



**ISSUE BRIEF NO. 2**

# **Applying a Gender Lens to Agriculture**

## **Farmers, Leaders, and Hidden Influencers in the Rural Economy**

## IN THIS BRIEF

<b>Introduction</b>	<b>2</b>
<b>Applying a Gender Lens to Agriculture</b>	<b>3</b>
Women Farmers	5
Agroprocessing Employees	6
Hidden Influencers	7
Women Leaders	8
<b>What Makes an Agricultural Enterprise “Gender Inclusive”?</b>	<b>10</b>
<b>Areas for Further Research</b>	<b>13</b>
<b>Conclusion</b>	<b>14</b>

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The Citi Foundation supports the economic empowerment and financial inclusion of low- to moderate-income people in communities where Citi operates. The Skoll Foundation drives large scale change by investing in, connecting and celebrating social entrepreneurs and the innovators who help them solve the world’s most pressing problems.

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Citi Foundation



## Synopsis

In this issue brief, the second in Root Capital’s Issue Brief Series, we share our experience of applying a gender lens to our work in smallholder agricultural finance. Through our Women in Agriculture Initiative, we have been able to better understand the areas in which we know we support women (as farmers, agro-processing employees, and leaders).

This work has also identified new areas for potential impact that further foster economic empowerment for women, underscoring the vital nature of women in less conspicuous — but high-impact — roles and positions. We call these protagonists “hidden influencers,” and in agriculture they include midlevel managers at agricultural businesses, agronomists, leaders of farmer networks, and agrodealers.

While much of the discussion to date among impact investors and development practitioners has been focused on the two ends of the spectrum – women as leaders and women at the base of the economic pyramid – we have seen that women in the middle play critical roles. We seek to expand the dialogue in impact investing and international development to document, celebrate, and support these hidden influencers.

**Root Capital is a nonprofit organization that provides loans and financial management training to agricultural businesses in the “missing middle” of finance — rural enterprises that are too large for microfinance and considered too small, too risky, and too remote for commercial banks to serve. Our clients are farmer associations and private businesses that help build sustainable livelihoods by aggregating or serving hundreds, sometimes thousands, of rural producers in Africa and Latin America. Since 1999, Root Capital has disbursed \$700 million in credit to more than 500 businesses in Africa and Latin America, representing more than 850,000 smallholder farmers, including more than 220,000 women farmers.**





Since its founding in 2004, Rwandan coffee cooperative Musasa has grown from 300 to more than 1,800 members—among them many women who were made widows by the 1994 genocide. Today, some of Musasa’s key managers are women, and the cooperative is pioneering new business opportunities for its female members.

## Introduction

In the past five years, women’s economic empowerment has become a prevalent theme among international development practitioners, mainstream investors, and global companies alike. The theme is reflected in the mainstream media, with iconic books like *Half the Sky* and *Lean In* delving into issues ranging from basic human rights to corporate profits through a gender lens. Gender lens investing has emerged as a strategy to invest in companies that are run by women, offer equal opportunity to women and men, or have a positive impact on women and girls in some other way.<sup>1</sup> There is mounting evidence that companies and countries that include and empower women perform better than those that do not.<sup>2</sup> A report by Booz & Company says it plainly: “Positive steps intended to economically empower women not only contribute to the immediate goals of mobilizing the female workforce, but also lead to broader gains for all citizens in such areas as economic prosperity, health, early childhood development, security and freedom.”<sup>3</sup>

Approaches to supporting women’s economic empowerment — that is, ideas on where to direct funding and services — are generally concentrated at opposite ends of the economic spectrum; gender lens investors emphasize business leaders and entrepreneurs while international development practitioners focus primarily on women on the margins of the formal economy or those excluded from it entirely.

Sheryl Sandberg’s *Lean In* focuses on the former, highlighting low numbers of women in corporate leadership positions. She calls on women to pursue the C-suite in their own careers, and on companies to recognize the strengths of women and the benefits of diverse perspectives as they hire staff and promote leaders. But for women and men alike, rising to the very top is the exception rather than the norm. Women leaders, while critical, represent only part of the story.

At the other end of the economic spectrum, empowering women “at the bottom of the power pyramid”<sup>4</sup> is increasingly recognized as an important economic development strategy in low-income countries. Nicholas Kristof and Sheryl WuDunn’s *Half the Sky* chronicles women and girls who have endured some of humanity’s most widespread atrocities and argues that a collective focus on women not as victims but as “economic catalysts” will ultimately transform their lives and the economies of their nations. We couldn’t agree more.

1 2013, Keefe, Joseph, Pax World Investments, “Gender Equality as an Investment Concept.”

2 For example, a 2008 McKinsey study and a 2011 Catalyst study show that companies with more gender diversity in leadership perform better than those without. The Catalyst study found that U.S. Fortune 500 companies with the highest representation of women on their boards (19 to 44 percent women) realize 16 percent higher net income as a percentage of revenue than companies with no women on their boards. On the macroeconomic scale, the Food and Agriculture Organization of the United Nations (FAO) estimates that if women and men had equal access to productive agricultural resources, global hunger would decrease by 12 to 17 percent. Booz & Company estimates that raising female employment to male levels could have a direct impact on GDP of 5 percent in the United States, 9 percent in Japan, 12 percent in the United Arab Emirates, and 34 percent in Egypt.

3 2013, Booz & Company, “Empowering the Third Billion: Women and the World of Work in 2012.”

4 Nicholas Kristof and Sheryl WuDunn use this term in *Half the Sky*.



Root Capital client AgroMantaro provides a steady income to hundreds of smallholder farmers and job security for more than 600 employees at its processing plant – 90 percent of whom are women holding their first formal job.

“By increasing women’s participation in the economy and enhancing their efficiency and productivity, we can bring about a dramatic impact on the competitiveness and growth of our economies. The gap between the developed and the developing countries would narrow significantly as productivity rises.”

—Hillary Rodham Clinton in a speech at the 2011 Women and the Economy Forum of Asia-Pacific Economic Cooperation

Root Capital focuses on agricultural enterprises as change agents in rural communities. We support both leaders *and* base-of-the-power-pyramid farmers and agricultural workers. However, when we consider our impact through a gender lens, we uncover additional roles that women often play: midlevel accountants, production managers, and field officers, for example. This is an entire tier of employees who often go unnoticed but who are critical in making businesses function effectively today, and who have the potential to be the leaders and entrepreneurs of tomorrow. By supporting women in these less conspicuous but highly influential roles, we can further expand our impact on women.

The purpose of this issue brief is to share Root Capital’s experience of applying a gender lens to our work in smallholder agricultural finance. In doing so, we can better understand the areas in which we know we support women (as leaders, farmers, and agroprocessing employees), and identify new areas for potential impact that further foster economic empowerment for women (midlevel managers and field officers). We encourage other investors and development practitioners to similarly expand their gender lens beyond a narrow focus at one or the other end of the economic spectrum with the recognition that we collectively need to unlock women’s potential across the entire continuum to realize the full benefits to society.

## Applying a Gender Lens to Agriculture

Root Capital provides loans and financial management training to agricultural enterprises in sub-Saharan Africa and Latin America. Whether it be a coffee cooperative in Nicaragua, a maize seed distributor in Kenya, a mango exporter in Burkina Faso, or an artichoke processor in Peru, our clients serve as anchor institutions within their rural communities. In addition to linking farmers to markets to facilitate their primary source of income, many of these enterprises also provide access to a range of other benefits, including training programs, agricultural inputs, microloans, and social programs like educational scholarships and health clinics. Many of these businesses also provide employment — frequently the first formal jobs their employees have held — for dozens or, in some cases, hundreds of women sorting and grading coffee, cashews, or fresh produce.

Since our founding in 1999, we have understood that simply by working in agriculture and supporting these businesses, we have a significant impact on women’s economic empowerment. That is, by financing and building the managerial capacity of rural organizations, we have supported hundreds of talented leaders and hundreds of





Esther Kirungo, left, is one of 3,000 women agrodealers in Kenya. She and her son sell high-yield, drought-resistant seed from Root Capital client, Freshco, to local smallholder farmers.

thousands of farmers and agricultural workers, many of them women. In 2013, for example, we provided \$122 million in loans to 250 businesses. These clients sourced products from 400,000 farmers who rely on the businesses for income and a stable market. Approximately 115,000, or just under 30 percent, of these farmers are women.

However, because we are working within inherently inequitable systems in terms of women's decision-making power and access to training, land, farm inputs, credit, and other productive assets, we felt compelled to more deliberately address the issues affecting women. In 2012, we formally launched our Women in Agriculture Initiative to understand the impact we and our clients have on women and gain a deeper insight into all of the roles that women play along the economic spectrum.

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**If women had the same access to productive resources as men, they could increase yields on their farms by 20 to 30 percent. This would raise total agricultural output in developing countries by 2.5 to four percent, in turn reducing the number of hungry people in the world by 12 to 17 percent.**

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## Roles of Women in Small and Growing Agricultural Enterprises

Entrepreneurship is a powerful force for economic growth, and in agricultural value chains, Root Capital has always regarded women-led enterprises as having particularly high potential for social impact. At the same time, the imperative to help the millions of women at the base of the power pyramid — like the women farmers and agro-processing employees whom Root Capital works to empower — is indisputable from both a moral and an economic growth perspective. Importantly, our experience in applying a gender lens to our portfolio has highlighted additional ways we support women in different but equally compelling roles. Between the handful of women entrepreneurs and cooperative leaders and the roughly 200 million women farmers<sup>5</sup> are millions of women playing less conspicuous roles who nevertheless have a profound impact on their families and communities.

We aim to “work where the women are,” supporting women in the high-impact roles they are already playing, *and* encouraging women's participation in influential roles that currently are more often occupied by men.

5 Based on Dalberg's estimate that there are 450 million smallholder farmers globally in “Catalyzing Smallholder Agricultural Finance” (2012).

## Nahualá: Earning a Premium for Women-Produced Coffee

In the highlands of Guatemala, where 76 percent of the population is considered poor,<sup>6</sup> Nahualá coffee cooperative sources beans from 160 smallholder farmers, including 70 women. Nahualá sells most of its coffee certified as organic and fair trade to specialty coffee buyers in North America and Europe. In 2004, the cooperative began to export a portion of its coffee through Café Femenino, an exporter that sources coffee exclusively from women. In 2013, Nahualá exported 20,000 pounds of coffee under the Café Femenino brand (about one-fifth of its total export) for an additional \$0.02 per pound premium.

As a result of Nahualá's participation in Café Femenino, more women have joined the cooperative. Importantly, in a sector in which men typically collect payment, the women of Nahualá, in accordance with Café Femenino rules, are paid directly, which gives them enhanced visibility of cash flows. Nahualá's women members attend cooperative trainings as often as their male counterparts, although they are still less likely to participate in the cooperative's assembly meetings, indicating that they continue to be underrepresented in decision making at the organizational level. While women still perform "women's tasks" on the farm, such as harvesting and sorting, they are increasingly involved in the steps of coffee production traditionally restricted to men, such as pruning and fertilizer application.



Members of the women-only group that produce "Café Femenino" at the Nahualá cooperative.

Maria Susana Guarchaj Tahay has been a member of Nahualá for two years, selling her coffee for a premium through the Café Femenino brand. She views coffee as an integral part of the well-being of both her community and her own family. She and her husband plan to pass down their coffee farm to their three children, and income from their coffee sales pay for important expenses such as their children's school fees. "Coffee is an asset in this community and has helped us meet many of our needs," she says. "As coffee producers, we have been able to access credit through the cooperative. Coffee is what keeps us fed and gives sustenance to the family."

### WOMEN FARMERS

Root Capital provides loans and financial training to agricultural businesses that provide higher and more stable prices than other buyers to their farmer suppliers. Our theory of change is that this access to finance and training leads to higher incomes for farm households. What's more, when farmers are women, we see additional benefits, including a focus on the nutrition and educational needs of children, women's increased self-esteem, and stronger decision-making voice in the home and community. Smallholder farmers, especially women farmers, are a linchpin for meeting rising resource challenges; investing in women is a key way to promote food security for individuals, families and entire communities.

As farmers, women face significant and well-documented constraints.<sup>7</sup> In rural areas of low-income countries, women farmers often have less access than men to land title, credit, information, training, and

productive resources such as fertilizer and farm equipment. According to the FAO, if women had the same access to productive resources as men, they could increase yields on their farms by 20 to 30 percent. This would raise total agricultural output in developing countries by 2.5 to four percent, in turn reducing the number of hungry people in the world by 12 to 17 percent.<sup>8</sup> Especially in cash crops like coffee, women are less likely than men to sign on as cooperative members or as registered suppliers to agribusinesses because of time constraints related to their roles of taking care of the home, child care, and elder care, lower mobility than men, and other cultural norms. While women's participation in agricultural activities varies widely by geography and other factors, their contributions are significant but economically undervalued.<sup>9</sup> When women do become members or registered suppliers, their participation in leadership roles and enterprise-level decision-making is more limited than men.<sup>10</sup>

6 2011, IFAD, Guatemala Country Profile. IFAD.

7 The World Bank, FAO, and IFAD's Gender in Agriculture Sourcebook provides detailed accounts of the constraints facing female farmers, but provides a framework that identifies gender asymmetries in: 1) access to and control over assets; participation and power in land, labor, financial, and product markets; risk; market information, extension services, skills, and training; participation and leadership in rural organizations; rights, empowerment, and political voice; household composition and labor availability.

8 FAO 2010-2011. The State of Food and Agriculture.

9 San Ignacio has a population of 130,000 and is one of 13 provinces in the region of Cajamarca in northern Peru.

10 The World Bank, FAO, and IFAD's Gender in Agriculture Sourcebook provides detailed accounts of the constraints facing female farmers, but provides a framework that identifies gender asymmetries in: 1) access to and control over assets; participation and power in land, labor, financial, and product markets; risk; market information, extension services, skills, and training; participation and leadership in rural organizations; rights, empowerment, and political voice; household composition and labor availability.



## Cajou Espoir: An Alternative to Migration

Cajou Espoir is a private company located in Togo's Tchamba region. It sources and processes cashew nuts from 550 smallholder farmers, and its processing plant provides employment to 500 local workers, 80 percent of whom are women. Cajou Espoir is the only industrial employer in the region, and since opening in 2004 it has contributed to a revitalization of the local economy. This trend is consistent with African cashew processing in general, in which women represent 80 percent of employees overall.

While the African cashew industry has traditionally been limited to primary production, with raw nuts then shipped to Asia for processing, value-added processing in Africa is on the rise and more than doubled between 2006 and 2010. According to the African Cashew Initiative, a 25 percent increase in cashew processing in Africa would generate more than US\$100 million in household income in the region.

Before working at Cajou Espoir, many of the women in Tchamba would move to Nigeria to work as servants or sharecroppers. For example, Salamatou, a full-time employee in Cajou Espoir's processing

plant, has worked as a cashew peeler in the factory since 2009. Prior to working at the plant, she had moved from Togo to Nigeria to look for a job. When she heard about a factory opening in Tchamba, she moved back. Now 35 and expecting her third child, Salamatou is happy to be settled back in her hometown. "Cajou Espoir has transformed my life," she says. "I can now stay in Tchamba — and pay for my children's clothes and school necessities."

At Cajou Espoir, women like Salamatou earn four to seven times more income than domestic workers in Nigeria and have been able to make investments such as sending their children to school, starting their own side businesses, and moving from mud huts to brick homes. Diaka Sall, Root Capital's Regional Lending Director for West Africa, points out that Cajou Espoir not only directly supports women by providing stable jobs, but also helps the next generation of girls stay in school: "Teachers say they see better attendance by young girls, and they stay in school longer because their parents don't need to send them to get jobs."

Agricultural businesses can address the forces that otherwise limit women's participation as suppliers in a variety of ways, including:

- Creating a woman's brand within the broader enterprise to provide direct income to women farmers and increase their participation as members and decision-makers (see Nahualá case on previous page);
- Offering social programs such as a women's health clinic, providing loans for microenterprises, and
- Offering a market for secondary goods commonly produced by women such as honey and handcrafts.

## AGROPROCESSING EMPLOYEES

Women represent the majority of agroprocessing employees at enterprises that process raw goods (e.g., cashews, artichokes, and mangoes) collected from smallholder producers. At their best, these jobs provide women with an independent income stream, increased autonomy, and new social networks; frequently, they also offer long-term benefits such as education, health care, and training. But because these positions tend to require low skills and to be located in areas with low rates of formal employment, women in these jobs potentially face poor working conditions, job insecurity, and low wages.



## Odalis Noeme Guerrero, Junior Agronomist, UNICAFEC, Peru

At age 26, Odalis Noeme Guerrero is the only woman agronomist in the entire province of San Ignacio, a leading coffee origin and agricultural zone with a population of 130,000 in Peru's northern region of Cajamarca.<sup>11</sup> She serves as the junior agronomist of a two-member technical team at UNICAFEC, a 400-member coffee association.

Raised in a coffee community, Odalis became interested in coffee farming at a young age. Yet her father, a coffee producer, did not want his daughter involved in the “man’s work” of coffee production. Unlike her brothers, Odalis did not inherit any property from her father.

After graduating from high school and earning a technical degree in sewing, she knew she wanted to work in agriculture. Because she needed land to practice on, she convinced her father to gift her three-quarters of a hectare of his remaining land that he considered unproductive (yielding less than 200 pounds of coffee each harvest). Odalis then earned her degree in agriculture, which led to her current position at UNICAFEC, where she delivers personalized training to UNICAFEC’s farmer members.

As a woman agronomist, Odalis particularly connects with the 75 women members of the cooperative, advising them on technical issues and organizing trainings that promote women’s empower-



As a junior agronomist at UNICAFEC, Odalis Noeme Guerrero supports farmers in their agricultural practices. She is the only woman agronomist in her entire province in Peru.

ment and leadership. Even older women look to her as a role model, asking her to accompany them to technical trainings because they have little experience traveling on their own and speaking up for themselves.

On her own plot, Odalis has applied her expertise to boost production from 200 to 1,800 pounds per harvest. Although her father first attributed her success to luck, he and her brothers now consult her for help on their own plots. Her advice is well taken; since she taught them to properly fertilize, they have more than doubled their yields.

### HIDDEN INFLUENCERS

In the context of large corporations, McKinsey & Company has defined the term “hidden influencers” as “people other employees look to for input, advice, or ideas about what’s really happening in a company. They therefore have an outsized influence on what employees believe about the future, as well as on morale, how hard people work, and their willingness to support — or resist — change.” For our purposes, we define hidden influencers as people who provide advice and services to others in their industry, and who therefore have a disproportionately strong influence on their peers because of the information they share and the respect they garner.

In the agricultural sector where Root Capital works, hidden influencers include:

- **Accountants** and sales managers who keep farmer enterprises functioning;
- **Field officers** who manage logistics to bring crops from farm to market;
- **Internal inspectors** who ensure farmers are complying with certification practices; and
- **Agronomists and “lead farmers,”** who train other farmers on agricultural practices that improve their yields.

In our 15 years of lending, we have observed the phenomenon that women are often hired for and excel at office positions in accounting, marketing, sales, and other midlevel management roles that are highly influential but less visible and therefore less studied and celebrated than top-tier leadership roles. While aggregate data across our portfolio are not currently available, in 2014, we began measuring the frequency of women in these positions through our Gender Scorecard (discussed in the following section) to understand the prevalence of this phenomenon.

<sup>11</sup> San Ignacio has a population of 130,000 and is one of 13 provinces in the region of Cajamarca in northern Peru.



Pauline Akwero, field officer and sesame buying agent at GADC in Uganda, is an example of a “hidden influencer.”

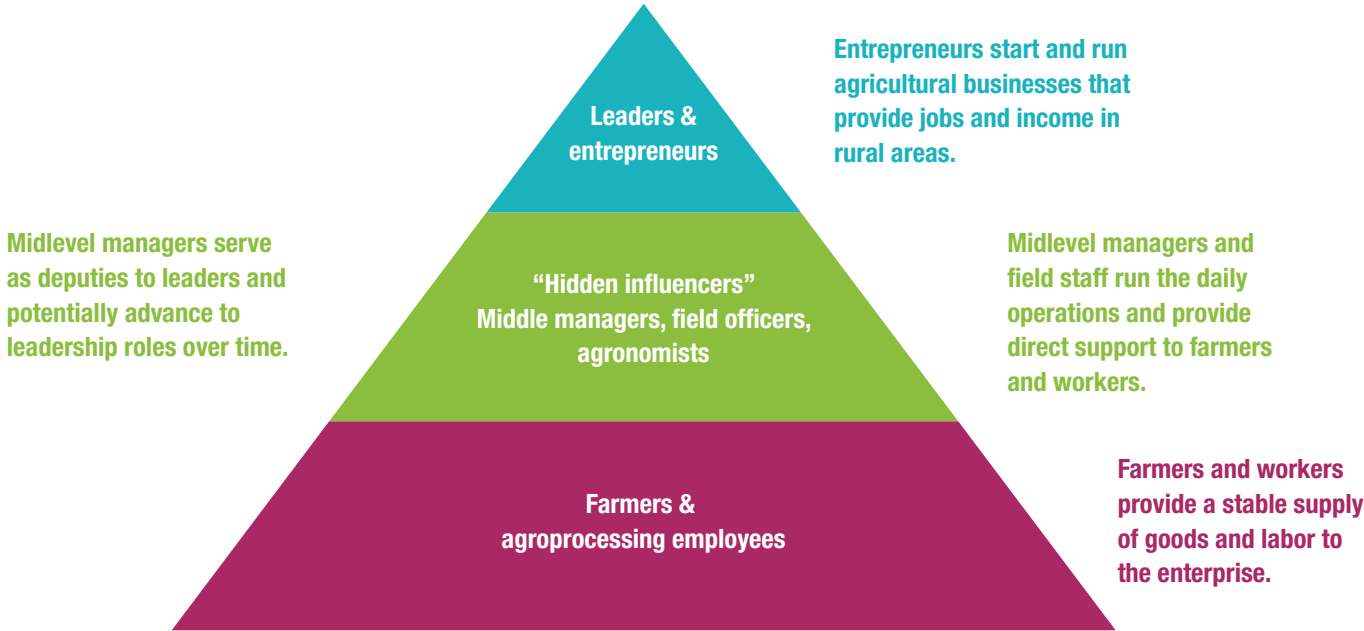
At the same time, women hold field positions at agricultural businesses less frequently than men, mainly because of girls’ and boys’ unequal access to agronomic education, and because the travel and physical work required is considered more suitable for men than women in many cultures. But these positions — agronomists, field officers, organic inspectors — are highly influential to farmers’ agronomic practices and sales decisions. When women like Odalis Guerrero (see call out box) are in these positions they may engage more effectively with women farmers and help them access inputs, agronomic advice, and market information that they currently lack. The anecdotal evidence we have gathered suggests that promoting opportunities for women to obtain agronomic education and enter the workforce in these roles would have disproportionate benefit for rural communities.

By supporting women in midlevel roles and field positions through, for example, targeted financial management training and loans to the businesses that employ them, Root Capital can expand our positive impact on these women and the much larger number of farmers and workers they support.

**WOMEN LEADERS**

While women agricultural leaders are often celebrated in both the media and on NGO websites, they continue to be underrepresented in agricultural enterprises. Currently, women hold the top position in 11 percent of our client enterprises. This compares favorably to the 4.8 percent of Fortune 500 CEO positions held by women in the United States in 2014, but is far below the roughly 30 percent of the labor

**FIGURE 1: DISTINCT ROLES OF WOMEN IN AGRICULTURAL ENTERPRISES**



## Charlotte Adjei-Ababio, CEO of Royal Danemac, Ghana

In Ghana, running an agroprocessing company is typically the domain of men. But while learning about soy processing for an assignment at her university, Charlotte Adjei-Ababio saw a business opportunity and seized it. In 2008, while still in school, she started Royal Danemac, a private enterprise that processes soy into animal feed. Royal Danemac provides a stable market to more than 2,000 soy farmers, 800 of whom are women. Royal Danemac supports Ghana's growing poultry and livestock industry, which improves food security and nutrition in the region.

As Royal Danemac's CEO, Charlotte is soft-spoken yet determined, reflecting a thoughtful but unrelenting approach to the challenges of starting her business. For example, there was no reliable power source for her agroprocessing factory when she started the business. To resolve this, she invested her own money to connect the factory to the local power grid. To this day, the electricity is cut off at least once a day, halting their machines and slowing down production. In the early days, finding the capital to fix such problems was a challenge in itself. Because no bank would finance the business, Charlotte and her husband poured their life savings into it. It was not until Root Capital made our first loan to Royal Danemac in 2012 that Charlotte had access to any outside source of funding.

Beyond the most basic needs to operate a business — a reliable power source and financing — Charlotte confronts a separate set of challenges simply because she is a woman. Despite her title and track record, her authority is questioned by her competitors and even her employees. "It's not easy to get yourself involved, especially in an agroprocessing business like mine. Because you're a woman, they look down upon you and they want to take advantage of you. I have to make employees understand that I'm the head of this and they can't pull me down. If the organization grows, their productivity and sales will grow, and they will gain the benefits of the organization. It will help all of us."



Charlotte Adjei-Ababio is the CEO of Royal Danemac, a Ghanaian soy processor. The industry — and Charlotte's position within it — is typically the domain of men.

On balance, Charlotte believes that being a woman helps her do her job better, particularly with the most important business relationship she has: the farmers who supply soy to Royal Danemac. "My suppliers tell me that my competitors approach them and ask, 'Why don't you supply us? Why do you sell everything to Charlotte?' But they know I'll pay them and that I am always honest."

Charlotte has had a lifetime of lessons in persevering through challenges: her mother was a teacher who sold clothing and operated several small restaurants on the side to support Charlotte and her eight brothers and sisters. "Being a teacher and businesswoman, she took care of all of us. She worked very hard to make sure we all got an education and were successful. I learned a lot from her about hard work and being dedicated to a goal. My mom is someone that if she wants to do something, she does it wholeheartedly, and she does it well." These lessons are evident in Charlotte's life, as she typically works from 3:30 a.m. into the late evening, raising her own three daughters — ages 13, nine, and three — while growing a business that is improving food security for thousands of Ghanaians.

force that women represent in our portfolio of clients, and even further below the 50 percent that represents equality.<sup>12</sup> Leaders set the organizational culture, and therefore women leaders may have a greater focus on the needs of women producers and workers than do men in the same positions. In identifying prospective clients, Root Capital seeks out women leaders, as one among a handful of indicators, recognizing their outsized contributions as role models in positions usually filled by men.

## Mutually Beneficial Roles

Enterprises can be powerful change agents within agricultural communities. As Figure 1 illustrates, women often play mutually beneficial roles in well-run agricultural businesses. Entrepreneurs start and run agricultural businesses, providing jobs for middle managers and stable incomes for farmers and agroprocessing workers, often in difficult environments with few alternative options. Farmers and workers benefit from the enterprise by earning a competitive price or wage and, in turn, support the business by providing a stable supply of goods to the enterprise.

<sup>12</sup> Catalyst website, March 2014.



## Identifying Gender-Inclusive Value Chains

Certain agricultural value chains, often for cultural or historical reasons, are more gender inclusive because they disproportionately incorporate women as farmers, wild-harvesters or workers. Quinoa, for example, is grown primarily by women in high-altitude communities in Bolivia, Ecuador, and Peru – regions with few employment options and thus high male migration rates. Shea butter is known as “women’s gold” because women in the Sahel region of West Africa have traditionally collected and hand-processed shea nuts and retained the income from their labor. Cashews and other locally processed crops, such as fresh fruits and vegetables, tend to provide disproportionate opportunities for women because they require careful sorting and grading in processing facilities, and women are generally considered by men and women alike to be more skillful

— and often more diligent — workers than men. Finally, in Africa, staple grains such as maize, millet, and sorghum — in contrast with cash crops like coffee and cocoa, which tend to be male-dominated — are commonly grown, harvested, and threshed by women, who typically keep a portion for household consumption and sell the remainder into domestic markets for local consumers.

By searching for qualified borrowers in these industries, we have naturally found many businesses that are led by, employ, purchase raw goods from, and generally promote the economic participation of women. In value chains such as coffee that tend to be more male-dominated, we deliberately seek out enterprises, such as Nahualá in Guatemala, that promote gender equity, and we celebrate their practices as an example to their peers.

Hidden influencers serve as a linchpin between these two segments. Midlevel managers such as accountants and commercialization managers carry out the strategies of enterprise leaders and run the daily operations that support farmers and workers. Field officers and agronomists liaise with farmers and train them in best agricultural practices, increasing individual yields and quality (and therefore income) and improving the overall quality and quantity of goods sold to the enterprise and on to the market. It is also worth noting that those women who are critical to making businesses function effectively today have the potential to be the leaders and entrepreneurs of tomorrow, especially if given opportunities for learning and growth.

When women are in any of these roles, they provide a different value to women and families than men in the same positions. For example, we believe that when women are in influential leadership and middle-management positions at agricultural enterprises, there may be a disproportionate impact on the women farmers and workers that they support. Further, evidence suggests that increasing the number of women agronomists can lead to higher participation of women farmers in training programs,<sup>13</sup> thereby improving productivity. Finally, when income improvements go directly to women, a higher percentage is spent on basic expenses such as food, children’s school fees, and health care costs than when income goes directly to men,<sup>14</sup> contributing to the long-term well-being of the household.

To reach agricultural businesses that support women in these various roles, we must first identify them, which we do through a Gender Scorecard (discussed below) that is part of the broader social impact analysis that informs all of our credit decisions. We then seek to expand our approach and develop programs and products that support women, also discussed in the next section.

## What Makes an Agricultural Enterprise “Gender Inclusive”?

As a mission-driven agricultural lender working in farming communities, Root Capital has long understood that women are simultaneously beneficiaries of and contributors to the success of the agricultural enterprises we support. Since our founding in 1999, we have sought clients that meet our financial, social, and environmental standards. As we have learned from our own experience, and as industry studies have reinforced,<sup>15</sup> strong practices related to gender equity in a business are a reflection of good management and a stable relationship with farmer suppliers, and therefore are often indicative of a sound investment.

The intent of our Women in Agriculture Initiative is to better understand the impact we and our clients have on women and to continually improve that impact over time. We consider gender lens investing an opportunity to expand our impact, not restrict it. Therefore, we provide loans and financial training to both clients with exemplary gender-related performance and those that, perhaps because of the cultural context in which they operate or particular attributes of their value chain, may not excel in our gender-related criteria but do meet or exceed our financial, environmental, and other social standards.

13 2011, Bello-Bravo, Julia et al., “Gender and Farmer Field Schools in Agricultural Production Systems in West Africa,” in *The International Journal of Science in Society*, Champaign, Illinois.

14 2013, IFPRI, “Women’s Empowerment in Agriculture, Production Diversity, and Nutrition: Evidence from Nepal.” 2003, IFPRI, “The Importance of Women’s Status for Child Nutrition in Developing Countries.”

15 2008. McKinsey & Company, “Women Matter: Female leadership, a competitive edge for the future.”



The majority of Kenya's farm labor is provided by women, but they have traditionally had little control over their families' finances. By making small farms more productive, Root Capital client Freshco helps women like Anita earn steady cash income that they may never have had before.

A major strategy of the Women in Agriculture Initiative, then, is to expand our pool of gender-inclusive clients. We do this in three ways:

1. Conduct targeted market research on value chains with strong representation of women so that we can identify a pipeline of high-impact businesses in need of our services (see Identifying Gender-Inclusive Value Chains on previous page).
2. Develop financial products with a particularly high impact on women (e.g., "Loans for Land" and financing for internal credit funds that on-lend to individual farmers for investment on their farms or in ancillary microenterprises).
3. Improve financial management skills through training programs targeted to women managers.

## Defining "Gender Inclusive"

During our loan due diligence process in Root Capital's early days, we identified gender-inclusive businesses as those with a woman entrepreneur or manager, meaningful ownership stake or representation by women on the board of directors, or a significant percentage of women as farmer suppliers. We would "count farmers," including women farmers, to estimate our reach, but we had no formal evaluation of our clients' broader performance on gender-diversity measures. Through the Women in Agriculture Initiative, we have built a Gender Scorecard (part of our [Social Scorecard](#)) that reflects our growing understanding of our clients' impact on women.

Our tools and approach are continually evolving. In fact, based on the research and discussion generated during the production of this issue brief, we have further expanded our Gender Scorecard to consider two additional metrics: number of women agronomists and number of women middle managers. Our eight quantifiable metrics now include:

1. Number and percentage of women farmers
2. Number and percentage of women agroprocessing employees
3. Number and percentage of women in middle management
4. Number and percentage of women agronomists
5. Presence of a woman in a leadership position (entrepreneur or manager)
6. Number and percentage of women on the board of directors
7. Number and percentage of women accessing loans through enterprise's internal credit fund
8. Existence of a women's program, such as a maternity clinic or training program

To ensure that we are gathering accurate and consistent information, we developed the definitions with our team of loan officers, who are responsible for collecting the information as part of their due diligence, and clearly define each indicator within our [Social Scorecard](#).

In 2013, our clients collectively sourced goods from 114,000 women farmers and we rated 31 percent of our clients (80 businesses) as gender inclusive. In 2016, we aim to serve 200 gender-inclusive clients and reach 200,000 women in our lending portfolio.





Chili pepper farmers in the central Amazonian region of Peru

**TABLE 1: ROOT CAPITAL GENDER OUTCOME METRICS**

	2010	2011	2012	2013*
<b># of gender-inclusive clients</b>	50	89	107	80
<b>% gender-inclusive clients of total number of clients</b>	29%	46%	52%	31%
<b>Amount disbursed to gender-inclusive clients</b>	\$24M	\$59M	\$59M	\$42M
<b>% amount disbursed to gender-inclusive clients of total amount disbursed</b>	30%	53%	49%	35%
<b>Number of female producers reached</b>	45K	58K	71K	114K
<b>% female producers of total producers</b>	23%	28%	33%	28%

\*It is notable that the absolute number of gender-inclusive clients and the relative percentage of clients within our portfolio declined from 2012 to 2013. At first glance, it appears that our outreach to gender-inclusive clients worsened during that period. However, the shift is due to our more stringent definition, beginning in 2013, of what qualifies an enterprise to be deemed gender inclusive. In 2010–2012, our gender rating was based on thresholds for (1) being woman-led, (2) the percentage of women farmers, and (3) the existence of a gender policy. In 2013, we adapted our rating, basing it on an index of five criteria, which is a more selective methodology than the prior rating system. With stricter parameters our numbers do not look as impressive, but we believe they are a better reflection of our values and our understanding of reality. We continue to adapt our Gender Scorecard as we gain more experience.

## Beyond Outcomes

Our Gender Scorecard gives us important information about the scale of our clients’ inclusion of women. However, because it is used as an assessment tool for our entire portfolio, it cannot provide details about the actual impact on women and what that impact means for their own lives, the lives of their families, and the overall status of women in their communities. For example, to understand gender dynamics around the role that women play in decision making in the home, and the differentiated impacts between women and men, we conduct in-depth impact studies and farmer-level livelihood surveys. For these and other client profiles, see our [Impact webpage](#).

As an example, a focus group of women farmers who supply Faranaya, a Root Capital client working in the sorghum value chain in Ghana, revealed that attitudes toward girls’ education are changing in response to women’s earning income through sorghum sales. Women and men tend to maintain traditional gender roles in their own relationships. That is, while their husbands make major household decisions,<sup>16</sup> such as on the family’s accommodations and children’s education, women report making minor decisions related to meals, housekeeping, and children’s clothing. However, because of women’s newfound earning power, they now consider the education of their daughters to be a worthwhile investment. Before women in this region began earning money by selling sorghum to the enterprise, they prioritized the education of their sons because their daughters would be married and sent to live with their husbands’ families, with limited ability to earn consistent income. As one woman sorghum farmer reports, “Wherever my daughters might find themselves, they can still support the family, and so I now also hope for the success of my daughters.”

<sup>16</sup> In a recent Root Capital survey of female and male sorghum farmers supplying to Faranaya, 68 percent of households report that the male head of household decides what to plant and how much of the harvest to sell each season.



# Areas for Further Research

Through the internal discussion generated in researching this issue brief, we identified two particular types of jobs — agrodealers and lead farmers — that we intend to further investigate. While these are not roles in which Root Capital directly supports women, they are related to our existing work in many ways and may offer an opportunity to expand our products and services. Additionally, in our research on the broader issues that affect women in agriculture, several macro trends, including migration and land tenure, continually arise and require further investigation in the context of agricultural businesses.

Agrodealers, who are local retailers that sell inputs such as seeds, fertilizer, and farming equipment to farmers in their respective villages, present a promising development proposition. They offer an income-generating opportunity for the dealers themselves, their products and services increase farmer productivity, and as hidden influencers they play an informal but significant role in disseminating agronomic information to local farmers. In Kenya, there are an estimated 10,000 such agrodealers, roughly 3,000 of whom are women.<sup>17,18</sup> A possible future area of research is the impact of women agrodealers on women farmers' access to inputs and information, and the financing and other needs of agrodealers themselves.

Another group of hidden influencers is lead farmers at Farmer Field Schools (FFSs). The FFS model uses a participatory training methodology in which farmers train each other on agronomic practices to improve productivity. While the schools can be a cost-effective way to share information and improve yields,<sup>19</sup> women's participation is inconsistent and in many cases they do not participate because male decision-makers do not select them to do so. Within the FFSs, lead farmers are elected to train other farmers, and women fill these roles with even less frequency than they do as trainees. A 2011 study in West Africa found that increasing the number of women trainers can significantly increase female participation in FFSs.<sup>20</sup> Further research is needed to explore the rewards and challenges that women experience in attending Farmer Field Schools, and in taking the steps to become lead farmers, to determine if training would be an effective way to increase participation.

Migration of men and youth out of the countryside is a broader trend that affects the roles and long-term economic well-being of women in agriculture. In areas with especially high migration rates, like Mexico and Central America, we see women's roles changing as fewer men are available to farm the land or fill jobs at agricultural businesses. This manifests itself as higher numbers of women cooperative members, which on the surface suggests increased empowerment but upon further investigation may reflect the additional responsibilities women are forced to pick up temporarily when men are unavailable. On the other hand, qualified women are able to more regularly fill skilled roles when fewer men are competing for these jobs.<sup>21</sup> We seek to better understand migration patterns and their impact on the women who remain in the community so that we can accurately interpret statistics and measure the quality of life in rural communities.

Finally, lack of land tenure is a fundamental barrier that women farmers face throughout the developing world. While statistics vary from country to country, a 10-country study in Africa finds that 12 percent of women own land individually, while 31 percent of men own land individually.<sup>22</sup> This inequality has real implications on income. With our clients in Latin America, we have seen that women members tend to earn lower incomes from their coffee sales than male members simply because they farm significantly smaller plots of land than their male counterparts. We have supported land ownership for women through our Loans for Land product in Nicaragua, and will continue to look for similar opportunities with clients in other geographies.

17 172012, Okello, B. et al., "Agrodealerships in Western Kenya: How Promising for Agricultural Development and Women Farmers?" International Center for Research on Women, Washington, D.C.

18 In a study in Kenya, agrodealers were asked about the gender of their customers. Their responses revealed that in their areas 70 percent of the stockists (i.e., owners of small shops who purchase from larger shop owners and resell in smaller, more remote communities) purchasing seed over the counter from main agrodealers were men. Out of this 70 percent, over 95 percent of the men were found to be purchasing on behalf of the women managing the stockist shops in the smaller out-of-town centers. Another study estimates that 80 percent of the retail (walk-in) farmers purchasing from agrodealers in the main towns were found to be women. In the agrodealer shops, 80 percent of the seed sellers were women

19 2010, Davis, Kristin et al., "Impact of Farmer Field Schools on Agricultural Productivity and Poverty in East Africa," IFPRI Discussion Paper 00992, Washington, D.C.

20 2011, Bello-Bravo, Julia et al., "Gender and Farmer Field Schools in Agricultural Production Systems in West Africa." Julia Bello-Bravo et al. 2002, Pontius, J., Dilts, R. & Bartlett, A., "From Farmer Field School to Community IPM: Ten Years of IPM Training in Asia," FAO Regional Office for Asia and the Pacific: Rome.

21 2010, Lyon, Sarah, Bezaury, and Mutersbaugh, "Gender Equity in Fair Trade—Organic Coffee Producer Organizations: Cases from Mesoamerica in Geoforum."

22 Doss, Cheryl, Oxfam blog accessed 4/11/2014, "Killer factcheck: 'Women own 2% of land' = not true. What do we really know about women and land?" Oxfam blog accessed 4/11/2014. The same study finds that 39 percent of women and 48 percent of men report owning land, jointly or individually.



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## Conclusion

Most people living in rural communities of developing countries have limited access to income-generating products and services like credit, training, and farm inputs. This is particularly true for women, whose economic opportunities are further restricted because they make fewer decisions about the farm and the household and own less land than their male counterparts. As potentially powerful change agents within rural communities, agricultural enterprises can increase access to productive assets for women in a variety of roles.

Like many international development practitioners, Root Capital considers that base-of-the-power-pyramid farmers and agricultural workers experience extreme economic need and therefore represent the highest opportunity to have real and lasting impact in rural communities. At the same time, like many gender lens investors, Root Capital believes that enterprises led by women offer a much-needed

example for other businesses and individual women in similar contexts. By systematically applying a gender lens to our portfolio of approximately 250 active clients, Root Capital has identified additional — albeit less celebrated — roles that women play that have disproportionately high impact on families and communities. These “hidden influencer” roles offer an opportunity to deepen our impact that we are only beginning to understand.

We encourage others who share our goal of unlocking the economic potential of women to expand their focus beyond women as leaders to include women across the economic spectrum. In doing so, we can identify additional areas in which women are playing high-impact and influential roles within our respective sectors and begin a substantive dialogue on how we can collectively support their long-term economic empowerment.



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