

研究報告

Microcredit Programs Facing a Crisis in Spain

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Abstract

The world has seen unprecedented progress in reducing poverty in many developing countries over the last few decades. A significant amount of this progress is due to microcredit programs, which have been shown to be very important tools for poverty alleviation.

In Spain, interest in microcredit has grown rapidly since early 2000s. A number of financial institutions emerged with the aim of directly addressing the issue of poverty as well as social and financial exclusion through microcredit programs. Within five years, more than 40 financial institutions started microcredit programs both within and outside Spain. However, despite the popular trend in starting microcredit programs, it has become clear that most of these programs implemented in Spain have reached a critical point on which their success or failure depends.

This paper discusses why these fledgling microcredit programs in Spain do not function well. The programs are addressed chronologically.

1. Introduction

The world has seen unprecedented progress in reducing poverty in many developing countries over the last few decades. In many cases, the world's leading organizations have attributed this progress to microcredit programs and have noted their importance in alleviating poverty. Based on previous microcredit programs' success, a strong demand has been created for more microcredit programs to be launched.

Spain is one country among the many countries worldwide that have turned to microcredit programs to alleviate its people's financial woes. Over the last two decades, Spain has become quite familiar with microfinance models, which it has adopted and practiced in order to reduce social and financial exclusion. A number of financial institutions, along with the government agencies and various NGOs, emerged into the field of microcredit with the aim of directly addressing the issue of poverty, including the

phenomena of social and financial exclusion that often occur along with it. By the mid-two thousands, more than 40 financial institutions, such as commercial banks, savings banks, and foundations, had started some sorts of microcredit programs to address poverty both within and outside Spain. Despite the success of similar programs in other countries, almost all of the programs implemented in Spain have been in critical conditions.

This paper discusses why Spanish microcredit programs to date have not functioned well, addressing them chronologically.

2. The first wave of microcredit (2002-2008)

Spain's first and most prominent microcredit program was called the Instituto de Crédito Oficial (ICO) Microcredit Program, referred to in Spain as the general microcredit program. The ICO is a state-owned bank in Spain, attached to the Ministry of Economic Affairs and Competitiveness via the State Secretariat for Economy and Enterprise Support⁽¹⁾. The ICO launched this program in 2002 in collaboration with the European Investment Fund (EIF)⁽²⁾. It should be noted that although the EIF helped start the program shared in a major part of the credit risk, it was not directly involved with implementing the program. Spanish commercial banks and savings banks cooperating with NGOs and foundations were tasked with implementing the program.

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The first author conducted an evaluation of the ICO Microcredit Program in 2007. From this study, the findings are as follows:

- 1) Though EIF, ICO, commercial banks, and savings banks were parties concerned, none of them came in contact directly with the beneficiaries.
- 2) Commercial banks and saving banks served only as loan providers.
- 3) NGOs and foundations acted as intermediaries for commercial banks/saving banks and beneficiaries.
- 4) NGOs and foundations provided voluntary services such as selecting beneficiaries, as well as processing beneficiaries' business plans, and loan proposals.
- 5) Many of the beneficiaries selected by the NGOs and foundations were not the poorest of the poor, which is to say they were not the most in need of these programs.
- 6) NGOs and foundations had no responsibility for maintaining credit discipline amongst the participants in the program; therefore, they had neither control over credit nor the possibility of developing mutual trust needed for successful programs.
- 7) The default rate was very high and the program was not successful at all.

Judging from the above, the first author concluded that the program did not follow microcredit's basic philosophy as presented the Grameen Bank. Therefore, the program did not have a beneficial effect either for the bank or for the client. After receiving the first author's report, the ICO ended the program in 2008.

At about the same time, some other financial organizations provided similar microcredit programs to various micro-scale entrepreneurs and small-scale ones. These other organizations basically followed the same methodology of the ICO program. Consequently, they also withdrew from their microcredit programs. The withdrawal of the ICO and other financial organizations coincided with the vast restructuring of Spain's banking sector after the collapse of the real estate bubble in 2008.

3. The second wave of microcredit (2009-2013)

At the request of the ICO, the first author developed a microcredit business plan in order to reform

Spain's microcredit program and to reach financially excluded people, especially those deemed the poorest of the poor. At the end of 2008, the first author started a microcredit pilot project in Sevilla and Huelva of Andalusia in collaboration with the Foundation ICO and the Foundation CajaSol. Andalusia, which is the second largest autonomous community in the south of Spain, was selected for the reason that the poverty rate was relatively high compared to the national average. This pilot project was an exclusive research project, and the first group-based microcredit program in Europe. The initial group was formed on May 5, 2009. In 2010, the first author extended the program to Pamplona and Barcelona in collaboration with the Foundation ICO and the Foundation Caja Navarra. This pilot project's seven basic features were to:

- 1) provide collateral-free financial support and non-financial support to those deemed the poorest of the poor
- 2) mitigate social and financial exclusion
- 3) foster inherent capability of the poor to generate first-time entrepreneurs
- 4) meet face to face with members at their homes for appointments rather than requiring members to come to the program's office
- 5) implement a group mechanism effectively
- 6) provide need-based social services
- 7) establish a program based on mutual trust and human relations

At that time, the Spanish government pushed ahead with large-scale reconstruction of the banking sector in response to the double-dip recession. As a consequence of the government's program, the Spanish Institutional Protection System (IPS) merged Spain's four savings banks: Caja Navarra, Caja Canarias, Caja de Burgos, and Cajasol, and formed a new bank named Banca Civica on June 9, 2010. Banca Civica started operating on June 18, 2010, which was the first IPS case. This restructuring of the financial sector badly affected the microcredit pilot project.

The situation became extremely worse for this pilot project on March 23, 2012, when Banca Civica announced its merger with CaixaBank. On June 26, 2012, the extraordinary general meeting of shareholders approved the Banca Civica's incorporation in

CaixaBank. Because of this merger, CaixaBank became one of the largest banks in Spain⁽³⁾. From that day, not only did CajaSol and Caja Navarra go completely defunct, but so did the newly formed Banca Civica. Therefore, this program could not receive any financial support from the banks.

Despite financial support ceasing, non-financial support continued for a time, specifically the bi-weekly group meeting for members which continued to be implemented with the only support offered by the Foundation ICO. This pilot project was successful in that it helped at least 350 financially (and socially) excluded families get out of their vulnerable situations and move them into the more secure middle class. However, this non-financial support did not continue for long. In September 2013, the Foundation ICO decided not to continue supporting this project. At that point, this project, which was the last on-going microcredit project in Spain, was forced to be suspended indefinitely. After that, the first author, the founder of this pilot project, began searching for a new sponsor to the program.

4. A new wave of microcredit (2014-)

After searching for sponsorship for some time, CaixaBank became the program's financial sponsor. The first author re-started the project in collaboration with CaixaBank in April 2014. The new project is called "Financiación para la Inclusión, la Dignidad y la Esperanza," which means "Financing for Inclusion, Dignity and Hope." The project has been expanding since then.

5. Conclusion

Numerous microcredit programs were introduced in Spain at the beginning of this century, almost all of which disappeared after merely a decade.

This paper identified and discussed why microcredit programs in Spain did not function well. The two main factors that led to failure as identified by this paper are: (1) failure of the operational system; and (2) failure in maintaining stable support from donors. It is needless to say that the financial policy of Spanish government has a great influence on microcredit projects⁽⁴⁾.

The first author has re-started the microcredit project which is the only on-going microcredit project in

Spain. Further research should pay close attention to the activities of this project.

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危機に直面するスペインのマイクロクレジット

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要 旨

過去数十年にわたり、多くの途上国は、貧困削減において前例がないほどの成功を収めてきた。この発展に大きく貢献してきたのがマイクロクレジット・プログラムであり、今日では貧困緩和の重要な手段と捉えられている。

スペインにおいて、マイクロクレジットが耳目を集めたのは 2000 年代初頭である。多数の金融機関が、社会的、金融的排除問題だけでなく貧困問題にも直接取り組むために、マイクロクレジット・プログラムを導入した。金融機関の数はわずか 5 年で 40 以上にも上り、マイクロクレジット・プログラムはスペインの国内外で展開された。開始当初、マイクロクレジット・プログラムは普及の兆しを見せていた。しかしながら、徐々に、スペイン国内で実施されているマイクロクレジット・プログラムは、その大多数が成功か失敗かの危機的局面に立たされていることが明らかとなってきた。

本稿では、取り組まれて間もないスペインにおけるマイクロクレジット・プログラムが、なぜうまく機能していないのかを時系列で検討する。

*フリーランス・コンサルタント。バングラデシュにあるグラミン銀行に 16 年間勤務後、コンサルタントとして 8 年間スペインで活動。スペインにおけるグループ基盤のマイクロクレジット・プログラムの創始者。

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