



KEP Trust

**Category of Good Practice:** Partnership

**Good Practice's title:**

KEP Trust Partnership with Local Agricultural Associations

**Main objective:**

Provision of a wide range of agricultural loans to meet farmers' unique needs via the development of a partnership with local Agricultural Associations.

**Key words:**

Agriculture lending, Farming, Non-financial services, Partnership

**Type of organization:** NGO MFI

**Country:** Republic of Kosovo

**Year of inception of the good practice:** 2013

**Services and products provided:** Loan products and professional training for farmers

**Portfolio (€):** 18,053,708

**Avg loan size (€):** 1,575

**# of clients:** 11,465

**Website:** [www.keponline.net](http://www.keponline.net)

**Address:** Street Bairam Kelmendi 16, Prishtine, 10 000, Republic of Kosovo

**Institutional profile:**

KEP Trust is the largest microfinance institution in Kosovo, offering its clients with a wide range of financial products and services. Meeting clients' financial goals and building strong relationships are at the centre of KEP Trust's vision. In this way, KEP Trust contributes directly to the creation of jobs and thereby contributes to the development of the country's overall economy. In addition to its headquarters in Prishtina, KEP Trust has created a network of 33 modern branches across the country, consequently bringing its services closer to the citizens of Kosovo.

**Mission of the organization:**

KEP Trust's mission is to improve living standards and support the country's economic development by providing financial services to individuals and businesses.

**Governance structure:**

KEP Trust's governance structure is in accordance with high international standards. We ensure responsible and value driven management through our systems of governance, through collaboration with partners and effective cooperation between the Board of Directors, Management Board, Departments and Branch Network. We ensure adequate risk management systems, including an independent internal audit function that is at the heart of the governance system.

## **Good Practice**

### **Introduction:**

The KEP Trust has established several partnerships with Agriculture Associations throughout the Republic of Kosovo. This is an opportunity for both KEP Trust and the mainstream financial sector to serve those farmers in need of financial services. This will certainly improve service quality and client satisfaction while reducing costs to clients.

The partnerships with Agriculture Associations allow the KEP Trust to develop an agricultural lending methodology which addresses farmers' particular needs, meets their cash flow and overcomes the seasonality of production. Through these partnerships, KEP Trust could also develop its dedicated internal capacities, could improve its products, marketing, trainings and risk assessment in order to better cope with the unique needs of agricultural clients.

### **Target group and accessibility:**

KEP Trust targets both individuals and enterprises, with a special emphasis on business loans to micro and small entrepreneurs and agriculture. KEP Trust mainly targets clients such as farmers or rural households with a main activity in agriculture.

### **Innovativeness:**

In regard to agricultural lending, KEP Trust has moved from a traditional lending methodology to one based on client and business needs through the application of irregular payments plans, grace periods and business evaluations. In addition, partnerships with various market actors are a key success factor. An agricultural lending department has been established at HQ and each of the 33 KEP Trust branches has allocated a loan officer to analyse agricultural loan applications.

### **Relevance given the context:**

KEP Trust provides custom loans to farmers and agribusinesses that do not have adequate access to financial services. In doing so, KEP Trust adapts the loan repayment to the cash flow cycle of the household/business. In our branches, in addition to a dedicated loan, clients are also offered technical assistance in terms of business management, business efficiency and links to the market for sales.

### **Adaptability to other contexts:**

KEP Trust's initiative can be considered replicable in different contexts by applying similar principles of cooperation with other products, sectors, and/or industries. Since Kosovo is a very small market with similar products and services, adaptation is possible but other MFIs should implement the model with their own business practices and culture.

### **Efficiency:**

KEP Trust attempts to optimize its operational costs to retain competitiveness and to ensure growth and innovation. We consider that the project to be cost-efficient because we have increased our outreach in the market and increased our agricultural loan portfolio.

**Outcomes:**

KEP Trust benefits by: identifying new potential clients, gaining access to these clients and through an easier and more adequate credit assessment of these clients.

The Agriculture Associations benefit by: increasing the number of markets for members within the association and expanding the supply base for the purpose of further collaboration. They also can share the data, if accurate and well organized, to financial institutions. Finally, the program strengthens the existing relationship between members, clients and suppliers, offers sponsorship for professional training and circulates agriculture equipment and events.

**Sustainability:**

The project is sustainable as its yield covers the costs of the project and net income from the project being reinvested to fund new clients. Currently, KEP Trust is investing in this project/sector monthly in average 18,000 EUR and will increase it by 10% going forward.