Welcome!

Please introduce yourself in chat!

1. Name
2. Organization
3. Location
4. Question you’re curious about

Rural Stars: Making rural agents viable for cocoa farmers in Indonesia

Agenda

Overview: Rural Stars

Key Pilot Insights

Panel & Discussion

We will open for live questions in during the panel. Please add questions in the Zoom Chat until then.

Mercy Corps Indonesia
WEBINAR

Rural stars: Making rural agents viable for cocoa farmers in Indonesia

January 31, 2023 | 9am (EST)
In 2019, IDEO launched a five-year innovation portfolio focused on connecting underserved, low income communities to the digital economy.
We can do more together than alone

Over the past few years, we’ve been busy working with organizations that have a combined reach of...

- 4.3 million agents
- 8M micro merchants
- 10M+ end users

We have built 80+ prototypes to address key challenges for the last mile.

Secured >$1M in coinvestment from the private sector to bring financial services innovation forward in their products.
01.
Overview: Rural-Agent Pilot
Premium payments are costly to distribute for Cargill and inconvenient to access for farmers.

Farmers prefer cash, which is slower to distribute and logistically more complex.

Cargill has experimented with alternative distribution channels like BRI Link bank agents. Limited rural access, high account dormancy, and the pandemic have stifled effectiveness.
GrabKios is interested in extending its agent network from urban to rural markets.

Challenges to solve include onboarding agents and acquiring customers, as well as customizing GrabKios products and services, in rural communities.

Partnering with Cargill is a first step to identify high-potential farmers who could become agents, onboard, and retain them to serve other farmers as customers through trusted relationships and local networks.
distribute payments seamlessly and build long-term relationships with farmers

H A S   A N   O P P O R T U N I T Y   T O

effectively onboard and upskill agents to increase rural footprint and revenue

H A S   A N   O P P O R T U N I T Y   T O
**Premiums in the Past**

(up to 7 months)

**3 days**
Cargill reconciles volume of beans sold to Cargill

Cargill team calculate the premium to be paid both to farmers and traders

**5 days**
Cargill messages Farmer Agents and receiving agents

**1 day**
Cargill team sends bulk transfers to respective traders

**1 - 6 months**
Traders complete premium distribution to farmers

**1 month**
Cargill verifies the premium payment list from traders with farmer signatures as proof that they have successfully distribute the premium

**1 day**
Traders receive their premium after all premium payments to farmers have been completed
2022

We designed a pilot to test if rural farmers could act as agents, at scale, to prove...

VIABILITY OF A RURAL AGENT NETWORK

- To crowd in more investment for last mile digital financial services
- To create a thriving and scalable distribution network for Cargill
- To build the rails for rural markets for Grab
Cargill team calculate the premium to be paid both to farmers and agent farmers.

Cargill reconciles volume of beans sold to Cargill.

Cargill messages farmers alerting of premium disbursements.

Rural Agents contact farmers to pick up premium payments.

Cargill team sends bulk transfers to Grab Kios.

Grab transfers to Rural Agents via Grab Kios accounts.

Rural Agents complete premium distribution to farmers.

Verification and bonus distribution happens at the end of every distribution day.

**3 days**
- Cargill reconciles volume of beans sold to Cargill.
- Cargill team calculate the premium to be paid both to farmers and agent farmers.

**1 day**
- Cargill messages farmers alerting of premium disbursements.
- Rural Agents contact farmers to pick up premium payments.

**1 - 2 days**
- Grab transfers to Rural Agents via Grab Kios accounts.

**3 days**
- Rural Agents complete premium distribution to farmers.

Premiums via Shared Agents (approx 10 days)

**DIGITAL**

**DIGITAL**

**DIGITAL**

**HYBRID: DIGITAL + CASH**
The rural agents in our pilot significantly outperformed targets.

GROSS MERCHANDISE VALUE PER AGENT PER MONTH

TARGET $38

ACHIEVED $80

Rural agents performed 111% over target (For the month of August)
2022 
POST-PILOT

91% 
New customers acquired of 800 unique customers serviced

111% 
Higher GMV achieved

90% 
Willing to stay loyal to Cargill

71% 
Agent Retention
02.

Key Pilot Insights
1. Building a rural agent network makes sense (and cents!)
2. Star agents are the keystone for successful rural agent networks
3. Rural agent networks are transformative for end users
1. Building a rural agent network makes sense (and cents!)
1a. Rural agents are viable and can recover set-up and onboarding costs in a year

Setting up an agent network in rural communities requires extensive awareness, trust-building and ongoing training both in person and online. These costs remain high even when building on an existing network and ecosystems (like the Cargill farmer network). However, we found that these costs were recovered over time, since agents are highly motivated to build alternate sources of income.

**Customer Acquisition Cost (CAC)**

- **2–3 Months**
  - Recovery of CAC for top agents
  - $20 CAC per user for this pilot*
    - Estimated to come down to $7.7 over time

- **4–10 Months**
  - Recovery of CAC for most other agents
  - $15 GMV per agent

*Includes very high promotional and training material costs, which can be an outlier caused by the pilot design
1b. Cargill’s support can create disproportionate trust in Grab services over alternatives

Cargill is a trusted entity in the rural market we piloted in, while Grab is fairly unknown. Many farmers were reluctant to adopt DFS due to fear of fraud, phishing, and scamming. They were willing to give new services like GrabKios a try because they were introduced to it through trusted and known partners.

“I was not interested the first time and didn’t believe in GrabKios as I was afraid of being scammed. The FO Edy convinced me, and I also spoke to my cousin who is a Grab courier in Makassar. Now I am happy with the app - lots of vouchers and transactions, compared to apps like (Dana app)”

Agent Bo Arpina
2. Star agents are the keystone for successful rural agent networks
MEET A STAR AGENT

216
Transactions
Over 3 months

$1985
GMV
Over 3 months

ABOUT AGENT SANTI:

➔ 42 year old woman
➔ Previously BRI Link Agent and switched to using Grab Kios due to higher margins
➔ Offers mobile top up and electricity token payments in her village of 1496 people
➔ Offers liquidity to other agents
➔ Depositing money in BRI 3x a week—IDR 2.5-4.5M each time

Average star agent’s GMV
versus other agents

Agent Santi
BRIlink Agent previously,
Village Soga, Soppeng

IDEO LAST MILE MONEY
2a. Star agents share similar characteristics, like education and business experience.

Star agents tend to have a similar profile - in education and prior entrepreneurial experience. Grab can leverage Cargill's existing networks and farmer knowledge to short-circuit the process of identifying star agents. The high performing agents, irrespective of whether they were a kiosk owner or a farmer, were ones that had prior business background and an entrepreneurial spirit.

Key agent characteristics that offer greater impact:

- Gender (woman): 0.23
- Education: 0.18
- Business Acumen: 0.10
- KOL (Influence): 0.04
- Age: -0.01
- Village size: -0.07

Being a woman, higher educated, and a merchant are correlated with better performance.
2b. In rural, women’s social equity help them perform better as agents

Our data analysis showed that gender played an important role in driving top performance among agents. Although women using the GrabKios app were new to the platform, they brought with them a wealth of contacts and prior social connections. Women were also eager to supplement their existing income and found GrabKios to be the right platform to do that.

“I promoted GrabKios transactions by updating my WhatsApp status and word of mouth in my Tupperware network. [It] would be good if Grab can help me make my payment for the Tupperware and also for paying or buying fertilizer.”

Agent Kasma

GMV contributed by women agents among top 10 agents

85%

Higher income earned by women agents

4x
2c. Digital nudges and on demand field support meaningfully increase revenue

A variety of trainings were delivered to the agents: in person, online, and hybrid trainings. Training helped agents assuage fears of fraud and set them up to confidently use GrabKios. Specialized business trainings on cybersecurity, bookkeeping and promotions helped agents increase their revenue.

The success of the online trainings was supplemented by ad hoc and on demand visits by the field officers.

Online training and field-officer support correlated with higher performance

<table>
<thead>
<tr>
<th>Training Type</th>
<th>Correlation Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online training for Grab</td>
<td>0.20</td>
</tr>
<tr>
<td>Unofficial FO Training</td>
<td>0.13</td>
</tr>
<tr>
<td>Offline training for Grab</td>
<td>-0.04</td>
</tr>
</tbody>
</table>

TAKEAWAY

78% of agents with timely transactions who received more than 10 nudges

Post training GMV 3x
3. Rural agent networks are transformative for end users
3a. Digital value chain extensions can be built on relevant use cases, like fertilizer distribution

In a small experiment conducted by Mercy Corps as part of this pilot, farmers demonstrated willingness to access agri-products via GrabKios agents. In a promising partnership between Pupuk Kaltim (fertilizer company) and Syngenta (agri-input company), and Mercy Corps, agents used the GrabKios platform to make and receive payments for fertiliser.
1. Building a rural agent network makes sense (and cents!)
   - Rural agents are viable and can recover set-up and onboarding costs in a year
   - Cargill’s support can create disproportionate trust in Grab services over alternatives

2. Star agents are the keystone for successful rural agent networks
   - Star agents share similar characteristics, like education and business experience
   - In rural, women’s social equity help them perform better as agents
   - Digital nudges and on demand field support meaningfully increase revenue

3. Rural agent networks are transformative for end users
   - Digital value chain extensions can be built on relevant use cases, like fertilizer distribution
THANK YOU
SUMMARY

1. Building a rural agent network makes sense (and cents!)
   A. Rural agents are viable and can recover set-up and onboarding costs in a year
   B. Cargill’s support can create disproportionate trust in Grab services over alternatives
   C. Quick digital payments create a virtuous cycle for agents, farmers, Cargill and Grab
   D. Financial incentives work for customer acquisition, but not for switching farmer preference to digital from cash

2. Star agents are the keystone for successful rural agent networks
   A. Star agents share similar characteristics, like education and business experience
   B. In rural, women’s social equity help them perform better as agents
   C. Digital nudges and on demand field support meaningfully increase revenue
   D. Strategic agent mapping can unlock efficient payouts and improved business outcomes

3. Rural agent networks are transformative for end users
   A. Rural agents can grow their business, increase farmers’ access to digital services and increase awareness of the Grab brand
   B. Agents prefer working with Grab for their other businesses, due to its convenience and returns
   C. Digital value chain extensions can be built on relevant use cases, like fertilizer distribution
1c. Financial incentives work for customer acquisition, but not for switching farmer preference to digital from cash

The incentive to earn premium payouts quickly for farmers and the opportunity to earn a commission for agents got them excited to use the channel. However, in spite of additional incentives and nudges from agents, most farmers opted to receive their payments in cash, indicating urgent payments for daily farm and household needs.

Adoption of cashless payments in both groups, in spite of 100% higher incentives in test group

“The reward for our hard work feels much real if we can hold cash in our hand”
Agent Aris
1d. Quick digital payments create a virtuous cycle for agents, farmers, Cargill and Grab

Shortening the premium disbursement cycle for farmers and unlocking new income streams for the agents can go a long way in increasing loyalty toward Cargill. Additionally, this use case allows farmers to experience the Grab app, enabling them to trust and utilise the system more frequently.

"The premium distribution method through agents will really help us cocoa farmers in the village of Barakkae because apart from the distance, the costs that must be spent to take the premium can be much more efficient and hopefully in the future this method can be continued."

**Abdul Kadir, Farmer**

**Impact on farmer loyalty to Cargill**

- Cargill Pre-pilot Farmer coverage: 55%
- Farmers willing to sell all their cocoa to Cargill post pilot: 90%
MercyCorps invested significant time to ensure that agents were placed within <6km of most farmers. With this mapping there was a quick turn around of disbursements, however most agents said they were willing to travel greater distances for higher incentives indicating that it might be possible to increase the agent to farmer ratio to 1:28 up from 1:10 during the pilot.

“I am very grateful that I can be trusted to be part of the distribution of pilot incentives. I successfully disburse pilot incentives to all my assigned farmers.”

Burdin, Padaelo Village, Bone District

**TAKEAWAY**

2d. Strategic agent mapping can unlock efficient payouts and improved business outcomes

< 3 days

Time taken to complete all disbursements to ~1000 farmers, compared to a previous disbursement time of up to 6 months
3a.
Rural agents can grow their business, increase farmers’ access to digital services and increase awareness of the Grab brand

Hundreds of new customers completed mobile top up transactions via GrabKios agents in their neighborhoods. For most of these users this was their first interaction with Grab and they loved the ease and speed of transactions. This brand equity with hundreds (and soon thousands) of new customers who are hearing about Grab for the first time can pave the way for new services introduced by Grab.

"Doing top-up was as easy as shouting across my neighbours wall, I couldn't believe it!"

Agent Aris

**Takeaway**

- Additional unique customers (beyond initial farmers) serviced by agents since pilot launch: 800
- New customers outside of Cargill’s farmer network: 91%
- Repeat customers: 38%

800
91%
38%
3b. **Agents prefer working with Grab for their other businesses, due to its convenience and returns**

Agents quickly discovered that GrabKios is a competitive platform that empowered them to unlock a greater income via commission as compared to other options. Agents leveraged this information to transfer all sorts of transactions onto the Grab app. In many instances, agents also disbursed the premiums using their own funds, saving the amount in the Grab wallet, which they utilized to purchase electricity tokens and other transactions for themselves.

“**I switched to use GrabKios to transact with my existing customers as it has higher margins... e.g., on the Ardi Prasaja app (the app I previously used for mobile top-up transactions), 5,000 of mobile credit costs 6,500 so I charge to my customer 8,000 which makes a profit of 1,500, meanwhile on GrabKios 5,000 mobile credit costs 5,500 so I can get 2,500 of profit.**”

**Agent Edy**  
(Amongst the top 10 agents)

“**Since I used the GrabKios application, all transactions have been smooth, efficient, the way to operate is easy... Alhamdulillah, there’s never been a failure for all my transactions, so why do I have to use another application when in GrabKios, we already have what I need.**”

**Agent Santi**  
Soga Village, Bone District  
(Amongst the top 10 agents)