



project results

ENHANCING FINANCIAL INCLUSION IN RURAL KENYA WITH AN AGRICULTURAL VALUE CHAIN APPROACH



Beneficiary organisations

Unaitas is a Kenyan deposit-taking Savings and Credit Cooperative (SACCO). It was established in 1993 by tea farmers with a mission to provide financial services to the tea industry. Since then, its membership has grown to include SMEs, producer groups, and salaried employees from various sectors. With a strong emphasis on cooperative principles, Unaitas has built a mature governance structure to manage its over 400,000 members over the past 30 years. Operating 29 branches, a robust mobile banking system, and 1,300 agents, Unaitas has significantly impacted the lives of millions of members and clients.

The challenge

Previously, Unaitas employed a traditional business model for agriculture financing, lacking a value chain approach. The former model primarily served top-tier SMEs and producer networks in agriculture without providing the necessary support to enhance production or maximise value realisation along the chain. Therefore, Unaitas sought to align its product and service offering with the needs of agricultural value chain actors, distinguish itself from competitors, and reduce risks in its agriculture portfolio, constituting one-third of its total loan portfolio. 13% of Unaitas agriculture portfolio was at risk of default, compared to 9% in non-agriculture sectors.

The proposed solutions

The proposed solution is a new value chain financing strategy inspired by the successful methodology 'Agrihubs' from IDEPRO, a Bolivian MFI renowned for its PROCADENAS product line. This integrated method starts with identifying a productive sector where intervention is possible and ends with the design, execution, follow-up, and evaluation of the results. It suggests a combination of financial services and corresponding non-financial services suitable for the selected sector and partnerships with private and public actors in the value chain. Over more than ten years, this methodology has been developed, tested, and proved successful in different ecological zones, promising significant benefits and positive outcomes for financial institutions and their clients.

The expected outcomes of the project were:

- 1 **Develop an adapted agricultural value chain (AVC) intervention strategy for Unaitas for a staple crop.**
- 2 **Reach 400 smallholder farmers in the pilot phase and another 1,000 smallholder farmers by the end of 2023.**
- 3 **Create a new AVC portfolio of USD 300,000 by the end of 2023.**
- 4 **Form a strategic alliance with a non-financial service provider.**
- 5 **Strengthen Unaitas' capacity to independently develop an AVC intervention strategies for other value chains.**

IMPACT INVESTOR



BENEFICIARY ORGANISATIONS

Unaitas
Kenya

NUMBER OF FARMERS REACHED

160

AGRICULTURAL VALUE CHAIN

Horticulture

START DATE

May 2022

END DATE

November 2023

TOTAL EXPENDITURE

€ 45,518
Including € 23,400 (51%)
financed by SSNUP



key results



Horticulture was identified as the project's targeted value chain. It consisted of essential food crops every household regularly consumes: vegetables (cabbage, potato, kale, spinach, broccoli, pepper, garlic, ginger, etc.) and fruits. Unaitas identified that **the main problem for smallholder farmers was the small profit margins they made on these crops, which limited their commercial viability.**



The identified solution to increase smallholder farmers' profits in horticulture was to lower the costs of inputs through win-win partnerships with 8 input providers:

- ✓ The providers offered price discounts, as well as agronomic support and advice to farmers, leading to optimised input usage.
- ✓ In return, these providers benefited from guaranteed payment, access to new clients, and credit facilities for their working capital from Unaitas for bulk purchases, allowing for more competitive pricing.



3

loan products were developed, and 450 loan requests were received within a four-month period :

- 1 Kilimo Bora Advance Loan:** short-term working capital loan designed for purchasing farm inputs and repaid in a bullet payment after the crop is sold.
- 2 Kilimo Tech Loan:** designed to enable access to modern farming technologies and water management equipment, including solar-powered irrigation and rainwater harvesting solutions like dam liners.
- 3 Kilimo Asset Loan:** supporting the acquisition, installation, and maintenance of agricultural machinery for medium and large-scale farmers, aggregators, farmer organisations, processors, distributors, and exporters.

Project's contribution to the SDGs



- 1. No poverty**
1.4 Access to basic services, including microfinance
- 2. Zero hunger**
2.3 Improving agricultural productivity and increasing smallholder farmers' income
2.4 Adoption of productive, sustainable and resilient agricultural practices

160

smallholder farmers were provided technical advice on using fertilisers, which was the prerequisite to obtaining loans and was highly appreciated by the smallholder farmers.



104

smallholder farmers (of which 50 were women) took out a new loan.



Before the project, those farmers had no access to finance for inputs and technical services.



KES 19,164,912 (EUR 138,648) were disbursed with an average of KES 184,278 (EUR 1,333) per loan.



15

employees (of which 6 were women) were recruited thanks to the project to join the Value Chain Financing team at head office and across the branches.

KES 6,155,800 (EUR 44,540) were disbursed for female smallholder farmers, with an average of KES 123,116 (EUR 891) per loan.



lessons learnt

✓ Practical training was crucial for the successful adoption of the new methodology

Adapting the methodology to East Africa with a local consultant who understood the context, developing intuitive didactic materials, and conducting face-to-face training were essential for effectively rolling out the 'Agrihubs' methodology.

✓ Ensuring the buy-in of top management and the board was fundamental for the successful implementation of the new methodology

The methodology's success largely depended on the solid support and vision of top management—the CEO and the board—who saw huge potential in it.

✓ Dedicated human resources were the prerequisites

Beneficiary organisations need to reserve sufficient and appropriate human resources to form a dedicated project team to implement this methodology.

✓ The expectation that the beneficiary organisation should be able to internalise the new methodology and implement it by itself should be clearly communicated

Grasping and adopting the methodology was Unaitas' primary challenge. During the implementation, there was an expectation that the consultant would execute all the activities. Therefore, it was essential to transmit the message to both the beneficiary organisation and the consultant that the investee would be responsible for implementing the methodology, with the consultant providing support to align expectations and avoid misunderstandings about their respective roles.

Outlook

After the project's end, Unaitas continuously recruited and onboarded new input providers under the partnership arrangement, which proved to create a win-win situation for all parties.

Upon the success of the intervention in the horticultural value chain, Unaitas will apply the methodology to the dairy and coffee value chains.

Oikocredit's objective is to support the further rollout of this AVC financing methodology, which will strengthen the inclusive financial ecosystem in Africa.