



**Ensuring impact :**  
**Demonstrating Microcredit's contribution to**  
**achieving the Millenium Development Goals**  
**An example from Europe**

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**Latin America / Caribbean Microcredit Summit**  
**Meeting**

**Santiago, Chile, April, 2005**



## Impact of Microcredit Development in Europe

Three main reasons to develop microcredit in Europe and in industrialized countries :

- ❖ It responds to the needs of the low income people, even if they have more than 2 dollars per day
- ❖ It helps the reform of the Welfare state :
  - Passive social assistance
  - High cost
  - Perverse dependency effects on the population
  - A negative image of poverty
- ❖ It helps European Union decision makers  
(Governments, European Commission, bankers) to understand the impact of microcredit and support its development in the South.



## Poverty in Europe

- ❖ 60 million people under the poverty line
- ❖ Poverty is not only economic but also psychological and social
- ❖ the institutional business environment is adapted to large enterprises and wage labour
- ❖ The minimalist credit approach does not work. Developing self employment requires also personal and business support



## Elements of poverty

Elements of poverty	Psychological and personal	Social	Financial
Examples of each	Low self-esteem, self-confidence Lack of basic skills	Isolation Lack of support group	No savings Low income
Support services required	Personal and individual skill development	Community building and mutual support	Tailored financial and support services at affordable cost.
Examples in France	Personal and business support by permanent staff and volunteers	<ul style="list-style-type: none"> <li>• Small business circles</li> <li>• Services provided to the entrepreneurs : Recycled computers + computer training ; Creating links with larger enterprises ; Selecting best cost/efficiency ratio services (insurance, etc)</li> </ul>	<p>Loans up to 5000 euros</p> <p>Quasi-equity : subordinated 0% loans</p> <p>Equity : start-up grants provided by some regions</p>



## Impact of Microcredit Development in Europe on Millenium Development Goals

Microcredit a financial tool, coming from the South,

- improves the image of develloping countries and transforms unilateral assistance in mutual cooperation
- helps public opinion and decision makers to understand the impact of microcredit and to support its development in the South
- shows the universality of the concept and creates a bridge between development economics and economics in general
- reinforces the solidarity between the South and the North