



Opportunity International – Agriculture Finance Program



OPPORTUNITY
International

Who is Opportunity International?

- **Opportunity International is a global organization that for 53 years has been helping families work their way out of poverty.**
- **Today, we serve nearly 20 million clients who live in or close to extreme poverty - farmers, educators, microbusiness owners - in 33 countries around the world.**
- **We believe that access to capital coupled with specialized training and access to markets leads to increases in incomes and assets for our clients.**
- **We target the most vulnerable populations and track changes in their journey to build sustainable livelihoods by enabling them grow and earn more, send their children to school, as well as creating and sustaining employment in their communities.**

Why We Serve

OUR CORE PRINCIPLES

VISION

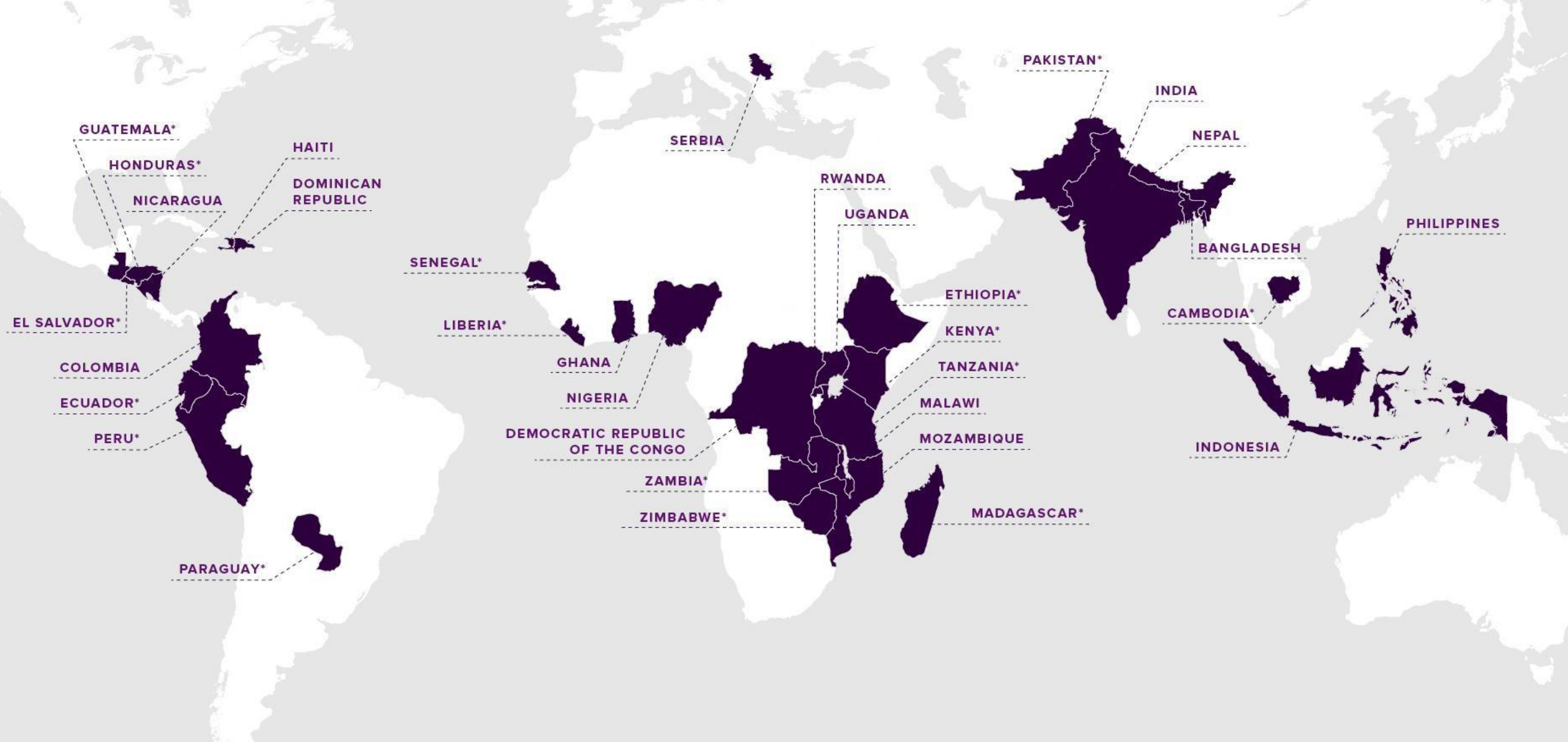
Our vision is a world in which all people have the opportunity to achieve a life free from poverty, with dignity and purpose.

MISSION

By providing financial solutions and training, we empower people living in poverty to transform their lives, their children's futures and their communities.

COMMITMENT

We serve all people regardless of religion, race, ethnicity, or gender.



33 COUNTRIES IN 2023

Our Global Reach

AGRICULTURAL FINANCE

**Supporting Farmers to Grow More and Earn More
Scaling Rural Prosperity**



OPPORTUNITY
International



Meet Faustina

PERSONA RURAL FARMER

OCCUPATION:	Rural Farmer
LOCATION:	Malawi
DEVICES:	Feature Phone (Seasonally)
MARITAL STATUS:	Married with 3 Children

“I need to provide more for my family, and a safe place for my money.”

She is a rural farmer, who has grown up farming, and has no formal education. Her farm is the main source of food and revenue for the family. Erratic weather has impacted yields.

She wants to grow & earn more. She needs education to do so. She is part of a savings group that save and lend to one another. She wants to borrow for inputs and kids' education. Money is scarce, as the group has limited funds. She has no bank account and is distrusting of banks and concerned about fraud. She is unaware of available government aid.

Opportunity AgFinance's Target Segments

Target Clients			
			
VSLAs and WAGs	Smallholder Groups	Individual & Emergent Farmers	Coop & Agribusinesses
148K Group Members US\$37.3mn Invested US\$950 Avg Group Loan Size	890K Loans Disbursed US\$300mn Invested US\$250 Avg Loan Size	89K Loans Disbursed US\$68mn Invested US\$1,200 Avg Loan Size	25K Loans Disbursed US\$96.5mn Invested US\$16,000 Avg Loan Size
Client Progression Pathway			



Challenges of a Small-Scale Farmer in Africa

AGRICULTURE FINANCE



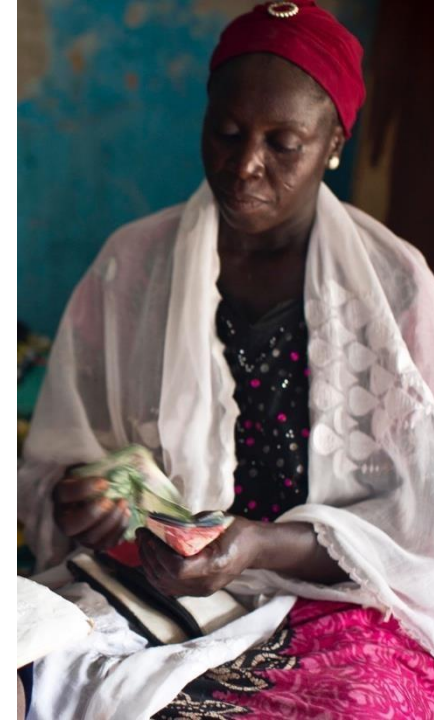
**Low-quality
seeds**



Drought



Small harvests



**Unpredictable
Cashflows**



Unbankable

WHAT WE DO

OPPORTUNITY AGFINANCE

INCREASE THE FLOW OF CAPITAL TO FARMERS



Strengthen financial institutions with training, credit support & technology



Farmers receive tailored financial products and services



STRENGTHEN QUALITY FARMING



Extend training, market linkages, inclusive digital solutions, and climate-smart agriculture



Farmers improve in knowledge and practices, creating more reliable, resilient & inclusive markets



Farming households increase in productivity, income, & employment



Financial Institution Partners



Proposed match savings and credit product concepts



Concept 1: The proposed VSLA match savings account (key features)



01

Type of account

- › Group account



02

Targeted market

Youth farmers with a clear savings objective or joint investment towards

- › Agriculture activities-Agro inputs (implements, fertilisers and disease)
- › Purchase of agro productive asset
- › Any other non-agricultural related savings goal agreed upon



03

Product objectives

- › To save money for investment in agriculture or non-agricultural related goals
- › To provide a safe place for the youth to save money



04

Product benefits

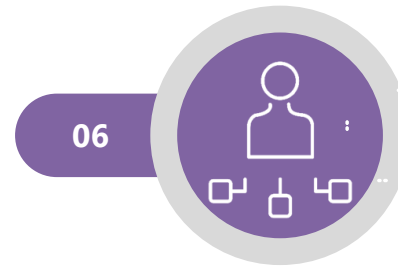
- › Chance to benefit from the match-up
- › 24/7 digital access to your savings account



05

Transaction and monthly charges

- › No fee account (enable easier accounting at retail)



06

Channel

- › Bank Agents
- › Mobile phone
- › Bank branch

- A significant number of the young farmers lack national identity cards. Therefore, OBUL needed to consider alternatives like the registration form that indicates the National ID Number (NIN).

Concept 2: The match component

01



Deposit policy

- › Any amount as per terms and conditions indicated in contract

02



Matching up

- › On fulfilment of the terms and conditions of the facility (50% savings and not exceeding a match-up equivalent of USD 120, and meeting all the terms and conditions)

03



Penalty (for flouting the Match Savings T&Cs)

- › 5% age forfeiture of match up savings for contravention any of terms and conditions
- › The farmer saves the forfeited amount in order to still achieve the savings objective

04



Withdrawal policy

- › Restricted access - until achievement of the saving goal amount (restrictions within the core banking system)
- › Match up savings credited to the savings account

- The group will manage the match themselves by determining how much each of them can save towards the agreed goal/objective
- The match component will be applied on the VSLA Match Savings Account.
- When to match up: This can be done any time on achievement of 50% savings - since objectives or goals, individuals or members savings capacity vary

Concept 3: Adaptation of VSLA Group Credit (with specific consideration for youth farmers)

01



Type of loan

- › Group Loan (but going to individuals within group who have experience in agriculture of at least two seasons.)

02



Loan purpose

- › The loan is intended to enable the young farmers to expand their farming enterprises, and purchase farm productive assets.

03



Loan term

- › For agric related - 3-4 months (period tied to particular farming enterprise cycle which OBUL desires should be homogeneous. In this case seasonal crops)
- › Note: This will also be determined by the savings history

04



Security

- › Group guarantee
- › Incremental loan regime is applied/the need will justify the loan amount disbursed

05



Payment frequency

- › Varied repayment as agreed with the group as per harvest period - seasonal months (indicating grace period and number of instalments for principal payments - bullet payment, two instalments etc) -for crops harvested at once) and or weekly, bi-weekly, monthly payments during the harvest and sale period

06



Channel

- › Digital disbursements and payments (mobile phone and bank agents)
- › Bank Branch

- The youth group will submit an application to OBUL, with a schedule of applicants, indicating assessed and approved amounts. OBUL will then credit the members accounts using the group authorization.
- The individual farmers pays to the group, who deposit the entire amount to their VSLA savings account, OBUL recovers from the group account
- The farmer group members monitors and recovers from the defaulting member(s)
- The groups will also be subjected to the standard OBUL VSLA requirement procedures as indicated in the assessment and approval matrix (to be developed).

Learnings

Matching savings motivated VSLA members to save more consistently.

Flexible credit terms (e.g. group guarantees instead of collateral) encouraged borrowing for productive activities.

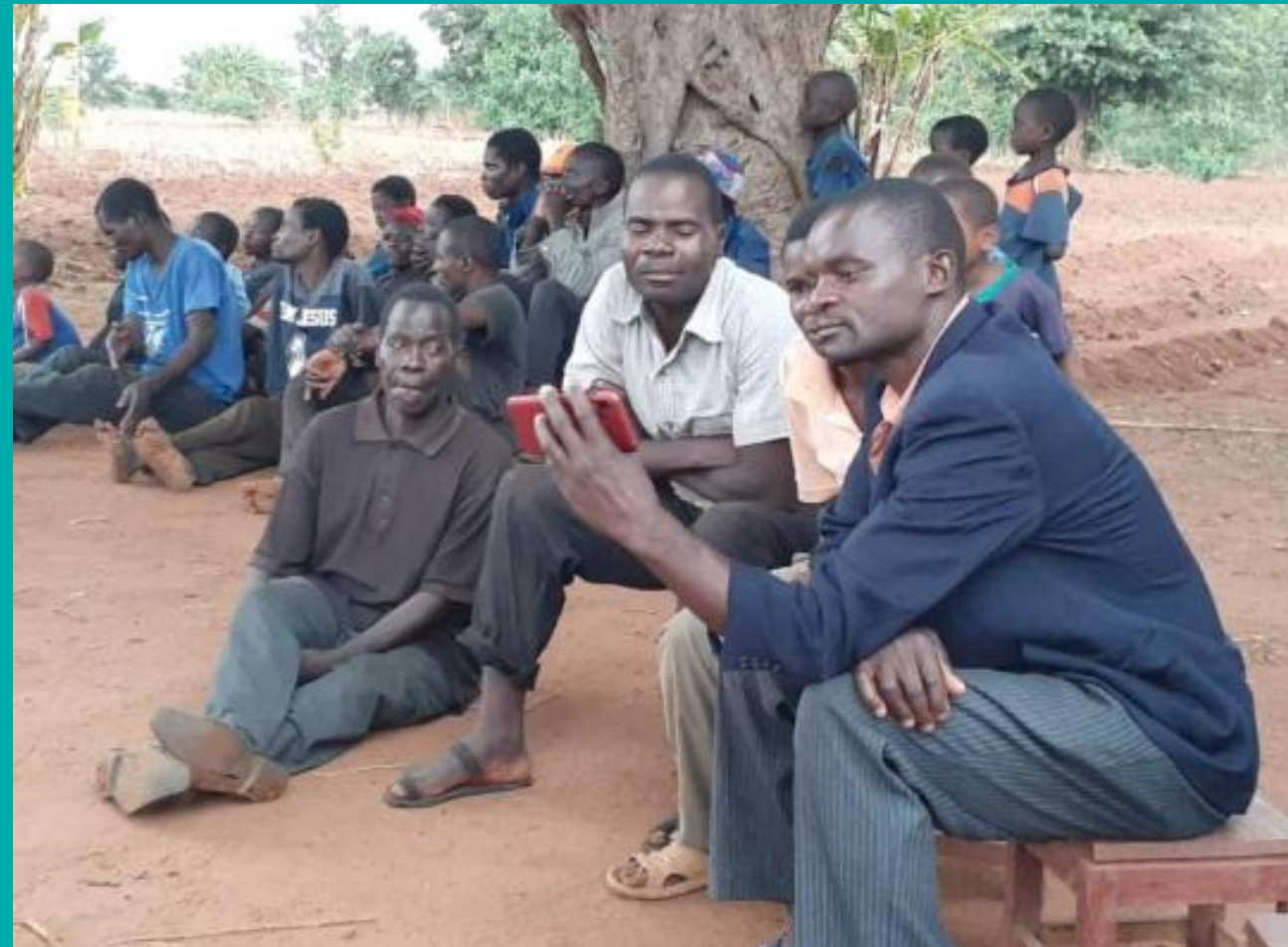
Dependency on matched saving, some groups saved more during the project but reduced after matching ended.

The best results came from a gradual approach: training, savings then credit linkages.

Linkages with formal financial institutions provided VSLAs with larger loan sizes than internal group lending alone.

Integration of digital savings and mobile money has strong potential but requires capacity support.

Leveraging influence of Technology





Thank You!