UMM Workshop Report

by the e-MFP Action Group
University Meets Microfinance

Microfinance Plus - The Potential of Linking Microfinance with Programmes in Health, Education, Environment and Value Chain Development

4th University Meets Microfinance Workshop
University of Bergamo, 22 October 2010

UNIVERSITY MEETS MICROFINANCE

University Meets Microfinance (UMM) is a programme which fosters cooperation between university students in Europe and microfinance practitioners. UMM was launched by PlaNet Finance and the Freie Universität Berlin and is co-funded by the European Commission within the framework of its Education for Development Programme until 2011.

The main activities are:
- To offer microfinance seminars to European universities
- To offer scholarships and mentorship to university students for research in microfinance
- To grant awards for outstanding final theses on microfinance-related topics
- To share findings with academics, students and microfinance practitioners at bi-annual workshops.

More information can be found at
www.universitymeetsmicrofinance.eu

The fourth University Meets Microfinance workshop on “Microfinance Plus - The Potential of Linking Microfinance with Programmes in Health, Education, Environment and Value Chain Development” took place at University of Bergamo on the 22nd October 2010. This workshop was organized in close cooperation with:

UNIVERSITÀ DEGLI STUDI DI BERGAMO

Thanks to the participation of:
Alejandra Guglielmetti, Capgemini Italia
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GRAND DUCHY OF LUXEMBOURG
Ministry of Foreign Affairs

Directorate for Development Cooperation

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Foreword from the European Microfinance Platform (e-MFP)

The European Microfinance Platform (e-MFP) is pleased to present the first Workshop Report by the e-MFP Action Group "University Meets Microfinance (UMM)". This report focuses on the output of last October's UMM workshop which was hosted by the University of Bergamo. The workshop highlighted **"Microfinance Plus - the potential of linking microfinance with programmes in health, education, environment and value chain development"**.

e-MFP is a growing network of over 130 organisations and individuals active in the area of microfinance and its members include banks, financial institutions, government agencies, NGOs, consultancy firms, researchers and universities. Our principal objective is to promote co-operation amongst European microfinance bodies working in developing countries, by facilitating communication and the exchange of information.

e-MFP's Action Groups are the result of productive synergies between European microfinance actors, enabling constructive dialogue and cooperation between European actors. The main objective of our Action Groups is to improve and multiply coordinated activities between microfinance actors which in turn contributes to the development of the whole microfinance sector.

e-MFP welcomes the University Meets Microfinance (UMM) initiative and its commitment to the positive advancement of the industry. Since its inception, the European Microfinance Platform has prioritized the role of research as an essential component for the development of good and sustainable microfinance practices. The UMM Programme which has recently been established as an e-MFP Action Group, will enhance exchange and cooperation between microfinance practitioners and talented students from universities across Europe.

We thank all the experts involved in this project for their valuable contributions to the publication and invite you to explore the latest findings to stimulate further reflection and encourage additional research in microfinance.

Best wishes,

Christoph Pausch
e-MFP Executive Secretary

Foreword from the State University of Bergamo

The “University Meets Microfinance” (UMM) programme is jointly organised by PlaNet Finance and the Freie Universität Berlin. In October 2010, the 4th UMM Workshop was hosted by the University of Bergamo (UniBg) on the topic of “Microfinance Plus – The Potential of Linking Microfinance with Programmes in Health, Education, Environment, and Value Chain Development.”

The University of Bergamo – Research and Education in the field of microfinance

Microfinance is a core theme of UniBg’s Research Centre on International Co-operation (CCI). CCI is made up of three sub-units: 1) the Unesco Chair on Human Rights and International Co-operation; 2) a research group on the cultures and religions; and 3) the Finance and Development (FinDev) group. FinDev examines the conditions in which financial systems can promote development. Specifically, it focuses on micro and rural finance. FinDev is a relatively new and small group. However, it comprises individuals with substantial research and field experience and it co-operates with renowned organizations including the Ohio State University Rural Finance Group, the FAO Rural Finance Group, and the Giordano Dell’Amore Foundation (formerly the Finafrica Foundation). FinDev is currently involved in several research, education and training activities in co-operation with the University’s faculties. It also contributes to a Ph.D. programme offered by the CCI, in which students can study international co-operation, human rights, development and microfinance.

Current research is focused on risk management and its relevance to MFIs in rural areas of low-income countries, particularly in relation to climatic change and disasters. In the past, members of FinDev have conducted research and published a book on Ethiopian coffee growers that specifically addressed the theme of risk management. Further preliminary research on the topic was carried out over the last three years, with results published as a working paper and presented at international conferences. At the request of a research centre in the Lombardia Region (IReR Lombardia), FinDev has also studied the possible uses of remittances as a development tool. A publication was prepared for the direct use of IReR.

FinDev plans to conduct a three-year research programme, co-financed by the Lombardia Region and Giordano Dell’Amore Foundation, that will combine the two areas of study – risk management and remittances. It will carry out field works in Ethiopia and other countries on the demand for financial services, the exposure of rural operators to risk, existing risk coping mechanisms, implications for MFIs, and the specific role of remittances in softening the consequences of risk exposure. The final aim of the project will be to enhance the capacity of microfinance customers to cope with different types of risk. It is expected that innovation in risk management techniques and in financial products will play a great role in this improvement. Beyond its ongoing partnerships, FinDev is actively seeking new synergies with other research centres.

Among its publications, FinDev’s primary project is the journal is Savings and Development. The journal was established in 1977 by Finafrica/Giordano Dell’Amore Foundation to stress the role of savings in economic development, and to provide researchers from around the world with an opportunity to publish in a recognized journal. A specific focus has traditionally been given to researchers coming from the South. Savings and Development has subsequently been inherited by the UniBg, and it has begun publishing peer reviewed articles and complying with international academic standards. It has also been included in the American Economic Association‘s electronic bibliography (EconLit), and an electronic version is currently ready to increase diffusion.

From Giordano Dell’Amore Foundation, FinDev also inherited a specialised historical library of works on development, rural finance and microfinance. The library boasts 2000 books, journals, reviews and papers, including rare historical documents and some “grey literature” which presents unique examples of studies on various aspects of financial systems in developing countries dating back at least 30 years. Students and academics are welcome to access these documents.

In 2010, FinDev’s began a very successful pilot education programme providing financial literacy training to immigrants. Its main educational programme, however, is the Master in Microfinance offered by UniBg. The degree programm is a collaboration between the Faculty of Economics and Business Administration and the CCI. This year’s students (4th edition) were in attendance at the UMM workshop organized by PlaNet Finance.

To earn the Masters in Microfinance, students undertake one year of study comprising two months in distance learning, over five months in-class training, three months of field work, and about one month in preparation of a dissertation. The programme is organised in co-operation with an important network of Italian NGOs (CIPSI), and the faculty includes widely known international experts and academics in the field. Students are largely financed by the Italian Minister of Foreign Affairs, which offers 25 scholarships. On average, the programme hosts 30 students per year from several nations. However, a specific focus is given to recruiting students from the South. Up to now, around 120 students have earned the Masters degree.

Our major beliefs in microfinance and our view on the workshop topics

Both in teaching and research, FinDev emphasises a number of core beliefs. Good management and governance are necessary for any successful approach to development finance. Sustainability is a pre-conditions for achieving intended goals in microfinance and efforts to increase outreach and social impact are not conflicting, but rather complementary with it. Other measures, including microfinance-plus programmes, are also important but should be institutionally separate from financial products. Finally, savings mobilization can be used to leverage good governance, financial independence, and risk management.

Successful savings mobilisation, in fact, is at least equally, if not more important than microcredit. Rather than achieving self-sufficiency, microfinance institutions that provide only credit risk to become dependent on external sources of funding. This dependence was the downfall of many large-scale credit distribution projects in developing countries that were implemented by donors and local governments. Building on local financial resources is equally as important as building on existing experiences and initiatives. Locally grown MFIs (also based on informal microfinance) may benefit from strong local roots that create a solid base for further innovation and evolutions of financial products and processes.

In this view, targets of MFIs should be considered potential “customers” rather than “beneficiaries”. In targeting potential customers, MFIs must offer efficient and effective products that satisfy a demand of those able to pay. In such a perspective, potential customers have the right to be assessed, but not the guaranteed right to be given credit. Customer selection is a crucial step in the process. In fact, what makes MFIs different from other financial intermediaries is their selection process. In this delicate phase, MFIs should avoid a sterile application of standard screening procedures. Instead, they should introduce innovative evaluation criteria, emphasizing those elements that help detect existing good credit scores of customers that are unable to provide normal banking standard data.

Customers that do not fulfil the evaluation criteria should not to be forgotten, though. Instead, non-credit measures should be extended in order to help them become bankable in the future. Credit, in such situations, is more harmful than useful. It should therefore not be emphasised as “the tool” to fight poverty, but rather one tool to leverage existing hidden entrepreneurial potentials that are not expressed because of lack of finance. Only after non-credit measures have been taken to promote opportunities, microfinance can express its full potential.

In light of these beliefs, the theme of the 4th UMM Conference is very relevant. On the one hand, Microfinance Plus programmes, such as business development services, could provide the necessary conditions for a successful microfinance intermediation. Such programmes promote investment opportunities and are complementary to microfinance. On the other hand, Microfinance Plus programmes, such as education and health services, represent a big challenge for MFIs. Social targets may induce an MFI to failure because they may hamper profitability if they are directly included within an MFI’s institutional goals. Therefore, attention should be paid on how to provide these service without weakening MFI‘s sustainabilty.

The 4th UMM Conference was filled with discussions that shed light on Microfinance Programmes, and the benefits and challenges of implementing them. UniBg welcomed such discussions, and thanks PlaNet Finance and the Freie Universität Berlin for having organised the conference here.

Laura Viganò
Dean of the Faculty of Economics and Business Administration
Director of the Research Centre on International Co-operation
Director of the Master in Microfinance
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1. Microfinance Plus – Why does it matter and how can it be approached? About the UMM workshop and this publication

Microfinance – or the extension of small-scale financial services to low-income populations – has been increasingly celebrated over the last decade as an effective tool within the "fight against poverty" and towards the achievement of the millennium development goals (MDGs). The United Nations' declaration of the "International Year of Microcredit" in 2005, and the Nobel Committee's award of the Peace Prize to Muhammad Yunus and his Grameen Bank the following year, symbolize the high expectations held for microfinance to contribute greatly to poverty reduction. In the early days of modern microfinance, a number of non-governmental organizations (NGOs) began provisioning microloans as just one of many development programmes. For example, the well-known Mexican bank Compartamos arose from the NGO "Nueva Gente," which initially focused on health and education when it was founded in 1982. However, led by the World Bank's Consultative Group to Assist the Poor (CGAP), conventional microfinance thought began favouring a "commercial approach" from 1990 onwards, leading MFIs to become more specialized. This minimalist approach emphasized financial self-sustainability in order to achieve a significant outreach, and regarded subsidized provision of non-financial services as too costly and difficult to manage, especially for small MFIs. Despite evolutions within microfinance markets and successful microfinance experiences around the world, the debate over whether a maximalist approach (the provision of financial and non-financial services) or a minimalist approach (only financial services) offers the most appropriate pathway to improved outreach, impact, and financial sustainability, still divides the industry today. Adding to the debate, continued technological and organizational innovations had enabled MFIs to offer evermore-tailored financial and non-financial services in recognition of the multi-dimensionality of poverty. These developments have revived the notion, sometimes coined by practitioners as "Microfinance Plus", that microfinance services should be linked with broader development issues like gender, health, education, energy provision and environment. Furthermore, the concept of value chains, and the strategic targeting of microfinance services along them, is considered to be a promising, though highly administrative option, for enhancing profitability of poor people's economic activities. There is limited experience thus far, regarding the extent to which the linkage of microfinance with other development programmes and services is a viable option. Empirical evidence on the effect that Microfinance Plus programmes have on sustainability, outreach and impact is still rare. In order to stimulate the debate, PlaNet Finance, together with the Freie Universität Berlin (Germany), held the 4th University Meets Microfinance Workshop on the theme: "Microfinance Plus – the Potential of Linking Microfinance with Programmes in Health, Education, Environment and Value Chain Development". The event was hosted at the University of Bergamo (Italy) on October 22nd, 2010. It gathered 58 students from 17 European Universities and 27 practitioners from different organisations to discuss the advantages and pitfalls of this "integrated approach" in microfinance. The following workshop publication provides a collection of the articles that were presented during the workshop. Contributions include those from students, as well as some development organisations. Following most of the articles, sections can be found that summarize the critical issues that were raised during the post-presentation discussions. The first article, by **Didier Krumm** (PlaNet Finance, responsible for Microfinance Plus programmes), provides an introduction to the "Microfinane Plus" concept. **Marion Allet**'s article (Université Libre de Bruxelles & Université Paris 1 Panthéon-Sorbonne, PhD student) , "Microfinance and the environmental bottom line: What relevance" raises questions about the call for "greening microfinance" and whether the triple-bottom-line can be reached in light of MFIs' primary goal of creating an inclusive financial system. **Ryan Hogarth** (London School of Economics, Masters student) presents the results of his research on "The Potential Merger of Microfinance and Carbon Finance, A Mechanism for Small-Scale Technology Transfer," which highlights the potential challenges and benefits facing microfinance energy lending programmes that aim to sell carbon credits. **Noara Kebir**'s article (Microenergy International, CEO), "Financing Energy – The role of Microfinance Institutions", provides a practical perspective to the linking of microfinance with renewable energy technologies, with a good overview of different initiatives

Many microfinance programmes started with broader development goals.

In the 1990s the financial self-sustainability of microfinance institutions became the central objective.

"Microfinance Plus" seeks to build links with microfinance and other development programmes, for example, in health, education and environment.

The workshop in Bergamo gathered more than 90 participants to discuss "Microfinance Plus" related topics.

to make energy accessible to the poor. **Anna Custers** (London School of Economics, Master student) follows with the presentation of her research on "Furthering Financial Literacy: Experimental Evidence from a Financial Literacy Training Program in Bhopal, India", in which she highlights the importance of financial education in increasing the demand for welfare enhancing financial services. The topic "Microfinance and Health" is covered by **Thilo Klein** (University of Cambridge, PhD student), who presents his research titled "Why India's Urban Poor Choose to Go Private: Health Policy Simulations in Slums of Hyderabad". He argues that public hospital services are in many cases poorly adapted to the needs and preferences of the low-income population, and that care packages offered by some private pro viders are indeed pro-poor – a fact that microfinance institutions, as a possible delivery channel of such private care packages, should take into account.

In this workshop publication seven articles of participating students and practitioners alike shed light into different aspects within the topic "Microfinance Plus".

Ngoc Anh Nguyen provides insights into the value chain financing approach with the example of Vietnamese poultry production. She stresses the importance of considering whole value chains in designing adapted financial services in order to foster sustainable development of the agricultural sector. The workshop publication ends with an article written by **Umberto Trivella** (PlaNet Finance Italy) on "Microfinance in Italy", the host country of the workshop. Besides providing an overview of the sector, the article discusses the specific challenges and future prospects of Italian microfinance institutions. In conclusion, microfinance cannot be considered a panacea to address all different issues related to poverty. Different welfare services are required in the fight against poverty, of which credit is only one. Moreover, in many cases credit may not be the most important financial service. Saving and insurance facilities might be more relevant. Financial services are most effective in fostering entrepreneurship when other conditions under which development occurs already exist. Some of the other services, MFIs cannot, and should not, offer. Others are still in question.

Luciano Bonomo
Coordinator of the "Master in Microfinance" at the Bergamo University – Faculty of Economics

Katja Kirchstein
Scientific Coordinator "University Meets Microfinance" at Freie Universität Berlin / PlaNet Finance

2. Microfinance Plus programmes

Didier Krumm
(PlaNet Finance)

"Microfinance Plus" programmes integrate non-financial services into microfinance operations for the specific purpose of achieving development objectives. It originally referred to the methodology of "Credit with Education", later called "Credit Plus Education", developed by the American NGO Freedom from Hunger[1] in 1989. The "Credit with Education" methodology combined credit and savings services with non-formal adult education to address the specific needs of women gathered in credit unions, such as health-related problems or a particular lack of knowledge or competencies. The majority of low-income people served by microfinance institutions (MFIs) face several constraints due to their low socio-economic level – illiteracy, lack of entrepreneurial and business skills, gender-related constraints for women, health problems, etc. – which hampers the creation and development of their economic activities. The "raison d'être" of Microfinance Plus programmes is to tackle these constraints by delivering appropriate training and technical assistance to MFIs' clients. Microfinance Plus programmes aim to reinforce would-be micro-entrepreneurs and existing micro-entrepreneurs' personal and professional capacities, and thereby contribute to improving incomes and welfare. PlaNet Finance implements Microfinance Plus programmes that focus on health and small businesses development. Micro-entrepreneurs' capacity programmes aim to develop clients' skills through training in financial literacy, budgeting, accounting, business planning, accounting, marketing, cost pricing or vocational training related to their business. In the health sector, PlaNet Finance has launched information and awareness campaigns against malaria and HIV/AIDS (Benin, Madagascar, Morocco) using MFIs as an information vehicle to target their clients. Finally, in a new integration of microfinance and health programmes, PlaNet Finance has initiated projects that give access to microfinance services to people affected by disease or by disability. These people suffer socio-economic exclusion as a consequence of their state of health. PlaNet Finance's projects support low-income people living with HIV/AIDS in Benin and Burkina Faso, as well as disabled women in the Palestinian territories, to start their own small businesses. In both cases, participants are trained and mentored to create their own income generating activities, and MFIs are encouraged to provide them with financial services. As MFIs tend to consider these vulnerable populations very risky to finance, PlaNet Finance has set up a guarantee fund to secure the loans in case of non-repayment. In Burkina Faso, MFIs have provided 211 loans to people living with HIV/AIDS over an 18 months pilot project (2009-2010). The total amount of disbursed loans is EUR 40 thousand and the repayment rate is 90%. The main causes of delayed repayments and non-reimbursements are business failures due to AIDS-related leaves of micro-entrepreneurs.Three main approaches are used by MFIs to link non-financial services with financial services: **Parallel approach**: Financial and non-financial services are delivered by two programmes from the same organization, but with different personnel. **Integrated approach:** Financial and non-financial services are integrated within the same financial service provider organization and supplied by the same personnel. **Linked approach**: Financial and non-financial services are delivered by two independent organizations. The MFI does not directly provide non-financial services, but goes into partnership with a service provider. The linked approach is relevant when the non-financial services must be delivered by highly specialized personnel – for example, in programmes relating to health, agriculture, handicrafts, etc. In these cases, the MFI must be careful in its selection of the partner organization. If the services do not meet the clients' needs, the MFI's reputation can suffer among its clientele. The parallel approach is often used by organizations that offer non-financial services alongside financial ones. Non-financial and financial services are not necessarily delivered to the same beneficiaries, i.e. one micro-entrepreneur can access business training without getting a loan from the same organization. The parallel approach causes high operation and administrative costs due to the number of staff required to deliver all the services. The integrated approach has been formalized by the "Credit with Education" methodology developed by Freedom From Hunger as mentioned above. The credit officers are trained to deliver non-financial services such as micro-enterprise development training, etc. For example, they

The multi-dimensionality of poverty requires adapted programmes in order to make the potential of microfinance unfold.

There are three different approaches to linking financial and non-financial services.

might organize compulsory training sessions targeting clients during regular loan repayment meetings. If the integration is well designed, this approach is less costly than the other two as it requires only costs for the training of credit officers, the training material, and time spent delivering the non-financial service. The choice to integrate non-financial services is primarily driven by the social mission of the institution and its commitment to pro-poor development policies. Some MFIs are convinced they should only focus on the issue of expanding good quality financial services. Others think that educational services and Business Development Services (BDS) are too expensive to implement, and they do not want to increase their operating costs to offer free education programmes for their clients. However, successful well-known organizations such as BRAC in Bangladesh, CRECER in Bolivia, and ASA in India have demonstrated that MFIs could be self-sustainable while providing non-financial services. One survey from Freedom From Hunger[2] estimated that the costs of non-financial services are less than 10% of the total costs of a MFI, and that this proportion is reduced gradually over time. Another study[3], published by PROPARCO, compared the performances of five MFIs delivering non-financial services – CRECER Bolivia, Pro Mujer Bolivia, Pro Mujer Nicaragua, Pro Mujer Peru and FINCA Peru – with that of their peers in Latin America and worldwide. The clientele of the five MFIs ranged from 12 thousand to 100 thousand. This study demonstrated that MFIs delivering non-financial services tended to charge higher interest rates compared to institutions delivering only financial services. The former had a return on assets varying between 6 to 16 percent, while the return on assets of MFIs delivering exclusively financial services did not exceed 2 percent. MFIs with non-financial services charged higher interest rates to cover their higher operational costs. Thus, as these costs are borne by the clients themselves, the benefits of the non-financial services for these clients should be questioned and carefully assessed. Evaluations of non-financial services should assess the acquisition of knowledge and competencies, as well as changes in behavior of micro-entrepreneurs. Do they learn and do they apply their new knowledge and competencies? Between 2004 and 2007, PlaNet Finance has implemented a "Microfinance and Health" programme in Benin with the support of a network of 15 MFIs and NGOs in order to raise awareness and education on preventive actions against malaria. The programme used meetings between loan officers and women solidarity group leaders' as efficient vectors for the spread of information. The "Microfinance and Health" programme has been evaluated using a randomized-control trial[4]. The beneficiaries' group had a higher rate of implementing prevention practices, relative to the control group. For instance, 88.8 percent of beneficiaries covered water deposits compared to 10.7 percent of non-beneficiaries. 43 percent of beneficiaries decided to use closed outhouses, compared to 13.9 percent of non-beneficiaries. Use of anti-malaria medication remained low, probably due to the low income levels in the sample: 3.7 percent of beneficiaries used anti-malaria medication compared to 1.6 percent of non-beneficiaries. The programme had a positive effect on the use of responsible self-medication. Prior to the programme, beneficiaries had used this type of treatment less than non-beneficiaries (only 22.6 percent of beneficiaries used auto-medication, compared to 84.4 percent of non-beneficiaries). FINCA-Peru, an MFI that uses a village bank methodology, has conducted an impact study on the provision of business training to their women groups[5]. It compared outcomes between groups that received only financial services, and those that received business training as well as financial services. They randomly assigned pre-existing lending groups to either treatment or control groups. Treatment groups received the training as part of their mandatory weekly meetings. Control groups remained as a credit and saving groups without specific business training. Researchers found a positive effect in the institutional outcomes for FINCA-Peru, as loan repayment and client retention was higher among treatment groups. They found that business training reduced clients' temporary exit by 5 percent, although no effect was found for permanent dropouts. They inferred from the retention results that clients place a high value on the training, causing them to avoid temporary exits. On the other hand, treatment clients were more likely to quote the length of weekly meetings as a factor in dropping out the microfinance programme. Training participants demonstrated greater business knowledge and better business practices. Clients that received training were 4 percent more likely to reinvest profits into their business, 3-4 percent more likely to maintain sales records for their business, 7 percent more likely to maintain withdrawal records for their business, and 5 percent more likely to report having implemented changes to improve their business. Finally, the acquisition of business knowledge and the new business practices led to increased business revenues. Sales in the month prior to the surveys were 16% higher for training participants.

The benefits of non-financial services can clearly outrun their costs.

FINCA-Peru is a positive example of how to implement business development services.

In short, non-financial services have to be well adapted to the needs of microfinance clients and properly integrated into the MFIs operations. Cost efficiency is a major constraint in making these services sustainable. Only then, can Microfinance Plus programmes create a win-win situation for MFIs and their clients.

Footnotes

[1] *http://www.freedomfromhunger.org/*
[2] *Dickey JE, Dunford C, Vor der Bruegge E, 1999, Cost of Education in the Freedom from Hunger Version of Credit with Education Implementation, Freedom From Hunger*
[3] *Lanao Flores I, Serres P, 2009, Microfinance et services non financiers: mariage impossible?, La revue de PROPARCO Numéro 3*
[4] *Delahaye Romain, Microfinance and Health, a campaign against Malaria in Benin, Evaluation report, PlaNet Finance 2009*
[5] *Frisancho V, Karlan D, Valdivia M, 2008 Business Training for Microfinance Clients: How it Matters and for Whom ? Poverty & Economic Research Group, PMMA Working Paper 2008-11*

Further Reading

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Lanao Flores I, Serres P, 2009, Microfinance et services non financiers : mariage impossible ?, La revue de PROPARCO Numéro 3
Frisancho V, Karlan D, Valdivia M, 2008 Business Training for Microfinance Clients: How it Matters and for Whom? Poverty & Economic Research Group, PMMA Working Paper 2008-11

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3. Microfinance and the environmental bottom line: What relevance?

Marion Allet
(Université Libre de Bruxelles/Université Paris 1 Panthéon Sorbonne/PlaNet Finance)

Presentation

In the context of the push for a more responsible financial sector, and growing concerns about environmental degradation, some actors today advocate that microfinance, beyond its double financial and social bottom line (Armendariz & Morduch, 2005; Servet, 2006), should include a third environmental objective as well (FMO, 2008; GreenMicrofinance, 2007; Rippey, 2009; Van Elteren, 2007).
The issue of "green microfinance" is receiving increasing attention as donors, investors and technical assistance providers begin to include environmental criteria in their operations. Experiences in this area are still limited and experimental, but some microfinance institutions (MFIs) are indeed starting to adopt procedures and develop products that seek to mitigate the environmental impact of their clients' activities and promote more sustainable development. Very few studies have tackled the issue thus far, and the relevance and effectiveness of green microfinance is questioned by many practitioners who argue that environment protection is not a priority for microfinance clients, that it would only constitute an additional constraint and cost for MFIs and their clients, or that microfinance is not in a position to solve all problems.
During the University Meets Microfinance Workshop, Marion ALLET presented her ongoing PhD research, which aims to understand the stakes around the emerging phenomena of green microfinance, and, more specifically, to assess the relevance of an environmental bottom line to microfinance. She first introduced some background information on the green microfinance phenomenon, and then presented her main research questions and the results of her first study on MFIs' motives for going green.

How do MFIs address their environmental bottom line?

Reducing their internal ecological footprint

In order to incorporate an environmental bottom line, some MFIs first look at their internal ecological footprint. As it is the case for ACLEDA (Cambodia), MiBanco (Peru) or XacBank (Mongolia), they try to reduce their paper, energy, water consumption and overall carbon emissions. This is a very valuable first step into environmental management. However, it may not constitute the area where MFIs have the greatest environmental impact. A recent joint publication by VIGEO & WWF (2010) demonstrated that the internal ecological footprint only represents 0.01 percent of financial institutions' environmental impact. According to this study, 99.99 percent of the environmental impact of financial institutions would thus be indirectly generated through the activities they finance. Even though the proportion may slightly differ, the same could hold for MFIs: their biggest environmental impact may be generated through their portfolio of activities. Of course, this does not imply that microentrepreneurs can be held responsible for climate change. Many small businesses indeed have a very limited impact on the environment. But small does not necessarily mean beautiful (Blackman, 2000)! MFIs can also have microenterprises in their portfolio engaged in activities with significant environmental risks, may it be in terms of pollution (e.g. textile dyers) or natural resources depletion (e.g. charcoal making). Various studies have proven now that these environmental risks can translate into health and safety hazards (e.g. exposure to chemicals and water contamination for textile dying) or loss of economic activity (e.g. deforestation threatening the sustainability of charcoal-making income-generating activities).

Reducing the environmental impact of their portfolio activities

Some MFIs have started to become aware of these issues and adopt various strategies to mitigate the environmental risks of the activities that they finance.
• A certain number of MFIs, such as Kashf Foundation (Pakistan) or Banco Solidario (Ecuador), opt for a "Do No Harm" approach and refuse to finance activities with high environmental risks. In this perspective, they usually adopt an exclusion list largely inspired by the one created by the International Finance Corporation.
• Some MFIs have decided to set up Environmental Risk Management Systems, whereby they systematically assess the environmental risks of their clients' activities. In BRAC (Bangladesh), Integral (Salvador) or K-Rep (Kenya), loan officers use toolkits such as the ones developed by the FMO (Social & Environmental Management Guide for MFIs). When visiting their clients, they seek to identify the environmental risks of the microenterprise, discuss with the clients about the risks identified, and provide some support or incentive to mitigate these risks.

• Some MFIs, like CEPRODEL (Nicaragua) or FINCA (Uganda), adopt a "Do Good" approach, whereby they seek to promote the development of green activities (e.g. agroforestry, bee keeping, recycling, etc.) and facilitate access to green technologies (e.g. solar home systems, biogas digesters, energy-efficient equipment, etc.). They do so by offering tailored financial products, financial incentives, and/or technical support.
• A certain number of MFIs, like CAMIDE (Mali) or ICDC (Philippines), address the environmental issue through non-financial services: for instance, awareness-raising campaigns or specific training sessions.

But, is it relevant?

Despite these MFIs' efforts to incorporate an environmental bottom line, there are still a lot of question marks and controversies around the green microfinance phenomenon. Why should microfinance actually consider environmental issues? Do MFIs go green to respond to the needs of their clients, or is it not just to respond to donors and investors' expectations? And what is the actual capacity of MFIs to reach an environmental bottom line? Are they the right actors to effectively change the environmental behaviors of microentrepreneurs? Can they reach an environmental bottom line without compromising their social and financial objectives? And what are the real costs and benefits of green microfinance programmes for the clients? As the microfinance sector is showing an increased interest in the environmental issue, it is essential today to assess whether it is actually relevant for MFIs to look at their environmental bottom line.

Why do microfinance institutions go green?

In a first step to understand the stakes around the green microfinance phenomenon, Marion ALLET focused on identifying why MFIs decide to go green.

Ethical and instrumental motives

So far, very little academic literature tackles the issue of Microfinance & Environment. Available publications on the topic mostly come from grey literature, with studies and articles written by donors, NGOs or international organizations (Araya & Christen, 2004; Coulson & Dixon, 1995; Hall et al., 2008; GreenMicrofinance, 2007; Pallen, 1997; Redmond, et al., 2008; Rippey, 2009). This literature generally identifies two types of rationales for MFIs to go green:

• Ethical motives: MFIs go green because they feel committed to environmental protection and/or because they are conscious that their clients are also concerned with environmental risks. If they want to fulfil their social mission, they need to support sustainable human development and cannot dismiss the environmental issue.
• Instrumental motives: According to the literature, green microfinance can generate direct benefits at the business level as well by allowing MFIs to improve their image, gain access to new sources of funding (e.g. Socially Responsible Investors, carbon credits), develop new markets (e.g. microcredit for solar home systems could target new client segments), or even decrease credit risk (e.g. by decreasing the health hazards linked to environmentally risky activities).

These publications however remain very theoretical and only promote the "potential" benefits that should lead MFIs to engage in green microfinance. Furthermore, they do not identify the determinants influencing the decision-making process of MFIs that do go green.

Determinants of the decision to go green

In order to assess why MFIs would (or would not) engage in green microfinance, Marion ALLET conducted an inductive, qualitative study based on extensive, semi-structured interviews with 22 MFIs managers. This methodology is the most suited to exploring an emerging phenomenon such as green microfinance, because it reveals decision-making processes, diversity of rationales and perceptions. Consistently with a qualitative approach, it was decided to interview a sample of institutions with diverse profiles in terms of geographical location, legal status (cooperatives, NGOs, non-bank financial institutions), age, size, and, above all, level of involvement in green microfinance (some were chosen because they were already involved in green microfinance; others, because they were not). Results were interpreted in light of various organizational decision-making theories from primarily the Corporate Social Responsibility literature (Donaldson & Preston, 1995; Freeman 1983; Logston & Yuthas, 1997; Mitchell et al., 1997).

Results demonstrated that MFIs' managers overall are aware that their clients are concerned by environ-

mental risks and that something should be done to reduce these risks. However, awareness of the issue does not necessarily mean that they consider that they have a role to play to reduce those risks. Indeed, some managers define their role as being clearly limited to financing (minimalist approach), whereas others consider microfinance as a tool to enable sustainable human development taking into account economic, social and environmental issues (integrated approach).

The controversy over the positioning of the microfinance industry is not surprising since there is no social norm today on the role that microfinance should play regarding environmental management. Powerful stakeholders, such as investors, donors and rating agencies have started to become interested in the environmental impact of microfinance. But for the moment, no strong expectations or pressures are expressed towards MFIs. This study actually confirms that in pioneer MFIs, the decision to go green was pushed forward by strong leaders that had a holistic vision of sustainable development and considered green microfinance as a business opportunity. The study also reveals that access to knowledge and technical expertise constitutes a triggering factor in MFIs' decisions to go green.

Proactive vs. reactive postures

Most pioneer MFIs seem to have engaged in green microfinance in a proactive posture for the moment. Little by little, as knowledge is created and shared, an increasing number of MFIs may go green. However, at the same time, as powerful stakeholders like donors or investors exercise pressures over MFIs, there is risk that MFIs will start going green in a mere reactive posture, and therefore choose to adopt quickly designed environmental strategies that may turn out inefficient or even counter-productive. For this reason, further research is needed to assess the relevance of green microfinance programmes.

Future research: effectiveness and trade-offs of green microfinance

In this perspective, Marion ALLET is planning to tackle two additional questions in her PhD research:
- EFFECTIVENESS: Do MFIs have the capacity to effectively reach an environmental bottom line?
- TRADE-OFFS: Can MFIs be green without compromising their financial and social bottom lines?

These questions will be addressed through a case study of a green microfinance program in El Salvador (thanks to the financial support of UMM) and a quantitative study on MFIs' triple bottom line. The results will hopefully contribute to a better understanding of the green microfinance phenomenon and help practitioners develop adapted and efficient programmes to achieve a triple bottom line.

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If you are interested in the topic, publications on Microfinance & Environment can be found online:
• GreenMicrofinance online library: www.greenmicrofinance.org
• Microfinance Gateway online library (select Topic "Environment"): www.microfinancegateway.org

Discussion

Some participants expressed concerns regarding the influence of donors and investors in imposing environmental management upon MFIs. Marion ALLET highlighted that donors and investors can influence the decision of MFIs to go green because they are the ones providing technical assistance and financial resources to start up pilot green microfinance programmes. Direct pressures on MFIs do not yet play a significant role on their decisions about whether to go green, but the trend may change in the future. It is important to keep in mind that the term "green microfinance" encompasses a great variety of approaches. Some of them may actually entail high financial and social costs; others may just prove totally inefficient. It will thus be essential that microfinance donors and investors reflect upon the type of green microfinance strategies they promote in order to avoid inefficient or counterproductive efforts.
Participants also emphasized the importance of keeping a distant and critical look at green microfinance. Promoters of green microfinance often tend to overlook some of the limits or challenges around the environmental bottom line in microfinance, and focus only on the positive aspects. In a context where everyone and everything is compelled to become "environmentally-friendly", it is important that the microfinance sector also avoids falling into the "greenwashing" trap, and start reflecting upon the positive and effective role it can play to truly promote sustainable development, as well as the limits and eventual negative effects of this role.

The Author

Marion Allet is currently undertaking a PhD in Economics and Management under joint supervision between Université Libre de Bruxelles (CERMi) and Paris 1 Panthéon-Sorbonne (IEDES-UMR 201). Her research project focuses on "green microfinance" and seeks to assess the extent to which it is relevant for microfinance to incorporate an environmental bottom line. Marion holds a Masters degree in International Relations and Development Economics (Sciences Po Paris 2006) and a Complementary Masters in Microfinance (ULB 2009). She has several years of work experience in the area of international cooperation (Honduras, Papua New Guinea, West Africa), and is currently working as a Microfinance & Environment Project Officer at PlaNet Finance in Paris.
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4. Towards a more inclusive carbon market: Summary of case study on FINCA-Uganda's solar microfinance programme

Ryan Hogarth
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Even when a newly invented technology has obvious advantages over established alternatives, barriers exist in its diffusion. This is particularly true in rural areas of Uganda and other least developed countries (LDCs), where there is little market infrastructure, little technical capacity, and potential adopters have little ability to pay. Solar lanterns and efficient cookstoves, due to their relatively low costs (US$17 and US$6.80 respectively) and transportability, are not as inhibited by these barriers as other household energy technologies. They are highly competitive with the traditional alternatives in place, and have health benefits associated with a reduction in indoor air pollution.

Microfinance institutions (MFIs) are a powerful vehicle for diffusion of decentralized energy technologies because they are embedded in rural communities. The unique relationship that MFI loan offers hold with their clients positions them well to broker beneficial products, and the microloans they provide allow clients to pay the high upfront costs of technology in small-instalments over time (Bahnsen et al. 2009, p.43-48).

In July 2010, a research project was conducted with microfinance institution (MFI) FINCA-Uganda exploring the use of carbon revenues to scale-up diffusion of solar lanterns and energy efficient cookstoves among rural populations of developing countries. FINCA was chosen because it has a fully operational solar loan programme, and because it had already attempted to generate carbon revenues from this programme. In May 2008, it signed a Memorandum of Understanding to begin a carbon project with Seattle-based carbon company MicroEnergy Credits (MEC). However, a series of barriers, illustrative of those facing many small-scale carbon projects, delayed implementation of the carbon project.

The case study addressed two questions. First, can carbon revenues be generated by MFI energy lending programmes? Second, if so, how should the carbon revenues be utilized to maximize diffusion of small-scale clean energy technologies? Although related, tackling the two research questions entailed two very different exercises.

Can carbon revenues be generated by MFI energy lending programmes?

To address the first question, three potential sources of carbon revenues were assessed: MECs' approach of trading microfinance-linked carbon credits worth US$6.80 per tonne via voluntary markets; the Programmatic Approach to solar lanterns and energy efficient cookstoves, the carbon offset was calculated. Table 1 provides a breakdown.

Product	Description	Cost	Lifetime (years)	Offset (tCO2/year)	Value @ US$6.80/tCO2	Value @ US$15/tCO2	Lifetime Value @ US$6.80	Lifetime Value @ US$15
Kiran solar lantern	8h charge gives 4h of light on high setting, and 8h on low	UGX 38000	5.0	0.133	US$ 0.90	US$ 2.00	US$ 4.50	US$ 10.00
Nova solar lantern	8h charge gives 4h of light on high setting, 6 on medium, 12 on low and 1h of cell phone charging per day.	UGX 95000	5.0	0.272	US$ 1.85	US$ 0.90	US$ 9.25	US$ 20.40
Efficient stove	Reduces wood or charcoal use by 36 percent	UGX 14000-60000	1.5	1.53	US$ 10.40	US$ 22.95	US$ 15.60	US$ 34.42

Table 1. Carbon Offset of Solar Lanterns and Efficient Cookstoves

In theory, microfinance programmes that replace traditional cooking or lighting technologies could generate carbon revenues. Mills (2010, p.5) estimated that traditional lighting methods, alone, produce 190 million tonnes of carbon emissions each year – the equivalent of 30 million cars. Monetizing these emissions at a price of US$15 per tonne would represent a potential offset market of US$2.85 billion per year.

However, implementing projects to offset these emissions presents a series of technical and theoretical challenges. Consider the design of carbon markets: bureaucratically manufactured markets for trading certificates that hold value because they denote the inexistence of invisible gases that were predicted would have been produced in the hypothetical absence of a project. The complexity of carbon markets makes them to overtly susceptible to fraud and gaming. To overcome this risk, carbon trading involves a series of bureaucratic steps for quality assurance, including registration, measurement of emissions offset, monitoring, and third-party verification. The costs of these steps are disproportionately burdensome for single projects on a household scale. Small-scale projects must be aggregated and sold onto the market in a lump sum; and monitoring of emissions reductions and third-party verification must be done in a cost-effective manner.

It was found that the widely dispersed and small-scale offsets from microfinance energy lending programmes render the methodologies of pCDM and MEC inconducive to the task. The transaction costs of pCDM are too taxing, and the monitoring requirements of the MEC too demanding. A deemed savings approach was proposed as a potential alternative. Deemed savings is a new methodology within the CDM for compact fluorescent light bulbs. A deemed savings methodology has not yet been accepted for small-scale clean energy technologies. However, if a deemed savings methodology were available, it could offer a functional approach. Rather than requiring expensive measurements of emissions reduced by a technology, a deemed savings approach could allow "a conservative, standardized set of basic defaults that could be selected in lieu of costly field assessments" (Mills 2010, p.25). Rather than requiring technologies already in use in the field to be monitored on annual basis (or quarterly basis in the case of MEC), a deemed savings approach could allow monitoring to be done ex-ante based on measures of performance quality. A deemed savings approach would offer fewer carbon credits per technological unit distributed. However, by centralizing the measurement and monitoring requirements, it could reduce transaction costs and ease the need for a carbon-specialized workforce. Furthermore, by rewarding carbon credits based on quality standards, a deemed savings approach could address the very real danger of low quality products spoiling the market.

How should the carbon revenues be utilized to maximize diffusion of small-scale clean energy technologies?

To address the question of how best to utilize carbon revenues to maximize diffusion of small-scale clean energy technologies, an industry analysis was conducted to identify the main barriers preventing diffusion. To assess supply, interviews were conducted with FINCA-Uganda employees, the owner of Naco Solar, and other clean energy providers in rural Uganda. To assess demand, a contingent valuation survey was administered to FINCA-Uganda borrowers. Each day, the researcher accompanied a randomly selected loan officer to their regular scheduled group meetings. At the meetings, three products were presented to the clients: a D.Light Kiran solar lantern, a D.Light Nova solar lantern with a cell phone charging function, and an energy efficient cookstove. A series of questions was then asked of each borrower, which culminated in an inquiry into their willingness to pay for the three products.

A number of barriers to diffusion of the clean energy products were identified. On the demand-side, these included the low purchasing power of the borrowers, and lack of knowledge about the cost-effectiveness, health benefits, and even the existence of solar lanterns and efficient cookstoves. On the supply-side, the primary bottleneck was the lack of rural distribution networks.

Conclusion

Carbon markets offer an intriguing source of revenue for small-scale clean energy projects that could help overcome many of the barriers to diffusion. At this point, however, an appropriate small-scale methodology has not yet been developed. A deemed savings approach could potentially offer a functional alternative. However, the high costs associated with developing such a methodology can likely only be realized through the initiative of the CDM Executive Board.

If, and when, carbon revenues can be more efficiently generated by small-scale clean technology programmes, they should be used to overcome the primary obstacles preventing diffusion. On the demand side,

the primary obstacle was not the high cost of the technologies; it was the consumers' low purchasing power. Thus, the appropriate use of carbon revenues would not be price subsidization; it would be consumer finance. On the supply side, the primary obstacle was the lack of rural distribution networks. Another appropriate use of carbon revenues would thus be to train and incentivize loan officers and microentrepreneurs to market the products effectively through sales commission.

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5. Financing energy – The role of microfinance institutions

Noara Kebir and Jonas Heipertz
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With the aim to serve people suffering energy poverty at the Bottom of the Pyramid with modern, more efficient and ideally renewable energy sources, MicroEnergy International (MEI) (www.microenergy-international.org) shares a mutual mission with Microfinance Institutions (MFIs) that strive to pave their clients' way for economic and social improvement. Pursuing this mission as a consulting firm for the implementation of energy projects, MEI offers expertise in both the energy and microfinance sector. It approaches MFIs willing to incorporate energy products into their services or to expand an existing energy portfolio with new innovative solutions. Consequently, part of the ongoing research at MEI consists of drawing a picture of attitudes, opportunities and challenges important stakeholders face in the business at the intersection of energy and microfinance. This encompasses for instance, in-depth field research of household's energy needs, analysis of local energy market conditions and steady contact with experts, scientists and practitioners in the microenergy sector. According to the World Bank, 1.6 billion people have no access to electricity and 2.8 billion still rely on traditional biomass for cooking and heating. The microenergy sector is defined as regions in developing countries with poor infrastructure where households, and micro, small and medium enterprises (MSMEs) have insufficient access to modern energy services. The potential market for microenergy overlaps greatly with the market for microfinance. The microenergy products and services implemented are varied and depend on which energy need they are expected to address. In this paper, we will discuss the potential role of MFIs within electrification initiatives. The following table shows the difference in electricity access rates over different regions around the world. In developing countries, 43.4 percent of the rural population is not connected to the grid. Electricity access rates, however, are far from uniform across regions of the world or between rural and urban areas. In Africa, for instance, electrification rates of urban and rural areas are 67.9 percent and 19 percent respectively. At the time of publication, we could count more than 60 MFIs in Africa with energy products and services in their portfolio. It is estimated, that worldwide around 200-300 MFIs are engaged in energy financing. Products include for instance lightning and mobile charging devices; solar home systems (SHS); village mini-grids based on hydro, wind or diesel

Who is MicroEnergy International?

The majority of the low-income population in developing countries still lacks access to modern energy services.

	Population	Urban population	Population without electricity	Population with electricity	Electrification rate	Urban electrification rate	Rural electrification rate
	million	million	million	million	%	%	%
Africa	891	343	554	337	37.8	67.9	19
- North-Africa	153	82	7	146	95.5	98.7	91.8
- Sub-Saharan-Africa	738	261	547	191	25.9	58.3	8
Developing Asia	3418	1063	930	2488	72.8	86.4	65.1
- China and East Asia	1951	772	224	1728	88.5	94.9	84
- South Asia	1467	291	706	760	51.8	69.7	44.7
Latin America	449	338	45	404	90	98	65.6
Middle East	186	121	41	145	78.1	86.7	61.8
Developing Countries	4943	1866	1569	3374	68.3	85.2	56.4
OECD and Transition economies	1510	1090	8	1501	99.5	100	98.1
World	6452	2956	1577	4875	75.6	90.4	61.7

Table 1: Electricity access in 2005: Regional aggregates (Agence international de l'énergie)

power; multifunctional platforms (MFP); and connections to the grid. Loan schemes for investments range from US$20 for an individual solar PV lamp to one million dollars for a community based mini-hydro plant. The following paragraphs will examine the role of MFIs in three different energy product groups (Solar PV, Connections to the Grid, and Mini-Grids) Examples of existing businesses will be provided along with a summary of challenges and opportunities in the area. One important opportunity for MFIs in general traces back to the indigenous relation between the clients' energy situation and their repayment abilities: improving clients' energy situation will enhance repayment rates by fostering clients' economic and social opportunities.

One of the most discussed examples of linking solar PV and microfinance is the case of Bangladesh, particularly **Grameen Shakti** (www.gshakti.org/). As one of the rare solar programmes launched through an MFI to reach scale, Grameen Shakti has sold 230,000 Solar Home Systems (SHS), and has been running now for more than a decade. The company is a subsidiary of the Grameen Bank, and acts as an independent social business. It offers loans for SHSs, which can be repaid over a time period of up to 36 months. An important characteristic of Grameen Shakti is its operational model, which has been replicated by almost all other Solar PV companies in Bangladesh. The so-called 'one-hand model' groups financial and technical services under one roof with a one-face to the client strategy. Another Bangladeshi solar success story often referred to is the regulator **IDCOL** (www.idcol.org). IDCOL has been particularly successful in the field of quality assurance through the enforcement of standardized products in a participatory process, and in providing subsidies that not only bring down the costs of the SHS, but also promote infrastructure development. In particular, IDCOL's quality assurance strategy provides lessons to be learned for replication.

Grameen Shakti is the most successful example of how MFIs can provide solar photovoltaic panels.

An example from Africa is the MFI **FINCA Uganda** (www.finca.org/site/c.6fIGIXMFJnJ0H/b.6088543/k.C11B/Uganda.htm), which cooperates with local solar companies and offers energy loans to its clients that must be repaid over a period of 6 to 12 months. FINCA Uganda has dedicated energy loan officers, because its pilot project demonstrated that the extra tasks within an energy programme will be difficult to achieve for regular loan officers and will disturb the performance of microfinance operations. An important characteristic for this programme is the group lending scheme, which is unusual in SHS programmes, but enables the MFI to reach out to poorer clients, particularly women. It can be concluded that depending on the business model and the capacities of partnering solar PV companies, MFIs might be called to engage in new tasks, take over additional responsibilities and tackle specific challenges when financing solar PV products. The following domains are relevant:

- **Quality of products and services:** Major attention must be paid to the quality of products and services, as not only the repayment of energy loans, but also the long-term relation between the MFI and its clients are at risk. To tackle this vital challenge a functioning service infrastructure must be implemented; roles and tasks must be clearly delineated between the MFI and the solar PV company; and capacity to evaluate energy partners and products must be made available. Standardizing and certifying energy products and providers can be of major help here.
- **Capital requirements:** Energy loans are typically larger than regular microloans and require a longer tenure. In addition, risk is generally higher because projects are new. To finance energy products, soft-loans, loan guarantees and appropriate credit lines are helpful.
- **Policy environment:** In some areas, the microenergy sector is highly penetrated by governmental projects. Public projects must be taken into account when engaging in energy financing as subsidies and giveaways of microenergy products undermine any market-based activities. A number of MFIs are also involved in the development of mini- or multi-facility platforms.

MFIs might be called to engage in new tasks, take over additional responsibilities and tackle specific challenges when financing solar PV.

Mini-hydro power plants generate electricity using the energy from the flow of water in rivers. Multi-facility platforms generate electricity with a diesel generator, which is sometimes supported by a windmill or solar PV cells. The power generated can also be used directly as mechanical energy, for instance to run grain mills. These projects are particularly appropriate in regions with a high population density. They improve opportunities for economic growth, interconnection, and even national grid integration. However, the realization of these promising projects is difficult as considerable investment capital is required. MFIs

MFIs might be called to engage in new tasks, take over additional responsibilities and tackle specific challenges when financing solar PV.

have generally been reluctant to take on the risk. Nevertheless, interesting initiatives exist. For instance, the Kenyan NGO **GPower** (www.gpower-africa.org), a social engineering company, supports rural communities in developing a legal structure that enables them to become financial institutions in order to isolate the required capital through savings for the development and construction of their mini-hydro power generation and distribution facility. Within this participative process, a shareholder model is developed which reflects the increasing assets of the community and of GPower. Those increasing assets, in turn, facilitate access to investment capital and affordable credit. Furthermore, GPower has developed a carbon finance scheme based on the Clean Development Mechanism, an instrument of the United Nations Framework Convention on Climate Change (http://cdm.unfccc.int/index.html). Projects are implemented step by step each time enough capital is accumulated. With regard to multi-functional platforms, MFIs have taken the role of financing the economic activities that rise around these platforms. For example, the **Réseau des Caisse Populaires du Burkina** (www.rcpb.bf), a local network of credit and saving cooperatives in Burkina Faso, is doing so with capital provided through the Regional Solidarity Bank. Of major importance for MFIs in this domain of energy financing are the high capital requirements. Access to soft loans, guarantees and grants are typically a prerequisite for engagement in this business. Many MFIs also have experience with providing loans for grid connections. The opportunity for MFIs to engage in this domain is given mainly due to the striking circumstance that households and businesses living in urban or peri-urban areas, which are typically clients of MFIs, are not connected to the grid despite living in close proximity to it. In Ethiopia, for example, 60 percent of households located directly beside the electricity grid do not have enough resources to pay for the connection fees and internal wiring of their houses at the same time. However, the financing of grid connections is more often taken over by the utility itself, which roll loan repayment rates into the electricity bill and thereby keep transaction costs low. On-bill financing is for instance implemented by the **Ethiopian Electric Power Corporation (EEPCo)**[1] (www.eepco.gov.et) and **ESKOM** (www.eskom.co.za) in South Africa. The **Utility KPLC Kenya** (www.kplc.co.ke) is currently experimenting with group schemes and reduced interest rates in efforts to extend its services to lower income and marginalized clients. With the aim of diversifying access opportunities, the utility has also developed partnerships with MFIs in Kenya including Equity Bank, **Kenya Women Finance Trust (KWFT)** (www.kwft.org), the **K-REP Bank** (www.k-repbank.com) and Faulu Kenya (www.faulukenya.com), which finance their respective clients' grid connection under special conditions. Financing grid connections has both advantages and disadvantages compared to off-grid energy products such as SHSs. Clients connected to the grid, for instance, have much larger opportunities to use the energy for income generating activities than those with off-grid solutions which generally have a lower power output. Specific challenges in financing grid connections, however, are land property rights as potential clients often live in semi-legal settlements, and frequent power outages, which threaten clients' willingness to repay.

Cooperation between MFIs and major electricity companies can help to increase outreach to the electricity grid.

Concluding Remarks

This article aimed to provide an overview of the various approaches MFIs can take in engaging with the microenergy sector and of the challenges and opportunities specific to each of the energy product groups: Solar PV, Mini-Grid and Grid Connections. Several successful business cases exist for each of these groups, which prove the ability and willingness of MFIs to bear additional challenges and provide models and lessons that will facilitate new entries into this market.

Footnote

[1] *EEPCo - http://www.fema-africa.net/attachments/103_13.4%20TelilaS-EEPC_INNOVATIVE%20FINANCING%20by%20EEPC.pdf*

Discussion

An important discussion point during the UMM Workshop in Bergamo was the importance of income generation through energy products. A participant pointed out that particularly solar PV products have a limited power output. Accordingly their contribution to income generation is little. In fact, it is important for MFIs to differentiate between the different energy needs and the appropriate technical solutions. Not every energy solution has the same impact on each customer group. For this reason, it is of major importance for an MFI to conduct proper market research to identify the specific energy needs of its current or potential clientele before developing a value proposition.

Further Reading

The following precious resources are recommended for further reading:

Case Study - FINCA Uganda: http://microlinks.kdid.org/sites/microlinks/files/resource/files/FIELD_Brief%20No%209_FINCA%20Microfinance%20and%20Energy.pdf

Access to Energy for the Base of the Pyramid: http://www.hystra.com/opensource/energy.html

Bringing Small Scale Finance to the Poor for Modern Energy Services: What is the Role of the Government: http://content.undp.org/go/cms-service/stream/asset/?asset_id=2146825

Market Survey on Possible Cooperation with MFIs in East Africa: http://www.gvepinternational.org/sites/default/files/resources/Financial_Institutions_Market_Study_in_East_Africa_2010_GVEP_International.pdf

The Authors

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The professional background of Noara is in energy engineering, microfinance and strategic business development. Since 2001, she works for MicroEnergy International where she gained expertise in enterprise development services and the implementation of quality management systems. Currently Noara is preparing her PhD at the University of Luxembourg where she has developed a certification procedure for microenergy systems.

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6. Furthering financial literacy: Experimental evidence from a financial literacy training program for microfinance clients in Bhopal, India

Anna Custers
(London School of Economics)

This article provides a summary of the main findings of the study 'Furthering Financial Literacy: Experimental Evidence from a Financial Literacy Training Program for Microfinance Clients in Bhopal, India', which I conducted in partial fulfillment of the requirements of my MSc in Development Studies at the London School of Economics and Political Science. In addition it provides an extraction of the discussion that took place after my presentation of the study at the 4th University Meets Microfinance Workshop in Bergamo, Italy, 22nd October 2010.

Introduction

Improving individual financial skills has increasingly come under attention in both the developed and the developing world. In late 2006, the government of the Netherlands, in cooperation with the Dutch Central Bank, universities and several NGOs, introduced an on-line platform to strengthen consumer's financial self-sufficiency[1]. Across the globe, similar projects have been launched. The Reserve Bank of India, for example, started financial literacy initiatives in late 2007, which consisted of a financial education website and free financial education and counseling to various target groups[2]. With 2010 labeled as the year of financial inclusion by the G20's Financial Inclusion Experts Group, the question of how to develop financial literacy seems more pertinent than ever before.

The idea behind efforts to improve financial literacy is that it helps households to make better-informed choices in their demand for sound financial services, which in turn are believed to increase their well being. This idea is motivated by a compelling body of evidence that shows a strong association between financial literacy and a household's well-being (Cole et al., 2009:3). In particular, financial literacy training can help to prevent problems such as cycle-lending and other forms of unbeneficial financial market participation. In addition, it could increase demand for welfare enhancing financial services like savings accounts and pensions. The commonly assumed causal mechanism between financial literacy training and improved household well-being can be depicted as follows:

Financial Literacy Training→ Financial Literacy Level ↑→ Demand Welfare Enhancing Financial Services ↑→ Household well being ↑

Figure 1. Source: Own Compiliation

Cole et al. (2009:5) were the first to test two competing theories of low demand for welfare enhancing services using a randomized field experiment among unbanked households in a developing country (Indonesia). The authors found a large effect of small subsidy payments on the probability of opening a savings account, but no effect for a Financial Literacy Training Program (FLTP) on opening a savings account for the population at large[3]. They do, however, find a modest impact of the training program on opening a savings account among relatively uneducated and financially illiterate households. Their results suggest that the poor are more constrained by external factors, such as limited accessibility because saving products are too expensive, rather than by internal cognitive factors, such as limited awareness or limited financial literacy. Given the attention policymakers pay to financial literacy training, these results are remarkable. They call into question the commonly assumed causal mechanism between financial literacy training and improved household well-being. Cole et al. (2009) focused on this causal mechanism between financial literacy training and demand for welfare enhancing services (measured through the opening of a savings account), but did not measure the impact of the training program on financial literacy levels directly. They explored financial literacy levels before the intervention, but did not conduct a post-measurement of financial literacy levels. It is therefore unclear whether the reason that the authors found no effect of financial literacy training on demand for savings accounts was because the training did not increase financial literacy levels or because increased

financial literacy levels did not culminate in a higher demand for savings accounts. In other words: there remains a possibility that financial literacy levels did increase without this translating into a higher demand for savings accounts.

This study builds on the findings of Cole et al. (2009) by investigating the link between financial literacy training and financial literacy levels. It focuses on the determinants of low demand of financial services due to internal cognitive constraints. To do so it asks the following research question:

1) Does a financial literacy training program affect financial literacy levels among microfinance clients in Bhopal, India?

In answering this question, the study makes use of a randomized field experiment, in which microfinance clients are randomly assigned to a FLTP or to a control group. It compares individuals who did receive financial literacy training to individuals who did not receive training, but closely resemble the first group. The FLTP was conducted by Samhita Microfinance, a microfinance organization that caters to women in the state of Madhya Pradesh.

Samhita is a non-profit, financially sustainable microfinance institution, which has been operating in Madhya Pradesh, India, since September 2007. Samhita's mission is to provide community development services that go beyond providing credit. Its financial literacy program is such a service. The goal of the training is to empower clients in their financial decision-making. To this end, Samhita developed a customized financial literacy training for its urban clients in Bhopal, consisting of four sessions: on budgeting, on savings and investments, on insurances and loans, and a recap session. The training is tailored to poorly literate people and relies heavily on pictorial and interactive training materials, including a movie[4].

Results

The results of the experiment show that a FLTP for urban microfinance clients positively affects average financial literacy levels. Regression analysis revealed that a participant receiving the training program is likely to increase her average financial literacy level by an average score of 0.69 out of 4. This is equivalent to 17.25 percent[5].

Combining this finding with earlier research[6] on the correlation between financial literacy and a household's well-being, suggests that the increase in financial literacy levels as a result of the FLTP found in the study would culminate into increased demand for welfare enhancing financial services. This points towards a conclusion quite different from previous experiments with financial literacy training. Cole et al. (2009) conclude that financial literacy training is hardly beneficial because it does not significantly increase demand for financial services. The study, however, has shown that a FLTP is beneficial because it can raise financial literacy levels.

Two possibilities follow from this: Either Cole et al.'s (2009) financial literacy training was unsuccessful in raising financial literacy levels. Alternatively, it could have been successful, but, as they indeed argue, external constraints, rather than limited financial literacy, explain the low financial services uptake as found in their study. To be able to exclude either one of these possibilities, a follow-up study of the findings of the experiment in the study needs to be conducted in order to see whether higher financial literacy levels translate into higher financial services uptake[7]. If this is the case, the findings in the study would contradict Cole et al. (2009). This, in turn, would give reason to continue and improve the practice of giving FLTPs as parts of development programs. If a follow-up study would not culminate into higher financial services uptake it would strengthen Cole et al.'s (2009) findings. This then, would point towards the need to invest in removing external constraints.

The positive outcome of the experiment in the study holds only if alternative interpretations of the results can be excluded. There is a possibility that the financial literacy measurement does not accurately capture financial literacy levels of the chosen population. The questions used to measure financial literacy are heavily geared towards testing mathematical financial skills. However, although mathematical skills are important, there is more to financial literacy than calculation. The poor may be financially illiterate, but this does not prevent them from being clever about money. As Duflo aptly puts it, 'they are "incredibly smart" about day-to-day financial matters, "because the cost of errors is much bigger", but "so busy doing this effort, and optimizing

on some margin, that they might entirely miss some huge elephant in the room, like the importance of buying fertilizer for their crops, or immunizing their children“ (Quoted in Parker 2010). Put differently, knowing about the value of putting your money into a savings account, rather than keeping it under the mattress, is an expression of financial literacy that needs no calculations. Perhaps the key question is rather how to define financial literacy in terms of financial capability when considering the poor. This suggests that more work needs to be done on defining and measuring financial literacy in such a way that it captures forms of financial competences beyond mathematical-financial skills.

Discussion

In the discussion following the presentation two main issues were raised. Firstly, from a methodological perspective, the question of how to measure impact was brought up. It was pointed out that not only is it important to further define financial literacy skills when considering the poor, it is equally imperative to investigate whether a FLTP induces a change in attitude. In other words, a more comprehensive understanding of the impact of FLTPs includes an understanding of its longer-term behavioral effects. For example, whether people do actually save more after having followed a FLTP. My research confirms the need of such follow up.

Secondly, questions regarding the practical side of implementing a FLTP were raised. What model can microfinance institutions adopt when considering FLTPs? Also, it matters how readily available training material is, and to what extent the material can be applied to different audiences. All these issues point towards the external validity of results, which is a common concern when considering randomized evaluations. Bearing this in mind, further research would ideally evaluate the impact of FLTPs comparing various populations (both microfinance and non-microfinance), and various versions of the FLTP.

Footnotes

[1]See http://www.wijzeringeldzaken.nl/english.aspx
[2]See http://www.rbi.org.in/scripts/PublicationDraftReports.aspx?ID=526
[3]A savings account is regarded as a sound indicator for financial market participation, as this is generally the first service that people take up when entering the formal financial market (ATISG, 2010:11).
[4]48% of its targeted audience was illiterate, as is revealed by the baseline survey.
[5]In the evaluation process departures from perfect randomization occurred. The randomized field experiment suffered from both partial compliance and attrition, which may potentially have biased results. In this regard, the study argues that there are good reasons to believe the direction of results holds. The magnitude, however, should be interpreted with care.
[6]See for example Lusardi and Tufano (2008).
[7]Time-constraints prevented such follow-up, this would be the starting point for further research.

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The Author

Anna Custers recently joined the Abdul Latif Jameel Poverty Action Lab (J-PAL) as a research assistant. She is currently working on two randomized evaluations of programs in France. The first aims to increase youth employment through a mentoring program for bursary master students. The second is targeted towards stimulating entrepreneurship via a business training for potential young microfinance clients. Anna holds a Masters degree in Development Studies from the London School of Economics. She was a junior researcher at the Social and Economic Council in the Netherlands, and worked with Samhita Community Development Services in Bhopal, India, where she focused on their microfinance and health education program.

7. Microfinance and health: Why India's urban poor choose to go private

Thilo Klein
(University of Cambridge)

Summary
This research deals with the question: "Why does a large proportion of India's urban poor choose to pay for private hospitals when public services are essentially free of charge?" The experimental findings suggest that an effective pro-poor policy should provide fairly priced insurance cover for medication-related expenses. Such insurance cover is implicitly contained in contracts offered by some private providers and shown to be demanded by those living below US$2 per day to smooth their income and obtain access to otherwise unaffordable medicines.

Context
A large proportion of microlenders currently also provide health and education services. The focus of this research project is on maternity care. The motivation for microlenders to offer these services are at least threefold.
• First, from a business perspective, maternity services have the same target group as microloans.
• Second, from a social perspective, the improvement of maternity services can contribute to the millennium development goals through a reduction of maternal and newborn mortality.
• Finally, a large private market for these public services already exists in urban slums.

Literature
It is well known that even the abjectly poor in developing countries show marked preferences for private services compared to public offerings. Past research has attributed these preferences to a lack of public provider accountability. This lack of accountability can be observed in terms of poor provider attitude (for example teacher absenteeism (Tooley and Dixon, 2005); little attention by public doctors (Das and Hammer, 2007)) and the unavailability of even basic drugs in public health facilities (More et al., 2009; Radwan, 2005).

Stated preference research shows that the availability of medication is the predominant attribute in hospital choice in many developing countries. In rural and urban Africa, researchers find that the willingness to pay for hospital packages including full medicines decreases with socioeconomic status (Kruk et al., 2009a; 2009b; Hanson et al., 2005). That is, low income people have strong preferences for insured medication in hospital packages compared to the alternative of having to pay for it out-of pocket (in case medicines are not sufficiently provided for in the hospital package).

Contribution
This research project contributes to the literature of hospital choice in base of the pyramid markets by disentangling consumer preferences for the availability of the certain and the uncertain components of medicines in the hospital package. While basic vaccinations and medicines for sanitation are necessary and therefore relatively certain expenditures, the amount of additional medication needed is not known in advance and therefore an uncertain component of health care expenditures.

Theory
Neoclassical consumer theory treats the demand for the certain component of medication as a normal good with a positive income elasticity of demand. The demand for the uncertain component of medication in the hospital package, however, is in essence a demand for insurance cover of these expenses. The insurance premium is a one-off payment for a one-off service: delivery care.

There are at least three theories of insurance demand which suggest that the poor should even be willing to pay more for insurance cover than high income people.
• First, Nyman (2003) explains insurance demand as demand for income smoothing, i.e. a demand for income transfer in the ill state from those who remain healthy. Low income people would prefer insurance because out-of pocket expenditures for medication push them into a different income regime, where they would

have to borrow at probably exorbitant rates to secure the necessary medicines.

• Second, Nyman's (1999) access value theory of health insurance sees insurance demand as demand for access to otherwise unaffordable medicines. The argument is in line with the previous theory but considers the fact that sick people often do not qualify for a loan and low income people can therefore only afford necessary medicines by purchasing insurance.

• Finally, Ascombe and Aumann's (1963) state-dependent utility theory takes into account that insurance demand depends on the individually perceived probability of requiring the additional medication. If low-income people perceive themselves more likely to need special medication – which they are – they should demand more insurance cover compared to higher income people.

Method

The hypothesis that lower income people derive higher utility from an insurance cover of the uncertain medical expenditures is put to test using Discrete Choice Experiments (DCE) with more than 1,200 slum dwellers in urban slums of Hyderabad. The experimental design allows me to control for a multitude of external factors affecting hospital choice. The DCE method forces respondents to repeatedly trade off between different care attributes in hypothetical hospital choice scenarios. Only the four most frequently named hospital attributes in focus group discussions were considered for the experiments. In addition to the package price, these were: professionalism of staff, continuity of provider attention, availability of medicines, and privacy of room. Two of the hypothetical binary choice scenarios are depicted in Figure 1 below.

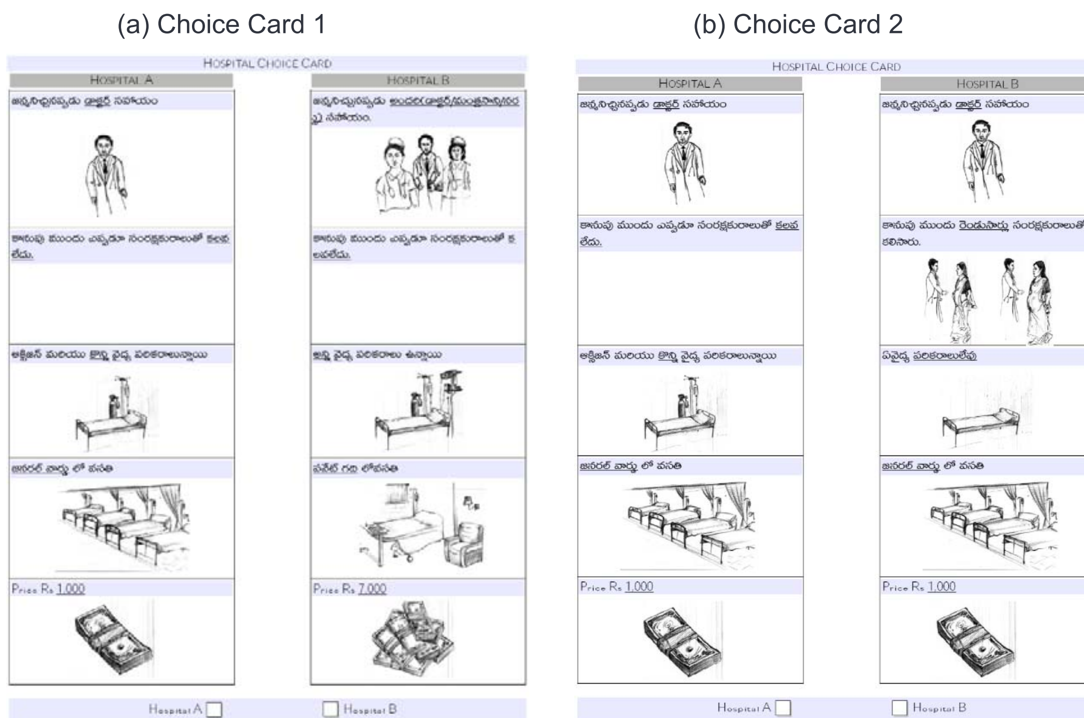

Figure 1: Sample Choice Cards used in the Discrete Choice Experiments

Estimates from a binary choice model (Bayesian hierarchical logit) were used to obtain willingness-to-pay (WTP) estimates for the certain and uncertain component of medicines comprised in a hospital package, and to assess their relative importance compared to other hospital attributes.

Empirical Findings

• First, low income respondents' WTP for insuring the uncertain component of medication is 2.4 times the WTP for the average attribute contained in the choice task. The availability of basic medication, the certain component, is of much lower importance (1.3) to them. Higher income groups show only a slight difference in monetary valuation for uncertain (1.9) and certain (1.8) medical components.

• Second, the experiments show a higher diminishing marginal utility in income (= more concave utility functions in income) for low-income respondents. This partially explains the higher insurance demand of low-income people with the income smoothing motive (cf. Nyman, 2003).

• Third, respondents' actual median expenditures for maternity services is around 1.5 monthly household incomes, independent of the income group. However, expenditures of poor respondents are considerably skewed towards higher expenditures. While no respondent from the highest income group incurred expenditures of more than 3 monthly household incomes, over 25 percent of the lowest income group members paid between 3 and 8 monthly incomes for a single delivery. These figures suggest that the higher insurance demand of the poor can also be partially explained by the access motive of insurance (cf. Nyman, 1999).

Policy Implication

In light of this preference structure, the public hospital packages are anything but pro-poor. Despite all efforts to secure free basic medication, the costs of external medicines makes up for a considerable amount of hospital expenditures in public facilities. In a World Bank Policy Note on the Indian health care sector, Radwan (2005) reports that "[...] after the cost of external medicines was added, the for-profit sector turned out to be cheaper than the government sector." In my sample for maternity care in Hyderabad, respondents incurred median expenditures of Rs. 4,000 (≈ US$87) in public hospitals, although these services are supposedly free of charge.

Some private providers, such as Hyderabad based maternity care chain Life Spring Hospitals Pvt Ltd, offer packages that charge customers for basic medication but also implicitly offer an insurance cover for uncertain medical expenses during delivery. Life Spring offers normal and cesarean delivery packages. The hospital states that "A normal delivery costs Rs 4,000 in the general ward Rs 5,500 in the semi-private ward, and Rs 7,000 in the private ward. A normal delivery package is all-inclusive and includes a two-day stay, medicines, vaccinations, and a baby kit."[1]

While a pricing policy that charges for medical expenses but offers a cap for higher expenses seems prohibitive for the public sector, this insurance is implicitly contained in contracts of some private providers. Their care packages are pro-poor and should be considered for this purpose by private providers, such as microfinance institutions. When providing health services in-house, microlenders can also effectively overcome problems of moral hazard associated with insurance demand.

Footnote

[1] *Information from http://www.lifespring.in/deliveries.html*

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Discussion

• A first concern that came up in the discussions was the validity of responses in stated choice experiments. This issue has been carefully addressed with pictorial depictions of the choice tasks, tests of non-lexicographic and transitive preference structures, as well as the rationality of choices made. Though 93 percent of the 1,227 respondents passed all validity tests, one main criticism clearly remains: it is not clear ex post how far respondents interpret the hospital attribute levels in the choice card as intended by the researcher.

• Second, workshop participants highlighted the need for an interdisciplinary approach to explain consumer preferences at the bottom of the pyramid. The thesis extends the neoclassical consumer choice model to accommodate psychological models of decision making under uncertainty.

• Finally, as was rightly pointed out, decision making in health care is a joint process and should therefore also account for preferences of spouses and other family members. Future research on hospital choice should take this into account.

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8. Micro-financing poultry value chains in Vietnam: One of the solutions to develop rural value chains

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Presentation

The value chain approach has been widely used to identify potential interventions to improve agriculture and rural development in Vietnam. However, very few academic studies tackle micro-financing of agricultural value chains in this country. This research applies the value chain method to analyze microfinance interventions of poultry value chains in Vietnam. The Vietnamese poultry industry, which is dominated by small and medium scale production systems, is now facing difficult challenges including problems associated with avian influenza, uncontrolled import of poultry products, and food safety. However, it also has many opportunities to prosper as poultry production has not yet satisfied domestic demand and the pork value chain, which dominates domestic meat consumption, has experienced its own problems from the porcine reproductive and respiratory syndrome. The focus of the present article is on micro-credit and related services for poultry stakeholders. All information and data of the research is synthesized from a desk study, a general survey, and participatory rural appraisals of the commercially oriented and mechanized small to medium scale poultry stakeholders (under 1000 poultry heads) in 6 provinces of Vietnam (Hanoi, Hung Yen, Bac Giang, Thai Nguyen, Quang Tri, and Tien Giang provinces). The research was conducted with the special support of the STOP Avian Influenza project and the Avian and Pandemic Influenza Preparedness and Response in Vietnam.

Which microfinance actors are active in financing poultry value chains in Vietnam?

Different actors in the microfinance market for poultry value chains and their market segments

The micro-financing of poultry value chains involves the participation of external financial actors such as the Vietnam Bank for Social Policy; the Vietnam Bank for Agriculture and Rural Development; national and international projects; mass organizations; relatives, neighbors and friends; and interlinked credit arrangements among poultry stakeholders. Each of these microfinance actors has its own market segment, with different target groups and stakeholders. For example, it is found that within poultry value chains, the Vietnam Bank for Social Policy and mass organizations are primarily concerned with small-scale and vulnerable stakeholders (living in difficult conditions), especially poultry breeders (hatchery, nursery, broiler and layer households). Often these target groups are granted favorable interest rate.

In contrast, the Vietnam Bank for Agriculture and Rural Development prefers the segment of medium- to large-scale producers and traders that require bigger loans (> VND 30 million) and can afford to access individual loans as they head towards financial sustainability. Development policies and interventions usually focus on small and medium size poultry stakeholders, which make up between 80 and 90 percent of poultry production in Vietnam. In lending between interlinked actors, both financial service providers and borrowers have a deep understanding of the realities and constraints of the value chain and business activities. Hence, major risks associated with the loans can be mitigated and transaction costs can be lowered.

As for informal lenders such as relatives, friends, and neighbors, although loan amounts provided for poultry are not big (< VND 10 million), they respond to urgent needs of the borrowers. In many cases, this group of lenders provides non-financial, as well as financial support, in terms of experience and information sharing, informal training and advice. As a whole, their micro-financing facilities have made a considerable contribution to the development of poultry value chains in Vietnam. Note that a poultry stakeholder can access different credit sources at the same time. For example, one can take a loan from the Vietnam Bank for Social Policies, and at the same time borrow money from their relatives taking part in the on-credit purchase and selling, etc.

Active microfinance actors

Among these financial actors, the Vietnam Bank for Social Policy is regarded as the leader in financing rural households and small and medium stakeholders of the poultry value chain. With almost all of its borrowers living below or at the poverty line, the bank often delivers loans through the networks of the Women Union

and the Farmer Union. Loans amount to a maximum of VND 10 million over 1 to 3 years, with a favorable interest rate of 0.65 to 0.9 percent per month. The specific interest rate is determined by the program and the poverty level of the household. In addition, the Vietnam Bank for Social Policy does not require collateral because, very often, mass organizations serve as guarantors for the borrowers.

The Bank for Agriculture and Rural Development, with the largest operation network in the field, is also an important source of external funding for the stakeholders of the poultry value chain. Stakeholders with access to this source are usually those who have assets to offer as collateral, such as deeds to land. Hence, the loans offered by the Bank for Agriculture and Rural Development are usually larger: up to VND 30 million for poultry producers or more for slaughterers. Market interest rate is applied for such loans, ranging from 1.35 to 1.77 percent per month.

It is necessary to mention another very popular type of microfinance involving the interlinked stakeholders along the poultry value chain: the advancement of products between the buyers and the sellers. Sometimes, advancement even occurs in triangle models: for instance, a feed supplier will sell feed on credit to a broiler, and receive payment from the collectors, who purchase chicken from broilers. For poultry producers, advancement mainly satisfies their current lack of finance for production costs, while loans offered by the banks mentioned above are usually used for infrastructure and equipment. Loans between interlinked stakeholders in a value chain usually occur through vertical linkages in the chain, from input providers, producers, collectors, slaughterhouses, traders, distributors, to retailers and vice versa. The interest rate applied to interlinked credit arrangements are quite flexible, and depend on the relationship between the sellers and the buyers. It usually ranges from 1.5 to 4 percent per month.

It should be noted that inter-link credit arrangements can be in cash or in-kind. An example of an in-kind contributions could be a broiler helping a slaughterhouse to slaughter their chickens free of charge so that the slaughterhouse can sell their chickens afterward. Or a veterinary and medical agency could provide poultry breeders with veterinary service free of charge, and in return, ask that they purchase medicine at their agency. The advantages of inter-link credit arrangements are that: (i) they can help actors of the chain deal with a shortage of credit at any moment of their production or business cycle; (ii) value chain stakeholders better understand the demand and supply within the chain, which facilitates relevant business or production plans, and (iii) they enhance the relationship among actors.

Microfinance actors have yet to pay any particular attention to the characteristics of the value chain when providing loans. Targeting financial services to different links would greatly improve the business opportunities along the entire chain. However, although microfinance actors may have a specific interest and strategy to invest in certain commodities, such as coffee or cashew, they tend to focus only on a particular part of the chain, such as cultivation. Husbandry, especially poultry breeding, which involves 85 percent of breeders in this agriculture-based country, is not of much concern. Improved targeting of microfinance offers significant potential for increasing productivity of the poultry value chain.

Does micro-credit satisfy poultry value chain stakeholders?

Which loan amount?

The loan amount taken by poultry stakeholders in Vietnam is not big. It usually ranges from VND 1.5 million to VND 10 million (US$80 to US$530). In Vietnam, this loan amount is quite popular for credit distributed through the network of mass organizations under the projects of the government or non-government organizations. It is also common in informal lending because the lenders (friends, relatives and neighbors) can easily afford these relatively small sums. Among poultry stakeholders, this loan size is the most common for poultry breeders of small and medium scale (50-300 poultry heads). It is too small for the collectors and the slaughterhouse. The slaughterhouses are always in need of big loans for quality slaughtering equipment to ensure food safety, buildings, and trucks for transportation. However, private financial actors, especially banks, consider the slaughterhouse business as not so profitable and risky. For this reason, among other poultry stakeholders, slaughterhouses have the lowest access to financial services.

Which interest rate?

Most poultry stakeholders are dependent on subsidies and vulnerable to all kinds of risks, yet they expect loans at favorable interest rates (below 1.2 percent per month). This rate is impossible because each

microfinance actor must offer competitive interest rates, that cover its operational costs and allows it to achieve profits. Poultry breeding and trading activities, in particular, are risky activities to provide credit for. They are scattered in all provinces in Vietnam, even in remote and mountainous areas, and are of small and medium scale, so the cost to offer them loans is certainly higher.

Which product features?

For poultry stakeholders in particular, more types of loans should be added to traditional ones (short-term, medium-term, and long-term) in order to satisfy the diversified demand. Loans should be customized to the type of business. Breeders prefer loans that fit poultry breeding cycles (3 months), while hatchery farms may accept short-term loans of just 30 days. Most poultry stakeholders in the surveyed provinces showed a high demand for emergency loans and loan insurance in case they suffered from natural disasters and serious poultry disease. Obviously, in the case of emergency loans, procedures must be simplified to some extent to expedite the process. Some clients wanted loans to be channeled through groups of poultry stakeholders, which better understand their business activities and needs, and might also provide non-financial services related to their business.

With merely credit?

Although formal financial institutions have shown their strength in providing poultry stakeholders with diversified financial products, national and international projects and programs, through the network of mass organizations and non-governmental organizations, have been very good in supporting poultry stakeholders with non-financial products for the purpose of livelihood improvement. The demand for Microfinance Plus in poultry value chain is quite high.

It is found that for poultry stakeholder, credit is not enough. Technical assistance is always demanded to ensure the success of the borrowers' production and business, especially for small and medium scale poultry stakeholders. The reason lies in the fact that it helps them catch up with the most up to date techniques in order to satisfy the demand of the market. The result of such training is that it ensures repayment of the loans. In addition to technical assistance, there is demand for risk support services such as training on risk associated with poultry markets, loan rescheduling in case of disease or natural disasters, and reduced interest rates in the event of production or business damage. Clients also showed a strong will to buy risk insurance for their poultry related activities.

Is it relevant to finance poultry commodity with the value chain approach?

For both formal and informal financial actors, value chain analysis provides a very useful instrument to identify demand for credit along the chain, and rapidly address the gaps. In regards to the informal financial system, interlinked credit arrangements (in cash or in-kind) within poultry value chains are considered as direct value chain finance, allowing for financial flow among value chain actors to help them rapidly address the shortage of credit for a short time. This just-in-time financing cannot be achieved by formal financial actors. In regards to the formal financial system, value chain analysis can determine concrete credit demand of different actors and assist financial actors in extending their business in other places with similar economic activities. For instance, the loan terms and amounts for broilers and layer farms in Thai Nguyen province can also be applied to other provinces with a similar situation to Thai Nguyen. In addition, the lessons learnt about the poultry value chain in the STOP Avian Influenza project can help financial actors in Vietnam to better satisfy clients' need. With very good outreach in rural areas, the Vietnam Bank for Agriculture and Rural Development and the Vietnam Bank for Social Policies can better fulfill demand for credit in agriculture and rural areas by lending along the entire length of value chains.

For the value chain stakeholders, the value chain approach offers a way of creating synergies to better access financial resources. Take the case of the Go Cong Livestock and Aquaculture Cooperative in Tien Giang province: the cooperative takes collective action in providing animal feed, veterinary services, chicks, processing chicken, etc. By cooperating, members along the value chain can more easily access bank' credit, because they have stronger voice in the market.

It is necessary to mention that the information flow within the value chain is the best way for the value chain actors to identify and access credit services that satisfy their need. For example, if one actor in value chain recognizes that the loan application and disbursement procedure of the Vietnam Bank for Agriculture and Rural Development is better than the Vietnam Bank for Social Policy, then the message can easily be passed on to other actors in the chain. Eventually, all financial actors that are considered beneficial to the value chain will be acknowledged and supported.

Conclusion

In conclusion, it is recommended that financial actors should employ value chain methodology to better serve the financial and non-financial demands of their clients in general, specifically in the case of the Vietnamese

poultry industry. Such analysis will benefit both the borrowers, by improving business prospects, and the lenders, by ensuring loan repayment while reducing transaction cost. Collaboration with technical agencies or projects and programs on poultry value chains is also an ideal solution for financial actors to mitigate clients' risk.

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9. Microfinance in Italy

Umberto Trivella
(PlaNet Finance Italy)

In recent years, microfinance has grown rapidly in not only developing countries, where it has traditionally developed and consolidated, but also in industrialized countries, where it is increasingly being considered as an important instrument to promote the economic and financial inclusion of disadvantaged segments of the population. According to the European Microfinance Network (EMN) biennial survey for 2008-2009, which saw a record participation of 170 institutions from 21 European countries, a total of 84,523 loans were disbursed in Europe in 2009, amounting to EUR 828 million. Even though this marks a decrease in the number of loans disbursed compared to the previous two years, the overall value of loans still increased by 3 percent from 2008 to 2009. Italy in particular has seen one of the most significant growth rates in the European microfinance sector, with a total of 1,835 microloans disbursed in 2009, equal to an increase of almost 40 percent compared to 2008 and to well over 300 percent compared to 2007. Indeed, with one of the highest proportions of microenterprises in Europe, representing more than 94 percent of the total number of enterprises in the country[1], and a financial exclusion rate reaching almost 11 percent of the population[2], it is no surprise that microcredit and microfinance have witnessed such growth in Italy. More in detail, the 32 Italian microfinance institutions (MFIs) that responded to the EMN survey disbursed the equivalent of EUR 12 million in 2009, to a total of 2,146 clients with an average loan amount of EUR 6,000. As in other European countries, Italian institutions target mainly unbankable people, i.e. people excluded from the mainstream financial sector, with the majority of microloans going to women, followed by immigrants and ethnic minorities, and finally young people. Despite the increasing number of initiatives, and the growing interest of public and private actors in the developments of the sector, microfinance remains an emerging and fragmented sector in Italy, characterized by the small size of the various institutions and projects, and by a certain degree of confusion still present on the exact definition of microcredit. This leads to a number of significant differences in the sector compared to other European countries. The first important difference concerns the typology of microloans offered by Italian MFIs. Similar to other European countries, MFIs in Italy offer two main types of loans: entrepreneurial microcredit, to support the creation or development of microenterprises; and the so-called "social" or personal microcredit, targeting individuals and families who face situations of temporary socio-economic difficulty, in order to help them overcome these difficulties and prevent future shocks and crises. However, whereas in most other European countries MFIs focus mainly on entrepreneurial lending, the majority of Italian institutions dedicate more than 50 percent of their portfolio to social microloans. This is reflected in the mission statement of most institutions, which claim that their main objective is to contribute to social inclusion and poverty reduction, rather than enterprise promotion and job creation, as is the case with the majority of other European actors. The second difference has to do with the operational model of Italian institutions operating in the microfinance sector. Rather than having a single institution or organization dealing with the entire loan process (screening, approval, disbursement, monitoring, etc.) the Italian microfinance model generally involves at least three different types of actors, in a system called "triangulation". In this model, the MFI is "only" responsible for screening, assisting and monitoring loan beneficiaries, whereas the actual disbursement of the loan is carried out by a partnering bank, with a public body providing the bank with a guarantee of up to 100% to cover risks of default. Such a model is considerably different from the conventional microfinance model for at least two reasons: first, because neither the MFI, nor the bank, bear the credit risk, which is instead covered by a guarantee fund; second, because the MFIs involved in the model are mostly non-profit or charitable organizations that rely on donations to fund their activities, and as such, do not generate revenues to cover their costs and become self-sustainable in the long run. However, while the vast majority of Italian microfinance operators adopt the triangular model, emerging institutions such as PerMicro are developing alternative models in which the

Microfinance in Italy has grown impressively in the past few years, but remains an emerging and fragmented sector.

Unlike most other European operators, Italian MFIs focus mainly on microcredit for social purposes.

Italian MFIs intervene in partnership with banks and public bodies: Triangular system.

PerMicro is largest provider of microloans in Italy.

MFI is responsible for the entire loan process, rather than just a part of it. Established in 2007 in Turin, PerMicro is a non-banking financial intermediary recognized by the Italian Central Bank and is today the largest provider of microloans in Italy. It has disbursed 825 loans since its creation and has a portfolio of EUR 4,258,000. In contrast to other Italian MFIs, which are characterized by their small dimensions and local presence (usually at the regional level), PerMicro aims to achieve a nationwide presence and currently has a network of 10 branches across Northern and Central Italy. Unlike in the triangular model, PerMicro is a fully-fledged financial institution that employs professional waged staff rather than volunteers. It disburses its own funds, thus bearing the entire credit risk, and earns an interest on the loans disbursed, with the clearly-stated goal of becoming financially sustainable in the medium to long term. Interestingly enough, to make up for the absence of collateral to guarantee a loan, PerMicro has developed a lending methodology which it calls "network credit", as opposed to the group lending schemes adopted my many MFIs in developing countries. In practice, somewhat as in a moral guarantee, the social network of the loan beneficiary serves as a guarantor for the loan, in the belief that clients' social networks are the most effective guarantee to build trust between a client and the institution. If new institutions like PerMicro are keen to develop efficient and self-sustainable business models, sustainability is to remain a key challenge for the future of the microfinance sector as a whole in Italy, as in the rest of Europe. Some of the main obstacles to sustainability are: (a) the high operating costs of an MFI, due to the offering of all those services – vocational guidance, coaching, monitoring – that go beyond the mere provision of a loan; (b) the presence of interest rate caps imposed by the Central Bank, as well as by well-established cultural reasons, at levels that do not cover expenses; and (c) the lower market potential of microfinance and microcredit in countries like Italy compared to developing countries, due to the presence of welfare public policies and the consequent widespread expectations that economic and social inclusion efforts should be geared at increasing/supporting salaries (minimum wages, unemployment benefits, etc.), instead of promoting self-employment and microenterprise creation. Public authorities can do much to alleviate these obstacles and support the development of a strong and sustainable microfinance sector. First of all, they can contribute to lowering the operating costs of Italian MFIs by providing fiscal incentives and financial support to the sector, thus shifting a certain amount of resources from traditional public assistance measures to new and more proactive initiatives, such as microcredit. Secondly, they can promote actions to strengthen the existing entrepreneurial culture, encouraging self-employment and micro-enterprise-creation amongst the population, therefore increasing the market potential for MFIs. Last but not least, the approval of specific legislation to regulate Italian MFIs would be crucial in promoting the development of an organic and well-coordinated microfinance sector in the country, allowing – among other things – to reach consensus on a precise definition of microcredit and the financial and non-financial services it comprises. Besides public authorities, the private sector can also play an important role in strengthening microfinance in Italy. In this sense, the increasing interest of the banking sector for microfinance is a positive signal, and partnerships between the two sectors should be encouraged, with a view to capitalizing on the reciprocal competencies and experiences to develop innovative solutions. One examples of such a partnership is the case of Ubi Banca, the 5th largest banking group in Italy, which recently acquired a minority stake in PerMicro with the aim of leveraging on its extensive branch network across the country to foster the MFI's expansion. A second example is the partnership between Banca Popolare di Milano and PlaNet Finance in 2009 to conduct a feasibility study for the creation of an innovative micro-venture capital fund in Milan, based on PlaNet Finance's FinanCités model in France. In conclusion, in light of the increased attention and multiple expectations that microfinance has generated in Italy, it is today crucial to ensure a rapid qualitative and quantitative growth of the sector. In the absence of such developments, the various stakeholders would rapidly lose interest and reconsider the role of microfinance in industrialized countries as nothing more than a series of innovative developmental practices – definitely praiseworthy – but with limited social impact. In this regard, it is important to acknowledge the institutional mandate that RITMI, the Italian microfinance network created in 2008, can and should have in informing, orienting and advising the developments of the sector in the near future. Its role in representing the sector amongst local and national authorities, in professionalizing operators and encouraging the adoption of international best practices, and finally in raising awareness on microcredit and microfinance amongst the public opinion will be decisive for the consolidation of the sector in the country.

Sustainability is a key challenge for the future.

The public and private sector can do much to promote microfinance in Italy.

Microfinance in Italy must take advantage of the positive momentum to develop and consolidate.

Footnotes

[1] *OECD*
[2] *Italian Central Bank*

Further Reading

• Overview of the Microcredit Sector in the European Union 2008-2009, European Microfinance Network & Fundación Nantik Lum, 2010
• Giordano Dell'Amore Microfinance Good Practices Europe Award 2010; The Experiences of the Finalists 2010 and Winners 2009, Fondazione Giordano Dell'Amore & European Microfinance Network, 2010
• La microfinanza in Italia: scelte e prospettive, Documento di posizionamento strategico di RITMI, 2010

The Author

Umberto Trivella is currently a microfinance expert at PlaNet Finance Italia, where he is in charge of the development and implementation of microfinance projects and initiatives, both in Italy and in developing countries. Prior to joining the Italian branch, Umberto worked with PlaNet Finance in South Africa, as well as MicroFinanza Rating in Kenya and the United Nations Conference on Trade and Development (UNCTAD) in Switzerland. He has a degree in Political Science and a Masters in Cooperation and Development.

10. Closing Remark

Insights on future research in the field of "Microfinance Plus"

The organization of the 4th workshop has been possible thanks to:

- The University of Bergamo, Prof. Laura Vigano, Luciano Bonomo and Simonetta Chiodi
- PlaNet Finance Italia, Faiza Borges and Clarisse Zanchi
- Capgemini Italia and Sanofis-Aventis Italia for their support to UMM in Italy
- The European Commission.

We thank them as well as the speakers and the participants for their valuable contributions.

This report summarizes our discussions around the topic of "Microfinance Plus" which is, as presented in the introduction article from Katja Kirchstein and Luciano Bonomo, a broad concept mostly used by practitioners, but which offers some empirical studies relevant to researchers.

Research can be carried out at two levels:

1. Through **macro level analysis**, research can help to understand the linkages between microfinance and broader development issues like the achievement of the Millennium Development Goals (MDGs).
2. At the **micro / institutional level**, "Microfinance Plus" can be related to: (1) the offering by the MFI of financing services to their clients to cover specific social needs (access to education and health services, or to environmental friendly activities), (2) to the offering of non-financial services, and (3) to the offering of microfinance services to particularly vulnerable target groups (disease-affected people or beggars).

Active research can help MFIs to assess the benefits of launching new services or targeting other clients. Research questions can address different fields of research like (product) innovation and marketing, risk management or corporate citizenship / sustainable development. For instance, the results of Thilo Klein's study on the reasons why India's urban poor choose to go private for health insurance were used by an MFI to design its microinsurance scheme.

From a practitioners' perspective, the term "Microfinance Plus" covers very different research issues, all very interesting, as they tackle new fields and models of action and new roles for MFIs. From an academic perspective, attention shall be paid, as usual, on defining clear research questions, and on basing the research on solid academic literature and data.

Especially regarding the current criticism towards microfinance, the concept of "Microfinance Plus" gains importance. Donors, funders and development organizations question the positive contribution of microfinance. Therefore MFIs are obliged to make further efforts to serve their clients in a responsible manner, possibly by addressing more than the need of financing and covering health, education or environment issues as well.

As a final word, we hope you enjoyed the workshop and this report. We welcome any comments or suggestions you may have (umm@planetfinance.org with Topic "UMM Workshop Bergamo").

Delphine Bazalgette
Project Director UMM

Annex I: Photo gallery

Annex II: Workshop programme

Under the patronage of

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Project co-financed by European Commisson

4th "University Meets Microfinance" Workshop

Topic: "Microfinance Plus - The Potential of Linking Microfinance with Programmes in Health, Education, Environment and Value Chain Development"

Date: October 22nd, 2010

Place: University of Bergamo, Italy

Faculty of Economics and Business Administration
via Dei Caniana, 2, 24127 Bergamo

Time	Programme
8:30 am – 9:00 am	*Registration*
9:00 am – 9:30 am *Room Galeotti*	**Welcome:** Prof. Laura Viganò, Director of the Master in Microfinance and the Research Centre on International Cooperation (CIC) - Dean of the Faculty of Economics and Business Administration, University of Bergamo **Workshop Introduction:** Delphine Bazalgette, PlaNet Finance Deutschland e.V. Alejandra Guglielmetti, Principal Consultant Financial Services, Capgemini Italia
9:30 am – 10:00 am	**Introduction to the "Microfinance Plus" concept** Didier Krumm, Microfinance & Health and Education Manager, PlaNet Finance
10:00 am – 11:00 am	**Presentation of students' research proposals**

Room 20
Moderator: Marie Pons, Rural Microfinance Consultant, PlaNet Finance

- 10:00 am – 10:30 am
  Microfinance & Value Chain Development, Ngoc Anh Nguyen, Master student, Université Libre de Bruxelles: "Better livestock value chain development through microfinance in Vietnam"
- 10:30 am – 11:00 am
  Microfinance & Value Chain Development, Amdework Berhanu Dilnessaw, Master student, State University of Bergamo: "Integrating the value chain approach to MSE financing in Cap Verde: A case study of MSE clusters in the Tourism Sector"

Room 21
Moderator: Katja Kirchstein, scientific coordinator of UMM, PlaNet Finance / Freie Universität Berlin

- 10:00 am – 10:30 am
  Microfinance & Environment, Ryan Hogarth, Master student, London School of Economics: "The Potential Merger of Microfinance and Carbon Finance, A Mechanism for Small-Scale Technology Transfer"
- 10:30 am – 11:00 am
  Microfinance & Environment, Marion Allet, Phd student, Université Libre de Bruxelles & Université Paris 1 Panthéon-Sorbonne: "The relevance of the environmental bottom line of Microfinance"

11:00 am – 11:30 am	*Coffee break*

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11:30 am – 12:30 am **Presentation of students research proposals**

Room 20
Moderator: Didier Krumm, PlaNet Finance

- 11:30 am – 12:00 am
  Microfinance & Education, Alessandra Incerti, Université de Haute-Alsace: "Human Capital against Poverty: Is investment in human resources an efficient tool for development?".
- 12:00 am – 12:30 pm
  Microfinance & Education, Anna Custers, Master student, London School of Economics: "Furthering Financial Literacy: Experimental Evidence from a Financial Literacy Training Program in Bhopal, India"

Room 21
Moderator: Luciano Bonomo, University of Bergamo

- 11:30 am – 12:00 am
  Microfinance & Gender, Alessia Paternoster, Master student, University of Trento: "Gender differences in microcredit interest rates"
- 12:00 am - 12:30 pm
  Microfinance & Health, Thilo Klein, PhD student, University of Cambridge: "Why India's Urban Poor Choose to Go Private: Health Policy Simulations in Slums of Hyderabad"

12:30 am – 1:30 am *Lunch break*

1:30 pm – 2:15 pm **World café with experts - 1st session**

- *Room 20 - Microfinance and Health:*
  Didier Krumm, Microfinance & Health and Education Manager, PlaNet Finance
  Luciano Bonomo, Master Coordinator and Senior Researcher at the CIC, University of Bergamo
- *Room 21 - Value Chain Development related to the BoP: Fisseha Tessema, UNEP/Wuppertal Institute Collaborating Centre on Sustainable Consumption and Production (CSCP) gGmbH*
- *Room 22 - Microfinance and Education: Alessandra Incerti, PlaNet Finance Morocco*
- *Room 23 - Microfinance and Renewable Energies, Noara Kebir, CEO, Microenergy International*

2:30 pm – 3:15 pm **World café with experts - 2nd session**

- *Room 20 - Microfinance and Health:*
  Didier Krumm, PlaNet Finance; Luciano Bonomo, University of Bergamo
- *Room 21 - Microfinance and Value Chain Development:*
  Marie Pons, Rural Microfinance Consultant, PlaNet Finance Advisory Services
- *Room 22 - Microfinance and Education: Alessandra Incerti, PlaNet Finance Morocco*
- *Room 23 - Microfinance and Renewable Energies, Noara Kebir, CEO, Microenergy International*

3:15 pm – 3:45 pm *Coffee break*

3:45 pm – 5:15 pm **Round table**
Room Galeotti **Microfinance: Non-Financial Services in Europe and Italy**

- Moderator: Prof. Laura Viganò, University of Bergamo
- Maria Cristina Negro, Secretary General, Fondazione Giordano Dell Amore: Presentation of survey results on the Italian sector
- Marina De Angelis, Phd Student in International Monetary and Financial Markets, Sapienza University of Rome
- Umberto Trivella, Project Officer, PlaNet Finance Italia: Presentation of FinanCités and the Italian project to replicate the fund
- Andrea Limone, CEO, PerMicro: Microcredit in Italy: How to make it sustainable

5:15 pm – 5:30 pm **General Conclusion**
Room Galeotti

- Ing. Angelo Zanibelli, Communication & Institutional Relations Director, sanofi-aventis Italia
- Ambassador Loïc Hennekinne, President of PlaNet Finance Italia

From 5:30 pm *Cocktail*

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Annex III: List of participants

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3 Angotti, Sara, PlaNet University
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5 Ayukogem, Ashu Mbeng; University of Bergamo
6 Bazalgette, Delphine; PlaNet Finance Germany
7 Bensoussan, Pauline; PlaNet University
8 Bille, Fahima; University of Bergamo
9 Bonaga, Giorgia; University of Bologna
10 Bonomo, Luciano; University of Bergamo
11 Branbilla, Roberto; Cattolica Milan
12 Brunori, Luisa; University of Bologna
13 Budini, Marianna; Università L. Bocconi
14 Castellani, Davide; University of Bergamo
15 Castellino, Anna; PlaNet Finance Italia
16 Chamas, Liliane; University of Oxford
17 Chau, Hoang Kim; University of Bergamo
18 Chiodi, Simonetta; University of Bergamo
19 Clements, William; Ecole Polytechnique
20 Custers, Anna; London School of Economics
21 De Angelis, Marina; Sapienza Università di Roma
22 de Champchesnel, Jacques; Sciences Po
23 Desjardins, Pierre; Ecole Polytechnique
24 Dilnessaw, Amdework; University of Bergamo
25 Errais Borges, Faiza; PlaNet Finance Italia
26 Fabrizi, Simona; Polytechnic University of Marche
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28 Folloni, Giuseppe; Università di Trento
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30 Giese, Susann; University of Jena
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35 Hennekinne, Loic; PlaNet Finance Italia
36 Hogarth, Ryan; London School of Economics
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40 Incerti, Alessandra; PlaNet Finance Maroc
41 Kachan, Katsiaryna; Sciences Po, Paris
42 Kaluba, Joe Mwansa; The Institute for Advanced Study of Pavia – IUSS
43 Kebir, Noara; Microenergy International
44 Kirchstein, Katja; PlaNet Finance Germany
45 Klein, Thilo; Cambridge University
46 Koroni, Nertila; University of Bergamo
47 Krumm, Didier; PlaNet Finance
48 Limone, Andrea; PerMicro
49 Llanos, Erlan; University of Bergamo
50 Lopez Urresta, Tania Lorena; University of Bergamo
51 Lwanga, Ali; University of Bergamo
52 Manno, Renata; Carlo Tassara

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54 Mattaba, Petro; University of Bergamo
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61 Nguyen Hoang, Hai; University of Bergamo
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64 Pasi; Poilitecnico Milano
65 Paterne Aime, Petipe; University of Bergamo
66 Paternoster, Alessia; University of Trento
67 Pham Thi, Diem; University of Bergamo
68 Pinaffo, Giacomo; SEFEA
69 Pons, Marie; PlaNet Finance
70 Provenzano, Vincenco; University of Palermo
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