

ACCESS TO FINANCE FOR WOMEN IN AGRICULTURAL DEPENDENT HOUSEHOLDS

LESSONS FROM A LITERATURE REVIEW



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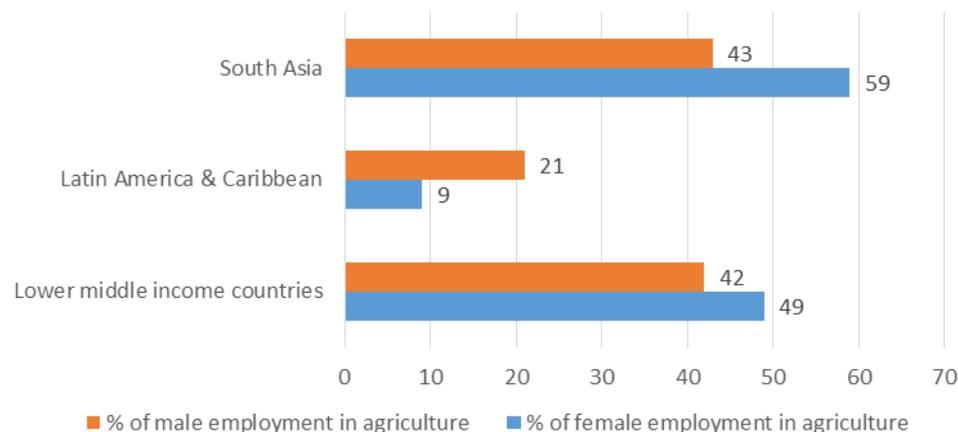
- **Role of Women in Agriculture**
- The **Gender Asset Gap** in Rural Areas
- **Key issues in providing finance for women in Agriculture**
 - ✓ Market research to understand client needs
 - ✓ Offering the right products and services based on the market research
 - ✓ A dedicated implementation strategy embedded with a gender lens
- **Conclusions and priority actions**



Role of Women in Agriculture

- Women's World Banking has characterized women's contribution in agriculture **invisible**
- Women fulfill a **large number of roles** in agricultural dependent households: from housework, to farming, to side activities on and off the family farm
- Women's **workload and lack of time is a limiting factor** for the full participation in work outside the housework activities
- Women's activities often contribute **small but potential significant amount of income** to the household that often are not visible or counted by financial institutions when assessing household cash flows
- Women's activities have the **potential to grow** and become even more significant with access to knowledge, credit and relieving time constraints:
 - ✓ If women had the same access to productive resources as men, they could increase yields on their farms by **20–30 percent**. This could raise total agricultural output in developing countries by **2.5–4 percent** (FAO, *The State of Food and Agriculture 2010–11*)

Female employment in agriculture
(as % of total female employment)



Source: World Development Indicators, 2009-2012

Classifying the Role of Women in Agriculture

Contributor



- **Focuses mostly on housework**, caring for the family and children, and involved in some subsistence farming.
- **Unsure on how to start and run a commercial activity**, less educated, very little time devoted to commercial activities, if at all.
- **Has little mobility** and **no decision making** or control over the use of household resources and assets.

Collaborator



- **The farm is jointly managed**, and most of the woman's work is related to work on the farm. However, women are also still taking care of housework and family activities.
- **Participates in decisions around farm activities**, use of resources and assets.
- May have a **small side business** (could be within the farm) where she has a bigger/main role.
- **Interested in growing her business**, but sees it too small to be bankable.
- Has **limited mobility**.

Sole or Main Proprietor



- **Has her own income-generating business in agriculture**, which she manages and controls.
- **Provides input into family financial decisions** and asset usage.
- **Wants to invest more** and grow the family business and assets

The Gender Asset Gap in Rural Areas

ASSETS

- Limited **ownership** and **control** over larger assets such as **land**
- Lack of **collateral**

OPPORTUNITIES

- Limited **opportunities to develop human and social capital**:
 - ✓ access to **extension services**
 - ✓ **training**
 - ✓ participation in **producer organizations**
 - ✓ opportunities for **group based networking**
- **Competing demands** for time often translate into **limited capacity to better market the crop** that could result in lower prices

Impact

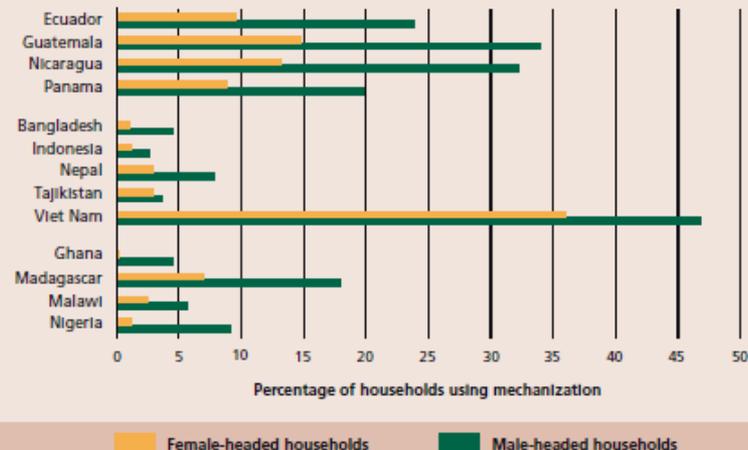
Lower access to finance:

- ✓ Gap between men and women in ownership and control of physical assets plus gaps in human and social capital influences **women's ability to access finance**

Lower productivity:

- ✓ Lack of access to finance and less opportunities to acquire technical skills often **translates into limited access to improved inputs and lower yields**

Mechanical equipment use by female- and male-headed households



Source: FAO, 2011



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Key issues in providing finance to women in agriculture

- **Market research** to understand client needs
- Offering the **right products and services** based on market research
- A **dedicated implementation strategy** embedded with a gender lens

Market research to understand client needs

- **Understand the role of women** in the agricultural dependent household
- **Assess women's ownership, control and decision making** over assets and commercial activities
- Determine the **full range of what the household needs** going beyond production loans
 - ✓ Assess other activities and if they can grow
 - ✓ Assess the needs of children, health, education

Offering the right products and services based on research

Appropriate financial products



- **Appropriate loan and credit policies**
 - ✓ Recognize **multiple activities** and sources of income for the cash flow analysis
 - ✓ Recognize the **lack of collateral** (or having a weaker collateral)
 - ✓ Recognize the **need for a second loan** to support women's activities?
- **Beyond loan products**
 - ✓ **Savings**
 - ✓ **Micro-insurance**
 - ✓ **Payment systems**
 - ✓ **Financial literacy** and education

Non-financial services



- ✓ Partnerships to **facilitate access to technical and business skills** (e.g. through value chains, NGOs, etc.)

Alternative delivery channels



- ✓ **Mobile officers, mobile banking, agent banking and non-banking correspondents, use of technology solutions**

Embed a gender Lens into Implementation Strategies

- **Gender training**---staff training beyond traditional Loan Officer training
- **Tailored messaging** and appropriate communication channels
- **Institutional commitment** at a high level
- **Data and targets and metrics...and a business plan**
- **Patience** to grow the business

Agrifinance versus Agrifinance Targeting Women Clients

Area	General Agri-finance	Agri-finance for women
Knowledge of the client	Understanding the agriculture business and the characteristics of agricultural households.	Understanding the role and contributions of women within agricultural households.
Product design	Flexible, repayments adjustable to crop cycles and seasonality.	Income from women activities could enable interest payments before the main crops are harvested. Also, consider a second loan to grow women's businesses.
Credit risk assessment	Rely more on cash flow analysis of household incomes.	Do not overlook the seemingly small activities of women: income can add up to something potentially significant. Introduce more flexibility regarding the collateral requirement for women clients.
Marketing channels	Adapt to local conditions, rely on radio, pictorials/brochures, informal gatherings, networking events, door-to-door marketing.	Similar but ensure that the content/format/presentation of information would interest women clients.
Specialized loan officers	Officers need to have an agricultural background and local knowledge.	Loan officers (male and female) need to receive gender training to understand women's roles and analyze their contributions in the rural household. There also needs to be more women loan officers.
MIS and targets plus bonuses	Systems need to track agricultural clients, performance, products, and so on. Also, set specific targets and bonuses for agricultural portfolios.	Systems need to identify and track women clients within an agricultural portfolio (loan performance, loan size, products purchased, profitability, and so on). Also, targets and bonuses need to account for extra efforts to build this portfolio, at least initially.
High-level buy-in	Agricultural finance as an institutional priority by the Board of Directors, senior managers and staff.	Serving women clients in agriculture as an institutional priority by the Board of Directors , senior managers and staff.

Conclusions

- **Potential for closing the access to finance gap** for women in agriculture is very significant
- **Financial institutions** alone are part of the solution
- **Governments**, policy makers can influence and create an environment that is more conducive to women in agriculture accessing financial services
- **Public-private cooperation** is also necessary to address the human and social capital needs of women in agriculture
- **International organizations**, donors and policy makers can prioritize actions that would contribute to improving the access to finance of women in agriculture

Action priorities



- **Promote the production of statistical data** that quantify the access to finance by women in rural, agricultural areas by including both formal resources as well as informal ones.
 - ✓ Currently, statistics on financial inclusion in rural areas, even from formal resources, are very weak. Even if they exist, however, they are not disaggregated by gender.



- **Mainstream access to finance issues by women in rural, agriculture areas.**
 - ✓ **Incorporate them into national financial inclusion strategies**, and specific programs and projects aimed at promoting development in rural and agriculture areas.
 - ✓ Recognize that identifying and addressing particular issues and constraints for women in rural areas/agriculture **could potentially unleash greater developmental impact** in the agricultural sector and in rural areas in any country.



- **Promote women's legal, economic, political, social and cultural rights.**
 - ✓ Women's access and control over **assets, cultural norms** about their role within a rural household, improved **education** (financial as well as technical), and so on, are key issues that need to be addressed along with efforts to improve their access to finance.
 - ✓ **Create information programs**, training and awareness raising at all levels to sensitize the population—both men and women— about the societal value and benefits of improving women's rights and empowerment.