



Nourishing Africa

**PROMOTING INCLUSIVE FINANCE MODELS FOR
AFRICAN FARMERS**

**COMMUNICATION FROM ROPPA
INCLUSIVE FINANCE FROM THE FARMER'S POINT
OF VIEW: ISSUES AND OPPORTUNITIES**

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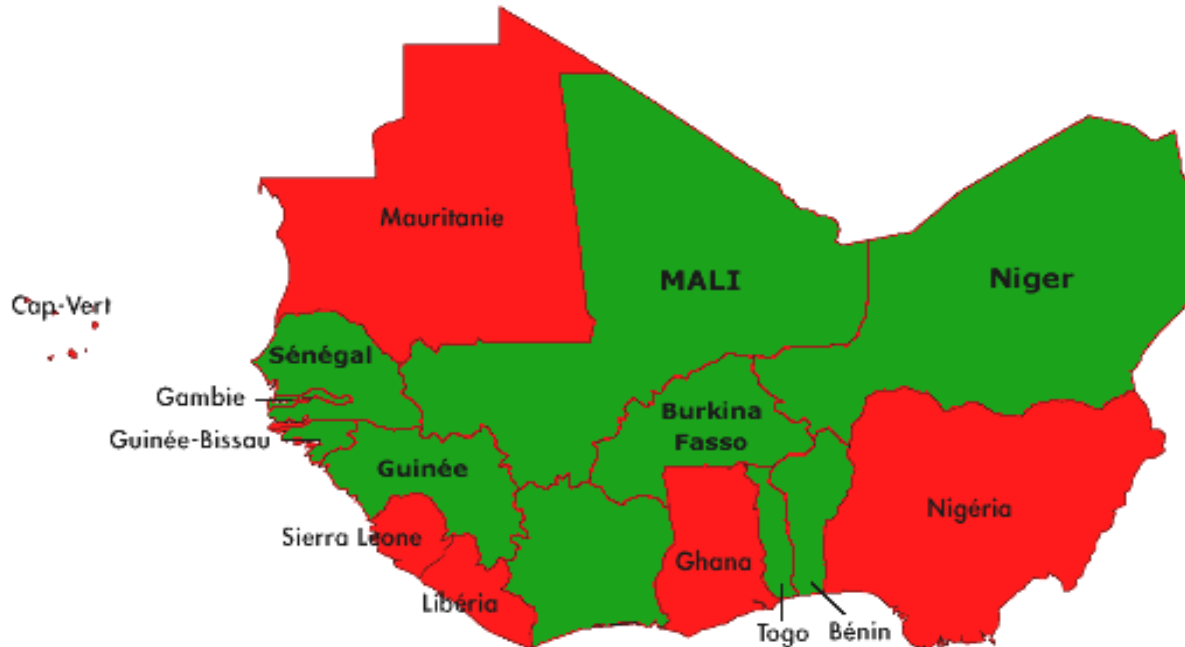
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I. WHO ARE WE?



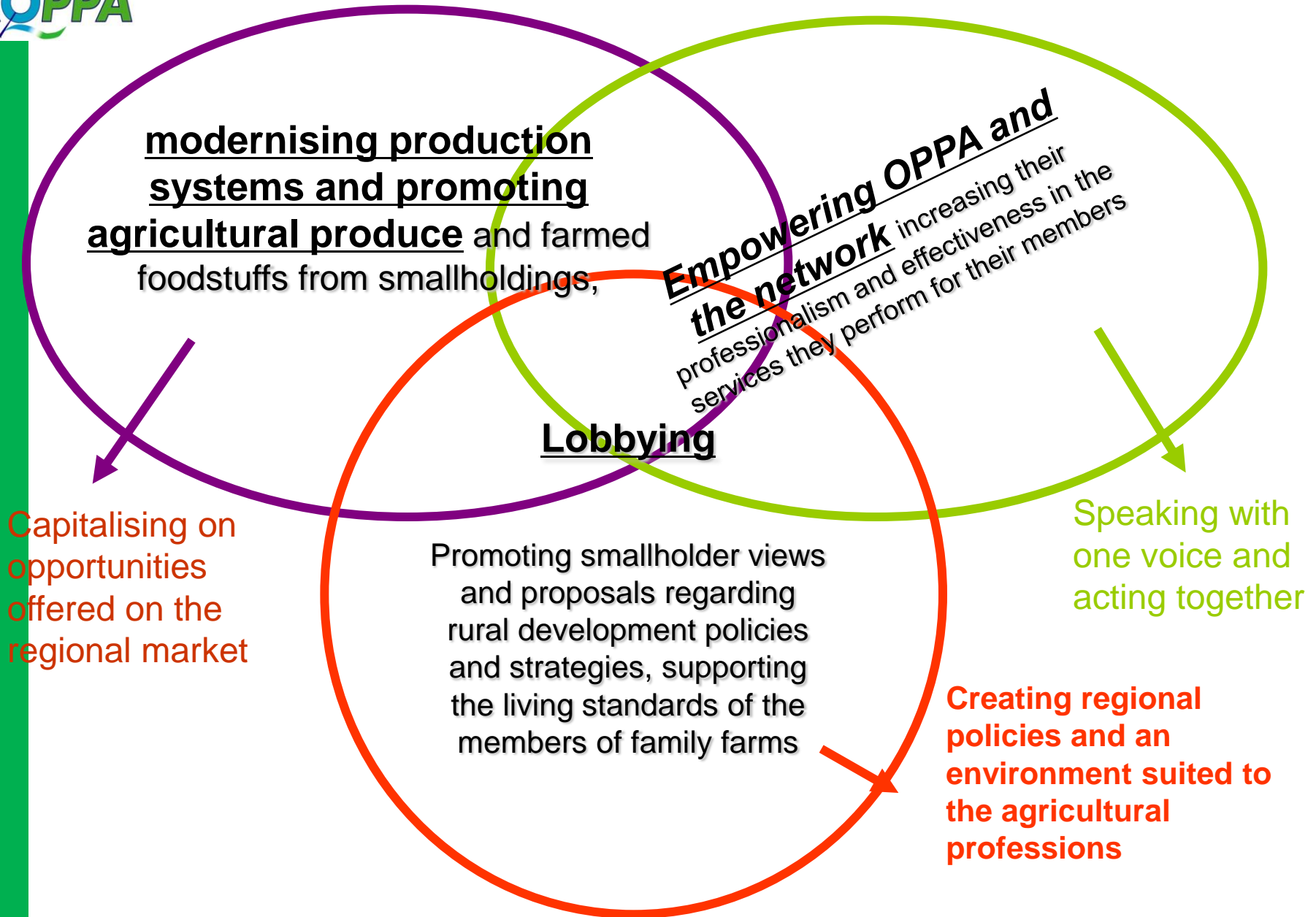
Mission:

To defend the interests of the producers and to support the development of family farms and smallholdings while developing policies concerned with the liberalisation of national economies and the globalisation of trade.



- Establishment date: 2000
 - Members: 13 smallholder platforms (1 per country) and 2 associate members (Cape Verde & Nigeria)
 - Geographical zone: ECOWAS
- Goals:**
- To promote and defend effective and sustainable smallholder agriculture
 - * To ensure that members are represented

II. MAIN ACTION AREAS



III. IMPORTANCE OF AGRICULTURE IN WA



- ❑ **Agriculture is an essential tool for sustainable development and the fight against poverty (BM, 2008);**
- ❑ **In West Africa, agriculture means: 60% of jobs, 32% of GDP creation;**
- ❑ **Smallholder farming supplies around 80% of foodstuff requirements in WA and occupies nearly 90% of the cultivated land**

IV. Agricultural challenges in WA



- ❑ Meeting growing demand and the diversification and fragmentation of this demand because of population increase and rapid urbanisation;
- ❑ The need to boost productivity, the profitability of production systems and to match supply to demand: the intensification and modernisation of the farms – agro-alimentary processing (post-harvest losses = around 40% of production);
- ❑ The creation of jobs and sustainable incomes for the young – factoring in womens' concerns (access to production factors – suitable technologies, etc.)

V. Changes in the farming business



- Evidence of poor results or failures with conventional finance systems:
 - Rural credit programmes;
 - Formal FIs operate poorly in the agricultural sector (risks, low profitability, large investments, etc.);

- Revival of interest on the part of the agricultural sector since the 2008 food crisis with new strategies for investment in the agricultural sector: **what investment? For what kind of agriculture?**

V. Changes in the farming business



- ❑ **Globalisation of the food chain with growing control by the multinationals and big agro-alimentary companies (potential profitability, access to resources, etc.);**
- ❑ **In West Africa, the steady improvement of the regional trade environment for agricultural and agro-alimentary produce: CET, measures for the free movement of goods, measures for harmonising standards and streamlining administrative procedures, etc.**

V. Changes in the farming business



- ❑ **Increasingly strong competition for agricultural and agro-alimentary products imported into domestic markets – probable growth with the EPAs;**
- ❑ **Smallholder agriculture access is essential to modernise and intensify family farms and hence to boost the competitiveness of local produce supply ...**

How can you provide smallholders with better access to adequate and suitable financial products and services?

VI. Problems with conventional FIs and the IMF



- ❑ A lack of trust between FI players and farmers preventing organisational and technical issues from being solved;

- ❑ Initiatives from the POs themselves:
 - Internal finance (IMF, direct partner funding)
 - IMF outsourcing;
 - Production contracting
 - Negotiation/partnership with the FIs

Keys to success: *participation of POs in steering and defining financial products and services (BTEC – Fado Djigi...); *contractual agriculture involving various players in the value chain (eg. Flexe Faso, de Mogtedo Cooperative, etc.); * combination of financial and non-financial services

VII. The outlook for the POs



Two factors are key to ensuring adequate access by POs to suitable financial products:

- ❑ An overarching financial approach whereby concerns connected with production, processing and marketing can be factored in;**
- ❑ Consultation with POs and their active participation in devising and implementing agricultural finance strategies and services.**

VII. The outlook for the POs



To achieve this, three strategies are called for from the network:

1. **Participation in developing the macroeconomic framework and the creation of an instrument:**
 - ❑ FRDA (WAEMU), ECOWAS fund
 - ❑ Participation in devising and/or implementing an institutional and regulatory framework and support programme for the VC;
 - ❑ Lobbying to promote innovative finance systems and approaches (e.g. FIRCA)

VII. The outlook for the POs



2) Promoting an active partnership between the FIs, the POs and other players in the VC framework

- ❑ Promoting support actions for the VC: establishing links between national platforms/federations and unions with the FIs (B2B space in the business forum);
- ❑ Leveraging best practices via a capitalisation procedure and forums for sharing (ideas fair, sharing meetings, regional trade platforms, etc.)

VII. The outlook for the POs



2) *Promoting an active partnership between the FIs, the POs and other actors in the VC framework*

- ❑ Establishment of regional consultation forums for the POs in their industry;
- ❑ A project to set up a regional fund for financing smallholdings;
- ❑ A project to set up a regional agricultural product exchange

VIII. Existing opportunities in the Region



2) Promoting an active partnership between the FIs, the OPs and other actors in the VC framework

- ❑ Implementation of agricultural policy and other sector-based policies;
- ❑ A range of VC development support programmes (USAID, Coopération Hollandaise, AGRA, IFDC, etc.);
- ❑ Identifying and/or strengthening the capabilities of the network of players operating in the VCs;
- ❑ Gradual improvement of the regional trade environment;
- ❑ Recognition of the crucial role of farmers in developing VCs: a shared perception of a VC development model vision identified by the farmers;
- ❑ Improvement of PO consultation with private sector players and research institutions.

VII. The outlook for the POs



3) Empowering the POs to develop economic and financial services and to boost existing opportunities

- ❑ Smallholders' University (management and analysis skills, etc);
- ❑ Strengthening skills for mediation and negotiation with unions and federations (national platforms).

Thank you for your kind attention.



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