Combining Technology and Human Engagement to Drive Financial Inclusion Among Smallholder Farmers

JUNE 2021

Author: *Myka Reinsch, Knowledge Product Consultant, AGRA*

Alliance for a Green Revolution in Africa (AGRA) with the support of the Mastercard Foundation provided grants to foster innovation in rural financial inclusion through the Financial Inclusion for Smallholder Farmers in Africa Project (FISFAP). AGRA collaborated with more than two dozen organizations from 2015 through 2020 to develop and test innovations in digital financial and nonfinancial services for smallholder farmers. Many of AGRA's partners were confronted by the same paradox: digital technology finally makes it feasible to serve widely dispersed, low-income people in rural areas; yet without in-person interaction, potential customers do not learn about, trust or actively utilize those services.

Five of AGRA's partners in Ghana, Kenya and Tanzania experimented with a range of service models and partnership approaches to deliver financial and nonfinancial services to smallholder farmers efficiently and effectively:

- ACRE Africa (digital agricultural insurance - Kenya)
- Advans Africa (digital savings and loans - Ghana)
- Farmerline and Ecobank (digital payment platform, savings accounts and input loans - Ghana)
- Grameen Foundation (digital input layaway savings accounts and input linkages - Tanzania)
- Pan African Savings and Loans and Agrocenta (digital savings, input loans and market linkages - Ghana)

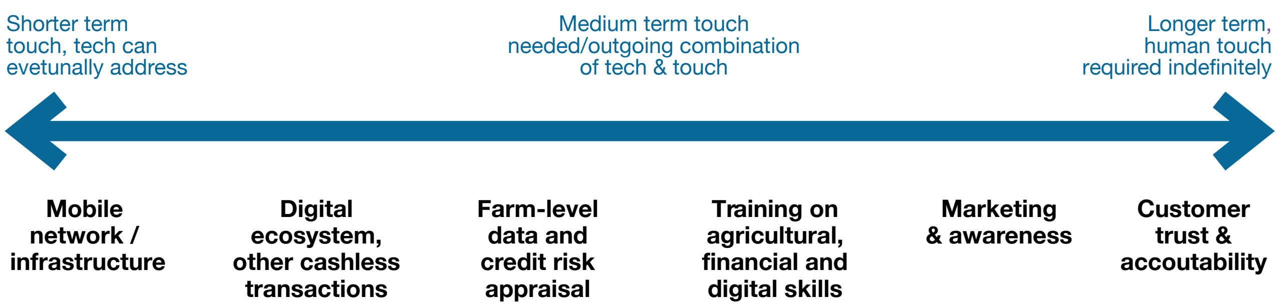
From these experiences, three main lessons learned emerge for leveraging digital tools to successfully serve rural smallholders:

1. Rural digital financial services work best when they coordinate or bundle interrelated products and services that address farmers' highest priorities. Four critical ingredients for farmers' livelihoods need to be united: relevant financial services, reliable market access, high-priority inputs, and skills in agricultural practices, financial management and digital literacy (Figure 1). The absence of any one of these reduces the value proposition of the others. Service providers can deliver these through a combination of technology and in-person engagement, and digital platforms present an opportunity to efficiently coordinate the offerings of multiple actors.

Figure 1

2. A continuum of short-term to long-term in-person engagement is required to foster usage of digital services among rural populations. While barriers such as mobile infrastructure, digital payment availability and farm-level data are likely to require gradually less human engagement, activities such as client-level training, marketing and building trust will necessitate in-person support on an ongoing basis (Figure 2).

Figure 2 : Continuum of In-Person Support Needed for Digital Services



3. Sharing human resources can make rural outreach sustainable if stakeholder incentives are demand-driven and well aligned. All of the actors offering financial services, market access, inputs or training, have some level of human touch in the field—whether staff, agents or other local representatives—but they struggle to make such in-person outreach sustainable. When the partners' service offerings are interrelated and their incentives are well aligned, sharing in-person resources (whether formally or informally) can reduce operational costs, increase efficiency and permit better customer service delivery. The experience of AGRA and its partners to date points toward a high potential for collaboration and coordination of in-person service delivery.

Read more here about the work of AGRA and its partners on combining technology and human engagement to drive financial inclusion among smallholder farmers.