



**- International Fund for Agricultural Development –
– Scouting and Sharing Innovation in Western and Central Africa –**

– Forming a network of B-TECs –

I. Background

1. Name of innovation

Forming a network of Baore-Tradition Savings and Credit Cooperatives (B-TECs) in northern Burkina Faso

2. Country – Region

Nord Region, Burkina Faso

3. Organization

National Federation of *Naam* Groupings (FNGN) and the Italian NGO Community Commitment Voluntary Service (CISV)

4. Who is the innovator?

FNGN and CISV, which are promoting formation of a network of B-TECs

5. Actors involved

- FNGN
- FNGN's B-TEC Support Unit
- CISV
- 12 B-TECs (Gourcy, Gomponsom, Song-Naaba, Titao, Koumbri, Thiou, Seguenega, Sima, Soumiaga, Tougo, Tangaye and Boussé)

6. Implementation date

June 2007

7. Type of innovation

Institutional, organizational and methodological, and research into a financial intermediation model for agriculture suited to the Sahelian small-farmer context

II. Key issues

8. Summary

Set up in the 1960s, FNGN is a farmers' organization rooted in the traditional culture of its context. Thus, the *naam* groupings composing it are based on a traditional Mossi institution, the *kombi naam*. The *naam* groupings carry on major economic activities (especially horticulture) and land management (especially soil and water conservation work), which have changed the face of northern Burkina Faso. They are organized into *naam* unions with representative and joint activity management functions, such as the training of members, fund raising, input procurement and the storage and marketing of agricultural produce.

FNGN today encompasses 80 unions of *naam* groupings, with 350,000 member farmers from all over Burkina Faso. In the north of the country, these unions are mainly concerned with horticulture. Since the 1980s, FNGN has set up savings and credit cooperatives known as B-TECs. There are 12 of these cooperatives currently in operation, all in the north of the country – in the Yatenga, Zondoma, Passoré, Loroum and Kourwéogo Provinces – intended to promote farmers' activities through access to rural credit and the mobilization of savings. Their special feature is that they operate in rural contexts, are intended to serve rural inhabitants and are managed by rural inhabitants, so that "farmers finance farmers". According to the most recent available figures, which refer to 2006, the 12 B-TECs have more than 10,500 members and savings of about CFAF 460,000,000.

Since 2006, the B-TECs have received support from CISV in the form of capacity-building, planning and the reform of management systems. In June 2007 these B-TECs then expressed a wish to form a network.

This initiative entails the creation of a central structure responsible for representation, technical assistance, supervision, financing and management of the the grass-roots institutions' cash flows. A B-TEC union has to be set up in order to guarantee operations and increase their impact on rural finance. The union is managed by a governing council elected by representatives of the B-TECs and by a management team hired by the governing council.

The union is an independent financial institution, although it is promoted by the farmers' movement and therefore has a preferential relationship with the movement (in terms of input on activities to be financed and on financial products etc.). It will work in synergy with FNGN and the *naam* unions in the zone that are active in other sections of the agricultural value chain (organization of production, training of farmers, storage, processing, marketing).

9. What issues does the innovation address?

The main issues addressed are:

- The inappropriate nature of the financial products at present offered to farmers by financial institutions in the zone;
- Farmers' poor access to credit;
- The institutional weakness of farmers' cooperative financial structures (the B-TECs).

10. Key success factors for replication

Promotion of a network of credit cooperatives by the farmers' movement can provide a model for agricultural finance in the Sahel.

11. Main results

- Improvement in the quality of financial products for rural inhabitants
- Increased access to rural credit for farmers
- Improvement in the financial and institutional performance of the B-TECs

12. Target groups

- Rural inhabitants in northern Burkina Faso
- The 12 B-TECs at present working with 33 *naam* unions in the zone and financing the agricultural activities of their member groupings, especially with regard to onion, potato and tomato crops, but also cowpea and groundnut, livestock production, the processing of agricultural produce (groundnut, sesame and neem oil, shea soap), cereal marketing and petty trade.

13. Difficulties encountered

- The low educational level of B-TEC leaders
- The existence of major covariant risks in the agricultural sector

14. Financial aspects

The investment and training needed in order to form a network of the 12 B-TECs will be subsidized by the Italian Ministry of Foreign Affairs, the Terrafina Programme, CISV and FNGN. After its constitution at the start of 2008, the union will be financed by annual subscriptions from the B-TECs, the product of cash-flow management (the difference between the interest rates paid by the union on sums deposited by B-TECs in credit and the rates paid by B-TECs in deficit on sums borrowed from the union to finance their portfolio) and, in the first years, external subsidies granted by various donors on the basis of the union's strategic development plan.

III. Technical summary

15.

Formation of the network is a process carried out in stages and is backed up by a major capacity-building component. The main activities anticipated are as follows:

- Training of B-TEC and union leaders in regulatory systems, management and financial analysis
- Drafting of legal documents (statutes, bylaws, affiliation agreement, procedural handbook) and constitution of the approval portfolio
- Formulation of a five-year strategic development plan
- Construction and equipment of the network's headquarters in Ouahigouya
- Technical assistance in negotiating with donors and designing new financial products

Experts from CISV will provide technical assistance to the union of B-TECs.

IV. Follow-up

16. Key contacts

Name	Organization	E-mail
Bernard Lédea OUEDRAOGO	FNGN	fugn@fasonet.bf
Andrea GHIONE	CISV	cisv@liptinfor.bf

17. Internet link

www.cisvto.org
progetti@cisvto.org
cisv@liptinfor.bf

18. Key documents (document title + link or contact or other details)

- Documents of projects of the Italian Ministry of Foreign Affairs and Terrafina
- Plan to form a network of B-TECs
- Strategic development plan for the network (to be formulated)