BURKINA FASO

STARS: Strengthening African Rural Smallholders.

THE CHALLENGE
Agriculture in Burkina Faso is negatively affected by poor access to irrigation water, expensive inputs and equipment, limited knowledge and capacity of producers, and limited access to credit for farmers.

Microfinance institutions (MFIs) do not offer appropriate agricultural credit to smallholder farmers. Producer organizations (POs) have little access to big buyers, lack market information, and do not have good negotiating skills. POs are challenged to supply the right quantity and quality to buyers and do not properly serve their members.

Due to the lack of access to finance and markets, farmers have low yields and face high post-harvest losses. As a result, they have low resilience, low income, and poor food security.

STARS IN BURKINA FASO
In Burkina Faso, STARS is working to improve access to finance and markets for 49,500 smallholder farmers, impacting a total of 250,000 household members.

To reach this direct and indirect target, STARS works with six microfinance institutions (MFIs).

At the end of 2019, STARS in Burkina Faso was well on track to reach its target, with 35,775 farmers already benefiting from crop-specific loans in the maize, soybean, potato, sesame and rice value chains.

STARS also works with key value chain actors (processors, service providers, cooperatives, and unions) to strengthen value chains and create access to markets, skills training, farm inputs and equipment.

SOME KEY FIGURES IN BURKINA FASO

Shea value chain strengthened
Sesame value chain strengthened
5 loan products developed
35,775 farmers received a loan product

ABOUT STARS
The Strengthening African Rural Smallholders (STARS) program is a five-year program (2017-2021) implemented by ICCO Cooperation in partnership with Mastercard Foundation. Adopting the market systems development approach, STARS improves access to finance and markets for over 200,000 smallholder farmers with emphasis on women and youth in Burkina Faso, Ethiopia, Rwanda and Senegal.
4. Capacity Building Producer Organizations

A capacity building trajectory was developed for each of the 18 POs, focusing on three areas: Improving productivity, coaching in business plan development and finding external finance, and improving the position of POs in value chains.

STARS provided four sesame POs with visual training materials that will help 10,000 sesame producers to use best practices during harvest and post-harvest activities.

27 farmer facilitators of nine shea OPs were trained on providing quality controls on shea nuts and shea butter processing. As a result, the 27 animators were able to train a total of 7,500 shea nut collectors. Their kernels and butter are now sold through fair for life or/and organic label. This market segment provides better prices than the conventional market.

5. Strengthening Input Supply Systems

To help farmers access agricultural training and quality inputs such as fertilizer, pesticides, and certified seeds, STARS develops and strengthens input supply systems for the sesame value chain. More specifically:

STARS facilitated partnership talks between POs and MFIs to better understand each other’s challenges. As a result, in 2019, six MFIs financed input loans to almost 9,000 farmers.

6. Promoting Sustainable Business Development Services

STARS supports business development providers in both value chains to provide advisory and coaching services to POs, helping them to professionalize their businesses. More specifically:

STARS supported market linkages between four POs and shea kernel buyer AAK.

“STARS helped us to develop a soybean finance product that helped 2,000 soybean farmers, who are all members of the cooperative LAVODEC, to get access to a loan. STARS linked us to both the cooperative as well as to a soybean buyer, with whom we made an official contract. With a guaranteed market in place, we knew that farmers would not default on their loans, which helped us to reduce the financial risk. In addition, members of the cooperative received several trainings on financial and internal management, which gave us even more confidence.”
Abdoulaye Boli, manager product development MFI URC/NAZINON

STARS contributes to the following sustainable development goals:
Traditionally, shea nut harvesting and processing in Burkina Faso are rural women’s work. An estimated 400,000 women individually collect the nuts of the wild-growing shea tree and convert them into shea kernels and butter in a very labour-intensive and manual process.

STARS supports producer organizations (POs) and PO unions such as the shea union UGF/CDN, an organization that groups more than 6,000 women in the sector. Thanks to the increased demand for shea butter by the European cosmetics industry, the union has been developing an impressive, climate-smart processing facility that annually transforms 1500 tons of shea kernels into 500 tons of butter. Much of the work, which includes no less than 22 steps, is done by machines at the facility. Buyers include the French cosmetics company Occitane and Savannah Fruits. “And thanks to a Business to Business event organized by STARS this year, we were connected to new buyers,” president of the union, Nebie Eli Bationo explains.

In 2019, STARS performed a study on the rice and maize value chains. The study looked at which price setting mechanisms are in place for farmers and how they affect their position. STARS will use the learning of the study to introduce price mechanisms that are more favorable to farmers.

STARS PARTNERS IN BURKINA FASO

STARS supports six microfinance institutions: RCPB, GRAINE, URC/NAZINON, PAMF, ASIENA and UBTEC.

STARS in Burkina Faso works with a total of 18 producer organizations. For the shea value chain: BUAYABA, FUAPROKA, Fédération Nununa, Fédération des Unions de productrices de Beurre de Karité OUEZENA, UGF/CDN, RAGUSSI, UPPK/Banwa, USCPPK/CAS, COOP-CA, USCPPK-Houet and ASY.

For the sesame value chain: ADEP, ASY, FNZ, GIE YERETA, TIN BA, URPS/Sud Ouest, URPS/ Cascade, URPS/ Boucle du Mouhoun, URPS/ Nord.

Public sector partners include: La Direction Générale des Productions Végétales (DGPV), Partenariat dans la formation sur l’utilisation sécurisée des engrais et pesticides chimiques, La Direction Générale de la Promotion de l’économie Rurale (DGPER), Collaboration dans les questions stratégiques et de promotion de l’économie rurale, La Direction Générale de l’économie Verte et du Changement Climatique (DGEVCC), La Direction Générale de l’autonomisation Économique de la Femme (DGAEF), Le Secrétariat Permanent de la Promotion de la Microfinance (SPPM) L’Interprofession Sesame du Burkina (INTERSEB), L’Association des Grossistes et Distributeurs d’ Intrants Agricoles, L’Association Professionnelle des Institutions de Microfinance (APSFD)

Private sector partners include: AAK, Loders Croklan, Velegda, l’Occitane, Savannah Fruit, Nafaso, Socutrop, EBT Trading, Export Trading Group, Golden seed.

DEVELOPING NEW BUSINESS MODELS IN SHEA VALUE CHAIN

One of the major issues the union faces is meeting the high-quality standards set by their buyers. This puts them in a weak position when they negotiate their prices. “In 2017, STARS started a series of Training of Trainer sessions on a wide variety of topics, including Quality Control and Butter Hygiene. Thanks to these trainings, we have been able to train all our members gradually, which has significantly increased the quality of our products. This has positioned us well with international buyers and allows us to take a slightly firmer position at the negotiation table,” Bahiome Bationo, the coordinator of UGF/CDN adds.

Mr. Bationo; “An additional advantage of the trainings is that we no longer wait for an international organization to come to us and provide us with free training. We are autonomous, we can do the trainings in-house.” The union has many ideas to expand their business. “STARS supports us in developing a new business plan to diversify our products. We are going to pitch our idea for a soap making facility and showroom, which should attract new customers. Our market study was promising, we have a university nearby, with 25,000 students. We could engage youth to sell our soap in the surrounding villages and city,” the union’s coordinator Bahiome Bationo explains enthusiastically. “This would create extra employment!”

STARS PROGRAM EMBEDDED REFLECTION AND LEARNING (PERL)

STARS has been collecting data since 2017, which is being used to analyze the impact for farmers; to guide program changes and to share lessons learned with the wider audience. Here are a few of the highlights:

In 2018, STARS did a credit pilot deep dive study, investigating differences in farmers’ uptake and impact of newly developed agricultural credit products. The study provided a better understanding of the diverse client base STARS serves: their needs, capacities, attitudes, strengths, weaknesses, barriers and catalysts.

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A-CAT - A TOOL FOR RISK ASSESSMENT IN AGRICULTURE FINANCING

Both farmers and MFIs have an interest in how much it costs to produce a certain crop and whether or not a profitable return can be achieved. If only they all had a tool that could assist them to calculate costs and returns of any crop during its crop-cycle.

This is why ICCO Terrafina Microfinance and ICCO Cooperation developed the Agri-Credit Assessment Tool (A-CAT) which can be used by MFIs to characterize the economic performance of single crop farming per crop season. The tool estimates the expected amount needed to finance inputs, labor costs, and other costs, as well as the total net income from agricultural activities (using estimated crop yields). Based on the expected results, MFIs can see what would be the ideal loan size for a particular crop and whether the client will repay the loan from the investment.

A-CAT also keeps track of the farmers’ spending on inputs, labor costs, other costs, and actual crop yields, so the net income can be calculated after the season. An additional advantage is that the client also builds up an agricultural performance history. “A-CAT allows us to follow the producers’ trajectory in a detailed way. You can see all costs and potential benefits. It also helps us to build a history with our clients, which is based on real data,” Dalla Jules Honore, director of MFI URC/NAZINON explains.

Sesame farmer Hamma Lankoande, who lives in the village of Tambiga (in eastern Burkina Faso) benefitted from a USD 200 loan this year, thanks to the usage of A-CAT by the MFI GRAINE. “I invested this amount in paying fertilizer, pesticides and labour. This is something I have never done before. This year, I decided to cultivate two hectares instead of one hectare.” Almost 8,000 sesame farmers received a loan since the beginning of STARS.

“Thanks to the credit I received, I was able to rent a tractor and buy better quality seeds and fertilizer from the cooperative. With the tractor, I exploited a bigger surface for my soybean production; from 1.5 hectare last year to 2.5 hectare this year. Also, because I needed less time to work on the land, I managed to also produce maize this year, which helped to diversify my income. My yields almost doubled compared to last year. Our cooperative helped me to find access to a buyer.”

“I was trained on the correct and safe application of pesticides. I also know now how to calculate my profit after deducting all my expenses. I also know the best sewing methods now. Thanks to all this, I have increased my yields. In 2017 for example I got 520 kg of sesame on one hectare. I made a profit of USD 250 that year. In 2018 I increased my land size to five hectares. Sesame is profitable, this is something I didn’t know before.”

― ISABELLE SAMA
SESAME PRODUCER IN DÉDOUGOU

― LASSINE YAGUIBOU
SOYBEAN PRODUCER IN PO.

FOR MORE INFORMATION:

Lassina Sanou
Country Lead STARS Burkina Faso
l.sanou@icco.nl
Tel +226 70 53 67 27
https://www.icco-cooperation.org/en/project/stars/