th November, 2014
11h45-13h00

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Investing in Agricultural Microfinance

- Agriculture addresses a basic need-food security
- Its an anchor for economic development and poverty reduction

How Agricultural Microfinance is different

- Agricultural microfinance in Africa is unique due to a number of factors;
 - Highly knowledge intensive – dynamic hence need to keep tabs with rapid changes.
 - Agricultural value chains not yet well structured and information not well organized.
 - Seasonality, changes in weather patterns, diseases increase risks and need for enhanced credit and monitoring skills.
 - Better done in a multi stakeholder ecosystem – banks, NGOs, policy, buyers

Rafiki Microfinance Bank

- Rafiki Microfinance Bank unique mandate of focusing on the youth
- Started operations in 2011:scope cutting cross the urban, peri-urban and rural
- Part of Chase Group, licensed by Central Bank as a microfinance bank
- 17% lending directly attributed to Agri(banks in Kenya fund Agri 3%)

Rafiki Bank: Innovative interventions

- Training for small holder farmers- Narok, Tharaka Nithi
- Credit facilities-short term advances, asset finance and working capital loans
- Savings facilities-demand and terms deposits

Rafiki Bank: Case Study-Kilimo Advance

- Strategic Partnership
- Processor-milk collections/farmer contact
- Technology partner-systems provider and in between the farmer and the bank
- Rafiki Bank-financing for working capital
- Basically a successful pilot

Kilimo Advance: Challenges

- Role of go between at times not well defined
- Flow of information-slow
- Payment systems-errors leading to double payments
- Late payments from processor-market driven

Kilimo Advance: Success

- Ability to serve beyond our 19 branches
- Over 1.3 Billion(\$15M) worth of credit accessed
- Working with over 60 cooperatives (10 months)
- Over 87,000 farmers have accessed short term advances – typically 60 day ST loans.
- Rafiki won the Most Innovative Bank award



Kilimo Advance: Moving forward

- Impact vs. financial implications
- Relationships vs. partnerships





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Thank you!

