Association Base Fandima (“the awakening of consciousness”) was born in 1997 on the initiative of young farmers from the Nagaré village, next to Fada N’Gourma in eastern Burkina Faso. They wanted to set up a savings-and-credit system in order to help rural youth to make profits out of their agricultural activities and overcome the uncertainties of the harvests, therefore stemming the exodus to the cities or the nearby gold mines. ABF has the mission to contribute to the improvement of living conditions of micro entrepreneurs and their families in rural and urban areas by providing financial and non-financial quality services. Gradually, ABF sought to target all individuals excluded from financial services on the urban area of Fada: young people wishing to start a business, women, elderly people, etc. In the future, ABF wants to expand its services
towards remote rural areas of the eastern region, as well as towards excluded and vulnerable groups such as people with disabilities or people living with HIV.

In 2010, the microfinance component of ABF received the MFI license and in early 2012 Entrepreneurs du Monde conducted an institutional assessment and an audit of its social performance. This led to a partnership that aims to lead the institution towards financial and institutional sustainability within the next 5-6 years, while strengthening its social mission. The ABF team has grown and now consists of 13 employees, including 7 loan officers. In 2013 the IMF opened its first branch in rural areas, in Diapangou, a village about thirty kilometres from Fada where the headquarters of ABF and the main branch are situated. In January 2013, ABF developed the Taan Yama methodology to meet the needs of people in poverty. As of September 2013, ABF brings together 1,899 savers including 754 active borrowers. The two main financed activities are trade which concerns 51% of active borrowers, and agriculture (45%).

This paper presents the main features of the implementation of this methodology and the challenges and lessons learned from this experience.

The need:

- Specifics of the context: In Burkina Faso, poverty is concentrated in rural areas as evidenced by the latest available data on the incidence of monetary poverty: the countryside accumulates 49.1% of people in poverty against 16.6% living in urban areas. The Eastern Region, in which ABF works, is a particularly disadvantaged region affected by desertification which generates food security problems. The penetration rate of the microfinance sector in relation to the labour force in this region is the lowest in the country (5.86% while the national average is 14.21%)\(^2\). This is partly due to the low population density which makes operations more expensive, as well as to the safety problems, with highway bandits so notorious in the region.

- Specifics of the needs: Conducting a social audit with the Social Performance Indicators (SPI) tool developed by CERISE in early 2012 allowed to identify areas of improvement in terms of targeting the poor and excluded since this area of analysis recorded the lowest score by then (36% compared to an average score of 50% for ABF). The management of ABF also pointed out a drift in the mission since the institution remained completely dependent on bank refinancing whose conditions are very rigid and prevent the adaptation of loan products to the needs of particularly vulnerable beneficiaries.

- Objectives of the project given the context and the specific needs: The objective was to implement a methodology (products, services, delivery models and distribution channels) meeting the needs and preferences of ABF targeted population. The challenge was to eliminate existing barriers to accessing formal financial services for people living in poverty by taking into account their difficulties to provide guarantees, documentation as well as their level of education and their limited mobility. It was also crucial to raise awareness about the importance of saving and to propose services enabling to save small amounts with complete privacy. On the other hand, along with financial services, particular attention should be paid to reinforcing the capacity of members on different economic and social issues such as credit

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1 Source : INSD, social performance indicators, 2008
2 Detailed and operational diagnosis of the microfinance sector in Burkina Faso, APSFD, November 2011
management and the importance of savings, malaria prevention or even awareness towards the environment and reforestation.

The methodology

In order to meet the needs of its beneficiaries, ABF has implemented with the support of Entrepreneurs du Monde the group methodology without joint liability Taan Yama (“solidarity” in the Gourmantchéma local language). With this methodology, ABF allows poor people to access financial services by providing, within these groups, individual loans and services tailored to their needs. The beneficiaries meet on a weekly basis. They then deposit their savings and repayments and participate in a training or awareness-raising session.

The principles of the Taan Yama methodology are the following:

- **Savings**: the collecting of savings takes place during the group meeting and is managed by the leaders of the group and the animator.

- **Loans**: a group methodology with an individual financial responsibility. As there is no joint liability, the loan amounts may vary from one person to another depending on the needs of their businesses. The members are not required to start their credit at the same time. The credit period is also flexible and is adapted to the needs and abilities of the borrower.

- **Trainings / awareness**: provide a suitable time during group meetings for conducting training and awareness-raising sessions. Each group meeting provides an opportunity to exchange views on socio-economic issues and to strengthen participants’ knowledge on various topics. Training courses are implemented using interactive methodologies and illustrated material. Group members do not get bored waiting for the end of credit and deposit transactions.

- **The Taan Yama groups must reach 30 members. These are neighbourhood groups; the beneficiaries must be neighbours and travel the least possible distance to go to the meeting.** They receive a training regarding the dynamics of the group and elect volunteer representatives (president, secretary, treasurer) who can support the loan officer during collection or recoveries. A peer group educator is also appointed by the members in order to facilitate group cohesion and provide reminders on the trainings received.

- **On the operational side of things, the method is based on diligence. The loan officers are responsible for 15 groups comprised of 375 to 450 beneficiaries in total. They must respect procedures and take them very seriously. The group meetings are consistently organized, following the same organizational pattern: a record of attendance is taken before the meeting commences, followed by the collection of savings and repayments, validation with the group
of the amounts received, followed by training and finally, once again, any absences are noted down. All procedures carried out are recorded in the group’s register, and these registers are then returned to the branch and the data entered into ABF’s Management Information System. The loan officers have a very specific weekly timetable, between group meetings, compiling the credit files based on each beneficiary’s place of work/activity, and monitoring the loans.

- Despite the lack of third-party guarantee between the members of the group and also the absence of a loan guarantee system, the method produces very good results regarding the quality of the portfolio. The close monitoring (weekly meetings) allows loan officers to rapidly detect any difficulties the beneficiaries might be facing, so that they can efficiently find solutions to facilitate their loan repayment. Moreover, in cases of late repayment by a member, the group will facilitate the loan collection either by choosing to work with the member in trouble and therefore supporting them in the repayment (financial aid, advice, research into outlets where they can sell their products etc.) or alternatively, by exercising social pressure for members in bad faith.

Results

- The methodology has enabled a continuous increase in the outreach to women who, in 2012 made up 40% of active members, and today constitute 68% (end of September 2013). By December 2013, 76% of the Taan Yama methodology borrowers were women, with an average age of 38. In Burkina Faso the number of women living in poverty is much higher than the number of men, and statistics show that the women are more vulnerable, often being overrepresented amongst informal employment known for being less stable. Furthermore, when it comes to accessing resources such as property or education, women are at a disadvantage, which is illustrated by the difference in literacy skills: only 16.6% of the women are literate compared to 31.5% of the men. For these reasons, although the ABF service is open to both men and women equally, it is unsurprising to find a majority of female members.

- We have observed an increase in ABF’s depth of outreach as shown by the automatic decrease in the average annualized loan disbursed/ GNI per capita from 208% at the end of 2012, to 101% at the end of September 2013. We have also seen how easily this service is accessible to everyone, and it has enabled us to help people who, up until now, have been rejected from banks and the MFI as a result of prejudice towards their ethnicity or their religion. ABF works with many groups of Peulhs and Yorubas (Nigerian immigrant ethnic groups) in Fada N’Gourma, who organisations did not want to support before now.

- ABF is in the process of testing the Taan Yama methodology’s capacity to reach out to poor households by using the Progress out of Poverty Index®. The institution aims at knowing the profile of households using the “Taan Yama” product so as to evaluate whether the product corresponds to the profile of the ABF’s target population.

- Financially speaking, the methodology has proven to be very productive and effective. Its establishment has been accompanied by an improvement of the portfolio’s quality, with a ‘Portfolio at Risk’ rate (PAR 30) that has decreased from 15.95% in September 2012 to 4.64% in September 2013. The number of savers has almost doubled in 9 months, reaching

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3 INSD (Institut National de la Statistique et de la Démographie) Tableau de bord social (social performance chart), 2008
1,899 by the end of September 2013. This improvement of ABF’s financial performance and their well-structured activity development means that they are on the right track to become sustainable in 3 years.

**Challenges**

- In the rural zones of Burkina Faso, informal sector activities take place on a regular basis, occurring at two main points during the year: the dry season and the winter season. The beneficiaries radically change activity once a new season begins, but when Entrepreneurs du Monde went out to support the methodology set up, they brought with them experience mainly from large towns and cities (Port-au-Prince, Manila etc.). Therefore, subject to these constraints, the challenge was to succeed in adapting the loan cycles. Moreover, as the beneficiaries are not as available during the winter season to attend group meetings, certain rules need to be adjusted and made more flexible during this period, but, all the while, remaining vigilant regarding the quality of the portfolio, as it can be at a high risk of rapidly deteriorating.

- A large majority of the beneficiaries are illiterate and in certain Taan Yama groups not a single member can read figures. This poses issues with regards to the reliability of the loan officers in such situations. As a result, the collected amount entrusted to the loan officers is reported in the group register, which is then signed by those in charge of the group. This verification is very important in order to protect the beneficiaries from fraud. This problem could be resolved, however, by suggesting to the representative of each group that they participate in more intense literacy and numeracy training sessions.

- Another challenge for ABF is that of ensuring the security of funds in a region where armed robbery is rife on the roads. The methodology means that beneficiaries are provided with a service close by but which entails the loan officers travelling (short distances) with money, potentially putting them in danger. Unfortunately, this slows ABF’s development towards particularly isolated zones. A possible medium-term solution to this problem is the introduction of mobile banking services.

- The biggest challenge for the operational team remains that of maintaining precision when surveying procedures, and managing the Taan Tama groups. Indeed, as ABF does not demand any guarantee, it is vital that the group operates well and that the rules are fully respected so as to ensure good repayment rates.

**Information and recommendations**

- The Taan Yama methodology provides good results if, when it is applied, it is done so strictly respecting all of its principles. Unfortunately this respect is one of the major challenges during the first stages of its set up, but is vital for its success. It is equally important to maintain regularity in the frequency of meetings in the long term and that those meetings are never cancelled (aside from in exceptional circumstances such as Bank Holidays, which require specific procedures).

- The group meetings and training/awareness sessions contribute to strengthening social bonds within the group and, in a wider sense, within the community. The sessions are essential in stimulating the interest of the members and in maintaining weekly meetings in the long term.
• A meeting must not last longer than one hour so as not to disturb the members’ work activities.
• The methodology can be easily adapted to the context of each situation and any target population: ABF opted for weekly meetings but this can change (monthly or twice-monthly).
• It is important to be vigilant at all times within the groups with regards to respecting the rules, particularly regarding attendance and regular saving. The minute a group stops respecting these regulations, there is an immediate increase in late repayments and PAR rates.

In May 2014, ABF will host a regional workshop lasting four days, with view to gathering together the IMFs supported by Entrepreneurs du Monde in Africa. The objective will be to exchange on best practices regarding financial and non-financial services offered to vulnerable populations while ensuring responsible practices and sound risk management.