

## AGRA Knowledge Series



# Leveraging Rural Agents for Greater Impact in Ghana

### Authors

**Hedwig Siewertsen,**

Head, Inclusive Finance, AGRA

**Reuben Gicheha,**

former Program Officer, AGRA

**Paa Kwesi Awuku Darko,**

former Program Officer, AGRA

**Wisdom Alorwuse,**

Consultant, Strategic Impact Advisers (SIA)

**Hamilton McNutt,**

Consultant, Strategic Impact Advisers (SIA)

Almost half of Ghana's entire labour force depends on agriculture to make a living. Agriculture contributes to about 20% of the country's GDP and accounts for over 40% of export earnings, while at the same time providing over 90% of the food country's needs.

But Ghanaian agriculture struggles to keep up with modernization. The country's agricultural ecosystem is predominantly smallholder, traditional and rain-fed, and has yet to take full advantage of the latest developments in technology to boost production. Agriculture has the potential to be one of the leading sectors for a more diversified economy. It can also be transformed to be an engine of growth and job creation with the current increase in the use of technology (such as drones and mobile phones).

Seeing the potential to drive inclusion, [AGRA](#), through its Financial Inclusion for Smallholder Farmers in Africa Project (FISFAP), is exploring avenues for maximizing the success of digital and agent channels within Ghana's agricultural ecosystem.

### Developing more Collaborative Models

In June 2019, AGRA engaged SIA to explore how FISFAP partners can develop more collaborative and commercially-feasible rural outreach models. To do so, SIA interviewed seven FISFAP partners at three different

levels — regional managers, agents and field officers, and rural customers — to better understand outreach models, gaps, weaknesses, and opportunities. Partners included:

- [Advans Ghana](#), a Savings and Loans Company offering tailored financial services (inputs loans, savings, m-banking) to smallholder farmers (SHFs) in the cocoa, rice and maize value chains
- [AgroCenta](#), a digital commodity trading and supply platform provider offering inputs financing, digital savings, and micro-lending in partnership with [Pan-African Savings and Loans](#).
- [Agro Africa](#) and [Trotro Tractor Ltd. \(TTL\)](#), agricultural mechanization service provider and tractor outsourcing companies that increase the efficiency and effectiveness in the “uberization” of agriculture mechanization service delivery to rural farmers cultivating rice, soybean, maize, and cassava.
- [Farmerline](#), an agricultural technology company that provided northern agribusinesses and SHFs with digital bulk payment solutions, which allowed bulk disbursement and collection of funds through mobile money wallets.

- [Success for People Microfinance \(SFP\)](#), a deposit taking microfinance which developed an integrated and mobile-enabled “Good Receipt Note” financing scheme to help SHFs manage their liquidity after harvest. They also promote and market Good Receipt Note financing for SHFs to store their produce.

### **Understanding service gaps and weaknesses**

Common challenges experienced by FISFAP partners included high costs for mobile money transactions, mobile network availability issues, and meeting farmers’ financial needs. Other shared challenges included poor digital financial literacy, high sales and marketing costs, and inadequate transportation services for field agents to reach their customers. Many agents said that the locations assigned to them spanned expansive geographic zones, which take a lot of money and time to reach, making it difficult to regularly follow up with customers in person.

This gap is compounded by the fact that all FISFAP partners indicated customers’ preference to interact with their agents in person (instead of remotely). Therefore, facilitating face-to-face interaction remains integral to any customer





acquisition strategy targeting rural SHFs. This puts AGRA's FISFAP partners in a difficult position: in order to scale effectively, efficiently, and at low-cost, remote interaction is the most attractive option. However, even when the partners offer remote options, customers hardly make use of them due to limited interest in interacting digitally with field agents.

This lack of interest and limited digital literacy is a major challenge felt by all FISFAP partners. Customers rarely make use of the USSD or SMS platforms used for outreach, mostly because they simply don't know how to access the platform. This exposes a large gap in SHF product training, awareness, and marketing, which, if bridged, could allow partners to scale while keeping their agent transport and engagement costs low.

### **A shared pathway to strengthen delivery**

All FISFAP partner offerings are meeting a clear demand among SHFs. However, SHFs' needs are complex and demands can't be adequately serviced by a single provider. SIA's data analysis makes a strong case for FISFAP partners to work together in order to stay relevant, reduce costs of field agent networks, and expand beyond pilot phases or after project funding phases out. That said, we recognize sharing field agent networks is not for everyone, as competitors offering similar services will likely not benefit from this strategy.

Based on research, SIA presented a series of recommendations to FISFAP partners on what's seen as the clearest pathway to a shared field agent structure. These include:

- Finding partners that offer complimentary services (i.e. input service delivery and credit products).
- Combining training for agents so the cost of training (for the providers) can be reduced.
- Streamlining agent training materials so that shared agents are held to the same standards and apply the same approach to their work.
- Aligning commission structure for agents so shared agents are agnostic to the product or service they are promoting.
- Reviewing commissions and incentive structures and enhancing transparency in

commissions communications.

- Co-investing in field logistics for agents.
- Facilitating digital literacy training for agents and farmers.
- Supporting synergies among complementary product providers.

Sharing costs, such as transport stipends and transportation services for agents, while simultaneously focusing on building customers' digital literacy knowledge will help field agents find a balance between face-to-face and remote customer interactions.

As an example, a complementary shared field agent network could exist when an MFI, such as Advans, that provides input financing directly to agri-businesses, partners with a farmer management information system (agtech), such as Farmerline, that handles the input distribution process. Partnering up could help the MFI address difficulties encountered with its input distribution scheme, while offering the agtech partner more customers and its agents increased commission earning potential through the sale of inputs. This partnership would also solve the problem of the MFI's farmers not receiving input training, since the agtech places a heavy emphasis on disseminating farming insights and advice through interactive voice-recall (IVR) in local dialects — as well as in-person training engagements with farmers. These trainings and structured input delivery can ultimately increase the agtech's business, while having potential positive impacts on the MFI's loan portfolio risk.

### **Looking ahead**

FISFAP partners could greatly improve their field agent networks, boost their growth and reduce their costs through partnership with one another. Most partners have similar outreach strategies, and there's strong potential in leveraging the various customer acquisition and outreach strategies to cross-sell and cross-market products services.

[Download the Assessment of the Outreach Models of FISFAP Partners in Ghana - Executive Summary.](#)

Learn more about our past [work in Ghana, Tanzania, Kenya, and beyond.](#)