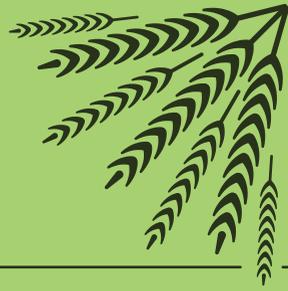




# Does providing financial access to 51% of Togolese households involved in agricultural activities create a sustainable future for those households? Most probably.



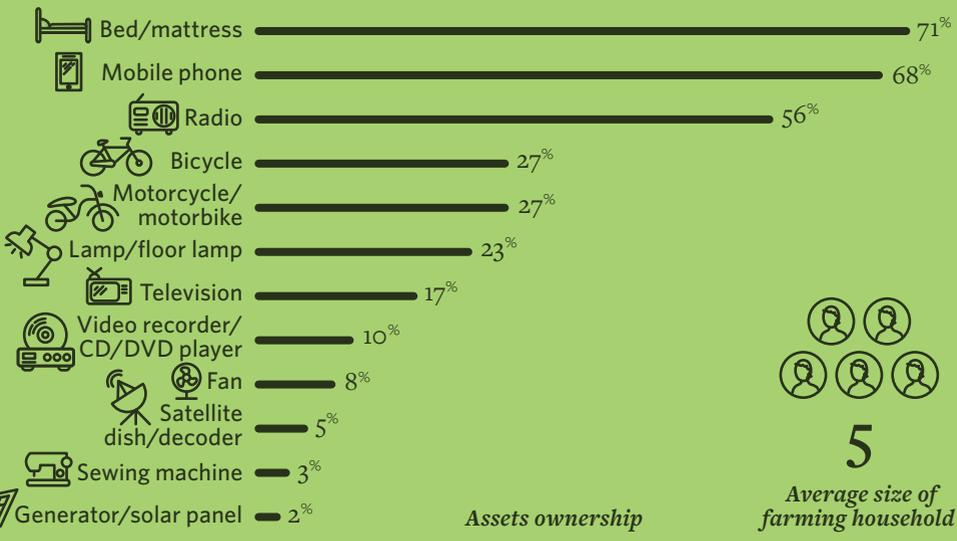
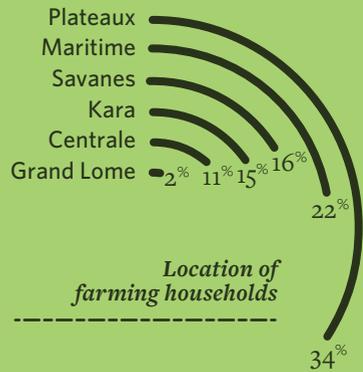
Agriculture is a labour intensive industry generally. This is extremely relevant for Togo as 51% of all households are involved in agricultural related activities.



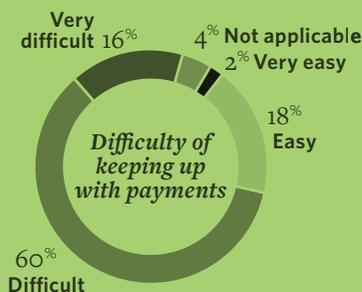
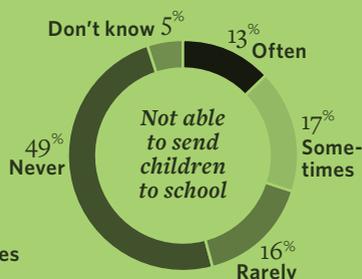
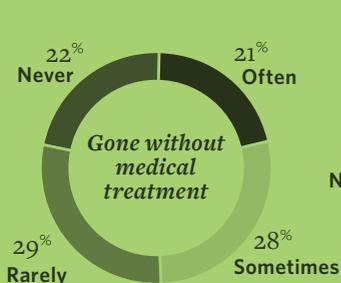
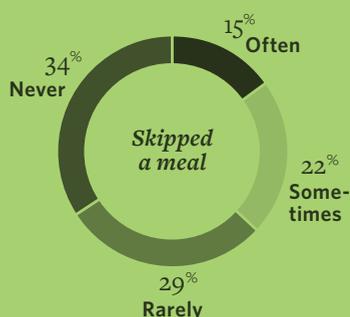
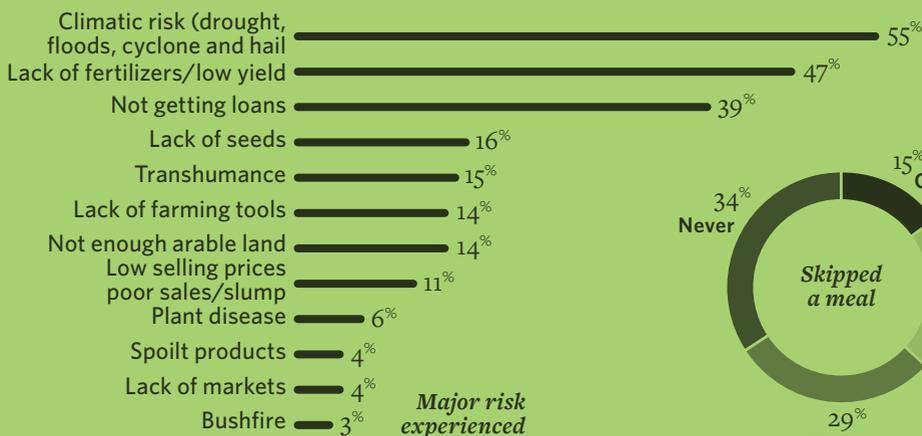
51%  
Togolese households involved in agricultural activities

Most farming households are located in Plateaux (34%) and Maritime respectively. As expected, the farming households are spread across the traditionally rural regions.

In order to improve the lives of these smallholder farmers, it is important to understand their vulnerabilities. At household level, a combined 38% of these household often or sometimes skip a meal because they did not have food - making a strong case for why there needs to be interventions in order to better their lives.



5  
Average size of farming household



## Vulnerabilities

**Health wise**, almost half (49%) have gone without medical treatment with higher exposure to health hazards.

**Education wise**, only 30% have not been able to send children to school due to lack of money to pay for transport, uniform or school fees. Such limitations traps these families further into poverty as they are unable to unlock the educational potential of their children.

**Finance wise**, majority (76%) have reported that it is difficult to keep up with financial payments. Good financial practises are essential and an enabler for unlocking access to financial services - which is a prerequisite. In order to access credit, credit history and financial management counts a lot more.

In order to save, ability to juggle the limited money for expenses and savings is a skill households need to master.

Other vulnerabilities are beyond the household control, including the climate, political and other macroeconomic factors.

It seems that climatic factors such as floods and droughts (55%) are the leading risk faced by the farming community. Lack of fertilizer (47%) and access to credit facilities (39%) are the other leading factors. It is interesting that farmers have report specifically access to loans as a problem. As important a sector agriculture is, there ought to be a focused interventions for this segment in order to develop and equip them with the necessary skills and tools to enhance their economic contribution to the gross domestic products.

# Togo

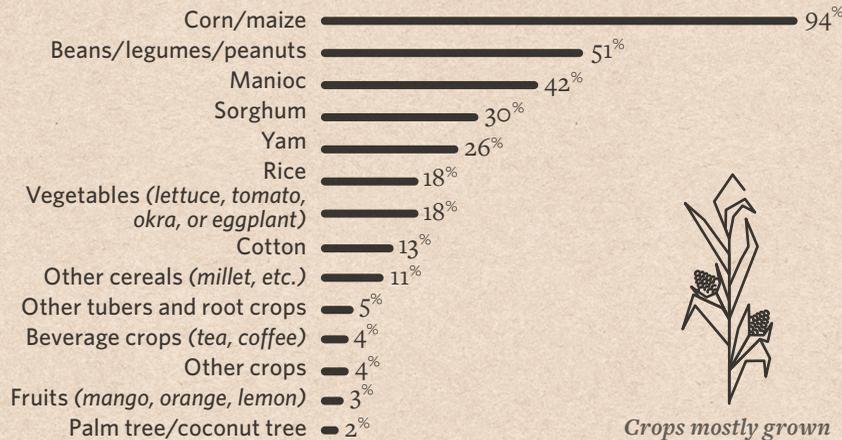
# AGRICULTURE



## Overview of farming activities



Farming activities



Crops mostly grown

**Corn/maize production is the most dominant horticultural activity.**

The staple crops for Togo include maize (94%), beans (51%), manioc (42%), sorghum (30%) and yam (26%).



Livestock reared

Interestingly, poultry farming is the most common (24%) followed by pigs/hogs (16%) and goats/sheep (13%) respectively.

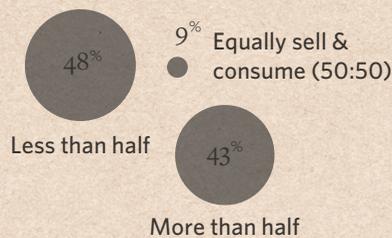


To whom or where farmers sell crops/livestock

Overall, the smallholder farmers sell their produce at the market place (27%), retailers (26%) and middlemen/agents (21%) while some sell from home (20%). This is useful information to understand the value chain process.

# Characteristics of farming households

With as good as 800 000 households involved in farming, most of these households do not do this for commercial purposes. Only 2% are farming for commercial purposes with a sharp contrast of 33% who farm for subsistence purposes. There is still opportunity to upgrade the remaining 65% who do a bit of commercial farming supported with proper financial education and financial management practices.



Distribution of those who sell & consume

## Those farming for consumption only

Only 13% of subsistence farmers have considered turning their farming activities into businesses. Should they want to realise this ambition, they would need support and access to finances in order to use proper equipment and inputs such as fertilizers.

On the other hand, subsistence farmers reported that they do not have money to commercialise their activities (54%) as the leading reason while others cited that farming is a family activity (29%) and land is too small (23%).

Similar to those who do not have motivation to turn commercial, the reasons given by those who want to turn commercial revolve around not sufficient finances to purchase inputs (86%), not

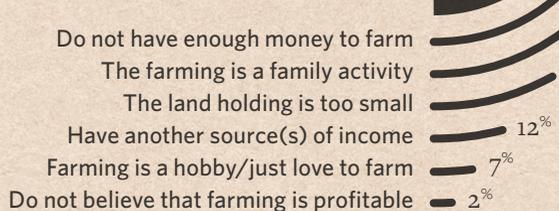
having access to inputs (53%) and not sufficient land (34%).

Of those who sell and consume, 48% of them sell less than half of their produce while 43% sell more than half. Using a ranking scale, those who sell more than half of what they produce are a good segment to target for training and support services to get them to commercialise. Lessons could be drawn from Kenya where they offered financial education for example to graduate these smallholder farmers - represented by more than 250 thousand households in Togo.

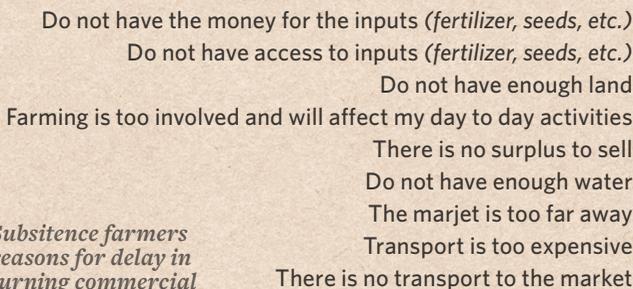
With regards to farm size, 17% use farm land less than one acre, 15% use between one to two acres and 25% use more than seven acres. This is another important consideration since land ownership is very essential determination for accessing finance especially as collateral.



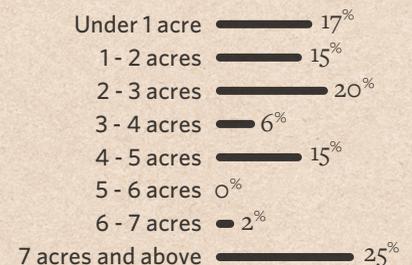
Reasons why subsistence farmers do not want to go commercial



Subsistence farmers reasons for delay in turning commercial



Farm land size



# Characteristics of individuals who are involved in farming

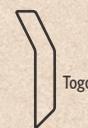
Adults can be classified under two broad categories, those who derive their livelihoods from agriculture as main source of income (447 000 adults) and those who partake in agriculture - as an additional source of income (380 000 adults).



Main income from farming



Other income from agriculture



Rest of the adults (not involved in agriculture)



Payments

	Formal	14%	17%	30%
Insurance	Formal	2%	7%	12%
	Informal	22%	14%	6%
Savings	Formal	12%	18%	30%
	Informal	26%	15%	9%
	Family & friends	10%	6%	7%
Credit	Formal	14%	10%	11%
	Informal	22%	18%	15%
Depth strand	Only one formal financial product	27%	27%	44%
	More than one formal financial product	6%	10%	16%
	Informal products only	27%	17%	8%
	Using family & friends broadly (or excluded)	40%	46%	32%
Financial literacy	Low	37%	39%	25%
	Medium	39%	40%	46%
	High	24%	22%	29%



Insurance



Savings



Credit

## Value chain analysis

Value chain analysis depicts the level of sophistication of the agricultural market and the characteristics of the value chain actors. A refined segmentation process is useful in defining and distinguishing between tight and loose value chains in

the farming setup. FinScope Togo 2016 could be used to initiate the scoping process though a more detailed 'agriculture focused' study may be required for detailed information about the value chain.

FinScope Togo 2016 provides fragmented information on the value chains.

	 <b>Subsistence farmers</b>	 <b>Commercial farmers in loose value chains</b>	 <b>Commercial farmers in tight value chains</b>
	<i>(Farm to feed their households)</i>	<i>(Farm to feed their households but surplus is sold)</i>	<i>(Commercial intent)</i>
 <b>Crops</b>	Staple	Staple, cash crops	Cash crops
 <b>Livestock</b>	Keep livestock for by products (e.g. milk, eggs and meat)	Keep livestock for by products (e.g. milk, eggs and meat) but some are sold	Keep livestock for commercial purposes
 <b>Farm size</b>	Less than 5 acres	Generally less than 5 acres, few may be above 5 acres	More than 5 acres
 <b>Market</b>	-	Sell from home or nearby/ local markets	Sell to regional/ international markets
 <b>Processors/ aggregators</b>	-	Sell to middle-men/ agents or small processors, government agency	No or reliable middle-men, processors, auction floors, government agency, trading company
 <b>Inputs</b>	Recycle from the harvest	Recycle from harvest, limited use of fertilizers and improved seeds	Use improved seeds, fertilizers, livestock medicine
 <b>Cost of inputs</b>	Free inputs or man-made farming equipment (e.g. ox-driven plough)	Free but sometimes purchase inputs (fertilizers, equipment)	Use purchased inputs (fertilizers, equipment)
 <b>Finances</b>	Low levels of financial management	Some financial management	Use of advanced financial management as farming is a business

## Lessons from other markets

**Kenyan farmers go digital<sup>1</sup>** - The Kenyan market has observed unprecedented financial product innovation. Smallholder farmers in rural areas of Kenya use digital marketing (OLX) through their mobile devices to access markets and 'market' their produce.

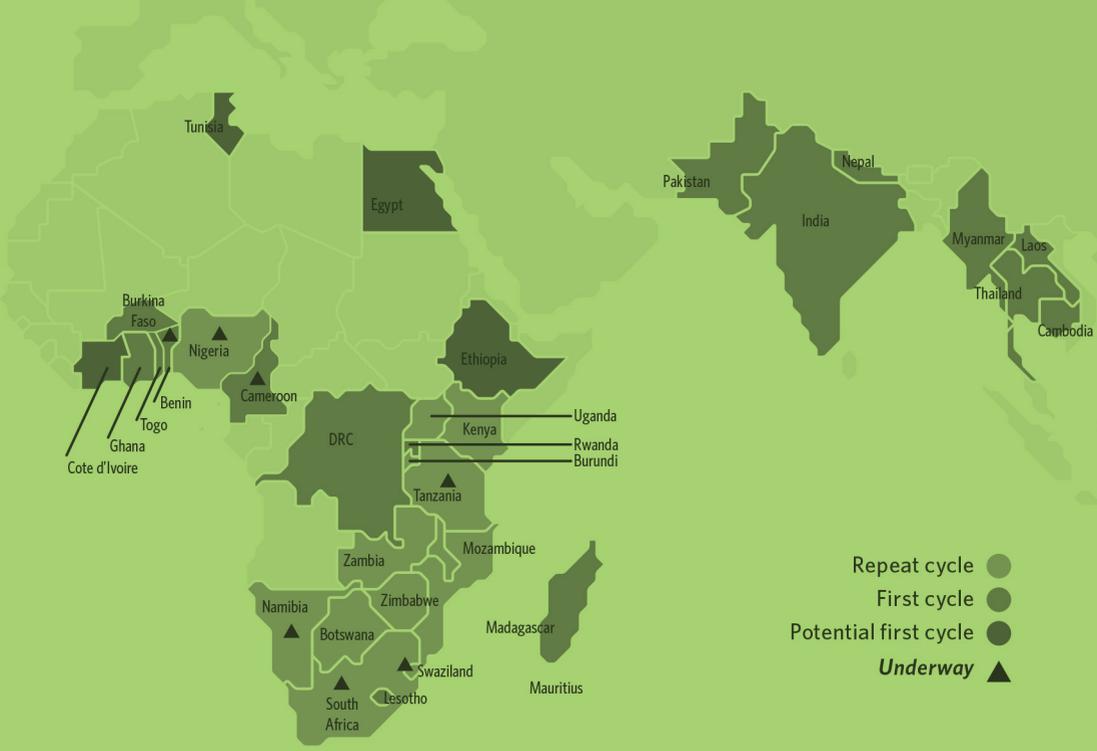
**Kenya Safaricom launched digital solution for farmers<sup>2</sup>** - Safaricom has launched a mobile and web based service

that connects agricultural process businesses in production planning by opening communication with farmers. Leveraging on the successful M-PESA platform, farmers will be able to make and receive payments securely. Auxiliary benefits include registering information such as expected production quantities and aids processors to plan and schedule work accordingly.

**Malawi farmers get schooled on financial education<sup>3</sup>** - Equity Bank in Malawi provided financial literacy training among women and youth in

the farming communities which has resulted in transition from subsistence to commercial farming. The mobile based teaching format covers topics such as budgeting, savings, debt management and financial services.

1. <http://mercycorpsafrica.org/2016/02/03/kenyan-farmers-go-digital/>
2. <http://africabusinesscommunities.com/news/kenya-safaricom-launches-digital-solution-for-farmers/>
3. [http://spore.cta.int/en/spore-exclusive/helping-farmers-manage-their-money.html?utm\\_source=Spore+EN&utm\\_campaign=25f96260b4-SPORE\\_186\\_EN\\_WEEK27\\_2017&utm\\_medium=email&utm\\_term=0\\_a4f2b0a206-25f96260b4-78794381&mc\\_cid=25f96260b4&mc\\_eid=28413a255a](http://spore.cta.int/en/spore-exclusive/helping-farmers-manage-their-money.html?utm_source=Spore+EN&utm_campaign=25f96260b4-SPORE_186_EN_WEEK27_2017&utm_medium=email&utm_term=0_a4f2b0a206-25f96260b4-78794381&mc_cid=25f96260b4&mc_eid=28413a255a)



## FinScope footprint



FinScope Consumer Surveys have been completed in 29 countries including Togo. This allows for cross-country comparison regionally and sharing of findings which are key in assisting on-going growth and strengthening the development of financial markets. Surveys are currently underway in 7 countries – 4 in SADC, 3 non-SADC.

FinScope Togo 2016 contains a wealth of data based on a nationally representative sample of the adult population in Togo.

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## About the Making Access Possible Programme

Making Access Possible (MAP) is a multi-country initiative to support financial inclusion through a process of evidence-based analysis feeding into a financial inclusion roadmap jointly implemented by a range of local stakeholders.

MAP was initiated by the United Nations Capital Development Fund (UNCDF) and is implemented in partnership with FinMark Trust and the Centre for Financial Regulation and Inclusion (Cenfri). In each country, MAP brings together a broad range of stakeholders from within government, the private sector and the donor community to create a set of practical actions aimed at extending financial inclusion tailored to that country.

## About FinScope Togo

The FinScope survey is a research tool which was developed by FinMark Trust. It is a nationally representative survey of how individuals source their incomes, and how they manage their financial lives.

The FinScope survey is dynamic and the content is evaluated by a number of stakeholders including the private sector, NGOs and Government to ensure that the most relevant consumer data is collected. It also forms an important component of the Making Access Possible (MAP) methodology.



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