

Partner Snapshot

Partner Name	Virtual City
Entrepreneur Name	John Waibochi
Industry	Agriculture
Location	Nairobi, Kenya
Website	https://www.virtualcity.co.ke/
Business stage	Early stage
Grant allocation amount	USD 100,000
No. of beneficiaries reached	14,449
No. of jobs created	317
Innovation developed	Digital solution suite
Revenue increase	USD 30,000



Impact Highlights

14,449
Beneficiaries Reached



317 New Work Opportunities Created



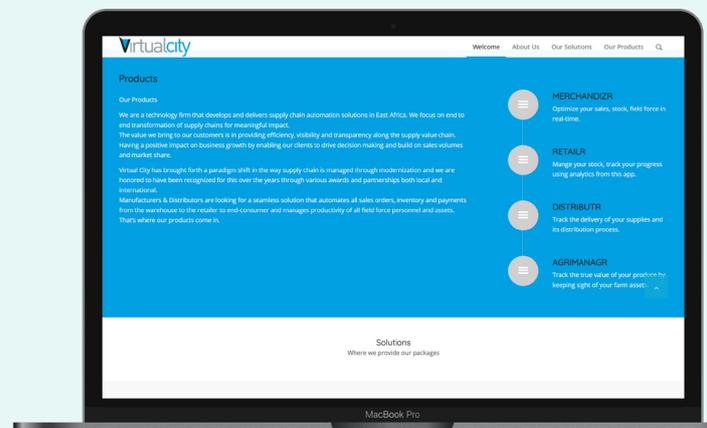
\$7,000
Net Additional Income Earned



Company Spotlight

Food safety continues to be a major concern in Kenya due to challenges that hinder the improvement of quantity and quality of fresh produce in the agriculture value chain. Some of the notable challenges include; need for end-to-end visibility of each process; increased cost of labor/inputs; losses in storage and need for consistency in production. The value chain linkage has been traditionally served by middlemen or financially secure traders with minimal value addition or consumer safety in mind.

Virtual City developed a digital solution suite that digitizes operations and provides full traceability for their clients working within the agriculture value chain. It's main clients are aggregators focused on food and vegetable markets which has helped create an integrated and well packaged solution that can now be scaled to horticulture clients not only in Kenya but across Africa. The customized and relevant digital solution suite tracks the operations of a Horticulture packhouse from farm to retail.



Engagement with Youth Impact Labs



: **“We are grateful to the Youth Impact Labs team
: for supporting us in redesigning our horticulture
: platform with the aim of improving the user
: experience.”**

JOHN WAIBOCHI - FOUNDER, VIRTUAL CITY

Youth Impact Labs engaged with Virtual City to develop the digital solution for the horticulture value chain. The support provided included a \$100,000 financial assistance and technical assistance aimed at developing the technology and marketing it to packhouses. As part of the support, the

Milestones Achieved

1

Created prototype mobile applications for SME packhouses in the horticulture value chain

2

Developed a new business model to roll out repackaged technology targeting small and medium sized packhouses in the horticulture value chain

3

Digitized Virtual City's horticulture value chain

4

Created work and income generation opportunities in the horticulture value chain

Impact of COVID-19

The customer base has been hit pretty hard since a number of Virtual City's customers' ability to pay has dropped threatening the firm's cash flow. Majority of agriculture companies that the firm works with, exporters and those targeting the local customers, saw their markets volumes drop. Additionally, pack houses were forced to operate between 20-30% labour capacity with 30,000 workers being put on unpaid leave at the onset of the pandemic. Within the FMCG customer base, Virtual City experienced a 50% drop in demand following the closure of restaurants and schools.

Working capital and human resources have been greatly affected by the pandemic. Currently, Virtual City has about 3 months working capital runway which the company is preserving by sub-letting 50% of their floor space. The Virtual City team also transitioned and has been working from home since April. However, 70% of the team have been able to navigate through the changes while 30% have struggled to keep up and as a result, Virtual City let go of half of them.

To cope with the harsh effects of the pandemic, Virtual City developed AppiGo Kenya, which is a new platform targeting cottage industries and SME retailers that cannot engage in physical sales. The goal is to provide these retailers with a full e-commerce site where they can load and publicize their products while having an e-commerce web store running within 24 hours that allows them to collect orders and deliveries. The platform is provided for free.

Lessons learned



BASED ON THE REVIEW OF THE QUALITATIVE AND QUANTITATIVE LEARNINGS

a customized digital system that provides as close to real time visibility of purchases, stock movement, sales and payments, improves the operational efficiency of the Packhouses with clear impact on financial management, quality tracking and customer satisfaction.



DIGITAL PLATFORMS IN THE AGRICULTURE VALUE CHAIN NEED TO BE MOBILE, EASY TO USE, INTERACTIVE AND ABLE TO GENERATE SIMPLE OUTPUTS THAT ARE INSIGHTFUL AND ACTIONABLE.

addition, the platforms should provide digital financial transactions and reconciliations of stock versus sales versus payments to provide an inclusive oversight of a business.



DIGITAL PLATFORMS SHOULD BE DEVELOPED IN SUCH A WAY THAT ALL PLAYERS IN THE AGRICULTURE VALUE CHAIN

can interact with them effectively, that is, farmers, aggregators and customers.

Scale and Sustainability

Virtual City has developed suitable structures to assist in the continuation of the innovations. The firm has partnered with critical anchor partners including financial institutions and leading packhouses in the country that continue to utilize the technology developed despite the economic downturn.

In order to grow its customer base, Virtual City has steered efforts towards marketing and social media campaigns, targeting businesses in the food value chain. Kenya is experiencing a digital transformation in the agriculture value chain. The increased appetite by packhouses and retailers to connect via digital systems is expected to increase the reach for the innovation developed by Virtual City.

Beneficiary Story

The gap in the agriculture value chain

Kenya's agriculture value chain is quite fragmented and has caused immense food wastage due to lack of proper storage and transportation facilities. Taimba Limited is an agritech business that has been running for almost 3 years. Taimba provides market linkages between rural smallholder farmers and urban traders. The company purchases fresh groceries from farmers at negotiated prices, repackages then delivers to their customers at no cost. Taimba's customers are informal greengrocers of which 85% are women who would initially experience challenges in accessing quality groceries at an affordable price.

Dominic Kavuisya is the founder of Taimba Limited. His interest in farming was spurred by his upbringing. He grew up in the village where he and his friends engaged in farming to sustain their livelihoods. He however noticed that all the smallholder farmers in his village harvested the same produce and sold to the same market scope. As a result, a lot of farm produce was wasted since there was an oversupply of produce. When Dominic moved to Nairobi, he realized that the cost of food was high yet less than 100km away where his village is located, food was going to waste. It was at this point that Dominic devised a plan to develop a platform that would connect smallholder farmers in rural areas to urban centres.



Engagement with Virtual City

Dominic first engaged with Virtual City through a work engagement. He approached the Founder and pitched his idea of building a platform that connects the agriculture value chain. Since Dominic lacked the seed capital to develop this technology, Virtual City supported him by providing their existing platform to make Dominic's dream a reality.

Impact: Technology support and expansion

Through the engagement with Virtual City, Taimba has scaled its operations. Taimba initially facilitated logistics using motorbikes and tuk tuks. Today, the company has purchased vans and sourcing trucks. Taimba also moved into a new facility and created employment for temporary and permanent workers. For every 5 tonnes of potatoes that Taimba sources, 50 casual jobs are created to facilitate sorting and packaging.

Future plans

In future, Dominic plans to grow his passion in impacting suppliers at the bottom of the agriculture pyramid, reducing food wastage and maintaining high quality produce at affordable rates.