

Global Project “Promotion of agricultural finance for agri-based enterprises in rural areas” (GP AgFin) in Burkina Faso

Improved access to financial services tailored to the needs of farms and agri-based enterprises in rural areas.

Challenges

In Burkina Faso, more than 40% of the population lives below poverty line and with less than two dollars per day. 80% of the population work in the agricultural sector and represent only one third of the economic production. This sector is dominated by small farmers who are largely focused on food self-sufficiency. This situation, combined with the lack of access to formal financial services for rural populations working in agriculture, has resulted in low investment and slow growth of the agricultural sector.

Poor knowledge of the sector and the perception that the sector is risky and less profitable are among the factors that contribute to the reluctance of financial institutions to reach rural people involved in agriculture.

The traditional financial system has very few products adapted to the needs and realities of agricultural actors. Banks have few branches in rural areas and perceive the expansion of their services in the agricultural sector as risky and costly.

The project supports selected financial institutions to provide financial services tailored to the needs of farmers and agri-based enterprises, while ensuring that they make informed decisions on viable financing options and investments. To this end, it helps farmers and agri-based enterprises improve their business analysis and business skills.

The project is currently being implemented in Benin, Burkina Faso, Cameroon, Malawi, Mali, Nigeria, Togo and Zambia. Its comprehensive approach benefits all the countries as it allows the sharing of experiences and best practices.



Project Title	Global project " Promoting agricultural financing for rural-based agricultural enterprises" (GP AgFin)
Commissioner	German Federal Ministry for Economic Cooperation and Development (BMZ)
Implementing Organisation	Deutsche-Gesellschaft-für-International Zusammenarbeit (GIZ) GmbH
Intervention areas	Southwest, Cascades, Hauts-Bassins, Boucle du Mouhoun regions
Supervisory body	Ministry of Agriculture, Animal Resources and Halieutics (MARAH).
Duration	01.01.2020 – 28.02.2026

Special initiative "Transformation of Agricultural and Food Systems"

Within the framework of the special initiative the country package Burkina Faso is assigned to the BMZ core theme „A life free of hunger “, with a special focus on „Agriculture“, and „Rural development“. Germany's commitment places food security at the centre of international cooperation. The aim is to enable all people to enjoy the right to safe, sufficient, and balanced food. To achieve this, food systems must become more effective and efficient, and at the same time economically and socially sustainable action must be taken to create prosperity and new jobs for young people and especially for women.



Photo on the left: Loading bags of rice

Photo on the right: Women processing cassava

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Photo on the left: Rice farmer working with a hand-powered tractor

Photo on the right: Exhibition and sale of cassava-based products

Our approach

The project has three fields of action:

1. **Knowledge products:** The project adapts existing and newly developed analytical tools and training materials to improve the economic and financial expertise of farms and agri-based enterprises as well as the agricultural know-how of financial partner institutions.
2. **Support to farmers and MSMEs/SMLs:** through adapted training and advice, the project strengthens skills of small farmers, farmers' associations and agri-based enterprises for a better access to financial services.
3. **Support to financial institutions:** The project supports selected financial institutions in providing demand-driven financial services to agricultural value chain actors.

Achievements in figures for 2022...

11 knowledge products were developed/adapted, including **02** knowledge products for supply, and **02** knowledge products for demand.

10,220 farmers were trained, of whom **8,695** successfully completed the various training courses, including 4,987 women (**53%**) and **3,372** young people (**36%**).

Data collected from partner financial institutions (**BADF-RCPB-GRAINE Sarl and PAN- African**) indicate that two (02) agri-based enterprises and **5,169** farmers, **52% of whom** are women and **45%** young people, benefited from **5,767** financial services with a financial envelope of **4, 100, 056 Euros**.

To date, we are in formal collaboration with **06** financial institutions including:

- **02** banks: Banque agricole Du Faso (BADF) and ECOBANK.
- **04** microfinance institutions : RCPB, GRAINE SARL, BAOBAB SA, PMBF.

Capacity building of partner financial institutions' staff: **120** people trained, including **50** women (BADF, ECOBANK, PAN AFRICA, RCPB, BAOBAB SA, GRAINE SARL) on various developed/adapted products and knowledge.

06 partner institutions confirmed in late 2022 through two examples that their capacities were strengthened in terms of development and use of adapted financial services.

... and in facts

In Burkina Faso, a promising partnership between financial institutions, farmers and the GV AgFin has led to the development of 33 profitable business models in the rice, cassava, vegetable, tomato, onion, shea and soy value chains. The financing needs of these business models were then identified to enable financial institutions to create suitable financial products for their clients in the agricultural sector. An outstanding example of a profitable business model is the marketing of Atiéké. This model has already shown in its existing form that it is extremely profitable and can therefore be easily supported by various financial institutions. The selling price or yield would have to drop significantly (up to 20%) to make a loss on this model. Another promising business model is the processing of paddy rice into parboiled rice.

These partnerships and business models not only have the potential to sustain growth of the agricultural sector in Burkina Faso, but also to optimise financial support from financial institutions to farmers. By developing appropriate financial products, financial institutions can meet the needs of customers in the agricultural sector while minimising the risk to their investments. The collaboration between financial institutions, farmers and the GV AgFin has thus led to a promising foundation for sustainable growth in Burkina Faso's agricultural sector. By validating and supporting viable business models, farmers are enabled to realise their full potential and provide stable and sustainable development to rural communities.

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