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LEVERAGING LAND DOCUMENTATION FOR FINANCIAL INCLUSION

EXPERIENCES EXPANDING ACCESS TO WEATHER INDEX INSURANCE & MICROFINANCE IN ZAMBIA

The United States Agency for International Development (USAID) Integrated Land and Resource Governance (ILRG) program has supported customary land documentation in the Eastern Province of Zambia in nine chiefdoms in Chipata and Petauke Districts, covering 30,000 parcels of land. The program promotes gender integration in the land documentation process and ensures that women's land rights are registered and their interests and priorities are addressed. Land is the main asset for the rural poor who depend on agriculture-based livelihoods, and as such, documentation provides individuals with more secure tenure rights, reducing potential disputes and increasing the incentive to invest in their plots without fear of eviction. While customary land in Zambia cannot be used as collateral, documentation can increase people's confidence that they will be able to collect their harvest at the end of the year and hence have access to income, which can enhance their financial security.

In order to explore the downstream impacts of secure land documentation, ILRG supported an innovative pilot to test the feasibility of expanding financial opportunities in rural areas, particularly for women, using customary land documentation. The program posited that if rural residents had land documentation, and service providers in the finance, insurance, and agriculture sectors were able to access information about rural residents' location, land size, and ownership status, then service providers would be more likely to increase service coverage in rural areas. The program collaborated with financial service providers, insurance agencies, and agricultural input companies to deliver services

PHOTO: ILRG

to stakeholders with customary land certificates to better understand the opportunities and challenges of expanding financial inclusion in underserved rural areas.

There are few banks, insurance companies, or microfinance institutions currently operating in the rural areas of Chipata and Petauke Districts. Population density is lower than in urban areas, so the costs to reach people are higher, and the profits for institutions may be lower. Rural populations may not have national identification cards or legal documents that prove their identity, which makes it more difficult for them to open accounts or receive loans. Rural residents often have fewer sources of cash income, and may not have a regular income stream, but instead receive most of their cash income once per year during harvest season, which makes aligning payments and service delivery a challenge. They also typically lack credit history or land which could be used as collateral for loans. As a result of all these factors, financial and insurance providers often do not see a business case for service expansion in rural areas. Agricultural finance is particularly limited, as most smallholder farmers rely on rainfed agriculture, facing high seasonal weather risks, and thus may be unable to repay loans at the end of the season. Given limited or nonexistent credit history, financial service providers lack data to assess credit worthiness and risks for rural residents, which also leads them to shy away from investing in these areas. As a result, financial services are often located far away in regional centers, leading most people to keep their money at home and have limited access to credit. Land documentation does not solve all of these challenges, but can help prove individual identity, status of asset holdings, and historical productivity, each of which may reduce risk or costs to a provider reaching out to rural communities in Zambia. Furthermore, consolidated information on landholdings and households may be used to target both finance and insurance products to create a business case for expanding services.

Though financial inclusion is expanding, women, especially rural women, are still less likely to access financial services than men. As in many countries, women in Zambia have less access to and control over assets and income and greater travel and time constraints due to household and family care responsibilities. Women face steeper financial literacy and technology adoption curves. Harmful gender norms and power dynamics within households also limit women's mobility and financial inclusion, as men are more likely to have decision-making power around household finances.

The ILRG pilot examined whether a critical mass of land documentation within Chipata District made mobile banking and loan services and agricultural insurance provision more viable in rural areas and increased access to financial services for rural communities, especially women. With location and socioeconomic household data for thousands of documented parcels in Eastern Province, the program wanted to see whether this data could be used to help deliver improved services to rural communities by reducing information asymmetry about rural landholders. The pilot phase aimed to assess whether land documents could:

1. **Encourage the private sector to reach communities that would not have otherwise been reached.** Many rural residents cannot afford to access financial services due to distance and do not have the required identification documents to open a bank account. Land registration documents, held by both chiefs and households, provide an alternative means of verifying one's identity and address. Location data would also facilitate efforts to reach borrowers for follow up on repayment, reducing perceived risk for service providers.
2. **Allow private sector actors to deliver better products to communities.** Data on land rights could help improve existing products by allowing for better targeting of financial products and services. For example, data on the size of landholdings can help inform the size of input loan needed. Data on specific locations of landholders could also help service providers deliver new products to meet market needs, such as effectively targeting weather index insurance for smallholder farmers dependent on rainfed agriculture.

- 3. Result in lasting partnerships or markets that could grow beyond the USAID support period.** While service providers might be interested in serving these communities in the short run with donor support, the program wanted to determine if the business case was sufficient for these providers to continue and expand service provision in rural areas in the medium to long term.

Based on the needs of the target communities, ILRG collaborated with financial technology (fintech) providers, insurance experts, traditional agricultural input delivery services, mobile phone/mobile money operators, and government to roll out a suite of services in Chipata and Petauke. These included:

- **Microfinance savings and loans** through Zambian financial services provider Madison Finance Company, known as MFinance. In addition to creating mobile saving and loan products, this included a partnership between MFinance and agricultural input company Good Nature Agro to provide farming input loans for groundnut seeds; and
- **Weather index insurance** to protect farmers against drought and excess rain, with a product designed by Risk Shield.

The partnerships were developed based on a series of meetings in 2019 in Lusaka, Zambia with over a dozen companies involved in agricultural fintech. Following scoping meetings and a national workshop, these two companies were chosen for product co-development.

The sections that follow describe each partnership in turn and reflect on the successes and challenges of program implementation, both of which occurred during coronavirus disease 2019 (COVID-19) outbreaks in Zambia. The final section pulls together lessons learned across both pilots to help inform USAID staff, donors, and service providers looking to leverage land documentation efforts for greater financial inclusion.



MFinance staffer Mukupa Yves Muselela meets with a woman in Kaulembe to encourage her to open an account
KONDWANI BANDA/MFINANCE

MICROFINANCE SAVINGS AND LOANS

ILRG partnered with Zambian microfinance firm MFinance to increase access to savings products, strengthen credit opportunities, and develop new loan products for rural residents who have had their land rights documented. MFinance piloted an agent-based approach in the region, hiring local community members as mobile agents to serve as points of service for clients to deposit and withdraw money. As most bank branches are located in larger towns, this reduced the time and travel costs for customers without requiring a significant upfront capital investment from MFinance. This localized approach was particularly important in encouraging women's participation, as they have greater time and mobility constraints than men due to household and family care responsibilities.

Over the 12-month pilot, MFinance centered its services in a USAID-supported area, Mkanda Chiefdom, but also reached out to four additional neighboring chiefdoms: Chanje, Chinunda, Mshawa, and Mnu kwa (Mshawa and Mnu kwa had also received USAID-supported land documentation services). In order to open an account and access savings and loan products, customers needed to provide "know your customer" (KYC) documents: a national registration card, proof of address/residence, and a photo (taken during registration). Land certificates were used as proof of address/residence, and MFinance was provided with additional spatial information generated from the customary land documentation

exercises. MFinance carried out community-level marketing sessions to spread awareness for the products offered and build trust among community members. MFinance staff also met with chiefs in the area and held group meetings with community members and village headpersons.

MFinance offered three types of savings accounts to potential customers: individual, group, and children's accounts. Customers were able to open accounts with just K20 (US\$1.25) and make deposits of any amount thereafter. There was no monthly fee to keep the account active, and customers started accruing interest for balances over K500 (US\$30). These lower balance thresholds and the elimination of monthly fees made the accounts more attractive to women, who typically have fewer financial resources than men. MFinance also offered three types of loans: agricultural loans to purchase farming inputs, working capital loans (cash), and asset loans to buy small business and farm equipment. The program aimed to open 3,000 savings accounts and target 1,000 of these individuals for loans.

PROGRAM ACHIEVEMENTS

During the 2020 - 2021 growing season, MFinance reached out to thousands of farmers to market their suite of products. The pilot phase achieved some positive outcomes, including:

- **21 mobile bank agents recruited and trained** (15 men, six women). MFinance found that while there were more male agents, female agents were more active;
- **726 savings accounts opened** (392 women, 334 men). Two were group savings accounts;
- **47 loans issued** (33 women, 14 men). These loans were all agricultural input loans for ground nut seeds, issued in partnership with agricultural input company Good Nature Agro. Total loans amounted to K55,600 (US\$3,400), around K1,200 (US\$74) per person;
- **One investment account opened** (one man).

While uptake of financial products was lower than anticipated, MFinance agents successfully targeted smallholder women farmers, who opened 54 percent of new savings accounts and took out 70 percent of agricultural loans. These women, who had never used banking services before, now have a safe place to save their money and build assets and have started to build a banking history that will help them access credit in the future. Women, especially the elderly, typically keep their money at home and as a result have experienced repeated incidents of theft. Married women specifically report that their husbands often take their earnings. The mobile agent model allowed women farmers to deposit their money until they decided what to invest in. In between seasons, many women run small income-generating activities, so the mobile agent model helped them continue to save and grow their savings during the off-season. The availability of microfinance services in the area also helped encourage and enable non-agricultural business investments. Some women with land were able to construct small selling points (*katemba*) or poultry houses, or engage in local trading.

While uptake of general cash loans was low, the introduction of crop loan products increased the product's popularity. MFinance helped organize a relationship with an agricultural input company Good Nature Agro. Farmers were interested in this product as it reduced the time, travel, and logistical costs of procuring inputs at the beginning of the season. Linking the input loans with the groundnut seed provider was particularly useful in increasing uptake among women, as groundnuts are predominantly grown by women. The partnership expanded access to farming inputs for women, who ordinarily have limited finances to expand their farming activities. At the end of the harvest season, women sold the groundnuts and received payments directly into their MFinance accounts after the cost of the loan had been deducted, which increased their ability to control their own earnings. Those with larger plots, verified through land documentation, were able to access larger loans, better matching the size of land with the size of inputs needed.

Alongside savings and loan products, MFinance was able to deliver financial literacy training for 505 people, 65 percent women. This training covered the benefits of saving, how to use mobile banking, and the value of storing savings in a bank. Although the total number of accounts opened was less than expected, community members were reportedly enthusiastic about building on the partnership after seeing progress during the growing season with the first cohort of account holders.

PROGRAM CHALLENGES

The pilot program faced a number of challenges that led to less uptake than anticipated. First, targeting specific individuals with land documentation proved challenging. The community agents from MFinance were not previously involved in the land documentation work and so were trying to reach their account and loan targets across a broad area, not strictly limited to communities where land documentation was carried out. While the corporate office for MFinance was interested in targeting individuals with documentation, individual agents were not able to target their outreach to households, or even communities, with documentation. This led to agents moving outside of the target chiefdoms/communities and into Chanje Chiefdom, which had not been part of USAID's previous documentation pilots. The project aimed to target communities that had customary documentation, but did not restrict participation to households or communities with land documentation. Land documentation was one of a number of forms of identification that could be used as identification. As a result, while the corporate objectives were clearly aligned with the land certification goals, the targets and incentives for the field agents were less linked to land certification, and they were not particularly able to take advantage of the USAID data.

Poor infrastructure in implementation communities also hampered program success, even though the targeted communities were less than 30 kilometers from a major city. Mobile phone network coverage varies by region, making it difficult for some clients to access mobile banking features. MFinance reported customer interest in areas with no network coverage, which prevented them from opening accounts. Though there is planned telecom expansion in these areas, COVID-19 has delayed construction efforts. In addition, during the rainy season, the roads in some areas regularly wash out, making it difficult for MFinance to access target communities for initial sensitization and recruitment efforts. These infrastructure challenges impede the business case for fintech service expansion in rural areas in general. While mobile agents are based within the chiefdoms, they generally have to use bicycles or walk to sign up clients, limiting them to relatively small areas that are more aligned with their social networks than a strategic recruitment approach that utilizes land data.

MFinance also faced issues gaining local community trust. Some pilot communities were wary of fintech providers, hearing of scams or unfulfilled promises. As a result, they were understandably hesitant to open new accounts. Previous experiences with mobile accounts had included large fees for transactions and instances when agents did not have enough float to make payments when needed. Individuals were largely unaware of how to get payouts from insurance and other financial products. Though MFinance held community sensitization meetings with chiefs, village headpersons, and community members, more time and work would have been helpful to build greater trust and accountability. Community meetings were largely held in English, as opposed to the locally spoken languages, Chewa and Ngoni, which also may have acted as a barrier to understanding and trust-building. The company's specialty has historically been on the technological side of the products rather than social mobilization, and thus they did not have recruitment materials readily available in local languages. Gathering size was limited due to COVID-19 restrictions, which impacted attendance at sensitization meetings. The project timeframe of 12 months meant most of the farmers were only able to open an account after harvest and crop sales when income came in, which happened towards the end of the pilot period. It is expected that these challenges can be addressed in future years, particularly given that trust has been developed over the first season.

Local social and cultural norms also impeded program success. Given that there are few financial service providers in the pilot communities, most people are accustomed to keeping their money at home. Though MFinance held financial literacy sessions on the benefits of keeping money in the bank, many did not feel these benefits outweighed the convenience of having their money accessible 24/7 at home. Mobile agents increased MFinance's reach, but agents were still located in trading centers, which could be five to 15 kilometers away for those living in remote villages. Thus, for some individuals who might have deposited money, the distance was not worth it for the small deposits of the rural poor. For others, hesitancy was driven by fear caused by previous fintech provider scams in the area. Cultural norms around gender roles also played a role in uptake among women. Though women are legally able to open an account in their own name, culturally many married women were not comfortable opening an account and accessing a loan without their husband's permission, especially those who did not have land documented in their name. This resulted in a lower achievement of target numbers than expected and highlights the need for service providers to prepare for these types of gender-responsive communications in their outreach.



Daimon Tembo of Mkanda Chiefdom is looking forward to earning a good profit from cabbage sales. Mr. Tembo was able to open an MFinance account under the USAID partnership, providing him a safe place to keep his earnings.

MUKUPA YVES MUSELELA/MFINANCE

Though the partnership between MFinance and Good Nature Agro increased the popularity of agricultural input loans, some clients reported that they were not pleased with the final product. Input delivery was delayed, and Good Nature Agro provided a different seed varietal than farmers were used to using. Though the varietal provided could actually be planted later, limited extension services and communication from Good Nature Agro meant many farmers were not aware of this fact. Clients viewed MFinance and Good Nature Agro as one entity, and thus blamed MFinance for the weaknesses in product delivery. Nevertheless, farmers heavily preferred the input-focused loans to cash loans, as it was viable for immediate investment and eliminated some of the logistical challenges

of procuring inputs at the beginning of the season, and interest in the savings product increased once households saw seeds delivered.

WEATHER INDEX INSURANCE

ILRG partnered with insurance industry service provider and consultancy firm Risk Shield to develop a weather index insurance product for smallholder farmers with recently documented land rights. Most smallholder farmers in Zambia rely on rainfed agriculture, which means they are especially vulnerable to crop failure due to seasonal droughts and floods. Very few farmers have any form of crop insurance; when extreme weather events occur, farmers often lose everything. Weather index insurance can protect farmers against these risks by insuring their input investments like seeds, fertilizer, and crop chemicals. Farmers pay a small premium bundled with the cost of the inputs, and then receive a payout whenever the weather index reports drought or excess rainfall in the farmer's location. Weather index insurance can help farmers gain better access to agricultural loans, as banks are more willing to offer lines of credit knowing that farmers have some form of guaranteed income each season.

Risk Shield worked with ILRG to develop a weather index insurance product for Chipata and Lundazi Districts. The index relies on satellite technology to monitor rainfall daily and uses 38 years of historical satellite rainfall data, calibrated using USAID ILRG plot-level location data and ground-truth data on crop type, yields, and historical losses. ILRG landholding data can also be used to improve targeting by identifying landholding status, plot size, and historical risk factors to ensure that over- or under-insuring does not occur. This level of granularity improves the overall accuracy of the model and helps the insurance provider better manage risks. Farmer data can also be used to better market insurance products or package insurance with a suite of financial services to meet local needs.

Risk Shield developed weather index insurance products for 55 locations in Eastern Province using village-level GPS data from the ILRG database. The products are therefore not based on each individual parcel's risk, but rather risks are clustered over the whole village area. The farmers' risk profiles are therefore even across each village. The products provide coverage during the growing season from January to August against early season dry spells, late season dry spells, in-season excessive rainfall, and post-season excessive rainfall. The weather index insurance was designed to be integrated into an MFinance microloan package, bundling the fully insured amount of the loan with an eight percent premium.

PROGRAM ACHIEVEMENTS

While the weather index insurance product was developed, it was not launched during the activity's time frame because it was negotiated and finalized too far into the planting season to be useful. Risk Shield and MFinance plan to roll out the product in future years, including beyond the areas of household documentation. So while household documentation was the impetus for the development of the model, ultimately a village-focused model (that does not require household-level data) was deemed most cost-effective. Despite the slow launch, weather index insurance shows much promise in helping reduce risks for smallholder farmers. In calibrating the model, Risk Shield ran several simulations to assess what payouts would have been triggered during the 2020/2021 growing season. They found that while there would not have been any dry spell payouts, excessive rainfall payouts would have been triggered in 41 out of 45 locations, with payouts ranging from five to 17 percent of the amount insured. These payouts would have helped farmers recoup some of their losses due to excess rains, mitigating some of the impact of a bad season. This finding mirrors ILRG on-the-ground experience, which saw a number of farmers in Eastern Province lose their harvests during the season due to excess rainfall.

Risk Shield was quite excited by the amount of data ILRG had available and noted various ways ILRG data could be leveraged in the future to develop and improve index insurance and other inclusive insurance products. In general, it was clear throughout the engagement that insurance product developers are much more adept at using spatial and non-spatial data to influence their actions than microfinance companies.

Overlaying ILRG parcel/village-level GPS data with satellite rainfall data allows for more accurate weather index monitoring and leads to better targeting of insurance products. This type of data allows for better monitoring of localized events, like an isolated flooding incident, triggering payouts for impacted farmers. This granular level of data could also help insurers better disperse risk, lowering insurance premiums for some and raising them for others, which would help increase product affordability for everyone (as long as the providers pass these improvements on to the customers). This data could also be used to expand other types of insurance offered, such as yield-index or indemnity-based insurance, since the farmer's precise location could be used to assess risk.

While MFinance used village-level data in its model, household/plot-level data could also be used to better market products or package them with other inclusive finance and insurance products – such as savings accounts, loans, health, funeral and livestock insurance – thereby expanding service provision in

rural areas. These opportunities would however need to be vetted in the context of Zambia's 2021 Data Protection Act. Community members were particularly interested in funeral insurance, as these events often place families in short-term need of large amounts of money. Index data could also improve information asymmetry between banks and rural residents by providing an accessible village risk assessment score based on historical rainfall, yield, and household data.

PROGRAM CHALLENGES

While many communities stand to benefit from weather index insurance offerings, the product is complex to offer. Raising awareness among farmers will be crucial to program success because the product model and payout scheme may not be intuitive. The data requirements to accurately calibrate the model at the granular level done under the ILRG activity are large and may be hard to assemble such data in other areas, limiting scalability in the near-term.

Weather index insurance is likely to be most effective not as an individual product but, rather, bundled with a suite of financial or agricultural products. Yet bundling insurance with other services does make farming inputs and loans more expensive. This could have the unintended consequence of dissuading farmers from taking up the underlying input or loan. An alternative model could have the input supplier pay the insurance premium on behalf of the farmer upfront, with the premium repaid on top of the loan amount at harvest. Effectively, in this case, the product would benefit the input providers rather than the individual farmers. Yet when presenting the model to other insurers, Risk Shield faced some pushback, with an input supplier arguing that asking the supplier to pay the premium put an unfair credit risk on the company. More work is needed to assess what types of products farmers would pay for, and the extent to which farmers or input suppliers should be targeted.

LESSONS LEARNED

The lessons from this one-year pilot have underscored both challenges and opportunities in extending finance and insurance products to rural areas. The underlying challenges of reaching rural farmers with financial services and insurance are real; while land documentation offers value, providers are struggling with the first step of efficient service delivery. The information contained in household documentation was perceived as valuable by providers of products, but the providers had limited ability to fully integrate this information into their service models. A longer pilot phase of over a year is necessary for the design and piloting of finance and insurance products for agriculture-based rural populations. Though the pilot phase did expand financial inclusion for over 700 rural smallholder farmers, more than half of whom were women, and provided proof of concept for a weather index insurance model bundled with microloan products, it fell short of projected targets. Given that the pilot was only over one growing season and faced unexpected disruptions caused by COVID-19 restrictions, the targets set were likely unrealistic. Discussions since the end of the pilot have indicated an increased interest in the work from across communities, and over a year later the accounts are still operational. Many households were hesitant to be the first movers but having seen both the continued engagement of MFinance and the successful delivery of inputs provided through the partnership, there has been increased interest in participation moving forward. Nevertheless, the challenges experienced during the rollout phase provide a number of key lessons learned that can help shape future financial inclusion efforts.

DONOR-LED OR PRIVATE SECTOR-LED

This US\$71,000 pilot project (US\$54,000 for MFinance, US\$17,000 for Risk Shield) was funded by USAID in the hopes of demonstrating the value of land documentation to enhance rural financial service provision by fintech providers. Even under the mobile agent model advanced under the ILRG project, fintech service providers were not active far from town. They were wary of going too far from their existing operations, which meant that certain documented areas like Petauke and Lundazi Districts were

not really of interest. Service providers were willing to use donor funds to develop and roll out new products in rural areas, and did dedicate some of their own resources and staff time to the partnership. They are now using their own funds to continue the service after the grant ended. In the end, the development of rural financial and insurance products seemed to be largely donor-driven, rather than financially or profit-driven, making the business case for continued operation difficult. However, the partnership and the launching workshops in Lusaka and Chipata raised awareness among private sector partners of the land documentation work and potential benefits, which may present longer-term opportunities.

UTILIZING DATA FOR BETTER TARGETING

While service providers at the national – and even provincial – level were theoretically interested in using ILRG data for decision-making, they were not able to translate this into individual household targeting. Providers used high-level data to target specific chiefdoms with a critical mass of certified land but did not take the next step to use microdata to target individual households. They focused on using data to verify information for those that opened accounts, as opposed to using data for outreach and targeting. ILRG staff may have been unrealistic in their expectation that fintech firms would be able to use household or plot-level data for micro-targeting. Fintech field agents, who are typically ambitious and entrepreneurial high school graduates, did not leverage ILRG data to better target and recruit clients. They found it easier to use traditional recruitment methods, such as holding community meetings, than to use ILRG’s data to target households with documented landholdings. These large group methods of outreach are less time consuming and less costly to individual agents. Providers were able to use land certificates as proof of identity and to verify the size of landholdings, but those without land documents were also offered services. However, proof of plot size was used to justify and approve loan amounts to ensure the loan would adequately cover inputs for the parcel in question. It does not seem though that service providers viewed those with documented land rights as more creditworthy than those without. Thus, the advantages of secure landholdings were not passed on to the consumer at either the macro or household level.

IMPORTANCE OF COMMUNITY SENSITIZATION EFFORTS

Though MFinance carried out community sensitization efforts in target communities, more time was clearly needed to adequately address residents’ concerns and assess program demand.

Strong community-based mobilization and sensitization approaches are key to successful program uptake and tailoring. MFinance only had one full-time staff member on the ground in communities, which limited their capacity to hold meetings with stakeholders. One-off meetings did not give facilitators enough time to address fears, build trust, and answer questions to improve program participation. It also left them with less time to assess community needs to better tailor products, as seen in the limited uptake of financial loans but moderate interest in agricultural input loans. Large group meetings attended jointly by men and women may have disadvantaged women, who are less likely to speak up in mixed group settings. Furthermore, it is challenging for women to attend one-off community meetings due to family care and household constraints. These outreach efforts make sense from MFinance’s profit perspective, given limited resources, but they likely hampered trust and uptake in the program, given such limited knowledge and use of financial services in the area.

To better address these barriers, fintech providers should target existing community groups such as women’s clubs, church, and savings groups to assess product demand and raise awareness for program offerings. Fintech providers could utilize women within the community to reach out to other women and women’s groups and encourage them to open accounts. Peer-to-peer visits not only reduce time and travel constraints for women but can build trust in a program or service’s legitimacy. When group sessions are held, facilitators should consider whether joint sessions or gender-segregated groups make

the most sense, given the local context and cultural gender norms. Outreach efforts should also be conducted in the locally-spoken language to increase accessibility. On the whole, however, the timeline for product uptake may need to be pursued over a multi-year timeframe, rather than the single season promoted under this pilot. Reportedly, after seeing the agents established and input loans provided, household interest in participating in the savings products has increased.

IMPROVED MOBILE AGENT RECRUITMENT AND TRAINING

The mobile agent model was key to expanding financial service provider reach into rural communities under the pilot project, as it required limited upfront capital investment from fintech providers for office space and full-time staff.

However, even under this flexible agent model, points of service were still limited. Agents were located in villages that could be five to 15 kilometers away. Many potential clients did not feel it was worth the time and travel costs to open an account, just to deposit the small amount of cash income they had on hand.

Increasing the number of points of service/mobile agents would reduce these distance/time barriers and increase

savings. As agents work on commission, expanding points of service would not come with huge additional costs for service providers, as agents are paid based on how many accounts they open.



An MFinance mobile banking agent attending to a client in Kaulembe ILRG

While MFinance did recruit six women mobile agents, future programs should increase the number of women agents hired, as women clients may be more likely to enroll and utilize services from another woman.¹ Clients reported that women agents were seen as more dependable and reliable than male agents, and less likely to run away with someone's deposit. Women agents should ideally be from the target communities themselves to increase trust and build local ownership of the program. Fintech providers should build in incentives for agents to increase program outreach efforts, including bonuses for the number of women reached, number of accounts opened, and frequency of deposits.

MFinance provided mobile agents with orientation training along with ongoing mentoring support. Yet ILRG found that women agents were largely dependent on male relatives to provide client services, as many were not confident in their skills to act alone. To increase the capacity of mobile agents, especially women, fintech providers might consider providing group training for agents to build peer support and offer a space for women to share experiences. Specific entrepreneurship training might also help female agents build the skills and confidence needed to run the business on their own (although more data is needed to assess if the costs of such training would be offset by income from additional service uptake due to stronger female agent recruitment efforts).

LIMITED APPEAL OF FINANCIAL LOANS

MFinance offered three types of loans during the pilot phase: agricultural input loans, working capital (cash) loans, and asset loans. Households were not excited about the cash and asset loan products. The

¹ Reitzug, R., Chamboko, R., Gine, X., & Cull, B. (2020, 9 Nov). [Does agent gender matter for women's financial inclusion?](#) World Bank All About Finance Blog.

loans were for a limited value, and the logistical complexity of organizing inputs and transportation of goods rested on the individual household. Instead, households were more interested in agriculture input loans, prompting MFinance to organize a relationship with an agricultural input company, which was not originally planned. While access to finance is still a major barrier for rural households, perhaps an equally large barrier is the logistical challenge of procuring, transporting, and paying for inputs at the beginning of the season. Bundled financial services that link loans with agricultural inputs, and perhaps weather insurance, may prove more promising than standalone products. This same challenge was seen in the insurance products. While farmers understand the value of insurance products, their ability to pay a premium at the start of a season is often limited. The logistics of payouts would certainly need to be bundled with the MFinance accounts (or other mobile money accounts). The dynamics of offering these needed products to farmers at the right time and through the right mechanism need to be further adapted.

INCREASED PARTNER COOPERATION

MFinance's partnership with Good Nature Agro increased uptake of loan products. Such innovative partnerships can help fintech providers meet rural consumer needs, yet this requires strong coordination between providers. Good Nature Agro's limited communication channels with farmers led some to be dissatisfied with the service. The information on the variety of inputs delivered was not readily available and on-farm crop monitoring was weak. To address these issues, future efforts should include a strong communications component. At the beginning of the season, service providers could hold interactive meetings with potential clients to answer questions, including break-out groups for men and women. Service providers could also share information on input loans via text messages, including updates on delivery timetables, information on seed varieties, and best farming practices. Agricultural input suppliers like Good Nature Agro could also utilize mobile agents as information hubs for clients to share important updates. Increasing channels of communication between providers and farmers can help decrease the information asymmetry between both parties. It can help farmers get timely, accurate information about inputs and financial services, while giving providers greater insight into the needs of rural populations to enhance product targeting. The logistical challenges associated with this type of coordination are high, requiring greater investment and commitment.

NEXT STEPS

Land documentation may have the potential to expand financial inclusion opportunities for rural populations, but the basic models for provision of financial products without land documentation still need to be refined for the USAID ILRG areas. While this program helped to build the case that there is some demand for services in these areas, distance, trust, cultural and social barriers hampered some of the program's immediate impacts.

ILRG attempted to see if access to better data on potential rural customers would increase financial service provision in these communities. This could include spatial (non-personal) information on plots, as well as aggregated information on community size without concerns of breaching data privacy regulations. The relevance of data privacy laws to leveraging land data needs to be further evaluated moving forward. Private sector companies were eager for this additional data and did use it at the macro level to help target chiefdoms with documented land rights. But their ability to use the data to target individual households was limited over a single season.

Land certificates were able to provide important proof of identity, expanding financial product eligibility. Yet concerted outreach and targeting efforts are needed to build trust and increase uptake, including specific efforts to engage women. Mobile agents can be key vectors for program outreach if they are given the right training and tools to feel confident. Communication is key to building trust, ensuring that

customers understand the products being offered and receive timely updates about the program. Multi-season efforts are needed to show that payments and products are dependable.

Overall, customary land data can help financial service providers better target and tailor products for rural clients, given limited credit history data. The true test will be how long the service providers continue to operate in these areas after the end of the ILRG pilot efforts, and if such efforts are profitable for companies to pursue on their own without USAID support. MFinance has continued to field their agents. In the year since USAID support ended, MFinance, despite COVID-19 challenges, opened approximately 100 new accounts and also provided at least one new loan for the 2022 agricultural season worth US\$3,000. Thus, the relationships established and promoted have continued outside of ILRG's project investment. And while the trajectory of these relationships has not solely focused on leveraging land documentation, documents have been a catalyst for increased awareness of land rights within the agricultural finance world. Mobile money, agricultural input companies, and microfinance companies within Chipata and Lusaka continue to explore how to interact with land rights, as well as land rights data. This remains an area for increased investment and coordination to unlock the recognized value in land documentation for rural farmers.

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