

Agriculture Finance Report

Fall 2022

“The fastest way to end the intergenerational transfer of poverty is by investing in rural economies.”
- Akinwumi Adesina, President, Africa Development Bank & Director, Rockefeller Foundation

WHY AGRICULTURE FINANCE?

Global food production will need to double by 2050; 151 million children under the age of five have stunted growth; 80% of Africa’s farms are smallholder managed and only three percent of total demand for farming financing is met by the current market.

Opportunity International’s successful Agriculture Finance (AgFin) initiative increases the flow of capital to farmers and supports quality farmer through strengthening financial institutions with training and technology; tailoring financial products and services to farmers; providing farmer training, market linkages, and resources to encourage climate smart agriculture.

IMPACT UPDATE

Since AgFin launched in 2008 we have offered targeted, financial-based solutions designed to help rural families transform their small farms into more productive and effective enterprises. As of July 2022, we have:

- Unlocked over **\$246M in local loan capital** to provide **600,000 smallholder farmer loans and 15,000 agribusiness loans**
- Impacted over **3.6 million rural lives**
- Reached portfolio **gender parity**
- Digitally trained and linked over **92,000 smallholder farmers** through **751 active Farmer Support Agent (FSA) networks**
- Produced **32 industry publications**
- **Worked with** nine financial institution partners in six countries and onboarded six additional partners including VisionFund DRC, CUMO Microfinance Limited, and FINCA Malawi Ltd.

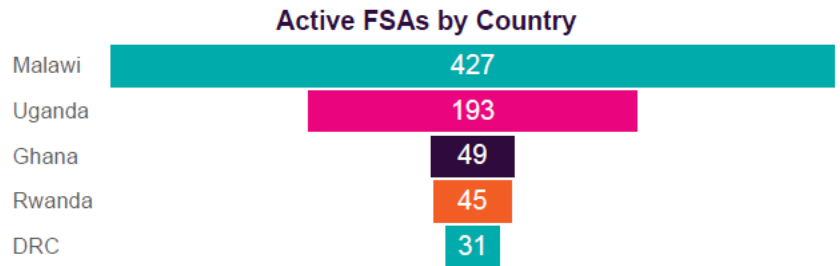


Senga Ndagize and Niragine Odita and their four children came to Uganda to escape the violence of the Congo. *“We have been part of a village savings group since 2017. Today we plant cabbage, green pepper, onions, carrots, and other vegetables. I’ve always been a vegetable farmer, but tomatoes are my favorite as they get a good price at the market. From the sale of those tomatoes, I’m able to take care of my family and put new clothes on.”*

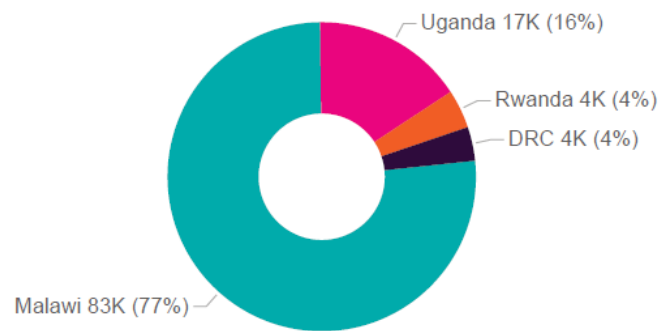
FARMER SUPPORT AGENTS

Farmer Support Agents are the key to Opportunity’s AgFinance team being able to serve more farmers in the most marginalized rural communities. We have learned:

1. The FSA network is a cost-effective method for working with farmer groups. Launched in 2014, the program incurred a cost of \$53/per farmer trained per year; in 2022 that cost had decreased to \$11; we hope to reach \$6.80/farmer by 2024.
2. Capable smallholder farmers exist and are looking to improve their lives.
3. Selection of capable FSAs and farmers is critical to the success of the model.
4. “Character” is the most important attribute in determining success.
5. There is a continued need to improve financial institution systems and processes.



Farmers Supported by FSAs by Country



The reach of our network is inspiring; as of July 2022:

Households Reached FYTD



INSPIRING INNOVATIONS

- Our strategic vision is to grow the AgFin program to **reach 1 million farming households with \$135M of agricultural loans** disbursed annually through 34 financial service partners and a network of 3,205 Farmer Support Agents in nine countries.
- Climate crises are destabilizing local economies, heightening risks for farmers and the entire agriculture market, and are disproportionately affecting the most vulnerable communities. We are building a **Climate Resilience** focus in all our AgFinance work to help farming communities cope with shocks from weather and climate.

“And God said, “Let the earth sprout vegetation, plants yielding seed, and fruit trees bearing fruit in which is their seed, each according to its kind, on the earth.” And it was so. The earth brought forth vegetation, plants yielding seed according to their own kinds, and trees bearing fruit in which is their seed, each according to its kind. And God saw that it was good.”

– Genesis 1:11-12