

17<sup>th</sup> of September

# SAT4Business

*Improving Smallholder Farmers' Access to Finance Using  
Satellite Data*





\$ 170 B

270 M

smallholders face a  
finance gap of \$ 170 B

#### Problem Statement

**The financial sector** often focuses on corporates and SMEs....

...as smallholders are still considered an unattractive segment **due to high operational cost and credit risk**

# The SAT4BUSINESS Platform

Sat4Business is developing an interactive digital platform that:

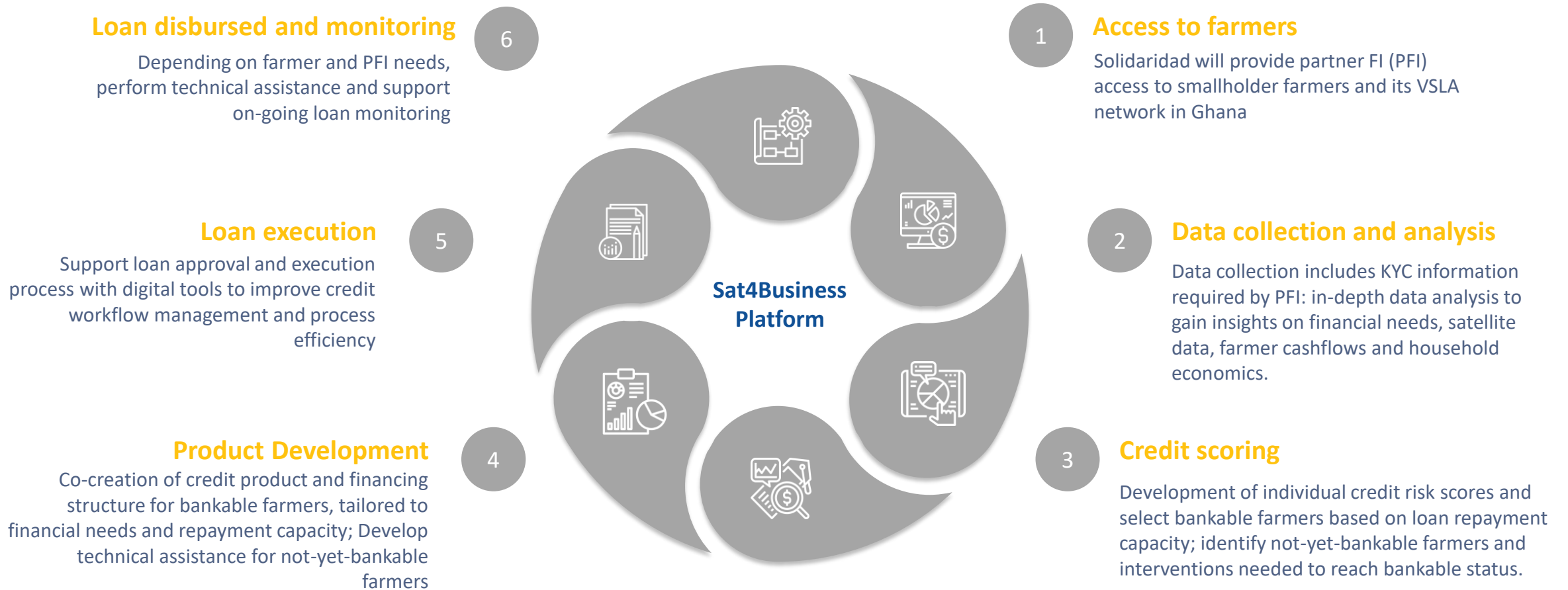
- ❖ Connects **100,000+** smallholder farmers to financial services at scale
- ❖ Provides tools and technology for partner FIs to provide smallholder lending **at reduced cost and lower credit risk**
- ❖ Provides agriculture advice and market information to smallholder farmers to enable them **enhance productivity and improve economic livelihoods**



Implementing Partners: Financial Access Solidaridad



# The SAT4BUSINESS Programme



# The Lending Pilot with Advans Ghana



## The Lending Pilot in summary:

- ❖ **5000 cocoa farmer** profiled located in 3 districts in the Ashanti region
- ❖ Farmers are **linked to PBC and operate in VSLAs** setup by Solidaridad
- ❖ Financial Access, Solidaridad and Advans Ghana will **co-create a suitable lending product**
- ❖ Financial Access will provide its **digital solutions (LendXS)** to onboard smallholder farmers (credit scoring and onboarding)

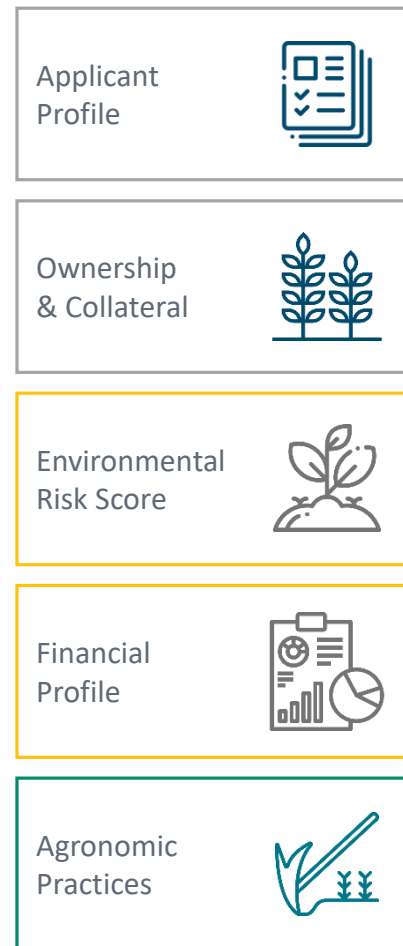


# Credit Scoring through LendXS Score

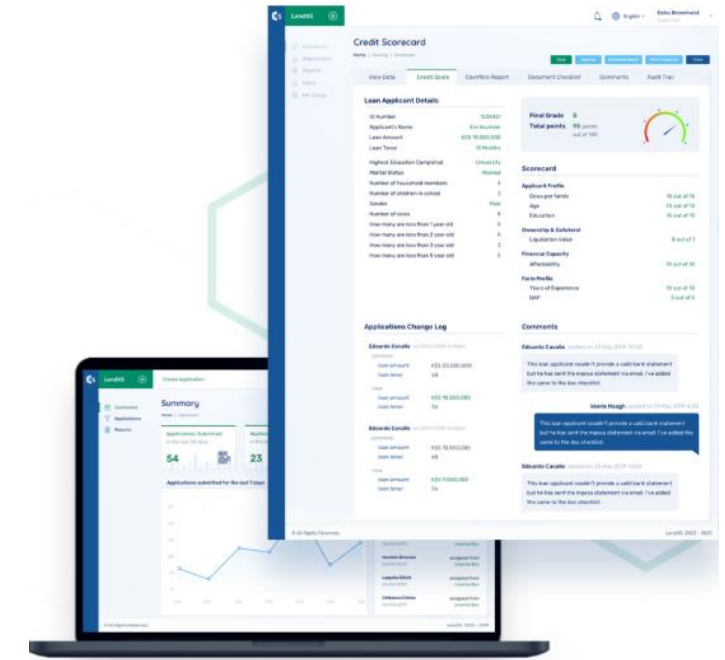
## Data Sources



## Risk Drivers



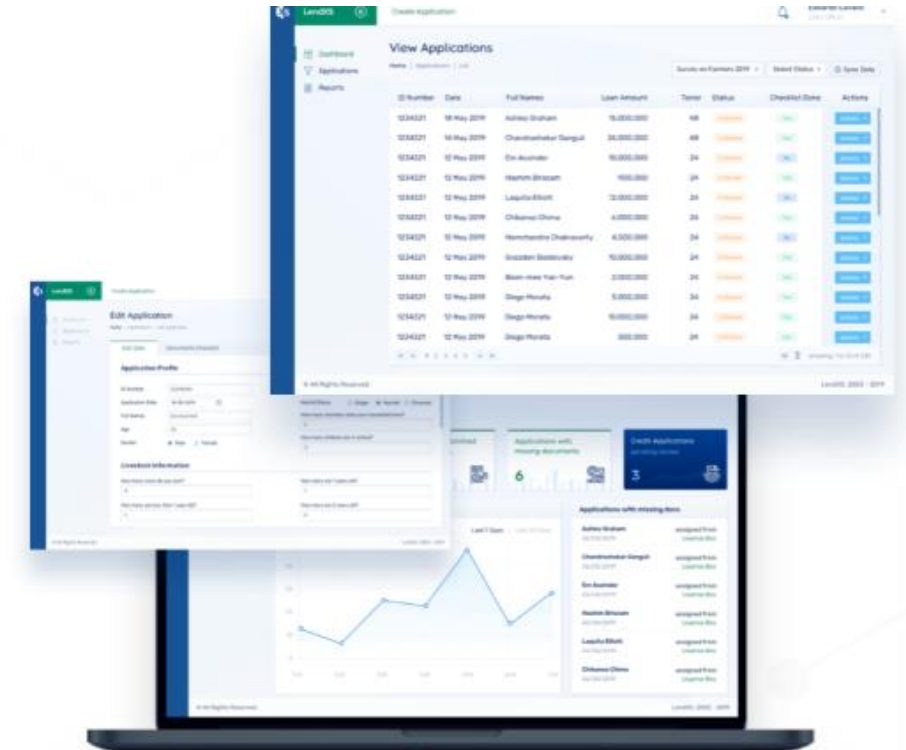
## Credit Score



LendXS Score

# Digital Onboarding through LendXS Track

- ❖ Support of the loan origination, approval and execution process to onboard smallholder farmers
- ❖ Make use of **GPS location tracking** to validate data
- ❖ Make use of the LendXS dashboard which **digitizes workflow processes, reduces credit turnaround times** to ensure financing can be provided timely and efficiently
- ❖ Improve overall operational efficiency and **reduce physical interaction among staff and clients** by digitizing whole credit process from onboarding to loan approval



LendXS Track

# Scaling Up

- ❖ Develop **more sophisticated products** for repeat smallholder borrowers following **graduation approach**
- ❖ **Integrate satellite data** to monitor smallholder portfolio and to mitigate credit risk for financial institutions and impact investors
- ❖ **Onboard** more smallholder farmers, financial institutions and impact investors on the platform
- ❖ **Role of impact investors is fundamental**, as scaling up cannot be done through the existing balance sheet of MFIs: development of investment structures involving **ringfenced impact capital** will be key to the success of the program



*Impact Investor*



*Partner Financial Institution*





# COVID-19 is a threat to financial inclusion for smallholders

MFI Credit Margin  
Breakdown



- ❖ Fewer loans disbursed due to **funding and travel limitations**
- ❖ Lower loan repayment rates and increased PAR due to **local economic disruptions**
- ❖ More pressure on profitability due to **lower loan portfolio growth and higher loan loss provisions**
- ❖ Operational disruption as working remotely is often not possible due to **poor digitization**



- ❖ (M)FIs will have to shift their focus more on **cost control and better risk management** to maintain profitability and solvency **through digitization**

# Our contacts

## CONTACT US

# Get in touch with us

Are you interested to know more about  
SAT4Business? Get in touch!



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