Development and the Role of Microcredit.(sub-Saharan Africa)

Source: Policy Studies Journal
Date: 6/22/2001
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Microcredit is a concept that has gained widespread acceptance by international development agencies and major donors. It is viewed as a way to correct both governmental and market failure in Sub-Saharan Africa. Many view microcredit as a method for linking the formal and informal sectors of African economies to increase the reach of the formal sector. Extending the reach of the formal economy through microcredit is possible, and desirable, depending on macroeconomic reforms, respect for traditional financing relationships, and local control of institutions. However, very little has been done to determine the extent to which microcredit programs actually increase economic well-being. The model program, Grameen Bank of Bangladesh, has been studied and evaluated, but replications may not be inherently successful. The literature accepts that microcredit will increase economic well-being, if programs are correctly designed. Program design issues cannot be resolved, however, until economic well-being is measured a nd associated with specific designs.

Microcredit, supported by unilateral and multilateral donors--the United Nations Development Program (UNDP), the World Bank, the United States Agency for International Development (USAID), and European governments--has emerged recently as a major thrust in development policy across Sub-Saharan Africa. Microcredit, lending to the very poor, appeals because such investments:

(1) bypass corrupt or inept central governments when channeled through nongovernmental organizations (NGOs);

(2) promote free markets, lessening the influence of centrally planned economies;

(3) reduce dependency of poor people;

(4) promote democracy and a strong middle class; and

(5) are perceived to be cost/beneficial.

In short, microcredit complements bottom-up development now in vogue.

Microcredit programs, traditionally championed by NGOs, are now sponsored by many Sub-Saharan African governments, often in collaboration with international donors and NGOs. For example, the Kenyan Rural Enterprise Program (K-REP) is a collection of lending programs sponsored by government, private foundations, and foreign governments. It was initiated in 1984 by USAID (Buckley, 1996; Pederson & Kiiru, 1997). Le Projet de Promotion du Petit Credit Rural (PPPCR) in Burkina Faso is a credit union, established with French help, to serve women in agriculture (Gurgand, Pederson, & Yaron, 1994; Paxton, 1997). Zimbabwe supports several programs for both small and microenterprises: the Small Enterprise Development Corporation, Credit Guarantee Company, Zimbabwe Development Bank, Venture Capital Company in Zimbabwe, and Agricultural Finance Corporation (Kapoor, Mugwara, & Chidavaenzi, 1997).

Why are microcredit programs necessary? What program models have been adopted by donors and indigenous governments? How effective is microcredit? How can programs be improved? And what are microcredit's prospects? We review the literature on microcredit in Sub-Saharan Africa to answer these questions.

Government Failure

Postindependence national governments with few exceptions, have stymied or reversed growth and development in Sub-Saharan Africa (Buss & Yancer, 1997). Leaders wanted to industrialize using state intervention strategies reminiscent of Stalin's Five-Year Plans. Leaders diverted wealth, especially from agriculture, into foolish, corrupt, and inefficient state-enterprises. To keep them afloat, monetary policy, budgets, legal systems, regulation, and trade policy favored state-enterprises. Commercial banks were nationalized or politicized to control credit. Development economists and donor institutions, then proponents of large-scale projects, were eager supporters (Buss & Yancer, 1997).

Small business, the engine of growth, had no place in planned economies, having been discouraged by law, regulation, and intimidation, but in any case, officially denied credit. State control drove small business into the informal economy, where regulation and taxation is difficult. While difficult to measure, the informal sector is quite large. By the late 1970s, USAID determined that the informal economy absorbed some 30% to 70% of the labor force in many developing countries (Raheim, 1996). Detailed studies in Kenya show the informal sector employing 43% of the labor force (Livingston, 1991). In a 1991 survey in Zimbabwe, USAID identified 845,000 microenterprises employing 1.6 million people out of a total population of 10.8 million (Kapoor et al., 1997). It is clear that the informal sector makes a substantial contribution to growth and development, with the bottom range of estimates at 20% of GDP and growth exceeding that of the formal sector (Rasheed & Chole, 1994). In spite of government failures, the informal sector is providing benefits to Sub-Saharan Africa. But, these conditions also spawn corruption: officials demand bribes to look the other way.

Capital Market Failure

Because government policies restrict capital markets, demand for credit, especially in rural areas, is strong across Sub-Saharan Africa. In a 1991-92 survey of 133 enterprises in Ghana, researchers found strong excess demand for credit. Of the enterprises surveyed, 44% cited a shortage of working capital as an important limiting factor in their businesses. The smaller the enterprise, the greater the demand for capital (Aryeetey, Baah-Nuakoh, Duggleby, Hettige, & Steel, 1994). A survey of 1,140 microenterprises in Botswana showed lack of credit to be the primary constraint in small business development, even more than access to markets (Morewagae, Seemule, & Rempel, 1995). Utilization of informal institutions, such as Rotating Savings and Credit Associations (ROSCAs), indicates strong demand for credit considering they pay no interest, and most countries have high inflation (Moodley, 1995).

Commercial banks likely could not meet excess credit demands, even absent government intervention in markets. Commercial banks eschew lending to microenterprises, typically the province of poor people in Sub-Saharan Africa. Transaction costs are high, and returns on investments low. Lending to a large enterprise is more profitable than lending to hundreds of smaller ones. Credit risks are excessive. Poor people have no collateral, and bad debt is difficult to recoup. Requests for credit are hard to evaluate. Monitoring loan performance is difficult: debtors simply disappear. Barriers in lending are compounded in rural areas where banks have no offices and borrowers are few (Besley, 1994; Olamola & Mabawanku, 1993).

Lacking access to formal credit markets, poor people turn in droves to other lenders--relatives, acquaintances, and loan sharks (Bolnick, 1992; Saito, with McKonnen and Spurling, 1994). In Cameroon, 70% of adults participate in the informal financial market, in Niger, 85% (African Development Bank, 1994, p. 200). The most important informal credit source, after individuals and relatives, is the ROSCA (Buckley, 1997). In South Africa, for example, more than a third of the Black population over the age of 16 years in major metropolitan areas participates in some 24,000 stokvels, which are a kind of ROSCA (Moore & Schoombee, 1995).

Government and capital market failure, along with tradition, conspire to deny capital to some more than to others. In Botswana, both men and women face credit constraints in developing their enterprises, but men that do obtain credit tend to receive larger loans (Morewagae et al., 1995). The constraint felt by women is manifested by their dominance of ROSCAs (Ardener, 1995). They often have nowhere else to go. While both sexes may feel constrained by credit in expanding their businesses, women have less access, either because they are perceived as high risks or because women face gender discrimination in traditional societies (Kaunda, 1990). In some cases gender differences in obtaining credit may be a simple matter of information. In the case of Nigerian women, credit is available, but they lack knowledge of its availability (Anyanwu, 1994).

Microcredit Models

The benchmark model for many NGO-sponsored microcredit programs is Grameen Bank, founded in Bangladesh in 1983. Grameen Bank:

(1) lends only to the very poor (mostly women),

(2) deals with creditors in groups,

(3) requires creditors to deposit savings in the bank,

(4) uses the peer pressure of the group to ensure loan repayment, and

(5) requires good credit standing to secure subsequent loans (Pitt & Khandker, 1996).

Many Sub-Saharan programs have features in common with Grameen Bank: group solidarity to manage risk and train recipients, repayment at regular meetings, and flexible repayment schedules.

Sponsorship

NGOs sponsor microcredit programs, as do indigenous governments or commercial banks, in partnership with, and subsidized by, donors. Zimbabwe represents a typical portfolio of approaches (see Table 1).

Relationships among sponsors and roles played can be complex. The Kenyan government sponsors the K-REP, which is also supported by both private foundations and foreign governments. Grants are made by K-REP to partner NGOs. For example, the Juhudi Credit program uses a group-lending model adapted from Bangladesh's Grameen Bank. Chikola Credit provides loans through existing ROSCAs. As lead agency, K-REP has the potential to develop programs to fill diverse market niches.

Sponsorship may have implications for the success of programs. When NGOs provide services directly to people, they intentionally bypass, and possibly undermine, local and national governments. Microcredit programs sponsored by NGOs may attract more allegiance than existing institutions. Getting around poorly run or nonexistent government programs may be an NGO goal, but the long-term sustainability of NGO programs will eventually require government acceptance (Rasheed & Chole, 1994). Many programs have governmental, NGO, and international donor sponsors. For example, government ministers sit on the board of the government-sponsored, but ostensibly independent, People's Bank of Nigeria (Ekpenyong & Kebang, 1995). While the presence of ministers may signal an endorsement of the program, it may also provide a temptation to intervene in the program, perhaps to its detriment.

Selected Microcredit Programs

Table 2 summarizes the major features of five microcredit programs in Sub-Saharan Africa. All exhibit some characteristics of Grameen Bank. Organizationally, the institutions outlined in Table 2 differ, but all make very small loans and charge high effective interest rates. All except FECECAM (Federation des Caisses d'Epargne et de Credit Agricole Mutuel) are involved in some form of training, and all except Zambuko Trust mobilize savings from borrowers and/or members. K-REP, described above, is an umbrella organization for a variety of microcredit programs. The PPPCR was begun with the assistance of the French Government and French NGOs. The program targets poor women in rural areas using Grameen Bank strategies (Gurgand et al., 1994; Paxton, 1997). FECECAM is a credit union. It has a national and regional structure, with local offices and local governing boards. Loans are made to members for agricultural and nonagricultural purposes.

Many of the loans, especially those made to women, are made using microcredit techniques, such as group lending (Fruman, 1997). The Get Ahead Fast (GAF) Stokvel program utilizes ROSCAs as intermediaries in making microcredit loans (Churchill, 1997). Zimbabwean business and religious leaders, with outside NGO support, formed the Zambuko Trust. It has adapted its loan products to meet individual needs, offering both group-based and individual loans. Loans are targeted at the "economically active" poor; those not employed in the formal sector. Law prohibits the Zambuko Trust from receiving deposits, but 10% of loan principal is deposited in an insurance fund. Group-based lending is available, but not all loans are made using the technique (Malhotra & Fidler, 1997).

Microcredit programs have evolved into many forms over the years, filling different market niches. Cultural barriers may prevent all niches from being filled. The governing board of a credit union, if it is male dominated, may not have the commitment of lending to women that an NGO might have. From this point of view, a multitude of sponsors may be desirable.

Linkages

Microcredit now enjoys some currency. The United States Congress has pressured the African Development Bank (ADB) to channel resources into microcredit, as have nongovernmental organizations (22 USC Sec. 262p-2; Mwangi, 1997; Ongbwen, 1997). Programs are numerous: Cameroon alone has 250 microcredit programs (World Bank, 1998); Kenya has 34 NGO-operated programs (Buckley, 1996). From a policy perspective, one might wonder what can be achieved on a national scale through so many diverse microcredit programs. Can microcredit be used as a strategy to link the formal and the informal sectors?

The ADB (1997) advocates linkages between informal and formal segments of the financial markets in order to improve savings mobilization and to integrate the financial system. On a grand scale, The World Bank advocates designating lead institutions enjoying the cooperation and commitment of governments and central banks in order to link microcredit programs with the informal sector and commercial banks (World Bank, 1998). For example, in Zimbabwe, the National Small Business Advisory Group links bilateral and multilateral aid agencies, NGOs, government ministries, private business associations, and financial associations with microenterprise (Moyo, 1995). No doubt, the leadership of a single agency could be important if linkages between local programs and national governments are to occur, but one must bear in mind the track record of centralized policymaking in Sub-Saharan Africa. Bottom-up development may well be jeopardized by such a policy. Without macroeconomic reform, the informal sector cannot be entir ely displaced by the formal, neither should it be attempted. The task of integrating the formal and the informal sectors is beyond the capacity of microcredit, but microcredit might be used as a way to expand the reach, and strengthen, both traditional and formal institutions.

Linkages with microcredit programs and traditional institutions such as ROSCAs, can be used to reduce transaction costs for commercial banks and credit unions and increase options and security for borrowers. The strength of both ROSCAs and microcredit programs is their ability to reduce transaction costs through proximity, personal knowledge about the credit worthiness of other members, and well-understood rules (Saito et al., 1994). Village credit unions, because local members govern them, are able to reduce transaction costs because of their proximity to borrowers (Almeyda de Stemper, 1987). Programs offered through credit union structures, such as the PPPCR in Burkina Faso, have the advantage of ready-made linkages to an organization with national coverage, offering programs for many categories of savers and borrowers. Commercial banks lack incentives to offer microcredit, but nonetheless could be linked to other organizations able to reduce transaction costs. Barclay's Bank in Kenya and Zimbabwe plays a s upportive role in microcredit programs sponsored by NGOs and donor agencies. ROSCAs have been linked, with some success, to commercial banks in both Cameroon and South Africa (Ardener, 1995; Burman & Lembete, 1995). Government extension programs, village agents, and ROSCA leaders have also been used to form linkages (Fuentes, 1996). Microcredit programs and ROSCAs also can be linked. The microcredit program can be provided through the structure of the ROSCA. This is done in South Africa through the GAF(Churchill, 1997).

Linkages do not always work smoothly. Traditional institutions can be very strong (Bell, 1990). Commercial banks are not always stable, a factor that has deterred bank efforts at linkages in Cameroon (Niger-Thomas, 1995). Decisions are not always sound. The failure of a ROSCA-commercial bank linkage in Lagos is attributed to the extension of credit greater than the savings mobilized by the ROSCA (Nwankwo, 1994). A village agent may know the credit worthiness of other villagers but lack any other skills, including literacy, needed to act on behalf of a bank or microcredit program (Eboh, 1995). Care must be taken to make sure linkages are in tune with local cultures (Ardener, 1995; Kinutha-Njenga, 1996; Moodley, 1995). Leadership of a ROSCA occurs through social status in the community, for example, not through managerial abilities.

Macroeconomic policy must be liberalized if linkages between the informal and formal sectors are to be deepened. The informal sector exists by and large because of the failure of government economic development policies. Unstable banks, large state-owned enterprises, too much regulation, corruption, and state-controlled agriculture make it difficult for small businesses to develop. There is room for optimism. In the Sub-Saharan Africa Overview of its 1997 Annual Report, the International Finance Corporation notes that market reforms have begun to bear fruit in the "economic landscape in Africa."

The region continued to make progress in 1996 and consolidated the results achieved in 1995. Early estimates indicate that GDP may have increased by more than 5.2% in 1996, the best in more than 10 years, up from 3.7% in 1995, 1.9% in 1994, and 0.9% in 1993.... More interestingly, growth has been more widespread, exceeding 3% in nearly 30 countries and 5% in 20. Exports increased by 6.3% in 1996. Stable commodity prices, better economic policies, good weather, and continued improvements in the CFA zone following its devaluation all contributed to this growth (p. 1).

This is good news for microcredit programs. Commercial banks that are stable will gain the confidence of savers and borrowers, improving the opportunities for linkages with microcredit programs, as well as other traditional institutions, such as ROSCAs. A strong commercial banking sector can supply capital to microcredit borrowers who want to "graduate" to larger loans that are profitable for banks. Small enterprises that are freed from needless regulations can enter the formal economy. The larger incomes that come with improved economic performance can increase the market for goods and services offered by microenterprises and, in turn, help them grow. Without these improvements, however, countries will not benefit from the entrepreneurial energies that microcredit programs are expected by their advocates to unleash. Microcredit can be little more than a stopgap measure on a dead end road if it is not possible for borrowers to grow their businesses beyond a capitalization of a few hundred dollars.

The movement in microcredit policy in the direction of linkages between informal and formal institutions would appear to be positive, especially in light of economic reform. Anyone would agree that a policy that increases economic well-being ought to be institutionalized. With that in mind, we ought to be sure that the policy does, indeed, increase economic well-being.

Evaluations of Microcredit Programs

We do not know how much microcredit programs in Sub-Saharan Africa help people. Few solid program evaluations exist, and those that do are difficult to obtain (Neill, Sebstad, Barnes, & Chen, 1995). We reviewed well over 100 articles, book chapters, and case studies on microcredit. The literature is full of discussions about program design, the role of NGOs, the size and nature of the informal sector, and management practices. A pervasive assumption is that microcredit increases the well-being of the poor. Practitioners only need to get the program design right. All too often, appropriate designs are measured in terms of cost recovery and loan repayment rates.

Most program design ideas come from Grameen Bank. Grameen appears to help poor people prosper. At least one evaluation of Grameen found that livelihoods improved as a result of credit. Pitt and Khandker (1996) employed survey research to determine differences among Grameen participants and a control group of nonparticipants. Much lower poverty rates were found among participants. Additionally, Grameen participants boasted a net worth 46% higher than nonparticipants, even though they also had a higher rate of indebtedness. In looking at village-level results, the presence of a bank branch increased household income by 29%. But Grameen Bank is in Bangladesh, not Africa. Can it be replicated? What are the differences between rural Bangladesh and Africa? What is the basis for arguing for or against replication in Africa?

In spite of cautions about replication, and what we know about other countries' informal sectors, it is Grameen that is the prototype. Hulme (1993), in comparing two replications in Malaysia and Malawi, determined that any effort to replicate Grameen's success must not be too rigid. In the Malaysian case, replication was relatively successful, while, in the Malawi case, replication was fraught with problems. According to Hulme, replications in Malawi (Malawi Mudze Fund) and Malaysia (Amanah Ikhtiar Malaysia) reveal three lessons. First, program design must allow organizations to learn from mistakes, to adapt to differing circumstances. Second, managers need discretion in changing program design as necessary. The Malaysian program included a pilot phase that authorized its manager to recognize difficulties and respond accordingly. In the Malaysian case, peer pressure in the lending groups failed because Malaysian village culture discourages intervention in private affairs. To overcome this, the Malaysian progr am included an increased savings requirement to retain membership in groups with members in default. In effect, a fine was applied to all members. Third, mandatory savings is important to success. In Malawi, relaxation of the mandatory savings requirement reduced the financial stake and discipline of the members, reducing repayment rates.

Another program design issue is training, involving everything from managing loan payments and business management to family life. The poor lack more than just credit. They also lack entrepreneurial skills (Gurgand et al., 1994; Sharma & Zeller, 1997). Some programs, such as the Small Enterprise Development Organization of Malawi (Ryan, 1993), deliver training as part of a group lending design, while others, such as South Africa's GAF (Churchill, 1997), are moving away from it. The management of social-welfare programs presents different challenges from credit. Webster and Fidler (1996) and Churchill (1997) argue that microcredit programs should specialize in lending or training, but not both. The argument is echoed by Von Bulow, Damball, and Maro (1995), who note the problems that are encountered when programs become involved in multiple areas of expertise. Program structures can differ substantially in the types of training offered.

Getting the program design right is the focus of a World Bank research program to build case studies of best practices for microcredit programs (see Case Studies in Microfinance, www.worldbank.org). Others have prepared case studies as well. They are wonderful tools for building knowledge, but they are not standardized, and there has been little attempt to consolidate and analyze the collective wisdom therein. World Bank case studies tend to focus on a predetermined concept of program design: microcredit should build sustainable institutions that reach the needs, called "outreach" in the World Bank literature, of target populations (Gurgand et al., 1994; Yaron, 1992, 1994). However, the twin concepts of sustainability and outreach are inherently contradictory (Von Pischke, 1996).

To be sustainable, an institution must earn sufficient revenues to cover all costs. It must also mobilize local savings (Yaron, 1994) and involve its members in governance (Gurgand et al., 1994). A sustainable institution can occupy a niche in the local financial market as long as its clients find it useful. It is not vulnerable to the withdrawal of donor support. From the point of view of many NGO activists, however, getting help to the poor as soon as possible is the top priority, making rapid outreach desirable. To provide outreach, however, a cash flow sufficient to increase the loan portfolio is needed. Generating the cash needed for expansion from operations alone is difficult in microcredit programs, so donor capital is required. Even the Grameen Bank, for example, still relies on grants (Khandker, 1996).

The difference between program designs emphasizing either sustainability or outreach is not unimportant. It gets at the heart of what microcredit is all about. It is not quite so simple as just making small loans available to the poor. If microcredit is about getting capital to the poor quickly, then it begins to look like a kind of social-welfare policy. Immediate improvement in livelihoods is the top priority. If microcredit is about building institutions, then it begins to look more like a long-term development policy. Mobilizing local savings and recovering all costs from borrowers forces the microcredit program to become a sustainable enterprise itself.

Program design issues must ultimately flow from program objectives. If poverty alleviation is the primary objective, then outreach concerns must dominate program designs. We cannot determine whether a program is successful if we do not know what it is supposed to achieve in the first place.

Conclusion

Microcredit research is at a critical point. Microcredit enjoys broad acceptance, support from large and influential institutions, and a potentially important role in deepening the formal sectors of Sub-Saharan African economies. A program with such a commitment of resources cries out for both solid goals and evaluations. We found a great deal of literature about the design of programs based on the success of Grameen Bank. These can be useful, but program design studies are not outcomes research. Program design studies that are not grounded in an understanding of what the program is supposed to accomplish are even dangerous. How can we evaluate the ability of a program to recover its costs if it has no goals that tell us what it wants to achieve in its lending? If rapid outreach is the program goal, then heavily subsidized programs need not be criticized. If building an institution that will occupy a relatively permanent position in the local economy is the goal, then cost recovery is no small matter. It is n ot a question of choosing one emphasis over the other, but one of knowing what we want to accomplish.

We do not have solid evaluations of outcomes for the many microcredit programs that have been implemented in Sub-Saharan Africa. The policy problem now is the extraordinary support for a program that has not been proven to make people better off when replicated. At risk is development of a literature of proverbs, many of which will conflict. There is good reason to fear reliance on program design as a surrogate for outcomes.

Risks extend beyond merely wasting resources. There is a potential risk that microcredit lending will be harmful to borrowers. Albee (1996) has identified a potential "debt trap" for female borrowers who may use new loans to pay off old loans, creating the illusion of high repayment rates. Donor capital might also bring about a new aid dependence, different from the dependence on large project aid countries experienced in the 1960s and 1970s, but still damaging (Van de Walle & Johnston, 1996). These problems may be specific to the goals and designs of some programs. At least some microcredit programs distort capital markets every bit as badly as other interventions. They may absorb resources needed for education and infrastructure development (Adams & Von Pischke, 1992).

Sound bottom-up development policy requires a long-term increase in human capabilities. People need education. Businesses need infrastructure, a regulatory environment that will not stifle risk taking, and a financial sector that can meet the needs of the smallest and the largest players in the market. Ultimately, development must be sustainable on a national scale. Programs undertaken at the village level are important, especially in a bottom-up development model. But national policies determine the environment for local development. Small NGO programs can only go so far. NGOs cannot make national policy.

Given the free-market orientation of bottom-up development, is it possible that the market can provide the best evaluation of microcredit? If an institution can stand alone, reach its target population without donor assistance after a reasonable period, then one could assume the institution is filling a needed market niche, producing a positive outcome by virtue of its survival. This approach, of course, would mean the dominance of the sustainability argument. If forced to stand alone, few microcredit programs, if any, would survive. At the very least, growth would be slowed. This is not a realistic alternative given the current state of the field.

Governments, if not all donors, ought to have specific goals for microcredit programs. Essentially, tension between outreach and sustainability must be resolved at program inception if outcomes are to be measurable. If the goal is social work, fine, but donors and administrators should institute a way to determine program success. Effectiveness and efficiency of various program designs must be considered in light of economic well-being. Much more research is needed on changes in the economic status of loan recipients. This, we realize, will not be an easy task. Macroeconomic policy, weather, and wars tend to get in the way in Sub-Saharan Africa. But the alternative is to risk expansion of a policy that may be a waste of resources.

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Table 1

Microcredit Programs and Sponsors in Zimbabwe

Organization	Sponsor
Small Enterprise Development Corporation	Government
Credit Guarantee Company	Government/Commercial
Zimbabwe Development Bank	Government
Venture Capital Company in Zimbabwe	Government
Agricultural Finance Corporation	Government
Barclays Bank (Small Business Unit)	Commercial Bank/USAID
Zimbank (Small Business Unit)	Commercial Bank
Zambuko Trust	NGO
Collective Self-Finance Scheme	NGO
Zimbabwe Women's Finance Trust	NGO

Source: Kapoor et al., 1997.

Table 2

Selected Sub-Saharan Microcredit Programs

	K-REP Kenya	PPPCR Burkina Faso	FECECAM Benin	Zambuko Zimbabwe	GAF Stokvel South Africa
Created	1984	1988	1977	1990	1984
Sponsor	Gov't	NGO	Gov't	NGO	NGO

Group Lending	Yes	Yes	Yes	Yes	Yes
Savings Mobilization	Yes	Yes	Yes	No	Yes
Cost Recovery	Yes	No	Yes	Yes	Yes
Effective Interest	38%	26%	16%	24%	60%
Average Loan	$200	$60	$400	$180	$200
Training	Yes	Yes	No	Yes	Yes

Note: Cost Recovery refers to the goat of recovering total costs, not necessarily the achievement of the goal. Few microcredit programs achieve full cost recovery. Average loan sizes are approximate, as exchange rates and actual experience vary from year to year.