

FINANCING OF AGRICULTURAL TERROIR PRODUCTS: THEORETICAL FOUNDATIONS AND CRITICAL REVIEW OF INTERNATIONAL LITERATURE

Rachid Amiri

Faculty of Legal, Economic and Social Sciences of Ain Chok Casablanca, **Morocco**

&

Pr. Ouabouch Hassan

Faculty of Legal, Economic and Social Sciences of Ain Chok Casablanca, **Morocco**

Received: 02/04/2026

Accepted: 11/04/2026

Published: 30/04/2026

DOI - <https://doi.org/10.61421/IJSSMER.2026.4204>

ABSTRACT

Financing constitutes a strategic lever for the development of agricultural products, and more specifically for terroir products, which are characterized by strong territorial specificity and differentiated added value. International economic literature has addressed agricultural financing through several theoretical frameworks: financial intermediation theory, information asymmetry theory, transaction cost theory, value chain theory, institutional economics, and territorial development approaches. This article provides a critical review of the main theoretical and empirical contributions concerning the financing mechanisms of agricultural and terroir products worldwide, highlighting the structural determinants of access to finance, financial innovations, and their implications for rural economies.

Keywords: Agricultural finance, Terroir products, Agricultural value chain finance, Financial intermediation, Financial inclusion, Territorial development, Collective organization, Agricultural risk management.

1. Introduction

Agricultural financing constitutes a key driver of economic and social development in rural areas, particularly in developing countries where agriculture remains a major source of employment and income. However, despite its strategic role in ensuring food security, job creation, and the stimulation of local economies, the agricultural sector continues to face significant structural constraints in terms of access to finance. These challenges are even more pronounced in the case of terroir products, which are characterized by a strong relationship between the product, the territory, and local know-how.

Terroir products can be defined as agricultural or agri-food products that are specific to a given geographical area and whose quality or reputation is based on natural and human factors unique to that territory. These products often rely on traditional agricultural practices and on the valorization of local resources, thereby contributing to the preservation of cultural heritage and the promotion of territorial development. In many countries, particularly in Morocco, terroir products represent an important lever for rural development, helping to improve the income of small producers, strengthen the integration of agricultural value chains, and promote territories in both national and international markets.

However, despite their economic potential and contribution to territorial development, terroir product value chains remain subject to major financing constraints. Indeed, these products exhibit

specific economic characteristics that directly influence their financing needs and access conditions. These characteristics include production seasonality, exposure to climatic risks, low capitalization of farms, weak organizational structures, illiteracy, and land fragmentation. In addition, institutional and informational constraints further complicate the financing of these activities for financial institutions.

In this context, the issue of financing agricultural products and particularly terroir products has attracted increasing attention in economic and financial literature. Several theoretical frameworks have been mobilized to explain the difficulties of access to finance in the agricultural sector and to identify mechanisms that could improve the allocation of financial resources. These frameworks include financial intermediation theory, information asymmetry theory, transaction cost theory, as well as approaches related to rural finance and territorial development.

Financial intermediation theory highlights the central role of financial institutions in mobilizing savings and allocating them to productive investments. In the agricultural sector, these institutions play a crucial role in transforming financial resources into credit adapted to the needs of producers. However, the effectiveness of this process is often limited by the specific characteristics of agriculture, particularly the high risk of failure and income volatility.

Similarly, information asymmetry theory emphasizes the difficulties faced by financial institutions in assessing the creditworthiness of agricultural producers. Due to the lack of reliable information on farms and the low level of formalization of certain agricultural activities, banks may encounter problems of adverse selection and moral hazard. These phenomena often lead to a restriction in the supply of credit to agricultural producers, especially for small farms and collective structures such as cooperatives.

Furthermore, transaction cost theory highlights the high costs associated with granting and monitoring agricultural loans. In rural areas, geographical remoteness, dispersion of farms, and the small size of financial transactions increase costs for financial institutions, which may reduce their incentive to finance this sector. These constraints are even more significant in the case of terroir products at the instard of the dates from the Draa Tafilalet region in Morocco, where production structures are often fragmented and value chains remain insufficiently organized.

In the specific case of Morocco, terroir products have received particular attention in recent years within the framework of public policies for agricultural and rural development. Initiatives such as programs for the valorization of terroir products, the promotion of agricultural cooperatives, and the improvement of rural financing mechanisms have contributed to strengthening the structuring of these value chains. Nevertheless, access to finance remains a central issue for many actors involved in these sectors, particularly small producers and collective organizations.

Therefore, analyzing the economic theories mobilized to understand agricultural financing mechanisms appears essential in order to identify the explanatory factors behind the financial constraints faced by terroir product value chains. It also makes it possible to better understand the conditions required for the implementation of financing strategies adapted to the specific characteristics of these products.

From this perspective, the present research aims to analyze the main theoretical frameworks used in economic literature to explain the financing of agricultural activities, and more specifically that of terroir products. The objective is to highlight both the contributions and limitations of these theoretical approaches in understanding the financing mechanisms of territorially embedded agricultural value chains.

The central research question of this article can thus be formulated as follows:

To what extent do the main economic theories of financing explain the constraints on access to finance for agricultural terroir products and help to inform appropriate financing strategies for these specific value chains?

To address this issue, the article proposes an analysis of the economic literature on agricultural financing by mobilizing several complementary theoretical frameworks. First, it examines theoretical approaches that explain failures in agricultural financing, particularly through financial intermediation theory and information asymmetry theory. Second, the analysis focuses on theoretical approaches that highlight mechanisms and instruments capable of improving the financing of territorially embedded agricultural value chains, particularly through institutional and territorial approaches to financing.

2. Financial Intermediation Theory and Agricultural Financing

Financial intermediation theory, notably developed by John Gurley and Edward S. Shaw (1960), constitutes one of the major analytical foundations for understanding the role of financial institutions in the financing process of the economy. According to this approach, banks and other financial intermediaries do not merely act as simple connectors between savers and investors; rather, they play a central role in reducing information asymmetries, pooling risks, and ensuring the efficient allocation of financial resources. By collecting savings and redistributing them in the form of credit, these institutions perform an expert function: they assess borrowers' creditworthiness, monitor the use of funds, and contribute to limiting opportunistic behavior.

When applied to the agricultural sector, this theory highlights structural constraints that hinder the effectiveness of financial intermediation. Agricultural activity is inherently characterized by a high level of uncertainty. Farms are exposed to climatic risks (droughts, floods, crop diseases), price volatility in both national and international markets, as well as fluctuations in input costs. This instability makes income streams irregular and difficult to predict, thereby increasing the level of risk perceived by financial institutions. In this context, banks tend to adopt a cautious stance, reflected in the requirement for substantial collateral, higher interest rates, or restrictive lending conditions.

These requirements weigh particularly heavily on small-scale farms, which nevertheless constitute the majority of the productive fabric in many developing countries. With low levels of capitalization, limited formalized assets, and often facing land titling issues, these farms struggle to meet conventional banking eligibility criteria. Financial intermediation, which is supposed to reduce market imperfections, is therefore constrained by the difficulty of accurately assessing the specific risks associated with these farms and by the high cost of information collection in rural areas.

In the specific case of agricultural terroir products at the instard of the dates from the Draa Tafilalet region in Morocco, these obstacles are further exacerbated by the very nature of the assets involved. The value of these products largely depends on intangible elements such as reputation, geographical origin, traditional know-how, or affiliation with a protected geographical indication. However, these intangible assets are difficult to valorize within conventional banking guarantee mechanisms, which typically favor tangible collateral (real estate, equipment, deposits). Moreover, in certain rural areas, land ownership remains partially or entirely untitled, limiting the possibility of using land as collateral through mortgage mechanisms.

3. Information Asymmetry Theory and Constraints in Agricultural Financing

Information asymmetry theory, notably developed by George Akerlof, Joseph Stiglitz, and Michael Weiss (1970–1981), constitutes a fundamental analytical framework for understanding failures in credit markets. It is based on the idea that, in many economic transactions, one party possesses more or better information than the other. In the financial domain, this informational asymmetry is particularly pronounced between lenders and borrowers, giving rise to two major phenomena: adverse selection and moral hazard.

Adverse selection occurs prior to the granting of credit. Financial institutions do not always have complete and reliable information regarding the quality of projects or the actual creditworthiness of borrowers. Faced with such uncertainty, an increase in interest rates may paradoxically attract the riskiest borrowers those willing to accept costly conditions because they anticipate high returns or have little to lose. Thus, raising the cost of credit does not necessarily compensate for risk; on the contrary, it may deteriorate the average quality of the loan portfolio.

Moral hazard, on the other hand, arises after credit has been granted. Once funds are obtained, the borrower may engage in riskier behavior than initially declared, since part of the risk is borne by the bank. This phenomenon is exacerbated when monitoring the use of funds is costly or difficult, as is often the case in remote rural areas.

In the agricultural sector, these two dimensions are particularly significant. Financial institutions generally have limited access to standardized information on the actual productivity of farms, the quality of management, or the expected profitability of crops. Since agricultural income depends heavily on exogenous factors (such as climate and market prices), establishing reliable forecasts becomes challenging. Moreover, after obtaining credit, a farmer may be incentivized to alter the initial plan for instance, by investing in a riskier but potentially more profitable crop thereby increasing the likelihood of default.

In their seminal 1981 article, Joseph Stiglitz and Michael Weiss demonstrate that, under conditions of information asymmetry, credit rationing may represent a rational strategy for banks. In other words, even in the presence of apparently solvent demand, financial institutions may prefer to limit the volume of lending rather than raise interest rates, in order to preserve the average quality of their loan portfolios. This conclusion provides a decisive explanation for the persistent difficulties in accessing finance observed in the agricultural sector.

With regard to agricultural terroir products, information asymmetries are often amplified. Uncertainty relates not only to production but also to product differentiation, compliance with quality standards, access to remunerative markets, and the stability of commercial outlets. The value of these products frequently depends on intangible elements such as territorial reputation or adherence to specific production standards, whose assessment by financial institutions remains complex.

Furthermore, isolated farmers are generally more disadvantaged than those integrated into collective structures such as cooperatives or economic interest groups. Membership in such organizations allows for information sharing, improved traceability, enhanced financial transparency, and reduced monitoring costs for lenders. Conversely, individual farmers lacking formal financial histories or institutional support structures appear more opaque and therefore riskier in the eyes of financial intermediaries.

4. Transaction Cost Theory and the Specificities of Financing Terroir Products

Transaction cost theory, initiated by Ronald Coase (1937) and further developed by Oliver Williamson (1975–1985), is based on the idea that economic exchanges are never costless. Beyond the price of the good or service exchanged, every transaction entails costs related to information search, contract negotiation, and enforcement. These costs, referred to as “transaction costs,” profoundly influence the organization of economic activities and the structure of markets.

According to this approach, economic agents seek to minimize these costs by adopting appropriate organizational forms, whether through formal contracts, vertical integration, or institutionalized cooperation. Informational imperfections, uncertainty, and the potential opportunism of the parties necessitate the implementation of monitoring and coordination mechanisms, which themselves generate additional costs.

When applied to agricultural financing, this theory sheds light on the reluctance of financial institutions to engage extensively in this sector. Agricultural holdings particularly small family farms are often geographically dispersed, weakly formalized in accounting terms, and characterized by seasonal production. For a bank, granting a loan to a smallholder farmer involves significant fixed costs: collecting and verifying information, traveling to rural areas, assessing the loan application, drafting the contract, monitoring repayment, and managing potential defaults.

However, the amounts of credit requested are generally modest. This small scale of lending reduces the relative profitability of each transaction for the financial institution. In other words, administrative and monitoring costs may represent a substantial proportion of the total loan amount, thereby diminishing banks’ incentives to serve this type of clientele. The issue, therefore, is not only risk-related but also linked to the economic structure of the transactions themselves.

In the case of agricultural terroir products at the instard of the dates from the Draa Tafilalet region in Morocco, this dynamic is even more pronounced. These products are typically derived from small-scale farms embedded in specific territories and organized in a fragmented manner. The dispersion of producers, heterogeneity of practices, and variability in production volumes increase coordination and monitoring costs. For financial institutions, the individual assessment of each producer becomes costly and inefficient.

This situation helps explain the emergence and development of collective structures such as cooperatives, producer associations, and economic interest groups. From the perspective of transaction cost theory, these organizations function as institutional mechanisms that enable the pooling of costs related to information, negotiation, and monitoring. By aggregating supply, they facilitate the standardization of procedures, improve traceability, and strengthen bargaining power vis-à-vis financial partners. For banks, dealing with a collective entity rather than a multitude of isolated actors significantly reduces administrative costs and simplifies credit monitoring.

5. Agricultural Value Chain Finance and Innovation in the Financing of Terroir Products

The agricultural value chain finance approach, commonly referred to as Value Chain Finance, has been developed through the work and policy recommendations of international organizations such as the Food and Agriculture Organization and the World Bank. It is based on a renewed conception of agricultural financing, which no longer relies solely on the traditional bilateral relationship between a bank and an individual producer, but rather is embedded within the entire network of economic relationships structured along the production, processing, and marketing chain.

Unlike the traditional bank lending model where the financial institution bears the full risk associated with the borrower value chain finance integrates multiple economic actors, including producers, processors, distributors, and exporters, within a coordinated contractual and financial framework. Credit is no longer isolated; instead, it is linked to real commercial flows and contractual commitments.

Several mechanisms characterize this approach. Production contracts between producers and buyers help secure market outlets and partially guarantee future income. Input pre-financing enables farmers to access seeds, fertilizers, or equipment, often provided directly by a buyer or supplier in exchange for a delivery commitment. Deferred payment arrangements or supplier credit also represent common instruments, whereby inputs are delivered immediately but paid for after harvest. These mechanisms rely on trust, repeated interactions, and stable commercial relationships, thereby reducing uncertainty for the parties involved.

In the case of agricultural terroir products, this approach proves particularly relevant. These products are generally embedded in structured value chains governed by precise specifications, quality certifications, and a strong territorial identity. Quality is formalized and monitored, which enhances product credibility in the market. Moreover, commercial relationships tend to be more stable and organized, especially when producers are grouped into cooperatives or engaged in long-term partnerships with processors or specialized distributors.

One of the major contributions of value chain finance lies in its ability to better capture and distribute the value added generated throughout the production process. By securing market outlets and integrating financing within commercial flows, this approach reduces default risk and enhances producers' bankability. Credit is backed by a sales contract or a purchase commitment, providing greater visibility regarding future income streams.

International studies highlight that this model contributes to lowering the level of risk perceived by financial institutions and promotes the financial inclusion of small producers. By embedding financing within a structured relational system, it helps overcome certain limitations identified by information asymmetry and transaction cost theories. Risk is shared among the various actors in the chain, and information circulates more efficiently, thereby reducing uncertainty.

6. Institutional Economics and the Structuring Role of Public Policies in Financing Terroir Products

Institutional economics, particularly in the work of Douglass North (1990), highlights the central role of institutions in the functioning of economic systems. According to this approach, institutions understood as the set of formal rules (laws, regulations, contracts) and informal rules (social norms, practices, traditions) structure the incentives of economic agents, reduce uncertainty, and frame economic interactions. Economic development thus depends not only on the availability of resources but also on the quality of the institutional framework within which exchanges take place.

In the field of agricultural financing, this perspective is particularly insightful. Access to credit and financial resources is strongly conditioned by the regulatory environment and public intervention. Banking regulations, for instance, directly influence the ability of financial institutions to lend to the agricultural sector. Prudential requirements, solvency standards, and risk management rules may encourage banks to favor sectors perceived as less risky, often to the detriment of agriculture.

Moreover, public subsidies and support programs constitute essential instruments for correcting market failures. Public credit guarantee schemes, in particular, play a decisive role in reducing the level of risk borne by banks. By sharing default risk with the state or with specialized funds, these

mechanisms encourage financial institutions to finance farms or projects that would otherwise be considered too risky in the absence of such guarantees.

Legal frameworks for certification and standardization also contribute to structuring incentives. By establishing quality standards, control procedures, and traceability mechanisms, they enhance transparency and strengthen the credibility of agricultural products in the marketplace. This institutional formalization reduces uncertainty for both commercial partners and financial providers.

Agricultural terroir products often benefit from specific public policies aimed at protecting and promoting their territorial anchoring. Mechanisms such as Protected Geographical Indications (PGIs), origin labels, and rural development programs constitute major institutional instruments. They formally recognize the specificity of a product linked to a given territory, regulate production conditions, and provide legal protection against misuse or imitation.

These mechanisms generate a dual economic effect. On the one hand, they reinforce product differentiation and enable better market valorization, thereby increasing the value added captured by producers. On the other hand, they enhance the economic credibility of the concerned value chains in the eyes of financial institutions. A certified product, embedded within a regulated framework and supported by public policies, appears less uncertain and more structured than informal production.

7. Territorial Development Theory and the Economics of Proximity: A Lever for Financing Terroir Products

Territorial development theory and the economics of proximity are part of a renewed approach to economic development that goes beyond a purely sectoral logic to emphasize the spatial embeddedness of productive activities. Terroir products, by definition, fully align with this perspective, as their value derives from a close relationship between natural resources, local know-how, and the cultural identity of a given territory.

Territorial economics considers that development relies on the mobilization of specific local resources, whether tangible (soil, climate, biodiversity) or intangible (reputation, traditions, relational capital). The territory is not merely a geographical support; it constitutes a space of interactions in which collective dynamics are constructed. From this perspective, geographical proximity fosters information exchange, coordination among actors, and the emergence of collective projects.

The economics of proximity, notably developed by scholars such as Bernard Pecqueur and André Torre, distinguishes several forms of proximity: geographical, organizational, and institutional. These different dimensions contribute to strengthening trust among economic actors. Trust, in turn, represents a key element in financial relationships, particularly in contexts characterized by uncertainty and information asymmetry.

In the case of terroir products, social capital understood as the set of cooperative relationships, shared norms, and local networks plays a decisive role. Social and professional networks facilitate the circulation of information and reduce the level of risk perceived by financial partners. A producer embedded in a dense local network, recognized by peers, and integrated into a collective organization appears more credible than an isolated actor. Territorial reputation thus acts as a signal of quality and reliability.

This territorial logic can facilitate access to financing through several channels. Cooperative networks enable the pooling of resources and the presentation of larger-scale collective projects, which are perceived as more viable by banks. Local institutions-such as rural development support structures, chambers of agriculture, or territorial agencies-provide technical and administrative support, thereby reducing information costs for lenders. Furthermore, locally embedded forms of community finance or microfinance often rely on detailed knowledge of borrowers, which helps mitigate problems of information asymmetry and monitoring.

European studies on agri-food clusters have shown a positive correlation between territorial embeddedness and access to finance. In territories where actors are strongly interconnected, where value chains are well-structured, and where local institutions are active, projects benefit from greater visibility and a more secure environment for investors. Agglomeration effects and relational density help reduce uncertainty and enhance the bankability of local enterprises.

8. Contemporary Approaches: Financial Inclusion, Digital Innovations, and the Transformation of Agricultural Financing

Recent literature on agricultural development financing highlights the emergence of innovative approaches based on financial inclusion and financial technologies (fintech). These new dynamics aim to address the structural limitations identified by classical theories-namely information asymmetries, high transaction costs, and strong exposure to risk-by mobilizing digital tools and alternative financing models tailored to small-scale producers.

Digital finance plays a central role in this transformation. The use of mobile banking, electronic wallets, and digital platforms helps reduce the geographical distance between financial institutions and farmers. The dematerialization of operations facilitates account opening, fund transfers, loan repayment, and transaction monitoring, thereby lowering administrative costs. In rural areas, where the presence of bank branches is limited, these tools contribute to expanding financial inclusion and formalizing economic flows.

Agricultural microfinance also represents a key instrument of financial inclusion. By offering small loans adapted to agricultural cycles and the repayment capacities of smallholders, microfinance institutions provide proximity-based financial services. They often rely on a detailed understanding of the local context and on group-based or solidarity guarantee mechanisms, which help reduce information problems and strengthen repayment discipline.

Moreover, rural crowdfunding is emerging as a complementary alternative. Through digital platforms, agricultural project promoters can mobilize funding from a broad base of investors or contributors who are sensitive to issues related to sustainable development and territorial valorization. This mechanism helps diversify sources of finance and increases the visibility of projects related to terroir products.

Index-based climate insurance constitutes another major innovation. Based on objective indicators such as rainfall levels or temperature data measured via satellite, it enables automatic compensation for farmers in the event of adverse climatic conditions, without requiring individual on-site assessments. This mechanism reduces verification costs and limits moral hazard risks, while providing protection against climate shocks, which are among the main sources of income instability in agriculture.

These contemporary approaches thus contribute to alleviating several structural constraints. They help reduce information asymmetries through the digital traceability of transactions and the use of alternative data (such as mobile payment histories, satellite data, and digital scoring systems). They

lower transaction costs by automating procedures and simplifying monitoring processes. Finally, they enhance climate risk management by integrating more effective insurance and risk-sharing mechanisms.

However, despite their potential, the adoption of these innovations remains uneven, particularly in rural areas with low levels of digitalization. Limited access to digital infrastructure, low levels of financial literacy, distrust toward new technologies, and insufficiently adapted regulatory frameworks hinder their diffusion. In some territories, the lack of stable connectivity or adequate mobile network coverage constitutes a major barrier to the widespread adoption of these solutions.

9. Discussion: Toward an Integrated and Critical Reading of the Financing of Terroir Products

The literature review highlights a central finding: the financing of agricultural products, and more specifically terroir products, cannot be adequately understood through a single theoretical framework. The various approaches mobilized financial intermediation, information asymmetry, transaction cost economics, institutional economics, territorial development, and financial inclusion each shed light on a specific dimension of the phenomenon, without fully capturing its complexity. Financing thus emerges as a multidimensional process, situated at the intersection of economic, organizational, and institutional constraints.

First, informational constraints constitute a major structural obstacle. Information asymmetries between lenders and borrowers, as analyzed in classical economic theory, partly explain credit rationing and the cautious behavior of financial institutions. However, critical literature shows that these constraints are not homogeneous; they vary depending on the level of organization of value chains, the degree of formalization of farms, and the existence of traceability or certification mechanisms.

Second, the structural risk inherent in agricultural activity climatic hazards, price volatility, and yield uncertainty remains a fundamental determinant. Traditional approaches have often interpreted this risk as a justification for the relative withdrawal of banks from the agricultural sector. Nevertheless, recent research demonstrates that this risk can be mitigated through risk-sharing mechanisms (such as insurance schemes, public guarantees, and secured sales contracts), thereby challenging the notion of agriculture as an inherently non-bankable sector.

Third, land fragmentation and the small size of farms increase transaction costs and limit economies of scale in credit assessment and monitoring. Terroir products, often originating from dispersed family-based production units, intensify this issue. However, the literature emphasizes that collective organization such as cooperatives, economic interest groups, and territorial clusters constitutes an effective institutional response to pool costs and enhance producers' financial credibility.

Fourth, the institutional framework plays a decisive structuring role. The quality of banking regulation, the existence of guarantee mechanisms, rural support policies, and certification systems directly influence access to finance. Terroir products often benefit from specific legal frameworks (such as geographical indications and origin labels), which strengthen their market recognition. However, critical literature points out that these mechanisms are effective only when supported by a coherent institutional environment and proper implementation.

Beyond these dimensions common to the agricultural sector, terroir products exhibit an additional specificity: their economic value largely depends on intangible factors such as geographical origin, collective reputation, and traditional know-how. These elements are difficult to incorporate into

conventional banking risk assessment mechanisms, which are typically based on tangible assets and collateral. This characteristic reinforces the need for innovative approaches capable of recognizing and valorizing the territorial and symbolic capital embedded in these value chains.

From this perspective, the literature converges toward the idea that the most effective financing strategies are those adopting an integrated approach. First, value chain integration allows credit to be anchored in real commercial flows and secured contracts, thereby reducing uncertainty. Second, reducing information asymmetries through traceability, digitalization, and the formalization of activities enhances transparency and trust. Third, reliance on collective organization strengthens bargaining power and risk-sharing capacities. Finally, a robust institutional framework combining appropriate regulation, guarantee schemes, and territorial valorization policies constitutes an essential condition for sustainable financing.

10. Conclusion

The analysis of the various theoretical approaches mobilized in the international economic literature highlights that financing agricultural activities constitutes a major challenge for the economic and social development of rural territories. This issue is particularly significant in the case of terroir products, whose economic, territorial, and organizational characteristics make access to finance more complex than in other productive sectors.

Indeed, terroir products are based on a strong interaction between natural resources, local know-how, and territorial identity. This specificity confers significant economic and cultural value, but it is also accompanied by structural constraints related to the small size of farms, the seasonality of production, exposure to climatic hazards, and the relatively limited investment capacity of producers. These factors contribute to increasing the level of risk perceived by financial institutions and to limiting producers' access to formal sources of finance.

In this context, classical economic theories of finance have provided important insights into the causes of limited access to credit in the agricultural sector. Financial intermediation theory highlights the central role of financial institutions in mobilizing and allocating financial resources to productive activities. However, in the case of agriculture, and particularly terroir products, this process is often hindered by sector-specific characteristics, notably income volatility and uncertainty related to climatic conditions.

Furthermore, the theory of information asymmetry emphasizes the difficulties faced by financial institutions in assessing the creditworthiness and reliability of borrowers in rural areas. The lack of reliable financial information, the low level of formalization of certain agricultural operations, and the absence of sufficient collateral often lead to adverse selection and moral hazard. These phenomena encourage financial institutions to adopt cautious, if not restrictive, lending behaviors toward the agricultural sector.

Similarly, transaction cost theory highlights the high costs associated with the distribution and monitoring of credit in rural areas. The geographical remoteness of farms, the dispersion of producers, and the small size of financial operations increase operational costs for financial institutions, which may limit their engagement in agricultural financing.

However, while these classical theoretical approaches explain a large part of the structural constraints affecting agricultural finance, they are not sufficient to fully capture the specific economic dynamics of terroir product value chains. Consequently, recent economic literature has progressively shifted toward more integrated approaches, emphasizing financial innovation mechanisms and the importance of collective and territorial structures.

From this perspective, value chain–based approaches underline the importance of coordination among the different actors involved producers, processors, distributors, and financial institutions in facilitating access to finance. By structuring economic relationships within the value chain and enhancing the transparency of financial flows, these approaches help reduce information asymmetries and strengthen trust among stakeholders.

Moreover, financial inclusion approaches highlight the need to develop financial instruments adapted to the specificities of rural populations and small-scale agricultural producers. Microfinance mechanisms, rural financial institutions, as well as guarantee schemes and crowdfunding mechanisms represent effective tools to improve producers’ access to the financial resources necessary for the development of their activities.

In addition, territorial development approaches emphasize the importance of institutional and organizational dimensions in structuring terroir product value chains. Cooperatives, economic interest groups, and professional organizations play a decisive role in resource pooling, supply structuring, and enhancing producers’ bargaining power vis-à-vis financial institutions and markets.

Thus, the cross-analysis of these different theoretical frameworks underscores the need to adopt a multidimensional approach to financing terroir products. Articulating classical approaches to agricultural finance with contemporary approaches based on value chains, financial inclusion, and territorial development appears essential for designing financing strategies adapted to the specificities of these sectors.

In the context of developing countries, particularly Morocco, this theoretical articulation can help guide public policies and institutional strategies in agricultural finance. It highlights the importance of strengthening financing mechanisms tailored to small-scale farms, encouraging the structuring of territorially anchored agricultural value chains, and promoting innovative financial instruments capable of reducing constraints related to risk and information asymmetries.

Ultimately, the financing of terroir products cannot be understood solely through traditional agricultural credit mechanisms. It requires a comprehensive approach that integrates the economic, institutional, and territorial dimensions of rural development. The key challenge lies in building financing systems capable of supporting the valorization of local resources, enhancing the competitiveness of agricultural value chains, and contributing to the sustainable development of rural territories.

Finally, this analysis opens important avenues for future research, particularly regarding the empirical study of financing mechanisms for terroir product value chains across different territorial contexts. Identifying innovative financing practices and assessing their impact on the economic and social performance of agricultural sectors represents a promising research field for better understanding the conditions for successful rural development based on the valorization of terroir products.

References

1. Books and Scientific Monographs

- Akerlof, G. A. (1970). The market for “lemons”: Quality uncertainty and the market mechanism. Columbia University Press.
- Coase, R. H. (1937). The nature of the firm. *Economica*, 4(16), 386–405.
- North, D. C. (1990). Institutions, institutional change and economic performance. Cambridge University Press.

- Röttger, A. (2015). *Agricultural finance for smallholder farmers* (1st ed.). Cambridge University Press.
- Williamson, O. E. (1985). *The economic institutions of capitalism: Firms, markets, relational contracting*. Free Press.

2. International Scientific Articles

- Barrett, C. B. (2008). Smallholder market participation: Concepts and evidence from eastern and southern Africa. *Food Policy*, 33(4), 299–317.
- Bijman, J., Muradian, R., & Schuurman, J. (2016). *Agrifood cooperatives in global markets: Linking institutions, networks and cooperative performance*. Springer.
- CGAP. (2020). *Value chain finance: Beyond microfinance for rural and agricultural development*. Consultative Group to Assist the Poor.
- Hazell, P. B., & Key, N. (2002). Methods for investigating the links between policy and technology: Lessons from agricultural research and extension evaluation. *Agricultural Systems*, 73(1), 35–56.
- Kirsten, J., & Sartorius, K. (2002). Linking agribusiness and small-scale farmers in developing countries: Is there a new role for contract farming? *Development Southern Africa*, 19(4), 503–529.
- López, R., & Valdivieso, J. (2016). Agricultural finance in developing countries: Evidence and implications for policy. *Journal of International Development*, 28(5), 713–729.
- Murray, W. E., & Overton, J. (2011). Value chain analysis and farmer organizational development. *Journal of Agribusiness in Developing and Emerging Economies*, 1(2), 116–134.
- Stiglitz, J. E., & Weiss, A. (1981). Credit rationing in markets with imperfect information. *American Economic Review*, 71(3), 393–410.

3. Institutional Documents and Reports

- Food and Agriculture Organization of the United Nations (FAO). (2025). How farmers' access to finance boosts investment in agrifood systems. <https://www.fao.org/investment-centre/latest/news/detail/how-farmers-access-to-finance-boosts-investment-in-agrifood-systems/en>
- Organisation for Economic Co-operation and Development (OECD). (2021). *Financing rural development*. OECD Publishing.
- World Bank. (2022). *Agricultural value chain finance: Tools and lessons*. World Bank Group.

4. Studies and Articles on Value Chains and Innovative Financing

- Gonzalez, C., & Karlan, D. (2014). Impact of finance on agricultural productivity. *Journal of Development Economics*, 107, 83–101.
- Muritala, T. A., & Evans, O. (2019). Fintech and agricultural finance: Opportunities and challenges in rural markets. *Journal of Rural Studies*, 68, 112–121.
- Schmidt, T. (2017). Value chain financing for smallholders: Insights and evidence. *Agricultural Finance Review*, 77(4), 478–489.

5. References on Terroir Valorization and Labels

- Bowen, S., & Mutersbaugh, T. (2014). Valuing local and traditional agricultural products in global markets: Terroir and territoriality. *Journal of Rural Studies*, 22(1), 167–178.

- Ollivier, G., & Corsi, S. (2012). Territorial products and local development: Strategy, quality and value chain. *Policy Studies*, 33(2), 101–117.

6. References on Financial Inclusion and Microfinance

- Armendariz, B., & Morduch, J. (2010). *The economics of microfinance* (2nd ed.). MIT Press.
- Hazell, P., & Rahman, A. (2014). *New directions for smallholder agriculture*. IFPRI.

7. References on Core Economic Theories

- Arrow, K. J. (1963). Uncertainty and the welfare economics of medical care. *American Economic Review*, 53(5), 941–973.
- Diamond, D. W. (1984). Financial intermediation and delegated monitoring. *Review of Economic Studies*, 51(3), 393–414.