



AgriFin Mobile

Background

Half of the billion people affected by undernourishment worldwide earn their primary living from smallholder agriculture. The productivity of these farmers remains very low. A major issue in this context is the lack of access to technical and market information, and to financial services. Providing access to digital rural advisory and financial services has the potential to improve smallholder farmers' productivity and increase their incomes.

In Indonesia over 39 million individuals, or approximately 32% of the population, is engaged in the agriculture sector[1]. While almost one-third of the population works in agriculture, the sector only makes up 13% of the country's GDP. Smallholder farmers make up a majority of Indonesians working in the agriculture sector but they suffer from low productivity due to limited access to technology, poor agriculture infrastructure and obstacles in obtaining working capital.

The value chains in Indonesia are quite complex and vary by region and crop. Depending on the crop or region, there are between eight and ten actors operating across the entire value chain.

Currently, smallholder farmers in Indonesia do not have the necessary access to financing for investing in the tools and equipment to improve production. For the formal financial service companies, working with farmers is viewed as expensive and high risk, due to the uncertainty of income from shocks to the agriculture sector, such as volatile market prices for crops, drought, extreme rain, pests, or crop disease.

Program Period

6 years: 1 June 2012 - 31 May 2018

Goal and Objective

The **goal** of the program is to achieve increased food and livelihood security of male and female smallholder farmers as a result of accessing bundled rural advisory services (RAS) and financial services through mobile technology platforms.

The **objectives** are:

- » Sustainable and scalable business models for the delivery of bundled RAS and financial services are established
- » Male and female smallholder farmers have access to, and make accurate use of, RAS and financial services
- » Knowledge of business models, services and products is captured and shared widely to influence policy, share learning and enable replication



» Approach

AgriFin Mobile's approach is to "bundle" key services of agricultural advice from private sector, research and extension institutions with financial services providers and telecommunications companies. The program selects partners with an existing agricultural service or financial product, and who have demonstrated interest in developing and investing in these services and or products. AgriFin Mobile facilitates the development of business models whereby the bundling process provides an increased value proposition for each partner, such as, increased fee income, greater outreach or reduced risks.

The program supports three distinct approaches: a bank led model in Indonesia, a mobile network led model in Zimbabwe and a third party services provider led model in Uganda.

The bank-led approach in Indonesia has resulted in multiple business models. One involves a complex financing product that bundles agricultural inputs and rural advisory services, with an agricultural loan. The key implementing partners are: Syngenta, Bank OKE Indonesia, BPR Pesisir Akbar, ACA Asuransi and local traders. The model can be adapted to different crops and contexts, ensuring that economic viability is the driving base for the model's adaptation and scale up.

AgriFin Mobile has also worked with Bank Mandiri to establish its branchless banking network. The Indonesian Financial Service Authority issued new regulations on branchless banking for financial inclusion, which allowed the program to develop a model in partnership with the Bank Mandiri and local stakeholders, such as the District Agricultural Extension Office, Farmer Group Unions, Farmer Groups and Female Farmer Groups. AgriFin Mobile and Bank Mandiri partnered with the Farmer Group Unions to train their leaders to be Bank Mandiri branchless banking agents. This has allowed Bank Mandiri and AgriFin Mobile to reach previously unbanked farmers.



» Results to Date

Entering its final year, the program's partners have reached over one million smallholder farmers across Indonesia, Uganda and Zimbabwe. In Indonesia alone, AgriFin Mobile partners provide products and services to over 150,000 active users.

» Target Area

AgriFin mobile is implemented in three countries: Indonesia, Uganda, and Zimbabwe

In Indonesia, target areas are:

- » West Nusa Tenggara Province: Bima, Dompu, Sumbawa, West Lombok, East Lombok District, Central Lombok Districts
- » East Java Province: Malang, Banyuwangi Districts
- » Aceh Province: Southeast Aceh District
- » South Sulawesi Province: Jeneponto and North Luwu Districts
- » Central Java Province : Magelang District

Partnership
with: »



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