

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.

Given this background, the country package Benin of the global project "Promotion of agricultural finance for agro-based enterprises in rural areas" (GP AgFin) of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) was established in 2016. Until 2022, it complemented the range of GIZ projects in the agricultural sector by supporting the target groups of these projects in gaining better access to finance.

Since 2023, it has been part of the core theme 3 "Sustainable economic development, training and employment" of German development cooperation and is therefore part of the ACTE GIZ-cluster in Benin. It aims to increase incomes and create jobs through vocational training adapted to the needs of the labor market and a better range of services and financing for MSMEs in the agricultural, food and renewable energy sectors.

In addition, in March 2024, GP AgFin-Benin received co-financing from the Luxembourg Agency for Development Cooperation (LuxDev) to train 81,000 farmers in financial and entrepreneurial capacity building as part of the BEN 005 "Inclusive and Innovative Finance" program of LuxDev. This co-financing is carried out in cooperation with the Ministry of Social Affairs and Microfinance (MASM).



Special Initiative "Transformation of Agricultural and Food Systems" (SI AGER)

As part of the SI AGER, the country package Benin is assigned to BMZ core theme 3 "Sustainable economic development, training and employment", field of action "Private sector and financial system development". With this special initiative, the food security became a central topic of international cooperation. The aim is to ensure that everyone has the right to safe, sufficient, and balanced food. To achieve this, food systems must become more effective and efficient. At the same time, economically and socially sustainable action must be taken to create prosperity and new jobs for young people and women in particular.

Project name	Global project "Promotion of agricultural financing for agro-based businesses in rural areas" (GP AgFin)
Comissioned by	Federal Ministry for Economic Cooperation and Development (BMZ), Germany
Project regions	Borgou, Alibori, Atacora, Donga, Zou, Collines, Mono, Couffo, Ouémé, Plateau and Atlantique; 69 out of 77 municipalities in Benin
Political partner	Ministry of Agriculture, Livestock and Fisheries (MAEP), Benin
Duration	January 2016 – March 2026
Financial volume	7 Millionen EUR
Co-financing	1,5 Millionen EUR von LuxDev



Left picture: Production of tofu by a loan recipient facilitated by GP AgFin © Yanick FOLLY.

Right picture: Follow-up meeting of the Solidarity Savings and Credit Group (GSEC) Shea © Daniel DAHITO

Module objective

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

Fields of action

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

B "Demand": The GP AgFin strengthens the capacities of MSMEs/agricultural enterprises in financial management and supports them to engage with financial institutions, individually or through their professional associations. It promotes savings in agricultural cooperatives and in the agribusiness cluster through the Solidarity Savings and Credit Associations (GSEC).

C "Offer": 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 employees, adaptation of financial products, and arranging contacts with potential customers.

Implementation approach

In order to achieve the goal, the GP AgFin offers technical and entrepreneurial advice, both on the demand side and on the supply side of financial service providers.

The agricultural umbrella organizations play an important role here. They can make it easier for their members to access loans by guaranteeing repayment and ensuring that the loans are used and repaid correctly.

The supported value chains are priority value chains for Beninese agricultural policy: rice, shea, cashew, soy, poultry and vegetable cultivation with an extension to the maize and ruminant value chains as part of LuxDev's co-financing.

Target groups

Target groups are family farms and MSMEs in the aforementioned value chains.

Indicators and target values of the GP AgFin-Benin (as of May 2024)

M1 139,000 farmers and 1,800 managers of agri-food enterprises in rural areas (50% women and 35% young people) use 44,600 adapted or newly developed financial services from financial institutions supported by GP AgFin.

M2 83,500 farmers and 750 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, including 5 with a digital solution, were added to the portfolio of partner financial institutions, making them available to agricultural businesses and enterprises in the agri-food industry in rural areas.

M4 5 Professional associations, parastatal institutions for agricultural development and/or training institutions have adopted one or more of the knowledge products developed by the project to improve the capacity of demand or supply side actors.

Some results

- Development of a module specializing in agricultural finance for MFI staff and board members under the leadership of the professional association of MFIs, Alafia Consortium.
- Development and dissemination of 6 knowledge products (training in farm analysis and agricultural investment planning, solidarity savings and credit groups, basic financial knowledge, specialization module for agricultural finance credit agents, analysis methods for agricultural business models, module on facilitating access to credit).
- 535 loan officers from 12 MFIs and one bank were trained in financing cashew, shea, soy, rice and poultry.
- 80,508 farmers and 4,897 agricultural businesses that are customers of partner financial institutions have benefited from financial services that have been adapted and incorporated into the portfolios of partner institutions.

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