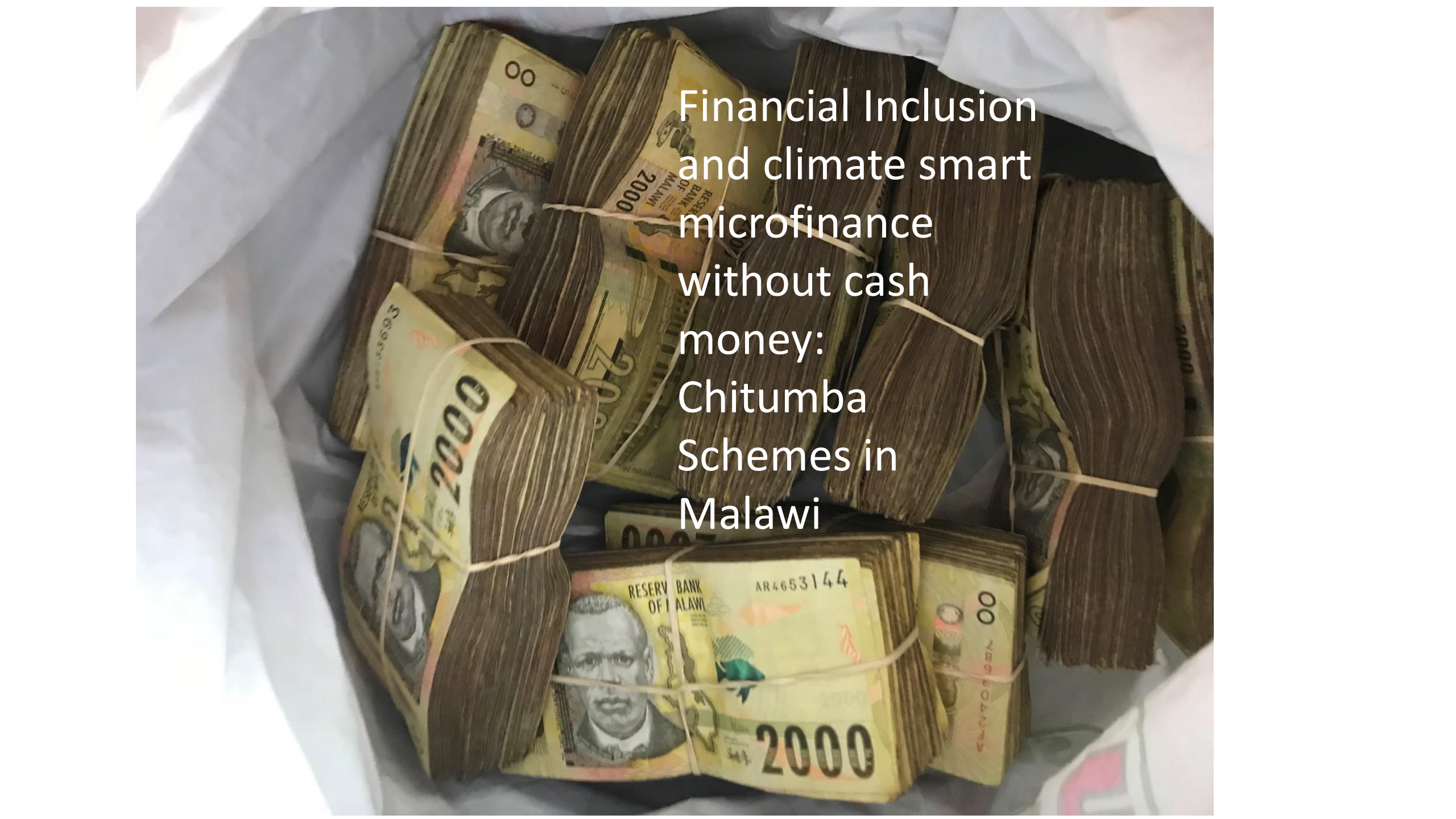


Microfinance's role in mitigating climate risk in the agricultural sector

- Erratic rains: drought & flooding
- Increasing food need in Africa
- From subsistence to commercial
- Responses:
 - Diversify to climate resistant crops
 - Conservation agriculture
 - Irrigation
 - Husbandry
- Need for Microfinance to fund but rural MF is costly and risky
- A MF crop diversification model





Financial Inclusion
and climate smart
microfinance
without cash
money:
Chitumba
Schemes in
Malawi



AWIL

AGWENDA WOMEN INPUT LOAN INITIATIVE

The logo features the acronym 'AWIL' in large, bold, green capital letters. The letters 'W' and 'L' are partially replaced by yellow silhouettes of women in traditional attire, each carrying a large basket of produce on their head. Below the acronym, the full name 'AGWENDA WOMEN INPUT LOAN INITIATIVE' is written in a smaller, green, sans-serif font.

The Problem

According to World Bank study, 2015, **Malawian women farmers** contribute 50% of crop production labour yet they **produce 23-66% less than men/ha.**

Limited access to improved farm inputs affects productivity



The Solution – Chitumba Schemes

1. Provision of improved farm **inputs on credit** to women farmers through **Agro-dealer hubs** strategically located in **rural areas** across Malawi.
2. Repayment in crops after harvest
3. Provision of **ready markets** for women

Chitumba means “large bag/sack”



Why women?

- Lower default rate than men; 100% since 2019
- Most loyal and honest - even during bad harvest
- Allocate most of their income towards productive use and food, school uniforms & fees, children clothes, goats, house tinned roof etc
- Good team players





AWILI Loans:

2016-18: piloting

↓ 100%

2019: 65 loans

↓ 100%

2020: 165 loans

↓ 100%

2021: 700 loans

↓ 100%

2022: 1,620 loans

?



Maize Example


TA + Full input
Package 0.4 ha =
45 bags harvest

10 bags own use
9 bags AWILI
26 bags sale

Optional sale
through AWILI

Stable & market smart cash crops:
Soybeans, Groundnuts, Rice, Chilies,
Chia and Paprika value chains and.....



A photograph of a quinoa field. The plants are tall and have dense, reddish-brown seed heads. The leaves are green and some are starting to turn yellow. The field is set against a background of trees and a clear sky.

Climate smart
crops – e.g.
Quinoa

Access to Markets: Market Agreements





Agwenda advantages:

- Loyal clients
- Healthy margins
- Access to crops to trade profitably
- Crop type control
- Quality control
- Value chain control

but.....

- Crops failure risk
- Loan default risk
- Adverse crops price fluctuations
- Capital intensive



Challenges:

- Trade finance: for volume growth
- Management: Organizational growth
- Client Selection: Keep 100% repayments



Summary: Why Chitumba?



- Cash-free and simple for farmers
- High repayment and financially sustainable for lender
- Scalable
- Managed crop diversification towards market and climate smart crops
- Quality assurance
- Market access

Questions afterwards

