PRACTITIONER'S WORKSHOP ON MICRO-ENTERPRISE CREDIT METHODOLOGY

SUMMARY REPORT

JANUARY 26, 1989

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JUNE, 1989

ACKNOWLEDGEMENTS

The attached proceedings from the first micro-enterprise credit workshop are largely the work of Jean Pogge at the Woodstock Institute, who served as facilitator for the workshop plenaries. The dedication she has shown in designing and producing these proceedings is a testimony to her sincere interest in our current and ongoing efforts. We are extremely grateful to her thoughtful input, editorial comments, and work.

Special thanks go to our facilitators for the break-out sessions, Kate McKee from the Center for Community Self-Help, Peggy Clarke of The Ford Foundation, and Connie Evans from the Women's Self-Employment Project. They skillfully enabled participants to concentrate on the work of the day and discover how much more there is to cover. The work of reporters Kavita Ramdas, Jane Rosser, and Kathy Tholin was much appreciated.

We gratefully acknowledge Elizabeth Hodder, Shorebank Corporation, who successfully made the arrangements for the workshop, coordinated the event, and followed through with a draft of the notes from the plenary sessions. Thanks also go to Beverly Williams, also at Shorebank, who continues to be a reliable coordinator and contact for the production and distribution of these proceedings.

Thank you to The Neighborhood Institute's Enterprise Center business incubator which served as an attractive setting for the workshop and the beautifully catered lunch by one of South Shore's local entrepreneurs.

Of course our greatest debt (no pun intended) goes to the attendees. Without your enthusiastic and out-of-pocket participation, we would not have learned how valuable and timely such gatherings can be. Many thanks and we look forward to meeting with you again.

Respectfully,

Julia Vindasius   Mary Coyle

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As community development practitioners and policy makers struggle with the need for job creation, a small but significant number of micro-credit programs are taking a radically different approach to securing access to the mainstream economy for low-income people. These programs begin with the belief that there are a lot of good ideas and small enterprises that with the proper support and appropriate financing can provide a living income. They work with businesses so small they may employ only the owner; they provide loans in amounts less than $5000; and most work to facilitate the formation of peer support groups to help the businesses survive and thrive.

Twenty five people came to Chicago in January for the first North American meeting of micro-credit programs. Participants represented the six or seven existing micro-credit programs and three or four in formation as well as a small number of funders and observers. Many of the micro-credit program administrators came at their own expense. The enthusiasm and excitement of the participants was almost tangible. Participants were eager to learn from each other and more than willing to share information and experiences.

All micro-credit programs that participated are relatively new programs. Many are working to adapt the group borrowing model that has been so successful overseas to the realities of North American markets and financing. Despite the difficulties caused by the scarcity of resources and overwhelming responsibilities inherent in the start-up phase of program implementation, participants were thoughtfully questioning their own methods and procedures and were eager to learn from each other.

The workshop was designed to be a discussion of the nuts and bolts of program implementation. Participants were asked in advance to identify the topics in which they were most interested and then were assigned to one of three discussion groups: **I. Loan Screening and Delivery Process; II. Low Cost Methods of Servicing Credit Clientele;** or **III. Borrower Orientation to Credit Delivery and Training for Loan Fund Administrators, Agents and Promoters.**

The day was structured to include time for both discussion by all participants and small working groups. Following the working group sessions, each group presented a summary of its discussion and led a plenary discussion on the issues they had discussed.

During the introductions at the beginning of the day, participants identified the following specific issues about day to day operations they wanted to discuss:

1. Piggybacking on other programs
2. Incentive systems for agents
3. Staffing
4. Acceptable default rates
5. Delinquency
6. Forced savings component
7. Recordkeeping systems
8. Getting people together
9. Reaching the target market
10. Promotional campaigns
11. Outreach
12. Community impact
13. Baseline research
14. Evaluation design
15. Cost-effectiveness and streamlining--economies of scale
16. Difficulties with home based businesses--licensing, growth, lack of infrastructure
17. Low business skills
18. Developing clients' entrepreneurial work habits
19. Relevancy of technical assistance
20. Technical assistance and lending

Many of the above topics were discussed during the day but the time was far too limited to discuss the entire list. Even those topics discussed were not able to be fully explored because of the time constraints. There was a clear consensus at the end of the day that the workshop was a wonderful first step but that it was critical that there be more opportunities to meet and discuss issues and concerns.

The following sections present the highlights of the small working groups as presented and discussed in the plenaries. They capture the main points of discussion and outline the unanswered questions. What they cannot do is provide the reader with the sense of excitement and learning that warmed the air in Chicago on a cold January day.

SECTION I: LOAN SCREENING AND DELIVERY PROCESS

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Facilitator: Kate McKee, Center for Community Self-Help

Reporter: Kavita Ramdas

Participants: David Bryson, Mary Coyle, Bill Engram
Susan Matteucci, Gerald Sherman

The discussion in this group was based on the peer group lending model. Although the participants focused on many of the details of lending, broader concerns about accountability, responsibility and cost effectiveness were incorporated into the discussion.

The topic was broken into three parts: 1) the pre-loan process of underwriting, screening and decision making; 2) the post-loan process of supervising and servicing the loan; and 3) program monitoring and evaluation. The discussion focused mainly on the first two points.

The Pre-Loan Process

In the peer group lending model, responsibility for pre-loan screening is shared with and, in some cases, delegated entirely to the peer group. Therefore, the success of each loan depends on the ability of the peer group to understand the business of the borrower, trust the ability and willingness of the borrower to repay the loan, ask appropriate loan review questions, challenge unclear or inappropriate answers and be accountable to each other.

Essentially the peer group needs to ask the peer group member requesting a loan: What are you going to do? Who are you going to sell to? What do you need to borrow this money for? How are you going to pay it back?

The first step in the pre-loan process is the self-selection of the peer group. This process forces each of the peer group members to think about the character, reliability and personality of each other. The second step is the training period during which peer group members have an opportunity to develop the experience of working together, test perceptions of reliability and personality and build accountability to each other.

Once the group has completed its initial period of formation and training, the group must screen the initial borrower. Application questions, hard probing and the experience of self-selection serve to screen borrowers.

In addition to a loan application form, different methods are used to secure the information necessary for loan screening.

Women Self-Employment Project (WSEP) requires each applicant to fill out a cost of living budget. Bank Project, Inc. in Baltimore requires a family economic life history. The information from these forms brings financial details into the open. Other tools include informal and formal credit checks, records of attendance at meetings, loan co-signers or guarantees and pre-set savings requirements.

The testing of the borrower's business idea happens throughout the pre-loan application process as members discuss their ideas with each other and share early success and problems. At the time a loan application is submitted, the group focuses more carefully on the viability of the business idea and the interaction of the business with the individual's personal finances. For example, if a loan applicant has a seemingly good business idea but has been unable to pay his or her electricity bills, the question of the ability of the borrower to repay a business loan becomes a question.

Role of the Staff

The role of the staff in the peer group model is a varied one. Staff serves as the promoter and advocate for the program, trainer for peer groups, technical assistant to peer groups and in some cases, loan underwriter.

The role of the staff in the loan underwriting process and decision making varies from model to model. Not all peer group models give the peer group final authority to decide on a loan application. In some cases, the peer group may do the work of preparing the business idea and loan request and the staff may make the final loan decision. In other cases, the staff person represents the borrower to the loan committee.

There was a discussion of the differences between those models that reserve the loan decision for staff and those that delegate that responsibility. The delegation of responsibility for loan decisions to the peer group is a method of "giving credit" to the group and as such may be important to the overall goals of the program. It is unclear to what extent delegating loan authority to the peer group may impact the cost effectiveness of the program.

It was clear that it is the role of the staff to decide what level of assistance and intervention is necessary to ensure that the business ideas are viable and that the loan decisions are sound. For example, a start-up business necessarily requires more than a reliable borrower to ensure its survival and the repayment of the loan. In some cases, the staff may have to provide technical assistance or work directly with the borrower to develop the idea into a viable business concept.

The staff of a micro-credit program serves as the promoter and advocate for the lenders, but it also serves as the enforcer of rules and credit agreements. The dual aspect of these responsibilities may raise problems. Several workshop participants suggested the need for a mechanism that would separate the role of promoter from that of enforcer.

The Native Self-Employment Loan Program has community advisory committees that consist of respected members of the community and peer group leaders. The committee approves peer groups, analyzes business plans, tracks attendance and repayment, and provides an important source of informal technical assistance and feedback. The committee has the added benefit of providing an outside perspective and possessing legitimacy in the eyes of financiers, local officials and borrowers. The Native Self-Employment Loan Program feels the existence of the committee is important not only in validating the program in the community, but in making the peer groups feel accountable to the program.

It was suggested that the staff of group borrowing programs can use the duality of their role to establish authority within the program. The loan officer in a bank or the teacher in a school also has a dual role of advocate and enforcer and faces similar challenges. Both the loan officer and the teacher are members of familiar, established institutions and possess the authority that those institutions enjoy in the community. In addition, the fact that a loan officer has the power to give a loan and demand payments in a timely fashion establishes his or her authority beyond the framework of the institution of which he or she is a part. In the same way, the fact that the teacher has the power to give tests and grade the outcome establishes his or her authority.

The Post Disbursement Process of Supervising and Servicing the Loan

The post disbursement process includes collection of loan payments, maintaining records, providing technical assistance to businesses and working with borrowers to ensure repayment.

There were three central and unanswered questions discussed by participants. The first centers on the ambivalence of control of decision making. To what extent do the peer groups make loan and borrower decisions and within what framework does that control lie?

The second is the question of the role of the program and its staff when the peer group has loan decision authority. To the extent that the program surrenders control, how does it maintain accountability? That includes accountability between the borrowers in the peer group and between the peer group and the program.

The third question relates to the implications of a piggybacking strategy versus those of a freestanding one. Can a program cut costs by using existing institutions or programs to share staff time and realize cost efficiencies? How do the problems of bureaucracy and delegated responsibility that such a strategy entails effect the micro-credit program? How does a freestanding program cope with issues of cost-effectiveness?

Peer group accountability is essential for successful loan collection in group borrowing models. The peer group functions as its own watchdog by discussing problems and working out potential business solutions.

The participants discussed ideas about the involvement of the program in verifying borrower accountability not only in terms of loan repayment but also in terms of the use of loan proceeds.

Various methods are used to monitor the use of loan proceeds. WSEP has celebrations when borrowers purchase equipment or supplies for their business from loan proceeds. The Lakota Fund requires receipts as a record of how the loan proceeds are used.

MICRO-Project PEPP, which does not use the peer group model for its micro-credit lending, was the only discussion participant that requires formal collateral for loans. Other participants reported that peer groups determine what collateral is needed on a loan by loan basis. Often this involves defining collateral in unconventional ways. A possession that means a great deal to the borrower but has little market value might be seen by the group as sufficient security for the loan.

The process of repayment and the collection of delinquent loans was discussed primarily in terms of cost to the program. Because of the small size of the loans made in a micro-credit program, legal action to recover defaults is not cost effective. Although in some cases, legal action may be necessary to make it clear to borrowers and potential borrowers that the micro-credit program is serious about repayment of loans. Most peer group models use a biweekly repayment system. Since most programs require one hundred percent attendance at group meetings, loan payments are collected at meetings. If a member can not attend a meeting for acceptable reasons, it was agreed that the group must take the responsibility for collecting the payment. If the borrower can not make the payment, he or she is required to attend the meeting anyway. In order to reduce the cost and time involved in collection, some models aggregate peer groups into centers. There was not agreement among participants about the maximum number of groups that could be serviced by one center, although five seemed to be close to the limit.

SECTION II: LOW COST METHODS OF SERVICING CREDIT CLIENTELE

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Facilitator: Peggy Clarke, Ford Foundation

Reporter: Jane Rosser

Participants: Gord Cunningham, Laura Henze, Mary Houghton Julie Moss, Julia Vindasius

The discussion in this group focused on micro-credit models in rural areas. Agreement was reached early in the discussion on the variables that affect cost. The balance of the discussion centered on strategies to cut costs. Most of the strategies discussed were concentrated on cutting administrative costs, although the issues of long-term self-sufficiency and the cost of funds to capitalize a loan fund were raised.

The first years of a minimalist credit program are fragile ones. Fixed costs are disproportionately high during the start-up period and, among other things, a program must cover its development costs with donor credit or grants. The importance of developing systems which will keep unit costs low in the early stages is clear.

The discussion of low-cost methods of servicing credit clientele revolved around the central question of how to move from an effective pilot phase to a high volume, high impact, minimalist credit program that is efficient in a rural setting. The participants discussed strategies which concentrated on cutting cost and increasing volume. There was a good deal of overlap and a number of important issues were raised that the participants agreed ought to be discussed at a later date.

The goal of efficiency assumes high volume at the lowest possible cost. It was recognized that a number of variables can be manipulated in a program's effort to cut unit costs. These include:

1. Number of loans made
2. Average loan size
3. Default rate
4. Salary scales
5. Administrative costs
6. Interest rates and fees
7. Cost of funds to the program

Geographic targeting might also be a factor that impacts efficiency.

With these in mind, the participants discussed a series of strategies. The strategies entailed streamlining traditional .pa practices, establishing new, more efficient ones, and piggybacking on community resources and compatible programs. Usually programs mixed and matched the strategies they used to incorporate all three elements.

The first strategy discussed was the establishment of centers where a number of groups meet together. Very simply, a center enables the program staff to collect loan payments and savings contributions from a large number of borrowers at one time. Using centers to institutionalize the responsibility of the peer groups to organize meetings and collect payments concentrates a number of groups' activity in one place and enables the staff to use its time more effectively. Instead of having to drive to separate, and often distant, peer group meetings, the staff member can dramatically increase his or her efficiency by meeting a number of peer groups at one center. This decreases the staff to borrower ratio.

By regulating and effectively organizing the procedures of these meetings, the staff can further increase its efficiency. The peer group chairs often take visible responsibility for running the meetings which both maintains their identity within their respective groups and decreases the amount of staff effort. In some programs, the peer group chairs also have separate meetings. This creates a new organizational institution that not only strengthens the borrowers' sense of responsibility, but cuts costs for the program staff by providing a way to meet with peer group chairs together instead of individually.

Another strategy that effectively increases cost-efficiency is one whereby a program piggybacks onto existing institutions. For example, the Native Self-Employment Program contracts elements of its loan administration to a local bank thereby streamlining its administrative procedures while reducing the cost of its service. MICRO-Project PEPP cuts its costs by receiving free services from the publicly financed economic development staff representatives. The economic development staff representatives become members of the Community Advisory Committee and play a central role in the administration of loans.

While piggybacking on an existing institution may cut a program's service costs, it also introduces the potential challenge of working closely with an existing bureaucracy. MICRO-Project PEPP, a program that requires borrowers to make payments at a local bank claimed that, while the strategy is cost-effective because the banks do not charge for service and the problems of handling cash are taken care of for the program, there is an added problem of not knowing when borrowers make payments until they bring their receipts to the program's office. The time between actual repayment and reported repayment makes bookkeeping and management of the fund's float difficult. The gap has ultimately been dealt with by creating a business association that charges borrowers for being late turning in their receipts. This has been especially useful because it has shifted the responsibility of prompt repayment back to the borrowers.

Because the rural environment and cost parameters of many of the programs entail heavy constraints on staff, a variety of administrative issues were discussed. For example, full utilization of networked micro-computers was suggested as a means to utilize staff time more efficiently. There was general agreement that better use of computers could improve staff efficiency and that computer information should be shared among micro-credit programs.

The need to clarify the staff roles and prioritize staff responsibilities was discussed. It was suggested that staff time could be better leveraged by concentrating staff in the areas where most needed. The use of centers is an example of how this can be done.

The question of the difficulty a small staff has in working with peer groups and individual borrowers and also administering a loan fund was discussed. The two responsibilities take different skills and require substantial amounts of time. However, the budgets of most micro-credit programs require that staff do both.

In an effort to keep staff costs down, some programs suggested the use of cheaper part-time or volunteer staff to work with peer groups in rural areas. This strategy may create a problem in maintaining the same sort of motivation, skills and competency in the part-time staff as the full time staff. Participants questioned at what point the field staff becomes so diffuse that it loses track of the central structure and mission of the program. How can a program get staff in the field without raising costs? It was agreed that the integration of part-time staff requires further discussion in terms of the methods of organizing field staff and the overall design of the program.

The point was made that models that are successful are well designed. Thus, incorporating a process of learning by doing in the pilot phase cuts costs and increases unity and stability for the long-run.

* ADEMI's program in the Dominican Republic solved this problem by offering bonuses to staff for monthly success in keeping delinquency low; staff made sure that receipts were brought to the program office.

In examining strategies to increase efficiency, the participants discussed strategies aimed at increasing loan volume. Although the specifics of fostering publicity and community awareness must depend on the nature of the community in which the program operates, the use of community referral services, press publicity, and town meetings were some of the general ideas suggested.

The discussion also focused on ways to increase loan volume by means of structural adaptations within the program. For example, the Native Self-Employment Program provides a cash guarantee to a local bank. The bank now allows it to leverage its funds 2:1 which enables the program to increase its loan volume. Another program has created sub-offices. It has increased its volume of borrowers by creating rural satellites which the customers use instead of coming to the central office. The program has been able to increase its volume without substantially increasing its costs.

The term and size of loans were discussed as they relate to program costs. Various programs approach this fact with different strategies. Some programs set the length of all their loans at one year. This systematizes repayment processes throughout the program. Other groups, however, provide shorter term loans and have set up payment schedules related to actual cash flows in a business. These programs feel that the availability of frequent shorter loans provides incentive for borrowers to make timely repayments. Such a system requires increased tracking of loan use to ensure that the incentive to pay back a loan in order to get another does not lead to inappropriate spending.

A series of issues were raised for further discussion. The issue of most importance to participants was that of self-sufficiency. The importance of establishing and maintaining a funding base is also clearly important to micro-credit programs. Many programs are still developing fundraising skills and are interested in increasing their ability to fundraise. Another issue that participants felt needed more discussion was the role of the forced savings component used by some groups such as WSEP, and the relationship of a borrower savings program to the process of gaining self-sufficiency for the micro-credit program. Finally, the issue of the role of diversification of services in a minimalist credit program needs more discussion.

SECTION III: BORROWER ORIENTATION TO CREDIT DELIVERY AND TRAINING FOR LOAN FUND ADMINISTRATORS, AGENTS, AND PROMOTERS

SECTION III. BORROWER ORIENTATION TO CREDIT DELIVERY AND TRAINING FOR LOAN FUND ADMINISTRATORS, AGENTS, AND PROMOTERS

Facilitator: Connie Evans, WSEP

Reporter: Kathy Tholin

Participants: Frank Ballesteros, Patricia Biggers, Ralph Dobbs Adrienne Hill, Elizabeth Hodder, Elsie Meeks

The discussion of this topic was broken into two parts. The first was a discussion of the process by which borrowers are oriented to credit delivery. Many of the issues discussed overlapped those discussed in Section I, especially those pertaining to the peer group's capacity to act as its own motivator and technical assistance provider. The second part of the discussion centered on staff training. Most of the participants in this session use the group borrowing model.

Borrower Orientation to Credit Delivery

Most participants reported that they begin their programs with a series of general orientation meetings where potential borrowers gather, begin to form groups and discuss the nuts and bolts of the lending program and the consequences of nonpayment of loans.

Although participants reported differences in the orientation process used with borrowers, all use the orientation period as a time to allow peer groups to self-select, develop as a unit, build accountability to one another, and build awareness of relevant business issues and potential problems.

Borrower orientation begins once the groups have formed and usually takes place over a period of weeks. The Good Faith Fund requires full attendance at each meeting to count it as an orientation meeting. The Good Faith Fund is also adding more time to the orientation period in order to increase the motivation necessary for a group to stay together. A certain amount of time is needed for the peer group to absorb the realities of the responsibilities and details of business that they are taking on. Participants agreed that the time between orientation sessions is extremely important for the process of education and for the group to have time to surface problems in working together. The Native Self-Employment Program does have a condensed time frame and an intensive orientation period because the peer groups are so geographically isolated.

Tools used by different programs vary. For example, videos of successful borrowers are used by the Native Self-Employment Program to motivate and inspire borrowers. Similarly, WSEP uses role playing and scenario games to encourage borrowers to examine business situations from different perspectives. Budget counseling is an important tool with which some programs begin a peer groups orientation. Bank Project, Inc. uses an economic life history to force the peer group to work as a unit and to think about business viability and a system of entrepreneurship; WSEP has each participant develop and discuss with the group an individual "cost of living budget." By encompassing personal relationships and credit processes in the orientation of the group, the program not only breaks down issues of credit delivery into familiar and manageable sizes and shapes, but enables the peer group to become an entity capable of making credit decisions.

There was agreement that throughout borrower orientation the emphasis must be on developing the peer groups capacity to analyze issues and promote solutions. There was a discussion of the differences between minimalist credit programs that offer very little technical assistance to borrower businesses and programs that offer extensive training and technical assistance to borrower businesses.

It was clear that usually there is a need for continuing education for borrowers. MICRO-Project PEPP asks its participants to identify their training needs each January. The program uses that list to develop its training plan for the year. Participants suggested that a similar process might be helpful in identifying staff training needs.

Training for Loan Fund Administrators, Agents and Promoters

It is clear that most of the micro-credit programs face constraints arising from the realities of being in the start-up phase of the program. Because resources are limited, staff must play a variety of roles. One of the central problems related to staff recruitment and training is the difficulty in defining clear cut staff responsibilities. The necessity of having a single person with the characteristics and skills necessary to play an array of roles has limited the analysis of what kind of staff are needed and the training needs of those staff.

Participants discussed the training priorities that have been identified. These include both start-up training for new staff and in service training for more experienced staff. Specific training needs include: training to develop the specific skills necessary to administer a program, the financial skills necessary to administer and capitalize a loan fund, the facilitation skills needed to help potential borrowers develop peer groups, and the expertise to provide technical assistance to potential borrowers on their small business ideas.

There was some discussion about the extent to which it is necessary for staff to have business and financial knowledge. It was agreed that while this type of knowledge is important, it can be taught. On the other hand, responsiveness and cultural sensitivity to potential borrowers are equally important and can not be taught. Therefore there was agreement that it is most critical that potential staff have these traits. That being understood, four central areas were delineated as being important to the development of staff.

The first training need for the staff of any micro-credit program is an orientation to the program, the lending methodology and its differences with conventional lending, and the broader cultural context within which the program operates. This was seen by participants as an ongoing process that entails on the job training with experienced staff and formal and informal exchanges with other programs. Initially, such exchanges would serve to expose staff to different techniques and methods. The experiences of other similar credit programs are an important and knowledgeable resource for staff. The importance of developing a network of such programs cannot be over-emphasized. Motivation, although not a training need per se, was the second area identified for staff development. The special nature and strains of work with a micro-credit program make support mechanisms and incentives critical. Self-selection of staff is expected as individual staff determine their ongoing interest in working with the program; the Grameen Bank has approximately a 50% attrition rate in the staff recruitment and training process but a very low turnover rate for those who complete training. The fact that there may be a high percentage of staff that decide in the initial period not to stay with a program, only increases the importance of motivational techniques. Specific techniques used to motivate staff include the psychological benefit of training and program exchanges, monetary and logistical incentive systems that provide bonuses and increasing responsibilities in recognition for good work, and networking staff from each program and among programs to facilitate the flow of information on successes and challenges.

The third training need that was unanimously agreed upon was the development of facilitation skills. The previous discussion about the importance of the staff role in enabling a peer group to act as a constructive entity underlines this need. Each staff member needs more than business knowledge and cultural sensitivity, they need the skills involved in facilitating group organization and discussion. Managing a group effectively is something that can be taught and participants agreed that facilitation skills should be included in the training of staff members.

The fourth training need discussed was development of business and financial skills. Development of these skills would appear to be the most straightforward staff training issue. However, it was agreed that business and financial training was thus far difficult because most of the training programs and materials are not appropriate for micro-enterprise development or micro-credit decisions. The Lakota Fund has used the National Development Council in an attempt to train staff in business and finance. The training boosted their confidence, but had little relevance to the program's work with very small businesses.

It appears as though there may be a turning point in each program where it becomes necessary for management to bring in outside training and invest in the ongoing professional development of its staff. That point comes at different stages in each program. Participants unanimously agreed that the future growth of minimalist credit programs depends upon the commitment of the industry to pool resources and coordinate training ideas in an effort to enable individual programs to make a cost efficient and effective investment in staff training and development.

SECTION IV: PLENARY ON FUTURE ISSUES

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Following the three group plenaries, a discussion on future issues was held. As ideas were exchanged concerning ways to work together in the future, the excitement and enthusiasm of the day were evident.

The issues that were identified for future discussions were:

1. Group screening of loans
2. Loan collection
3. Computer software
4. Need for bulletin board
5. Evaluation and monitoring
6. Training resources

In addition to their overwhelming interest in finding opportunities for future group discussions, the participants identified three areas for possible next steps. These areas were: 1) Information sharing; 2) Training; and 3) Resources.

Information Sharing

It was very clear that participants felt the session and the opportunity to talk informally was extremely helpful. There was a great deal of interest in ensuring that there were regular opportunities to share information. Specifically, participants identified the following methods of sharing information in the future:

a. Scheduling Regular Meetings/Workshops/Seminars. There was unanimous agreement on the need to schedule future meetings. It was suggested that the meetings rotate location to provide an opportunity to visit other programs at each of the meetings. There was interest in keeping the meetings focused as working group sessions of those actually involved in implementing micro-credit programs. There was agreement that future meetings should be at least two days in length. It was mentioned that resources to attend meetings were scarce so every attempt should be made to keep the meetings low cost and to leverage resources to help defray the expenses.

b. Computer Bulletin Board. Many of the programs have computers and it was suggested that a computer bulletin board might be a low cost way to share information between meetings. It was agreed that this idea should be further explored.

c. Newsletter. A newsletter was suggested as a way to provide various programs current information about new ideas and successful tools. The difficulty is that there are no financial or people resources currently available to publish a newsletter. As a first step, it was suggested that each of the programs commit to writing a letter that is copied to the other programs that provides current information about the program. It was agreed that each of the programs would write a letter to the other programs by March.

d. Form An Association. Since there was such strong interest in sharing information among the micro-credit programs that attended, it was suggested that a membership association be formed. This association could secure resources, manage the information flow, and handle the other joint needs that the micro-credit programs have. There was agreement to explore this idea further.

Training

Since the micro-credit programs that participated are all relatively new and the concept of micro-credit is still being adapted for this country, participants felt training for staff was of key importance. The following were identified as possible next steps to address this issue:

a. A Week Long Training Program for Practitioners. Many of the programs that attended had developed expertise in one or more phases of micro-credit program implementation. In addition, as each of the programs were implemented, new techniques were being developed and tested. It was agreed that a week long training program for practitioners should be developed that would provide an opportunity for staff to share expertise they have developed and to learn from other practitioners. It was also suggested that staff of programs from other countries could be invited to share their expertise. Participants were clear that the training session should be focused on training and not just information sharing.

* As of June 19, 1989, these letters have not been sent. This is another illustration of the difficulty of information sharing.

b. Share Knowledge. Since so much of the work of practitioners is involved in adapting and testing the micro-credit model in new situations, participants agreed on the need to share successes and failures with new approaches and adaptations. In addition, there was general agreement on the need to share information as a way of providing support and acknowledgement to each other.

c. Professionalize the Business. Micro-credit programs for the most part have hired staff that are interested in the field but do not have prior experience in micro-credit and in many cases in lending of any type. There was general agreement on the need to explore further ways to offer staff professional growth opportunities and recognition of their professionalism.

Resources

Despite the enthusiasm for continuing to meet and share information, there was general agreement that additional resources are needed to realize any of the next steps. Participants acknowledged that their program budgets contained few resources for meetings and travel to visit other programs. In fact, many of the participants had paid all or part of the cost of this meeting personally. In addition, there was general agreement that resources to implement individual micro-credit programs were extremely thin and that time to organize meetings or newsletters was very difficult to carve out of implementation time. The following were discussed as possible resources:

a. Dues. If an association were formed dues could be charged to support the cost of sharing information and providing services to members.

b. Grants. It was mentioned that a grant request from Shorebank to Ford in Bangladesh was pending. If approved, this grant would make available a modest amount for the expenses of arranging meetings of micro-credit programs. It was agreed that additional grant support was needed.

Some additional suggestions were made for possible grant funding of future meetings.

* On June 16, 1989, Ford Foundation confirmed that The Neighborhood Institute, a subsidiary of Shorebank, had received a grant that includes resources for two more workshops for micro-credit programs.

SECTION V: EVALUATIONS

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At the conclusion of the workshop, all participants were given an evaluation form. Thirteen forms were returned and tabulated. The overall reaction to the workshop was very positive and mirrored the enthusiasm of the participants. Respondents were asked to identify other issues to be discussed in future seminars or workshops and other types of support that would be useful to loan fund managers and administrators.

Other issues suggested for future workshops or seminars were:

1. More discussion of the issues discussed in this workshop particularly as programs gain in experience.
2. More discussion of cost-effective ways to implement micro-credit programs.
3. Fund management
4. Loan portfolio management
5. Financial management systems
6. Record keeping
7. Growth issues for loan funds
8. Differences in urban versus rural programs
9. Peer group formation
10. Monitoring and evaluation
11. Structuring partnerships and piggyback relationships
12. More information on other models and programs
13. Training guidelines

The types of support that respondents indicated would be helpful to loan fund managers and administrators were:

1. An ongoing network or association
2. Training forum or program
3. Computer bulletin board
4. Newsletter

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