

**A STUDY ON THE CONTRIBUTION OF MICROFINANCE INSTITUTIONS IN
REDUCING FINANCING CONSTRAINTS FOR THE PROMOTION OF SMALL
AND MEDIUM SIZED ENTERPRISES**

By

NTIBASHIRWA, Chanelle

THESIS

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

for the degree of

MASTER OF PUBLIC POLICY

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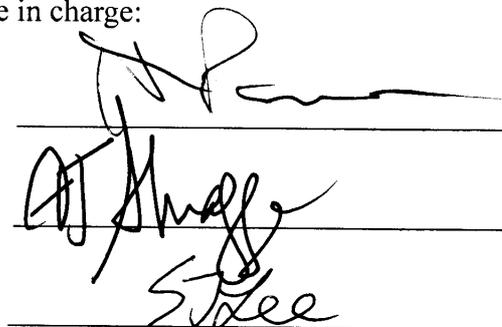
MASTER OF PUBLIC POLICY

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Professor Shragge, Abraham Joseph

Professor Lee, Seungjoo



The image shows three handwritten signatures in black ink, each written over a horizontal line. The first signature is for Professor Park, Hun Joo, the second for Professor Shragge, Abraham Joseph, and the third for Professor Lee, Seungjoo.

Approval as of December, 2013

ABSTRACT

A STUDY ON THE CONTRIBUTION OF MICROFINANCE INSTITUTIONS IN REDUCING FINANCING CONSTRAINTS FOR THE PROMOTION OF SMALL AND MEDIUM SIZED ENTERPRISES IN BURUNDI

BY

Ntibashirwa Chanelle

Small and Medium Sized Enterprises are crucial for private sector development in Burundi. They can play an important role in reconstructing the economy by creating more jobs, new products and promoting exports. Non -access to finance being one of its main obstacles, we attempted to research the contribution of microfinance institutions in promoting small and medium sized enterprises. We have conducted a survey in six microfinance institutions and results have shown that they have started to support small and medium enterprises but are facing several challenges such as lack of stable financial resources, lack of clear SME policy and competent SMEs ownership. Moreover, other structural problems of the country, mainly poor governance, hinder the promotion of small and medium sized enterprises. At the end of the study, we suggest policies for the government and microfinance institutions useful for boosting the private sector ,especially the development of small and medium sized enterprises.

ACKNOWLEDGEMENTS

Foremost, I am very thankful to the almighty God for guiding and protecting me. I would not be who I am now without his grace and mercy upon me.

I would like to express my sincere gratitude to my supervisor Park Hun Joo for his continuous support, encouragement, patience and knowledge. His assistance and useful comments were of great help in successfully completing this research. I am also thankful to my co-supervisor Abraham Shragge for his help and guidance.

Besides my advisors, I thank Niyongabo Ephrem from Economic Development Institute in Burundi (IDEC) for his support and guidance in collecting secondary data. I would like also to thank all microfinance institutions who actively participate in the survey.

Lastly, I would like to thank my family and friends for their care and support.

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LIST OF ABBREVIATIONS

BBIN: Burundi Business Incubator

BNDE: Banque Nationale de Développement Economique

CECAD: Coopérative d'Epargne et Crédit pour l' Auto Développement

CECM: Caisse d'Epargne et de Crédit Mutuel

EAC: East African Community

FENACOBU: Fédération Nationale des COOPEC du Burundi

FMCR: Fond de Microcredit Rural

GDP: Gross Domestic Product

ICT: Information and Communication Technology

IFC: International Finance Corporation

ISTEEBU: Institut de Statistiques d'Etudes Economiques du Burundi

MFIs: Microfinance Institutions

MUTEC : Mutuelle d'Epargne et de Crédit

NGOs: Non-Governmental Organizations

OECD: Organization for Economic Cooperation and Development

REGIDESO :Régie de Production et de Distribution d'Eau et D'Electricité

RIM: Réseau des Institutions de Microfinance

SMEs: Small and Medium Sized Enterprises

UCODE: Union pour la Coopération et le Développement

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I. Introduction

I.1 Statement of the problem

For the last forty years, Burundi has experienced slow economic growth. This is mainly due to different wars which happened during the last four decades, poor governance and political instability. State-owned enterprises have dominated the economy and have not performed well over a long period of time mainly due to those problems. There is now a noticeable need for investing in the private sector. The latter remains at the embryonic stage and SMEs are certainly a key player for its development. SMEs are crucial in boosting the economy, as many studies have argued about their ability to create more jobs, innovate and adapt to economic conditions compared to large enterprises. However, access to finance is one of its main constraints in Burundi. Burundian SMEs' owners have identified access to finance as one of the main obstacles to their businesses in the World Bank Enterprise Survey in 2006. Recently, according to "Global Competitiveness Report 2012-2013," respondents stressed access to finance as the most problematic factor for doing business in Burundi. According to another recent survey about financial inclusion in 2012, only 12, 5 percent of the adult population had saving accounts in financial institutions and only 2, 9 percent had credit accounts.¹ Moreover, among those having accounts, 59 percent opened them in less than five years ago. Thus, the financial system remains inaccessible for most of the population.

Non-access to credit from formal financial institutions is mainly linked to monetary poverty and lack of information. Many people are unable to meet collateral requirements from banks and MFIs. Others are not well informed about financial services offered on the market. Most of economic activities operate in the informal sector whereas banks offer

¹ Banque de la République du Burundi (BRB). *Enquête Nationale sur l'Inclusion Financière au Burundi*, Août 2012.

services to the formal sector; however, microfinance institutions have recently started to develop products which can adapt to the informal sector. Another issue is that most of the banks are concentrated in urban areas whereas 90 percent of the population lives in rural areas. The development of SMEs is impossible without a well-functioning and adapted financial system. In that perspective, our research is oriented towards the contribution of MFIs in promoting SMEs in Burundi. Considering their contribution to poverty reduction by reaching many people who could not access finance from banks, our claim is that they can significantly affect the development of SMEs in Burundi.

MFIs in Burundi experienced an impressive high rate of growth during the last ten years . Due to the 1993 war and economic crisis, many people could not depend only on their regular salary but had to rely on MFIs to survive. At the same time, banks became more inaccessible, thus the rapid growth of MFIs. Now that reconstructing the economy is one of the top priorities, microfinance can play an important role in Burundi by providing adequate financial services that meet the needs of SMEs. Thus, our research aims at identifying financial services offered by MFIs to SMEs in order to know to which extent they contribute to their development.

Before starting this research ,we need to recognize some important factors that hinder the development of SMEs and may offset the contribution of MFIs . Burundi is a landlocked country which makes the cost of transporting exported and imported products very high. Therefore, SMEs' products are not competitive in the market compared to other neighbor countries especially those in the East African Community (EAC). Another important issue is the lack of skilled SMEs' owners and employees. Most of Burundians' SMEs are not well managed and were created in order to escape unemployment. They are not driven by entrepreneurial spirit ,they lack competencies, and are mainly family- owned businesses. This results in low quality products that are not competent on the market. Also REGIDESO, a

public enterprise in charge of production and distribution of water and electricity ,is having some difficulties affecting industrial activity. There are variations of tensions and many ruptures of electricity and some firms have to use generators to have a constant supply of electricity and consequently their products and services become more expensive. Enterprises which cannot afford that experience low production and are not profitable. If those issues are not taken into consideration, the contribution of MFIs in promoting SMEs would be limited. Given many structural problems of the country, mainly due to poor governance, this study will not only contribute to improvement of MFIs but guide the government in establishing policies crucial for the development of the private sector.

This paper has been divided into six sections. The second section will focus on reviewing different authors' literature about the importance of SMEs and the role of MFIs in promoting SMEs. The third section will provide an overview of factors affecting SMEs financing in Burundi. The fourth section will be concerned with the structure of MFIs in Burundi before interpreting the survey's results about six MFIs in the fifth section. The last section will deal with the summary and useful recommendations for MFIs supporting the development of SMEs.

I.2 Significance of the study

As Burundi is seeking ways to rebuild its economy, this study will provide significant ideas that can contribute to private sector's development. It is specifically emphasizing MFIs' role in promoting SMEs. This study aims at identifying factors that constrain the promotion of SMEs ,specifically emphasizing increasing adequacy of MFIs' supply and SMEs' demand in terms of financing. This research will increase awareness about the issue of access to finance for SMEs and the contribution of MFIs in addressing that issue. It will also stimulate the country as well as other private sector's agencies to establish policies and provide

adequate solutions that contribute to the creation of a favorable environment for private sector in terms of financing. Finally , this research will challenge us not to look at only banks but also MFIs as another useful alternative way of financing SMEs. As many researches have shown that most SMEs in Africa are constrained by lack of financial resources, this study can be helpful for those countries looking for solutions about the issue of financing SMEs.

I.3 Research question

Access to financial services is crucial for private sector development in Burundi. This study aims to address the issue of financing private sector by emphasizing the role of MFIs in promoting SMEs. It is centered on the following question: At which extent MFIs in Burundi can contribute to the development of SMEs and kind of adequate financial products they can offer .

I.4 Methodology

This study is based on an analysis of theories, research and reports about the role of SMEs in the economy. We collected secondary data from different reports, research about MFIs and SME sector in Burundi and other countries, especially in Sub-Saharan Africa. As we focused on the contribution of MFIs in promoting SMEs, we also collected primary data through a survey on how MFIs in Burundi operate in order to identify their strengths and weaknesses and came up with ideas and suggestions of how to improve adequacy of their financial services offered to SME financing demand.

II.Literature review

II.1 Economic role of SMEs

Due to different economic ,political , social and environmental aspects of each country, its still ambiguous to adopt a standard definition of SMEs. The most commonly factor used to characterize SMEs is the number of employees. International Financial Corporation (IFC), a member of World Bank Group committed to providing financial services to SMEs in developing countries, defines SMEs based on the number of employees, total assets and total annual sales. According to IFC , SMEs are registered businesses with less than 300 employees , a minimum of \$100,000 and maximum of \$15 millions of total assets and annual sales.²

SMEs are crucial for the economic growth of a country to which they contribute by creating new jobs, new products and industries. While SMEs are important in developed countries, they are even more important in developing countries. SMEs have been noted to be one of the major areas of concern to many policy makers in an attempt to accelerate the rate of growth in low-income countries³ SMEs represent over 90 percent of private business and contribute to more than 50 percent of employment and of GDP in most African countries (UNIDO, 1999). The creation of SMEs is more important in Burundi which is among the poorest countries in Africa and the investment in the private sector is still very small.

We would think that SMEs cannot significantly boost the economy of a country compared to large businesses. Indeed, small businesses are generally regarded as less

² International Financial Corporation. *Interpretation Note on Small and Medium Enterprises and Environmental and Social Risk Management*, January 1, 2012.

³Joshua Abor, Peter Quartey , "Issue in SME development in Ghana and South Africa ", *International Research Journal of Finance and Economics* (2010).

productive, less sophisticated, and less powerful compared to large firms.⁴ This is because large firms can benefit from economies of scale, research and development and investment. However, although large firms are more profitable than small business; we should stress the fact that everything starts small. Almost all the large firms started small such as Honda (1948), Microsoft (1981) and WalMart (1969).⁵ For example, Samsung, one of the leading electronics companies in the world, started as a small business exporter of fish, fruits and vegetables in 1938 in Korea. We can see that small businesses can be the starting point for the economic development. We think that this can be applied to Burundi, which is still recovering from civil war and struggling to reconstruct its economy.

Small businesses have also played an important role in exports in different countries. Small business participated in exports directly or indirectly by supplying their products to bigger exporters. For instance, in early 1999, the United Kingdom had about 100,000 direct small firm exporters and in some European countries SMEs accounted for 25 percent or more of total exports (Bannock & Dally 1994).⁶ Also in some countries in East Asia such as Korea, SMEs accounted for 40 percent of commodity exports, and In Taiwan in 1998, SMEs accounted for 56 per cent of exports. However, SMEs exports in Burundi could face a particular problem linked to its location as a landlocked country. Products exported from Burundi could be more expensive compared to other countries due to high cost of transportation.

Moreover, small businesses are more critical in small developing economies where size,

⁴Graham Bannock, *The economics and management of small business: an international perspective* (Routledge: Taylor & Francis, 2007), 27.

⁵Ibid .

⁶Ibid, 23.

technology, capital, and other resource constraints limit the establishment of large businesses.⁷ Burundi is a typical example, where technology, Research and Development (R&D) and infrastructure are not well developed. A large number of studies have confirmed that most of the new jobs come from the small business industry (Stanworth& Curran 1976: 95-110; Burns and Dewhurst 1996: 225; Glancey 1998:18-27).”⁸

SMEs have many advantages due to their labor-intensive characteristic compared to large firms. They are more flexible compared to large firms and they can easily adapt to economic conditions. SMEs require low capital cost, create more jobs and reduce the income disparity between urban and rural areas. Joshua Abor in his article “*Issue in development in Ghana and South Africa* “ argued that, “SMEs are more likely to succeed in smaller urban centers and rural areas, where they can contribute to a more even distribution of economic activity in a region and can help to slow the flow of migration to large cities.”⁹ It is easier for SMEs compared to large firms to move in rural areas and give job opportunities for the rural population.

II.2 SMEs’ financial constraint

Despite the importance of SMEs in economic development, they face several obstacles which limit their sustainable growth. SMEs’lack of financial resources is an area of interest to many researchers. It is known that financial sector plays an important role in the economic growth of a country. Studies have shown that countries with better developed financial

⁷ Mahendra Reddy ,“Small business in small economies: constraint and opportunities for growth,” *Social and Economic Studies* 56 , no.1&2 (2007): 305.

⁸Ibid.

⁹Joshua Abor, Peter Quartey, "Issue in SME development in Ghana and South Africa," *International Research journal of Finance and Economics* (2010).

systems tend to experience faster economic growth compared to those with less developed financial systems (Beck, Levine and Loayza, 2000). The availability of finance contributes in stimulating the economic development by widening access to external finance and thus supporting those industries and firms most reliant on external resources ((Demirguc-Kunt and Maksimovic, 1998; Rajan and Zingales,1995). Most of SMEs in developing countries have reported access to finance as one of most challenging aspect of their business. Banks concentrate more on large enterprises and microfinance institutions provide financial services mostly to micro-enterprises. Therefore SMEs are left behind and it has become difficult for them to expand their businesses. They constitute the “missing middle” which refers to "the gap in capital which is larger than microfinance, yet smaller than traditional institutional financing in emerging and frontier markets."¹⁰ Most of the banks refrain from lending money to the poor because they are often illiterate ,have limited collateral, and are often dispersed across a rural geography ; operate in the informal economy and start business that are often unregistered and untaxed.¹¹ Access to finance is the main impediment of most SMEs in African countries.Unfortunately few studies have been done on the contribution of MFIs in the development of SMEs in Burundi.More researches on private sector development are necessary for Burundi's economy which has been centered on the public sector. Due to the failure of most state-owned enterprises and high level of unemployment, burundians are starting to understand and to be interested in creating their own businesses . However, they are still facing many challenges such as access to finance . This study will contribute to private sector's promotion by focusing on an analysis of MFIs'role in developing SMEs.

¹⁰ World Economic Forum, *Missing Middle Initiative*, January 2010.

¹¹ Beatriz Armendariz , Jonathan Morduch , *The economics of microfinance*, 2010.

II. 3 The contribution of MFIs in financing SMEs

MFIs have so far a great impact in reducing poverty by providing financial services to the poor in developing countries. The purpose of MFIs is to grant financial services and products such as small loans, savings and insurance to people who cannot have access to financial services from traditional banks. The typical successful example is the Grameen Bank in Bangladesh founded by Dr Muhammad Yunus, the pioneer of microfinance ,who won the 2006 Nobel Peace Prize for establishing microcredit in Bangladesh. It has given \$9.1 billion in loans and expanded to 37 countries.¹² One of the factors that allowed Grameen to grow faster and succeed was their group lending system which is now used in many countries. Each group is made of five people and two of them receive the loan first. If they repay on time, two other members will receive it four to six weeks later. After four to six weeks again, comes the turn of the leader of the group to receive the loan. Repayment often starts one week after the initial loan; if one of them defaults and others do not repay for him/her, the next members are denied subsequent loans. This system helps borrowers to pay on time, monitor each other and choose loyal partners. It is also profitable for MFIs because they can avoid transactions and monitoring costs. As members of the group are formed on their own, the group lending system seems to work in environment where social networks are important. In my opinion, this group lending system fits in Burundi, where neighbors have close relationships, making it easy for them to choose their partners and form groups. As most of people do not have collateral, microfinance can rely on those informal relationships to provide them loans. Some microfinance have tried that system in Burundi but unfortunately it is difficult for many members to repay back loans which consequently increases transactions costs for MFIs because they have to investigate, regularly visit and monitor groups and their activities . Then, MFIs will have to ask for collaterals and high interest rate in order to

¹² Ibid, 58.

continually operate. When forming groups, people tend to choose their peers based more on their existing relationships than their ability to pay back on time. Some members may not be able to pay back on time, which can create conflicts. If a member is continually unable to repay, other members will have to exclude him/her and bear the debts. Members who are excluded may feel neglected and this situation can create conflicts and division in the region. So, even though voluntary formation of groups has been successful in some countries it may not be the same for other countries. In Burundi, where the level of illiteracy is high, especially in rural areas, MFIs need to train and explain clearly the procedures and benefit of group lending to members before forming their groups. However, this causes additional costs for MFIs which are already in need of sustainable financial resources and increase the cost of borrowing for members. This explains the absence of financial institutions and lack of access to finance in most rural areas.

Another advantage of group lending is that it allows microfinance to avoid adverse selection. Adverse selection occurs when lenders due to poor information cannot distinguish riskier from safer borrowers and therefore charge high interest rates for both. In group lending, because members can form their own group and have joint responsibility, they will carefully choose their partners. As a result, safer borrowers will end up by being together. Riskier borrowers undertake projects that fail more often than safer borrowers and therefore have to repay for their peers who defaulted more often.¹³ Without sufficient information, due to group lending system with joint responsibility, lenders can distinguish safer borrowers from riskier borrowers. However as we said previously, sometimes they do not choose their partners carefully and instead of avoiding adverse selection, the group lending system may create conflicts and huge losses for MFIs. Thus, group lending system needs to be well

¹³ Ibid.

implemented according to the environment of each country in order to be effective.

Despite, the success of microfinance in providing financial services to low-income people, it remains difficult to provide adequate financial services in rural areas and specifically to the agricultural sector. MFIs are mainly concentrated in urban areas and suburbs which are easier to serve and in the urban area the loan provided for agricultural activities is typically very small. Agricultural activities have specific features that hinder the development of financial services such as location in isolated areas with low population density and lack of infrastructure, a dependence on climatic conditions and the temporality of production cycles, the seasonality of income, the volatility price of agricultural products and so forth.¹⁴ Due to those factors, it is difficult and risky for MFIs to provide adequate financing services for SMEs in the agricultural sector. This is a challenge for Burundi which is much more in need of financial services for the agricultural sector compared to other activities. In fact, most of the population (90 percent) depends on the agricultural sector and its products have the potential of being competent on the market. Unfortunately they remain unexploited and most SMEs are founded in the trading sector. There is a need of developing specific financial services for agricultural activities in order to have competitive and productive SMEs in Burundi economy.

Marc Labie and Beatriz Armendariz have recognized the need of innovation in agriculture financing and proposed some ways to improve it. For instance, goods can be used as collaterals. Producers can deposit their production which can reduce the risk for them and lenders. This mechanism not only improves the selling prices for farms households, but also contributes to food security (food storage).¹⁵ However, this seems controversial to the aspect of the group lending system we have discussed above. The Grameen Bank model considers

¹⁴ Marc Labie, Beatriz Armendariz, *The handbook of microfinance*, 2011.

¹⁵ Ibid.

that poor people cannot have collateral. Some people may not have enough products to sell and give as collateral. For example, a farmer who owns a sweet potato field and has five children may not have enough to feed his children, sell to the market and give as collateral. So, goods as collateral can also be an obstacle for access to loans. Another solution is portfolio diversification between rural and urban borrowers or between agricultural activities and other less risky economic activities in order to reduce the risk. However, this can be costly because financial services in rural and urban areas require different skills.

Apart from group lending, individual lending is also important in providing financial services to SMEs. It allowed many people to access loans and develop their own businesses. A study done by Idowu Friday Christopher about the impact of microfinance on Small and Medium enterprises in Nigeria showed that MFIs loans benefit a large number of SMEs even though they are limited by insufficient funds. Most of SMEs surveyed acknowledged that MFIs loans have highly contributed to their companies' sales and marketing activities. Another study conducted by Chiyah Boma Ngehnevu and Forchu Zachary Nembo on the Impact of Microfinance Institutions in the Development of Medium and Size Businesses in Cameroon shows the important role of MFIs in promoting SMEs. Members of CamCCUL, a MFI in Cameroon, confirmed that it provides them with financial and social intermediation services that help them in developing their SMEs. Findings about the role of microfinance institutions in Ghana concerning small and medium enterprises also showed a positive impact of MFIs on the livelihood of SMEs in Ghana. 85 percent of respondents interviewed said there has been a significant improvement of their SMEs due to MFIs. Those studies can be good example for Burundi to explore the potential of MFIs in impacting SMEs.

III. Overview of factors affecting SMEs financing in Burundi

III.1 Definition and the informal sector of SMEs

There is no universal method to define small and medium sized enterprises. However, many countries use some common factors such as employees' number, annual turnover and assets to define SMEs. European Union considers SMEs as enterprises with employees less than 250 persons, an annual turnover less than 50 million euro and annual balance sheet total less than 43 million euro. European Union Commission adopted in 2005 a new definition of SMEs which take into account three different enterprise's categories in calculating data determining whether enterprises are SMEs or not. The three different categories are based on the relationship an enterprise has with others. Depending on their category, enterprises will need to include some or all data from other enterprises in evaluating whether they are SMEs or not. There are autonomous, partner and linked enterprises. Autonomous enterprises, the most common category, are totally independent. They do not need to collect any data from other enterprises. Partner enterprises have major financial partnerships with other enterprises. They need to add a proportion of other enterprise's staff headcount and financial data to their own. We talk about linked enterprises when two or more enterprises form a group through the direct or indirect control of the majority of voting rights of an enterprise by another or through the ability to exercise a dominant influence on an enterprise.¹⁶ In this case, enterprises need to add all data of linked enterprises when establishing their own data. This shows that its ambiguous to have a common definition for SMEs, thus each country has to define SMEs according to its economic and social context. The five countries of East African community: Burundi, Rwanda, Kenya, Tanzania and Uganda use capital investment, turnover and number of employees as criteria for defining SMEs. In Burundi, due to lack of regular

¹⁶Enterprise and Industry Publications, *The new SME definition* , European Commission 2003.

and reliable information, its difficult to evaluate and define well SMEs. According to Burundi Revenue Authority, SMEs are enterprises with a maximum annual turnover of 100,000,000 millions Burundi Francs (BIF) equivalent to 64,620 USD .

According to Institute of Economic Studies and Statistics in Burundi (ISTEEBU), Enterprises can be categorized in function of employee's number:

Table 1: Number of employees per enterprise category

Size of the enterprise	Number of employees
Micro enterprise	Less than 6
Small enterprise	6 to 10
Medium enterprise	11 to 50
Large enterprise	More than 51

Source: ISTEEBU, 2009

From the table above, we can see that SMEs have a maximum of 50 employees in Burundi. According to ISTEEBU's survey in 2009, there were in total 1369 enterprises and SMEs dominated with a percentage of 47, 8 percent, followed by micro -enterprises and large enterprises which respectively represented 42, 1 percent and 10 percent.¹⁷ It's clear that SMEs are actively participating in the economic development of the country. They created more than 76 percent of jobs in the informal sector. Most of them operate in the informal sector because they do not register in order to avoid high cost associated with the registration such paying tax and other types of fees. It is then difficult for financial institutions to provide financial services for those SMEs operating in the informal sector. Most of them do not provide reliable information and do not have collaterals requested by banks in order to access their financial services. According to a survey conducted by ISTEEBU in 2007 , there were

¹⁷ Come Mbonimpa , *PME/PMI au centre du développement au Burundi*, April 2012.

47,785 non-agricultural informal units of production . Among them, 46,954 were totally informal and 831 were micro-enterprises registered with less than five employees. Trading was the dominant activity with 50 percent of total activities , followed by services with 38 percent and industry with 13 percent. The capital value from the informal sector was estimated at BIF 30 billion and 79 percent of that capital was financed by personal savings. This result shows the importance of self-financing in the informal sector which at the same time reveals formal financial institutions' lack of support to economic activities. Due to lack of financing, small businesses cannot innovate and grow. Even though, the informal sector is important in creating employment, it's mostly made of micro-enterprises employing less than six people. Most of them are family- owned businesses created for surviving and are incapable of growing in to SMEs. Most of them cannot meet collaterals' requirement from financial institutions. MFIs have reached many people by providing them financial services in the last ten years. They can also participate in boosting the private sector in Burundi by developing adequate products which can meet the needs of SMEs .

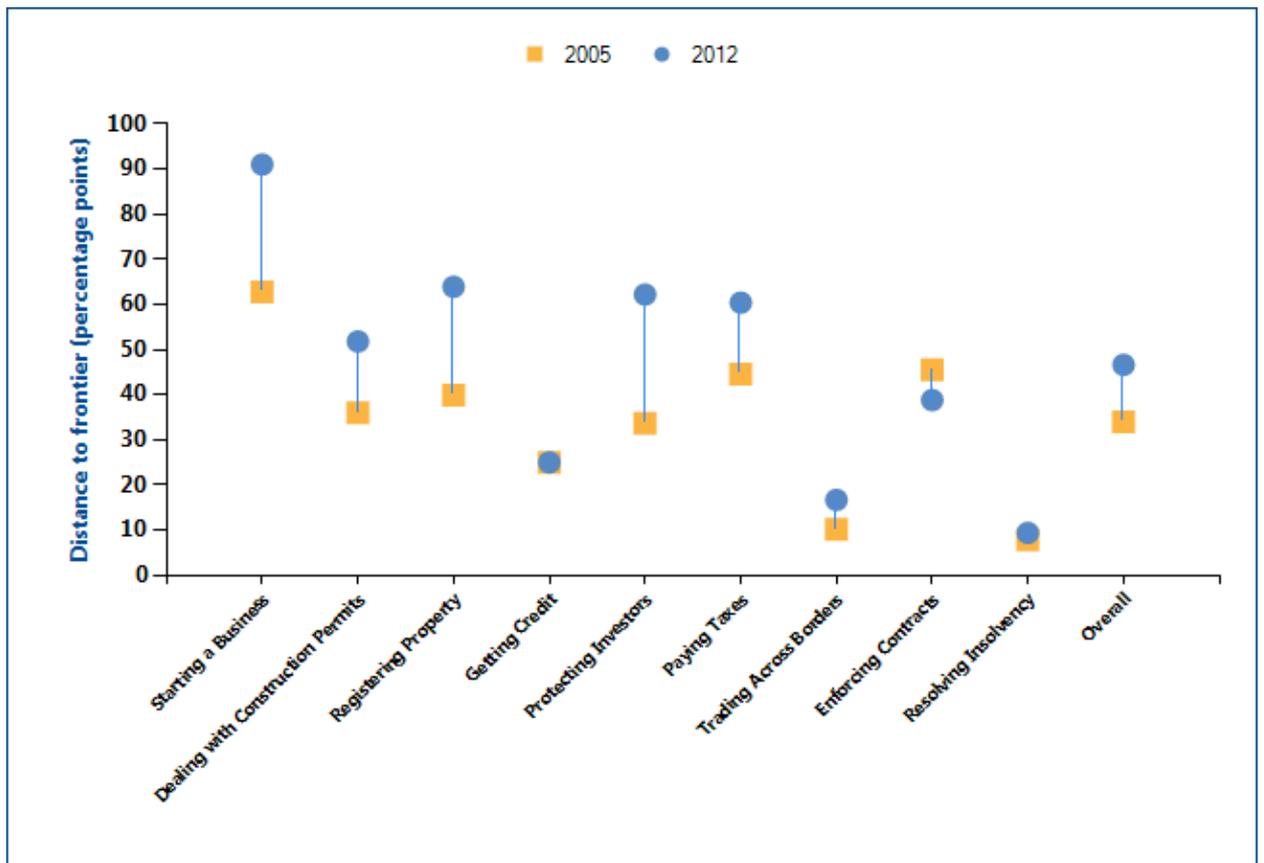
III.2 Business environment

The business climate is still not favorable for private sector financing. Regulatory environment and weak institutions are main barriers for its development. It is complicated, time consuming and costly to follow all procedures and regulations. This explains why most SMEs operate in the informal sector and their difficulty in having access to finance from financial institutions. Thus, simplified and clear procedures are crucial for private sector development. According to *Doing Business Report* 2013, which is a report about smarter regulations for small and medium-size enterprises, Burundi was one of the best ten reformers in implementing regulatory changes for business environment. It has improved in areas such as starting a business ,dealing with construction permits, protecting investors, and paying

taxes. The country is making progress in developing private sector by facilitating and reducing procedures for starting a business. Recently, due to Burundi Investment Authority (API), a business can be registered in one day with less than 80 dollars. This contributes to formalization of SMEs and therefore facilitate their access to credit from financial institutions. However, some areas like getting credit, enforcing contracts and trading across borders have not been reformed in the past five years. Burundi has weaker legal rights for lenders and borrowers and insufficient credit information compared to some other Sub-Saharan countries. There is necessity of reforming regulations changes favorable to the development of financial institutions that allowing the growth of SME sector in Burundi. Trading across with borders is still difficult because of high cost of exporting and importing. This is a main barrier to exporting firms. For instance, the cost to export per container in Burundi is \$ 2,965 whereas the average cost in other Sub-Saharan countries is \$1,990.

The following graph illustrates how far Burundi has come in the areas measured by *Doing Business* from 2005 to 2012. As we can see on the graph, Getting Credit has not improved for the past five years ,thus access to financial services remains a constraint for private sector development:

Figure 1: How far has Burundi come in the areas measured by *Doing Business*?



Source : Doing Business Report 2013, Burundi

III.3 Financial sector

The financial sector has not significantly supported private sector development. It is mainly dominated by commercial banks; there are also non-bank formal financial institutions such as development banks and microfinance institutions. Before financial sector's liberalization in 1987, the financial system was dominated by the government and state-owned enterprises. After the liberalization, some commercial banks were privatized and other created; however, the state remained with a high control and influenced the allocation of credits. The liberalization of the financial sector did not result in positive outcomes. This was mainly due to institutional inefficiencies, structural features of the economy, and

inappropriate implementation of the reforms.¹⁸ Burundi's banks gave more credit to government compared to others countries in Sub-Saharan countries. Credits to the government represent on average 38 percent of total credit compared to 25 percent in the rest of Africa.¹⁹ Those credits allocated to governments were misused; they were not utilized for productive investment. Credits were inefficiently allocated accordingly to main sectors of the economic activity. From 2003 to 2008, agricultural sector being the main activity received only 0.75 percent of the total credit from commercial banks. In the same period commerce got 67.3 percent of total credit. Thus, the mismanagement and inefficiency of the financial sector contributed to the stagnation of Burundians' economy. For the last ten years, Sub-Saharan countries have achieved growth at higher rate than OECD countries. Its GDP has almost doubled whereas its has grown only by 10 percent in Europe and 20 percent in USA.²⁰ However, not all Sub-Saharan countries have experienced high growth rate. In the last decade, While some countries such as Ethiopia, Angola, Mozambique, and Rwanda had an average annual GDP growth rate of more than 7 percent, Burundi had only grow at 2.6 percent per year. Also, those countries with higher growth rate had higher private investment. Private investment plays a crucial role in the economic growth in Sub-Saharan countries but unfortunately private investment in Burundi is still underdeveloped. Misallocation and misuse of financial institutions' resources have been at the origins of non-development of the private sector in Burundi. Thus, the promotion of SMEs as one of the keys for boosting

¹⁸ Janvier D. Nkurunziza, Leonce Ndikumana, Prime Nyamoya, "THE FINANCIAL SECTOR IN BURUNDI"(Working paper , National Bureau of Economic Research , 2012).

¹⁹ Ibid.

²⁰ Sveinung Fjose, Leo A. Grunfeld, Chris Green , "SMEs and Growth in Sub-Saharan Africa :Identifying SME roles and obstacles to SME growth." *Menon Business Economy no.14*, June 2010.

private investment in Burundi requires the creation of efficient and suitable financial institutions.

Only a small part of the population in Burundi has access to credit. Burundi has an urbanization rate of only 10 percent but at the end of 2008, rural area had only 9.5 percent of bank branches.²¹ Financial institutions concentrate on a narrow part of the population and business community living in urban areas whereas the majority of the population live in rural areas. Only 17 percent of adult population in Burundi uses formal financial services, compared to an average of 20 percent for sub-Saharan Africa.²² In order to improve financial services in Burundi, we need to create more branches in rural areas. It remains a big challenge to attract financial institutions in rural areas, however, non –bank financial institutions specifically MFIs have the potential. Among the five financial institutions that mostly serve the rural area, three of them FENACOBU, TURAME and UCODE are microfinance institutions. From 2004 to 2009, active borrowers and savings respectively increased by 214 percent and 175 percent in MFIs. Developing microfinance institutions can contribute in resolving the problem of financing and encourage the promotion of SMEs in Burundi. In the next section, we will talk about the actual structure of microfinance institutions.

²¹UNDP, *Human Development Report 2009*.

²² World Bank, *World Development Indicators*; Financial Access Initiative .

IV. Structure of Microfinance Institutions

IV.1 Definition

In Burundi, microfinance is defined as an activity done by moral people who offer lending and/ or savings opportunities and other specific financial services to population with limited access to traditional financial services. There are three categories of MFIs according to the decree n° 100/203 issued by Burundian Government in June 2006. The first category is Savings and Credit Cooperatives, the second is Enterprise of Microfinance and the last is Micro-Credit programs. In total, there are 25 MFIs recognized by Central Bank of Burundi.

Table 2: Classification of MFIs per category according to decree n°100/203

Classification	Category	Activities
First	Savings and Credit Cooperatives	Group of people without profit making goals based on principle of union, solidarity and mutual aid. They principally collect savings and offer credits only to their members.
Second	Enterprise of Microfinance	They are anonymous enterprises and offer financial services to all people but do not have bank status as defined by Burundian law.
Third	Micro- Credit Programs	They are non-governmental organizations, non-profit making organizations, project and other programs offering credits services

Source: Regulation of Microfinance activities in Burundi

IV.2 Evolution of microfinance institutions in Burundi

Microfinance institutions started in Burundi with the creation of Savings and Credits Cooperatives in 1985. In the mid-1990; diverse kinds of MFIs such as Enterprise of Microfinance and Micro-Credit Programs were created. 19 of them were created in 2000 and 5 in 2005. Among 25 MFIs, 17 are members of RIM (Réseau des Institutions de Microfinance) which is a network of microfinance in Burundi. According to RIM, MFIs have experienced a consistent growth since 2004 :

Table 3: Summary indicators of MFIs in Burundi, 2004- 2012 from RIM

Indicators	2004	2012
Members/Clients	272	536
Loans issued	9,603,149,000	79,927,745 ,325
Outstanding loans	13,897,427,000	61, 927, 733,891
Active borrowers	52,955	167,851
Average loan	81,345	457,634
Savings	12,067,087,787	74,879,105,894
Number of depositors	NA	519,711
Service Posts	138	277
Employees	352	1,188

Source: Réseau des Institutions de Microfinance (RIM). Note : BIF= Burundi Franc, (1USD ~1,550 BIF)

Some factors can explain that recent rapid growth of microfinance institutions. The social, political and economic crisis since 1993 has weakened government capacity, particularly in intervening in favor of poor people . The financial system did not facilitate the major part of the population in accessing credit ,thus the proliferation of most MFIs in 1995. Originally,

MFIs had a social mission and did not seek financial profits; however, because many MFIs went bankrupt and could not sustain their activities, they coupled their initial social mission with financial viabilities.

IV.3 Role of MFIs in SME development

MFIs can contribute to the development of SMEs by increasing access to financial services for people who cannot get loans from banks. Banks lend money at a high cost that most people cannot afford and it is difficult for illiterate people to access their information. Moreover, banks are concentrated in urban areas whereas the majority of the population lives in rural areas. Only 10 percent of the population lives in Bujumbura. In short, formal financial institutions do not fit most of the population in Burundi. MFIs can better serve people with non-access to financial services from traditional Banks. Microfinance has been widely recognized as a tool for poverty reduction, but it can also stimulate the creation of SMEs. Considering that less than 7 percent of Burundi's population has access to financial services either from banks or MFIs, it is obvious that increasing access to financial services is a fundamental need for economic development. In Burundi, where more than half of the population is below the poverty line, the development of SMEs is difficult without lending programs that fit poor people. The average loan of MFIs was 457,634 BIF (~ 296 USD) at the end of 2012. This amount may be insufficient for starting an SME, however, it can affect its development. For instance, MFIs give small loans to farmers that enable them to access modern farming techniques (fertilizer, machine, etc) and good quality of seed. This contributes to the promotion of SMEs in the agricultural sector, an important sector in the economy of Burundi.

V. Results and Discussions

In this study, we have surveyed six MFIs :FENACOBU, UCODE, MUTEK, KAZOZA, CECM and CECAD. The choice was made based on their importance in microfinance sector. FENACOBU covers the whole country. It is followed by UCODE which mostly serve the north part in provinces such as Kayanza, Karuzi, Ngozi and Kirundo. MUTEK and CECM have experienced high growth in the capital city, Bujumbura. KAZOZA is a new player but has high potential growth. According to a research by Ephrem Niyongabo in 2011, the six MFIs had 86, 34 percentages of all MFIs'clients. FENACOBU, UCODE, CECAD and MUTEK had respectively 85,4 percentage and 25, 93 percentage of savings and credit in all MFIs.This shows that despite their importance in the sector, access to credit remains difficult if compared to number of clients and savings .

The survey was conducted by means of a questionnaire and divided in two parts. The first part included general informations such as type of MFIs , financial products offered and number of clients. The second part was concerned with MFIs financing SMEs and divided in three sections .The first section dealt with financial products offered to SMEs. The second section focused on conditions of financing SMEs. In the last section ,challenges and future plans of MFIs in financing SMEs were explored.

V. 1 Overview of surveyed MFIs

Name of MFIs	Type of MFIs	Year of Creation	Products and services offered	Number of clients
FENACOBU	Cooperative	1985	<ul style="list-style-type: none"> ● Credit (individual and group) ● Savings (individual and group) 	252,200
CECM	Entreprise of microfinance	1995	<ul style="list-style-type: none"> ● Credit (Individual and group) ● Savings (Individual and group) ● Training and supporting members in planning their project 	50,000
UCODE	Cooperative	2002	<ul style="list-style-type: none"> ● Credit (Individual and group) ● Savings (Individual and group) 	52,578
MUTEC	Entreprise of microfinance	2004	<ul style="list-style-type: none"> ● Credit (Individual and group) ● Savings (Individual and group) ● Receiving money from foreigners countries 	100,000
CECAD	Entreprise of microfinance	2007	<ul style="list-style-type: none"> ● Credit (Individual and group) ● Savings (Individual and group) ● Money transfer 	34,000
KAZOZA	Enterprise of microfinance	2012	<ul style="list-style-type: none"> ● Credit (Individual and group) ● Savings (Individual and group) ● Training to members and small entrepreneurs 	2,370

V. 2 Microfinance institutions financing SMEs

Section I: Specific products offered to SMEs

MFIs	SMEs products
FENACOBU	Warrantage and Agricultural Fertilization credit
CECM	None
UCODE	Warrantage credit system
MUTEC	None
CECAD	Credits from 4 to 36 months
KAZOZA	Kazoza Jeunesse Value Chain Financing

Table 5

Observation and Analysis

According to results from the survey , three MFIs have specific products for SMEs. Other MFIs such as CECM and MUTEC do not have financial products for SMEs because it wasn't initially part of their vision and lack long term financing for SMEs. However, they are planning doing it in the long term. FENACOBU and UCODE offer financial services such as warrantage credit and agricultural fertilization credit to SMEs. Warrantage credit allows farmers to use their productions as collaterals in order to obtain credit. This credit system is also helpful in storing their harvests. Farmers harvest crops which sometimes cannot all be sold in the market unless the price is decreased. Credit-storage system or warrantage helps farmers keeping, storing and selling their production next time when prices go up. So, warrantage has double benefit for farmers in accessing loans and increasing their income. Kazoza is new player in microfinance but has interesting products for SMEs. The first product is called "Kazoza Jeunesse" where they help and motivate young potential

entrepreneurs to start saving their money so that they can accumulate little by little a capital to start up their business. The second product introduced by KAZOZA is “Value Chain Financing”. It is concerns with the flow of financial products and services through and/or to a value chain to address the needs of those involved in that chain. For instance, the value chain can constitute oranges' farmers and a small firm which processes fruits and transform them in final product orange juice.

Value chain finance is an innovative financing approach useful in expanding financial resources especially in the agriculture sector. MFIs contribute to the promotion of SMEs by offering financial services to small scale producers in the value chain ,who mostly cannot access credit from formal financial institutions. Small loans given to farmers allow them to develop and deliver quality products to trading,processing and /or exporting firms in the value chain. MFIs can work together using value chain financing system . KAZOZA, the only MFI using value chain finance, can collaborate with other MFIs such as FENACOBU and UCODE which offer warrantage credit to small farmers. Furthermore, MFIs can collaborate with other formal financial institutions in value chain finance. This is helpful in minimizing their risks and transaction costs. Banks, for example, can provide credits to those trading or exporting firms which cannot be served by MFIs because of their limited financial resources. However , MFIs and formal financial institutions should clarify their role in value chain finance system. Their role is ensuring sustainable provision of financial services throughout the chain .They are not in charge of developing and building capacity of the value chain. If value-added activities are not well organized and implemented within the chain, value chain financing will not be effective.Thus ,value chain finance system will have a impact on the promotion of SMEs in Burundi if activities within the value chain are well organized by chain's actors.

Section 2 :Conditions of SMEs' financing activities

Name of MFIs	Criteria for defining SMEs	Activities	Maximum amount of credit	Interest rate	Payin g loans time limit
FENACOB U	<ul style="list-style-type: none"> ● Turnover ● Social capital 	<ul style="list-style-type: none"> ● Trade ● Agriculture ● Arts 	50 percent of Turnover	9 %	4 years
UCODE	<ul style="list-style-type: none"> ● None 	<ul style="list-style-type: none"> ● Trade ● Fishing 	Not defined	1.5% per month (linear method)	1 year
CECAD	<ul style="list-style-type: none"> ● Activities generating income including more than one employee ● Having production processess 	<ul style="list-style-type: none"> ● Agriculture ● Breeding ● Arts 	Not defined	5%~ 10% (linear method)	3 years
KAZOZA	<ul style="list-style-type: none"> ● Being a member at least 6 to three months ● Having a specific address where you exercise your activities ● Being trained by KAZOZA 	<ul style="list-style-type: none"> ● Trade ● Agriculture ● Arts 	7500 millions	3% per month	2 years

Table 6

 Observation and analysis

This section focused on conditions for financing SMEs and results show the lack of clarity for MFIs in defining SMEs. They use different criteria to identify them ,this may

be due to the absence of clearly defined policies guiding SMEs in the country. Furthermore, their time limit for paying back loans and maximum amount of credit prove that MFIs provide short term loans insufficient for creating SMEs. Burundi Revenue Authority considers that a Burundian SME has between 6 to 50 employees, whereas MFIs often give small loans to small businesses involving mostly less than 6 people. MFIs lack long term financial resources allowing them to provide long term loans for SMEs. Moreover, the interest rate applied varies largely between MFIs and most of them use the linear method. This method is not clear in showing the interest rate paid by the client because the interest is added to the principal only at the end of the term.

Section 3: Future plans and challenges of MFIs in financing SMEs

Name of MFIs	Future plans for SMEs	Challenges to SMEs financing
FENACOBU	<ul style="list-style-type: none"> ● Creating financial products for SMEs in the agricultural sector via farmers, their main suppliers. Its goal is to increase production so that SMEs can improve their turnover 	<ul style="list-style-type: none"> ● Most of SMEs are family-owned enterprises and it is very risky to finance them.
UCODE	<ul style="list-style-type: none"> ● It is creating two projects oriented towards SMEs in favor of young people without employment. One is with PRODEFI program, another one with SPARK_BBIN. 	<ul style="list-style-type: none"> ● Lack of financial resources ● Lack of technical support
CECAD	<ul style="list-style-type: none"> ● They are researching about activities' cycles, their risk, cost and return. 	<ul style="list-style-type: none"> ● Lack of financial resources ● Lack of Human resources
KAZOZA	<ul style="list-style-type: none"> ● It is putting into place an adapted lecture room 	<ul style="list-style-type: none"> ● Lack of financial resources ● Lack of financial

	specific trainings for SMEs' owners and developing new financial products	education and clear objectives of SMEs' owners about their project.
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Table 7

 Observation and analysis

From the results of this last section, we can say that MFIs are starting and planning to support the development of SMEs. FENACOBU wants to create a new financial product for farmers in agricultural sector who are suppliers to SMEs. This product is quite similar to the product “Value Chain Finance” already adopted by KAZOZA. UCODE is working on two projects with the objective of encouraging young talented people without jobs to create their own enterprises. KAZOZA is focusing more on training and educating SMEs’ owners in order to reinforce their capacity in managing well their financial resources. Many entrepreneurs just go to ask for credit without having a clear purpose of what and how they want to do their businesses, thus the necessity of training and educating them.

The principal mission of MFIs is to reduce poverty by helping low income people having access to finance. However, they are starting to support small businesses by trying to understand their needs and developing adapted products. Results have shown that all six MFIs surveyed are planning to develop financial services and products especially for SMEs in the agricultural sector. Agricultural sector being the pillar in Burundian economy, MFIs by supporting the development of SMEs in that sector can significantly boost the private sector and the overall economy. Most of SMEs are actually in trading activities whereas 90 percent of the population depends on the agricultural sector. This is not normal because the country is supposed to invest in activities in which they have competitiveness. There are some transformation units of agricultural products but they are not structured and often use artisanal equipment. In order to promote SMEs, MFIs need to provide financial services

which allow the transformation of agricultural products. The value chain finance system used by KAZOZA is a good example for industrialization. Through this financing system, MFIs can play an important role in financing farmers who are the primary producers in the agriculture sector. However, as the results confirmed it, MFIs are still constrained by several obstacles such as the lack of long term stable financial resources and human resource capacity. Savings in MFIs cannot be sufficient in supporting the growth of SMEs; they need more stable financial resources and people who are able to manage those transactions.

VI. Summary and Recommendations

MFIs have just started to support the creation of SMEs in Burundi. They developed products such as warrantage credit, fertilization credit and value chain finance mostly for the agricultural sector. It is crucial to invest in that sector because it constitutes the main activity of the economy. From the survey's results, we can conclude that MFIs are making the first step in contributing to the development of SMEs. Value chain finance system is an adequate financial tool for MFIs in promoting SMEs in Burundi. With the value chain finance, MFIs can deliver financial services to small farmers who are main suppliers in agribusiness. However, they are just at the beginning and are facing big challenges. First, MFIs apply various interest rates on credit and use linear method which is not clear in showing the real interest rate paid by the client. The latter tends to be high and makes MFIs inaccessible for SMEs. Second, most MFIs lack sustainable financial resources and therefore are not able to develop products for SMEs despite their willingness to do. Third, there is no clear policy for MFIs towards SMEs; this is reflected in their different criteria used for identifying SMEs. Lastly, most SMEs are family-owned businesses. They are often not well organized, sometimes do not keep even simple accounting records, and lack people who have the ability to manage them. This makes SMEs unreliable and a risky business for MFIs and other formal financial institutions as well. Some SMEs do not have a clear purpose or objectives of their businesses when requesting for loans. That's why some MFIs such as KAZOZA focus on training first SMEs' owners before lending them money. This is a challenge for MFIs because most of them are unable to provide training programs due to insufficient financial resources. Otherwise, in order to provide specific training programs, they would have to increase the cost of borrowing which will limit again access to finance for SMEs.

This study makes the following policy suggestions:

- The government has to make initiatives and implement strategies to reduce high transportation cost. They can for example prioritize the production of products and services in which the country has a comparative advantage and do not require high exporting cost. For example, SMEs can exploit non-traditional agricultural products which have a potential. Also, the government by improving ICT can contribute to transport's cost reduction.
- The government can establish an education system that stimulate young educated people to develop skills and competencies for creating and managing well enterprises. An environment encouraging and supporting youth to create their own businesses is crucial. This would not only contribute to the promotion of SMEs but also to reduction of high unemployment. Burundi Business Incubator (BBIN) is contributing to entrepreneurship promotion in Burundi by organizing each year a competition of business plans. It is designed to help people who have a potential and willing to start a small or medium enterprise. BBIN selects three winners based on certain criterias, coaches and incubates them.
- MFIs should establish a specific policy guiding financing for SMEs. The Burundi government has also an important role in creating an official agency for SMEs. This will be useful in setting criteria which defines well SMEs for the whole country.
- NGOs or other organizations financing MFIs should increase their funds in order to reinforce its financial capacity. Knowing that half of the budget in Burundi is from foreign aid, it would be difficult for the government to provide sustainable funds for MFIs.

- MFIs should apply a comparable interest rate and be careful when using linear method
- MFIs can introduce a credit system which doesn't require collaterals to avoid high cost of borrowing. They can for example use group lending system introduced by Grameen Bank in Bangladesh which we have discussed in our literature review. It can be used in value chain finance system to finance groups of small farmers. However, this should be carefully implemented to minimize the risk of non-repayment. MFIs can also introduce lease equipment product, where MFI is a lessor (owner of the equipment) and small farmers or SMEs are lessee, (user of the equipment). In this system, they don't have to give collaterals but provide periodic payment to MFIs. Lease equipment can allow farmers to access modern equipment and therefore contribute to the transformation of agricultural products by SMEs.
- SMEs' owners should be encouraged to participate in Business Edge training courses. Business Edge is a training system with a range of products and services designed to strengthen management skills of managers and owners of SMEs. It was officially introduced in Burundi by IFC in 2012 and 24 people have been trained and certified to deliver those training courses. This can be useful especially for family-owned businesses which mostly have difficulty in managing their enterprises.
- MFIs should organize campaigns to increase the awareness of their financial products and services. In general, the country should develop financial education programs for the population. This will make easy the penetration of MFIs in rural areas.

VII. Conclusion

The development of the private sector is still at the embryonic stage in Burundi. This research is a contribution to its development by focusing on the role of microfinance institutions in promoting Small and medium sized enterprises. We saw that MFIs are contributing to the creation of SMEs by developing financial products such as warrantage and value chain finance. However, their contribution is still very limited due to lack of sustainable financial resources , clear policy for SMEs and others problems linked to poor governance, corruption and others. We believe that the implementation of policies suggested in this study will have a positive impact on private sector development in general and increase the capacity of MFIs in developing adequate financial products for promoting SMEs in Burundi.

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APPENDICES

I. Questionnaire for Microfinance Institutions (English version)

A. Organization and Characteristic of products offered by MFIs

I.1 Name of microfinance institution:

I.2 Juridical form:

1=cooperatives 2=NGO 3=specific institution (fonds d'appui,...) 5=Commercial Bank
6=Others(please specify).....

I.3 Date of creation:

I.4 Membership conditions:

.....
.....
.....
.....
.....
.....

I.5 MFI's Mission:

.....
.....
.....
.....
.....
.....

I.6 Products:

A. Type of credit

1=individual 2= group 3= all

B. Type of saving

1=individual 2= group 3= all

C. Does IMF offers other paying services (Insurance,formation....) ?

1=no 2=yes

If yes, which kind of services?

.....

.....
.....
.....

I.7 Savings

- A. What is the minimum amount required for opening a saving account.....
- B. What are the membership fees (social contribution).....
- C. What is the interest rate (in percentage) applied by MFIs on savings

I.8 Credit

- A. When can members apply for credit?
1= after a certain period of membership 2=No period is required
- B. If you answered 1 at the previous question, what is the length of the period (in month)?
- C. What is the maximal deadline time for a credit demand dossier to be brought to a successful conclusion?.....
- D. What is the minimal deadline time for a credit demand dossier to be brought to a successful conclusion?.....
- E. What is the prerequisite amount necessary for obtaining credit?.....
- F. What is the maximum amount of credit offered by your institution?.....
- G. What is the time limit for paying back the loan?.....
- H. What is the interest rate applied by MFIs (in percentage)?

I.9 Clients

- A. What is the total number of your clients?
- B. Among your clients, how many men and women?
Men Women.....

II. Microfinance institutions financing SMEs

A. Place of SMEs in Microfinance institutions

- 1. Do you have specific products or services offered to small and medium enterprises?

1=yes 2= No

If yes, please indicate what are those products?

.....
.....
.....

If not, what could be the reason?

.....
.....
.....

B. Condition of financial products offered to SMEs

1. Which type of SMEs activity financed by your institution?.....
2. What is the time limit for paying loans for SMEs?.....
3. What is the maximum amount of credit offered to SMEs?.....
3. What is the interest rate applied to credit for SMEs?.....
4. How do you recognize an SME?.....

C. Future plans

1. Do you have any plan or intention for developing financial products or services adapted to SMEs?

1=Yes 2=No

If yes, how do you intend to support SMEs financing? What do you need to do to achieve it?

.....
.....
.....
.....
.....

If not, what are the main challenges in providing financial services to small and medium sized enterprises?

.....

.....
.....

II. Questionnaire adressee aux institutions de microfinance au Burundi (French version)

Dans le but d’obtenir mon master en « *Public Policy and Management*” enCorée du sud, Je fais une étude sur « *la contribution des institutions de microfinance dans la promotion des petites et moyennes entreprises au Burundi.* » C’est dans ce cadre que je mène actuellement une enquête. Je vous remercie d’avance de bien vouloir répondre aux questions suivantes :

I.Organisation et caracteristiques des produits et services offerts par les MFIs

I.1 Nom de l’institution de microfinance:.....

I.2 Forme juridique :

1=coopérative/mutuelle 2=ONG 3=Institution spécifique (fonds d’appui,...)

4=Banque commerciale 5=autre

I.3 Année de création :.....

I.4 Conditions d’adhésion (le cas échéant):

.....
.....
.....

I.5 La Mission de l’IMF :

.....
.....
.....
.....

I.6 Produits:

A. Type de crédit

1=individuel 2= groupé 3= les deux

B. Type d’épargne

1=individuel 2= groupé 3= les deux

C. L'IMF offre-t-elle d'autres services payants à ses membres (formation, assurance...)?

1=non 2=oui

Si oui ,Quels types de produits.....
.....
.....

I.8 L'épargne :

A. COÛT D'ACCÈS À L'ÉPARGNE

A1. Quel est le montant minimum pour ouvrir un compte d'épargne ?.....

A2. Quel est le montant de frais d'adhésion (part sociale)?.....

A3. Indiquez (le cas échéant) les autres contributions que doit faire le membre :

	<i>Montant</i>
Total	

B. Les revenus de l'épargne

B.1 Quels sont les taux d'intérêt débiteurs pratiqués par la caisse ?

B1.1	Taux maximal	
B1.2	Taux minimal	
B1.3	Taux moyen	

I.9 Le crédit:

A. Quand peut-on introduire une demande de crédit ?

1= Après une certaine période d'adhésion 2= Aucune période d'adhésion préalable n'est exigée

B. Si la réponse à la question précédente est 1, donnez la durée nécessaire (en mois).....

C. Quel est le délai maximal (en jours) pour qu'un dossier de demande de crédit aboutisse ?.....

D. Quel est le délai minimal (en jours) pour qu'un dossier de demande de crédit aboutisse ?.....

E. Quel est le pourcentage de l'épargne préalable nécessaire avant d'obtenir un crédit ?

F. Quel est le montant maximal du crédit offert par votre institution ?.....

G. Quelle est la durée maximale de remboursement du crédit ?.....

I.Coût du crédit

I 1. Quels sont les taux d'intérêt créditeurs pratiqués par l'IMF (selon le terme) ?

		<i>Montant en pourcentage</i>
II.1	Court terme	
II.2	Moyen et long terme	
II.3	Taux annuel moyen	

I2.S'il y a d'autres frais payés par le bénéficiaire du crédit, indiquez-les

	Pourcentage	Montant forfaitaire
Frais de gestion		
Frais de dossier		
Total		

I.10 Clients:

A. Quel est le nombre total de clients ?

B. Parmi vos clients, quelle est la proportion de femmes et hommes ?

Hommes..... Femmes.....

Quels sont les principaux secteurs financés par votre institution :

1=Commerce 2=Agriculture 3=Industrie 4=Salarié 5=Etudiant 6=Autres

(préciser).....

II. Financement des petites et moyennes entreprises dans votre institution

A. Place des PME dans les institutions de microfinance

1. Avez-vous des produits ou services spécifiques pour les petites et moyennes entreprises ?

1=Oui 2= Non

Si oui, Pouvez-vous indiquer quels sont ces produits ?

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Si Non, Quelle pourrait être la raison ?

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B. Les conditions liées aux produits offerts aux PME (Si vous avez- des produits offerts aux PME)

1. Quel sont les types d'activités pour lesquels les PME sont financées ?

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2. Quelle est la durée maximale de remboursement du crédit offert au PME?.....

3. Quel est le montant maximal du crédit offert aux PME.....

4. Quel est le taux d'intérêt appliqué aux PME ?.....

5. Quel est (sont) le(s) critère(s) utilisé(s) pour reconnaître les PME ?

.....
.....

C. Futurs plans

1. Avez-vous l'intention de développer des produits et services adaptés aux besoins de financement des petites et moyennes entreprises ?

1=Oui 2=Non

Si oui, comment est-ce planifié vous bien soutenir le financement des petites et moyennes entreprises ? Quels seraient les besoins nécessaires pour y aboutir ?

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Si non, quelles sont les problèmes majeurs liés au financement des petites et moyennes entreprises ?

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