

MICROFINANCE BAROMETER 2012



3rd Edition

Editorial

Jean-Michel Severino
Chairman of Convergences 2015

Since its beginning 30 years ago, microfinance has had very productive years exemplified by a strong growth, by the positive impression it has had on development professionals and on public opinion in general, and finally by the attribution in 2006 of the Nobel Peace Prize to Muhammad Yunus, the founder of microcredit.

For many years, microfinance was considered a panacea for poverty. Since 2010 however, the sector has been damaged by various localized crises (India, Morocco, Nicaragua...). Therefore actors have been starting to question, renew and innovate their practices in order to revert to the original social assignment of microfinance, while building more sustainable economic models.

Convergences 2015 wishes to fit in with this dynamic of thinking and of change. In May 2011, it launched the Paris Appeal for responsible microfinance. It received the support of thousands of people who shared the same ideas of defending the social assignment of microfinance institutions and rejecting the excessive commercialization of the sector.

With the publication of the Microfinance Barometer for the third consecutive year, Convergences 2015's goal is to present the main trends of microfinance in the world as well as to develop some key issues in the sector. Analytical articles, lobbying articles and feedback from experiences will highlight the challenges of microfinance and underline emerging solutions.

In 2012, we have chosen to put clients back at the centre of the debate. Who are they? What are their needs? How can we better address their expectations? These questions are at the heart of the repositioning of microfinance in the world, as well as in France – to which we have devoted the central Leaflet.

In addition to MIX Market international statistics, the 2012 Microfinance Barometer also presents data from two exclusive surveys: one on French microfinance actors operating on the international scene and the other on microfinance actors in France. These surveys show the dynamism of the sector, which continues to grow in value and in the number of beneficiaries.

For the third consecutive year, the Microfinance Barometer also shows the results from an exclusive survey on the perception of microfinance among the French population.

In addition to the Microfinance Barometer, Convergences 2015 continues its reflection by organizing the world Forum for the Millennium Development Goals to be held in September 2012, by participating in regular events throughout the year and through its website where news from solidarity actors can be found (www.convergences2015.org).

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Improving knowledge of and serving better the clients of microfinance

Subjected to considerable media coverage, the crises of the microfinance sector have disclosed the mission drift of certain actors, such as aggressive business practices, prohibitive interest rates... Most importantly, these crises – along with the over indebtedness which often accompanies them – have shown the inherent weaknesses of this relatively recent sector. For several years, the sector has

experienced various changes as well as an important growth for which it must adapt its methods, structures and regulation. Professionals agree on the fact that these localized crises do not bring into question the role of microfinance as a tool for development but call for changes in the practices of microfinance institutions (MFIs) and of the other actors involved (investors, regulators...). Along the lines of the 2011 Microfinance Barometer, which

presented a special report « For a return to more social microfinance », the 2012 edition continues the discussion for the improvement of microfinance practices and calls for a better understanding and better servicing of microfinance clients. Firstly, it is important to understand them in order to analyze the real and varying needs of the poorest. Secondly, we need to serve them better, by adapting MFIs' supply to meet clients' expectations.

Diversifying products – various types of microloans, microsavings and microinsurance – and improving access to financial services are opening new perspectives.

SPECIAL REPORT

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Interview

Sam Daley-Harris

Founder of the Microcredit
Summit Campaign

“ I see a future
for microfinance that puts clients
at the center. ”

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Central Leaflet - France



> Microfinance in France

> Exclusive Ipsos opinion poll

Antoine Pompa,
Manager of 'Espace Foot'

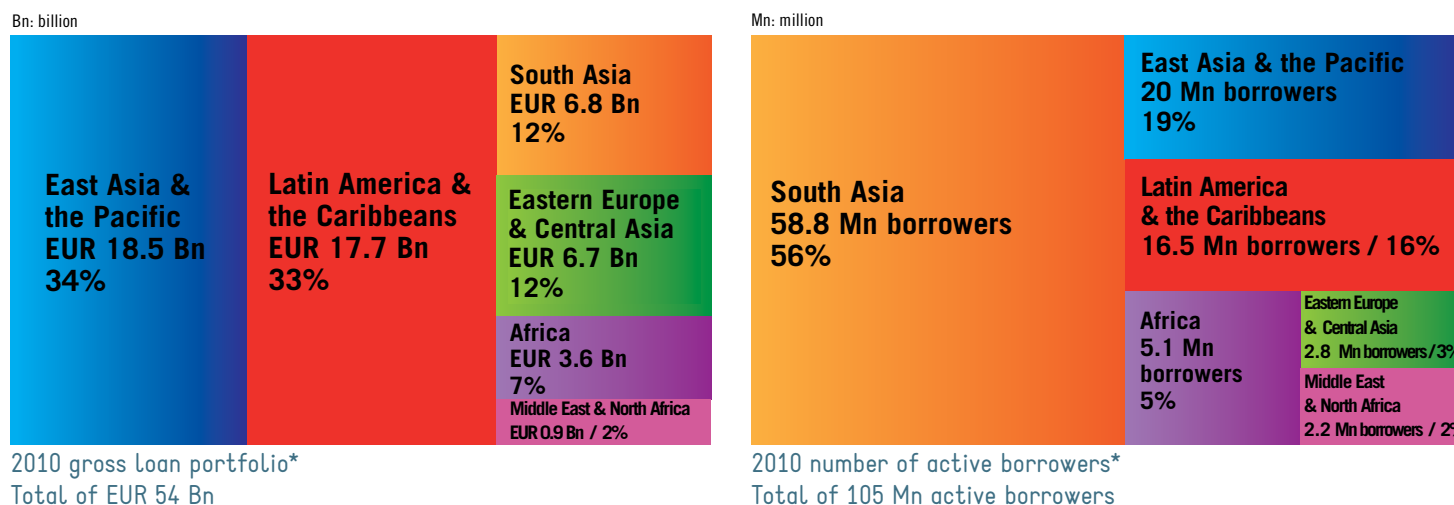
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The main trends of microfinance in developing countries

Geographical breakdown of microfinance portfolio and active borrowers as of 2010*



Overview of active microfinance borrowers in 2010*

Number of active borrowers	105 million borrowers
% of women borrowers	80%
% of borrowers living in rural areas	70%
Average loan size per borrower (EUR)	426
% of borrowers served by group lending	83%
% of borrowers served by individual lending	17%

*Sample of 1193 MFIs reporting to MIX Market in 2010

Transformational change ahead for the microfinance sector

Responding to the large number of financially excluded clients with a wide range of complex and diverse needs, microfinance continues to grow and today offers a spectrum of products and services, including growing microsavings and microinsurance products. The latest data from the 1,193 financial services providers listed on MIX Market shows that, as of December 2010, they reached 105 million borrowers with outstanding loans of EUR 54 billion. More than 56% of these clients live in South Asia and around 80% are women. However, with half of the global adult population still unbanked, the financial access challenge remains.

The 2010 fiscal year was a particularly strong year for microfinance with both portfolio and number of borrowers growing by 24% and 12%, respectively. The East Asia and Pacific region edged out Latin America and the Caribbean to become the largest region in terms of size of loan portfolio, representing 34% of the global portfolio. The strong portfolio growth and high loan

balances in LAC (Latin America and the Caribbeans) can be attributed to the strength of the local economies and are led in particular by the growth of Peru. A decline is expected for South Asia when the end figures of the 2011 fiscal year figures become available due to the Andhra Pradesh crisis in India and the resulting write-offs of nearly one quarter of the Indian market. Africa forms at present only 7% of the 2010 global microfinance gross loan portfolio, but is expected to be an area of strong growth with currently only 24% of adults in Africa having a bank account. Finally, in 2010, around 56% of reporting institutions were deposit-taking, which provided the opportunity to develop microsavings products directly for their clients.

As demand across the globe has continued to expand, the sector has seen more banks and other financial institutions open their services to the previously excluded. In 2010, more than 61% of clients were served through a regulated bank or non-bank financial institution (representing 84% of loan portfolio) and non-profit institutions represented approximately 42% of clients (36% of portfolio). It is expected that the further growth of the microfinance

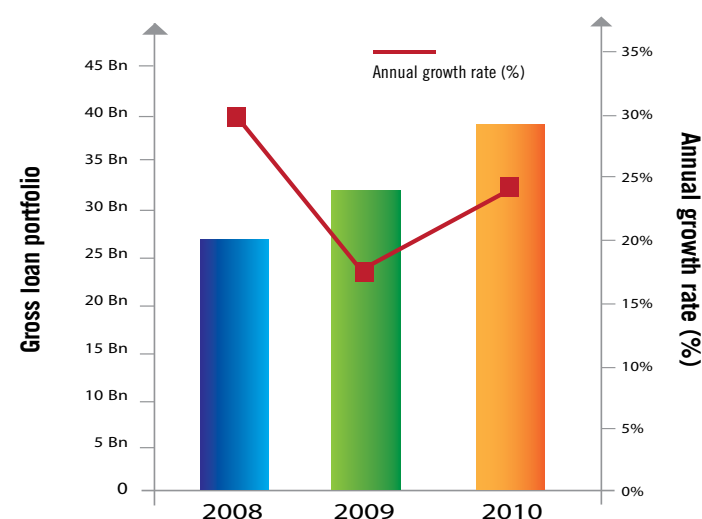
sector will be led by full service banks offering low-income clients specific products and services. Reflecting the scaling of operations in microfinance, currently the 100 largest institutions represent roughly 82% of the global loan portfolio and 80% of borrowers.

Microfinance has been a leading driver in achieving the milestone of banking half of the world's global population. However, with further technological innovations such as mobile banking, prepaid cards, and exploration of new distribution channels to extend to hard-to-reach clients, the microfinance sector is undergoing major transformations. To help build institutions that can close the financial access gap, actors such as Citi and MIX are working across the microfinance sector in order to enable MFIs to increase scale and product choice to expand access to financial services.

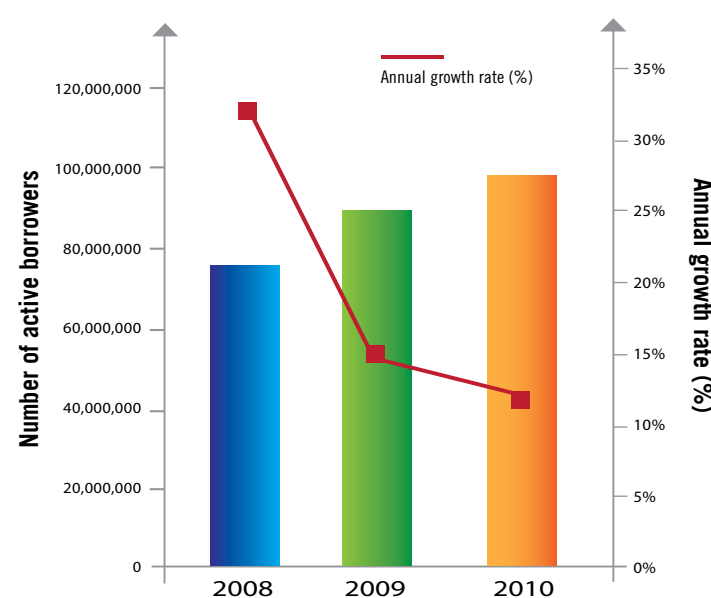
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Change in gross loan portfolio (EUR)**



Change in number of active borrowers**



** Fixed sample of 775 MFIs reporting to MIX Market from 2008 to 2010



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 savings association in France. His savings system becomes known as the tontine, after its founder.

1720 - In Dublin, Jonathan Swift is the first person to lend small amounts to poor craftsmen in the city.

1864 - Friedrich-Wilhelm Raiffeisen forms the first cooperative credit group in Rhineland, Germany. Its objective is to offer mutual financial guarantees to banks so that poor farmers can have access to credit.

1880 - In France, Father Ludovic de Besse sets up Crédit Mutuel et Populaire, of which Banque Populaire are an offshoot. In the following years, the French State launches Crédit Agricole, based on the Raiffeisen model, in

an attempt to reorganize and support the agricultural sector.

1970s - Following the failure of rural development funds financed by international aid and various states in the 1950s, cooperative savings and credit unions start emerging in developing countries. Implementation of experimental microcredit programs to groups of poor women: in India (SEWA), in Brazil (ACCION International) and in Bangladesh (Grameen Bank, created by Muhammad Yunus who, in 1976,

granted USD 27 of his own money to a group of 42 women in Jobra, Bangladesh).

1989 - In France, Maria Nowak creates the Association for the right to economic initiative (Adie).

2005 - The year is declared International Year for Microcredit by the United Nations, the motto being "Building inclusive financial sectors to achieve the Millennium Development Goals".

2006 - The Nobel Peace Prize is given to both Professor Muhammad Yunus and the Grameen Bank, which he founded in 1976.

2009-2012 - Following several localized crises, various initiatives are launched to reinforce the supervision, transparency and performance of microfinance institutions.

Understanding the unbanked and underserved

Approximately 2.5 billion adults do not have a formal bank account. This represents 50% of all adults worldwide. Most of them are concentrated in developing economies where 59% of adults lack an account with a formal financial institution. Geography also matters. Sub-Saharan Africa, the Middle East and North Africa have the lowest account penetration rate at around 20%. All the unbanked have one thing in common: they do not have access to a broad range of financial services. Beyond that, they are very diverse.

The World Bank's Global Financial Inclusion Database (Global Findex), a detailed demand-side survey in 148 economies, provides a window on this diversity. Through representative interviews held nationally with 150,000 individuals conducted by Gallup, Inc., we have robust evidence that certain client segments are systematically more excluded than others. If you are a woman, if you live in a rural area, if you live on less than USD 2 per day, and if you are young, then you have less access to finance.

- Worldwide, only 23% of adults living on less than USD 2 per day report having an account in a formal financial institution (compared to 50% for all adults worldwide).
- If you are a woman in a poor country, you have fewer chances of having an account than a man (37% vs. 46%).
- In Sub-Saharan Africa, the account ownership rate for adults in cities is more than twice that of adults living in towns/villages with a population under 10,000.
- Only 7% of adults living in the poorest income quintile in the Middle East and North Africa have access to an account in a formal financial institution.

Poor people have active financial lives

Even though over half of working adults in the world do not have a formal account, we know that poor people lead astonishingly active financial lives. They manage risks, smooth consumption, and build assets in ingenious and complex ways. They may not have a formal account, but they use a myriad of informal tools and sources.

How do we learn about the day-to-day financial management of different types of clients? In recent years, books like *Portfolios of the Poor* have shown us the texture of poor people's financial lives. On average, Bangladeshi households, for instance, put into or take out from financial services and devices each year a sum of money that represents two-thirds of their annual cash income. In India, households enter a fresh financial arrangement on average every two weeks – with a moneylender, money guard, savings club, or formal provider, among others.

Research commissioned by the Bill & Melinda Gates Foundation and conducted by Oliver Wyman provided a useful segmentation of working age adults living on under USD 2 a day by livelihood. Of the 1.6 billion working age adults, the research showed that over 600 million are small-holder farmers, while only 180 million are micro-entrepreneurs (see figure). The research also found that 800 million youth (not counted in the 1.6 billion) – though not of working age – have financial service needs.

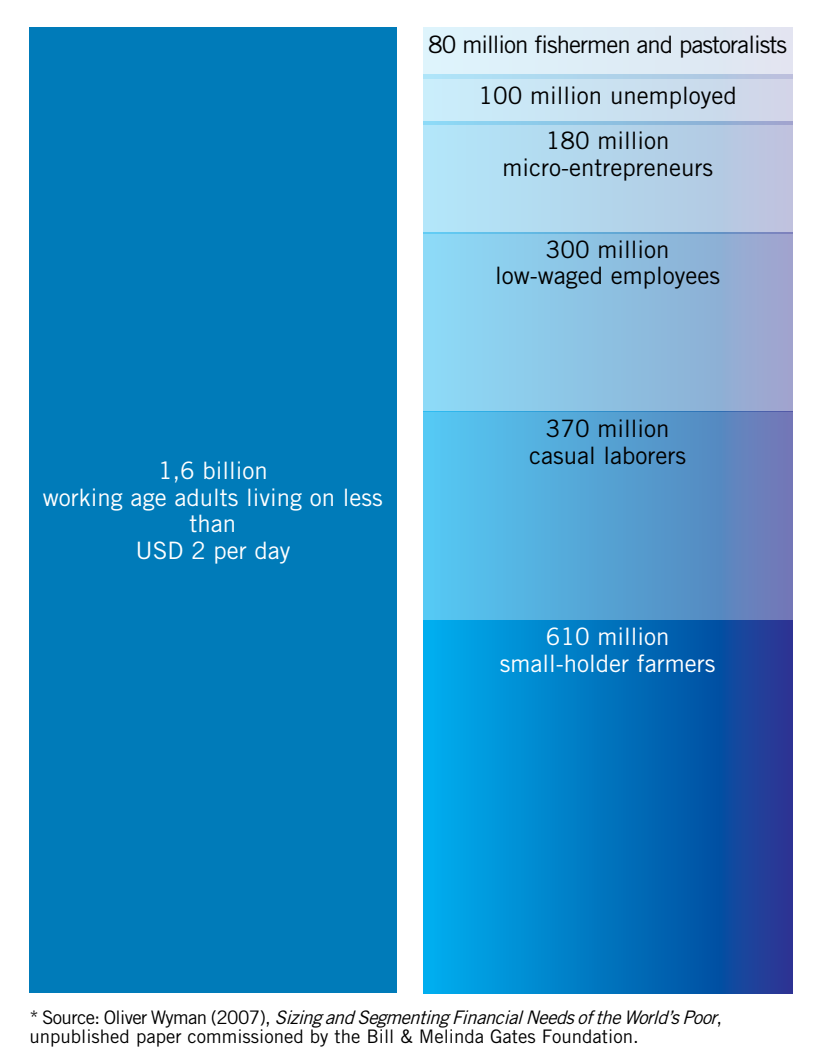
In countries such as Mexico, recent segmentation work commissioned by CGAP and conducted by McKinsey is also helping us to understand that the main economic activity of a family is just one dimension for segmentation – the regularity of income flows and households' aspirations are also critical aspects to understand what type of financial products they need.

Unlocking the key to responsible market expansion

By combining MIX Market and Microcredit Summit data, we know that the bulk of the clients reached today by the microfinance industry, around 200 million people, are urban micro-entrepreneurs. We have barely scratched the surface of the potential demand. However, trying to reach more clients without fully understanding who they are and what they need may be counterproductive. In some markets, over-supply and lack of access can co-exist. What we mean is that if supply consists largely of a plain vanilla working capital loan product, the potential market might be much smaller than we imagined. But if the supply is diverse both in terms of financial services and access points and delivery channels, then the demand might be quite large.

Implementing systems to observe clients, listening to them, and exploiting client data is essential for providers and policymakers to do their jobs well. And a different granularity of data is needed for different purposes. High level aggregate numbers on clients served are useful to track overall financial inclusion but, very quickly, disaggregated data by income, gender, geographic location, etc., are also needed to meaningfully inform the policy dialogue. The type of disaggregation can also be driven by specific country context – for example, in some countries tracking the access of specific castes or socio-religious groups is important.

Focusing on pure access numbers may miss the point of financial inclusion. The number of users of mobile banking services, such as M-Pesa in Kenya, has grown exponentially for instance. However, digging deeper into this topic with a study involving four providers, CGAP found out that less than 30% of registered customers for a sample of branchless banking providers are active, and active rates of less than 10% are not uncommon.



Understanding how and when those clients use a financial service will be a prerequisite to full financial inclusion.

Today, there is great momentum to put clients first. This is promising for narrowing the gap between actual and potential clients, not only numerically but from an effective usage and quality perspective as well.

ALEXIA LATORTUE
AND MERITXELL MARTINEZ
CGAP

From microcredit to savings accumulation

The success story of Johann, an unbanked micro-entrepreneur from the Philippines

In recent years, numerous businesses have opened around the main market square of Clarin, a small town in the South of the Philippines. One of the reasons behind this economic development is the presence of Gata Daku Multi-Purpose Cooperative a short walk away. This becomes clear after a few discussions with these businesses' owners. Johann Barrientos, 41 years old, is one of these local entrepreneurs who have developed their businesses thanks to microfinance and their refinancing on the babyloan.org website.

She previously used to harvest coconuts. She worked "far away in the mountains", she says, pointing to the Malindang Mount whose peak can be seen through the clouds giving the impression of an erupting volcano. A few years back, the rebels devastated this little piece of paradise, encouraging her to open a modest grocery store in this small town far from the conflict zone. It was an immediate success thanks to her cheap products and her hard work.

This initial success encouraged her to find a better location for her business. The main market square in Clarin was indeed the ideal place. She selected a location just in front of the market's entrance, which was a very smart choice. To get her business financed, she logically asked the



Gata Daku cooperative, located only a hundred meters from her shop. Thanks to her business's success, she was able to save money, which she deposited with Gata Daku. Each month, she put between 1,000 and 1,500 pesos (between EUR 18 and 27) of her income onto her account. Her savings (EUR 240) were paid 1.25% each quarter, based on the balance at the end of each day. She now regularly dips into her savings, either to further develop her business, or for her personal needs. Thanks to her savings, she feels secure about her future. Above all, she is now "very proud" to, in turn, contribute to the success of entrepreneurs: "it is like a handover", she says with a smile full

of hope. Johann owns a share in the cooperative's capital and her savings are partly reinvested in other micro-entrepreneurs by Gata Daku.

Despite her very long working hours (from 4am to 8pm), she would not want to change anything in her life. Or maybe just one thing: to be able to play her favorite sport, volleyball, on the black sandy beaches of Clarin "when [she] has more time", says Johann.

YASMINE HAMRAOUI
HEAD OF MFI PARTNERSHIPS
BABYLOAN

Point of view of a Zambian customer

Sitali Amukasana, beneficiary of two microloans

One of AMZ's first clients after operations began in July 2011, 47-year-old Sitali Amukasana, makes her living as an informal trader selling beans, fish, soya pieces, rice, cabbage and onions in Zambia's remote and rural Western Province. Almost a year later, she has repaid her first loan of 1.2 million kwachas (EUR 180) and is servicing her second loan of 1.7 million kwachas (EUR 260), taken out in December.

Taking into account her experiences with formal and informal financial services providers, she says: "Since there is only one other MFI in my area, I am especially happy that AMZ decided to give access to credit to people, such as myself, whose businesses are very small and considered unreliable. The payment instalments are very flexible and the interest rates are very affordable. This is the reason why I decided to borrow from them. It is the flexibility with the instalments that I like about it, and also that at whatever time I finish repaying my loan I can still get another loan even if my friends in the group have not yet finished. I can pace my own progression."

Taking ownership of the time and scale of her business development, "my life has changed since I got the

AMZ loan", she says. Mrs Amukasana took up trading during a critical period for her family, and valued the prompt processing and disbursement. "The loan was timely because that was the time my husband was laid off at work and life had become unbearable until I started a small business to sustain my family." As for what the future holds, "my plan is to continue to expand my business gradually as I benefit from AMZ."

"I would be happier if the company could consider relaxing the group guarantee system as they get to know us, the clients, better so that the group does not become a hindrance to individual progress", she says, referring to the individual loan products AMZ plans to introduce in response to market research and client demand. Nonetheless, the benefits of the services are so far clear to Mrs Amukasana: "These days, I can afford to have three meals a day which I wasn't managing before I got these loans. I have also been able to put my children back in school."

MALUBA H. WAKUNG'UMA
EXECUTIVE DIRECTOR
AMZ

Placing clients back at the heart of microfinance

Point of view of an investor

Microfinance came about just 30 years ago. Few could dispute that its initial assignment was to fight against poverty. Offering microloans to marginalized women to help them start their own businesses could only bring positive results. Once the issue of results was settled, the only thing left to do was to create sustainable institutions. The focus therefore drifted away from beneficiaries to concentrate more on microfinance institutions (MFIs) which were to become more profitable and to offer a portfolio of qualitative loans. With over 205 million clients and 10,000 MFIs, the sector is currently undergoing a 'teenage crisis': excessive interest rates, crisis of over indebtedness (Kosovo, Andhra Pradesh in India), abusive recovery practices... All these experiences have tainted the sector's image, and should encourage us to re-examine the initial promises made by its founders.

Microfinance cannot be regarded, however, as yet another example of the failure of development theories. Some of the latest random impact studies, notably by Crépon, Devoto, Duflo and Parienté (2011) and by Karlan and Zinman (2011), show that microfinance can have positive results. As of today, it is difficult to say that microfinance can reduce poverty. Nevertheless, it can certainly help clients resist economic crises and increase levels of savings and productive investments. Studies have also shown that microfinance works for specific populations with specific economic characteristics and specific products. Thus, we need to remind ourselves that putting clients back at the heart of our discussions is essential.

Understanding the financial needs of the poor

Placing clients back at the heart of microfinance means first and foremost to understand the poor's financial needs. Poor people do not only need

short term productive microloans to finance the rolling funds of their micro-enterprises. They also need access to savings, consumption, insurance, transfers and payment systems (to which they already have access in informal ways). Just like any other consumer, the poor maximize the use of their funds and do not hesitate to deviate from their initial objectives in order to address their needs. This was specifically shown in Murdoch and Rutherford's « *Portfolios of the Poor: How the World's Poor Live on USD 2 a Day* ». It is therefore essential to recognize that resources are fungible and that financial products as well as distribution, payment and reimbursement mechanisms, need to be adapted to match the clients' specific needs.

Putting the social goal of microfinance back at the heart of MFIs' activities

Placing clients at the heart of microfinance also means bringing the focus of MFIs' activities back to their social goal. The Campaign for Client Protection in Microfinance supports this idea. This campaign promotes seven fundamental principles, which should eventually be respected by all practitioners. Among these principles, the transparency of costs and the reasonable billing of services represent a significant progress in the relationship between MFIs and clients. Other international initiatives, such as the Social Performance Task Force, try and encourage MFIs to put in place procedures and tools in compliance with their social assignment. However, without a legal framework, these sectorial initiatives may well die out. Regulators need to become aware of the uniqueness of microfinance, which is a financial service as well as a development tool offered to poor and therefore vulnerable populations.

The key role of shareholders

Shareholders have a key role to play in placing clients back at the centre of microfinance, which is the first step to take in order to achieve a social goal. Indeed, this goal should be formalized within the MFI's strategy defined by its leaders. The analysis of the impact of the repositioning of clients on the risk and profitability profile of MFIs shows a very interesting insight and is a real argument in favor of the reinforcement of the social goal.

In crisis situations, such as the one in Kosovo, clients first reimburse MFIs who offer them a portfolio of adapted financial services (including savings products) and with whom they have gradually built up trust. These institutions manage the period of difficulty, while maintaining a portfolio range of dubious loans significantly lower than that of their competitors who would not have been able to serve these two key objectives. Indeed, the number of loans being paid more than 30 days late can

simply triple according to the institution. Putting clients back at the heart of MFIs' activities can therefore significantly improve their risk profile.

Moreover, thanks to the economic model of microfinance and its weak regulation, two objectives that are seemingly contradictory are being achieved: first the access for vulnerable populations to financial services and second the maximization of profits. This situation could encourage shareholders to implement a strategy, which could favor profitability to the detriment of clients.

This can be illustrated by the case of the Mexican MFI Compartamos. A simple analysis of the situation shows that, by reducing levels of profitability from 56% to 15% (which is the average for the banking sector), billing rates for clients could be reduced by 30% and reach 56% per year. One of the lessons learnt from the sector's crisis is that maximizing profit is not a sustainable strategy. It can also be harmful to vulnerable clients. The

client's repositioning that we would like to implement would eventually lead to the reinforcement of the MFI's social mission while still allowing shareholders to reach a level of profitability similar to that of the banking system. The case of the ProCredit Group goes even further by showing that this profitability can even be more stable than that of the banking system.

In a context where some markets are being saturated, intense competition is prevailing and vulnerable populations risk excessive debt, only the MFIs which develop a responsible, ethical and humanist approach towards their clients, placing them at the heart of their action, will be able to develop in the long term and serve a wider range of people.

ELODIE PARENT
SENIOR MICROFINANCE OFFICER
PROPARGO

PHILIPPE SERRES
SENIOR MICROFINANCE OFFICER
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How do clients perceive microfinance?

The way clients perceive microfinance is very diverse and depends on the context in which it grows and on the services which it offers. The perception varies between satisfaction, adaptation and domestication, avoidance, bypassing or rejection. Understanding this diversity of perception requires us to take into consideration the multiplicity of appreciation criteria of financial services. While these vary according to social, economic and cultural contexts, some appear quite frequently.

Firstly, the flexibility of services defines how microfinance is being perceived. As a result of irregular, random and sometimes unpredictable income, clients need flexibility – which microfinance today does not offer enough. For instance, this translates into being able to reimburse loans in advance, to adapt reimbursement timetables to the flux of cash flow, or to have access to emergency loans.

The convenience of services is another essential criterion. Indeed, services need to enable clients to borrow, reimburse, save and withdraw deposits on a regular basis in a location close to their home or their professional activity. This is particularly true for women, whose

time is limited and whose physical mobility is sometimes restricted.

The level of social and cultural closeness also determines the way in which services are understood, interpreted and then owned. This idea of closeness translates into the ability to adapt services to local habits, practices and norms. We often highlight the need for simple procedures; this is indeed essential given the low levels of education. It is necessary to reduce the use of banking and legal jargon. However, beyond the technical questions, what matters is also the compatibility of norms and visions. For instance, the very principle of debt can be perceived differently depending on the cultural and religious context. In certain areas such as in the south of India, the concept of debt is part of the human condition and people have no negative feeling towards it. There, microcredit has had a lot of success and the risk of over indebtedness is very high. In other places, such as in the rural areas of the Maghreb for instance, being indebted is perceived as an immoral act, all the more so if the act of having borrowed is not free and aims at the accumulation of resources. There, microcredit has had much less success.

The quality of relationships with credit agents is another essential component of this closeness. Some agents act as advisors or even someone you can confide in. Others, however, do not take time to build personal relationships with their clients and can even be aggressive either when identifying new clients or when recovering loans. It is important to note here that the increasing demands of profitability weighing on this sector are not compatible with this need to be closer to the clients, whereas this need indeed is supposed to be the particularity of microfinance as opposed to conventional finance.

Perception and ownership of microcredit also strongly depend on existing indebtedness practices. Excluded from the banking system, most micro-borrowers are nonetheless included in various indebtedness circles – usually informal, not regulated by the state nor by registering procedures. Private professional or occasional lenders, pawn brokers, shop owners, suppliers, travelling bankers, rotating savings and credit associations, family and friends are examples of this informal finance, which is often costly both socially and financially, but which has the advantage of being much more flexible than microcredit. Microcredit

is being used in addition to these practices, which it often competes with but rarely replaces.

The way in which the obligation to reimburse is perceived is also very variable. Arrears can result from over indebtedness but may also be an act of resistance and rejection towards microfinance institutions, which have lost their legitimacy, towards one of their representative, towards the sector in general, or even towards 'the authority'.

Collecting savings is often considered as a service that is less risky and more appreciated by the clients. Here again, it much dependson the way in which it adapts to restrictions and local norms. While saving in a monetary fashion is often limited and banking savings are practically inexistent among the poor, these people still do save by trying to protect themselves against the vagaries of everyday life and to anticipate upcoming expenditure. Nevertheless, means of saving and ownership criteria are numerous. The use of savings in kind such as jewelry, clothes, livestock or even cereals is extremely widespread. Far from aiming at accumulating resources, they are used in the logic of reciprocity – I give you something today and you will give me something tomorrow.

They are also used within a double logic of temporality: one in the short term (daily protection and survival) and the other more in the long term, which makes it possible to organize and finance social and religious events. These local forms of savings serve a symbolic, economic and social function, which can explain the low interest for collecting monetary savings.

We can therefore notice that people use specific tools and ways of reasoning to define how they perceive microfinance services. These can sometimes lead people to take decisions, which can surprise or puzzle us. However, if we consider local social norms, these decisions are often justified. While the concept of 'financial education' – implying often that poor people are lacking in any financial analytical capacity – is very popular, it is urgent for us to consider the complex and specific ways of reasoning of those excluded from the standard finance sector. This is essential if we want to offer services which are more adapted to their needs.

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The main issues around microfinance in France

Whilst microfinance was first developed in developing countries as a tool to fight poverty and to support the economic activities of the poorest, in the global North, it spread by providing financial services adapted to the needs of clients who had been distanced or excluded from the traditional banking system. It appeared in France in 1989 with the creation of Adie and has evolved in a very different economic and financial context to that of developing countries. While the percentage of people who do not have access to credit in France is very low (less than 1%), and while saving services are relatively well developed, access to credit for individuals as well as for businesses is still a problem. The economic and financial crisis affecting Europe since 2008 has made the situation even worse.

In this context, various types of products have been developed, each of them addressing specific needs: personal microcredit, professional microcredit as well as microinsurance. These products share the same goal: to fight poverty and more particularly unemployment, two problems which are intrinsically linked. Therefore, microcredit is part of a wider approach to improve financial, economic and social inclusion, which was specified in a "Manifesto for the banking inclusion of vulnerable populations", which was launched by the French Red Cross, Secours Catholique and UNCCAS in 2011 (see page 7).

The work which was carried out in 2011 by the CNIS (National Council for Statistical Information) in which all microcredit actors took part, led to the recognition that support to clients is an essential element of microcredit in France. This support can be provided either directly by institutions granting

the credit, or by another actor. Its first aim is to ensure the project's viability (whether it is a personal or a professional project) and, in the long run, to redirect beneficiaries towards traditional banks.

Initially developed to compensate for the gaps in the banking system, microcredit was created as a stepping-stone towards the banking sector and remains today closely connected with banks. Microcredit has been developed around a diversity of economic models, mixing funding and guarantees from the community sector, the public sector, and the banking system. It can therefore adapt to the specific risks of microfinance (such as weak guarantees provided by clients). Integrating the work of all banking and non-banking actors is essential in order to guarantee the coherence and the continuity of the different types of financial services

which are offered to the poorest and to micro-businesses in France.

This convergence should emerge around a key issue: increasing the visibility of microfinance and its recognition as a useful tool to fight poverty and social insecurity, and more specifically against unemployment. One of CNIS's conclusions constitutes an important first step towards this recognition as it has led to a definition of the different types of microcredit in France, common to all actors working in the sector. On this basis, the Banque de France launched an important statistical enquiry in 2011 aimed at addressing the legal reporting obligations of microfinance actors, as well as collecting on a regular basis quantitative data on personal and professional microloans disbursed by banking and non-banking actors. This data, which will be available in 2012, will allow us to better measure the importance of microfinance in France,

to highlight the main characteristics of microcredit and to follow up on the progress of the sector in France. It will, in turn, complete the data already published by the Caisse des Dépôts et Consignations on microloans guaranteed by the FCS (Social Cohesion Fund).

Nevertheless, it is important to complement these studies with others aimed at measuring the social and economic impact of microcredit in France. These would indeed show the usefulness and efficiency of microcredit in the fight against social insecurity and unemployment, guide actors in improving their practices, and encourage the State to reinforce its support for the development of microfinance in France.

FAUSTINE DELASALLE
RESEARCH OFFICER
CONVERGENCES 2015

Professional microcredit, personal microcredit: which loan for which need?

Both professional and personal microloans address different needs and operate according to different mechanisms. They nonetheless have two things in common. Firstly, their goal is to improve access to classic bank loans for borrowers who have been excluded from the banking system. Secondly, they both recognize the need for borrowers to provide sufficient guarantees. In 2005, the State improved the constitution of these guarantees by creating the FCS (Social Cohesion Fund) whose management has been assigned to the Caisse des Dépôts.

Since the creation of the FCS, a particular emphasis has been given to the provision of support to borrowers. Social actors are providing this support in a global and integrated manner. Prior to the loan disbursement, they support borrowers first in formalizing and then in carrying out their professional or social integration project. After the disbursement, they are able to react

quickly in the event of difficulties with repayment. In order to be able to provide this essential support to borrowers, the Caisse des Dépôts provides financial support to these networks of social actors, with whom it signs a partnership agreement.

Professional microcredit: support to the setting up of businesses

In 2011, the National Council for Statistical Information (CNIS) defined the type of microcredit aimed at the creation of businesses as a loan (bank or non-bank) of less than EUR 25,000, for which the borrower automatically receives support. This type of microcredit is offered through three complementary mechanisms, which provide support during the setting-up, the funding and the post-launch phases:

■ The non-bank microcredit with interest is mainly distributed by Adie, an important actor working nationwide.

Its targets are generally people with projects under EUR 5,000 who are eligible for minimum social benefits.

■ The microcredit "with the character of equity capital", offered by France Initiative, aims at financing bigger projects. In addition to the interest-free microcredit provided by France Initiative, it also offers the possibility for borrowers to apply for a bank loan. The Réseau Entreprendre provides support to projects with high development potential.

■ Finally, the "guaranteed bank microcredit" enables borrowers to benefit from a bank loan which is guaranteed by France Active Garantie as well as support from one of the 40 local organizations of the network.

In 2009 the State along with the Caisse des Dépôts put in place the NACRE system which accompanies projects from the development stage up to 3 years. It aims at disbursing credit in the form of interest-free loans for a maximum amount of EUR 10,000

and targets people who are detached from employment. In 2011, 36,065 businesses were created thanks to these different microcredit systems.

Personal microcredit: support to social and professional integration

The Lagarde law relating to credit (passed on the 1st July 2010) sets out the framework for personal microloans guaranteed by the FCS and confirms their social goal. The personal microcredit is a loan between 300 and 3,000 euros which is accessible to all those who have not had access to standard bank loans but who are capable of reimbursing. It can help to finance any project whose aim is to improve the social and economic situation of the borrower even if the project is not directly linked to a professional objective. For instance: a project aimed at improving mobility (purchase or repair of a vehicle, financing of a driving license), a training project or one of home improvement,

etc. Resulting from the Lagarde law, people who are listed in the National Payment Incident Database (FICP) are eligible to apply for this loan which is guaranteed by FCS.

As a result of the diversity of borrowers' profiles and financial situations, and of the different nature of their personal projects, the type of support given to them must be as wide and as complete as possible. Consequently, the Caisse des Dépôts has created partnerships with 25 financial or related institutions and around 10 networks of support networks¹ who offer their skills throughout the country through their local representatives. Around 30,000 personal microloans have been disbursed since the launch of this system in 2005, 10,000 of which since 2011.

¹ They are: Adie, ANDML, CNLRQ, Croix-Rouge, Familles Rurales, FNARS, Restos du Cœur, Secours Catholique, UNAF and UNCCAS.

CAISSE DES DEPOTS ET CONSIGNATIONS

Portrait of an entrepreneur

Antoine Pompa, manager of 'Espace Foot', benefited from a professional microcredit

Thanks to a professional microcredit which he received from the MFI Créa-Sol, Antoine Pompa, now manager of 'Espace Foot' in Marseille (France), was able to finance and open a footballers' paradise. Antoine Pompa, 26 years old, holds a Masters Degree in "Entertainment & Media Management". After a few years spent working in organizing sports events, he decided to become his own boss by pursuing his love of sports, more specifically of football.

'Espace Foot' is a franchised chain store with around 50 branches in France. Attracted by the concept of this chain, Antoine seized the opportunity to become a branch manager, and opened a store in Marseille. He first carried out a market survey and visited various premises. With the support of a certified accountant, he then started contacting various banks to get his project financed. Despite having his own funds to contribute and a very well-planned project, Antoine approached several banks, which was not easy. He finally managed to convince one bank that agreed to finance his investment. In order to finance his cash flow, he was directed to France Initiative and then towards the MFI Créa-Sol. According to Antoine, "Cash flow is the most important thing. Without a



sufficient cash flow, I would not have lasted 6 months."

From then on, everything moved very quickly. He met Corinne Ferrovicchio, who followed his project at Créa-Sol. "His application was complete. His project was good and viable. I immediately believed in it and quickly submitted it to the steering committee", she says. Within a month, he received his professional microcredit from the MFI allowing him to finalize his financing plan and launch his project.

One year after its launch, 'Espace Foot', located at 118 rue de Rome in

the 6th arrondissement of Marseille, offers a wide range of products for players, supporters or football fans.

'Espace Foot' offers more than 100 kinds of studs for all types of grounds, over 150 official football shirts, and hundreds of products from various football clubs. It is also a concept-store inspired by the Ultra Movement (which provides entertainment at events and organizes trips for fans to follow their teams). And Antoine does not plan on stopping here: he would like to open two additional stores in the area!

CHRISTIAN FARA
MANAGING DIRECTOR, CREA-SOL

Interview

Pierre, retired and beneficiary of a personal microcredit

Why did you apply for a personal microcredit?

As I needed to have access to a loan, I first contacted a bank. But at my age, the cost of the loan would have been too high (because of the insurance) and the bank suggested that I apply for a personal microcredit.

Why did you need the loan?

I had medical expenditure to finance. I first needed vari-focal lenses, and then dentures. I don't have private medical insurance and the social security system does not cover all of these costs. What I needed was not a luxury but a necessity for my everyday life. The microcredit therefore allowed me to pay the difference that I wouldn't have been able to pay alone with my small retirement benefits.

What is your view on personal microcredit?

This financial product is closer to people. The interview that I had was very cordial and the person was very competent and attentive to my needs. She helped me calculate my budget and the monthly payments that I could afford. The approach is

very different from that of traditional banks whose objective is to make money. If I didn't have access to a microcredit, I would have had to ask a friend to lend me money, which is never an easy thing to do.

Are you experiencing some difficulties in reimbursing?

No, I am managing my budget very wisely. At my age, one becomes more sensible and targets expenditures more reasonably. I don't usually use automatic bill payments so I am particularly attentive to making sure there is sufficient money on my account for the reimbursement of my loan.

Would you request a personal microcredit again?

For the moment I don't need it. But you never know: if my fridge or my washing machine breaks down for instance, I know I could rely on microcredit.

SANDRA BYTHELL
IN CHARGE OF MICROCREDIT
CREDIT MUNICIPAL DE PARIS

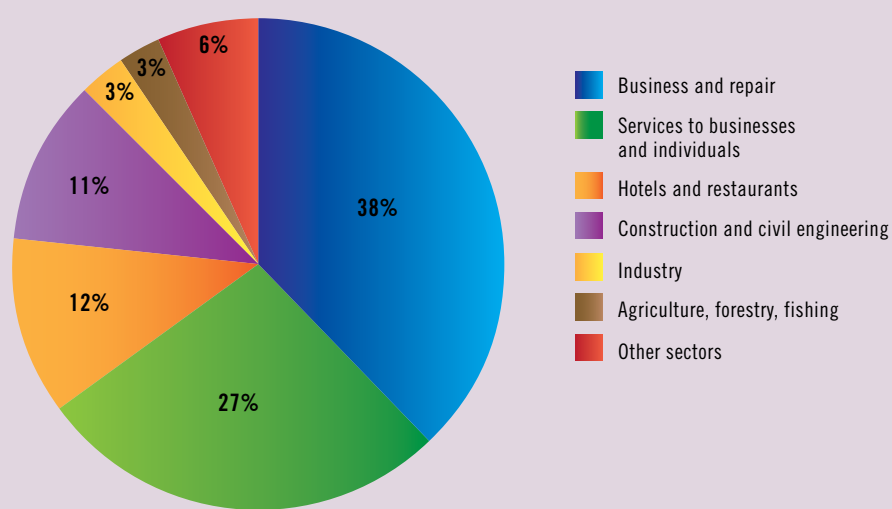
SURVEY – Microfinance in France

At the end of 2011, in accordance with the sectors' legal obligation, the Banque de France launched a statistical survey on microcredit, alongside bank and non-bank actors. Official data on microcredit in France should therefore be published before the end of 2012. Additionally, the Caisse des Dépôts et Consignations publishes statistics on personal and professional microloans guaranteed by the FCS (Social Cohesion Fund). The data collected by Convergences 2015 does not intend to compete with these official statistics but to complement them with non-exhaustive qualitative data on the main actors of microcredit in France: Adie, Crédit Municipal de Paris, Restos du Cœur for personal microcredit, and Adie, France Active and France Initiative for professional microcredit.

What is microcredit used for?

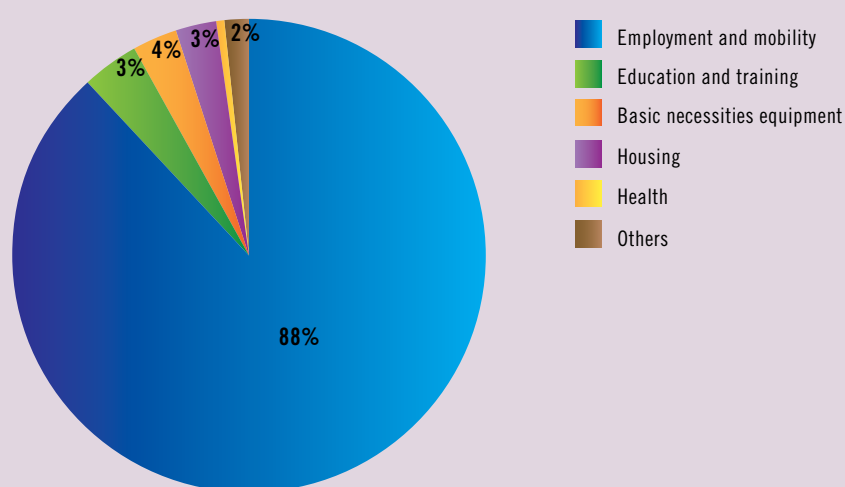
Professional microloans disbursed by Adie, France Active and France Initiative mostly benefit firms working in the business and repair sector (38%) and firms providing services to businesses and individuals (27%).

Breakdown of professional microloans by purpose in 2011



In 2011, the objective of personal microloans disbursed by Adie, Crédit Municipal de Paris and Restos du Cœur was essentially employment and mobility.

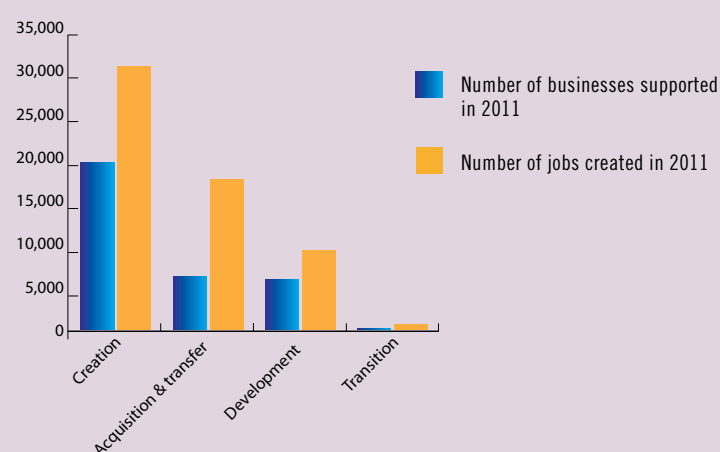
Breakdown of personal microloans by purpose in 2011



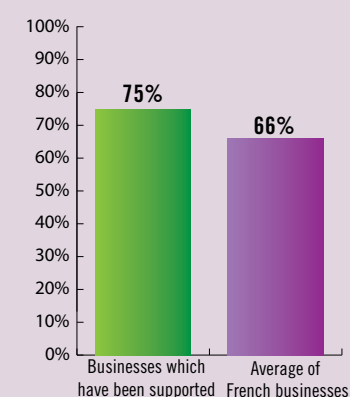
The impact of professional microcredit in France

Professional microloans disbursed by the three main French support networks have made it possible to create 19,000 businesses and have provided support for 12,000 additional businesses, which makes a total of 31,000 businesses supported in 2011. This resulted in the creation of 57,000 jobs in that period. On average, these businesses are more sustainable after 3 years than the average of new French businesses.

Number of businesses supported and number of jobs created in 2011



Businesses' survival rate after 3 years of existence



PARTICIPANTS IN THE CONVERGENCES2015 SURVEY ON MICROFINANCE IN FRANCE:

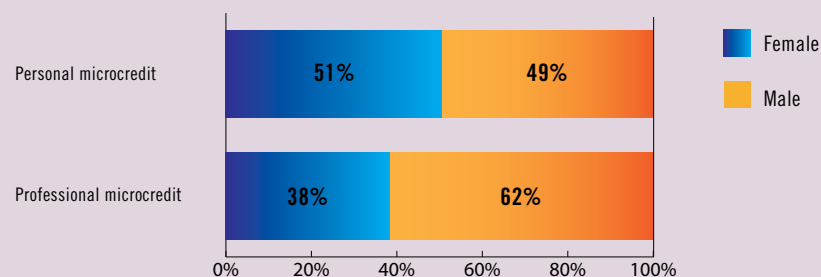
Professional microcredit: Adie, France Active, France Initiative.

Personal microcredit: Adie, Crédit Municipal de Paris, Restos du Cœur.

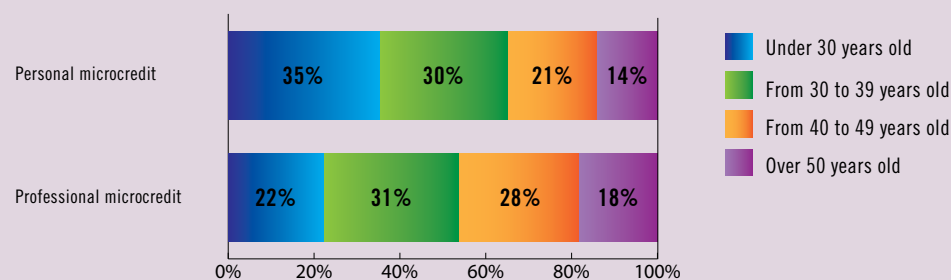
Who benefits from microcredit in France?

Beneficiaries of personal and professional microcredit often share the same characteristics. In general, they are under 40 years old with minimal qualifications. More specifically, beneficiaries of professional microcredit are essentially male (62%), with a secondary or higher education diploma (43%) and mostly unemployed (65%). In this case, microcredit is a stepping-stone on the path to employment. Beneficiaries of personal microcredit on the other hand are essentially employed (52%).

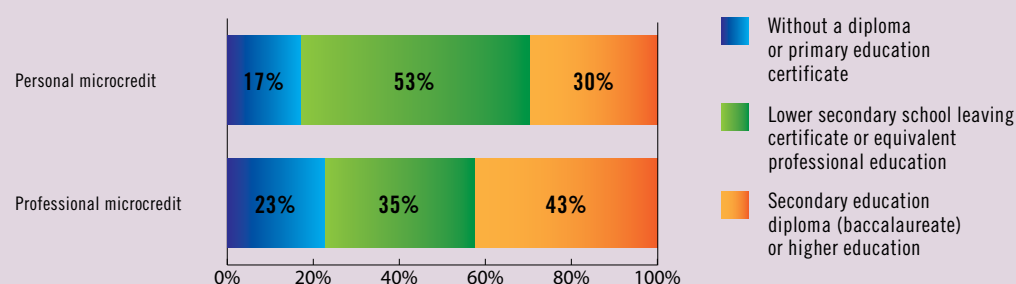
Breakdown of beneficiaries by gender



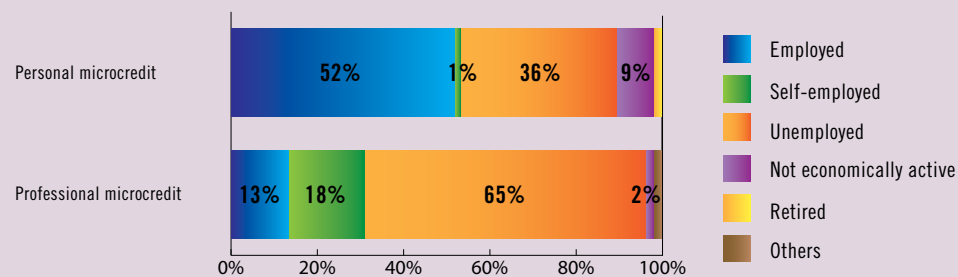
Breakdown of beneficiaries by age category



Breakdown of beneficiaries by qualification level



Breakdown of beneficiaries by employment status



New challenges around the banking inclusion of micro-businesses and very small businesses

In France, the creation of micro-businesses and very small businesses is a source of growth and an efficient way to fight against unemployment. Yet it is confronted with two challenges: project funding and banking inclusion. Only 36% of business creators have effective access to bank loans to fund their project (source: INSEE). These data do not even include information on self-employed entrepreneurs for which the rate of bank financing is even lower.

In addition, the 2008 economic crisis has worsened the situation: credit crunch, requests for additional guarantees, increase in interest rates, longer delays and increased number of rejections. Micro-business and very small business managers have been particularly affected and their medium term projections in relation to access to funding are quite pessimistic (source: CCI survey, April 2012).

In this context, support and assistance to micro-businesses and very small businesses accessing financial services is crucial. It is particularly important during the start-up phase to encourage establishing sustainable businesses, which can grow and create sustainable jobs. The professional microcredit offers a relevant and efficient solution to

these challenges. Through their action for the benefit of new entrepreneurs, the three main support and funding networks (Adie, France Active and France Initiative) work towards improving access to the banking system for project holders who are experiencing difficulties.

These three networks, present throughout France, are in line with public policy in relation to employment, and have partnerships with nearly all the banking networks. They usually target the unemployed and those eligible for the minimum social benefits. These networks develop complementary actions in terms of targets and tools. They aim at providing an adapted solution to the needs of each business creator, in accordance with his/her profile and project. Their ambition is to create a continuum that will cover the needs of a wide range of business creators for whom access to credit must be facilitated.

By offering adapted financial services as well as non-financial services such as counseling during the first years of activity, these three networks are working towards improved banking inclusion for micro-businesses and very small businesses in order to give them the same opportunities to access funding as big businesses.

Each of these networks has therefore created different kinds of partnerships with banks in accordance with their methods of intervention and their economic models.

For more than 20 years now, these three major networks have proven the validity and the efficiency of their respective models in mobilizing necessary resources for the creation of businesses by people who are out of employment. In 2011, Adie, France Active and France Initiative enabled the creation of more than 31,000 micro-businesses and very small businesses which have directly created 57,000 jobs. Thanks to their partners, notably banks, EUR 1,327 billion have been injected into the local economy.

Given the current economic context, we all need to continue the momentum around the French professional microcredit and its capacity to help the funding of micro-businesses and very small businesses. While maintaining public and private funding is essential, it is no longer sufficient. This support needs to be developed as the needs of the sector and its operators grow. Other methods exist and need to be explored in order to optimize the services which are offered to business creators and therefore to encourage job creation,

notably for those who are seriously excluded from the employment world.

First of all, the support networks' banking partners need to strengthen their teams in order to be able to systematically refer business creators who need support to fund their project to these networks. Beyond this, banking networks and professional microcredit actors need to continue working in collaboration in order to reach a better understanding of the specificities of each network for bank advisors. This will allow them to better orient project holders towards the appropriate structure.

Similarly, the support provided by Adie, France Active and France Initiative contributes to increasing the level of understanding of project holders in relation to financial, administrative, accounting and commercial issues when creating a business. These are the keys to ensuring the efficiency and the security of funding and, most importantly, to guaranteeing the existence and sustainability of businesses and created jobs. Today, this qualitative support needs to be institutionally recognized. Its cost should also be covered by public institutions, banking actors and more generally speaking by all the stakeholders in the business world.

In this period of economic crisis, investment is decreasing when it should be generating growth. In this context, access to funding and support to micro-enterprises and very small businesses are central to economic development and employment in France. Indeed, 94% of French businesses are currently micro-businesses and very small businesses. Professional microcredit plays an essential role in the creation and development of these businesses. Support for this tool should be reinforced and strengthened. Microcredit networks have the capacity to develop further and to support an increasing number of business creators. It is now in the hands of those who care about employment and economic growth to provide them with the means they need to do so.

GREGOIRE LECHAT
HEAD OF COMMUNICATION
FRANCE ACTIVE

MARC OLAGNON
DEPUTY GENERAL DELEGATE
FRANCE INITIATIVE

THIERRY RACAUD
HEAD OF RESEARCH AND ADVOCACY
ADIE

Supported personal microcredit

A stepping-stone towards banking inclusion

Many unemployed people will not start up their own businesses. And yet many of them will need to buy a vehicle in which to travel to work, to furnish their homes, to receive training, etc. This is what the supported personal microcredit is for. It enables borrowers to purchase useful goods or services without exceeding their budgets.

Microcredit alone cannot address the needs of those 5-6 million French people who are experiencing banking difficulties. However, according to a study carried out by the Caisse d'Épargne and the Caisse des Dépôts, personal microcredit can help one in two borrowers to find a job. It therefore helps beneficiaries to increase their available budgets, which is a key factor in improving their banking situation. However, what happens when microcredit fails to produce

such an impact? Borrowers risk lasting exclusion from the banking system.

Personal microcredit therefore needs to be accompanied by banks' offers and advice adapted to the borrowers' abilities and needs. In this way, microcredit becomes a service, among others, whose aim is to foster people's banking inclusion, and a way to help them to become clients just like many other people.

This was the case for Karim. In 2010, when he requested a microloan from the Caisse d'Épargne in order to fund his nursing training, Karim had an unauthorized overdraft of EUR 470; he was therefore banned from issuing cheques and did not have any savings. His monthly benefit allowance was insufficient to enable him to deal with his banking difficulties. It was clear that microcredit alone would not be enough to resolve the situation,

whatever the rate or the duration of the loan. Thanks to the allocation of a supported microloan, Karim was able to find the resources to get back on his feet and bring his budget back to normal, thanks to the joint effect of obtaining a supported microloan, having an authorized overdraft and regaining the right to hold a bank account.

By providing a microloan without considering the relationship between a borrower and his/her bank, we run the risk of not adequately equipping people to succeed. We also run the risk of banks losing interest in microcredit.

CEDRIC TURINI
HEAD OF MICROFINANCE AND FINANCIAL INCLUSION
FÉDÉRATION NATIONALE DES CAISSES D'ÉPARGNE



Financial exclusion: It's time to act!

Manifesto for the banking inclusion of vulnerable populations

Today, over 5 million people are excluded from the banking system in France. Unfortunately, the problems these people face in accessing and more importantly in using banking products and services are not sufficiently considered in official statistics. In this context, Jean-François Mattei, Chairman of the French Red Cross, François Soulage, Chairman of the Secours Catholique and Patrick Kanner, Chairman of UNCCAS (National union of communal social centers) presented on December 7th, 2011, in Paris, the Manifesto for the banking inclusion of vulnerable populations.

Given the place which bank services hold in our daily lives, the French Red Cross, Secours Catholique and UNCCAS have drawn attention to the social consequences of this situation and suggest solutions to deal with this form of exclusion on a large scale.

Denied access to cash machines or to personal advisors, mismanagement of accounts and payment methods leading to cascading fees for payment incidents, misunderstanding of the modalities of renewable loans, etc.,

are just some of the difficulties experienced not only by beneficiaries of minimum social benefits, but also by the unemployed, low-salary workers as well as middle-class households confronted with bad debt. For each of these categories, a sudden life change such as loss of employment, divorce or illness, can rapidly worsen their already weak situation. To have a bank account is not enough. It is important to be able to use it under good conditions and to benefit from sound and appropriate advice.

Through this Manifesto, the French Red Cross, Secours Catholique and UNCCAS aim to:

- Make public the problem of banking exclusion, which can be either a cause or a consequence of social exclusion.

- Highlight public policies' lack of efficiency and insufficient funds from the private sector on this subject. The laws currently in effect do not fully address the issue and banking practices are unequal and do not have sufficient impact in the fight against banking exclusion.

- Suggest concrete solutions through observation, certification and incentive mechanisms to encourage banking institutions to change their current practices.

The authors of this Manifesto also advocate for a reinforced budgetary guidance for vulnerable populations and ask the Government to promote a new economic model.

The presentation of this Manifesto in December 2011 in Paris marked an important step in maintaining discussions, with public and private actors around this social issue which the 3 networks initiated.

FRENCH RED CROSS
SECOURS CATHOLIQUE
UNCCAS



EXCLUSIVE IPSOS OPINION POLL

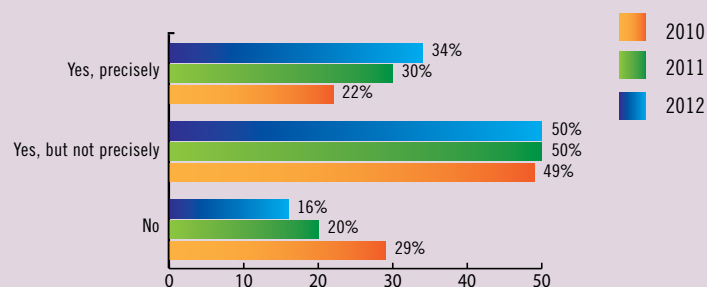


What do the French think of microfinance?

Each year the Microfinance Barometer presents the results of an exclusive opinion poll on what French people think of microfinance. The Ipsos/Logica Business Consulting survey was conducted in March 2012 with a representative sample of 1,006 people. It presents an updated overview of the perception of microfinance in France.

Knowledge of microfinance in France

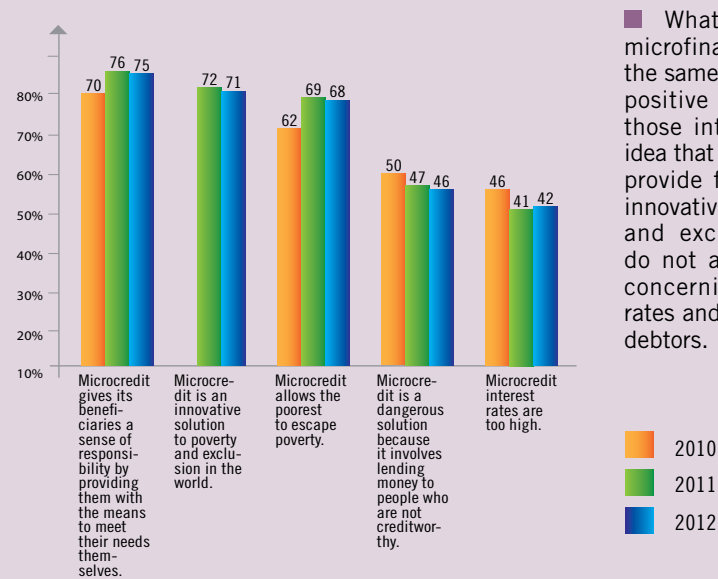
Personally, have you ever heard of microcredit?



Since 2010, knowledge of microfinance has greatly improved. 84% of those interviewed were familiar with the term in 2012 and more than a third knew exactly what it meant.

Is microfinance a solution to fight poverty and exclusion?

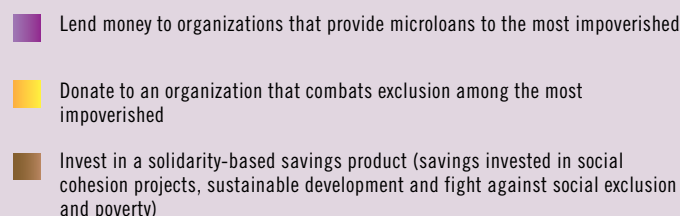
Do the following statements match your views?



What French people think of microfinance in 2012 is relatively the same as in 2011. It is a largely positive appreciation as 70% of those interviewed agree with the idea that microfinance helps people provide for themselves and is an innovative solution to fight poverty and exclusion worldwide. 55% do not agree with the criticisms concerning the level of interest rates and the risks of insolvency of debtors.

Ready to take action?

Personally, which of the following solutions would you want to take part in as a financial gesture to help poor populations in France and abroad?



As in previous years, those who decide to take action financially to help poor populations continue to prefer two solutions: 39% would prefer investing in a solidarity-based savings scheme while 41% would choose making a donation to an organization fighting against poverty. 20% would decide on lending money to an organization offering microloans.

The impact of professional microcredit

In France and in developed countries

The impact of microfinance, hence the sustainable changes it creates in the living conditions of a specific target group, is an increasingly debated issue. In the context of financial crisis and reduction in public spending, practitioners and public authorities can no longer afford not to question the effectiveness of microfinance and more specifically that of subsidized microcredit. Is the impact on the beneficiary sustainable? Could we have obtained equal or better results with other mechanisms? How efficient is the professional microcredit in comparison with other mechanisms aiming at creating jobs?

Given the important support granted to beneficiaries of professional microcredit in the setting up of their activities, these questions are even more relevant in developed countries, where it is now necessary to measure the impact of professional microcredit, beyond simply the question of access to funds.

While microcredit is essentially disbursed in developing countries, the issue of measuring the impact is as important in developed countries, but in a different manner. In developing countries, microcredit is used to assist poor people with no access to the banking system to better manage their cash, to protect themselves from vulnerability and to increase their level of income. In developed countries, where access to financial and banking systems is easier (even if financial inclusion of vulnerable populations is still a challenge), and where there is a social security system in place, professional microcredit aims at the social/professional integration of beneficiaries through a sustainable professional activity created thanks to

In France, microcredit programs vary in their objectives, their terms and their conditions: they can affect beneficiaries directly or indirectly, aim at covering operational costs or not; they have different strategies in relation to targeting clients, and offer a wide range of services from microcredit alone to close support for clients in managing their professional activity. However, their commonality lies in the way that their impact is measured in terms of the number of created or assisted jobs and the sustainability of the created activity. All operators rely on indicators such as loss ratio, survival rate of the funded activity or continued professional activity.

Since the 90s, numerous surveys have been conducted in France and other developed countries (see for instance International Labor Organization (2002), *Microfinance in industrialized countries, Helping the unemployed to start a business, Social Finance Department*). These studies all show that microcredit is an efficient and effective way to create jobs and that the survival rate of businesses that benefited from a microcredit (whether they are created or taken over from) is equivalent to that of businesses created in more favorable conditions (70% after 3 years and 60% after 5 years).

Identifying and measuring this type of impact is necessary but it is not enough to capture all the changes in the careers and the daily lives of beneficiaries. There is indeed a shortage of assessments taking into account more qualitative and societal aspects relating to the impact of professional microloans. What is the pace of work of those who have created a business (working hours, holidays, etc.)? Is this person covered

by a social protection scheme? How stable and regular are his income and his savings capacity? Most importantly, how about his "personal satisfaction"?

The aspects are captured only partially and separately by French operators, who work independently, therefore using tools which are often incompatible. Harmonizing approaches is indeed difficult given the fact that each network has its own modalities of intervention as well as its own target group. Aggregated tools that would allow us to capture the effects in a comprehensive manner are not yet available. If we had the capacity to assess the qualitative aspects of microcredit based on common impact indicators, we would be able to have a better understanding of the needs and expectations of micro-entrepreneurs. This would also feed into the current discussions about the ways to better assist microcredit beneficiaries. These issues will be addressed in a joint publication of the Centre d'Analyse Stratégique and of the International Labor Organization, whose first task will be to examine with all the actors the effect of microcredit on the creation of jobs as well as to assess monitoring and evaluation methods which are being used or which could be used. This will be carried out in 2012.

BERND BALKENHOL
MICROFINANCE CONSULTANT

CAMILLE GUEZENNEC
CENTRE D'ANALYSE STRATEGIQUE

Going further

Do you need access to a professional microcredit in France?

- Association pour le droit à l'initiative économique (Adie)
- Caisse Sociale de Développement Local, Bordeaux (CSDL)
- Créa-Sol
- France Active
- France Initiative
- Réseau Entreprendre
- Boutiques de gestion (BGE)
- And the banking networks mentioned below

Do you need access to a personal microcredit in France?

- Association pour le droit à l'initiative économique (Adie)
- Caisse Sociale de Développement Local, Bordeaux (CSDL)
- Créa-Sol
- Crédit Municipal (in several cities)
- Banque Fédérale Mutualiste
- Banque Populaire
- Banque Postale
- BNP Paribas Personal Finance
- Caisses d'Épargne
- Crédit Agricole
- Crédit Coopératif
- Crédit Mutuel
- Société Générale
- Cofidis
- LaSer Cofinoga

Contacts of all support networks can be found on the website: www.france-microcredit.org

Do you need a microinsurance in France?

- Entrepreneurs de la Cité
- Association pour le droit à l'initiative économique (Adie)

Support microfinance by investing!

Ask your bank advisor

- You can invest your money by placing it in a financial product that is certified by Finansol and is invested in microfinance activities.

Become a shareholder of a microfinance institution

- You can directly invest in the capital of institutions which support people excluded from the traditional banking system and which offer them adapted financial services.

Take action through your company

- Ask your company if it is already offering PEE (Savings Scheme for Business) or PERCO (Savings Scheme for Common Retirement). With these services, you can invest your savings in a financial product certified by Finansol.

Directly Lend to micro-entrepreneurs in developing countries and in France

- Through various peer-to-peer lending websites, you can directly lend money to micro-entrepreneurs throughout the world: babyloan.org, kiva.org, microworld.org, myc4.com, xetic.org...

For more information: www.finansol.org



Improving the relevance of financial services through microinsurance

The poor are more vulnerable to risks and economic shocks than the rest of the population. They are also the least able to cope with such shocks. While microfinance efforts tend to focus on strategies to boost incomes and build assets, it is important to recognize that gains can quickly be lost when poor households experience illness, a death in the family or other crises. This is where, microinsurance, the provision of insurance to low-income people, can specifically support poor households to better protect their assets and reduce their vulnerability.

Microfinance institutions (MFIs) have extensive experience in providing credit and more recently savings schemes for low-income households. Adding microinsurance to their product mix enables MFIs not only to improve their own sustainability, but also to increase the quality of the services offered to their clients. Insurance enables clients to manage emergencies while preserving their savings and avoiding new debts. However, it is estimated that only 20% of MFIs worldwide provide insurance to their clients (see table), and a large majority only offer products with limited benefits.

Going beyond credit life insurance to protect clients' assets

The most common product that MFIs provide is credit life insurance, which covers only the principal and the interest of an outstanding loan when a client dies. While such cover is useful for the MFI, which no longer has to worry about non-repayment in the case of death, it does not adequately cover the risks that clients face.

Credit life insurance becomes more appealing when it provides added benefits such as payment for funeral expenses, payment for utility and grocery bills following the death of the breadwinner, or when it covers additional risks such as disability for the borrower, and protection in case of fire or natural disasters.

Protecting your family and investing in the future

Voluntary life, health or property insurance products, though more complex to manage, provide higher direct and indirect benefits for MFIs' clients. They can prevent huge out-of-pocket expenses in the event of

hospitalization for instance, and also allow households to plan for the future. For example, insured clients will be less likely to have to choose which child to send to school and more likely to seek preventive medical care and to accumulate assets to pay for education, for daughters as well as sons.

Microinsurance, along with other financial tools, can prevent MFIs' clients in developing countries to fall back or further into poverty, but these clients need valid products to cater for their needs. Basic credit life insurance coverage should be seen as a start and not as an end, as it is not sufficient for low-income clients to manage their risks. The interests of MFIs and their clients are aligned since protected clients are better clients.

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PRESIDENT
MICROINSURANCE NETWORK

SARAH BEL
INFORMATION OFFICER
MICROINSURANCE INNOVATION FACILITY
INTERNATIONAL LABOUR ORGANIZATION

Percentage of MFIs reporting to MIX Market offering microinsurance products*

Region	% of MFIs offering microinsurance products
Africa	15.3
Eastern Europe / Central Asia	9.5
South Asia	27.1
East Asia / Pacific	17.1
Latin America / Caribbeans	27.5
MENA	18.5

* Sample of 317 MFIs participating in the MIX Market survey in 2011

Protection against natural hazards

Fonkoze is Haiti's largest microfinance institution, serving 55,000 borrowers and 250,000 savers. It developed Kore W, a microinsurance product which protects clients against hurricanes, earthquakes, floods or destructive winds. The product is mandatory for all borrowers, who pay 3% of the loan principal as premium. If a natural disaster occurs, clients are eligible for a USD 125 indemnity payout to meet emergency needs such as food, water and temporary shelter. They can also benefit from the cancellation of their loan with Fonkoze and obtain a new loan as soon as they are ready.



The impact of mobile financial services

Think about how the mobile phone has impacted your life. Think about the convenience of reaching someone, sending a message and checking your emails whenever you want. Moreover, now with smart phones, you have a plethora of applications allowing you to conduct just about any kind of transaction. Imagine you lost your phone for over a week – that is when you would truly realize how the mobile phone has impacted your life.

Now picture yourself living in a developing country in a rural village not connected to the electricity grid with a limited water supply. In order to conduct any business you need to travel 2 hours to get to the nearest city. But whilst at home in your village, you most likely have one of the most valuable tools in your pocket, a mobile phone, and you could, for example, call anyone, send text messages to organize meetings, arrange to share transport to the city, read weather forecasts or locate the nearest medical clinic and... perform banking transactions.

Today, using even the most basic mobile phone, millions of people in developing countries are sending money to friends and family, paying bills, making savings deposits, loan reimbursements and performing other banking transactions through their mobile phone whenever and wherever they want. Many people's lives are being impacted by using mobile financial services without ever having a formal bank account.

According to the recent Global Findex survey, in developing economies, only 41% of adults have a formal bank account and only 23% of those living on under USD 2 per day. According to the same survey, 61% of account holders worldwide use their account to receive payments from an employer, the government, or distant family members. But having a formal bank account just to receive payments can mean significant fees for the customer both for banking transactions (account-opening fees, remittances and withdrawal fees, etc.) and the time and costs involved in getting to and from the nearest bank branch. People living in rural areas in developing countries who have accounts can spend up to 2-3

hours traveling and then waiting inside the nearest branch to conduct transactions. Today that same person can instead receive payments on their mobile phone and go to a nearby agent, often a small shop in their village, to withdraw or electronically transfer funds. This convenience saves people time, usually taken from their jobs, and money, required for transport costs (petrol, bus ticket, etc.).

Some of the mobile payments which customers receive include loan disbursements. Microfinance institutions (MFIs) globally (over 8 in Kenya alone) are using the mobile channel to electronically disburse loans, saving time and costs for the institution and the end customer. One MFI in Kenya, disbursing loans through checks, reported saving customers EUR 25,000 per month in time, bank and travel fees by now disbursing loans directly to their mobile wallet. MFIs also use the mobile channel to extend their reach to new customers. Loan officers visit remote areas finding new customers and opening accounts, such as savings accounts, allowing people to save using a local agent to cash-

in and then transfer funds into their savings account. Many unbanked people do not save formally due to bank fees and the cost of accessing a branch. Hence mobile financial services break down these barriers and can perhaps help people to better manage their financial resources. Microfinance clients cite other benefits including the convenience of making loan reimbursements via their mobiles rather than traveling to MFI branches or meeting up with loan officers to make payments. The ease of these remote payments can enable timelier loan repayments.

Mobile financial services are already providing benefits but, in order to truly scale up, the offerings and functionality must be designed based upon customer needs and constraints, such as low-literacy and affordability. The biggest challenge in the system, however, is for mobile financial services providers to create a robust agent network that allows customers to find easily and transact quickly with trusted local agents.

Many mobile financial services systems are now available, either developed by banks or service

providers. According to the GSMA, there are now 123 mobile money transfer systems globally. Some of the most notable include M-Pesa in Kenya (used by 15 million Kenyans, processing an incredible USD 1.4 billion per month), MTN's MobileMoney (present in 13 African countries, reaching over 7 million people allowing national and, in Uganda, even international remittances), Orange Money (available in 8 African countries, reaching over 3 million customers), and, in the Philippines, platforms like GCASH and SMART and a new mobile microfinance bank BPI Globe BankO, that offers microinsurance products, loans and savings accounts.

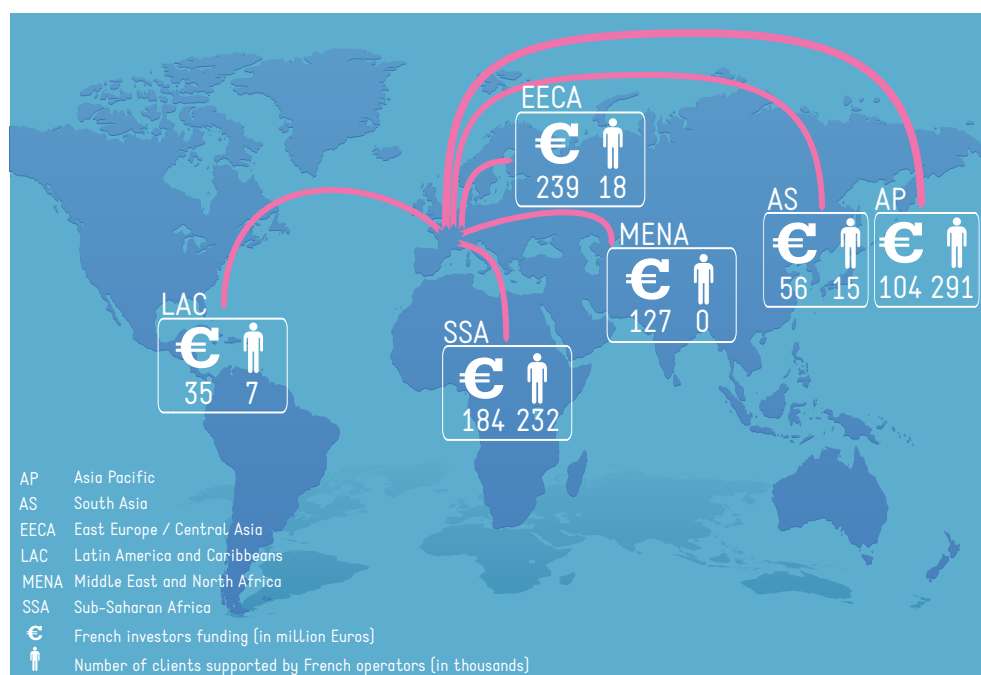
Mobile financial services systems and mobile phone penetration are growing rapidly, creating an enormous potential impact to improve the lives of the unbanked and underbanked.

CAROL CARUSO
MANAGING DIRECTOR
TRIPLE JUMP ADVISORY SERVICES

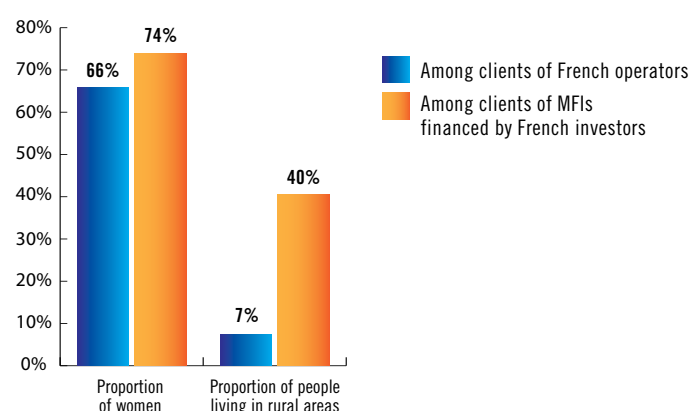
SURVEY – French microfinance actors on the international scene

Who are the beneficiaries of French microfinance actors on the international scene?

French microfinance actors intervene primarily in 3 geographical areas: Sub-Saharan Africa, Asia Pacific and Eastern Europe/Central Asia, where most of the funding is directed. Investors and operators' beneficiaries are mostly women. 40% of indirect beneficiaries of French investments live in rural areas, while the interviewed French operators intervene primarily in urban areas (93%).



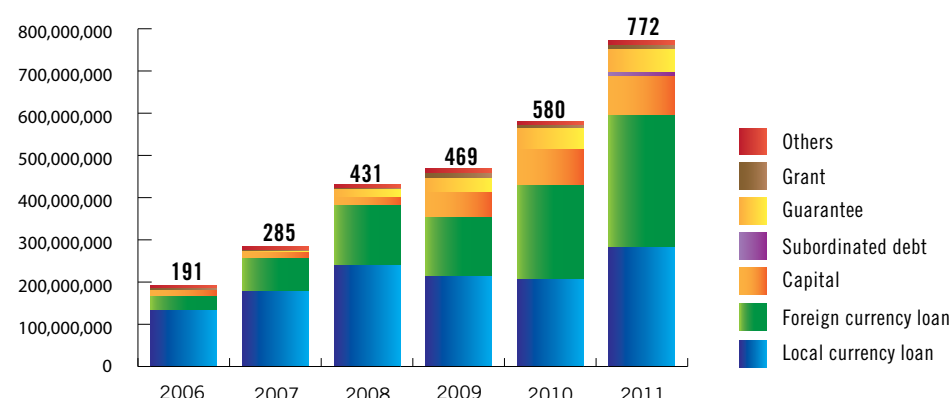
Profile of French microfinance actors' beneficiaries on the international scene in 2011



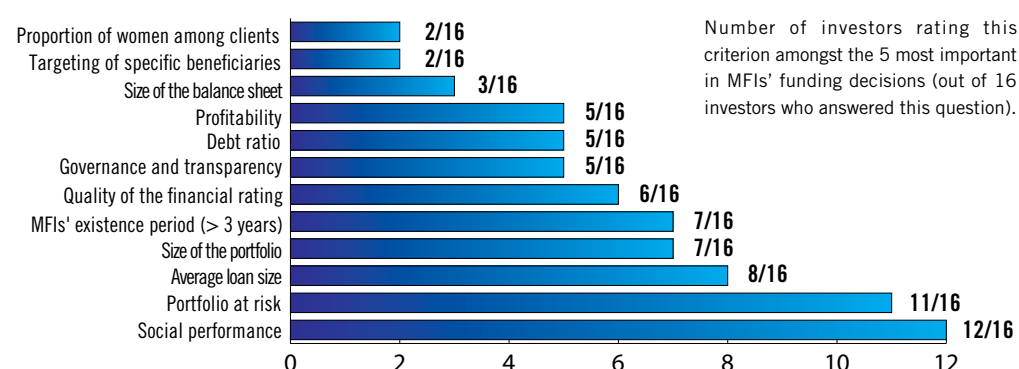
French investors in microfinance*

The total amount of funding spent by French public and private investors in microfinance has greatly increased (+33% compared to 2010, 4 times higher than in 2006). In 2011, this increase was largely caused by the growth of one of the investors. The survey also highlights an increased concern of investors for the social performance of MFIs, which is a key criterion in funding decisions. Other criteria are mostly related to economic viability.

Amount of outstanding funding by type of funding between 2006 and 2011 (in million euros)



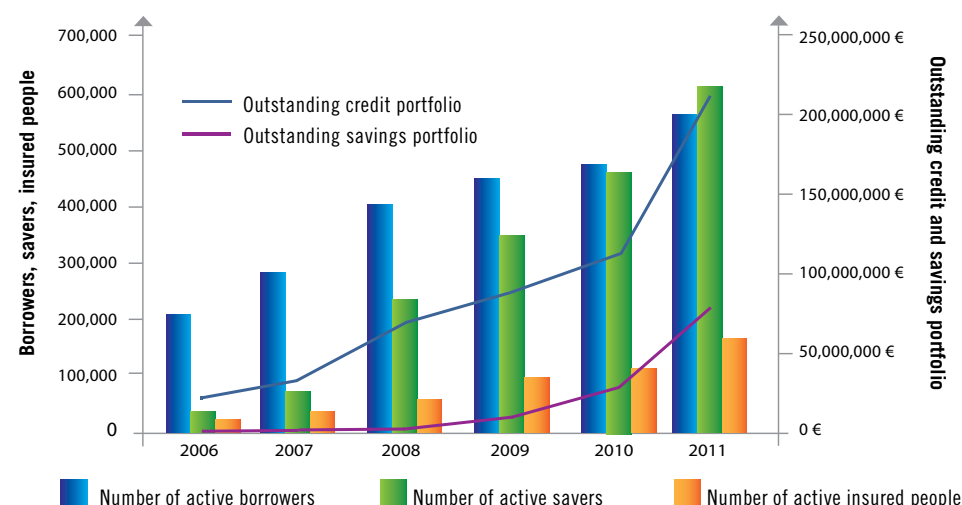
Criteria taken into account by investors in MFIs' funding decision



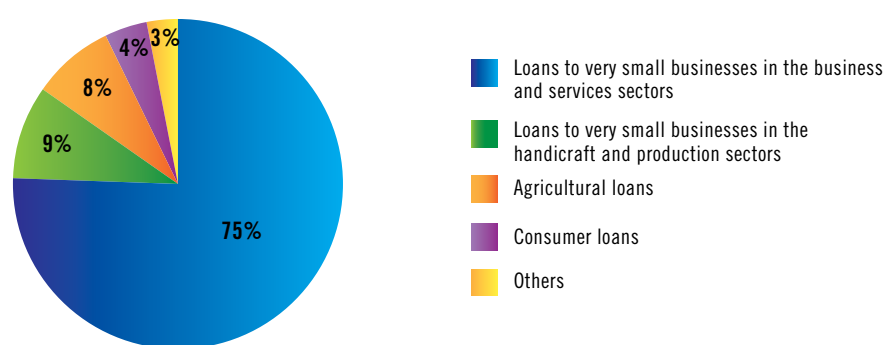
French operators on the international scene*

Despite the microfinance crises, the sector remains dynamic. The growth of the outstanding portfolio is greater than that of previous years (+90% in one year), although the diversification of products remains quite limited. The number of microfinance clients continues to grow, in particular the number of savers (616,000) which is now higher than the number of borrowers (563,000). The considerable growth of microsavings can also be seen by the increase in outstanding amounts by 132% between 2010 and 2011. In addition, microinsurance continues to develop: in 2011, the number of people insured is 8.8 times higher than in 2006.

Changes in the number of beneficiaries and in the outstanding portfolio between 2006 and 2011



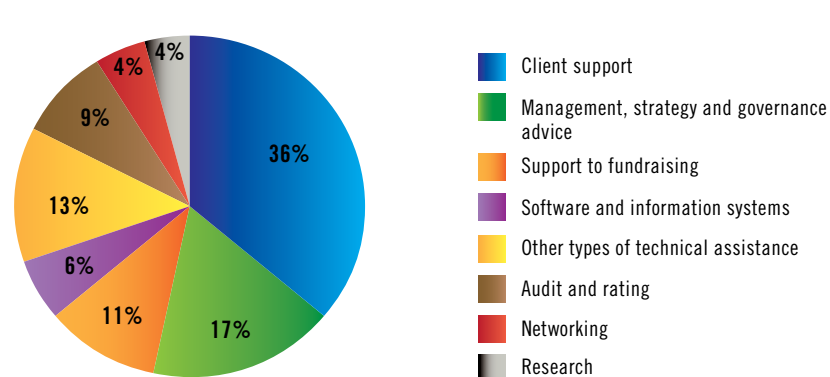
Breakdown of disbursed microloans by type of product in 2011 (in amounts outstanding)



French support organizations in microfinance*

Support organizations provide microfinance institutions and MFI networks throughout the world with a wide range of services aimed at reinforcing their organizational and social performances. In 2011, around 100 000 working days were devoted to different types of services: support to clients, management advice or information systems assistance.

Types of services provided by French support organizations in 2011 (in number of working days)



* See Glossary

PARTICIPANTS IN THE CONVERGENCES 2015 SURVEY ON FRENCH MICROFINANCE ACTORS ON THE INTERNATIONAL SCENE:

Investors: ACTED, AFD, Babyloan, BNP Paribas, Crédit Coopératif, Grameen Crédit Agricole Microfinance Foundation, Investisseur et Partenaire pour le Développement (I&P), MACIF, Mairie de Paris, MicroWorld, Natixis, PlaNIS ResponsAbility, Proparco, SIDI, Société Générale, Veecus, Xetic.

Support organizations: Audencia, CERISE, CGSI Consulting, COFIDES, Convergences 2015, Ecidec, GRET, Horus, IECF, Microfinance Sans Frontières, Neufilize OBC, Octopus, PAMIGA, PlaNet Finance, PlaNet Rating, SAMN, SIDI.

Operators: Advans, CIDR, Entrepreneurs du Monde, FERT, Inter Aide, MicroCred, OXUS.

Credit unions, a boost for the development of Lithuania

The cooperative movement

The United Nations named 2012 the "International Year of Cooperatives". On this occasion, Secretary-General Ban Ki-moon stated that *"cooperatives remind the international community that economic viability and social responsibility are largely compatible."*

Cooperatives are autonomous organizations owned by their members, thanks to which people and communities can improve their living conditions through an economic activity.

Savings and credit cooperatives, also called credit unions, are financial non-profit cooperatives, owned by their members and offering them a wide range of financial services (savings, credit...) as well as non-financial services (training, electronic transactions...). Thanks to their proximity to local communities, credit unions play a key role in the financing of agricultural activities and micro-businesses. With almost 857 million beneficiaries throughout the world (13% of the global population), they play a key role in financial inclusion.

LCCU and the success of credit unions in Lithuania

The fall of the Soviet Union and the

emergence of a market economy in the 1990s triggered a massive influx of foreign banks in Lithuania, most of which concentrated on financing large and medium-sized enterprises while avoiding the microfinance and agriculture sectors which were considered too risky. Credit unions emerged as a suitable solution to the lack of interest of commercial banks in rural areas and small towns where the economy was dominated by agricultural activities and micro-businesses.

The first credit union was created in 1995 with EUR 5,000 of assets, an initiative driven by the Government of Lithuania which was looking into improving financial inclusion in rural areas, and with the support of CIDA (Canadian International Development Agency) and DID (Desjardins International Development). Today the LCCU (Lithuanian Central Credit Union), the main body, comprises 68 credit unions representing total assets of EUR 450 million. These cooperatives have EUR 300 million in outstanding loans and EUR 370 million savings from 120,000 members.

Today they account for 12% of the country's total savings and almost half of funding for agriculture and micro-enterprises. The contribution of credit unions to the Lithuanian economy is particularly visible in rural areas and in

cities of fewer than 3,000 inhabitants, where they account for more than half of the local financial sector.

Along with their expansion throughout the country came the need for cooperation amongst these credit unions. This led to the creation in 1998 of the professional association ALCU (Association of Lithuanian Credit Unions), followed by the establishment of the main LCCU body in 2002. While ALCU carries out lobbying activities and promotes the sectors' interests, LCCU offers financial and non-financial services to member credit unions. LCCU's role is to maintain the financial health of the sector and that of the credit unions through the management of a liquidity fund and a stabilization fund, as well as to guarantee part of the refinancing of their activity.

Strong values

Cooperatives cater for the needs of their members. They provide them with what they need to ensure their economic and social development. LCCU has for instance allowed the establishment of national and international payment systems, the introduction of bank cards and the development of internet banking. Another role of LCCU is to provide extra-financial services to its members, such as training, education (management,

finance, etc.), documentation, legal and regulatory oversight, information systems, etc.

The savings collected from the credit union members guarantee their financial autonomy. Using a loan mechanism, savings are used entirely to fund members' professional and personal needs.

In Lithuania, as elsewhere, democratic governance is a key feature of the cooperative movement. Members are both clients and owners of their cooperative and they take part in its governance according to the "one man = one vote" principle. Credit unions are administered by their members. During general assemblies, members elect the board and the different operational committees of the LCCU.

Committed investors

LCCU is supported by Oikocredit, CoopEst and the Cr dit Coop ratif, three committed investors sharing a common vision of investment that can have a strong social impact by supporting the social and solidarity economy (including cooperatives) in developing countries.

■ The Dutch cooperative Oikocredit, which was created in 1975, is one of the most important private actors in development financing. It supports more than 800 producer organizations, cooperatives, small businesses and microfinance institutions throughout the world.

■ CoopEst is a social investment firm that operates in Eastern European and Central European countries. Founded in 2006, it is today recognized as a key actor in the region's cooperative and microfinance sectors.

■ The cooperative bank Cr dit Coop ratif has been financing the social and solidarity economy for nearly 120 years: associations, cooperatives, mutual insurance companies, small businesses, etc. It is today a member organization of Groupe BPCE, the second largest French banking group, which was created in 2008.

ANTHONY DEGOUE
MICROFINANCE PROJECT OFFICER
CREDIT COOP RATIF

MARC-HENRI STROH
CHAIRMAN
OIKOCREDIT IFO

Glossary

■ Consumer microcredit / Microcredit for social purposes

A loan to finance the acquisition of consumer good or training in order to improve the living or working conditions of the borrower. In France, it is called a personal microcredit (see article on page 5).

■ Consumer protection

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

■ Gross loan portfolio / Amount of loans outstanding

The outstanding balance on all sound, doubtful or restructured 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 guarantees.

■ Individual loan (microfinance product)

A form of credit whereby the borrower receives a loan in his or her own name. In many cases, physical collateral or a deposit must be provided.

■ Investors

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

■ Mesofinance

Covers funding needs of small and medium businesses that are covered neither by microfinance nor by traditional finance. Amounts may vary from EUR 2,000 to EUR 100,000 depending on the country.

■ Microcredit

A small loan. There are several types of microloans (see above and below).

■ Microfinance institution (MFI)

A MFI is an organization that provides financial services to persons on low incomes or persons who cannot access the formal financial sector. MFIs can have a variety of legal forms: NGOs, associations, savings and credit cooperatives, limited liability companies, financial institutions, banks, etc. Depending on the country, MFIs may or may not be regulated by monetary authorities or other entities, may or may not collect savings, etc.

■ Microinsurance

An insurance product for the very poor. The most common services are health, incapacity and death insurance, and cover against natural disasters and harvest failure (see article on page 9).

■ Microfinance

Financial services aimed at poor individuals excluded from the traditional banking system. It mainly includes loans, savings products, microinsurance, money transfers and leasing. In developed countries, beneficiaries can have access to the banking system but have very low incomes.

■ 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.

■ Mobile banking

The ability to conduct financial transactions via mobile phone (transfers, money transfers, payments, check account balances, cash deposits, etc.) (see article on page 9).

■ Mutual guarantee lending / Group-based lending (microfinance product)

A form of loan whereby borrowers come together in groups of 5 to 20 people who cannot provide sufficient physical collateral but provide a group guarantee: if one of the members of the group fails to meet its 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.

■ Over-indebtedness

A situation characterized by the inability of the debtor to repay in good faith their debts by the due date.

■ 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 developing and developed countries 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 the interest accrued. The PAR is frequently calculated over 30 days.

■ Professional microcredit

A loan used to finance an economic activity, with income used to repay the loan (see article on page 5).

■ Savings (microfinance product)

A product that may be compulsory (to obtain a loan) or voluntary (term deposits or target deposits remunerated according to the term, or at-call deposits with unrestricted deposits and withdrawals). Saving means giving up immediate consumption to postpone spending.

■ 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 part of the 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.

■ Solidarity-based finance

The segment of the financial sector that provides funds for activities in the fields of professional and social integration, housing, international solidarity, etc.

■ Solidarity-based savings/investment

Investment used to finance projects that establish or develop solidarity-based activities. Solidarity-based activities are defined according to their nature, their social utility, the social status of their beneficiaries, etc. In France, solidarity-based savings products bear the Finansol label.

■ Support networks (support for clients)

Networks who provide professional support for micro-entrepreneurs at one or more stages of the loan (creating a business, budget analysis, etc.). In France, support is an important component of microcredit and can take the form of voluntary action or a professional activity.

■ Support organizations (support for microfinance)

These are actors who provide technical assistance, advice and services to microfinance institutions in developing countries. This may include research, technical assistance, consulting, networking, skills support, financial intermediation, or auditing and rating.

Going further

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CONVERGENCES 2015

THE WORLD FORUM
FOR THE MILLENNIUM DEVELOPMENT GOALS
TOWARDS INNOVATIVE PARTNERSHIPS FOR POVERTY REDUCTION

19, 20, 21
SEPTEMBER 2012
PARIS

Interview with Sam Daley-Harris

Founder of the Microcredit Summit Campaign



Can you tell us more about your commitment to microfinance and the effects of RESULTS and RESULTS Educational Fund's Microcredit Summit Campaign?

For an advocate, I entered the field of microfinance quite early. It was in 1985 and I had just moved to Washington, DC as the founder of RESULTS, a citizens lobby group

focused on creating the political will to end global poverty. Soon after I arrived, we were sent a video on Grameen Bank. We had never seen such a thing. The funds were put directly into the hands of the very poor. We were blown away. We sent copies of the video to each of the 50 RESULTS chapters across the United States.

By the end of 1986, we prepared microfinance legislation to be introduced in the US Congress. Over the next 12 months, RESULTS volunteers generated 100 editorials in newspapers across the country supporting microfinance. Muhammad Yunus joined our board the following year.

I left RESULTS in 1995 to organize the 1997 Microcredit Summit, a project of RESULTS Educational Fund. The Summit launched a nine-year campaign to reach 100 million of the world's poorest families with microcredit. In 1998, in recognition

of that first Summit, the UN declared 2005 the Year of Microcredit. After the announcement of his Nobel Peace Prize in 2006, Muhammad Yunus congratulated me because he knew that each year I would ask the same two leaders to nominate him for the Peace Prize.

So I and the organizations I have founded have been there for some of the pivotal moments in the last 25 years, for the good times and for the recent failures.

Today who are the clients of microfinance and who should be its potential clients?

All of the poor should be the potential clients of microfinance. But just as with other fields of development, it is the very poor who are always left out. In child poverty: who are the 21,000 children who die every day from preventable causes? It is the children of the very poor. Who are the 67 million children not in primary school? It is the children of the very poor. Even though an MFI might believe that you cannot reach this group, some other MFI somewhere in the world has probably already done so successfully. So I would say that all

of the poor are the potential clients, especially those who are usually left out – the very poor.

How do you see the future of microfinance?

The last few years have been a difficult time for the field, excruciating some would say. Microfinance was in danger of completely losing its way. Professor Yunus' answer, 20 years ago, to those who asked what his strategy was in forming Grameen Bank had become eerily prescient: *"I didn't have a strategy. I just kept doing what was next. But when I look back, my strategy was, whatever banks did, I did the opposite. If banks lent to the rich, I lent to the poor. If banks lent to men, I lent to women. If banks made large loans, I made small ones. If banks required collateral, my loans were collateral free. If banks required a lot of paperwork, my loans were illiterate friendly. If you had to go to the bank, my bank went to the village. Yes, that was my strategy. Whatever banks did, I did the opposite."*

I believe the field can come out of this crisis. Initiatives like the Smart Campaign for client protection, the Social Performance Task Force, the

Seal of Excellence for Poverty Outreach and Transformation in Microfinance, and The Paris Appeal for responsible microfinance would have been largely ignored five years ago. Now they are seen as keys to the way forward by more and more stakeholders.

I see a future for microfinance that puts the clients at the center and that continues to ask and provide answers to this question: "What do the clients need now to work their way out of poverty?" But it is up to the current leaders of the field to ensure that the clients are put back at the center, that microfinance regains its integrity and, with that, its soul. Many have entered microfinance because they wanted to make a difference, not because they wanted to make a killing. You measure the difference you have made in the improvements in the lives of the clients and their families, not in your profits. It really is up to us.

INTERVIEW CONDUCTED BY MICHAEL KNAUTE
EXECUTIVE DIRECTOR
CONVERGENCES 2015

Sign the Paris Appeal for responsible microfinance

To respond to the excessive commercialization of microfinance and other abuses

3 reasons to support the Paris Appeal:

- > To bring back the social mission of microfinance dedicated to the poor
- > To raise the interest of international organizations, media and other key players in microfinance as a tool to fight poverty and financial exclusion
- > To be part of a global movement involving all microfinance stakeholders, including regulators, supervisors and international organizations

Signatures so far from:

- > Public Figures
Michel Rocard / Natalie Portman / La Grande Duchesse du Luxembourg
Jean-Michel Severino / Abdou Diouf / Chuck Waterfield ...
- > Hundreds of organizations
CARE / Crédit Coopératif / Crédit Municipal de Paris / e-MFP
Grameen Crédit Agricole Foundation / Macif / OXUS Group / SIDI ...
- > Thousands of experts, regulators, investors, operators and beneficiaries

Endorse the campaign online
www.appeldeparis.org

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THANK YOU

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