



LEARNING BRIEF 4

HOW TO INFLUENCE DECISION MAKERS IN AGRICULTURAL FINANCE

Six principles to effectively influence key stakeholders in agricultural finance

I. WHY INFLUENCING DECISION MAKERS MATTERS IN AGFINANCE

Previous research by the Mastercard Foundation Rural and Agricultural Finance Learning Lab ([the Lab](#)) and the Initiative for Smallholder Finance ([ISF](#)) estimates that formal financial institutions and value chain actors only meet one sixth of the USD 200 billion smallholder finance need. To address the gap, stakeholders in the rural and agricultural finance

sector need to make bold strategic shifts, such as vastly expanding customer-centric financial services to smallholder farmers, pursuing [progressive partnerships](#), and maintaining a sharp focus on smallholder farmers when scaling innovative models and technologies. The Lab, in partnership with [Dalberg Advisors](#), identified three stakeholder groups whose strategic shifts would be particularly influential in addressing this gap:

- 1. Financial service providers (FSPs)¹** that have the potential to expand existing portfolios, products, and services to smallholders
- 2. Agribusinesses²** that often provide financial services to smallholders by default, yet may not wish to do so and/or may not do so in a customer-centric way
- 3. Value chain innovators (VCIs)³** that have the potential to address the gap for smallholder finance in efficient, data-driven, and customer-centric ways through new products, technologies, and services

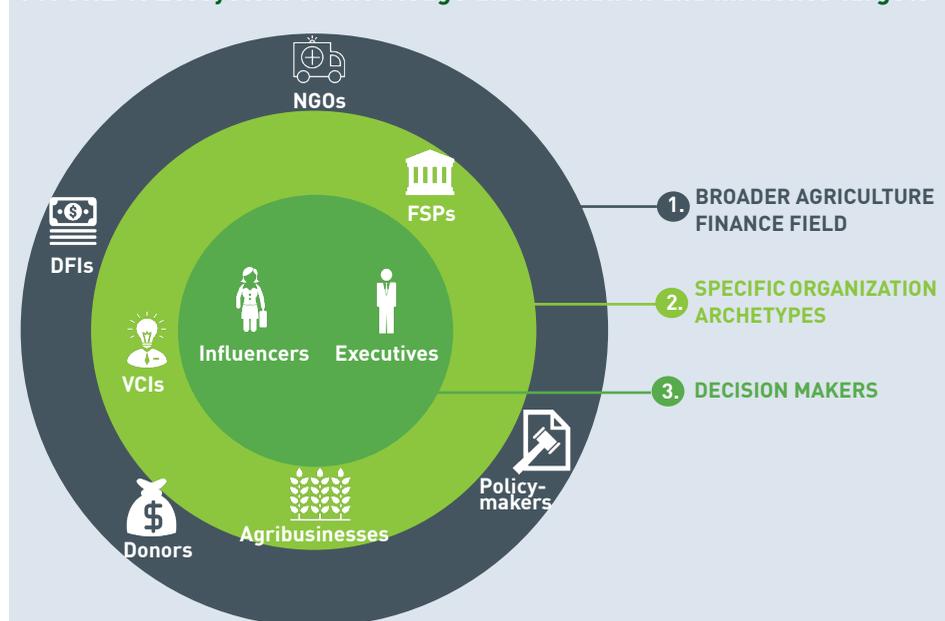
However, the Lab and Dalberg's analysis suggests that many of these stakeholders are hesitant to make strategic shifts that would help address the gap in smallholder finance, and as a result, may need to be influenced by other actors to do so.

1 Includes commercial banks, microfinance institutions, and social lenders

2 Includes large multinational corporations as well as smaller regional agribusinesses

3 Defined as newer entrants to the rural and agricultural finance field that have an innovative model and/or use of technology

FIGURE 1: Ecosystem of knowledge dissemination and influence targets



In part, this hesitation stems from many leaders' perception that smallholders are an inherently risky and costly segment to serve. This perception is compounded by the fact that organizations and their leaders do not have sufficient credible data to analyze the true costs and risks associated with serving smallholders. Moreover, while progressive partnerships and new technologies could help address many of these challenges, many organizations lack the tools and knowledge to implement them. These challenges are further exacerbated by the information overload and

research fatigue many decision makers face at FSPs, agribusinesses, and VCIs – making it difficult for them to know what knowledge to trust and prioritize. Amid these trends it becomes critical for any actor seeking to influence these stakeholders to clearly understand which decision makers to target and what content, format, and distribution channels to use.

To understand how to influence strategic shifts in FSPs, agribusinesses, and VCIs, the Lab and Dalberg conducted more than 40 interviews with senior leaders from these groups as well as with other relevant stakeholders, including NGO practitioners and donors.

Recognizing that each organization follows its own approach to strategy development and will respond differently to externally generated knowledge, **the Lab and Dalberg identified six key principles of influencing and disseminating knowledge effectively to FSPs, agribusinesses, and VCIs.**

II. SIX PRINCIPLES FOR INFLUENCING DECISION MAKERS AND OTHER KEY STAKEHOLDERS IN AGFINANCE

PRINCIPLE #1:

Target content to senior leaders and their influencers

Across all stakeholder groups, buy-in for strategic changes related to smallholders often comes from the top. *"[If someone wants to influence us] they should just talk to management directly" – CEO of FSP*

WHO TO INFLUENCE	STAKEHOLDER EXAMPLE
 <p>AT FINANCIAL SERVICE PROVIDERS, focus on the C-suite members directly, though buy-in is also required from the heads of new products, risk, and IT departments.</p>	<p>The recent decision by one microfinance institution in Kenya to expand its agriculture lending portfolio was made by the CEO, who in turn was influenced by the cross-cutting C-level new products department, the risk department, as well as the perspectives of frontline staff.</p>
 <p>AT AGRIBUSINESSES,⁴ focus on either the head of business development or the head of sustainability, depending on whether smallholder finance is a core business activity or part of a sustainability strategy. Executive sign-off is ultimately required.</p>	<p>A large multi-national corporation agribusiness reports that to influence whether it will expand its smallholder lending program in East Africa, via progressive partnerships with FSPs, knowledge needs to be shared to the regional head of business development.</p>
 <p>AT VALUE CHAIN INNOVATORS, target the small team of senior leaders. These individuals are often the organization's founders and board members, and rely heavily on the advice of a network of trusted external advisors when developing a strategy.</p>	<p>The founder and CEO of a VCI in West Africa, developed an advisory relationship with an academic who researches mechanization trends in agriculture in sub-Saharan Africa. The CEO relied on the insights from this advisor to develop the organization's business model, including cost structure, target customers, and pricing model.</p>

4. Executives should be targeted directly at small regional agribusinesses

PRINCIPLE #2:

Produce content that targets specific stakeholders and their needs around business model sustainability, partnerships, and innovations

Most stakeholders interviewed stated that research to date is not sufficiently targeted to their individual organization's needs and priorities, specifically related to the following topics:

	CONTENT AREA	HOW IT WOULD LIKELY BE USED	STAKEHOLDER QUOTE
	BUSINESS MODEL SUSTAINABILITY , including risk and cost mitigation and profit potential of serving smallholder farmers.	This would help organizations understand the risk, cost, and profit implications of expanding their products and services to smallholder farmers and make the case to internal and external decision-makers who may be skeptical of doing so.	<i>"Number one key performance indicator is how this affects the bottom line. This is the first question before efficiency and customer experience."</i>
	PARTNERSHIP NAVIGATION between all stakeholder groups. It is often difficult for organizations to understand who could be potential partners and how to build value-added relationships along the value chain that align with their own capabilities and goals.	This would allow organizations to better vet potential partners, align on shared goals, and understand how a partnership would impact each organizations' business model as well as the farmers they seek to serve.	<i>"We looked at working with an MFI... It's a pain managing a loan portfolio when we are not bankers. But then it turned out ... they offered really high interest rates [to farmers... and the partnership would be] an imposition on our actual business."</i>
	PRODUCT AND BUSINESS MODEL INNOVATIONS , particularly related to alternative data (e.g., satellite data), mobile technology, and climate smart agriculture.	This would allow organizations to better distinguish between purely marketing campaigns and genuine innovations in a crowded and quickly growing field, and to make smarter decisions about which innovations to adopt in their organizations.	<i>"We are really good at statistical data but don't know how to analyze satellite data...we want to partner with people."</i>

PRINCIPLE #3:

Share content in short and actionable formats

All stakeholders interviewed emphasized that long reports are an ineffective and cost-intensive way of communicating information, and are solely used for data-mining. Instead, they recommended presenting information in short, actionable, and eye-catching ways, including:

FORMAT	WHEN TO USE	STAKEHOLDER QUOTE
 <p>CASE STUDIES: Stakeholders want to hear how other organizations have adopted innovations into their programs. Short (~1-4 page) case studies can help them understand what ideas to adopt to better serve more smallholders with more financial service offerings. FSOs</p>	<p>To show how other organizations, particularly peers and competitors, successfully (or unsuccessfully) implement a new product or service.</p>	<p><i>“Case study is definitely the way to go... If it’s more than 2 pages I won’t read it”</i></p> <p>– Agribusiness</p>
 <p>HOW-TO GUIDES/PRACTICAL BRIEFINGS: Stakeholders interviewed are most interested in learning the practical steps they would have to take to implement an idea at their specific organizations, rather than general or theoretical research.</p>	<p>To summarize new research, help organizations understand the steps required to adopt that idea themselves, and catch decision-makers’ attention.</p>	<p><i>“In order to get [FSPs’] attention, [you should include] 4 pages with enough credible content... it should not be hollow praises... it needs to have 3-5 points [about] pitfalls, how can you actually do it, risk mitigation, etc.”</i> – FSP</p>
 <p>INFOGRAPHICS: Stakeholders interviewed expressed a need for more visually compelling content like infographics to convey complicated information and data to both internal and external decision makers.</p>	<p>To catch high-level decision-makers’ attention and encourage them (and their team members) to look further into a topic.</p>	<p><i>“What would help me pitch to my readership would be really visible infographics that captures key information.”</i></p> <p>– Agribusiness</p>
 <p>DATASET: Most stakeholders interviewed mentioned a dearth of credible and transparent data in the RAF field, particularly at the individual farmer level.</p>	<p>To help an organization that is already interested in adapting their strategy to address the smallholder finance gap and that wants to dig into details about cost, risk, and revenue implications for their business.</p>	<p><i>“For us case studies are interesting, but sometimes I find them to be too qualitative; I want the data.”</i></p> <p>– VCI</p>

PRINCIPLE #4:

Meet decision makers where they already are

Stakeholders interviewed already rely on a wide variety of distribution channels to receive external information. Anyone seeking to share learnings broadly should plug into these existing channels, including:

"We have a list of websites that we like and that publish relevant information" – VCI

DISTRIBUTION CHANNEL	STAKEHOLDER QUOTE
 <p>EMAIL NEWSLETTERS continue to be a primary way that stakeholders receive information, though interviewees stressed that given the volume of emails they receive, they typically only read a select few newsletters. To increase the likelihood that email newsletters will be read, keep them short and visual, and directly address the concerns of those you are trying to influence.</p>	<p><i>"We will register into as many email newsletters as possible to just know what's happening." – FSP</i></p>
 <p>WHATSAPP GROUPS were also cited as an emerging way, particularly in sub-Saharan Africa, for decision makers to receive information and keep their pulse on conversations in the rural and agriculture space.</p>	<p><i>"There is one WhatsApp group I'm in, called social entrepreneurs. There is a certain level of knowledge sharing." – VCI</i></p>

MEETING DECISION MAKERS WHERE THEY ARE

BROAD REACH

NARROW REACH



Distribution channels that can be used to "meet decision makers where they are."

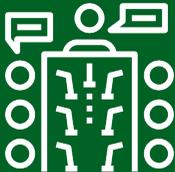


PRINCIPLE #5:

Change behavior through direct dissemination

While knowledge can and should be disseminated broadly to shape conversations happening in the rural and agricultural finance field, genuinely influencing the strategies of specific stakeholders will require a high level of in-person and longstanding engagement, specifically:

“I would love to have someone who we could just call who has worked on this who could offer advice” – VCI

DISTRIBUTION CHANNEL	STAKEHOLDER QUOTE
 <p>PEER WORKSHOPS were cited as a useful way to communicate research to a small group of organizations facing similar challenges or questions. Stakeholders stressed that these needed to be facilitated by a respected third party who could successfully solicit genuine learnings from participants. In-person workshops could also be complemented by less-expensive webinars, though stakeholders were mixed as to the utility of webinars, with some appreciating them and others rarely tuning in.</p>	<p><i>“Picking an issue that is relevant to start-ups and then bringing them together and workshoping that would be helpful.” – VCI</i></p>
 <p>IN-PERSON AND PHONE MEETINGS were cited as the best way to communicate information to top decision-makers across all stakeholder groups because they allow senior leaders to ask targeted questions and understand how a proposed idea might fit into the organization’s existing strategy are likely to be required</p>	<p><i>“I learn the most talking to somebody face-to-face.” – Agribusiness</i></p>

INFLUENCING KEY STAKEHOLDERS IN A TARGETED WAY

BROAD REACH ← → NARROW REACH

These distribution channels are the best way to reach target influencers in a targeted way.



MEDIA OUTLETS WEBSITE TWITTER WHATS APP EMAIL NEWSLETTER CONFERENCE WEBINAR WORKSHOP 1:1 MEETINGS

PRINCIPLE #6:

Explore new media channels to improve user engagement and information retention

Stakeholders interviewed voiced interest in exploring new media formats in light of trending feedback that visual content is better received than text alone. However, limited information exists on the impact of these emerging formats given their relatively high cost and time requirements. The Lab is exploring the use of these formats and tracking the pros and cons of each medium to better inform future decisions:

FORMAT	PROS	CONS
 <p>PODCAST: Stakeholders want digestible content that is authentic and conversational. Webinars are often scheduled at inconvenient times and therefore risk low user-engagement due to viewers' competing priorities.</p>	<ul style="list-style-type: none"> • Relatively low cost. Though could increase if you want to use an outside producer or go into the field to gather stories. • Users can download and listen at their own leisure. • Viewers in areas with poor infrastructure can easily download, avoiding potential technical difficulties. • Satisfies stakeholders' preference for auditory formats over text-heavy media. 	<ul style="list-style-type: none"> • Ultimately the producer may need to rely on a pre-existing podcast show to disseminate. • Requires heavy lift on the producer's side to develop a story that listeners want to engage with. • Producer also needs to identify interviewees that are relevant and engaging to tell the story. • Podcasts do not allow for real-time questions from listeners like a webinar does.
 <p>EXPLAINER VIDEO: Stakeholders interviewed voiced an interest for more visual formats. Short explainer videos (>4 min) offers viewers a short and engaging way to digest research.</p>	<ul style="list-style-type: none"> • Easily shareable on social media and digital communication channels. • Easily digestible given the mix of visual and auditory content. • Widely used among younger generations. • Satisfies stakeholders' preference for more visual content rather than text-heavy media. 	<ul style="list-style-type: none"> • Quality videos are often USD 10K unless produced in-house. • Requires human resources to find the right vendor and manage the process. • Videos often take longer to make than expected. • Viewers do not watch videos longer than 3-4 minutes unless they are visually compelling. • 3-4 minutes of video offer little time to dig into the content.

III. CLOSING THE GAP IN SMALLHOLDER FINANCE MEANS INFLUENCING DECISION MAKERS TO SHIFT THEIR STRATEGY

To close the smallholder financing gap, FSPs, agribusinesses, and VCI's need to shift their strategies in ways

that dramatically expand both the quantity and quality of financial service offerings available to smallholders. Doing this effectively requires not only a research agenda that addresses their preexisting hesitation around serving smallholders, but also a strategy to effectively disseminate this information to the right people in

the right formats via the right distribution channels. The Lab and its core partners are adapting their research priorities and knowledge dissemination strategy to better reflect the lessons learned from this analysis, and we invite others to join us in this effort.