
AGRICULTURAL VALUE CHAINS INSIGHTS: OPPORTUNITIES IN BANGLADESH EVENT HIGHLIGHTS

The Agricultural Value Chains Insights: Opportunities in Bangladesh event was held on November 22, 2016 at the Amari Hotel in Dhaka. It was co-hosted by USAID's Mobile Solutions Technical Assistance and Research (mSTAR) project, implemented by FHI 360, and USAID's Agricultural Value Chains (AVC) project, implemented by DAI. The event was attended by 50 participants from 30 organizations. The event provided an opportunity to foster networking between agriculture value chain actors, regulators, multi-lateral donor agencies, development organizations, digital financial services (DFS) providers, banks and insurance providers.

Two major reports related to AVCs in Bangladesh, [“Study of Pattern of Financial Flow within Market System”](#) and [“Integrating Digital Financial Services into Agricultural Value Chains: A Bangladesh Market Landscape Assessment”](#), were launched in this event. Both of these reports shed light on the financial behaviors of actors along the value chain, and offer recommendations for how opportunities stemming from those behaviors can be realized. The purpose of both studies was therefore to assess the potential to increase value chain efficiency and also to map the payment flows in the AVCs. The event concluded with a panel discussion that focused on the potential of digital financial services within agriculture value chains in Bangladesh.

Some of the main discussion points from the event are summarized below. Refer to the Annex I for a full list of participants and Annex 2 for the event agenda.

Welcome and Opening Remarks

Opening the event, Mr. Ataur Rahman, mSTAR/Bangladesh Team Lead, highlighted the importance of the agriculture sector in Bangladesh. He gave an overview of why these studies were conducted and also emphasized the importance of digital financial services in the agriculture sector. He explained how access to financial services is integral to rural development and overall economic growth.



Michael Field, the Chief of Party for the AVC project, followed, stating that they were particularly very interested in seeing the patterns of financial flows and specifically, they wanted to see if there are any opportunities that exist in integrating digital financial service offerings into the financial and payment activities of multiple agriculture value chain actors.



Presentation on Report Findings – Study on Pattern of Financial Flow within Agricultural Market System

Seezan Mumith Chowdhury, Consultant, Consiglieri Private Limited explained that the key objective of the report was primarily to identify the relationships between different types of actors within the agricultural ecosystem and also to understand their cash flow patterns along with their savings, expenditure and investment behavior in the agriculture sector within the Feed the Future (FtF) Influence Zone. While explaining the background of the study, Mr. Chowdhury highlighted how segregating special value chains is important as farmers involved in these are expected to have special socio-economic attributes.



Mr. Chowdhury also noted that financial flows have been found to be primarily cash, with payments cleared upon delivery of the product. He further explained how a majority of farmers take loans from MFIs on a higher interest rate.

Lastly, while explaining the recommendations, he stressed that financial services firms need to invest in the skills and managerial practices required to target agricultural clients effectively, including customer education at multiple levels, not just farmers. Rural finance is an important element to catalyzing agricultural and rural development. There are opportunities for a range of financial services targeting the agriculture sector, but they need to be tailored to specific risk profiles of farmers, transporters, traders, etc.

Presentation on Report Findings – Integrating Digital Financial Services into Agricultural Value Chains: A Bangladesh Market Landscape Assessment

Josh Woodard, Regional ICT & Digital Finance Advisor from FHI 360, presented the report '[Integrating Digital Financial Services into Agricultural Value Chains: A Bangladesh Market Landscape Assessment](#)'. He initiated with an overview of the study which included observations and analysis regarding the financial/payment patterns, needs, and preferences of multiple AVC actors in the FTF Zone of Influence in the southern region of Bangladesh. He further emphasized that this study is not a nationally representative survey and explained that the objective of this study were to extract insights that will give others an idea of what possible opportunities may exist from which to do further analysis and research.



Photo credit: USAID's mSTAR project

While talking about the payment flows relationship, Mr. Woodard stated that the farmers' use of formal financial services was fairly low and cash was the dominant method of payment as most of the farmers that were interviewed worked in a fairly tight geographic area. There was a high awareness of the digital financial services amongst the farmers, however, it was also been noted that they did not completely comprehend the product offerings; there was numerous misunderstandings, around pricing, for example. Lastly, while explaining the recommendations, Mr. Woodard highlighted that DFS providers may want to explore promoting loyalty schemes (i.e. selected discounting, reward points, limited cash back) tied to recurring purchases associated with farming practices (i.e. purchase of inputs or equipment rental) or other key expenditures (e.g. education fees). Furthermore, they should also think about offering customized time or goal-based savings products that either reinforce existing informal saving behavior or support a greater savings diversification for smallholder farmers.

Panel Discussion – Words of Possibilities



Moderated by FHI 360's Regional ICT & Digital Finance Advisor, Josh Woodard, the panel discussed the potential of financial inclusion and DFS across agricultural value chains in Bangladesh. Panelists included Joint Secretary from the Ministry of Agriculture, Toufique Alam; Joint Director, Payment Services Department from Bangladesh Bank, Mohammad Akhlasuddin; Senior Executive Vice President from Bank Asia Ltd, Sarder Akhter Hamed; and Head of Product, Pricing & CLM from bKash Limited, Md. Raihan Islam.

Mr. Toufique Alam explained about the various initiatives that the ministry has taken in order to increase efficiency and agriculture production. He also talked about the Agricultural Credit Disbursement that has been provided to the farmers at a 4% interest rate for high value crops and 2% for spices. Mr. Mohammad Akhlasuddin, Joint Director, explained the projects that Bangladesh Bank is involved in and also explained that they are working towards increasing financial literacy and education. He further mentioned plans to formulate a national financial inclusion strategy.

Both the representatives from bKash Limited and Bank Asia Limited briefly shared a synopsis of their initiatives in the agriculture sector to introduce DFS, particularly through various offerings such as transfers, microcredit and so on.

The event concluded with the note that digital financial services can play a pivotal role in accelerating economic development across agriculture value chains via increased connectivity to the formal financial system and increased productivity.

DISCLAIMER

The views expressed in this publication do not necessarily reflect the views of the U.S. Agency for International Development or the U.S. Government.

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Annex – 1

Participants List

SL	Name	Designation	Organization
1.	Md. Nazmul Karim	Investment Manager	Abiskar
2.	Md. Rafiqul Islam	Program Manager	Action for Enterprise (AFE)
3.	Md. Akhlassudin	Joint Director	Bangladesh Bank
4.	Ishmat Jahan	Relationship Manager	BIID
5.	Md. Noor E Azam	Manager	bKash Ltd.
6.	Md. Somel Reza	Key Account Manager	
7.	Raihanul Islam	Head of product, planning & CLM	
8.	S.M Saiful Islam	RM	BRAC Bank
9.	Seezan Choudhury	Partner	Consiglieri Private Limited.
10.	Shibaji Roy	Director	
11.	Abdullah Al Shakib	Director	
12.	Masuma Yunus	Production Economist	Department of Agriculture Extension, Ministry of Agriculture
13.	M. Mostafa	VP	Eastern Bank Limited
14.	Mehbob Benazir	Head of SME	
15.	Fahad Saleh	Senior Specialist	GrameenPhone Ltd.
16.	Ali Tareque	DSVP	Green Delta Insurance
17.	Md. Shorab Hossain	DSVP, RM Structured Fin	
18.	Dr. K. C. Rai	Agri Engineer	IFDC
19.	Ferdousi Begum	Head of Retail	IFIC Bank Limited
20.	Monirul Islam	MB Head	
21.	Md. Salim	Principal Officer	Islami Bank Bangladesh Ltd
22.	Syeda Ishrat Fatema	Manager	Katalyst, SwissContact
23.	Jakirul Islam	Country Manager	MicroSave
24.	Nazmuzzaman	CEO	Microtechnology Ltd.
25.	Touhiqul Alam	Joint Secretary	Ministry of Agriculture
26.	Niaz Md. Bin Hasan	Director	Semicon Pvt. Ltd
27.	Minhaz	Assistant Manager	SureCash
28.	Sabah Ahmed	Market D Specialist	Swisscontact M4C
29.	Christopher Chibwana	Food Security Advisor	USAID/Bangladesh
30.	Bidyuth K. Mahalder	COP	USAID's AESA, Dhaka Ahsania Mission
31.	Mahbub Alam	AIRN Supply Chain Advisor	USAID's Agro-Inputs Project (AIP)
32.	Khondker Zunaed Rabbani	CEO	
33.	Alexis Ellicott	COP	
34.	Haider	Sr. Market System Manager	

35.	Nasir U Ahmed	Team Leader	USAID's Rice and Diversified Crops activity, ACDI/VOCA
36.	Charles Pouliot	Team Leader	
37.	Timothy Russell	COP	USAID's Rice Value Chain project, IRRI Bangladesh
38.	Zia Ahmed	Chairman	Venture Investment Partners Bangladesh Ltd
39.	Michael Field	COP	USAID's Feed the Future Agricultural Value Chains project, DAI Inc.
40.	Anup Kumar Roy	Team leader, Market systems	
41.	Kazi Shamsul Amin	Communications Manager	
42.	Kaisar	Sr. Executive	
43.	Bithika Das Hazra	Access to finance speccialist	
44.	Bani Amin	DCOP	
45.	Somashree Chattapadhya	Access to Finance Officer	
46.	Ataur Rahman	Team Lead, mSTAR/Bangladesh	FHI 360
47.	Josh Woodard	Regional ICT & Digital Finance Advisor – Asia Pacific	
48.	Tajmary Akhter	Technical Specialist, mSTAR/Bangladesh	
49.	Md. Majidul Haque	Technical Lead-DFS, mSTAR/Bangladesh	
50.	Tasnuba Sinha	DFS Associate, mSTAR/Bangladesh	

Annex – 2

Agenda

Agricultural Value Chains Insights: Opportunities in Bangladesh event

Date: November 22, 2016

Time	Session Title
9.30AM	Registration
10.00AM	Welcome Note & Introductory Session <ul style="list-style-type: none"> • Overview of the event • Overview on why these studies were conducted. • Brief discussion about the collaboration of the two organizations
10.30AM – 11:30AM	Report Findings – Study on Pattern of Financial Flow within Agricultural Market System <ul style="list-style-type: none"> • Presentation on highlights of the report and its findings focusing on the key observations & recommendations
11.30AM – 12:30PM	Report Findings – Integrating Digital Financial Services into Agriculture Value Chains <ul style="list-style-type: none"> • Presentation on highlights of the report and its core findings specific to DFS in AVCs • Discussion on how DFS can foster the functionality of different AVCs and share select recommendations from the report
12.30PM – 1:15PM	Words of possibilities. <ul style="list-style-type: none"> • Panel discussion on the recommendations that were made in both the reports and will discuss how those could be blended for projected operations • Open discussion from participants on their thoughts on the recommendations.
1.15PM	Lunch & Networking