



## Workshop 2

# INNOVATIVE PRODUCTS AND PROCEDURES: APPROPRIATE RESPONSES TO AGRICULTURAL FINANCIAL NEEDS

## Experience of the Union of Rural People in Mékhé

## - Senegal

by Samba Mbaye

# An organisation for rural financing



- A meaningful involvement in financing rural activities
- Based on strong activities and structuring
- Precursor in promoting mutual solidarity systems
- A rural savings and credit union



# Our observation in 2000



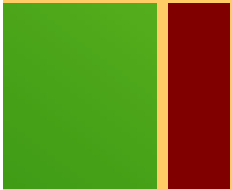
- ❑ Our tools encourage income generating activities...
- ❑ ... but do not resolve the underlying causes of vulnerability for farmers.



# Our approach: financing family farms



- A new policy for financing family agriculture
- Research action over 3 years
- Our approach: see family farms as businesses and companies that should be considered globally and take into account all their complexities



# Our approach



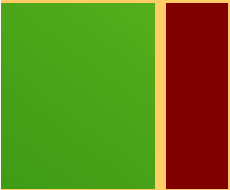
- ❑ A family project in several phases: diagnosis, forecasting, implementation, and evaluation over several years
- ❑ Improving coherence of production factors: investment credit
- ❑ Allow growth of activities and the development of new activities: working capital credit
- ❑ Offset irregularity of activities over the year: overdraft facilities
- ❑ Family projects supported by facilitators: we do not finance individuals but families



# Our lessons and teachings



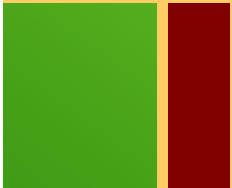
- ❑ Family farms, basic corporate and social entities: the primary form of rural business, a vector for development to be considered
- ❑ To improve the life of rural people, first of all production conditions must be improved as well as taking into account all activities (agricultural and non-agricultural) and family members (resident and non-resident)
- ❑ Consider family farms as production centres and companies



# Our lessons and teachings (cont.)



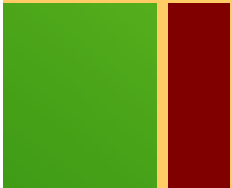
- Lack of coordination between the situation of family farms and the nature of services offered to agriculture
- Our concern: expand agricultural activities while taking into account production factors



# Financing agriculture: un domaine à structurer qui dépasse l'exploitation familiale



- Why not associate farms to share resources and create structured companies with adapted support?
- Should we look for collective investments to better share risk and better penetrate the market?



# Going further: promote development through solar energy



- Propose photovoltaic systems which favour development projects that create jobs and have a strong impact on the daily life of villagers
- A vision of development based on increasing viable economic and social options for populations to facilitate their access to basics necessities
- Two solutions :
  - Solar platforms
  - Solar stations





## Our approach: financing family farms

- ❑ Solar platform: **an integrated solution** for water, irrigation, public lighting, telecentre, TV, freezer.
- ❑ **Finance over 10 years**
- ❑ Village management based on a **self-managed system of financing: the MUSO**



*The sun does not overlook a village just because it's small...*

# In conclusion



- New emerging forms of rural life
- Microfinance: in the rural areas
- The finance policy should be based on a thorough diagnosis of the socio-economic environment and the agricultural situation
- Ops (rural organisations) have a role to play: capacity to act on markets and rural organisations (family farms and villages)

