

Aceli Africa: Aggregate Impact Snapshot

Powered by voices of SME representatives receiving
Aceli-supported loans



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Introduction

Since 2020, Aceli Africa (Aceli) has been offering financial incentives to lenders to unlock increased lending to small-and-medium-enterprises (SMEs). Financing is meant to help SMEs grow and deepen their impact on their end-beneficiaries: farmers and employees. Complementary technical assistance focused on business and financial management improves the capacity of SMEs to access and manage financing.

Beginning in 2021, Aceli partnered with 60 Decibels (60dB) to understand the impact of the loans it supports on key stakeholders: SMEs, farmers, and employees. This report presents insights from surveys with 63 SME representatives working with 6 financial institutions in Kenya and Tanzania.

What's Upcoming: The next publication (tentatively Q2, 2024) will explore Aceli's impact in greater detail.

It will include comparisons of farmer and employee data collected at two points: pre-financing (baseline) conducted within 3 months of the loan being disbursed to the SME and post-financing (follow-up) conducted one year later.

Our hypothesis is that access to finance at the SME level will support improved operations that generate benefits for both farmers and workers. Further, we think these benefits are likely to be more significant under the following conditions: i) when SMEs are satisfied with the services they are receiving from lenders (e.g., timeliness, loan amounts, terms); ii) when farmers previously did not have reliable market access; iii) when workers previously did not have formal employment.

The upcoming aggregate report will also explore further the hypothesis that SME growth supported by Aceli's capital has downstream impacts on farmers and employees through correlations between different stakeholder datasets.



Summary of Results

Why do SMEs matter?

Small-and medium-size enterprises (SMEs) bring essential agricultural products and services to millions of small-scale farmers. They also create local employment and improve livelihood security for their employees. We heard these and other reasons why SMEs play a critical role in rural economies and lives through our surveys.

Does Aceli benefit SMEs?

Aceli's financing allows SMEs to provide reliable, quality service to farmers. Half of the SMEs receiving loans incentivized by Aceli are borrowing from a financial institution for the first time and 84% are not receiving significant financing from other lenders.

Almost all SME representatives said that the loan helped them improve their business operations. They were able to reach more farmers, improve the mix of services they provide farmers, and increase their revenue. Many SMEs have started using the loans to tackle these priorities and SME representatives are more confident about achieving their growth goals because of this financing.

But is Aceli impacting farmers?

We are finding early indications suggesting that it is. The [Impact Spotlight](#) correlates data collected from representatives and farmers of 5 Tanzanian SMEs to show that an SME that has a smooth borrowing experience and is able to use the loan to drive business growth is more likely to have satisfied and resilient farmers. In the next report, we will share findings from a larger sample of SMEs as well as from baseline and follow-on surveys with over 4,000 farmers and 250 employees.

I. SME Representatives' Experience of Aceli-supported Loans

Key Insights

> Aceli's incentives are enabling lenders to loan to SMEs that have not borrowed from financial institutions before or those that lack access to alternative financing of a similar calibre.

> Overall, SME representatives are satisfied with their loan and likely to recommend it to other SMEs. Top drivers of satisfaction include good customer service, quick loan approval, and adequate loan amount.

> Financing is helping SMEs improve operations, increase revenue, serve more farmers, and improve the range of services offered.

Study Details

SME representatives	63
Lenders	6
Countries	Kenya, Tanzania
Survey timelines	January - March 2023
Months since financing	9
Inclusion criteria	All representatives surveyed are included
Weighting	None



“

I have been able to increase the number of permanent workers and now I harvest a large amount of rice because the machine has made my work easier.

- Male representative of a rice enterprise in Tanzania

For half of the SMEs interviewed, the Aceli-supported loan was their first experience borrowing from a financial institution.

Access to Financing

(n = 63)

48%

of those we spoke with are borrowing from a financial institution for the first time

[To date, 60% of all loans supported by Aceli go first-time borrowers]

90%

say their lender is 'much better' (50%) or 'slightly better' (40%) than alternatives

[only asked to SMEs representatives who said they had alternative funding]

84%

have not receive significant funding (\$25K+) from other lenders

50%

have received more than one loan from their lender

Most SMEs we spoke with find the documentation and collateral requirements easy and the loan amount and terms satisfactory.

Borrowing Experience with Aceli's Partner Lenders

(n = 63)

- Very satisfied / very easy
- Slightly satisfied / somewhat easy
- Rest of the respondents



95% say they are satisfied with the loan amount



say they received their loan in 'under 2 months'



88% say the documentation requirements are easy



report 'no challenges' with their lender



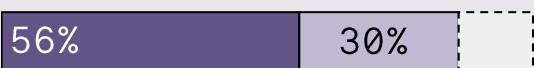
86% say the collateral requirements are easy

For the 25% reporting challenges, the top concerns include:

> Delays in disbursement
(11 SME representatives)

> Poor customer service
(5 SME representatives)

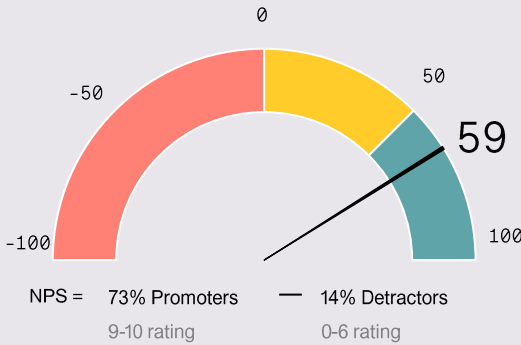
> Inadequate loan amount
(2 SME representatives)



86% say they are satisfied with the loan terms

Lender loans have a Net Promoter Score of 59, which is excellent and indicates that SMEs are highly satisfied with their loans.

Net Promoter Score® for Loan (n = 63)



The Net Promoter Score® (NPS) is a gauge of respondent satisfaction and loyalty. The score can range from -100 to 100. Promoters are satisfied and likely to recommend their lenders to others, with a rating of 9-10. Passives provide a rating of 7-8. Detractors are less satisfied and unlikely to recommend the loan, with a rating of 0-6.

Creators of the NPS, Bain & Company, suggest that a score above 0 is good, 20-50 is favourable, above 50 is excellent, and above 80 is world class.

SMEs receiving Aceli-supported loans give their lenders a NPS of 59, which is excellent.

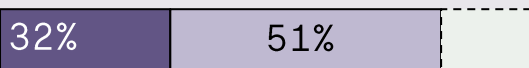
Promoters like:

- > Good customer service
- > Quick loan approval
- > Adequate loan amount

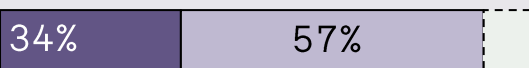
SME representatives say their operations, revenue, and farmer services have improved because of the Aceli-supported loan.

Impact on Business (n = 63)

- Very much improved / very much increased
- Slightly improved / slightly increased
- Rest of the respondents



83% say they have been able to improve the services they provide to farmers



91% say that the number of farmers they serve has increased



96% say that their business revenue has increased



95% say that their business operations have improved

Top improvements include:

- > Purchase of machinery / assets (35% of all representatives)
- > Efficiency gains (14% of all representatives)
- > Hired more employees (13% of all representatives)



100% report increased confidence in achieving their growth plans for the next 12 months

II. Impact Spotlight

The following Impact Spotlight identifies a correlation with early indications that SME growth — facilitated by access to finance — could have downstream impact on the farmers it is reaching. The correlations use data from 5 SMEs whose representatives and farmers were interviewed after 8 months of receiving the loan, allowing them to experience its benefits and limitations.

As Aceli gathers data from a larger set of SMEs it is reaching, we will be able to present a more comprehensive view of how capital infusion at the business level is impacting the experience of the farmers and workers each SME is reaching.





Relationship between SME Growth and Farmer Well-being

Summary

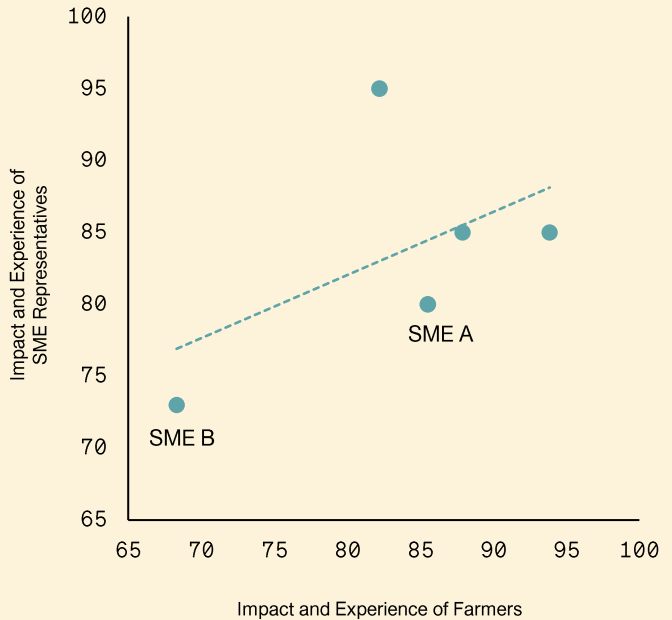
This spotlight tests whether the SMEs’ lived experience of Aceli-supported loans has downstream implications on the experience and impact on its farmer base. We do this by correlating data collected from the representatives and farmers of 5 Tanzanian SMEs. Each of the SMEs received the loan 8+ months prior to being surveyed, providing sufficient time for the business and its stakeholders to experience the effects of the capital infusion.

We score feedback from representatives and farmers on a scale from 0 to 100, where 100 is the highest level of satisfaction and impact. For each SME, we calculated: i) a Business Experience Score based on their representatives’ feedback on their satisfaction with the Aceli-enabled loan, the lender, and its impact on their business; and ii) a Farmer Experience Score based on at farmers’ perceived change in livelihood security related to the SME and their feedback on the SME’s service delivery (timeliness of payment, NPS, etc.).

Early Indications of Impact

SMEs that have a better lived experience of loans have farmers who are more satisfied and secure in their livelihoods. Data from representatives’ surveys demonstrates that fundamental to an SME’s lived experience of the loan is its ability to use the loan in a timely manner to unlock impact for itself and its farmers.

Let’s consider SME A. This SME has a high Business Experience Score of 80 and a high Farmer Experience Score of 85. SME A is a sugarcane processor. In addition to purchasing farmers’ produce, it also provides transportation support to half of its farmers. SME A used the Aceli-supported loan to purchase a machine to help with sugarcane loading and additional vehicles to transport the produce. Both SME representatives and farmers mentioned the benefits of this investment. SME representatives spoke about how the loan helped them improve their operations and revenue as they were able to provide more value-adding services to farmers. These changes were echoed by farmers when asked to describe what they like about their SME and why they would recommend it to others.



Farmers specifically mentioned receiving quality assistance with harvesting and transport of their sugarcane. Unsurprisingly, SME A’s farmers gave it a good Net Promoter Score of 52 and 78% of them said they are ‘very secure’ in their livelihoods.

SME B has been in operation for 26 more years compared to SME A. This is SME B’s second loan from a financial institution while SME A is a first-time borrower, and the size of SME B’s latest loan is 6 times SME A’s loan. Despite being a more sophisticated operation and borrower, SME B experienced limited impact from its loan because it received the loan 3-4 months late. This is reflected in farmers’ experience with the NPS for SME B being 45 and 58% of farmers reporting a challenge with their service. Most experience delays in payment for their produce and input delivery, and report lower livelihood security than farmers working with SME A.

These are two examples that tell an interesting story. With more data, we’ll be in a better position to assess whether these correlations reflect broader patterns. Stay tuned.

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About Aceli Africa

Launched in August 2020, Aceli Africa is a market incentive facility for agricultural lenders in East Africa.

Aceli offers financial incentives to lenders through which loans are channeled to small and medium-sized enterprises (SMEs). It also provides technical assistance to SMEs to help increase staff expertise, tailor product offerings to SME needs, and improve systems and processes for agriculture SME lending. To learn more, visit aceliafrica.org.

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About 60 Decibels

60 Decibels makes it easy to listen to the people who matter most. 60 Decibels is an impact measurement company that helps organizations around the world better understand their customers, suppliers, and beneficiaries. Its proprietary approach, Lean Data, brings customer-centricity, speed and responsiveness to impact measurement.

60 Decibels has a network of 1,200+ trained Lean Data researchers in 80+ countries who speak directly to customers to understand their lived experience. By combining voice, SMS, and other technologies to collect data remotely with proprietary survey tools, 60 Decibels helps clients listen more effectively and benchmark their social performance against their peers. 60 Decibels has offices in London, Nairobi, New York, and Bengaluru. To learn more, visit 60decibels.com.

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