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**The Role of Financial  
Institutions in the  
Promotion of Micro  
and Small Enterprises  
in Burkina Faso**

**Evaluation and  
Analysis of Funds  
Flow**

GEMINI Technical Report No. 29

# **GEMINI**

**GROWTH and EQUITY through MICROENTERPRISE INVESTMENTS and INSTITUTIONS**  
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**DEVELOPMENT ALTERNATIVES, INC. • Michigan State University • ACCION International •  
Management Systems International, Inc. • Opportunity International • Technoserve • World Education**

# **The Role of Financial Institutions in the Promotion of Micro and Small Enterprises in Burkina Faso**

## **Evaluation and Analysis of Funds Flow**

**by**

**John McKenzie**

**February 1992**

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Particular thanks go to Mahamadou Campaore for his capable assistance with the field work which was carried out during November 1991. And many thanks to Bill Grant who provided important feedback during the write-up.

Final thanks go to the bankers, managers of financial institutions and their clients who were interviewed, and who with varying degrees of reluctance finally spilled the beans.

**"THE BEST WAY OF CONQUERING SADNESS IS  
BY NOT LETTING IT GET TO YOU"**

Translation of a large sign behind the desk of the Director General, SOBCA (the automobile finance company), Ouagadougou.

## **SECTION ONE**

### **INTRODUCTION**

#### **PURPOSE OF THE STUDY**

Donor organizations have tried various means of promoting Micro and Small Enterprises (MSEs) including credit, training, technical assistance and improvement of the regulatory framework within which they operate. So far, the only type of assistance that has shown sustainable impact is credit.

This study is an attempt to examine the volume and type of credit (and other financial services) provided by financial institutions to MSEs. In this case the term financial institution includes banks, finance companies, credit unions, credit programs and NGO credit activities. It attempts to analyze the supply of credit and financial services through formal channels, and to estimate to what degree the services on offer meet demand. The study defines the MSE financial market by:

- Categorizing the different kinds of clients for financial services by size and function of the enterprise;
- Categorizing credit needs according to the term (short, medium, long) and the availability of such credit;
- Identifying who is lending to MSEs, their sources of funding, the rates of interest they are charging and the rates of loan repayment they are getting;
- Estimating the volume of credit that is flowing through the financial institutions to the market; and
- Ascertaining the linkages that exist between savers, financial institutions (intermediaries) and borrowers.

The main purpose of this exercise is to understand the relationship between financial institutions and MSEs in order to:

- Evaluate the role of financial institutions in the promotion of MSEs;
- Quantify and evaluate the supply of different types of financial services to see to what extent they satisfy demand both in terms of type and volume; and
- Evaluate the collaboration and/or competition between different financial institutions.

In the process of this analysis we are seeking to respond to such questions as:

- How is the MSE market for financial services made up, and what are its needs?
- What is the nature and volume of supply to this market?



- Are needs being met, or are there gaps and insufficiencies? and
- What are the successes and failures of the present experience?

The outcome of this analysis will be to recommend ways in which donors, banks and others, both through present and future initiatives, can provide appropriate financial services to meet the needs of MSEs in a sustainable way.

### **LIMITATIONS OF THE STUDY**

This is a relatively new type of study, for which Burkina Faso is serving as a pilot. The approach and methodology that has been used has been partly an adaptation of subsector analysis, and partly something that has developed according to opportunities and constraints during data gathering. The study is a rapid reconnaissance carried out by two people, involving about two and a half weeks of field work.

The data gathered suffer from two limitations. The first is due to the fact that managers of financial institutions, particularly bankers, do not part with information very easily for reasons of confidentiality. This means that "educated guessing" becomes necessary. The second is that the date of publication of available information from institution to institutions is rarely the same. This means that aggregating data from different sources provides us with indicative measures rather than a precise situation at a particular time.

### **CONTEXT OF THE STUDY**

Burkina Faso is a landlocked country covering 275,000 square kilometers has 8.5 million people and is one of the most densely populated countries in West Africa (30 inhabitants per sq.km). With a per capita GDP of \$180, it is also one of the world's poorest.

Over 90 percent of the population lives in rural areas. There are two main urban centers Ouagadougou and Bobo Dioulasso, which are growing at a rate of 10 percent per year (compared with 2.7 percent for the population as a whole).

In 1989 agriculture contributed 39 percent of GDP (but provided about 90 percent of the employment). Industry contributed 24 percent of GDP (but only provided 1 percent of the employment). The modern industrial sector is made up of 195 medium and large firms. Export income comes mainly from agricultural products with live animals and cotton fibre accounting for about 50 percent of the total. Gold exports are of increasing importance.

About 1 to 1.5 million Burkinabe are working abroad, mostly in Ghana and Cote d'Ivoire. Remittances from Cote d'Ivoire in 1989 were over CFA 40,251 million according to the central bank.

Although Burkina has no major foreign debt, its balance of payments deficit has been building up, and in 1989 reached CFA 15.500 millions, which was equivalent to 20 percent of exports. This situation has obliged the government to re-orientate its economic and social policies, and in early 1991, it embarked on a program of structural adjustment with the support of the World Bank.

The structural adjustment program will involve the progressive disengagement of the public sector from direct economic activity and a liberalization of controls on the private sector. This will mean a reduction in manpower in the civil service and state enterprises. The structural adjustment program has also been accompanied by a rescue package for the financial sector. The government is in the process of restructuring five banks, from which it has purchased CFA 50,000 million of bad debts (for more details see Appendix 1).

## **SECTION TWO**

### **A PRESENTATION OF THE FINANCIAL SECTOR AND ITS RELATION TO SMALL AND MICRO ENTERPRISES**

#### **AN OVERVIEW OF THE FUNCTION OF THE FINANCIAL SECTOR**

The financial sector is the intermediary between savers and borrowers. Its objective is normally to obtain funds at the lowest possible cost and to on-lend them at the lowest risk and highest profit.

#### **Savers**

The major sources of funds are as follows:

- Private Depositors, including large companies, small businesses and private individuals;
- Donor Organizations, including project funds, grants and lines of credit;
- Central Bank (BCEAO), in the form of refinancing; and
- Government.

These sources may be short, medium or long term in nature.

#### **Financial Intermediaries**

There are five types of official financial intermediary:

- Banks
- Finance Companies
- Savings and Credit Unions
- Donor funded credit programs
- Non Government Organizations.

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## **Borrowers**

There are four main borrower groups as follows:

- Large and Medium Enterprises
- Small and Micro Enterprises
- Private individuals
- Government.

## **THE DEMAND FOR SMALL AND MICRO ENTERPRISE FINANCE**

### **Segmenting the Market — Defining the MSE Borrower Groups**

For the purposes of this study, "Micro and Small Enterprise" (MSE), the private initiative of an individual promoter, is a term that encompasses a broad range of sizes and types of business activity. The term MSE includes formal small businesses employing modern technology and management techniques, with up to 20 employees and a capital value of up to CFA 150 million at the upper end of the scale. It also includes the self-employed of the informal sector, conducting income generating activities at survival level with a minimum amount of capital at the lower end of the scale. Within this group, therefore, a number of different types of enterprise are clearly identifiable MSEs operate in all economic sectors (manufacturing, agriculture, commerce, services...). For purposes of the report, traditional agriculture is not an activity in which enterprises are considered to operate.

The term MSE includes formal small businesses employing modern technology and management techniques, with up to 20 employees and a capital value of up to CFA 200 million at the upper end of the scale. It also includes the self-employed of the informal sector, conducting income generating activities at survival level with a minimum amount of capital at the lower end of the scale. Within this group, therefore, a number of different types of enterprise are clearly identifiable.

The classifications below are based on criteria used by financial institutions when selecting their clients. These include:

- Asset value/Sales turnover of the enterprise
- Type of employment generated by the enterprise
- Management structure
- Education level/Technical capacity of owner and staff
- Access to markets

- Access to loan collateral
- Regulatory and fiscal status.

Four distinct categories of small and micro enterprises can be distinguished in Burkina Faso. These are as follows:

- Individual income Generation / Self Employment Activities
- Traditional Microenterprises
- Traditional Small Enterprises
- Modern Small Enterprises.

### **Individual Income Generation/Self Employment Activities**

The business ventures in this category can only loosely be defined as "enterprises". They are activities with little organizational structure. They are informal activities conducted by individuals in order to generate income. Examples of such activities include street vending, domestic manufacture of food and handicrafts, animal fattening and selling services (from house construction to hairstyles).

These activities have no fixed premises but are conducted in the home or on the street. Typically, they employ a small amount of capital in stock or equipment (a tray of cola-nuts, a water cart, a sack of tools, cooking equipment and ingredients...). They are not managed in any formal sense but are run on a day-to-day basis.

In urban areas these activities provide the means for members of poorer households to find active employment and to contribute to the household income throughout the year. In rural areas these activities provide farm households with supplementary income and provide secondary activities that are taken up during the dry season.

The customers of such ventures are the poorer members of the population. (as people's income levels rise they take their business elsewhere). In this category many businesses are offering similar goods and services at standard prices.

The financial service needs of these enterprises are mainly for small amounts of working capital (Amounts up to CFA 50.000 for periods from one day to three months).

### **Traditional Microenterprises**

Traditional microenterprises operate out of fixed premises. They are organized by one person (an artisan, a merchant...) who employs members of his/her family as well as apprentices. The enterprise is part of the family, so usually its employees are fed by the owner but do not receive regular wages. In some cases, artisans may work together and remuneration is arranged according to work performed.

Traditional Microenterprises are not usually formally managed. Occasionally simple records are kept, but normally the owner keeps the figures in his/her head.

Traditional Microenterprises are usually registered, and pay an annual tax (patente) calculated according to the turnover and the nature of the activity. They also pay a community tax.

Such enterprises are active in all types of activity including retail stores, carpentry, moped repairs, manufacture of construction materials, animal fattening... They normally serve customers in a village or neighborhood, otherwise develop their customer base through family and other contacts.

An approximate average asset value of such enterprises is CFA 5 million.

The financial service needs of traditional microenterprises is for working capital of up to CFA 1 million for 1 to 3 months, or for equipment purchases of up to CFA 3 million for up to 1 year.

### **Traditional Small Enterprises**

Traditional Small Enterprises are larger versions of their microenterprise counterparts. They differ in terms of asset value and turnover and the number of people they employ. Most typically they are commercial activities that have developed into wholesale operations, or transport companies that have developed a fleet. Artisans (more rare achieving this scale) manufacture finished goods for sale in an organized way, instead of making only to order.

These are in fact microenterprises that have developed thanks to the trading skills and capacity of their owners to speculate successfully. Their owners rarely conduct a single activity, for example commerce and transport are invariably associated. Unfortunately the speculative aspect of these activities that helps them develop is also their limiting factor. Few of these businesses become structured in order to manage sustained growth beyond a small size.

As well as family employees and apprentices who are paid largely in kind, these enterprises employ wage-labor such as foremen and bookkeepers.

At this scale, the volume of stock and cash flow make the use of records and a bank account indispensable. The bookkeeping aspect almost always poses a problem. As few such businesspeople have formal education, they may hire a bookkeeper or involve a literate family member, but putting financial control into another person's hands exposes the own to theft. Others try to function by memory with the obvious limitations that this imposes. Finally, although these traditional entrepreneurs are competent traders, the lack of management structure makes their enterprises unstable and makes bankers very wary of providing them with credit, except on overdraft.

In terms of tax, as well as the annual tax (patente), the traditional small enterprise must pay a forfeitary sales tax, which is based on an estimate by a tax agent and then negotiated. In order to enforce its tax code, the government requires businesses to show an official tax clearance document when conducting transactions such as applying for bank loans, import licenses or purchase quotas from major suppliers.

Such enterprises may have an annual sales turnover up to CFA 100 million, and assets up to CFA 150 million.

The financial service needs of these enterprises are for short term commercial credit for working capital (up to CFA 2 million for 1 to 3 months) and in some cases for medium term credit for equipment (up to CFA 10 million for up to 3 years).

### **Modern Small Enterprises**

Modern small enterprises are structured activities that are managed along modern lines. They pay their staff regular wages and function during set business hours.

Modern small enterprises are rarely found in competition with traditional small enterprises (commerce, transport...) because they are not able to compete with the cost-cutting tactics of their less formal counterparts.

They are predominant, however, in professional and technical activities (pharmacies, clinics, accountants, computer suppliers...), as well as in production and service activities where modern management gives them the competitive edge (bakeries, print shops, nightclubs...).

In almost all cases, these businesses are run by individuals that have worked or studied abroad, and have acquired specialized knowledge and skills that are not possible to acquire in Burkina.

Modern small enterprises respect registration and tax codes. They may pay taxes based on the submission of their annual income statement if this gives them a financial advantage, or they may opt to negotiate like their traditional counterparts.

Such enterprises may have assets worth up to CFA 100 million, they may have assets up to CFA 150 million.

The financial service needs are for short term commercial credit (up to CFA 2 million for 1 to 3 months) and medium term credit for equipment (up to CFA 10 million for up to 3 years).

### **Estimating Volume of Demand**

It would be very useful to be able to estimate the volume of MSE demand for financial services for the purpose of planning future initiatives. Unfortunately we have very little idea of the total size of the MSE market for such services, except from data from formal institutions (which only meet part of the needs).

Official statistics indicate the following:

- There are 236 modern small and medium enterprises (up to 50 employees) and they employ 60,000 people;
- There are 90,000 fixed microenterprises employing 200,000 people (of which 100,000 are artisans); and
- There are 528,000 artisans (of which 94,000 are full time and 424,000 are part time).

These statistics are only useful in telling us that there is significant activity at the MSE level.

Demand for financial services is almost impossible to estimate because:

- The nature of demand is different from type of business to type of business; and
- The potential volume depends on the way in which services are marketed. To a banker, for example, there is no market for services at the microenterprise level. For the credit union, on the other hand, this is a market it can serve.

Clearly, however, the volume of demand is limited by the number of viable loan activities that can be financed.

### Sources of Funding for Financial Institutions

#### Types of Instrument

The financial institutions obtain funds from the following sources:

- Capital Investment. This is shareholder investment in the institution.
- Deposits. These are current accounts at call or deposit accounts for periods up to 12 months. This represents the largest source of funds for the financial sector.
- Lines of credit. These are funds provided by donors for on-lending to specific activities, or from other financial institutions.
- Central Bank Refinancing. This is credit to financial institutions from the central bank to replace (part of) funds as they are disbursed.

#### Volume of Resources

The total volume of resources in the financial sector is estimated as follows:

| INSTITUTION           | RESOURCE                       | AMOUNT (CFA Millions)          |
|-----------------------|--------------------------------|--------------------------------|
| BANKS (31/12/90)      | Loans                          | 13,320                         |
|                       | Deposits > 2 years             |                                |
|                       | Deposits < 2 years             | 103,575                        |
|                       | Sight Deposits (Current Acc.)  | 57,861                         |
| FINANCE COs (11/91)   | Own Funds                      | 657                            |
|                       | BCEAO Refinancing              | 696                            |
| CREDIT UNIONS (11/91) | Members Savings                | 560 (plus 811 deposit at bank) |
| NGOs/CREDIT PROG.s    | Donor Funds (but through bank) | -                              |
| TOTAL                 |                                | 176,669                        |



## **LOAN INSTRUMENTS AND CHANNELS**

### **Loan Instruments**

There are three types of loans available to MSEs, as follows:

#### **Overdrafts**

An overdraft is a facility to overdraw a checking account up to a certain limit. The overdraft is normally approved for 6 months or one year, and periodically renegotiated. During this period the client is supposed to keep the account functioning as before, but can now overdraw to cover periodic lack of cash-flow (for paying wages, purchasing stock for resale or raw materials...). The overdraft is not a loan as such, it is a credit facility. The banker will follow the activity of an account with such a facility to ensure that debts do not remain static. Overdrafts are, however, flexible in so far as there is no fixed repayment schedule.

To qualify, a client must operate an account for at least 12 months. The size of the facility is usually determined by the movement in the account. (20-30 percent of the average monthly balance of funds in the account). Overdrafts are expensive (20 percent per annum equivalent) as bankers apply fees.

#### **Short Term Loans**

These are loans for up to 12 months, which are paid back according to a schedule of payments agreed between borrower and lender at the time a loan is made. These loans are, like overdrafts, used mainly for working capital needs, or for the purchase of small equipment. This is the credit instrument favored by NGOs, credit programs and credit unions. These loans are provided usually in one of two forms:

- **Dossier Loans.** The loan is granted following the favorable evaluation of a dossier which details the client's capacity to repay. Such loans are usually secured by personal or material guarantees.
- **Solidarity Group Loans.** The loan is granted to a member of a group, based on the group's loan repayment history. Loan amounts, in this case, are normally very small. There is no study of loan viability and loan security is the group guarantee.

#### **Medium Term Loans**

These are loans from 1 to 3 years for purchase of fixed assets or equipment. They are granted on the basis of a dossier, but the conditions are normally more stringent than those for short term loans. There are two main types:

- **Bank Loans.** These involve the submission of a detailed feasibility study in a 12-step approval process. The financial participation of the client is over 30 percent of the project's value, plus material collateral in addition to items purchased with the loan (see appendix 1).
- **Finance Company Loans.** These are almost always for equipment purchase. In this case the client is usually helped with the feasibility study. The equipment purchased is normally held as security by lease or lien. Additional material security or personal guarantees are normally required. Client selection is stringent, but this process is more flexible than its equivalent at the bank. This type of credit is also more expensive (6-10 percent) than bank credit.

### Loan Channels

There are five formal channels in the financial sector, as follows:

#### Banks

There are 6 banks, and these are Burkina's primary deposit-takers. They offer facilities including checking accounts (0 percent), savings accounts (7-8 percent) and term deposit facilities (7-9 percent). Banks take direct deposits from individuals and companies as well as from savings institutions such as the credit unions and the Post Office National Savings Bank (Caisse National d'Epargne).

Loans are made for short, medium or long term. For MSEs there are two possibilities which are overdraft facilities (commercial credit) at 20 percent per year and term loans for enterprise start-up and development at 16 percent per year. For practical purposes, term loans are almost impossible to obtain (see appendix 1).

| TOT. RESOURCES<br>CFA Millions | TOTAL LOANS<br>CFA Millions | MSE O.DRAFT < 1YR<br>CFA Millions<br>< 2 Million | MSE TERM < 3 YRS<br>CFA Millions |
|--------------------------------|-----------------------------|--|----------------------------------|
| CFA 174,756                    | CFA 123,077                 | CFA 13,491                                       | CFA 531                          |

Note: The difference between resources and loans represents placements on the money market

#### Finance Companies

Finance companies obtain resources from shareholders, on bank overdraft (12.5 percent interest) and through refinancing (11 percent interest) from the central bank (BCEAO).

Finance Companies provide equipment loans to traditional and modern small enterprises (as well as personal loans) for periods of 6 to 36 months at 22 percent to 26 percent per year (for more details see appendix 2)

| TOT. RESOURCES    | TOTAL LOANS       | LOANS TO MSE      | INTEREST RATE |
|-------------------|-------------------|-------------------|---------------|
| CFA 3,402 million | CFA 3,041 million | CFA 1,053 million | 22%-26%       |

### Savings and Credit Unions

Savings and credit unions are "alternative banks" that provide simple banking services in villages and neighborhoods to those who are unable to get service from the banks. The type of service offered differs from union to union but commonly, depositors earn no interest on savings but do have the possibility of applying for loans (usually for periods up to 12 months, and for amounts not usually exceeding CFA 100,000 at 12 percent to 16 percent interest).

Savings and credit unions provide loans for income generating activities as well as social and consumption purposes. Among the clients for these loans are micro enterprises and individuals in self-employment (for more information see appendix 3). At present there are two major credit union organizations, and two smaller ones. They are investing in MSE activities as follows:

| TOTAL RES.(Millions) | TOTAL LOANS (Millions) | MSE LOANS (Millions) | DURATION | INTEREST |
|----------------------|------------------------|----------------------|----------|----------|
| CFA 1,371            | CFA 560                | CFA 236              | < 1 year | 5-16%    |

### Credit Programs

Credit Programs are initiatives financed by government and donor organizations to promote certain categories of MSE. They are funded on the assumption that MSEs are insufficiently capitalized, and are unable to get access to credit through formal (bank, finance company) channels. There are four credit programs providing limited services to modern small enterprises, microenterprises and individual self-employment activities (for more details see appendix 4). They are investing as follows:

| CLIENT TYPE       | INVESTMENT (millions) | INTEREST | DURATION (years) | UNPAID |
|-------------------|-----------------------|----------|------------------|--------|
| Individ. Activity | 44                    | 18-21%   | < 1              | 2%     |
| Microenterprise   | 80                    | 12%      | < 1              | 10%    |
| Mod Small Ent     | 138                   | 5%       | 3-5              | > 10%  |
| TOTAL             | 262                   |          |                  |        |

### Non Government Organizations

There are 10 NGOs that are managing small credit programs as part of their other activities. They provide small loans to individuals using the solidarity group approach. These programs are essentially welfare activities, and seek to provide income generating resources to the poor.

| TOTAL LOANS CFA (Millions) | INTEREST | UNPAID    | DURATION (years) |
|----------------------------|----------|-----------|------------------|
| 203                        | 5-10%    | About 25% | 1 to 5           |

### **Informal Finance**

Almost certainly the most important source of financial services, the informal channels, are not discussed here. Interviews with businesspeople indicate that most enterprise start-ups are financed out of personal savings or family loans, and then develop using retained earnings. Supplier credit is an important way in which smaller businesses get financed by larger ones, that in turn have access to bank credit. Tortines also play a role, particularly at the smaller business level.

Unfortunately, almost no information is available on the volumes and modes of these informal channels; therefore they are omitted.

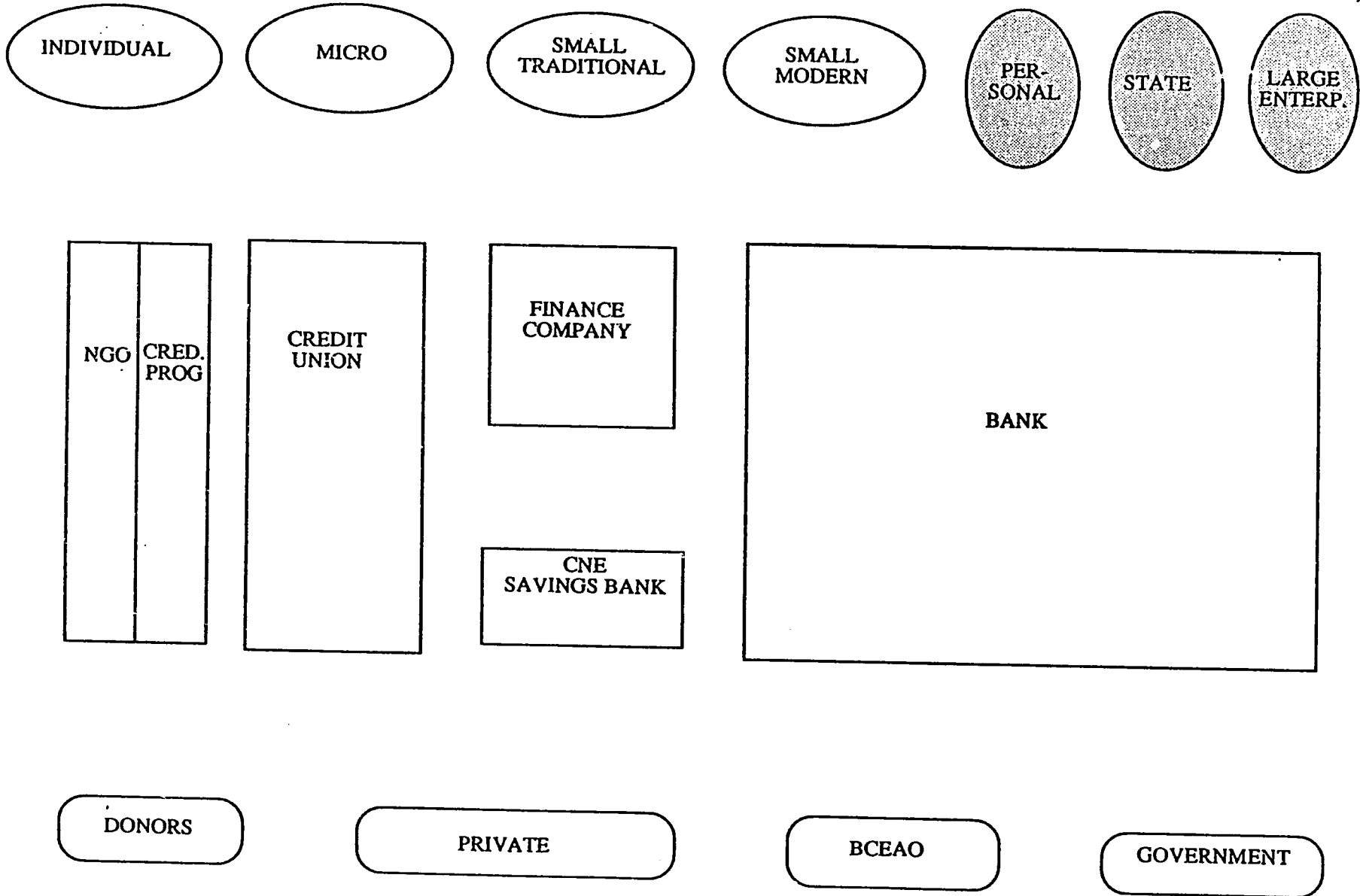
The following section attempts to give a visual representation of the formal financial sector and its small business clients.

**SECTION THREE**  
**INSTITUTIONAL FUNDS FLOW**  
**DIAGRAMS**

DIAGRAM 1

GENERAL LAYOUT

(ALL FIGURES IN CFA MILLIONS)



Provisional Budget

DIAGRAM 2

SOURCES OF FUNDS AND FLOWS BETWEEN INSTITUTIONS

(ALL FIGURES IN CFA MILLIONS)

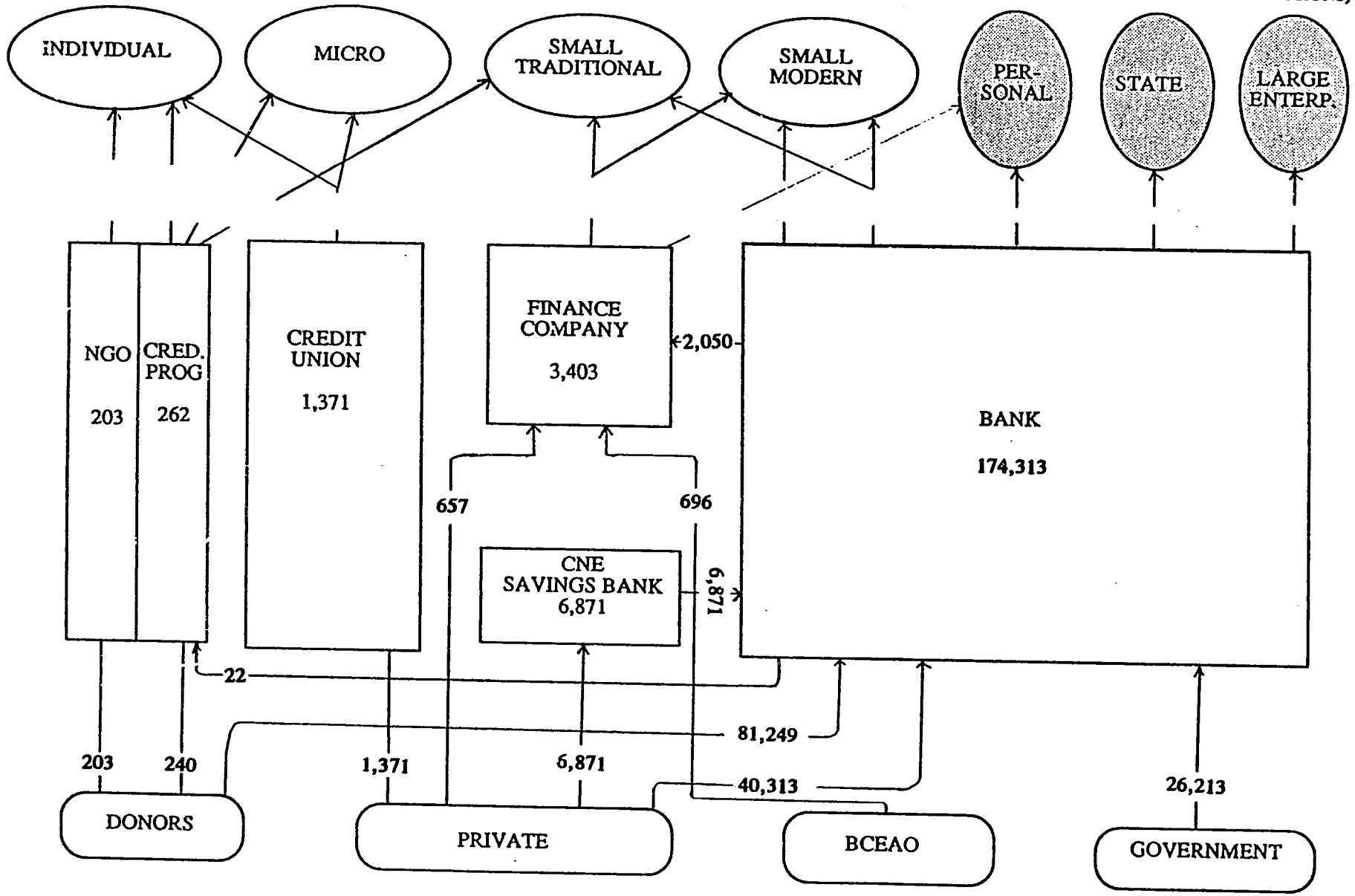


DIAGRAM 3

VOLUME OF FUNDS LENT

(ALL FIGURES IN CFA MILLIONS)

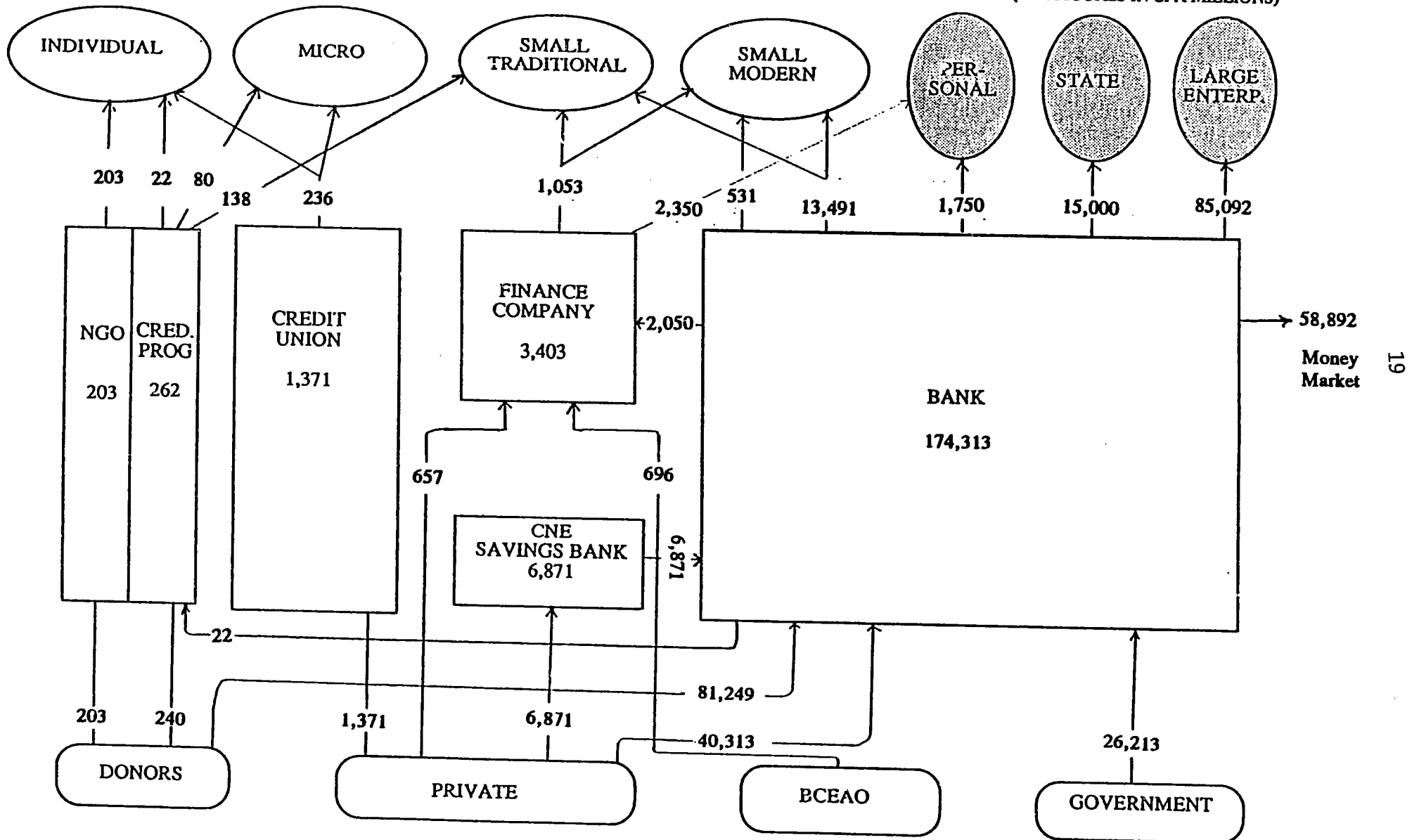




DIAGRAM 4

INTEREST RATES AND FEES  
(A.P.R. Equivalent)

(ALL FIGURES IN %)

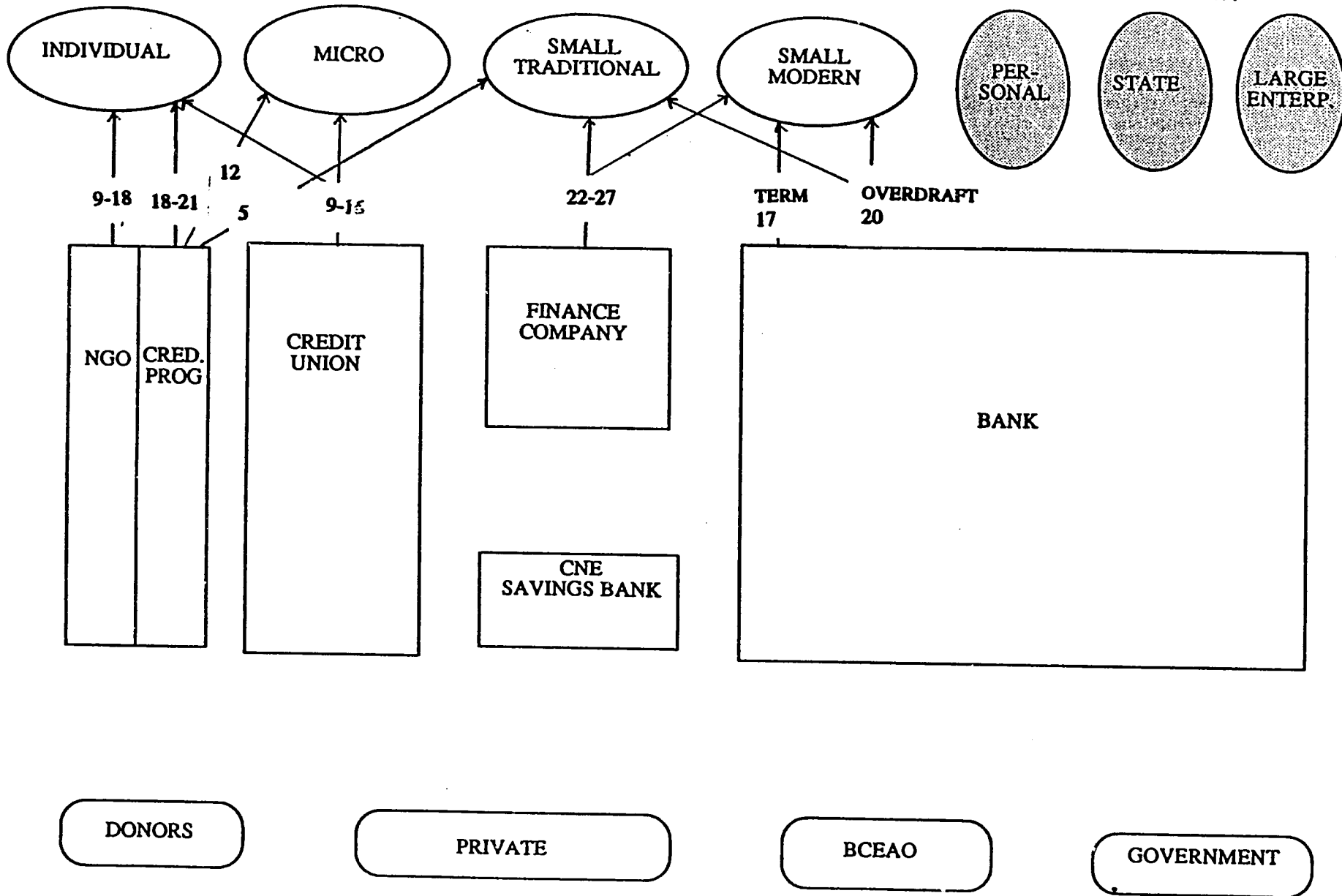


DIAGRAM 5

PERCENTAGE VALUE OF NON-PERFORMING LOANS

(ALL FIGURES IN %)

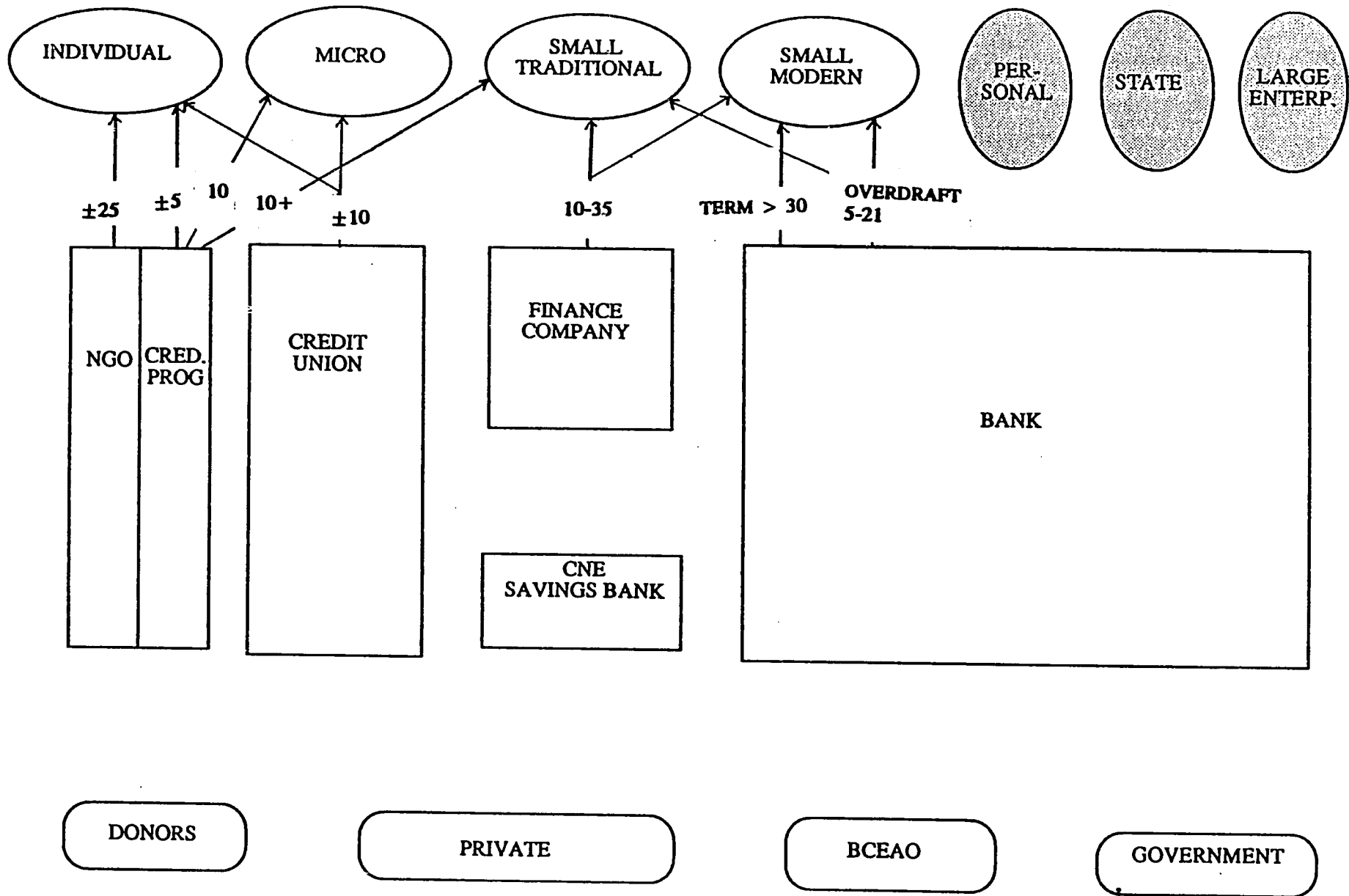
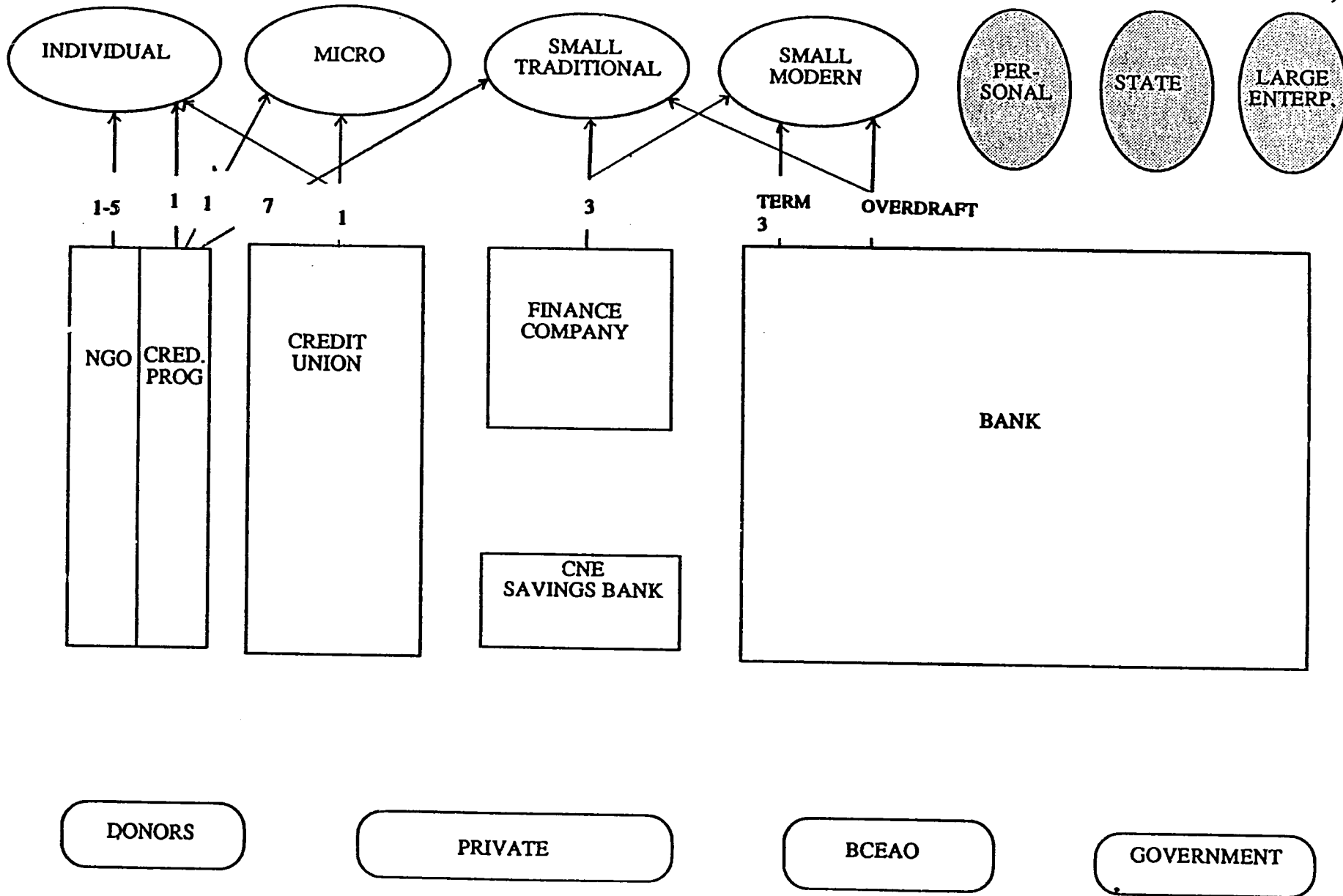


DIAGRAM 6

MAXIMUM LOAN DURATION  
(years)

(ALL FIGURES IN YEARS)



**DIAGRAM 7**  
**LOAN COLLATERAL**

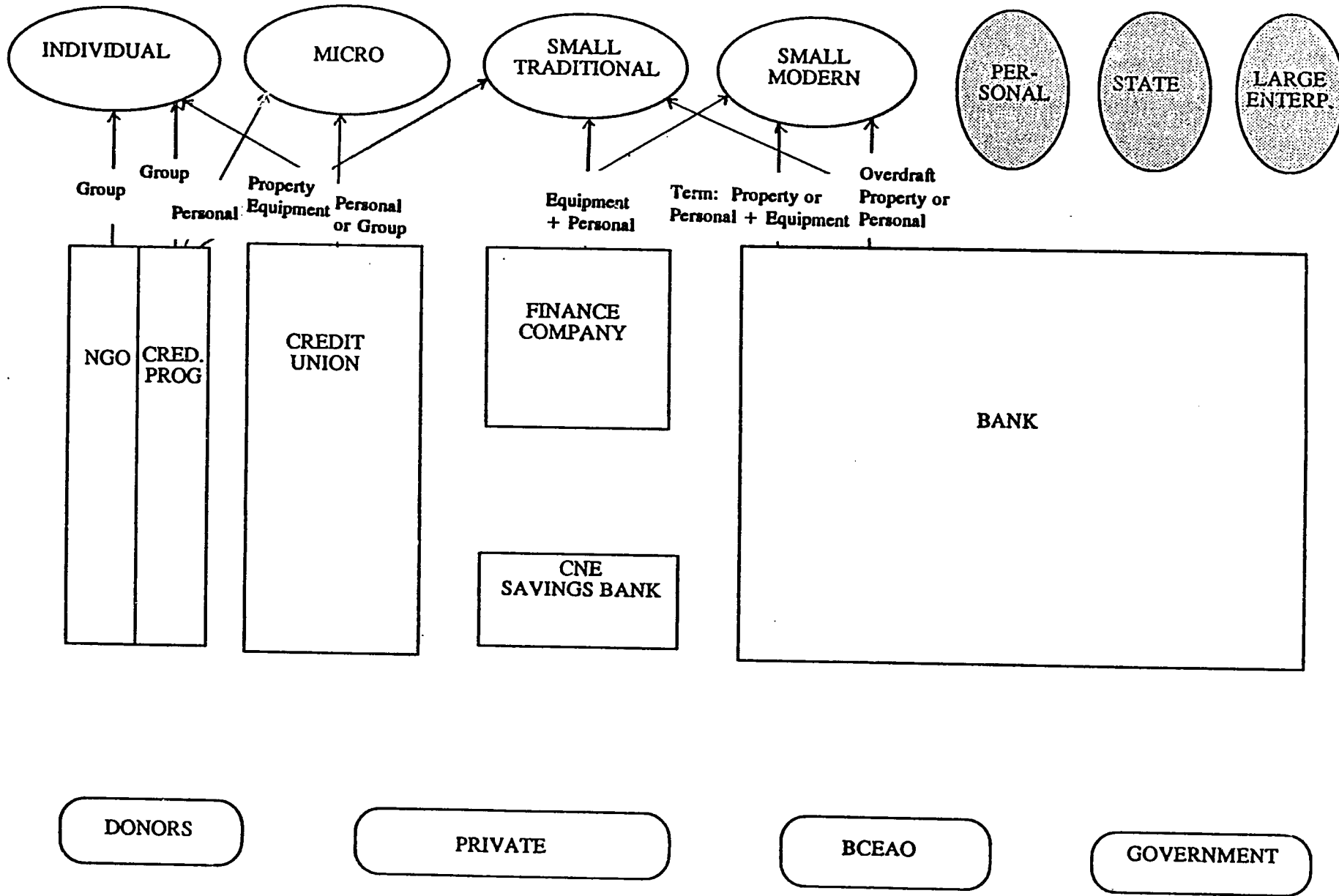
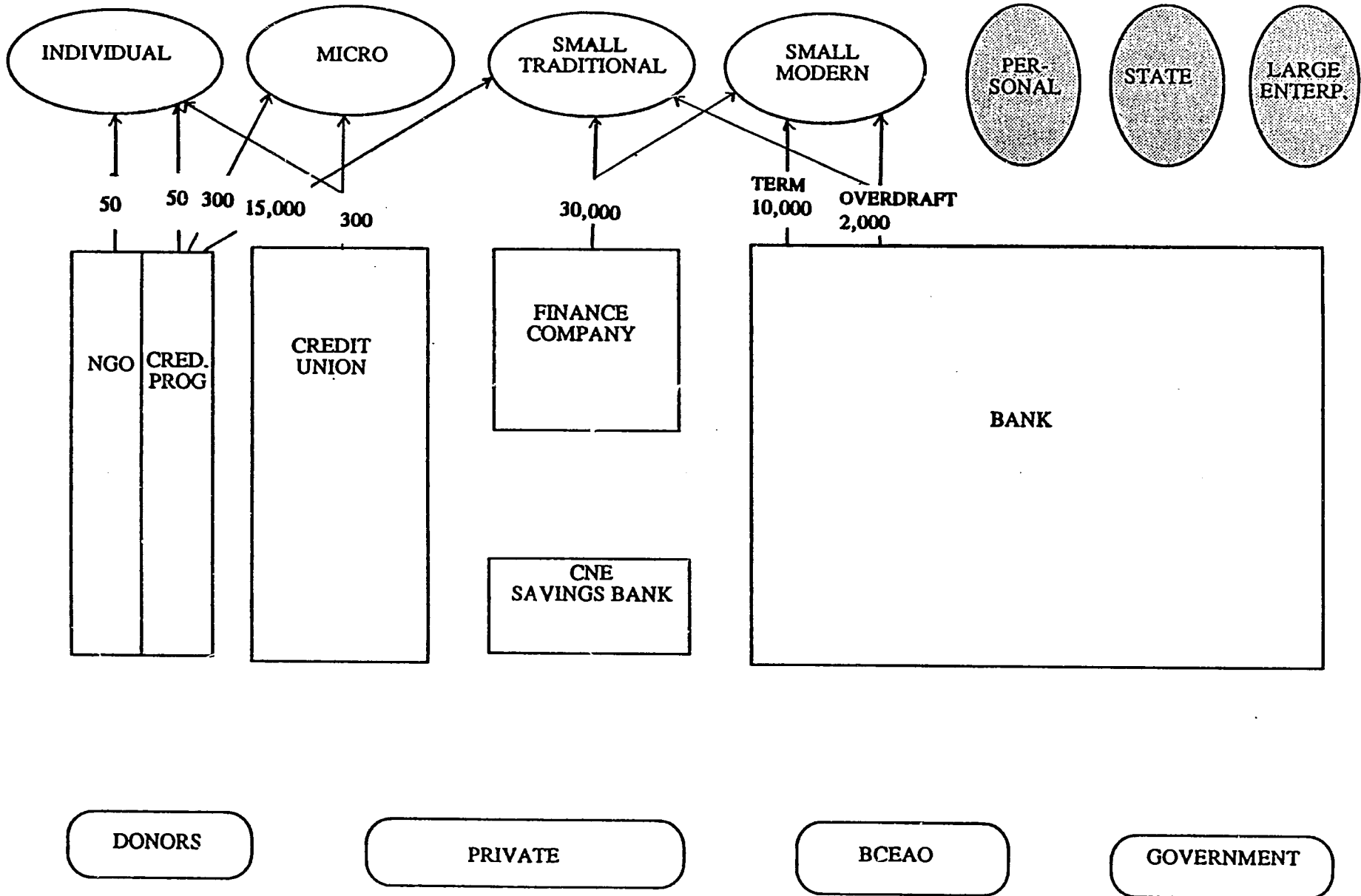


DIAGRAM 8

NORMAL MAXIMUM LOAN AMOUNT

(ALL FIGURES IN CFA 000'S)



## **SECTION FOUR**

### **ANALYSIS AND FINDINGS**

#### **ANALYSIS OF QUANTITATIVE DATA**

##### **The Volume of Credit to Small and Micro Enterprises**

The amount of funds reaching MSEs by formal channels is tiny. They receive about 9% (CFA 15,600 million) of available funds, compared to 48% for large enterprises (CFA 85,100 million). MSEs receive roughly the same amount as provided in state loans to the government.

About 87% of the amount lent to MSEs is in the form of overdraft facilities as commercial credit. Most of these overdrafts are to small businesses engaged in commerce and transport.

Enterprises in the individual and micro category receive almost nothing through formal channels. The government estimates that this "informal" sector is responsible for contributing 23% of GDP, yet it is only getting 0.5% of the total volume of formal loans.

##### **Interest Rate Structure**

There is a trend for interest rates to fall as clients become smaller. For example, an individual street vendor may borrow from an NGO at 8%, whereas an established wholesaler pays 20% at the bank. If rates were determined by market forces the trend would be opposite, reflecting the higher level of risk and higher cost of delivering services to the smaller client.

This distortion is donor-influenced. Unfortunately, programs and institutions that lend at subsidized interest rates are unsustainable (for example, APP, Fada N'Gourma which received substantial funding from USAID during the 1980s, and today manages a portfolio of loans worth only CFA 21 million).

Worse still, subsidised credit programs compete unfairly with those that fix their interest rates with sustainability or profitability as an objective. For example, a business person can get a loan for equipment from a private sector finance company at 27%, but may get financing for the same items through the Caisse Centrale's AIPB at 5%. As a second example, PRODIA and the Caisse Populaires (SDID) are financing the same type of clients in Ouagadougou. PRODIA is charging 12% interest, (and is a loss-making operation) whereas the Caisses Populaires are charging 16% (and are struggling for profitability).

It is important to note that the available financial supply is currently so small that it is absorbed regardless of interest rate. Supply may, however, increase at which point donors and NGOs will only do harm by not aligning their rates with those of the market.

## **Loan Repayment Rates**

Loan repayment rates are a reflection of the risk of the activities financed by an institution, and of its capacity to manage that risk. The poor performers, for different reasons are the NGOs on the one hand, and the Banks and Finance Companies on the other.

The NGOs are poor performers usually because of weak management and sentimentalism, they have an aggregate non-payment rate of more than 25%.

The banks (which have 5-21% non-payment) and finance companies (which have 10 - 35% non-payment) have procedures that are suited to larger formal clients. The high occurrence of bad loans reflects the lack of client contact and follow-up that is important for ensuring repayment by small businesses. It also reflects the difficulty that the large institutions have in pursuing non-payers through legal channels.

The same is not true of the credit programs and the credit unions which have been experimenting with mechanisms of field outreach, alternative forms of loan collateral, community "policing" of loan repayment, and means of obliging the financial participation of the client, which are giving repayment rates better than 90% (a more detailed analysis of different credit mechanisms is made further on).

## **Loan Duration**

About 89% of formal channel loans to MSEs are short-term (for periods less than 12 months). Over 86% of all loans are provided through bank overdraft facilities.

Only the finance companies, AIPB and to an increasingly limited degree the banks, are providing medium-term or "enterprise project" loans. Such loans are only 11% of the volume of MSE credit.

The lack of term credit is frequently cited in interviews with small and micro business owners as a major constraint. The need is reflected in the bankers frequent complaint that small business clients often use overdraft facilities to purchase fixed assets (in other words, use them as term loans) and then have difficulty when the business cash-flow suffers. Although bankers put this down to bad management the truth is that small business clients have limited alternatives.

The scarcity of term credit reflects its high risk (for example, finance companies have a 10 - 35% non-payment rate, and the banks' experience is worse). As yet, mechanisms for providing medium-term credit have only proved moderately successful. It also reflects the short-term nature of financial resources. For example, the credit unions are unable to get into medium-term lending because all of their deposits are on call.

## **Loan Collateral**

The lending institutions secure their loans using three main types of procedure, as follows :

- Classic procedures. Banks require property deeds, personal guarantees from salaried people or individuals with resources known to the bank, liens or leases on equipment and other assets. Banks and finance companies use such procedures.

- **Solidarity Groups.** Lending to individuals through a system of group caution has become the standard way of managing loans to individuals for income generating activities. If the individual defaults, the group bears the responsibility of making the payment or is cut-off from further credit. NGOs and credit programs like Sahel Action use such procedures.
- **Intermediate Procedures.** In this case, the institution takes classical guarantees (as a token gesture) while requiring some type of community security such as group or personal guarantees. Intermediate procedures are used by institutions lending to microenterprises. Credit Unions and credit programs like PRODIA use such procedures. Bankers indicate that because of judicial delays, and clients ability to disappear, classic procedures are not well adapted to MSE lending. More flexible and community-based procedures show the best results (see loan repayment rates).

### **Loan Amount**

There are broadly four classifications of loan amount, as follows :

- **Loans up to CFA 50,000.** These are provided by NGOs and credit programs for income generating activities. About 2% of total MSE loans are in this category.
- **Loans up to CFA 300,000.** These are provided by credit programs and credit unions to micro enterprises. About 1% of loans are in this category.
- **Overdrafts up to CFA 2 million.** In this case the amount could be more, but has been selected as a ceiling for small business overdrafts. These are provided by banks to established modern or traditional small businesses. About 86% of loans are in this category.
- **Term Loans.** These are loans for 1 to 3 years to established modern or traditional small businesses for amounts not normally exceeding CFA 10 million. About 11% of loans are in this category. It is important to note that virtually all of the available credit (96%) goes to larger small businesses, and that most of these are in commerce. There is virtually no formal credit of any kind available to microenterprises. Although there is not much volume of credit available at the individual level, its impact is enhanced by number of loans made.

### **Linkages between Different Types of Institution**

According to central bank regulations, the banks are the only institutions able to take deposits (the credit unions function outside of regulations), and to place funds on the international money market. This means that there is a natural flow of funds from institutions towards the banks. Except in the case of finance companies who receive overdraft credit worth over CFA 2,000 million, this flow is almost entirely one-way.

The banks are not normally requested to, or are not willing to finance NGOs, credit programs or credit unions. In two cases the donors have put pressure on a bank (in this case the CNCA) to lend



to credit programs (PRODIA CFA 10 million which is now repaid, and Sahel Action CFA 40 million as an open credit line).

As yet, however, the banks have little experience (or confidence in) lending to NGOs and other credit activities. At the same time, such credit activities are used to getting donor funding at no cost and their policies and procedures are ill-adapted to borrowing to on-lend. For example PRODIA borrowed at 10.5% and on-lent at 12%, thereby making a loss on administrative and other costs.

## **ANALYSIS OF QUALITATIVE DATA**

### **Trends in Bank Lending**

With the current re-structuring of the banking sector underway, the banks (and especially the three who are being rescued by the government) are keen to improve the quality of their loan portfolios, and to upgrade their management procedures. This means that the banks will be seeking to make less risky loans, at the same time as trying to bring down the transaction cost per loan. The banks will, therefore, be cutting back on overdrafts to smaller clients and will not finance term loans to small businesses. This trend is also underway amongst the struggling finance companies, the largest of which is funding no new clients at present, some of whom will also need rescuing in due course.

There is a possibility that new financial resources will be injected for small enterprise lending by the European Development Fund or by the African Development Bank in 1992.

### **Potential Demand for Credit**

The Structural Adjustment Program which has provided for the bank bail-out, is also initiating the withdrawal of government participation in, and regulation of the economy. It is assumed that the ensuing privatization will be led by dynamic small companies.

Opportunities for small businesses are beginning to open up. For example, deregulation of the health sector will permit the opening of private clinics. Withdrawal of government support to state agricultural equipment manufacturers will allow the private manufactures to compete freely.

It is not presently clear if these companies will have access to the resources they need to take advantage of such opportunities.

### **Credit Mechanisms — Successes and Failures**

#### **Bank Overdraft**

The overdraft is a practical way in which banks can lend to traditional/unstructured small businesses because :

- Approval is based on concrete evidence of movement in the account, not on a theoretical feasibility study.

- The client comes to the bank frequently, therefore close contact is maintained. Supervision is a critical factor in successful MSE lending.
- The service provided by overdraft is well suited to short term credit needs. It is an inappropriate mechanism for MSE lending because:
  - The service is too flexible, and some MSEs use the credit inappropriately
  - The bank only grants facilities to businesses with solid guarantees and an appropriate sales turnover. This means that the larger merchants are the only MSEs that can benefit
- The banks judge that MSE lending is unprofitable.

### **Finance Company Loans**

Finance company loans are appropriate for MSE lending because:

- They provide medium-term credit in cases where the bank will not, and have been responsible for financing the transport sector, and providing equipment to larger MSEs. For most MSEs however, the service is limited by:
  - Difficulty with proposing solid guarantees. For practical purposes MSEs, except the larger ones (the sort the banks like), need a salary-earner to guarantee them and can only access small amounts less than CFA 300,000.
- Loan loss is forcing some finance companies to provide a reduced service.

### **Credit Union Loans**

Credit Unions provide the only means of access to formal financial services for most MSEs. They use appropriate procedures for MSE lending because:

- The loan request and disbursement procedure is easy and quick
- Loan security mechanisms and "community policing" are suited to the context

Credit unions are inappropriate organizations to finance MSEs because :

- It takes time for a client to become eligible for a loan, or to build up a sufficient amount of cash savings
- Loans are small (usually less than CFA 100,000) and short term (less than 1 year)
- The grass-roots approval mechanism is only suited to evaluating simple loan requests
- Lending is to all sectors, therefore available funds to businesses are limited

## **Credit Program Loans**

Credit Programs are providing appropriate services to MSEs, as follows:

- They are experimenting with new procedures, and in some cases these are yielding loan repayment rates better than 90%

They are potentially unviable because:

- So far, all the credit programs are experimental and subsidised. Not one of them has profitability as a sole objective. None are yet showing a real capacity for being sustainable in the long term
- The funds being managed by credit programs are extremely limited, therefore their overall impact is extremely small

## **NGO Loan Programs**

While NGOs are using small credit funds as one means amongst several of providing resources to the poor, none of their initiatives (except the specialized programs mentioned above) are advancing the "state of the art". They are providing a small volume of funds in an unsustainable fashion.

## **Financial Service Support Projects**

Two programs are currently being implemented which are aiming to reduce bottlenecks to small enterprise access to term loans from banks (through assistance with dossier preparation and provision of guarantees). Neither of these initiatives are likely to have a major impact because the banks do not want to (and are ill-suited to) provide term loans to MSEs. The bottlenecks that have been identified are only a part of the story.

## **Short-term Impact versus Long-term Institutional Viability**

The need to provide resources to promote MSEs seems obvious, and providing credit is one way in which donors can do this which they know about. This is the reason why we presently have a range of different types of initiatives set up as pilot projects, to provide services in order to achieve rapid impact at the enterprise level.

Other initiatives have been taken with a more long term view. The credit unions have been mobilizing resources for more than 20 years. Today they are beginning to manage sizeable funds, although the type of impact they have at the enterprise level is limited for some of the reasons mentioned above.

The seeds of conflict have been sown between the credit programs and the credit unions, who are for the first time beginning to compete in certain geographic zones for the same clients. The credit unions accuse the credit programs of "short termism", in other words of spoiling their long-term development with unsustainable short term initiatives.

**None of the credit programs are yet showing a capacity for long term sustainability. None of the credit unions, however, are showing a medium capacity for providing enterprise finance in any volume. The Societe Desjardins has begun to address the problem (see appendix 3) but its capacity is limited.**

## **SECTION FIVE**

### **RECOMMENDATIONS — OPPORTUNITIES FOR ACTION**

- 1. Increase the availability of financial services to MSEs, particularly at the microenterprise level.**

There is a significant potential demand for short term credit to microenterprises, which are hardly being served by formal channels.

If Structural Adjustment does generate opportunities for small firms, the larger and more modern ones will be the immediate beneficiaries but the impact will be felt at all levels. MSEs will be seeking resources to meet these opportunities.

There is also a potential for increasing the flow of small loans to individual income generating activities through solidarity group mechanisms. Also, as banks and finance companies withdraw from the MSE market there will be a need for the gap to be met by intermediary institutions.

- 2. Develop new types of intermediary institutions that are adapted to financing MSEs.**

Some of the existing services work well, or can be improved. This is the case with small loans from credit unions and some credit programs. The larger small enterprises get services from banks and finance companies, but availability will be reduced in future.

A range of enterprises from microenterprises to these larger small enterprises get virtually no services at all. New forms of intermediary institutions need to be developed which are capable of providing short (and possibly medium) term credit in the range of CFA 300,000 to 5 million. Successful initiatives of this kind exist in other countries of the region, and the methods they have tested can be easily adapted to the context of Burkina.

However, such services cannot be increased in a haphazard way, but must be coordinated.

- 3. Ensure coordination among donors, banks, and other intermediaries.**

The present lack of communication between intermediaries for reasons of secrecy, intellectual approach or "flag" will need to change. The first step in this process will be for each of the intermediaries to understand exactly what they are doing, which market they are serving and what impact they are making. Secondly, there will be a need to coordinate these approaches. In this way potential "turf" conflicts, and differences of methodology (such as between credit unions and credit programs) can be reconciled.

**4. Increase the linkages between channels.**

Although the donors can do a good deal to "prime the pump", the issues of credit and savings are inseparable. So, whereas donors can inject funds to develop credit mechanisms, these can only be viable in the long term if they are using local resources in the forms of savings or investments. This means that donor credit institutions are going to need to be financed by the banks, unless like the credit unions they are able to find other sources of funds.

Creating these links between credit institutions/programs and the banks will mean that much greater confidence will need to be developed between the two parties. This may involve donors setting up guarantee mechanisms to secure loans between institutions (at present guarantee funds function between institutions and individuals). It will also mean that credit institutions/programs will have to be more business-like and profit-oriented.

**5. Establish institutional sustainability and profitability as the major objectives of all credit initiatives.**

Experience in the past has proved that subsidized credit projects have not worked, however donors continue to provide credit below cost. Managers of existing institutions and programs need to look at interest rate and cost structures, with a view to letting the market work and promoting sustainability. This will mean that donors will have to modify their multiple objectives, but it will ensure that all of the participants in the financial sector are working to the same goal. In this way all potential conflict arising between short-term impact-seeking and long term institutional sustainability can be avoided.

**APPENDIX 1**

**THE BANKS**

## APPENDIX 1

### THE BANKS

There are six banks in Burkina Faso. Each bank has its own credit policy within the framework of regulations laid out by the Central Bank (BCEAO), but five of these provide commercial bank services in a similar fashion. One bank, the Caisse Nationale de Credit Agricole (CNCA), because of its sources of funding and its function has a different, and more development-oriented character. The following table gives details of the banks' present ownership structure.

#### OWNERSHIP STRUCTURE OF BANKS

| BANKS          | CAPITAL                      | STATE | BURKINABE | FOREIGN           |
|----------------|------------------------------|-------|-----------|-------------------|
| BICIA-B        | 1,750                        | 53%   | 9%        | 38%               |
| BIB            | 1,638                        | 53%   | 7%        | 40%               |
| BND-B          | 4,100                        | 66%   | 1%        | 33% (Donor)       |
| BALIB *        | 800                          | 50%   |           | 50%               |
| CNCA *         | 1,300                        | 54%   |           | 46% (Donor)       |
| BFCI-CAI-UREBA | In process of reconstitution | 87%   | 1%        | 12% (BOAD, BCEAO) |

- \* These institutions will increase their capital during early 1992. BALIB will increase to CFA 2,000 million. CNCA will increase to 2,200 million.

#### RESTRUCTURING OF THE BANKING SECTOR

Owing partly to political influence over credit policy, partly to management insufficiencies, all of the banks except BICIA (and CNCA) have accumulated a heavy burden of non-performing loans. As part of the recently agreed Structural Adjustment Programme, the government with the support of the World Bank is now assisting the banks to restructure.

The first step has been to purchase the banks' non-performing loans. These amount to CFA 50,000 million. These loans have been turned over to a newly-created debt recovery service, the Bureau de Recouvrement de Creances du Burkina..

The second step has been to merge the three most ailing institutions, BFCI, UREBA and CAI (which belong almost wholly to the government).

The third, and next step will be to the sale of a proportion of government shares in the financial institutions to the local private sector. This may vary from institution to institution In the case of BICIA,



for example, the government will reduce its participation from 53% and the new ownership structure will be, government 25%, burkinabe 40%, foreign 35%..

## **CHARACTERISTICS OF THE BANKING SECTOR**

The banks of Burkina share a number of common characteristics, as follows:

- The banks have a healthy resource base (liquidity) but funds are almost entirely short-term

This obliges banks to place an important proportion of funds on the international money market. Although the roll-over of deposits assures the availability of long-term resources, the short-term nature of funding reaffirms the bankers' preference for providing short-term credit.

- The national network of bank branches is poorly developed

Although Ouagadougou and Bobo Diolasso are relatively well provided for, there are bank branch offices in only 16 of Burkina's 30 provinces. The focus of bank activities (excepting those of the CNCA) is almost entirely urban.

- Banks prefer dealing with large companies and favor the commercial and service sectors

The banks experience of lending to industrial and agricultural ventures has been unhappy. Projects have often proved to be badly conceived, ill managed or just simply unprofitable. The risk, and the associated long-term nature of such investments are major disincentives to investment. Small business lending is considered to be even more risky.

- The banks apply uniform interest rates, as determined by the central bank

This is fixed in function with the base rate, the Taux d'Escompte, presently 11%, which is the rate at which the banks can obtain refinancing at the central bank. Top lending rate is the base rate plus 5%, thus 16%. There are no fixed rates for payment on deposits, but these are normally pegged at 2 to 4% below base rate, thus presently at 7 to 9%.

## **BANK LENDING TO SMALL BUSINESSES**

The banks do not apply any form of definition to the terms Small or Micro Enterprise. Each banker, however, has his own notion of what sort of client fits the category. To a banker's mind the classification evokes negative association with terms such as "unstructured", "illiterate", "speculator"...

Most of the banks' problems with loans to SMEs (in this case loans to traditional small enterprises) have been caused by their lack of basic financial management, and the use of bank funds for uses other than those foreseen by the bank.

In fact bankers do not use the classification small or microenterprise, they reason in terms of loan amount and duration.

Of a total bad debt portfolio of CFA 49,000 million now being treated by the new Service de Recouvrement, 10% of the amount is for loans of less than CFA 5 million, 20% of the amount is for loans of less than CFA 25 million. In terms of number of dossiers, however, those for loans less than CFA 5 million represent 79%.

Bankers consider that with the proportionately high transaction cost of making small loans, and the high recovery cost in the event of non-payment, this service is lossmaking.

The banks provide credit to small businesses in three forms. The most usual is by account overdraft facility. The most rare, under present circumstances, is in the form of enterprise loans. In some cases, personal loans obtained from the bank are used for business purposes.

### ACCESS TO OVERDRAFT FACILITIES

To qualify for an overdraft, a businessperson must:

- Open a current account , and operate it for at least 6 (usually 12) months
- Make a credit application, including balance sheets and income statements for three previous years
- Provide collateral, such as property, or the personal guarantee of someone with resources who is known to the bank

In reality, the loan application is a formality. The banker grants an overdraft based on the movement of funds in the account, coupled with an evaluation of the moral standing of the applicant and the nature of loan security offered. Each bank has a ratio for calculating the size of overdraft to be approved, typically this amount is 20-30% of the average monthly balance of funds in the account.

The overdraft is normally approved for 6 months or one year, and periodically renegotiated. During this period the client is supposed to keep the account functioning as before, but can now overdraw to cover periodic lack of cash-flow (for paying wages, purchasing stock for resale or raw materials...). The overdraft is not a loan as such, it is a credit facility. The banker will follow the activity of an account with such a facility to ensure that debts do not remain static.

Overdraft facilities are an expensive form of credit because on top interest (currently fixed by the central bank at 16%) the banks apply charges. This means that the effective interest rate is much higher (currently about 20%).

The overdraft facility is a good mechanism for bank lending to traditional/unstructured businesses because it meets the short term commercial credit requirements which are their major needs. It is also good because bankers can base their credit decisions on client track-record, not on the presentation of a theoretical business-plan. It is also a good mechanism because the bank maintains close contact with the client (in this case the client comes to the institution, unlike other successful SME lending mechanisms

where the institution goes out to the client). This means that account problems are dealt with early, before they become serious.

In Burkina, at present, overdraft is virtually the only form in which SMEs can access bank credit.

Of course, only certain types of SMEs qualify. These are typically in wholesale or retail commerce, or transport, and have substantial cash-flows. They belong to businesspeople who are able to provide property or other collateral as loan security.

- From the point of view of the businessperson:
  - Most businesspeople do not have access because of the size and type of their activity. Many that seek an overdraft facility complain that the banks require too much collateral
  - Businesspeople with overdrafts complain that the cost of credit is too high, and that banks can block a facility if they want to control the account, placing a business in an unforeseen and difficult situation.
- From the Point of view of the banker:
  - Even short-term overdraft credit is risky. The property and other security proposed by businesspeople, even though valuable on paper is difficult to materialize in case of default.
  - Small business owners, particularly in traditional/unstructured activities have a tendency because they are poor managers, to divert overdraft (commercial) credit to finance fixed investments like buildings and trucks. This is the cause of almost all non-performing accounts.

### **ACCESS TO ENTERPRISE LOANS**

To get loan financing from a bank, the following procedure must be followed:

**i. Preparation**

The applicant should be the holder of a well-functioning account with the bank for 1 to 3 years

**ii. Project Development**

The project proposal, which is prepared by firm of consultants or an economist is costly (CFA 100,000 to CFA 1 million depending on the complexity of the project). Most businesspeople are incapable of doing this for themselves.

**iii. Feasibility Study**

**The bank requires:**

- Income statements and balance sheets for the business for the previous three years
- Provisional income statements and balance sheets for the three coming years, after funding
- A market study
- A technical study (if equipment is envisaged)
- Curriculum vitae of the applicant, his staff and his advisors
- An investment programme

**iv. Evaluation**

The bank evaluates the proposal, and may make field visits and refer to technical experts.

**v. Loan Security**

The bankers insist that the quality of the applicant and the project are primary, then loan security is a secondary consideration. Nevertheless, bankers are keen to take solid collateral. Preferred types of security are property or the financial backing of a third party. A lien on equipment is a possible but less favored alternative.

**vi. Participation**

The applicant should be able to make a financial contribution towards at least 35% of the project value.

**vii. Life Insurance**

Before a loan is disbursed the applicant must take out a life insurance policy covering the value of the loan plus interest in case of his/her demise.

**viii. Tax Clearance**

Before the bank can issue the loan, a document attesting that the applicant is up-to-date with his/her taxes must be obtained and registered with the bank.

**From the point of view of the banks:**

- Loan proposal dossiers do not contain the necessary details and are poorly analyzed. Because applicants "buy" the feasibility study it is always positive.
- Applicants lack their own funds, so are unable to participate sufficiently, pushing the risk disproportionately onto the bank

- Most applicants are business people from the traditional sector who lack further education. This means that their grasp of accounting and management is inadequate to ensure the success of the project.

From the point of view of businesspeople:

- The cost of a feasibility study is very high, but the application cannot be made without one.
- Bankers insist on financial participation, but shortage of funds is a constant factor
- Bankers are too insistent on loan collateral
- The approval process is very slow. A decision may take up to six months after the application has been made

In reality, the banks have so many bad experiences of lending through this process (with small businesses in particular) that applications from clients other than large enterprises are almost systematically rejected. Recent loans of this type to small enterprises are rare. The banks have provided a small number of 2 to 3 year loans to fund pharmacies and clinics.

### **ACCESS TO PERSONAL LOANS**

The Banks can provide personal loans to salaried employees of government and large enterprises. In this case the person has his/her salary transferred directly to an account at the bank. When the account has functioned correctly for at least 12 months, the bank can provide a loan in function with the movement of funds in the account. Such loans may be secured through an arrangement with the employer to have the salary transferred to the bank, which withholds the loan repayment and transfers the balance to the client account. Banks normally require a secondary guarantee from another person holding a functioning account.

A proportion of these loans are used to purchase equipment and stock for SME activities. These activities are usually run by members of the salary-earner's family as se

### **INDIVIDUAL BANKS AND THEIR SMALL BUSINESS CLIENTS**

#### **BICIA-B**

BICIA, thanks to a conservative approach to lending and rigorous management, is the only bank that has been excluded from the recent bank restructuring program.

Its credit portfolio in August 1991 totalled CFA 37,000 million, of which about CFA 4,000 million was in credit amounts less than CFA 2 million provided as overdraft.

The directors of the BICIA consider that roughly 20% of total credit is for amounts less than CFA 2 million, but that 33% of the total value of non-performing loans are from this category. The tendency in the future will be to limit activity in this area in order to reduce risk and to increase the average loan amount thus reducing the transaction cost on each loan. BICIA is obligated, however, to continue providing a certain level of service for smaller clients, if only to maintain the fidelity of its 30,000 account holders.

BICIA has 11 branch offices and 13 sub-offices.

Its financial situation in August 1991 was as follows:

| SOURCE OF FUNDS (millions) |               | USE OF FUNDS (millions) |               |
|----------------------------|---------------|-------------------------|---------------|
| SOURCE                     | AMOUNT        | USE                     | AMOUNT        |
| Pers. Deposits             | 41,358        | Short Term              | 28,279        |
| Gov. Deposits              | 14,483        | Med. Term               | 9,475         |
|                            |               | Long. Term              | 535           |
|                            |               | Unpaid                  | 262           |
|                            |               | Doubtful                | 98            |
|                            |               | State Loans             | 5,884         |
| <b>TOTAL</b>               | <b>55,841</b> | <b>TOTAL</b>            | <b>44,533</b> |

## **BIB**

BIB, unlike its rival BICIA, has accumulated an important amount of non-performing loans and bad debts which represent 17% of its present loan portfolio of CFA 43,000 million. BIB also has non-performing accounts worth CFA 18 million that have been purchased by the Service de Recouvrements. Interestingly, less than 4% of this amount represents loans under CFA 5 million.

Of the present CFA 43,000 million portfolio, about CFA 5,000 million (11.7%) is in overdraft credit to small businesses in amounts not exceeding CFA 2 million. About CFA 1,800 million (4.2%) is in overdraft credit to businesses from CFA 2 to 5 million. About CFA 1,400 (3%) was in personal credit for amounts less than CFA 2 million. CFA 530 million (1%) was for personal credit from CFA 2 to 5 million.

Despite its difficult experience with small clients, the BIB has been running a recent campaign to attract non-interest bearing deposits in current accounts. (over CFA 200 million was mobilized during September/October). An incentive for the depositor is the prospect of an overdraft at a future date.

BIB has 16 branch offices and 3 sub-offices.

Its financial situation in August 1991 was as follows:

| SOURCE OF FUNDS (millions) |               | USE OF FUNDS (millions) |               |
|----------------------------|---------------|-------------------------|---------------|
| SOURCE                     | AMOUNT        | USE                     | AMOUNT        |
| Pers. Deposits             | 36,933        | Short Term              | 27,339        |
| Gov. Deposits              | 21,729        | Med. Term               | 7,482         |
|                            |               | Long. Term              | 1,232         |
|                            |               | Unpaid                  | 3,745         |
|                            |               | Doubtful                | 3,504         |
|                            |               | State Loans             | 7,207         |
| <b>TOTAL</b>               | <b>58,662</b> | <b>TOTAL</b>            | <b>43,311</b> |

#### **BFCI-UREBA-CAI**

The BFCI, UREBA and CAI have recently been merged by the government, and are in the process of reorganization. At present the group manages a portfolio of loans worth CFA 11,000 million of which 46% are classified unpaid or in process of legal recovery. In the past, the BFCI and UREBA, as almost wholly government-owned institutions, had a mandate to finance small businesses. Lending was often influenced by political imperatives. The restructured group aims to function along the lines of other commercial banks.

The BFCI group has three offices in Ouagadougou.

Its financial situation in August 1991, was as follows:

| SOURCE OF FUNDS (millions) |               | USE OF FUNDS (millions) |               |
|----------------------------|---------------|-------------------------|---------------|
| SOURCE                     | AMOUNT        | USE                     | AMOUNT        |
| Pers. Deposits             | 6,166         | Short Term              | 3,243         |
| Gov. Deposits              | 9,900         | Med. Term               | 1,729         |
|                            |               | Long. Term              | 849           |
|                            |               | Unpaid                  | 2,113         |
|                            |               | Doubtful                | 2,959         |
|                            |               | State Loans             | 1,179         |
| <b>TOTAL</b>               | <b>16,066</b> | <b>TOTAL</b>            | <b>12,135</b> |

#### **BND-B**

The Development bank was given an important role by the government and donors during the 1970's and early 80's when it was associated with OPEB (Burkina Enterprise Promotion Organization) and made long term loans to many new manufacturing enterprises, particularly those located in the industrial estates. The experience was a failure. Because of the non-viability of medium and long term "development" lending, the function of the bank was changed in 1987, when it began to operate as a commercial bank.

The BND has CFA 19,000 million in bad debts that have been taken over by the Service de Recouvrements (39% of the Service total). 21% of the total amount of these non-performing BND accounts were for amounts less than CFA 5 million, but 84% of the total number were in this category.

BND has a loan portfolio worth CFA 5,200 million (down from CFA 9,400 million in 1990). The rate of non-repayment is currently 22%. It is estimated that in 1990, 78% of the total number of loans went to commerce and artisanal activities. 84% of the value of these loans were through overdraft facilities.

BND has 6 branch offices and 5 sub offices.

Its financial situation in September 1990 was as follows:

| SOURCE OF FUNDS (millions) |               | USE OF FUNDS (millions) |               |
|----------------------------|---------------|-------------------------|---------------|
| SOURCE                     | AMOUNT        | USE                     | AMOUNT        |
| Term Deposits              | 17,632        | Short Term              | 7,896         |
| Sight Deposits             | 10,944        | Med. Term               | 1,128         |
| Savings Accts.             | 1,824         | Long. Term              | 376           |
|                            |               | Unpaid                  | 2,650 (est.)  |
|                            |               | Doubtful                |               |
|                            |               | State Loans             | ?             |
| <b>TOTAL</b>               | <b>30,400</b> | <b>TOTAL</b>            | <b>12,050</b> |

## CNCA

The CNCA finances rural development activities, particularly the purchase of agricultural equipment, seed and fertilizer, and transformation and marketing of agricultural products. In September 1990, the CNCA had a loan portfolio worth CFA 13,000 million. Of this amount, 35% is lent to parastatal enterprises, 25% to village groups and 19% to agroindustry. Only about 7% of the value of total loans are made to individuals/SMEs for income generating activities.

The CNCA has been trying to develop its outreach by operating through a local NGO, Sahel Action, under a pilot scheme (see appendix 4).



CNCA differs in its interest rate structure from the other banks. Short term credit is currently at 13% to village groups and at 14% to individuals. Medium term credit is at 12% to village groups and at 15% to individuals.

CNCA has 11 offices.

Its financial situation in September 1991 was as follows:

| SOURCE OF FUNDS (millions) |               | USE OF FUNDS (millions) |               |
|----------------------------|---------------|-------------------------|---------------|
| SOURCE                     | AMOUNT        | USE                     | AMOUNT        |
| Term Deposits              | 555           | Short Term              | 10,902        |
| Sight Deposits             | 375           | Med. Term               | 4,952         |
| Savings Accts.             | 472           | Long. Term              |               |
| Loans Short                | 2,272         | Unpaid                  | 707           |
| Loans Med.                 | 6,406         | Doubtful                | 37            |
| Own Funds                  | 3,356         | State Loans             | 325           |
| BCEAO                      | 4,800         |                         |               |
| <b>TOTAL</b>               | <b>18,236</b> | <b>TOTAL</b>            | <b>16,932</b> |

## BALIB

BALIB is the smallest of the banks, with outstanding loans to a value of CFA 970 million, all of which are made on overdraft. BALIB has a single office in Ouagadougou.

Its financial situation in August 1991, was as follows:

| SOURCE OF FUNDS (millions) |              | USE OF FUNDS (millions) |            |
|----------------------------|--------------|-------------------------|------------|
| SOURCE                     | AMOUNT       | USE                     | AMOUNT     |
| Pers. Deposits             | 560          | Short Term              | 960        |
| Gov. Deposits              | 490          | Med. Term               |            |
|                            |              | Long. Term              |            |
|                            |              | Unpaid                  | 7          |
|                            |              | Doubtful                |            |
|                            |              | State Loans             |            |
| <b>TOTAL</b>               | <b>1,050</b> | <b>TOTAL</b>            | <b>967</b> |

## CONCLUSIONS

(i). The banks negative experience in providing term loans to SMEs has proved that they do not have the capacity or outreach to serve such clients in this way. On the other hand the banks have been more successful in financing SMEs by means of overdraft facilities (and provide them with an estimated CFA 14,000 million).

(ii). The types of enterprises favored by the banks are not those which development agencies usually target. They are:

- Involved in commerce and services (particularly transport). These are not activities that generate employment or value added
- "Traditionally" managed, and in most cases incapable of upgrading themselves into structured enterprises
- Relatively large and urban-based

(iii). Overdraft facilities are an appropriate way for banks to finance SMEs, but they are supposed to be used for short-term operations. Unfortunately, because no other form of credit is available many enterprises use overdrafts to finance fixed assets and other longer-term commitments. In so doing they starve the business of working capital at the same time as paying high interest rates.

(iv). Pressure on the banks to tighten-up their management and improve the quality of their investments will mean that they will show continued reluctance to fund medium term projects (using the loan application dossier). In addition, they will try to bring down their transaction costs by taking on fewer new clients requesting smaller amounts.

**APPENDIX 2**  
**FINANCIAL INSTITUTIONS**

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## APPENDIX 2

### FINANCIAL INSTITUTIONS

Financial Institutions, according to central bank regulations, may provide credit but cannot take deposits. They are financed by the capital investment of shareholders, and by borrowing from the central bank, or from the commercial banks. Financial Institutions are not bound by the same interest rate ceilings as the banks. They are allowed to charge up to the official "Usuary Rate", currently 26.6%. There are presently four financial institutions in Burkina, as follows:

FINANCIAL INSTITUTIONS, CAPITAL AND OWNERSHIP

| INSTITUTION | CAPITAL (Millions) | STATE | BURKINABE | FOREIGN |
|-------------|--------------------|-------|-----------|---------|
| SOBCA       | 250                | 29%   | 39%       | 31%     |
| SIEL        | 175                |       | 35%       | 65%     |
| SBE         | 121                |       | 3%        | 97%     |
| FIB         | 100                |       | 95%       | 5%      |

#### SOBCA

SOBCA provides loans from CFA 100.000 to CFA 50 million for periods of 6 to 30 months. It finances businesspeople to buy trucks (37% of total value of loans) and equipment such as grain mills, generators, and photocopiers (8% of total value of loans). It also finances government employees for the purchase of consumer goods (55% of total value of loans).

Before financing a business client, SOBCA conducts a feasibility study to ensure the investment is viable. It also checks the client's credit rating, and professional track record. The client must be able to finance at least 30% of the purchase. SOBCA takes a lien on the equipment and other assets. For smaller clients the guarantee of a salary-earner is required.

SOBCA charges 26% annual interest, plus a fee of CFA 10,000. It also earns a sales commission of 5% of the purchase price of the vehicle or equipment from the supplier.

SOBCA has a loan portfolio worth CFA 2,015 million, but 15% of this amount is unpaid and outstanding and a further 20% is bad debt.

#### SIEL

SIEL is a leasing company which finances equipment worth CFA 1 to 25 million for periods of 6 to 36 months. Unlike SOBCA, it remains owner of the equipment it supplies until the schedule of payments is completed.

For businesses, SIEL requires a feasibility study (from the client).similar to the banks If the dossier is judged to be viable, SIEL then requires a clearance on the client from the tax authorities. The client is required to contribute 5 to 10% of the value of the item, and take out a life insurance policy to cover repayment in case of demise.

SIEL charges 22% annual interest.

At present SIEL has outstanding loans worth CFA 500 million, of which half are to small businesses. 11% of the outstanding loans are in arrears.

## **FIB**

FIB provides credit to government salary holders up to a maximum amount of CFA 5 million for 6 to 36 months It has provided equipment loans to only 5 artisans, and CFA 9 million in cash loans to commercants, but these are rare cases.

It finances purchase of cars, domestic appliances and building materials for up to 80% of their value. FIB arranges repayment by having the client's salary stopped at source.

FIB charges an annual interest rate of 25%, and fees of CFA 9,000. It also earns a 5% sales commission from its clients' suppliers.

FIB has outstanding loans worth CFA 435 million, of which more than 10% are overdue.

## **SBE**

SBE, like FIB deals only with salaried government employees, providing credit of between CFA 100,000 to 300,000.for 6 to 15 months. Unlike FIB, SBE is also an importer and retailer of consumer items, and it provides credit only on the purchase of its own merchandise.

It assures repayments by stopping clients salaries at source. It applies an annual interest rate of over 26%, plus fees of up to CFA 6,000.

SBE has outstanding loans worth CFA 453 million, of which between 5-10% are in arrears.

## **CONCLUSIONS**

(i). The financial institutions play an important role in providing certain small enterprises with medium term credit with which to acquire new equipment.SOBICA, for example has been the leading institution providing finance to the transport sector. In this way they provide a service that the banks do not.

(ii). The type of enterprises financed by these institutions are the large traditional small enterprises, that are able to provide the necessary loan security, and in some cases the modern small enterprises (bakeries, printshops...). Smaller SMEs can only get financing as long as they are backed by a salary

earner. In this case the credit will be limited in proportion to the salary, therefore the amount will not exceed CFA 300.000.

(iii). Some of the financial institutions are in difficulty, particularly SOBCA which is presently refusing loan applications from all new business clients. The future is also clouded by the structural adjustment program and the lay-off of government employees. More than half of the value of the financial institutions loans are to such clients.

**APPENDIX 3**  
**SAVINGS AND CREDIT COOPERATIVES**

Provisional Paper 2000

## APPENDIX 3

### SAVINGS AND CREDIT COOPERATIVES

The first savings and credit cooperatives started in Burkina during the 1960s. Today, two major cooperative organizations (SDID and UCECB) and several smaller organizations that have mobilized CFA 1,400 million in savings through more than 100 cooperatives. The cooperatives are starting to become an important source of credit for SMEs, particularly at the individual and micro level.

#### Union de Cooperatives d'Epargne et de Credit Burkinabe (UCECB)

UCECB, based in Bobo Dioulasso, was created in 1973. By December 31st, 1990, the union consisted of 67 active savings and credit cooperatives with deposits over CFA 200,000 (COOPECs), 33 savings clubs (COOPECs under formation) and 31 groups at the initiation stage. They had mobilized CFA 400 million in savings and had 11,000 members of which 2,500 were women. The union provided loans to a total of CFA 207 million.

As well as its COOPEC members, the Union offers its services to village groups. In December 1990, there were 450 village groups associated with the union.

UCECB has two fundamental objectives which are :

- To mobilize individual and collective savings at the village community level
- To provide loans to individual and collective members, and to associates

With an annual operating budget of CFA 80 million UCECB offers the following services to its members:

- Assists the formation of COOPECs providing procedures, training and some funding
- Ensures the accountability of and financial management of COOPECs and savings clubs
- Provides a central fund for deposits, withdrawals, and loans to COOPECs and village groups
- Assists COOPECs in the conception and management of collective projects
- Promotes its members at government and donor level

UCECB provides its cooperatives with very little financial assistance (CFA 500,000 in grants and loans to set up). COOPEC members are supposed to contribute funds and management time on a voluntary basis. UCECB estimates that it takes 4 years for a COOPEC to become self-supporting.

Member savings accounts are not interest-bearing, though savers may benefit from a profit-sharing dividend if the COOPEC makes a surplus over costs and set-asides.



COOPECs are organized into regional unions. About 50 per cent of each COOPEC's savings are placed with the union. The union in turn places about half of this amount at the head office. About 40 per cent of total savings are placed in interest bearing deposits at the bank.

Loans are provided by COOPECs to member individuals or groups. Each COOPEC sets its own lending policies, but the following normally apply :

- Members should be account holders for at least 12 months
- An amount equivalent to at least 20 per cent of the loan should be already saved, and blocked as a bond
- The applicant should have a guarantor who also has an account with the COOPEC

Of the CFA 207 million in loans approved by COOPECs in 1990, 35 per cent was to village groups, primarily for the purchase of agricultural inputs. 65 per cent was to individuals for agricultural use, other income generating activities, social needs (sickness, marriage...) and home improvements. Interest rates on loans for income generating activities are 11-12% (calculated on the outstanding balance), with a maximum duration of 12 to 24 months depending on the activity. The union claims to have no bad debts. In case of non-repayment, COOPEC members undertake communal projects to raise funds with which to cover losses.

#### **Caisses Populaires — Societe Desjardins (SDID)**

SDID has been active in Burkina since 1981, with Canadian funding (CFA 2.4 million in the present 3 year phase to June, 1993). It provides technical assistance to an organization of Caisses Populaires.

At present there are 27 Caisses with 30,000 members of which 25% are women. The Caisses have mobilized savings of CFA 891 million. The oldest 12 caisses are in Bougouriba Province (S.E. Burkina), which existed before SDID arrived and have CFA 491 million in savings. Since 1987, four caisses have been opened in Ouagadougou (CFA 201 million) and ten have been opened in the northern province of Yatenga (CFA 130 million). At present, eight caisses are fully self supporting.

Each of these zones constitutes a union. The caisse places half of its savings with the union (which can re-lend 40%). Funds not used for loans are put on deposit at the CNCA (9.5%). At present, 64% of savings are on bank deposit.

To obtain credit, a person must be a saver with a caisse for at least 6 months. For small enterprise loans, a loan applicant must be able to contribute 30% of the value of the project, and loan guarantees. The guarantee may be provided by another member of the caisse or by a solidarity group. Loans for a maximum of CFA 300,000 are available for up to 1 year at 16% annual interest (calculated on the declining balance). Loan applications are reviewed by the caisse credit committee which meets once a week. The caisse provides the application form, which is filled out by the manager.

Business people needing larger amounts can apply through the caisse to the union.(though at present this is not frequent). In this case, a more formal application is necessary. Larger loans require normal forms of loan security (equipment or property collateral...). To date the largest individual loan

has been CFA 5.6 million for working capital to business making fruit juice. SDID is now trying to increase the capacity of the Caisses to evaluate business loans at the Union level.

The Caisses have a portfolio of 2,300 loans of CFA 325 million.(average CFA 141.000 per loan) These loans, however, are for many uses.They are for farmers for agricultural or personal use, for civil servants for personal use, for village groups, as well as businesses. A survey of loans by category of borrower in Bougouriba in 1988 showed the following:

| CAT.         | FARMER | HOUSE-WIFE | CIVIL SERVANT | COMMERCE | VILLAGE GROUP | OTHER |
|--------------|--------|------------|---------------|----------|---------------|-------|
| % LOAN VALUE | 18     | 8          | 61            | 8        | 1             | 3     |

The SDID has experimented with guarantee funds for certain activities.to promote certain types of lending. For example, the Dutch have provided a CFA 55 million fund for guaranteeing loans for purchase of agricultural equipment. 50% of the loan value is covered in case of non-payment. Borrowers are not aware of these schemes, but Caisses are, and are able to approve certain loans knowing that there is a partial safety-net.

The rate of non-payment of loans varies from union to union. In Yatenga (CFA 16.9 million in loans) it is 0%, in Ouagadougou (CFA 18.9 million in loans) it is 7 - 8%, and in Bougouriba (CFA 289 million in loans) it is about 10%. The situation, again, varies widely from caisse to caisse SDID provides more and longer support to its Caisses than UCECB. SDID reckons it takes about CFA 7.5 million in financial support (by loan) and 6 to 10 years for a Caisse to become self-sustaining. A caisse needs to mobilize about CFA 25 million for this to happen. Unlike UCECB, SDID caisses pay their managers.Their caisses are set up more as "banks" than grass-roots cooperatives.

## **ADRK**

The Association for the Development of the Region of Kaya is an NGO which, amongst other programs, has set up savings and credit cooperatives. There are 131 savings and credit groups with a total CFA 70 million in deposits. Savings are remunerated at 5% per year.

ADRK places 60% of its deposits (CFA 42 million) at the BICIA, and relends 40% (CFA 28 million). Loans are provided for agricultural equipment, cereal banks, and income generating activities Individual credits are for periods up to 1 year at 5% for amounts less than CFA 50,000 and at 10% for amounts above. Clients must have first saved 25% of the amount of the loan, which is then secured by group guarantee, or by a lien. The default rate on repayment is 10%.

## **SIX "S"**

Six "S", a large NGO in the Yatenga region, has recently started a savings and loans program called the Traditional Savings and Credit Bank. Six banks have now been saving for a year, and have mobilized CFA 12 million. They will start lending in December, 1991, at an interest rate of 20-30%.

Six "S" has previously experimented with a revolving credit scheme to village groups, but the repayment rate was only 30%.

## CONCLUSIONS

(i). The credit and savings cooperative organizations are well developed in Burkina. They are beginning to provide sustainable savings and credit services to clients who cannot get them from the banks.

(ii). Although relatively large by West African standards and growing in importance, the Burkina savings and credit union movement still only captures a very small part of domestic savings at present, and is tiny in proportion with the banks.

(iii) Savings and credit unions are not small enterprise credit institutions. They are primarily preoccupied with taking deposits and ensuring the security of these deposits. Loans are made for diverse purposes (business activities is only one of them). Loans are usually small, short-term, and are provided for simple activities that cooperative credit committees can understand. These meet the needs of individuals with income generating activities, and the short-term (working capital) needs of smaller microenterprises.

SDID has recognized this limitation and is trying to develop an enterprise lending capacity at the union level, but this activity will be limited in the short term by availability of funds. It will also be limited by the nature of the organization, whose success is due to its grass-roots management structure.

**APPENDIX 4**  
**CREDIT PROGRAMS**

## APPENDIX 4

### CREDIT PROGRAMS

The donor organizations, NGOs and government have various credit programs in order to promote different types of enterprise. These are as follows :

#### **Fonds d'Appui aux Activities Renumeratrices des Femmes**

The program is a government initiative, supported by the UNDP, and has been operational since May 1991. The government has provided a credit fund of CFA 300 million, and an operating budget of CFA 70 million for offices and a team of 8 professional staff. UNDP is providing vehicles, equipment and technical support worth \$660,000

The program is providing credit to individual women with income generating projects in Ouagadougou. The loans are made through solidarity groups of 3 to 6 people, and the group serves as guarantor. 496 loans have now been disbursed and the present loan portfolio is worth CFA 22 million.

The solidarity groups are coordinated by field agents. Before a loan can be approved, the field agent works with the client to prepare a project appraisal and application. Applications are approved by a committee of field agents.

Loans are normally for 12 months, and are repaid weekly. The maximum amount available is CFA 50,000. Interest is 10% per year add-on, which is an equivalent of about 18% APR. An extra 10% of the loan value is also factored in to each repayment schedule. This 10% is paid in the first four weekly installments, and the amount is then held as a deposit. This deposit serves as a "guarantee fund", and is returned to the client once the loan is fully paid back. To date only one group has defaulted due to the death of the group leader.

#### **PRODIA**

PRODIA is a PVO whose sole activity is providing credit to production-oriented enterprises. It is funded primarily by a German charity. It provides loans in the region of Ouagadougou, to agriculture (17%) animal rearing (18%) food processing (26%) artisans (29%) commerce (4%) and other activities (6%). It manages a fund of CFA 80 million and has 4 professional staff. In 1990, it made 290 loans, of an average value of CFA 276,000.

PRODIA makes efforts to select its clients. Loan applicants first visit the office to discuss their need for a loan. If the program staff judge that the application has merit then they visit the place of business, before assisting the client to submit a dossier. For loans up to CFA 300,000 the dossier is a simple letter explaining the activity and the need. For amounts over CFA 300,000 the dossier is more formal and includes financial statements. Normally a loan request is processed within one month.

Loans are normally provided to businesses that cannot access bank credit. Loans up to CFA 300,000 are the norm, but known borrowers can apply for more although the amount rarely exceeds CFA

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500,000. PRODIA applies a 12% annual interest rate calculated on the declining balance. It also applies fees of up to CFA 5,000 for the dossier, and CFA 7,000 for registration, both of which provide income. Loans must be guaranteed by people of known income. Men require two guarantors, women require one.

PRODIA's objective is to become financially self-sustaining. In 1990, 10% of its loans were unpaid, and the lending activity lost CFA 5 million, not including the cost of the (expatriate) directors salary.

PRODIA has a high demand for its loans, and re-lends as soon as cash is returned. Over and above its portfolio of about 300 clients, it reckons to have a backlog of applications of at least 100. PRODIA estimates that it supplies 10% of its market.

During 1990, as a test, and in order to meet its demand, PRODIA borrowed CFA 10 million from the CNCA at 11% per annum. This loan has now been fully repaid.

### Sahel Action

Sahel Action is an NGO based in Ouahigouya and is active in the provinces of Yatenga and Tapoa. It was started in 1989 with the objective of providing income generating loans to villagers who had lost their savings and assets because of drought.

Sahel Action's program is inspired by the Grameen Bank. Its clients organize themselves into solidarity groups and very small loans are provided to them on a rotating basis with the group serving as guarantor.

Most (80%) loans are for one year, and are normally for amounts not exceeding CFA 25,000. In addition to interest charges of 12% per annum add-on (equivalent to 21% APR), clients pay a subscription of between 5-12% of the value of the loan to a group fund. The group fund is then relent.

Sahel Action is financed by the Caisse Centrale, has a Technical Assistant funded by CIRAD, and borrows and on-lends funds from the CNCA. Under the present two-year funding phase to August 1991, it has an operating budget of CFA 60 million and a credit fund of CFA 40 million.(that it borrows at 9% from the CNCA). Sahel Action currently has 5 professional staff at its head office, 5 field agents in Yatenga province and 2 field agents in Tapoa province.

In September, 1991, Sahel Action worked with 27 solidarity groups and had disbursed 2,205 loans and has investments worth CFA 22 million.(of which CFA 19 million from CNCA). The average value of a loan was about CFA 14,000. The loans were used as follows :

|   |     |
|---|-----|
| Petty Commerce                          | 28% |
| Transformation of agricultural products | 48% |
| Soap production                         | 12% |
| Artisan                                 | 6%  |
| Other                                   | 6%  |

To date, all of the solidarity groups have reimbursed on time, except 3 where some late payments are being experienced.

Sahel Action's objective is to create a financially self-sustaining small credit operation. During its next phase in 1992, it hopes to extend its activities into two new provinces and enlarge its credit fund to CFA 100 million.

### **AIPB**

The Caisse Centrale manages a loan facility called Aides aux Initiatives Productrices de Base (Assistance to Basic Productive Initiatives). It provides credit to individuals or groups that have already started-up a profitable activity. It favors structured/modern small enterprises in production and service activities.

To obtain a loan, the applicant must submit a dossier including a feasibility study with financial statements. If a dossier is in order it is normally processed within three months. The maximum amount available is CFA 15 million at an interest rate of 0 - 5% (private enterprises are normally financed at 5%). Loans are for 3 to 7 years with the possibility of a grace-period of up to one year.

To date the Caisse Centrale has funded 12 projects to a total value of about CFA 140 million. One project has failed. Seven new projects are currently under review.

Often these projects are assisted by technicians from the Cooperation Francaise.

### **CONCLUSIONS**

- (i). The volume of resources being managed by credit programs is extremely small.
- (ii). All of the programs (except AIPB) say that they aim to become financially self-supporting. This will require an expansion of loan activity, accompanied by improved procedures and rigorous management. Although some are showing potential, the programs are still a long way from this objective.

**APPENDIX 5**  
**NONGOVERNMENTAL ORGANIZATIONS**



## **APPENDIX 5**

### **NONGOVERNMENTAL ORGANIZATIONS**

There are ten NGOs who, as well as other activities, are providing credit to income generating projects (see table ).

The NGOs have all adopted a similar mechanism of providing very small loans (CFA 10,000 to 50,000) to individuals in solidarity groups for short periods not usually exceeding one year. The purpose of these loans is usually social, and the beneficiaries are individuals conducting an income generating activity. Interest rates for such loans are between 5 - 10% add-on (9 - 18% APR). Loan repayment rates average about 90%.

To date the total investment of NGOs in SME activities is CFA 203 million, which is an extremely modest amount. The impact of these investments at the national level is marginal.

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**APPENDIX 6**  
**SMALL BUSINESS INVESTMENT SUPPORT PROJECTS**

## **APPENDIX 6**

### **SMALL BUSINESS INVESTMENT SUPPORT PROJECTS**

Two donor agencies are presently funding technical assistance to SME in order to facilitate their access to bank and other forms of credit.

#### **Bureau d'Appui aux Microenterprises, Bobo Dioulasso**

The Cooperation Francaise has funded a unit attached to the Chamber of Commerce in Bobo Dioulasso, which is staffed by a technical assistant, a local professional and a volunteer (VSN). The function of the unit is to assist structured small enterprises to establish properly detailed loan dossiers in order to get access to bank credit. As a second step, the unit can provide follow up management assistance once the project has been funded.

The unit has been fully functional since April, 1991. So far it has assisted a banana grower to get a loan from AIPB and a medical clinic to get a bank loan from the BIB. It has five other clients.

#### **Projet d'Appui du Canada a la Petite Entreprise**

The project has just started, and will be seeking to assist already established modern small enterprises carrying out productive activities in Ouagadougou. It will provide three services including management consulting, training and assistance in accessing bank loans. Not only will the project help its clients to prepare loan dossiers, but it has also set in place a loan guarantee fund worth CFA 60 million, with which it will guarantee client loans for 50% of their value (the bank will carry the other 50% of the risk). For this service, the project will ask the bank to pay a 1 - 2% service fee. The project will be helping clients to access loans up to CFA 10 million.

### **CONCLUSION**

(i). Both of these support projects have been designed on the understanding that the major bottlenecks to small enterprise access to bank loans are the preparation of loan dossiers and loan collateral. These assumptions are wrong.

According to the bankers, while always pleased to receive a well studied proposal, disastrous experience in the past makes them extremely reluctant to consider small business loans unless the applicant has a proven management track-record and can personally invest over 30% of the project value. The Director General of a large commercial bank said that if his bank financed a client of one of these projects, it would have probably have financed that person anyway...

**APPENDIX 7**

**PROPOSED SMALL BUSINESS FINANCE INITIATIVES**

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**APPENDIX 7****PROPOSED SMALL BUSINESS FINANCE INITIATIVES**

Among the initiatives under consideration at present are the following:

**Small Enterprise Promotion Program, European Development Fund**

The European Development Fund has recently conducted a feasibility study, and is now considering putting in place a fund of CFA 1,250 million as part of a program to promote small enterprises.

**Credit line — African Development Bank/African Development Fund**

The BIB has recently applied to the African Development Bank and the African Development Fund for a line of credit of CFA 4,000 million (interest rate BAD 7%, FAD 4%) for 4 years. These funds have been requested on the grounds that the bank has no available medium term resources to invest in small business.

**Loan Guarantee Fund, Caisse Centrale**

The Caisse Centrale would like to set up a loan guarantee fund for small businesses.

**APPENDIX 8**  
**LIST OF OFFICIAL CONTACTS**

## APPENDIX 8

### LIST OF OFFICIAL CONTACTS

The Director, PRODIA, Ouagadougou  
 BAFO Edgar, Directeur, ADRK, Kaya  
 BAMBARA Casimir, Service Information , SPONG, Ouagadougou  
 BORDES Eric, Charge de Mission, Caisse Centrale de Cooperation Economique, Ouagadougou  
 CISSE Hamade., Directeur d'Agence, C.N.C.A., Bobo Dioulasso  
 CLOUTIER Gilles, Premiere Secetaire Cooperation, Canadian Embassy, Ouagadougou  
 COMBET Marc, Secetaire General, BICIA, Ouagadougou  
 CONGO Youssoufou, Agroeconomist, Researcher in Rural Credit and Savings, University of Abidjan  
 COULIBALY Lalle, Chef du Service Etudes, B.C.E.A.O., Ouagadougou  
 DE WILDER Mr., Save the Children Fund (USA), Ouagadougou  
 DIALLO Mme, Directrice, Fonds d'Appui aux Activites Renumetrices des Femmes, Ouagadougou  
 ELASSER Konrad, Conseiller Technique, Sahel Action, Ouahigouya  
 FORTIN Pierre, Directeur de Projet, Projet d'Appui du Canada a la Petite Entreprise, Ouagadougou  
 KABORE Emile, Directeur d'Agence, BICIA, Bobo Dioulasso  
 KAPORE Mme, Fondatrice, Association des Veuves et Orphelins du Burkina, Ouagadougou  
 KABORE Ousmane, Service de Recouvrement des Creances, Ouagadougou  
 KABRE Bariema, Parents Plan International, Koupela  
 KONE Moussa, Directeur National, B.C.E.A.O., Ouagadougou  
 LAMOUKRY Jean-Noel, Gerant Caisse Centrale, U.C.E.C.B., Bobo Dioulasso  
 MILOGO Moussa, Directeur d'Exploitation, Banque Internationale du Burkina, Ouagadougou  
 NACOULMA Mme, Directrice, Association de Femmes Chefs d'Entreprises, Ouagadougou  
 NANA Dominique, Service de Credit, BALIB, Ouagadougou  
 NAPON Madelaine, Directrice Centrale d'Exploitation, BND-B, Ouagadougou  
 NAPON Mamadi, Directeur General, Societe Burkinabe de Credit Automobile, Ouagadougou  
 NEZIEN Ima, Directeur d'Agence, Banque Internationale du Burkina, Bobo Dioulasso  
 NICOU Robert, Delege, C.I.R.A.D., Ouagadougou  
 OUANDRAOGO Mme, Directrice, Association de Femmes Chefs d'Entreprises, Ouagadougou  
 OUATTERA Benoit, Directeur du Cellule PME/PMI, CCAI, Ouagadougou  
 OUEDRAOGO Adama, CECI, Ouagadougou  
 OUEDRAOGO Adama, Parents Plan International, Kaya  
 OUEDRAOGO Alpha, Societe Desjardins, Ouagadougou  
 OUEDRAOGO Blaise, Directeur, Sahel Solidarite, Ouagadougou  
 OUEDRAOGO Gaspard, Directeur Generale, Banque Internationale de Burkina, Ouagadougou  
 OUEDRAOGO Mme, Service Credit aux Femmes, World Relief Corporation, Ouagadougou  
 OUEDRAOGO Mr, AVD, Ouagadougou  
 OUEDRAOGO Oumar, "Six S", Ouahigouya  
 OUEDRAOGO Rasmane, Secetaire General, C.N.C.A, Ouagadougou  
 OUEDRAOGO Seydou, Directeur, SOS Sahel International, Ouagadougou  
 OUEDRAOGO Sylvan, Directeur General, S.I.E.L., Ouagadougou  
 PARENT Garnier, Directeur de Projet, Societe Internationale de Developpement Desjardins, Ouagadougou  
 POLONI Arlette, Researcher in Rural Credit and Enterprise, UNICEF, Ouagadougou  
 ROODENBEKE Elisabeth, Assistant Technique, Projet dAppui aux Micro-Entreprises, Bobo Dioulasso

RUFIN Mr., Directeur General Adjoint, BICIA, Ouagadougou  
SALAMBE Emanuel, Directeur, Bureau de Recouvrement de Creances du Burkina, Ouagadougou  
SHARP Sally, Program Officer, USAID, Ouagadougou  
SOMDA Der Augustin, Administrateur Provisoire, Groupe BFCI-UREBA-CAI, Ouagadougou  
SORGHO Jean, Service Credit, BCEAO, Ouagadougou  
TEGRE Mme, Responsable Credit Groupements Feminins, OXFAM, Ouagadougou  
THOMAS Wilbur, Representative, USAID, Ouagadougou  
TRAORE Soumaila, Directeur Adjoint ,Societe Burkinabe d'Equipement, Ouagadougou  
TREMBLAY L.,Representant, CIDA, Ouagadougou  
ZEBE Issa, Directeur des Etudes et de la Planification, Ministere de l'Industrie, du Commerce et des Mines, Ouagadougou  
ZIDA Frederic, Directeur Generale, Financiere du Burkina, Ouagadougou  
ZOUNDI Mme, President, Association de Femmes Chefs d'Entreprises, Ouagadougou



**APPENDIX 9**  
**TABLES**

TABLE A

**SITUATION OF BAD DEBTS PURCHASE BY  
BURKINA GOVERNMENT (November 1991)**

| Bank              | From 0-5 million |                   | From 5-25 million |                   | More than 25 million |                   | TOTAL           |                   |
|-------------------|------------------|-------------------|-------------------|-------------------|----------------------|-------------------|-----------------|-------------------|
|                   | No. of Dossiers  | Amount (millions) | No. of Dossiers   | Amount (millions) | No. of Dossiers      | Amount (millions) | No. of Dossiers | Amount (millions) |
| _reba             | 17               | 45                | 49                | 750               | 26                   | 2.303             | 12(?)           | 3.124             |
| _Al               | 01               | 3                 | 01                | 8                 | 06                   | 722               | 28              | 733               |
| _ege              | 963              | 134               | 47                | 775               | 37                   | 7.339             | 287             | 8.298             |
| BIB               | 304              | 671               | 777               | 2.429             | 99(?)                | 19.972            | 636             | 17.957            |
| _ND-B             | 472              | 3.903             | 654               | 5.831             | 130                  | 9.192             | 4.950           | 18.927            |
| Total<br>_enemaux | 4.967            | 4.750             | 991               | 7.644             | 291                  | 34.428            | 5.979           | 48.828            |

TABLE 1

BANKS

| BANK    | DATE          | SOURCES OF FUNDS<br>(millions) |          | COST OF FUNDS | USE OF FUNDS<br>(millions) |          | PART<br>% | INTERETS<br>% | AGENCES:A<br>BUREAUX:B | IMPAYÉS<br>% |
|---------|---------------|--------------------------------|----------|---------------|----------------------------|----------|-----------|---------------|------------------------|--------------|
| BIB     | Aug.<br>1991  | Private Deposits               | 36,933.4 | 7-9           | Total                      | 43,311.4 |           | TES = 11      | A=16                   |              |
|         |               | Government Deposits            | 21,728.8 | 0%            | • Short-term               | 27,339.0 |           | + Maxi 5      | B=3                    |              |
|         |               |                                | 58,662.2 | 7-7.5         | • Medium-term              | 7,481.7  |           | 16            |                        |              |
|         |               |                                |          |               | • Long-term                | 1,232.3  |           | + TPS         |                        |              |
|         |               |                                |          |               | • Unpaid                   | 3,754.0  |           |               |                        |              |
|         |               |                                |          |               | • Non-performing           | 3,504.4  |           |               |                        |              |
|         |               |                                |          |               | Credit to State            | 7,207.0  |           |               |                        |              |
| BICIA-B | Aug.<br>1991  | Private Deposits               | 41,358.1 | 7-9           | Total                      |          |           | TES = 11      | A=11                   |              |
|         |               | Government Deposits            | 14,482.5 | 0%            | • Short-term               | 28,279.0 |           | + Maxi 5      | B=13                   |              |
|         |               |                                | 55,840.6 | 7-7.5         | • Medium-term              | 9,475.1  |           | 16            |                        |              |
|         |               |                                |          |               | • Long-term                | 535.2    |           | + TPS         |                        |              |
|         |               |                                |          |               | • Unpaid                   | 262.2    |           |               |                        |              |
|         |               |                                |          |               | • Non-performing           | 98.4     |           |               |                        |              |
|         |               |                                |          |               | Credit to State            | 5,883.9  |           |               |                        |              |
| BFCI    | Aug.<br>1991  | Private Deposits               | 6,166.4  | 7-9           | Total                      |          |           | TES = 11      | A=1                    |              |
|         |               | Government Deposits            | 8,899.6  | 0%            | • Short-term               | 3,242.7  |           | + Maxi 5      | B=0                    |              |
|         |               |                                | 16,066.0 | 7-7.5         | • Medium-term              | 1,791.8  |           | 16            |                        |              |
|         |               |                                |          |               | • Long-term                | 848.9    |           | + TPS         |                        |              |
|         |               |                                |          |               | • Unpaid                   | 2,112.7  |           |               |                        |              |
|         |               |                                |          |               | • Non-performing           | 2,959.5  |           |               |                        |              |
|         |               |                                |          |               | Credit to State            | 1,178.8  |           |               |                        |              |
| BALIB   | Aug.<br>1991  | Private Deposits               | 560.0    | 7-9           | Total                      | 967.4    |           | TES = 11      | A=1                    |              |
|         |               | Government Deposits            | 489.6    | 0%            | • Short-term               | 959.7    |           | + Maxi 5      | B=0                    |              |
|         |               |                                | 1,049.6  | 7-7.5         | • Medium-term              | -        |           | 16            |                        |              |
|         |               |                                |          |               | • Long-term                | -        |           | + TPS         |                        |              |
|         |               |                                |          |               | • Unpaid                   | 7.1      |           |               |                        |              |
|         |               |                                |          |               | • Non-performing           | -        |           |               |                        |              |
|         |               |                                |          |               | Credit to State            | -        |           |               |                        |              |
| BND-B   | Sept.<br>1990 | Private Deposits               |          | 7-9           | Total                      |          |           | TES = 11      | A=6                    |              |
|         |               | Government Deposits            |          | 0%            | • Short-term               | 7,896.0  |           | + Maxi 5      | B=5                    | 21.68        |
|         |               |                                |          | 7-8           | • Medium-term              | 1,128.0  |           | 16            |                        |              |
|         |               | Dépôts à Terme                 | 17,632.0 |               | • Long-term                | 376.0    |           | + TPS         |                        |              |
|         |               | Dépôts à Vue                   | 10,944.0 |               | • Unpaid                   | ?        |           |               |                        |              |
|         |               | Dépôts sur livret              | 1,824.0  |               | • Non-performing           | ?        |           |               |                        |              |
|         |               |                                | 30,400.0 |               | Credit to State            | ?        |           |               |                        |              |
|         |               |                                |          |               |                            | 9,400.0  |           |               |                        |              |

| BANK | DATE          | SOURCES OF FUNDS<br>(millions) | COST OF FUNDS | USE OF FUNDS<br>(millions) | PART<br>% | INTERETS<br>%                      | AGENCES:A<br>BUREAUX:B | IMPAYÉS<br>% |
|------|---------------|--------------------------------|---------------|----------------------------|-----------|------------------------------------|------------------------|--------------|
| CNCA | Sept.<br>1990 | Private Deposits               | 7.5-9.5       | Total                      |           |                                    |                        |              |
|      |               | Government Deposits            | 0%            | • Short-term 10,801.7      | 64.4      | Group 13 Ind 14<br>Group 12 Ind 15 | A = 11<br>B = 0        |              |
|      |               |                                | 7.5           | • Medium-term 4,952.2      | 29.3      |                                    |                        |              |
|      |               | Dépôts à Terme 554.8           |               | • Long-term -              | -         |                                    |                        |              |
|      |               | Dépôts à Vue 375.3             |               | • Unpaid -                 | -         |                                    |                        |              |
|      |               | Dépôts sur livret 472.3        |               | • Non-performing 324.6     | 1.9       |                                    |                        |              |
|      |               | Créditeurs nir piets 12.5      |               | Credit to State 708.9      | 4.2       |                                    |                        |              |
|      |               |                                | 1,414.9       |                            | -         |                                    |                        |              |
|      |               |                                |               |                            | 36.8      | 92                                 |                        |              |
|      |               |                                |               |                            | 16,922.2  |                                    |                        |              |
|      |               | Autues 95.8                    |               |                            |           |                                    |                        |              |
|      |               | Fonds planies 2,271.9          |               |                            |           |                                    |                        |              |
|      |               | Medium-term 6,408.2            |               |                            |           |                                    |                        |              |
|      |               | Short-term 3,355.9             |               |                            |           |                                    |                        |              |
|      |               | BCEAD 4,800.0                  |               |                            |           |                                    |                        |              |
|      |               | 16,929.8                       |               |                            |           |                                    |                        |              |

- 1: Gouvernement = Administration centrale et démentnements de l'état = C.G.P., C.N.S.S., S.S.P.A. etc.  
2: "les conditions de banques" Doc B.C.E.A.O. Fixent les taire d'intérêt des comptes créditeurs Annexe II p. 4  
3: Agences ; Permanentes Buteaire = Guichets temporaires, non permanents.

**TABLE 2**  
**FINANCE COMPANIES**

| Finance Company | Date (Figures) | Source of Funds  | Cost of Funds   | Use of Funds             |                                       | Guarantee  | Charges                                   | Interest & Fees                       | UNPAID                      |
|-----------------|----------------|--|-----------------|--------------------------|---------------------------------------|--|---|---------------------------------------|-----------------------------|
|                 |                |  |                 | Amount (millions)        | Amount Duration                       |  |   |                                       |                             |
| FIB             | Oct. 1991      | Own Funds 150<br>Bank Overdraft 209<br>BCEAO <u>76</u><br>435    | 0<br>12,5<br>11 | 435                      | 100,000 to 5 million<br>6 to 36 mois  | <ul style="list-style-type: none"> <li>• Aval</li> <li>• Gage</li> <li>• P_levement à la don_ le</li> <li>• Appoit _____</li> <li>20%</li> </ul> | Salariés de l'état<br>Salaries du privé   | 25 % + 9.000F + 5% à 7% de commission | >10%                        |
| SIE             | Sept. 1992     | Own Funds 175<br>Bank Overdraft(325)<br>BCEAO <u>500</u>         | 0<br>12,5<br>11 | 500                      | 1 to 25 million<br>6 to 36 mois       | <ul style="list-style-type: none"> <li>• Aval</li> <li>• Appoit _____</li> <li>5 à 10%</li> <li>• Gage</li> </ul>                                | Salaries de l'état du privé<br>PME/PMI    | 22%                                   | 11%                         |
| SOBCA 1972      | Sept. 1991     | Own Funds 300<br>Bank Overdraft 345<br>BCEAO <u>620</u><br>2.265 | 0<br>12,5<br>11 | 2.015 (250 fixed assets) | 100,000 to 50 million<br>6 to 30 mois | <ul style="list-style-type: none"> <li>• Aval</li> <li>• Gage</li> <li>• Appoit _____</li> <li>• P_levement à la source 20%</li> </ul>           | Salaries de l'état et du privé<br>PME/PMI | 26,5% + 20.000F + 5% de commission    | 20% bad debts<br>15% unpaid |
| SBE 1965        | 30 Oct. 1991   | Own Funds 394<br>Bank Overdraft <u>171</u><br>565                | 0<br>12,5       | 453 (112 fixed assets)   | 100,000 to 300,000<br>6 to 15 mois    | <ul style="list-style-type: none"> <li>• Aval</li> <li>• P_levement à la source</li> <li>• Appoit _____</li> <li>20%</li> </ul>                  | Salaries de l'état                        | 26,7% + <6.000 mois                   | 5-10%                       |

**TABLE 3**  
**CREDIT UNIONS**

| Credit Union | Resources                      |  |                   | Uses of Funds (Loans) |   |   |                          |   |  |               | Unpaid            |
|--------------|--------------------------------|--|-------------------|-----------------------|---|---|--------------------------|---|--|---------------|-------------------|
|              | Amount                         | From   | Cost of Funds     | Amount Loans          | Activities Funded   | Organization  | Loan Term                | Clients                                       | Guarantee  | Interest Rate |                   |
| SDID         | 891,459,335<br>Epargne/members | SDID/<br>membres<br>(+ subvention<br>canadienne<br>equipment<br>et gestion<br>des caisses)       | 0 y. ou 2 à<br>3% | 325,000,000           | Activités "Rentables"   | 3 Unions<br>28 Coidmd                                       | 1 an                     | 30,000<br>members<br>(254 de<br>femmes)       | <ul style="list-style-type: none"> <li>• Caution Morale</li> <li>• Aval d'autres membres</li> <li>• Caution rasissable</li> <li>• Garants</li> </ul> | 15 à 16       | = 10              |
| ICECB        | 400,000,000<br>Epargne/members | UCECB/<br>membres<br>(+ subvention<br>equipment<br>et gestion<br>des caisses<br>diverses<br>ONG) | 0% ou 1 à<br>64   | 207,000,000           | <ul style="list-style-type: none"> <li>• Individuelles Sociales<br/>Agricoles<br/>Commerciales</li> <li>• Collectives<br/>Agricoles<br/>Infrastructurelles</li> </ul> | 5 Unions<br>67 COOPEC<br>33 Clubs<br>31 Cecps et<br>450 G-V | 1 à 3 ans                | 11,000<br>dout 25%<br>femmes                  |  | 9 à 12        | 0 Mais<br>Retards |
| ADRK KAYA    | 93,000,000<br>Member Savings   | Members<br>(+ Subsidy<br>of<br>48,000,000<br>from<br>International<br>PVOs)                      | 5%                |                       | Ag Equipment<br>Commerce<br>Artisan Activity<br>Cereal Banks  | 1 Agency +<br>6 offices                                     | 7 yrs.<br>1 yr.<br>1 yr. | 100<br>Village<br>Group +<br>7,500<br>Members | Group<br>Guarantee<br>or Individual<br>Moral<br>Guarantee  | 9-18<br>APR   | 10%               |

TABLE 4  
CREDIT PROGRAMS

| Name              | Date         | Duration of Program | Budget   | Credit Fund Amount                 | Cost of Funds | Use of Funds |                          |               |  |                      |                      | Unpaid       | Zone              |
|-------------------|--------------|---------------------|--|------------------------------------|---------------|--------------|--------------------------|---------------|--|----------------------|----------------------|--------------|-------------------|
|                   |              |                     |  |                                    |               | Amount       | Loan Size (CFA)          | Loan Term     | Clients  | Interest and Fees    | Guarantee            |              |                   |
| Banque des Femmes | 30 Oct. 1991 | 3 yrs.              | 75 million FCFA<br>1 year<br>\$680,000 PNUD<br>3 years | 300 million                        | Donation      | 26 million   | < 50,000                 | 1 to 12 mos.  | Activités Fominées Génératrices de Revenus           | 18% APR<br>+ CFA 200 | Group + Savings Bond | Retards = 5% | Ouaga             |
| AIPB              | 30 Oct. 1991 | n/a                 | n/a  | Application by application         | Donation      | 125 million  | 1 million to 1.5 million | Up to 7 years | Entreprises de Production et de Service              | 5% APR               | Classic guarantee    | 10%          | Burkina           |
| Sahel Action      | Oct. 1991    | 2 years             | 60 million FCFA (operative fund)<br>2 years            | CFA 40 million line of credit CNCA | 9%            | 22 million   | < 25,000                 | 12 months     | Individual income-generating activities              | 21% APR              | Group + Savings Bond | = 5%         | Yatenga and Tapoa |
| Prodie            | Oct. 1991    | ?                   | CFA 8 million<br>1 year                                | CFA 80 million                     | Donation      | 80 million   | < 500,000                | < 12 months   | Production and service activities (not bank clients) | 12% APR + 12,000     | Personal guarantee   | 10%          | Ouaga             |

TABLE 5

ONG

| O.N.G.                       | Ressources consacrées au Crédit  |  |                               | Emplois    |   |         |   |  |  |                                     |                                      |
|------------------------------|----------------------------------|--|-------------------------------|------------|---|---------|---|--|--|-------------------------------------|--------------------------------------|
|                              | Montant                          | Répartition Partenaires  | Taux d'intérêt                | Montant    | Activités   | Agences | Termes  | Clients  | Garantie                                       | Taux d'intérêt                      | Taux impayés                         |
| FDC/SCF                      | 9.000.000<br>>> UCEES<br>>> SDID | • Oxfam/<br>America<br>\$ 7.000<br><br>• Remboursements                            | Don                           | 9.000.000  | Toutes activités rentable en unitien rural de petit commerce ... au Dolo      | 3       | 6 mois à 3 ans<br><br>x = 1 an                  | 13 comités villageois = 80/C.V. dont 43% de femmes | • 2 avaliseurs<br>• Gage<br>• Plessian sociale | 10%                                 | 15%                                  |
| A.V.O.B.                     | 3.470.000<br>>> UCECB<br>>> SDID | • Cæ.v do<br>1.400.000<br>• Fonds piopies<br>1.800.000<br>• FDC/SCF                | Don<br><br>Tontine<br><br>Don | 3.470.000  | Petit commerce dolo, pâque, resto couture, tricot tissage                     | 2       | 11 mois   | 63   | Membres/<br>fontine au déport.<br><br>?        | 10%                                 | 13%                                  |
| PPI Koupela                  | 2.500.000<br>1991                | • Fonds piopies<br>• PPI-USA   | Don                           | 2.500.000  | Petit commerce équipement agricole a uties .....                              | 1       | 1-5 ans   | 4 G.V. = 100 femmes                                | Caution morale                                 | 5% - 10%                            | 0%                                   |
| CECI<br>une seule expérience | 6.000.000                        | Oxfam - Québec<br>21.000 dollars   | Don<br>ponctuel               | 6.000.000  | Restaurant, pagues articles féminins fruits et légumes                        | 1       | 1 an  | 1 G. femmes<br>3 D. membres                        | Groupeement de femmes                          | 10% gardes par le G. femmes         | -                                    |
| Oxfam - Ouaga                | 20.000.000<br>1990<br>>> C.E.C.  | Oxfam - U.K.   | Don                           | 20.000.000 | Artisanal, commerce activités mercachères bête de kaiubé, banques de céréales | 1       | 123 ans   | Groupements villageois et périurbains<br><br>?     | Caution solidaire de groupeement               | 10% à 20% gardes par le groupeement | ?                                    |
| A.U.D.                       | 30.000.000                       | B.F.W.<br>2.000.000<br>USAFA<br>13.000.000<br>MCAC<br>500.000<br>AVD<br>14.500.000 | Don                           | 30.000.000 | Banques céréales, moulins, mainites, petits crédits, emtaouclue, moia/chuge   | 2       | 1 an<br>2 ans<br>1 an<br>4 mois<br>1 an<br>1 an | 100<br>10<br>40<br>100<br>+5 milliers<br>1         | Caution morale                                 | 10<br>10<br>5<br>3,5<br>10<br>10    | 40<br>en cours<br>2,5<br>1<br>5<br>0 |



| O.N.G.                     | Ressources consacrées au Crédit |   |                | Emplois                 |  |               |  |   |  |   |                 |
|----------------------------|---------------------------------|---|----------------|-------------------------|--|---------------|--|---|--|---|-----------------|
|                            | Montant                         | Répartition Partenaire  | Taux d'Intérêt | Montant                 | Activités  | Agences       | Termes                                     | Clients   | Garantie   | Taux d'Intérêt  | Taux Imposés    |
| Sahel Solidarité           | 11.000.000                      | Oxfam -- Québec, Diancona Suede, Grcup T.M. France, Caritas, Terre de Hommes Allemagne, ASW/CEE   | Don            | 11.000.000              | Artisanat, Dolo, Béné de Karité, Tinneicuids, petit commerce, huile d'arachide, ténitrie, etc.                     | 1             | 6 mois à 1 an                              | 880   | G.V. moralité Individus, "Reconnaissance de dette" légalisée à la police   | G.V. 4 à 5 y. gardée par le G.V. Individus 10 à Sahel Solid.  | 15 à 20         |
| SOS -- Sahel International | 50.000.000 à 75.000.000<br>03   | <ul style="list-style-type: none"> <li>• ONG de Nord, Oxfam-Québec: 6 million</li> <li>• Agro-action, ASW Couitas, CCCE, CDE</li> <li>• Ambassades USA</li> </ul> | Don            | 50.000.000 à 75.000.000 | maréchage, moulins, montants, banques de céréales, petit commerce  | 1             | 5 ans<br>5 ans<br>3 ans                    | G.V. 179<br>1.450                                     | <ul style="list-style-type: none"> <li>• Caution solidaire</li> <li>• Counteraction d'un abri pour les roulons</li> <li>• contrat rigué</li> </ul> | 9<br>5<br>5   | 0<br>25         |
| World Relief International | > 40.000.000                    | <ul style="list-style-type: none"> <li>• ONG et Eglises Canada</li> <li>• USAID</li> <li>• WRC</li> </ul>   | Don            | > 40.000.000            | >> Milieu rural culture es attelées matériels agric., moulin, etc. . .<br>>> Milieu urbain banques communautaire s |               | 4 ans<br>4 ans<br>4 ans<br>cycle de 4 mois | G.V. et Gurefins<br>1.250 (750 dans le cadre des B-C) | Caution solidaire  | 5% en 1990<br>mois 12 y en 1991<br><br>4% et 15% d'époque obligatoire revenant aux mémoires les banques comm. | 7<br>50%<br>37% |
| APP Fada N'Gourma          | 21.000.000                      | USAID Duites buleuses pour activités diverses   | Don            | 21.000.000              | petit commerce agriculture   | 1 en<br>3 ans | Individus à travers les G.V.               | Caution morale<br>15,5<br>11                          |  | 15 à 20   |                 |

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