



Faith Mulwa

Dodore Kenya Ltd

COVID-19 response to support Kenya's food system

August 2020



1

Impact of COVID-19 on agri-food value chains study by FtMA

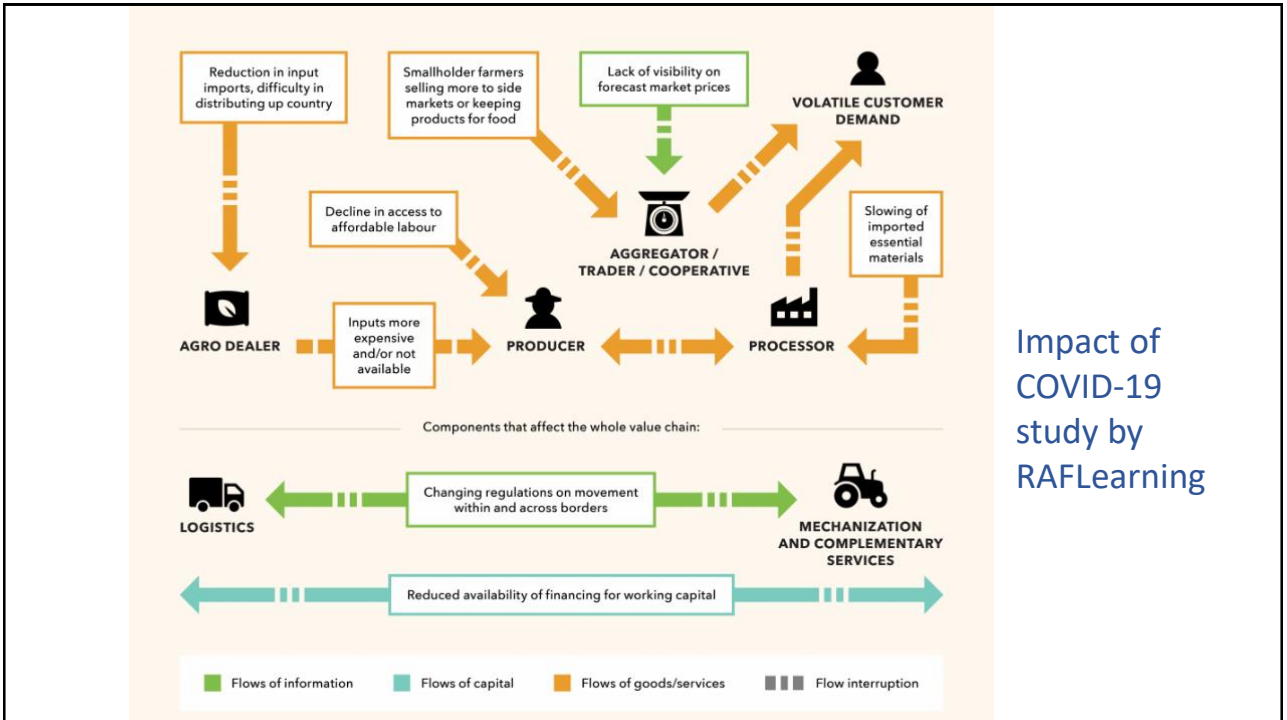
Topic Areas		Countries	
		Kenya	Rwanda
1. Access to Credit	change in available credit compared to last year	↓	↓
	% cost of credit (interest rates)	=	=
2. Input and Services	% change of available supply versus to last year	↓	↓
	% change in prices of inputs and services	↑	↑
3. Logistics and Trade	% storage availability	↓	↓
	% change in lead time	↑	↑
	% change in trade of commodities	↓	↓
4. Production and Off-take	change in local production	↑	=
	imports/exports blockages	YES	YES
	% change of demand in off-takers	↓	=
5. Market Prices	% change in farm gate prices	↓	↓
	% change in retail prices	↑	↓

Positive change ↑ ↓
 Negative change ↑ ↓
 No major change =



© Farm to Market Alliance

2



3

BUSINESS DAILY ECONOMY NEWS CORPORATE LIFESTYLE OPINION & ANALYSIS MARKETS DATA HUB VIDEOS

NEWS

Value of bad loans hits Sh366bn, CBK reveals

MONDAY, JUNE 8, 2020 9:00

The proportion of defaulted bank loans has hit a 13-year high, reflecting the cash flow burden on workers and businesses brought about by **coronavirus disease hardships**.

Data from the Central Bank of Kenya (CBK) shows that the ratio of non-performing loans (NPLs) rose from 12.5 percent to 13.1 percent - the highest since August 2007 when it stood at 14.41 percent.

4

Kenyan Banks Seen Sheltering in Bonds as Virus Slows Lending

By [Eric Ombok](#)

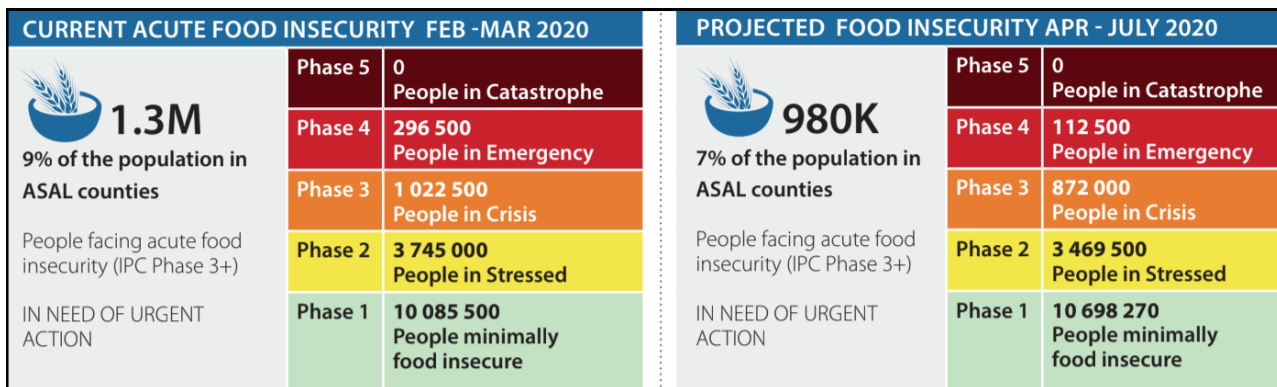
May 29, 2020, 10:29 AM GMT+2 Updated on May 29, 2020, 4:22 PM GMT+2

- ▶ Provisions for bad debts expected to rise from second quarter
- ▶ Covid-19 to hit interest income and non-interest income

Kenya's banks are likely to **issue fewer loans** this year and boost investments in government debt to safeguard earnings under threat from the fallout of the coronavirus.

That's the assessment of some analysts after the East African nation's lenders released first-quarter results that showed lower profit, a surge in loan-loss provisions and a wave of debt restructurings.

5



- Kenya's most vulnerable populations will be disproportionately affected
 - ASAL populations, female-headed households, refugees
 - Highly vulnerable to shocks
- Prior to COVID-19, food insecurity prevailed → food prices, conflict, mudslides, floods, desert locust, outbreaks of livestock disease



6

If value chain players lose liquidity, the implications on food systems will be grave – an immediate intervention is required

There is an urgent need to maintain food supplies and minimize economic damage

Outcomes: farmers and SMEs have less liquidity; citizens have a reduced purchasing power; domestic food production in Kenya will fall short of demand; food prices will spike; food and nutrition insecurity; pandemic hampers achievement of the SDGs

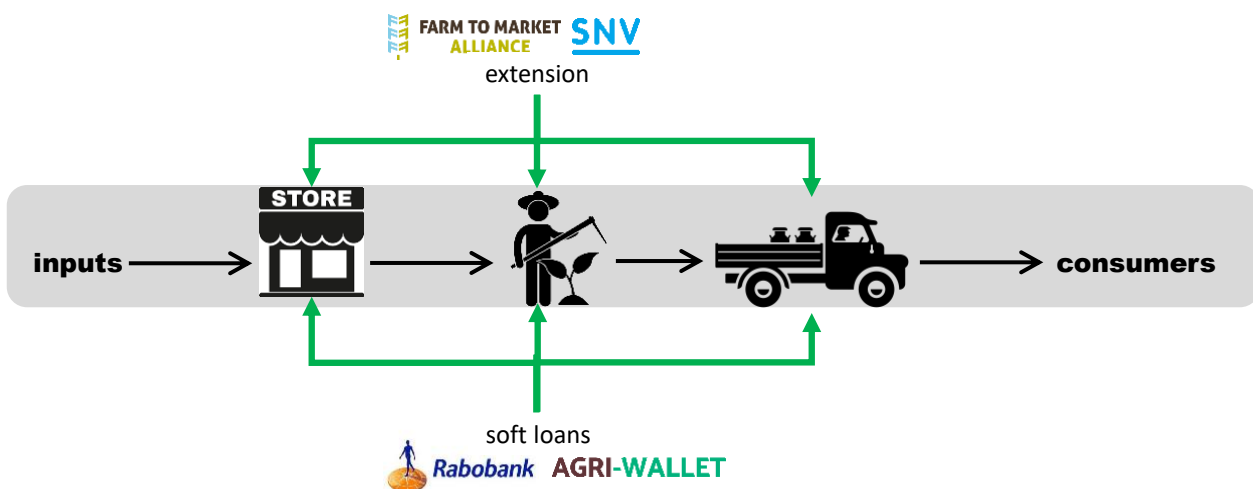
Immediate responses: many agribusinesses are already adapting their operations through innovation but access to resilience-enabling assets and direct working capital are **urgently required**



7

We started a COVID-19 pilot to strengthen the whole supply chain

Partnership to develop a viable model to scale-up in response to this evolving crisis



8

Agri-wallet distributes soft loans from Rabo Foundation

€50,000 risk sharing soft loans available:

- \$100 in soft loans provided to **300 smallholders** each
- \$2,000 in soft loans provided to **5 agro-dealers** each
- \$10,000 in soft loans provided to **1 offtaker**

Credit can be used until 30 June 2021

300 smallholders in maize, dairy, beans and potatoes in Nakuru County



9



AGRI-WALLET

About Agri-wallet

- Agri-wallet is an **innovative** agri-finance platform
- The digital Agri-wallet account provides smallholders/SMEs access to **affordable loans and weather insurance**
- Injects liquidity **directly on mobile phones** without direct human contact
 - Only name / phone-number are required to get started
 - Enrolment + credit scoring takes 2 minutes per farmer
- Loans can be used for farm inputs → **earmarked** to increase food production and reduce diversion of funds
- **User friendly** and is designed to be used by anyone, even illiterate beneficiaries
- **Simple SMS-training** is freely available for all users

10

Each stakeholder plays a key role in the intervention

AGRI-WALLET

has the proven track record and infrastructure (banks, M-Pesa, farmer database) to get mobile money to smallholders, offtakers and agro-dealers. **Agri-Wallet will provide and monitor the loans whilst also providing SMS-based financial literacy training.**



has extensive agricultural expertise and a network of farmer organizations SMEs and aggregators in Kenya. **SNV will provide technical assistance throughout the programme.**



Rabobank partnerships has extensive experience in agricultural (value chain) finance and project management, a broad network in Kenya including an office in Nairobi. **Rabobank will use its knowledge and network for the project.**



has an extensive smallholder farmer database, a network of agri-businesses servicing farming needs and around 70 domestic private sector partners in Kenya. **FtMA will coordinate input providers, mobilise farmers and support the production and market sides of the intervention.**



are members of FtMA and have distribution networks in place for provision of quality inputs. **The companies will play a critical role in ensuring input availability to farmers.**



WFP is managing FtMA and has a significant Kenyan presence including a database of smallholders and expertise in recovery work as well as relationships with the Ministry of Agriculture

11



12