

Microfinance

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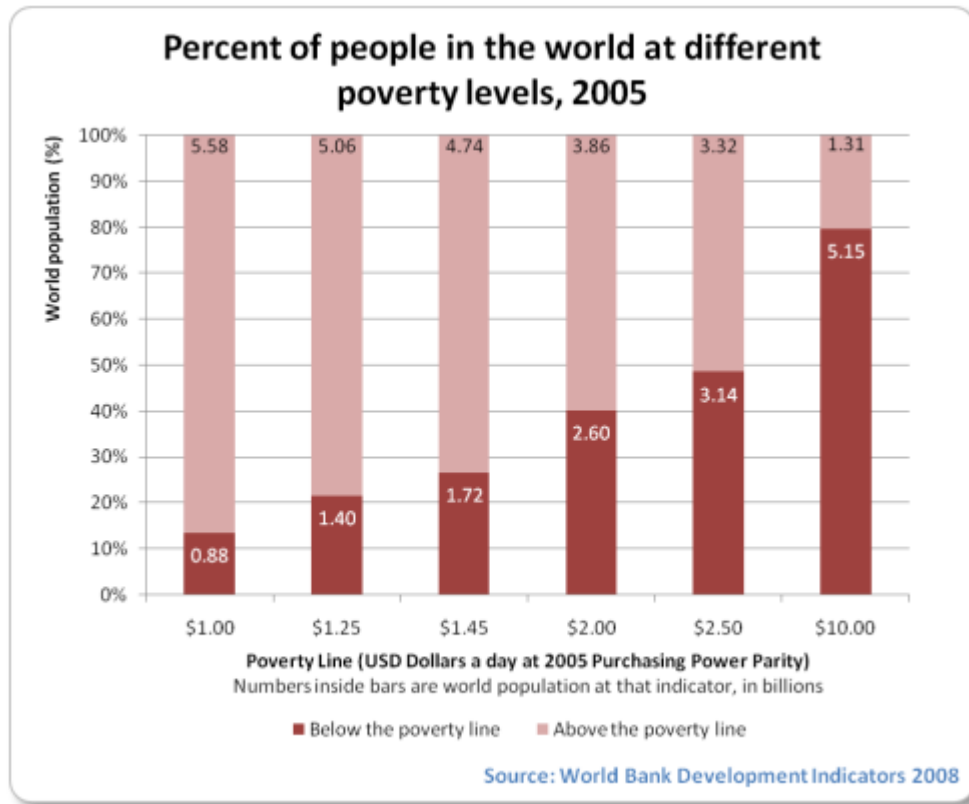
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MICROFINANCE

- NOODZAAK EN NUT
 - * poverty
 - * microfinance
- WAARDOOR LIEP HET UIT DE HAND
- TOEKOMST

World Poverty 2005



World Poverty 2005

6.460 billion people

1.310 have more than \$ 10.00 /day

5.150 have less than \$ 10.00/day

3.140 \$ 2.50

2.600 \$ 2.00

1.740 \$ 1.45

-----*world bank poverty line*-----

1.400 \$ 1.25

0.800 \$ 1.00

World Poverty 2005 - 2010

| | 2005 | 2010 |
|-------------|-------------|-------------|
| people | 6460 | 6.900 |
| poorest 20% | 8.64% (558) | 8.54% (590) |
| 2nd 20% | 12.22% | 12.14% |
| 3rd 20% | 15.81% | 15.69 % |

India

| | 1994 | 2005 | 2010 | 2013 |
|----------------------|---------------|---------------|---------------|-------|
| Population | 918 | 1.109 | 1.170 | 1.270 |
| Below minimum | 50.4% | 42.3% | 33.7% | |
| Poorest 20% | 9.09% | 8.64% | 8.5% | |
| 2nd level | 12.81% | 12.22% | 12.14% | |
| 3rd level | 16.45% | 15.81% | 15.69% | |
| 4th level | 21.51% | 20.97% | 20.82% | |
| Top level | 40.14% | 42.36% | 42.81% | |
| Gini | 30.8 | 33.4 | 33.9 | |

Outreach Microfinance 1997-2011

| | 1997 | 2011 |
|-----------|------|-------------|
| • MFI's | 600 | >3700 |
| • Clients | 15 | 195 million |
| • Poorest | 7.6 | 125 million |

multiplier 5

Not *business as usual*
but *unusual* business

- Enabling unbankables
- in the informal sector
- - with focus on bottom of the pyramid -
- to earn a living
- with credit for income generating activities
- and other financial services

Lessons learned

- a. Credit is not the same as debt
- b. Credit is oxygen for economic development
- c. Yardsticks for success:
 1. not their saving capacity (without credit} ,
but their earning capacity (with credit)
 2. not the poverty level but the presence of
an existential drive to get out of poverty.
 3. allies

Business or Charity or Social Venture

- No client would say it's charity...
- No investor should say it's mere business

Risks for the Movement

- Too much euphoria
- Market principles taking priority over mission principles
- Interests of clients subordinated to the future of the MFI
- Mission drift by some, affects reputation of all.
- Inadequate regulation

Lastige veldspelers

- * Euphoren
- * Marktfundamentalisten
- * Winstbejag'ers
- * Calvinisten
- * Regulators
- * Banken
- * Politicians

Misconceptions

- Armen geboren ondernemers
- Echte armen worden niet bereikt
- Extreme armen niet met schuld belasten
- Geld pompen in mini-mini = geen ec groei
- Niet micro, maar werk in formele sector

NEGATIVE EVENTS

- * COMPORTAMOS & SKS
- * Bangladesh Govt # Yunus
- * Andhra Pradesh crisis.

TOEKOMST

- * Micro too widespread and too relevant to disappear
- * Too widespread to be united
- * Consolidate the other school