

THE UNMATCHED POTENTIAL OF AGRICULTURE IN ENDING EXTREME POVERTY

SCALING RURAL PROSPERITY

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CAN FARMERS END EXTREME POVERTY?

What strikes me the most about life in a rural community is that it is inherently a life of faith. A constant belief that life must improve despite seemingly insurmountable hurdles. Imagine that your hopes and dreams for the future—universal dreams, like seeing your children educated, feeding your family nutritious meals, building your own house, and owning land—are pinned on your faith that a small bag of seed will sprout when planted in the ground and, over four months, grow into a mature plant that produces enough for your needs and surplus to sell, ensuring financial stability for the entire year.

The faith and trust that farmers must have in the quality of their land and the seeds they plant to provide for them is tremendous. Beyond the basic miracle of germination, numerous events throughout a growing season can threaten that faith—from floods and droughts to pests like desert locusts and fall armyworms, as well as crop diseases. Additionally, other man-made factors threaten a farmer's faith—she must believe that if she invests enough to produce more than she will need to eat, she will be able to find a market to sell her crops and that prices will be fair.

With a single paycheck per year, they rest in the faith that this will be enough to cover expenses for the whole year - enough to house and feed their family, enough to plant again next season, enough to pay school fees for their children over the three school terms before the next harvest, enough to manage unexpected emergencies, and some left over to make the next year better than the last.

The importance of farmers to our daily lives is impossible to overstate. Every meal, every grocery run, and even most of the clothes we wear are made possible because of farmers. It's a profession that spans centuries and continents and one that is historically and inextricably linked to the health of our families and our economies.

In fact, one hundred years ago, one-third of American families were farmers. They relied on their soil and the land it was on to feed their children and earn money. Fortunately, the introduction of tractors, new seed varieties, and irrigation technologies led to an agricultural revolution that made American farming more productive, more lucrative, and more effective in feeding all its citizens. Today, agricultural revolutions have transformed economies and livelihoods in nearly every region of the world.

Nearly.

In Sub-Saharan Africa, two-thirds of poor working adults rely on agriculture for their income. Smallholder farming is, by far, the most common profession among families living in extreme poverty. Yet, one in five people still suffer from hunger and malnutrition. Instead of leading the efforts to lift the poorest families out of poverty, farming families are those still stuck in poverty.

To me, the injustice that those who produce our food are the most likely to go to sleep hungry provokes me to action.

“Seeing my children and the drive to give them a better future is my motivation to keep working harder to reach higher heights in farming.

Because of Opportunity, I can speak up now in public discussions, and that makes me feel important. I want to work extra hard so someone out there who might be having it tough can use me as a motivation to not give up on life”

JANET AFFANYI

on her pineapple farm in Ghana

We know that when farmers thrive, communities thrive. We also know that ending poverty will not be possible without solutions that equip and empower smallholder farmers.

This is where the power of partnerships becomes evident. Opportunity, in collaboration with local and international partners and mission-aligned financial service providers, has been able to catalyze

Agriculture Finance portfolios to help break the cycle of low-productivity farming in rural African communities. By working together with financial institutions, agricultural research centers, and community-based organizations, we are creating a network of support that enhances the capabilities of smallholder farmers and rural agribusinesses throughout sub-Saharan Africa.

With these partnerships, smallholder farmers can access agricultural loans to invest in inputs that increase their crop yields. Agribusinesses, cooperatives, and entrepreneurs can enhance their capacity to purchase those crops, strengthening linkages that directly increase rural incomes.

Through collaborative efforts, farmers receive training and agricultural support services that build their technical capabilities to manage their finances and effectively grow their farms. Agribusiness entrepreneurs are similarly equipped with the financial and business management skills needed to sustainably expand and serve more farmers, closing gaps that previously prevented farmers' crops from reaching valuable markets.

These partnerships also foster a sense of community cohesion as farmers and local businesses work together toward common goals.

By combining resources and expertise, these initiatives increase productivity and income while empowering individuals with a greater sense of personal agency. Farmers are not beneficiaries; they are active participants in their communities' economic growth.

We are working to increase the capacity and capability of rural families to transform small farming into a more productive, more lucrative, and more effective enterprise. When farmers can produce more crops, and rural entrepreneurs can provide more agricultural and off-taking services, local agricultural markets can rapidly expand and develop, creating more economic opportunities in the regions where they are needed most.

The importance of this approach is that it employs sustainable, market-based principles designed to increase both the supply and the demand for agricultural products in rural communities – a bottom-up approach that holistically strengthens rural economies and creates a catalyst for positive change that continues to reach more families and farmers, long after the initial intervention. By adding rungs to the bottom of the rural economic growth ladder, we ensure that no one is left behind in this journey toward prosperity.

Today, agriculture is one of the most powerful investments we can make for a more inclusive future.

Growth in agriculture has shown to be two to four times more effective in alleviating poverty than other sectors – fewer people go hungry, fewer children miss school, and more rural families can build sustainable livelihoods.

The closer we get to eradicating extreme poverty, the clearer our mandate for investing in agriculture is: **Farmers are those still stuck in poverty, and they are the key to ending it.** Through strategic partnerships, we can invest in a more inclusive, prosperous future. Today, we can sow the seeds that will end extreme poverty for tomorrow.

There are an estimated thirty-three million smallholder households in Sub-Saharan Africa alone, and we have a lot of work to do.

Will you join us?



A stylized, handwritten signature in dark ink.

Tim Strong
Head of Opportunity AgFinance

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Millie Nakule is a coffee farmer in Mityana, Uganda, who benefits from loans, savings, and support from a Farmer Support Agent.



Farmers choose to work with Opportunity to receive the support they need to increase their production and income, create new sustainable opportunities for themselves, and develop resilient and flourishing households in rural communities.

THE OPPORTUNITY DIFFERENCE

Today, over 80% of Africa's farms are smallholder-owned, yet they operate at only 20–30% of their potential yields¹. The current market assessment reveals a staggering \$200 billion annual financing gap, presenting both a challenge and a substantial market opportunity. To close this gap, the AgFinance program builds on Opportunity's 50-year history of innovation and pro-poor financial services. With financial support and access to the right tools, rural prosperity, reduced hunger, better food security, enhanced education, and sustainable livelihoods for families are all possible. We stand as a pillar and catalyst for this change with a dedicated focus on scaling rural prosperity by addressing a critical gap.

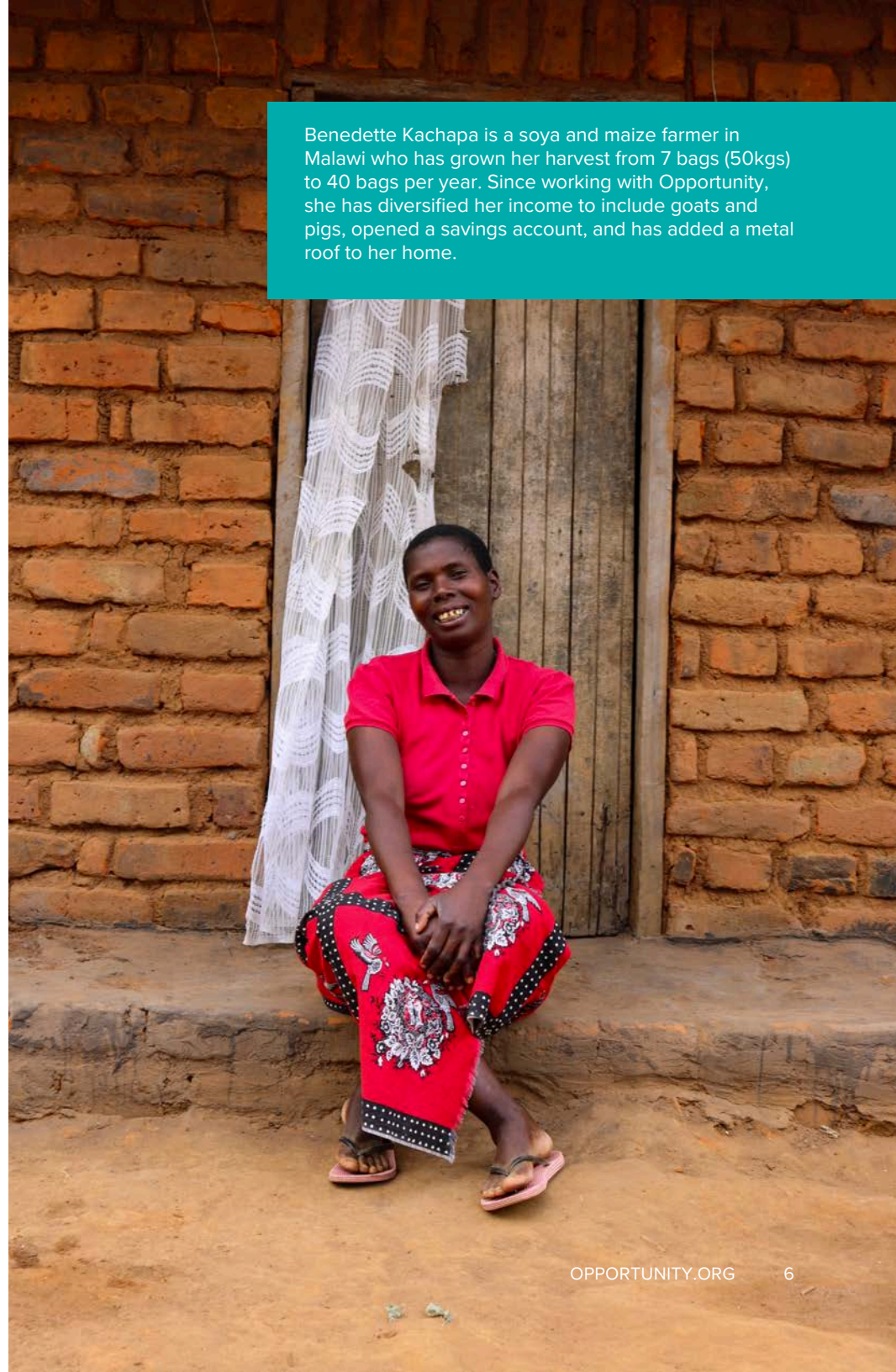
WHY AGFINANCE

Investing in agricultural development is inseparable from the mission of ending extreme poverty. The AgFinance model offers solutions that help farmers grow and improve their farms today while building pathways for market-driven services for tomorrow, ending the cycle of poverty.

We strive to help farmers:

- 1. Increase their incomes:** With higher-yielding crops, farmers are earning more and re-investing to improve their farms, such as adding irrigation.
- 2. Diversify their incomes:** Farmers invest income in additional sources of revenue, such as goats, cows, and chickens, or starting a small side business, improving their long-term financial resiliency.
- 3. Improve their living conditions:** With surplus income, farmers will purchase new metal roofs, water purifiers, food, and healthcare.
- 4. Send their children to school:** Improvements in farm productivity and income mean more children can go to school.
- 5. Improve farm outputs:** Rural farmers receive trainings from local Farmer Support Agents in best agricultural practices, Family Business and Entrepreneurship, and finances to help farmers increase crop resiliency, improve soil quality, and build sustainable practices.

Benedette Kachapa is a soya and maize farmer in Malawi who has grown her harvest from 7 bags (50kgs) to 40 bags per year. Since working with Opportunity, she has diversified her income to include goats and pigs, opened a savings account, and has added a metal roof to her home.





Scaling rural prosperity

SUPPORTING FARMERS TO GROW MORE AND EARN MORE

The details matter, but the results matter more.
With Opportunity's support, farmers actively transform
their lives for themselves and generations to come,
witnessing direct results today.

Children and Women's Livelihoods are Improving

- ▶ **81% of women clients reported greater decision-making power** in their households and **58% reported increased earnings** after receiving AgFinance training and loans in Ghana and Mozambique.
- ▶ **68% of agricultural clients report being better able to afford education expenses for their children**, compared to 42% of non-clients.
- ▶ Farmer households surveyed in Uganda, Ghana, and Malawi reported that, after three years of receiving AgFinance services, their children missed fewer school days. In Uganda specifically, parents were able to halve the number of missed school days compared to three years prior.
- ▶ Control households reported minimal change over the same time period, with the number of missed school days for Malawian children actually increasing.

Farmers are Increasing their Yields and Incomes

- ▶ An impact study in Ghana found that AgFinance loans directly increased **small farmers' spending on much-needed inputs such as fertilizer and seed by 42%**.
- ▶ In Uganda, Opportunity **coffee farmers** increased their total production by 58% compared to non-clients, whose production dropped 6% over the same season. Additionally, fertilizer use among these farmers increased 63% compared to 46% for non-clients.
- ▶ A rigorous impact study found that AgFinance clients in Ghana, Uganda, and Malawi were **twice as likely as control households to have improved their poverty status** over a 3-year research period.

More Jobs are Created in Rural Communities

- ▶ In Ghana, Uganda, and Malawi, clients used loans to **hire 78% more farm labor and purchased 30% more livestock than control farmers**. They also purchased equipment such as spray pumps, wheelbarrows, watering cans, and irrigation pumps.
- ▶ A survey of farmers in Ghana's Brong-Ahafo and Northern regions found that **62% hire seasonal farm labor**, employing an **average of 10** individuals.

THE OPPORTUNITY MODEL

Opportunity is empowering rural families to build sustainable livelihoods for themselves and decisively break the cycle of poverty, for good. We accomplish this by fueling the growth of agriculture-focused financial offerings in local communities.

Rooted in Microfinance, Focused on Sustainability

Opportunity's AgFinance is here to support farmers and rural entrepreneurs with the capital, knowledge, and skills they need to transform their subsistence farms or businesses into productive, job-creating, community-changing enterprises.

To date, AgFinance has helped more than 1,085,334 farmers throughout sub-Saharan Africa build more resilient livelihoods for themselves through small-scale farming.

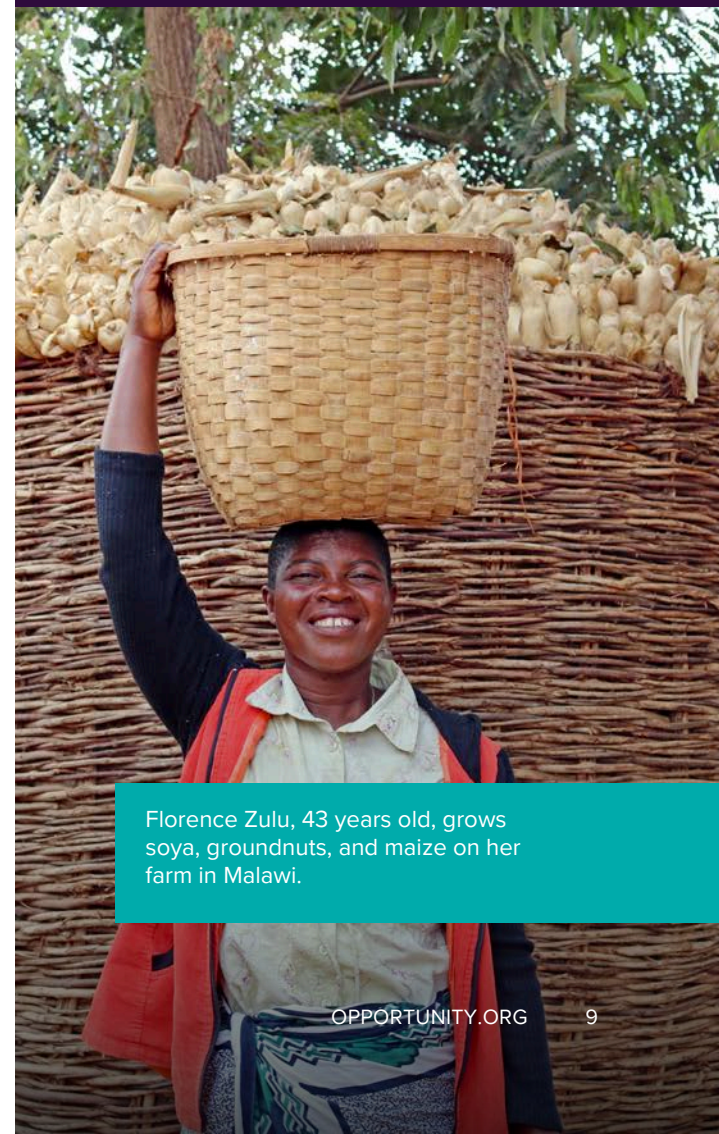
Since 1971, Opportunity International has pioneered financial inclusion in developing communities, working at the forefront of savings-led banking, microinsurance development, mobile banking, and education finance. In 2008, in response to the need for targeted financing for small farmers,

Opportunity launched its AgFinance initiative, which quickly grew to new regions and countries with the early support of The Bill & Melinda Gates Foundation. Today, this work is more important than ever. As the global community makes progress toward ending extreme poverty—the first of the United Nation's Sustainable Development Goals—African farmers, more and more, are left behind. **By 2030, the World Bank estimates that 9 of out 10 people living in extreme poverty will live in sub-Saharan Africa, and most of whom will be farmers.** Investing in agricultural development is inextricable from the mission of ending extreme poverty. The AgFinance model offers solutions that help farmers grow and improve their farms today while building pathways for market-driven services for tomorrow, ending the cycle of poverty.

"The fastest way to end the intergenerational transfer of poverty is by investing in rural economies."

AKINWUMI ADESINA

President, African Development Bank &
Director, Rockefeller Foundation



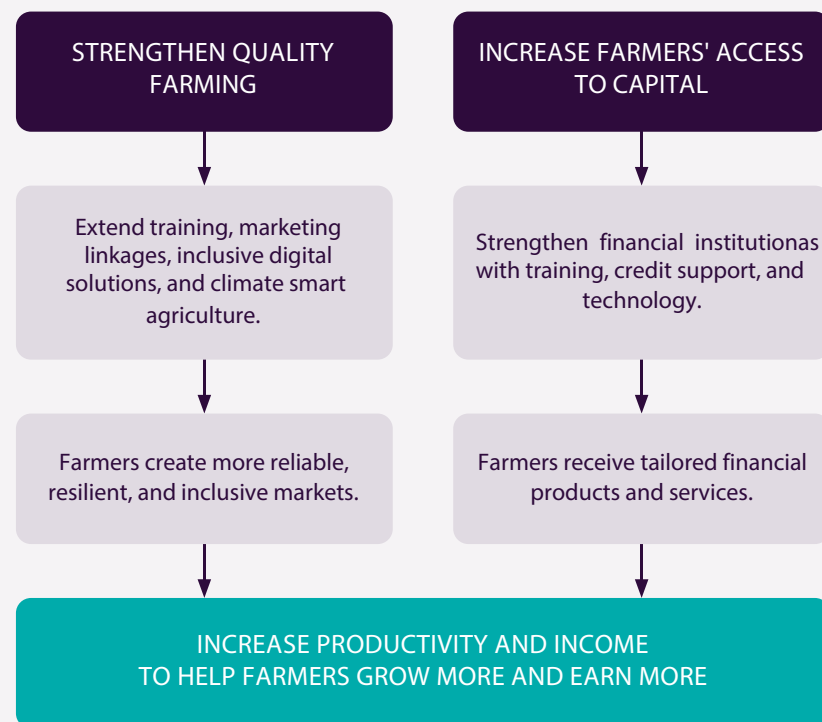
Florence Zulu, 43 years old, grows soya, groundnuts, and maize on her farm in Malawi.

DEFINING SUCCESS

Our mission is to support farmers to grow more and earn more to ultimately scale rural prosperity.

We do this by empowering rural farmers through financial solutions and training, ultimately transforming lives, securing children's futures, and uplifting communities. Opportunity measures its impact through key outcome indicators, including the percentage increase in farmer yields and income. However, smallholder farmers often face unique challenges, including climate-related issues, on-farm resource constraints, and limited access to financial resources. When evaluating our program's success, we must consistently adjust our approach to best minimize these challenges. To ensure farmers in our target market benefit, we track the percentage of new clients living in poverty and extreme poverty and the number of clients who are women and youth. We also monitor annual capital released, the number of farmers reached, and the count of farmer support agents (FSAs) and financial service partners (FSPs) to assess program outreach and support efficiency. To support more specific initiatives like Family Business and Entrepreneurship, Climate Collateral Alliance, and the Rural Graduation path, we collect data on women's decision-making power, climate resilience, poverty alleviation, well-being and social outcomes, and job creation.

WHAT WE DO Opportunity AgFinance



ELEVATING FARMERS WITH AGFINANCE

Opportunity International's AgFinance initiative is built on the idea that, through targeted investments, rural regions can become powerful economic engines that lift and keep families out of poverty. We are expanding access to finance in rural communities to help accelerate investment and growth in the agricultural sector, creating sustainable economic opportunities for some of the world's poorest families.

In each operational country, AgFinance actively collaborates with local financial institutions and stakeholders to fortify rural markets by addressing crucial needs for rural clients: access to financial services and agricultural networks. We do this by partnering with socially focused financial institutions, offering technical assistance to launch and expand agricultural loan portfolios.

Opportunity supports rural farmers by:

- ▶ Establishing local Farmer Support Agent networks, alongside financial institutions and other stakeholders, to train farmers in good agricultural and financial practices.
- ▶ Training rural farmers in agribusiness, bookkeeping skills, sustainable agricultural practices, and family business and entrepreneurship.
- ▶ Establishing rural-focused financial products, encompassing production loans, rural savings accounts, small and medium-sized enterprise loans for agribusinesses, loan guarantees, mechanization loans, crop insurance, and revolving credit facilities.

With this approach, farmers can invest in their farms, thus elevating yields and incomes, while rural entrepreneurs expand their agribusinesses to offer more services to farmers and generate jobs in rural communities.



Leonilla Mujawimana, Speciose Uwamakoro, and Chantal Nyirambogiywana walking on their farm in Rwanda.

CHALLENGES

An estimated 80% of people living in poverty live in rural regions, primarily sub-Saharan Africa. For the families, small farming is the most common—and often the only—way to provide for themselves. Yet, millions remain stuck in a cycle of low-productivity farming that limits their income, potential, and children's futures.

Fighting Poverty with the Fewest Resources

Small farmers have one of the riskiest and toughest jobs in the world. Severe weather, crop diseases, or bad seed can destroy an entire season's harvest—and when your livelihood depends on just one or two harvests a year, it can mean your children go hungry for months and drop out of school until you can afford to send them back. Small farmers require access to a wide network of services to plant, grow, and harvest quality crops, yet links to these services are often missing or broken, affecting nearly every aspect of farm management.



Without access to capital, few farmers can plant with quality seed and fertilizer:

- ▶ Financial institutions are meeting only 7% of the total demand for financing from small farmers in developing countries – lending \$14 billion to a sector that needs an estimated \$200 billion.
- ▶ Small farmers produce 20-30% of their potential crop yields, in large part due to lack of access to capital and limited agricultural knowledge.
- ▶ Almost no African small farmers are adequately using a mix of good inputs. In one study, less than 1% of African farm plots utilized a combination of three important inputs: improved seed, insecticide, and irrigation, largely due to costs.

Lack of good agricultural knowledge inhibits growth and cultivation of productive farms:

- ▶ In more than half of all poor households, there are no adults who have completed primary school. As a result, most small farmers lack skills in financial management and budgeting, as well as in good agricultural practices, such as techniques for crop rotation, water management, and maintaining soil health.

HOW WE ACCOMPLISH THIS

Farmers work with us because we have a proven track record of helping them achieve tangible improvements for their farms by actively engaging within their markets and empowering them with agriculture, financial, and agribusiness trainings to systematically fortify rural market systems, increase yields, and optimize profits.

This targeted effort, combined with Opportunity's broader initiatives in rural financial and digital inclusion, microenterprise development, and school improvement, sparks investment in agriculture. The aim is to enable families to secure sustainable livelihoods, while marginalized children access quality education in their local rural communities.

Through this approach, farmers receive increased access to financial services and training and support for more effective and productive farm and business operations. With tailored agricultural financial services meeting seasonal needs, farmers will find it easier to manage their finances and invest in their farms and businesses.

Enhanced access to and expertise within financial institutions enables them to sustainably manage agricultural portfolios, ultimately empowering more rural clients to access the capital needed for growth and expansion.

Furthermore, farmers will benefit from strengthened market-driven connections facilitated by Opportunity AgFinance to enhance transparency and deliver services where farmers need them most. Digitally-enabled networks of Farmer Support Agents equip farmers with skills and support for higher-yielding, higher-quality crops, ultimately improving their livelihoods and strengthening the overall agricultural ecosystems in which they operate.

The significance lies in a paradigm shift: financing African small farmers is not only possible but profitable. Financial institutions, armed with the right financial products, digital infrastructure, and support to build expertise in managing agricultural portfolios, can sustainably lend to more farmers and agribusiness entrepreneurs in remote communities. Expanding access to finance and improving coordination among local agricultural market actors enable more rural families to access superior economic opportunities. This transformative approach offers a crucial hand-up, breaking the cycle of low-productivity farming that keeps them in poverty generation after generation.

FAUSTINA: A HUMAN CENTERED DESIGN PERSONA



Faustina lives with her husband and two children on a small farm of less than 1.5 acres in Malawi. Their family survives on less than \$1.90 a day. Every day, she follows

the rhythms of planting and harvesting, growing staple crops like maize and beans, cash crops such as soya and groundnuts, and raising chickens. Her farm provides the primary source of both food and income for her family. Since Faustina's husband works as a migrant laborer, he often cannot help with the farm, though he sends money home when possible. Her children walk about 30 minutes to attend a low-cost private school.

Faustina's primary challenges are the limited amount of farmland that constrains the amount of crops she's able to grow and uncertainty regarding the best farming techniques to optimize her plot growth.

She also faces extreme weather and pests that impact yields for multiple seasons, reducing her overall yield and income.

Furthermore, not having a personal bank account makes it difficult for Faustina to manage cash flow with expenses. the "digital exclusion" that she faces often limits her ability to access funds in a timely manner, though being a member of her local CBFO group helps with saving money and obtaining loans.

Faustina's Goals and Dreams:

1. To consistently provide food for her family.
2. To understand the best farming techniques and weather risks to optimize her crop growth.
3. To borrow money for inputs to improve overall yield.
4. To make business investments such as livestock or farm equipment and increase her farm size.
5. To see her children receive a secondary education.
6. To be able to meet her family's needs and prepare for emergencies.
7. To build a room next to their house.

COMMUNITY BASED FINANCIAL ORGANIZATION IN MALAWI



THE HISTORY

Reaching and serving farmers is our ultimate goal, and in 2023, we took large strides to increase our impact. We successfully reached 273,433 new farmer households, totaling 902,230 farmers served overall. Notably, **61% of our loan clients are female** and **83% of our clients are living in poverty**, reflecting our commitment to gender-inclusive access and rural financial empowerment.

Measure	Accomplished in 2023	Cumulative to date
Financial Service Providers	17 partner	24 partners
Loans disbursed	69,704 loans	797,203 loans
Capital released	\$74,001,055	\$418,630,932
Farmer Support Agents	1,143 active FSAs	1,819 FSAs
Farmers supported by FSAs	203,236 farmers	342,371 farmers

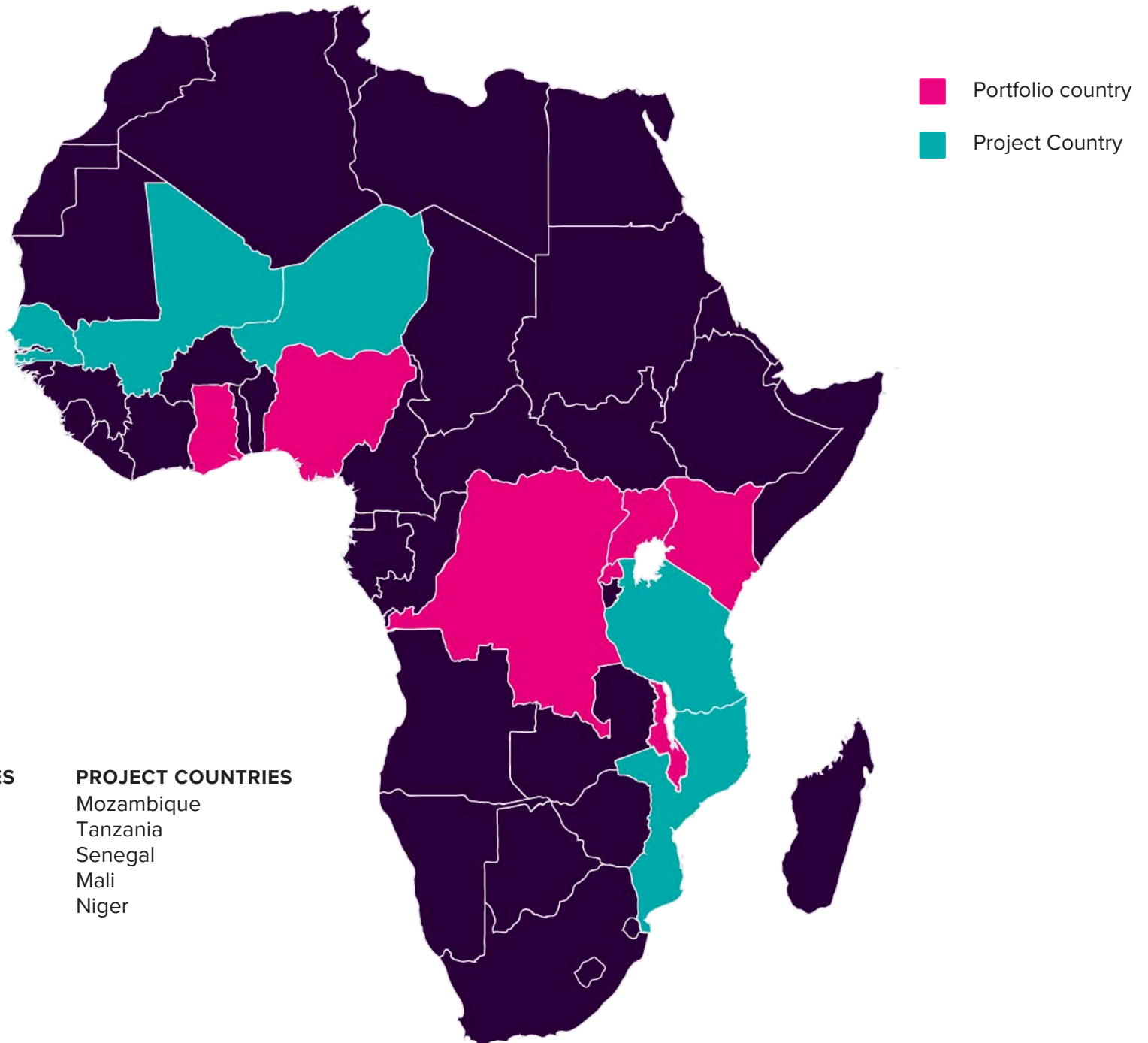
Focused on Impactful Growth

Investing in agriculture is one of the most powerful actions to improve rural livelihoods. More opportunities in agriculture mean that fewer people go hungry, fewer children miss school, and more rural families can build sustainable livelihoods. Opportunity’s AgFinance Program is driven by a singular focus on and vision for **Scaling Rural Prosperity**.

Our Strategic Vision is to scale the AgFinance Program to reach **788 thousand farmers** annually through a network of **2,512 Farmer Support Agents** and **27 Financial Service Partners** with **\$106m of agricultural loans** disbursed in **9 countries**.

Ultimately, AgFinance is not just a financial program; it is a catalyst for long-term change in the lives of smallholder farmers and the communities they sustain. Continued government and donor support allows us to make a lasting impact, creating a ripple effect that extends far beyond individual farmers, contributing to the transformation of entire communities. Together, we are shaping a future where rural prosperity is not just a vision but a reality.

OUTREACH



Production Loans

A production loan empowers smallholder farmers by providing crucial credit to invest in enhanced seeds, fertilizer, pesticides, farm labor, and equipment, ultimately boosting farm yields. The loan structure revolves around the seasonal cash flow of farmers, ensuring timely access to credit and allowing repayments post-harvest.

Production Loan Client Profile Smallholder farmers, who typically operate on farms of five acres or less, cultivate various crops for consumption and as their primary income source. These families, often among the most impoverished and food insecure due to limited rural services, can benefit significantly from production loans.

Loan Tenure Tailored to the agricultural cycle, staple crops like maize or rice, with 1–2 harvests annually, align with shorter 6-month loan tenures. Commercial crops such as cocoa and coffee, featuring longer cycles, have extended loan tenures ranging from 12–18 months.

Sustainability Each loan structure addresses the specific production capacity and costs of individual households, preventing over-indebtedness and ensuring profitability at the season's end. Coupled with training in Good Agricultural Practices, farmers gain both capital and knowledge to enhance productivity and revenues. This not only elevates the lives of smallholder farmers but also enables financial institutions to expand digital financial services, reducing costs associated with serving clients in remote regions.

Loan Amount Loan disbursement caters to two primary types:

- ▶ **Group Loans:** Farmers with limited assets or no credit history receive group loans, where mutual guarantees substitute collateral. Group loans typically range from \$50–\$2,200 per farmer.
- ▶ **Individual Loans:** Farmers with a positive credit history qualify for individual loans, ranging from \$750–\$1,000.

Impact Small farmers are using production loans to:

- ▶ **Increase their incomes:** With higher-yielding crops, farmers are earning more and re-investing to improve their farms, such as adding irrigation.
- ▶ **Diversify their incomes:** Farmers invest income in additional sources of revenue, such as goats, cows, and chickens, or starting a small side business, improving their long-term financial resiliency.
- ▶ **Improve their living conditions:** With surplus income, farmers will purchase new metal roofs, water purifiers, food, and healthcare. **Send their children to school:** Improvements in farm productivity and income mean more children can go to school instead of staying home to help on the farm.

BY THE NUMBERS

as of March 2024

797,203

loans currently disbursed to farmers

\$418,630,932

total value of production loans invested in small farmers

1,066,190

families are supported by the Agriculture Finance program

22

financial institution partners



Agribusiness Cooperative

Agribusiness entrepreneurs, including suppliers, agrodealers, offtakers, aggregators, warehouses, and processing facilities, face a significant challenge in securing adequate capital to expand their operations. Micro, small, and medium-sized enterprise (MSME) loans for agribusinesses play a crucial role in providing upfront capital to rural entrepreneurs, empowering them to purchase increased quantities of crops from farmers and other agricultural goods. Opportunity, by facilitating agribusiness expansion and outreach, strengthens the connections in rural agricultural markets, ensuring farmers can achieve substantial income.

Agribusiness MSME Loan Client Profile

Clients utilizing agribusiness MSME loans are typically rural entrepreneurs, often farmers or farming cooperatives, involved in bulk purchasing of supplies or crops, requiring substantial cash or capital.

Loan Tenure MSME loans, spanning 6–36 months, are tailored to the loan size and the shelf life of agricultural goods used as collateral. For instance, an offtaker dealing with tomatoes may receive a 6–12 month loan, while coffee, with a longer shelf life, could secure a loan for 12–24 months. Additionally, agribusiness revolving lines of credit and overdraft facilities address MSME cash flow requirements.

Loan Amount Agribusiness MSME loans typically range from \$10,000–\$50,000, while overdraft facilities range from \$5,000–\$10,000, offering a minimum 2-month line of credit.

Sustainability Similar to production loans, agribusiness MSME loans are structured to align with the seasonal cash flow needs of agricultural businesses. This flexibility allows, for example, an aggregator to purchase more maize from farmers during harvest and make repayments after selling the maize to the next link in the value chain, such as a processing facility. Coupled with loans and business training, this approach enables agribusiness entrepreneurs to sustainably increase their revenues and repayment capacity, fostering overall growth.

Impact

In rural communities, the growth and development of agribusinesses directly leads to:

ACCESS TO HIGHER-QUALITY INPUTS FOR SMALL FARMERS

Entrepreneurs can purchase more (and better) inputs in bulk to resell to local farmers.

HIGHER RETURNS FOR SMALL FARMERS

With capital, entrepreneurs purchase more crops from farmers and much more quickly after harvest, reducing post-harvest losses for farmers.

MORE JOBS AND FEWER HUNGRY FAMILIES IN RURAL COMMUNITIES

As more activity is generated throughout agricultural markets, more jobs are created in aggregation, transportation, warehousing, and processing. More crops reach more markets efficiently, reducing the cost and increasing availability of food in high-need regions.

Loan Guarantees

Lending to the agricultural sector, which is inherently risky due to unpredictable weather and volatile crop prices, often causes financial institutions to exercise caution, especially with clients possessing limited collateral. Loan guarantee facilities mitigate this risk, accelerating lending in agriculture by partially safeguarding financial institutions against potential losses. Opportunity collaborates with financial institutions to connect them with marketplace loan guarantee facilities, such as USAID's Community Based Financial Organization or a Loan Portfolio Guarantee funded directly by the Opportunity network.

Loan Guarantee Usage Structured for specific purposes, such as supporting loans to women small farmers or financing climate-resilient technologies, loan guarantees operate alongside good underwriting practices. Typically covering 30- 50% of potential first loan losses, Opportunity partners with higher-risk clients or groups, facilitating broader access to financial services.

Loan Guarantee Tenure Most loan guarantees revolve over 2–3 years, encouraging financial institutions to engage in riskier lending and gradually establish sustainable portfolios.

Loan Guarantee Sizes Negotiated case by case, loan guarantee amounts are tailored to financial institutions' needs, usually starting at \$50,000 and occasionally reaching up to \$500,000.

Leverage With Opportunity's technical assistance services, financial institutions enhance their capacity to manage and grow sustainable agricultural portfolios. When combined with improved processes, product design, and digitization, loan guarantees unlock up to seven times their value in funds disbursed to farmers and agribusinesses.

Impact A loan guarantee equips a financial institution to:

- ▶ **Increase Agricultural Lending:** Financial institutions can provide more agricultural loans while maintaining sustainability and mitigating risk.
- ▶ **Enhance Economic Inclusion:** Especially for women without land ownership, loan guarantees secure a portion of their loans, facilitating quicker access to finance.
- ▶ **Support 'Missing Middle' Agribusinesses:** Small rural agribusinesses benefit from larger lines of credit, increasing liquidity during key periods.



THE FARMER SUPPORT AGENT DIFFERENCE

In Africa, where low population density and deficient infrastructure pose challenges to cost-effective farmer support, Opportunity is revolutionizing service delivery through Farmer Support Agents (FSAs).

How do FSAs support farmers?

This high-tech, high-touch approach establishes localized networks of FSAs to disseminate crucial trainings and extension services and gather farmer profiles—thus providing integral data on farmers' needs and challenges.

Within farming groups, Opportunity identifies and trains lead farmers to become FSAs, serving as primary trainers equipped with smartphones, videos, and other training materials. These FSAs empower farmers with knowledge of Good Agricultural Practices and other topics, including Family Business and Entrepreneurship, ultimately improving farm management. For smallholder farmers, this translates to having a local resource for addressing crop issues or seeking advice on coffee tree pruning. FSAs also facilitate group purchase agreements and sales agreements, strengthening cooperative ties with local suppliers and warehouses.

FSAs, beyond their leadership and training roles, utilize smartphones to capture digital farmer profiles within their groups. These profiles aggregate crucial data on current crop production, potential crop production, input usage, credit history, financial service needs, and demographics.



Jameson speaks with Thokozire, an FSA, and Limbani, a Project Officer, in Mulanje, Malawi, working in Malawi to create and support CBFO groups and mentoring programs that help women to create their own businesses.

THE SIGNIFICANCE OF FARMER DATA

Farmer Support Agents use data directly from farmers in their region to provide Opportunity with a comprehensive view of the lifestyle and struggles that smallholder farmers face. This data allows Opportunity to best address challenges and create trainings that are relevant and helpful.

FSAs play a vital role in both collecting this data and disseminating trainings by helping to create farmer profiles.

Farmer profiles offer a comprehensive data portrait of livelihoods and cash flows, crucial for coordinating essential services for farmers and reducing costs for financial institutions:

1. For Opportunity AgFinance, farmer data identifies and addresses key financial strains for small farmers, closing gaps in their value chains that affect profitability.
2. Financial institutions leverage farmer data to design products like rural credit scorecards, minimizing lending risk and accelerating loan approval. Opportunity directs financial institutions to farmer groups prepared for and in need of financial services.

THE RIPPLE EFFECT

Through FSAs, AgFinance channels agricultural best practices to smallholder farmers in challenging regions while gathering vital data on an underserved group. This approach allows Opportunity to deliver affordable rural trainings and collect essential information, reducing the risk for financial institutions in reaching and serving more farmers.

By enhancing the leadership capabilities of FSAs, more farmers benefit from strengthened links to value chain services, increasing profits each harvest. Ultimately, as FSAs provide more trainings and gather more data, financial institutions can confidently lend to farmers, boosting agricultural productivity and fostering inclusive economic growth in rural communities.

DIGITAL INNOVATION GROUP

Opportunity International's Digital Innovation Group (DIG) exists to help provide digital innovations that support the financial stability of smallholder farmers and micro, small, and medium enterprises.

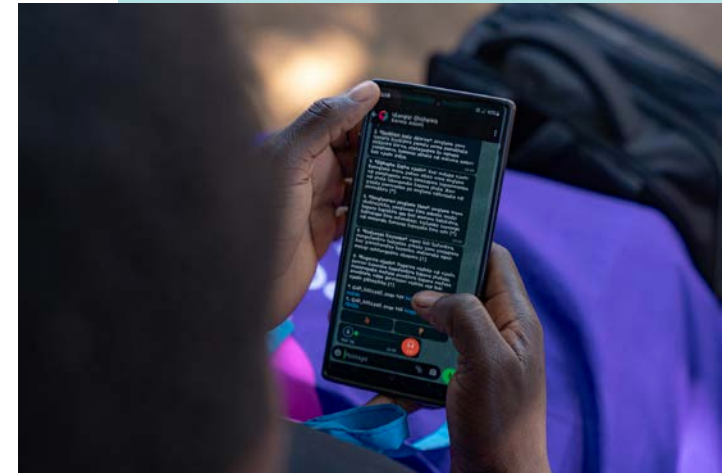
Digital innovations are transforming every industry and service delivery model - and by using digital solutions at scale and at low- cost, always accompanied by training and support, we can enable people living in rural areas to transform their lives and the lives of future generations.

Our Digital Innovation Group will:

1. Apply human-centered design designed for the people we serve.
2. Build on architecture and platforms to enable scale with ultra-low cost.
3. Partner with developers seeking opportunities for visibility and growth.
4. Utilize the best technology.

Opportunity's DIG supports farmers by:

- ▶ **Enhancing our digitization of savings group program** to allow for faster loan-approvals and efficient group management.
- ▶ **Trialing OI's Ulangizi application:** an AI ChatGPT tool that farmers can use to answer questions about specific farming practices. This application allows more timely access to critical information in an easy-to-use interface that lowers the learning curve for smallholder farmers. Ulangizi offers advice by working through What'sApp and pulling data from ChatGPT and the Malawian government's agricultural manual to answer farmers' questions about their crops and animals.
- ▶ **Increasing the mobile phone fund** to help smallholder farmers have more access to financial resources that live on a smart phone, thus increasing participation in local economies, especially for women.



Annah Chimalizeni and her community trialing the innovative Ulangizi AI chatbot to enhance agricultural practices in Malawi.

ELIJAH MUHAWWE
Coffee Farmer and
Farmer Support Agent



THE CRITICAL IMPORTANCE OF WOMEN FARMERS IN ENDING EXTREME POVERTY

The Need for Systemic Change

Across almost all benchmarks — from education and literacy capabilities to farm and business ownership to access to digital tools and financial services — women lag behind men. Around the world, legal, social, and cultural policies and norms disproportionately exclude women from equal participation in their communities and economies.

The truth is, however, that capital in the hands of women is one of the best solutions that lift families out of poverty.

Opportunity International has been working to establish a comprehensive approach to address the challenges faced by female farmers for years, and, in 2019, we launched our formal gender strategy. At the core of our strategy is the conviction that empowering women with equal access and control over

productive resources and agricultural income will not only enhance their productivity but also spur economic growth, reducing poverty and hunger.

Womens' role in agriculture is underscored by the potential to alleviate hunger, enhance the well-being of children, and uplift millions from poverty. But despite these transformative possibilities, financial institutions often perceive their engagement with women clients as merely a 'pro-social' endeavor and women-centric initiatives are commonly viewed through the lens of corporate social responsibility (CSR) or as financially motivated actions with positive social outcomes. Regrettably, this mindset often sidelines women as a vital client segment, resulting in inadequate consideration during product and portfolio strategy development despite the evidence that including women at equal rates as men in agriculture and finances benefits everyone.

The burden of childcare and household chores often also falls to women, thus limiting income diversification, particularly off the farm, while mobility constraints compound challenges for rural women adapting to climate change risks.

The crux of the issue lies in the disproportionate impact of limited access to land, equipment, and financial resources on women. But this is a marathon, not a sprint, and we acknowledge the social barriers that impede progress.



Philomene Kabedi, aged 61, poses for a photograph near her farm in N'sele Commune on the outskirts of Kinshasa, DRC

Addressing these complex issues, our Women's Economic Empowerment (WEE) initiative advocates for inclusive policies that amplify the power of women. This approach seeks to level the playing field, ensuring women can participate on equal footing with men, enjoy equal rights, and wield an equal voice and influence in decisions affecting their lives. By measuring access to income and assets, control over and benefits from economic gains, and the power to make decisions, we can define the benchmarks for our progress.

OPPORTUNITY'S APPROACH TO GENDER EQUITY



Janet Affanyi on her pineapple farm on August 4, 2021. "Because of OISL I can speak up now in public discussions, and that makes me feel important. I want to work extra hard so someone out there who might be having it tough can use me as a motivation to not give up on life."

A woman is economically empowered when she has both the ability to succeed and advance economically and the power to make and act on an economic decision.

Our model and gender strategy centers around Women's Economic Empowerment (WEE)—a term that encompasses more than just accessibility. True WEE means a woman has access to financial and technological tools that work for her, is comfortable using them, and is making financial decisions in her household.

WEE promotes inclusive policies and focuses on increasing the power of women without removing power from other groups. It means creating a level playing field where women can participate on an equal basis with men, have equal rights, and have an equal voice and influence in the decisions that affect their lives.

Goals

The three primary goals of the WEE program are allowing women:

1. Access to income and assets.
2. The control and benefits of economic gains.
3. The power to make decisions.

Strategy

1. **Financial Partners:** By mid-2025, financial partners will actively pursue gender equity by setting and working toward specific goals and implementing interventions to counter current approaches. Progress will be measured through user-friendly gender dashboards, addressing the challenges faced by women through initiatives like part-time childcare during training.
2. **Operations:** Opportunity will share insights and influence positive change through regular networking, webinars, and conferences, as well as integrating internal gender objectives into business plans and supporting a gender champion.
3. **Client Services:** Our commitment to gender equity involves achieving 40% women's active involvement in the FSA network, emphasizing meaningful engagement and tailored storytelling, guided by partner and FSA data, to address barriers related to collateral, staff biases, and land access for a more inclusive future.

FAMILY BUSINESS AND ENTREPRENEURSHIP

For gender equity and empowerment, exclusion from family farm decision-making often leaves women and children without the skills to manage a farm or support a household. Family Business and Entrepreneurship empowers everyone as equal participants, enhancing their skills as laborers, managers, and leaders, leading to more productive and successful farms.

Farming as a family actively promotes increased income by engaging all family members in planning, decision-making, and farm management.

AgFinance has developed an integrated financial literacy, entrepreneurship, and Family Business and Entrepreneurship (FB&E) curriculum. This is a method that trains household members in financial literacy whilst providing a shared understanding of how to engage farmers as a family unit. It promotes agricultural production as a family business and empowers women to have a voice in farm management and family spending decisions.

Gender Equity Support

Opportunity's Family Business and Entrepreneurship (FB&E) prioritizes the economic benefits of empowering women and youth by:

Empowering Women: Exclusion from farm decision-making leaves women without skills to negotiate inputs or engage in cooperatives. FB&E empowers women as equal participants, enhancing their skills as laborers, managers, and leaders for more productive and successful farms.

Empowering Youth: Small family farms struggle to support youth starting their own families. FB&E advocates early engagement, turning youth into stakeholders who diversify family farms or establish enterprises, contributing to overall household income.

Family Business and Entrepreneurship Benefits

- ▶ Increase income through market participation
- ▶ Improved living standards
- ▶ Diverse products purchased
- ▶ Enhanced nutrition and household food safety
- ▶ Higher productivity and efficiency on the farm
- ▶ Consistent product supply and improved product quality
- ▶ The growth of rural-based businesses and employment
- ▶ Enhanced distribution of food and raw materials through trade
- ▶ Increased productivity and supply base

Mathilde Nzamwitakuze at a farmer training in the Muhanga District of Rwanda.



Farmer training
in Rwanda.

AGRICULTURE EXTENSION SERVICES

Establishing Good Agriculture Practices

In rural agricultural communities, a lack of education and technical training in agricultural best practices, coupled with the credit gap, hinders the shift of farmers from subsistence to commercially viable farming.

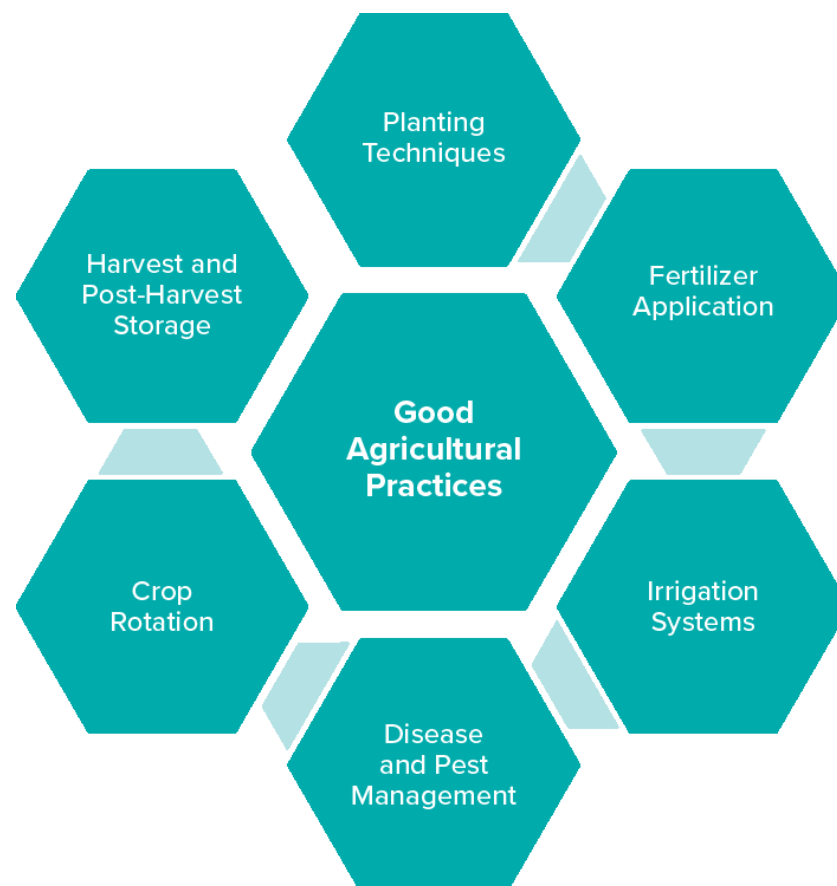
To address this, Opportunity actively organizes and delivers tailored agricultural extension services to farmers, often facilitated by Farmer Support Agents or local market actors. These agents provide advice on Good Agricultural Practices tailored to specific crops or livestock, aligning with local agriculture policies.

Extension services empower farmers with crucial techniques and skills, including:

- ▶ **Planting Techniques:** Trialing Regenerative Agriculture practices.
- ▶ **Fertilizer Application:** Timely and appropriate fertilizer application for enhanced soil and crop health.
- ▶ **Implementation of Irrigation Systems:** Guidance on cost-effective irrigation systems and identifying reliable water sources.
- ▶ **Disease and Pest Management:** Proper use of pesticides and crop pruning to prevent disease spread.
- ▶ **Crop Rotation:** Seasonal crop choices and rotation to preserve soil nutrients.
- ▶ **Harvest and Post-Harvest Storage:** Techniques for crop preservation and negotiating contracts for timely offtaking.

Types of Agriculture Extension Services and Trainings:

Good Agricultural Practices require juggling many techniques in order to ensure the highest quality outputs.



COMMUNITY BASED FINANCIAL ORGANIZATIONS

Community Based Financial Organizations (CBFOs) emerge as powerful catalysts globally for financial inclusion—especially for women.

A Transformational Approach

These associations not only serve as effective models for empowering impoverished people economically but also offer a pathway for smallholder farmers in rural areas to navigate liquidity challenges during peak agricultural seasons. More than half of the farmers supported by Opportunity's Farmer Support Agents (FSAs) are already active members of CBFOs, demonstrating the widespread adoption and impact of this financial inclusion model.

CBFOs work because they hold the potential to evolve and provide a progressive framework for financial growth. Farmers under CBFO programming now constitute 25% of the households reached and FSAs play a pivotal role in the success of CBFOs.

Benefits for Smallholder Farmers:

- ▶ **Financial Inclusion:** CBFOs provide an effective model for women's financial inclusion, empowering them economically.
- ▶ **Liquidity Support:** Addressing liquidity challenges during peak agricultural seasons helps farmers manage their finances more efficiently. This provides farmers with readily available cash to address labor costs year-round, but particularly through peak agricultural seasons.
- ▶ **Graduation Path:** The progression from CBFOs to Cooperatives offers smallholder farmers opportunities for growth and enhanced financial services.

Financial Institutions' Role:

- ▶ **Expanded Client Base:** More than half of the farmers supported by FSAs are CBFO members, providing financial institutions with an expanded client base.
- ▶ **Graduation path:** The graduation path from CBFOs to Cooperatives streamlines accessibility to financial institution operations, making it easier to work with smallholder farmer clients.
- ▶ **Partnership Opportunities:** Collaborative efforts with CBFOs open doors for financial institutions to launch innovative financial and DFS products, strengthening their offerings in rural communities.
- ▶ **Liquidity Support to CBFOs:** Addressing liquidity challenges during loan peak periods for smallholder farmers who demand bigger loans to grow their businesses.



“I joined the Village Savings and Loan Association (CBFO) group. I realized that for me to be able to contribute to the shares, I should run my business more seriously.”

Thanks to training offered by Opportunity International, I learned about techniques such as planning, budgeting, advertising, and customer service. I also learned about vision building where we focus on what we would like to achieve in three years’ time. I devoted myself to growing my business and life started to improve. From the profits I was thus able to contribute to the CBFO shares and take out loans in an emergency.”

EDITH MPOTO

RURAL GRADUATION MODEL

In order for Opportunity's AgFinance program to be successful, we must actively prioritize those experiencing extreme poverty, currently defined as living on less than \$2.15 a day. For individuals in ultra- poverty, those who eat below 80% of their daily nutrition requirements, especially rural women and children, basic needs and services are often unattainable. Struggling with severe food insecurity, limited education, and unsafe living conditions, these individuals, who predominantly spend most of their income on food, find themselves overlooked by traditional poverty alleviation programs, lacking a safety net.

To address these harsh conditions, we adopt the Graduation path, initially developed by BRAC in 2002, and tailored it to the needs of families grappling with extreme poverty. A 2015 study published in "Science" affirmed the cost-effectiveness of this approach, showcasing statistically significant and sustainable improvements in economic and social outcomes for ultra-poor households.

Through this program, previously unreachable clients and families receive assets, such as livestock or startup



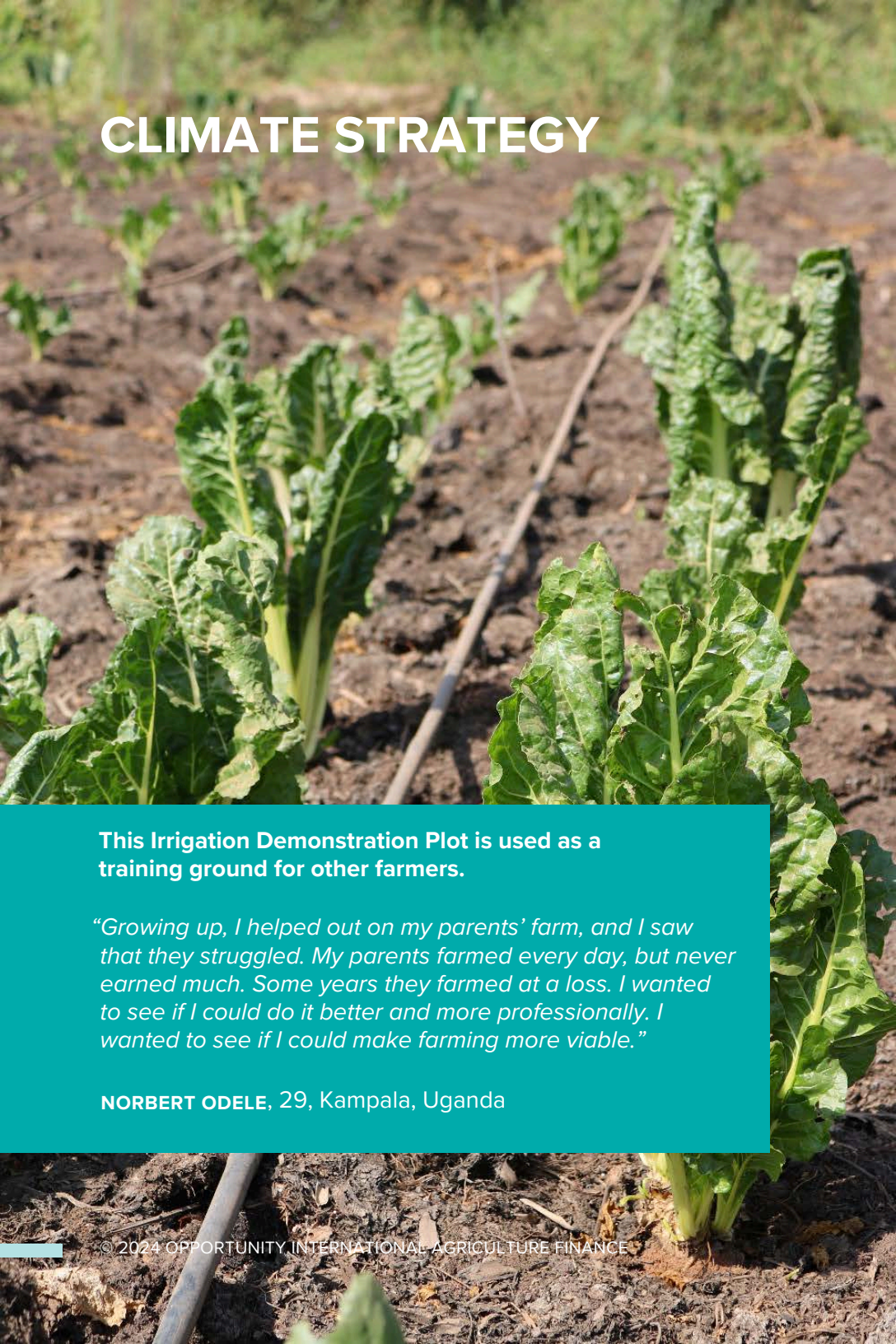
Stella Richard and her family, Malawi, RGM participant.

products for a small shop, that help to foster income generation. We also provide training and coaching to empower these farmers with skills and confidence over time.

Building on this success, we have expanded the program to urban Cartagena, Colombia, and rural villages in Malawi. These initiatives aim to uplift mothers facing extreme poverty by ensuring they can feed their families, secure a steady income, send their children to school, provide safe shelter, save for the future, boost self-esteem, and foster stronger community connections.

The Opportunity approach is uniquely enhanced by financial inclusion through the implementation of Community Based Financial Organizations (CBFOs). It sets ambitious goals, striving to improve livelihoods by adding income sources and balancing expenditures. promote gender equity in decision-making, improve food security and nutrition, and foster positive behavior change, social inclusion, and community involvement. Currently serving less than 1% of AgFinance's client base, there is immense potential to scale this impactful initiative to reach 5% of our clients.

CLIMATE STRATEGY



This Irrigation Demonstration Plot is used as a training ground for other farmers.

“Growing up, I helped out on my parents’ farm, and I saw that they struggled. My parents farmed every day, but never earned much. Some years they farmed at a loss. I wanted to see if I could do it better and more professionally. I wanted to see if I could make farming more viable.”

NORBERT ODELE, 29, Kampala, Uganda

Climate & Resilience Strategy

Over the last few years, we have seen more flooding, droughts, and cyclones wipe out crops and destroy homes, leaving so many farmers without food or income. Families living in rural areas of low-income countries are disproportionately affected by the increasing number and severity of these climate events. As AgFinance focuses on empowering farmers to grow more and earn more, we have developed a Climate and Resilience Strategy that prioritizes climate adaptation – the ability to live with and minimize the damages that come from these climate shocks. Our goal is to ensure that our clients have access to the necessary tools and resources to maintain and grow their farms and businesses.

The adoption of these strategies can, however, be costly, especially as farmers transition from traditional farming techniques. Therefore, AgFinance also focuses on making climate finance available to our farmers. We are working with our network of banks and microfinance institutions to develop products that incentivize the adoption of RegenAg practices. We are supporting financial institutions with developing products and accessing low-cost capital to fund climate activities.

“It will be difficult, if not impossible, to eradicate global poverty and end hunger without building resilience to climate change in smallholder agriculture through the widespread adoption of sustainable practices”

UN FOOD AND AGRICULTURE ORGANISATION

INCREASING SMALLHOLDER RESILIENCE WITH

RegenAg

This climate strategy builds on AgFinance's current approach, ensuring high touch, high tech, and high impact without detracting from ongoing initiatives. Firstly, the strategy promotes Regenerative Agriculture (RegenAg) principles, fostering greater soil health. These core principles of RegenAg, Climate Smart Agriculture, and Nature-Based Solutions promote techniques that result in more resilient soil. RegenAg can be adopted, one principle at a time, with the maximum benefit coming from the combined use of all of them. When adopted, these practices can help improve the resilience of farmer's lands and crops to weather volatility and pests, and reduce the dependence on external inputs, namely chemical/ inorganic fertilizer.

Opportunity's RegenAg pilot in Rwanda is an initiative with the potential for profound impact on farmers and crop yields. Operating with a straightforward structure, the program divides plots into halves, implementing conventional agricultural practices on one side while introducing regenerative practices on the other. Notably, regenerative plots exhibited superior germination rates during a challenging dry season, showcasing the program's potential to enhance soil moisture retention. Successful endeavors, such as cultivating a cover crop with minimal watering and implementing no-till practices, underline the program's commitment to reducing manual labor and promoting sustainable farming.

5 CORE PRINCIPLES OF

REGENERATIVE AGRICULTURE



Despite facing challenges like pest outbreaks and wind damage, the program emphasizes co-creation and local adaptation, aligning with the client-centric approach of Opportunity. The upcoming harvest season will provide key data on yields, but the focus extends beyond mere production, incorporating financial incentives to encourage the adoption of regenerative agriculture. With training modules designed for practical, in-field application, the program aims to ensure lasting knowledge retention among farmers.

RegenAg works by prioritizing five key strategies: minimizing soil disturbance, maximizing crop diversity, covering the soil, maintaining plant roots, and integrating livestock into farming practices.

Striking a balance between adoption and profitability, as well as promoting locally relevant practices, RegenAg emerges as a holistic solution, promising not only increased harvests but also more nutritious crops and sustained growth for smallholder farmers.



CLIMATE COLLATERAL ALLIANCE

A financial incentives system for smallholder farmers to adapt to the climate crisis

Climate crises are destabilizing local economies, heightening risks for farmers and the entire agriculture market, and disproportionately affecting the most vulnerable communities. Adaptive and resilient agriculture is critical to overcoming these challenges and fostering development and prosperity.

Opportunity established the Climate Collateral Alliance as a financial incentives system built to support smallholder farmers adapting to the climate crisis. It is a blended investment program combining commercial impact capital, credit support, and technical assistance. The CCA is designed to serve FIs in select sub-Saharan Africa countries that are actively serving women borrowers in agriculture (e.g. smallholder farmers or ag-MSME entrepreneurs) and borrowers implementing regenerative agriculture and climate-smart agriculture practices as a way to foster climate adaptation.

*“Climate change is a huge challenge in our community.
The rainfall is heavier and more erratic than before.”*

DORKA LUSIYASI

Climate Alliance Goals:

- ▶ Coordinate and mobilize \$25m of catalytic capital and philanthropic support alongside Opportunity's Agriculture Finance platform
- ▶ Pave the way for growth capital from commercial impact investors (\$50m+) demonstrating high potential
- ▶ Bring additionality to the sustainable climate finance space by implementing a system of financial incentives that enable smallholder farmers and agribusiness owners to transition to regenerative agriculture and climate adaptation practices
- ▶ Leverage Opportunity's track record and expertise in the development finance field while deploying Opportunity AgFinance's programming to strengthen FI's infrastructure and capabilities
- ▶ Foster women-led agriculture with trainings that focus on Family Business and Entrepreneurship while proactively reaching women in vulnerable socio-economic conditions

IMPACT MEASUREMENT

Opportunity measures its impact through key outcome indicators, including the percentage increase in farmer yields and income. However, smallholder farmers often face unique challenges, including climate-related issues, on-farm resource constraints, and limited access to financial resources. When evaluating our program's success, we must consistently adjust our approach to best minimize these challenges.

To ensure farmers in our target market benefit, we track the percentage of new clients living in poverty and extreme poverty and the number of clients who are women and youth. We also monitor annual capital released, the number of farmers reached, and the count of farmer support agents (FSAs) and financial service partners (FSPs) to assess program outreach and support efficiency.

Our data collection methods, including annual surveys, phone surveys, focus group discussions, client journey mapping, and key informant interviews, capture changes in clients' outcomes resulting from engagement with Opportunity support. These techniques also assess client perceptions and satisfaction, enabling us to design relevant interventions and enhance support based on feedback.

MONITORING

Gathering and using data to understand client profiles and journeys, ensuring we create the greatest impact possible and support clients in growing their farms and businesses.

EVALUATION

We utilize annual surveys, phone surveys, focus group discussions, client journey mapping, key informant interviews, and more to understand farmers' livelihoods.

LEARNING

By analyzing a variety of data sets and information, we can ensure our program drives the greatest possible impact and improves quality farming.

ENDNOTES

- 1 Ritchie, Hannah, and Max Roser. "Smallholders Produce One-Third of the World's Food, Less than Half of What Many Headlines Claim." Our World in Data, 28 Dec. 2023, ourworldindata.org/smallholder-food-production.
- 2 World Economic Forum (n.d.). How Gender Equality Leads to Longer Life Expectancy. <https://www.weforum.org/videos/people-live-longer-in-more-gender-equal-countries/>
3. Jomo, F., & Sguazzin, A. (2024, June 14). Ai is helping the world's poorest farmers improve yields. Bloomberg.com. <https://www.bloomberg.com/news/articles/2024-06-14/ai-is-helping-the-world-s-poorest-farmers-improve-yields?accessToken=eyJhbGciOiJIUzI1NiIsInR5cCI6IkpXVCJ9>.

Learn about our global work at
opportunity.org