

**DEMAND ANALYSIS
for
THE CREATION OF
A MICRO-FINANCE RESOURCE CENTRE
IN WESTERN EUROPE**

- CONSULTATION FEEDBACK -

**WORKING DOCUMENT
APRIL 2002**

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Executive summary

ADIE, together with partners like the New Economics Foundation in the UK, and Evers & Jung in Germany, has initiated a demand analysis as part of a larger feasibility study (financed by the Caisse des Dépôts et Consignations and ADIE International) in view of the creation of a MICROFINANCE RESOURCE CENTER (MRC) in WESTERN EUROPE.

This document concentrates on the results of the consultation undertaken during March and April 2002 with the objectives of:

- Identifying the need and potential demand for a Resource Centre
- Evaluating this demand (quantitatively and qualitatively)

During March and April 2002, **87 copies of a questionnaire** (25 questions, in both French and English) were circulated to relevant organisations/individuals from **11 countries** in Western Europe. In parallel, **consultation meetings** and discussions have been conducted with relevant actors of the sector in the European Union.

The structures and individuals contacted all expressed their **strong support** for the project and confirmed their **demand for training and technical support**.

This demand is focused on technical support, micro-finance specific training and exchanges of experience. The MRC is expected to create a network of competency and experience, and rely on the expertise of the Eastern Europe MFC and other specialised structures.

Operators are interested in training programmes specifically targeted at micro-finance and adapted to the Western European environment. Depending on their size, different services and contents are requested, however the respondents all stressed the need for **networking** and their willingness to act through a Micro-finance Resource Centre to

- **Promote mutual learning,**
- **Develop and disseminate Best Practices and**
- **Diffuse information**

Although the demand is still emerging, strong perspectives of development (in volume) and diversification (of services) are to be foreseen.

Proposed plan of action :

Phase 1 : A light and decentralised structure

Phase 2 : Capacity building

Phase 3 : The Consolidation Stage

Introduction

The need for exchanges and networking among the micro-finance programmes in Western Europe has often been stressed by operators in international conferences and meetings as a way to help enhance the development of micro-finance as an efficient tool to fight against economic exclusion in this part of the World.

In response to this need, ADIE, together with partners like Evers &Jung in Germany, and the New Economics Foundation in the UK, has initiated a discussion among the main European micro-finance operators in order to formulate a plan of action for the promotion of micro-finance in Western Europe.

Two inter-linked projects have been identified:

- The development of a broad professional network of operators, through the creation of an INTERNET SITE,
- The creation of a TRAINING AND INFORMATION NETWORK for Micro-credit in Western Europe (a Micro-finance Resource Centre, MRC).

The underlying objective is the organisation of a network linking Western Europe micro-credit operators and helping them to share their experience and develop their expertise in their fight against economic exclusion.

This document concentrates on the results of the consultation undertaken during March and April 2002 with the objectives of:

- Identifying the need and potential demand for a Resource Centre
- Evaluating this demand (quantitatively and qualitatively)

ADIE International would like to thank all those who have cared enough to respond to this consultation and have expressed their support for the project.

This document is a demand analysis, if it triggers any further thoughts, ideas, comments for the final project, please fill free to forward them to Véronique Salze-Lozac'h email vsl.consulting@wanadoo.fr

1. METHODOLOGICAL INFORMATION

1.1. Survey

During March and April 2002, 87 copies of a questionnaire were circulated to relevant organisations/individuals from 11 countries of Western Europe, mainly:

- Micro-finance operators in Western Europe
- Other loan funds/intermediary finance providers
- Banks involved in micro-finance operations
- Charities, Trusts and Foundations
- Research institutions
- Consulting firms specialised in micro-finance
- Western Europe providers of training programmes in micro-finance

The Questionnaire included 25 questions and was offered in both French and English, the English version being offered on-line. Because of this focus on the demand itself, and to keep the questionnaire manageable, questions on the name of the structure or on its possible organisation were considered premature at this stage.

At the same time, consultation meetings and discussions have been conducted with relevant actors in the sector, including training providers in France, UK, Germany, Italy, and Luxembourg, the new Trade Association for Community Development Finance Institutions (CDFI Trade Association, UK), the Micro-Finance Centre for Eastern Europe and the Newly Independent States (MFC, Poland) and members from the European Commission.

This document is the summary of both the written responses received and the issues raised in the focused meetings on the subject.

1.2. Terminology

* The word **micro-finance**, covering a broader area than just micro-credit, has been used in the questionnaire in order to avoid a too restrictive approach of the sector in the consultation phase.

* A distinction is to be made in this demand analysis between **the need and the demand** for services or training.

The word demand is used whenever the need is acknowledged by the operator itself and can be translated into a « consumption act » (which implies that the operator is willing to pay for the service and to devote the time required for it).

The distinction is particularly important at this stage, as the « market » for training and technical services for micro-finance operators in Western Europe is a new market and as micro-finance itself is not very well organised and structured yet in our countries.

2. FINDINGS

A good return rate expressing an unanimous support to the project

There were **21** completed questionnaires (out of the 87 distributed), from **9 different countries** (plus « Europe »). UK was very reactive and represents 1/3 of the questionnaires, a representation in phase with the level of development of micro-finance in this country.

Among those who did not answer, most are either small operators (they feel less concerned and/or did not take the time to answer the questionnaire as they do not have time for not-directly operational actions). Some structures (Banks, non-operational operators, local development structures...) did not fill the questionnaire, but expressed their interest in the project. It is the case, for example of a future programme in Italy, which is not operating yet but said it would be interested in the services of a Micro-finance Resource Centre in the coming years, or the case of micro-finance training programmes, which do not operate in this part of the world but expressed their support for the project, and their wish to be associated to a future MRC.

No negative comment was expressed on the idea of creating a Micro-finance Resource Centre in Western Europe, neither in the consultation meetings nor in the written exchanges.

Table 1. List of the structures which answered the questionnaire

▪ ADIE	France
▪ AIRDIE	France
▪ Women's World Banking	Spain
▪ Caixa Catalunya-Fundació Un Sol Món	Spain
▪ Microfinanza	Italy
▪ Noragric, Agricultural University of Norway	Norway
▪ Network Credit, Norwegian People's Aid	Norway
▪ Sofi	Europe
▪ Charity Bank	Europe
▪ Charity Bank	UK
▪ The Environment Trust	UK
▪ London Rebuilding Society	UK
▪ New Economics Foundation	UK
▪ Women's Employment Enterprise & Training Unit	UK
▪ Street Cred	UK
▪ Community Development Finance Association	UK
▪ First Step	Ireland
▪ FONDS DE PARTICIPATION	Belgium
▪ CREDAL	Belgium
▪ ANDC	Portugal
▪ FACET BV	Netherlands

Table 2: Classification per type of structures

▪ NGO :	10
▪ NGO BANK (2 questionnaires) :	1
▪ Savings bank :	1
▪ Finance institutions :	2
▪ Association of programmes :	1
▪ Consulting firms :	4
▪ University :	1

If we only consider the **NGO and financial institutions** (15 questionnaires but only 14 structures) as direct potential clients for the MRC, a closer look shows a difference among the programmes in terms of age and size.

Age of the micro-finance programmes:

- 5 are more than 8 years old
- 9 are less than 7 years old (among which 7 are less than 4 years old).

The age of the programmes has proved to have an impact on the needs of training and technical services and on the type of services required.

Number of staff:

The range goes from 1 staff member devoted to micro-finance in a « non-specialised » programme to 200 for a national, 12 years old, programme, giving an idea of the potential development of micro-finance programmes.

- 11 programmes have less than 10 staff members
- 2 programmes have between 20 and 41 staff members (AIRDIE an NGO in France and Fonds de Participation, a Federal Public Institution in Belgium)
- 1 has more than 200 staff members (ADIE, France)

Looking at the micro-credit activity itself,

The number of loans per year also gives an important information regarding the need for technical support and the type of tools required.

- 4 programmes offer more than 100 loans a year (with a peak at 3560 loans in 2001 for ADIE).
- 6 programmes offer between 40 to 90 loans a year
- 3 programmes offer between 15 and 25 loans a year
- 1 did not produce figures

This is not taking into account the diversity of the programmes in terms of objectives, target population, procedures, etc. the purpose of the survey was to identify the common demand among the potential members of the future MRC.

The results given below take into account all 21 questionnaires.

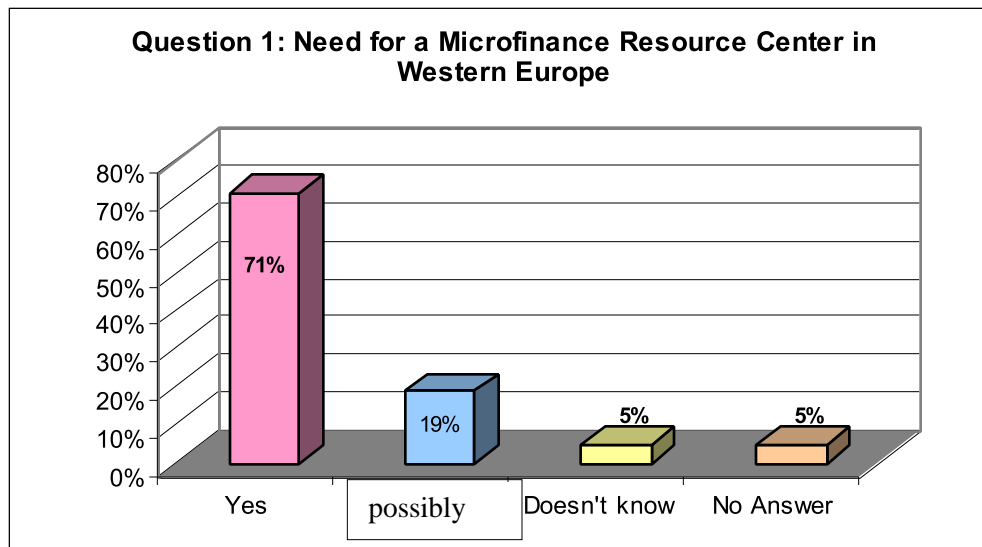
* The case of FACET NETHERLANDS has to be considered apart. Facet is a consulting firm specialised in micro-finance world-wide. Facet does not work in Western Europe yet, but would be interested to share experience. They sent the questionnaire back and expressed their interest in the project but did not fill most of the questions. Because of the relatively small

size of the panel, please note that this questionnaire represents 5% of the panel most of the time acknowledged as « did not answer the question ».

NEED FOR A MICRO-FINANCE RESOURCE CENTRE

Question 1: Do you think there is NEED for a Micro-finance Resource Centre in Western Europe?

Out of the 21 respondents, 15 (71%) are positive about the need for a Micro-finance Resource Centre in Western Europe, 4 say « possibly », 1 « doesn't know » and 1 did not answer. (Operators only: 11 or 79% "yes", 2 "possibly", 1 "doesn't know").



This overwhelming positive reaction about the need for a MRC in Western Europe has been even more important in the meetings and discussions conducted during the survey. All our contacts recognised the need for a common action to help develop and strengthen the micro-finance sector in Western Europe and all welcomed the idea of a MRC.

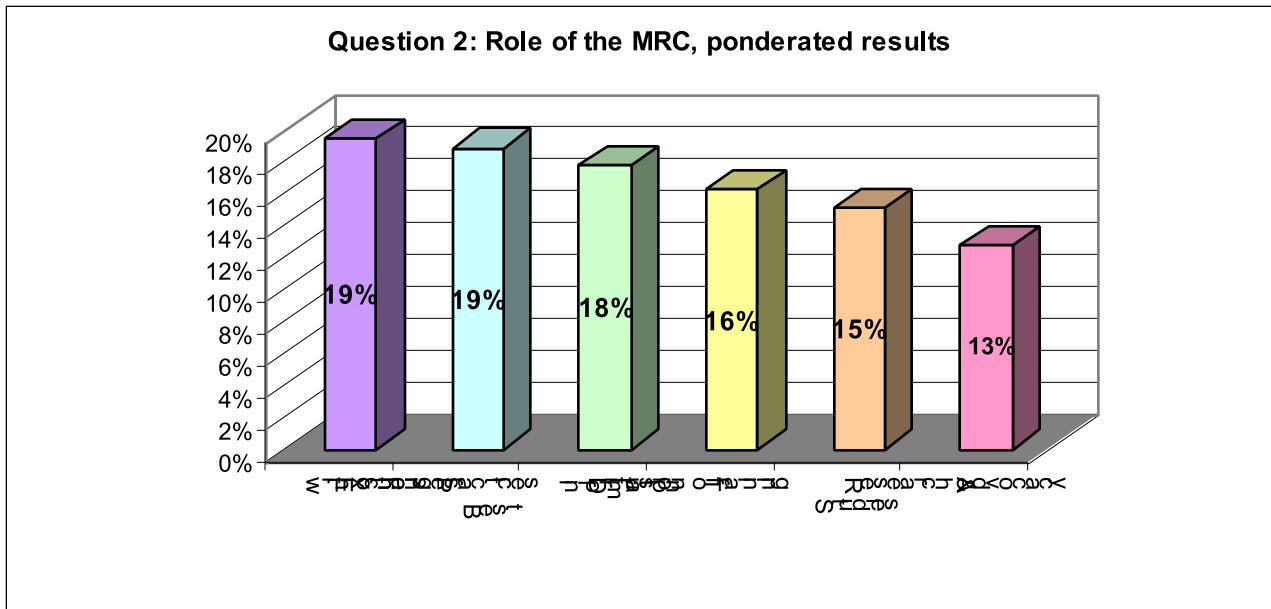
Question 2: What should be the ROLE of the Resource Centre? Please, mark all that apply in order of importance with '1' = most important.

Options include:

- a) To offer training sessions
- b) To collect and disseminate information on trends, innovations, knowledge about micro-finance in Western Europe and internationally
- c) To facilitate communication and exchanges between micro-finance operators
- d) To co-ordinate research and studies
- e) To help develop/disseminate good practices
- f) To enhance advocacy work
- g) Other (please, specify)

1. "Exchanges with others" and « development and diffusion of good practices »
2. « Dissemination of information on micro-finance » and

3. “ Diffusion of information ”



The « *development and diffusion of good practices* » is the service the most often mentioned as the number one (with 6 answers as "most important"), then, very close, come the « *dissemination of information on micro-finance* » and « *to facilitate communication and exchanges between micro-finance operators* » with both 5 answers as N°1. "Training" is mentioned 3 times as being the most important role of the future MRC.

On the other end, "advocacy" is considered as the least important role for the MRC by more than 50% of the respondents and mentioned only twice as the most important.

Although the services mentioned above clearly appear as being considered as priorities, the results actually show a large dispersion of the answers, implying that none of the roles proposed in the questionnaire are clearly rejected as irrelevant to a future MRC.

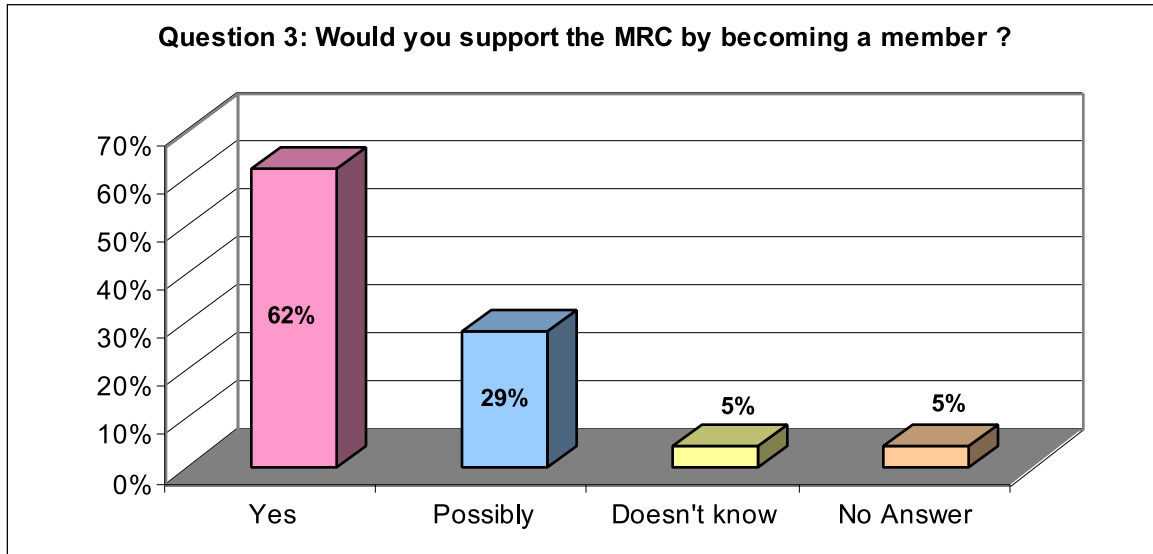
A ponderation of the answers provides a more accurate idea of the results and of the dispersion of the answers between the 6 options offered. Although « *exchanges with others* » and « *dissemination of best practices* » remain the two most important services the MRC is expected to offer, we can see in the graph above that the results are quite balanced.

Comments on the role of the future MRC include:

- To spread information on the micro-finance sector towards the outside (policy-makers...).
- To facilitate access to credit for women without collateral.
- To facilitate the adoption of fiscal and social legislation in favour of the micro-entrepreneurs.

Question 3: Would you support the Resource Centre by:**a) Becoming a member**

62% of the respondents declare they would become a member of the MRC and 29% that they may consider becoming a member (**Operators only**: 79% “yes” and 14% “possibly”).

**b) Providing information about your organisation and events on a regular basis**

The respondent are unanimous (20 yes and 1 no answer from a non-operator) about the fact that they would provide information to the MRC on a regular basis.

c) Using its services**c.a.) If membership is required**

With 13 “yes” and 3 “possibly”, 76% of the respondents say they are ready to use the services of the MRC with membership required. 3 (all of them consulting firms) say they will not use the services of the MRC, 1 doesn’t know and 1 did not answer. (**Operators only**: 86% “Yes”).

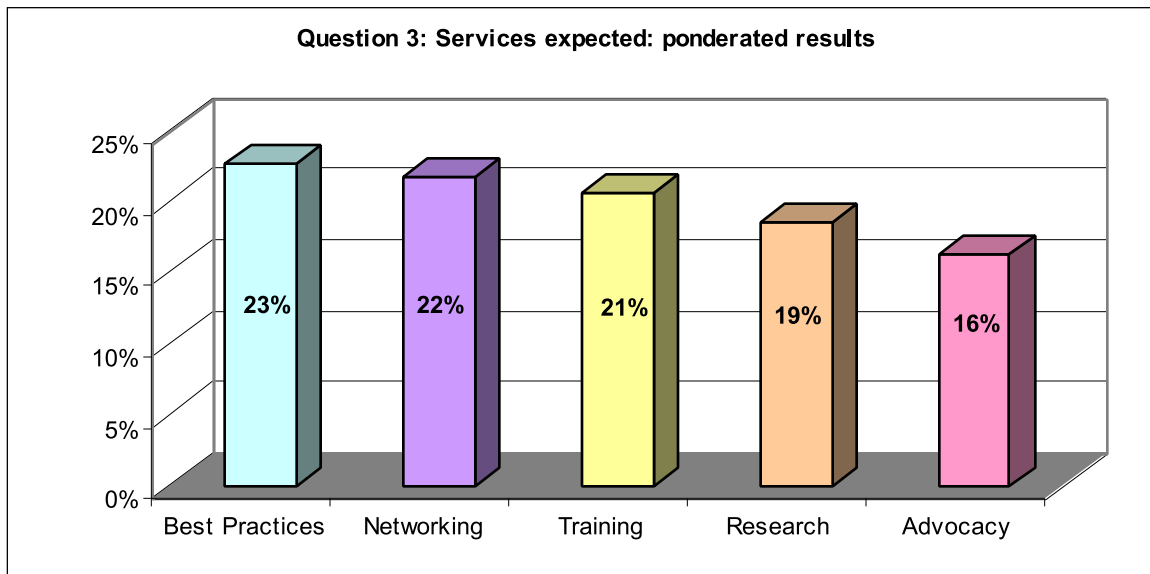
c.b.) If membership is not required

The results are very similar as above, 13 respondents say they would, and 2 they would “possibly”, use the services of the MRC with no membership required. 2 answered “no”, 2 don’t know and 1 did not answer. (**Operators only**: 71% “Yes” (10)).

The results of these last questions about membership show that membership is definitely not considered an obstacle to the use of the services. The opinion expressed by operators, beside the questionnaires, is even stronger as it was often stated that membership should be considered a prerequisite to be able to use the MRC’s services.

Which services would you be interested in? Please mark all that apply in order of importance with '1' = most important.

1. "Development and dissemination of Best Practices"»
2. « Networking » and
3. "Training"



"Training" is the most often quoted in first position (6 times as Number 1) as the most important service the respondents would use. However, "Development/dissemination of good practices" comes first in aggregated results as it is quoted 8 times as the second most importance service.

Then come "networking" (5 times), and "Development/dissemination of good practices" (4 times), and finally "Research and studies" and "Advocacy" (2 times).

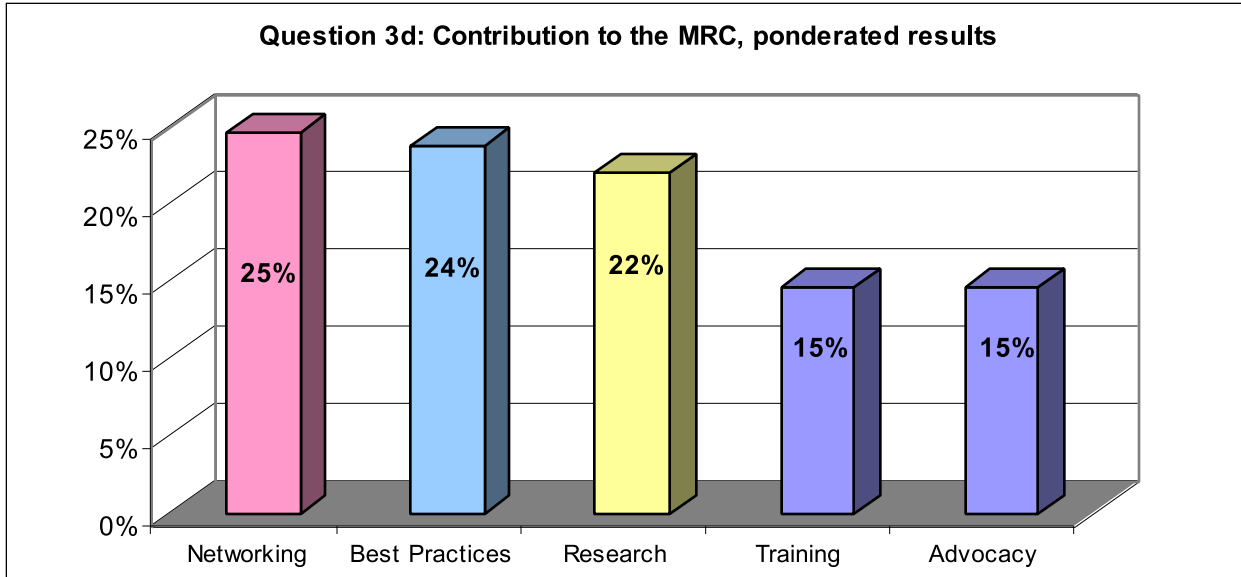
Although the first three services considered as the most important are still "Development/dissemination of good practices", "networking" and "training", we can see that none of the services mentioned is clearly rejected.

Other services mentioned are:

- Organisation of exchange visits.
- Information on funding opportunities.
- Actions to help improve the fiscal and social legislation in favour of the micro-entrepreneurs.

d) Contributing to the services of the Resource Centre

All respondent but two (1 doesn't know and 1 did not answer) express their readiness to contribute to the MRC (15 "yes" (71%), and 4 "possibly"). The results are the same when we look at **operators only** (71% "Yes" and 21%"possibly").



1. « *Networking* »
2. « *Development and dissemination of Best Practices* »
3. « *Research* »

Not surprisingly, it is « *Networking* » that is the most often mentioned as a first choice (7 times), right before « *Development/dissemination of good practices* ». Whereas « *Research* » is mentioned 4 times as a first choice, it appears 6 times as the second choice, which implies a high level of potential involvement of the respondents in a research programme.

Training never appears as a first choice in the type of contribution the respondents are willing to provide to the MRC, and advocacy only once. Although training is a service expected to be offered by the MRC, few operators are willing to contribute as trainers. Those willing to get involved into the training are larger operators and, of course, specialised consulting firms.

« *Advocacy* » is the contribution which is the least offered by the respondent (1 first choice, 2 second choice and the highest score as the last choice).

The level of « *no answer* » is higher here than for the other questions. It was difficult for the respondent to answer this question without detail on how this contribution would be paid for or compensated by. As two respondents specify, the level of contribution will depend on the cost for the member. A concern always mentioned in the discussions too;

Other contributions include:

- Lending to micro-finance organisations (from an NGO Bank which could be a possible supplier of wholesale funds lines of credit)
- Professional credit to unemployed people.
- Lobbying to advocate a better legal environment for micro-entrepreneurs.

The [fields of expertise](#) mentioned by the respondents are broad and include:

- Lending to the non for profit sector (NGO Bank)

- Access to financing
- Long term practical experience of micro-credit
- Knowledge of the diversity of the MFI's in Europe
- Knowledge of the European regulations and environment
- Peer lending, micro-enterprise
- Support for women in an urban setting

GENERAL NEED FOR TRAINING

Question 4: Is there NEED FOR TRAINING PROGRAMMES targeted at micro-finance organisations in Western Europe?

<p>All respondents (21)</p> <p>17: yes there is a need for training (81%)</p> <p>1: no</p> <p>1: may be</p> <p>2: doesn't know</p>	<p>Operators only (14)</p> <p>12: yes there is a need for training (86%)</p> <p>1: no</p> <p>1: may be</p>
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An overwhelming majority of the respondents assess that there is a need for training specialised in micro-finance.

A need qualified as moderate to very high: Except for 5 answers (1 “doesn't know and 4 “no answer”) all respondents considered this need for training as moderate (6 times) to high (6 times) and even very high (4 times).

Question 5: How would you qualify the TRAINING PROGRAMMES currently available to micro-finance organisations IN YOUR COUNTRY?

The respondents largely express the idea that the training programmes currently available in their country are not very adequate, for 7 of them, and even inadequate, for 9 of them. 1 considers available training programmes as adequate, 1 doesn't know and 3 did not answer.

• Inadequate	9
• Not very adequate	7
• Adequate	1
• Do not know	1
• No answer	3

The main criticisms against the few available national training programmes are that they are **not adapted to the situation of micro-finance in Western Europe**. The training programmes are often too generalist (accounting, finance...) and not directly relevant to the specificity of micro-finance operations or, when they are micro-finance specific, they are not adapted to the situation of micro-finance in Western Europe, but in developing countries.

Comments are numerous on the subject as 15 of the respondents expressed their frustration about the unavailability of relevant micro-finance training programmes in their country:

1. Training is not available

- There is very little available, other than the (good) Full Credit programme for peer lending micro-credit. No other appropriate training is on offer.
- No programme available in Micro-finance or methodology. (Spain, Belgium)
- Basic training only, there is no specialised programme.

2. The available training is too general

- The training programmes are too general and not adapted to micro-finance
- Not targeted toward western economies. Need to be adapted.
- Not in-depth training, not the right focus on needs of practitioners. The people with resources to provide training seem to be a threat to some of the government bodies involved.
- There are none focused at micro-finance practitioners, and not enough expertise through actual experience
- In the UK, fairly comprehensive training modules have been developed for community development finance institutions in general, but there is no particular focus in these on micro-finance, apart from a module on peer lending techniques

3. The experience of micro-credit in Western Europe is too recent and/or is not enough taken into account

- There is either no training programme or programmes that revolve too much around the existing constraints, not (enough) on developing the added values that MF can bring.
- In the UK, the micro-finance industry is still too young to have had an impact on the training programmes available but the situation is evolving through structures like NEF and the new Community Development Finance Association.
- We are still learning lessons about micro-credit in the UK. The lessons are being learnt by practitioners who are learning by doing. This means there are a lot of mistakes that occur which we strive to learn from.
- In France and Portugal, the awareness of the role of micro-finance is still recent. Moreover, the diversity of the actors at the institutional level has made it difficult to organise the sector.

Question 6: How would you qualify the TRAINING PROGRAMMES currently available to micro-finance organisations in other countries IN WESTERN EUROPE?

When it comes to the training programmes available at the European level, [the lack of information](#) on what is available is obvious. More than 50% of the respondents specify they do not know about it (for 5 of them) or did not answer the question (6 did not answer). For those who do express an opinion, only 2 think that it is adequate, 4 it is not very adequate and 4 it is inadequate.

• Inadequate	4
• Not very adequate	4
• Adequate	2
• Do not know	5
• No answer	6

Comments can be classified into two groups:

1. Lack of information

- I can't answer this since I do not know much about it, but I assume there is a high need for training organisations.
- Do not know what is available, although the Eastern Europe MFC courses look interesting.
- Don't know what is available elsewhere in Europe (6 times)

2. The limits of existing programmes

- Replication of programmes (e.g. ADIE, Full Credit) is available, but I don't see much else out there. MFC in Poland is the nearest suitable place.
- Usually too reduced to the experience of one specific organisation + not enough need centred (often very ideological) + too little linked to the expertise of mainstream banks (which can be useful).
- Difficult to quantify but UK offers Full Circle model and a new Trade Association.
- Doesn't know any programme besides ADIE (which is very technical and is in theory an internal training programme for credit officers).

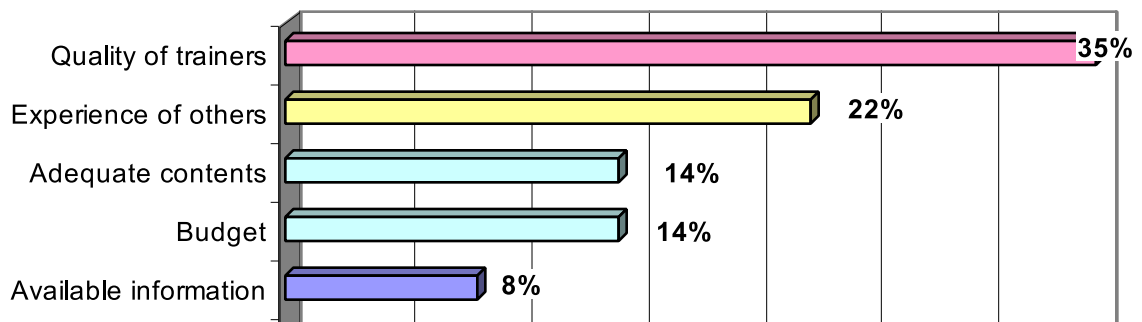
In a situation of vacancy of micro-finance training programmes in Western Europe, the Eastern Europe institute MFC is often mentioned (3 times) as "the nearest suitable" programme.

Question 7 : What are the MAIN 3 POSITIVE CHARACTERISTICS OF EXISTING TRAINING PROGRAMMES for micro-finance organisations in your country and/or other countries in Western Europe? Please, mark from 1 to 3, with '1' = most important.

Options included:

- *Information about the training programmes is easily available.*
- *The contents of the training programmes are responsive to micro-finance specific needs.*
- *The contents are responsive to my organisation's needs.*
- *The facilitators/trainers know the sector and provide quality services.*
- *The contents offer an opportunity to learn about micro-finance experiences in other countries.*
- *The training programmes are accessible to my budget (adequate cost/free access).*
- *The duration of the training sessions are adequate.*
- *Other (please specify).*

Question 7: Main positive characteristics of existing training programmes, ponderated results



1. *“Quality of trainers”*
2. *“Opportunity to learn from others”*
3. *“Adequate content”*

The “quality of trainers” and the “opportunity to learn from others” are the qualities the most often mentioned as N°1. There also are the two qualities the most often mentioned as part of the first three positive characteristics of the existing programmes. In third position come the “content” and “cost”.

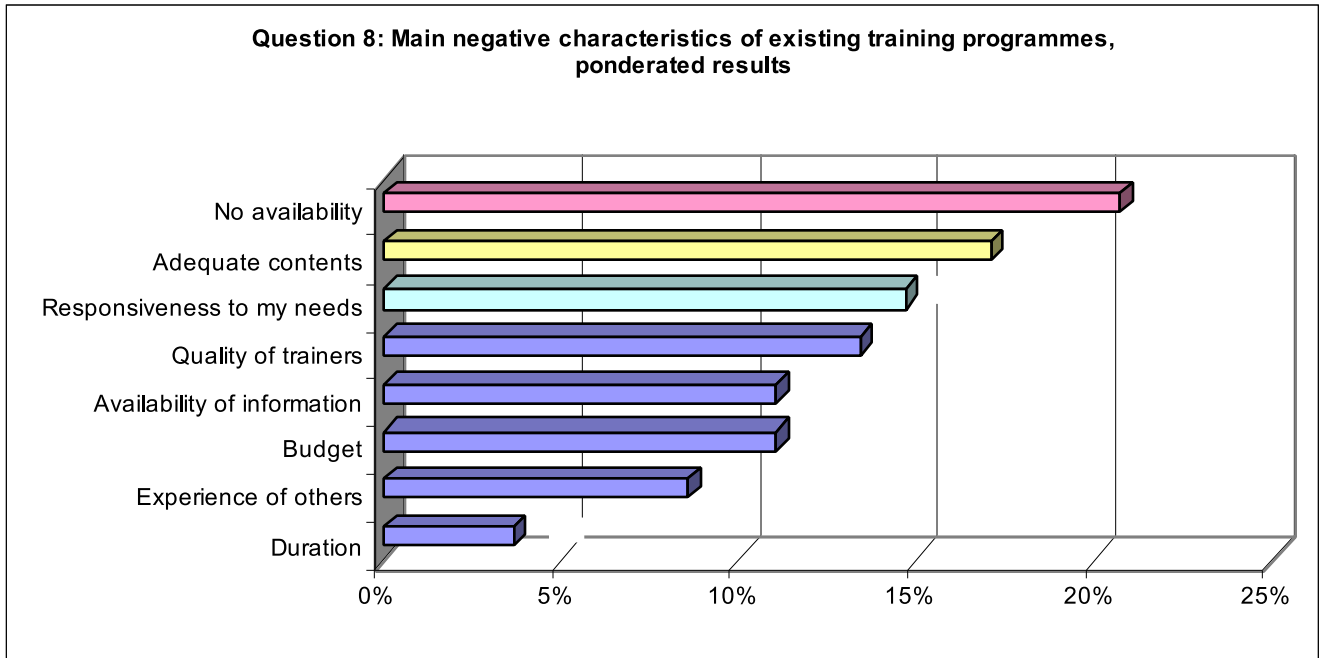
Comments mention that:

- The costs of existing programmes are often too costly for the staff to participate as a team.
- When training events are organised, they seem to be adequate in costs and duration.
- As small structures are getting bigger, they may sometimes seek the help of larger and more institutionalised operators for training and exchange of expertise (A service that could be organised on a more regular basis by the MRC).

Question 8. What are the 3 MAIN NEGATIVE CHARACTERISTICS OF EXISTING TRAINING PROGRAMMES for micro-finance organisations in your country and/or other countries in Western Europe? Please, mark from 1 to 3, with ‘1’ = most important.

Options included

- *Information on the programmes is not easily available*
- *The contents are not responsive to micro-finance specific needs*
- *The contents are not responsive to my organisation’s needs*
- *The contents do not include enough experiences from other countries*
- *The trainers/facilitators do not know the sector enough*
- *The training programmes are too expensive*
- *The duration of the training sessions are inadequate*
- *There is no training available*
- *Other (please specify)*



1. *“Not available”*
2. *“Inadequate content”*
3. *“Unresponsive to the needs of the micro-finance sector”*

The “*unavailability of training*” is mentioned as the number one negative characteristic of the current supply of training (this lack of programme is mentioned 5 times as the number one problem). Then comes the fact that the *content* of existing programmes is *inadequate* and that it *does not respond to the needs* of the micro-finance sector in Western Europe.

The results of these questions 7 and 8 confirm the expectations of the operators concerning the development of more training programmes designed to meet their specific needs.

YOUR NEEDS FOR TECHNICAL ASSISTANCE AND TRAINING

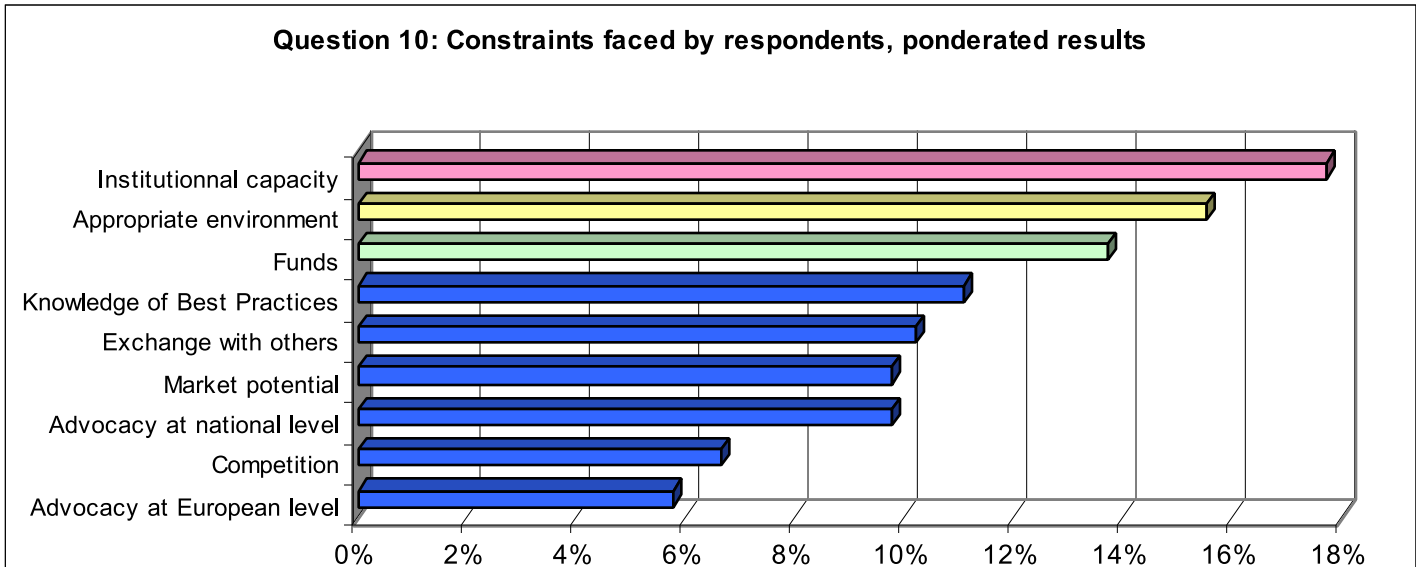
Question 9. How would you qualify your ORGANISATION’S NEEDS FOR TECHNICAL SUPPORT (technical assistance and training)?

• Very high	1
• High	9
• Moderate	5
• Low	2
• No need	1
• No answer	3

Almost 50% of the respondents affirm they have a very high or high need for technical support. The results are even more positive if we only look at the micro-finance operators; They all declare they have a need ranging from moderate to very high, as the “no need”, “low” and “no answer” all come from consulting firms or research institutes.

Question 10. What is(are) the MAIN CONSTRAINT(s) your institution faces for reaching its development goal? Please, mark all that apply in order of importance with ‘1’ = most important.

- Options included:*
- Lack of institutional capacity
 - Lack of an appropriate legal and regulatory environment
 - Lack of funds
 - Lack of client demand/market potential
 - Lack of knowledge of micro-finance best practice/technical expertise
 - Lack of exchanges with other programmes
 - Lack of efficient advocacy at the national level
 - Lack of efficient advocacy at the European level
 - Other (specify)



1. *“Institutional capacity”*
2. *“Lack of a favourable environment”*
3. *“Lack of funds”*

The lack of *“institutional capacity”* is the most often mentioned as the as the number one constraint faced by the respondents to reach their development goals. The *“lack of an appropriate legal and regulatory environment”* and the *“lack of funds”* come next.

The rest of the options obtain very close results and none is clearly rejected except for *“Advocacy at the European level”* which is the most often quoted as the least important constraint and never mentioned as the first one.

Other constraints mentioned are:

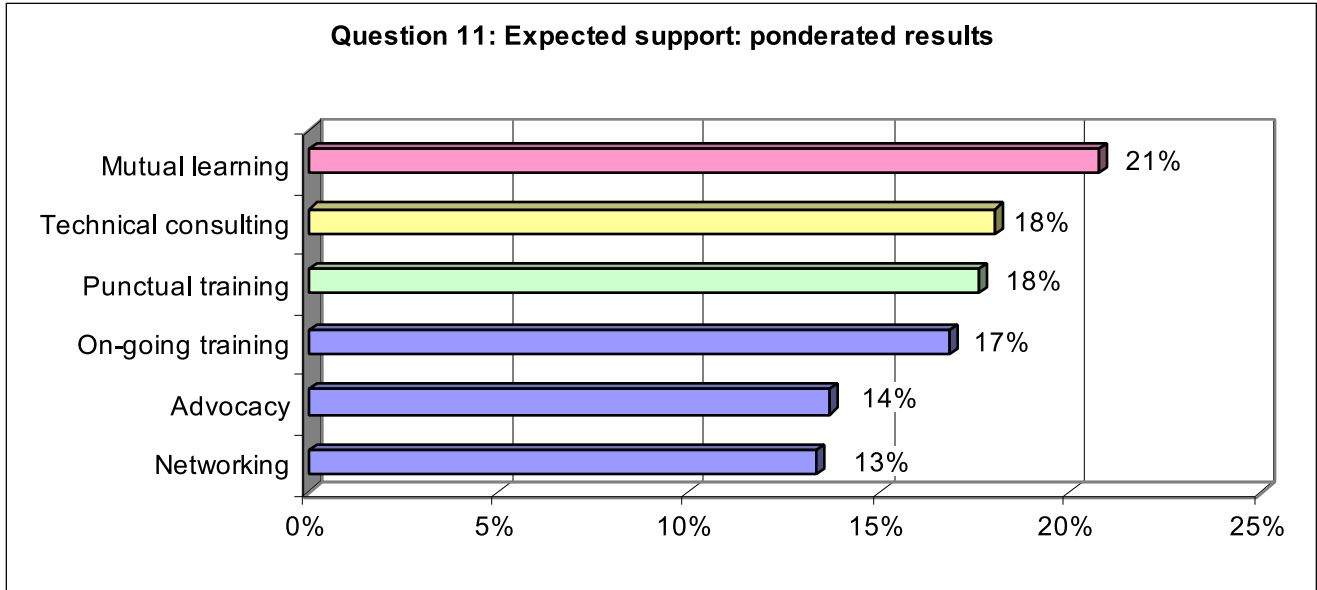
- The lack of priority in the context of large organisations and the lack of flexibility to change policy.
- The fact that the lack of fund implies that not all clients can be attended to.
- The need for efficient indicators and for an improvement of the services offered by the micro-finance programmes.
- There is a difficulty in pointing-out what skill/training support is required. Information exchange with other programmes may be a way to identify these needs.

This last remark is very important and expresses the need to include a [need assessment phase](#) as one of the services offered by the MRC.

Question 11. What TYPE OF TECHNICAL SUPPORT could HELP YOU DEVELOP your micro-finance programme? *Please, mark all that apply in order of importance with ‘1’ = most important.*

Options included:

- *On-going practical training*
- *Punctual training on specific issues*
- *Mutual learning and exchanges with other practitioners*
- *External technical consulting services*
- *Networking*
- *Legal and policy advocacy*
- *Other (please, specify)*



1. *“Mutual learning”*
2. *“Technical support”*
3. *“Training”*

“Mutual learning” is most often mentioned as most important tool of technical support to help enhance micro-finance programmes (mentioned 8 times as “most important”), then comes *“external technical support”* which is the most often mentioned as a second choice. *“Training”* (with a slight advantage to “punctual training”) is also considered as an important aspect of technical support.

“Networking” is only mentioned once as the “most important” tool to support the micro-finance structures to develop. Networking seems to be considered as one of the least efficient development tools. Although it was mentioned in question 3c as one of the first services expected from the MRC, it is not considered the most effective way to help micro-finance programmes develop.

One of the conclusions we can draw from that is that a mere web-site that would only offer networking would not be considered as sufficient to provide practical tools to help develop micro-finance in Western Europe.

Advocacy is never mentioned as being “most important” but is often a second choice. Funds is mentioned in the “other” area as a mean to develop micro-finance programmes.

Question 12. Have you been USING EXTERNAL TECHNICAL SUPPORT (technical assistance and/or training)?

More than 50% of the respondents (**11 NO**) say they have not been using external support, 9 say they have (**8 of them are operators**) and 1 did not answer.

What type of technical support?

Among the 9 respondents who have been using technical services:

- 7 used training,

- 5 organisational assistance
- 4 used information management
- 4 needs assessment
- 3 used financial auditing
- 2 Other technical supports are mentioned: technical micro-finance tools and exchanges of experiences of micro-financing programmes all over the world.

The organisations which have been using technical support are the largest structures. And the largest, the most technical assistance they use, both in variety and in amount.

How often ?

9 respondents answered the question, **7 use technical support regularly** (more than twice a year) 1 only once a year, and 1 less than once a year.

It seems that once the micro-finance organisations have reached a phase of “consolidation and development” the use of external technical support becomes more frequent. The relative youth of most micro-finance programmes implies that the demand for technical support will grow rapidly in the coming years.

Training

If we look at the use of training,, the **type of training** used include:

- Management skills
- Credit, accounting, regulations...
- Workshops and CGAP training in Norway (network with NGO's working in the South)
- New Economics Foundation partnership , Social enterprise London, Business Link for London (not micro-finance specific training)
- ADIE, FFA,
- Own training

The type of training used is actually either very general (e.g. management skills) or, whenever it is more micro-finance specific, it is a training orientated toward micro-finance organisations working in developing countries and not in Western Europe, which confirms the results obtained from questions 5 and 6.

The largest organisations develop their own internal training programme, but these are organisational specific and not easily available to other structures.

The **number of persons trained per year** varies from approximately 130 for the largest structure (mainly internal training) to 1, 3, 6 and 10 a year. It represents a small amount of people but can also be explained by the lack of available training programmes. However, these numbers are very important when compared to the total number of staff members and in proportion, could give us an idea of the potential demand for training as soon as good-quality specialised training will be made available.

The very fact that the largest programmes develop their own training programmes tells a lot about the need for training faced with the unavailability of micro-finance specific training programmes.

Did you pay for this technical support ?

5 answered “yes” and 4 “No”, others did not know or did not answer the question.

When the respondents paid for the services, they may spend up to 30 000 Euros/year for the largest structures to 200 Euros/year for the smallest. The cost of 40 Euros/heure is mentioned as the average cost in Belgium.

How satisfied were you with the training?

Out of 7 answers, 3 respondents declare they have been satisfied and 4 moderately satisfied by the technical support they got, the services were too general and not enough micro-finance-oriented.

11 respondents say they do not use technical support

- 2 declare they have no need for it.
- 4 find that the support available is not adequate
- 1 use only internal support
- 4 are consultant firms themselves.

The cost is never mentioned as an obstacle to the use of technical services.

Comment: The new CDFA in UK will be providing such services.

CONTENT OF TRAINING PROGRAMMES

Question 13. Would members of your organisation be interested in ATTENDING TRAINING SESSIONS specifically targeted at micro-finance performers?

With **16 yes out of 21 responses**, the quasi unanimity of the respondents declares they are willing to attend training session that could be offered by the MRC. This is even more true when considering that the 1 “don’t know” and 4 “no” come from consultants and non-operators. The demand for training sessions is real among operators as all of them answered “Yes”.

If yes or possibly: Question 14. Which TOPICS would you like to see addressed by these training programmes? Please, mark all that apply in order of importance with ‘1’ = most important.

Options included:

- *Development of Best Practices*
- *Management*
- *Managing information*
- *EU and Europe regulations for micro-finance*
- *National legal framework for micro-finance*
- *Finding the funding*
- *Exchange of practical experience among practitioners*
- *Evaluation methods / performance indicators*
- *Bench-marking*
- *Relations with banks*
- *Starting a micro-finance programme*

The first 3 topics that emerge as the most interesting one are:

1. *Development of Best Practices*

2. *Exchange of practical experience among practitioners*

3. *Evaluation methods / performance indicators*

This is in line with the results obtained in earlier questions. It is also coherent with regards to the possible role of the MRC as expressed by the organisations consulted during this survey.

The exchange of information, if it confirms the need to learn from each other, may also take a less formal form than “training session”. Some respondents point out that the MRC should act as a facilitator in this exchange of experience and know-how. A good way to include this need for **mutual learning** would be to include this dimension in all **training workshops**, as an integrated advantage of the MRC actions; This may be achieved by either including comparative advantages of the different relevant experiences in other parts of Europe and/or of the world, but also by “using” trainers or facilitators from these different back-grounds (which implies a strong effort of trainers identification and training of trainers).

Small structures were the keenest about the need for evaluation methods and performance indicators. The largest organisations being more interested by more technical aspects such as the development of best practices.

Several structures mentioned more than one topic as their number one choice confirming the diversity of the possible relevant topics that could be addressed by the MRC.

Not surprisingly, the topics of “*National legal framework for micro-finance*” and of “*starting a micro-finance programme*” are designated as the least interesting topics for training sessions. The first one because in terms of comparative advantages, national regulations would not be the strongest point of an international micro-finance resource centre and the second one because the respondents have already started their business.

The public for workshops on “why and how to start a micro-finance programme?” is different from the one surveyed in this demand analysis and should not be neglected by a future MRC in Western Europe.

The other options offered have all been mentioned at least once as a first or second choice, which implies that they are not considered as irrelevant and do raise interest from the respondents.

Question 15. How many STAFF MEMBERS could be involved in these training sessions?

14 of the respondents answered that some of their staff members could be involved in the training sessions, **confirming the reality of the demand for training** from a future MRC. Depending on the size of the organisation, the number goes from 1 to almost 100 per organisation. The total number of staff members that could be involved by these training sessions is of approximately 190 a year.

Respondents also mentioned other training topics:

- Peer lending techniques, lending practices, micro-business support requirements.
- Computing tools

Question 16. What TYPE(S) OF TRAINING SESSION(S) would you be interested in?
 Please mark your preferences in order of importance with '1' = most important. Mark 0 if the option is not acceptable to you.

Options included:

- *On-site (in our offices)*
- *In our town but outside the office building*
- *In another country with participants from other countries*
- *Does not matter*
- *Other (please specify)*

1. *On site training*
2. *In the respondents area but outside their offices*
3. *In another country*

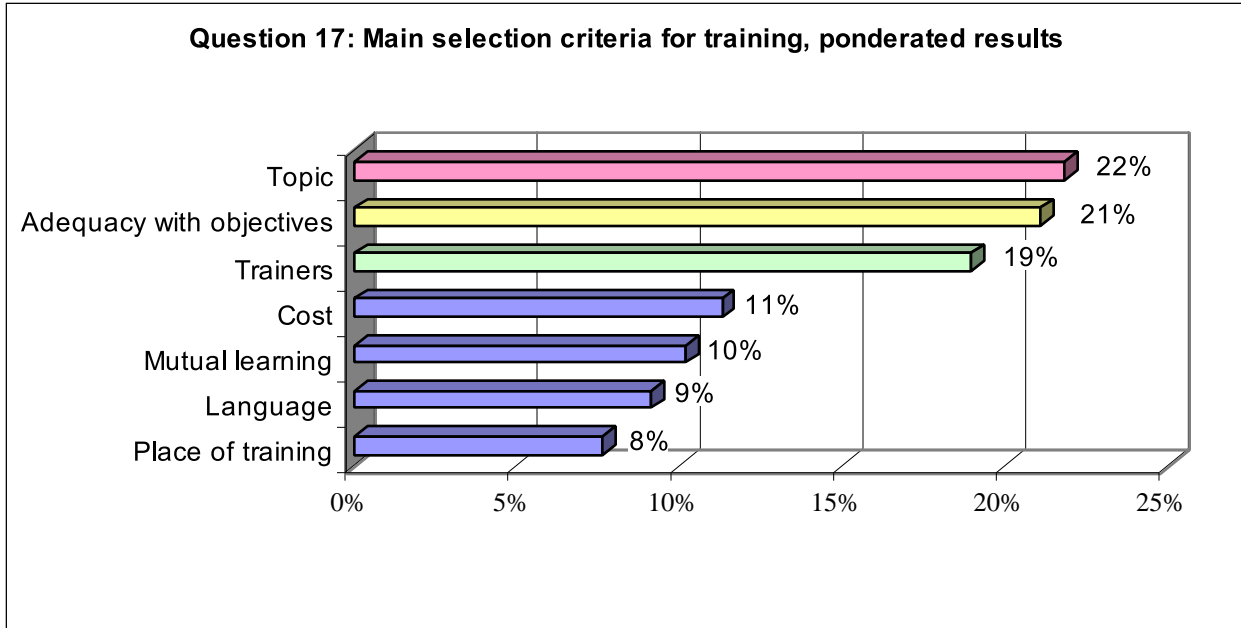
“*On-site training*” clearly appears as the first choice of the respondents (chosen 6 times as the first choice), then comes “*training in the respondents’ town but in other premises*” (chosen twice as a first choice and 7 times as a second choice), and finally, training “*in another country*” (chosen 3 times as a first choice, mainly by small structures, but 6 times as the last choice). One respondent specified the place of training was of no importance.

Of course the cost/time constraint was mentioned as an important element influencing this choice. Moreover, the largest the structure and the volume of training required, the most difficult the choice of training in another country.

Question 17. What would be your main CRITERIA FOR CHOOSING A TRAINING SESSION: Please mark your preferences in order of importance with '1' = most important.

Options included:

- *Quality of trainers*
- *Focus/topic of the training*
- *Cost*
- *Language used*
- *Place where the training session is offered*
- *Adequacy of the training with my organisation’s objectives*
- *Mutual learning*
- *Other (please specify)*



1. *Focus/topic of the training*
2. *Adequacy of the training with my organisation's objectives*
3. *Quality of trainers*

Several respondents selected more than one criteria as being of the most importance. Several of the criteria listed were considered by the respondents of the same (high) importance.

Two very closely related options arrive first. The “*topics*” to be addressed by the training sessions is mentioned as a criteria of highest importance for the respondents. This option was selected 5 times as a first choice and 7 times as a second choice. With very close results is the “*Adequacy with the objectives of the organisation*” mentioned 8 times as a first choice and 3 times as a second choice

Then comes the “*quality of the trainers*”, mentioned 5 times as a first choice among the different criteria, 3 times as a second choice and 5 times as a third choice, never more than a third choice, which implies that whatever the other criteria to take into account the quality of trainers is a constant in judging the quality of a training programme.

“*Cost*” is not considered as an essential criteria (it is mentioned only once as a first choice, and mostly mentioned as one of the least important criteria in the list). This information is important in evaluating the “solvable” demand for training. It seems that the respondents are ready to pay for the services as far as the quality reaches their expectations.

“*Language*” is mentioned only once as the most important criteria (by a British operator, and French is mentioned by one (French) respondent as being the only possible training language. English being the language chosen by most of the respondents to answer the questionnaire (16 out of 21 filled the questionnaire in English), it seems logical to include it as the prime language for a future MRC. However, the availability of training in both **French and English** should be considered an option, considering that the French demand for training is very high (with the

highest figures to the question, how many staff members would be involved in the MRC's training sessions).

The "*place*" where the training is offered is mentioned as one of the least important criteria of the list; This question allows for a better interpretation of question 16.

Whenever the choice is given to the respondents (as in question 16), they answer that they would rather have training session taking place in their own area; However this is not a criteria of great importance to them;

As the demand is geographically spread-out all over Europe, and as it would be very difficult for a MRC to organise training session without gathering people from different areas and/or countries, it was important to make sure that the potential clients would be open to this unavoidable practical requirement.

"Mutual learning" does not obtain a very high score, although mentioned 3 times as being of first importance.

FINANCING THE TRAINING

Question 18. How much have you SPENT ON TRAINING AND TECHNICAL ASSISTANCE in the last year?

7 respondents answered this question, mainly operators.

The budget devoted to training and technical assistance varies from 300 to 30 000 Euros for one year depending on the size of the structure.

The small size of the panel and the variety of structures make it difficult to evaluate the budget. However, in order to be able to analyse these results, the figure of the average spending per staff member has been considered as the most relevant figure.

The average spending/staff member varies from 150 to 2028 Euros/year/person. With a general average of 646 Euros/year/person.

What is important to note is that when the structures get larger, their need for training and technical assistance does not decrease (even though it varies in terms of the type of services required). The demand for technical support is a sustainable demand, that may evolved as the micro-finance sector develops but with perspective of growth which are very important.

Question 19. Do you intend to INVEST ON TRAINING AND TECHNICAL ASSISTANCE in the next 3 years?

The demand for technical support, training and research is confirmed for the coming years, as the majority of the respondents answered they are planning to invest in these services. As we have seen that the current supply of these services is either non-existent or unsatisfactory, this demand would naturally turn toward a Western Europe MRC.

In terms of figures, few organisations could answer the questions of how much. Here again, the average spending per staff member has been considered as the most relevant figure.

- **Do you intend to invest in technical assistance?**
 13 respondents answered “yes”, Among which 11 are operators.
 2 « may be » and
 1 doesn't know .
 * With an average of 84 Euros/year/person (with only 4 answers).
- **Do you intend to invest in training?**
 13 respondents answered “yes”, Among which 12 are operators.
 1 « no »,
 2 « may be » and
 1 doesn't know .
 * With an average of 76 Euros/year/person (with only 5 answers)
- **Do you intend to invest in research and studies?**
 10 respondents answered “yes”, Among which 8 are operators.
 1 « no » and
 1 « possibly ».
 * With an average of 50 Euros/year/person.

Question 20. How much TRAINING are you PLANNING in the next year? (in person/day)

Only 5 respondents could provide a figure, and 4 mentioned it is not yet determined. With a gap ranging from 2 to 300 person/days, the figure is not relevant.

Question 21. What percentage of this BUDGET do you think could be spent on services offered by a future Western Europe Micro-finance Centre ?

Most of the respondents declare they are unable at this stage to provide any figures on the percentage of their budget to be possibly spent on a future MRC. However, 4 respondents declared that 100% of their budget would be spent on services from the MRC.

For those who answered, they indicated that 20 to 50% of their budget could be spent on technical assistance, and 50 to 60% on training, research being often left behind. These figures, although not statistically relevant show a greater potential demand for training, then technical assistance, implying that a future MRC should concentrate on developing these two fields rather than the other services.

Question 22. Does your organisation have ACCESS TO FUNDING FOR TRAINING?

Out of 18 responses, 13 answered “possibly”, 2 “no” and 3 “doesn’t know”.

If yes or possibly,

Question 23. How would you QUALIFY your organisation’s access to funding for training:

Out of the 13 respondents which answered “possibly”, 12 qualified the access to funding for training as being “moderately easy” and 1 (operator) as “difficult”.

In the consulting meetings, the notion of **planning** was often mentioned; If the structures have time to plan ahead, they feel that they could include the spending in their overall budget and could more easily mobilise financing for it. This implies a delay (of about a year) between the time the services or training programmes are being offered and the actual “consumption” of these services.

Question 24. What do you expect to be your three BIGGEST CONSTRAINTS IN RAISING FUNDING FOR TRAINING in the coming years? Please, list in order of priority with ‘1’ = most important and ‘3’ = least important.

Options included:

- Availability – lack of sources of funds
- Lack of information on sources of funds
- Fundraising capacity (time/capacity to network with funders, fill funding/reporting applications)

- *Other: (Please, specify)*

1. *Fundraising capacity*
2. *Lack of sources of funding,*
3. *Lack of information on sources of funds*

“*Fundraising capacity*” is the most often quoted as being the number one constraint (7 times as number 1 constraint) that the respondents would have to face in their fund-raising. This is an aspect that may be taken into consideration by a MRC as an additional service to be offered (at least partly) to the operators;

The “*lack of sources of financing*” is mentioned 4 times as the main constraint. The “*lack of information*” only once as a the number one constraint, but 5 times as the number 2 constraint.

Question 25. If you have any SPECIFIC COMMENTS you would like to make please add below. We are particularly interested on your views regarding access to training/technical support – is it a constraint to your development and how that constraint might be addressed.

Comments, in the questionnaires as well as in the other forms of consultation include:

- Specific capacity building support is needed around technology, management systems and institutional development. Especially as some community-based programmes expand rapidly.
- The knowledge required by some programmes in capacity building and management systems does exist in Europe a MRC could work as a facilitator to make the demand and the knowledge meet.
- Training/technical support is of extreme importance and a Western Europe Micro-finance Resource Centre would be of tremendous use in this regards, however, the other services mentioned in question 2 should not be neglected (e.g.. *To collect and disseminate information on trends, innovations, knowledge about micro-finance in Western Europe and internationally - To facilitate communication and exchanges between micro-finance operators - To co-ordinate research and studies - To help develop/disseminate good practices - To enhance advocacy work*).
- This project of a Western Europe Micro-finance Resource Centre is important both for the starting programmes and for the well established one which are always keen to find training and/or technical support really adapted to the specific sector of micro-finance.

A concern expressed by several operators during this consultation was the fact that each micro-finance organisation or programme differs from the other in terms of population, procedures, experience, tools, etc. This aspect should actually be seen not only as a reason to develop a more common set of Best Practices but also as a reason to support a “federating” structure such as a MRC. This diversity should be considered as a strength for a future MRC rather than as a weakness;

The consulting firms, think-tanks and associations of MFIs have been responding from both their point of view and, whenever more relevant, from the point of view of the sector. They have all insisted on the support they would bring to the project of a Western Europe MRC and on their intention to collaborate to it.

3. ANALYSIS & CONCLUSION

3.1. A STRONG SUPPORT AND A CONFIRMED DEMAND

The responses to the questionnaire and comments from the consultation meetings clearly assess the **need for networking and exchange of experience among micro-finance operators in Western Europe**. The operators and other actors of the micro-finance sector in Western Europe are unanimous about the fact that this need could be efficiently addressed by the creation a structure that would federate them and offer target-oriented services .

The request is more than just networking through a database or a web-site with information on each actor and a forum, and **the idea of a Resource Centre has been largely plebited**. All respondents but 2 confirmed their desire to become a member of such a MRC.

This survey highlights the **strong commitment** that could be expected from the microfinance sector throughout Western Europe.

The need for training and other services is confirmed

- Two specific demands (small and large microfinance programmes) with different needs and resources.
- Constraints and weaknesses still need to be translated into an actual demand for services.

The existing technical support or training programmes are unsatisfactory

- Few isolated training programmes
- Not enough microfinance or Western Europe specific services

3.2. CLEAR OBJECTIVES & CONTENT for a WESTERN EUROPE MICROFINANCE RESOURCE CENTER

Objectives

It appears from the survey that **mutual learning, development/dissemination of Best Practices** and **diffusion of information** are objectives that the microfinance operators and the MRC should have in common.

Specialised and Diversified services

Concrete services would be required from a MRC and the overall expectation is clear, the MRC should only offer **practical and specialised services**.

Besides the web-site which is already under construction, tools to reach these objectives should include training and technical support as the survey confirmed a demand for these services combined with a high level of frustration regarding the unavailability of these services in Western Europe.

- **Training** should be specialised and very technical, concentrating on Best Practices, evaluation methods, performance indicators, management, relations with banks, information tools,....

- Less formal **workshops** may be organised to meet the expectations of the operators in terms of exchange of know-how and mutual learning; However, to be efficient, these workshops should be closely targeted and managed by an experienced facilitator;
- **Personalised technical support** should be organised together with need assessment to provide direct professional responses to the members.

Building on the microfinance performers' experience and know-how

- **Learning from the expertise of the MFC.** Support from the MFC and others specialised training centers is essential as the objective is not to create everything from scratch but to make the existing know-how available to Western Europe microfinance operators
- **A network of competency and experience**
As implied by the strong emphasis the respondents have put on mutual learning, it is important that the MRC should, as much as possible, draw its strength from the expertise of its own members; The use of this internal expertise will allow the MRC to act as a catalyst of expertise and facilitator of exchanges.
The advantages are (1) financial: the MRC will remain very light in terms of staff especially in the first years and (2) qualitative, as such an organisation will allow flexibility and adequacy of the response to the demand;
However this implies a strong effort in (1) identifying the human resources required and (2) training of trainers, especially as the survey shows a relatively low commitment from the respondents to get involved into training activities.

3.3. A STRATEGY OF SUSTAINABLE DEVELOPMENT

Space for development and diversification of a MRC

1. Development in volume: the demand for microfinance training and technical support is an emerging demand that will benefit (1) from a "supply-push" effect as the information on the services offered by the MRC will spread-out (which implies a strong marketing and information effort in the first years), and (2) from the volume effect of the development and growth of the microfinance sector itself.

2. Diversification of services: The survey showed a variety of needs and expectations depending on the size of the structures, of their environment, of their age, etc. There is a large spectrum of services and questions to be addressed to respond to the variety of needs from the micro-finance structures.

The scope of the topics to be addressed by the MRC should gradually expand to include a larger variety of topics. This provides a vision of the development possibilities of a MRC in the coming years.

The challenge of converting the need into a demand

In the first stage of development of the Resource Centre, only the expressed demand can be quantified and directly translated into days of training or of technical support. However, the much larger need for training and technical support identified in this survey and largely expressed by observers of the sector (European Commission, NEF, Evers & Young, ADIE International,...) may be considered as the basis for development of the MRC. The same will then have to be translated into a demand for the MRC's services through:

- « Need assessment auditing » as a service offered by Resource Centre, and
- “Marketing”, to collect the results of the supply-pull effect expected after the MRC actually starts offering services.

Although the need for training and technical support is largely expressed, the demand for the MRC’s services will have to overcome two main obstacles mentioned in the survey:

- Time
- Financing

These criteria have to be a high priority in the design of the services to be offered by the Resource Centre.

Proposed plan of action

Phase 1 : A light and decentralised structure

- Creation of the network of microfinance operators and associated actors
- Collection and diffusion of information.
- Definition and development of the first training programmes and actions on Best Practices, with the support of the MFC; (At least one or two training workshops should be delivered in year 1, with impact evaluation)
- Development of a marketing strategy (letter of information, ...)
- Training of trainers (with MFC support)
- Coordination with the website
- Organizing the first conference/forum of the Western Europe Resource Center
 - *1 full time project coordinator*
 - *Website coordinator (part-time)*
 - *2 training sessions/workshops*
 - *Tentative budget : between 130 000 and 150 000 Euros.*

Phase 2: Capacity building

- Development of the institutional capacity of the Resource Center
- Development of « customized in-house» and «general trans-national » training programmes and workshops
- Training of trainers (with MFC support)
- Development of research and actions on the dissemination of Best Practices
- Launching a common research programme
 - *1 full time coordinator*
 - *Website coordinator (part-time)*
 - *6 training sessions/workshops*
 - *2 technical support*
 - *Tentative budget : between 180 000 and 200 000 Euros.*

Phase 3: The Consolidation Stage

- Evaluation of performances
- Consolidation of the institutional capacity of the Resource Center
- Development of new training programmes and technical services

- Development of new services
 - *1 full time coordinator*
 - *1 trainer*
 - *Website coordinator (part-time)*
 - *6 training sessions/workshops*
 - *Other services*
 - *Tentative budget : between 230 000 and 250 000 Euros.*

An association of members will have to be created around ADIE, mandating a « steering committee » to apply for financing.

These results are the basis for a broader opportunity study for the creation of a Western Europe Resource Centre, which will lead to propositions in terms of organisation, financing and sustainability of such a Centre.