

Guideline of rice support financing

1. Background and Rationale

Access to credit is a major constraint identified by stakeholders in the rice sector. The guarantee and the high rate are the main barriers to access to credit. Also, some activities are considered very risky especially rice production (weather, avian attacks, phytopathological attacks). The joint and several guarantee, which formerly established a guarantee is not enough to have a credit. These constraints coupled with the lack of reliable accounting records at the players limit access to credit. Added to this is the inadequacy of financial products and lack of knowledge of farming by local banks. The majority of players are unfamiliar with the management of financial cycles. The absence of agricultural insurance greatly limits the interest of commercial banks to the agricultural sector. The study revealed that about 60 % of the actors of the various links that urgent actions must be taken for a better access to the credit.

2. Areas of intervention

In the optics to assure a better access to the financing of the actors of the value chain rice, it is therefore necessary to take action at both the state level and at the level of financial institutions. These actions are as follows:

- **Develop incentive facilities to the intervention of commercial banks in financing rice cultivation,**

The reluctance of commercial banks to be interested in the financing of the rice growing is understandable by diverse reasons of which the risk considered raised by the latter, the absence of guarantee, the conditions were little adapted to the actors of the sector.

- set up a guarantee fund to allow the actors of the sector rice most of the time without guarantee to reach the credits;
- Make a bonus (improvement) of interest rate especially for the credits of investment;

- **Encourage the development of new products adapted by financial institutions ;**

Needs for the actors of rice sector are diverse in terms of funding. It is thus necessary to develop several financial products to satisfy this demand. Products such as investment credit, the credit materials and equipment, seasonal credit and marketing credit should be further promoted and expanded to commercial banks.

These financial products include:

- the investment credit for the realization of quite heavy and expensive infrastructure. It's is a long-term credit;

- materials and equipment credit: this means long-term credit is intended for the production equipment acquisition or rice processing;
- the seasonal credit which is a short and medium term credit, is also a function of the cycle of rice production;
- the marketing of credit: this short credit terms must be released in time adapted to borrower capacity.

Banking institutions must be innovative to offer a wide range of suitable products.

- **Promote the contractualization in the sector rice**

The relations between the actors of the value chain rice in Burkina Faso are still widely based on informal arrangements. The formalization of the commitments between actors turns out more than necessary, to strengthen the synergy between the stakeholders of the value chain and raise the level of competitiveness of the sector rice.

It is for this to:

- creating a regulatory and legal framework for contracting in agriculture;
 - strengthen the capacity of organizations in contracting ;
 - strengthen the capacity of organizations in negotiation techniques ;
 - make contracts between the links of the chain and other stakeholders including distributors of agricultural inputs;
- **Capacity building of stakeholders in rice sector to improve access to appropriate credit**
 - train the actors in financial management to ensure proper management of the appropriations ;
 - raise awareness of the existing funding opportunities ;
 - Encourage the community access to credit for inputs;
 - encourage concerted actions that lead to better negotiation and involvement of existing skills level umbrella organizations for negotiation.

- **to Support re-form them spurring investment in particular accelerating re-form them land;**

Earth a mobilizable resource to guarantee and reach the credit. Even if the actions in favour of the land reassurance meet difficulties bound to the socioeconomic gravities, it is important to accelerate re-form them land to improve in the forward the access to the credit.