






GLOBAL
PARTNERSHIPS

FUNDEA Case Study

Learning about clients and
measuring progress



Contents

Executive Summary	3	Results	12
PROJECT BACKGROUND	4	 CLIENT PROFILE	13
RESEARCH OBJECTIVES AND DESIGN	5	Demographics	13
RESULTS	5	Income and Poverty Level	14
KEY INSIGHTS	8	Resilience	15
		 CLIENTS' EXPERIENCE WITH TA	17
		The TA Program	17
		 INSIGHTS FOR FUTURE TA PLANNING	20
Project Background	9		
IMPACT OBJECTIVES	10	Participating Organizations	24
Global Partnerships	10		
FUNDEA	10		
LEARNING ABOUT CLIENTS AND MEASURING PROGRESS	11		
Hypotheses and Research Question	11		
Research Methods	11		



Executive Summary

Project Background

ABOUT GLOBAL PARTNERSHIPS

Global Partnerships (GP) is an impact-first investor whose mission is to expand opportunity for people living in poverty. GP invests in social enterprise partners that deliver high-impact products and services that enable people to earn a living and improve their lives. GP's portfolio is comprised of a growing number of Investment Initiatives that are designed to address various facets of poverty.

Impact Management

GP is dedicated to understanding the outcomes achieved through its investments. They employ an iterative impact management practice that draws on qualitative and quantitative data from various domains to gain deeper insight into what works, why, for whom, and under what circumstances. As part of its on-going learning program, GP launched a case study initiative with partners across its focus areas. This report describes the results from a case study conducted by Microfinance Opportunities (MFO) in partnership with the GP-investee Fundacion para el Desarrollo Empresarial y Agricola (FUNDEA) in Guatemala.

ABOUT FUNDEA

FUNDEA is a non-profit microfinance institution that is aligned with GP's Rural-Centered Finance with Education Initiative. FUNDEA serves small-holder farmers and micro and small enterprises (MSE) throughout rural Guatemala using both individual and group lending methodologies. FUNDEA offers ten different types of credit products for low-income clients. FUNDEA offers housing loans, bridge loans for MSEs, and loans for female entrepreneurs, among others.

Its primary loan product, and the focus of this case study, is Credi-Agricola, a working capital loan designed for smallholder farmers, a large portion of whom grow coffee. As part of an expanding set of services, FUNDEA began offering technical assistance (TA) to its coffee farmers. FUNDEA believes that access to financial services combined with TA will help clients improve crop quality and yields and subsequently income.

GLOBAL PARTNERSHIPS BY THE NUMBERS*

21 COUNTRIES
where GP has worked

125 PARTNERS

11 MILLION LIVES IMPACTED
(estimated number as a result of GP's investments in partners)

\$316.6 MILLION
cumulative capital deployed

14 INVESTMENT INITIATIVES

**As of June 30, 2018*



PARTNER: FUNDEA

COUNTRY: Guatemala

FOUNDED: 1992

Research Objectives and Design

GP and FUNDEA initiated this case study with the goal of learning more about FUNDEA's clients, their experience with the loan and TA program, and the effectiveness of the TA program so far. FUNDEA was especially interested in learnings that could improve its TA program, which they are continuously iterating. FUNDEA was specifically interested in learning about its coffee producing clients, which are concentrated in the department of Huehuetenango in western Guatemala. Together, GP, FUNDEA, and MFO agreed to focus on the following research questions:

- 👤 What is the poverty profile of FUNDEA's coffee-growing clients? How resilient are they to fluctuations in their cash flow and to economic shocks?
- 🌱 What was the experience of coffee-growing clients who received the TA? Is there evidence of improved agricultural outcomes among those that received TA versus those that did not?

To answer these questions, MFO interviewed 259 clients living in one of three municipalities in the Huehuetenango department: La Democracia, La Union Cantinil, and San Antonio Huista. MFO interviewed a mix of coffee-growing clients who had received TA and those that had not received TA to compare differences between the two groups.



Results

👤 POVERTY PROFILE

The results from the survey show that clients have irregular and low incomes that are sometimes insufficient for them to cope with emergencies, requiring clients to turn to informal networks to pay for sudden expenses and ensure adequate food supplies. A typical client in this case study demonstrated the following characteristics at the time of the survey:

- A married man who is unlikely to have completed classes beyond primary school.
- He is a coffee farmer—a pre-condition for inclusion in this study—who farms on about 1.5 hectares of land where he grows a combination of coffee bean varieties.
- He is likely to live below the national poverty line (\$7 USD PPP) and is almost certainly living below twice that level (\$14 USD PPP).¹
- He lives in a modest house with two or three children. While the family likely owns several household appliances, they still use solid fuels for cooking and only have access to a pit latrine.

1. The government-defined national poverty line was Q. 10,218 per person per year in 2014, which is Q. 28 per person per day, which is equivalent to \$7 per person per day in purchasing power parity U.S. dollars.

- He describes obvious signs of financial stress:
 - He reported not having enough savings to cover past or future unexpected expenses, instead relying on family and friends for loans and remittances.
 - He was likely to report that he had to reduce his expenditures on preferred foods during the past year.
 - If he were especially hard hit, he may have been one of the 24 percent of clients who reported they had to reduce the size of their meals because of monetary concerns at some point during the year.



CLIENTS' EXPERIENCE WITH TA

As a member of FUNDEA, clients can access a TA program. The TA program offered by FUNDEA is not a systematic intervention; rather, FUNDEA offers the service ad hoc, responding to specific client needs. Thirty-two (32) percent of surveyed clients reported receiving some type of formal technical assistance. Overall, clients did not actively seek out TA, but rather 87 percent of those clients received TA because a branch employee or agronomist, offered it. In general, clients' experiences with the program were positive:

- Agronomists completed about 70 percent of their planned visits; on average, they completed about two visits per client.
- Clients were focused on resolving pest issues, although shade management, pruning, and fertilization were common agricultural topics.
- Clients reported that, to the best of their knowledge, they had a high degree of compliance with the technical recommendations. Ninety-three (93) percent of clients said that implementing these recommendations improved their crops' health.
 - The study did not attempt to measure actual improvements in crop health, but the clients were asked to report this year's and last year's crop yields and MFO did not find that exposure to the TA was associated with higher crop yields.

INSIGHTS FOR FUTURE TA PLANNING

The experience of the clients who received TA and the feedback of those that did not receive it suggest several priority activities for FUNDEA to pursue. This study found:

- Thirty-two (32) percent of surveyed clients reported receiving some type of formal technical assistance from FUNDEA, and in general, clients' experiences with the program were positive.

- Clients were predominantly focused on resolving pest issues, although shade management, pruning, and fertilization were common agricultural topics.
- Clients reported that, to the best of their knowledge, they had a high degree of compliance with the technical recommendations provided by the agronomist..

The study did not attempt to measure actual improvements in crop health, but rather clients were asked to report on perceptions of crop health and crop yields. Based on clients' reports:

- MFO did not find that exposure to the TA was associated with higher reported crop yields.
- Of those clients that received TA, ninety-three (93) percent of clients said that implementing the technical recommendations of the agronomist improved their crops' health.
- Overall, clients likely experienced a negative agricultural event in the past year—either a plague of pests or a negative weather event—and have not seen sustained growth in yields in the past three years.



Key Insights



Irregular and unstable household income is an important factor in how FUNDEA's coffee farmer clients are experiencing poverty. Coffee plants are harvested once annually, and many of FUNDEA's clients have experienced negative weather and/or pest events that can directly impact the households' annual income. These households' experience of poverty is particularly linked to their depending on a single source of income, which differs from other farming households living in poverty that are reliant on several subsistence crops and on rural family businesses.



The TA provided by FUNDEA agronomists is not a set curriculum, but is rather catered to the needs of each farmer as determined by the farmer and agronomist. Due to this design, clients' desired outcomes and the recommended interventions may differ, making it difficult to generalize on the effectiveness of particular content provided by the agronomist. In addition this study did not attempt to measure crop health nor validate crop yields, but relied on perceptions reported by FUNDEA's clients. Clients that received TA reported perceived improvements in general crop health due to implementing the recommendations. Rather than attempt to evaluate the effectiveness of a curriculum or the implementation of disparate interventions, this study was able to ascertain that clients who receive FUNDEA's catered TA are generally happy with the services they receive.



FUNDEA has expressed an interest in scaling up their TA program, and the feedback from clients who were not offered TA by FUNDEA suggests that there is unmet demand for TA. Taking resources into consideration, FUNDEA has an opportunity to raise awareness of the TA program, and potentially develop an additional, less resource-intensive offering. The current TA services are tailored to each farmers' needs, and often take place 1:1 on the farm. This requires little additional effort from farmers to participate, but scaling up of the existing services would be both time and resource-intensive for FUNDEA. Clients overwhelmingly reported the need to address pest infestations, providing FUNDEA a clear topic around which to develop and test a standardized group training program. Starting a narrowly focused program on a high-demand topic like this would likely be beneficial and appealing to clients.

A man wearing a straw hat and a blue button-down shirt stands in a field of green plants. He is holding a large white sack filled with harvested green beans. The background shows rows of similar plants in a field.

Project Background

Impact Objectives

GLOBAL PARTNERSHIPS

Global Partnerships’ (GP) provides working capital loans to partner enterprises to strengthen and scale the delivery of goods and services that enable low-income households to earn a living and improve their lives. Within its Rural Centered Finance with Education Initiative, GP aims to improve the livelihoods of rural households living in poverty by investing in financial institutions that deliver tailored credit and education. In doing so, GP looks to achieve medium-to-long-term outcomes that are associated with improved economic well-being, resilience, and food security.



Within its Rural Centered Finance with Education Initiative, GP aims to improve the livelihoods of rural households living in poverty by investing in financial institutions that deliver tailored credit and education.



FUNDEA

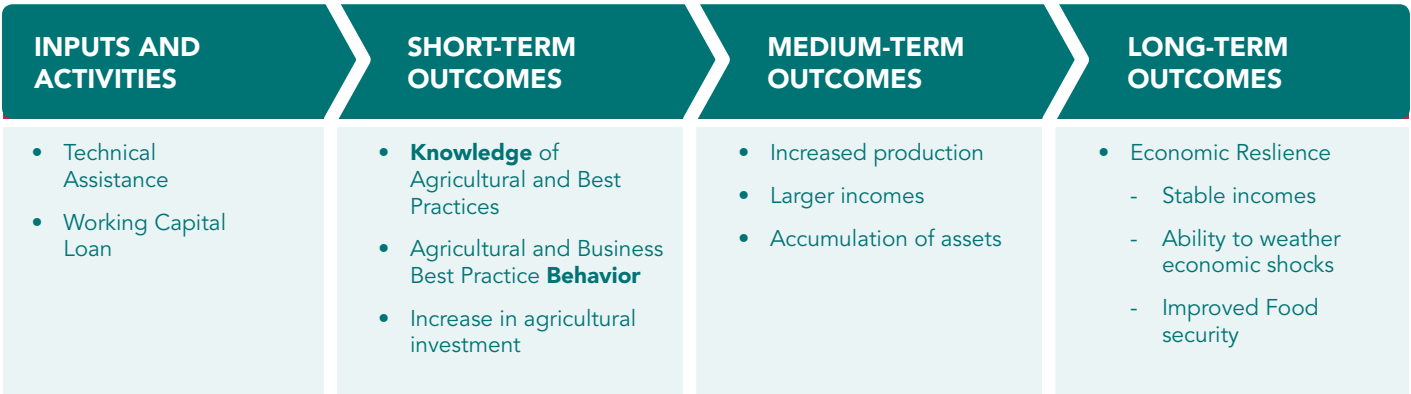
FUNDEA offers 10 different types of credit products for low-income clients. Among others, FUNDEA offers housing loans, bridge loans for MSEs, and loans for female entrepreneurs.

Its primary loan product, and the focus of this case study, is Credi-Agricola, a working capital loan designed for smallholder farmers. As part of an expanding set of services, FUNDEA began offering TA to its farmers in Alta Verapaz and Sololá in 2012 and in Huehuetenango in 2013. FUNDEA believes that access to financial services combined with TA will help clients improve crop quality, yields, and income.



FUNDEA is a non-profit microfinance institution that serves smallholder farmers and micro and small enterprises (MSE) throughout rural Guatemala using both individual and group lending methodologies.

Theory of Change



In the Department of Huehuetenango, FUNDEA works with many coffee producers as part of its agricultural portfolio. The TA provided to these farmers by FUNDEA is not part of a systematic education program; instead FUNDEA offers it as a value-plus service. Clients can seek out agronomists and loan officers with agricultural knowledge at branch offices, and agronomists also visit clients at their home to provide advice. If appropriate, the agronomist will offer follow-up home-visits. In both situations, the TA is specific to the client's situation.

Learning About Clients and Measuring Progress

HYPOTHESES AND RESEARCH QUESTIONS

While MFO endeavored to assess the effectiveness of the TA program for coffee farmers in the Huehuetenango department, the non-systematic nature of its implementation implied that a standardized set of outcomes was difficult to measure. Consequently, this case study focused on collecting information on FUNDEA's clients and services that the organization could use to improve its product and service offerings. Together, GP, FUNDEA, and MFO agreed to focus on the following research questions:

- 👤 What is the poverty profile of FUNDEA's coffee-growing clients? How resilient are they to fluctuations in their cash flow and to economic shocks?
- 🍷 What was the experience of coffee-growing clients who received TA? Is there evidence of improved agricultural outcomes among those who received TA versus those who did not?

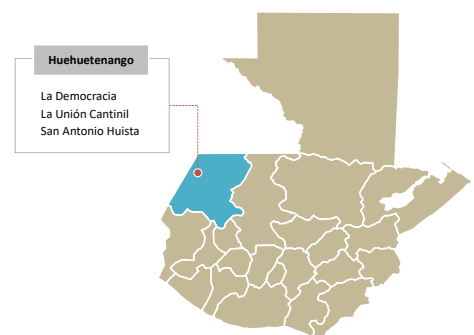
RESEARCH METHODS

At the time of this case study, FUNDEA was working with about 900 coffee-growing clients across three branches—La Democracia, La Unión Cantinil, and San Antonio Huista—in Huehuetenango. MFO randomized the list of 900 clients and worked with FUNDEA to classify clients into easy-to-reach and difficult-to-reach groups. The research team endeavored to meet easy-to-reach clients at their homes for in-person interviews. The research team interviewed difficult-to-reach clients primarily by phone, although they also conducted in-person interviews and interviews at local branches based on client availability. Many clients who the research team contacted were not available for interviews or the team was unable to contact them.



SURVEY SAMPLE

MFOS team successfully completed interviews with 259 of the 900 qualifying FUNDEA clients at the time of the study.





Results

Client Profile

Research Questions:

- What is the profile of FUNDEA's coffee-growing clients?
- How resilient are they to fluctuations in their cash flow and to economic shocks?

Answer:

A typical client in this case study demonstrated the following characteristics at the time of the survey:

- A married man who is unlikely to have completed classes beyond primary school.
- He lives in a modest house with two or three children. He probably owns several appliances—like a blender, electric iron, cable television, and cell phone—but still uses solid fuels for cooking and only had access to a pit latrine.
- He is a coffee farmer—a pre-condition for inclusion in this study—who is likely living below the national poverty line (\$7 USD PPP per person per day) and is almost certainly living below twice that level (\$14 USD PPP per person per day).
- He reported that his income is unreliable, and that it had either stayed constant or trended slightly upward since joining FUNDEA.
- He describes obvious signs of financial stress:
 - He reports not having enough savings to cover past or future unexpected expenses, instead relying on family and friends for loans and remittances.
 - He was likely to report that he has had to reduce his expenditures on preferred foods during the past year.
 - If he were especially hard hit, he may have been one of the 24 percent of clients who reported they had to reduce the size of their meals because of monetary concerns at some point during the year.
- He farms on about 1.5 hectares of land where he grows a combination of coffee bean varieties.
- He has likely experienced a negative agricultural event in the past year—either a plague of pests or a negative weather event—and has not seen sustained growth in his yields in the past three years.

In sum, the results from the survey show that clients have irregular and low incomes that are sometimes insufficient to cope with emergencies, requiring clients to turn to informal networks to pay for sudden expenses and ensure adequate food supplies.

DEMOGRAPHICS

The area around Huehuetenango in the western hills of Guatemala is a striking landscape. The square patches where farmers have staked their claims are a common sight, turning the lush hills into a checkerboard of color and texture. While many farms are relatively accessible via offshoots from the main highways, some farmers are making their living on plots of land that people can only reach with hours of travel over rough roads. From the top of one of the many hills in these remote areas, especially around La Democracia, it is easy to peer over the border into Mexico.

The farmers who work the fields in this area grow a variety of crops, and coffee is one of the most common. Most of the 900 coffee farmers who FUNDEA serves, including 82 percent of the farmers MFO interviewed, are men.

Mateo is one such farmer. He lives in San Antonio Huista with his wife and three children. At 43 years old and with only some primary education, he has a demographic profile typical of the farmers in this sample.

Mateo’s home is modest—he and his family live in two main rooms while most clients MFO surveyed lived in homes with three or four rooms. His family is one of the minority with access to a proper toilet—the majority rely on pit latrines instead. Like most households here, Mateo does not own a gas or electric stove; rather he and his family burn solid fuels like wood and charcoal when they need to cook. They and their peer-families have many other appliances though. Most households here own refrigerators, blenders, electric irons, and cable television; Mateo owns all of these, except the iron. Some households owned larger assets. Thirty-one (31) percent of the surveyed households owned a car and another 12 percent, including Mateo, owned a motorized scooter or motorcycle. However, most clients—57 percent—did not own motorized transport, instead relying on the motorcycle and pick-up truck taxis that roam the area.



Gender		Education			Marital Status	
Female	18%	None	Female 13%	Male 25%	Total 28%	Married 68%
Male	82%	Some Primary	28%	48%	44%	Separated/Divorced 10%
Age	43.81	Complete Primary	17%	21%	20%	Single 13%
		Complete Secondary	2%	2%	2%	Widow/er 8%
		Complete High School	4%	2%	2%	
		Technical School		2%	2%	
Household Size		University	4%		1%	
4.74						

Mateo has been a client of FUNDEA for the past three years, which is about average for the clients in this study. He has a Credi-Agricola loan through FUNDEA and was also a recipient of TA. At about a half of a hectare, his farm was smaller than most. The median size of a farm was roughly 1.5 hectares, and about three-quarters of that was under cultivation on average. Many clients grew different types of coffee on their land—clients reported nine different types of coffee beans—but Mateo did not; he only grew the Paches Verde coffee bean.

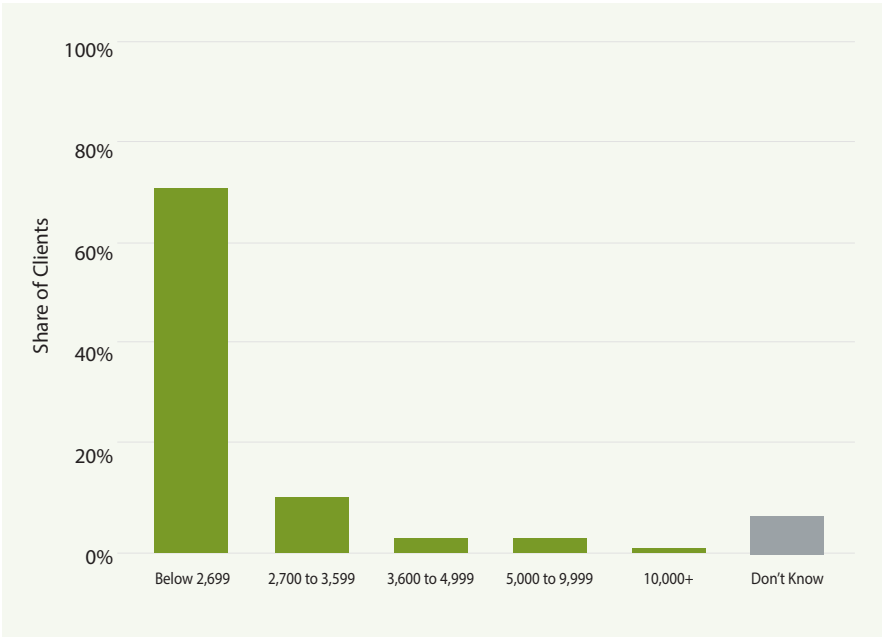
INCOME AND POVERTY LEVEL

A prerequisite for inclusion in this study was that clients grow coffee as a crop, so it is no surprise to see that all clients are coffee growers. A small number report relying on a variety of income sources—like casual labor or running a small shop—too. Mateo said that his primary income source was coffee, and from his sales and other income sources, he estimated that he earns less the 2,700 quetzals per month. In purchasing power parity, that is equivalent to a maximum of \$698 per month and about \$4.59 per person per day for his household of five. Mateo’s estimate of his monthly income places

* This client’s name has been changed to protect client privacy. The picture shown here is of a different FUNDEA client, but not the one profiled in this report.

him below Guatemala’s National Statistics Institute’s national poverty line (NPL) of \$6.97 per person per day in purchasing power. The data suggest that most of the other clients are also likely to live below the NPL—roughly three-quarters of the surveyed clients reported earning no more than 2,700 quetzals per month (about \$650 USD PPP).

Income Distribution



All currency numbers are in Guatemalan quetzals. At the time of this writing, 1 quetzal = .13 US dollars. The purchasing power parity (PPP) ratio was 1.92 international dollars for each quetzal.

Data from clients’ responses to the Progress Out of Poverty Index (PPI) supports the idea that most clients are living below the poverty line. The PPI estimated 33.8 percent of clients lived below the NPL and about 93 percent of clients lived below twice that level.

RESILIENCE

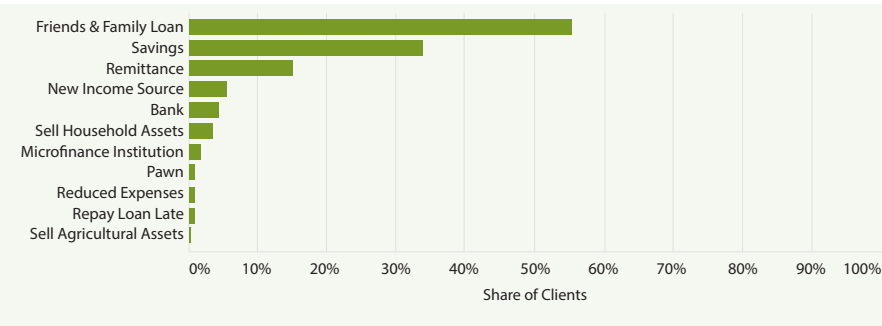
Mateo reported that his income was not reliable. It is common for low-income households to report that they feel their cash flow is volatile, and Mateo was not alone in doing so. Forty-three (43) percent of clients also reported that they did not think their incomes were reliable from month-to-month. However, Mateo thinks that his income has increased somewhat since joining FUNDEA. About 50 percent of clients reported that their incomes increased since joining FUNDEA too, although this study cannot assess whether those changes are real or perceived. Most of the rest of the clients said their incomes have remained unchanged.

The data indicate that clients like Mateo, who live below the poverty line and have unreliable incomes, are facing significant financial stress. Consider the 45 percent of clients who reported a significant unexpected expense in the past year: 55 percent of them reported that they had to turn to informal loans from family and friends to cope while another 15 percent relied on a remittance. Only 34 percent of clients reported being able to use savings to meet the unexpected expense.

RESULTS

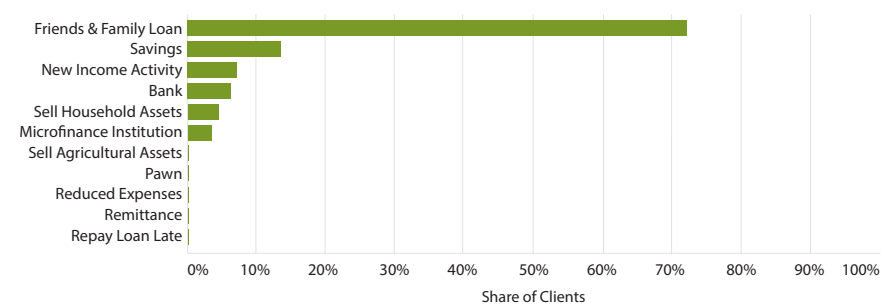
The results from the survey show that 34% of clients live below the national poverty line (valued at \$7 USD PPP) and 93% live below twice that level (\$14 USD PPP). Clients reported that their irregular and low incomes are sometimes insufficient for them to cope with emergencies, requiring clients to turn to informal networks to pay for sudden expenses and ensure adequate food supplies

Coping Mechanisms



Additionally, 71 percent of all clients reported being very worried about coming up with a large sum of cash in the event of an emergency. Seventy-two (72) percent of clients said they would have to seek out money from friends and family to meet the expense; only 14 percent said they had enough savings to cope.

Projected Coping Mechanisms



There were also signs that food security is a problem for Mateo and his peers. Fifty (50) percent of surveyed clients reported that they had to purchase less preferred or less expensive types of food at some point during the last year because of monetary limitations. In addition, 24 percent said they had to reduce the size of their meals in the past 12 months.

KEY INSIGHT:
Irregular and unstable household income is an important factor in how FUNDEA’s coffee farmer clients are experiencing poverty. Coffee plants are harvested once annually, and many of FUNDEA’s clients have experienced negative weather and/or pest events that can directly impact the households’ annual income. These households’ experience of poverty is particularly linked to their depending on a single source of income, which differs from other farming households living in poverty that are reliant on several subsistence crops and on rural family businesses.

Clients' Experience with TA

Research Questions:

- What was the experience of coffee-growing clients who received the TA?
- Is there evidence of improved agricultural outcomes (greater yields) among those that received TA versus those that did not?

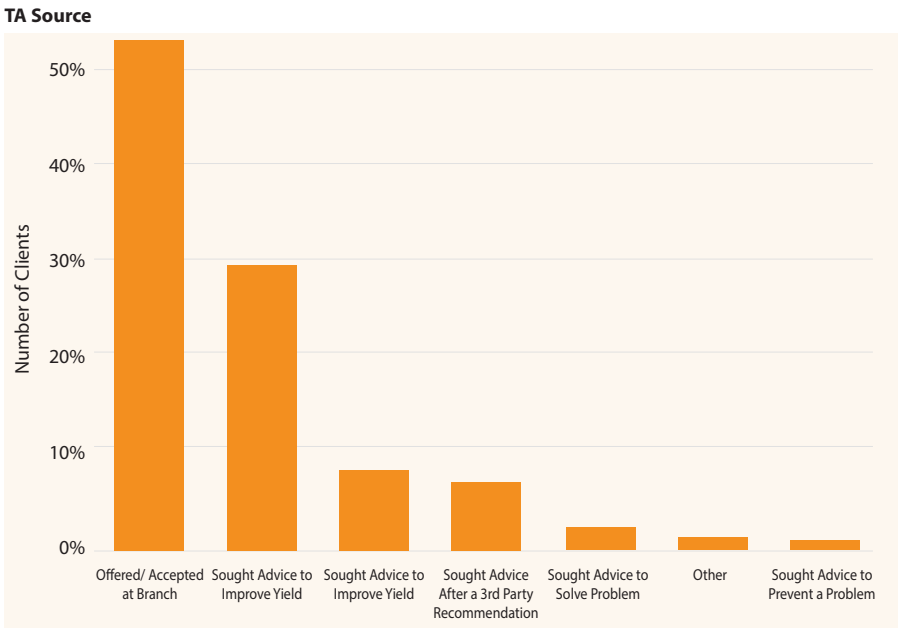
Answer:

- The TA program offered by FUNDEA was not a systematic intervention; rather, FUNDEA offered the service ad hoc, responding to specific client needs.
- Thirty-two (32) percent of clients reported receiving some type of formal technical assistance, but almost 87 percent of those clients only received TA because a branch employee or agronomist offered it or another person suggested it. In general, clients' experience with the program was positive.
- Agronomists completed about 70 percent of their planned visits; on average, they completed about two visits per client.
- Clients were focused on resolving pest issues, although shade management, pruning, and fertilization were common agricultural topics.
- Clients reported that, to the best of their knowledge, they had a high degree of compliance with the technical recommendations. Ninety-three (93) percent of clients said that implementing these recommendations improved their crops' health.
- The study did not attempt to measure actual improvements in crop health, but the clients were asked to report this year's and last year's crop yields and MFO did not find that exposure to the TA was associated with higher crop yields.

THE TA PROGRAM

As mentioned previously, the TA program is not a systematic education intervention—there are not a common set of issues discussed and most advice is based on client needs. Clients can access TA in a variety of ways. In some cases, agronomists visit clients' farms and offer on-site services; they often offer follow-up visits. In other cases, clients receive guidance from agronomists and loan officers at FUNDEA's branches. Clients sometimes also seek advice over the phone.

Thirty-two (32) percent of clients said they received formal technical assistance from FUNDEA. Most often, the set of clients who had received formal help had not proactively sought it out. Eighty-one (81) percent of clients were offered TA at the branch or by an agronomist directly and another six percent sought advice based on the recommendation of another person. Just less than 10 percent reported actively seeking out advice.



RESULTS

Thirty-two (32) percent of surveyed clients reported receiving some type of formal technical assistance. Overall, clients did not actively seek out TA, but rather 87 percent of those clients received TA because a branch employee or agronomist, offered it.

For most of these clients, their TA included multiple planned sessions with an agronomist. The agronomists almost always carried out at least one of their planned sessions and planned about three sessions on average. However, it was common for agronomists to not complete all sessions—about 70 percent of their planned visits with clients were completed—but it was unclear whether this was because the agronomist deemed additional sessions unnecessary or whether it represents a lack of follow through on the part of either party.

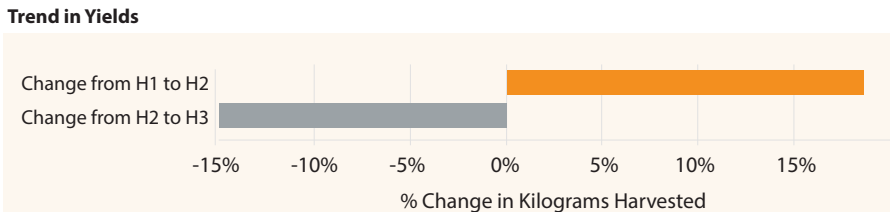
The number one issue clients wanted to talk about during these sessions was how to manage pests—86 percent of clients mentioned this in their initial conversation with the agronomists further supporting the suggestion that pests were negatively impacting harvests. How to prune crops, manage shade, and fertilize plants were also common topics.

Based on an assessment of the situation, agronomists typically offered suggestions to their clients and a majority of clients reported adopting the recommendations. Ninety-three (93) percent of clients who received TA said that it had a positive effect on the health of their crops and another 38 percent thought it improved their yields.

TA Program Effectiveness

The data suggest that the clients who received TA from FUNDEA thought that the feedback was useful, practical, and easy to implement. They reported perceived benefits from the TA, but neither the clients, FUNDEA, nor this survey captured measurements on specific indicators that would track improvement in crop health, which is where clients reported the biggest impact.² Clients who received TA also reported that they thought production had increased, but the survey data suggests that there was likely no meaningful change in yields. This is not surprising as the TA is customized to specific client needs, rather than following a curriculum of specific practices to achieve a single outcome (e.g. increased yields). The evaluative scope of this case study was limited, however clients generally perceived the custom TA they received to be helpful in achieving their goals.

Across all respondents, clients reported that during the past three harvests production has varied. This may help explain responses to questions about irregular cash flow and income volatility. Clients reported strong growth between the first harvest in the three-year period (H1) and the second harvest in the period (H2), but the growth was not sustained during the most recent harvest (H3). Mateo is a good example of this—he increased his output from about 500kg to 600kg between H1 and H2, but between H2 and H3 his production fell back to 500kg.



It is possible that the decline was partly due to environmental factors. In the most recent harvest, pests plagued the crops of roughly 27 percent of clients, a negative weather event impacted another 24 percent of clients, and an additional 24 percent were impacted by both pests and weather. There was no difference in yields of clients that received TA and those that did not.

KEY INSIGHT:

The TA provided by FUNDEA agronomists is not a set curriculum, but is rather catered to the needs of each farmer as determined by the farmer and agronomist. Due to this design, clients’ desired outcomes and the recommended interventions may differ, making it difficult to generalize on the effectiveness of particular content provided by the agronomist. In addition this study did not attempt to measure crop health nor validate crop yields, but relied on perceptions reported by FUNDEA’s clients. Clients that received TA reported perceived improvements in general crop health due to implementing the recommendations.

2. The survey did ask about the percentage of crops lost to a negative agricultural event, including pests and weather. TA and non-TA recipients posted similar shares (about 32 percent) lost to these events. However, the survey did not capture data on crop health overtime so it cannot assess whether the TA had a meaningful impact.

The following section was specifically requested by FUNDEA as they have expressed interest in scaling their TA program. These insights were provided by MFO to FUNDEA for their consideration.

Insights for Future TA Planning

- When offered it, FUNDEA clients were highly likely to accept TA: about 43 percent of clients who had not received TA said FUNDEA did not offer it or they did not know it existed while 87 percent of clients who did receive TA did so because FUNDEA offered it to them and not because they sought it out. Resource permitting, FUNDEA can focus on raising awareness of TA to increase participation and/or target clients with offers of TA based on an assessment of which clients might benefit most.
- Clients overwhelmingly reported the need to address pest infestations, providing FUNDEA a clear topic around which to develop and test a standardized TA program. Starting a narrowly focused program on a high-demand topic like this would likely be beneficial for clients who do not appear prepared to engage in more technical agricultural processes.
- FUNDEA has expressed an interest in scaling up their TA program. In that case, a scale-up of the TA program provides FUNDEA the opportunity to also develop a lean and robust monitoring program to track which clients received which trainings and the trainings' effect on agricultural outcomes like crop health and crop yields.
- FUNDEA's current TA services are tailored to each farmers' needs, and often take place 1:1 on the farm. This requires little additional effort from farmers to participate, and scaling up of the existing services would be both time and resource-intensive for FUNDEA. Group trainings on high-interest topics may create value for additional FUNDEA clients, while not requiring as many resources as tailored 1:1 training. However, as stated above, clients are unwilling or unable to spend much time engaging with TA so any proposed group TA would need to be designed to accommodate both resource and client constraints.
- Clients reported a high degree of satisfaction with FUNDEA and this reputational capital gives FUNDEA the opportunity to offer unfamiliar but highly valuable products and services such as insurance products that could improve resilience agricultural shocks.

BUILD TARGETED AWARENESS OF THE PROGRAM

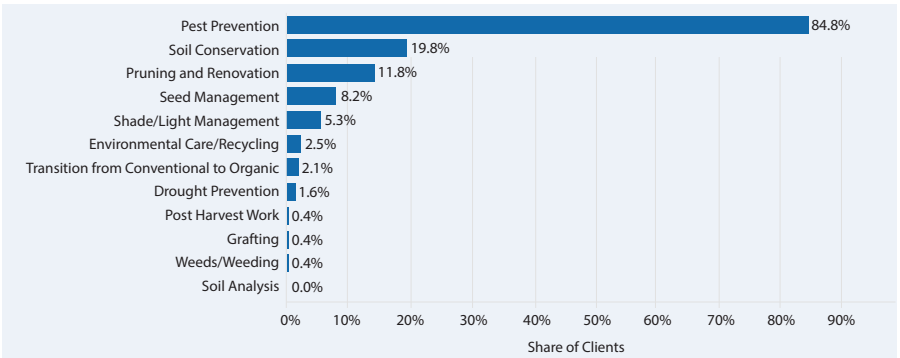
Sixty-eight (68) percent of clients who MFO surveyed did not receive formal technical assistance. Of those, just under half reported that they did not have a need for TA because they already had plenty of agricultural knowledge or they did not think they had any problems with their crops. However, an almost equal number—about 43 percent of non-recipient clients—said that FUNDEA had not offered them TA or they were not aware that the program existed. The data suggest that there is unmet demand for TA. If FUNDEA has the resources to meet all that demand, then it should focus on raising awareness of the TA program generally. If it does not have the resources, then it should target clients who it thinks will benefit most from the TA, assuming that its agronomists are able to reach clients easily. As discussed in the next section, this targeting may be accompanied by a market segmentation strategy that offers different types of TA to different types of farmers.

FOCUS ON THE PEST PROBLEM, AND SUBSEQUENTLY SEGMENT THE MARKET FOR MORE TECHNICAL OFFERINGS

Of the various agricultural issues MFO asked about, preventing and responding to infestations of pests was consistently mentioned. More than 50 percent of clients reported having a pest problem; pests were the most discussed topic in TA assessments with agronomists; and 85 percent of clients said that they would like to learn about pest prevention in any future TA offerings. Other topics appeared to be important to clients too, specifically soil conservation and pruning, but pests were clients’ overwhelming focus. Consequently, developing an education program focused on dealing with pests, pesticides, and related health risks may be a good place to begin building a systematized intervention.

There is often an impetus to have comprehensive TA programs, but these data raise an important consideration: more technical processes like conducting soil analysis, grafting plants, recycling, and moving toward organic production were not clients’ major focuses. FUNDEA should make sure to consider this when designing any future TA program to ensure they are providing relevant guidance of appropriate rigor. One way to achieve this is to segment the market for its TA offerings: offer the most basic TA to those who have little agricultural knowledge, but offer more technical TA to those with more extensive agricultural knowledge (for example, the 34 percent of clients who reported not needing TA). This should be done in stages—start with the basic offering and get it right, then move on to the more technical offerings.

Future TA Topics



ACCOMMODATING FARMER TIME CONSTRAINTS

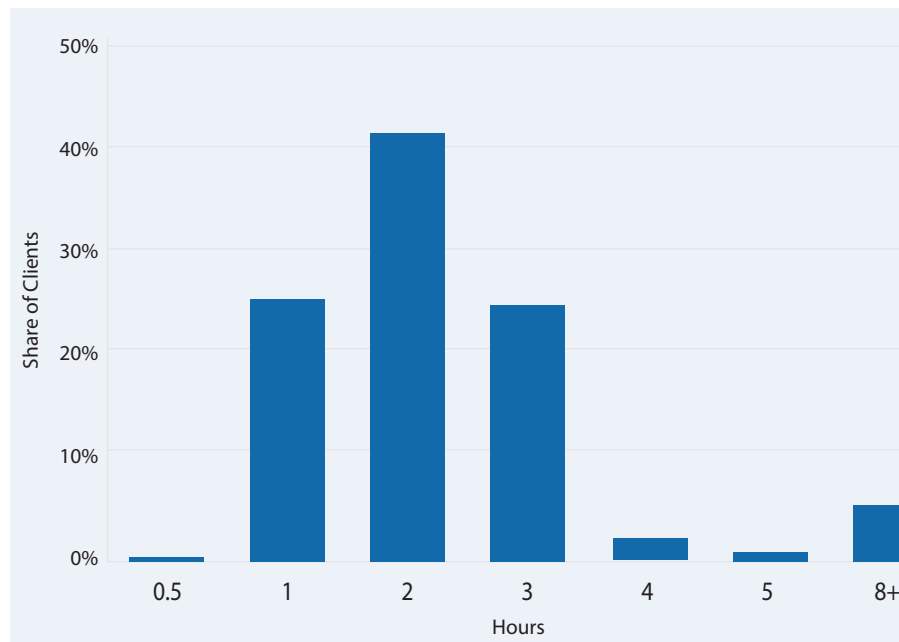
About two-thirds of clients reported that they would be willing to spend two hours or less per month on TA. This is important as FUNDEA thinks about how it delivers TA in the future. Currently the TA is highly personal and delivered in 1:1 conversations between agronomist and farmer. This may make the time constraint less of an issue because the farmer can listen while s/he works and does not need to spend additional time off of the farm. Should FUNDEA decide to scale its program and make it less personal, it may run into a problem with farmers not wanting to devote too much time to the TA. For example, group learning allows one agronomist to reach many farmers

RESULTS

When offered it, FUNDEA clients were highly likely to accept TA. Resource permitting, FUNDEA can focus on raising awareness of TA to increase participation and/or target clients with offers of TA based on an assessment of which clients might benefit most.

at the same time, but if farmers have to spend one or more hours traveling to and from the meeting, they may not see much value in attending those sessions. Understanding how clients are willing to engage with TA, and on which topics, will be critical to adoption.

Hours Clients Are Willing to Devote to TA Each Month



KEY INSIGHT:

The current TA services are tailored to each farmers' needs, and often take place 1:1 on the farm. This requires little additional effort from farmers to participate, but scaling up of the existing services would be both time and resource-intensive for FUNDEA. Clients overwhelmingly reported the need to address pest infestations, providing FUNDEA a clear topic around which to develop and test a standardized group training program. Starting a narrowly focused program on a high-demand topic like this would likely be beneficial and appealing to clients.

IMPROVE TRACKING AND MEASUREMENT

One way to improve a program is to use data to identify insights that can improve performance. This begins with having an accurate, up-to-date record of what products and services clients have received. Additionally, it is important for organizations to capture data on key performance indicators (KPIs) to track whether there is progress toward organizational objectives. Since FUNDEA's TA program was relatively small and informal at the time of this writing, tracking and measurement have not been organizational priorities. However, with the potential scale-up of the TA program, there is an opportunity to build a monitoring program that can inform the design and management of this initiative. For example, if FUNDEA chose to focus on the pest issue, it could track who received pest prevention education, who implemented solutions, and it could collect data on an indicator of crop health (such as pest incidence) before and after the program began. Collecting these few pieces of data could provide valuable information on how effective their programming is, and who to target with what type of TA in the future.

UTILIZE REPUTATIONAL CAPITAL

MFO asked clients about their satisfaction with FUNDEA's lending and TA services, and FUNDEA scored high marks. On a scale from 1 to 10, the agronomists had a satisfaction rating of 8.5 while the technical program overall had a satisfaction score of nine. The branch staff had a satisfaction score of 9.3 and 89 percent of clients thought that FUNDEA assessed their repayment capacity well. Further, 96 percent of clients would take another loan from FUNDEA.

Collectively, this information suggests that clients are satisfied with FUNDEA's products and services, and that creates an opportunity for FUNDEA to use its reputation with clients to offer unfamiliar services that could improve their well-being. While the TA program is one obvious focus area, FUNDEA may be able to use its position to promote other beneficial products that could improve clients' resiliency. For instance, low-income clients are often reticent to purchase insurance—it is an unfamiliar product and the prospect of paying into a plan that may not pay out is disconcerting. However, these clients could benefit from insurance products given their high rates of negative crop events. Since clients trust FUNDEA, it could serve as an educator about these types of products. Hearing about them from a trusted source first may help drive client uptake long-term.



Participating Organizations



Global Partnerships (GP) is an impact first investor, pioneering and investing in sustainable social enterprises that deliver high-impact products and services for people living in poverty. Global Partnerships invests in microfinance institutions (MFIs), social business and cooperatives in Latin America, the Caribbean and sub-Saharan Africa.



The Foundation for Enterprise and Agricultural Development (FUNDEA) is a Guatemalan non-profit, microfinance institution (MFI) that serves small farmers and micro entrepreneurs using both the individual and group lending methodologies. The organization has a strong institutional commitment to serving the rural sector, providing tailored credit and crop focused technical assistance to producers. FUNDEA also offers health and housing products to borrowers.



Microfinance Opportunities is a global nonprofit organization committed to understanding the financial realities of low-income households and developing consumer-focused solutions. Their work shapes the design and delivery of financial products and services, and enhances the capacity of low-income consumers to make informed financial decisions. In collaboration with a wide range of public and private sector partners, their research and expertise help to increase consumer access to finance in the developing world.

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The Economic Cooperation and Development division is part of SECO's economic competence. In advanced developing countries, it supports socially, environmentally and climate-friendly economic growth with more and better jobs for all levels of the population. This opens up prospects, reduces poverty and removes inequalities. Switzerland benefits from development of this type through new trading partners, increased security and reduced migration pressure.

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This report was published in 2018, while the supporting research was conducted in 2017.