

## ASSOCIATION BASE FANDIMA DEVELOPS A FLEXIBLE GROUP LENDING METHODOLOGY

A social audit using the SPI4 revealed that Association Base Fandima (ABF) (Burkina Faso) was failing to reach its target clients—poor and excluded women living in rural areas. With technical assistance from Entrepreneurs du Monde, ABF developed a new lending methodology to reach their target clients, while pursuing sustainability over a three-year period.

ABF identified barriers to access for clients: lack of loan guarantees, lack of financial education/ literacy, and limited mobility. ABF designed a new product—Taan Yama—that addresses these barriers. Taan Yama uses a quasi group-lending methodology: clients are eligible for loans after creating a group of 30 people, but each person takes an individual loan, and does not co-guarantee others. As such, loan amounts, start dates, and terms vary among members, depending on their capacities and the needs of their businesses. Additionally, groups receive training on various social and financial topics.

To maintain the financial viability of such a product, ABF requires:

- Groups to meet weekly and to reach 30 members before any member takes a loan;
- Compulsory savings;
- Each group maintain a strict leadership structure and set of rules for conduct; and
- Group members visit delinquent/missing members and support them to repay (financial aid, advice, research into outlets where they can sell their products, etc.).

ABF has learned that the product must be flexible (e.g., different loan terms during the dry and rainy seasons) but group requirements must remain firm. Additionally, training sessions must be interesting and beneficial for the members in order to keep them engaged in learning and to keep meeting attendance high.

The Taan Yama product has allowed ABF to reach the poor—the average loan amount decreased from 208% of GNI per capita to 101% in one year. ABF is also reaching people who have been rejected from banks based on their ethnicity or their religion, such as immigrants. The new product was also accompanied by an improvement in ABF's portfolio quality—PAR 30 has decreased from 15.95% to 4.64% in one year.