

**PROJECT NAME:**

**FEASIBILITY STUDY FOR A GUARANTEE FUND FOR THE DEVELOPMENT OF AGRICULTURAL CHANNELS**

**PROJECT MANAGER:**  
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**PROJECT NUMBER:**  
MALI-07001

**COUNTRY:** **Mali**      **STUDY ZONE:** The whole country

**DURATION (MONTHS)**  
**2**

**CONTRACTING PARTY:**  
Mali agricultural and diversification  
program

**BEGINNING:**  
2007

**ENDING:**  
2007

**EMPLOYEES:**  
4

**PROJECT DESCRIPTION:**

The goal of the Mali agricultural and diversification program (MADP) is to increase rural contribution to the economic development of the country; to increase and diversify agricultural production; as well as to increase the income and living conditions of rural population. To do so, it supports the development of certain promising agricultural channels in Mali. In a study conducted previously for the MADP, it was recommended to implement a partial guarantee fund to encourage financial institutions to participate more actively in financing in this sector. The assignment given to the consultants was to analyze the feasibility of implementing a guarantee fund from the following points of view: legal, economic, technical and financial. A group including consultants from Desjardins International Development and from FADQ went to Ségou in Mali to meet the MADP actors and competitive agricultural channels. They reviewed the legislative and bank regulatory requirements concerning the implementation and operation of a guarantee fund in Mali. They also assessed the risks to which financial institutions were exposed. In fact, the project team studied the impact of the implementation of a fund on the increase of the offer of agricultural financing at acceptable credit conditions, especially as far as the interest rate was concerned. The consultants made a summary of the reliability of financial actors in the agricultural sector in Mali, as well as of the technical capacity of existing financial structures to administer the guarantee fund. Financial feasibility was assessed by conducting financial simulations, especially by estimating the volume of credit, by assessing the cost of the operation of the fund, by determining the amount of protection premiums and the level of seed capital required. At the end of their stay in Mali the consultants drafted a report including the conditions for the success of the guarantee fund, financial needs and needs in human resources. They also suggested a management structure, conditions for application, operational procedures and planning the implementation of the guarantee fund.

**ACHIEVEMENTS:**

- ⊕ Definition of the context in Mali
- ⊕ Assessment of the needs in financing and obstacles
- ⊕ Description of the availability of credit in Mali
- ⊕ Identification of risks in the agricultural sector
- ⊕ Analysis of existing guarantee funds
- ⊕ Determining conditions for the implementation of an agricultural guarantee fund
- ⊕ Presentation of management instruments and the parameters of the guarantee fund
- ⊕ Links between the guarantee fund and assistance programs