国総研セミナー・シリーズ
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貧困層への資金支援プログラムの成果について

平成8年1月

国 際 協 力 事 業 団
国際協力総合研修所

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国総研セミナー

テーマ： 貧困層への資金支援プログラムの成果について
(Finance for the poor: how much do we know?)

日　時： 平成8年1月24日

場　所： 国際協力事業団本部(新宿三井ビル)49階　49A会議室

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主な学歴

1974年　ケンブリッジ大学修士取得(MA.経済地理)
1984年　ジェームズ・クック大学博士号取得(Ph.D経済学)

農村貧困層への小規模融資プログラムの成果について：その実態

要　　約

1．世銀が中心となって実施している農村貧困層への融資プログラムは、貧困対策の決め手として喧伝された。従来の福祉的なアプローチから脱却し、自助努力による所得向上に有効な万能薬的な扱われ方をした。

2．マンチェスター大学では英国ＯＤＡの協力も得つつ、アジア(インドネシア、バングラデシュ他)、アフリカ(ケニア)、中南米(ボリビア)におけるＮＧＯを通じた小規模農村金融の実態調査を実施した。

3．各国で共通して出てきた知見としては、貧困層の中でも貧困ライン(poverty line)に比較的近い位置にあるものは、ローンを利用して貧困脱却を果たす例もあるが、貧困ラインから更に大きく下がった層には、ローンを利用した貧困脱却が果たされた例は少ない。

4. 極貧層にとっては、病気、災害、不作等で通常の収入がダウンしたときにこれをどう乗り切るかが問題であるので、供与するローンの性格も投資的なもの(promotive loan)よりは、貯蓄と不測時の生活保証を組み合わせたもの(protective loan)の方がニーズにあったものといえる。

5. 世銀等では、小規模農村金融は貧困緩和の決め手である。これにより福祉的な金の使い方はより生産的な金の使い方に転換され、またコスト・リカバリーも可能であるので、プログラム自体の自立発展性は高いとしている。しかしこのような主張は事実を反映していない。

6．本プログラムは一部比較的恵まれた貧困層にとり有効なプログラムにとどまっていることを認識すべきである。世銀等は本プログラムが貧困緩和の万能薬であるとの幻想をふりまくのではなく、より現実的なプログラムを立案することにとり組むべきであろう。

Finance for the Poor: How Much Do We Know?

Dr. David Hulme
Professor of Development Studies
University of Manchester

Moderator: Good afternoon, ladies and gentlemen. Before starting, I would like to introduce today, our lecturer, Dr. David Hulme of Manchester University. He is a professor of development studies and the director of the Institute of Development Policy and Management, in short called IDPM. The title of the lecture today is, as you are already informed of, "Finance for the Poor"; subtitle is "How much do we know?". Professor Hulme has been studying on this subject with his colleague, Professor Paul Mosley, for the last three years, and the book of the same title is to be published in the near future. So if you are interested, please take order of it.

I'd like to say something about his academic and teaching career. Professor Hulme has been working in the field of development studies with special interest for public sector management, institutional development, and rural development. He finished his MA at Cambridge and Ph.D. at James Cook University in Australia. He has been with the Institute of Development Policy and Management of Manchester University from 1985 and became its director in 1992.

Not only is he an academic, he has wide experience in the field in development assistance. For example, he has worked at the Administrative Staff College in Papua New Guinea. Some of us here have had good experience in Papua New Guinea. In addition to this, he provides constantly consulting service to British ODA, Overseas Development Administration. Amongst these cooperation, we have to take note such works like design of technical assistance package to improve public sector management in Bangladesh, or evaluation of rural development and management project at Kenya at the district level, impact assessment of the training project for NGO like BRAC, which is a famous NGO organization. And through the evaluation of project of the British Council and Commonwealth and Action Aid project, he is also involved in these works, he has observed the aid activities in such countries like Malawi, PNG, Fiji, Solomon Islands, Western Samoa, Nepal, Tanzania, to name a few. So he has been with us mainly in Africa and also Pacific islands.

Now I'd like to ask Professor Hulme to give us his presentation. Thank you.

Dr. Hulme: Thanks very much for inviting me to JICA. It's very nice to be with you today. The Moderator mentioned that the Institute for Development Policy and Management that I work at and where this research has been based; there are prospectuses at the back if you want to find out the other things that we're up to. The actual talk that I'm giving tonight is based upon a study that I've been working on with a colleague, Professor Paul Mosley at The University of Reading. The yellow sheets actually got down the details of the two books that we are producing, one of them based upon the synthesis of our work, and another one based upon case studies that we've conducted in a number of countries that I'll be talking about, and also in my spare time, I've been doing research on NGOs. That one's actually out. That one is available in the stores in Japan, as they say.

The topic that I'm talking on tonight, I think you've already got in front of you. I'm going to be looking at innovative schemes that try to provide financial services to poor people, and I'm particularly interested in looking at how much we know about the achievements of these innovative schemes that try to give loans to poor people and some of them try to help poor people use savings facilities. It's a project that I've been working on since 1993 and it's involved a multi-disciplinary team. I'm a human geographer, my colleague Paul Mosley is an economist, and we've also been employing an anthropologist to work with us. And we've been using a variety of quantitative and qualitative methods to try and generate data on this topic of the effectiveness of micro-finance schemes, schemes that are trying to create, what you might call, banks for very poor people.

I've entitled the paper, <u>How Much Do We Know?,</u> because this area has been a growth area for many donors. Certainly the British Overseas Development Administration, for whom I work, have been steadily increasing their portfolio in this area. Most of the European donors are getting heavily involved in it, and the World Bank, USAID have been promoting it extensively, and a whole host of agencies implementing these schemes have been developed. But I think, and I'll go through the details as I progress through the talk, but as our work was drawing to a conclusion, and as we were beginning to synthesize and analyze the case studies that we worked upon, then we certainly began to get concerned that whilst the schemes we've been looking at, we believe, many of them are effective, and many of them should be continued, and should be extended, we were concerned that there has been a lot of kidding going on; that people are not necessarily talking truthfully about what is happening with these schemes, and that there has been a degree of exaggeration about who these schemes work well for, and how well these schemes operate. And we have been concerned about a lack of clarity about what's being achieved. And this seems to be certainly continuing at the present moment. I was in Washington with the World Bank in December. They're working, promoting the consultative group to assist the poorest. And essentially, the only things that that group is working on is micro-finance schemes. It's not working on any other type of intervention to help the poorest people. But I think, as I will explain as I proceed along, there have to be doubts about whether these sorts of initiatives should be designed as they're presently designed, whether they work with the poorest people, and whether they are an effective mechanism to help the poorest people.

The project that I worked on looked really in four main areas. We did a series of case studies. I'll talk about those in a second. We reviewed the literature, and we basically asked four main questions. The first question we asked was, when we looked at the schemes, how financially viable, how sustainable are these types of schemes, because micro-finance schemes have been billed as having very high levels of sustainability and financial viability. I'm not going to go into that in any detail in the presentation I'm going to make now, but if you want to ask questions about that, then do ask questions about that objective. But certainly we found that these schemes have cost recovery potential. But to talk of them being financially viable is to exaggerate the situation. They can recover some of the costs, quite significant proportions of their administrative costs, once they're established. But they are not likely to be financially viable in the short or the medium term.

The second question that we asked was, what are the impacts of these schemes on productivity, on changes in technology, changes in management, and changes in levels of employment; that we tried to look in a way at the economic and management impacts of these schemes, to see whether they are leading to productivity gains, to see whether they are leading to more sophisticated forms of management, and to see whether they are generating new jobs.

The third question that we asked, and the one on which I'll concentrate tonight is, what are the impacts of these schemes on poor people? What are the poverty reducing impacts of these schemes? And that's where I'll concentrate on.

And the fourth question that we asked, and again, if you want to find out about this one, and then if you want to raise questions at the end, I can go into that. The fourth question was what are the impacts of these institutions and these schemes on other players? What impact are they having on other operators in the financial market, on banks, on informal agencies operating in the financial market, and also what impact are they having more generally on non-governmental agencies and on other development agencies?

So I'll focus very much on this third one, on the impact on poverty. But if you have got questions about the other ones, then do please ask them once I've concluded.

The organizations that we worked on are up on the list here on the overhead projection screen. These are the organizations on which we'd concentrated, although we did also, where possible, look at secondary data on other organizations. We worked in Bangladesh. We collected primary data on the Bangladesh Rural Advancement Committee. It has a program called the Rural Development Program which is involved in small loans; 50, 100, 120 dollar loans to poor households, and that is being converted into, it hopes in the future, the BRAC Bank. But that is being converted into a separate financial entity, if the government of Bangladesh will ever give its permission to BRAC to do that. They haven't got the politics right yet.

We also looked at TRDEP. This is a government attempt to replicate the Grameen Bank. I should mention that the BRAC scheme is very similar to the Grameen Bank scheme. But TRDEP is a government attempt to replicate the Grameen Bank run by the Ministry of Youth and operated as a government scheme.

The Grameen Bank we didn't do primary research on with a standard format as we have done for the other organizations. But I've been visiting the Grameen Bank over a number of years, and have done small amounts of field work with it, and there's also been quite a lot of study done on the Grameen Bank, some of it just coming out at present from the World Bank. So I've included the Grameen Bank; we included in our cases because there was so much data generated on that already.

In Bolivia, we looked at BancoSol, which used to be an NGO called Prodem but which converted from being an NGO into being a privately registered bank back in the late 1980s, early 1990s; about five years ago, it converted from being an NGO into being private bank.

In Indonesia, we looked at the Bank Rakjat Indonesia's Unit Desas, the village based rural banks, which are operated as a separate division of the organization, that have been heavily involved in credit in the past, but actually increasingly, whilst we were actually studying them, savings has become even more and more important for their activities, and they've also become increasingly involved in savings activities rather than just loan activities. We also looked at BKK. This is a provincial development bank, based in central Java, which has been trying to work on very small loans going up to as much as 500 dollars, but some of them at the 50 to 150 dollar level. That has been operating for 20, 25 years. And KURK, one of the other provincial development banks in Indonesia. The Indonesian schemes are quite different from other schemes, in that those schemes are based very much upon working with individuals. The other schemes we looked at are based in some way at getting poor people together in some sort of group and using that as a mechanism for getting savings or as the device for helping to program loans. But the Indonesian schemes are based upon quite different ideas, that is the agencies work directly with the individuals concerned.

In Kenya, we looked at the Kenya Rural Enterprise Programs, Juhudi scheme. Kenya Rural Enterprise Program is an NGO initially established by USAID, but supported now by a whole variety of other agencies. It is in about three or four months time to convert itself into a bank. So this is actually similar to BancoSol, similar to what BRAC is trying to do; one of these NGOs which is trying to change its status from a charitable or trust status into a private bank status. We also looked at Kenya Industrial Estates informal sector program. That program works directly with individuals. It's not a group scheme as Juhudi is. It's an individual scheme, that tends to target somewhat larger businesses, still small enterprise, but businesses that may be looking for 1,000 to 10,000, 15,000 dollar loans. So that actually is working at a bigger scale than many of the other organizations that we looked at.

In Malawi, we looked at the small agricultural credit agency, that's based in the Ministry of Agriculture. It's run out of the Ministry of Agriculture at the time that we were studying it. It has however been turned into a parastatal agency at the moment, which is to move to a private sector status, but the World Bank has helped to restructure that agency, and it's come out of the Ministry of Agriculture, and is now called the Malawian Rural Finance Company, I think. It's basically being moved into the market. It works with groups of farmers providing them with seasonal credit largely for them to use for growing maize, sometimes for growing tobacco. We also looked at The Malawi MUDZI Fund, the MMF, which is an IFAD-sponsored attempt to replicate the Grameen Bank in Africa. Explicitly IFAD chose Malawi and chose parts of Malawi because of the dense population and tried to reproduce the Grameen Bank, because it believed that southern Malawi was the part of Africa that was most similar to Bangladesh in terms of a number of structural features.

Finally in Sri Lanka, we looked at a cooperative savings and credit scheme, a credit union type association, the Federation of Thrift and Credit Societies, known by the Sinhalese acronym of SANASA. We were also going to look at the regional rural development banks in Sri Lanka, which are partly government owned, partly private sector owned. But the central bank got rather worried about the way they were performing, and it didn't want anybody looking too closely, at how well they were functioning. And so we were denied permission at the last minute to look at those.

Most of the schemes that we were looking at, with the exception of KHSP, had an initial reputation, at least, or had some reputation for being relatively successful. But we took a sort of a selection of schemes, when we were making our selections from secondary data, that had reputations for being successful. But we were particularly interested in looking at relatively successful schemes to see if we could work out what common things are there in these successful schemes.

One final thing before I move on from these schemes and something that we've written about it in other parts of the book that we've produced, one of the problems of studying quite a lot of these schemes is that like many successful private sector organizations according to what management writers such as Peters and Waterman tell us, they have developed organizational myths. And certainly the Bangladeshi organizations, BRAC and the Grameen Bank, certainly BancoSol, BRI, K-REP and SANASA as part of their management strategy you might say, they have a strategy of developing their organizational myth. It's very effective for them. It's much easier to negotiate with donors if you have a reputation for being a high performing organization. It's much easier to recruit staff if you have a reputation for being an organization that's working well. And I think many private sector companies have been identified as trying to develop that image of themselves as an effective company, a good place to work, and certainly these organizations have been involved in that. And that does make it difficult at times to separate the organizational myth from the reality of what's actually happening in the field. Many people when you talk to them about the organization, they initially tell you the organizational myth, and it's only as you proceed on that you begin to see how things are much more complicated. Quite often the organizational myth is a significant element of the truth, but it is a distillation of the truth. It's not representing all that is happening there.

We got a whole set of findings about how to design schemes more effectively, and it's probably worth briefly mentioning those before I really focus in on poverty. We certainly found out that it was necessary, as other writers have found out, if you want to work with poor people, to move to mobile banking approaches. But it's much more difficult to make these schemes operate effectively if people have a conventional banking approach, and if staff sit in an office and wait for people to come to them. A common feature of all of these schemes and why they worked was because the bankers went out. They got the mud on their boots. They got dirty. They met the clients in the village or in the field. So certainly mobile banking was a feature of all of the successful schemes. Conventional banking approaches were not appropriate.

We certainly found that market-related interest rates were a common feature of the relative effectiveness of these schemes, and that market-related interest rates were desirable. That doesn't mean that these schemes were actually moving to full market-related rates, but it does mean that many of them certainly had interest rates that were well above the rates which government schemes and more charitably oriented NGOs were trying to adopt. And that worked relatively effectively. It meant they could cover their costs, and so expand more rapidly, and it also tended to help to screen out people who were looking for free gifts, for loans that could be written off. It helped to narrow out that problem.

We found that a whole set of incentives to repay could be built into these schemes. And schemes that have got incentives to repay for borrowers and also for field staff tend to be able to function more effectively. But that if there are incentives for borrowers to repay, such as they get bonuses if they stick to their schedule, if there are incentives to staff, such as they have a performance-related pay element, then that was certainly associated with making schemes more effective. But I will return to that a little bit later on because that has implications for whose schemes it worked with, and for the types of poor people that it worked with.

And finally, we found the very significant importance of savings. The schemes that are involved in savings seemed to derive benefits from that, both in terms of getting access to finance that they can re-lend, but also in knowing more about the people that they are working with. If they can get savings from people, it can help to strengthen the discipline of those who are getting the loans. Might be some lessons for Japan, in fact, for some of your present problems with some of these loans that seem to be going badly wrong in the housing sector; about maybe getting people to put some money up front and show that they have financial discipline before one commits oneself.

Let's switch then into poverty, and talk just a little bit about poverty before I look at the schemes. Because the idea that one has, the concept of poverty that one brings to looking at these schemes, is very important. The way in which different agencies conceptualize poverty leads to them designing schemes in quite different ways; it leads to quite different emphases in the types of schemes, and the types of institutions that they try to create. Also for researchers such as ourselves, we realize that the way that we conceptualize poverty tends to produce the types of answers that we'll get back, so that we needed to think quite carefully about what we were looking at when we were trying to look at poverty impacts.

Now, one could talk for hours about the definition of poverty, and ideas about poverty because, obviously, it's a very contested idea. But I'll just talk briefly about the main ideas that helped to inform us and get us thinking about what we're doing.

The most common idea that informs what most agencies and what most people think they're doing when they talk about reducing poverty are relatively simple ideas, about defining poverty lines for households, sometimes for individuals, more commonly for households, and then about trying to work out how you might create an institution or create a program that will push households above the poverty line. And so this was certainly a model that we used. This was the model that we found that most donor agencies, and most agencies implementing these types of programs were using when they talked about poverty alleviation. They were trying to find households who had incomes below the nationally defined poverty lines. And they were judging their success or designing their programs so that most households would, over a period of time, be pushed above that poverty line. This was a sort of key idea based upon notions of income poverty, that poverty is basically...well that you can use income as some form of surrogate for poverty.

This has got a number of advantages to it. It's relatively simple. It's a relatively simple model, which is always useful. It's also one that we wanted to use because it's one that policy makers use. And so we wanted to look at these schemes in terms of the ideas that policy makers use, because we were keen to influence them. It was used extensively by the agencies that we were working with. And it allows one to look in terms of counting the number of households that have graduated above the poverty line, or perhaps looking at the poverty gap at some stages, seeing whether you're managing to move households a little bit closer to the line, whether you're reducing the sort of the size of the poverty gap. It allows one to try and measure that.

It has, however, a number of problems to it, which is certainly worth mentioning. Some of these maybe aren't of great significance, some of them are more significant. I mean certainly one of the assumptions underlying this is that, levels of household income, first of all, that they reflect welfare within the household. But of course, there are differential distributions of income and resources within the household, and so a household may increase its income, may go past the poverty line, but, for example, the female members of the household may not be getting access to that additional resource. So it may not be showing what's happening to all of the people concerned. It assumes that income is directly related to levels of welfare, and clearly, low levels of income are associated commonly with very low levels of welfare. One cannot guarantee, that income is converted into welfare improvements for the household. It can actually even sometimes lead to problems; gambling, greater use of alcohol, or whatever. So one has got to have that sort of assumption behind it.

There are a number of problems with regard to actually setting it, that is, the actual setting of the poverty line, the definition of it. No doubt many of you are much more aware. You're probably involved in it more than I've been involved. The setting of poverty lines is quite a difficult task. What you define as going into the minimum basket that a household needs, leads us into inevitable debates about absolute poverty and relative poverty. The actual setting of these lines is problematic.

We certainly found this in Indonesia where the poverty line, certainly in our judgement, hadn't been inflated sufficiently over the years. And so in fact, relatively small numbers of households were appearing to have poverty problems. But that was because the line hadn't been inflated, and people were passing it essentially because it was staying static at a time inflation had occurred. So in Indonesia, certainly my colleague Paul Mosley who worked there, had to construct what we believed to be a more effective poverty line.

Two other points to note about this. One is that this sort of idea, maybe it shouldn't do it, but this sort of idea does seem to do it. It tends to create the idea that poverty reduction is something that's irreversible. And this certainly informed many of the agencies and many of the donors whom we talked with; that households have an income below the poverty line, and if you have an effective intervention in micro-finance, then this will lead to their income going above the poverty line, and then they're not poor any more. But it tends to have this notion of irreversibility. It tends to make one relax too much, or not look at the complexity of household income, and the fact that, yes, incomes can go up, but they can also go down afterwards. There is no inevitability that they will stay at that level. One is not in a situation of secure employment in an organization where once you reach a certain level of pay, your pay will continue to go up. Generally, this is assuming self-enterprise, self-employment, and that is not guaranteed to produce steady flows of income in the future. So that irreversibility is certainly one thing which needs to be noted.

And the second one is that this type of approach tends to lead to what we call promotional strategies. [It puts] an emphasis on promotional strategies. It means that when people look at the finance, they say how can we use finance so that it boosts income in the future? And that's one way of potentially reducing levels of poverty, but it's not the only way. But it tends to lead to this promotional strategy.

To illustrate the promotional strategy, probably the best example of that is something like the Grameen Bank. Professor Yunus of the Grameen Bank has been quoted many times explaining that what the Grameen Bank is trying to do is look at people who've got low incomes, give them credit, credit is invested, investment gives more income, more credit, more investment, more income. And this idea that we're in a virtuous circle and this is what one gets with the idea that underpins what a lot of agencies claim to be doing and what a lot of donors think is happening; that we're somehow in a virtuous circle. And that as income increases, investment can increase, and that leads to a higher return, and that we move up this progressive line. That's one idea.

Making things a little bit more complicated and using ideas that Robert Chambers has worked on extensively at Sussex, then one can also see poverty not simply as being below the poverty line, but poverty as being related to vulnerability. And this idea has often been developed, because people who've worked very closely with poor people, when they try to help them, or try to learn from them what the main problem is about being poor, they find that the main problem that people identify about being poor is not necessarily that they live below the poverty line. Yes, in theory, the household can't survive below the poverty line according to its statistical definition. But many poor households have coping strategies, can cope with living below the poverty line. Instead, what those researchers and anthropologists have found is what households are worried about is that there could be a sudden vast downturn in income and levels of consumption. And we can cope with being at our present level of poverty. It may be below the poverty line, but we can cope with that. What we are worried about is that very suddenly we think our consumption levels and our income could disappear. It's very insecure. It's very vulnerable the way that we make our livelihood. And that is the main problem that people present; that consumption levels, income levels could drop very dramatically. And when one looks at this then, I mean there is now lots of work, particularly from rural areas, and most of the schemes that we were looking at were operating in rural areas, indicating that fluctuating levels of welfare, fluctuating levels of income, fluctuating levels of consumption are part of the everyday life of the households that these schemes are trying to help.

These things fluctuate seasonally. Most of the countries in which we looked have hungry seasons, and seasons when things are relatively o.k. Just after the harvest, one may find that not many households are actually suffering from food deficit, particularly that welfare problems are not particularly high. Just before the harvest, when the rains have come, when there's no money, when the children are sick, when the food supplies are gone, then levels of living may be very, very low. They fluctuate with contingencies. If a household member is sick, if a key asset is stolen, if a buffalo dies, if a cow dies, then that could have a dramatic impact on the position of the family. But depending on the composition of the household, then households would be more or less vulnerable.

If you take this sort of idea, then you can get a quite different idea about what you might try to do to reduce vulnerability, and there are quite different concepts of the way in which one might try to intervene in financial systems. One might try to be concerned about dampening down the fluctuations. It would be nice if one could get incomes above the poverty line, but an alternative goal would be to try and dampen down the oscillations, so that the troughs are not as deep. And people are still then may have [regular] levels of income which, we may assume, meet the levels of welfare. Which mean that they are facing severe problems, but if you can dampen down those oscillations, then that would be a contribution to poverty reduction. And if one takes that sort of approach, then one could have this idea where there would be an effective intervention. The household is not permanently graduating above the poverty line. It doesn't graduate permanently out of poverty. But it does not suffer from the intense troughs, which many poor people identify as their major problem, the insecurity of their position. And if you take this type of approach, then rather than emphasizing promotional approaches, you're likely to move to protectional approaches; to try and say, are there ways in which we can design institutions which help people to store their cash, to conserve resources and cash, to create something that they can fall back on if things go wrong, some additional resource, some additional entitlement that will help them? We also used this approach. We tended to use this much more qualitatively in our research because to get this type of data on fluctuations then you need very detailed time series information, very detailed work and vast resources and very complex methodologies, and that was beyond the relatively small research grants that we had.

Finally, we also did some qualitative work that looks at poverty as a much more holistic thing. But both of these can be accused, I suppose, of being quite economistic and concentrating on income. But we collected qualitative data that moved beyond the material focus to try and find out whether these schemes, as some of the proponents say, also change social perceptions and social relations. Do they reduce social isolation? Do they allow people to get wider sets of social networks? Do they reduce social inferiority and personal perceptions of social inferiority, or perhaps give people back their dignity? Do they help people who are mentally disabled or physically disabled, people who've have got some particular impediment like that? So we did look at these questions, though we looked at those particularly with regard to Bangladesh and Sri Lanka. I think we were most effective there.

O.K., let's go now quite quickly into a number of key questions and what the answers were for our study. The first key question from what we've been looking at here would be, do these micro-finance institutions improve the incomes of poor people? The picture that we got out of this was a complex one, but one that was certainly positive. We found that there were very great differences between the impact on incomes of these schemes. To make the schemes comparable, the loans that we tried to look at wherever possible, were loans that operate for a period of twelve months. We tried to identify people having their first loans and people having their third loans, what type of impact on income they associated with the loan. This was done by a recall methodology, a methodology which has many problems. But it was done in a very detailed way, a very detailed interview, and sometimes a second interview to try and construct the nature of household income over the period of a year.

We found very complex picture with some schemes actually, all schemes indicating on average, a positive impact on income. There were no schemes where we found it to be associated with significant declines in income. But they range from relatively small increases; [for example] for the Bangladesh Rural Advancement Committee for people who'd had one loan, then we only recorded just over something like one percent increases in income. And given the difficulty with our statistics, that needs to be treated simply as an indication that incomes are not probably declining, but incomes for first time borrowers are staying around about the same level on our sample. To SANASA in the Kurunegala area; a quite dynamic part of Sri Lanka, reports of 26% increase in income, quite significant reports on increases in income.

So there were evidence of increase, but certainly not on the scales which many of the organizations have claimed. Some of these organizations have claimed that there are regularly 30%, 40%, 50% increases in income of borrowers, and that that can be cumulative, that you get massive increases in income. We found really no evidence of massive increases in income. Generally evidence that, yes, these schemes were associated with income increases, the types of activities they've been used for, for the majority of households, had helped them to increase what was happening. Certainly, all of the schemes we looked at with the exception of the Kenya Industrial Estates, helped some people. We could identify cases where people had, during the period of a loan, transferred their income to an income that was from below the poverty line to above the poverty line, though the scale of this varied significantly. For the Bank Rakjat Indonesia, for its Unit Desas schemes, the estimates of that were perhaps of 40,000 to 50,000 people a year taking loans from Bank Rakjat Indonesia becoming graduates above the poverty line. But that's operating on a vast scale with several million borrowers every year. For SANASA in Sri Lanka, probably somewhere between 20,000 to 30,000. But that's working with perhaps 600,000 borrowers, so outreach on those schemes working is quite high. With the African schemes, their outreach was generally much lower, only working with tens of thousands of borrowers, so the actual numbers of people in terms of this idea of pushing people above the poverty line is relatively small numbers. And in terms of national levels of poverty, not likely to make a significant difference in the levels of poverty in a nation, because graduating a few hundred or a few thousand people was unlikely to make a significant contribution to the overall levels of the millions of people that were in poverty there.

The most important finding though, was that these projects, the impact of the schemes seems to be very dependent upon the size of a borrower's income. Generally the size of a loan is commonly associated, or is closely correlated with the size of borrower's income. And we found that in a way these schemes, somewhat like the green revolution, I suppose, are not scale neutral, but they are likely to have differential impacts on different income groups.

[Slide presentation begins.]

Basically what this diagram does is to plot for several of the schemes that we looked at, what the average borrower household income is in terms of the national poverty line. So the 100% mark here, this gives us the poverty line, and it shows us whether the average borrower for the samples that we were looking at, whether they were below the poverty line or above the poverty line. And then it gives us the mean increase in borrower household income over the period of a year, during the course of an income generating loan. And essentially the picture that comes out of this is that those schemes that work with quite mixed groups of borrowers, and that have many non-poor borrowers, and only small numbers of poor borrowers, that they seem to be associated with much higher levels of increased income. Those schemes that managed to target poor people, such as the Bangladesh Rural Advancement Committee, such as TRDEP, that those schemes that work almost exclusively with people who are below the poverty line, the increases in income that are reported are at somewhat lower levels. TRDEP; it's actually, if you notice, very close to the line. People who are doing well with TRDEP, with their third loans are people whose incomes are actually above the poverty line. TRDEP actually encouraged borrowers to borrow on a family basis, so that four or five people would borrow together, and they could actually pool their loan. So many of the TRDEP loans, although they were to houses around the poverty line, they were quite large loans, because people pooled them. Four or five people would get the loan, but then the household head or the patriarch would collect the loans and could move into a larger type of activity, perhaps, with that. But that sort of picture emerged.

Just to show you another slide which uses the same sort of data. When we plotted...this is again the average impact on income of a loan against the percentage of borrowers that are below the poverty line for the samples that we worked with. Then again we found a similar relationship, the higher the percentage of borrowers who are below the poverty line, the lower the reported increases in income are. [In those] schemes that worked with mixes of non-poor and poor people, the average levels of income are much higher.

My colleague, Paul Mosley, managed to break down for a number of the schemes that we were working with...for the scheme, what was happening to a selection of the households that we looked at...this one is BancoSol, this is Indonesia, BKK, and KURK, the provincial development banks plotted together. This is the Malawi Small Agricultural Credit Agency. This is the Malawi MUDZI Fund. This one here is K-REP.

For those schemes we were able to extract the data. We hadn't anticipated this pattern coming out, so it wasn't something that we had actually designed our initial analysis for, but when we found the way the average figures were coming out, we decided to desegregate wherever we could get back to the original questionnaires again, and basically draw in the schemes, although the curves were somewhat different, then we found the plots followed this sort of line, generally with wealthier borrowers tending to report much larger increases in income when we looked at them, and basically with poorer borrowers having much lower levels of income reported when we desegregated the data in that way.

The obvious thing that this leads one to ask is, why should this be the case? Why should poor people not do as well as non-poor people? Why should those who are above the poverty line be doing much better than those that are below the poverty line, when in fact, many of these schemes have proclaimed that working with poor people, you get much more dynamism, you are much more likely to get your loans repaid than with the non-poor?

Of this set of theoretical reasons that one can pull out as to why this happens, the size of the loan obviously is very important. And people who have low incomes then, partly by their own choice, partly by the choice of the agencies they work with, are given smaller loans. But if you have a very small loan, then the choice of investments you have is very small. If you have a larger loan, then there are perhaps technological options that you can think about, about changing the technology, or the machinery that you use, about changing the scale of the purchases that you're involved in, and you have a whole set of options that you may be involved in. And this certainly, particularly in Bangladesh but also in the Kenyan case studies and the Malawian case studies, where we were looking at schemes modeled on the Grameen Bank. When we did our qualitative work with borrowers and asked them what they wanted from the agency, almost always they said, what we want is different types of activity. The way that we choose our investments is basically by copying what other poor people like us are doing. We husk rice, we get involved in making rice cakes, making puffed maize or whatever else, in food processing, in petty trading, but all we can do is do what everybody else in the village does. And, obviously, the economists could take that through the lines of arguments about new entrants going into pretty saturated markets. But there isn't a great deal of value added by manually husking rice in Bangladesh. But that's what many women do when they get a loan. It adds to their income, or it may even perhaps help to stabilize it to a degree. But it doesn't lead to something that you can make a lot more income out of, and it's not something that you can move from step to step on. It may allow you to have a small increase in your income, but then, there's no technical development that is within your grasp to move onto with that. So there is certainly reasons about the size of loans, and the fact that for many of these schemes when they work with poor people, at best, it's likely to be one step up. People who cannot copy their neighbors, poor neighbors at present, can then copy their poor neighbors. But what you do afterwards, well those options aren't open.

When you move into people who've got much higher levels of income, then in fact, there are opportunities to move into totally new technologies, totally new types of activity. There's also actually self-perceptions of risk in that. J.D. von Pischke has [noted] that although many of these agencies have successfully encouraged poor people to take on loans, poor people still remain quite frightened about taking on loans. There are consequences to taking on loans. Von Pischke has written about the idea that rather than calling it credit, we should call it debt. When you think of the question, do you like to get poor people into debt, then this perhaps gives one a more correct appraisal of the way that poor people certainly think about loans and about taking on further loans. Because when you take on loans, you take on obligations. Obligations mean risk. And people with very low income in vulnerable positions, may not want to take on additional risk because they have no fallback. People who already have some assets, well yes, if it goes wrong, it may be very bad, but they can cope without moving into not being able to feed their family, not being able to wait until the next crop. And so there are ideas about taking on additional risk.

There is also a whole set of social factors related to economic operations. But poor people don't have contacts. They don't have networks. They don't necessarily know how to get beyond the local market into the market that is in the next rural center. They don't know how to get information. They just don't have the networks that will allow one to do that.

The implications of this, if we're right, I think, are pretty significant, because it does tend to suggest that the more schemes concentrate on very poor people, the less likely they are to give the sorts, if they're honest, of returns and impacts which donors are likely to be looking for; looking for relatively big increases in income, looking for large numbers of people crossing the poverty line. In fact, one of the implications of all this, and we think that this implication is actually feeding into management practices in many of these schemes, is that it will encourage schemes, perhaps to try and, if they're sticking to their criteria, to try and get borrowers who are just below the poverty line, because they've got the shortest step. And amongst poor people, those who are just below the poverty line are more likely to be able to do something than those who are deeply below the poverty line, those whose poverty is more intense, if we use that sort of idea.

The final implication is that this escalator of enterprise idea, this sort of Henry Ford idea for the poor, that every poor person is a small entrepreneur who, once they get credit, can move into this virtuous circle of constantly being able to reinvest and to increase their income, that certainly does not seem appropriate. You can improve the incomes of many poor people, as that bottom end of our diagram would show, but these are small increases in income. That is significant. That is valuable. But it is not the miracle which is sometimes presented, this process, that then becomes self-sustaining.

Moving onto the second idea that we had about poverty. Do these schemes help to reduce vulnerability? But if we take a look at the idea of vulnerability, do they reduce vulnerability? Do they help poor families to avoid or to cope with sudden downturns in income, or sudden increases in expenditure; the illness of a family member, paying medical expenses, a crop failure, being involved in a dowry payment. Does it help them to cope with this?

Overall we found that the schemes we looked at, especially those emphasizing credit, and those schemes modeled on the Grameen Bank, that those that emphasized a promotional approach, that they were not particularly successful in reducing vulnerability. Those that were much more concerned about savings, in following through the theoretical ideas, did offer the opportunity for storage and for taking money out of storage with some interest on it when something goes wrong, and we did find that borrowers reported that those types of schemes were much more effective in helping them be less vulnerable.

In terms of vulnerability, we actually looked at it in terms of three main different ways. Some Bangladeshi academics, Rahman and Hossain, have talked about what they call downward mobility pressures, that you can see vulnerability in terms of downward mobility, and pressures that are likely to make households move downwards in terms of their socio-economic position.

The first of those are actual structural factors; the structure of employment, the structure of demand for the products produced by poor people, seasonality, and how that fits into the local economy. And we found very limited information that these schemes had managed to impact upon demand for labor, or to overcome problems of seasonality, to somehow produce new products or get people into producing products that there was greater demand for. I think there's a lot more work probably for labor economists to look at here, because if you are given the evidence that we had doubt about loans having an impact, one would probably want to concentrate on bigger borrowers, on people who are non-poor.

But essentially, with poorer borrowers, a small amount of additional household labor is important(?), sometimes a bigger amount of household labor. But essentially working days are added to gain a small amount of additional income. It wasn't creating employment more widely, that people who had no employment or very underemployed could move into. So in terms of the structural factors there is really relatively little.

The other set of factors that can lead to downward mobility are, crisis and contingency. One could see ways, I mean, these schemes could maybe help to reduce vulnerability if they increase the assets of poor people, but if there's an increase in assets, then that gives you more to sell, more to mortgage, more opportunities to get involved in some sort of transaction of that sort. But again, from the actual data that we got, the increase in the assets of relatively poor households was relatively small. But I must confess we had great difficulties in trying to work this out, because the basic asset that one has to try and value for poor households is their homestead plot and their house. And the evaluation of housing anywhere in the world is more of an art than a science. But when you're in a remote part of Bangladesh, looking at a poorly thatched roof, and bamboo walls, it's very difficult. But basically we found with poorer people hardly any examples in which you could see a significant increase in their asset associated with their loan, such as conversion from a grass roof or raffier roof into an iron roof; something that would show a significant increase. So we didn't trace that out.

Another way that it might impact on reducing crisis in contingency is if it could get people into technologies, if it could finance technologies or finance activities that are less risky, so that people are now able to make their income, that they're doing it from things that are less risky, than what they were doing it from before. But in fact, that would be arguing against the usual logic of investment, and we found that if anything, the evidence from our sample was that, no, when households take loans on, then they are probably increasing the risk of a dramatic downturn in their income. They're probably going to increase the likelihood of, perhaps taking on a loan, something going wrong, and having to deal with that problem. Now, certainly many of the Grameen Bank schemes, they did have insurance mechanisms which were good, so that if people took a cow, and that cow died, then there was some insurance mechanism that would allow them a premium, within the premiums that they were paying for their loans, that would allow them to repay that particular disaster. But there were certainly also evidence of borrowers getting into trouble by taking on loans.

Examples of that were certainly in BancoSol, looking at BancoSol in Bolivia. The staff of BancoSol when we talked with them, pretty uniformly reckoned that first-time borrowers, there's something like a 10-15%, what you might call bankruptcy, in first-time borrowers. And those people generally are put under social pressure. Only a small proportion of those defaults, because the social pressure of being in a group leads to people finding ways of repaying. But for those households, they disappear out of being a borrower, but they are probably now in a reduced asset, more vulnerable position because of that.

With the Grameen Bank, probably a very big hole in our study, something which we should have thought about, but with the wisdom of hindsight, you always know what you should have done when you're in the field. We focused our attention almost exclusively on people who were just about to get loans, had had one loan or had had three loans. Those who were about to get loans, we regarded as our control group. Those who did the first loan were first-time borrowers, those with the third loan were...we were looking for some cumulative impact.

We should have also identified a group of people who've had a loan and don't want another one, and try to find out a lot more about why people drop out. When we look at the Grameen Bank, it's something like 15% to 16% a year of Grameen Bank members drop out. That's 300,000 people a year. Now that could be just natural wastage, people losing interest, moving out; there are other reasons. But it could also be that there's a very large group of people who screw up the first time around and that our sample and the samples of others who've studied the Grameen Bank, yet we focus on those that it's working for, and we tend to systematically exclude those who have actually increased their levels of risk and who've encountered problems with that. And certainly just at the end of our studies in Bangladesh when we began to look at this, we found evidence in BRAC and in Grameen Bank, of people being forced to repay loans and dropping out of groups, but doing it under social threat, that other members of their group would socially exclude them or would punish them in some way or other.

Also, with the Bangladesh Rural Advancement Committee, they had tried to get members into new technologies, particularly into deep tube-wells, getting large group loans, so that people could tap into deep water, could get deep tube-wells, and in a way, could control a new resource, and could move into a totally new activity. But those schemes have actually been disastrous for both organizations, and certainly the recent studies indicate that borrowers will have to pay back deep tube-well loans out of other sources of income, that they require subsidies from other activities, but they will not be able to pay them out of the deep tube-well loans because of a number of technical and managerial problems.

We did find that those schemes that offer savings facilities, those storage facilities were reported on by poorer borrowers as being very important, that people placed a very high value on easy access to savings. They weren't particularly worried about interest rates. If they got some interest, then that was nice. But being able to safely store resources, taking it, in a way, out of temptations way, so it's not within the household, so that people can't actually knock outside of your household and say, "lend me a 100 taka", "lend me 200 taka," but putting it somewhere where you've got at least one mechanism defense to say "no, we haven't got it in the house". That allowed people to store money, and then at times they could get access to that.

Problematic were both the Grameen Bank and BRAC. They take savings but the savings are non-accessible. At the end of last year, a number of Grameen Bank borrowers went on strike. They refused to take loans with the Grameen Bank unless they were given access to their savings. And although in theory, there is some access after several years, the Grameen Bank's field staff emphasize loans. They're not interested in giving people access to savings. They are not rewarded for, in terms of their personal compensation reward schemes, for doing that. So although in theory, people get access to savings, in practice, when we talked to villagers, they said, no, we have to leave. We can only get those savings if we leave, if we resign from our membership.

Finally and interestingly, with regard to these sort of coping with contingency, we found in the thrift and credit cooperatives, from the late 80's onward there had been a type of loan that we haven't approached initially, we hadn't conceptualized for reducing poverty. But the thrift and credits had gone in for what they called instant loans, basically consumption loans. Now, consumption loans, according to the sort of standard or dominant concept of poverty, the promotional idea. Is that consumption loans are evil? You must only lend for production? If you lend for production, people can increase their income, and they can pay you back. If you lend for consumption, according to those arguments, then, how can people repay you? It's not going into income generation. But what we found with regard to SANASA was they'd moved into these instant loans, and that these were basically used for consumption.

Essentially what these were was that members, basically poorer members because these loans were very small; 500 rupees or 1,000 rupees, could get a loan within 24 hours if they went to the chairman of the primary cooperative and negotiated it. The interest rate was very high. Whereas for investment loans that would take four to eight weeks to organize, they were paying 24% per annum. For an instant loan, you paid a flat five percent per month, and usually you were meant to return it within a month. But the interest rate, by the time you accumulate it, is up towards 70 percent or more. So it's actually a much more expensive loan than the standard loans, but it's for small amounts. And basically, these were reported to be very beneficial by poor people. Basically, in terms of Dreze and Sen's analysis, they created one more entitlement to cope with vulnerability in a downturn. But when something went wrong, well, there were a variety of things you could do. You could sell your wife's gold bangle or pawn that. You could mortgage your land. You could mortgage your crop. You could mortgage your labor in the future. You could go to a trader and work out something; you give me one bag of rice, I'll give you two bags of rice. They gave one additional thing.

You could go to your primary cooperative, and get a very small amount of money, but something that might allow you to tide yourself over, so that you could feed the family for a week, two weeks, and then work out some way of coping with it. Many of the poorer people interviewed [were] with SANASA and reported that, yes, they were high cost, but these were very useful. Because if you got involved in a mortgage transaction, mortgaging labor, mortgaging land, mortgaging your crop, then you knew that you were in deep trouble. You were losing a major part of your productivity in the future. A 5% charge per month was perceived as something that was manageable, something that people could cope with, something that was likely to be less damaging in the future to the household income. And also in a number of cases, these things were used in a way for income generation. But when there was a micro level distress sale, then it meant that poor people could get involved in distress sales, because they could get an instant loan rather than it only being people who've got capital and they're able to plug into that.

We certainly felt that these types of consumption loans merited much more examination, because they certainly appeared to meet the needs of poorer people.

Finally, in terms of life cycle factors, which is the other one, we just found that too complicated to work out what the impacts were in terms of life cycle factors.

The final area was in terms of this more holistic form of deprivation, other forms of deprivation, non-material aspects, whether, particularly where there is group formation, people are less isolated, feel less powerless, whether they are able to improve their social status. This was particularly important, so we looked at this in terms of gender relations, in terms of the very poorest people operating in schemes, and in terms of the disabled, the old and the infirm.

In terms of gender, are inequitable social relations improved when women get involved in these schemes? Obviously with the Grameen Bank, with BRAC, with many of these schemes, you've got very high levels of female participation; almost exclusive female participation in Grameen Bank and in the K-REP scheme. We found this very muddy water, and something that's going to require further and much more detailed work, because we could identify progressive change. We could identify some ways in which these schemes lead to progressive change. But we could also identify ways in which these schemes reinforced existing gender relations. So there was mixed pictures coming out of our borrowers when we talked with them about that.

We looked particularly at this in Bangladesh and found two things happening on the gender front that were quite important. In terms of isolation, and a lot of evidence that isolation has broken down, women were now able to gather together, to meet in public, to exchange information, to talk. That was pretty dramatic; thirty, forty women being able to get together, having a place, having that sort of position. That wouldn't have happened before, that wouldn't have been possible. But then, when we looked and when other researchers from IDS-Sussex looked at how loans are used, we also found that there were, for some schemes, and this was not particularly bad for the Grameen Bank, it was worse for BRAC, but that there are significant elements of what you might call fronting up. That women are taking loans because they've got preferential access. The agencies want women borrowers. But then those loans are actually significantly controlled or sometimes exclusively controlled by men. So in a way the woman is doing the transaction, but then she has to pass it on, and has to take the risk and manage the loan for the male. And so there are problems with that.

We also found, only, I think, two cases, but very wicked cases in the Bangladeshi context, cases where officers working for Grameen Bank and BRAC had gone around to a father-in-law, and told the father-in-law, your daughter-in-law is in arrears. And obviously in the sort of gender relations of Bangladesh, that is likely to lead to brutality and embarrassment which would be imposed in traditional ways or existing ways, which is likely to be incredibly negative, and incredibly belittling for the woman; [it's] likely to disempower those women concerned.

In terms of the ultra-poor, those who are really marginal, those who've got very limited incomes; unfortunately in our survey we didn't go as deep down in terms of desegregating the poor as we might have done. But we certainly found that the ultra-poor, those without assets, those who are disabled, those who are old, those who are infirm, then the schemes are not getting through to them. And certainly in our estimate for the bottom 15-20% of the rural socio-economic pyramid, perhaps more in some cases, the schemes are not getting down to them. Schemes are being effective and they're getting through to poor people when they're well-targeted. That hasn't been achieved before. But the impression they've created that they get right down, that they can reach any poor household, is an exaggeration.

There are a number of reasons for that. There is self-exclusion. Very poor people, psychologically, their status is low. They do not see themselves as being poor. They can see poor people as actually being a different social group than them. And the poor are not, as the models that underpin this tend to see the poor as one group. The poor are pretty heterogeneous. So self-exclusion happens. Social exclusion happens. But poor people, distinguish between [themselves]. And they don't want very poor people operating there.

And we also found that as schemes get bigger, particularly Grameen Bank and BRAC, but also now K-REP and BancoSol, as they professionalize their staff, and as they begin to use incentives for staff, that the higher the levels of repayment, the higher levels of saving, and that will be reflected in your personal salary, that that professionalization is tending to lead these schemes to work with poor people rather than very poor people. This was evident in BRAC from the data that we collected and then other consultants have confirmed. But if you look at the average landholding of a new borrower for BRAC, over the last five years, it keeps going up. This is because there are lots of poor people in Bangladesh, and the BRAC offices are now getting people who are just below the maximum criteria. And there are millions of poor people in Bangladesh to work with like that. But they are not going for the more heterogeneous groups as they did in the past when they would have had a mixture of land ownerships there. A study by Rich Montgomery, the social anthropologist in the project, has looked at some of the ways in which this happened.

Last minute, then. What are the conclusions with this? The basic conclusions that come out of this is that there's actually an exaggeration, a lot of kidding going on. But some donor agencies, particularly the World Bank, are exaggerating how deeply these schemes go. The consultative group to assist the poorest says it has mechanisms to reach the poorest people in the world. It doesn't. It's got mechanisms that reach very poor people who need assistance, but if you're looking at the destitute, those who regularly go to bed hungry, then you will have to continue to look for new types of scheme(s).

If you are in finance, then it may mean that you need to look for quite different types of scheme(s). You'll be looking for savings and consumption loans, not necessarily focusing exclusively on income generating loans. But it also shows that within national poverty alleviation strategies, there remain a significant need for food for work programs, a significant need, potentially, for asset transfers, and employment guarantee schemes. These other types of schemes should not be displaced by micro-finance schemes necessarily. So it shows there's a need to desegregate in micro-finance.

Perhaps what we need is a second wave. We've had this first wave of successful schemes, some of them based on the Grameen Bank, some of them based on what has happened in Indonesia emphasizing savings more. But a first wave of successful innovations for finance for the poor. But maybe we need a second wave, if people are really going to see if it's possible to get financial services that the poorest can work with. I think that's the main message that comes out.

I suppose that the slightly broader one is a more politico-economic message which is maybe just worth mentioning. But we did end up asking ourselves, why is it that donor agencies have emphasized these types of scheme(s) and are working with them? Essentially it is the pressure for sustainability, we perceive. But donors are desperate to find sustainable answers to poverty. This may be looking for the Holy Grail. It may be that there are no short-term, financially viable answers to poverty. But some donors are so hooked into the idea of cost recovery that they are focusing upon schemes that allow cost recovery potential. And micro-finance schemes do allow interest charges. It is possible to try, and it is possible to pretend that they will be sustainable. I say pretend because the only one of our schemes which had managed to move into profitability was the Bank Rakyat Indonesia. But that was based upon 25 years of evolution of programs. It was based upon an infrastructure which was given free to it from a failed scheme. It wasn't five years or ten years of a plan.

QUESTION & ANSWER SESSION

Moderator: Thank you very much, David. Now I'd like to get questions from our audience.

[A summary of the lecture in Japanese by the moderator.]

司会：講義要約

どうも皆様ご静聴ありがとうございました。今から質問に入りたいと思います。入る前に潜越なんですが、今日の中身を簡単にまとめさせていただきます。ここで言われた主なことは、マイクロファイナンシングという一つの援助の形態が、ワールドバンクを中心にして広く広げられていったわけですけれども、その結果については必ずしも世銀等で言っているような効果が上がったものでは無かったのではないかと。その原因としては、対象となる貧困層といったものをもう少し区分けをして見ないと、そのインパクトというものが一様なものでは無いということがわかったと。とくに先程ポバティーラインという話がございましたが、ポバティーラインのすぐ近くに位置する人口とそれよりもさらに下がったところに位置する人口とにとっては、同じローンを得たとしても、そこから得る便益なりが相当変わってくるのではないかというような指摘があったかと思います。ＪＩＣＡも草の根アプローチとか、あるいはＮＧＯの活用とかいうことで、だんだん住民と直接関わっていくというような領域に手をだしつつあるということですが、今回はマイクロファイナンスということを一つの例にこういったことを考えてみたわけです。我々がやっている技術協力にも引き付けて、あるいは協力隊活動等にも引き付けて、なにかこの機会に今プレゼンテーションがあった部分について、あるいはそれ以外でもけっこうですから、みなさんのほうでご質問があれば是非お願いしたいと思います。どなたでもけっこうです。よろしくお願いします。

QUESTION: I work for IFIC of JICA as a development planning specialist. I have three or four questions pertaining to your presentation. Your presentation was excellent. Thank you very much.

First, you mentioned the problem of the poorest of the poor, and I think that's correct. Whatever we do, we cannot really approach to the poorest of the poor, whether it's a developing country or highly industrialized nations. And here, when one talks about the subculture of the poor, or the poorest of the poor such as avoidance of the risk and so forth, in my opinion, one is compelled to include the psychological variables in defining poverty. And actually you referred to the need for that kind of variable. It means that one may be forced to redefine poverty with inclusion of psychological variable, such as attitudinal or values, whatever. Then if one redefines poverty, one may be able to come up with a different interventions, including economic interventions. I would like to know your opinion on this point.

The second question is related to the variable called the social organizations. There are societies where there exists very strong family ties, community ties and so forth, such as in Papua New Guinea. But in terms of crisis and contingency, the existence of this kind of social organization could be very positive. But at the same time, in terms of breaking down the norms of a society, the so-called subculture of the poor, it could be negative, too. I'm just wondering if your research has taken into consideration the importance of these variables called the social organization, in your analysis.

The third question is related to the prevention versus treatment, in medical terminology. Your presentation has been focused upon, more or less, the treatment side. But at the same time, you brought up the issue, such as irreversibility of the poverty, and you have questioned about the validity of the model. I'm just wondering if your research has also included the preventive aspect of poverty as opposed to the treatment.

Finally, the fourth question is related to the difference or similarity between poverty in developing nations and poverty in highly industrialized nations, such as Great Britain. For instance, you have never referred to the existing models or experiences in the poverty subject of your home country. I'm just wondering if it implies that there is a significant difference between poverty in developing nations and poverty in the Great Britain. And if so, what would be the factors or variables differentiating between the two? Thank you very much. These are my questions.

Dr. Hulme: Thanks. That's quite an agenda. I think I've got some partial answers to them, but probably not adequate on it.

Your first question was about psychological variables and how we incorporate those into definitions of poverty. I think it is worth incorporating those into definitions of poverty. But when you're researching a specific policy issue, you've got to make a choice as to what methods you'll use, and whether you'll go with relatively small groups and highly qualitative, or try and go with bigger groups and get some statistical information. We were trying to work with groups for each organization of at least 150. Not something that we could do statistical significance tests from, but at least so that we could infer that we'd covered a fair number of people. But I think certainly if one takes a qualitative approach, and I think that would an avenue for reinforcing it, for extending some of the work that we've done, then one would want to get more involved in these ideas of self-exclusion, the way in which self-image and also ideas of different social groups within the poor, the way in which that may discourage involvement and discourage activity. So [it is] desirable but the problem, if one made it a part of the definition of poverty, is that it would probably then make it almost impossible to engage with policy makers who want statistics. And we did want to engage in that.

But jumping the gun a little bit, the follow-up work that we've done, and I now have a colleague in Bangladesh who is working on this, the interesting thing that's coming out of his work, not looking so much at institutions, but going around different households, trying to identify very poor households, very vulnerable households, and talking with them about the types of services that they want, then one moves actually into questioning whether...there may be a fair bit of evidence suggesting that if you want to work with poor people, you may [want to] put them together in a group. Because that allows you to get repayments, and it may create forms of social solidarity that may or may not be useful.

But actually, if you want to get very poor people involved in finance, you might need to return to working with individuals. Because for people who are very poor, the social cohesion between that group may have been broken.

One of the reasons they may be very poor is because they don't have very many relatives, because they are actually not just poor economically, they're poor socially. They don't have networks. Therefore they are less able to join groups. Interestingly, there are two organizations in Bangladesh working on this; Bureau Tangail, an NGO, and I think the other one is called Federal Bank. It's certainly not a registered bank, but I'm not quite sure what its status is. But they're trying to work with very poor people, going door to door, collecting savings. Loans are something which certainly people would have to save for several years before they'd be able to access any form of loan. But basically, door-to-door with individuals. Quite different than the model that's sweeping across Asia; the Grameen Bank model.

But it may be that if you're working with wealthy people, [then] do it on [an] individual basis; they've got collateral. If you're working with poor people, then yes, maybe they're advantages to groups. If you want to work with the very poor, then you may need to return to the individual. So I think if one takes this psychological variable in, it may suggest that groups are not the answer to all the problems of all poor people, because some very poor people will not join groups, they will not have the social networks that allow them to access the groups, and they may also be excluded.

In terms of family networks and existing social organizations, and the impact of the schemes on these and whether these schemes, in a way, you might say, substitute, and you have one existing set of indigenous financial mechanisms, you introduce these, and you say they're having all these marvelous impacts, but actually they're just substituting. So in fact, you've only got the same level of financial services, and you've displaced the indigenous with the exotic or the endogenous, whatever you want to call it.

We did try to look into this. And the best that I can say is that we got impressions of what was happening, but only impressions. In terms of family networks, we found, certainly, in small scale group interviews and discussions with poor, very poor people, that when you talked with them, if they had a problem, if they wanted a loan for a contingency purpose, then certainly they generally regarded it as being best to go to relatives. If not relatives, then good friends. If not them, then something else. And then the SANASA consumption loan would come in. But there were a variety of preferred sources, and kith and kin were better, partly I think because of the management of risk; that you can reschedule with kith and kin. Rescheduling with groups, with agencies is more difficult, and so certainly kith and kin were still important. The problem of course, with kith and kin, and particularly as you get to poorer people, is the amounts that you can access through them are very small. There may actually be nothing available within the social network at that particular time.

We found reports, Sri Lanka particularly comes to mind on this, but also in Malawi, people reporting that when they got loans, certainly when they were using them for agriculture and petty trading and that, that they were in fact displacing money lenders. And the people, if they felt secure in the organization, they would go to one of these agencies rather than a money lender. In Puttalam, Sri Lanka, we certainly found evidence of money lenders threatening people with the SANASA group, saying if you join SANASA, you will never get a loan from me again. And following that up with very good threats. "This cooperative has only been established for a year. I will be here in the future. Will they?" It's clearly some traders, I said money lenders but I mean traders. It's traders that one is looking at, not money lenders, people who lend rice and stuff like that. Some of them certainly were threatened. I suppose if you put that through an economic model, then you'd see that this is introducing competition, and this would mean they would lower their rates, but I'm still unsure of the economic analysis of these sorts of things. Because certainly with the borrowers that we worked with, they had ideas about whether deals were good or bad. But these deals were so complicated. If you're mortgaging betel nuts in six months time, you've got to be quite sophisticated in financial terms to work out...If you get a bag of rice, if you mortgage the crop from 12 betel nut trees that will be gathered in six month time, what your interest rate is on that is something that you need to be an investment banker to work out with and you need to have a pretty sophisticated knowledge of futures market in betel nuts to have any idea.

One of the interesting things that happened with regard to these existing institutions was with regard to the Kenya Rural Enterprise program in Kenya. We studied the Juhudi scheme. That was basically their Grameen Bank replica. They changed it a little bit. Rather than having thirty people in a group, they put fifty people in a group, and they reduced the administrative costs and aggregated things by having fifty people in. I visited them last October, and found that their whole portfolio had changed. When we did the work on them in 1993, they had just begun to work with ROSCAS, you know, Rotating Savings and Credit Associations, merry-go-rounds as they're called in Kenya. You probably all know the sorts of schemes I'm talking about. Ten of us get together, a dollar a week we put in, one of us gets ten dollars that week or whatever, and we just keep going around like that. They had begun instead to try and work with those, to get existing groups, and to allow them to keep on rotating, but also to put in sums of money from outside which the group would then use to expand the level of its operations. In 1993, they were experimenting with that. When I went back last October, that program was now four times bigger than the Grameen Bank replica. And when they move to bank status, that's probably the program that they will be able to put before the central bank that will show they have a viable portfolio. So that was actually building on an existing institution.

The only thing with that is that they've tended to concentrate and, ROSCAS, you have at various levels. If you go to poor women, then they do ROSCAS not with money, but with cups of rice. Each week we all save up a cup of rice. We take it to our meeting. One of us gets all the cups of rice, and so we can have a party or a feast in our household that week. If you go to traders, then traders are doing these, but it may be a thousand dollars that they put on the table. Because of the move into this, the K-REP program had moved away from poor people and people around the poverty line to actually working with people quite often involved in medium scale trading. And they were financing that. There was a niche in the market for that. But they were moving away from the initial focus that they had.

Prevention and cure. Well, prevention, I think essentially comes in some ways into these promotional activities, perhaps. But in terms of wider scale prevention of poverty then, no, I don't think we had anything to say with these in these schemes other than one needs to make sure that one doesn't let these schemes displace other preventative approaches, particularly things like employment guarantee schemes for which we certainly have some evidence suggesting that they can impact on labor markets in some contexts.

Differences or similarities between poverty in developing and developed nations. There are some similarities certainly with SANASA in that in the U.K., savings and loan cooperatives are actually being introduced into many of the poor problem estates in urban areas. But this was one of the strategies. I did actually have some exchanges of my Sri Lankan data with researchers at the University of Sheffield who are working on those types of schemes.

The thing that actually came up to me that was actually not looking at contemporary Britain, but looking back in a way at 19th century Britain, when our problems of poverty were intense, but they were urban-based. And I did wonder when you look at some of these potentially second wave programs to working with the poorest people, whether in fact, they may not go along similar lines to what was the main, I suppose, financial innovation that went above social networks in 19th century Britain. And there were two, I think of those. One was essentially cooperatives and ROSCAS, penny clubs, in which everybody saves a penny and you try and accumulate it, and you keep it in a small social network. But some of those were formally organized and became in a way, funeral clubs or clubs at which people who had significant life crises or life events could get access by being a member, and were to pull in social support.

And also just the, I suppose...this probably has to do with my father being at the end of an era in insurance. My father used to be a door-to-door insurance collector. But that was in very low income areas of urban Britain, in Merseyside. Once a week, you go around the door, you knock on the door, and you get a very small amount of money. But it's an insurance product. After maybe five or seven years of those very small amounts of money, then you may have an asset that you could get a loan against, because you've got some collateral. In fact, you're probably creating some sort of asset that would certainly go on to the next generation.

It's not rapid poverty alleviation. It doesn't get rid of poverty in two or three or four years. But maybe some agencies are pushing too hard, believing that financial interventions can alleviate poverty. And maybe we should look at them as just one part of the picture; an important part, because certainly our study shows that poor people improve their livelihoods from many of these schemes. But just as one part of the picture. Not as the part that is a panacea. But if I get some time, I would be interested to actually see if I can get some of the economic history of finance in a city, Northwest Manchester and Liverpool. I think there may be ideas there about what a second wave of credit for the poorest would be, but working with individuals, small amounts of money, savings, insurance-type products, not income generating loans.

Moderator: Thank you very much.

COMMENT: Very smart comments. Thank you very much for very interesting lecture. This is just my impressionistic comment of my view. A friend of mine who worked in a very small country of Pacific Island, he worked as a development worker for introducing development bank in the small country. One year after his arrival, he reported to me in a letter that people do not necessarily need a banking system. They really still need to keep their very natural way of help each other system in a very traditional way. That means people who have got a lot of things to give, he will give to the people who need. Therefore, after the introduction of western banking system, people started to get embarrassed. Therefore, some people who are working in a big bank in the town of that country, the man who is working in the bank, he takes away the money collected from the people. A couple of weeks later, that Japanese development worker, he met with that former bank clerk and he said, why you took away money from the bank. He said, o.k., I'll return it in a couple of weeks. Every time he meets in the street, the man of the local bank reports to the Japanese development worker the same thing. That means in some societies, they do not necessarily need that kind of banking system. So this topic may be a kind of example before the development stage of your today's lecture. But one thing which I think very important is that how to find reliable people who can take responsibility for management of banking system. Therefore, we have got to pay very big emphasis and attention to choose the people or to choose the society before the introduction of this kind of financing system. This is just my impressionistic view through my experience. Thank you very much.

Dr. Hulme: Yes, I think that does stimulate some thoughts and certainly it's worth thinking about that. I think there's a few pieces that I can add to it. It will depend upon the context. If you've got, in a way, an existing system which is meeting people's needs, then yes, you might say, why bother? But obviously, in some contexts, such as rural Bangladesh, then actually the needs are far greater than what the existing systems can meet with.

Interestingly, there's been a little bit of work done by one or two Bangladeshi friends of mine who were interested in political economy, and they said, according to some of the arguments in Bangladesh, traders, wealthier people would not want the Grameen Bank to come in, because you'd think there would be much more opposition and resistance to it. In some areas where they ask questions they said they found there was resistance, so the Grameen Bank didn't establish there. But in other areas, they found the rural elite were quite welcome. And this they said, was simply because of the scale of poverty and the limited number of people who had finance, and that they were quite glad to have the Grameen Bank there, because they were finding that the number of requests they were getting to help people, to help their clients, to help people who are sharecropping for them, who are laborers for them, that that was getting more than they were able to service. The demand from clients on the patron was more than the patron could service. And so they welcomed the Grameen Bank coming in, because they could, in a way, direct some of their clients, you know, in a patron-client relationship, towards the Grameen Bank when they were worried that too much of their resources were being demanded by people who they tried to keep within their patronage network. So it will depend upon that.

In terms of how to get any reliable people, people you can trust, I think that in the case you're talking about sounds very typical by the sounds of it, where people will feel a social obligation if a relative needs money, then if you have access to money, you would give it to the relative. Getting around that may take many years, but certainly what many of the organizations have done, certainly at the branch level, they try to get staff who are not from the area. They try and get people who are not part of existing social networks, with the argument that those people, in a way, will think differently. They can't have so much pressure put on them, if they're out of their area, and they would see themselves as not doing their job. Whereas, if you're actually in your home area, and relatives come, then...that social pressure is probably equal to ideas of what responsible work is.

The other things, certainly, which some of the Bangladesh organizations have gone for, is actually rotating staff. After two or three years of having staff work in an area, then there is a concern, particularly in high intensity corruption countries, such as Bangladesh, there is a concern that people will begin to work the system, will begin to work with certain individuals. They won't be moved very far away, but they will be moved from one group of villages to another group of villages. So if they are perhaps, for example, in a position of pretending that there's ten accounts and they don't exist, but they'd invented those accounts and they shared them with somebody or they invent a false group, then that would then show up when they moved out of the area. So by rotating people it makes it more difficult for people to manipulate the system and do those sorts of things.

The point that I thought you were going to make but it's one that I maybe should have raised, because certainly with one of our field workers, he's gone off in another direction. The guy who worked in Africa for us and collected all our data, he's also registered to do a Ph.D. with me. And at the end of the study, the idea was that he would do quite an easy Ph.D., because he had quite a lot of data from our study. We organized a grant, so he could also work in Ghana and so he would have some original work and then he could do his Ph.D. on credit. But, at the end of working in Malawi and Kenya for us, he said, no, no, no, I don't want to look at credit; that's just one bit of the picture. I want to look at the African entrepreneur, and look at the constraints on the African entrepreneur in terms of social relations, in terms of access to technology, access to markets, infrastructure, and all these other things. His perception was that credit was a part of the picture, but certainly in Africa, an exaggerated part, because certainly he felt in some of the areas he was working in, that really, infrastructure...you know, you couldn't get products to markets, so that immediately, if you're in an income-generating credit scheme, reduces the demand for what you can do, if you're essentially trapped in a very limited area. He was also very keen on trying to work out whether there are a whole set of social and psychological pressures on African entrepreneurs which we didn't work out. [He is also] working on whether the idea of a micro-entrepreneur or small entrepreneur, is usually based upon an European concept, or whether there are alternative concepts. That means his Ph.D. is going to take two years longer. (laughter)

QUESTION: Could you explain your conclusion, since you divided the poorer and the core poor, what kind of strategy for the core poor in your study? Just simply, could you explain? Protectional strategies for core poor.

Dr. Hulme: That potentially is a rather crude device that we're promoting. The implication coming out of our research is that when we look at these schemes, their concept is that they work with the poor, and that you treat the poor as one group. The poor are different from the non-poor, but that's the only distinction you need to make.

Analytically and academically, one could do much more detailed research, and probably move into stratifying and segmenting the poor in a much more sophisticated analysis. But we've gone for talking about the poor and core poor, because certainly in a number of countries, there are the poor and the ultra-poor. But in African countries and Bangladesh, this is already a term the policy makers and practitioners are used to. And so we've used that to try and, in a way, build upon concepts that are already in play in those countries, and to try and get organizations to think about, are we working with the poor or the core poor? Could we have a program which is meeting the poor's needs, and a program with the core poor's needs? In terms of how you define the core poor, then when these things are again inevitably likely to be arbitrary, but it can be that...

QUESTION: Does it associate to welfare...

Dr. Hulme: Associated with [welfare]? Well, this is I suppose the thrust that we're getting in this, which is partly ideological when you work it through. But it might be that you can have your enterprise orientation for poor people, perhaps for those who are the first 20, 30, 40 percent below the poverty line. But when you move to people who are in deep poverty, ultra-poor, core poor, then in fact, it may be necessary if you want to help them, to introduce a much more welfare-type notion; that we will have to put subsidies into them. We will have to do things that are hard to cover costs from. But we're not saying that people would have to do that. It's open, certainly, for we'd see it as the World Bank, to say, these people, they're ultra-poor, we can't recover the cost from them, we're not working with them. The thing that worries us from our study is that enterprises presented as this tool that...but anybody can work with, you know. You could be an 80 year old, blind, deaf mute woman with no relatives. But apparently, enterprise, if you could get a loan...enterprise; it would increase your productivity, it would increase your income. No. Somewhere there has to be a recognition that there may be groups who are not in a position to move into self-employment and enterprise, who just don't have opportunities of that sort. I think the idea that there are life skills and these sorts of things that everybody has... We've proved that poor people have got them, and that you can work with very significant numbers of poor people.

So that idea of the poor and the core poor is essentially to try and get policy makers and agencies to be honest. The horrifying thing that I find with this is that, I did a seminar at the World Bank with many people involved in the consultative group to assist the poorest in that, with people from USAID and others. I presented our findings and I said, you're the consultative group to assist the poorest. You say micro-finance, micro-enterprise will solve the problems of the poorest. I say it won't. And they said, well, no, it's poor people. And yet that's not what they say in the publicity, in the message that they're giving out. Their message is saying: Stop welfare initiatives. You don't need it. Enterprise initiatives are sufficient. Everybody can get out of poverty by enterprise. It would be nice if they could do it. But my evidence doesn't indicate that.

Moderator: Thank you very much.

資　　　　料

Figure 1: Poverty-Reduction as Conceptualized by an Income Poverty Approach

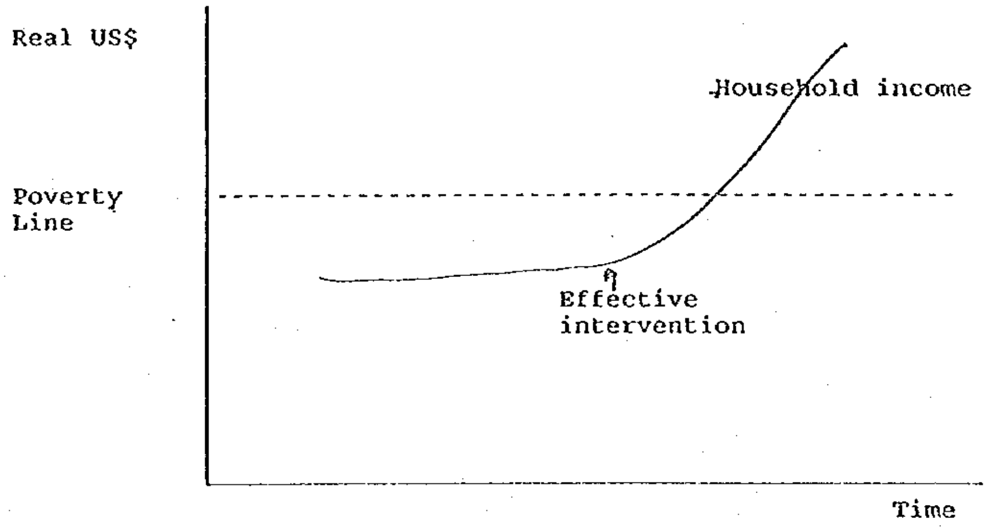
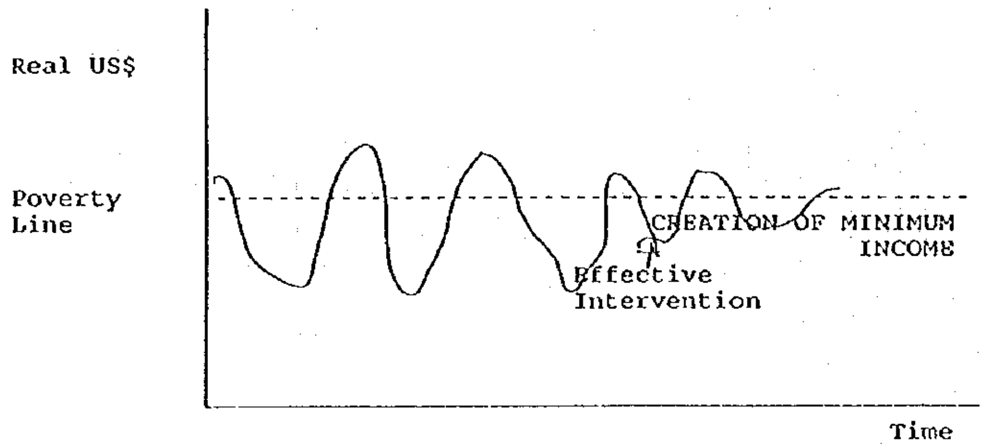


Figure 5.2: Poverty-Reduction as Conceptualized by an Income Poverty and Income Vulnerability Approach



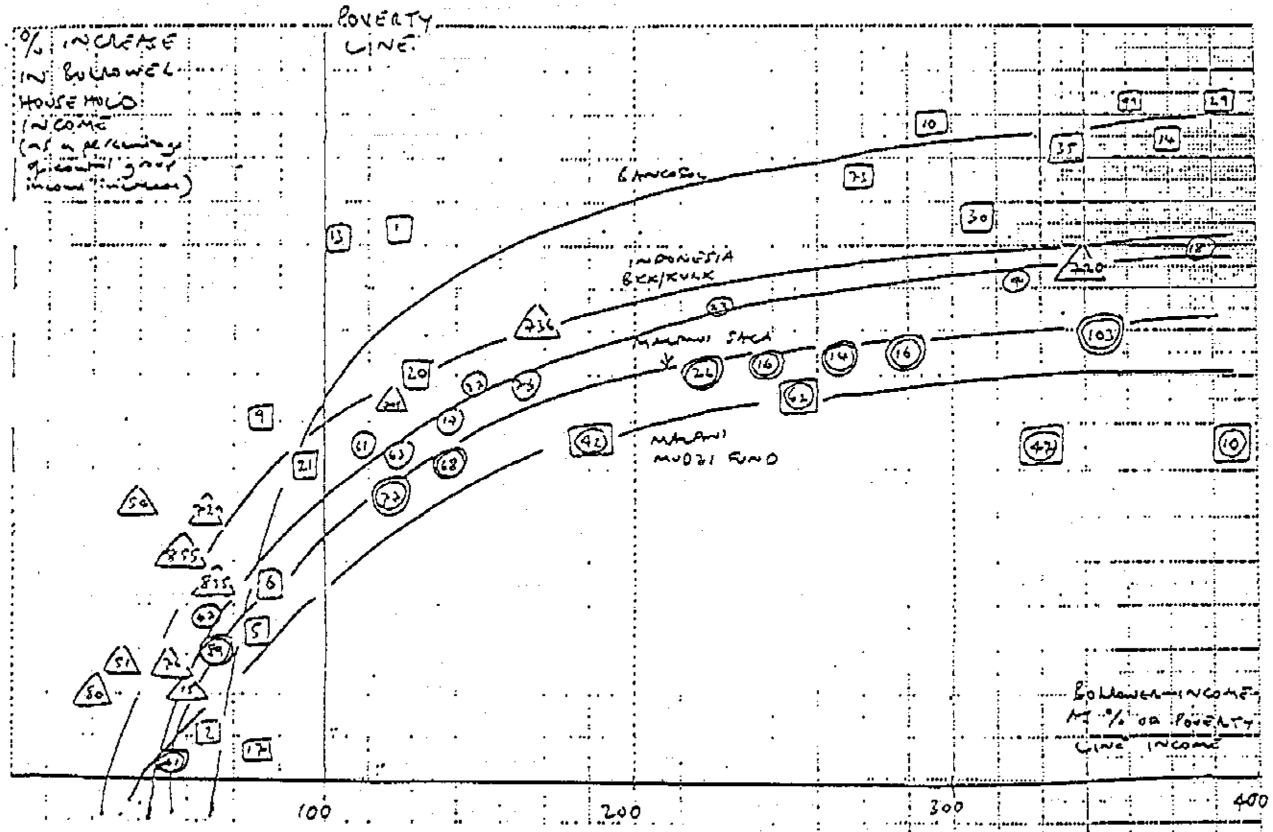


Figure 8.1(b) Loan Impact in Relation to Borrower Income: within-Scheme Data
Only a few specimen data points are indicated. Full data arrays available from authors on requst.

Key: □ BancoSol Borrowers ○ K-REP Borrowers ⊠ Malawi Mudzi Fund
△ BKK/KURK Borrowers ◎ Malawi SACA Borrowers

FINANCE AGAINST POVERTY

ORGANISATIONS STUDIED

BANGLADESH	BRAC, TRDEP, GRAMEEN BANK
BOLIVIA	BANCOSOL (FORMERLY PRODEM)
INDONESIA	BRI UNIT DESAS, BKK, KURK
KENYA	K-REP JUHUDI, KIE-ISP
MALAWI	SACA AND MUDZI FUND (MMF)
SRI LANKA	FEDERATION OF THRIFT AND CREDIT SOCIETIES (SANASA)

JICA