

Financing for Food Security and Women Entrepreneurs

Project Overview

Access to finance in Mali remains a major constraint for sustainable economic development, particularly for marginalized and underserved market sectors including agriculture; agricultural credit represents only 15% of total bank credit, most of which targets the cotton value chain. In addition, less than 2% of farms have access to credit. Financial institutions, farmers and other agricultural players have historically mistrusted each other, creating barriers to formalization of markets, lending, and diminishing investment opportunities.

To encourage greater agricultural lending and investment, USAID/Mali, along with the Swedish International Development Agency (Sida) and the U.S. State Department, have partnered to increase access to credit for farmers and women entrepreneurs, two historically underserved markets which are vital to Mali's future prosperity. Through a two-pronged program package, these three partners incentivize financial institutions to lend, while building the capacity of borrowers to receive and manage funds. First, the Development Credit Authority, a risk-sharing arrangement with financial institutions partnered with two privately-owned Malian banks to increase willingness to lend. Second, a linked program focuses on capacity building for both financial institutions and potential borrowers, including designing and implementing more appropriate financial products for the institutions, and providing training in financial management and business skills for borrowers so they can better navigate the financial opportunities available to them.

The interventions are targeted in USAID's Feed the Future zones of influence (Sikasso, Mopti and Timbuktu) in addition to the climate-vulnerable zones in which Sida is active. Emphasis will be on Feed the Future's targeted value chains: millet, sorghum, rice and livestock; and agroforestry for Sida.

This financing program package will be active through 2021 and is projected to mobilize \$13.75 million in lending from the two banks. This translates to almost \$2 million of additional loans per year to the agricultural sector and women entrepreneurs, two sectors that have traditionally been left out of formal financial markets.

Alignment with USAID/Mali Strategy

This award is aligned with USAID/Mali's Country Development Cooperation Strategy, contributing to a prosperous future in Mali, the President's Feed the Future Initiative and USAID's Gender Equality and Empowerment Strategy. The award supports the Prosperity objective through contributing to reduced poverty in Mali – specifically by enabling more farmers and women entrepreneurs to access credit and build better enterprises, thereby creating jobs. The award supports the Feed the Future's goal of advancing policy changes that give women access to financial services and injecting financial resources into targeted Feed the Future value chains. Lastly, through targeting women, USAID/Mali is enabling women's empowerment through equal access to credit to support their entrepreneurial needs.



USAID/Mali and its partners are providing support to increase access to finance for agriculturalists and women entrepreneurs, thereby addressing critical needs of the agricultural sector.

In addition to improves access to finance, this program packages will beneficiaries to become more financially literate, working to bridge the gap between beneficiaries and the formal banking sector to ensure applications for credit meet bank standards.

For More Information:

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