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MASTER THESIS

IMPACT OF MICROFINANCE INITIATIVE IN MALI

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ABSTRACT

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ABTRACT

Since its creation by Mohammed Yunus, microfinance has been the center of discussions. Its implementation in Mali has been a success story for the population exclus However, in many countries worldwide (and also in Mali), MFI's have been facing financial and portfolio development problems.

This paper discusses the situation of Microfinance in Mali nowadays, focusing on its specialty features, its financial sustainability, its strengths and weaknesses, its impact on poverty. It also looks at the possible scenarios of an institutional evolution, and finally develops the opportunities of this sector.

Key words: Microfinance, Microcredit, Mali, unemployment, poverty

ÖZET

YÜKSEK LİSANS TEZİ

FATOUMATA KAMİNİAN

YAŞAR ÜNİVERSİTESİ

SOSYAL BİLİMLER ENSTİTÜSÜ

ULUSLARARASI TİCARET VE MALI YÜKSEK LİSANS

ÖZET

Muhammed Yunus'un kuruluşundan bu yana, mikrofinans tartışmaların merkezi olmuştur. Mali'deki uygulaması, nüfus hariç olmak üzere bir başarı öyküsü olmuştur Ancak, MFI'lar finansal ve portföy geliştirme problemleri ile karşı karşıya kalmaktadırlar. Bununla birlikte, dünya genelinde birçok ülkede (ve ayrıca Mali'de).

Bu yazıda günümüzde Mali'de Mikrofinans'ın durumu, özellikleri, finansal sürdürülebilirliği, güçlü ve zayıf yönleri, yoksulluk üzerindeki etkisi üzerinde durulmaktadır. Aynı zamanda kurumsal bir evrimin olası senaryolarına bakar ve sonunda bu sektörün fırsatlarını geliştirir.

Anahtar kelimeler: Mikrofinans, Mikrokredi, Mali, işsizlik, yoksulluk

DEDICATION

I dedicated this thesis to my lovely family, especially to my parents who were always here to support me, encouraging and patient with me for everything. I cannot say everything that I feel for them, I can just thanks god for this gift. I would always pray god to keep them beside us. I just want to live as long as possible to make them happy and proud of us. So much love for them, thank you dad and mom.

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First and foremost my service thanks and gratitude goes to Allah (S.W.T) who has given me health and priceless gift of life and also seeing me through out of my life. May His peace and blessing be upon His Prophet Muhammad (S.A.W).

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ABBREVIATION:

Income Generating Activity ………………………..………………………………. IGA

Professional Association of Microfinance………………………………………APROMI

Development Bank of Mali…………………………………….............................BDM

International Bank of Mali……………………………….....................................BIM

Central Bank of the States of West Africa…………………..................................BCEAO

Strategic Framework for the Fight against Poverty……………………………........CSLP

Village savings and self-managed credit……………………………………….....CVECA

Modular and permanent household survey……………………………………........EMOP

The National Advisory Group for Microfinance…………......................................GCNM

National Institute of Statistics of Mali…………………………………………...INSTAT

Human Development Index…………………………………………………….HDI

Specialized financial institutions……………………………................................IFS

The Micro finance institutions………………………….....................................MFIs

Kafo Jiginew…………………………………………………………………….KFW

Observation of sustainable human development…………………………………ODHD

Project to support the Regulation on Mutual Savings and Loan..........................PARMEC

Technical and Financial Partners………………………………………………...TFP

The United Nations Development Programmed…………………………………UNDP

Assessing the Impact of Microenterprise Services…………………………….. AIMS

Small Enterprise Education and Promotion…………………….. ………………SEEP

Social Performance Indicators…………………………………………………SPI

United States Agency for International Development…………………………...l'USAID

Social Performance Improve…………………………………………………...SPI

Gesellschaft für Technische Zusammenarbeit…………………………………..GTZ

(Cooperative Technique German)

LIST OF FIGURE:

INTRODUCTION

Background

Throughout history, no fight has received as much consideration from governments around the world as the fight against poverty. Indeed, poverty is a scourge worldwide. One of the largest millennium objective for development (MDGs) that the Member States of the United Nations have set, is to reduce poverty and hunger. In other words, they want a world where every person can afford their basic need: food, health, housing, education, etc.

To achieve such a goal, microfinance has been established, and appears to be the most promising and least expensive tool in the fight against poverty. Microfinance or equivalently, microcredit, refers to the banking service that is provided to entrepreneurs, small businesses, low-income or unemployed individuals, who have no access to financial services. Tangible results have been recorded worldwide, as individuals are able to start income-generating activities through various types of loan system (Attali and Arthus-Bertrand, 2007: 34).

Microfinance services were initially designed for people excluded from the banking system (poor) with the aim to offer each individual a certain level of independence and the opportunity to carry any sort of business without having to worry about the startup capital. In other words microfinance provides people with the chance to exploit their talent, satisfy their needs, and generate profits and ultimately, the ability to repay their debts to the lending institutions. Investigations have revealed that, through microfinance, populations that had no access to financial services, bank credits in particular, have actually managed to perform better than rich people. Invested in each of potential and it is discovered that the populations excluded from bank credit are like other, with entrepreneurship and repay it rather better than the rich (Ndam, 2011: 34).

According to Kablan (2012), the oldest microfinance institutions were created in the late 60s, they have flourished during the late 80s following the banking crisis of the UEMOA (Doligez et al., 2012: 15). It enables the poor to accumulate assets, diversify and increase their income and reduce their economic vulnerability to crises (Littlefield and Rosenberg, 2004: 2). It includes savings, insurance and money transfer, financial product tailored to the needs and realities of the poor families in Africa, Latin America or Asia, but also in Europe and the United States (Blondeau, 2006: 3). In the UEMOA, microfinance institutions have conquered the business environment and produced incredible results (Djefal, 2007: 16).

Microfinance has seen day in Mali in the 80s, specifically in 1986 with the creation of village savings banks and self-managed credit (CVECA) in Dogon community, an agricultural area of southeast. They were intended to finance agricultural activities. Afterwards, in 1987 Kafo microfinance extended to Jiginew in the cotton zone for the same objective (Frédéric GORSE, French Development Agency from 2008:6).

However, the sector began to experience a real expansion in the 1990s with the creation of many microfinance institutions (MFIs), under the leadership of several donors and foreign operators (French Development Agency - AFD, Canadian International Development Agency International - CIDA, World Bank - WB, Gesellschaft für

Technische Zusammenarbeit – GTZ), and the intervention of formal as well as legal frameworks (French Agency of development, 2008: 6).

Some amazing statistics need to be stated to illustrate the evolution of the microfinance in Mali. As of December 31, 2006, nearly 40 certified institutions were recorded across the country with nearly 819,231 members, against 300,709 members in 1998 (French Development Agency, 2008: 6). As of December 31, 2011, 125 institutions were recorded with almost 1,052,226 members against 300,709 as of December 31, 2008. (Cell control and monitoring of financial systems and decentralized 2011: 11). Microfinance has become an essential component of Malian financial sector and an important tool in the fight against poverty.

In this decade the microfinance institutions in Mali have set the objective of contributing to development of disadvantaged areas and secure a socio-economic development of Mali as a whole. They intend to operate in a similar way as non-profit institutions (PIYELI). They direct their savings and credit proximity to employees (private and public) and micro entrepreneurs in urban areas of Bamako.

The rapid development of microfinance, the opportunity and the hope it offers as a tool to fight against poverty are noticeable according to my own analyze. However the scale of the resources invested have led donors and institutions to wonder about the extent of microfinance impact.

Despite these uncertainties, microfinance has very attractive features. As an instrument of economic development, it offers an endogenous solution or at least a solution that can be quickly assimilated after a relatively brief period of external support. The advantage of microfinance is equally observed through improved income for customers, and on the other hand the various divergent assessments that question the microfinance ability to play a leading role in reducing poverty.

Statement of the Problem

It is a general remark that microfinance has produced outstanding results in Mali, particularly in small communities, through an overall increase of social welfare. This is readily displayed by the creation and development of small businesses by individuals and a proliferation of jobs. Another fraction of the literature supports the existence of a correlation between the microfinance initiatives and the economic growth of Mali as a whole. A third fraction of studies reveal the existence of negative impacts on the economic performance of the country. This last perspective raises the issues of opportunity cost and potential adverse impacts. Clearly there are conflicting statements about the effect of microfinance in Mali. Most reports on this subject have remained speculative and theoretical. Theoretical studies do not serve the universal knowledge due to a lack of tangible and unquestionable results. There is a need of an empirical test for that matter.

Purpose of the Study

After ten years of experimentation and rapid development of microfinance in Mali, the hope that it provokes as a tool for fighting poverty, but also the scale of the resources invested, leads us very early to question Its impact: Is microfinance a solution that takes people out of poverty? Is it effective in the case of Mali? The study uses empirical data to achieve such a goal.

Significance of the Study

Indeed, while microfinance was appreciated by all, for being a major element in the fight against poverty, it is heavily criticized today because of certain shortcomings. These criticisms are based on the following findings:

* For example, "What's Wrong with Microfinance" (2007) raises questions about opportunity costs and potential adverse impacts;

* "Microfinance Banana Skins" (2008) examines the concerns that are emerging in the sector on governance and other issues,

* While "Finance for all" (2008) expresses doubts about the use of subsidies to support credit instead of instruments not constituting funds such as savings and fund transfer systems. (Olivier Koudou Zohoré, 2009)

Today, MFIs find themselves in a "stalemate": Besides the fact that they face a reduction in the reimbursement rate, their legal association status does not allow them to always be efficient and oriented towards request from customers. Moreover, faced with prospects for expansion, MFIs have sometimes "diverted" the main objective of microcredit (that of offering financial products to people who cannot access the banking sector) in order to favor financial profitability. So what are the prospects for microcredit development today?

All these impacts can result in the lack of confidence on the industry, leading to the withdrawal of existing customers and also straining the capacity of microfinance institutions.

In the scope of our study, solutions will be proposed to remedy the above mentioned shortcomings. For instance, a solution would be to develop and adapt the best MFI customer to drive it to its original mission: to serve the poor. This would be the best way to avoid a crisis in the sector.

Primary Research Questions and Hypothesis

The present study is concerned with the following question :

Does Microfinance promote social welfare and economic growth in Mali?

The answers to the above question is guided by the following hypotheses :

H_0 : Microfinance promotes social welfare and economic growth in Mali

H_1 : Microfinance presents some repercussion on the society and hinders the Economic growth in Mali

Research Design

In the scope of this study, quantitative and qualitative methods are applied to various financial and economic indicators in Mali. Some principal of microfinance institutions will be examined. The data is composed of assets, deposit liabilities, loans, …. , as proxies of microfinance performance and the GDP growth as a proxy of economic growth. Using these data, the study will determine the nature of microfinance impact on the society and the economic welfare in Mali.

CHAPTER ONE

LITERATURE REVIEW

1.1. Understanding of Microfinance

Traditionally the financial sector is dominated by banks, financial institutions, credit institutions, until the creation of microfinance.

Today, microfinance is growing rapidly, institutions as we aim not only contributed to the fight against poverty, but to be a major tool for economic growth. For a good understanding of the subject, it is essential to know the concepts and notions related.

Thus, we have distributed the first part in three chapters devoted specifically on microfinance, in other words, understand the principles, objectives and the concept of impact study on the quality of life.

1.1.1. Conceptual Framework of Microfinance

Microfinance considers financial sectors nearby that has a credible choice compared to traditional systems, aims to attend to the needs of all people excluded from the banking system.

The microfinance sector is as broad and complex as can be that of finance in general. In addition to micro-credit and micro savings, microfinance offers other financial services such as micro-insurance and money transfer. (Attali and Arthus Bertrand 2007: 34)

Microfinance is proving to be a very important tool in the fight against poverty, both in the developed countries, particularly in poor and developing countries. Thereby, it would be easy to make a comprehensive study of its evolution, definitions and principles but also to identify the main targets of microfinance and the products and services that are offered to them.

1.1.1.1. Microfinance Origin

According to previous stories Microfinance was founded by Professor Muhammad Yunus director of the economics faculty in Chittagong University. Its main objective was finding a concrete solution to the financial situation of the poor. Indeed, in 1976 he founded the Grameen Bank which grants all small loans to the poor, mainly women to finance their microenterprise. Thus microfinance has ceased to have the scale and rapid growth on a global scale with 3.7 million customers (Blondeau, 2006:3).

The development of microfinance must not forget that other systems based on the same principle excite long time in Europe. According to Nicolas Blondeau (2006:3), the first "bank for the poor" was founded in Holland in 1618.

Between 1950 to 1970 of development assistance and government agencies, seeking solutions to problems of capital shortages and those usurious loans that farmers faced, began to allocate considerable resources to programs for microenterprises. This initiative focuses on a specific sector, agriculture generally limited in time and accompanied by a training component (Attali and Arthus-Bertrand, 2007: 46).

According to Attali and Arthus Bertrand (2007), it turned out that many of their principles and regulations were not developed, lack of discipline in payments, many programs included in the non-poor for the project as it had to be. Therefore many programs have been disappointing and have not managed to reduce poverty and spirited their failures.

First, the movement being running since the late 1970s, and given the magnitude that took over the world, with the first 'modern' experiences in Latin America and Asia.

The weather was in the balance sheet to assess the ability of microfinance to reach its goal of fight against poverty and financial exclusion. It was a way to confirm or not the scope of the alternative it represented compared with other policies had the same goal.

The goal was to create a financing adapted to the poor for the sole purpose of fighting against poverty. In other words, develop a new banking system so that they are autonomous and independent.

Thus microfinance continues to be appreciated, and many institutions see the day all over the world: Accion in Boston, Prodem in Bolivia, FINCA (Foundation for International Community Assistance) in Washington, Brac Bangladesh etc. (Attali and Arthus-Bertrand, 2007: 46).

The side of the West African French-speaking, microfinance has grown to advantage by savings and credit cooperatives from the late 1960 to 1970 including Togo and Burkina Faso (Ndiaye, 2009: 137)

Microfinance was introduced in Burkina Faso and Togo in the early 1970s, savings and credit cooperatives. Contrary to what we said at the time they showed it was possible to collect savings in rural areas, to extend credit that reimburses almost 100% and to manage, in the main, these new structures by the members themselves, without state intervention. (Information taken in Luxembourg Microfinance Club, 2008: 1).

Since these cooperatives grew up, won the urban diversified their membership and financial products become more professional and computerized. Other countries, such as Benin, Mali and Senegal have joined this dynamic. Six national networks met recently in June 2007, in a Financial Institutions Confederation. They currently include more than 1.8 million members and are mostly leaders in their countries for the collection of savings and credit.

Subsequently (1992), the Central Bank of West African States (BCEAO) to help develop a growing financial sectors in the UEMOA (Economic Monetary Union of West Africa), for the establishment of a legal and regulatory framework for microfinance operations. Made it to set up two programs:

• The support program for the regulation of savings and credit (PARMEC) and;

• The support program for mutual savings and credit systems (PASMEC) (Ndiaye, 2009: 138).

To be made in 1997, Professor Muhammad Yunus and some other great figures of microfinance meets in Washington for the first big Microcredit Summit after which many goals are set including: microcredit should enable the poorest regain their dignity and improve the lives of millions of customers.

However, after this great event on the institutions have taken measures and programs to improved living conditions for populations excluded from the banking system. In other words, they offer products and financial services to clients excluded from the traditional system have grown considerably.

1.1.1.2 Definitions of Microfinance

In general, microfinance is defined as a way to help the poor or to populations excluded from the banking system. In other terms, it is for all people in situations of financial marginalization or financial exclusion. The term "financial exclusion" refers to persons who find themselves in difficulties to access appropriate financial services to the traditional market of financial services (banking, savings, credit and insurance).

There are several specific definitions of microfinance. We will retain some one in relation to our study.

Microfinance is being financial services that are addressed to the needy, in other words people who are excluded from the banking system.

Generally poor occupies a large part of the population in most countries. But a considerable number of them do not have access to basic financial services (Frederic Roussel Founder ACTED).

For Lelart (2005: 60), microfinance is defined as all financial services (savings, money transfer, credit, micro insurance) provided to people who have no access to the bank.

According to the United Nation, the term microfinance, financial service offering (microcredit, savings, micro insurance, change background, etc.), individuals who have no means. In other words, who have no resources and no property. The poor are usually excluded because they are not paid, that is to say they are not employees, often illiterate so no guarantee is to wear them. Thereby, they do not have access to financial services, including savings and loans.

Indeed, it has helped millions of individuals or families to exercise and develop their business, usually by self-employment, the action in question ensures their real improvement in their economic life but limit their income. In other improving the living conditions of these families contributes to social development (Gentile and Servet, 2002: 731).

Referring to the definitions below, microfinance is characterized by:

• His target: the population disadvantaged (poor) excluded from traditional financial systems;

• Its financial functions: savings, credit, insurance, fund transfer, developing parallel to the classic formal banking or financial system;

• His vision: to promote / support the development or creation of profitable and sustainable economic activities, and finally increase household resources

1.1.1.3 Principles of Microfinance

Microfinance to a certain number of principles by which it is distinguished from the activities of banks, these principles are the essence of the sector: Microfinance aims to be an ethical and responsible finance, based on intimate knowledge of the customer (Attali, 2009).

The main objective of microfinance is devoted to the poor, microfinance provides financial resources to the neediest people (poor) or to the people who need it most. The focus on people who have already started their activity and work on their own account, but with funding difficulties. In other terms, which need the savings and credit services to grow their economic activities. MFIs still want to do better in a sustainability goal by offering diversified products and better adapt to the beneficiaries needs.

Besides the small amounts involved, the proximity to clients characterizes the operation of microfinance. Indeed, the institutions of the advocate closer ties with their customers through the development of local, rural agencies.

Generally, these agencies are located within the communities they serve to allow loan officers to better closer to the customers and thus to understand the reality that it faces in order to adapt. This proximity increases trust between the agent and the customer, reduces information asymmetries and minimizes social barriers between clients and institution

Finally, the loan of the solidarity group in other term solidarity and participation of members. Indeed, solidarity and participation are key principles enshrined in the context of microfinance. We find these characteristics in the operation of group's surety. That is to say that have grants a loan to a number of people "groups" who mutually guarantee of the financing obligations. This situation allows the poorest customers to give loans without guarantees. If a problem is if one of the group members do not fulfill a commitment it is the other group members who face engagement.

These principles promote seamlessly virtuous practices in the industry and provide a roadmap for the microfinance sector. To date, financial services have multiplied: loan, savings products, micro insurance and money transfers.

The next part and present the different products offered by microfinance institutions

1.2. Microfinance Products

Savings and loans are the simple financial services and standards adopted by the microfinance successfully. Indeed, the savings and credit products are suitable for people excluded from the banking system.

According Eoin Wrenn, refers to 1990 as "the decade of Microfinance" in other words the rapid development of the sector, the focus has changed not only the offered microloans are granted but also several other financial services: the savings and pensions (microfinance) when it became clear that the poor had an application for these other services.

To satisfy and meet these commitments to these clients, microfinance is a set of financial services that enables the development of small economic activities. This microcredit, savings, and more recently of micro insurance and money transfer services.

The next section presents a concise, each product.

1.2.1. Microcredit

Microcredit is one of the most offered by MFI products. It is a system that allows to assign loans or credits to very small amounts of micro entrepreneurs considered insolvent by the formal banking system, so that may not have the traditional banking system. To make it created new employment opportunities for underserved areas (Bauchet and J Morduch, 2012; 1). In effect, Yunus said the microcredit would be everywhere and enable the poor to escape poverty very quickly (Bateman, 2004:2).

Through these loans to poor and excluded from the traditional banking system, they will be able to create to be autonomous by creating or developing their own income generating activity. The use of microcredit can actually varies according to the types of customers:

• A seed money to start a business

• A working capital to cover daily expenses

• An investment capital to buy assets

Microfinance is often criticized by the media and in some academic circles to microcredit to group "solidarity" for practicing a mutual guarantee (Servet, 2006: 248).

According to (Sadik Hasan 2008: 49) Microfinance institutions use different credit lending models around the world.

MFIs assume that their clients are big enough to take care of their business, without considering all the poor are reliable borrowers. They adopted two basic approaches: group loans, individual loans

1.2.1.1 Microcredit Solidary

In late 1970 saw microcredit day and was particularly developed in the Grameen Bank.

The loan of the solidarity group or "collective credit joint responsibility" is to provide lending small amounts of money to a lot of customers who are not able to provide guarantees. In other words, these people do not have the means to give a guarantee. To be made they gather, but vary in size and self-selection. Loans are granted initially for one or more selected members of the group and others.

Microcredit principle is based on the joint responsibility of borrowers. Indeed, MFIs rely on the principle of self and social group pressure to reduce the risk of default in the repayment of loans. Although the credits are granted individually, it is the duty of every member of the group to vouch for (surety) the other in the sense that if one member fails to repay the loan, penalties no refund concerning the whole group. This sanction is generally the refusal of a new loan to the group, the credibility of the person is in games and often ignored. To be made, to avoid misunderstanding, the group has the full right to choose its members. (Hasan, 2008: 58).

However, one of the benefits of microcredit is made that it contributes positively to the social sector. Indeed, the solidarity mechanism allows to set up and maintain connections or friendships within the group surety. Group training also entails lower transaction costs for MFIs.

However, this may have these limits if the group would be faced with no clear relation to the payment of the loan: the social pressure will not be put into consideration. Peer pressure can also cause long-term loss of confidence and the ability to see the poor remain excluded or stigmatized. Also, a deadbeat can cause real damage to these partners or member of the group and even MFIs: the exclusion of all members, and from Clients will be reduced. In some contexts, the limits and risks are too high and are forcing MFIs to develop other forms of microcredit: these include individual credit.

1.2.1.2. Individual Credit

In the individual credit framework, the responsibility for repayment rests solely with the borrower, these loans are provided without warranty collective and more flexible terms. Generally, these individual borrowers already have activated and business sense to wear them. In some cases, it has a small capital guarantee. One of the major microfinance institutions operating in Latin America, the Caribbean, Africa and Asia, provides short-term individual loans from 100 to 500 dollars at interest rates that reflect the cost of the loan (Kota, 2007:44).

The individual loan is generally used for specific purposes, developed an activity (working capital financing or capital investment) to be profitable. Unlike secured loans, it is not free to use (Kota, 2007:45).

However, in this situation microfinance institutions directly responsible for the selection of these clients. Two essential factors for obtaining credit: customer's repayment capacity and the proposed safeguards. The agents responsible for granting loans are not based solely on the financial resources of the borrower, but also on references obtained from customers and neighbors. In other words, more is considered as the morality of the client.

The customer's repayment ability is usually assessed on the basis of the relevance and viability of the project. However, the project must necessarily be profitable and can guarantee future revenues in line with the pace of loan repayment. The microfinance institutions also analyze other income he receives in order to evaluate its ability to pay (salaries for employee’s micro entrepreneurs, pensions). In some countries, like Bolivia, credit bureaus have been created to ensure the repayment of loans.

According Jaunaux and Venet, such as banking microcredit individual also uses material guarantees: tangible assets or guarantor agreeing to guarantee the loan to the borrower. Indeed, the credit institution these guarantees in case of non-repayment of the loan. In general, the material guarantees for setting bail are often jewelry, cars, etc.

All these safeguards have the same goal and trying to better adapt to the economic situation of customers to enable high rates of refunds. In general, the refund will make monthly or weekly basis (as for the solidarity credit) it is necessary to know.

However, with individual loans to these micro-entrepreneurs microfinance institutions will be measured to understand customer needs and better risk measurement. These financial products accompanied many entrepreneurs and helps them lead their project to fruition and creates wealth.

This also limits some microcredit. Indeed, the conditions required by the IMF (material guarantees morality) is one of the main reason for borrowing, the poorest people are often served.

Moreover, as they demonstrated in many studies, the guarantor rarely replaces the borrower in case of failure of the latte

1.2.2. Savings

Savings is a component of microfinance, has long been neglected or even forgotten by the industry. Indeed, institutions have very often overlooked savings to microcredit profit. Yet there is, as well as access to working capital where an investment credit, an important financial service.

In general, we define the savings campaign as the conservation of a part of his income to the consumed or used for the investments in the future. Saving is an essential action to money management for poor households as for other people who cannot or will not borrow.

Indeed, micro savings products allows to provide accessible and safe ways to save, either for future or as a precaution against economic shocks investments. They can also include simple accounts without frills bank, as well as products based engagement that encourage deposits and limit the withdrawal to help investors achieve: their savings goals. According to some recent paper there have been promising effects in relation to access to savings products both on the ability to smooth consumption by self-protection against economic shocks and to invest more in their microenterprise. (Dauner Gardiol, 2004: 12)

Savings can be divided into two categories: obligatory savings and voluntary savings blocked.

1.2.2.1. Obligatory Savings

Obligatory savings defines the action of the compulsory payment of the borrower, that is to say, the beneficiary of the credit has the obligation to make regular payments. It is generally calculated in proportion to the amount borrowed, and must be paid before credit repayment or simultaneously. Once repaid credit, it is returned directly to the borrower. Generally loans are frequently renewed and in this case it remains as a hypothetical figure.

This form of savings is often perceived by customers as a constraint for increasing the cost of access to credit and not a true savings product.

However, for credit institutions, compulsory savings helps to be a source of internal financing without cost of collection and a reserve fund for the long term.

1.2.2.2. The Blocked Voluntary Savings

Can be defined generally blocked savings as a strictly voluntary action of the borrower. blocked the savings is a term deposit, in other words, once the money on account owner has no right to touch it up breathing period, usually decided by the individual savings. This account is often paid, depending on the duration of the deposit.

MFIs generally appreciate this question because it helps to better plan the liquidity management of deposits. These savings can be used quite easily to finance the institution's credit

1.2.3. The New Microfinance Products

Early in the development of microfinance, MFIs have focused on products that are easy to manage, in particular the social credit.

Early in the development of microfinance, MFIs have focused on products that are easy to manage, in particular the social credit.

At maturity, as of today the sector to change things: first the mature MFIs have a better ability to manage diverse financial products; others emerging competition between institutions pushing MFIs to want to retain more members. This loyalty measures requires an analysis of their needs and adaptation of products offered.

1.2.3.1. Micro Insurance

Under the terms of the fund for micro insurance innovation, micro insurance is a means of protection for people who are unable to cope with risk (accident, illness, death, natural disasters, etc.) if ever there has, with bonuses tailored specifically to their resource, and the nature of the risks. This financial product target, primarily, workers in the informal economy, which generally have no access to conventional insurance and social protection schemes.

However, the emerging market are reinforced with two key challenges: verification of the actual situation that is all the insurance providers have an obligation to monitor the application is justified and to prevent the selection of clients particularly risky in their customer base. Moreover establish trust among potential customers that their insurance will indeed be paid in case of a future negative shock. Current research and innovative models of micro insurance explore ways to overcome these challenges (Challenges in Microfinance: EY year perspective).

However, after using the savings or credit (conventional microfinance products) that have not been able to assured the cost of damage caused on the poor (death, illness, loss of goods, etc.), the insurance product allows to complete the service offer.

By pooling small amounts regularly paid by a large number of insured person, it becomes possible to cover large amounts incurred by families.

The main objective of the micro insurance is to aim first to cover the unpaid. Indeed, the borrower nourishes the insurance fund so that it is in capacity the unpaid in the event of death.

However the functionally of such a complex financial product remains in some countries, lack of skills or sufficient financial capacity that most institutions are forbidden you to carry on insurance activities.

The preferred solution in this case is not to sell insurance products developed and managed internally, but to distribute the products developed by the insurance companies.

1.2.3.2. Money Transfer Services

The benefits of MFIs in relation to these money transfer services is increasing.

• For end dentin, MFIs remains more accessible, provide a responsive service and lower transaction costs (cost of transport, time lost);

• The money transfers for MFIs provide a source of income without risk did not increase these funding requirements; they also help retain customers or win new clients.

However, MFIs markets accessed by joining a specialized player in the sector (Western Union, Money Gram, etc.). In this sense, we can say that the IMF has developed a large enough network to work with these actors and profitable investments necessary as secure communications in all agencies (Challenges in Microfinance: EY year perspective).

1.3. The Beneficiaries of Microfinance

Take an interest in microfinance involves primarily of interest to the customer that benefits the microfinance products and services.

In general, the microfinance refers to the type of customer with low income, people who do not have access to financial systems unable to fulfill the conditions required by the latter (identification documents, guarantees, minimum deposit, etc.)

Two customer profiles are listed:

• Persons with a small food processing business, a small business or often pay generally in rural areas.

• Urban areas, customers are more diversified: small merchants, service providers, employees, artisans, street vendors, etc.

In general, are the first beneficiary and the most favored financial services offered by the microfinance institutions. According to the previous study, many programs believe that projects led by women remain more reliable and sustainable investment, and their repayment rates are significantly higher than those of men.

1.4. The Notion of Impact in Microfinance

With the aim of reducing poverty and promoting entrepreneurship, microfinance

programs have raised high expectations and drained numerous public funding.

However, professionals and industry researchers will have to look into the extent of the impact of microfinance and its social utility.

After defining the concept of impact and highlighted the specified related to microfinance, we will present the different conceptual approaches impact assessment regarding two significant and methods of impact assessment in microfinance.

1.4.1 Definitions and Challenges of Microfinance Impact

In general, the impact refers mostly to changes happening directly or indirectly from the introduction into an existing social economic system, a new business and / or technology, based on the objectives and strategies of the initial (Lefebvre Nare 2003).

The concept, when referring to microfinance has specificities.

1.4.1.1 Definitions of Microfinance Impact

The microfinance institutions consider the impact assessment as an interaction study (causal relationship) between the institution and its environment (Cherry, 2003: 6).

To Cherry (2003: 6) this exercise is actually complex. In other words, the first research of the impact of MFIs in parallel shown that measuring the impact is a much more complex task than it seems. Indeed, the effects of a microfinance institution are direct and indirect; it is carried out at several levels (individuals, households, local economy, etc.) and in different sectors (economic impact, social impact on health, etc.).

However, finding the multidimensional effects that can result from the action of an MFI and the variety of factors that can cause changes in the clients, the methodological difficulties are important in the exact evolution of the impact of services 'an institution.

The economic and social impact side was more likely to question the different indicators:

• Income, wealth and ability to save customers;

• Impact on the living conditions of the affected population (access to care, education and schooling of children, home improvements etc.);

• Job creation;

* Strengthening the social position of individuals in their families and in their communities, the capital building (Jeannin and Sangaré, 2007: 2).

1.4.1.2 Importance of Microfinance Impact Assessment

According to Jeannin and Sangaré (2003: 3), three main reasons why it is really necessary to measure the impact of microfinance.

The first reason why researchers and practitioners are urged to conduct studies on the impact of microfinance is the desire to understand the customer. Devoted to the causes of the capacity of microfinance to reach its goal of fight against poverty and financial exclusion. It is essential for people concerned sector to have more specific information regarding the main changes in their program and what are the main beneficiaries.

However, the impact analysis allows practitioners of the sector to demonstrate to donors (public grants or private funding) the importance of their contributions in the fight against poverty to justify the funding they receive.

Secondly, the financing. It is usually difficult for MFIs to obtain financing necessary for the operation and sustainability of their activities. The evolution of impact thus appears as a way to realize the economic and social performance, to attract public and private funding.

Finally, the third rarest reason to raise today to justify the measures of impact, is the desire to ensure the adequacy of microfinance products to the needs of their customers (Jeannin and Sangaré 2003: 3).

Constant is that the impact assessment is more customer oriented, to identify at best their needs to their offer more tailored services. These types of searches are the one that gets the most consensus because they concern both donors and MFIs and their clients.

In this context, it is essential for all stakeholders or people concerned industry, understand and measure the potential impact of microfinance on the quality of life of people who benefit.

1.4.1.3 Impact of Microfinance on the Quality of Life

How does one measurement- microfinance impacts on the quality of life of the beneficiaries? This is to assess to what extent microfinance to contribute to or affects income (possibly on their wealth) and otherwise on terms or their standard of living (food, health, children's education).

However, we can highlight the increased income factor. In other words, the first impact of microfinance in the beneficiary can be measured by the increase in household income. According to Cohen (2001: 255), the made to have recourse to lending and deposits can cause a diversification of income sources (by increasing or diversifying activities) that is say, the loans granted by MFIs enables households to have multiple activities.

At the second level, the impact of microfinance is studied from non-financial indicators reflecting the population's living conditions: possession of material objects, food type, level of education of children, type of dwelling, health expenditure, health status, etc.

However, access to financial services can help customers build assets and change its composition: acquisition or construction of land, rehabilitation of housing, or purchase of durable consumer goods.

1.4.2 Conceptual Approaches to Microfinance Impact Assessment

Impact studies in microfinance are not a stable field. They are a place of encounter between two great animated repositories by different types of actors and own standards bearers:

* The scientific framework, governed by rigor, objectivity and verifiability of results;

* The operational repository, with its driving principles by demand, satisfaction of customers / users, and adapt to local situations, constrained effectiveness and cost / benefit (Bouquet, 2006: 98)

According to the expectations and distinct views of industry stakeholders (researchers, operators, donors, policy makers, etc.) impact research can be done through different approaches.

In general, there are two approaches to the impact assessment of microfinance. First, the quantitative approaches, which is rather based on the detection and quantification of impact results and qualitative approaches, rather associated with the explanation of the process and impact mechanisms.

1.4.2.1 Quantitative Approaches (scientific method)

The measures of quantitative approaches are based on the results from the microfinance program to identify the causal processes that lead to these results. They are often treated as a scientific reference, governed by rigor, objectivity and verifiability of results (Bouquet, 2006: 94).

According bouquet (2009: 93), quantitative methods are generally methods that rely on old research. In other words, it is based on representative samples, formalized and standardized survey tools, and allow to have statistically significant and unbiased results

Statistical techniques and experimentation to Cohen (2001: 34) is made of rigorously compared between an "experimental" group (people receiving services offered by the program) and a "control" group (those not receiving services available). The experimental approach offers options that vary in the degree of rigor required for the selection and formation of the groups, but the main characteristics "scientific".

1.4.2.2 Qualitative Approaches

Qualitative methods clearly shows the results. It contains the words of interrogated people about and describe their experience in detail. They transcribe reality in all its forms and allow to get an idea of the reasoning and feelings that are behind the actions of individuals (Cohen 2001: 33).

According Lapenu, 2004: 6), qualitative approaches are to understand the link between microfinance intervention and changing lives by giving more attention to the mechanisms of the impact of its effects. They strive to understand complex causal relationships and motivations.

Table 1: Compartive Qualitative Servey and Quantitative Servey

Difference	Qualitative survey	Quantitative survey
Size and sampling technique	• Small number of respondent • Control group not required • The sampling method depend on the type of information sought: Customers selected base on key variable	Many respondents • Control group or control groups required to determine the program's impact • Sampling is carried out according to criteria of probability and representation The subjects are selected randomly
Collection of technique and data analysis	• Open questions and clarification techniques provide detailed information involving obvious nuances and diversity. • Data collection techniques vary. • Analytical techniques more varied data	The specific and standard questions used to obtain predetermined responses. • The survey is the primary method of data collection • Based on a standard data analysis (User Software)
Geographic coverage	Low geographies dispersion	Greater geographic Dispersion
causality	Examines causality generating hypotheses.	Suggests causality
Area of intervention	Provides information on the implementation of the program at a specific population in a specific context.	Rather provides information on the overall implementation of the program.
Resources	Recommended when time and resources are limited.	

Source: Cohen (2001: 35)

If the quantitative research are regarded as a "scientific" approach to evaluation, some argue that qualitative methods, characterized by extensive research into the experiences, opinions, feelings and knowledge, we provide more information about the reality.

1.4.3 Impact Assessment Examples

As we know, the last year several impact assessment tool of microfinance saw day, and they were put in operation as a tool for innovation. These operations are simple, inexpensive and meet the different stages of social assessment, and complementary to the financial evaluation.

Several tools have been tested and created. We will focus specifically on two of them:

• AIMS tool (Assessing the Impact of Microenterprise Services) - SEEP (Small Enterprise Education and Promotion) and;

• The SPI tool (Social Performance Indicators) - Cherry (Exchange Committee, Reflection and credit savings System Information).

1.4.3.1 Analysis Method AIMS-SEEP

AIMS was established in 1995 under the USAID initiative in coloration with the SEEP Network.

AIMS started from the observation that the MFIs were mostly very oriented supply and institutional performance, however, they knew relatively little target customers.

In this context, they wanted to show the impact of a side, and also to seek to improve the products and the ability of MFIs to offer adapted financial services.

The AIMS conceptual framework based on the principle that the impact is generated assets;

At the family or household sharp increase in income, asset accumulation;

• In business: changes in income, employment, assets and production volume;

• At the individual level: increased decision-making authority, investment realization increasing business performance and the income of the individual;

• At the community level: job creation, etc.

AIMS offers five tools as part of the impact assessment of microfinance programs:

• Three group selected for the impact assessment: the first group consists of recent clients, customers second group are member for longer and finally a group consisting of new customers who have joined the program but have not yet received services. The questionnaire is the same for all respondents; their answer will be expressed as numbers, depending preceded response;

• The study of customer losses: it is to determine why customers have stopped participating in the program and to seek their opinion on the program and its impact. It is based on interviews with existing clients;

Use of Loans, Profits and Savings in time: there are two modules for these factors, one on the use of credit and the other on savings. In both cases the individual interviews would be needed to determine which were for long-standing customers, credit use strategies over time;

• The group discussions on the level of customer satisfaction: this analysis is to determine to what extent the customer is satisfied with the program and what specific changes would better meet their needs;

•Empowerment of women: these interviews generally considered women, there is a depth individual interview designed for women who participate in the then two-year program. During the interview the client should give or identify differences between its past and present behavior (Cohen 2001: 13).

In parallel, other impact analysis tools are available: these include the SPI tool developed by Cherry network.

1.4.3.2 SPI Initiative Cesire

The exchange network on practices in microfinance Cherry has developed a social audit tool: These include SPI. SPI to develop two objectives: assess the financial performance of MFIs and measure their social performance in order to improve.

The performance is an implementation of corporate social responsibility (CSR) of MFIs. It aims to make the relationship between the result obtained and the means used to achieve it (CSR-pro. Com).

Made of, social performance are the backbone of the MFI activities (Lapenu and Reboul, 2006: 3).

The SPI-icing tool assesses the intentions, actions and corrective measures implemented by an MFI to determine whether it has the means to achieve its social objectives (Lapenu and Reboul, 2006: 10).

The tool evaluates the SPI-CERISE intentions, actions and corrective measures implemented by an MFI to determine whether it has the means to achieve its social objectives (Lapenu and Reboul, 2006: 10).

The tool consists of four major dimensions of social performance:

• Dimension 1: targeting the poor and excluded. SPI is generally the same strategy targeting with MFIs (geographic targeting individual or by lending methodology) and results of the targeting strategy;

• Dimension 2: adapting products and services. This framework is usually how the service diversity, the quality of the services (fast, proximity, responsiveness) and access to non-financial services;

• Dimension 3: the economic and social benefits for customers. The questions in the SPI-CERISE tool wear on trust and information sharing MFI with customers, participation in these decision-making bodies at different social capital of its customers;

• Dimension 4: Social responsibility of the institution. The questions mainly based on the human resource of the IMF policy, the actions of the MFIs that are an expression of social responsibility via screw its customers (impact studies, etc.), or vis- a-vis the community (reinvestment in community services, for example).

Three parts are developed in the analysis: the first was based on the synthesis of the founding principles and the "intentions" of management in terms of social objectives in the four dimensions, the second part that the analysis on the establishment of sixty indicator on social performance always around the four dimensions and finally, a supplement containing key financial ratios to bring together social and financial performance.

1.5. Concluding Remarks

To summarize this part of our research, we find that microfinance decide if oriented towards poor and excluded the banking system. She has chosen to function: credit, savings, insurance, based on principles (small amount, customer proximity, solidarity). Microcredit solidarity and individual micro-credit being limited in their function, microfinance has successively diversified its areas of expertise, including savings (mandatory or voluntary blocked), micro insurance, and money transfers.

Thus, the goal of microfinance is to allow more access to financial services, including inspired the formal financial sector. This revolution or new financial system has attracted the support of all governments (South to North) for his alleged key role in poverty reduction.

To update the correlation between microfinance and poverty reduction, a number of impact studies have been conducted around the world (Bangladesh, India, etc.)

Impact studies can shed light on the causal link between the intervention of a microfinance program and the changes made on the quality of life of the beneficiary. Also, the observations relate to several categories: material living conditions (income, assets, housing), health, and education.

However, it is often difficult to realize what kind of study, it requires a certain methodology and appropriate tools. Overall, there are two categories of analysis:

qualitative studies (quantitative impact results) and qualitative studies (explanation of the impact mechanisms).

CHAPTER TWO

PROBLEMATIC AND DEVELOPMENT

However, microfinance is a key tool in the fight against poverty, and that made is proof in the sector still unfortunately some constraints and critical of the methods applied by the institutions.

This made for a clear understanding of domain teachers and researchers have studied the subject in order to find the bottom of the problem.

However, an analysis will be devoted to criticism of microfinance and present evidences on a few specific sectors.

2.1. Is it Obvious that Microfinance Reduces Poverty?

For many supporters of microfinance, evidence that microfinance is an effective tool to fight against poverty is obvious. This idea was the subject of a number of critical

"The poor are poor not because they are lazy, but because they lack access to capital"

Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and could not read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom. (Nayak, 2004: 23)

According Nayak, Binod (2014: 24); Poverty can cause more collateral damage in a human being: physical, mental, and emotional. Some of the damage it inflicts can be irreversible.

In other words, some of the problems or damage that poverty can inflict on a person is often no way out. However, we all have different ways to measure or describe the level of degradation that can result from such damages. Some of us are even unbearable to witness the hunger, disease, death and destruction.

According to ancient documents, one of the major factors of poverty are active. In other words, lack of assets can cause poverty. The assets is a source of making resources. However, the poor do not usually have these assets that can take advantage of creating goods and services.

Indeed, we need assets to build assets; having an asset for the poor can help them create a small business: of agricultural tools, a rickshaw, a sewing machine, etc. The productivity of these assets may rise in revenue flows. All revenue streams, assets can be used as collateral to access credit which can be used at the time of emergency or working capital in microenterprises. Consequently, lack of assets is an important reason why poverty persists.

However, for the creator of microfinance Muhammad Yunus; his vision has always been to eliminate poverty in the world. But however, there have been more critical of the sector.

2.2. High Interest Rate

2.2.1. Situation in the World

An MFI in Mexico named compartamos recently erupted following its IPO. Due to its very high profitability private investors had to question it and provoked a debate on the applied interest rates. These are around 100%, and the MFI has been accused of making a lot of money "on the backs of the poor." A consensus exists today on the need for an MFI to be financially profitable in order to expand its activities, provide services to broader populations and strengthen its financial capacity.

A study conducted by the CGAP (Consultative Group to Assist the Poor) in February 2009 showed that the interest rates applied in 2006 varied between 60% in Mexico and 20% in Sri Lanka, with a median for permanent MFIs. 26.4%. These rates fell by an average of 2.6% between 2003 and 2006, thanks to cheaper financing rates in the market, and greater control over operating costs.

Also we have the crisis of microfinance in Andhra Pradesh in India 2010 has been the subject of many exchanges between researchers on the functioning of microfinance. The area has had a lot of criticism. Here is summary of some comments made.

There have been allegations that some MFIs have used coercive tactics to force their poor clients to comply with the payment of debt service on time. And there have also been allegations that some of these borrowers have committed suicide under duress. Many of these issues and political reaction that followed precipitated the crisis in microfinance in 2010 in Andhra Pradesh, which ruined the microfinance industry in the state. The biggest losers in the processes were poor clients and society as a whole.

According Nayak, Binod (2014: 271) different studies demonstrated that this action to cause a lot of problems to customers. In particular, these MFIs have been criticized for charge high interest rates and more lending to the poor, who are most vulnerable poor women. These policies have led to the debt burden of many poor households.

In all cases, MFIs in general must be in favor of consumer protection. Ensuring adequate privacy protection, non-abusive collection practices and the creation of a system that works well to deal with client grievances, which is largely composed of poor and vulnerable women, is paramount.

Microfinance crisis in Andhra Pradesh 2010 is an excellent example of little or lack of consumer protection by MFIs that have led to the use of inadequate means for debt collection, which in turn leads to suicides Alleged by some customers under duress.

2.2.2. Situation in Mali

In fact, the situation in Mali and WAEMU is different. In effect, the BCEAO sets an interest rate for DFS. However, the BCEAO currently requires a rate of 24% on all the homeless as against 27% in 2012, all must respect this rate on the surveillance of the control cell and the banking commission for those having an outstanding more than 3 billion. However, we can notice a decrease in rates.

The higher microfinance interest rate because of the method of refinancing the sector. The sector generally refinances with the bank at a rather high rate. As is generally said the smaller credit costs more expensive than the big credit.

Examples: a bank can lend 300million to a SFD that corresponds to a single customer, the SFD can be lent that to 500 customers with small amounts.

2.3. The Limits of Microfinance and its Impact on the Poor

The growing interest in microfinance has attracted the attention of some experts who sought to identify its limitations and adverse effects, so as not to lead the passion she brought to disillusion

2.3.1. The Limits of its Positive Actions

As we know, microfinance has long been appreciated by those actions and methods of operation. In other words, it can help the poor to reduce their vulnerability and develop their microenterprise

We also note that, recent studies have shown, microfinance could generate significant economic and social benefits to the poor on a large scale, such as the increase in household consumption, asset acquisition, empowerment women and improving such areas as education and health care.

In addition, other documents also showed that changes the life of the borrower, not to argue that microcredit makes no difference in the life of the borrower; Instead, they argue that the econometric set up here is not up to the task (Nayak, Binod; 2014:).

2.3.2. Its Potential Adverse Effects

In general, microfinance tends to resemble its customers in the same industry because its people want to exercise a bit of investment activity and expect a return on investment fast enough to keep up repayment. This created massive competition around the same activity, microfinance is so against-productive. This saturation of the local market causes a decline in the profitability of this activity, faster or slower (Alyson Falcucci; 2012: 61)

According to Islam, Tazul (2007: 146), and the testimony of some researchers have shown that microcredit can often be a handicap for the customer generally poor. In effect, most of the MFIs offer their service financing is generally short term and are still developing more appropriate operational financial systems for the long-term kinds of finances necessary for companies to significant poverty reduction of their clients. Short-term financial services help to smooth consumption, it does not reduce poverty.

MFIs supported the idea of diversification of activities to limit its inconveniences, and through appropriate credit products or vocational training.

Microfinance can also lead to over-indebtedness that is to say that borrowers often struggle to meet their deadlines in other words they must repay the credit, insufficient income fault. Borrowers generally tend to be granted credits in several MFIs without that they are aware. Some women are often forced to go borrow the loan to other organizations with the same objective, in order to repay their debts.

2.4. The MFI Funding

As we know, microfinance is concerned largely financing of small short-term projects that generates revenue and grows according to the development of the productivity of the latter.

However the vast majority of microfinance institutions are not profitable. Only 1% of MFIs are financially self-sufficient. Therefore, they need the government subsidies and other donors to cover their expenses. These institutions are therefore doubly dependent on the goodwill of governments and private donors (Ayayi and Noel, 2007: 13).

Yet the old documents show that the made to have non-recourse financing source will perhaps cause other targets to microfinance. Indeed, the rationale of MFIs is to reduce poverty in order to contribute to the economic development of a country and the improvement of social welfare. IT is not to make profits.

However, both approaches offer a different view of what the priorities should be and function of Microfinance Institutions: institutionalist and welfares. Both approaches will show us a different way that MFIs can contribute to the fight against poverty with and without capital funding.

2.4.1. Welfarist Design

The welfariste approach is based on the primary objective of microfinance, social well-being to show his hypothesis on self-sustaining MFIs.

According to Noel and ayiya (2006: 3), the welfariste approach shows that microfinance institutions can be sustainable without being financially self-sufficient, but they must not seek self-sufficiency at all costs, because the search for financial profitability inevitably lead to an erasure of their social mission. Indeed, the made to go in search of financial performance can divert microfinance its ideological foundations.

Indeed, investors in MFIs are public actors (local authorities, for example) is the foundation of banks or large companies and more precisely in Western Europe. Therefore, social investors that fund MFIs are not necessarily motivated by the personal search of financial gain. Rather, they are motivated by a desire to contribute to poverty reduction.

According to Islam, Tazul (2016: 146) investments of these are generally limited, it allows the granting MFI microcredit and short term. The short-term financial services helps reduce consumption, it does not reduce poverty. However, this action can lead to the inability of MFIs to meet these obligations, to be able to granted loans and to cover their operating expenses.

However, some practitioners and researcher involve the proper management of donor money which may explain the cause of their lack of resources.

CGAP, the proper use of donor money has also been questioned. CGAP recently suggested that "Much of the money spent is not used efficiently, either because it is found hung to complicated financing mechanisms, or money entrusted to partners whose performances are not credible. In some cases, poorly conceived programs have retarded the development of inclusive financial system by producing market distortions and diverting domestic commercial initiatives towards cheap money or free.

2.4.2. The Institutionalist Approach

The opponent institutionalist approach supporting the idea that not only shows that MFIs should not only be able to cover their operating and financial costs through their own earned income but should also generate profits to ensure their viability financial and sustainability.

However, the institutional approach to indicate two major reasons by which MFIs should necessarily seek new sources of capital, in particular by recourse to refinancing.

Indeed, financing needs and, secondly, the financial resources being mobilized for microfinance. Currently microfinance institutions are mainly funded by private donors (including foundations of large companies) and by the government, through subsidies. However, these sources are, according to institutionalists, both rare, limited and unstable.

Only by ensuring their financial viability that these institutions will be able to raise more heavily in new capital to the market rate to increase and intensify their activities for this sector must resort to financing capital private (Christmas, Ayiya, 2007: 10).

In addition, the main objective of microfinance venture away from the commercialization of microfinance, under pressure from new investors induce perverse effects, such as a marginalization of the poor for the benefit of clients with lower risk of non-payment.

2.5. Should We Target More the Poor?

Among microfinance programs, some give specific objective to reach the poor, sometimes even "the poorest". Thus the poorest families could they improve their circumstances through microfinance.

The poor are considered, as a person unable to meet these daily needs (food, education, health, etc.). These people are usually not resources that is to say no income, they are not employees.

2.5.1. MFIs They Really Achieve Their Goal?

A primary objective of microfinance was to participate in the fight against poverty and being a lever for development. However, according to some accounts microfinance supports and affects the poor, but it is however very difficult to reach the most excluded.

However, stakeholders, financial institutions have brought their experiences of how their institutions try to meet the needs of access to sustainable financial services for the most vulnerable populations, challenges and business models in place. Information taken in a club record of Paris to microfinance.

According Cubier Babyloan (2014: 1), after investigation and several witnesses, they came to the conclusion that supports microfinance and affects the poor, but it is however very difficult to reach the most excluded because their immediate needs are related to survival and not the will to undertake.

Microfinance in Europe thus addresses the unemployed, benefiting from social minima and often close to the poverty line, but having both the desire and the ability to develop their own jobs. This population represents only 10% of the most excluded people in Europe. The MFIs supported by Society General in Cameroon, can target the most deprived populations. It must indeed meet the eligibility criteria and lend to people with real ability to repay, so that its activity is sustainable.

2.5.2 Possible Solution to Reach the Most Excluded and Precarious Sustainable Manner?

It is important and necessary to both develop and sophisticate the existing model, the social impact should be more richly rewarded at international level, grants and international funds should not only focus on financing financial services but also be for the search for innovative solutions in the service of social impact and partnerships with the private and public sector should be encouraged.

Following the conference, only 33% of the public think microfinance manages to reach the most precarious and excluded populations, against 79% in advance of the conference (Cubier, Babyloan, 2014: 4)

2.6. Various Scandals

Although true that the microfinance sector has been very successful in the world with the idea (Social Action) to take the poor of their situation, but then there has been various scandals in the world of micro finance, underscoring the possibility of abuses of the system and highlights the need for a real coaching.

According to Cyril Fouillet (2004: 2) Andhra Pradesh, according to statistics from the Ministry of Agriculture, the Indian state where farmers are most indebted (82% against a national average of around 50%). This is also the state that claims to have the largest microfinance network in the country. Hyderabad, the capital of that State, is considered the Mecca of microfinance in India.

However, the sector has had a lot of problems and criticism because of the bad sector management, the costs of higher rates is to cause psychological instability in other words, borrowers were at a stage where they could longer bear the pressure of the loan. Very often they were attacked, harassment verbal and sexual prostitution through imprisonment and confiscation of property

Therefore, it spawned suicidal action for borrowers. In the district of Krishna (Andhra Pradesh), 10 people, all clients of private sector MFIs have died in past months.

2.6.1. Specific Example

Last November, a couple committed suicide by consuming cyanide. Kumari had borrowed 25,000 rupees (480 euros) to an institution for the business of her husband. To offset the financial difficulties encountered by her husband, Kumari takes two new loans of the same amount in two other MFIs. The situation quickly becomes difficult and repayment of loans possible. Pressure from other members of the group accentuating the couple commits suicide. Not far away, a woman, Rennu, died asphyxiated while in hiding in a 'rice drum' to escape the visit of the loan officer came to claim the monthly installments of the loan. There are a few weeks, two women of SHGs are rescued in time by a farmer while they were hanging from a tree.

However, several village organizations decide to voice their concerns to district collector (the equivalent of the prefect) so that it prosecutes against MFIs accused of being responsible for these suicides. (Cubier, Babyloan, 2014: 2)

2.7. Concluding Remarks

After non concluded experiences criticism of microfinance, it demonstrates its willingness and involvement in poverty reduction (the increase in household consumption, asset acquisition, empowerment of women and improving such areas as education and health care). Microfinance has gained momentum by organizing the turn of a target (poor people excluded from the banking system). However, the sector has been blamed on several factors missing in the area to reach their objective. Funding sources is one of the major factor. Lack of funding begat loans with high interest rates.

Initially limited to funding sources, the concept institutionalism and welfares currently two opposing opinions over the proper use of donor money and the problem of self-sufficiency in the sector, some researchers are trying to combine the two concepts together to find a favorable solution.

All these criticisms are necessary for the successful continuation and adaptation of microfinance, they allow it to enrich its work and clarify its mission remains that of empowering the poor access to financial services

The question that MFIs are struggling with is, is it ethical for these institutions to make exorbitant profits at the expense of vulnerable poor clients (mostly women) who have a limited choice of access to credit.

CHAPTER THREE

METHODOLOGY

Any research must follow a methodology adapted to the field of study and analyze the topic. Therefore, this section will represent the concept of the study, the analytical methods proposed and the component elements and various collected data of techniques.

3.1. Conceptual Framework for Impact Analysis Suggested

The main objective of this research is to question how MFIs contribute to the fight poverty against in Mali, through these proposed products. We will also briefly show its effect on the Malian economic, with a view to recommending to improve the situation.

The analysis model is proposed combining qualitative and quantitative approaches to ensure high reliability of the results obtained. The combination of these approaches seems more appropriate: it allows one hand to provide Qualifiable impact of the microfinance program and other shares it provides a simpler understanding of the processes and interventions that have generated these results.

However, the analysis of the institutions seems to me more relevant to assess their evolution up to the present day, and the effect it has had on the Malian economy. In other words, how it also contributes to the fight against poverty. Indeed, my reasoning is inspired by the virtuous circle: access to microcredits, financing of new investments, and changes in the funding of institutions.

We should notice that the sector microfinance isn't developed in West Africa as much especially in Mali because the program is recently new there that is to say that, the impact of microfinance it is not reflected directly in Malian economies. That is to say that it will have an empirical analysis on their financial analysis in order to demonstrate their current situation.

However, our observation allow us to ask and answer the question of how individuals, families and formed or institution clients microenterprise is it different on average from what it was before to benefit from the microfinance program?

3.1.1. Hypothesis

In the context of an impact assessment, the term "hypothesis" refers to a supposed correlation between causes and effect and between an effect and an impact.

The main objective of this change in impact is to measure the loans granted by program members in others words show the participation of clients in the microfinance program.

3.2. The Impact Assessment

As we know, the analysis of the evolution of the microfinance sector and its effect on the economy cannot be said without mentioning the effects of microcredit. However, the granting of these microcredits will allow this population to carry out an activity and the revenues generated by the microenterprise that will make it possible to improve its living condition. As a result, lower unemployment and an improved economy.

3.3. Tools and Technical data Collected From

In order to find answers to our questions we use several methods of collected information to know: the search for documentary (articles, newspapers, books) observation. I also had the opportunity request certain number of people on the situation, but nothing specific.

3.3.1. Looking Documentaries and Second Data

"Any work of analytical reflection whatsoever always requires minimal information on the subject to be treated or the problem to solve. This information can be obtained either by the information received or training (etc.), or by using information and information available or existing accessible documents”

The search in this documentary:

• Collected all the information possible on microfinance

• A browse through the archives and recent documentation on microfinance in Mali

• And study the secondary statistical data of the microfinance sector in Africa specifically Mali.

"The observation can be defined in a narrow sense as a technique for collecting primary data visible and audible"

So that, observation allowed me to see more on angle. You should know that my observation was not as such as it’s turned around conversations between friends of different opinions not exactly professional in the field. But I had to talk anyway with teachers who are knowledgeable in the field.

3.4 Concluding Remarks

The objective of this analysis is to make a diagnosis on the evolution of microfinance from the time of its development until the moment of crisis.

CHAPTER FOUR

THE SPECIFIC CASE IN MALI

4.1. Presentation

Country deeply rooted in history and tradition, but resolutely turned towards modernity, and yet the first thing that comes to mind when speaking of Mali, the desert and poverty. These reasons can explain and justify certain situations very often, problems such as an undiversified economy vulnerable to external shocks and climatic hazards.

Mali is a vast country enclave of West Africa with a population of 16.9 million inhabitants and GDP is estimated at 5.8% in November 2015. The economy is largely rural with more than 2 / 3 of the population living on agriculture, including cotton. The main export product of the country's gold.

This is one of the few countries in Africa that is characterized by its prejudicial to trade isolation (no access to the sea) and recurrent political instability. The poverty of the population is not due to lack of resources on the contrary, there is a bad sector management. That is to say, that the disorganization moved at all levels, thus preventing to run any development plan. And it is in these difficult conditions as microfinance actors are trying.

4.1.1. Economy

The Malian economy, mainly agro pastoral that is to say, a purely agricultural activity and remains dependent on weather conditions. Indeed, the climate is a structural factor limiting the growth performance of the economy. Most of the population is in rural areas, an area where most of the poor live. However, the climatic improvement can lead to increased agricultural production and therefore growth in the sector to locate.

However, growth is as unstable as the results of the primary sector. Also, it remains highly vulnerable to exogenous shocks (Ivorian crisis, rising oil prices, falling cotton prices, rising prices of food imports). However the results of economic growth is really unstable from 2001 to 2007, showing a growth rate high in 2001 with 11.9% drop in 2002 with a growth rate of 4.3% to 7.1% in 2003 is related to the contribution of the agricultural sector, while the services sector was more dominant share in GDP.

In 2007, the recorded growth rate was 3.2% against 5.3% in 2006. This performance-cons is always attributable to the results of the agricultural sector, industry whose production has fallen significantly, especially due to the decline in cotton production. (ODHD, 200: 26).

According to INSTAT (2015: 12) the economic growth rate has evolved sawtooth during the period to 5.8% in 2010 to cancel in 2012 due to the crisis that the country went through. From 2013, growth resumed (1.7%) to achieve a leap in 2014 (7.2%). This economic upturn between 2013 and 2014 is explained by an abundant crop and expansion in the manufacturing sector (textiles and food).

Despite this change the economic position has not changed too much, Mali is among the poorest countries in the world. With a Human Development Index (HDI) of 0.407, it is ranked 177th out of 188 countries ranked in 2014. The basic fiscal balance came in at -258.2 billion CFA francs in 2014 against 169.4 billion-CFA in 2013.

4.1.2 Culture

Mali is a profoundly multicultural country, with the French language is the official language but most commonly used is the Bambara spoken by the majority of the population. Some other languages as recognized by the state as the national language: bobo, Dogon, Fulani, Soninke, etc. Sénoufo this is for the country as holders helmets men (griot = djéli) currently considered as the repositories of oral tradition, and particularly well kept by the country. Islam is the most widespread religion. About 95% of the population is Muslim, the other 5% are made up of Christians and animists.

4.1.3. Demographic Situation:

The cash Mali in 2015 of 16.9 million inhabitants, 73% of rural population most poor rural pricks. The birth rate fell from 50% in 1960 to 43.9% in 2009. This is mainly due to the improvement in the level of women's education, the awareness of the problems of many families and the lower rate of mortality (INSTAT, 2009: 24).

Regarding the concentration of population, it is located north of the African continent between the 10th and 20th degrees of north latitude, at the crossroads of the desert of the meridian to the forest and the great river route west to east, with an area of 1,241,300 km2 without access to the sea. With a mostly arid territory characterized by a particularly low population density in the north. (National Statistics Institute; 2015: 11)

It borders with seven countries: Algeria to the north; Cote d'Ivoire and Guinea to the south; Burkina southeast; Mauritania and Senegal in the west, Niger to the east. The country's interior is quite large, it consists of eight regions and one district; it is watered by two major rivers: the Niger and Senegal River (development agency: 2).

The pyramid shows a high proportion of young people in the population with 46.6% who are under 15 years even if old age begins to come.

The illiteracy rate in Mali is among the highest in the world. It is located in 20014 about 32% of the total population of those aged 15 or over. Many efforts are made to reduce this rate, and an extensive literacy program is conducted by various governments since the early 90s (National Report on MDG Monitoring, ODHD, 2015).

Mali is one of the countries of the West African Monetary Union (WAMU) with Niger, Benin, Burkina Faso, Ivory Coast, Guinea Bissau, Senegal and Togo.

4.1.4. The Situation of Poverty

For over a decade, the Government of Mali has placed the fight against poverty at the heart of any country's development policy. In other words, the fight against poverty made from their major problem. This commitment is expressed through the implementation of different generations of the Strategic Framework for the Fight against Poverty (CSLP).

However, the Government of Mali, with support from its Technical and Financial Partners (TFP), has oriented its development policy on the fight against poverty. However, this commitment is expressed through the development in 1998 of the National Strategy for the Fight against Poverty (NPRS), which opened the way for the Strategic Framework for the Fight against Poverty whose third generation was introduced in 2011 and covers 2012-2017. Information taken from the report of the National Institute of Statistics of Mali (INSTAT, 2015: 11).

Beyond a divergence on the figures in the World Bank (WB), the poverty level remains high, and the disparities between rural and large urban areas.

Between 2001 and 2010 the World Bank estimate that poverty fell from 51% to 41%, a decrease from 0.40 to 0.33. Despite the constant fall is a poor number increase is estimated at about 360,000 and considered a number consequence of population growth. They also felt the increased number of non-poor, which is about 3 million.

However, the World Bank shows that through 2011 and 2013 EMOP information suggests that in southern Mali (north was not covered by EMOP 2013) per capita consumption declined by 10 percentage points.

The difficulty comes down to define a classification criterion in "poor". The most common criteria used are the proportion of the population living on less than a dollar a day and those living on less than two dollars a day.

A significant part of the population to 50% above the poverty line is considered "economically vulnerable" to job loss, disability, illness, or natural disasters (drought, bad weather ...).

However, in the more populated areas of southern Mali divergent poverty trends are observed, the southern region of Segou, poverty increased from 55 percent in 2001 to 74 percent in 2010. However, in west and central Mali (where corn, cotton, fruits and sorghum are grown) poverty declined.

A report from the World Bank prepares a list of measures to be deployed to lift people out of poverty, and calls for improved access to basic services (education, health ...), support for the mobility of members of poor families (internal and external migration), development of women's activities, support to entrepreneurship, access to finance through banks and microfinance associations, support for the creation of production cooperatives, the containment of corruption...

4.1.5. The Situation of the Financial Sector in Mali

4.1.5.1. The Financial System in Mali

According to BCEAO, Mali's banking system has experienced in the 80 deep crisis inducing the virtual failure of some institutions, including the BDM and difficulties for others like BIM. In effect, this crisis is related to the intervention of the state in the Malian banking landscape. These institutions were the subject of sanitation programs in 1989 for the BDM and 1996 for BIM.

BDM (Business Development Bank of Mali), incorporated as a state company in 1968, knew in March 1987 and the International Bank for Mali (BIM SA), recorded in 1995 after the crisis of the Meridian International Bank. BDM, went through a difficult situation characterized by the weakness of the organization's management evil, negative effective about funds, cumulative loss significance, while the BIM was faced with the deterioration of the portfolio, the shortcomings of its management administrative and Accounting etc.

However, a remedy has been implemented BCEAO for the new status ensures management autonomy to the MDBs and BIM.

According to the BCEAO, the recapitalization of the bank and the opening of its capital to institutional and private partners will be set up, including an international dimension bank called to manage the new facility; the reduction of the bank's management expenses following resizing for the BDM.

However, BIM will cover the granting of a shareholder loan by the state amounting to CFAF 3 billion to strengthen the capital base of the bank, the recovery of assets with corresponding to a value of 2,500 million CFA etc. (BCEAO; 2011: 3-4).

4.2. Structure and General Description of the Banking Sector

As of today, the Malian banking sector has significantly developed in recent years, but it still lacks depth and access to banking services is limited. The banking sector is essential Malian financial sector, since it owns about 97% of assets in the sector. Private credit / GDP ratio was 21.8% in 2013, which was higher than the median for Africa (17.4%) and for all low-income countries (16.4%).

With the opening of a new bank in 2014, 14 commercial banks operate, but moderately concentrated. The three largest banks control 48% of deposits and 40% of loans. Indeed, despite the crisis in 2012 with the slowing economy, the situation has evolved positively in the Malian banking sector between 2009 and 2013. The credit and deposits grew faster than GDP, and the number of agencies and bank accounts continued to increase throughout the period, with an increase of 65% of the economy, 47% deposits, the number of branches by 75% and the number of accounts 86%.

Table 2: Banking Sector Evolution

BANKING SECTOR EVOLUTION					
Years	2009	2010	2011	2012	2013
Total assets (FCFA billion)	1,572.7	1,844.2	2,041.3	2,167	2,530.8
Deposits (FCFA billion)	1,161.4	1,337.7	1,457.2	1531.1	1702.8
Growth as a percentage of one year on the other	nd	15.2%	8.9%	5.1%	11.2%
Loans (FCFA %)	818	936.8	1,124.7	1,174.7	1,344.5
Percentage annual growth	nd	14.5%	20.0%	4.4%	1.4%
credit to private sector / GDP	17%	18.1%	20.9%	21.4%	21.8%
Nd banking agency	249	281	343	400	433
Agency for 100.000 hab	1.72	1.87	2.2	2.46	2.52
Nd bank account	594,784	655,355	901,584	1,101,688	1,104,057

Source BCEAO BCEAO: bank central of state west africa, FCFA:

However, with the structure of capital in the banking sector, and the sector is now dominated by foreign shareholders, mainly African. Mali bank holds 50% of the market and the WAEMU banks a total market share of around 16%.

Table 3: Profit of the Banking Sector

Profit of the banking sector in 2013						
	State	Structure of private Malian	Foreign	Total asset market share	Deposits market share	Loans market share
ALL BANK	15%	22%	63%	2,528,152	1,701,116	1,359,966
BDM	20%	29%	59%	18%	19%	14%
ECOBK	0%	7%	93%	14%	12%	15%
BIM	10%	39%	51%	13%	15%	11%
BOA	0%	20%	80%	12%	13%	14%
BNDA	36%	0%	64%	12%	11%	12%
BMS	25%	71%	4%	9%	9%	8%
BAM	0%	45%	55%	7%	7%	8%
BICIM	0%	15%	85%	4%	4%	4%
BISIC-Mali	0%	0%	100%	3%	2%	5%
BHM	98%	2%	0%	3%	3%	2%
BCS	3%	0%	97%	3%	2%	3%
BCI	0%	0%	100%	2%	2%	2%
Orabank	-	-	100%	1%	1%	1%

Source: BCEAO

Access to credit remains impossible for large segments of the population with low income or unstable income. Long neglected by the banking system, it nevertheless has significant financing requirements, especially to realize small projects, or to access home ownership. No bank specifically targets the poorest.

Concluding Remarks

Mali is a country under development, with a divergence growing and diversifying, potential resources (gold, oil, etc.) but which are mainly based on agriculture. However, the country still faced economic problems.

First, the country at a very high literacy rate, the population is poor and generally unbanked. So, the banking sector is the most active part of the sector has often been faced with financial difficulties. The largest was the 2012 crisis with a large sum in budgetary decline and a very low GDP.

However, the country maintain and increase its GDP. Despite the country remains one of the poorest countries of Africa.

CHAPTER FIVE

INVENTORY OF MICROFINANCE IN MALI

Since 1998, the microfinance sector has changed dramatically. The number of microfinance institutions is increasing year by year. But the sector remains dominated by mutual institutions. In this chapter, the focus is on the legal and regulatory framework, institutional framework, and financial activities of MFIs.

5.1. History

The birth of microfinance in Mali was given in 1986 by village savings banks and self-managed credit (CVECA) and Kafo Jiginew (KFW), which granted micro-loans to women. However, it was in the 1990s that the sector is experiencing a real expansion with the creation of many microfinance institutions (MFIs). The country's policy continues to be interested in the MF. For example, the President of the Republic formally supported the sector on various occasions. The country was the first to adopt PARMEC in 1994. The West African Forum high level on the MF held in Bamako in June 1996 (Brüntrup 2002: 23).

5.2. Legal and Regulatory Framework for the Microfinance Sector

5.2.1. The Regulatory Framework, Law No. 94-040 WAMU

Law No. 94-040 came into force in 1994, provides the legal framework for microfinance associations in Mali. This law has therefore come to regularize the situation in an area that was beginning to arouse much interest and become a financial stake, economically and socially. Law 94-040 PARMEC name, which was inspired by the Banking Act, defines the conditions for activity and MFI supervision arrangements. It was adopted by

WAMU States in late 1993 and exempts MFIs from most taxes. (ODHD, 2008: 31)

However, the Act provides organs (General Meeting, Board of Directors, credit committee, supervisory committee) and their tasks, the voting rules, the federation of MFIs, etc. It also requires the production of financial statements in a format and with a precise accounting meeting the requirements of SYSCOA system, and also the determination of prudential rules for the granting of credit, that especially the protection of deposits of mutual savers. (Brüntrup, 2002: 21).

According to the World Bank, the provisions snuff by PARMEC is show insufficient. Indeed, the industry experienced a crisis at a time and emphasis was placed on the lack of an adequate regulatory framework, weak reporting requirements and the limited capacity of the supervision conducted exclusively at National until 2010. CCS / SFD had no budget and staff necessary to fully ensure its oversight mandate; and when anomalies were detected, it was often too late.

According to a study on the legal, regulatory and institutional MFIs in Mali, non-mutual organizations "consider to be penalized by the provisions of the framework agreement," non-assistant government protection: exempt non canceled imports, non-use of proceedings Thus, the complexity of the problem, ie the various contradictory opinions and the rapid expansion of MFIs in Mali, problems have arisen in the implementation of the texts requiring clarifications, additions or revision of certain provisions of the law and its implementing regulations (decrees, circulars, instructions BCEAO) (Boubacar BA, 2000: 3).

So, in 2010 in Mali adopted and promulgated the new regulatory law introduced in 2007 by the Council of Ministers of the WAMU adopted a new law on microfinance which strongly reinforces the role of regional institutions (BCEAO and Banking Commission WAMU). The law establishes a regulatory framework much more strict (in terms of licensing, prudential obligations and reporting); over the law gives a key role to the Banking Commission for the supervision of the sector is expected that the new regulatory framework and supervision participate in industry consolidation (and thus reduce the number of SFD)to recover debts etc.

Table 4: The Main Change to The Law of Microfinance

	Law initial	New law (since 2007)
Juridical status of MFI	cooperative only The other MFIs were, however, entitled to a five-year license from the Ministry of Finance	Cooperative, association, society anonyms
Agreement	The granting of authorization only by the Ministry of Finance	Accreditation process for approval by the BCEAO
prudential rules Publication of information	No solvency standards Rules for publication of information: Annual financial statements	Nine prudential ratios including solvency ratio prudential ratios are stricter and benefit in line with banking standards New rule especially for cooperatives (the requirement of a letter to set up "internal security fund") New specific accounting framework for the microfinance sector Rule of publication of information: annual financial statements and indicators communicated each month (MFI with outstanding savings / loans greater than 4million of dollars) or each quarter (smallest business) large MFIs must have certified accounts
Supervision	Ministry of financial only	BCEAO/ Banking commission for large MFIs (outstanding of credit over 4 million dollars) Ministry of finance for small MFIs

Source: Mehnaz Safavian (World Bank, 2015)

The new law imposes stricter prudential requirements and SFD requires a stricter reporting. The SFD had until July 2012 to comply with the new framework, but delays were observed. For many MFIs, it is difficult to comply with the new framework (including the implementation of new accounting standards and the safety requirement of funds for mutual networks). Today, 54 cases have been proposed for regularization.

5.3 Institutional Microfinance Framework

5.3.1. Monitoring and Promoting Microfinance

Initially designed to support the financing of grassroots development in rural areas, microfinance structures will gain cities early on thanks to a great public support.

However, there are several words to name the institutions that make microfinance, such as savings and credit schemes, specialized financial institutions (IFS), the microfinance institutions (MFIs) and microfinance institutions (SFD).

However, the creation of the Support Unit and monitoring of decentralized financial systems (CAS / SFD) in 1999, was responsible for the supervision of MFIs and monitoring the implementation of the regulations, to receive financial reports and development assistance sector. These microfinance institutions (MFIs) were the product of a partnership between the State, the operators, some national development banks and donors. Overall, the role of the state was rather withdrawn, donors not hearing it is involved in the management or in the institutions of the strategy.

Thereby Given the incompatibility of this double mission, the cell was discharged in 2006 for promoting function to take the name of control and monitoring unit of the SFD (CCS / SFD).

Monitoring and Control Unit for Decentralized Financial Systems (CCS / SFD) established by Act No. 06-002 of 6 January 2006. It is responsible for:

- Ensure the investigation of applications for approval, recognition and signature of the agreement;

- Ensure control and supervision of decentralized financial systems;

- Carry out the collection, processing and dissemination of statistical data;

- Propose sanctions against decentralized financial systems and ensure their implementation.

In addition, we have the promotion center and support to microfinance institutions (CPA / SFD) which was established in the year 2006 to support or improvement of microfinance in all its components.

The SFD excluded concern the dynamic sector of banking systems, the informal sector and SMEs / SME. They seek profitability, while working to the satisfaction of their members, both economically and socially, thus contributing to their well-being. The appearance of the SFD has not made spontaneously, but stems from the account of a reality outlet. Indeed, their target populations remains modest income, rural and urban, that have poor access to formal banking services.

Thus, the National Advisory Group on Microfinance (GCNM) was established in 1998 to strengthen cooperation between the MFIs, funders and regulators. Its mission orientation, piloting and monitoring the development of microfinance. It consists of 29 members from all parties involved in the sector: state, SFD, BCEAO, banks, PTF.

However, following the revision of these texts and the reorganization in 2005, it was found that the GCNM not really fulfilled its stained as it should. Indeed, it was agreed that he should meet ordinarily once every quarter and submit a semi-annual progress report to the government. Three meetings for the year 2006, it is not met in respect of 2007.

5.3.2 The Fight Against Poverty and Actions of Microfinance Map:

The national strategy and action plan for microfinance in Mali, defined and implemented by all stakeholders, define the roles and objectives of different stakeholders: the government and its development partners on the one hand, the secondly microfinance structures.

5.3.2.1. Microfinance and the Fight Against Poverty:

In effect, microfinance is the main window to finance income-generating activities among the poor, thus the government adopted a strategy. The goal is to have a viable microfinance sector and sustainable in the private sector and the financial sector integrated, diversified in terms of the institutional form and supply of goods and services.

The sector will also be innovative, provide satisfactory coverage of solvent demand for microfinance services, throughout the territory, and operate in a policy, legal, appropriate and favorable regulatory and tax. However, the PRSP has established three immediate objectives are imposed: implement the provisions in the legal and regulatory framework adopted in 2007; professionalize and perpetuate MFIs for better offers diversified microfinance products and services and extent; establish an institutional framework for efficient and concerted conduct SNMF and ensure its coordination with the National Strategy for Micro and Small Business.

5.3.2.2. Action Plans for Microfinance in Mali: 2011-2015

The following actions will be implemented during the period 2011-2015:

 strengthening the effectiveness of AGR programs;

 The continued implementation of integrated national support program to the Micro and Small Business;

 the implementation of the capacity building project in the microfinance sector;

 the revision of the action plan of the SNMF;

- strengthening the technical and financial capacities of MFIs; the establishment of credit unions and savings in rural areas;
- the creation of a refinancing structure of microfinance institutions;
- the development of a fiscal regime to MFIs in accordance with Order 2007/005
- the creation of umbrella structures in which MFIs are grouped together (this already initiated procedure should be completed during the year 2011);
- the establishment of a central information specific to MFIs;
- the adoption, dissemination and implementation of the specific accounts to microfinance;
- strengthening the supervisory capacity of the Micro finance including through the establishment of a dedicated inspectorate only in this sector; and
- Revitalizing APROMI. (PRSP; 2011: 42)

5.4. The Financial Analysis of the Sector

Financial analysis of MFIs is a particular exercise. In fact, companies generally have an obligation to have profits because of their shareholders ie they have some sort of profitability requirements from shareholders. But the case of MFIs is different, MFIs tend to broaden the number of beneficiaries and improve their follow-up, while ensuring that they have very good reimbursement rates for their clients and apply of the most reasonable interest rates possible. It is even required by Malian law that MFIs can inject their profits into their own capital.

As we have previously, the SFDs in Mali are divided into three main parts of which the mutualists occupy the majority of the sector. Therefore, we will analyze the SFD, and compare some institution of mutualists.

5.4.1. Analysis of the Outstanding Amount

Outstanding amounts are defined as the sum of loans mobilized by an MFI that have not yet been repaid. This amount excludes unrecoverable receivable.

Table 5: Analysis of the Outstanding

SFD						
Years Elements	2006	2007	2008	2009	2010	2011
Mutualists	46.554	51.409	53.985	54.232	52.749	51.177
Solidary credit	5.275	8.677	11.724	11.552	12.095	10.836
CVECA	4.125	4.247	5.675	6.658	6.465	4.995
Others system	8.340	1.587	**Nd**	1.057	6.800	1.700
Total	56.920	65.920	71.384	73.500	71.377	67.025

Source: Report of CCS/SFD (Control and supervision of decentralized financial systems)

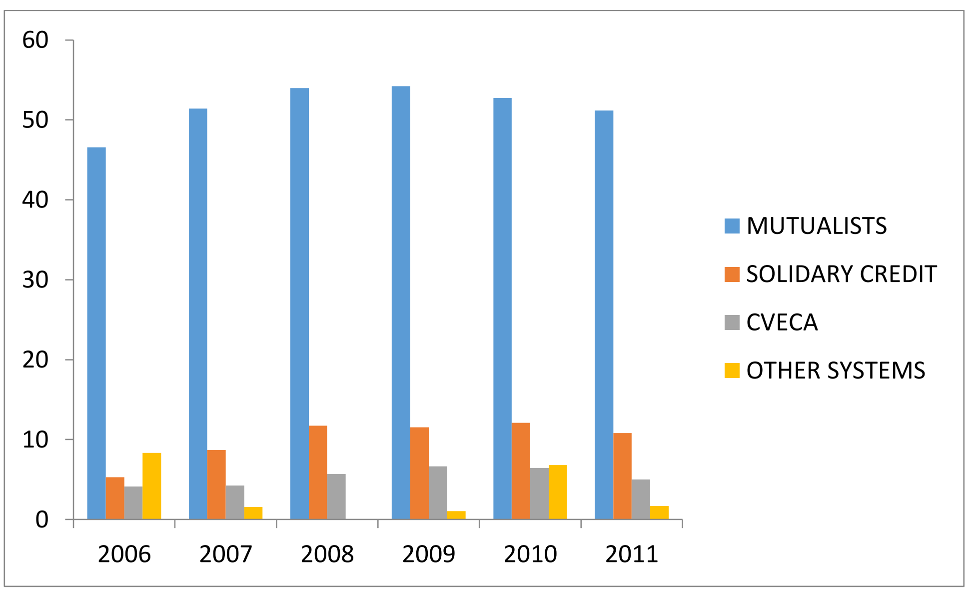


Figure 1: Outstanding Amount

We note encouraging growth in the outstanding credits of MFIs thirsty other system from 2006 to 2009. This can be explained by the sector's credibility towards their client. In other words, customers are more or less satisfied with the methods granted credit, thus customers borrow more.

But as of 2010 the sectors are experiencing a slowdown, the amounts of on-going growth slowly decline, but it is 2012 that the sector is really in difficulties thanks to the crisis that the country experienced after the coup d'état. Given the incomplete data in 2012 I decided not to fugue them

5.4.2. Gearing:

The debt / equity ratio is often essential to understanding the financial structure of a company. In effect, gearing generally changes in relation to the sector in which it is located, and according to its capital needs. It can vary from 1 to 5% for service companies, and up to 60% for companies operating in the air transport for example, and often up to 100% as in our case here. In the case of MFIs, there are gearing well above

Table 6: Gearing

SFD						
	2006	2007	2008	2009	2010	2011
Filing of members	49, 37%	45,34%	44,23%	46,48%	46,28%	47,11%
Equity excluding subsidies	17,40%	17,74%	17,48%	15,07%	15,84%	16,80%
Borrowing	28.71%	30,76%	32,29%	30,87%	30,08%	25,94%
Subsidies	3.14%	2,70%	2,10%	3,10%	1,80%	1,76%
Resources	1.38%	0,50%	1,00%	0,17%	0,12%	0,19%
Various operation	–	2,96%	2,90%	4,31%	5,93%	6.03%
Total	**100**	**100**	**100**	**100**	**100**	**100**

Source: Report of CCS/SFD **(**Control and supervision of decentralized financial systems)

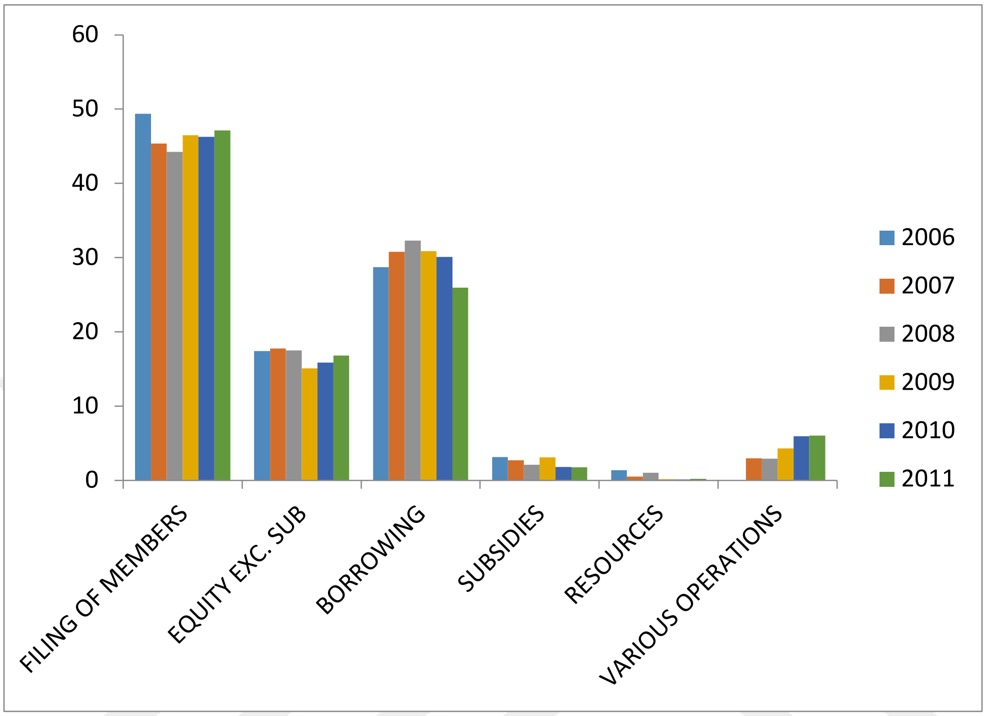


Figure 2: Gearing

On the whole, we note that all resource components have decreased from 2007 to 2011, which have nevertheless tried to recover with a slight increase, except for borrowing and spill operations, to increase from 2007 onwards.

5.4.3. Portfolio Quality

The quality of the portfolio shows the state of the credits, it may be state of suffering, risk or still healthy. Healthy in the sense that credits are paid normally. In other words, the healthy portfolio shows the credit normally paid without problems.

Table 7: Portfolios, Number in billion (FCFA), SFD (system financial decentralize)

SFD						
Years Element	2006	2007	2008	2009	2010	2011
Mutualist	46.554	51.409	53.985	54.232	52.749	53.899
Solidary credit	5.275	8.677	11.724	11.552	12.095	10.999
CVECA	4.125	4.247	5.675	6.668	6.465	5.432
Others system	8.350	1.587	nd	1.057	6.800	1.700
Total	56.790	65.920	71.384	73.500	71.377	70.351

Source: Report of CCS/SFD

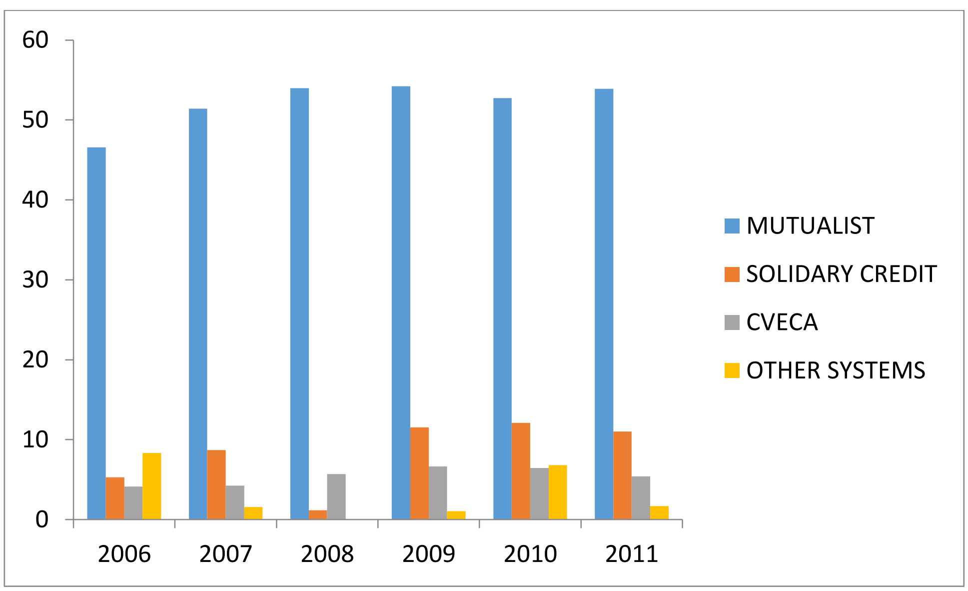


Figure 3: Quality Portfolios

However, we can notice the remarkable healthy portfolio development of MFIs in the following years. This can be explained by the decrease in the borrowing rate which was 27% against 24% now. And the proper application of credit officers who are more experienced in their field.

5.5. The Microfinance Stakeholders in Mali:

If one refers to historical, the first players in microfinance in the World, had no financial return requirements. These were mostly national government authorities, international organizations (UNDP, European Union ...), NGOs, international development agencies (USAID, French Development Agency ...), etc. However actors conventional finance (banks, finance companies ...) were interested in microfinance can after finding financial sustainability, and achieving satisfactory levels of profitability. They began with the financing of MFIs directly or by creating their own microfinance association (Nation Bank of Agricultural Development BNDA by the agricultural credit in Mali).

The microfinance actors in Morocco are divided today as a classic pattern, made of MFIs, institutional, funds and supporting organizations of donors.

5.4.1. MFIs:

According to the Control and Surveillance Unit / SFD, the DFSs are divided into four (4) categories, namely: Mutual system generally called savings or credit institutions or cooperatives are organizations having as their sole or principal activity the distribution of credit (solidarity credit system); The village type systems (CVECA) and the others (corporations and NGOs that have credits)

- **Mutual Institutions** are institutions to which the law confers legal personality by obtaining an authorization. They are Raiffaisen or DID and dominate the sector by concentrating 68.51% of the workforce, 89.13% of outstanding deposits and 76.35% of outstanding loans at the end of 2011.
- **Solidarity loans** refer to the "Grameen Bank" model. The first experiments appeared in Mali in 1993 (although such institutions have existed since 1983 in the form of a development project). They are governed in Mali by the framework agreement which does not grant them legal personality.

  Their target audience is only the poor (men and women) who have little or no resources to build up large savings, but who can value micro-credit. These are the most economically weak but active. This type of system is generally practiced by non-governmental organizations (NGOs). It provides not only financial services but also non-financial services such as social services (health, education).

  As at December 31, 2011, solidarity credit institutions accounted for 15.49% of the total membership, 7.60% of outstanding deposits and 16.17% of loans outstanding. Source: 2011 CCS / SFD Report.
- **CVECA:** constitute a veritable village bank for economic and social development. It is an autonomous financial and economic tool managed by the rural populations, according to the rules and criteria defined by themselves. Considered to be the pioneers of Microfinance in Mali, village cash schemes appeared in Mali around 1986 even though the first ideas had been discussed since 1984. The CVECAs are governed by the framework agreement they sign

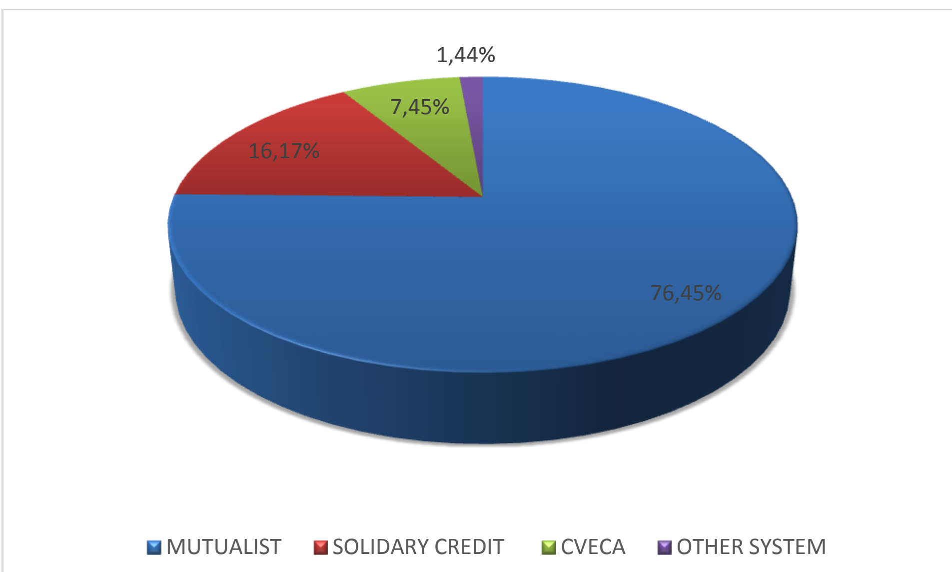
With the Ministry of Finance for a renewable period of five. They are generally based on saving and the savings collected will allow for credits.

As of December 31, 2011, the CVECA accounted for 20.36% of the total membership, 19.71% of outstanding deposits and 7.45% of outstanding loans. Source: 2011 CCS / SFD Report

- **Societies Anonymous.** This system is recent in microfinance in Mali. The institutions of this type are in the framework of the improvement of the geographical coverage, the diversification of the products and the increase in the scope of the DFS. They generally operate in the north of the country.

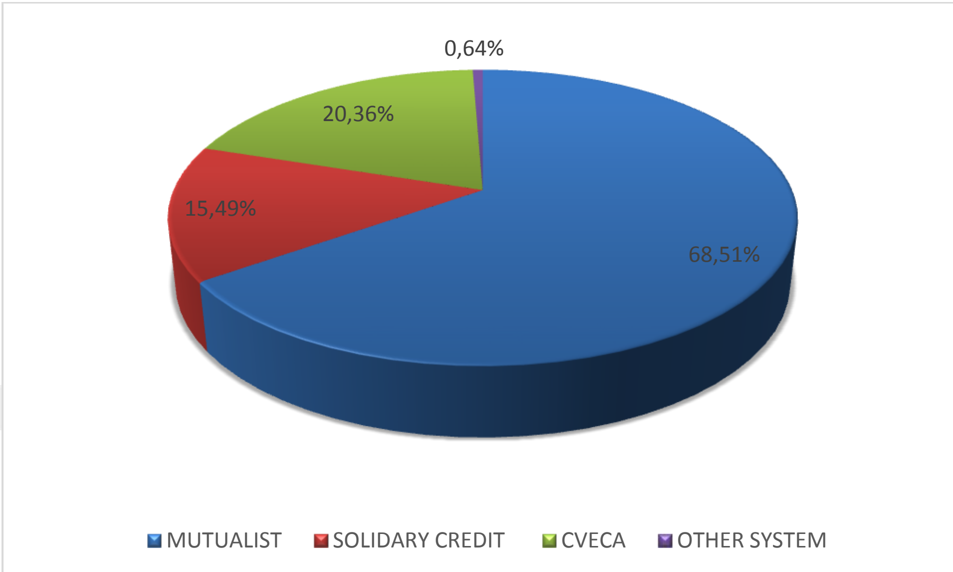
  At December 31, 2011, they accounted for 0.64% of the total membership, 0.35% of outstanding deposits and 1.44% of outstanding loans.

Figure 4: Market shares in terms of outstanding MFIs Malian in 2011.



Source: Report of CCS/SFD

Figure 5: Market shares in terms of MFI clients Malian 2011



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Source: CCS/SFD

Table 8: Decomposition of SFD according to their status

IMEC	70
Credit solidary	44
Annonyme socity	12
Total	126

Source: World Bank (2015: 7)

Tables 9: Outstanding, number of clients, average loans 2011

Element mutualist	Encours (FCFA)	Number of credit	Prêts money (FCFA)
Kafo Jiginew	23.212.831	56.438	411
Nyesigiso	11.746.888	17.538	670
Kondo Jigina	5.433.876	7.114	764
CAECE	5.066.670	2.537	1.997

Source:

As we said previously, the structure mutualist which take the major part of the SFD, thus, here is four of the biggest institutions for the structure mutualist: Kafo Jignew, Nyesigiso, Kondo Jigina, and CAECE.

Kafo Jiginew

Kafo Jiginew, which in the Bambanan language means "Union des greniers", created in 1987 with the support of the European Consortium for Credit Cooperative Malian (CECCM). From its creation to the present, the network has gone through several growth crises (see box) before confirming itself as the locomotive of the microfinance sector at the national level. She is currently the leader of MFIs in Mali, both by the amount of its loans and by the number of its clients. It has in its possession 167 points of sale throughout Mali and employs more 655 employees. At the end of 2011, its portfolio comprised loans outstanding of 23,212,831 million FCFA, of which 56.438 customers benefit. The customers total estimate 289,448 in 2011.

Nyèsigiso

Nyèsigiso, the home of foresight in Bambara, created in 1990 as part of a project initiated by the Canadian NGO Development international Desjardins (DID). After its establishment in Bamako was in March 1997 and since 2004, the network is autonomous. Present through 67 outlets across Mali, it employs more than 315 employees. The number of active clients exceeds 191,000 borrowers and outstanding loans reach more than 11,746,888 million FCFA for 17,538 customers.

Kondo Jigima

Founded in June 1991, it operates mainly in the socio-professional sectors. The network also covers urban and rural areas. It has at the end of 2011 74,561 active clients. And 7,114 clients for a loan of FCFA 5,433,876. It employs more than 241 employees and 42 outlet across Mali. Its objective is to foster the sector of activity for small informal enterprises.

CAECE Jigiseme:

It was created in April 1996, for the 1st caisse and June 2004 for the union and the network Area of intervention urban and rural. It has at the end of 2011, 19 local branches, distributing more than 5,066,670 million FCFA credits to nearly 2,537 beneficiaries. 10.526 customer's actives.

5.4.2. The Institutional

The Ministry of Economy and Finance: Industry Regulatory Authority, it defines the rules applicable to MFIs, and ensures their application.

Central Bank of West African States: The central bank carries through its Monitoring Committee a right of control ratios prudential solvency and risk management applicable to MFIs.

5.4.3. Donors:

MFIs were up slightly, mainly funded by institutional donors: USAID, UNDP, the French Development Agency (AFD), GTZ provides support to the CAS / SFD as well APIM, in addition to his involvement in various financial structures, including CVECA and implementation of a private microfinance company (ODHD, 2008: 36)

However, Canadian cooperation which operates through its project to support Nyèsigiso network and the support fund for microfinance;

- Danish cooperation which is involved in the support fund for microfinance

- Dutch cooperation that provides institutional support to the Federation of Mutual Rural Credit Union Delta (FCRMD), as well as specific support for women components for Kafo Jiginew FCRMD and networks;

- International Fund for Agricultural Development (IFAD), which, together with BOAD and the Saudi Fund for Development, supports integrated projects with a microfinance component

The Banks

Bank financing is generally indirect.

- The World Bank, through Financial Sector Development Project, of which 25% of the budget is allocated to the microfinance sector (support for the CAS / SFD, business plans production of SFD, audit, procurement equipment, support for APIM, etc.);

- The West African Development Bank (BOAD) for its contribution to the Economic Development Fund (Malian public structure) that allows the refinancing of MFIs offering credit services to the artisans;

- The African Development Bank (ADB) through its integrated development projects (PRP / PADEC, PADER);

5.4.3. The Support Organizations

The institutional donors often have technical assistance to MFIs. This is the case of USAID, UNDP, and GCNM Mali. These assistance activities also aim to ensure a rational and efficient use of funds.

5.6. Microcredit Impact

5.6.1. Social Performance:

- The microfinance sector has not experienced any difficulty in the last year and until now specifically in Mali and in the rest of the WAEMU zones. This crisis is also the fault of the institutions itself and the promotions of the sector. Indeed, the sector presents an insufficiency of the governance system of the MFIs, the non-existence of the system of internal control, we also observe a weak supervision of the supervision of the sector; the failure of information and management systems, etc.

Thus, social performance was put in place to practice the social mission of an institution in accordance with accepted social values; which implies the definition of social objectives by an MFI. However, MFIs have several social objectives:

- Inclusion of a greater number of poor and excluded people;

- improving the quality of financial services adapted to the needs of clients;

- The creation of benefits for customers;

- And improving the social responsibility of the MFI.

5.6.2. Performance of SFD Zone UEMOA :

According to the most recent statistics published by the BCEAO, microfinance activities reach nearly 12 million members or clients in the eight countries of the WAEMU zone. As of December 31, 2012, they recorded more than 4,000 points of service against 2,000 in 2006 with deposits of 681,797 billion compared to 280 billion FCFA and a total credit outstanding of 646,857 billion against 266 billion FCFA in 2006.

The sector is particularly developed in Senegal, Côte d'Ivoire, Benin, Mali, Burkina Faso and Togo, countries with one or more large networks of savings and credit cooperatives dominate the market and reach a very important clientele both in urban areas and in rural areas. On the other hand, the sector remains relatively undeveloped in Niger and Guinea Bissau. In the latter country, the affected clientele does not reach 10,000 members.

Table 10: The Main Performance Indicators of the Microfinance Sector 2006

Country	Members/ customer	Services/points	Deposits in billions	Credits
Benin	**684.246**	**261**	**39.732**	**71.624**
Burkina Faso	**626.054**	**276**	**36.178**	**28.867**
Ivory cost	**709.498**	**230**	**64.686**	**22.974**
Guinee Bissau	**9.325**	**60**	**178**	**174**
Mali	**637.547**	**608**	**35.533**	**35.126**
Niger	**94.547**	**76**	**3.662**	**4.670**
Senegal	**740.950**	**452**	**69.844**	**80.857**
Togo	**296.000**	**120**	**30.723**	**22.472**
Total SFD	**3.798.368**	**2.083**	**280.536**	**266.494**

Source: BCEAO

Table 11: The Main Performance Indicators of the Microfinance Sector 2011

Pays	Number of SFD	Service point	Members/ customer	Deposits in billions FCFA	Credits in progress in billion FCFA
Benin	**56**	**694**	**2.088.878**	**60.023.33**	**85.264,44**
Burkina Faso	**76**	**532**	**1.384.673**	**121.358,43**	**80.118,06**
Ivory cost	**72**	**472**	**1.661.058**	**115.542,49**	**54.192,01**
Guinee-Bissau	**18**	**110**	**23.613**	**414,64**	**75,20**
Mali	**125**	**1070**	**1.724.490**	**60.618,56**	**67.778,48**
Niger	**52**	**212**	**280.872**	**15.627,43**	**18.102,23**
Senegal	**238**	**900**	**2.586.040**	**186.750,96**	**233.244,13**
Togo	**92**	**846**	**1.908.608**	**121.462,04**	**108.083,03**
Total SFD	**729**	**4836**	**11.658.237**	**681.797,88**	**646.857,51**

Source: CCS/SFD

It should be noted that the sector has not experienced very strong growth since 2012. In Mali, for example, the number of members reached 1,724,490 at the end of 2012, deposits outstanding are estimated at 60 billion FCFA and The credits outstanding to 68 billion FCFA. Most other countries in the zone experienced this similar crisis in their microfinance activities.

5.6.3. The Economy:

However, the impact of the microfinance sector on the economy is very significant, as illustrated by the sector data in 2010. Today, the number of members or clients is over 1,069,424, of which 37, 54% women and 6.13% grouping.

Moreover, microfinance contributes greatly to the creation of jobs, thus we register 2.212 as numbers of jobs created with CFAF 54.876 billion of total outstanding deposits collected and total outstanding loans granted amounting to CFAF 71.377 billion.

The impact of microcredit, despite the fact that it is not always demonstrable, is still visible: In Mali, after more than 20 years of existence, the situation of MFI clients has improved. However, during this decade, MFIs have consistently faced several problems that have affected their business. But in the long term the resolution of these problems contributed (and still contributes!) To the expansion and improvement of MFI activities.

Table 12: Evolution of Unemployment rate 2007- 2010

Group age	2007			2010		
	Masculine	Feminine	Total	Masculine	Feminine	Total
15-19	16.6	13.3	14.7	5.3	11.3	8.1
20-24	16.4	14.8	15.4	10.9	18.3	10.3
25-29	10.0	13.4	12.0	8.4	20.0	13.9
30-34	6.0	9.0	7.4	6.7	7.9	7.2
35-39	3.1	13.2	8.0	5.9	7.9	6.7
40-44	4.9	7.2	6.1	4.1	6.7	5.0
45-49	7.1	6.5	6.9	5.8	5.9	5.8

Source: Report 2014 National Employment Survey

We can see that in all the age groups in this table, the evolution of the unemployment rate is rather favorable. We can see that from 2007 to 2010 the percentage decreases considerably on everything at the youth level. This can be explained by the creation of microenterprises, especially in rural areas. There is also a sharp decline in female unemployment. Women are increasingly engaged in activities.

Table 13: GDP growth rate and inflation%

Years elements	2006	2007	2008	2009	2010	2011	2012
GDP growth rate	**4.4**	**4.6**	**8.3**	**1.0**	**5.0**	**-**	**_**
Inflation	**-**	**-**	**9.2**	**2.2**	**1.2**	**3.0**	**5.3**

Source: INSTAT 2012

The evolution of the GDP is really light and has not had strong growth at this level. There is a strong variation between 2006 and 2008 this growth is due to the favorable evolution of the primary sector precisely agriculture. Despite this growth, inflation in 2008 remains inflated but falls considerably in the following years.

CHAPTER SIX

FINDING AND RECOMMENDATION

6.1 Observations

6.1.1 Reduced Repayment Rate

With growth between 2008 and 2011 an increase of more than 750,000 customers, of which there were 300,709 in 2008 and 1,052,226 at the end of 2011 and 126 institutions in their possession. With 2.212 as the number of jobs created with CFAF 54.876 billion of total outstanding deposits collected and total outstanding credits granted amounting to CFAF 71.377 billion. Microcredit experienced a decline in outstanding amounts in 2010. This decrease is due to several factors.

As it was already explained by previous studies, the sector is not a for-profit activity or unpaid are outweighed by the benefits, microcredit associations do not make profits.

Mismanagement is partly based on this poor result, the microfinance sector requiring strict rules for its operation.

Another exogenous factor is that some customers badly discern the boundary between micro-credit and grant, and do not particularly understand that they must return the amount that was granted to them. This is even more common when more than half of the population is illiterate.

Finally, competition among MFIs is also problematic. "The problem is that we are working on it, in some areas there are no microcredit rural areas are hardly covered, however, in some cities, one can find 5 or 6... Microcredit associations in the same street, that competition background. It's comical"

6.1.2. Institutional Position of MFIs

Today, MFIs have legal status of association. We have already seen that this status gives them advantages, but slows their growth, and their access to new funding sources.

MFIs and microenterprise through a stalemate does inferiority vis-à-vis the bank, the term "The very small business is too large for microfinance and too small for the bank." However, to the extent that, once microenterprise was adopted there must be a better balance between supply of MFIs and a proposal for different services to micro entrepreneurs (savings, micro insurance ...), which is not the case today in Mali. On the other hand, commercial banks are not adequate to meet the demand of these MFIs. Hence, we are left in an "intermediary" step which deteriorates the improvement that occurred with microcredit.

If institutional change does not occur, the: small associations (thousands of customers) may merge with larger (with hundreds of thousands of customers). This would gain economies of scale, especially in reducing operational costs. By cons, for comparison with major multinationals, and for the sake of profitability, is that MFIs will be satisfied with the national identity card and a customer picture just to take out a loan, as a parts constituting a file? Only will they not ask other criteria or conditions that guarantee their repayments, while remaining true to the spirit of microcredit? And if that's the case, it would not penalizing it for micro-entrepreneurs?

6.1.3. Financing of MFIs:

We have also seen that one of the problems faced by MFIs is the lack of resources. This problem is mainly due to the way in which MFIs are financed and refinanced by the sector.

We have seen with the institutionalist approach and the welfares approach, we give more or less a solution so that the sufferers no longer suffer because of lack of resource even if these two approaches interpret their points of view differently, Which is the reduction of poverty and the improvement of the social well-being of the most deprived populations.

If the welfares approach allows a process to be initiated by immediately relieving the poorest, only an extension of the sources of financing made possible by the institutionalist approach allows the sustainability of the MFIs and a real improvement in the general welfare. Thus the institutions can apply this strategy in order to break the deadlock

6.1.4. On Poverty Reduction

Microcredit has as main objective to help small informal businesses all as allowing them to build up their capital to grow. So microfinance remains a tool for development and not of survival. In other words, microcredit is not intended for the poorest who do not have one already initiated activity.

The problem is that as MFI clients are unskilled they usually have the same types of activities: next to the trade, women engage in most cases in the loom and sewing, while men head over to farming and crafts. Several conclusions follow from this:

• The creation of micro-enterprises usually have no direct impact on the economy and poverty reduction, since they do not use a lot of long term employees. Loan officers normally control the use of credits from their customers, but this is the only monitoring is done. Spend more in control and verification is important, but is not possible, since it is an expensive solution. What makes that sometimes there are people who "escape" to the system and use their credit to other purposes.

• Furthermore, the number of customers increasing every year, competition is increasingly strong among micro entrepreneurs. And, as most of it has the same type of activity, few micro-entrepreneurs who find themselves with a comparative advantage over others, and therefore a higher profit. Is it possible that this increased competition is partly responsible for the decrease in reimbursement rates? Also, opt for a microcredit means a minimum of managerial skills (managing income from his shop or his cattle, for example), and these skills are not mastered by all customers. Would it be possible to create such a solution for the fair trade for less entrepreneurs where beneficiaries income guarantee "fair" and therefore a "decent" life without manage their own micro-enterprise? On the other hand, nothing prevents also for the entrepreneurs among them to opt for microfinance as an emergency exit from poverty?

Finally we find that takes on political, cultural and social factors that microfinance has no control. It will remain limited in this problem until leader have decided to solve the problems of underdevelopment. We must therefore diversify the tools and try instead to use microfinance to complement these tools.

6.2. Recommendations on MFI Practices

6.2.1. High Interest Rates

In effect, governments can adopt some possible solutions to foster lower high rates charged by MFIs:

• Requiring greater transparency as to the method of calculating interest and commissions to facilitate the comparison of bids by MFI clients.

• Subsidizing the establishment of MFIs where competition is still weak. Indeed, MFIs tend to focus on the narrow segment of small urban entrepreneurs already installed. The most difficult to serve public are neglected, particularly in rural areas.

6.2.2. Repayment Rate

To improve customer refunds rate, we thought of different ways to stop this "scourge". First, the industry must consider the means to initiate legal action for bad payers which would penalize them. This is not to prosecute all clients in court, because after all, make trial is an expensive solution, but it is to explain to customers how directly by publicizing some trials begin to "put order "they must necessarily pay off their loans as long as possible. In the event that they encounter difficulties in repaying at their management, they can always refer to the IMF for assistance.

Another very important and almost necessary point the way to encourage better monitoring of customers, that is to say, offered bonuses and promotional agents responsible for credit monitoring. For example, suppose 98% of the loan officer's customers repay their loans, they will receive at the end of their base salary, plus a bonus linked to the 98% success. This meritocratic approach would encourage agents to be more vigilant about monitoring records, to better understand their needs, in order to more easily identify their vulnerabilities and to address them.

6.2.3. Training

In order to successfully develop and initiate a real fight against poverty, it is important that MFIs invest in training. However, the training application in the sector will diversify the activities of their customers and thus they could all have added value thanks to their comparative advantage. To this effect, this could well be beneficial to both customers and clients than MFIs because they see the improved reimbursement rates.

6.2.4. The Legal Status

After reviewing the different scenarios of institutional changes, we thought that the best solution is to start from the beginning. That is to say that, like some countries such as Bangladesh (Grameen Bank) and Mexico (Compartamos), MFIs may evolve into the concept of mass banking. In effect, this action would allow them to have better access to financial markets and above all provide financial and non-financial services to their customers and will provide effective support for their growth. Thus, micro enterprises that succeed best contribute more to reducing poverty. However, with the change of the institutional sector could attempt to turn away from its main objective to ensure a poor life condition improvement.

6.3. Opportunities

6.3.1. Geographical Distribution

In order to balance the presence of MFIs on the entire Malian territory, and avoid unhealthy competition between them we thought of a better geographical distribution of MFIs in Mali. To prevent certain monopolizes the entire region and that this monopoly would venture to take place if the state does not control the situation. At this, the State may set a ceiling rate and that could help through grants to cover the additional costs inherent to their implementation in the rural areas.

6.3.2. Micro Insurance

Micro insurance products have been marketed by MFIs in Mali, but without success. These failures can be determined by several reasons. The main products were essentially diseases blankets (partial or total), the agents had the greatest difficulty in explaining the nature of these products to customers who already have micro Moreover, the fact to pay an amount each month, did not seem interesting for the customers. They had thought the other. Then the development of microfinance products requires human skills that are found in general that among insurance companies.

The failure of these products should push MFIs to launch pilot operations where they are repositioned on these products. We must first draw on the expertise of insurance companies to develop these products, even acting as an intermediary in their marketing. It would also form microcredit agents selling these products, and support through fun educational tools to popularize the concept of micro insurance to customers.

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