

UPDATE

KNOWLEDGE MANAGEMENT UPDATE

February 2022

WHAT RESULTS ARE OPPORTUNITY PROJECTS SHOWING?

SME clients in Ghana sustain and create jobs.

In the fourth year of the Financial Inclusion for Enterprise Development (FINEDEV) program in Ghana, partner Sinapi Aba Savings and Loans (SASL) extended financing to 21,734 enterprises, who attribute much of their resilience and growth to SASL support. The KM-led annual evaluation captured client experience from the year before the COVID-19 pandemic outbreak. The financial services, training, and mentorship is supporting growing micro and small enterprises – especially women-led businesses – to create and sustain an estimated 60,300 jobs. In addition:

- In aggregate, in 2019, employment grew by 19% in retained client businesses.
- Rebounding from a difficult year in 2018, 67% of FINEDEV clients increased their profits in 2019, close to the target of 70%.
- In the second half of the program, SASL has been the recipient of several awards, including an international SME Finance Forum award for Best SME Bank for Women. KM nominated SASL for the award.



KM provides technical advice and conducts research for the program. For example, KM produced 20 in-depth client success stories to capture “Ingredients for Success” which are being used in the mentorship program. Flashcards with quotes from client women entrepreneurs are used (an example of this is shown above). ●

AgFinance demos the next generation model.

The AgFinance team is constantly innovating, and recently has had an opportunity to test out multiple innovations that comprise their current model - with quite positive results. The biggest success was in poverty outreach. The Farmer Support Agent (FSA) model substantially increased poverty outreach as agents from communities recruit and serve more financially excluded, marginalized clients.

- In the Malawi 2019 pilot, 72% of clients were living in extreme poverty, 57% were women and 40% were youth; 31% were first-time borrowers.
- The FSAs serve farmers with video-based and hands-on training in climate-smart agriculture and financial

Originality breeds success.

"Don't imitate others. Build your business your own way."

VIDAH APPIAH
Plumbing Supplies

management, link clients to agricultural support, and use data to assess client readiness for finance.

- The FSAs serve banks by recruiting and training clients, providing data used to screen clients, and referring to the bank clients who are ready to borrow. FSAs also monitor loans throughout the agricultural season and support repayment.

- As of the 3rd quarter of 2021, the AgFinance program facilitated an active portfolio of loans to 68,262 clients with an outstanding balance of US \$24.82 million, with 95% of clients repaying on time.

KM supported the evaluation of the pilot program. This model is now being scaled-up through the entire AgFinance program. ●

Ghanaian farmer-clients increased yields and income and supported 130,000 jobs in 2020-2021.

In June 2020, KM and AgFinance surveyed AgFinance clients in Ghana, customers of Opportunity International Savings and Loans (OISL), to gauge impact and capture client feedback to improve services. The survey is a baseline against which results of upcoming program improvements will be measured, but some data reflect positive results of OISL's current AgFinance work. Findings include the following:

- Over half of OISL clients (57%) increased yields in the last year, by an average of 29% (net); 19% increased yields by 30% or more.
- The majority (64%) increased farm income, with 57% attributing the increase to OISL loans and 47% to good agricultural practices, a key topic of OISL training.
- Farmers earned on average US \$1,355 from their farms, but women earned less than one-third of what men earned.
- Still, most clients (58%) increased household income last year, 58% improved their diets, and 77% reported that loans had an overall positive effect on savings.
- There was a positive correlation between larger loans and higher yields, and between increased yields and increased family well-being, demonstrating the relevance of AgFinance's focus on improved productivity to addressing family needs.
- Clients also contributed to the community. On average, clients employed 9—mostly seasonal—workers. Overall, OISL's 14,429 AgFinance clients employed a total of 129,511 workers in the 2020-2021 agricultural season.
- OISL's high borrower satisfaction rate—89% among men and women—is but one reflection of the high demand for OISL services. ●

HOW IS OPPORTUNITY REACHING PEOPLE LIVING IN EXTREME POVERTY?

Opportunity leaders are pursuing new strategies to end poverty for this harder-to-reach population.

In 2021, KM and the Social Performance Management team established a baseline for Opportunity's poverty outreach. Globally, an estimated 12% of Opportunity's new clients are living in extreme poverty, with country rates as follows: Rwanda, 36%; Uganda, 24%; Ghana, 0.06%; India, 12%; and Indonesia, 8%. These figures are typical of microfinance institutions, which reach the poor by expanding their overall business model rather than specifically targeting the poor.

With Opportunity's strategic commitment to ending extreme poverty, however, Opportunity Programs are deepening their poverty outreach as follows:

- The AgFinance Program is scaling up its FSA model which reaches deeply into communities through community-based agents. The program also incorporates savings groups into the strategy as a way to link marginalized women to formal financial services.
- The EduFin Program is testing conducting education quality programming in more marginalized locations, for example, in more rural areas, in preparation for financial services. The program is also testing out loans to vocational schools, which create a career pathway for students unable to attend secondary school.
- The new micro-business/micro-banking strategy for Africa, in development, places scaling up and targeting the extreme poor at the center of its plans. The strategy will incorporate lessons from Opportunity innovations and pilot programs, such as the work with refugees in Uganda and the Holistic Development Training in Ghana, Malawi, Uganda, and Colombia.

KM collaborated with SPM to enhance poverty outreach reporting in Africa in support of these strategies and is supporting the Africa micro-banking strategy. ●



“Microfinance-Plus” Impact Study Update: WHAT DO EARLY SURVEYS TELL US ABOUT OUR CLIENTS AND OUR WORK?

Baseline studies generated insights about the clients in Opportunity’s 5 year rigorous impact study in 3 countries with 3 partners which will scientifically measure the impact of “microfinance-plus” programming.

In partnership with Opportunity Bank of Uganda, Ltd (OBUL), Vision Fund in Myanmar, and Fundación Paraguaya in Paraguay, and with technical collaboration from global expert Dr. Nathan Fiala, Opportunity is conducting rigorous research to assess the impact of high-quality, microfinance-plus programming. Baseline surveys from the research have been conducted and revealed similar and diverse characteristics of people in the 3 countries participating in the research – clients and non-clients. In total, 8570 participants from 591 villages are enrolled in the study. Three quarters are women. Their education level is low, with only 25% accessing education beyond primary school.

Among the 3 countries, there are some diverse characteristics, especially in terms of economic activity, outreach to women, and poverty outreach, as follows:

- In urban Paraguay, all clients are women; 84% are living below the moderate poverty line, and 15% are living in extreme poverty. A large minority (44%) have a business, and 30% describe themselves as “housewives.” These



participants borrow informally and from banks. They have very low savings rates.

- In Myanmar, most clients (74%) are women. Only 16% are living below the moderate poverty level, and 4.4% live in extreme poverty. Around one third (35%) are involved in commercial farming and 28% have a business. The majority (65%) have borrowed recently from a local shop or the government, and 66% have savings. Initial results from mid-program surveys are forthcoming in 2022.
- In Northeast, rural Uganda, the majority of clients (61%) in this study are men. Most (81%) are living below the moderate poverty line, and 39% are living in extreme poverty. Most participants (86%) are farmers, but only 12% are engaged in commercial farming. Participants borrow from informal sources, including village savings and loans groups, and the majority have some savings.

Initial Interim Results

Country	Income	Food Security
Paraguay	*	8.2% ↗
Myanmar	19.4% ↗	*
Pooled	18.5% ↗	4.2% ↗

Preliminary findings in 2020 for Paraguay and Myanmar[†] measured the impact of Microfinance Plus on household resilience (employment, income, and food security). Data indicate that

Microfinance Plus had a positive impact on food security and income. In Paraguay, the Client group experienced 8.2% greater food security than the Control group. In Myanmar, the Client group earned about 19.4% more income compared to the Control group. When both country findings were combined, statistically significant changes were seen in both categories.

Country	Income	Food Security
Myanmar	39% ↗	*

An even more recent and more rigorous 2021 survey in Myanmar^{††} affirmed these findings with an even larger difference:

a **39%** increase in Client income compared to the Control group.

[†] In 2020, Uganda was only beginning to disburse loans and did not match the timing for this survey.

^{††} In 2021, Paraguay Midline 1 was cancelled. Uganda Midline 1 data is currently being analyzed.

* The asterisk denotes that outputs did not achieve statistically significant differences.

Unfortunately, conditions have been difficult for all partners in the study. For example, in Uganda, pandemic-related lockdowns posed burdens on rural households as urban children and family members returned, increasing costs on rural households and decreasing collateral for loans. In addition, climate challenges brought flooding early in the study, locusts, and most recently drought – making loan repayments difficult. All of this has forced participating farmers to face extreme conditions. These farmers continue to value OBUL’s support amid these challenges. ●

HOW IS OPPORTUNITY INNOVATING AROUND HOLISTIC DEVELOPMENT?

Opportunity's Holistic Development Program conducted its Training of Trainers event in Ghana.



In September 2021, 18 master trainers from 3 partner institutions were finally able to meet in person for a Training of Trainers in Ghana. The training was part of preparing the master trainers to launch pilot Holistic Development Trainings to reach a total of 8000 people in 2022.

The holistic development training empowers clients to pro-actively change their lives, families, and communities through participatory assessment and training. Based on the biblical concept of Shalom, the training facilitates an examination of client relationship with self, others, God, and the world around them. It then catalyzes planning and action to improve these relationships, including client relationship with money.

Research has shown that those in extreme poverty require additional capacity building. This training enables Opportunity to provide additional support along these lines. KM has designed and is managing this innovative initiative, which is in a pilot phase with partners in Africa and Latin America. ●

HOW IS OPPORTUNITY INNOVATING TO REACH WOMEN IN INDIA?

Opportunity's DFS apprenticeship program is training women to become banking agents, to reach and serve more women in socially conservative, rural areas.

Opportunity is partnering with the CDOT in India to conduct a pilot program training that uses an apprenticeship model to facilitate 100 women becoming certified as banking agents. Research conducted by the DFS team revealed that, in socially conservative areas of India where men and women do not mix very much outside of the family, women are more likely to use banking services if they can interact with another woman. In addition, female agents tend to set up shop close to home, in smaller trading centers and towns, where female clients can more easily reach them. Women agents also tend to get a lot of support from their families in running their businesses.

This apprenticeship program is new even in the Indian context. Appropriate female candidates are recruited, trained, and mentored to pass a standard national exam and to start an agent banking business. These women, in turn, provide apprenticeships to more women seeking to become agents. In the first training class, 80% of apprentices sitting the exam passed, an extraordinary high rate.

In the next phase, the program can be scaled to reach 10,000 apprentices, eventually serving hundreds of thousands of financially excluded, rural women living under conservative social norms. KM is collaborating with the DFS team to provide technical support to the program, including evaluating the pilot and positioning the program for fundraising and scale-up. The next phase will establish the business case, polish materials, and test scalability. ●



Upcoming Publication

- The KM and AgFinance Teams collaborated on a peer-reviewed article forthcoming in the *Enterprise Development & Microfinance Journal*.
- <https://practicalactionpublishing.com/journal/1/enterprise-development-microfinance>

KM Fundraising Needs

- Holistic Development (Shalom) Training – Phase 2.
- Women Banking Correspondent Apprenticeship Program – Phase 2.
- Microfinance Plus Impact Study support.
- Poverty Outreach and Programming Research.

Questions?

Contact us at km@opportunity.org

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Front Page: Ingredient for Success Training Card. **Page 2:** Janet, pineapple farmer and AgFinance client, Ghana. **Page 3:** Farmer group in Dokolo District in the far north that has never been served by a formal financial institution before. **Back Page:** *Top Left.* Opportunity partner teams from Uganda, Malawi, Ghana, and the U.S. gather for the Training of Trainers Workshop in September. *Middle Right.* Celebration ceremony upon completing the training and apprenticeship.