

# POLICYBRIEF

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## Empowering Women through Agroforestry: Breaking Financial Barriers for Community Resilience

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### Highlights

- Investing in agroforestry empowers smallholder farmers, especially women, by generating an additional income stream that can be reinvested in other livelihoods, thereby helping to overcome the challenge of high collateral requirements for securing commercial loans.
- Empowering women through agroforestry requires implementing strategies that are culturally relevant, respect indigenous knowledge, and are tailored to the local context.
- Enhancing income opportunities for women, requires a comprehensive support package that includes community development initiatives, training in sustainable production practices, establishing necessary infrastructure, and providing pre-financing options.
- Multi-stakeholder collaboration, involving global buyers and cooperatives, can create ideal pre-funding arrangements for farmers while ensuring local communities maintain control over their natural

### Background

Sustainable agricultural practices have become increasingly essential to tackle the growing challenges of global population expansion, food insecurity, and the pursuit of socio-economic and environmental sustainability (CFS, 2016). Transitioning from conventional farming to sustainable systems is generally feasible for farmers, as it typically requires only modest adjustments to existing practices. However, these transitions can incur costs, particularly when efforts are made to include vulnerable and marginalized groups such as women, indigenous peoples, and local communities (UNDP, 2024). Women play a significant role in agriculture, representing approximately 36% of the global agricultural labour force, yet they frequently encounter barriers in accessing financial resources to support their agricultural activities (FAO, 2024).

Agroforestry stands out as a dynamic climate solution that merges socio-economic and environmental benefits, leveraging local and indigenous knowledge to bolster community resilience (The Nature Conservancy, 2023). Women play a prominent role in agroforestry value chains, particularly in shea production,

## Resource Nexus perspective

Shea trees play a vital role in agroforestry, valued both culturally and commercially. A Resource Nexus approach is essential for ensuring sustainable shea production by recognizing the interconnectedness of key environmental resources—land, food, water, biodiversity, and climate. As a wild species, the shea tree is crucial for biodiversity in its native regions. Integrating shea into agroforestry systems not only enhances soil fertility and boosts agricultural yields but also strengthens food security by providing edible fruits and nuts, which are locally processed into butter. By adopting a Nexus perspective, policies on the shea value chain can safeguard long-term environmental sustainability while maximizing socio-economic benefits for local communities.

where they dominate key activities ranging from nut collection to processing. Drawing on a case study of 50 female shea producers in Kpugli, Northern Ghana, this policy brief outlines recommendations for policymakers in the Global South focusing on agrifood systems transformation. These recommendations highlight the need for targeted support to help women in agroforestry overcome financial constraints, achieve food security, and strengthen community resilience. Such measures are crucial, especially considering that while 75% of policy documents across 68 countries acknowledge challenges faced by women in agriculture, only 19% include specific gender- focused policy objectives (FAO, 2024).

## Main Challenges:

**Financial access barriers:** Smallholder farmers, including women, struggle to secure commercial loans due to unattainable collateral requirements, hindering their capacity to improve their asset base and invest in sustainable production practices.

**Agroforestry is a system of farming that integrates trees and shrubs into agricultural landscapes for socio-economic and ecological benefits (FAO, 2023).**

Shea production is a form of agroforestry because it aligns with the definition, growing in its natural state (not propagated in structures), in combination with other crops and sometimes livestock, with practices and knowledge that have been shared through generations.

**Knowledge sharing and adaptive capacity:** Most female shea producers have no formal education, which restricts their adaptive capacities to access information, improve practices, and enhance their economic prospects.

**Food insecurity:** Female farmers have a harder time accessing conventional financial systems, which impedes their ability to allocate funds for household food needs, thereby restricting access to wholesome and nutritious foods.

## Research Insights for Policy Guidance

### Beyond Cooperatives: The Case for a Full Support Package

Cooperatives have long served as a cornerstone for access to venture finance, in rural communities (Mersha & Ayenew, 2018), especially in sectors like agriculture, where smallholder farmers often face market and financial constraints. However, relying on cooperatives as the default mechanism to provide smallholders with access to pre-financing overlooks the varied needs and challenges these farmers face. A more comprehensive support package—including access to **capacity building, sustainable production infrastructure, and timely access to prefinancing**—is essential for enabling both cooperatives and their members to fully thrive. By moving beyond interventions that are focused solely on forming formal cooperatives, as consolidated structures for collateral, policy makers can integrate cooperatives into a broader support ecosystem, enhance resilience, stimulate economic growth, and promote lasting social and environmental sustainability in rural economies.

### Indigenous knowledge and Cultural Relevance: Key to Effective Agroforestry

Integrating indigenous knowledge and cultural practices into agroforestry initiatives is essential for fostering sustainable approaches, community acceptance, and community-driven outcomes. Indigenous knowledge—shaped over generations—offers invaluable insights into sustainable local practices, natural resource management, biodiversity, and community resilience (Berkes et al., 1994; Bridgewater & Rotherham, 2019). In the case of shea farming, for instance, the success of the cooperatives is due to the deep cultural roots that shea farming has in the lives of the women in the village, making it easier for them to accept innovations.

In northern Ghana, the **Shea tree has been a vital natural resource for several decades and has been utilized in agroforestry practices to provide additional income.**

Shea nut production and shea butter processing, both managed through cooperatives, are largely female-driven activities with significant potential for poverty alleviation. As part of the “Invest for Jobs” initiative, funded by GIZ and implemented by the Global Shea Alliance (GSA), shea nuts production cooperatives in the village of Kpugi, received a support package including formalization of cooperatives, capacity building in sustainable production practices, and financial literacy, production infrastructure and pre-financing. The training enabled them to improve the quality of their nuts and make informed financial decisions. Access to improved drying and storage facilities, along with timely pre-financing, helped them meet quality standards, access broader markets, and achieve a tenfold increase in profit margins. These profits were reinvested in other farming activities, healthcare expenses, and their children’s school fees.

Our study highlights that cooperatives benefit their members by creating platforms for knowledge sharing and mutual support on market access. For example, traditional knowledge on techniques such as parboiling, initially only known to some members, were shared within cooperatives, enhancing collective skills and community cohesion. The cooperative model also strengthens bargaining power, facilitates collective decision-making, and prevents premature shea nut sales by improving access to resources and funding. Recognizing and respecting traditional knowledge and cultural connections ensures social sustainability within communities, fostering greater acceptance and participation.

### **Seizing the Sustainability Surge: Traceability and Certification**

Women in agroforestry can capitalize on the growing demand for sustainable, traceable, and certified products by building on their key prerequisites, such as cultural practices, newly acquired knowledge, formal cooperative and production infrastructure. Our study showcased that with the support of a sustainable finance intervention (like Invest for Jobs), women’s cooperatives were able to formalize their business operations and establish connections with shea nut exporters, who were focused on sustainable sourcing. These exporters often provided pre-financing with the assurance that they can procure

high-quality, certified shea nuts at market price, and trace their origin for certification purposes. This traceability strengthens the cooperatives’ market demand, authenticity, expectations of high value markets, and opens funding opportunities from buyers and investors committed to ethical business practice. By achieving certification and traceability standards, women farmers can secure greater financial stability, expanded market access, and a sustainable business development.

### **Bridging Borders: Advancing Participatory Approaches for Sustainable Finance**

International collaboration is crucial for improving access to financial resources, and consequently for sustainable development. A participatory approach aims to provide equal opportunities for international organizations and local stakeholders to participate in decision-making processes, thereby empowering vulnerable communities, and fostering ongoing dialogue between the two. It can help address challenges such as limited local capacity, insufficient financial infrastructure, and a lack of knowledge about sustainable finance opportunities (Nguyen & Malik, 2020). The Invest for Jobs initiative in Ghana, a collaboration between GIZ and GSA, integrates international cooperation, women’s empowerment, and community-based financing to improve women’s economic prospects and social empowerment in rural communities.

The initiative promotes cooperative relationships among stakeholders, provides training with equipment, strengthens rural shea producers’ readiness for funding, and improves their marketplace negotiating position.

### **Global Partnerships for Resilient Communities and Sustainable Futures**

Multi-stakeholder collaboration is essential for strengthening community resilience, particularly in areas where traditional livelihoods intersect with global markets and environmental challenges (Ortmann & King, 2007). The shea nut business, for example, has seen coordinated efforts from international organizations, local governments, and community groups. This collaboration has allowed communities to maximize the value of their shea nut crops by improving access to global markets, and by providing technical assistance. The revenue boost has been used to support children’s education, agricultural diversification, and health and subsistence enhancement (food security). This economic empowerment builds community resilience against climate variability by providing financial resources

and knowledge for adaptive agricultural methods. Support for agricultural productivity improvements, often through climate-smart practices and technology, contributes to food security (Rao & Moharaj, 2023). Global collaborations should ensure local communities retain control of their natural resources and encourage sustainable management

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practices. This approach strengthens economic stability and provides communities with the necessary tools to navigate climate change and market fluctuations, thereby increasing their resilience.

## Conclusion and Recommendations

Enhancing women’s financial inclusion is a challenging task, but achieving gender equality through financial inclusion could significantly boost global GDP. Moreover, women’s contributions are crucial for driving the transformation of agri-food systems. Empowering women by enhancing their financial inclusion also advances the Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty) and SDG 5 (Gender Equality) by providing women with greater economic agency, freedom and opportunities, and

SDG 13 (Climate Action) by promoting climate-resilient agroforestry practices in shea farming. The following recommendations can help empower women and promote community resilience:

- 1. Policies aimed at fostering women’s access to sustainable finance should focus on community development, training and infrastructure.** This involves forming formal cooperatives, providing training on sustainable practices, and investing in sustainable production infrastructure.
- 2. Establish strong women cooperatives for financial independence.** By promoting collaboration, knowledge, price-sharing and collective decision-making, we can pave the way for an increase in revenue, which is reinvested into education, health and household needs (including food).
- 3. Integrate women’s financial inclusion to catalyze sustainable agroforestry practices.** Financial inclusion initiatives should prioritize cultural sensitivity and respect for indigenous knowledge and practices to ensure their effectiveness and acceptance within local communities.
- 4. Implement parametric insurance as a transparent and affordable solution to mitigate risks.** While the proposed innovations take women’s financial inclusion to the next level, residual risks remain, which can prevent women from directly accessing formal financial systems like banks.



Photo: A member of one of the Shea Nuts Production Cooperative in Kpugɔ (Northern Ghana) standing beside the newly constructed shea nuts drying facility.

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