Final Draft

Caisses Villageoises d'Epargne et de Crédit Autogérées (CVECAs), Niono, Mali[1]

Summary

The Self-Managed Village Savings and Credit Banks (CVECA[2]) model was first developed in the Dogon region of Mali in the late 1980s in response to the unmet need for financial services in impoverished, rural villages. Based on the initial success in Dogon, other networks of CVECAs were replicated in Mali and other countries in the region, each of them adapting the original model to suit the local environment. One of these, the CVECA network of Niono, is a community-based, locally run microfinance institution that collaborates with the state agricultural bank to provide individual loans in a cash crop zone of rural Mali. Comprised of 51 decentralized, locally run banks, or *caisses*, the Niono network drew on a combination of members' savings deposits and loans from the National Agricultural Development Bank, to award $2.4 million in credit in 2002, with an average loan size of $233. Most of these loans were for agricultural purposes – especially rice cultivation. This case describes the approach used to ensure liquidity, efficiency and technical capacity as a sustainable, decentralized network in a rural environment. The respective stakeholder roles – including an agricultural development bank, village farmers' associations, and microfinance competitors, are also outlined.

Background

The Self-Managed Village Savings and Credit Bank (CVECA) network of Niono was established in 1994 in Mali's Niger Office zone. Developed by the French organization, International Center for Development and Research (CIDR) upon the request of Mali's National Agricultural Development Bank (BNDA), the Niono *caisses* (village banks) were modeled after two successful CIDR-assisted networks, in the Dogon and First Region zones of Mali. In designing the CVECA model, CIDR sought to assist rural villagers – many of them living in sparsely populated areas – in creating autonomous and democratic financial institutions that would become a self-sustaining element of each village's local culture and economy. Thus the *caisses* throughout Mali are highly decentralized, drawing on traditional village leadership to disburse and monitor loans, and creating individual savings and loan products that directly respond to local needs and managerial capacities. The *caisses* emphasize local savings mobilization as a source of

[1] This forms part of a series of brief case studies written by Douglas Pearce and Myka Reinsch, with researcher support from Joao Pedro Azevedo and Amitabh Brar, that outline promising responses to challenges for agricultural microfinance. IFAD financially supported CGAP's agricultural microfinance research and the writing of these case studies. CGAP wishes to thank Renée Chao-Beroff and Betty Wampfler for their reviews of and valuable input to this case.

[2] *Caisses Villageoises d'Epargne et de Credit Autogérées*, known by their French acronym CVECA.

loan proceeds, but also depend on loans at preferential rates from BNDA, which serves as an apex institution for CVECAs and other microfinance providers in Mali.

Given the location of the Niono network of *caisses* in the rural, irrigated rice-growing area of Mali, the vast majority of its clients are small farmers or merchants of agricultural products, and agricultural loans (primarily for rice farming) account for the bulk of the Niono *caisses'* credit portfolios. Interest rates vary by (intended) loan use, with loans for rice farming inputs at 12%, and loans to women for income-generating activities at 24%. Like their counterparts in other rural zones, the Niono *caisses* provide savings and individual loan products to members, who – by way of a small membership fee (from $.50 to $2) – jointly "own" their local village *caisse*.[3] In 2002, the Niono network was made up of 51 village *caisses*, grouped by geography into three unions that together comprised over 23,000 members, (of whom 9,400 were active borrowers and 11,000 were active savers).[4] Each locally managed village *caisse* independently maintains deposits and disburses loans, and loan funds are derived from a combination of savings mobilization at the village level (around 50% of each loan portfolio in 2002) and refinancing from BNDA.

The network's combined outstanding loan portfolio at the end of 2002 was about $2.4 million, of which 70% went to agriculture (primarily irrigated rice), 26% to commerce, 2% to gardening (e.g., onions), and the rest to livestock or other uses. Total deposits were close to $1.2 million. The network showed a portfolio in arrears over 90 days (PAR 90) of 4.9% and a financial self-sufficiency ratio of 103%.[5] The network operated with the "agreement" of the Ministry of Finance under the framework adopted by the Central Bank of West African States, and submitted annual financial indicators to the Ministry. (Exhibit 1 provides additional details on the financials of the Niono *caisses* for 2000-2002.)

Challenges

The CVECA model had been proven to work in two other rural zones in Mali, but its viability in the Niono environment was not a given. The network confronted a number of challenges from the beginning and continued to grapple with several of these in 2002.

Liquidity management and efficient operations

Although more densely populated than the Dogon and First Region zones, and fortunate to have substantial irrigation, Niono shared a set of obstacles that the earlier CVECA networks had faced. First, it was crucial for the *caisses* to ensure liquidity, but the local farmers had little savings to mobilize, and the seasonal nature of the area's agricultural economy meant that farmers simultaneously required significant resources at certain times of year to cover input and harvest expenses. The village *caisses* therefore needed a high degree of additional liquidity at certain times of the year. The peaks and troughs in

[3] Exhibit 2 lists the CVECA loan and deposit products and terms.
[4] See Exhibit 1 for key performance and outreach indicators.
[5] Consolidated data on Niono *caisses* and unions, as per CIDR.

utilization of the *caisses*' assets (e.g. staff, loan funds) associated with the seasonality of disbursement and repayment schedules created challenges for efficiency as well as liquidity management.

Developing technical capacity at the village level

At the same time, while the education level in Niono was higher than in other rural areas, few villagers possessed the financial management skills required to run a sustainable *caisse*. Niono had previous experience with local agricultural lending programs run by village farmers' associations that had failed because of poor financial management. If *caisse* management and monitoring were to be successfully undertaken by local citizens at the village level, local agricultural expertise needed to be supplemented with new financial and risk management skills.

Region-specific agricultural needs

The Niono environment also posed new challenges to the CVECA model. One notable difference was the economy. The Niono zone was devoted to one of Mali's primary cash crops (rice), and therefore – following privatization in the 1990s – the volumes of money exchanged and the intensity of agricultural cultivation were much higher than in other areas of the country. *Caisse* members thus had different financing needs and demanded new loan products specific to rice cultivation.

Low social cohesion

Another key distinction of Niono was the low degree of social cohesion. Whereas the ancient Dogon villages were characterized by an ingrained solidarity that practically obviated loan defaults, the Niono villages were comprised of diverse peoples from all over Mali who had been transported to the area by French colonists to intensify rice cultivation. The original CVECA model relied heavily on the villages' cultural mores to maintain strong repayment rates and prevent local fraud. Because of its cultural diversity and the higher level of economic activity in Niono, though, such social cohesion was weak, and timely repayment would have to be ensured through different means.

Poor lending precedents

Agricultural credit was not new in Niono when the CVECA model arrived. From 1987-1994, a BNDA program had provided loans to village farmers' associations for on-lending to individuals at subsidized interest rates.[6] These farmers' associations, which focused on agricultural technologies and poverty alleviation, generally lacked financial management skills, and at their hands local default rates soared. By 1995, the region registered nearly $4 million in defaults.[7] Accustomed to subsidized rates and lenient repayment terms, many borrowers were dismayed by the Niono *caisses'* comparatively high interest rates and strict repayment terms. Meanwhile some farmers' associations, not understanding the importance of ensuring the *caisses'* financial sustainability, undermined CIDR's efforts to change local attitudes about charging sustainable rates by

[6] Wampfler, 2003.

[7] *Ibid*. Based on average 1995 FCFA/USD exchange rate of FCFA 505 to $1.

protesting the "usurious" interest rates charged by the *caisses* and arguing for more forgiving lending practices.

The CVECA network was not the only new microfinance option in Niono. The mutual network Nyésigiso, (supported by Desjardins), had been established in 1992, and another network, the Federation of Rural Banks and Unions of the Delta (FCRMD) arrived in 1995, shortly after the CVECA network began operating. Competition among these institutions mounted fast, and clients borrowed from multiple institutions, leading to a renewed problem with client over-indebtedness and poor repayment rates.

Responses

With the support of CIDR, BNDA and donors, the Niono *caisses* took active measures to address each of these challenges.

Liquidity management and efficient operations

To finance members' seasonally influenced loan demands, the Niono *caisses* adopted the practice of the other CVECA networks and established a second-tier refinancing mechanism in collaboration with BNDA. The 51 *caisses* were organized through contracts into three unions, which serve as guarantors for BNDA loans to the *caisses*. BNDA lends funds to the unions at a favorable rate of 8%,[8] and the unions on-lend to the *caisses* at 10%, according to *caisse* proposals and a series of well-defined performance criteria. End-client interest rates for BNDA funds are established by the unions and were fixed at 12% per annum as of 2002. BNDA loan funds (which make up about half of the *caisses*' funds for on-lending) are used primarily to finance rice farming. Loans funded from member deposits have higher interest rates, with between 20-30% for unspecified agricultural activities, 24% for women's income-generating activities, and 15% a year for agricultural equipment. While this results in price distortions, and some instances of clients diverting loan funds to other uses, the steady stream of assured, long-term financing from BNDA has been crucial to the Niono *caisses'* liquidity and ability to meet the needs of borrowers. (Exhibit 2 provides details on the types, rates and terms of the *caisses*' credit and savings products.)

The criteria that *caisses* must meet to access BNDA funds through the union are based on the standards developed by the first CVECA network in Dogon. *Caisses* begin with smaller BNDA loans that gradually increase to a maximum of three times *caisse* deposits. In addition to complying with the general standards set by the Ministry, in order to access BNDA loans from the union, *caisses* must show positive annual growth in both membership and deposits, a portfolio at risk at 15 days (PAR 15) of less than 15%, good record-keeping and well-performing management.

The decentralized union-*caisse* structure not only facilitates the negotiation and mobilization of BNDA funds, but also contributes to the operational efficiency of the Niono network. BNDA and the unions focus on the overall financial management of the

[8] This rate corresponds to the lowest market rate offered by BNDA to its most reliable clients.

network, while *caisse* management committees handle local operations. These management committees are composed of seven to 13 rotating members appointed by the village as a whole and compensated according to the profitability of the *caisse*. Union-allocated BNDA funds and local savings deposits are held at the village level by each *caisse*, and loan appraisals and disbursements are made *locally* by the management committee. This allows for quick turnaround times, with loans often being repaid and then re-disbursed in a single day.

Developing technical capacity at the village level

Two practices were also instituted to address deficiencies in technical, managerial and financial capacity. First, *caisse*-level management committees tap into the agricultural expertise of village farmers' associations for assistance with credit appraisal. The farmers' association provides the committee with technical information on borrowers' products and business profitability, and makes recommendations on collateral requirements. Secondly, the Niono *caisses* receive ongoing technical assistance from a an independent technical assistance group, the Support Center for Network Savings and Loan Banks, known by its French acronym CAREC.

Staffed by skilled Malian professionals, CAREC was instituted to gradually assume the role of CIDR in coordinating the Niono network. CAREC delivers financial training to management committees, organizational development support to the *caisses* and unions, and network-wide information system and financial auditing services. The group also undertakes the essential financing negotiations between the unions and BNDA. CAREC receives no outside operating funds and is compensated according to the profitability of the network, receiving 15% of *caisse* profits and 75% of the unions' on-lending margin on BNDA funds – ensuring a strong incentive for CAREC to perform effectively. Since the *caisse* management committees' (nominal) earnings are also tied to *caisse* profits, they have an incentive, in turn, to seek assistance from CAREC.

Region-specific agricultural needs

One response to the different environment of the rice-cultivating zone of Niono was to develop a lending mechanism to streamline borrowers' access to one prevalent rice input: fertilizer. The resulting fertilizer loan program is managed by the village farmers' association, which serves as guarantor for borrowers applying for fertilizer loans. The *caisse* management committee makes the final credit decision and disburses funds to the association, which in turn disburses the loans in the form of fertilizer. The farmers' association is responsible for estimating annual fertilizer needs, selecting the supplier, negotiating prices, and controlling fertilizer quality. After harvest, farmers may either sell their product directly to market and then repay the *caisse*, or – more commonly – sell the product through the farmers' association, which asks the trader to make a deposit to the *caisse* account to cover loan repayment.

Low social cohesion

Several structural factors are in place to counter-balance the lower level of social cohesion in Niono and boost member solidarity. Local ownership of the *caisse* and the substantial proportion of local savings deposits used as loan proceeds are two aspects that help villagers feel more accountable for their loan repayments – they have a personal stake in the success of the organization and also recognize that their contributions help to attract outside liquidity from BNDA. The rotational nature of the management committee further underscores the democracy and shared responsibility for the *caisse*, and avoids the concentration of authority within a single ethnic or other sub-group. Lastly, the participation of outside auditors (such as CAREC and the Ministry) aids the sense of fairness, objectivity and cooperation.

Poor lending precedents

The Niono *caisses* themselves were a response to BNDA's failed experience with lending to village farmers' associations. As hoped, the network has managed to funnel BNDA funds more successfully to rural farmers and achieve operational and financial sustainability, while maintaining the vital involvement of farmers' associations. The CVECA model thus illustrates the positive impact that individual loans, in conjunction with a functional division between financial services (now undertaken by the *caisse* management committees) and technical assistance/advisory services (offered by farmers' associations and CAREC), can have on the sustainable provision of agricultural credit. Nevertheless, the Niono *caisses* continued to struggle in 2002 with educating the farmers' associations and local citizens about the cost of financial services and the significance of financially sustainable interest rates.

Another key factor in combating historically high delinquencies in Niono was the cooperation of the CVECA network and its competitors in establishing an Affiliated Group for Risk Management ("Centrale de Risque") to stabilize lending across the zone. Similar to a credit bureau, this group provides for regular communication among lenders and a set of mutually agreed rules on loan allocation and recovery. The Centrale de Risque came about when the three competing microfinance institutions in Niono recognized that their respective survival depended upon a healthy lending environment for all. By early 2002, the group had recovered $1.3 million in unpaid debt, and public attitudes toward loan repayment were notably improved.[9]

Sustainability, Scale-Up and Replication

The experience of the CVECA network in Niono demonstrates the potential of transforming an unsuccessful state agricultural group-lending program into a decentralized, community-led provider of individual credit for cash crops and other purposes. Over the three-year period from 2000-2002, while operating in a impoverished rural zone, the Niono network managed to provide an average of $2 million in credit annually through more than 9,000 loans, with each loan averaging just under the average GDP per capita. It accomplished this in an apparently sustainable manner, earning revenues enough to cover its operations almost twice over, and enough to cover both operations and financial expenses 1.25 times, thanks to low arrears rates that averaged

[9] Wampfler, 2003. (Exchange based on average 2002 FCFA/USD exchange rate of FCFA 696 to $1.)

less than 3% of the overall portfolio, and very low operating expenses. The Niono *caisses* have established a strong base and achieved mostly positive financial growth.[10]

Though the CVECA model offers substantial end-client benefits, it is by no means inexpensive to employ. Intensive external support (primarily through CIDR) has been key to the CVECA networks' success. Approximately $1.2 million[11] of technical assistance and support was provided to develop the Niono network. This implies an external investment in operations of $125 for each active borrower (as of the end of 2002), about $106 for each savings account, and a $0.50 investment for each active loan as of the end of 2002.

The CVECA model is an instructive example of effective collaboration between a government development bank and community-based financial institutions. The government has made loan funds available for micro-lending, while mostly leaving the product development and loan management decisions to member-borrowers. After years of providing heavily subsidized loans in Niono with high transaction costs and dismal default rates, the BNDA has spent the past decade providing market-rate loans with transaction costs of only about 0.5%, while achieving full, timely repayment.[12]

Outsourcing financial, managerial and technical tasks to an independent services provider (CAREC) has been key to the viability of the model. This has allowed the Niono network not only to build capacity at the *caisse* level, but also to collaborate with local competitors to improve the lending environment and institute checks, balances and incentives to compensate for low cultural solidarity. CAREC's operations are now self-sufficient, paid for with a percentage of *caisse* profits and interest rate spreads on BNDA loans. CAREC previously received support from CIDR in developing an information system, business planning, and a building and vehicle.

Threats to the Niono *caisses*' long-term sustainability include:

Portfolio concentration in rice

One concern is the continued dominance of the local cash crop. The high demand for rice-related loans tends to take precedence over credit for other farming and small business activities present in the villages. Despite the relative insurance against drought that rice investments enjoy (due to irrigation), the highly concentrated *caisse* portfolios are still susceptible to commodity price fluctuations.

Moreover, the high demand for rice farming loans displaces lending for activities by poorer and less influential community members. The vast majority of the land in Niono is owned by village headmen who control rice production and distribute

[10] There has been a recent decline in portfolio health; the elevated PAR 90 in 2002 is discussed later in this section.

[11] CIDR quoted this figure as FF 9.25 million; dollars given in case are based on the April 2004 US Federal Reserve exchange rate of FF 7.87 to US$1.

[12] CGAP correspondence with Renée Chao-Béroff of CIDR, 2004.

the earnings to their dependents – mostly women and younger extended family members. Since the bulk of the *caisse* loans go to rice-related activities, land-holders receive the biggest portion of local credit, while the dependents and laborers, some of whom engage in gardening and micro-businesses on the side, have scant access to needed financing. Diversification of the portfolio has so far proven difficult, but it may be necessary for the Niono *caisses*' longevity.

Stagnant or declining savings deposits

Stagnating savings deposits pose another threat. The average savings balance declined by 8% and 15% in 2001 and 2002, respectively, while total deposits increased by 7% and then leveled off. Much of the network's existing deposits come from a combination of increased membership and the savings required to secure a loan. The lack of growth in voluntary savings is due to several factors, including: (1) potentially higher returns and prestige associated with traditional savings mechanisms such as livestock; (2) unattractive interest rates – 0% for sight deposits, and a maximum of 10% for term deposits, compared to an inflation rate of about 4.5%,[13] (3), preference for greater liquidity than the *caisses*' interest-bearing term deposits permit; (4) desire to invest as much as possible in income-generation; and (5) fear of losing savings if borrowers default.[14] As a result, the *caisses*' deposit base is not expanding significantly, the *caisses* have less opportunity to build profits via lending at the higher interest rate spreads that may be charged on locally financed loans, and the volume of matching loans from BNDA is constrained.

Unsustainable interest rates

A related obstacle is the low interest income earned on loans made with BNDA financing. Loans made from BNDA funds (borrowed from the unions at 10%) at on-lending rates of 12%, are less profitable than loans made from local term deposits (earning up to 20%) at higher lending rates (up to 30%). The low 2% spread earned on BNDA-financed loans barely covers costs and does not provide enough income to increase the *caisses*' equity base. This also constrains the rates that the *caisses* can offer on deposits. Although discussions began in 2002 about raising the official on-lending rate of these funds, as of late 2003, there continued to be considerable resistance from unions and members wishing to hold interest rates as low as possible.

Unsustainable lending practices by a new MFI

The recent arrival in Niono of the Canadian program PACEM (Programme d'Appui à la Commercialisation des Céréales) created upheaval in the local microfinance industry. PACEM is not considered a bank or microfinance institution, and therefore is not obligated to participate in the local credit bureau system. However, PACEM receives 8% on-lending funds from BNDA, like the CVECAs, and provides cash advances to farmers for agricultural inputs at much lower interest rates (initially 0%). This practice is swiftly undermining the

[13] CIA World Factbook, 2002 estimate.
[14] Chao-Beroff, 1999 and Nguyen, et al, 1999.

repayment discipline in Niono, which the CVECA network and other microfinance partners worked together to establish during the late 1990s. The Niono network's elevated portfolio-at-risk rate in 2002 (almost 5%, as compared to under 2% in 2000 and 2001) is evidence of the threat to the local repayment culture posed by PACEM. The issue remained unresolved as of early 2004.

The CVECA model has proven to be replicable across countries, with local adaptations. In addition to the networks in the Dogon, First Region and Niono zones of Mali, the CVECA model has been replicated in Burkina Faso, Gambia, Madagascar, Cameroon and São Tomé and Principe.

Donors, Investors and Partners

The CVECA network of Niono has received organizational and financial support from several institutions since its inception in 1994. Donors, investors and partners have contributed by:

- Training Malian nationals to effectively and independently manage the *caisses,* the network and the unions, as well as the technical support organization CAREC;
- Providing the network with stable access to financing at favorable rates through the state agricultural bank;
- Supplying grants for infrastructure development (including village bank buildings, headquarters for the unions and CAREC, computer equipment and a vehicle for CAREC, and safes for the banks).

The network was shaped and implemented through extensive, long-term donor support worth about $1.2 million[15] over a period of seven and a half years (1994-2002). This investment was provided by KfW and AFD in the form of grants to support the technical assistance and equipment provided by CIDR. CIDR supplied expatriate staff to work with local experts and the BNDA in adapting the CVECA technology for Niono and establishing the initial infrastructure throughout the zone. CIDR then trained *caisse*, union and CAREC staff and continues to provide ongoing technical support to the network and CAREC as needed. For example, CIDR assisted CAREC with the development of a network business plan for 2002-2008 and will provide technical support in upgrading the network's information management system in 2004.[16]

The BNDA was a central partner in the creation of the Niono network and plays a vital role in its ongoing operations. The bank serves as a representative of the national government in overseeing the CVECA project, which includes monitoring the activities of the network. In addition, BNDA continues to funnel loans to the *caisses* through the Niono network and other CVECA networks. BNDA financing is provided in the form of long-term, interest-bearing lines of credit. BNDA is dependent on concessional loans from a variety of sources, including: Kreditanstalt fur Wiederaufbau (KfW) and Agence

[15] CIDR quoted this figure as FF 9.25 million; dollars given in case are based on the April 2004 US Federal Reserve exchange rate of FF 7.87 to US$1.
[16] CGAP correspondence with Renée Chao-Béroff of CIDR, 2004.

de Développement Française (AFD), and in the past: Caisse Française de Développement (CFD), and the European Union. All of these loans are refinanced through BNDA, which also contributes its own capital for the provision of loans to the network.

Although the Niono network benefited from some of the lessons learned by earlier CVECAs in the Dogon and First Region zones, each environment is unique, and the autonomous nature of the CVECA model presents a steep learning curve for local participants with each replication. The development of the Niono network was in fact more costly than the first CVECA network in Dogon (which cost about $900,000 over 11.5 years). CIDR attributes this largely to the higher level of economic activity and sophistication in Niono, which led to higher construction and infrastructure costs. Regardless of location, CIDR emphasizes the importance of technical assistance provision over a long term, with a minimum of seven to eight years required for such a model.[17]

Lessons Learned

In summary, the CVECA network of *caisses* in Niono illustrates the following key lessons in the sustainable provision of agricultural credit:

- A decentralized structure with largely autonomous, locally managed operations can provide financial services sustainably in rural areas.
- The cost and effort in establishing such a structure can be significant though, and long-term donor and investor commitment – in terms of both financial and technical support – was a critical element in the success of the CVECA model. The development of a sustainable community finance model operating at some scale in rural Africa is a notable achievement, but the cost of external support per *caisse* member can be high.
- A well-structured partnership between a state agricultural development institution and a network of small, village-run banks can capitalize on the stable liquidity of the former and the grassroots penetration and adaptability of the latter.
- But credit lines from any source, including an agricultural development bank, can lead to price distortions and can constrain financial institutions' ability to cover costs, build equity, and offer attractive deposit rates to clients.
- Specialist knowledge of village farmers' associations can be utilized to improve lending decisions, while maintaining a clear separation from financial management.
- Building an independent service provider to provide financial monitoring and technical assistance can help guarantee high operational standards and objective checks and balances. Even small village banks can afford to pay a modest fee for such services.
- Linking salaries and technical assistance fees to organizational profitability builds appropriate incentives and helps keep expenses within the institution's means.

[17] CGAP discussions with Renée Chao-Beroff of CIDR.

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EXHIBIT 1:
KEY PERFORMANCE AND OUTREACH INDICATORS

CVECA Network of Niono, Mali	**2000**	**2001**	**2002**
Outreach			
Number of active borrowers	8,895	9,108	9,378
Outstanding gross portfolio ($)	1,707,265	1,834,303	2,353,650
Average outstanding loan size ($)	192	201	251
Average outstanding loan size as % of GDP/per capita	85%	84%	90%
Number of saving accounts	8,032	9,416	11,064
Total Deposits ($)	1,091,137	1,172,478	1,167,560
Average deposit balance ($)	136	125	106
Sustainability/Profitability			
Return on Assets (%)	2.8%	4.0%	0.4%
Return on Equity (%)	12.3%	17.7%	1.4%
Operational Self-Sufficiency (%)	160%	219%	141%
Financial Self-Sufficiency (%)	129%	144%	103%
Operational Efficiency			
Number of cashiers and controllers per client	58	60	61
Portfolio Quality			
PAR > 90 days	1.9%	1.9%	4.9%
Exchange Rate used (FCFA to US$):	705	744	626

Sources: International Center for Development and Research (CIDR) and CVECA de Niono.

EXHIBIT 2: CREDIT AND SAVINGS PRODUCTS

CREDIT PRODUCTS						
Type of Credit	**Purpose of Credit**	**Interest Rate**	**Term**	**Repayment Period**	**Required Guarantees**	**% of Portfolio (as of 2000)**
Crop loans (Source: BNDA refinancing)	Rice farming inputs and planting	12% per year	10 months	At harvest	Guarantee from farmers' association + 10% savings	48%
Crop loans (Source: Internal resources)	Planting and diversification	20%-30% per year	10-12 months	At harvest	10% term savings	52%
Commercial loans (Source: Internal resources)	Business activities	2%-4% of loan	1-4 weeks	At due date	10% term savings	
Small credit to women (Source: Internal resources)	Revenue-generating activities	2% per month	3-10 months	At due date	10% term savings	
Equipment credit	Agricultural equipment	15% per year	1 year	At due date	10% term savings	Experimental

SAVINGS PRODUCTS	
Type of Savings	**Interest Rate**
Demand savings	Non-interest-bearing
Term deposits (6, 9, 12 or 60 months)	5%-10%
Accumulating term deposits (weekly)	2.5%-5% per year, paid upon maturity if there have been no more than two irregular weekly deposits.

All data from Wampfler, B., July 2003.