

## Burundi-Inventory Credit System

**The Inventory Credit System (known in French as ‘warrantage’) is already a reality for the rice producers of Kirundo province, in northern Burundi.**

*The inventory credit system or pledge on credit is a technique which allows producers to better promote their agricultural products while securing loans. It is a real success for rice producers in Kirundo province where this technique has been introduced by IFDC/CATALIST. A field visit made to the communes of Kirundo and Bwambarangwe from 10 to 12 January 2011 made it possible to observe the current situation.*

“In the past, we were working at a loss and we were exposed to agricultural risks, and in particular to the risks related to price fluctuations and to what is commonly known as “UMUGWAZO,” a usurious loan. When these type of loans are obtained, a rice producer borrows BiF 10,000 from a trader and afterwards, the producer must reimburse the lender with 10 sacks of paddy rice worth between BiF 50,000 and BiF 55,000,” explained Egide Sebenda, chairman of the rice producer cooperative of Bwambarangwe commune..



“Now with the inventory credit system, we can access credit allowing us to face our financial obligations at the moment when others are in a financial crisis. This allows us to avoid trouble with traders. The producers with low capacity can access to credit,” he rejoiced.

Because of the usurious loans, conflicts between traders and producers often broke out. Some producers were imprisoned because they were unable to repay their loans.

The inventory credit system is also very important to the rice producers in the commune of Kirundo. According to Juvénal Sezirahiga, one of the members of the rice producer cooperative of Kirundo, the inventory credit system helped protect them from thieves. Harvested rice was formerly stored in the farmers’ homes; but now they have a warehouse which is more secure.

All in all, the testimonies of rice producers indicate that the inventory credit system has been beneficial and its advantages are numerous. The opening of bank accounts in micro-finance institutions, the purchase of cattle and arable land are the fruits they have received from the inventory credit system. Another benefit of the inventory credit system is that it has strengthened relationships and mutual collaboration between the members of the cooperative. The training they received allowed them to better care for their crops and then manage the harvest.



The farmers encouraged those who have not yet joined the cooperative to become members and adopt the inventory credit system.

They commend the action of CATALIST through CAPAD (Confédération des Associations de Producteurs Agricoles pour le Développement, or the Confederation of the Associations of Agricultural Producers for Development). However, since there is no medal without setbacks, the constraints are not lacking.

The micro-finance institutions are sometimes slow to grant loans. This situation has a negative impact on crop yields since it forces some producers to buy seeds a bit late. Producers may not manage to reimburse the credit they have received at the agreed-upon time because of planting delays, and default interest begins to accrue. This discourages some of the farmers and there is risk of withdrawing from the inventory credit systems if this situation persists, they indicated.

The rice producers of these two communes requested opportunities for exchange visits to discuss experiences and the continuation of training for their organizations. They also believe that radio programs about the inventory credit system in which the rice producers would be invited to describe their experiences would be advantageous.

The monthly monitoring of prices and the identification of markets in advance of harvests will help the rice producers to quickly and effectively sell their crops. They requested additional help from CATALIST in this way, they concluded.

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