n 2010 French microfinance stakeholders increased their actions: higher numbers of microcredits provided by French and foreign microfinance institutions (+40% for the personal microcredits between 2009 and 2010 in France and +30% abroad), diversification of services such as micro-insurance (+30%) and the savings products (+34%) and increase in funding supports provided by French donors and investors (+34%).

In the same time, the public’s awareness of microcredit and microfinance has also improved: indeed in 2010 80% of French people had heard of « microcredit », while this figure was 71% in 2009. They have also continued to praise this new solidarity tool (currently, 69% of French people believe that microcredit gives the possibility to step out of poverty, against 62% in 2009) and would be ready to get involved: 10% of French people are indeed willing to make a financial investment towards organizations providing microcredits to the poorest.

For two years now, these very encouraging figures of the French general opinion have contrasted with the sector’s worldwide economic crisis. Microfinance is going through a difficult period due to aggressive commercial practices, over-indebtedness of beneficiaries, over-commercialization and rejection of the microfinance institution in certain countries, as well as increased criticism from the media. After 30 years of existence and a tremendous performance (190 million beneficiaries including 126 million impoverished people), the microfinance sector is currently paying the price of its success and is starting a questioning process.

Convergences 2015 and the Microfinance Barometer have decided to engage in this question- ing process. In addition to data, useful information and articles of analysis, this publication of the Barometer includes a special study on the ways to return to a more “social” microfinance. The special feature contains a range of articles explaining the sector’s good practices as well as stakeholders’ efforts to refocus on their original assignment: poverty alleviation through the financial inclusion of the poorest.

Meanwhile, Convergences 2015 is launching numerous initiatives and is actively taking part in the sector’s improvement process: formation of focus groups, support provided for studies on microfinance’s crisis and its good practices, the organization of conferences and workshops and finally, the launch of the « Paris Appeal » campaign for a responsible microfinance (see last page).

This second improved publication of the Barometer aims to help you better understand the instrument of microfinance, its success as well as its limits and questioning positions. It also includes a mapping of the sector’s stakeholders and of recent indicators. For further information, or in order to join these different initiatives, please contact Convergences 2015 on the following website: www.convergences2015.org

For a return to more social microfinance

“Microcredit, miracle or disaster?”, “Microfinance in crisis”, “Microcredit turns to tragedy”…

For several months, successive articles denouncing the escalation of microfinance in certain countries have been accumulating in French and international press. From excessive debt to overly high interest rates and reports of violence towards credit agents, microfinance has entered a phase of turmoil. Such criticisms are in contrast with the sector’s long-lasting optimism, which usually presents microcredit as a miracle solution to poverty, embodied by the Nobel Peace Prize recipient Professor Muhammad Yunus and the Grameen Bank in 2006. Between idealism and excessive criticism, this year, the Barometer of Microfinance presents a special report aimed at clarifying the current situation of microfinance and the responses that microfinance actors are putting together to facilitate a greater social impact. These answers include labeling, social performance transparency, responsible investment practices, client protection, regulation products for the poorest, etc. See page 5 to discover the opinions and recommendations of several actors on the crisis and their various responses.

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ID-Ghana: Social microfinance for the poorest families in Accra

**An original MFI on the microfinance landscape of West Africa**

ID-Ghana is a Ghanaian microfinance organisation that has received technical and financial support from the French association Entrepreneurs du Monde since 2003. Based in Accra, it has 8 agencies and close to 40 staff that provide finance to 6,000 beneficiaries. ID-Ghana provides traditional financial services (savings and loans) which are an integral part of a holistic approach: economic and social training and subsidised access to national health insurance. While this approach is expensive for supporters of microfinance that generate high returns on investment, for ID-Ghana, it guarantees support suited to the poorest families.

The team at ID-Ghana and the families that benefit from its services have only one word on their lips: osigna nua, or mutual assistance in Twi. In practical terms, borrowers are not required to provide collateral. Each week, they meet in their district in groups of 15 to 30 people to deposit their savings, repay their loans and attend a 30-minute training session. This practice has a number of advantages: it is conducive to the cohesion of the group, the inclusion of the poorest members of society and the sharing of experiences, as well as rigour in financial management. Yet when it comes to the size and duration of its loans, ID-Ghana remains flexible. 1 The repayment rate of 98.6% (January 2011) would be the envy of many a banker. This is particular to regular follow-ups by loan officers, who know their customers personally and visit them at home and at their place of employment, but also to the rigour of borrowers, who attend 4 training sessions before receiving their first loan and comply strictly with deadlines for repayments.

For ID-Ghana, this commitment from its beneficiaries is one of the keys to the continuation of the programme. The most dynamic women direct their unfortunate neighbours to the MFI with even greater ease. The credit provided is clear and has no hidden costs: a monthly interest rate of 3%, which has fallen consistently in recent years; a collateral and a minimum monthly saving requirement of 2 Ghana cedis (#1) that pays interest at 5% per annum; free weekly training and social assistance; and a valuable incentive to join the national social security system, with the programme assuming 50% of the cost for the first year.

**A philosophy that serves as a model**

Mutual assistance is also at the heart of the work of the team at ID-Ghana, in particular of loan officers and trainers: the former direct people experiencing difficulty to the latter, who can provide them with advice. All are aware that the beneficiaries’ new-found stability is fragile, and that microcredit is but one tool among many with which to combat poverty. ID-Ghana’s holistic approach to microfinance is unique in this context: very few institutions are prepared to provide this social support without payment, yet it is precisely this support that is most needed by the very poorest.

The ID-Ghana example shows that social microfinance is unique in a context: very few institutions are prepared to provide this social support without payment, yet it is precisely this support that is most needed by the very poorest.

**Source:** State of the Microcredit Summit Campaign Report, 2010.

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**Exponential growth in the number of microfinance clients in 15 years**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of customers earning more than $1.25 per day (in millions)</th>
<th>Number of customers earning less than $1.25 per day (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>50</td>
<td>150</td>
</tr>
<tr>
<td>2000</td>
<td>150</td>
<td>450</td>
</tr>
<tr>
<td>2005</td>
<td>300</td>
<td>900</td>
</tr>
<tr>
<td>2010</td>
<td>450</td>
<td>1350</td>
</tr>
</tbody>
</table>

---

**The poor need a variety of financial services, not just loans (...).**

Just like everyone else, poor people need a wide range of financial services that are convenient, flexible, and reasonably priced. Depending on their circumstances, poor people need not only credit, but also savings, cash transfers, and insurance (...).

**Microfinance means building financial systems that serve the poor.**

Poor people constitute the vast majority of the population in most developing countries. Yet, an overwhelming number of the poor continue to lack access to basic financial services (...).

**Microfinance is a powerful instrument against poverty.**

Access to sustainable financial services enables the poor to increase incomes, build assets, and reduce their vulnerability to external shocks. Microfinance allows poor households to move from everyday survival to planning for the future, investing in better nutrition, improved living conditions, and children’s health and education.

**Microcredit is not always the answer. Microcredit is not appropriate for everyone or every situation (...).**

In many cases, small grants, infrastructure improvements, employment-supported programs and other non-financial services may be more appropriate tools for poverty alleviation (...). Such non-financial services should be coupled with building savings.

---

**A brief history of microfinance**

1462: An Italian monk named Barnabé de Terni sets up a charitable institution, Monte di Pietà, to fight usury.

1653: Lorenzo Tonti, an Italian financier, sets up a new savings system in France – an association of savers. He will then give his name to the Tontine system.

1720: In Dublin Dean Jonathan Swift is the first person to lend small amounts to poor craftsmen of the city.

1864: Friedrich-Wilhelm Raiffeisen forms the first cooperative credit group in Rhineland, benefiting from 3% interest rates and a commitment to offer cooperative financial guarantees to banks so that poor farmers can have access to credit.

1950: People’s credit unions are born in Honeyford, USA (a premise of the cooperative movement, from which it takes its name).

1970’s: The failure of rural development funds financed by international aid and various states in the 1950s, savings and cooperative credits start emerging in developing countries. The implementation of experimental agreed microcredit programs in the poorest countries:

- in India (SEWA), Brazil (ACCION International) and in Bangladesh (Grameen Bank) by Muhammad Yunus who, in 1976, granted 827 USD of his own money to a group of 42 women in Jorhat, Bangladesh.

1980’s: In France, Maria Nowack creates the Association for the right to economic initiative (ADEE).

2005: The year is declared International Year for Microcredit by the UN. The motto being “Building inclusive financial sectors to achieve the Millennium Development Goals”.

2006: The Nobel Peace Prize is given both to Professor Muhammad Yunus and the Grameen Bank.

2009-2011: Following several localized crises, various initiatives are launched to reinforce the supervision, transparency, and performance of microfinance institutions (Social Performance Task Force, Smart Campaign...).
Mapping the actors of microfinance

Throughout the world, microfinance activities are carried out by organizations commonly called microfinance institutions (MFIs). They operate within a sector which has structured itself around them. This sector involves such a large number of actors that it is sometimes difficult to know who is doing what. It is nevertheless possible to classify these actors into 3 categories: support services, the State and donors.

Support Services

■ These specialized organizations are NGOs or research departments which have developed a specific expertise on microfinance. They often play a decisive role at the time of the launch of MFIs, as well as during the implementation of specific tasks such as institutional transformation or the development of information systems. There are 2 types of interventions: either through consultancy work to the management body of the institution (technical assistance), or as directly taking on the management of the MFI for a few years (as an operator).

■ The aim of MFI networks is to disseminate information, share best practices and ensure greater transparency. There are various types of networks: partnering of professional entities within one country, international partnering of MFIs who share the same philosophy, or finally MFI networks which have been created by specialized organizations.

The State

In every country, the State has a crucial role to play in setting up a legal and regulatory framework of microfinance activities (including monitoring the collection of savings, fixing interest rates, applicable taxes, and consumer protection). The State can also directly intervene in the microfinance sector either through specific policies aimed at structuring the sector or via refinancing activities through public banking.

Donors

■ Public donors have played and continue to play an important role in structuring the sector. Funding is often directly given to MFIs, special organizations or to financial microfinance funds. These donors or “public funders” can provide support through grants (for training and technical assistance to MFIs), concessional loans, (MFI start ups), commercial loans or warranties (collaboration between MFIs and commercial banks). They have also contributed to the training and reinforcement of the sector as a whole and more particularly to professional associations, networks, administrative authorities (States, central banks and law makers). They have also accompanied the emergence of a part of the private sector, which was dedicated to financing microfinance activities, through the creation of specialized funds (see below). These donors will still have an important role to play in ensuring the success of microfinance, for instance in financing and supporting medium size MFIs and in stimulating supply in poorly reached areas.

■ For a number of years now, various commercial banks have shown a real interest in microfinance. They first started to get involved at the local level by providing funding directly to MFIs. They were thus addressing a need to re-finance MFIs, while accessing new markets which constituted a real opportunity. Nowadays, many banking groups in Northern, as well as Southern countries, both at local and international levels, have adopted specific strategies in relation to microfinance. Nevertheless, the levels of involvement may vary from simple short term loans to long term investments on capital. These interventions are indeed conditioned by the level of profit that the MFIs are expected to make, and commercial banks focus their attention on the most profitable institutions. Beyond the banks and the need for communications, the participation of banks is necessary and must be consolidated with time.

■ Specialized financing funds emerged at the end of the 1990s and have grown considerably since. Firstly supported by public donors, these funds have become the main vector of private investment in microfinance. They represent more than half of the total international funding for the sector and in 2009, they represented around €1.5 billion. They attract resources in Northern countries and invest them in MFIs in Southern countries either through loans or in capital. The funds allow the development of financial and analytical competencies that are specific to microfinance. Of course, these can either be motivated by social or commercial objectives, depending on their approach. It has been noted that, similarly to commercial banks, these often invest in MFIs which are usually the most successful and profitable. However, we can now see more and more specific funds dedicated to some regions (Africa and South-East Asia, targeting medium sized MFIs which had been ignored until now.

■ Finally, we have also been noticing the emergence of sophisticated financial tools as well as new types of actors. Their emergence is linked to MFIs' increasing needs in terms of funding, highly specialized financial competencies, and increasing knowledge on microfinance among the public. These tools can be for instance specialized rating agencies (who evaluate MFIs' performance on behalf of potential donors), online microcredit platforms (peers to peer online websites which allow individuals to lend small amounts directly to micro-entrepreneurs) as well as fund management companies (which manage investments of specialized funds).

The microfinance sector is therefore composed of an increasingly important number of actors. In order to complete our analysis, it is important to mention MFI clients, whose satisfaction is the final goal of all these actors, and who play a defining role not only as borrowers but often as savers. They constitute the most important source of funding for microfinance in the world.

In numbers

Microfinance in the world today

190 million borrowers
Including 128 million impoverished people
641 million beneficiaries
74% of borrowers are women
€200: is the average amount of savings
€300: is the average amount of microcredit in developing countries

Source: Mix Market & State of the Microcredit Summit Campaign Report, 2010

*See glossary on page 11
Is microfinance a solution for poverty and exclusion?

Have you heard of microcredit?

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>30%</td>
<td>22%</td>
</tr>
<tr>
<td>No</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>Yes, vaguely</td>
<td>50%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Microcredit has become rather well-known since 2010. Four out of five French people (80%) now say that they have heard of microcredit, up 9 percentage points from a year ago. More significantly, this increase in prominence has been accompanied by a more widespread accurate understanding of the concept. Thus, 30% of respondents stated that they knew what it was, 8 percentage points more than 2010, while the number of people who have heard of it, but who do not really know what it is, remained unchanged (50%, up 1 percentage point).

Is microfinance a solution for poverty and exclusion?

Do the following comments reflect your point of view?

<table>
<thead>
<tr>
<th>Comment</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microcredit gives its beneficiaries a sense of responsibility by providing them with the means to meet their needs themselves.</td>
<td>76%</td>
<td>70%</td>
</tr>
<tr>
<td>Microcredit is an innovative solution to poverty and exclusion in the world.</td>
<td>72%</td>
<td>65%</td>
</tr>
<tr>
<td>Microcredit allows the poorest to escape poverty.</td>
<td>65%</td>
<td>55%</td>
</tr>
<tr>
<td>Microcredit is a dangerous solution because it involves lending money to people who are not creditworthy.</td>
<td>47%</td>
<td>50%</td>
</tr>
<tr>
<td>Microcredit interest rates are too high.</td>
<td>41%</td>
<td>46%</td>
</tr>
</tbody>
</table>

The reputation of microcredit, which to a large extent was already positive in 2010, improved in 2011, despite crises in the sector that became the subject of particularly intense media coverage. However, the positive opinion held by French people of the founding principles of microcredit was reinforced: 76% of respondents expressed the view that microcredit gives its beneficiaries a sense of responsibility by providing them with the means to meet their needs themselves. Microcredit is now seen by the public.

The French want microcredit to be further developed in France…

Do you believe that the microcredit system should also be developed for the poor, the socially excluded and the unemployed in France who wish to create and/or develop a business?

<table>
<thead>
<tr>
<th>Response</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolutely</td>
<td>28%</td>
<td>20%</td>
</tr>
<tr>
<td>Somewhat agree</td>
<td>45%</td>
<td>52%</td>
</tr>
<tr>
<td>Somewhat disagree</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>Absolutely not</td>
<td>8%</td>
<td>9%</td>
</tr>
</tbody>
</table>

As a consequence of the positive reputation of microcredit among the general public, three-quarters of French people (73%, up 1 percentage point) would like to see it developed in France for the poor, people who experience social exclusion and the unemployed who wish to set up or develop their own business; 28% of respondents (up 8 percentage points) even said that they are “absolutely” won over by this idea.

Imagine you need a loan tomorrow to develop or set up your own business. In your opinion, would it be easy or difficult for you to obtain this loan?

<table>
<thead>
<tr>
<th>Difficulty</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy</td>
<td>39%</td>
<td>36%</td>
</tr>
<tr>
<td>Difficult</td>
<td>61%</td>
<td>64%</td>
</tr>
</tbody>
</table>

The granting of microcredit is seen as all the more necessary given that six out of ten people (61%) still believe it would be difficult for them to obtain credit to develop or set up a business in France. While this sentiment was slightly less widespread than in 2010 (down 3 percentage points), it must be acknowledged that a vast majority of French people continue to believe that access to traditional sources of credit is problematic: when it comes to establishing their own business.

Prepared to engage?

If tomorrow you were to make a financial gesture to help the poor in France or overseas, which of the following methods would you prefer?

<table>
<thead>
<tr>
<th>Method</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donate to an organisation that combats insecurity among the most impoverished</td>
<td>39%</td>
<td>36%</td>
</tr>
<tr>
<td>Invest in a solidarity-based savings product</td>
<td>19%</td>
<td>15%</td>
</tr>
<tr>
<td>Land money to organisations that provide microcredits to the most impoverished</td>
<td>42%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Donations to organisations that combat insecurity remain the preferred method among French people to help the poorest sections of the population in France and overseas (42%). Yet French people are also receptive to other less traditional modes of support: one out of five (19%) would lend money to an organisation that provides microloans to the most impoverished, while 39% would prefer to invest in a solidarity-based savings product. Close to two-thirds of respondents would consider a financial contribution other than a traditional donation.
SPECIAL REPORT
Towards more social microfinance

This year’s Barometer of Microfinance presents a specific focus to clarify where the microfinance industry stands today and what are the answers microfinance developers are allowing to do for greater social impact.

A better understanding of the flaws of microfinance

5 questions to Jean-Michel Servet, Professor at the “Institut des Hautes Études Internationales et du Développement (HEID)” and Xavier Reille, Head of microfinance, CGAP/World Bank.

What are the causes of microfinance’s flaws in your view?

Jean-Michel Servet: Firstly, we need to define what is meant by the crisis of microfinance. It refers to the increase in unpaid amounts, meaning that clients do not reimburse, putting microfinance institutions in great difficulty. We should therefore ask ourselves why clients stop reimbursing. The first reason is excessive debt. Some clients play around with competitiveness which means that they reimburse by borrowing from other institutions. It is a vicious circle, bound to collapse at some point. Moreover, the income of this population is weak. Take Nicaragua, where the strong decrease in income from the meat sector has affected the global income. In turn, this has made reimbursements difficult. Microfinance has nothing to do with these causes. The second phenomenon is linked to market saturation. In Morocco for instance, clients have had a very good relationship with microfinance. However, they have now reached the level they wished for. We were wrong in thinking that because of important growth rates, clients would have wanted to indefinitely increase their turnover, but that is not the case.

What answers and solutions should be put forward?

XR: Solutions can be found at different levels. First of all, more accountings of governance within microfinance institutions is important. Shareholders and investors have a role to play with a two-fold vision of both financial performance and social impact. Early 2011 for instance, 40 investors signed an accountable investment chart in Holland. Besides, more regulation should be in place. These crises have demonstrated that microfinance cannot be completely regulated by the market and that there is a need for regulation, particularly of interest rates and practices. Transparency should also be improved. There are already 350 microfinance institutions that have carried a report to CGAP (Consultative Group to Assist the Poor) on their social performance. The first reason is excessive debt, Credit bureaus would allow a better assessment.

J-MS: Solutions cannot be applied everywhere in the same way. We are talking about credit bureaus. For instance, some elements show that this can work in Morocco. This is because people generally hold identity papers and because informal financial systems are not very developed. On the contrary, in India, where 70% of loans are given by private lenders, is setting up credit bureaus which is not an efficient solution. In this case, support must be provided by the public sector and by authorizing the opening of microfinance institutions; it does not make sense to have 16 institutions concentrated in one area and none in another for instance. Authorities must also provide a framework for interest rates. We can indeed notice that in some areas these can be very high in comparison with the resources being generated. It is indeed possible to have 50% interest rates in some areas if people make business operations which generate 100%. However, if the borrowers at a rate of 25% for a project which brings in only 8%, one becomes impoverished and this is embarrassing. In times of crisis, institutions must also be smart and reconsider the loan repayment plan. If people cannot reimburse because of floods or mortality and to support them, in order for microfinance to work, it is important to reach a balance between market place, public sector and social rules. If we are unable to articulate these 3 areas, none of them can function on their own in a sustainable way.

How can we define social microfinance?

XR: Social microfinance is one which has sensible and measurable objectives of social, financial and environmental performances. Beyond these 3 objectives, social microfinance can also be defined by the services it offers. It should go further than providing credits, to address the real needs of the populations. Finally, it is important that we monitor social performance and therefore that we have reliable measuring systems in place.

J-MS: Firstly, it is one that offers products which better address the needs of the populations. That is products that are better adapted to clients’ capacity to pay and their mental capacity to figure it out themselves. Secondly, it is important that we don’t see microcredit as a miracle remedy which will generate extraordinary returns on investment. Thirdly, it is important to know that microcredit is not only dedicated to fight against poverty, it also targets financial exclusion, which is essential given the context of financialization. Microfinance can also address the needs of people who are not poor, but who do not have access to financial services.

Under which conditions can microfinance be virtuous?

In the new millennium, the microfinance sector has been given increased attention. This is as a result of its own success (increase in number of clients, targeting vulnerable populations, promoting entrepreneurship, etc.) but also because of the media attention portraying it as a tool to fight poverty. This has allowed the sector to develop and professionalize itself. At that time, microfinance institutions were seen mainly as ‘social’ actors and one would evaluate their success by analyzing solely their financial performance. Nowadays, there is increased criticism around the sector notably around excessive debt, lack of transparency of rates, services’ limited impact, etc. One can therefore reflect on the conditions under which microfinance can be virtuous.

A collective analysis of the sector on the stages of its social performances

The microfinance sector has now matured and for some time now, it has been able to identify the risks of its activities and has worked on the conditions of virtuous microfinance. In this context, various initiatives, brought together in networks such as the “Social Performance Task Force” (SPTF), have developed methodologies and innovative tools in order to assess and improve the social performances of microfinance. Developing methodologies and innovative tools allows the reinforcement of social strategies and offers solutions to face these criticisms and identified risks.

The conditions of a virtuous approach to microfinance

Social assessment tools aimed at greater transparency

There are many measurement tools which address each step of the social microfinance performance and the financial assessment. Two of these assess the internal processes of MFIs: audits and social ratings. These tools, such as the Social Performance Indicators (SPIs) which were developed by CEIRIE, assess the actions implemented by institutions to achieve their social objectives, according to four criteria:

■ targeting the poor,
■ adaptation of services,
■ client capacity building,
■ social reputation (towards employees, clients and the environment).

The two other types of tools emphasize specific aspects of the results achieved by the clients: poverty assessments and impact studies. These tools allow the assessment of poverty levels according to international poverty standards and enable the follow-up of a boon and hold’s living standards to make sure the range of services offered meet clients’

Approaches on the management of social performances in order to promote the impact on clients

Beyond these assessment tools, the microfinance sector has also been looking at improving its practices. First and foremost, the J-MS approach is structured on ten key activities that are undertaken by microfinance institutions to promote and follow up the development of clients and to follow principles of consumer protection (as minimum standards) which avoid the risks of debt, promote interest rate transparency, employees’ ethical behavior as well as clients’ data confidentiality. Beyond the “do no harm” social responsibility approach, the microfinance sector is looking for a positive “do good” impact on its clients. The sector is developing a range of services offered to the client (credit, savings, but also savings, insurance and non-financial services). The aim is to address the different needs of households and micro-entrepreneurs to reduce clients’ vulnerability and to empower them in the various stages of their lifecycle. The goal of microfinance is to reach clients that have been left out of the classical financial system using specific strategies. It also ensures the good use of services through financial education and brings about positive changes on the socio-economic conditions of the targeted population. Reinforming social performances allows the consolidation of financial performances; this ensures the faithfulness of clients who are better served and better prepared to use financial services.

Performance standards to reassert base principles of microfinance

Through the SPTF, “universal social performance standards” are currently being defined in a way to protect against drifts towards excessive commercialization, motivated by profit making alone. The maturity of microfinance calls for controlled growth, financial returns, cost levels in line with the service provided and clients’ capacity to reimburse. Microfinance must continue to rest solidly on the principles which have made the sector and its fame: proximity, inclusion, client protection, transparency and adaptation of the range of services. These discussions are ongoing. All these tools and approaches provide a road map of the sector and allow the promotion of virtuous practices in a transparent manner.

CECILE LAPENUT & FLORENT BÉDECAUX

*See glossary on page 11
In terms of financial regulation, microfinance consists of the provision of banking services (i.e. standard loans, the receipt of funds from the public, financial intermediation and certain means of payment). Regulating this sector involves posing questions about the adaptation of financial legislation to these operations, which are unique due to their size, customer base and modus operandi.

Deregulation of demand interest rates

In proportional terms, a microloan costs more to manage than a larger loan (it is easier to pay off a smaller loan) and is more expensive than a bank loan. As a result, there is no ongoing microfinance provided at a rate of interest that is comparable to those charged by retail banks, unless the State provides an ongoing subsidy out of budget funds. Except where indicated otherwise, the approach that involves the subsidisation of rates and a mandatory cap on rates is inadvisable. The study of regulation is full of examples of full or partial caps on interest rates charged on microloans where they have remained capped in the ‘traditional’ banking sector.

Renewed interest in mutual financial systems

In some cases, savings and lending cooperatives, which in many cases have existed for several decades, have been the big winners in terms of regulation from the removal of media interest in their activities. In some areas, the supervisor has even noted a decline in fraudulent operations in these mutual financial systems.

However, in a number of countries and zones the main trend is towards the consolidation of the sector and the necessary reinforcement of governance and management tools. After years of experimentation within and the rapid growth of the sector, this often translates into:

- Focusing on three incorporation structures the association (which in general is confined to microloans), the cooperative and the membership of mutual financial systems.

- More stringent conditions for access (share capital, proof of financial viability, quality of organisation, etc.).

- The reinforcement of rules on financial transparency, which increases the financial software and IT infrastructure requirements of MFIs.

- A discussion on solvency (equity/assets ratio) and the protection of deposits (deposit guarantee systems).

- The establishment of anti-laundering mechanisms to prevent MFIs from unwittingly becoming tools for laundering dirty money or financing criminals.

- Greater attention to the mutual microfinance sector, with closer supervision, independent of political interests.

What has been done to regulate the microfinance sector?

The way in which credits are granted responds adequately to members’ needs and it is understood that members (in some cases however, i.e. with middle term investments, amounts cannot be easily accessed) or is inefficient. Besides, the repayment rates of this system are very high. The financial dynamic thus created can be impressive in the conflict-stricken region of Kivu in Eastern DRC, the 30,000 members of the Musos have been able to save two million USD in 8 years. The Musos have even become the main shareholders of their refinancing fund, created with SIDI. From an organizational and social point of view, the operating principles and reputation of these organizations make Muso a tool that adds both structures and organizations. Members feel full ownership of the tool, and this allows them to address problems which only they are able to identify. In Haiti during the cholera outbreak for instance, Muso dipped into its red fund to pay staff working in the health sector.

Because Muso manage their own funds, they run a risk of being drifted away from their own objectives or of making decisions in a particular way; this would be a source of failure and conflict. This is why a regular and rigorous monitoring of Musos is essential for long term success. The local Muso promoting institutions have contributed to its success through their understanding of the context they work in and thanks to the field animators who ensure regular monitoring. In 15 years, Muso has proven this technique in very poor rural, crisis-ridden areas. The search for full, financial, social and institutional viability is now the main priority of these promoting institutions and has been collectively reaffirmed at the global workshop on Muso organized in December 2010 by SIDI.

Mutual Solidarity groups social, financial and decentralized organizations

The revision of Miriam Lema Aulla, client of Cepusi and Babyloanning

Miriam Lema Aulla lives in Montfermeil. She has been a street vendor from a young age. She used to need help so that she needed to develop her activity from local lenders who were asking her for a daily interest rate of 20%. In February 2010, she discovered Cepusi, a microfinance institution partnered with Babyloanning and obtained her first microcredit of €380. Seven members of the Babyloanning website believed in her project and decided to refinance her. She was then able to buy chococho. Cepusi’s chococho is a popular dish, with the specific need as main ingredient accompanied with banana chips, grilled corn and fried pork in a spicy sauce. Miriam shares her secret to success: to “prepare food with love”. Her day starts at 5 AM behind the streets. She then goes out onto the street at around 9 AM to sell chococho in front of a block and a street vendor, and she loves both very much.

With time, she was able to buy a small cart allowing her to go to different neighborhoods of her city every day to sell this traditional dish. In addition to this, Miriam also has a fixed customers list. She taught a college where students and professors wait for her every day. These are real “cevichos amateurs” as this dish is filling, very well prepared and above all cheap.

Every day, Miriam sells 150 dishes of her delicious recipe, at a unit cost between €0.50 and €1.50. Money is not sure how to proceed. She then submitted her project to a friend who put her in contact with the French Association for the Development of Economic Initiative (Adh). She found some- thing else to give her advice, listen to her but most of all to support her throughout the duration of her project. Today, one year after she opened her nail shop, Djena has managed to make ends meet and is in the process of entrepreneurship. She is now settled in Montfermeil, near Paris, and has built a small business around her nails and now works with both young and older men. At first, she used to ensure the basic financial services (such as deposits and with- drawals) and Institutions that specialise in pay- ments, in particular payments via mobile phone and, mobile telecom operators themselves. In general, the impact of information technology on methods of operation is growing, a fact to which regulators and supervisory bodies are not indifferent. This phenomenon has forced them to adapt to these innovations, which improve the traceability and recording of operations but engender new risks that are at times not properly under- stood.

LAURENT CHEREL
SOLIDARITE INTERNATIONALE
PROMOTION ET DEVELOPPEMENT DE L’INVESTISSEMENT (SIDI)

Djena is a young single female living in a life in slow motion’. One day, she decided to take her life into her own hands. She explains: ‘I wanted to get off the dele- sion of the social self and of social benefits in general. I would like to feel autonomous and independent woman.’ Djena then started a training which has led to achieve a new project which has resulted in a new project which has become a freelance hairstylist.

At that time, she was planning on opening her own shop but she was not sure how to proceed. She then attended training in a management shop where she learned how to set up a business plan. This training allowed developing her entrepreneurial spirit.
Microcredit support in France

Long-term support provided to the clients is an essential and compulsory component of microcredit in France. It allows the integration of microcredit through a comprehensive process of professional and social integration of often fragile people. This process allows beneficiaries to become more involved in their project, to strengthen their independence and skills, to better plan for the future, and to provide the guarantee of an administrative and legal environment that can be complex. Support is often provided by networks which may be non-profit organizations (French Red Cross, Restaurants du Cœur, Secours Catholiques, Catholic relief services (community social action centers, local missions)) or lending institutions (Adie, as well as major banks with specific services: "Parcours Confiance" of the Caisse d’Epargne savings bank and "Gateway" for Crédit Agricole). Support provided includes, at the very least, assistance with the application and often covers additional services such as project set up and analysis, investigation of the case, administrative assistance, looking up means of training in office work or accounting, marketing coaching, legal or management training, etc. Support is tailored to each person’s unique needs, making this French system an excellent example of good practice in microfinance, linking access to financial services with a provision of non-financial services, often required for a successful final project.

MICHAEL KNAUTE, OUS & EMBRIL PERDOMO, CONVERGENCES 2015

Two original French approaches

Guaranteed bank microcredit: an original model of high added value

First of its kind, the report of the General Inspectorate of Finance (GIF) on microcredit published in 2010, confirmed the social and economic benefits of microcredit in its different approaches.

The overriding common principle is to provide access to credit to people facing difficulties who want to start their own business and have seen banks closing their door. While abuses and scandals have been frequent in the US and India by freeloaders who have found a way to charge exploitative interest rates, which have proved to be highly profitable, microcredit (of which Muhammad Yunus was the great pioneer) remains a unique leverage for lifting men and women out of destitution in France, as in Bangladesh. One of the methods is the “Guaranteed bank microcredit”, developed by the France Active network, with support from local authorities. The name is a financial tool which broadens the methods used by social workers and volunteers to fight financial exclusion.

In France, the creation of the Fonds de Cohésion Sociale (Social Cohesion Fund, SCF) in 2005 largely contributed to the development of individual credit. SCF has two main objectives: one is to allow the creation of very small enterprises as well as social inclusion enterprises (professional microcredit), the other is to promote individual microcredit for people who have been excluded from the traditional banking system and who have the capacity to reimburse (social inclusion projects).

The Caisse des Dépôts ensures the management of SCF as per the convention signed with the State on 5 April 2005 (Ministry of Employment, Social Cohesion, Economy, Finance and Industry). If we consider the number of loans that have been disbursed, France is today the European leader in individual microcredit.

Individual microcredit is a financial tool which broadens the methods used by social workers and volunteers to fight financial exclusion.

Strong Regulation

In order to protect individuals from the risks affiliated with excessive debt, the individual microcredit scheme, guaranteed by the SCF, is based on a strong set of regulations. This means that actors, and most particularly those of the banking sector, are closely supervised. The Comité de Suivi d’Orientation des Fonds (COSIF – body in charge of following funds’ orientations, provides the main strategic orientations of the scheme while the Comité d’Agrément (CAPC – Agreement Committee) decides on whether or not the State’s guarantee is granted to the finance partners who release the funds.

The system’s partner associations and banks

Individual microcredit is the guarantor of the disbursed loans, facilitates the linkages between associations and banks. Associations support the borrower from the moment they draw up their file; ensuring that the individual microcredit is the appropriate solution for them is as it is better adapted to their budget and project right from the beginning. After the credit is disbursed, the borrower also receives support which allows him/her to be better prepared to face repayment difficulties should they arise.

Financial bodies which have been registered with the SCF enjoy a guaranty of up to 50% of the losses on disbursed personal microcredits.

Over the last 5 years, calls for guarantees have been few and the loss-rate is low (less than 3%).

Individual microcredit, a solution better adapted to the borrower’s project and to their capacity to reimburse

Individual microcredit […] is a loan operation which is destined to facilitate the social integration of its beneficiaries and which is mainly based on the trust gradually built in the support relationship (COSIF 2009 report).

Five years after the passing of 1 July 2010 French law, this legislation on consumers’ credit identifies microcredit loans guaranteed by the SCF. Their objective is to facilitate social and professional integration: employment, mobility, education and training, shelter, and health, however, these cannot be used for purchase debt or credits. Credits are generally of low amounts: between 1000 and 3000 Euros. The capacity to repay is calculated according to “life expectancy”, this is why the social and financial diagnosis which is under taken at the time when the loan is requested is essential. Indeed, SCF is not designed to guarantee disbursed loans to people in great financial distress without repayment capacity. Individual microcredit is therefore not a substitute to existing aid schemes. It can, nevertheless, complement them.

Some figures

In 2010, 7,884 individual microcredits were disbursed by credit institutions, an increase of 40% over 2009. Financed projects addressed mobility needs by up to 70%.

In the five years from 2005 (when the SCF was created by the State) to 2010, 19,405 credits were disbursed.

At least 25 000 financially weak households have benefited from the scheme in 2010, according to the Caisse des Dépôts, which manages the scheme at national and regional levels.

The website www.france-microcredit.org is a tool that was developed by the Caisse des Dépôts. It registers all contact details of the main support structures managing individual microcredit in each French department.

Christian Sautter
France Active

7.
French actors in international microfinance

Each year, Convergences 2015 offers a comprehensive and updated map of French actors in microfinance in the world, investment in the sector, and weight and impact on the international scene of microfinance.

Summary of the action of French actors abroad by geographical area

This map summarizes the geographical distribution of all types of French actors (investors, intermediaries and operators) in late 2010. This map shows the extensive global coverage of microfinance today as the 36 French operators that responded to the survey work on all continents: Latin America, Africa, Middle East and Asia.

French investors in microfinance

In developing countries, French investment in microfinance has increased from €207 million in 2006 to about €540 million in 2010. In 2010, the total amount of microfinance funds found the path of growth after a mixed 2009 year, where funding flows slowly slowed down due to the global financial crisis.

Loans represent nearly three-quarters of total investments, while equity investment keeps on expanding to represent 15% of funds in 2010 against 9% in 2006. It is important to note that the share of loans in local currency continues to decline from 70% in 2006 to 31% in 2010, leaving MFIs to greater exposure to foreign exchange risk. Finally, the increase in grants during 2009 was a temporary response to the crisis, as in 2010 the amount of subsidies returned to pre-crisis levels.

The number of beneficiaries (borrowers, savers and insured persons) from French microfinance actors in developing countries has risen sharply: it increased from about 250,000 in 2006 to over one million beneficiaries in 2010. Over the last five years, outstanding loans increased by 52.2% per year, while savings deposits account for almost 30% of outstanding loans in 2010 against 9% in 2006. Finally, in the micro-insurance sector, though at early stages in developing countries, the number of insured people increased from 18,000 in 2006 to over 115,000 in 2010, showing the sector’s high growth potential.

Types of actors:

- **Investors:**
  Public or private organizations engaged in investments in microfinance institutions in developing countries can also provide technical assistance. Investments may take the form of loans, capital, guarantees or subsidies.

- **Intermediary actors in microfinance:**
  These are actors who provide the technical assistance of the board and ad hoc services to microfinance institutions in developing countries. This may include research, technical assistance, consulting, networking, skills support, financial intermediation, or auditing and scoring.

- **Microfinance operators:**
  They are actors who control MFIs in developing countries or are in the field to support MFIs in the long term and into the future, notably by helping them become self-sufficient.

Intermediaries

- In 2010, French intermediaries in developing countries supported the development of 331 MFIs. Most services provided were channeled in the form of technical assistance (38%) and customer support (22%).

MF ACTORS

- The number of beneficiaries (borrowers, savers and insured persons) from French microfinance actors in developing countries has risen sharply: it increased from about 250,000 in 2006 to over one million beneficiaries in 2010. Over the last five years, outstanding loans increased by 52.2% per year, while savings deposits account for almost 30% of outstanding loans in 2010 against 9% in 2006. Finally, in the micro-insurance sector, though at early stages in developing countries, the number of insured people increased from 18,000 in 2006 to over 115,000 in 2010, showing the sector’s high growth potential.

Number of operators that have...

- Microfinance aims to achieve a double bottom line, financial but also social. To measure social performance, rating agencies specialized in microfinance have developed specific tools aside from traditional financing measurement. We notice that these tools are widely used by operators who have, on the other hand, greater difficulty in setting up formalized consumer protection policies.
Personal microcredit in France

Number and total amount of guaranteed personal microcredit granted between 2006 and 2010

- Number of microcredits
- Total amount of guaranteed personal microcredit
- Number of Prêts Jeunes Avenir (PJA) loans
- Number of personal microcredit guaranteed by the Caisse des Dépôts (excluding PJA)
- Number of PJA

**Source:** Caisse des Dépôts, Records of personal microcredit in the 4th trimester of 2010

The impact of microcredit

Through microcredit, more than 57,000 jobs were created or maintained in 2010. After two years, among the unemployed funded by microcredit programs, 68% of businesses are still operating and 80% of applicants no longer require social benefits after a three year time period.

Beneficiary profile

In 2000, an estimated 29% of microcredit beneficiaries in France were seeking jobs, and 80% were non-bankable clients, that is to say customers who could not borrow from traditional banks. These figures demonstrate the importance of microcredit and of their social impact.

Methodology Note

The results published in the Barometer of Microfinance 2011 are based on a survey led by the major actors in the microfinance sector, supervised by a steering committee of the sector's leaders: ACTED, Adie, Babyloan, BNP-Pardies, Caisse des Dépôts, Crédit Coopératif, Finansol, Grameen Credit Agricole Microfinance Foundation, Banque de France Microfinance Observatory, OXUS, PAMIGA, PlaNet Guarantee, PlaNet Rating, Microfinance Sans Frontière, Octopus, SAMH, SODISE, Société Générale, Prodem, Santander Microfinance Fund, Veexis, Zettic.

Those who took part: 11 investors: AFD, Ag2r, April Group, La Banque Postale, CDC, CNP Assurances, Matmut and La Mondiale. 5% of cases: health, 13% of cases: education and training, 10% of cases: employment and mobility, 71% of cases: others.

Those who participated in the France survey: Adie, Banques Populaires, Caisse solidaire de France-Chamal, Comité de la Ville de Paris, CREDI, Caisse des Dépôts, Crédit Municipal de Bordeaux, Djet et Paria, Crédit Mutuel, Fédération Nationale des Caisse d’Epargne, Entrepreneurs de la Cité, France Active, France Initiative, Créa-Sol, la Cité.

Professional microcredit guaranteed by the Social Cohesion Fund between 2007 and 2010

- Number of microcredits
- Guaranteed amounts (GantiFund, FGAP, FGAP, FGAP, FGAP)
- Amount of loans raised

**Source:** Région 2000 report (La microfinance), Report RMP 005-00, Région Inspection Générale des Finances, December 2009 and the Barometer of Microfinance 2011 (2010 data)

Micro-insurance in France

Number of active micro-insurance clients from 2006 to 2010

**Source:** Microfinance Barometer 2011

*See glossary on page 11*
As part of our regional policy (Commissioner Hahn), the JEREMIE program allows member states to use part of their regional development funds to financially support small and medium enterprises. I would also like to mention the JASMIN program which provides technical assistance to microfinance organizations or the PROGRESS microfinancing program (Commissioner Andor) which more specifically targets assistance to micro-enterprises created by the unemployed.

All these initiatives have a common goal, which is to allow millions of women and men who have ideas and want to succeed, to carry out their projects. Europe has a role to play in stimulating initiatives taken by member states or in disseminating best practices. Generally speaking, I strongly believe that microcredit can play an important role as a new stimulator for growth and would like this role to be recognized as widely as possible. I would not rule out that we could need to carry out other actions at the European level if necessary, notably in the area of the single market, which is of importance.

For example, should we take measures at the judicial level allowing microfinance organizations to proceed more easily across the 27 states? It is a question worth asking. As you might know, the Commission is preparing a major initiative to boost the single market. By doing so, the Commission is due to adopt in April. I have fought for this document to recognize the idea according to which such a boost of the single market can only be achieved if we find ways to take into account the interests of European citizens and address their real daily needs. I believe that the single market is an essential tool allowing us to reach the objective of the Lisbon treaty, meaning the development of a highly competitive social market economy. We will not be able to achieve this if we do not put citizens at the center of our concerns.

I believe that each citizen counts. Each citizen is a potential entrepreneur. Microfinance can help us turn this potential into reality. Thus, I intend to put this question as a subject to be analyzed on the social entrepreneurship conference which will be held in Brussels on 18 November and which I am organizing.

Which actions are you planning to carry out in order to sustain social economy more generally in Europe?

As I have mentioned, I believe that the development of social entrepreneurship should constitute a key foundation in the upcoming boost of the single market. The consultation we launched in October 2010 on what this boost should include, has received massive support, and even enthusiasm to the approach, notably from NGOs, citizens and some member states.

Various actions could be carried out in this area. For instance, I am planning on introducing a social, ethical or environmental label mechanism for companies, at the European level. I would also like to suggest the creation of a system that facilitates the development of investment funds which would be specialized in these sorts of assets. Actions could also be undertaken to facilitate the creation of foundations at the European level, or yet again to improve companies’ governance, in order to direct them towards more respectable social development or environmental practices.

As you can see, we have plenty of ideas. The thoughts currently circulating within the Commission aim at giving more coherence to these ideas. In the next months, I hope that we could identify more specifically what could be done at the European level in this fairly new area.

You can count on my determination to make sure that Europe sets the example in this area, as it does in many others!
Glossary

- **Beneficiaries or clients**: The clients of microfinance are micro-entrepreneurs, who tend to be poor and excluded from traditional financial systems.

- **Central risk unit**: An independent body that collects and shares information on individuals’ credit history and repayment habits. The unit is used in particular by banks, which use it to confirm the credit worthiness of potential clients.

- **Consumer protection**: A concept that arose in the United States at the insistence of the consumer movement led by Ralph Nader. Consumer protection legislation relates to consumer contracts, but also lending operations in consumer credit or home loans.

- **Employee savings plan**: A collective savings mechanism offered by companies to their employees: participation, profit-sharing, stock options, time savings accounts, company savings plans, group retirement savings plans.

- **Gross loan portfolio (or amount of loans outstanding)**: The outstanding balance on all sound, doubtful or restructuring loans of an institution. This amount does not include loans that have been the object of a debt waiver or accrued interest. When loan loss provisions are deducted, the portfolio becomes a “net loan portfolio”.

- **Honor loan**: A medium-term loan (2-5 years) that does not accrue interest or accrues interest at below market rates extended to a person implementing a project without asking them for real or personal securities. Extended mainly by Adie, France Active, France Initiative Réseau, Nef and Réseau Entreprendre.

- **Individual loan (microfinance product)**: A form of credit whereby the borrower receives a loan in his or her own name. In many cases, a physical collateral or deposit must be provided.

- **Microfinance**: Financial services aimed at poor individuals excluded from the traditional banking system with no regular income and without property rights. It mainly includes loans, savings products, micro-insurance, money transfers and leasing. In France, microfinance is extended mostly by banks, which use it to confirm the credit worthiness of potential clients.

- **Microfinance institution (MFI)**: A not-for-profit structure that is not part of the formal financial system. MFIs can have a variety of legal forms: NGOs, associations, credit unions, foundations, integration bodies and cooperatives. These are called social companies or social enterprises.

- **Microloan**: A small loan. There are several types of microloans: the bank microloan – microloans for less than €25,000 extended directly by banks that are the object of support – and the community/non-bank microloan, which is provided by associations authorized to extend loans for up to €10,000 to the unemployed, individuals on minimum social benefits or founders of businesses with fewer than three employees, either from their own equity or through refinancing from banks.

- **Microloan for social or consumption purposes**: A loan to finance the acquisition of a consumer good or training in order to improve the living or working conditions of the borrower. In France, it is called a personal microloan and varies from €300 to €1,000, with support given to individuals for financing “projects for the integration of physical persons” (the French Economic modernization law, LME) guaranteed by the Social Cohesion Fund.

- **Mobile banking**: The ability to conduct financial transactions via mobile phone (transfers, money transfers, payments, check account balances, cash deposits, etc.).

- **Mutual fund (MF)**: A category of UCITS ( Undertakings for Collective Investments in Transferable Securities) devoid of legal personality that functions in a manner comparable to UCITS.

- **Mutual guarantee lending or group-based lending (microfinance product)**: A form of credit whereby borrowers come together in groups of 5 to 20 people who do not provide physical collateral but do provide a group guarantee: if one of the members of the group fails to meet their obligations, the other members will stand in for them. For some group-based loans, savings are compulsory.

- **Non-financial services**: Services provided to borrowers to reinforce their capacities: technical and management training, literacy, education, nutrition, health, etc.

- **Non-governmental organization (NGO)**: A not-for-profit structure that is not part of the state or an international institution, created to defend a cause in the public interest.

- **Peer-to-peer lending**: Loans between individuals, without the involvement of a financial institution. In the case of microfinance, online platforms allow internet users to lend money to micro-entrepreneurs in the South through microfinance institutions.

- **Portfolio at risk (PAR)**: Outstanding balance on all current loans on which at least one repayment of principal has been outstanding for a certain number of days. This account includes the total amount outstanding (repayments due and unpaid + future repayments not due), but not interest accrued. The PAR is frequently calculated over 90 days.

- **Professional microloan**: A loan used to finance an economic activity, with revenues used to repay the loan. In France, a distinction is made between two types of professional microloans: the bank microloan – microloans for less than €25,000 extended directly by banks that are the object of support – and the community/non-bank microloan, which is provided by associations authorized to extend loans for up to €10,000 to the unemployed, individuals on minimum social benefits or founders of businesses with fewer than three employees, either from their own equity or through refinancing from banks.

- **Shared return fund**: A category of UCITS that pays all or part of its income from investments to a charity or humanitarian organization chosen beforehand. In return, the subscriber receives a tax rebate.

- **Social Cohesion Fund (Borloo Law 2005)**: An instrument created by the Planning Act for Social Cohesion to encourage banks to grant professional or social microloans to individuals on low incomes by providing guarantees for some loans.

- **Social performance**: A practical translation of the social objectives of an institution: to serve a growing number of the poor and excluded in a sustainable manner, improve the quality and suitability of financial services, improve the economic and social position of clients and to engage the social responsibility of the institution towards its clients and employees and the community it serves.

- **Socially and ethically responsible investment fund**: A fund that incorporates non-financial criteria into traditional financial criteria, such as objectives, products, the quality of the relationship of the business with its employees, clients and suppliers as civil society, its respect for the environment and human rights.

- **Solidarity-based savings/investment**: Investment used to finance projects to establish or develop socially useful but non-profit activities through informal, formal or semi-formal modulation for people experiencing difficulties, etc. Solidarity-based savings products bear the Finansol label.
Convergences 2015

Convergences 2015 aims at improving the action and the linkages between multiple actors committed to a more sustainable world. This initiative targets economic and political actors, the civil society, and all those who share the same values of solidarity and who feel concerned by the challenges of today and tomorrow.

The ambition of this unifying project is to develop an "open architecture" in the field of solidarity: a base for increased exchanges and new sustainable partnerships between actors from different but complementary fields, therefore strengthening opportunities for collaboration between mobilized actors.

Launched in 2008, the First edition of the Convergences 2015 Forum brought together actors from the fields of finance, new technologies and from grassroots civil societies to discuss the issue of microfinance and prospects for the emergence of ethical and responsible capitalism.

In 2011, Convergences 2015 has become a permanent platform. The reinforcement of the organization allows the development of the initiative along three axes:

- Reflection: think, debate, produce ideas;
- Advocacy: promote ideas and reflections with decision-makers and the general public;
- Action: promote the creation of linkages and projects around those themes.

Convergences 2015 is structured as a permanent open space for exchanges, learning and actions among actors from the business sector, public authorities, NGOs, universities and the media in France and in the world. They are all partners of Convergences 2015.

Convergences 2015 is an initiative launched by the Paris Appeal for Responsible Microfinance and Credit Cooperatives, as part of a campaign of advocacy and action, and supported by the general public, microfinance professionals and decision makers.

If like us, you support the Millennium Development Goals and microfinance as powerful tools for economic development and poverty reduction, sign the Paris Appeal for responsible microfinance on www.appeldeparis.org

www.appeldeparis.org

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