

# Global Project „Promotion of agricultural finance for agri-based enterprises in rural areas“ (GP AgFin) in Benin

Improved provision of agricultural and agri-based enterprises in rural areas with financial services tailored to their business-model

## The Challenge

Despite the great potential of Benin's agriculture, many stakeholders in agriculture and the food industry (small-holder farmers, their professional associations and micro, small and medium-sized enterprises (MSMEs)) lack the resources to implement innovations or increase their level of production. Microfinance institutions (MFIs) and banks consider agricultural producers as a risky target group and usually do not have financial products tailored to their needs.



Project name	Global Project „Promotion of agricultural finance for agri-based enterprises in rural areas“ (GP AgFin)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ)
Project regions	Borgou, Alibori, Atacora, Donga, Zou, Collines, Mono, Couffo, Ouémé, Plateau and Atlantique; 69 out of 77 municipalities in the country
Political partner	Ministry of Agriculture, Livestock and Fisheries (MAEP), Benin
Duration	January 2016 - March 2026
Financial volume	7 Mio. EUR

The global project "Promotion of agricultural finance for agri-based enterprises in rural areas" (GP AgFin) of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) is the bridge, linking the agricultural and financial sectors by providing demand-driven advisory and facilitating improved access to suitable financial services. AgFin is active in 9 countries (Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Malawi, Mali, Nigeria, Togo, Zambia), allowing suprarregional exchange of experience and best practices.



## GP AgFin in Benin

The country package Benin was established in 2016. Until 2022, it complemented the range of GIZ projects in the agricultural sector (e.g. ProAgri, ProCIVA, ProSol, ProPFR) by supporting the target groups of these projects in improving their access to finance. Since 2023, it has been part of the core theme "Sustainable economic development, training and employment" of German development cooperation. It aims to increase incomes and create jobs through vocational training adapted to the needs of the labour market and a better range of services and financing for MSMEs in the agri-food and renewable energy sectors.

The aim of the project is to improve the provision of agricultural enterprises and agri-based enterprises in rural areas with financial services tailored to their business models.



### Contact

Jürgen Heineke  
Project Coordinator, Benin  
Juergen.Heineke@giz.de

*L: Disbursement of a loan to cashew farmers by an MFI*

*R: Production of shea butter in a women's cooperative*

## Implementation of GP AgFin-Benin activities

To achieve its goal, GP AgFin offers technical and business advice, both on the demand side and on the supply side of financial service providers.

The agricultural umbrella organisations play an important role in this regard. They facilitate their members' access to loans by guaranteeing repayment and ensuring that loans are properly used and repaid.

The value chains supported are priorities for Benin's agricultural policy: rice, shea, cashew, soy, poultry and vegetable production.

Various business models have been identified in these sectors. On this basis, adapted financial products have been developed, such as group loans for rice, cashew, soya and shea cooperatives; loans for agricultural equipment and processing; loans for MSMEs: poultry farming, seed production, cashew nurseries and plantations; and loans for agribusiness clusters.

## Fields of action

**A "Knowledge products":** GP AgFin develops knowledge products (training modules, tools and approaches) for capacity building on the demand (MSMEs, farms) and supply (financial institutions) side.

**B "Demand side":** GP AgFin strengthens the capacity of MSMEs/agricultural businesses in financial management and supports them to engage with financial institutions, individually or through their professional associations. It promotes savings in agricultural cooperatives and the Agribusiness Cluster through the Solidarity Savings and Credit Associations (GSEC).

### Special initiative "Transformation of Agricultural and Food Systems":

Within the framework of the special initiative the country package Benin is assigned to the BMZ core theme „Sustainable economic development, training and employment“, with a special focus on „Private sector and financial system 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.



**C "Supply side":** GP AgFin advises the partner financial institutions (nine MFIs and one bank) on improving their range of financial products and services for the agri-food sector. The support includes analysis of business models, capacity building of staff, adaptation of financial products, and facilitation of contacts with potential clients.

## Target groups

MSMEs and family-owned farms in the value chains of rice, soy, poultry, vegetables, cashew and shea, MSMEs in upstream and downstream sectors of primary production.

## GP AgFin-Benin indicators

**M1** 24,200 farmers and 840 managers of agri-food enterprises in rural areas (50% women and 35% young people) use 44,600 adapted or newly developed financial services provided by the financial institutions supported by GP AgFin.

**M2** 18,000 farmers and 650 managers of agri-food enterprises in rural areas (50% women and 35% young people) used at least one financial service after participating in a skills development measure.

**M3** 17 adapted financial services, 5 of which are digitally supported, have been added to the portfolio of partner financial institutions, making them available to farms and agri-food businesses in rural areas.

**M4** 5 professional associations, agricultural development parastatals and/or training institutions have adopted one or more of the knowledge products developed under the project to improve the capacity of demand or supply side act.

## Some results

- Development of a module on specialisation in agricultural finance for MFI staff and board members, led by the MFI professional association, Consortium Alafia.
  - Development and dissemination of knowledge products (training in farm analysis and agricultural investment planning, solidarity savings and credit groups, financial literacy).
  - 535 loan officers from 12 MFIs and one bank were trained in financing cashew, shea, soya, rice and poultry.
  - More than EUR 45 million in loans extended by the 9 partner MFIs to more than 48 000 farmers\* and more than 400 agricultural MSMEs in the target value chains.
- These loans are not backed by a credit line or a guarantee fund from GP AgFin.

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Author	Juergen Heinkele	In cooperation with	Ministry of Agriculture, Livestock and Fisheries and Fisheries (MAEP), Benin
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