Opportunity International responses to webinar questions
July 18, 2018

Q1. I have been trying to build a microfinance focus on rural and agriculture finance and everyone is now telling me that funding for on farm activities should be limited to just 30% of the portfolio.

A: *Important to note that this question is more around AgFinance and not specifically geared to Gender in Agfinance.* Farming is risky, and depending on the risk tolerance of your capital source, limited exposure is a good risk management strategy. A healthy financial institution grows and attracts capital. As the total value of financing increases the value of farm financing will also go up. As a result, there are a number of factors to take into consideration when determining portfolio concentrations and 30% for on-farm activities actually represents a fairly high exposure. Most important is to remember is that concentration caps are there to manage risk. As a result, any activities that proactively reduce risk in agricultural lending are critical.

One relatively simple approach to reduce risk is to analyze the portfolio for additional levels of segmentation that can be leveraged to reduce risk. As we described with analysing gender disaggregated data, we can also specifically look at our clients' value chain structures to shed more light on their activities. For example, some of the pilot activities that Opportunity is exploring in this area are:

- In our former institution, Opportunity Bank Malawi, we were able to move 48% of our portfolio into Agriculture by setting additional policies around the portion of contract versus non-contract farmers, extension service supported versus non-extension service supported, etc.
- We also seek to take into account the seasonality of a portfolio and leverage an annual average percentage for the portfolio concentration cap so that limits can be elastic.
- Innovations in Smallholder credit scoring and customer segmentation is a significant priority area: we have gathered data from thousands of coffee farmers in Uganda and created a credit score, which we are currently testing.
- Partnership and value chain assessments help us to pre-establish additional risk factors within our portfolio and help us to customized lending products around specific client needs

Q2. How can a lending organization be considered to be a partner?

A: Since the AgFinance program started, Opportunity has worked primarily with regulated financial institutions, and external partners providing extension services / market linkages to farmers. However, recently we have begun to open up our partnership policies to allow formalized partnerships with others. For a pilot partnership, we have a fairly straightforward due diligence and vetting process. For larger partnerships and our flagship operations, we have a fairly more significant process.

Partnerships for Opportunity begin at the local level of our in-country operations. We recommend reaching out to them first to discuss how your partnership will align with the institutions current business needs. When looking at new partners we consider a range of factors from mission and value alignment; client targeting; business performance and capabilities, market need and fit; market/regulator environment; value for money. As we integrate gender across our Ag Fin strategy we are now looking at incorporating a gender framework into our partnership vetting process.

Q3. Ag financing in tree crops has been a great challenge here in Ghana since tree crops have longer gestation periods compared to food crops.

A: Tree Crop financing is indeed complex, however a functional agfinance product can be deployed by taking into consideration the stages of production and using a "Graduation" model in which initial loans are for short-term improvements of existing trees, and longer-term credit is offered once there is a stronger track record with the client. The simplest approach is to target farmers that already have a few productive trees. Input and working capital loans can be approved for those trees until a working credit history is established for the farmer. If the farmer is to expand their cropping by investing in more trees, they can either make loan repayments through the profits of their earlier trees or leverage their improved credit history to apply for a longer-term loan. In the webinar, we also described graduated models for facilitating financial inclusion and ultimately formal financing women in our portfolio.

From a gender perspective, when formal financial institutions and banks offer financing for long-term land or crop development, it is usually contingent on registered land ownership. There are many women farming traditional crops like cocoa and coffee that do not have land in their name, so even if/when they "graduate" to a point of being eligible for long-term agricultural finance, property rights can become a barrier. There is movement in Africa around facilitating land titles for smallholders in general, including women. This is an area Opportunity would be interested in advancing, through a pilot program in partnership with an organization experienced with land rights and tenure issues.

Meanwhile, Opportunity is beginning to integrate a family farming approach more widely, which would facilitate the male property owner being involved in a long-term financing arrangement, even when the female in the family is the main farmer.

Q4. What have been the key interventions which have increased women's (and men's) agency?

A: Opportunity's primary method for enhancing women's agency is to empower women with skills, information, and agricultural and financial resources. We do this by recruiting and serving women in our AgFinance work. Our target is to increase the portion of our AgFinance loans to women from roughly 30% to 40%. To accomplish this, we are implementing a number of recommendations from the Gender Analysis. In addition, given that many women are and will continue to work on farms managed by their husbands, we see the "Farming as a Family Business" approach as having potential to increase individual agency, and meets Opportunities' approach of achieving meeting social and business outcomes. With Farming as a Family Business, we work with families to improve their farm and household financial management, which involved providing family members who work on the farm with more skills, information, and a strong voice for farming, managing the farm business, and household financial management.

From a financial services perspective, we have piloted a number of interventions that we also believe empower both men and women to elect and determine their own futures. People living in poverty have lower agency than the middle class, so we strive to reach down-market. For example, we deliberately design of financial products and services that do not require literacy. From biometric account access to radio messages, and interactive voice response services, we believe that the greatest change in agency takes place when we extend access as far downstream as possible.

Q5. Given that digital payments are increasingly being used in agri, and considering that the gender gap for access to financial services tends to be smaller for mobile money, how do you see these being infused into this space? Is there any specific effort to do that by Opportunity and others?

Q6. Given the increasing attention on the potentials of digital financial inclusion to enhance women smallholders access and usage of financial services, what interventions have been successful to drive mobile money account ownership and usage among women smallholders. I would like to know of any successful model

A: Opportunity strongly believes in the empowerment potential of digital finance and has a dedicated global program which focuses solely on the deployment of Digital Financial Services. Digital payments are, however more difficult in rural environments. From our point of view, digital ecosystem development is critical to make systems work. We have found that simply paying clients though digital channels is not sufficient if they do not also have the option to make other digital transactions within their daily lives. Instead, the DFS team is focusing on "digital financial inclusion" strategies using an approach we call "High-touch, high-tech, and high-impact." In Ghana, we are piloting a DFS & Gender staff straining curricula to enhance awareness and skills and provide staff with tools specifically for helping women client to access and use digital finance. This builds on experience with Sinapi Aba Savings and Loans under the MicroLEAD program in which we supported Sinapi to expand savings for women. See webinar: https://seepnetwork.org/Webinar-Post/Sustainable-Savings-Mobilization-for-Low-Income-Women-Combining-Personal-Service-with-Digital-Efficiency.

In addition, as mentioned above, we are piloting a number of tools that leverage digital technology for clients and staff/agents. For example, interactive voice recorded messaging is being piloted in Uganda with a focus on financial education, credit management and savings mobilization. In Uganda and Ghana we are piloting the use of videos delivered by agricultural trainers on tablets to enhance GAP training. With each of these interventions we are pro-actively engaging women at the design and testing phase, but also ensuring that ther services is not marketing as being "for women" to the exclusion of men. In this manner, as we design for women, we end up expanding inclusion men who face more barriers as well.

Q7. What is your take on financial literacy programs leveraging technology? How do you maximize impact?

Opportunity International is in the process of refreshing is well-established financial education curricula and tools, which include participatory in-person training, videos played at branches and in the field, radio programs, and live "roadshows, among others." In the AgFinance and DFS programs, Opportunity is working at two levels: equipping staff with technology to support high quality and engaging training and coaching, and leveraging digital inclusion to deliver information directly to clients. One finding that was relevant to our current training, and is equally relevant to technology-based education: the materials need to be adapted to the context – there is no "standard' global curricula what works everwhere for every one even though technology allose for that to be delivered. For example, in the PEMA program, the Farm Business Advisors appreciated videos from other countries, but did not see how they could be useful to their clients, even if they were translated. Instead, they wanted to create videos of themselves and their clients in Shona, to share on their tablets, something PEMA is piloting now.

Q8. I'm particularly interested in the gendered nature of contract farming, as many smallholder farmers (especially those in countries with heavy tobacco production, such as Malawi) are involved in outgrower schemes. How do we improve the status/agency of women in contract farming?

A: Opportunity has been working with both contract and non-contract farmers since we founded the Agfinance program in 2009 including, but not limited to coffee, cotton, cocoa, and Malawian Tobacco farmers. There are significant levels of barriers to women's agency that are contract farmer specific and there is a lot to unpack. From our experience, in typical SHF agricultural communities, gender ratios in contract farming portfolios strongly skew male. As was observed with our outreach strategies, most contract-farming outreach efforts leverage existing government and farmer associations structures which are male dominated. Furthermore, as mentioned above, land tenure is a barrier for women and is sometimes required for contract-farming. In addition, Opportunity has a network wide gender policy mandate to "do no harm" and programs to enhance women's agency must be undertaken very carefully, as we need to ensure that financing and support programs do not put women at risk of being exploited through restrictive contract-farming and/or sexual harassment in these arrangements.

We have found that it is critical to build the status of women within our programming by literally giving them the agency of telling us how to work with them. With the specific example of contract tobacco farming in Malawi, we have hosted numerous focus group discussions and farmer surveys for women clients and for their family members. This has supported a women-centered program design for farmers seeking to diversify from tobacco.

As mentioned during the webinar, granular levels of high resolution client data allows us to better understand female and male clients. A key disappointment of Opportunity's gender analysis is the limited actionable data available from macro-level financial inclusion and smallholder surveys that would support adaptations to reach and empower women with AgFinance. As a result, we have now launched programs to gathering our own data leveraging digitally enabled, last-mile Farmer Support Agents, and are currently analyzing it to support improvements in outreach to women. The two main sectors for this innovation are Coffee and Tobacco - in situations with contract-farming. As we put this data to use, we would appreciate the opportunity to share and collaborate more with others seeking to improve women's agency in contract-farming.

AgDevCo responses to webinar questions

July 18, 2018

Q1: Is the private sector willing to work with women? What are the key lessons?

A: Yes – we work with various agribusinesses who are successfully using a gender-inclusive approach in their employment practices and in their outgrower schemes. You can read more about this in our publications *Gender Lens Investing* and *Successful Models to Empower Women in Outgrower Schemes*. However, there's a lot still to be done to spread the message about the business case for promoting women's empowerment. It's crucial to share success stories that highlight that there are commercial benefits as well as social benefits from women's empowerment.

Q2: I'm particularly interested in the gendered nature of contract farming, as many smallholder farmers (especially those in countries with heavy tobacco production, such as Malawi) are involved in outgrower schemes. How do we improve the status/agency of women in contract farming?

Q3: What have been the key interventions which have increased women's (and men's) agency?

A *(taking the two questions above together)*: Key to our approach is recognising that farming is a family business – it typically involves not just the landowner or head of household, but often women and younger household members. By making sure that field extension officers and other representatives of agribusinesses interact not only with male farmers but also with women and other household members, we aim to spread this recognition among rural households. It is important that women are encouraged to attend training sessions and other meetings, and if necessary are given specific opportunities during those meetings to speak up or ask questions. Providing training to both women and men on household budgeting has also been important in making women's contribution to the household economy visible.

It's also important to make sure that opportunities are opened up for women to take on leadership positions within local groups or farmers' associations and to become lead farmers or extension officers. These women can act as role models and so help to change attitudes, both among men and among other women.

We should also note that AgDevCo does not invest in tobacco production. Our Smallholder Development Unit is working with farmers in Malawi to help them diversify away from tobacco, to grow crops like groundnuts, paprika and chillies for which there are reliable commercial buyers.

Q4: What is your point of entry in terms of financial services to the farmers? Is it at individual farmer's level or cooperatives/groups? How are your groups structured?

Different agribusinesses take different approaches. The Phata Sugarcane Cooperative in Malawi has a revolving credit fund for its members, while GADC in Uganda has facilitated the establishment of village savings and loans associations (VSLAs) in farming communities. Other agribusinesses are providing credit to farmers on an individual basis (often in the form of agricultural inputs), with the loans being repaid from crop sales at harvest time. In the case of GADC, the trust and credit history established through participation in the VSLAs is being used to identify farmers who have the potential to borrow on an individual basis to make investments in tillage equipment, sprayers, or other equipment.

Q5: In carrying out financial literacy trainings and other gender sensitive trainings, is it advisable to separate men from women or put them together, especially in instances where couples are involved?

A: This depends on the context and on the content of the training. Usually we prefer to have both women and men participating in the same session, so that everyone benefits from the same training and to avoid the perception that there are specific messages delivered in women-only meetings. However, in some situations women may feel less comfortable speaking their mind in the presence of their husband or other men, so there can be value in arranging sessions specifically with women. It's important to take guidance on this from local experts who understand the gender dynamics in the communities we are working in.

Q6: Please give some insights on how you have been able to track gender disaggregated data.

A: We routinely ask our investees and agribusiness partners to record the gender of the farmers they are training and transacting with, and to track this in management information systems. However, it's important to note that just collecting data on farmers' gender doesn't give the whole story: even if it's a man who has attended the training and sells his crops to the agribusiness, it may well be women from his household who are doing much of the farm work. When doing studies to understand the social impact of our work, it is important to make sure that women's perspectives are reflected alongside men's, whether in focus groups or in household surveys.

Q7: Culturally, in African societies men are very important in terms of economic empowerment of the women and the family in general. Do you use the GALS methodology in your dealings with gender issues and do you endeavour to bring men into these sessions?

A: We don't have experience with the GALS approach, but we specifically seek to understand the views of both women and men at all levels when planning investments or assessing the impact of our work. This means seeking out the views of women and men at all levels – from individual farmers to senior management – and, in particular, not relying solely on farmers' representatives.

Q8: What is your take on financial literacy programs leveraging technology? How do you maximize impact?

A: A lack of information can be a major barrier to the empowerment of women farmers – whether information about good agricultural practices, seasonal forecasts or market conditions. There's certainly potential for new technologies that can provide information and so reduce the impact of these barriers. Some of our partners are experimenting with approaches like this, for example by using video training to overcome literacy barriers or using SMS to disseminate market information. Of course, we also have to be aware that there are gender differences in access to technologies such as mobile phones in many places. We still have a lot to learn about the best ways to deploy these technological approaches and to use them most effectively.