Promoting data-smart lending & climate-smart agriculture

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Value proposition

• Customize digitalization of workflows in services to BoP
• Prepare service providers to take advantage of increasing digital footprint of BoP members
• Incorporate easily into day-to-day operations
  • climate risk assessment
  • environmental risk assessment
  • responsible banking & customer protection principles
• Flexible front- and back-end solutions
• Integration of external data sources
• Dynamic questionnaire
• Dynamic evolution of indicators
• Centralized information per crops, livestock and other businesses
• Centralized decision principles
• Automated cash-flow analysis
AgriMicrofinance

- Paper-based: non-measurable processes
- High operational costs
- Reactive risk management, high interests
- Few % of data captured
- Overloaded loan officers
- High turnover - training cost
Green inclusive finance

- Low outreach
- Difficult product customization
- High complexity
  - Awareness
  - Capacity building
  - Verification
**Product**

**Back office: web interface**
For data structuring

- Calibration of mobile app
- Customization of modules
- Emission of steering reports
- Formalization of loan applications

**Front office: mobile application**
For data gathering

- Built for users with little digital experience
- Stable access to mobile internet not required

YAPU
Data structure directly managed

Cloud

Can be communicating with existing databases or banking systems or work as a stand-alone
Digitized process

Yapu Credit Cycle
- 100% digital -
Initial focus

- Own module: opportunity to “outsource” to agent network
- Basic KYC + socio-economic household data
- Loan amount + investment plan

- Flexible/dynamic questionnaire
- Inclusion of indicators

- KYC data, household data, balance sheet
- Cash Flow Statement
  - Operational (climate risk adjusted?)
  - Investment
  - Financing
- Indicator summary
Crop Cards

Production

1. Soil prep
2. Sowing + germination
3. Emergence
4. Growth
5. Florescence
6. Maturation
7. Harvest
8. Processing
9. Sales

Cash Flow

1. Seeds, fertilizer, labor; household expenses
2. Household expenses; some income from other activity
3. Client works in other activities
4. Labor, packaging; household expenses
5. Cash inflows from sales

(Similar for livestock management)
Example: indicators

- Indicator 1: cash flow impact – e.g. x gallons at y $
- Indicator 2: biodiversity/ecosystem risk – low, medium, high
- Indicator 3: climate resilience – low, medium, high
- Indicator 4: market risk – price volatility in %

- e.g. Weeding

- Indicator 1: ...
Lending economics*:

**Traditional**

- Profit
- Overhead cost
- Work-out & risk
- Visit, verification, analysis and credit committee
- Transport

**Yapu**

- Interest saving for beneficiaries

★ Based on experiences in other projects; actual efficiency and portfolio quality gains depending on traditional approach in partner institution, but typically at least 40% in efficiency and 50% in portfolio quality, i.e. arrears reduction
Business model
Growing with customers

• **Freemium version**: test the solution as stand alone without support
• **Full version**: low implementation cost, local support from consultants certified by YAPU
• **Pay as you go**: customer institutions pay as they use the solution; local consultants receive ongoing commissions; customers receive discounts for increased usage

• Low entry barrier due to real feel via freemium
• Cost optimization and scaling up via network of certified local consultants
• Ongoing maintenance and support
• Continuous development
Main function:
Support of climate smart and green agricultural finance

For all parties involved in lending:

- Financial institutions
- Agricultural extension service providers
- Non-governmental organizations
- Government programs
- Insurance programs
THANK YOU FOR TAKING THE TIME!

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