

# Benin - Access to Financial Services

Report generated on: November 23, 2016

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## Overview

### Identification

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**COUNTRY**

Benin

**EVALUATION TITLE**

Access to Financial Services

**TRANSLATED TITLE**

Evaluation du projet Acces aux Services Financiers

**EVALUATION TYPE**

Independent Performance Evaluation

**ID NUMBER**

DDI-MCC-BEN-NORC-PE-FIN-2016-v01

### Version

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**VERSION DESCRIPTION**

Raw data for internal use only

### Overview

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**ABSTRACT**

The performance evaluation undertaken included administrative financial data from MFIs and MSMEs which received grants under the Benin Compact as well as survey data and qualitative data from grant recipients. Only MFIs and MSMEs which received grants were included in the data collection. Questionnaires recorded information about the MFIs' and MSMEs' past activities, their interaction with the project, and the agencies it supported, and their overall impressions of the project.

Based on the surveys and financial analysis, it appears that the grants, especially the training, equipment, and the external supervision have played a major role in allowing many MFIs to maintain or expand their operations and maintain or improve performance in spite of unfavorable management/governance factors, external shocks, or an unfavorable policy environment, which are beyond the scope of this evaluation.

The financial analysis of the grantee MSMEs reveals a split between the enterprises continuing to operate with various degree of profitability (about 50% of the enterprises) and those that have either closed or are heavily dependent on further subsidies for continued operations. Among the grantees were five private enterprises, 23 associations, and 14 cooperatives. Of the five private enterprises, four are doing relatively well and one intends to start operations in late 2016.

As an overall conclusion, it can be said that the support to the MFI sector had a strategic impact and made a major contribution to strengthening the MFI sector while contributing to the revival and growth of the sector after the 2010 crisis. For the MFI sector, therefore, the project had a positive systemic impact. However, the same cannot be said of the support to MSMEs.

**EVALUATION METHODOLOGY**

Other (Performance Evaluation)

**UNITS OF ANALYSIS**

Enterprise and MFI

**KIND OF DATA**

Administrative records data [adm]

**TOPICS**

Topic	Vocabulary	URI
Performance evaluation		
MFI		
MSME		
SME		
Finance		
Financial access		
Financial services		

**KEYWORDS**

Performance evaluation, MFI, MSME, SME, Finance, Financial access, Financial services, Compact, Benin

## Coverage

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**GEOGRAPHIC COVERAGE**

National coverage

**UNIVERSE**

MFIs and MSMEs which received either a S1, S2 or S3 grant through the Benin Compact.

## Producers and Sponsors

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**PRIMARY INVESTIGATOR(S)**

Name	Affiliation
NORC at the University of Chicago	NORC

**FUNDING**

Name	Abbreviation	Role
Millennium Challenge Corporation	MCC	Donor

## Metadata Production

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**METADATA PRODUCED BY**

Name	Abbreviation	Affiliation	Role
Millennium Challenge Corporation	MCC		Review of Metadata
NORC at the University of Chicago	NORC		Metadata Producer

**DATE OF METADATA PRODUCTION**

2016-10-27

**DDI DOCUMENT VERSION**

Version 1.0 (October 2016)

**DDI DOCUMENT ID**

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## MCC Compact and Program

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**COMPACT OR THRESHOLD**

Benin Compact

**PROGRAM**

The MCC compact with Benin was a five-year investment (2006-2011) of \$307 million in four projects: (i) the Access to Financial Services Project, (ii) the Access to Justice Project, and (iii) the Access to Land Project, and (iv) the Access to Markets Project. This data was collected as an evaluation of the Access to Financial Services Project. This project aimed to improve the efficiency of micro, small and medium-sized enterprises (MSMEs) to respond to opportunities by reducing costs and improving access to financial services. The Project also aimed to improve financial services provided to MSMEs, increase microfinance institutions' (MFIs') self-sufficiency, decrease MFIs' portfolio at risk, and increase loans guaranteed with land titles.

**MCC SECTOR**

Finance, Investment, and Trade (FIT)

**PROGRAM LOGIC**

The \$17.3 million Access to Financial Services Project was designed to improve the ability of micro-, small- and medium-sized enterprises (MSMEs) to respond to economic opportunities and improve MSMEs' access to financial services. It also aimed to strengthen the government's supervision of microfinance institutions (MFIs) and establish the grantmaking "Challenge Facility" to improve the efficiency and institutional capacity of MSMEs and MFIs to help the microfinance sector and MSMEs improve financial stability and increase operational self-sufficiency. These goals were to be achieved by providing funds for technology, innovation and capacity-building projects to microfinance institutions and by improving the production capability, profitability and access to financial services for micro-entrepreneurs. The project would also train, equip and support officials in the Ministry of Finance's Microfinance Supervision Unit to enhance the microfinance supervision in Benin. Moreover, the project would establish a new credit bureau to provide MFI's with current information on borrowers' credit history and helping borrowers avoid over-indebtedness. Government and bank officials would also be trained to consider how land titles could be used as collateral.

**PROGRAM PARTICIPANTS**

Financial data was collected from all MFIs and MSMEs which received either a S1, S2 or S3 grant through the Benin Compact. In total, 9 MFIs received a S1 grant, 14 MFIs received a S2 grant and 42 MSMEs received a S3 grant. All 23 MFI grantees had complete financial data from 2009-2015, which ANSSFD shared with NORC. For MSMEs, 21 of 42 MSMEs shared complete financial data from 2009-2015 with NORC. Non-financial data was collected from 41 of 42 MSMEs and from 30 of the 32 MFIs approached. Qualitative data was collected from 43 MSMEs and from 32 MFIs. Some MSMEs applied for a grant as a consortium. When the head of the consortium was not found, the evaluation team collected this qualitative data from the two MSMEs which comprised the consortium, resulting in qualitative data being collected from 43 MSMEs.

# Sampling

## Study Population

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MFIs and MSMEs which received either a S1, S2 or S3 grant through the Benin Compact.

## Response Rate

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Twenty-one of 42 MSMEs (50%) shared complete financial data from 2009-2015. For MFIs, 32 institutions were contacted for data, which includes the 23 grantees and their branches. From these, 23 (71%) shared complete financial data from 2009-2015.

Non-financial data was collected from 41 of 42 MSMEs (97%) and from 30 of the 32 MFIs (93%) approached.

Qualitative data was collected from 43 MSMEs (100%) and from 32 MFIs (100%). Some MSMEs applied for a grant as a consortium. When the head of the consortium was not found, the evaluation team collected this qualitative data from the two MSMEs which comprised the consortium, resulting in qualitative data being collected from 43 MSMEs.

All MFIs were interviewed (23 of 23--i.e. 100%) and all but one MSME was interviewed (41 of 42--i.e. 97%).

# Questionnaires

## Overview

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Qualitative questionnaires were administered to MFIs and MSMEs that participated in the data collection. For MFIs, these included various information on the MFI, including its starting year for activities, its registration and authorization status, and details regarding its branches. The questionnaire also recorded information on the support received from MCA, audits performed by MCA, the use of any equipment received and the perceived impact of the support received. The questionnaire also included modules on the MFI's interactions with ANSSFD and the services of the CEI.

For MSMEs, the questionnaire recorded various information on the MSME, including its activity areas, its number of employees, and the company's legal status. The questionnaire also recorded information on the support received from MCA, including equipment, and the perceptions of this support. The questionnaire recorded the MSMEs perceptions of the impact of the project on their capacity, market access, and access to micro- and project finance.

## Data Collection

### Data Collection Dates

Start	End	Cycle
2016-02-01	2016-04-08	N/A

### Data Collection Notes

Data collection teams were assembled on December 12th and 13th, and then again on the 23rd of December, 2015 for three days of training. One additional day of training was provided by NORC in January 2016, just prior to the launch of field work.

The MFI questionnaire was tested once at CFAD, which is a MFI, and the MSME questionnaire was tested twice, once at GERME (training center) and once at IRA (pineapple juice factory). The results from the tests were incorporated in the questionnaires before the training day on the 23rd of Dec. 2015.

NORC began recruitment for the data collection team in October 2015 in Benin, seeking accountants, agro-economists, and financial services specialists. The candidates were interviewed by NORC in December 2015, and the selected candidate were invited to attend the first round of training. The accountants and agro-economists were formed into three groups to collect the quantitative and qualitative data from MSMEs. The financial services specialists were organized into two groups to collect the qualitative data from the MFIs.

The MSME teams were each responsible for 14 MSMEs. These three teams were supervised by NORC's Field Coordinator, who provided guidance and supervision during data collection. The allocation of MSMEs to the three teams took into consideration the geographic location of the enterprises. In order to increase the efficiency of the data collection and reduce travel time, each team was responsible for a geographic zone.

The financial services specialists were supervised by a local financial services specialist who provided the needed due diligence, guidance, and supervision and provided a comprehensive field report and data analysis report.

Data collection was launched during the first week of February 2016 and stretched through the first week of April 2016.

NORC's local coordinator in Benin together with NORC local financial services expert prepared the meetings and the interviews for the data collection team before they went on the field.

Financial data for the 23 supervised MFIs assisted by MCC was collected from ANSSFD and not collected from the field. NORC was able to retrieve hard copies of the financial reports and those were photocopied and the data were subsequently entered into an Excel format.

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### Data Collectors

Name	Abbreviation	Affiliation
NORC at the University of Chicago	NORC	

### Supervision

NORC began recruitment for the data collection team in October 2015 in Benin, seeking accountants, agro-economists, and financial services specialists. The candidates were interviewed by NORC in December 2015, and the selected candidate were invited to attend the first round of training. The accountants and agro-economists were formed into three groups to collect the quantitative and qualitative data from MSMEs. The financial services specialists were organized into two groups to collect the qualitative data from the MFIs. The two groups were supervised by NORC's Field Coordinator and the Senior Local Financial Services Expert, respectively.

## **Data Processing**

### **Data Editing**

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The questionnaires' data were entered by the evaluation team in Benin and shared via secure server with the evaluation team at NORC in the United States. The NORC team reviewed these questionnaires and collected further information or clarifications, as needed, from the evaluation team in Benin.

## Data Appraisal

No content available