



Guidelines for Inclusive Finance partners amidst the COVID-19 pandemic

Many of the governments in countries that AGRA works in, have taken measures to control the outbreak of the COVID 19 disease. These measures impact not only the health system, but also the economic, food and financial systems.

These guidelines aim to support our partners in assessing the impact and measures they can take to cope with the impact of the measures taken, as well as to understand what existing grants and grantees can do to respond to the new situation.



What are consequences and opportunities we see?

1. For financial services providers:

- Possible measures that Central banks have made impacting your business model and income from interest: reduced capital adequacy requirements, reduced interbank lending rate, moratorium on repayment of principals and reduced VAT. As these measures are specific to each country, make sure you familiarize yourself with them and how they impact your institution
- Increased defaults because of reduced economic activity and reduced possibilities for monitoring of loans and borrowers
- Slowdown in new loan approvals and disbursement due to travel restrictions
- Reduced security because of restricted movement, increased crime, scams
- Accelerated need to use digital channels and mobile money to avoid cash transactions

2. For digital partners:

- Opportunities to expand services offered and clientele base now that digital payments and services delivery become more important. Partners might be in need of more (working) capital to facilitate the expansion
- Accelerated demand for digital information provision through Village Based Advisors. Farmerline and Quincewood have already started to provide information around COVID 19 to the farmers in their databases, this information is vetted by the Ministry. Other digital partners could consider the same.

How do partners deal with their existing AGRA funded activities?

We ask each partner to rework their implementation plan for the next 6 months and what that means for the disbursements, indicator performance tracking table and grant award letter. We urge the digital partners to include top up funding where required to enhance the messaging to farmers.

We anticipate that many of the grantees are going to have challenges reporting on AMIS because most of their staff who report may not have strong or reliable internet to support the running of AMIS since most of them could be working from home. As such, we request the following:

- i. We encourage the grantees to report on AMIS early enough to be able to handle the challenges that arise well in time
- ii. For staff working from home, please encourage the grantees to support their reporting staff

with data bundles to facilitate tethering mobile data. From experience, mobile data is strong enough, even stronger than the Wi-Fi in some cases. In situations where the two points above are impossible, AGRA staff Mwanjohi@agra.org will be available to work with the staff that have not been trained to help them to input data on AMIS. Just schedule a meeting with Mutiga on skype on the go-to-meeting or Microsoft Teams.

- iii. In the extreme last resort, we will accept excel spreadsheets. This however is as a last resort.

What is the Inclusive Finance team proposing?

1. In the short term: Mobilize resources to provide subsidies for farmers to make sure they access sufficient inputs to grow food (seed packs and fertilizer) or access post-harvest loss reducing technology (hermetic bags). We recommend the 'buy 1 get 2' principle. These subsidies will be channeled through input companies and hub agrodealers who can use the funds to buy and provide sufficient stock of seeds and fertilizer.

2. In the medium term

- we need to make sure that financing becomes available for working capital for input dealers. The preferred model is to de-risk hub agro-dealers when they provide in kind credit to agro dealers and to de-risk agrodealers who provide (in kind) credit to VBAs. This model of guaranteeing in-kind credit is being developed and implemented in Mozambique, please contact Benvindo Verde (bverde@agra.org)
- we need to develop the input finance model for farmers so that they can buy enough inputs (instead of getting them free). Aurelia is the resource person for implementation of this model at Aurelia Dakpogan (adakpogan@agra.org)
- we need to make sure that enough post-harvest processing and storage can take place. The recommended approach is to create partnerships between the equipment suppliers, potential buyers and financial institutions. When matching grants are available, they should be used to buy down the risk of the financial institutions. This model is already being implemented in AGRA Tanzania contact Edward Agaba (eagaba@agra.org) and Burkina Faso is Aurelia Dakpogan (adakpogan@agra.org)

THANKS FOR YOUR WORK AND STAY SAFE.