

Environmental Performance Management in practice

#2 – The experience of UBTEC, in Burkina Faso



In February 2022, CERISE+SPTF released the updated [Universal Standards](#). This third edition now includes a new Dimension 7 dedicated to Environmental Performance Management¹. This addition reflects a growing awareness that we all have a role to play when it comes to facing environmental and climate challenges. And yet, what this looks like for actors in inclusive finance remains elusive for many.

What does it mean to manage environmental performance, in practice?

We invited pioneering institutions to share their experience. In this blog, **Abdou-Rasmané Ouédraogo**, Director of **UBTEC** in **Burkina Faso**, talks to us about how his institution has gone green.²

1. What ecological issues are facing the communities in which you work?

UBTEC (Union des Baore Tradition d'Epargne et de Crédit) is a network of village banks established in rural areas. We operate in the Sahelian zone, in the North of Burkina Faso. It is a pastoral and agricultural area, where human activities significantly **degrade natural areas and land**. Demographic pressure, growing urbanization, the use of wood as a source of energy, some agricultural practices as well as the practice of gold panning: all of this contributes to soil and environmental degradation. Every year we lose about 105 thousand hectares of forest. And this deforestation exacerbates the effects of climate change on the water cycle: we are experiencing an **overall drop in rainfall** in the area, but also periods of torrential rains, which have a strong impact on crops and represent a major food security issue.

2. Why did your institution choose to manage its environmental performance?

UBTEC mainly provides agricultural finance. At the beginning, we financed farmers without distinction of their agricultural practices. But over time, we have noticed that certain practices lead to risks in terms of soil degradation, water pollution, and vulnerability to droughts, floods or bush fires. **These risks weakened the beneficiaries and ended up impacting our portfolio**. In April 2016, following torrential rains, a flood engulfed the vegetable fields of our

¹ Dimension 7 was developed by CERISE+SPTF in coordination with the [e-MFP GICSF Action Group](#). Dimension 7 is fully aligned with the Green Index 3.0, which is the environmental performance evaluation tool developed and managed by the GICSF Action Group.

² This testimony was written on the basis of the intervention of Mr. Abdou-Rasmané Ouédraogo within the framework of the conference "[Microfinance and Ecological Transition](#)" organized by the Microfinance Club of Paris in December 2021, the report of which was written by Eugénie Constanancias (EDM).

beneficiaries in the northern region of Burkina and caused enormous crop losses. As a result, UBTEC's portfolio at risk increased from 7% to 12%! As our portfolio is largely made up of agricultural loans, we felt that mechanisms had to be set up to mitigate such environmental risks. Our philosophy is to “develop without damaging”. The challenge for UBTEC is therefore to develop agricultural crops, to contribute water and land management, without negatively impacting the environment.

3. What have you done to improve your environmental performance?

In 2016, with the support of SIDI and SOS Faim Luxembourg, we conducted a study on farmers' vulnerability. The study revealed that it was difficult for smallholders, due to a lack of technical and financial support, to put in place certain good agricultural practices.

We then carried out a second study to identify the main environmental risks of our customers and the best practices that could mitigate these risks. We had these practices validated by professionals (producers, agronomists, foresters, livestock engineers). These include, for example, the use of “zai”, half-moon, herbaceous carpet techniques, live hedges, crop association, tree planting, the use of compost, the construction of biodigesters, or the use of solar systems for irrigation. We identified the skills and equipment required to implement these practices. And for each, we assessed the necessary investments and the expected gains, in other words the profitability of the investment in the short term.

Thanks to this, we were able to build an appropriate funding policy. In particular, we decided to set up a **bonus for farmers who agree to apply these best practices**. The client can choose one of the following bonuses: (a) either capacity building, through a training program in agroecology; (b) or an exchange trip outside their production area, to other model producers; (c) or a reduction in the interest rate, which may be up to two points. And some of our clients, in particular women members of solidarity mutuels (MUSO), can benefit from all three types of bonus at the same time.



UBTEC clients can equip themselves with solar pumping and irrigation solutions.

4. What are the results so far?

Since 2020, we have granted **207 investment loans in favor of sustainable practices**. These loans have, for example, enabled farmers to build biodigesters, acquire solar motor pumps or set up solar platforms for irrigation.

Each year, we evaluate the agroecological practices of each client benefiting from a subsidized loan, to ensure the adoption of the practices covered by the financing and to decide on the renewal of the bonus for the next loan. For this, we use a scoring tool for agroecological practices developed by SIDI. This tool is based on 7 criteria which make it possible to qualify the environmental performance of a farm (e.g. sustainable water management, recovery of degraded land, sustainable management of plant cover, use of natural inputs, use of green energy...). At each annual assessment, we find that there is a better awareness of climate issues and the harmful effects of a certain number of practices on the environment. And **good practices are increasingly being adopted**. Our work on capacity building and experience sharing between producers has contributed to changing practices, with different developments from one locality to another. For example, some have replaced their monocultures with intercropping. Others have planted trees on perimeters previously used for exclusive grain production.



Farmers adopt agroecological practices, such as crop mulching.

5. What lessons have you learned from these experiences?

We have found that as a microfinance institution, **we can contribute to the ecological and social transition with modest means**. Thanks to the support of SIDI and with our own resources, we have been able to build a policy and integrate it into our practices in a global way. I recognize that for institutions with fragile financial situations, it is necessary to have external resources, because some investment loans require stable resources (e.g. to finance a solar platform for irrigation). It is also necessary to mobilize external skills to improve our practices.

Through this experience, we have also noticed that, beyond financial services, **it is essential to offer non-financial services**. In general, people adopt harmful practices because they lack information. It is then enough to provide them with simple awareness-raising or capacity building to bring about change.

Finally, we could see that **the incentive policy contributed to the success of the loan product**, because it served as communication to attract customers. And we found that our clients then understood that beyond the bonus, there is a benefit that they can derive through the adoption of practices that reduce risks and costs, in the short term and middle term.

6. What are the next steps to improve your environmental performance?

To meet the growing investment needs in the field of ecological transition, we plan to **mobilize stable resources** (medium and long-term loans).

To help our clients adopt more responsible and sustainable practices, we will also **identify providers of agricultural equipment and products with an ecological profile**.

Finally, three years ago we started using solar energy to run our branches. Out of 23 branches, 11 use solar energy totally or partially. The objective for the next three years is to **cover all of our branches with solar energy**.

7. What would you recommend to a microfinance institution that wants to get started in environmental performance management?

If you want to get started in financing the ecological transition, **start by conducting a study** to identify the most sustainable practices, at all levels (ecological, social, economic), and how you can promote these practices with your customers. Have this study and these action plans adopted by your board of directors. **Implement pilot projects**, then assess limitations and correct them before expanding to other practices. **Set up the Management Information System (MIS)** for better monitoring and communicating on the work done. This MIS must be sufficiently well thought out to track all positive and risky practices. And finally, **offer non-financial services** (training, monitoring, exchanges), which can be outsourced if necessary, to aim for a lasting and faster change.



Go to [UBTEC website](http://ubtec.org) to discover the organization and its projects.