

Credit Intermediation Successful in Guinea

Challenge

With a history of shipwrecked micro-finance projects in Guinea, how could USAID link their trustworthy, long-time rural clients with formal financial institutions to help them scale up their economic activities? In order to produce, store and market products like rice, bananas, palm oil, salt, chili peppers, honey, and other natural food products, agricultural co-ops needed to be connected to banks to get working capital and investment financing.



Photo: Laura Lartigue

“Yassiriba” Rural Economic Cooperative (REA) of Madinagbe is singing and clapping at the end of their meeting

We liked the help we were given in getting the loan, and the advice we were given helped us meet our economic objectives

- Maferin Touré, President of the “Yassiriba” Rural Economic Cooperative

Results

By leveraging \$125.00 to take out a \$500.00 loan to buy, store and market palm oil, they were able to make \$402.00 in net profits. The co-op’s short-term goal is to continue the palm oil marketing activity and use the profits to build a community storage area for agricultural goods. Building a second school in the community is a long-term goal. According to Maferin Touré, the co-op’s president, “We liked the help we were given in getting the loan, and the advice we were given helped us meet our economic objectives”

Initiative

USAID-sponsored Intermediary Credit Service (ICS) is connecting democratically-run rural economic woman’s cooperatives in Guinea with formal banking institutions — two parties that traditionally have not seen a common interest in working together.

The program stresses good governance and transparency by using selection criteria that insist upon democratic practices in the management of rural co-ops. Good business plans are essential -- by reinforcing the capacity of the co-ops to analyze their financial options, run their businesses efficiently, and understand the importance of literacy for business management and organizational transparency.

The ICS loan portfolio is worth \$35,150.00, with an average loan amount of \$600.00. Twelve loans totaling \$13,376.00 (including interest) have been repaid to date, with a global repayment rate of 100%.