

AgDevCo^o

GENDER LENS INVESTING: THE CASE FOR EMPOWERING WOMEN

Practical findings for the
investment community

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ABOUT AGDEVCO

OUR INVESTMENT APPROACH

At AgDevCo we contribute to the transformation of agriculture in Africa from subsistence farming to a modern, commercial sector. We do this by investing debt and equity and providing hands-on support to establish and develop commercial-scale agribusinesses. To date, we have invested over \$110 million in over 65 agribusinesses across 8 African countries.

Our mission is building successful African agribusinesses through long-term investment and support to deliver positive impact at scale.

Our vision is a thriving commercial agriculture sector that creates jobs, drives economic development and protects the environment.

We select our investment opportunities with great care and scrutiny, undertaking comprehensive due diligence prior to investing. We then collaborate with our investees to grow their business, sharing commercial and agronomic expertise and bringing their environmental, social and governance (ESG) practices up to international standards.

Although AgDevCo is an impact investor and not a gender expert, our focus on gender equality is an important part of our overall ESG and impact work. We believe that gender equality and women's empowerment in agriculture are significant factors in the success of our investments, both in terms of business performance and development impact, and we remain committed to gender considerations throughout our investment process to ensure positive outcomes for both women and men.

ABOUT OUR GENDER RESEARCH

As part of this commitment, we commissioned gender experts to conduct field-based research between December 2015 and February 2017 on the gender outcomes of 15 of our investments. These cover a wide variety of agribusinesses, ranging from input suppliers to financial intermediaries in six African countries.

The research focused predominantly on agribusiness employees and suppliers (outgrowers) as these are the two main groups that we, at AgDevCo, target in terms of impact. However, the findings shared in this report highlight gender considerations along the whole agribusiness supply chain and are presented in relation to the four key roles that women hold, as set out in the graphic entitled 'The case for empowering women'. Through this work, we have developed an understanding of thematic risks and opportunities associated with women's economic empowerment in agriculture.

ABOUT THIS REPORT/SUMMARY

In this report we share research-based insights and practical findings from our gender research for the benefit of the wider investment community including investors who are interested in ESG issues in general, as well as those operating in the agriculture sector of sub-Saharan Africa.

Given the cultural complexity of gender considerations, we acknowledge that our findings may not be relevant to all investors, as each sector, company and business model is unique and may require different gender actions. Hence, the findings shared in this report are presented as lessons learned from a subset of our investees, rather than one-size-fits-all solutions or recommendations and are to be used for inspiration rather than guidelines. We encourage the investment community to identify and overcome gender barriers in their investment portfolios on a case-by-case basis, to pilot interventions, consult with experts and gather more data before scaling up.

WHY PROMOTE GENDER EQUALITY AND WOMEN'S ECONOMIC EMPOWERMENT?

Gender equality is achieved when access to rights or opportunities is unaffected by gender.

Typically, this is achieved by women's economic empowerment: redressing power imbalances and giving women more autonomy to manage their own lives.¹ This involves improving:

- > **Access** to resources (land, equipment, training, financial services).
- > **Agency/power** to make and act on economic decisions such as how income is spent.

The important role of women in agriculture in sub-Saharan Africa

Women already play a critical role in the agricultural sector in sub-Saharan Africa:

- > Women constitute on average 50% of the agricultural labour force in sub-Saharan Africa and spend 30-80% of their time engaged in agricultural activities.²
- > Women are the traditional managers of food production for household subsistence and contribute 85-90% of the total time spent on household food processing and preparation.³
- > Women spend a disproportionately higher percentage of income on food, health and education of their families.⁴ Hence, women play a crucial role in improving the nutrition and general well-being of their households.
- > Female smallholders are often perceived as more reliable suppliers and as being more likely to apply what they learn in training, and to adopt new farming techniques.⁵

50%

of the agricultural labour force in sub-Saharan Africa is female.

85-90%

of the total time spent on household food processing and preparation is contributed by women.

The business case for women's economic empowerment

By empowering women further, there is potential for women to make a more significant commercial contribution to the sustainable development of the sub-Saharan African agricultural sector. For example:

- > If female-headed households have access to cash and decision-making power, investments in productive assets (such as seeds, tools and livestock) increase.⁶
- > If women were given the same access to productive resources as men, they could increase yields by 20-30% on their farms.⁷

The following long-term economic benefits could be realised by removing barriers,⁸ improving mobility and access to resources (e.g. training, transport, hired labour and technology), overcoming land and tenure complexities, improving personal safety issues, and freeing up time to allow domestic responsibilities to be carried out:

- > Increased productivity.
- > Superior product quality.
- > A more stable supply chain.
- > Reduced post-harvest losses.
- > Access to new consumer base.
- > Positive corporate branding which can lead to customer loyalty and premium pricing.

1 United Nations Population Fund

2 FAO 2011 The state of food and agriculture: women in agriculture, closing the gender gap for development

3 FAO 2011 The role of Women in Agriculture, ESA Working Paper No 11-02

4 World Bank 2012 World Development Report 2012: Gender Equality and Development

5 ACDI/VOCA 2014, The business case for women's participation in agricultural cooperatives and MADE 2016: Providing input credit for women out-growers is a good return on investment (case study)

6 Hagen-Zenker et al., 2017

7 FAO 2011 The state of food and agriculture: women in agriculture, closing the gender gap for development

8 See graphic entitled 'The case for empowering women'

GENDER CONSIDERATIONS FOR INVESTORS

At AgDevCo, we are working to embed gender considerations at each key stage of our overall investment process.

ORIGINATION AND DUE DILIGENCE

- > Gender Champions (female and male) have been identified with the aim of ensuring that investment teams include gender considerations in the due diligence process.
- > Any potential negative impacts on women are assessed through gender-specific questions that aim to evaluate the need for an ESG Action Plan.
- > Anti-discrimination/equal opportunity policies are required as part of legal documentation.
- > In greenfield investments, mitigation of negative impacts on women in the community is emphasised.

INVESTMENT APPROVAL

- > Key gender-related risks and opportunities are reflected in investment papers where relevant:
 - Impact projections include the percentage of female employees and smallholders.
 - Environmental/social components of ESG screening results take into account effects on women's economic empowerment.

EXECUTION

- > The implementation of an ESG Action Plan (including gender actions identified) is part of the contractual agreement with our investees.

MONITORING, REPORTING AND EVALUATION

- > Gender Champions are tasked with monitoring progress on gender aspects of the ESG Action Plan.
- > Sex-disaggregated data is collected at the employee and smallholder level (including sex-disaggregated income, where possible).
- > Annual Impact Report contains sections on progress and lessons learned related to gender (quantitative and qualitative data).
- > Terms of reference for impact baseline studies consider the Women's Empowerment in Agriculture Index (WEAI).
- > Impact studies with gender considerations are conducted where appropriate and changes are evaluated.



Outgrower and daughter, Rufunsa District, Zambia.

THE CASE FOR EMPOWERING WOMEN

THE BUSINESS CASE FOR GENDER EQUALITY IN THE AGRICULTURAL SECTOR IN SUB-SAHARAN AFRICA⁹

- > Increased productivity > Superior product quality > More stable supply chain
 - > Reduced post-harvest losses > Access to new consumer base
- > Positive corporate branding can lead to customer loyalty and premium pricing

TYPICAL BARRIERS FOR WOMEN

- > Limited access to resources, including hired labour, equipment, technology, training and markets
- > Restrictions on land ownership and tenure > Sexual harassment and violence
 - > Mobility and time constraints owing to domestic responsibilities

FOUR KEY ROLES OF WOMEN IN AGRICULTURAL AFRICA



Women as employees



Women as outgrowers, suppliers and producers



Women as intermediaries
(e.g. vendors, traders, agents and distributors)



Women as clients and end-consumers

TO BE MORE SUCCESSFUL BUSINESSES SHOULD:

- | | | | |
|--|--|--|--|
| <ul style="list-style-type: none">> Help women move from low-paid, low-skilled roles to more senior positions
☞ CASE STUDY 1> Provide a work environment with high standards of welfare and safeguarding, and with clear working terms and conditions that are balanced with domestic responsibilities
☞ CASE STUDY 2> Employ women to reduce post-harvest losses and increase profit margins | <ul style="list-style-type: none">> Open farmer registration to all household members as individuals
☞ CASE STUDY 3> Hold time-efficient training sessions at convenient times and locations> Rethink gender approaches to outgrower schemes> Use female lead farmers and extension staff to promote overall female participation> Monitor and address unintended changes in gender ratios
☞ CASE STUDY 4 | <ul style="list-style-type: none">> Remove mobility and safety constraints that discourage women from making transactions> Understand the positive outcomes of female empowerment at the household level> Use female intermediaries to capitalise on untapped market segments | <ul style="list-style-type: none">> Benefit women and communities by meeting commercial demand for healthier products> Empower women to gain access to finance through Village Savings and Loan Associations (VSLAs)
☞ CASE STUDY 5 |
|--|--|--|--|

⁹ International Finance Corporation (2016), Investing in Women Along Agribusiness Value Chains

1 FINDINGS: WOMEN AS EMPLOYEES



Some of our investees have empowered women as employees by:

- > **Helping women move from low-paid, low-skilled jobs to more senior positions.** The Phata Sugar Cooperative in Malawi is implementing a range of initiatives to achieve this by setting up support groups, mentorship programmes and gender-sensitive policies. This contributed to Phata's election of its first female Vice-Secretary of the Executive Committee and the second female Board member at the Annual General Meeting in December 2017.

☐ CASE STUDY 1

- > **Providing a work environment with high standards of welfare and safeguarding, and with clear working terms and conditions that are balanced with women's domestic responsibilities.** The management team at Frutimanica Limited (FML) in Mozambique recognises the business case for employing women and has introduced an on-site childcare facility and advance payments to cover food and healthcare expenses.

☐ CASE STUDY 2

- > **Employing women to reduce post-harvest losses and increase profit margins.** In 2013, Gulu Agricultural Development Company (GADC) started to train women in post-harvest handling, which has led to an increase in yields and profitability. Phoenix Seeds in Mozambique has experienced similar commercial benefits. 80-90% of seed selectors, responsible for sorting and sifting seeds manually, are female. Phoenix management noted, "Women are much more efficient at these tasks. It's purely for commercial reasons that the company hires more women in these positions."

80-90%

of employees at Phoenix Seeds who manually sort and sift seeds are female.

27%

of Phata's executive and subcommittee teams are women but female representation at Board level is lower at 17%.

CASE STUDY 1: SUPPORTING CURRENT AND FUTURE FEMALE LEADERS

Phata Sugar Cooperative's management in Malawi acknowledges the commercial and social benefits of gender equality as it brings access to more varied perspectives and improved quality of business decisions. Whilst 27% of its executive and subcommittee teams consist of women, female representation at Board level is lower at 17%.¹⁰ However, the Chair of the Phata Board is a woman (see photo below).

Having identified real and perceived barriers to women holding leadership positions, Phata's management is introducing a range of initiatives, including support groups, senior mentorship programmes and gender-sensitive policies in order to empower female employees. In June 2017, AgDevCo organised a workshop with the Phata Board and management to develop a gender policy and action plan. Following their adoption by the Phata Board and internal awareness-raising, a second female joined the Board in December 2017 after being elected Vice-Secretary of the Executive Committee, the first woman in this position.



Rachel Kawawa, Chairlady of the Phata Board.

¹⁰ Phata Gender Action Plan for Phata Sugarcane Outgrowers Cooperative (May 2017) and Annual General Meeting (December 2017)

A woman in a purple shirt and dark skirt is walking away from the camera on a dirt path through a banana plantation. She is carrying a large basket of green bananas balanced on her head. The banana plants are tall with large, green leaves, some of which are showing signs of aging and turning brown. The background is filled with more banana trees and some taller, thinner trees under a clear blue sky.

CASE STUDY 2: BOOSTING STAFF MORALE THROUGH IMPROVED BENEFITS

Frutimanica Limited (FML) is a small business that grows and exports bananas and litchis, and is the first farm to export these products from Manica Province, Mozambique. FML's management team rates its female litchi pickers highly. Their skillful and careful handling of the delicate litchi fruits reduces post-harvest losses and improves profitability.

FML has recently introduced a range of family-friendly benefits. Far from being seen as a cost to the business, FML's General Manager describes these initiatives as a “win-win situation” as they free up time – particularly for women – boost morale and ultimately lead to increased staff loyalty and productivity. The new benefits include: advance maternity leave payments in the event of any social security delays, access to longer-term loans and short-term monthly advances to vulnerable groups (including women), an on-site grocery shop to reduce the time taken for staff to travel to the main town for basic goods and, on an ad hoc basis, transportation of sick employees to the local hospital. FML also organises annual employee seminars on hygiene, maternal care and family nutrition.

2 FINDINGS: WOMEN AS OUTGROWERS, SUPPLIERS AND PRODUCERS



Some of our investees have empowered women by:

- > **Opening farmer registration to all household members as individuals** to make women's contributions to agricultural production more visible. Tropha Estates and Phata Sugar Cooperative in Malawi have taken proactive measures to register household individuals rather than just registering the male head of household, as is typically done. This has the potential to lead to transformational change by empowering women.
- ▣ CASE STUDY 3
- > **Holding time-efficient training sessions at convenient times and locations.** GADC in Uganda and New Rotations Zambia (NRZ) are addressing women's time and mobility constraints by using extension staff to provide agronomic and financial literacy training sessions via video in local communities. This improves female attendance as it eliminates the need for travel and allows women to still have time to carry out their domestic responsibilities.
- > **Rethinking gender approaches to outgrower schemes.** Global Agri-Development Company (GADCO) in Ghana took a gender-neutral approach to its rice paddy outgrower scheme and found that this led to participation being dominated by men. GADCO is now considering ways to actively encourage women to join its scheme.
- > **Using female lead farmers and extension staff to promote overall female participation.** At Rungwe Avocado Company in Tanzania and GADC in Uganda, the presence of female lead farmers and extension staff has increased the number of women involved in outgrower schemes.
- > **Monitoring and addressing unintended changes in gender ratios.** At NRZ, men have become increasingly active in the production and marketing of groundnuts as a direct result of this business becoming more profitable. As groundnuts are traditionally seen as a "women's crop", NRZ is trialling preventive measures to ensure that women are not squeezed out of the supply chain.

▣ CASE STUDY 4

CASE STUDY 3: TRANSFORMATIONAL CHANGE FROM THE TOP

Senior managers at Tropha Estates and the Phata Sugar Cooperative in Malawi understand the business case for gender and have a collective vision that strongly supports gender equality. They have introduced initiatives, which have the potential for transformational change by increasing the transparency of household income and improving the ability of women to make or influence decisions about how income is spent.

For example, they are initiating a system for farmers to register household members as individuals, as opposed to the land titleholder, which is often the male head of the household. They have also negotiated with a local bank to provide fee-free bank accounts for individual employees on the payroll and are encouraging payment to joint male-female bank accounts. This improves employee safety by removing the need to carry large amounts of cash on payday and also empowers women as their financial contribution to their household income is now more visible.

At Phata Sugar Cooperative, women's enrolment has increased from 41% in 2016 to 46% in 2017 and more women are directly receiving benefits such as dividend payments.



Seasonal paprika workers at Tropha Estates, Malawi.



CASE STUDY 4: MAINTAINING AN APPROPRIATE GENDER BALANCE

Through our gender monitoring and reporting we noticed a decrease in the proportion of female suppliers of groundnuts to New Rotations Zambia (NRZ) from 68% in 2015 to 52% in 2016. Traditionally perceived as a “women’s crop”, groundnuts were predominantly grown for home consumption by women and rarely attracted male farmers. Our analysis showed, however, that through the introduction of new groundnut varieties and agronomic training, product quality has improved and access to profitable export markets has increased. This has attracted more male groundnut farmers and suppliers to NRZ.

For AgDevCo, this is a lesson learned. Our role is to monitor these trends and ensure that women are not disadvantaged as a direct consequence of commercial success. We are working with NRZ to encourage smallholders to take a household approach to farming, to include both male and female farmers, and consider the introduction of household budgeting training.

52%

Female suppliers of groundnuts to New Rotations Zambia (NRZ) decreased from 68% in 2015 to 52% in 2016.

3 FINDINGS: WOMEN AS INTERMEDIARIES (VENDORS, TRADERS, AGENTS, DISTRIBUTORS)



Intermediaries in the countries where we carried out our research are, with a few exceptions, almost exclusively men. Key lessons to balance gender in this part of the supply chain revolve around improving mobility, safety and changing cultural perceptions:

- > **Remove mobility and safety constraints that discourage women from making transactions.** At NWK Grain Handlers Limited (NGHL) in Zambia, management has identified that the current system of using two buying points that are up to 150km away from some farms means that transactions are almost exclusively made by men, even though women carry out much of the farm work. This is because women do not always have access to transportation nor the time to make the journey owing to domestic work. A combination of these factors, together with the safety risk of women carrying money, has led to the marketing of goods being seen as a “man’s job”. NGHL is investigating ways to make it easier for women to market their own goods.

- > **Understand the positive outcomes of female empowerment at the household level.** 98% of the small businesses who buy litchis from Frutimanica Limited to sell on at a profit are run by women. One female vendor noted:

“My husband seems to respect me more now that I have my own income and treats me with dignity.”

- > **Use female intermediaries to capitalise on untapped market segments.** Gulu Agricultural Development Company in Uganda has specifically recruited women as buying agents, which has enabled them to target new marketing opportunities.

98%

of the small businesses who buy litchis from Frutimanica Limited to sell on at a profit are run by women.



Buying agent monitoring store transactions, Gulu Agricultural Development Company, Uganda.

4 FINDINGS: WOMEN AS CLIENTS AND END-CONSUMERS



The following findings relate to how investees can improve health in local communities through the development of commercial products, and how Village Savings and Loan Associations can benefit women as clients and entrepreneurs alike:

- > **Benefit women and communities by meeting commercial demand for healthier products.** Ilobezi Limited in Zambia is primarily a cattle business – a male-dominated value chain – but it also engages in the production of sunflower seeds, which can be used for oil processing. Sunflower oil has a commercial value as it meets the market demand for a healthier alternative to palm oil. Beyond health benefits, this is also advantageous to women farmers, as sunflowers are traditionally perceived as a “women’s crop”.
- > **Empower women to gain access to finance through Village Savings and Loan Associations (VSLAs).** In Uganda, Gulu Agricultural Development Company’s VSLAs have enabled women to build a credit history, which is paving the way for female clients and entrepreneurs to gain access to finance from formal credit providers.

📄 CASE STUDY 5



Outgrower picking tea with labour-saving device, Rungwe District, Tanzania.

CASE STUDY 5: INCREASING ACCESS TO FINANCE THROUGH VSLAs

Village Savings and Loan Associations (VSLAs) play an important role in providing financial, social, knowledge and customer networks to members, who would otherwise be unable to access such services. In 2016, Gulu Agricultural Development Company (GADC) channelled a successful asset-on-loan pilot scheme through VSLAs, accompanied by training programmes. Having experienced a high uptake of female farmers onto the scheme and, recognising the associated beneficial effects, GADC is now using VSLAs to engage more proactively with local female entrepreneurs.

The commercial benefits of engaging with VSLAs are manifold. By strategically targeting VSLAs, businesses can expand their supply chain and/or customer base to reach an underserved female market. As VSLA members have a social obligation to repay their loans, their risk profile is lower and this can improve the integrity of a business’s supply chain. Finally, VSLAs are in a better position to purchase in bulk, which reduces the cost and time of collecting smaller product quantities from many farmers.



Family of cotton farmers who work with GADC, Uganda.

AgDevCo is an impact investor in agriculture in Africa.

Our gender work is a fundamental component of our programme to develop our own and our investees' environmental, social and governance (ESG) practices. We believe that promoting gender equality is not only fair but also presents a significant opportunity to enhance the commercial and social impact potential of our investments.

TO LEARN MORE ABOUT OUR IMPACT INVESTMENT APPROACH AND GENDER WORK

AGDEVCO UK (HQ)

Peer House
8-14 Verulam Street
London
WC1X 8LZ
United Kingdom

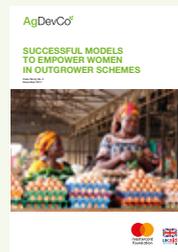
T + 44 (0) 20 7539 2650

E dbronstein@agdevco.com
(Davina Bronstein)



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Also see our Smallholder Development Unit (SDU) publication on empowering women in outgrower schemes and our flyer that highlights the gender business case for agribusinesses.



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