

News

Simbuka and ICCO digitize loan tool for African smallholders

The Dutch-based software solution corporation Simbuka and the international development organization ICCO Cooperation join forces by signing a partnership agreement to further digitalize ICCO's **Agricultural Credit Assessment Tool (A-CAT)** that helps microfinance institutions (MFIs) and banks to provide loans for clients in rural communities across Africa.



Through ICCO Cooperation's STARS project, a five year program funded by the Mastercard Foundation, A-CAT is already deployed within 23 MFIs and 4 banks in Burkina Faso, Ethiopia, Rwanda and Senegal, helping loan officers to better understand the seasonal needs of farmers as well as to better assess the risk of the loan. To date, ICCO trained loan officers to use A-CAT and supported its partner MFIs to institutionalize the tool in their operations. Over 1000 farmers and their families have already benefited from accessing an optimized loan with the help of A-CAT.

Unlocking investments in agriculture

With a history of supporting smallholder agriculture and microfinance for over fifty years, ICCO Cooperation has an extensive network of MFIs in Africa who could potentially benefit from the A-CAT methodology.

"Smallholder farmers need access to capital but the financial sector often does not have the right products for rural communities in Africa. The transaction cost per loan and the perceived complexity and risk of farmer loans has limited the flow of capital to the agricultural sector," Helene van der Roest, ICCO's Regional Manager Central and Eastern Africa states.

"In the past, loan officers lent standardized amounts to farmers that were insufficient to acquire the inputs to cultivate the land, hence the resulting yield and income was less. With A-CAT, a loan officer "knows" the loan amount that a farmer needs for optimal yield and maximum revenue. Based on the expected cash flow, a farmer gets an ideal loan and the MFI reduces its credit risk," Maurice Koppes, program manager ICCO Cooperation's STARS explains. "A-CAT enables access to finance in rural areas for many more farmers."

"A-CAT helped us to reduce the risk of providing agr-loans. When we can use this in an app on our smartphone we can even handle more clients with our loan officers," confirms Louis Lambert Nzabandora, head of operations of the **Cicam Ejoheza MFI** in Rwanda.

Loan Assessments in an App

The partnership between ICCO and Simbuka results in the integration of A-CAT into Simbuka's loan origination software. Loan officers can then do loan assessments in an app. This eases the efforts for the farmers, for loan officers and gives the MFIs better insight in the credit worthiness of their rural clients.

The multi-tenancy SaaS (Software-As-A-Service) architecture of Simbuka enables low-cost deployment, greatly decreasing the cost of supporting the install base. These cost savings are passed onto the three MFIs in Rwanda where the enhanced Simbuka system will be first deployed, and then to all future customers.

Mark van der Zanden, CEO Simbuka: "Simbuka has over 10 years of experience with loan software across Africa, having observed that there is a real demand, both by small and large financial institutions for a superior, yet affordable loan origination system which is easy to implement. With our state-of-the-art software, the financial institution is able to control their full loan portfolio, which will lead to better quality loans and a lower turnaround time. Especially for their rural customers it is often a challenge to obtain a loan. By integrating A-CAT functionality in Simbuka's loan origination system, the financial institution is able to process the right loan for rural smallholder farmers with less risk, providing their customers with new opportunities. Therefore we are very proud to partner with ICCO, who provide deep agricultural knowledge and strong relationships with MFIs."

"The digitalization of A-CAT will increase the appraisal quality and boost the disbursement for agricultural projects, thus reducing the risks. Farmers will get loans that are tailored to a specific agricultural activity, in a quick manner, and with respect for the seasonal calendar," Claudien Nwagimana, CEO of **MFI INKUNGA Finance Plc** said.

"We are very enthusiastic about this partnership. A-CAT is a well designed tool to project farmers' cash flows and collect relevant farmer information for the lending process. This is now linked with the strong front end and credit scoring integration capabilities of Simbuka, a company that we know very well. The partnership enriches the data for applications such as credit scoring and will help to optimize services to farmers and reduce the costs of lending further," states Albert Baoguard, Innovation Lead Rabobank Foundation.

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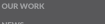
About Simbuka

Simbuka is a passionate software development company located in the Netherlands. They focus on financial institutes that operate in developing and emerging markets. Their mission is to serve these financial institutes with innovative and efficient, yet affordable IT-solutions for the entire credit process, so that the financial institutes get or retain full control over their credit portfolio.

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