TECHNICAL ASSISTANCE TO FINANCIAL SERVICE PROVIDERS

GREATER RURAL OPPORTUNITIES FOR WOMEN LEARNING SERIES

MEDA

Canada
ACKNOWLEDGMENTS

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**ABOUT THE GROW PROJECT**

Greater Rural Opportunities for Women (GROW) is made possible with the generous support of Global Affairs Canada and implemented by Mennonite Economic Development Associates (MEDA) with a total budget of CAD 20 million. With support from five Key Facilitating Partners (KFPs) – PRONET North, TUDRIDEP, PRUDA, CARD and CAPECS – the GROW project operates in 8 districts in the Upper West Region, empowering women farmers to create opportunities through cultivation, utilization and sale of soybeans, accessing extension services and markets to increase their household’s economic well-being.

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1 The GROW budget of CAD 20 million is made up of CAD 18 million from the Government of Canada and CAD 2 million from MEDA.

2 MEDA’s KFPs are: CAPECS (Capacity Enhancement and Community Support), TUDRIDEP (Tumu Deanery Rural Integrated Development Program), CARD (Community Aid for Rural Development), ProNet (Professional Network North) and PRUDA (Partnerships for Rural Development Action).

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GROW’s goal is to improve food security for 20,000 women farmers and their families in the Upper West Region of Ghana. Project activities include helping women improve the availability, access to and utilization of appropriate and nutritious food by strengthening production, processing and linkages to markets. To achieve this, women Lead Farmers are identified to help train others in their
communities on good agronomic practices to maximize crop yields, with a special focus on soybean cultivation. Entrepreneurial women farmers are trained and supported to become Sales Agents, buying and aggregating soy from other women and selling it to processors and markets. Women are linked to appropriate financial services, including Village Savings and Loan Association (VSLA) groups, financial institutions and insurance providers. Advocating for women’s increased agency, particularly as it relates to decision-making within the household and community, is another key component of the GROW project.

During the 2017 harvest season, GROW supported 21,500 farmers to harvest 13,643 hectares of soybean, producing a yield of 14,632 metric tons. GROW farmers sold 11,169 tons of this soya at an average price of GHS 200 per 100kg, earning a total of over GHS 22.3 million, or approximately CAD 6.7 million (2017 harvest figures).

The GROW Learning Series

Over seven years of implementation, the GROW project has learned a great deal about women’s economic empowerment and food security in northern Ghana. The project team is happy to share our lessons learned in the GROW Learning Series, a set of documents we are releasing in 2018. Topics include women’s economic empowerment, nutrition and food security, financial inclusion, women and technology and conservation agriculture.

Financial Services Learning Series

Within this Learning Series, the GROW team is producing three short briefs on the project’s financial services work, focusing on our crop insurance pilot, Village Savings and Loan groups and the targeted technical assistance provided to our financial services partners.

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3 In 2017, the average exchange rate was 1 GHS (Ghanaian cedi) to 0.30 CAD (Canadian dollars).
A Loan Capital Infusion to Meet Market Demand

One of the project components was to facilitate access to finance for the women farmers and value chain actors to enhance the performance of their businesses. MEDA identified that for our Financial Services Provider (FSP) partners – Tumu Credit Union (TCCU) and Sissala Rural Bank (SRB) – a lack of loan capital was one of their primary limitations to meeting market demand. During MEDA’s rigorous due diligence, we found that our FSP partners, along with other FSPs in the region, needed operational support to increase their capacity and ensure that they could use the capital effectively. The Loan Portfolio at Risk (PAR) of both partners was over 10% when the project began, and both institutions requested support to better manage delinquency, as well as ongoing relationships with current clients. To address these gaps in capacity, MEDA implemented two training programs for 5 FSPs, including the 2 primary GROW partners in the region. The 5 FSPs were: TCCU, SRB, Mwintuur Microfinance Limited, Vision Fund, Nandom Rural Bank. The trainings conducted were: Collaborative Debt Collection (CDC) training, and Consultative Sales (CS) and Customer Experience (CE) trainings. The latter two were delivered together.

Getting to the Root of Delinquency: Collaborative Debt Collection (CDC) Training

In order to help our partners manage their PAR, MEDA held a training on CDC. CDC is a customer-centric collection method meant to understand the root causes of default and work with the loan client to retain, and even strengthen, their relationship with the FSP. Traditionally, if a client defaults the method of collection escalates from a simple reminder to a demand for payment, and if the client is still unable to pay then they may lose their collateral and/or become unable to take a loan in the future. The result of this collection method may be that the client chooses not to continue their relationship with the FSP, or that the FSP will no longer lend to them.

The CDC approach places emphasis on the client and their challenges to loan repayment. The process involves re-engaging with the client to understand what challenges their business is facing, and what obstacles are hindering their ability to repay. When a client misses a payment, the action taken by the FSP using the CDC method includes: reminding the client of their late payment, identifying a client’s challenges to repayment, and finally offering a new, mutually beneficial repayment plan or grace period. Ultimately, the goal of the CDC method is to contribute to the long-term success of client businesses so that the client can remain bankable.

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4 Both FSPs that received loans from MEDA repaid in full within the loan term.

5 GROW tracked PAR > 30 days. A healthy PAR is one that is < %5. Portfolio at Risk (PAR) is the percentage of total loan portfolio that is at risk. PAR > 30 is the principal amount (net after repayments) of open loans overdue by 30 days or more, or open loans where no repayment has been made for 30 days.
The Results of CDC Training: One Year Later

A year after the training was conducted, all partners reported a significant drop in PAR. See the table below for a comparison.

<table>
<thead>
<tr>
<th>Financial Services Provider</th>
<th>PAR Before Training</th>
<th>PAR One Year After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumu Credit Union</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td>Sissala Rural Bank</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Mwintuur Microfinance Limited</td>
<td>22%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Vision Fund</td>
<td>11.6%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Nandom Rural Bank</td>
<td>11%</td>
<td>6.23%</td>
</tr>
</tbody>
</table>

The FSPs also reported that conflicts and stressful discussions with the clients decreased significantly. After the training all FSPs are now able to negotiate and manage the delinquency issues with clients more easily and in mutually beneficial ways. TCCU, for example, began to delegate loan appraisal responsibilities to Loan Officers (LOs) who are best positioned to understand the needs of the farmers and businesses. They can observe the strength of the applicant’s business and likelihood of repayment. The CEO reported that the performance of loan officers increased after the training and has urged the board to delegate more responsibility to them in the future.

Centering on the Client: Consultative Sales (CS) and Customer Experience (CE) Training

MEDA’s FSP partners offer a variety of loan products including, for example: business loans, agricultural loans, loans for animal fattening, and loans for consumption. Each product is distinguished by different commission rates, interest rates, and grace periods. In every instance, the loan represents a cost to the client. If the client does not thoroughly understand the product offerings, and the loan officer is not sensitive to the needs of the client’s business, the loan may result in costs that the business cannot afford. Since the objective of the loan is to strengthen the business, it is in the interest of both parties to ensure that the most appropriate product is selected every time.

In response to the need to better connect with their clients, MEDA offered partners training both on Consultative Sales and Customer Experience. The trainings succeeded in addressing two related issues: a) ensuring clients accessed the product most appropriate for their needs, and b) ensuring that client needs were taken into consideration during the design of new products. By emphasizing ongoing, regular communication with clients through CS, the institutions were better positioned to respond to the needs of the market and foster strong, long-term client relationships. Further, upon learning the needs of the client, the loan officer was expected to bring their observations to the team at the branch.

“...The CS Training has indeed made GROW Financial institutions Partners more effective through their interaction with clients. At MML for instance, their clientele base increased by 7.8% in eight months after training.”

—Alex Bagbiele, MEDA GROW Financial Services Coordinator
Because of the CE training institutions were equipped to record and respond to the loan officers’ feedback to streamline or diversify their product offerings to better benefit their current clients, and appeal to new ones.

The Results of CS and CE Training: One Year Later

A year after the trainings, all FSPs interviewed reported that they have significantly improved their processes for managing customer relationships. They all reported institutional shifts from the transactional customer service approach to the transformational customer experience approach, and mutually benefited from the relationships created with the clients. The CEO of TCCU and COO of Mwintuur Microfinance Limited (MML), who took part in the trainings with several of their key staff members, reported an internal culture change in terms of cooperative behaviors not only between clients and employees but also among employees themselves. One loan officer noted that team work has improved because of the training, and that the interpersonal communication tools taught have reduced conflict internally.

TCCU reported that 80% of their dormant savings accounts have been re-activated, and they attributed that to the skills and attitude changes that resulted from the CS and CE trainings. MML reported an increase in client retention due to the decrease in customer drop out, and also an increase in new clients due to word-of-mouth advertising and the improved customer experience. Within about 8 months after the training, MML obtained 280 new clients, or 35 per month, which was 7.8% growth in one year. MML also listened more intently to clients and acted on the feedback they received. Since the trainings, MML introduced a mobile wallet in cooperation with MTN, the mobile telephone network operator, to make loan repayments and savings deposits easy for clients.

Overall, the CS and CE training has equipped FSP staff with tools that both strengthened client relationships, and improved team dynamics. It provided a new, longer-term perspective that has resulted in appropriate products for farmers, and more agile FSPs.
Offices in Canada, the United States and around the world.
Visit our website for a complete list.

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