



Financial Literacy Enhancement Study

Development of a useable definition and strategy framework to improve financial literacy for MSMEs in agriculture value chains

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Abbreviations

FI	Financial Institution
FSP	Financial Service Provider
INFE	International Network of Financial Education
MSME	Micro Small and Medium Enterprises
OECD	Organization for Economic Cooperation and Development

1. Financial Literacy Concept Note

This report aims to create a strategic framework to support the level of financial literacy among Tropenbos's (the Client) agricultural value chain. To achieve this, we must first take a deeper look at the various facets of the business atmosphere in which the level of financial literacy of an business owner is dependant. To do this, we have decided use the OECD/INFE definition of Financial Literacy; "the combination of awareness, knowledge, skills, attitudes and behavior that a potential entrepreneur or an owner or manager of a micro, small or medium sized enterprise should have in order to make effective financial decisions to start a business, run a business, and ultimately ensure its sustainability and growth" (OECD/INFE, 2018). We have chosen to use this definition of Financial Literacy because we believe that it is important to view the sustainability and growth of a micro, small, or medium sized enterprise as the result of the decisions made by the individual(s) in that enterprise. This approach will help tailor the report to fit the multiple types of MSME's throughout Tropenbos's agricultural value chain.

To accurately support the OECD/INFE definition of Financial Literacy, this concept note will discuss the theoretical development of the role in which adequate financial literacy affects three different facets to organizational sustainability. These three facets are: (i) firm performance and achieving a competitive advantage, (ii) access to finance, and (iii) risk mitigation and other organizational decision making. We believe that each of these facets provides us with a platform to discuss the outcomes of adequate or inadequate financial literacy of MSMEs in emerging markets.

1.1 MSME Performance and Achieving a Competitive Advantage

MSME performance is the key driver towards growth and prosperity throughout the world's nations but especially for emerging markets. The management of firm performance requires knowledge, skill, attitude and experience with goals to deal with the survival of the firm; profit maximization; sales maximization; capturing market share; reducing staff turnover; internal conflicts; external conflicts; and maximizing wealth (Jacobs, 2001; Eniola & Entebang, 2014). One of the pillars of business literature has been focused around Barney's (1991) concept of the resource-based view when achieving a competitive advantage. Resources are anything that might be thought of as a strength or weakness of a given firm, comprising of tangible and intangible assets. As tangible assets are seen to be traditional in format; whether it be financial capital or physical capital – it is the intangible assets that are key to this report. It is the intangible assets that deal with the management of the firm by the individual(s) that own it. According to the knowledge-based view; "financial literacy is a knowledge resource that determines the sustainability of MSME's (...) financial literacy places a significant role in the value creation process of MSMEs, which leads to sustainable performance" (Japelli, 2013; Lusardi et al, 2010; Ye & Kulathunga, 2019). Therefore, the (successfully) management of the firm is dependent on the financial literacy and other abilities of the individual(s).

Ample studies have been done showing how financial literacy is positively linked to firm performance. Low financial literacy has been shown to cause poor financial management practices and lead to frequent financial mistakes (Lusardi & Mitchell, 2014).

The table below summarizes a few key studies that indicate how financial literacy affects firm performance.

Conclusion	Author(s)
Financial Literacy is important to the survival of SMEs in both developed and developing economies	Wise, 2013; Ye, 2019
Financial literacy is needed to cope with rapid economic changes	Huston, 2010.
Individuals with strong financial literacy are more likely to invest in complex assets and more likely to be successful	Widdowson & Hailwood, 2009
Financial literacy shown to be an important factor in wealth accumulation, as well as firm performance	Behrman et al., 2012.
Financial literacy has become one of the most important driving forces in organizational decision-making	Allgood & Walstad, 2016.
Financial Literacy can help firms implement sound financial management by strengthening the relationship between access to finance and firm growth	Adomako et al., 2016

Table 1: Overview Impact Financial Literacy on Performance

When discussing the literature surrounding the topic of intangible resources and financial literacy. It is interesting to see how the literature distinguishes between the attainment of knowledge and the awareness to apply knowledge. This section will use financial literacy and financial knowledge interchangeably due to the encompassing nature of the OECD/IFNE definition.

The ability to obtain additional information can lead to an improved financial attitude (Braunstein and Welch, 2002). Morgan, Kaleka, and Katsikeas (2004) concentrated on the importance of linkages among obtainable resources and capabilities, competitive strategy decisions, competitive advantage and performance outcomes. These factors are conceptualized into a multitude of organizational resources such as; product development, networking & knowledge potential, cost based-advantages, marketing, and product differentiation. Therefore, the ability to obtain additional resources is key to the strategic and financial performance of an organization. Whether focusing on the attainment of tangible resources or the attainment of intangible (capabilities), financial literacy has been shown to play a significant role in the ability to attain resources.

Awareness however comes under the management sector. Management of day-to-day activities relies on the ability to read, analyze, discuss and manage various conditions that may lead to the well-being of the individual or the organization (Lusardi & Tufano, 2009; Rahmandoust et al., 2011; Vitt & Ward, 2000). It was Lusardi & Tufano (2009) who emphasized on the ability and decision-making aspect of financial literacy and its positive effects on firm performance.

Ultimately, resources are given the assigned role in achieving superior firm performance when using the RBV model. Financial literacy encompasses the majority of the intangible resources that firms must have or obtain to achieve competitive advantage. It is the proper application of financial knowledge and ability that allows MSMEs to profit through “wise planning, resource allocation, and financial service demands as to derive maximum utility” (Eniola & Entebang, 2017).

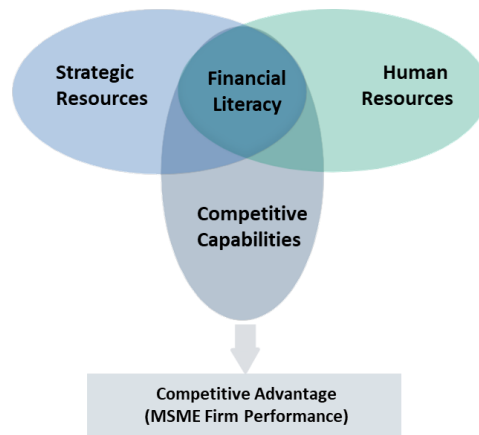


Figure 1 Overview Financial Literacy and Competitive Advantage, Adapted from Sulaiman (2014)

1.2 Access to Finance Key towards MSME Sustainability

MSME sustainability has been influenced on their ability to access from traditional and non-traditional lending institutions (Irwin & Scott, 2010; Khan et al., 2019; Ye & Kulathunga, 2019). This is especially true in emerging markets where underdeveloped financial markets and weak financial instruments lead to a poor allocation of financial resources among business organizations (Gambetta et al., 2019). Access to finance has been shown to be a key role in the sustainability of MSMEs (in emerging markets) due to its ability to - for example; make market entry easier, increasing entrepreneurial activities, boosting capacity for innovation and improving risk management skills (Yang et al., 2019).

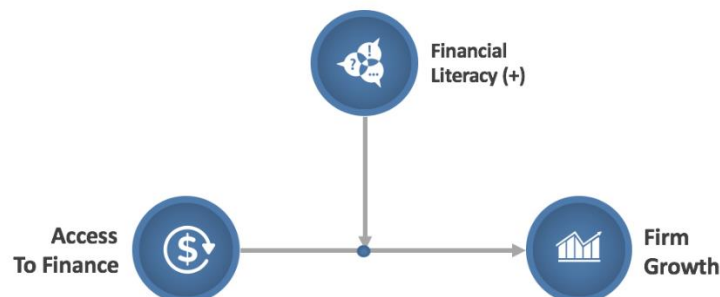


Figure 2: Financial Literacy and Access to Finance (Adomako et al., 2015)

The research on financial literacy's impact on the access to finance for MSME's has been developed broadly due to the resource-based view. Using the RBV-theory Adomako et al., (2015) showed that "financial literacy can help firms to implement sound financial management by strengthening the relationship between access to finance and firm growth". RBV theory, as mentioned previously, views the access to finance as a (tangible) capital resource. However, Ye & Kulathunga (2019) evaluates financial literacy's impact on access to finance by taking the peaking order theory. By taking Myers (Myers, 1984) extended definition of peaking order theory stating that "organizations take a hierarchical approach to investment and financing needs [by] favoring internal funds, external debt, and external equity [in that order]". MSMEs in emerging markets will most likely lack the internal funds for growth. With additional weak financial instruments and lacking financial literacy, these MSMEs will have difficulty reaching sustainability. Ye & Kulathunga's (2019) findings show that "financial literacy has a positive impact on access to finance" and further more state that their findings are consistent with those of Carbo-Valverde et al., (2016) in stating that financial literacy was positively related to awareness of different sources of finance and the ability to identify appropriate sources of finance for business. Adomako et al., (2015) believes that the positive connection that

financial literacy leads to better access to finance and firm growth enables managers of MSMEs to acquire, learn and exploit new financial knowledge to enable their firms to improve efficiency and quality of financial services.

We are able to translate these findings towards Tropenbos' agricultural value chain due to the nature of the definition we have chosen to follow for this study. We believe that it is not the MSME who holds financial literacy but the individuals responsible within those MSMEs. Therefore, financial literacy must be acquired to all entities within the Tropenbos' agricultural value chain for all actors to gain better access to finance and qualify for external debt or profitable equity deals.

1.3 Financial Literacy - Risk Mitigation and Indirect Decision Making

The previous sections have used financial knowledge interchangeably with financial literacy. This falls short of the OECD/INFE definition. Financial knowledge is included but it also encompasses the awareness, skills, attitudes and behaviors of a potential business owner(s). Risk mitigation is commonly used in the financial literacy literature, but other behaviors and/or tendencies have an indirect effect on MSME sustainability. The previous sections discuss the direct management of the firm and its impact on performance as well as access to finance and sustainability. Attitudes and behaviors have a big impact on organizational strategy, and decision-making. With MSMEs in emerging markets needing to operate in a volatile economic market, they must make key decisions by efficiently analyzing and interpreting key events to manage their risk. Therefore, the financial risk attitude of MSMEs is integral to their sustainability and growth. (Rauch & Frese, 2000) has shown that financial risk attitude has been measured as a psychological personality trait of entrepreneurs. Below we summarize some of the literature based on risk attitude.

Conclusion	Author(s)
Financial Risk attitudes allows a firm to identify opportunities and risk that are associated with business and financial decisions	Williebrands et al., 2012.
Financial risk attitude influenced the financial decision-making process of organizations	Gärling et al.,(2009)
Better financial literacy would make it easier for firm to take advantage of increased financial market competition because financially literate firms have better financial knowledge and risk management skills	Widdowson et al., 2007.
Financial risk attitude had a positive effect on SME sustainability	Ye (2019)
Financial risk attitude improved performance, because it enables firms to identify opportunities and risks	Williebrands et al., 2012.
Financial Risk attitude is an important predictor of SME performance	Earle and Sakova, 2000.

Table 2: Effect Financial Risk Attitude on Performance

Ye & Kulathunga (2019) suggests that the indirect effects of financial literacy can be explained by the dual process theory – “thoughts are affected by both cognitive processes and intuition”. Intuitions are considered to be views, judgements, understandings or beliefs that cannot be empirically verified or rationally justified. The dual process theory states that individuals that use intuition are said to highly influenced by their emotions (Chan & Park, 2013). Whereas cognitive processes are said to depend on mental processes involved in acquiring, transforming, evaluating, elaborating, storing and using knowledge. This is influential on financial literacy because knowledge and intangible resources used by the RBV theory might not solely explain why certain decision-making processes are made. Intuition shows that previous experiences and/or other events can play a significant role in the decision-making process and affect risk management schemes.

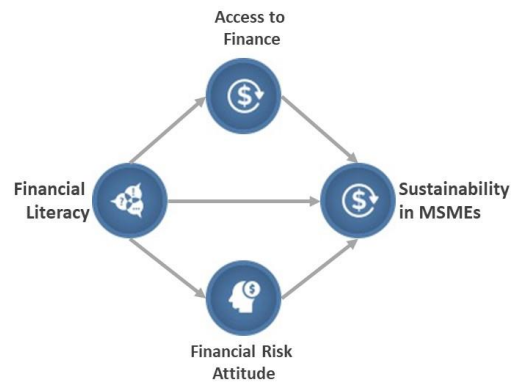


Figure 3: Conceptual Framework Financial Literacy (Ye & Kulathunga, 2019)

2. Financial Literacy Strategic Framework

The purpose of this study is to provide a framework for Tropenbos to enhance financial literacy of MSMEs in the agriculture value chains. When applied, this framework can support Tropenbos in their programs to improve financial literacy through their projects in various countries and across various landscapes and agriculture value chains. To achieve this, we have decided to further build upon the OECD/INFE Core Competencies Framework on Financial Literacy for MSMEs (2018). This existing framework provides a strong foundation to support the development of Tropenbos for (i) learning frameworks for financial education initiatives targeting MSMEs, and (ii) assessment frameworks for measuring financial literacy of MSMEs. This framework is designed for MSMEs with a maximum of 100 employees as well as for potential entrepreneurs.

Before explaining the details of the framework, it is important to stress that the context and local conditions in each country will be different. For instance, the adoption and relevance of digital financial services differs per country and value chain. The financial structures and financing need differ per stage and age of an MSME. Other elements, such as credit reporting, might be specific to the national context. Therefore, we strongly recommend that tailored approaches are developed by Tropenbos' national teams, where the proposed framework in this study will be able to act as guidance.

2.1 Structure of the framework

This flexible framework to enhance financial literacy consists of three main components, which corresponds with our definition of financial literacy and above defined facets that impacts MSMEs sustainability.

The first component includes the **areas of core competencies** of financial literacy: (i) choice and use of financial services, (ii) financial and business management and planning, (iii) risk and insurance, (iv) financial landscape. The second component includes **the dimensions** as discussed in the first section of financial literacy: (i) awareness knowledge and understanding, (ii) skills and behaviour and (iii) attitudes. Lastly, the required financial literacy competencies are ordered across **the stage of the MSMEs**. These stages include (i) basic/informal, (ii) starting/becoming formal, (iii) growing and (iv) closing. The details of the three components and application of the framework are further elaborated below.

Areas of competency

In order to improve financial literacy for MSMEs there are four areas of core competencies identified, which each further divided into several key topics. These areas and topics do not have a specific order and are not cumulative. Meaning, a MSME can be competent in one competency, but lacks experience in another competency.

Area of competency	Topics
Choice and use of financial services	<ul style="list-style-type: none"> • Basic payment and deposit services • Financing the business
Financial and business management and planning	<ul style="list-style-type: none"> • Registration, taxes and other legal requirements • Keeping records and accounting • Short-term* financial management • Planning beyond the short-term*
Risk and insurance	<ul style="list-style-type: none"> • Personal risk and insurance • Business risk and insurance
Financial landscape	<ul style="list-style-type: none"> • External influences • Financial protection for MSMEs • Financial information, education, advice

* the terms can be adapted to the specific country and supply chain context of the programs of Tropenbos.

Table 3: Financial Literacy and Area of Competency

Dimensions of financial literacy

The competencies and topics from the previous section, can be organized around the dimensions of financial literacy. As described in the first section of this report, the dimensions of financial literacy include:

- Awareness, knowledge and understanding
- Skills and behaviour
- Attitudes

These dimensions are very useful to compute a financial literacy score. The financial literacy score is further elaborated in section 2.1 of the report.

MSME lifecycle

The third component of the framework is the current stage of the MSMEs. In the design of financial literacy programs, it is important that Tropenbos is aware of the lifecycle of the MSME, since the required level of financial literacy and specific needs may differ. The competencies and topics will be ordered across the stage of the MSME. The different stages include:

- **Basic/informal:** this includes basic competencies the business owners and managers of MSMEs should have. For instance, financial literacy competencies required for very small business operating in the informal sector. Also, MSMEs in this segment often lack access to formal financial services.
- **Starting/up / becoming formal:** these set of competencies are required when business owners and managers want to set up the business formally.
- **Growing:** refers to the set of competencies needed beyond start-up phase that help the MSME to grow. For instance, this can include the hiring process of new employees to grow

operations.

- **Closing:** refers to the competencies required to close the business, including activities related to sale, liquidation, succession or even bankruptcy.

Please note that the four competencies are often relevant throughout the whole lifecycle of a MSME. However, this distinction will provide guidance to Tropenbos to identify the specific needs of the MSMEs in the targeted value chain. Due to the landscapes in emerging markets Tropenbos is active in, it is expected that many MSMEs will be in the basic/informal and start-up/becoming formal stage. Therefore, programs should be designed that provide tailored made content that are relevant for the specific needs of the MSME. For instance, the topic “financing the business”, will be more relevant for MSMEs that are in the stage of formally setting up the business since it will help to be aware of the different financing options, understand the decision-making process of FI and elements they can develop to improve their creditworthiness.

The figure below provides an overview of the financial literacy framework. The structure of the framework is adapted from the original framework from OECD/INFE (2018).

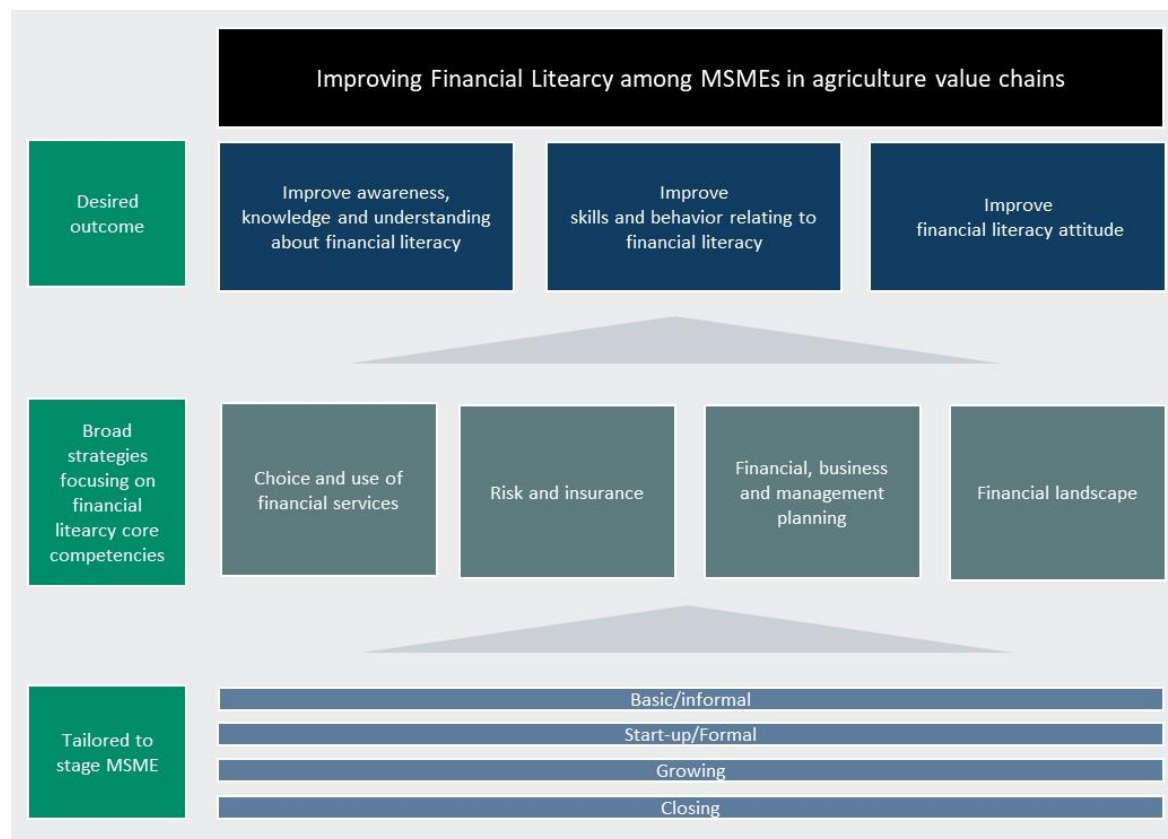


Table 3: Adapted from, OECD/INFE Core Competencies Framework on Financial Literacy for MSMEs (2018).

Design Financial Literacy Strategy

The financial literacy framework provides guidance to design the financial literacy strategy for Tropenbos. The MSMEs in the landscapes can be grouped in terms of competences, based on the stage of the MSME and dimension of financial literacy. In addition, a financial literacy score can be calculated based on the components derived from this framework, which further help to identify actionable steps. This chapter outlines (i) example of framework application (ii) financial literacy score (iii) execution plan.

2.1 Application of the framework

The OECD/INFE (2018) report provides a detailed overview of required level of knowledge, skills and attitude per competency per stage of the MSME. An example that is relevant for Tropenbos, is adapted from the OECD/INFE (2018) framework and will be further explained below.

One of the relevant competencies for MSMEs in agriculture value chains in emerging market is financial and business and management planning, particularly the topic on short-term financial management. This is important to understand basic financial management and understanding how the cash flows.

For MSMEs in the basic/informal stage, it is necessary to understand the difference between personal and business financing and make sure this is maintained well. For MSMEs in the start-up/formal phase, awareness about factors that influence the cashflow, such as repayments, are more relevant (assuming these MSMEs understand the difference between business and personal finance). Hence, Tropenbos should design possible interventions around the competencies with the stage and desired change in awareness, behaviour and attitude in mind.

The table below summarizes the example and the same logic can be used for every competency and key topic.

Topic: Short-term financial management			
	Awareness, knowledge and understanding	Skills and behaviour	Attitudes
Basic/informal	Understanding why personal and business finance and risk should be separated and what the potential risk are if this is not done properly	Making a distinction between personal and business finances	Should have the determination and self-control to keep personal and business finance separately
Starting-up/formal	Understanding the factors that have an impact on the cashflow, such as loan repayments	Being able to apply ratios and comparisons with industry ratios for monitoring and managing the business	Should stay focused, organized and determined to make payments on-time.

Table 4: Example Competency Financial Literacy Framework

Financial Literacy Score

A financial literacy score can help to identify the current level of financial literacy and impact of interventions. A useful method is the toolkit that is jointly developed by the OECD and INFE to measure financial literacy of owners of MSMEs. Please note that that institutions and researchers who are planning to use this toolkit should inform the OECD/INFE Secretariat (see ANNEX I). This section will explain further the background and usage of this toolkit and proposed analysis.

The toolkit is recently developed through an iterative process and included testing in seven volunteering countries in 2018 – 2019. The survey has been approved in May 2019 in Cape town, South Africa. The survey is meant for owners or managers of an MSME (and not the MSME as a whole). In addition, the financial literacy score is being construed specific to business issues rather than personal ones. The questions can be adapted to the national context in order to be fully relevant for Tropenbos.

The outcome of the survey is a financial literacy score, which is based on the answers from the respondents and helpful to understand the current status of financial literacy and impact of interventions. The questions are developed around the four competencies of financial literacy and the

three dimensions of financial literacy (knowledge, attitude and behaviour). The answers will be compiled, and a score is generated by summing up the number of correct responses to financial knowledge questions, and financial literate behaviour and attitudes. They will be expressed in a percentage of the maximum possible score. Hence, a transparency, replicable and comparable score is being created.

The table below summarizes how the questions to measure financial literacy and its dimensions cover the main components of the financial literacy framework. The overall financial literacy score will be based on the sum of the knowledge, attitude and behaviour scores. The sum of the three dimensions is expected to range from 0 to 22 points, and the overall financial literacy score will be expressed in a percentage of the maximum score. In this framework, financial behaviour count for almost half of the score (10 out of 22), financial knowledge for about one third (8 out of 22) and financial attitudes for the remaining (4 out of 22). A full overview of the questionnaire and suggested analysis can be found in the toolkit of OECD and INFE (2019).

Competencies	Knowledge	Attitude	Behaviour	Total
<i>Basic Payment and deposit services</i>			XX	2
<i>Financing the business</i>	XX	X	.X	4
<i>Registration, taxes and other legal requirements</i>				
<i>Keeping records and accounting</i>	X		X	2
<i>Short-term financial management</i>	XX		X	3
<i>Planning beyond the short term</i>	X	XX	XX	5
<i>Risk & insurance</i>	X	X	XX	4
<i>External influences</i>	X		X	2
<i>Financial Protection for MSMEs</i>			X	1
<i>Financial information, education and advice</i>				
Total	8	4	10	22

Table 5: OECD MSME financial literacy survey instrument structure, Adapted from OECD (2019).

Execution plan

The application of the framework and financial literacy score will form the basis to design programs tailored to the needs of the MSME in the project area of Tropenbos. The following chapter will outline steps that can be undertaken to design the financial literacy interventions.

The steps are based on the “Financial Inclusion Strategies Reference Framework” from the Worldbank (2012). Even though this framework is primarily focusing on financial inclusion, we do believe that financial literacy is an important step towards achieving financial inclusion, and therefore part of this framework is used to identify the next action steps.

The initial framework of Worldbank (2012) includes six key components for the development of a successful financial inclusion strategy: (i) stock-taking data and diagnostics, (ii) targets and objectives (iii) strategy-building or revision (iv) public sector actions, policies, regulations and financial infrastructure, (v) private sector actions, (vi) progress monitoring. The first step (stock-taking data and diagnostics) refers to a baseline assessment and needs identification, which are already incorporated in the financial literacy framework and score and therefore not further elaborated in the execution plan. Step ii (targets and objectives and step iii (private sector actions) are relevant for financial literacy, because it helps to set the goals and the design of strategy. Step iv and v are less relevant for a financial literacy strategy, since these steps are more towards enhancing an overall financial inclusion strategy. We do believe that financial inclusion is an important element Tropenbos should include in their programs, but it is not part of the scope of work of this study. Step vi, progress monitoring, will help to measure and maintain success and adapt if needed.

Set clear objectives and targets

As mentioned above, the financial literacy score will identify the current level of financial literacy of the MSMEs in the agriculture value chains. The framework will help to identify the needs of the MSME. Therefore, both outcomes will be an important factor in setting targets for the financial literacy strategy.

These targets and objectives can be set with involvement from the private sector. Companies are actively promoting SDG's in their business strategy, meanwhile realising the important role of MSMEs in agriculture supply chains as a critical driver of economic growth and prosperity. Tropenbos could therefore engage with FSPs to co-design trainings on savings and financial products in the curriculum, which will also help them to reach an untapped market. In Indonesia, for instance Mastercard and Commonwealth Bank work together to promote financial literacy and inclusion programs to women-owned business entrepreneurs. Examples of potential financial literacy target indicators are:

- Number of business owners that completed the financial literacy training;
- % Increase of the level of financial knowledge of business owners;
- Number of business owners that can distinguish personal and business finances;

The objectives and targets should be set within a certain timeline.

Action plan

A clear action plan, or modification of the existing strategy, is required to identify on roles and responsibilities and align on activities to reach targets and objectives. Also important is to identify a coordinating mechanism or institutional structure to ensure that the strategy is implemented.

It could be the case that financial literacy intervention might not always be necessary throughout the project cycle of Tropenbos programs. The need for financial literacy is highly dependent on the specific activities and needs MSMEs. In case of replanting, farmers will have a long-term financing need for which better financial planning and cash flow assessment are required compared with a short-term loan facility required to purchase fertilizers or seeds. Based on the model from BRAC (2017), a sequence of financial literacy intervention can be divided into three phases: (i) pre-program preparation, (ii) graduation model training, (iii) post-program activities.

The pre-program preparation includes a needs assessment and intervention design. The financial literacy program should be developed with the four core components of financial literacy in mind: choice and use of financial services, financial and business management and planning, risk and insurance and financial landscape. Training topics should derive from the needs assessment and desired outcomes through the financial literacy score and framework application (see previous section). Potential training topics can be cashflow management and accounting. The training could be conducted individually or within a group. The content of the training can be reinforced by providing advice and coaching during MSME visit, demonstration projects, such as showing applications for basic cashflow management (GIZ, 2017). The post-program activities can create linkages to other services, such as FSPs.

Monitoring

Besides the achievements set for specific targets and objectives for financial literacy, also effectiveness of the service delivery, such as training, and associated risk should be assessed. This will help to set up a feedback mechanism to revise the strategy if needed.

3. Conclusion

The outcome of this study is a proposed general framework to enhance financial literacy in the programs of Tropenbos across agriculture value chains and countries.

The report started with a theoretical discussion on the role of adequate financial literacy and how it affects three different aspects of organizational sustainability. The findings were threefold. First financial literacy plays a significant role in the ability of a MSME to attain resources required to create a competitive advantage. Second, higher levels of financial literacy among all players in the value chain will help all actors to gain better access to finance and qualify for external debt of profitable equity deals. Third, financial literacy can impact a business owner/manager risk attitude that allows him or her to be able to identify opportunities and risk that are associated with business and financial decisions, hence improving a MSMEs sustainability.

Adapted from the OECD/INFE framework, we recommended to use a financial competency framework to enhance financial literacy. The competencies include (i) choice and use of financial services, (ii) financial and business management and planning, (iii) risk and insurance, (iv) financial landscape. These dimensions were ordered along the lifecycle of a MSME and dimensions of financial literacy. Application of the framework results in a range of financial literacy outcomes that are important to sustain or improve financial literacy among MSMEs business owners, managers and potential entrepreneurs. The current level of financial literacy and the impact of financial literacy programs can be measured with the support of the financial literacy toolkit. This provides clear guidance on the data collection and analysis.

To accelerate financial literacy among MSMEs in agriculture value chains, it is important to realize that the context and local conditions in each country will be different. Therefore, financial literacy programs will have to be further tailored to the needs and requirements to achieve the desired result and impact.

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ANNEX I – Useful Materials

- **Ultra-Poor Graduation Handbook from World vision and Brac**

The Ultra-Poor Graduation Handbook provides guidance on how to plan and implement the World Vision Ultra-Poor Graduation Project Model, which builds on the core principles of Graduation and adapts it to existing World Vision programming and business processes. The Handbook provides key insights on how to position Graduation to positively affect well-being objectives among the most vulnerable families and their children across the world. The Handbook was developed in collaboration with BRAC and is informed by BRAC’s experience of operating and adapting Graduation to various contexts for over sixteen years.

Link: <https://www.wvi.org/sites/default/files/WV%20Ultra-Poor%20Graduation%20Handbook.pdf>

- **Experiences with the Farmer Business School (FBS) Approach in Africa**

Farmer Business School (FBS) is an approach developed by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) with support of the Bill & Melinda Gates Foundation and member companies of World Cocoa Foundation to promote entrepreneurial skills of smallholder farmers. FBS focuses on improving the farmers’ business skills as an important prerequisite for the adoption of improved techniques and investments in agricultural production. FBS targets at changing the mind-set of farmers by sensitising them for market opportunities and possibilities to improve productivity, family income, and nutrition. The core of its modules is income-oriented decision making based on cost-benefit analyses of different technologies for a lead crop and two other food crops, combined with strategy development to diversify income. Monitoring results and independent studies demonstrate the effectiveness and impact of FBS regarding these aspects, and the increasing training-demand from farmers as well as training evaluation by farmers reveal how much FBS fits to their needs.

Link: https://www.snrd-africa.net/wp-content/uploads/2017/04/GIZ_Studie-SNRD_EN_Webversion_150914.pdf

- **The OECD/INFE Core Competencies Framework on Financial Literacy for MSMEs**

A core competencies framework on financial literacy for MSMEs and potential entrepreneurs, developed by the OECD International Network on Financial Education (OECD/INFE). The framework is a policy tool that highlights a range of financial literacy outcomes that may be important to sustain or improve the financial literacy of MSMEs owners and managers and potential entrepreneurs in their experience in starting, running, growing, or closing a business. The framework can be adjusted to the particular countries and value chains Tropenbos is active in.

Link: <https://www.oecd.org/finance/financial-education/OECD-INFE-core-competencies-framework-on-financial-literacy-for-MSMEs.pdf>

- **OECD/INFE Survey Instrument to Measure the Financial Literacy of MSMEs**

A toolkit for measuring financial literacy among owners of MSMEs. It was developed by the OECD International Network on Financial Education (INFE) through an iterative process, which included a pilot test in seven volunteering countries in 2018 – 2019. This version was approved at the 11th meeting of the Technical Committee of the OECD/INFE on 22 May 2019. This survey instrument is shared on the OECD website for institutions and researchers wishing to use it autonomously. The secretariat will seek opportunities to organise a coordinated international measurement exercise in the future. Institutions and researchers planning to use this questionnaire should inform the OECD/INFE Secretariat at SecretariatINFE@oecd.org.

Link: <http://www.oecd.org/financial/education/2019-survey-to-measure-msme-financial-literacy.pdf>