
PRESENTATION*

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This issue of the Spanish Journal of Development and Cooperation is special for many reasons.

It is dedicated to the area of __international cooperation, microfinance, with particular emphasis on microcredit, which has its own place as one of the methods which can contribute to improving the lives of many people on the planet. Recently, Microfinance is growing in importance in the practice of cooperation, as well as in the academic debate, where it is gaining itself a rightful place as a mechanism to fight against poverty on a different scale than those traditionally used. We should recall that microfinance not only implies lending small amounts of money —facilitating access to credit to those without resources who cannot go to financial institutions—, but also includes other benefits such as training for small business development.

One of its main achievements is that, even a small scale, it manages to break the “welfare” nature of aid, by giving people the responsibility to end their own poverty, by strengthening their capacities in their given sector of activity, which links an association with the creation of these small businesses, assuming the commitment to return the money in good conditions. Another positive element is that it leads women to occupy a prominent place in the exercise of responsibility, thus contributing to their empowerment. Going beyond this concept of financial instrument on a small scale, the way in which it is exercised includes an ethical dimension, based on the trust in people who have no access to more traditional financial mechanisms.

Since its birth in the 70's, the map of microfinance, with the academic endorsement of Muhammad Yunus, has reached a global dimension and has an active presence on today's International cooperation. The 2011 Report on the State of the Campaign of the Microcredit Summit, presented by Sam Daley-Harris on April 1, shows that more than 190 million customers have benefited at the end of 2009 from microcredit. Of these people, over 140

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million were women and 128 million were classified as “the poorer” (104,6 million in the case of women beneficiaries). These facts, he added, reflect the enormous growth of microcredit in the past ten years, given that in 1999 the number of customers stood at 25,5 million.

Even though the incorporation of microcredit in Spain did not take place until 1998, in recent years we have seen a great boost of microcredit, and can today consider it consolidated as one of the most dynamic sectors, in addition to other actions. The Fund for Microcredit (FCM) is its main management body, within the Spanish Agency for International Cooperation for Development (AECID). The Fund includes representatives from the Ministry of Foreign Affairs and Cooperation, the Ministry of Economy and Finance and the Official Credit Institute (ICO).

Along with government entities, we must highlight the actions that come from the non-governmental world, such as those carried out by CODESPA in the field of microcredit.

AECID believes that microfinance has a positive impact on the standard of living of large segments of the population because they give people the chance to take advantage of business opportunities and investment deals, they provide security in order to both manage and / or mitigate the risk of price fluctuations, economic crisis or natural disasters, and they constitute a good way to deter people from embarking on other less desirable initiatives, such as selling assets cheaply or promoting child labour. They also help to revive the economy.

The Master Plan for Spanish Cooperation 2009-2012, includes the objective to develop and consolidate inclusive financial markets that also cater to the poor, strengthening regulatory and supervisory functions which are necessary to generate a favourable environment for the provision of microfinance services, to improve the financial and social performance of these institutions and to strengthen public confidence. Regarding the population with less access to loans and savings, special support will be given to the consolidation of microfinance institutions, in order to make them subject to regulation and supervision so that they can adequately perform their role of financial intermediation, transforming savings into loans. To achieve this, among other conditions, the FCM’s proceedings will respect the principles and guidelines established under the Competitive Grant Applications Project (CGAP), which are summarized in the “Key Principles of Microfinance” and its “Guidelines for good practices of donors in microfinance”.

The balance of what has been achieved, and the opportunities for the future, will come on the scene in the Global Microcredit Summit (Valladolid, 14 to 17 November, 2011), which will be a key opportunity to define new strategies for financing and growth; Summits have been held since 1997. It is part of the Microcredit Summit Campaign (MCS, for its acronym in English), inspired and led by Muhammad Yunus, as part of RESULTS Educational Fund, a non profit organization whose goal is to end hunger and poverty in the world. More than 2,000 people from nearly 100 countries are expected to attend, the event will bring together representatives of governments, international institutions, civil society representatives and experts who try to define future action lines of microcredit, in a context of financial crisis internationally.

The REDC has previously featured this in issue number 20, July 2007, dedicated to “Planning and Development”, which included an article on “The assessment in microfinance for Spanish cooperation”.

On this occasion, and following Summit’s Ambassador Carmelo Angulo Barturen’s initiative, this special issue aims to raise awareness on the current status of microfinance, acting as a preparatory document for the Summit of Valladolid. We are also grateful to the AECID for its collaboration and support on producing this monograph, which we are also forwarding to Microbank.

True to its academic nature, this issue includes a plurality of views on microfinance, so that the reader can get a complete picture of its role in Cooperation for Development.

The first part includes texts by representatives of the institutions involved in the event: Soraya Rodríguez (Secretary of State for International Cooperation), Carmelo Angulo Barturen (Special Ambassador for the Global Microcredit Summit), Sam Daley-Harris (Director of the Microcredit Summit Campaign) and José Moisés Martín Carretero (Head of Department of Multilateral Cooperation / AECID). The central part features articles authored by Muhammad Yunus, Rafael Cascante, Rhina Cabezas, Marta Carballo y Rupert Scofield.

We would like to highlight the importance of the section on “Voices of Microfinance”, which gathers the testimonies of representatives of entities that participate directly in the world of microfinance, such as Antonio Vereda (President Latin American Foundation for Development), Raquel Marbán Flores (Complutense University of Madrid), Silvia Consuegra (Official Credit Institute), José Antonio Monedero (Head of Microfinance area at

AECID) and Juan María Nin Genova (Executive Vice President and Chief Executive Officer of CaixaBank).

The issue is completed by the contribution of José María Fernández López de Turiso (Managing Director, Planning and Evaluation for Development Policy, DGPOLDE) on “Spain and the presidency of the case study group of innovative financing for development”.

This issue will also include the usual section on “Internet Resources on micro finance”, by Rhina Cabezas.

We hope to have fulfilled the dual purpose of offering a working material to those who will attend the Global Microcredit Summit, but also to contribute to the debate on the role of microfinance in cooperation for development, in a context of global economic crisis. The relationship between innovative financing mechanisms and the Millennium Development Goals will be present in the debate, as well as proposals to introduce a tax on international financial transactions. Those who claim that microcredit has become a kind of dogma as a panacea to overcome poverty will also have a voice; those who think that microcredit leads to an entrepreneurial behaviour and detract funding for education or health, adding more work and contributing to the non emancipation women, or those who believe that by giving poor people the responsibility of overcoming poverty will exempt their governments and institutional leaders of such responsibility. When it comes to cooperation, confrontation of ideas can sometimes be the best tool to improve, looking at the future.

Finally, it is fair to acknowledge and appreciate the selfless work of those primarily responsible for this issue, Rhina Cabezas and Jorge García Burgos.