



## Juhudi Kilimo

### The Challenge

Agriculture and its related activities employ about 75% of Kenya's population. An estimated 16 million smallholder farmers need financial services and technical assistance, yet without access to collateral or business assets, they are unable to access the country's many microfinance institutions (MFIs). Most MFIs have limited rural reach and serve only 8% of the rural population.



### The Juhudi Kilimo Solution

**Juhudi Kilimo LLC** provides asset financing to smallholder farmers and rural enterprises so that they can acquire assets such as dairy cows, drip irrigation systems, and modern beekeeping equipment. Juhudi also supports the creation of rural enterprises such as milk chilling plants, coffee mills, and mango processing plants. Unlike traditional microfinance, which provides primarily working capital loans to informal businesses, Juhudi Kilimo's asset financing focuses on the predominant economic sector of rural Kenya—agriculture—by financing specific assets that increase sustainability, long-term productivity, and wealth creation.

Juhudi began as an initiative within K-Rep Development Agency, an NGO that performs research and product development for the microfinance sector. Since its inception in 2004, the initiative has provided asset financing to over 7,000 smallholder farmers, 46% of them women. During this incubation period, the initiative developed a well-functioning operating model and a network of dedicated loan officers and seven branch offices throughout Kenya.

#### **JUHUDI'S MISSION**

To support **economic activity** across agribusiness value chains by providing **asset financing** to smallholder farmers and small/medium enterprises

In 2009, Juhudi became an independent company building on this track record and continuing to provide a growth path for smallholder farmers, from acquiring initial wealth-creating assets to building larger rural enterprises. Steps on this path include not only the provision of appropriate capital, but also technical assistance to help entrepreneurs acquire the

business discipline, knowledge, and skills needed to scale up and succeed.

## Partnership with GBF

The **Grassroots Business Fund** has partnered with the K-Rep Group to provide loan funding and capacity building to expand the Juhudi's portfolio and operations. The capacity-building programs include improving the efficiency of Juhudi's operations, expanding management staff, implementing staff training, and diversifying products and services offered. As an early investor in Juhudi, GBF has focused on strengthening the business to make it a compelling investment opportunity for other funders, and is now working with Juhudi to attract additional financing to continue expansion to reach 15,000 clients in the next five years.

GBF is also working with Juhudi to increase its range of client services. One initiative offers technical assistance to its rural enterprise clients, including basic and asset-specific business training. These services include group and individual training sessions, as well as financial, operational, and strategic reviews provided by outside mentors and consultants. By improving the performance of its borrowers, Juhudi can enhance the quality of its portfolio and create greater growth opportunities for its smallholder clients.



## Juhudi's Performance and Impact

**Juhudi has an estimated Social Return on Investment (SROI) of \$15:\$1, meaning that each dollar invested in Juhudi generates \$15 in value for its beneficiaries.** The SROI will be calculated by estimating the net income to the farmers generated from the assets financed, productive life of that asset, and the number of borrowers (based on the expected rate of portfolio growth and total investment needed to support that size of portfolio. .

As of the end of 2009, Juhudi financed more than 6,000 smallholder borrowers and two rural enterprises impacting over 75,000 Kenyans.

GBF is working with Juhudi to ensure that its monitoring and evaluation framework is seamlessly integrated into the business processes of the organization so that it can be effective during periods of rapid growth and accurately report the company's impact. A poverty assessment survey will be incorporated to measure the rate of Juhudi's clients' progress out of poverty. The survey will collect valuable client feedback information that will help Juhudi assess whether its services are meeting the needs of its clients.

### JUHUDI'S PERFORMANCE

Juhudi has grown its portfolio and revenue by 14% over the last year, and has provided loans to 6,613 rural farmers.

### JUHUDI'S IMPACT

Over the next five years, Juhudi is projected to **grow to 50,000 active clients** and have a total impact on approximately **500,000 rural Kenyans**.