

The metamorphoses of the African microfinance sector: an analysis based on the cases of Benin, Burkina Faso and Niger

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Abstract – The beginning of the XXIth century is characterized by the strong market penetration in African societies and globalization with their trail of changes. These changes concern an ever-increasing number of economic and social sectors. What is the influence of these changes on a sector like the microfinance sector? This study, which is mainly based on an analysis of the evolution in the behaviors of a representative sample of 17 microfinance organizations in three West African countries (Benin, Burkina Faso and Niger) in recent years, answers question. It clearly shows that the microfinance scene in these countries has experienced deep transformations. Since a few years, microfinance organizations have been undergoing the introduction of management constraints, new financial requirements (with the obligation of being viable and sustainable), and the increase of competition within the sector that have led to significant changes in their objectives, strategies and practices. In this way, some microfinance organizations have had to reduce or cancel non-financial activities. Others have chosen to enlarge their traditional clientele and intervention zones, or purely and simply increase their lending rate, prioritizing henceforth-profitable income generating activities or preferring to work with the poor but less vulnerable and difficult segments of the population. Microfinance organizations tend inexorably to adopt the logics of market relations in order to survive.