



# Access to credit: efforts to include small livestock keepers in agricultural sectors in Burundi



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Burundi is the second most densely populated country in Africa. Two thirds of the population live below the poverty line, mainly in rural areas, putting the country among the five poorest in the world.

Agriculture and livestock keeping are the main livelihoods of 90% of Burundians. Developing livestock breeding is a significant lever for improving food security and economic security among the population. It enables them to increase agricultural production thanks to the manure produced, and creates an important source of income.

However, livestock keepers have little capital available to invest in their activity and rarely have access to credit. Because livestock keeping is considered to be too risky, local banks are reluctant to finance this type of activity. Livestock keepers themselves rarely apply for loans because they are afraid of the consequences of unpaid debts. That puts severe restrictions on the development of their activities.

## What Vétérinaires Sans Frontières Belgium does

Since 2014, Vétérinaires Sans Frontières Belgium has worked with a local partner, Union pour la Coopération au Développement – Appui au Monde Rural (UCODE-AMR) in four communities in the province of Ngozi, in the north of the country. Our approach consists of developing small livestock farming to strengthen food security and socio-economic security among farmers.

Since 2016, we have been offering services to facilitate access to credit for groups of small farmers. The goal is to enable them to get started in different income-generating activities relating to livestock keeping: rearing cattle, goats, pigs or poultry, beekeeping, fattening livestock, selling livestock input, etc. To finance these activities, we have reached an agreement with a local microfinance institution, UCODE-Microfinance, which grants them loans.

### Raising awareness

Our very first step was to embark on awareness-raising work among farmers. They are quite resistant to the idea of applying for loans, since they are used to being refused by banks or charged high interest rates. They are also worried about the consequences of defaulting on their loans, particularly the possibility of seizures (generally in the form of agricultural land).

We spoke to existing groups of farmers, which were well structured and operational, in order to minimise the risks of default and to make monitoring easier. Within these associations, the members interested in obtaining a loan organised themselves into solidarity deposit groups. The members acted as guarantors for the repayment of the loans granted.

### Procedure, profitability and repayment

The conditions of granting a loan to a group are based on **three individual criteria**:

- possessing a certain physical, individual guarantee (agricultural land, livestock, small business, etc.);
- having a bank account at the microfinance institution for at least three months;
- having a clean criminal record.

The loan application file is submitted by the group as a whole.

The individual amounts borrowed within each group are determined by the livestock keepers themselves. They **tend to be around €200 (for the purchase of goats or pigs), or more exceptionally €300 (for the purchase of a cow)**. The loan is granted in a single instalment, irrespective of the amount granted. That means the livestock keeper can start up their activity as soon as they receive the money.

To ensure the profitability of their activity, it is vital for the livestock keepers to learn the required skills before starting out. So they learn beforehand how to **design and manage a profitable livestock breeding business**. Depending on the chosen species (goats, chickens, pigs and cattle), they also take **technical training** that covers nutrition, reproduction, housing and care for their animals.

**Loan repayments** are made on a quarterly basis, over a period of **between six and twelve months** depending on the amount to be repaid. The annual interest rate is 15%, which is slightly lower than the rates applied by commercial banks and microfinance institutions in the region (around 18% and 16% respectively). Once the loan has been repaid, the livestock keepers have the opportunity to apply for another group loan. The amounts granted can then be higher than the previous loans, since the beneficiaries have already proved their reliability.

## Results

Since 2016, UCODE-Microfinance has granted loans to **28 solidarity groups**, i.e. **256 livestock keepers**, amounting to a total of almost **€35,000**.

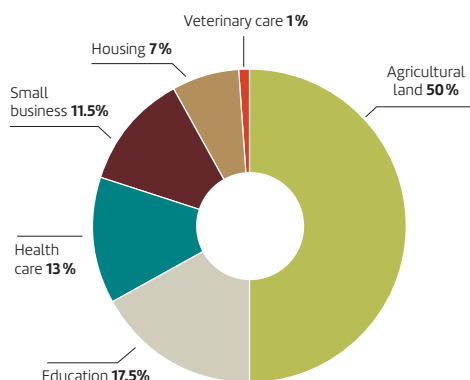
**99.95% of loans have been refunded**, which proves how successful the approach is, in contrast to the results of other, similar operations. Moreover, about **60% of the beneficiaries sign up for a new group loan** after this initial experience.

The loans have enabled livestock keepers to develop or strengthen their livestock-keeping activity.

**More than half of the beneficiaries opted to buy goats**, with another quarter purchasing a cow. Only one livestock keeper in six chose to raise pigs and a few went for poultry farming.

The use of organic manure produced by the livestock has seen bean and potato production double and maize production triple in four years.

Allocation of income from livestock keeping thanks to credit ↓



### Key figures

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**€200**  
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**€300**  
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of a cow

more than  
**50%**  
of livestock keepers  
opted to buy goats

**25%**  
of livestock keepers  
bought a cow

about  
**16%**  
of livestock keepers  
bought pigs

**+35%**  
increase  
in livestock income

Between 2017 and 2019, **the share of income from livestock keeping increased from 20% to 55% among benefiting families**. This income is mainly used to improve their agricultural capacities (by purchasing or renting land) and to send their children to school. The rest is used to pay for health care (treatments, family contributions to health insurance funds, etc.) or to develop a small business (vegetables, fruits, crafts, local beer, etc.). To a lesser extent, this income is also used to improve the comfort of their homes and to pay for the veterinary care required to maintain their livestock keeping activity.



## Lessons learnt

The loans they received to start up their livestock-keeping activity are increasing the **food security and socio-economic security of the beneficiaries**. The animals purchased enable them to increase their agricultural production using organic manure. Furthermore, the products of livestock keeping constitute an important source of income, specifically enabling the livestock keepers to consume more protein. The Household Dietary Diversity Score<sup>1</sup> has incidentally risen from 5.3 to 6.7 among the farmers supported, demonstrating an increase in their capacity to access a variety of foods.

Supporting the livestock keepers with the process of acquiring and using livestock keeping loans is crucial. The success of this approach is therefore explained by the **combination of complementary expertise and skills** offered by the different partners. UCODE-AMR, a local partner of Vétérinaires Sans Frontières Belgium, is concerned with the technical aspects related to **livestock keeping** (strengthening capacities and supporting the activity). In parallel, UCODE-Microfinance monitors the use of the **loan** and repayments. This type of partnership enables the production capacities of farmer households to grow rapidly whilst facilitating their participation and integration into the agricultural sector.

As it guarantees that the loans will be recovered, this approach has also **re-established mutual trust between microfinance institutions and livestock keepers**. However, awareness still needs to be raised on a wider scale to ensure that farmers are taken into account more in the policies of financial institutions.

<sup>1</sup> This indicator is often used to account for the range of foods to which a household has access.

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