

IMPROVING OUTGROWER BUSINESS MANAGEMENT THROUGH DIGITAL FINANCIAL SERVICES

USAID's ADVANCE project connects smallholder farmers to input suppliers and buyers through mobile money services

Most of the USAID's project beneficiaries live in remote communities in the three northern regions and Brong Ahafo Region with limited or no financial services. They therefore face challenges, including inadequate access to financial services and difficulty obtaining agrochemical and other agricultural inputs. To mitigate this situation, the project collaborated with financial institutions and telecommunications companies to provide digital financial services (DFS) through mobile money. This technology promotes cashless transactions among value chain actors to promote efficiency and reduce risk associated with cash payments.



Registration of farmers as MTN mobile money subscribers at Mimima community in the Upper East Region

Since 2014, the project has linked 4,756 actors to mobile money and trained 1,482 project beneficiaries, including 692 women, to become mobile money subscribers. Smallholder farmers appreciate the benefits of this digital financing system and patronize its use on their own initiative.

Adopting this DFS method has contributed to smallholder farmers' access to finance, improved payments, facilitated access to credit, reduced the risk of cash transactions, and facilitated the payment or recovery process. In August 2018, the project organized community input promotions for over 8,750 smallholder farmers across 16 districts in the Northern Region. Using mobile money and without the project's facilitation, 222 farmers from the Zagum, Fio Naya, Boamasah, Kinkandina communities in the West Mamprusi District followed up after the promotions. They purchased 13.2 metric tons of NPK fertilizer from Mumuni Enterprise, an input shop owned by Alhaji Mumuni Braimah, at a value of GHS17,952.00 (USD 3,740). Early purchase and application of fertilizer contributes to improved yields. "We do not have to travel long distances to give money to anyone. We can sit in the comfort of our homes and transact business. Because we have gotten fertilizer early, I am sure we will increase our production volume this farming season," a smallholder farmer said. The input dealer appreciated the payment system and remarked, "In 2017, USAID' ADVANCE project set me up as a mobile money merchant to facilitate transaction with clients. I am grateful to the project for that initiative. It is easier to transact business with farmers through mobile money than physical payment."

The mobile money service has also improved credit recovery for outgrower businesses. Matthew Mbanti Dagbanja, a nucleus farmer in the Yendi Municipality in the Northern Region, said that USAID/Ghana ADVANCE II's introduction of the electronic money payment system caused an appreciable number of smallholder farmers repaying their credits through mobile money. Matthew extended his services from 90 outgrowers in 2012 to 219 outgrowers in 2018. "Before the introduction of mobile money service, my farmers either risked carrying cash or traveling long distances to purchase agrochemicals," Matthew said. "With

mobile money, farmers now send money to me before I transport their goods to them in their respective communities. This makes the work easier.”

Most input dealers have set up agents in the communities. These agents are mostly lead farmers, who provide services to smallholders receiving payment through mobile money. Additionally, mobile money has become a savings platform for most smallholder farmers, as they find it as a secure way of keeping money.

The project is scaling up the number of beneficiaries of DFS to 10,000 smallholder farmers by the end of 2018. The project will continue to work with the telecommunication industries to provide technical support to smallholder farmers through mobile money services to enhance their productivity.