



© Philippe Lissas



# project results

## SUPPORTING COCOA COOPERATIVES IN IMPROVING THE REPAYMENT RATE OF MEMBER PRODUCERS



### Beneficiary organisation

**Advans Côte d'Ivoire (Advans CI)** is a microfinance institution and member of the international Advans Group. Established in 2012, it provides tailored financial services to SMEs, entrepreneurs, traders, artisans and their families. With a network of 25 branches, Advans CI serves over 248,000 clients, managing a loan portfolio of more than 93 billion FCFA (EUR 140,000). It was the first institution to offer input credit to cocoa farmers and cooperatives, benefitting over 50,000 smallholder farmers. Advans CI benefited from two successive five-year loans from the Grameen Crédit Agricole Foundation, disbursed in 2017 and 2024 and worth a total of EUR 3,500,000.

### The challenge

**Cocoa cooperatives play a key role in one of the country's most structured value chains.** Access to inputs, especially fertilisers and crop protection products, is crucial for productivity. However, since input needs arise during low-income periods, cooperatives must pre-finance them, straining their cash flow. Advans CI addresses this by providing input credit, enabling cooperatives to finance and distribute fertilisers and phytosanitary products to farmers. However, many farmers lack planning for credit repayment. While deductions are made from their deliveries, some sell elsewhere to avoid them or pressure cooperatives to waive repayments. This often leaves cooperatives absorbing unpaid debts, weakening their financial resources and ability to repay Advans CI.

### The proposed solution

**Advans CI intended to support cocoa cooperatives in improving the level of repayment from member farmers to cooperatives, and to facilitate the renewal of input credit to the latter.** Building on Advans CI's existing experience in non-financial services – including financial literacy programmes for farmers, practical training on input use through input suppliers, information sessions on savings and credit for women's groups and training sessions for cooperatives to improve credit management – the project included the design of training modules to enable smallholder cocoa farmers to meet their financial obligations. Simultaneously, the project aimed at developing practical tools for cooperatives to manage and monitor input credit usage and repayments, including training on using these tools.

### The expected outcomes of the project were:

- 1 Providing 4,000 smallholder farmers, including 200 women, with financial training, with a focus on credit management and repayment.**
- 2 The implementation of a credit management and monitoring tool for 20 cocoa cooperatives.**
- 3 A 10% increase in the repayment rate of farmers' credit to cooperatives.**
- 4 Increased Advans CI investments in cocoa cooperatives.**



Non-financial services



### IMPACT INVESTOR



### BENEFICIARY ORGANISATION

**Advans Côte d'Ivoire**

Côte d'Ivoire

### NUMBER OF FARMERS REACHED

**932**

### AGRICULTURAL VALUE CHAIN

**Cocoa**

### START DATE

**March 2022**

### END DATE

**November 2023**

### TOTAL EXPENDITURE

**€ 64,725**

Including € 34,763 (54%)

financed by SSNUP







# key results



**A diagnosis of the factors impeding repayment of input credits to cooperatives:**



**At the farmer level**

- ✗ Poor estimation of input needs due to financial constraints
- ✗ Poor family budgeting, exacerbated by unforeseen circumstances



**At the cooperative level**

- ✗ Lack of reliable financial and accounting data that could serve as a basis to evaluate creditworthiness and that limits the decision-making capacity of cooperatives
- ✗ Cautionary approach shaped by poor repayment track records, leading cooperatives to require challenging upfront payments from farmers



© Philippe Lissac

**SDGs supported by the project**



**1. No poverty**

1.4 Access to basic services, including microfinance

**2. Zero hunger**

2.3 Improving agricultural productivity and increasing smallholder farmers' income



**8**

**Pilot cooperatives implemented a tailored management and monitoring tool**



**3**

**Cooperatives bringing together 4,021 members received training on managing the granting and repayment of input credit**

**932**



**Cocoa farmers benefitting from input credits received training on how to repay the loan**



**An improved repayment rate of farmers' credit to cooperatives**



**An increased demand for Advans CI input credit from trained cooperatives**

From 60% in 2021 to 88% in 2023 and to 96% in 2024.

**The number of cooperatives benefitting from Advans CI credit renewals has more than doubled**

**2,5x**

**growth of Advans CI agricultural portfolio**

**11% increase in the number of cooperatives in Advans CI' agricultural portfolio between 2021 and 2023**



# lessons learnt

✓ **Dual training on effective input credit management for cooperatives and farmers can improve loan repayment rates while fostering the growth of agricultural lending portfolios for financial institutions**

Training both cooperatives and farmers on effective input credit management can be an effective prevention of payment defaults. When based on a thorough diagnosis, this dual-focus training enhances cooperatives' capacity to support farmers and manage credit efficiently, while equipping farmers with the skills to manage a cash flow and ensure timely repayments. Ultimately, this approach strengthens agricultural lending portfolios of financial institutions and contributes to the agricultural sector's sustainability.

✓ **To foster the adoption of a new management and monitoring tool, prioritising user experience is essential**

When a management and monitoring tool such as an Excel file for tracking members, financial transactions and outstanding amounts, is developed for cooperatives, it is first and foremost essential to evaluate the existing tools within the cooperatives. An approach based on improving these tools rather than creating new ones could facilitate appropriation, reduce entry costs and limit the workload associated with manual data entry, particularly for cooperatives with many members. By focusing on usability and streamlining data entry processes, organisations can enhance tool uptake, improve data quality and achieve better management and monitoring outcomes.

## Outlook

While the repayment rate of farmers' input loans to cooperatives has improved significantly, Advans CI experienced an increase in the PAR30 (portfolio at risk by more than 30 days) at maturity and in the loss rate on input loans in 2023. This rise in risk can be attributed to the strong growth of the agricultural portfolio, coupled with the negative impact of the El Niño phenomenon on national cocoa production. As a result, farmers relying on Advans CI' input loans faced lower crop yields. These challenges were further exacerbated by the higher risk exposure from untrained cooperatives.

