

# RESULT STORIES

## GLOBAL INDEX INSURANCE FACILITY

## BURKINA FASO

### AGRI-FINANCE TAKES MAJOR LEAPS IN BURKINA FASO

"Farming in Burkina can be very challenging. Uncertain weather conditions can have severely damaging impact on harvests and the ability of smallholder farmers to continue farming," says Sou Campaore, a 42-year old cotton farmer from Houndé, a farming village just outside Dedougou, a city in the western corridor of Burkina Faso. "Since the income from such an unpredictable harvest is not steady, we don't get access to capital in order to implement more efficient farming practices and purchase better inputs. A bad season can also have a telling effect on the health and social position of smallholder farmers."



Photo Credit: Nitin Nambiar

#### The Opportunity

Burkina Faso is a landlocked country in the heart of West Africa. Covering an area of 264,000 square kilometers, agriculture comprises the single largest economic sector, employing over 80 percent of the working population and contributing over 40 percent of the country's gross domestic product.

The Global Index Insurance Facility (GIIF) partnered with the PlaNet Guarantee (PG) in 2011 to develop weather index insurance products for maize and area yield insurance products for cotton. Created in 2007, PG is a microfinance services provider based in France and offering innovative products responding to the needs of farmers and micro-entrepreneurs across West African markets, including Burkina Faso, Benin, Senegal and Mali.

PG began its operations in Burkina Faso in 2010 partnered with GIIF in 2011. Within three years of its partnership with GIIF, which included a grant and advisory support on market building, product development, and technical services, PG has succeeded in enrolling over 8,200 farmers to its two flagship products covering maize and cotton farms.

#### The Challenge

Agriculture in Burkina Faso is relatively under-financed with the majority of banks and large MFIs reluctant to finance agriculture through small cooperatives. To further complicate issues, input loans are usually disbursed too late for the planting season leading to a late sowing phase for farmers and higher risk exposure.

## Approach

GIIF's approach in Burkina Faso has been three-pronged. It has supported organizations such as PG through grantee partnership, enabling PG to do more insightful feasibility studies and develop relevant index products in-house and with external partners. The second approach has involved developing relationships with all the major farmer cooperatives in the country. These include partnerships with the Union of Producers of Cotton in Burkina Faso (UNPCB) and Society of Fibres and Textiles (SOFITEX), the two largest cooperatives for cotton farmers. These partnerships have enabled PG to expand its member base significantly in the past three years. In addition to these two approaches, GIIF has supported PG in Burkina Faso to improve farmer access to capital through partnerships with local and regional banks providing agricultural credit, such as Ecobank. Through its partnership with GIIF, PG has been able to develop a strong partnership with the Ministry of Agriculture in Burkina Faso, further helping scaling up of index insurance products in the country.

## Beneficiary Impact

Campaore enrolled on an index insurance product through PG in 2012. Affirming its value, he says, "Of late, we have seen the harvest season shifting, which could have led to a major loss of investment on seeds and fertilizers. However, because of the insurance cover, I was able to limit my losses and continue farming," he says.

In 2014, over 51,218,892 Central African Francs (CFA) (~\$ 97,500) of claims were distributed to farmers insured through PG. Nearly 88 percent of this compensation was in Burkina Faso and Senegal alone. In Burkina Faso alone, the claims paid out were CFA 13,291,113 (~\$ 25,500).

"Now that I have the benefit of this insurance, I am able to purchase better quality of inputs, and the savings will also help buy more land for farming. As farmers, our conditions and challenges are the same across Burkina Faso. I'm sure all farmers can benefit as much from this security net as me so I would definitely recommend it to everyone," Campaore says.

## KEY FIGURES

- Agriculture employs over 80 percent of the economically active population in Burkina Faso, with over 50 percent engaged in smallholder agriculture
- Agriculture is also the single largest contributor to GDP (over 40 percent)
- Main crops are tea, coffee, produce, corn, potatoes, bananas, beans and peas
- GIIF, through its partner, has succeeded in enrolling over 8,200 farmers in Burkina Faso into index insurance programs as of July 2014
- Total GIIF/PG insurance portfolio in Burkina Faso: \$ 672,609 (as of July 2014)

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