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Photos: ICCO Cooperation
Design: Saskia Zwerver
Abbreviations and Acronyms

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<th>Abbreviation</th>
<th>Definition</th>
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<tbody>
<tr>
<td>CPDD</td>
<td>Credit Pilot Deep Dive</td>
</tr>
<tr>
<td>FGD</td>
<td>Focus Group Discussions</td>
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<tr>
<td>FHH</td>
<td>Female-Headed Households</td>
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<tr>
<td>HFIAS</td>
<td>Household Food Insecurity Access Scale</td>
</tr>
<tr>
<td>MAHFP</td>
<td>Months of Adequate Household Food Provisioning</td>
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<td>MFI</td>
<td>Micro-Finance Institution</td>
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<tr>
<td>MHH</td>
<td>Male-Headed Households</td>
</tr>
<tr>
<td>NPS</td>
<td>Net Promoter Score</td>
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<tr>
<td>PPI</td>
<td>Progress out of Poverty Index</td>
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<td>SACCO</td>
<td>Savings and Credit Cooperative</td>
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<td>STARS</td>
<td>Strengthening African Rural Smallholders</td>
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<td>TLU</td>
<td>Tropical Livestock Unit</td>
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<td>VSLA</td>
<td>Village Savings and Loans Association</td>
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ICCO Cooperation and STARS

The Strengthening African Rural Smallholders (STARS) program is implemented by ICCO Cooperation and ICCO Terrafina Microfinance in partnership with Mastercard Foundation; targeting 210,000 rural farmers in Rwanda, Ethiopia, Burkina Faso and Senegal. STARS is addressing challenges that smallholder farmers face such as limited skills, lack of credit, minimal access to markets, and limited access to appropriate financial products.

In Rwanda, the aim of the STARS program is “food security and better income” for 44,000 (50% women) smallholders farmers and their households. The program uses a sustainable approach to empower smallholders to get better agricultural skills, and access to suitable financial services so they can create means to better take care for their families, be self-reliant and impact others in their communities.
Executive Summary

Many smallholder farmers struggle to access financial services, and lack opportunities to improve their agricultural activities. The STARS program aims to facilitate access to financial markets and agricultural services in both structured and unstructured value chains, as well as improve access for subsistence farmers. Recognizing that smallholder farmers comprise a diverse group with differences in attitudes and capacities to access and use credit products, this credit pilot deep dive (CPDD) investigates differences in the uptake and impact of newly developed agricultural credit products on smallholder farmers in Burkina Faso. The aim is to provide the STARS program, as well as the participating MFIs, with a valuable opportunity to enhance their understanding of the client base: their needs, capacities, attitudes, strengths, weaknesses, barriers and catalysts.

More specifically, this CPDD study targeted two main zones and credit products in Burkina Faso, namely sesame loans in the Banfora area and soy loans in the Pô area. The study used a mixed quantitative and qualitative approach based on a household survey triangulated with focus group discussions (FGDs). The participating farmers have been categorized in groups, namely farmers who have applied for and received loans, those who have applied but have been rejected for loans, and for Pô area those who have never applied for loans. Farmers in Banfora appear to be highly food secure throughout the year, while farmers in Pô seem to experience shortages in food especially during the lean season. It is important to highlight that the data were collected just outside of the lean season most likely affecting these findings but the recall period of the indicators stretch into the lean season. Around 67% of all surveyed farmers have at some point taken out an interest-bearing loan, and 89% of them has had a positive experience with it. However, only a few farmers are eager to recommend the loan to others.

The findings of this study suggest that farmers are particularly attracted to credit packages when they hear of positive experiences regarding the credit products from others, when the application procedure is clear and transparent, when the credit can be combined with agro-inputs, support to market access or technical assistance, when disbursements are made on time, and when there is a possibility to use credit to purchase equipment, and especially services and equipment related to ploughing. In contrast, farmers may be unwilling or reluctant to access credit due to cumbersome administrative procedures and due to the difficulty of understanding documents, due to corrupt practices, due to high required guarantees and due to incompatible credit products with too short repayment options. Additional barriers causing disinterest among farmers are: learning about negative experiences from others, risks related to too lengthy disbursement periods that could result in delayed cultivation, and smaller yields and consequently lower repayment capacity. Furthermore, particular challenges affect women who struggle to access credit due to the lack of a sufficiently large parcel of land and assets needed to provide security on loans and due to needing to delay their cultivation until their husband’s fields have been prepared, leading to reduced yields.

The potential areas of improvement of MFI loans that were recognized by the farmers include promotion of transparency, integrity and simplicity in the procedures of applications for credit, provision of extended loan periods for larger investments, and increased options of credit repayment periods. Additionally, FGDs revealed that it is critical to tailor loan periods more closely to planting and harvest cycles of the target crop, to promote tailored credit for equipment, especially related to ploughing, to provide technical support and access to agro-inputs and markets in parallel with financial services, and to promote other income-generating activities for women.
Introduction

In November 2017 ICCO Cooperation conducted a small-scale study into the adoption of two newly developed agri-loans in Burkina Faso. These agri-loans were among a few new credit products being piloted by MFIs, which offered an opportunity for a parallel study to be attached to them. The purpose of this Credit Pilot Deep Dive Study (CPDD) is to understand how differences in adoption and impact of new agricultural credit products correlate with differences in farmer characteristics. This could create a possibility to adapt product features to match the needs of farmers. It is expected that the study can provide the STARS program, as well as the participating MFIs, a valuable opportunity to enhance their understanding of the client base: their needs, capacities, attitudes, strengths, weaknesses, barriers and catalysts.

STUDY DESCRIPTION

This CPDD study focused on two crops (sesame and soy) in two areas of distinct crop production; sesame in Banfora (PAMF microfinance) and soy in Pô (URC Nazinon microfinance) (figure 1). The STARS program focuses on improving financial services (and in time also non-financial services) for these small-hold farmers by supporting MFIs to develop appropriate agri-financial services for individuals and groups of smallholders.

Figure 1. Data collection sites
The research aims to investigate four key questions:
1. What are the demographics of the smallholder farmers in the credit pilot?
2. What is the current state of farming in terms of productivity, use of products and services, access to markets, and access to finance?
3. What guides a farmer’s decision-making in taking a loan and how do credit products differ in their advantages and disadvantages to farmers?
4. What are the baseline values for impact indicators on wealth and food security used in the STARS program?

The CPDD study used a mixed quantitative and qualitative approach based on a household survey triangulated with focus group discussions (FGDS). For the quantitative part of the CPDD study, a questionnaire was administrated to 95 farmers growing sesame in the Banfora area (where PAMF microfinance operates) and to another 101 individual farmers growing soy in the Pô area (where URC Nazinon microfinance operates). The intention was to categorize these farmers in three groups, namely Applied and received, Applied but rejected and Never applied (table 1). Categorizing the farmers in this way facilitates the analysis of similarities and differences between the groups. Nevertheless, for the sesame farmers, the producers who had not applied for credit, was unfortunately not part of the sampling because the MFI did not have data on the people that were sensitized but never applied. Accordingly, this report focuses on differences between farmers who applied and received credit, and those who were unable to secure credit (Applied but rejected). However, it is important to note that the soy farmer sample does include 15 farmers that never applied for credit (see table 1). This group will be discussed in more detail in section 3. Furthermore, the composition of the group “Applied but rejected” in Banfora (sesame) might have been influenced by the fact that the MFI in Banfora had to refuse many of the applications of the sesame farmers due to lack of liquidity, and not for reasons of ineligibility.

For the qualitative part of the study, focus group discussions (FGDs) were conducted. A total of eight FGDs were conducted with 32 participants in Pô and 32 participants in Banfora. The average number of participants in each FGD was 8.

<table>
<thead>
<tr>
<th>Group</th>
<th>Sesame</th>
<th>Soy</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHH</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Youth</td>
<td>23</td>
<td>40</td>
<td>63</td>
</tr>
</tbody>
</table>

Table 2. Survey sample sizes for FHH and youth.

<table>
<thead>
<tr>
<th>Group</th>
<th>Sesame</th>
<th>Soy</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied and received</td>
<td>73</td>
<td>64</td>
<td>137</td>
</tr>
<tr>
<td>Applied but rejected</td>
<td>22</td>
<td>22</td>
<td>44</td>
</tr>
<tr>
<td>Never applied</td>
<td>0</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total sample size</strong></td>
<td><strong>94</strong></td>
<td><strong>101</strong></td>
<td><strong>196</strong></td>
</tr>
</tbody>
</table>

Table 1. Survey sample sizes for the different farmer groups.

Out of the 196 surveyed farmers, only 6 (3%) are female-headed households (FHH) and 63 (32%) are youths not older than 35 (table 2). Due to these small numbers and the purposive sampling approach, results are not representative for small older farmers in general. Selection of farmers into the credit pilot, to which this study was attached, was also purposive.
01 Client and farm characteristics
DEMOGRAPHICS

Demographically, survey participants from the two areas can be considered a single group since there are no meaningful variances in the demographics of these farmers. The average age of the farmers in the study is 40 years, and the average household size is 8, but varies between 6 and 9. The average share of dependents in the household is 0.4, indicating that slightly less than half depend on other members of the household for their livelihood.

The farmers report similar levels of education; the largest share (39%) of farmers has reached primary school (either finished or unfinished) and 20% has reached college or university (either finished or unfinished), while 10% has only learned to read and write and many farmers (30%) have no schooling at all (figure 2).

Figure 2. Highest level of education in the household (n=200)

Almost half (42%) of the farmers have received agricultural skills training. When comparing the farmers, clear differences emerge: 60% of the soy farmers (Pô area) and only 23% of sesame farmers (Banfora area) have received agricultural training. Around two-thirds (63%) of the farmers having received agricultural training have also received credit compared to less than one-third (27%) of farmers who were rejected for credit. Many farmers have accessed these trainings for free, since only four farmers (2% of the sample) indicated to have paid to receive training in agricultural skills. In contrast, only 15% of all farmers have received financial skills training. Again, a clear contrast emerges: three times more soy farmers (23%) have received financial skills training than sesame farmers (7%). Similarly, the majority (53%) of the farmers having received financial training have applied for and received agricultural credit, while a slightly smaller share (40%) were rejected in their application for credit. Only seven farmers (4% of the sample) have paid to receive financial training.

Religious differences across the survey sample proved to be unexpectedly challenging to investigate; the data regarding the religion was not available for almost 40% of respondents. Among the participants indicating their religion, the majority of the sample are Muslim (50%) followed by traditional religions (25%) and Catholics (16%). Interestingly, all the respondents who declined to state their religion (76 all together) are soy farmers from Pô, while all the sesame farmers from Banfora provided this information. These two study sites are ethnically different; Banfora is religious with a large number of Muslims, while people in Pô generally practice more traditional religions. Since these traditional religions are in Burkina Faso frowned upon, the respondents in Pô found it a sensitive matter and decided often, according to the enumerators, not to report their religion.

FEMALE-HEADED HOUSEHOLDS (FHH)

The average age of the female heads of the household is higher (51 years) compared to the male-headed households (39 years). All the female heads in this study are older than 39 years and widowed or divorced/separated. The family size in FHHs is approximately the same as for the other households, but the average share of dependents in the household is smaller in the FHHs (0.28) compared to MHHs (0.41). When comparing the share of FHHs having received training in farming skills to the share of MHHs, the share is slightly higher among the FHHs (50% compared to 42% for MHHs). The shares of farmers that have received financial training are almost equal (17% for FHHs compared to 15% for MHHs). However, it is important to take into consideration the small sample size of only six female heads when analyzing the results, so the findings regarding this group cannot be regarded as representative.

YOUTH

The average age in the youth group is 29.9 years. Almost all (98%) of them are married, with an average household size of approximately 6. The average share of dependents in the household is 0.48. The household size is below average compared to other households, but the average share of dependents is slightly higher. More than one-third (35%) has received agricultural skills training, while 15% has received financial skills training.
AGRICULTURAL PRODUCTION

Agricultural production was investigated with the survey by asking the farmers \( n = 196 \) to compare the size of their harvest during the most recent season to the two previous seasons, and to identify the main reason for any observed differences. Overall, slightly more farmers reported improved harvests (54%) than reduced harvests (41%). This however differs between the farmers of different crops; 59% of soy farmers indicated a better harvest compared to 47% of sesame farmers.

Farmers were asked to select the main reason for the increase, or decrease, of their harvest in the most recent season compared to the two previous seasons. Examining reasons cited for improved harvests (figure 3), sesame farmers were most likely to attribute these improvements to the use of fertilizers and chemicals (28%), followed by climate (16%) and new seeds (3%). For soy farmers, climate was the main reason for improved harvests (29%), but slightly over one-quarter of soy farmers attributed the improvements to the use of fertilizers or chemicals and better farming practices. Additionally, few soy producers (5%) mentioned improved seeds as a reason for improved harvests. The peak for soy farmers in the figure regarding improved harvest due to better farming practices, is most likely connected to the large amount of soy farmers having received agricultural training (60% compared to 23% for sesame farmers).

Examining the main reasons for reduced harvest, 34% of sesame and 13% of soy producers reporting reduced harvests attributed this to the climate (figure 4). Another important reason for reduced harvest among sesame farmers was pests and diseases (11%), and among soy farmers, lack of seeds, fertilizers, chemicals or other inputs (11%). During the FGDs, farmers reported the inaccessibility of fertilizers, plant protection products, and other agro-inputs as a major issue. They are either physically or financially unavailable to producers, and agro-inputs of good quality are not only expensive, but they are also unavailable locally. Farmers need to go to the border of Ghana to procure plant protection products but reported that even these are of poor quality.

Figure 3. Number of farmers having indicated improved harvest citing one main factor associated with the improvement during the current season compared to the two previous seasons based on the survey results.

Figure 4. Number of farmers having indicated reduced harvest citing one main factor associated with the reduction during the current season compared to the two previous seasons based on the survey results.
Overall, the survey results concerning the most common reasons for improved or reduced harvests highlight the effects of climate as particularly influential for both sesame and soy farmers, while forsesame producers also pest and diseases and for soy farmers lack of seeds, fertilizers, chemicals or other inputs are popularly associated with reduced harvests. These findings were supported by the FGDs among the sesame farmers, where insufficient precipitation was highlighted as the most important challenge affecting the success of the harvest. Additionally, farmers of both crops reported that their harvest was reduced due to insect or caterpillar attacks that destroyed a large quantity of their plants in 2017.

Moreover, the survey was used to investigate the investment priorities of the farmers by asking them to indicate whether they paid for any agricultural inputs or services during the past two agricultural seasons (table 3). Most farmers invest in several farm inputs at once, often a combination of farm chemicals with fertilizers. Investment in equipment (bought or rented) and in training are less common, with only 12% and 3% reporting this, respectively. However, during the FGDs both sesame and soy producers identified future ambitions to purchase of equipment and oxen for ploughing and to expand their cultivation plot. Timely access to ploughing equipment is reported to be the major challenge for producers, because this activity determines agricultural performance. The main difficulty is the lack of financial means to pay for the ploughing services, and the lack of equipment. Thus, it was noted that among the producers who have received funding, most use it for external ploughing equipment. Furthermore, the relatively low priority given to investment in training may reflect the high existing levels of participation in agricultural skills training (42% of the survey sample), or the perception that training should be provided for free by the government or NGOs.

<table>
<thead>
<tr>
<th>Input</th>
<th>% of farmers</th>
<th></th>
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<tbody>
<tr>
<td>Farm chemicals</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>Fertilizers / manure</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Equipment (bought or rented)</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Trainings</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>Transport (bought or rented)</td>
<td>0</td>
<td></td>
</tr>
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</table>

Table 3. Percentage of farmers citing the usage of specific inputs for farming during the past two agricultural seasons based on the survey results (n= 196 farmers). The farmers were allowed to give multiple responses.

Unfortunately, new seeds were not among the options included in the questionnaire as their significance did not emerge until later in the study. Nevertheless, based on the feedback given during the FGDs, soy farmers reported that the availability of seeds is a major challenge due to a non-functioning distribution system and some mentioned that they are lacking financial resources to purchase seeds of good quality. Furthermore, sesame farmers indicated that the cultivation of a variety of different seeds requiring only a short growing cycle could be a possible solution for tackling the challenge related to insufficient precipitation.

Investments in farm inputs do not differ between the two farmer groups, or when looking at FHHs or youth specifically. Farmers with a larger land size use a greater amount of inputs, which is related to their wealth status (figure 5). The land size ranges from an average of 3.2 ha for farmers having chosen no input category, to an average of 8 ha for farmers who have invested in three types of input.

Moreover, the survey data suggest that the use of hired labor, another important farm input, is common both for sesame farmers (89%) and for soy farmers (69%). However, only around one-quarter of both sesame (26%) and soy (26%) farmers reported that more than half of their entire farm work is done by hired laborers.

Additionally, the results indicate that both soy and sesame farmers use some part of their harvest for home consumption. Aside from this, soy farmers rely on the local spot markets (62%) and cooperatives (29%) as the most important channels to sell surplus yields. In addition, one soy farmer is linked to big buyers like processors. For sesame farmers, the traders (40%) and local spot markets (26%)
provide additional sales channels. During FGDs, soy farmers reported that they were supported in market access by LAVODEC, a cooperative that regroups the soy production of its members in order to create collective market access.

Looking at the individual channels and how often (count) they are reported, the following priority channels emerge for soy farmers (figure 6) and for sesame farmers (figure 7). It is important to note that the result is not based on the

Figure 6. Percentage of soy farmers citing a specific outlet for their produce (n= 101 farmers)

Figure 7. Percentage of sesame farmers citing a specific outlet for their produce (n= 95 farmers)
volume of a specific outlet but on the number of instances it was reported. Farmers were allowed to report multiple different outlets.

**ACCESS TO FINANCIAL SERVICES**

Around 67% of all surveyed farmers have at some point taken an interest-bearing loan. In most cases the loan comes from an MFI. As noted, this is most likely due to the sample selection, but the findings reveal surprisingly low engagement with other lenders. Alternatively, the other sources of finance might have been underreported if people did not feel comfortable about giving out this type of information. The second most popular form of credit for both sesame and soy farmers is a loan from a community leader (4% and 6%, respectively). During the FGDs, some producers reported that they had to borrow money from local informal lenders while waiting for the MFIs to process their loan applications, which results in higher interest rates or even double interest. In some cases, this has led to the MFI loan being used to paying back to the informal lender. The other loan forms are rarely used, and for instance, only three soy farmers have ever taken out a bank loan. When scoring how often a particular source of loans was reported (how many instances) in the survey, the following trends emerge (figure 8):

The survey data suggest that previous access to credit correlates to some extent with access to MFI agri-loans. A majority (76%) of the 137 farmers that applied for and

**SURPRISING INSIGHT**

Based on the survey results, 77% of the participating households reported owning an animal drawn plough. This finding is contradictory to the results from the FGDs where the timely need for ploughing equipment was strongly highlighted as one of the most important factors negatively affecting the agricultural performance.

After further investigation, it turned out that the persons who participated in the survey (and who were selected from MFI client lists) were often heads of households or even heads of concessions (a group of households living together in a family compound). The heads of households or concessions are often older and have more assets than the farmers in their compound. Thus, the heads of households or concessions can indeed own a plough in either good or poor condition. This plough is then circulated among the other persons in the compound, or among friends and family elsewhere. Therefore, the plough is not available for all farmers during the crucial time when the fields need to be ploughed, creating a shortage for this equipment. The farmers who participated in the FGDs were a random selection of farmers, not heads of households or concessions, thus creating an apparent disparity in results from the survey and FGDs.

Since the selection of surveyed households was done using the lists of existing MFI members, this discrepancy between the results of the two parts of the study emphasizes the assumption that the current MFI clients are already better off to start with than the other households. This finding will be further assessed when comparing the results from the CPDD studies in different countries.
received the new agri-loan, had already previous experience with credit. This is most likely due to the MFIs having offered a new loan to their old clientele. Half (50%) of the group that applied and was rejected, had previous experience with credit. Loan history therefore seems moderately important in determining subsequent access to finance. However, the MFI in Banfora reported that they had to reject some farmers due to lack of liquidity, and therefore some otherwise eligible candidates with possibly previous experience with credit, might have been rejected. The study did not collect specific data on MFI farmer selection, but alternatively, it may be that the rejected farmers are unable to meet the collateral requirements, or perhaps they have struggled to make repayments on previous loans.

Furthermore, there is an apparent difference in previous experience with credit between the farmers of the two crops; 80% of sesame farmers compared to only 54% of soy farmers have previously accessed credit. This discrepancy could be related to the differences in wealth levels between the two areas, as suggested by the findings discussed in section 3.

Of the farmers that have previously accessed a loan, 89% has reported a ‘good’ or ‘really good’ experience with their access to finance and only 3% indicated a negative experience. The satisfaction rates vary between the farmers in different study sites and value chains; out of the farmers that have previously accessed a loan 91% of the farmers in Banfora and 80% in Pô have had a positive experience with the loan. In Pô a slightly larger share of farmers (4%) report a negative experience with the loan compared to Banfora (3%). During the FGDs, the farmers in Pô indicated that the negative experiences with the loan were mainly due to the long and complicated loan processes that required them to spend a great amount of money on repeated visits to the MFIs.

Of the farmers reporting a good or very good experience, only 22% would certainly recommend it to others (considered a ‘promoter’). Of the remainder, 70% would only probably promote it (considered ‘passive’), and 8% would not or did not know (considered a ‘detractor’). This can be summarized in the Net Promoter Score (NPS) that quantifies the willingness of customers to recommend a credit product, and the score can range from -100 to +100. The NPS in this study is 15 (22.13 - 7.63 = 14.5), which is relatively low. The NPS score is slightly lower for the farmers having previous experience with credit and who applied and received the loan (NPS = 12) and much lower for farmers with previous experience of credit and who applied but were rejected (NPS = 2). These scores are affected by a large number of farmers falling in the ‘passive’ category, which does not increase or decrease the NPS score. To summarize, despite farmers indicated that they are highly satisfied with the credit products, only a few farmers are eager to recommend the loan to others (family, friends, neighbors). This might be due to the spoken word being highly respected in Burkina Faso, and therefore people might be cautious in giving recommendations.
Factors influencing credit product uptake
FINANCIAL ATTITUDES

Producers in Banfora are twice as likely to save regularly for the future than those in Pô (51% compared to 27%), and farmers in Banfora also save more often. The data suggest that the majority of producers are willing to take some risks (46%) to increase their chance of a higher revenue, and 19% are prepared to even risk losing their entire investment if it is possible to gain a higher revenue. However, among the farmers in the survey sample, almost two-thirds (64%) report that they would need to get the money back in one harvest cycle, indicative of limited savings and a subsistence level household economy. This could also be due to farmers of annual crops being used to being able to expect a rapid return on investment. Importantly, the survey result suggests a widespread (93% of the sample) commitment to agriculture, with an equal share of farmers having an ambition to expand their current enterprises and farm more land in the future. This result was supported by the FGDs; farmers reported to be willing to use credit for enlargement of their production areas, improvement of agricultural yields, gaining access to agro-inputs, and buying production equipment of which ploughing equipment was reported to be the most crucial.

BARRIERS AND CATALYSTS IN ADOPTING A CREDIT PRODUCT

According to the sampled farmers, there are a number of factors, which impede or reduce access to agricultural credit. These are summarized here:

Factors that farmers find attractive in a credit product

The key incentives for farmers to adopt credit packages include:
- Good reputation of the lender and referrals from others.
- Access to timely purchase of inputs.
- Possibility to use credit to purchase equipment, and especially services and equipment related to ploughing.
- Rapid access to credit to ease timely purchase of inputs.
- Farmers value credit packages, which integrate non-financial components more highly than stand-alone loans, and they prefer to take loans with associated
  - Agro-inputs, e.g. access to seeds and pesticides
  - Technical assistance, e.g. training in usage of organic fertilizers
- Support in market access, including cooperatives, dealers, and technical support. This was provided in Pô by LAVODEC, a cooperative that regroups the soy production of its members in order to create collective market access. Producers indicated that this motivates them to work harder and to improve their yields and they felt that the usage of a fixed pricing system gives them confidence in their ability to sell their crops and to repay the loan.

Factors contributing to an unwillingness to access credit

Some farmers are unwilling or reluctant to access credit. The reasons identified include:
- Farmers are very susceptible to positive or negative reports by others related to the loan products. Although many farmers are highly satisfied with the credit products, only a few farmers are eager to recommend the loan to others, which could be affected by cultural or religious principles.
- Unawareness of financial products. According to the producers, many of them have ignored the existence of lending structures such as MFIs for a long time, and they were unaware that it was possible for them to apply for credit.
- Cumbersome administrative procedures and the difficulty of understanding documents and terms. Most producers have a very modest level of education. During FGDs, farmers noted that they often misunderstand procedures. This results in a need of frequent travel to the MFI, which is associated with costs and the inconvenience of journeys.
- High guarantees. Guarantees are reported to be too high for many farmers, particularly for women and youth. Young people generally have fewer high-value assets than more established, older farmers.
- Corrupt practices. Producers reported poor behavior of loan officers, such as being forced to make gifts of cash, land, poultry and small ruminants to MFI agents in return for processing their applications or speeding up the process.
- Too lengthy disbursement periods. Farmers described long delays in lending, and loans disbursed later than agreed.
  - Some producers reported that they need to borrow from local lenders in the interim while awaiting MFIs to process their loan applications, adding higher interest rates or double interest.
- Delays in cultivation are reported to results in smaller yields and consequently lower repayment capacity.
- Incompatible products: Most loans are reported to be available only for a single harvest period, while loans with repayment options spanning more than two years are difficult to access. During FGDs, farmers noted that these repayment periods are too short and financing is not adapted to the needs of producers.

Critical issues related to the need for credit products
The farmers highlighted the following issues linking together their need for credit products, agricultural success and their consequent repayment capacity.

Inputs:
- Timely access to ploughing equipment is reported to be a major challenge for producers, because this activity determines agricultural performance, which in turn affects the levels of yield and household income (and thus loan repayment capacity as well). The main difficulty is the lack of financial means to pay for the ploughing services, and the lack of equipment.
- Either physical or financial difficulties of accessing inputs (seeds, fertilizers, pesticides)
  - Producers report a poor system of distribution of seeds whereby a sufficient amount of seeds is not available when needed, and the farmers also lack financial resources to buy seeds of good quality.
  - Agro-inputs of good quality are not only expensive, but they are also reported to be unavailable locally in Pô. Farmers are forced to go to the border of Ghana to procure, for example, plant protection products, and they are still reported to be of poor quality.

Climate:
- The failure of rains constitutes a major difficulty hampering the success of agricultural production especially in Banfora. However, farmers indicated that they could mitigate the impact of this risk if they had the opportunity to plant short cycle seeds.

UPTAKE OF CREDIT BY WOMEN
The sample comprised a majority of male respondents; 78% in Banfora and 59% in Pô. This uneven distribution was reported to be based on the limited engagement of women in agri-finance; households are usually headed by men and therefore women have less opportunity to access credit. Furthermore, as MFI clientele is predominantly male, the sampling frame did not contain as many women as men. However, in Pô it was reported that more women access microfinance, which was attributed to their membership of strong producer organizations.

In general, women’s lower levels of access to agri-credit was based on several inter-related conditions. Women are reported to have less access to parcels of land sufficiently large to require credit for investment. Women must also wait
until their husband’s fields have been prepared and planted before preparing their own land, which reduces their agricultural output and incentives to access credit. It was also reported that women must first obtain consent from their husbands before applying for loans. It is unclear whether husbands are unwilling to grant permission to wives seeking agricultural loans, or whether women are unwilling to ask them. Another influencing factor could be that household assets can only be used as security for a single loan, and therefore women cannot use the same assets to secure a second loan. Furthermore, while most producers reported that the interest rate of MFIs is acceptable, women were more likely to find it too high.

Women also expressed a desire to diversify their activities, particularly suggesting opportunities, which are not predicted on timely access to land and tools for planting crops. Women’s suggestions included sheep fattening and trading, for example purchasing grains at harvest time when prices are low, storing them, and reselling them locally when prices have risen.

**POTENTIAL AREAS FOR IMPROVEMENT OF MFI LOANS**

Farmers highlighted several areas for potential improvement in MFI’s service provision, including:

- Promote transparency, integrity and simplicity in the procedures of application for credits in order to revive the confidence of producers, create clarity and reduce the need for repeated visits to the MFI.
- Provide extended loan periods for larger investments, and increase credit repayment period options.
- Timeliness of loan disbursements is critical. Tailor loan periods more closely to planting and harvest cycles of the target crop.
- Promote tailored credit for equipment, especially related to ploughing, to boost agricultural yields.
- Consider opportunities to lend equipment, especially related to ploughing, make seeds accessible and increase availability of fertilizers, or link the credit to suppliers of these products.
- Promote financial education among the beneficiaries to improve the management of their farms and efficient utilization of loans.
- Provide technical support (e.g. training on organic fertilizers) and access to markets in parallel with financial services.
- Develop more individual financial products. Most of the producers prefer individual credits to collective credits.
- Women with limited access to land will need financial products to promote other income-generating activities such as buying, storing and reselling crops during periods of scarcity, or processing of agricultural products.
03 Baseline for impact on income and food security
By providing farmers with access to finance, the STARS program aims to enable them to access the right inputs and improve their farming. As a result, they will improve their income and food security. To gauge such changes over time, we measured their starting point with respect to income and food security.

**WEALTH AND INCOME**

Income is hard to measure, particularly for smallholder farmers with seasonally fluctuating earnings and poor numeracy skills, but changes in income will be reflected by wealth, which we therefore focused on in this study. Current wealth level is also important in determining access to finance, as loans must be secured with valuable collateral. While this makes sense in financial terms, it also contributes to conditions in which poorer farmers are unable to escape the cycle of poverty. A household’s wealth was assessed by determining the following characteristics: land size, an index for the household and agricultural assets as well as an index for livestock owned by the household, and finally by establishing the poverty likelihood of the household.

The results show that there is a clear variation in wealth between the two study sites (table 4). Farmers in Pô have on average less land, less assets, and fewer animals. Especially the average land size differs between the two study sites being almost double in Banfora (9,33 ha) compared to Pô (4,53 ha). Nevertheless, the farmers in Pô have a slightly lower likelihood of falling below the national poverty line than the farmers in Banfora.

<table>
<thead>
<tr>
<th>Area</th>
<th>Land size (ha)</th>
<th>Asset index</th>
<th>TLU</th>
<th>Poverty likelihood (national poverty line)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pô</td>
<td>4,53</td>
<td>10,68</td>
<td>2,46</td>
<td>33,06</td>
</tr>
<tr>
<td>Banfora</td>
<td>9,33</td>
<td>13,37</td>
<td>3,85</td>
<td>37,49</td>
</tr>
</tbody>
</table>

Table 4. Wealth indicators in Pô and Banfora

As seen in table 4, Poverty Probability Index (PPI) does not reveal a difference between the two study sites, while data on farm land, livestock and household’s assets show clear and significant differences. The PPI questions concentrate more on aspects related to household characteristics, such as family size, literacy rates of household members and household related assets, while the wealth measures of the other indexes in this study are more related to agriculture. Therefore, since this study did not find great differences in the demographics, such as in the level of education and in family size between the two study sites and different farmer groups, the PPI index will not show clear differences in terms of wealth between the groups. It is also important to note that the assets included in the PPI were purposely not incorporated as part of the asset indexes used in this study in order to prevent autocorrelation and maintain independence.

With respect to the farmer groups (those who applied and received a loan, and those who applied but were refused), the survey data suggest no apparent differences in terms of wealth levels (table 5). This could be due to the rejected group being composed of a mixture of poorer farmers unable to access loans, as well as wealthier farmers that were rejected due to a lack of liquidity of the MFI. However, this cannot be determined from our data. Sampling effects from the differently sized groups may also play a role. In contrast, the soy farmers who never applied for a loan, have a clearly lower wealth level than the other two farmer groups in terms of all the indicators, while their average household size is clearly smaller (6,3) than of the other groups (8,3 for ‘applied and received’ and 9,1 for ‘applied but rejected’).

As seen in table 4, poverty is more severe in Pô. Nevertheless, the farmers in Pô have a slightly lower likelihood of falling below the national poverty line than the farmers in Banfora.

<table>
<thead>
<tr>
<th>Stratum</th>
<th>Sample size</th>
<th>Land size (ha)</th>
<th>Asset index</th>
<th>TLU</th>
<th>Poverty likelihood (national poverty line)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied but rejected</td>
<td>137</td>
<td>8,25</td>
<td>12,34</td>
<td>4,03</td>
<td>34,63</td>
</tr>
<tr>
<td>Applied and received</td>
<td>44</td>
<td>6,76</td>
<td>12,48</td>
<td>3,06</td>
<td>34,36</td>
</tr>
<tr>
<td>Never applied</td>
<td>15</td>
<td>3,53</td>
<td>6,39</td>
<td>1,34</td>
<td>44,47</td>
</tr>
</tbody>
</table>

Table 5. Average wealth indicators per farmer grouping for both soy and sesame farmers together

Also, the position of FHHs is conspicuous. Although only 6 FHHs were included in the survey sample, the finding suggest that they are clearly poorer than other households, as table 6 shows. However, again the PPI interestingly indicates that FHHs have a lower likelihood of falling below the national poverty line than the other households. The average TLU score of 1,76 for FHHs is quite low compared to MHHs, and during the FGDs women expressed a desire to diversify their activities to include, for instance, sheep fattening in the future.

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2 The Tropical Livestock Unit (TLU) is used for an indication of the livestock resources. It is acquired by converting the body weight into the metabolic weight and can be used as an exchange ratio among livestock species (Chilonda, P., & Otte, J. (2006). Indicators to monitor trends in livestock production at national, regional and international levels. Livestock Research for Rural Development, 18(8), 117).

The data collected from youth households in the sample, reveal mixed results. Youth households report having smaller parcels of land and fewer livestock and assets, but a clearly lower likelihood to fall below the national poverty line (table 7). The latter is most likely strongly influenced by their smaller family size (on average 6.8 instead of 9.3 for non-youth households). The sampling effects from the differently sized groups may play a role in the differences compared to non-youth households.

Polygamous marriages are an important social characteristic in Burkina Faso; more than 33% of the burkinabe men and more than 51% of women live in polygamous marriages. Similarly, a relatively large number (36%) of the households in this study are polygamous (compared to 60% monogamous). The polygamous households reported higher levels of wealth than monogamous households when comparing the wealth indicators of land size, asset index and TLU (table 8). However, the monogamous households have a slightly lower likelihood in falling below the national poverty line.

Table 6. Average wealth indicators for FHH and MHH

<table>
<thead>
<tr>
<th></th>
<th>FHH</th>
<th>Samplesize</th>
<th>Land size (ha)</th>
<th>Asset index</th>
<th>TLU</th>
<th>Poverty likelihood (national poverty line)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>190</td>
<td>6.93</td>
<td>12.06</td>
<td>3.17</td>
<td>35.46</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>6</td>
<td>4.17</td>
<td>9.30</td>
<td>1.76</td>
<td>27.07</td>
<td></td>
</tr>
</tbody>
</table>

Table 7. Wealth indicators for youth and non-youth

<table>
<thead>
<tr>
<th>Youth</th>
<th>Sample size</th>
<th>Land size (ha)</th>
<th>Asset index</th>
<th>TLU</th>
<th>Poverty likelihood (national poverty line)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>133</td>
<td>7.48</td>
<td>12.86</td>
<td>3.32</td>
<td>37.22</td>
</tr>
<tr>
<td>Yes</td>
<td>63</td>
<td>5.52</td>
<td>10.13</td>
<td>2.73</td>
<td>30.96</td>
</tr>
</tbody>
</table>

Table 8. Wealth indicators for polygamous and monogamous households

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Sample size</th>
<th>Land size (ha)</th>
<th>Asset index</th>
<th>TLU</th>
<th>Poverty likelihood (national poverty line)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polygamous</td>
<td>71</td>
<td>9.58</td>
<td>13.97</td>
<td>4.19</td>
<td>36.45</td>
</tr>
<tr>
<td>Monogamous</td>
<td>118</td>
<td>5.66</td>
<td>10.92</td>
<td>2.58</td>
<td>35.11</td>
</tr>
</tbody>
</table>

**FOOD SECURITY**

**MAHFP, HFIAS and PPI Food line**

To understand better how food security changes over the course of the year, we measured the Months of Adequate Household Food Provisioning (MAHFP). This tool consists of two simple question asking (1) whether there were months in the past 12 months in which the respondent did not have enough food to meet the family's needs and (2) if that is the case, which months these were. Based on the results, the time of the year when food shortages occur follow the monthly mean historical rainfall data patterns.

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**Figure 9.** Percentage of households in Pô indicating food (MAHFP) as histograms and average monthly precipitation in the two study sites as line diagram.

**Figure 10.** Percentage of households in Banfora indicating food (MAHFP) as histograms and average monthly precipitation in the two study sites as line diagram.

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that are similar in the two study sites Pô and Banfora, as shown in figures 9 and 10. Both of the study sites fall in the Köppen climate classification in the Tropical savanna climate. The lean season lasts from June to September, with a peak month in Pô in September and according to the results, it comes in Banfora slightly earlier in August. Data on food security were collected in October, which is just outside of the lean season.

When comparing the regional results, in Pô, 68% of sampled households report food insecurity at some point during the year, while in Banfora, this is only 17%. Out of these, the average number of months per year that people report experiencing food shortages differs slightly between the regions. In Pô this is 1.3 months per year and in Banfora this is only 0.4 months.

In addition to MAHFP, the tool Household Food Insecurity Access Scale (HFIAS)\(^7\) was used to collect more in depth information on food insecurity. HFIAS is composed of a set of nine questions to assess whether households have experienced problems with accessing food during the last 30 days. This is evaluated with HFIAS household score that can range from 0 to 27. The average HFIAS household score for the whole sample was 5.

The farmers who applied and received a loan, and those who were refused, are similar in terms of food security (HFIAS household score 4), while the farmers who never applied for a loan have a clearly higher level of food insecurity (HFIAS household score 15). Additionally, there was a clear difference between non-youth and youth (HFIAS score of 4 compared to 7, respectively). Moreover, when comparing the regional HFIAS scores for the two study sites, the score in Pô is 9 and in Banfora 1 when asking the food security related questions just outside of the lean season. However, it is important to note that, since HFIAS has a 30-day recall period, these results stretch back to September, which was a month of high food insecurity. The results support the outcomes of the MAHFP analysis, indicating that food insecurity was not an issue in Banfora during September – October, when data were collected and during the recall period. Nevertheless, in the case of Pô, when classifying the regional HFIAS score into food (in)security classes, in total, 20% of all households in Pô are classified as severely food insecure (table 9). However, it is interesting to see that this clear difference between the two study sites in food (in)security are not supported by the Food line of the PPI tool, which indicates that the average likelihood for a farmer in Pô to not have enough money to buy sufficient food is 7.8% whereas in Banfora this is 8.6%.

When examining farmers living in family compounds, the survey data show that 75% of them prepare their meals with other households. However, there is only little difference between the households that live in a family compound sharing meals together, and the overall sample with regard to whether the household farmland provides them with enough food year-round (74% compared to 78% for the whole sample). Nevertheless, in terms of food security, only 21% of the households living in family compounds are classified as moderately or severely food insecure, compared to 33% of families not living in compounds (table 10). Hence the strategy of living in family compounds and sharing meals seems to be an important way for some farmers to avoid moderate or severe food insecurity.

Table 9. Percentage of farmers classified into HFIAS food security categories within the different locations.

<table>
<thead>
<tr>
<th>Region</th>
<th>Food secure</th>
<th>Mildly food insecure</th>
<th>Moderately food insecure</th>
<th>Severely food insecure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pô</td>
<td>20.8</td>
<td>24.7</td>
<td>34.7</td>
<td>19.8</td>
<td>100</td>
</tr>
<tr>
<td>Banfora</td>
<td>87.4</td>
<td>10.5</td>
<td>2.1</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>53.0</td>
<td>17.9</td>
<td>18.9</td>
<td>10.2</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 10. Percentage of farmers classified into HFIAS food security categories for the households living in family compounds and other households.

<table>
<thead>
<tr>
<th>Region</th>
<th>Sample size</th>
<th>Food secure</th>
<th>Mildly food insecure</th>
<th>Moderately food insecure</th>
<th>Severely food insecure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not living in family compound</td>
<td>129</td>
<td>51.9</td>
<td>14.7</td>
<td>19.4</td>
<td>14.0</td>
</tr>
<tr>
<td>Living in family compound</td>
<td>67</td>
<td>55.2</td>
<td>23.9</td>
<td>17.9</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Table 11. Percentage of farmers classified into HFIAS food security categories for the households living in polygamous and monogamous marriages.

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Sample size</th>
<th>Food secure</th>
<th>Mildly food insecure</th>
<th>Moderately food insecure</th>
<th>Severely food insecure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polygamous</td>
<td>71</td>
<td>63.4</td>
<td>15.5</td>
<td>15.5</td>
<td>5.6</td>
</tr>
<tr>
<td>Monogamous</td>
<td>118</td>
<td>48.3</td>
<td>17.8</td>
<td>20.3</td>
<td>13.6</td>
</tr>
</tbody>
</table>

A total of 20 farmers (10% of the total sample) are classified as severely food insecure. When looking at these farmers, we find that they experience shortages on average during 2 months of the year and have an overall likelihood of 10% of not having enough money to buy sufficient food. On the other hand, 53% of all farmers are food secure at the time of the survey, even though they may still experience shortages at other times throughout the year.

Moreover, the survey results further indicate that food insecurity is slightly stronger with farmers who have no credit history compared to farmers that have previously accessed loans (HFIAS score 7 and 4, respectively). These farmers might have different wealth levels to start with because the group with no previous credit history might be unable to meet the collateral requirements. However, this finding is in line with the STARS program aim that providing access to finance could increase food security.

To summarize, all indicators point towards the farmers in Banfora being highly food secure throughout the year while farmers in Pô seem to experience shortages in food especially during the lean season. Nevertheless, this situation might change in the future due to climate change, because the participants of FGDs both in Banfora and Pô reported to already experience that the lack of rains hampers their agricultural production.
04 Conclusions and next steps
CONCLUSIONS

Key findings

• Farmers are particularly attracted to credit packages when they hear of positive experiences from others regarding the credit products, when the application procedure is clear and transparent, when the credit can be combined with agro-inputs, support to market access or technical assistance, when disbursements are made on time, and when there is a possibility to use credit to purchase equipment, and especially services and equipment related to ploughing.

• Some farmers are unwilling or reluctant to access credit due to cumbersome administrative procedures and due to the difficulty in understanding documents, due to corrupt practices, due to high guarantees, and due to incompatible credit products with too short repayment options. Additional barriers causing disinterest among farmers are: learning about negative experiences from others, and risks related to too lengthy disbursement periods that could result in delayed cultivation, smaller yields and consequently lower repayment capacity.

• Particularly women struggle to access credit due to lacking sufficiently large parcel of land and assets needed to provide security on loans and due to needing to delay their cultivation until their husband’s fields have been prepared, leading to reduced outputs. Women expressed a desire to diversify their activities, particularly suggesting opportunities, which are not predicted on timely access to land and tools for planting crops, such as sheep fattening and trading.

• The potential areas of improvement of MFI loans that were recognized by the farmers include promotion of transparency, integrity and simplicity in the procedure of application for credit, provision of extended loan periods for larger investments, and expansion of credit repayment period options. Additionally, it is critical to tailor loan periods more closely to planting and harvest cycles of the target crop, to promote tailored credit for equipment, especially related to ploughing, to provide technical support and access to agro-inputs and markets in parallel with financial services, and to promote other income-generating activities for women.

NEXT STEPS

The data collected as part of this study will be further used to conduct a deeper level of analysis targeting especially catalysts and barriers for adapting a credit product, identification of differences in farmer types, sociological differences and other topics of interests that can help in understanding, for instance, farmers’ needs and capacities. Moreover, a follow-up study, using the same questionnaire as for this study, will be performed in 2019. Ideally, the same target group will be revisited at that point. In addition, qualitative data will be collected using FGDs and participatory methods, such as Most Significant Change workshops.
ANNEX

MANAGEMENT RESPONSE TO THE CPDD STUDY

What are your reflections as STARS microfinance manager on the CPDD report?

When looking at the entire report, do you support the findings or do you want to add some nuances, or correct the information? What is the relation with the pilot evaluation, do findings concur or conflict?

The main outcomes of the CPDD report are generally aligned with the pilot evaluation. The farmers are particularly attracted to credit packages, for instance, when hearing about positive experiences, when the application procedure is clear and transparent, when the credit can be combined with agro-inputs, with support to market access or with technical assistance, and when disbursements are made on time.

- ACAT tools, for instance, have demonstrated the importance for MFIs to understand the right levels of loans needed and the right timing to disburse loans. Having cash at the right moment allows farmers to plan ahead without the need to rely on expensive loan shark lenders.
- Due to a shortage of funds, some farmers are left without loans although they would be eligible for them. Thus, MFIs need to manage expectations better and communicate with clients, because some of them are financed and others not.
- Regarding the finding that women must first obtain consent from their husbands before applying for loans, it should be noted that women do not need to have a formal approval as part of the MFI procedures; rather they may need a tacit approval from the husband – who is the head of the family.
- Access to inputs is a challenge because of the inputs that are perceived “free” or subsidized to farmers by public initiatives and other organisations. The report highlights the limited success of such systems. The whole STARS logic of Making Markets Work for the Poor (M4P) entails enabling farmers to become economic actors in their respective value chains.
- In the CPDD report, the average land size is found to be 9.33 ha in Banfora and 4.53 ha in Pô. These could be seen as large sizes when compared to the average land sizes of other STARS countries. It is important to note that the land ownership for smallholder farmers differs from country to country. Small family farms in Burkina Faso own between 3 – 6 hectares but only a portion of the land is cultivated in any given year.

What are the key learnings that you find most relevant in the CPDD study?

Which elements in the report are most relevant in your opinion with respect to the MFI’s outreach (especially women and youth), scale-up plans, and potential impact with farmers?

- Farmers use financial services but they recognized several areas of improvements. Key elements highlighted in the study are the (long/complicated) procedures and the timing of loans disbursements.
- MFIs do not reveal the shortage of liquidity to their clients. This could further exacerbate the problem if clients lose “faith” in their financial institution. STARS is working with MFI partners to have financial products that include better terms and timing, improved liquidity planning and management, access to refinancing and diversification of products in order to not have bulk payments and reimbursements, which is still often the common practice in Burkina Faso.
- Women have difficulties in accessing loans due to their status in the family. They can only start cultivating after their husbands’ fields have been cultivated. To improve their access to finance and to create possibilities to have other income generating activities, group lending, as planned in STARS activities, is part of the solution. Group lending allows women to access loans without the need of physical collateral and it helps to strengthen social cohesion for many women.
- According to the STARS approach, the aim is to gradually support the women to eventually have individual loans. Thus, the group lending for women entails two stages. In the case that individual loans are not immediately available or women are reluctant to go for them; women can graduate from small loans in bigger groups to bigger loans in smaller groups. Hence the transition from larger to smaller groups will be promoted with an intermediate level of graduation before moving to individual loans later.
- It is challenging to critically assess the situation and the needs of young farmers. According to the findings of the study, the average age of the youth group is 29.9 years. Thus, most of the farmers will not be part of the youth group much longer. Therefore, developing products for them, would not target young women and men in their early 20s since. Their situation might be different from the assessed youth farmers in the study that have already accumulated some assets. This highlights the need to continue to investigate proper products for youth within STARS – Burkina Faso, which would allow this sizeable number of productive young force to get proper access to tools enabling them to be part of the society.

What is the feedback on these key learnings from implementing partners?

Which do partners agree with and want to work on in STARS? What do they not agree with and would oppose to work on?

- Overall, partners agree with the findings.
- In collaboration with a partner MFI, STARS will in 2018 support the diversification of loan periods and mobilization of savings through focusing on (agricultural) SMEs with regular repayment terms and off-agriculture season loan timing, thus enabling better liquidity management.
- It has been agreed with MFI partners and integrated in ongoing activities as well as in 2018 plans, to improve loan procedures, duration and conditions.
- Sensitization sessions between MFI staff and STARS have been conducted to better understand requirements and proper planning of the procedures regarding both farmers and MFIs.
### How are you taking these learnings forward, what is your plan of activities?

**How do we incorporate these findings in our intervention? How are we using them for stimulating adoption and impact, especially with women and youth?**

- One farmer mentioned that a loan officer requested a "bribe" before a loan can be given or to speed up the loan process. Client awareness, financial education, accountability of the MFI staff and clear channels of client feedback are the parts of improvements discussed with MFIs and planned for, in addition to clear and simplified procedures for financial products.
- Investment in machines and equipment for (timely) agricultural improvements needs longer term loans. Thus, STARS is additionally considering to focus on this component by discussing with commercial banks to enable (i) refinancing of MFIs that can then develop loan terms for small investments for farmers in line with available in-country resources and (ii) long term financing of well-off agri entrepreneurs. These efforts would be supplemented, in the mid- and long-term, by savings mobilisation.
- To allow women to succeed in their activities, STARS is not only focusing on having financial products targeting the main agricultural season, but also taking into account the diversification of their activities – to have off-season agricultural possibilities or activities of value addition like animals fattening, commercialization, home transformation, when women have more time and family resource can be easily used.
- Discussions with MFIs and refinancing partners will be intensified to allow for more liquidity. This will be done by looking both into national and international markets.
- The soybean farmers in Pô have been chosen to be part of a barefoot Business Development Service (BDS) intervention due to their connection to market, higher percentages of farmers with agricultural skills and financial education. Moreover, the Pô area is the region that faces higher food shortages. This intervention will encourage the local farmers to train and coach each other in essential skills, such as in agricultural practices, in exchange of a fee or in-kind contribution. These local coaches will be supported by activities such as training of trainers.
Partner to enterprising people.