
VALLADOLID SUMMIT: A GREAT OPPORTUNITY TO UPDATE THE SCOPE AND METHODOLOGY OF MICROCREDITS*

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For decades, governments of developing countries and major players in international cooperation have been desperately seeking effective mechanisms to combat extreme poverty, or what we usually define as “the poorest of the poor” i.e., those close to a billion people barely surviving on less than a euro a day, according to international specialists.

Undoubtedly, the targeted subsidies, which involve tradeoffs in health and education (such as Bolsa Familia in Brazil), projects that incorporate food in exchange of labour (Food and Agriculture Organization of the United Nations (FAO): food for work) and, of course, microcredits, would be among the most popular and most successful. But few would have thought that these early experiences which started in Asia and Latin America in the eighties, almost experimentally, would reach such notoriety and become the favourite tool of many organizations, a multitude of NGOs for Development (NGOD) and the most important agencies for cooperation.

At the V Global Microcredit Summit, to be held in Valladolid (Spain), between the 14th and the 17th of November 2011, we'll have a great opportunity to follow and influence in-situ on an amazing microcosm of participants from more than a hundred countries representing governments, development agencies, NGOs, community and cooperative movements, foundations, specialized banks, experts and academics around the globe.

Keeping the spirit of the experience of Grameen Bank and many other successes in Bolivia, India, etc., the creative dynamism of the Nobel Prize, Professor Mohamad Yunus, the commitment and initiative in this area of

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HM Queen Sofia of Spain, Co-Chair of the World Campaign Committee, and the thorough work of the Microcredit Global Summit Campaign, flagship project of the Results Educational Fund organization, and directed with enthusiasm and unmatched professionalism by Sam Daley-Harris, this summit will probably meet and exceed the targets set in the latest Halifax summit, held in 2006.

For Spain, for the Secretary of State for International Cooperation (SECI) and for the Spanish Agency of International Cooperation and Development (AECI), the meeting of Valladolid is a real challenge for several reasons:

1. Even though the summit does not have the scale or the official range played by the major summits of the United Nations (UN) (such as the Summit of Rio de Janeiro in 1992, Copenhagen 1995, Monterrey 2002, etc.) considering that its call comes, unlike the former, from civil society itself, the large attendance and the high level of regular participants, the quality and impact of different experiments and the support it has received from the international community have made it an event which is perfectly comparable to the most important summits of the UN. This is why since 1995 this summit has had the interest of the media and the politicians, including regional summits.
2. Although the organizational overall responsibility lies within the summit campaign's team members, who we refer to as MCS (for its acronym in English), the fact of hosting such an event engages Spain as a country, particularly the entire team of the SECI / AECID and those who work in such unit, specifically created to provide support for this effort. I have witnessed firsthand the enormous personal involvement of Secretary of State, Soraya Rodriguez, who has shown interest on every detail and worked towards achieving the highest possible participation of Spanish actors, the AECI and its team of specialists, who has not only has been instrumental in funding the Summit but who have also contributed their knowledge and experience in shaping the list of speakers from the working groups and in the definition of what we call the Mini Spanish Summit (Spanish Track), which for the first time will make it possible to discuss microfinance from the Spanish point of view and experience.
3. As support elements to the Summit, and in addition to the World Committee, in which SECI participates, and the Global Advisory Committee, also represented by three Spaniards (AECI Director, Francisco Moza, economist Emilio Ontiveros and Head of Department, Office of FONPRODE, José Moisés Martín Carretero)

a National Hosts Committee has been created, represented by ministries, public national and regional (Castilla y León) institutions and private companies related to the subject, as well as a local committee, where political, social and cultural figures from Castilla y León, and more specifically from Valladolid, will be represented. Both instruments are designed to give corporate, economic, logistical and communications support to the Summit, so as to achieve a strong involvement of Spanish civil society in the discussions that accompany this summit and reactivate the micro-credit debate in the economic and banking policy agenda, as well as to work in shaping a legacy of academic and specialized platforms to ensure the validity of this matter on the agenda of international cooperation and social public policies devoted to financing basic micro-entrepreneurial activities.

4. As the second largest bilateral donor in the world, with nearly 2.5 million beneficiaries, Spain and AECID have a primary interest to discuss those aspects of funding, methodological and of impact measurement, which help enhance this mechanism by making it more operating and predictable. While the willingness of reaching the poorest is not argued in any instance, there is a long way to go in order to demonstrate the automatic link between credit and immediate redemption of poverty. The liberation and the opportunity for creativity offered to little or low resources families by giving them this little refundable economic help involves a long learning process of management and technical monitoring. Another objective of these micro-credits is to get as many women —heads of households— as possible, as it has been proved that this has enabled millions of women use their skills and capabilities, often with the help of their children, by implementing basic domestic economies, although it is not always clear how they have chained the process of joining the formal economy and the most efficient ways of breaking the intergenerational cycles of poverty. To be able to listen to and discuss these issues with hundreds of small specialized financial institutions and their clients and beneficiaries is a huge opportunity.
5. We should not undermine the importance over the past fifteen years, of larger scale micro-financiers, more associated with the banking sector, including savings institutions in its different versions worldwide. Numerous formal banks or saving banks have ventured nationally and internationally in this field with either a strict business view or with more social and development issues in mind. This field has expanded with the crisis of so-called Social Actions, the disappearance of public banks, or neoliberal practices that have

alienated many governments of the responsibility to approach the lowest income sectors. These institutions will also be present in Valladolid and contribute their views about the definition of micro-finance and micro-credit, two notions that are not always considered as equivalent. They will probably attend the discussion expectant about the possible creation of a Seal of Excellence, a sort of certification system for social projects, which is one of the most complex issues that the campaign organizers want to bring to the Summit.

6. For the purposes of Spanish non-governmental actors, decentralized entities with programs in the field and specialized banking, Valladolid's event will have a huge interest. There are barely fifteen NGOs that have entered the microfinance seriously and even fewer who have made this area their specialty. Nor are there too many savings banks, now in the process of reconfiguration, who have maintained their international programs, and only a few Spanish municipalities, autonomous regions or social businesses recognizable programs of a certain size in this field. Also there is —to my knowledge— only one Master in the research program, specialised in the Autonomous University of Madrid, plus another one about to be created at the University of Valladolid, in addition to just a few seminars and dissertations that have notoriety. Therefore, the Summit is an excellent opportunity to reinforce and compact the sector to create synergies and partnerships in between different actors and, together, push the issue on the political and economic agenda.
7. At last, the controversy which arose after some international reports, the harassment they received from the government of Bangladesh, both to the figure of Professor Yunus and Grameen Bank itself, together with the scandals that emerged in some regions of India and Nicaragua about malpractice or calls to non-payment, have increased uncertainty and a certain aroma of crisis in the micro-credit sector. Looking at the statistics: nearly 200 million beneficiaries, about 3,600 micro-finance institutions (MFIs), will understand that negative rates are very few, but the debate is open, with powerful advocates versus solid opponents, which does not mean that this instrument will be questioned as a whole. The key to micro-credit is that it can be returned because the project, even if small, will be successful and profitable with a shared responsibility of the lender and the borrower, and the conditions for granting and monitoring must be of the highest quality. But it seems appropriate to discuss and clarify disputed cases, the mechanisms to prevent over-indebtedness and the implementation of increasingly powerful tools for transparent management and accountability.

In short, Valladolid's Summit will give a unique opportunity for the Spanish people and other relevant actors from all continents, to learn about the best practices in this field, to discuss methods of monitoring and evaluation management, creative mechanisms for finance, ethical values to protect clients, use of micro-credit in remote, post-disaster or post-conflict areas, use of remittances from migration, parallel programs for consumer protection (health, education, housing...), micro-finance in rural areas, the role of industrialized countries, and so on. A comprehensive program through four Plenary Sessions and over fifty working groups will address all relevant aspects of the subject. The previously mentioned Spanish Mini Summit, and related meetings, will give a voice to NGOs and/or institutions who wish to present specific experiences, and this will complete a program of four full days, in my opinion, not to be missed.

To conclude, I wish to emphasize the selfless support we have found in local institutions and in the organized civil society itself. Together with the Government Office which is responsible for various logistical and security aspects, we had the support of the Junta de Castilla y León, who has kindly lent us the impressive Cultural Center Miguel Delibes premises to host the event. The same could be said of the great support of the City of Valladolid, which has provided space and promoted various cultural and educational activities, even in the public university, where they have dedicated a whole section of studies specialized in micro-credit, Museums, NGOs, educational bodies, civic movements and companies that have suggested activities and initiatives, helping to the success of the organization.

In September, the Secretary of State for International Cooperation presented an extensive and varied program of dozens of activities intended to bring the summit to the citizens and to local economic National agents, leaving a legacy of excellence and commitment in the city with this important issue of international agenda. Exhibitions, seminars, films and a National Solidarity Projects will create the perfect environment to complement the Summit, when hotels and streets will be flooded with people who will have the opportunity to remember that there, in Valladolid, four hundred sixty years ago (1550-1551), at the Colegio de San Gregorio, the sessions of the famous Controversy of Valladolid took place, in which featured distinguished theologians and jurists, such as Bartolomé de las Casas and Juan Gines de Sepulveda got into a post modern discussion on the legal consideration and rights of the then-called Native American infidels, having a decisive influence on the first law of nations and the Ordinances of the Indies.

For those of us who have been part of the Support Unit of the Summit, it has been a great pleasure and an extraordinary opportunity to have the chance to penetrate in the depths of this mechanism designed to fight poverty, and to understand the significance of these Summits. It is now Spain's turn, and we have the opportunity to make the most of it.

Information: www.microcreditsummit.org and www.cumbremicrocredito2011.org