Finance for Smallholder Farmers

Lessons from BRAC’s Agrifinance Programme

BRAC International Microfinance
December 2, 2021
The Agrifinance Loan product has scaled beyond the pilot phase.

At present, the product has 18,000 clients, and over $7.4 million in portfolio outstanding.

65% clients are women. $10.87 million was disbursed in loans in 2021.

The digital onboarding of clients through L-IFT, self registration, and credit scoring component offered valuable lessons.

The mobile agent repayment component of the pilot is still being tested with Ongo.
ADOPTING THE LESSONS FROM BRAC’S PAST AGRIFINANCE PROJECTS
BRAC'S APPROACH TO AGRIFINANCE PRODUCT DEVELOPMENT

- Research and planning
- In-depth client segmentation
- Understanding client's needs through HCD
- Pilot testing
- Scaling
PILOTS IN RWANDA, SIERRA LEONE, and LIBERIA

Key Components

- Prioritised value chains that involve women smallholder farmers.
- HCD approach to understand holistic needs of smallholder farmers and design products.
- Flexible repayment model suitable to the cash flow of specific value chains.
KEY LEARNINGS:
WHAT MAKES AN AGRIFINANCE PRODUCT?

1. **Employ human-centered research and design method** to adequately understand the needs, challenges, and preferences while developing any new product or process.

2. **Flexible terms with a combination of instruments** that together reduce smallholder farmers’ vulnerabilities.

3. **Mission aligned partners** who are willing to experiment with new innovations and are flexible to changes based on lessons learned from the pilot. Partners’ roles and responsibilities must be defined at the onset of the project.

4. **Digitisation is not a silver bullet.** It must offer value to clients and solve specific problems. Digital readiness of the institution and of the operating market is a key factor to success.

5. **The product must be scalable and sustainable** beyond the lifetime of any donor funded project.
THANK YOU
## ANNEX: IDENTIFYING DELIVERY CHANNELS: DIGITAL CONSIDERATIONS

<table>
<thead>
<tr>
<th>Challenge Area</th>
<th>Infrastructure</th>
<th>Affordability</th>
<th>Consumer Readiness</th>
<th>Content</th>
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<tbody>
<tr>
<td>Mobile infrastructure</td>
<td>●</td>
<td>● Income ● Handset price ● Mobile tariffs ● Gender inequality ● Taxation</td>
<td>● Gender equality ● Digital numeracy</td>
<td>● Availability ● Local relevance</td>
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<tr>
<td>Network performance</td>
<td>●</td>
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<tr>
<td>Mobile spectrum</td>
<td>●</td>
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</tbody>
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### How mature is the DFS market?
- Can financial services address these challenges?
- Are there gaps in available financial services?
- Can these be addressed by DFS?

Resources: GSMA Mobile Connectivity Index, 4 enablers; IFC DFS for Agriculture Handbook; USAID Digital Finance Gateway