



## **Working Session: Microcredit in the XXI Century**

### *Catalyzing Interventions to Enhance the Impact of Microcredit Programs*

Microcredit and other micro finance products (as debit cards, micro insurance, public services payments, cashing subsidies and pensions) are powerful development instruments. Nevertheless, micro and small producers' viability cannot be achieved by only working out their access to credit and other financial services. This critical element is a necessary condition to enable small and micro production but it does not constitute, however, a sufficient condition.

There are other intervenient variables that need to be mobilized in favor of small and micro producers. Some of those variables are very important but far away from the micro finance entities' field of work, as it is the case of macroeconomic policies (monetary and credit policy, public expenditure, fiscal policy).

By contrast, there are closer variables that influence over the economic viability of micro and small producers such as access to knowledge of excellence, commercial information, contacts, state-of-the-art business engineering, and a better articulation with other economic players within promising production networks.

Microfinance entities or programs cannot be directly responsible for these actions but they can work synergies with other actors for them to do it; it would not be a good idea to loose the focus and specialization that each entity should maintain. Better results could be achieved if local governments, microfinance entities, private sector associations and development organizations can promote the participation of other economic actors as developers of inclusive ventures, angel investors' networks, and local funds to support productive investments. Such economic actors could highly improve operational conditions of micro and small producers while strengthening the performance of those who provide micro financial products.

This Working Session on 21st Century Microcredit proposes: (i) offering an insight into the context where microproducers' viability is at stake, (ii) recognizing the role of microcredit and other complementary actions required to ensure microproducer viability, and (iii) defining ways in which synergies with other entities can be established without compromising the focus and specialization each one of them needs to preserve.

The working session is intended for public sector, private sector, and civil society participants who run microcredit and other types of programs for the bottom of the social pyramid; entrepreneurs who are interested in developing new market niches practicing their meso-economic responsibility; journalists and media; universities' and technical institutes' professors and advanced students; as well as for the general public interested in this matter.

The working session will be coordinated by economist Roberto Sanson Mizrahi (personal information is enclosed)

### ***First module: Microcredit as a necessary, yet not sufficient, condition***

Problems of poverty and underdevelopment are rooted in complex processes; no single cause explains them, no simple solution can overcome them. To face a challenge of such nature and magnitude, it will be necessary to consider an array of complementary actions without ignoring what has already been done.

- Factors that affect the viability of micro and small producers.
- Their better or worse positioning in local productive networks.
- Results of that articulation: simple, deficit, or amplified reproduction.
- The need to upscale production while preserving values of sustainable development

### ***Second module: Building sustainability***

Therefore, how can a favorable environment be created for small and micro-producers, and how can their articulation with the economic system, they are a part of, be improved?

- Access to the knowledge needed to operate in today's world
- Availability of information about good opportunities
- Having the capacity to take advantage of them
- Importance of support systems

Today economies are increasingly knowledge-dependent. It is not possible to access opportunities without the needed knowledge. As time goes by, the knowledge gap between and within countries increases.

Modern information and communication technology may democratize access to knowledge, but such access needs to be strongly encouraged and promoted in order to materialize.

Having information on economic opportunities is a first step, yet taking advantage of it is a more complex matter.

### ***Third Module: Synergies and support system***

A similar, though not identical, support system as those that exists in affluent countries is needed in emerging economies: a system that encourages and accompanies all the way the entrepreneurial effort. New institutions need to be promoted to complement microcredit with initiatives that guide small producers towards promissory sectors and facilitate their access to capital and markets.

A microfinance entity cannot provide everything a micro or small producer needs without risking its own viability as a financial institution. A support system implies counting on specialized entities that complement each other. Each entity with its own specific mission, convergent thought differential objectives, using working methodologies according to their institutional nature.

For example, a Developer of Inclusive Ventures would strengthen the economic structure and management of small and micro producers, who are the typical microfinance entities clientele; by doing so, they would improve their credit profile and repayment capability. These Developers can (i) work small-providers programs with productive chains leading corporations to assure small producers compensatory prices and technological development; (ii) promote franchising systems that can bring scattered small producers into medium-size organizations accessing higher thresholds of market opportunities; (iii) assist service centers that provide guidance on managerial and economic fields to a large number of small producers; (iv) help establishing consortiums to market products locally and abroad; (v) organize networks of small rural producers around “locomotive” agro-industries; (vi) bring the scientific and technological communities closer to small and micro producers.

- Developers of inclusive ventures to support the bottom of the social pyramid
- Networks of social and environmentally responsible angel investors
- Local funds to support productive investment
- How these support organizations can complement micro credit providers

## Final Thoughts

### Agenda

<b>8.00 – 8.30</b>	<i>Registration</i>
<b>8.30 – 9.00</b>	<b><i>First module: Microcredit as a necessary, yet not sufficient, condition</i></b>
<b>9.00 – 9.30</b>	<i>Open dialogue</i>
<b>9.30 – 10.00</b>	<b><i>Second module: Building sustainability</i></b>
<b>10.00 – 10.30</b>	<i>Open Dialogue</i>
<b>10.30 – 11.00</b>	<i>Coffee break</i>
<b>11.00 – 12.00</b>	<b><i>Third Module: Synergies and support system</i></b>
<b>12.00 – 12.30</b>	<i>Open Dialogue</i>
<b>12.30 – 13.00</b>	<i>Final thoughts and closing</i>

For more information on the Working Session: Microcredit in the XXI Century, please, contact Opinion Sur at (54-11)4781-0006, pmizrahi@opinionsur.org.ar or visit our site at [www.opinionsur.org.ar](http://www.opinionsur.org.ar)

## ***Annex***

**Roberto Sansón Mizrahi**, was born in Argentina; lived in Peru, Ecuador and United States; now based in Buenos Aires.

He is the editor of **Opinión Sur** ([www.opinionsur.org.ar](http://www.opinionsur.org.ar)), a digital journal focused in Development, Geopolitics and Transformation; author of *Un País para Todos* (only in Spanish) and *Adjusting the Course: getting out of the crisis towards sustainable development*, several e-books and columns.

Founder of **Sur Norte Inversión y Desarrollo** ([www.surnorte.org.ar](http://www.surnorte.org.ar)), civil society organization dedicated to local development, entrepreneurship and the fight against poverty using a diverse set of instruments, such as Inclusive Ventures Developers, Local Funds to support Productive Investments and local networks of socially and environmentally responsible angel investors.

He is the Chairman of **South North Development Initiative**, organization based in New York City that promotes economic, social and environmentally responsible institutions in Africa and Latin America.

He promoted business initiatives in Argentina, Ecuador, United States and Peru; was visiting professor in Argentina, Brazil, Colombia, Costa Rica, Ecuador, Egypt, Peru and Venezuela; participated in working sessions on development in Bolivia, Chile, Mexico, Uruguay, Botswana, Ghana, Mozambique, Namibia, South Africa, Canada, United States, Spain, The Netherlands, England, Italy, Norway, Sweden, Japan, Sri Lanka and Thailand.

He is an economist and urban regional planner.

