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"Microcredit in Argentina: the case of Córdoba"

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Abstract

Il presente lavoro si propone di indagare circa lo stato del settore del microcredito nella città di Cordoba, Argentina, con un'analisi qualitativa che unisce analisi dei dati ed interviste ai rappresentanti di 7 organizzazioni locali. Il paese latino ha implementato il microcredito con un percorso top-down a seguito dell'approvazione della legge nazionale del microcredito avvenuta nel 2006, al contrario rispetto alla tendenza internazionale bottom-up. Nello studio si sviluppa una ricerca sull'effetto di tale programma sull'emancipazione delle donne e l'incidenza sulla povertà, indagando se, ed in che maniera, influisce la struttura formale delle istituzioni di microcredito sulla performance finale.

1. Introduction

In the last years, microcredit has been one of the most innovative and successful policies to combat poverty and reduce sensibly the percentage of people living in poverty condition. There are several methods to estimate extreme poverty: at the international level, it is indicated as living with less than US\$1.90 a day (2011 Purchasing power parity). In 2013, 10.7 percent of the world's population lived with less than US\$1.90 a day compared to 12.4 percent in 2012 (World Bank Group, 2016), a decline of 1.7 percentage point. However, it is still open the debate on how to measure poverty: we define an absolute poverty line when there is a fixed level of cut-off applied to all the considered population and the standard remains unchanged over time. Anyway, the price level variates over time and we use the exchange rate to compare different countries (Foster, 1998). As opposite to the relative approach that uses the definition of standard of living, which is the average living condition of people in a given society. In particular, this method fixes a cut-off level at a given percentage of this standard for each society and defines poor people the ones below this cut-off. (Foster, 1998).

However, in order to present the situation of the targeted population of single organizations, we use in our study the UBN (Unsatisfied basic needs) index, a multidimensional census-based method of poverty measurement which is currently used by CEPAL (Economic Commission for Latin America and the Caribbean) and also by National Governments in Latin America. This method allows to conclude whether households satisfy basic needs, precisely analysing: housing conditions, overcrowding, access to sanitary services, access to education and economic capacity.

Currently, it is an important public debate the reason why poor people are condemned to remain in poverty and fall in the so-called 'poverty-trap'. One of the main problems can be reconducted to the current financial system, which is unable to provide access to financial markets for poor people or, in general terms, people who cannot give any asset

as collateral in case of default. In the second half of the eighties first appears the idea of microcredit loans constituted by a small amount of money, without asking borrowers to provide any collateral. This model has been developed and well defined with the experience of the Grameen Bank in Bangladesh.

In our case study, we aim to offer an understanding of the institution of microcredit in Argentina, which has been slightly different from its original model and is unique in the international panorama: after a national law being approved in 2006, it has been directly administered by the National Government who allocated a fund of 100 million pesos (about 30 million of US dollars at the time) and created a specific coordinating Institution (CONAMI). However, after 10 years the situation is not positive as imagined: microcredit institutions are not spread all over the country and even more, many organizations are closing in the last three years.

The research has the objective to provide policy indications, highlighting strengths and weaknesses of the Argentinian unique model of top- down microcredit. After reporting the condition of poverty and the living standards of NGOs' targeted local populations, we aim to provide conclusions on:

- a) the effectiveness of the organizations and the incidence of their structure, meaning if the formal structure (NGO, Formal Bank, Foundation or Cooperative) was a determinant in their final performance, focusing on the methodology of microcredit, the competences of workers and the designed target of the projects.
- b) The incidence on women empowerment and gender equality.
- c) The real effects on poverty and improvement in people' life standards.

The candidate has collected data with a qualitative methodology, combining seven personal interviews to people in charge of microcredit programmes (promoters of microcredit) in single organizations and ¹figures of the organizations' operations in the years 2010-2016.

¹ The figures have been calculated with the help of the 'microcredit software', a tool which is property of the Ministry of Social Development

Furthermore, the Government of Cordoba released data about single neighbourhoods and villages with the census done in 2010 and we use this information to understand the situation of the population when the organizations started with microcredit. (Feres and Mancero, 2001).

In this work, we primary describe in Chapter 2 an outlook of the history and features of some microcredit programmes developed around the world, followed by a literature review on the argument in Chapter 3, presenting the case study of Cordoba's MFIs in Chapter 4 and concluding in Chapter 5.

2. Microcredit: what is and when was it born

Microfinance, defined as the provision of financial services to low-income clients, is an economic development approach designed to benefit low-income people (Legerwood, 1998). It includes other kind of financial services besides credit: savings and in some cases insurances and payment services. In some cases, also social intermediations services are included by microfinance institutions (MFIs): trainings, group formation and development of self-confidence (Legerwood, 1998).

The words microfinance and microcredit are used interchangeably in literature, but they have a difference even if in many cases they are confused (Addae-Korankye, 2012). Sinha (1998) states "microcredit refers to small loans, whereas microfinance is appropriate where NGOs and MFIs to supplement the loans with other financial services (savings, insurance, etc)". It is clear then that microcredit is just the credit component of microfinance, but microfinance includes other financial services such as savings, insurance, pensions and payment services (Okiocredit, 2005).

The first attempt to run a microcredit programme was made in the late 1980s in Orangi, a city in the South of Pakistan. It was born with the intention to help local small entrepreneurs and supporting NGOs and Community-based organizations in promoting microcredit within the local population.

In the idea of the founder of the Orangi Pilot Project-Orangi Charitable Trust's (OPP-OCT), Dr A. H. Khan, the objectives were to provide credit to already-existing small enterprises in the urban areas and afterwards expand to the rural area, financing rural programmes. It was fundamental in this process an on-going guidance and training, to supervise and let the entrepreneurs start the operations, especially in the first years. Equality was given to man and women in the workplace and if in one hand college or university qualifications were required in order to be hired, OCT was based on a "learn-by doing" culture, which allowed employees to become experts in the sector after a couple of years, even if they did not have a university career. Instalments were collected every month, and it was suggested to the Partner to maintain a ratio of 70 per cent enterprises and 30 per cent rural businesses. The authors estimate that 85 per cent of the recoveries were made on time and women were more reliable than men for credit: they took the chance for them to ameliorate their inclusion in the society. They developed negotiating skills and were not anymore afraid of dealing with other men besides their husband, they become more emancipated.

The success of the programme was also due to the precious aid of a public-private organization which was sponsored by the government of Pakistan and other donors: it was calculated that 40 per cent of the total funds were given by the second organization (A. Hasan & M. Raza, 2011).

2.1 Grameen Bank history and features of Grameen credit

The Grameen Bank has been founded in 1983, after the approval of a specific law by the Government of Bangladesh. It was born with the intention to provide credit without collateral to the poorest people in rural Bangladesh, in order to improve their living standards and develop the entrepreneurial spirit of each single individual. Its founder, Professor Muhammad Yunus, received the Nobel Peace Prize in 2006 together with the Bank, as their idea was seen as a breakthrough for poverty reduction. In December 2015, it counts 8.81 million borrowers, 97 percent of whom are women. It provides services to more than 97

percent of the total villages in Bangladesh (Source: Grameen Bank Website). (see Table 1 in Appendix A)

The departing point was the idea of the founder that the current financial system discriminates poor people, making it impossible for them the access to finance provided by private and public banks, in case they were unable to provide any collateral. Charity, in the opinion of Yunus, is not the answer to poverty because it makes people dependent on it, preventing them from taking individual action and thus it perpetuates poverty (Yunus, 2004). Furthermore, he thought lending to women was more reliable because of their ability to manage resources and to transmit the benefits of the programme to the entire family.

As a next step, they build up a small bank who could make it possible for poor people to borrow small amounts of money and adopted new strategies to make them repay, so they could become creditworthy. Without any doubt, a big contribution to this challenge has been given by the joint liability group, which was the only method they adopted to put pressure on borrowers, generating a social mechanism which made people willing to repay, both not to disappoint other members of the group and also because if one of the members defaulted on its debt, it would have been forbidden to every member of the group to ask for new loans. Furthermore, more support was given to them thanks to weekly meetings which were the occasion to collect repayments, only fixed on a weekly unchangeable amount, but also to debate with other groups about new business ideas and share the work done during the week.

Another tool which made people more committed in the Grameen project was the voluntary adhesion to the “sixteen decisions” (Yunus, 2008): sixteen points which made borrowers focus on improving their living conditions and gave more importance to the education of their sons. Depending on the kind of loan, people were asked different interest rates: the standard product of the Bank asked for a not compounded 20% interest rate, while just 8% for shelter and a zero-interest rate offer for enrolled students. Particularly interesting was the offer to panhandlers, who could borrow 15 US dollars at zero interest

rate, not asking them to repay on a fixed term. It was surprising, in the opinion of the professor, that already 66% of the amount lent for this programme has already been returned. Even more, ten thousand among these have stopped begging and became chapman (Yunus, 2008).

The experience of the young Grameen Bank was useful to build the so-called Grameen II, but also to give birth to several “social businesses” which are today recognized as part of the *Grameen Businesses Group*. This new organization anticipated the ‘new wave’ of microcredit, when many NGOs and organizations formalized their financial structure and started to develop several financial functions which got them close to normal banks structure. The Grameen II developed attractive saving products for borrowers and in some cases replaced the group structure with personal saving accounts. Furthermore, it introduced loan insurance for borrowers to pay-off the debt in the case of death of a member (Yunus, 2004). After the strong debate on the dependence of the bank on subsidies, the bank decided to stop receiving donor funds in 1998.

In fact, one of the problem raised today by public debate is the profitability of the MFIs (Microfinance institutions). Firstly, because most of the countries lacked the adequate formal juridical structure and regulations; NGOs, which have been an efficient vehicle to expand microcredit, lack in some cases the financial structure to run the operations, even if they developed management skills (Yunus, 2004). Even if NGOs have a dynamic structure, their transformation into micro finance banks (MFB) is a necessary step to make them reliable and to develop the financial system of third world countries. In fact, the main problem of this organizations is their inability to receive public deposits as opposite to formal banks. According to the professor he MFB should be independent from central banks, even if it should keep some participation. This new legal framework, in his opinion, will change the microcredit scenario (Yunus, 2004)

After the outstanding success in Bangladesh, the phenomenon of Microcredit has been expanding in Asia and in general all over the

world, with credit-lending innovative models that sometimes adopted or in most of the cases modified the structure and the original business model of the Grameen Bank.

2.2 Latin America in general

In Latin America and the Caribbean, the microentrepreneurs segment is fundamental for the economy, as long it represents about 60-70% of the total employment and 20-35% of the total ²GDP (Kantis et al. 2002).

The overall development of microfinance in Argentina has been lower than Latin America and Caribbean in general. It is important to say, however, that Argentina is today one of the country with less percentage of people living in extreme poverty within the Region (just 1.6% against the 5.9% average of the Region) (World Bank, 2017) (see Figure 1 in Appendix A). The IMF describes Argentina as an Upper middle-income country.

Some aspects strongly characterize the regional structure of microfinance. For sure the adaptability and ability to respond to clients' requests, the concentration in urban areas and the diversity of the clients (Berger, 2007). Based on loyalty and trustworthiness, it was dependent on subsidies in order to grow and follow with operations. It has been a case of bottom-up innovation, where small non-profit organizations or NGOs demanded and received public funds and kept on operating independently, without strong regulations or supervision as opposite to Asian organizations, which usually had a relevant participation of the State in the organization (Berger, 2007). Although the Argentinian case shows a totally opposite reality, with a top-down process after the approval of the National Law of microcredit.

An investigation done by Responsibility Investments AG (2017) shows the current status of the micro and small finance markets (MSME) worldwide. Latin America is a mature sector, more than the other

² Study conducted by Kantis, Hugo; Masahiko Ishida & Masahiko Komori (2002). "Entrepreneurship in Emerging Economies: The Creation and Development of New Firms in Latin America and East Asia", taking as a sample Argentina (1993), Mexico (1998), Peru (1993-94), Brazil (1994) and Costa Rica (1995) based on national Census data.

regions; the company predicts the market will grow about 5-10%. As opposite to the Asia Pacific region which is predicted to grow by 25-30%, because of the vast unmet demand in South Asia (Micro and SME finance Market outlook 2017). They point out it still exist a big unmet demand also in Latin America: precisely the MSME credit gap is about 619 billion USD, compared to the 706 billion of USD in East Asia, which still is the biggest within the world's regions.

MFI spread all over Latin America in the two last decades, as a consequence of the process of "*upgrading*": NGOs receive funds and with them operate microcredit programmes; even more, they are trained to become financial institutions and develop financial skills. However, Berger (2007) asserts that it is well-known by public institutions that this process is more expensive than working with already existing financial institutions or to create new financial institutions since the beginning. Other countries have opted for the opposite process, the *downscaling*, meaning the extension of formal credit by formal banks to low-income people who were traditionally considered unable to borrow.

2.3 Comparison between the Grameen Bank and Argentina's experience

Microcredit in Argentina was slightly different than the one originally designed for the Grameen Bank, even if they shared the common goal to eradicate poverty.

The target in Argentina was the micro entrepreneur, an individual who was generally living in the urban or semi urban area, who already had a business or a business idea and needed the basic instruments to start its rudimental work. This actor had a relevant working experience in the informal economy and usually involved members of the family inside the business, without delineating a sophisticated organizational structure, relevant usage of technology or valuable assets. According to the Argentinian law, this individual and his household should not have

a total assets value that exceeded the 50 basic consumption basket (Law 26.117).

By the way, many studies suggested microcredit has operated under its potential in the country. A study by Carballo and Grandes (2016) claim that in 2011 among all the population which had an income two times less than the minimum salary (\$ 4.600 pesos argentines or about 1000 US dollars at that time) and said to be interested in receiving a credit, 47% declared they needed it for shelter, 32% for personal consumption while just 21% said to need it for entrepreneurial reasons. Extending the study at the national level, they claimed 4% of the total population was seeking for Microcredit to start or improve its business.

The first formal organization which was built in 1997 on the national territory was the FONCAP S.A. With a mixt public and private structure, the society had the objective to promote micro entrepreneurship, allocating resources and giving support to small businesses. However, this organization was soon replaced by the CONAMI after the emanation of the Public lay 26.117, which regulated in 2006 the operations of Microcredit in Argentina.

The CONAMI was born on the ashes of the Banco Popular de la Buena Fe, an NGO born in 1998 and after transformed in 2004 into a public organization under the direct supervision of the Ministry of Social Development. The national lay had three main objectives: generate employment, build social capital and make people more politically and socially involved and least but not last to promote values such honesty, mutual trust and solidarity (³Ministry of Social Development, 2016). Until 2010 it provided 60,000 credits to Argentinians all over the country. In this case, micro entrepreneurs were required to gather into small joint liability groups in order to receive small amounts of credit, which needed to be recovered on a weekly basis. The function of the group was to evaluate and approve projects of single members, besides the joint liability in the case of default of one of the members. However,

³ <http://www.desarrollosocial.gob.ar/wp-content/uploads/2016/12/10.-Microcr%C3%A9ditos-cuadernillo.pdf>

it was not the CONAMI who directly administrated the single credits, but rather small single MFIs who asked to be funded by the CONAMI and rotate the funds to small entrepreneurs. These MFIs were asked to gather into networks and within each network there was an 'Organizacion Administradora (OA)', which means an organization which was the administrator of the network and was in charge of dividing the capital between the other organizations, supervise them and coordinate the work. The subordinates were called 'Organizaciones Ejecutoras (OE)', which received credits by the OA and held their portfolio of first line credits.

Many organization with different structures have been created within the country. If there is not any dominant structure, Bukstein (2003) classifies four types of organization dedicated to microcredit within the country: *Credit NGOs*, *Generalist NGOs*, *Conventional Financial Institutions* and *Specialized Financial institutions*. The first one belongs to the group of organizations which juridically remain as NGO and choose to develop microcredit programmes to support local micro entrepreneurs. The second one is the type of organization which stays as an NGO but does not operate only in supporting micro entrepreneurs with financial assistance, and decides to provide additional support for the development of local communities (sanitation, food etc.). At the third group belong 'Sociedades Anonimas', which are normal formal banking institutions which open some programmes of lending for poor people or small entrepreneurs. The last one is again a formal bank created with the scope of providing financial service to micro entrepreneurs and poor who are not creditworthy for normal banks (Bukstein, 2003). The author points out that most of the small businesses in Argentina are illegal, related to the informal economy and not registered. She concludes microcredit can have a fundamental role in Argentina because of the necessity of self-employment of the country, the high level of unemployment and the uncertainty which has characterized the country after the financial crisis.

Nevertheless, the Argentinian model has been deeply different from the original idea of the Grameen Bank. First because microcredit was born in the former case by a national law, with a top-down process opposite to the bottom-down process of the Grameen Bank, which was the one to ask the Government for a national law to regulate the industry. A relevant work of Martinez (2015) compared the two different models of Microcredit, attempting to describe the advantages and disadvantages of both. Firstly, the main difference was the type of organization itself: the Grameen Bank was born as a “social business”, in particular it was a Bank owned by its shareholders who gave the first amount of capital, which had a social scope: to change and have a positive impact on people the organization deals with (Yunus, 2008). Quite different instead was the model ideated by Buenos Aires’ government: Microcredit programmes were thought to be developed by a single NGOs or Foundations which received funds by the National government, and with these resources ran credit lending operations, from the examination of the request until the recovery of each single credit; they were also trained to gain financial competences, phenomenon known in the literature as *upgrading*.

In addition, the MFIs in the idea of Buenos Aires’ Government, should charge an interest rate lower than the market one, not above the 6% ceiling. Instead, the latter institution charged an interest rate slightly higher: the 20% in the case of productive business.

3. Literature review

In the previous section, we have examined briefly the history of microcredit and its features, attempting to narrow in the Latin America and Argentinian situation. We report in this chapter a literature review on the argument, focusing on some fundamental aspects for the research question. We firstly present studies that investigated on its effectiveness as a developing policy; afterwards, we mention studies on microcredit

and women empowerment and finally we synthesize the literature about the formal structure of microcredit organizations.

3.1 Microfinance: an effective development policy to reduce poverty?

The debate on the real effects of Microfinance and its impact on reducing world poverty is open. In fact, even if most of the economists suggest it had a positive impact on the livelihood of poor people, others do not agree to this vision.

One of the most discussed and investigated questions by Duflo and Banerjee (2010) have been the incidence of microcredit programmes in improving and expanding access to the financial system, as long as this have been one of the main concerns in the literature. In a study (Duflo and Banerjee, 2010) done with Spandana, a MFI in South India, they examined a sample of 100 slums assigned randomly to treatment or control. To the former category belonged slums where the MFI opened an office and began to operate, while in the other were included slums where the situation was left unchanged. The interesting conclusion was that a reduced percentage of the potential users decided to ask for microcredit loans. They found that between the potentially candidate families to receive a microcredit, only one fifth demanded it. In another study (Banerjee and Duflo, 2013) they have directed in Hyderabad, India, from 2005 to 2010, they selected 52 poor neighbourhoods and tried to observe the effects of microcredit in some treatment areas. They concluded people prefer to borrow from friends, relatives or other informal lenders because of the greater flexibility they allow, even if the latter ask for higher interests or embarrassment factors, such in the case of relatives (Banerjee and Duflo, 2013). Furthermore, they pointed out the influence of the non-rational nature of borrowers and their lack of self-control, which in some cases offset the positive effect of giving them the possibility to borrow at more convenient interest rates compared to the informal one (Banerjee and Duflo, 2010). The most interesting fact is their claim that one of the main real effects of microcredit is helping people plan their spending, deciding to spend

money on durable goods, useful for their household or business, rather than temptation goods. It could be a useful policy to commit poor to a savings plan (Banerjee and Duflo, 2010), even if they argue that a more direct saving plan could be more effective (ex. Savings goals, withdrawal fees). Another interesting point they rose was the effect on labour supply choices: people decide to work harder on their business (Banarjee and Duflo, 2013).

In a work done in 2011 in the poorest of the poor villages of West Bengal, India, they report the effect of an anti-poverty microcredit programme operated by a local MFI. The aim of the project was to help households “graduate” out of extreme poverty (Duflo and Banerjee, 2011), transferring them an asset and providing training to women, with the scope to make them able to produce income sources with the asset. In their opinion, the project has been significantly successful in terms of increased per-capita household consumption after participation, reduced food insecurity and improved emotional well-being. Narrowing in, they point out most of these benefits were due to the selling of the asset the MFIs had given them. However, the programme had a greater effect on non-agricultural enterprises, which increased substantially their incomes.

In another study concluded in 2011 in the rural Morocco (Duflo and Banerjee, 2011), they show how even if microcredit gave to several households the possibility to have access to the financial market, just the 16% of the eligible candidates went for it. They collaborated with the MFI Al Amana between 2006 and 2007; precisely, they selected one treatment and one control village for each new branch of the MFI that opened in new rural areas (for a total of 81 pairs) and that did not have access to microcredit before. On the one hand, they found no differences in the activities offered by families, meaning there was no significant differentiation of the activities. On the other hand, it was significant the development of the already existing activities, especially for agricultural ones which increased their sales, expenditures, employment and savings (Duflo and Banerjee, 2011). They show that

in the cases of new businesses, the programme did not change the household consumption habits, especially in education and wealth expenditure. Neither any positive result was found, according to their model, in women empowerment. In this case, they concluded the programme had a really positive effect for the expansion of already existing businesses, meanwhile a limited one on reducing poverty. Also the study done in 2013 in Hyderabad shows the same short run effect on education, health and women empowerment, meanwhile an apparent increase in spent school fees and a decrease in health expenditure.

Another focus in their works has been registering the real effect on household consumption after participating in a microcredit programme. In the paper recently published (Banerjee and Duflo, 2013), they illustrate a model of consumption: households should sacrifice short or medium-term consumption in order to buy a durable good or invest. This should make in the short term non-durable and total consumption fall and, if they household invested in a profitable business, overall consumption may eventually increase in the long-term. In their observations, they found no difference in monthly per capita consumption and non-durable consumption, but they remarked a variation of the durable consumption, financed by an increase in labour supply and reduction of consumption of “temptation goods” (Banerjee and Duflo, 2013). Microfinance could then have an important role in influencing intertemporal choices in consumption.

«Microfinance is not the miraculous social transformation that some proponents have claimed» (Banerjee and Duflo, 2013) but rather make participants sacrifice some leisure goods for durable goods. Another result of this study is the fact that households decided to invest in more than one business and to finance the business they already possessed: this lead a significant percentage of already established businesses to an increase in the average profits. The reason why it was difficult to expand and make profits for new businesses could be their small dimension (Banerjee and Duflo, 2013); in fact, enterprises who are given microcredits are generally run by single entrepreneurs and have

maximum one employee. This result was confirmed by another study done in 2015 which again showed how credit access led no positive results for businesses which recently entered in the market thanks to microfinance. Furthermore, they argue in many cases microfinance makes low-productivity entrepreneurs to enter the market.

In a work done by Stiglitz (1990), he presented one of the most relevant aspects of microcredit's methodology: the peer monitoring system. He shows a general theoretical model, taking as a reference the Grameen bank. The scope of the model was to investigate whether the gains from monitoring peers are higher than the cost of increased interdependence. He argued the instrument of the peer group has been a valuable one because it incentivized participants of groups to monitor partners. This happened in the Bank of the poor through the incentives of the joint liability and forbidding the access to new loans for people which were part of groups that defaulted before. Moreover, he pointed out the groups preferred the right amount of people in order to be effective. In fact, its small dimension increased the risk for a single member to default but also increased the incentives for peer monitoring, with significant gains as total result (Stiglitz, 1990). Large groups presented a free riding problem: people expected other members to monitor co-signers and at the end nobody ended up monitoring the group. Furthermore, the default of a member would have been less significant for a single member in the case of big groups. His third assertion is that it is high the likelihood of observing groups with members who have the same risk level: the ones who have small risk look for others member who have the same amount of risk and at the end of the process, people with high level of risk generally join people which seem to have the same amount of risk.

Lot of economists besides Dr. Yunus do not hesitate in affirming microcredit reduces poverty. Some claims it can be an effective policy to bring development, impacting the life of the poor part of the population (Ahlin and Jiang, 2008). Specifically, in their study they develop a theoretical model and ask if microcredit can bring an

underdeveloped economy to be developed, improving wages and technology. At the end, they suggest a 'graduation' is possible for MFIs, meaning the goal of having higher wages, use of technology and capital intensity within the business. For this to happen, it is necessary to have sufficient high return to self-employment activities and high savings. However, they conclude MFIs should not to be only microcredit institutions but extend their operations to microfinance: aggregate micro-saving in every micro-lending programme, giving poor people an additional service and make them graduate to entrepreneurs (Ahlin and Jiang, 2008). This combination can break the poverty and the middle-income trap, meanwhile at the aggregate level, a not sufficient rate of 'graduation' of MFIs will provide negative returns to the investment and may also rise poverty in the long-run (Ahlin and Jiang, 2008).

Mosley (2001) shows in a paper a case-study about the microcredit industry in Bolivia. He takes in the sample two urban and two rural NGOs and commercial banks, comparing the effects of a microcredit programme driven from 1993 to 1996 to other social spending programmes like primary health, primary education and rural road building. He claims it has been a more effective method of reducing poverty of 'poor people', but not of people who live in 'extreme poverty'. The ones he calls 'the entrepreneurial poor' benefitted from it meanwhile the poorest needed other type of poverty reduction policies. Washington et al. (2014) analysed in a paper the effects of microfinance on early and later stage entrepreneurial activity in emerging economies. He takes a panel data of MFIs operating from 2000 to 2009 in 4 developing countries. They show the introduction of microfinance has a positive effect on early stage activities rather than mature business. It is useful to use microcredit to finance the start-up and not the working capital (Washington et al. 2014); some mature entrepreneurs argue that trainings related to the programme were in some case time costly and counterproductive, because in many cases were related to already-known business practices.

Bateman and Chang (2012) believe microfinance is an instrument which make people spend resources in vain and does not have successful long-term results. According to them people are likely to fall in a 'poverty trap' if included in these programmes. Even if they know the positive results obtained by the Grameen Bank, they claim the credit to this outcome are to be given to the large amount of subsidized capital the Bank has been given since the beginning of its operations. Also, the so called 'new wave' of microfinance has not reached the expected result, even if, in their opinion, the commercialization of the MFI which refused further subsidies has generated some benefits for the poor. An applied study on the microcredit industry of Bangladesh by Morduch (1998) shows the impact of the access to finance for poor in reducing poverty levels and in livelihood variations. He uses data collected by the Bangladesh Institute for Development Studies: a sample of 87 villages completed in 1991-1992, surveying over 20 households for each one. In synthesis, he finds no substantial variation in labour supply and in consumption, and no evidence at all that the access to the programmes increase educational enrolment. In his opinion, this could be reconducted to the fact that borrowers were using the loans to buy land rather than exploiting the given resources for entrepreneurial reasons.

The economists which preferred other policies instead of microcredit in order to develop local communities generally claimed MFIs were not profitable and needed government subsidies in order to follow their operations. For example, Morduch (1999) makes a model to calculate the breakeven-point of the real interest rate which the Grameen Bank should charge its customers in order not to be subsidized by the Government. He concludes that the Bank should rise the nominal interest rate from an average of 17.1% to an average of 26%. He claims that if the Bank of the poor had to obtain all its funds on the capital markets like normal banks, it would have to offer investors greater returns than other formal banks, as long investor would prefer other banks which are less risky; the breakeven point interest rate calculated before would then not be enough: the bank would be in need to rise the

interest rates at the expense of single entrepreneurs (Morduch, 1999). But this raises a question of equity. In fact, he concludes that subsidizing interest rates may bring to a solution of second-best efficiency and might be desirable in terms of equity: if rising interest rates means losing clients, in the case poor people who benefit for a social programme, then subsidies may be the right solution.

In the last decades, many studies have investigated on the outcomes of microfinance on a wide range of actors. Some studies (Becchetti and Conzo, 2013) showed the non-monetary benefits it had on its participants. To assess the impact of microfinance on these benefits, they made from June 2009 to September 2009 a survey, with a questionnaire delivered to 359 micro-entrepreneurs who were in a credit relationship with Protagonizar, an Argentinian organization. They claim the interaction with individuals resulted in a positive impact on life satisfactions, on future expectations and economic perspectives, that resulted in an indirect deterrent to opportunistic behaviours specific of every finance relationship (Becchetti and Conzo, 2013). Specifically, they found a positive correlation between the borrower relation to a MFI and its life satisfaction, increasing self-esteem and social recognition of the borrower. In most recent studies, they showed how in some particular cases (when the family income is above a certain amount and schooling cost are not significant) microfinance have a positive impact on child schooling.

Other authors argue the surrounding environment have some incidence in the outcome of microfinance programmes. Ahlin et al. (2011) take 373 MFIs coming from 74 different countries data and observe their performances from 2004 to 2009 from the Mix Market suggest a direct relation between the economic performance of the country where MFIs operates and their single performance. Growth influences in a positive way the organization financial performance with a positive effect on default rates. Moreover, a more developed financial system is correlated with lower operational costs, lower default and lower interest rates, which benefit borrowers (Ahlin et al, 2011).

3.2 Effects of microcredit: women empowerment

One of the most discussed aspects of microcredit has been its incidence on women empowerment and emancipation. In fact, today 95% of the Grameen Bank's clients are women, and Dr. Yunus has always asserted they are a more reliable borrower, as long they tend to share the benefits of the microcredit programme to the entire family. Ngo and Wahhaj (2012) using a theoretical model based on the household bargaining game proposed by Bergstrom (1996), investigated whether this assertion was reliable or not. They founded the benefits depended on the initial condition of the authority and power-sharing of the family. If in the case the man decides to keep control on the amount borrowed, the microcredit programme is not likely to have strong effects on changing the women decision-making power. Instead, households where women have a joint responsibility with the husband, the credit can increase significantly her decision-making. However, at the end they argue that cooperation and joint responsibility is more desirable for women and for the household itself (Ngo and Wahhaj, 2012). Weber and Ahmad (2014) show in their study on Pakistan how microlending can empower women, using a survey based on questionnaires for households, interacting with borrowers of the Kashf Foundation. On the one hand they found women have more financial responsibility and autonomy, but on the other hand also their mobility, which is often restricted in developing countries, improves. However, they argue empowerment still depends on other external factors like age, marital status, number of sons and education of the husband (Weber and Ahmad, 2014).

Other economists investigated on the correlation between women empowerment and economic development. Duflo (2012) shows in a paper how development can improve equality between man and woman and then empowerment of woman can itself bring development. She analyses World Bank's data about the position of man and women in 1990 and 2009 in poor countries. Important for our research is the conclusion that women's empowerment can lead to improvements in

children living conditions, especially nutrition and health, but at the expenses of education.

A study by Eguía, et al. (2015) evaluate in Argentina the effects of the work done by the Banco popular de la Buena Fe, one of the first formal organization which offered microcredit funding in the country. They use a method of observation of the participants during the weekly mandatory meetings, part of the activities of the so-called 'Banquito', during 2009-2010. Examining the results, the recognized benefits have been the improvement of women's inclusion in the civil society, which have been preferred to man in the microcredit operations because of the benefit they provided to the entire family as suggested by Professor Yunus (2008). The weekly reunions empowered them and gave them the occasion to interact with female neighbours.

However, the authors emphasize the strong impact had the accepted hierarchy in the Argentinian society of man above woman: first, hierarchy between man and woman still existed in the businesses started by the participants, and second the same small business and activities launched by them were related to textile and cleaning, meanwhile man developed the food production (Eguía, et al. 2015). Third, housecleaning affected their business in the way they had to review the extension of the activities or in some cases renounce to them.

3.3 Microcredit: NGOs or Formal Banks

The organization and the structure formalized by MFI have been slightly different across countries. As we pointed out before, NGOs have been an efficient vehicle in this process because of their dynamicity. Modruch (1999), in a study where he analyses the performances of the Grameen Bank, BancoSol in Bolivia, Kredi Desa and Rakyat in Indonesia. He argues NGOs had the right amount of energy and dedication to find adequate financial resources and meet the required legislative criteria. But most of them are highly cost sensitive, because of their inability to function like a normal bank and to cut costs (Modruch, 1999). According to him, there is a need to redesign

management structures and mechanisms and promote another way of innovation in the industry. Moreover, other studies narrowed in the role of the NGO and the differences with formal banks. One of the most discussed problems related to NGOs is their impossibility to receive deposits by the public. If it is true that banks usually impose some minimum on deposits that discourages poor people access to this financial service, it is also possible for some NGOs, as the case of Bolivia suggest, to charge an interest rate that exceeds the cost and treating the surplus as a saving of the customer (Mosley, 2001). The study of Mosley compares banks and NGOs who operated in the microcredit industry of Bolivia and shows how that the different type of organization did not affect significantly recovery rates of the clients. Schreiner (1997) affirms in his research that NGOs have four advantages in providing financial services to rural households. Their tax-exemption and relative low-cost structure, flexible organization, experience with groups organization and they do not require traditional guarantees. This is why in his opinion they are able to make reliable evaluation of clients' creditworthiness but they are required to make small loans because they do not ask for collaterals.

Talking about Argentinian NGOs, Martinez (2015) pointed out that one disadvantage was the fact that they did not directly assume the risk of the credit and did not have internal formal structure to manage a lot of transactions like normal banks. However, others argue that NGOs were able to change its formal structure and overcome the rigidities which characterized public banks in Argentina (Larrin, 2007). It did not need any bank licence and to be supervised by authorities or to have a relevant minimum of capital, as required for normal banks (Delfiner and Peron, 2007).

When we develop our discussion on the incidence of the methodology of microcredit, we point out the importance of weekly meetings organized by MFIs in order to keep the contact with people and to make borrowers share information and organize for future entrepreneurial activities. In fact, other economists emphasized its effect on social

capital, meaning the social organization and the network between people. Feigenberg et al (2010) make an experiment in 2006 recruiting 100 new clients for a branch of an Indian NGO situated in West Bengal. As the Grameen Bank experience, they scheduled weekly meetings in which each joint liability group could interact with other groups and review the weekly work, sharing experience and plan new entrepreneurial actions. They found out these meetings actually reduced 'social distance' between actors and encourage reciprocity and trust. The most relevant result of their study is claiming that interactions facilitate cooperative behaviour and enhance the generation of economic ties (Feigenberg et al, 2010).

Another work by Iucci (2012) analysed the effect the programmes operated by the "Banco de La Buena Fe", examining the relation between people and the generation of social capital. He argues after the participation in the microcredit programmes, people developed close relationship and a solidarity spirit, viewing the group action in microcredit as a way to help other people and develop horizontal relations. He concludes the programme has strengthened the social network.

In two works done by A. Haldar and Stiglitz (2014, 2015) they analyse the effects of the "commercialization" of Indians' MFIs after the Government decision. MFIs had to shift from non-profit to profit, with the intention to keep the objective of alleviating poverty. The main assertion of the authors is that the success of the Grameen Bank and microcredit is based on social capital and a mutual trust relationship, which is a long-term process that for-profit banks cannot replicate easily. They argue that social censure for people who defaulted on their debt was a higher sanction than legal actions normally started by common banks. Even if the for-profit shift had the good intention to collect capital and receive deposits, which we have seen to be one of the main bottlenecks of NGOs, in this process they lost the goal of alleviation of poverty: there is a strong conflict between this objective and the shareholders' intentions (Haldar and Stiglitz, 2015).

Furthermore, as normal banks, new MFIs were incentivized to promote excess lending and to increase of the interest rates of the microcredit, which always rose concerns about the ethics of charging an interest rate to poor people. According to them, also the choice of abandoning the peer monitoring group for individual lending has been a main reason of the failure (Haldar and Stiglitz, 2015). Stiglitz concluded the founders of microfinance pretended too much, referring to the goal of eradicating poverty with this tool, but he claims it is necessary to return to the non-profit model previously present in the Indian reality (Haldar and Stiglitz, 2015).

4. The Argentinian situation

4.1 Market features

When describing Argentinian microcredit industry, Schreiner (1997) argues that a big influence is to be seen in the Country's geography: a relevant fraction of the population is located in rural areas. This of course make it costly to provide financial services to the rural population. Schreiner argues microfinance is much more developed in urban centres and has adopted new technologies which make it more efficient give credit and cover the costs (Schreiner, 1999).

Shreiner and Colombet (2001) speculate that the financial crises that affected the country had a big influence on the access to formal credit for local small entrepreneurs. According to them, the reforms of the fixed-exchange rate constrained the access to loans for small producers and Argentina needed a strict regulation in order to consolidate the banking system (Schreiner and Colombet, 2001).

When analysing the poverty condition of the households we use the UBN index, referred to the Census of 2010. The Census shows that, respectively, in Argentina 12.6%, in the province of Cordoba 6% and in the city of Cordoba just 5.8% the households have at least one UBN (Censo 2010). On the one hand, it is relevant to consider that meanwhile

in this year the 12.6% of the households had at least one UBN, in 2015 the number was reduced by 1.2 percentage points, descending to the 11.4% (see Figure 2 in Appendix A). On the other hand, the percentage of the total population with at least one NBI decreased from 17.7% to 12.5% (Salvia, Agustín, et al, 2016).

4.2 Cordoba: microcredit organizations

The situation of the industry in Cordoba shows a worrying situation, mostly because of the increased number of microcredit institutions, especially NGOs who are involved in different social programmes, that have decided to get out of the market and close. Even if it is difficult to have official data about this tendency because the national register of MFIs held by the CONAMI is not accessible, it is relevant to point out that this behaviour by NGOs has been in most of the cases a response to the policy run by the new Government, which decided to suspend funding to microcredit programmes as a consequence of the global spending review of the State and the revision of the Minister of Social Development (MSD).

In fact, most of the microcredit organizations claim the impossibility to operate because of the lack of subsidies for the last two years. Just the MFIs which were running on projects, or had already approved ones, are currently operating at same levels as the previous years.

In the following section, the main idea is to analyse basic data of a part of the organizations which are still working in the province of Cordoba, mainly focusing on the aspects of how much organizations deal with poverty, women empowerment and the incidence of their organizational structure in their performances. The data has been collected through seven individual face to face interviews with people working on the socioeconomic area of the organizations. They were asked to respond to specific questions on the organization' structure and features, the methodology of microcredit and their commitment to poverty reduction and women empowerment. This data has been further integrated by figures of the microcredit's operation of the MFIs,

calculated by the software of microcredit. We have decided to take these organizations as a sample because they are the ones recognized to be in activity by representatives of Minister of Social Development's (MSD) local office in Cordoba. It is essential to point out that the MSD lacks an updated and complete public disclosed registry (it exist the national registry of microcredit but it is only accessible through the CONAMI) of all the MFIs and then it is hard work to define correctly how many and which one they are. Among the analysed sample, most of them are classified as Generalist NGOs by Bukstein (2003), this is to say the associations which decide to include microcredit in their portfolio of social development operations.

4.3 The cooperatives of Microcredit: IMFC and its partners

The Instituto Movilizador de Fondos Cooperativos (IMFC) is a Consortium born in 2010, in particular it is a Second Grade Cooperative with 10 headquarters among different cities of Argentina. ⁴The subsidiary of Cordoba first received funding by the MSD in 2012 and then refunding in 2013, 2015 as a consequence of new projects being approved. Besides operating a wide range of social programmes, it mostly works throughout cooperation networks, and the IMFC is actually the administrator of a network composed by 4 first line organizations in total.

4.3.1 Formal structure, performance and methodology

IMFC has both an own line of credit with fifteen cooperatives (as a bank it can only works with formal cooperatives and not informal entrepreneurs) and also is the administrator of three civil organizations, which have first line credits with local micro entrepreneurs.

To what concerns the methodology of microcredit, the Cooperative's policy is the same along the 4 organizations: they charge the 6% interest rate and give credits to joint responsibility groups of 3-5 people, which

⁴ Second Grade Cooperative of Credit: a credit institute which holds limited liability on its debt and is composed of mostly other cooperatives as shareholders

one can ask progressively for a range of 5,000-20,000 pesos (see Table 2 and 3 in Appendix A). Obviously, in order to reach this final step, it is important that the individual or the cooperative had a positive history of credit repayments, altogether with its joint responsibility group. The innovative aspect of the methodology of this network is the decision to tailor each single credit to the necessity of entrepreneurs. In fact, it depends on the situation if they give 8-10 or 12 months credits and if they have to be recovered weekly or monthly. Furthermore, the organization has a policy of accommodating the entrepreneurs' necessities during hard times, conceding in some cases longer recover periods. Considering the historical and the actual numerical data of the credits portfolio, even if the IMFC conceded the smallest number of credits in absolute value, each credit has an average value which is greater than the one of the civil associations. This is of course due to the nature of the users of the IMFC, which are cooperatives and have larger financial necessities than individual entrepreneurs. If on the one hand Junta de Participacion Ciudadana (JPC) appears to be the most experienced organization in terms of numbers of total clients and total amount of given credit during the considered range of years, on the other hand the organization is the one which is suffering the most in operating. In fact, 31,18% of its credits are today at risk, meaning entrepreneurs did not succeed to repay on time one or more of the monthly instalments. Besides the difficult times and the lack of funding, Sayana and IMFC show an incredible 100% rate of credits recovering.

Single organizations manage their relationship with the first line credit for every aspect of the credit and thus, in case of default, some free-riding opportunities may appear because of the lack of an integrated management within the network. As a matter of fact, an entrepreneur which is declared insolvent cannot borrow from the same organization but nothing stops him to go for another organization of the network or another institution which receives CONAMI funds. If we add the relative easiness to move from one organization to another because of the lack of relevant switching costs, and the few documents asked to make a new credit request, there is an incentive to default and ask for a

loan to another organization. Although, it is important to remember that the geographical proximity is an important factor for an entrepreneur to ask for a loan as long as most of the institutions are locally based and the repayments have to be paid periodically in loco to the local organization. Another measure adopted by the organization is forbidding borrowing to insolvent clients' parents, but it is still possible to say that the system of the credit by the MSD lacks an adequate coordination.

Talking about the structure of the Cooperative, there are some relevant points to underline. Firstly, like most of the NGOs observed in the sample, they do not require any type of previous experience in the banking or financial sector nor any kind of academic studies in order to work for them. Nevertheless, workers in the IMFC are promoted and reach the position of promoter after they stay some time with the MFI. In addition, it is the constant training and contact with experienced people that puts in place a system of learn-by doing and makes workers develop specialized skills. New workers are constantly supervised by superiors who must prepare and help them make their first steps, having a fundamental role of control.

Promoters receive a yearly salary just in the moment of running the projects, and thus they do part of the work on a volunteer basis and keep on working also in periods of financial incomes and subsidies lack. However, compared to other organizations, the Cooperative is the only one who is able to pay promoters also in break periods, thanks to its assets. Promoters do have other tasks belonging to other lines of social work of the organization.

4.3.2 Women participation and women empowerment

Another relevant data at network level is the 80% female participation in microcredit. Even if compared to other NGOs the IMFC does not have any direct social programme on women empowerment, their representatives point out that the high percentage is a result of the social habits of the Argentinian society: if man have another employment,

women usually have some kind of informal activity they can operate directly from home, which allows them providing an additional inflow of money for the household. The promoter claims that women are entrepreneurs for nature and they do not hesitate to start a new activity for the benefit of the entire family. However, the still strong presence of the social gender hierarchy, specific of the Argentinian society, can be seen in the management team of the cooperatives, which are in most of the cases composed by a totality of men. The interviewed argues that this is to be reconducted to tendency of the Argentinian society to give men decision making positions and did not observe any clear impact of the microcredit programmes on women empowerment.

4.3.3 Poverty situation and impact

The MFI operates in the city of Cordoba and therefore has a large target: the overall situation is 5.8% households with at least one UBN, meanwhile its Sayana and Junta de participacion ciudadana operate respectively in Mendiolaza and in Barrio Isabela 1, with only the 3.4% and the 4.4% having at least one UBN.

Talking about poverty reduction, it is difficult to analyse the situation of the organization, because of the lack of adequate data on poverty but the Cooperative can claim to hold several positive cases of poverty reduction and improved living standards for the entrepreneurs who joined microcredit programmes. As a matter of facts, they have given in some cases a third or fourth consecutive credit to entrepreneurs, who succeeded step by step in expanding their business, creating a wider range of clients and can now demand a loan to formal banks.

4.3.4 Main relevant aspects and conclusions

As it is possible to conclude from the data, the network has performed an incredible historical rate of recovering (nearby 100% on average) and can be taken as an example for other microcredit organizations within the province of Cordoba. Without any doubt, this outstanding result can be attributed to several factors: a rigorous methodology of microcredit, even if tailored to the need of the user, the close interaction

between the organizations of the network and entrepreneurs. In fact, they keep a policy of customer service and satisfaction, attempting to directly involve them in the decision-making process and especially microcredit policies' design: entrepreneurs know since the beginning of their relationship with the Cooperative that they will not be asked any type of guarantee but is their "word" which gives the credit, it is the commitment what matters. The union of a reduced number of cooperatives which know themselves, meet and debate regularly, makes them know that, eventually, a possibility of default would damage the network and themselves indirectly: they know that as long the microcredit capital returns into the Cooperative's assets, the management will soon lend it to other cooperatives or entrepreneurs of the network. Moreover, it is interesting to denote that the cooperatives network is an evolution of the joint liability group and is a new form of social pressure mechanism. The social cost of default is high in an environment where the big majority (about 98% on average) does not default. If entrepreneurs expect the other participants of the network not to default, the moral cost of defaulting is higher and then they do whatever they can in order to meet the others' expectations.

Moreover, a relevant negative aspect is the MFI's dependence on the MSD funds and their cycles. In the case politics decide not to finance the new yearly project of the Organizacion Administradora, all the network is condemned to a period of spending review and revision of the credits, deciding to renew only a percentage of the total portfolio or denying the requests of new entrants. It is highly difficult for the organizations to pay workers or to lay-off them: they have developed a personal, not only professional relationship with the organization as long as they generally started to be involved for personal commitment to poverty reduction or the willingness to help people through social programmes. As a consequence, in these periods workers lack of motivation and commitment and this turns out to be a factor which negatively effects the outcomes of microcredit: clients are less supervised and it is possible to observe more risky profiles in the portfolio or insolvent entrepreneurs. Making a practical example,

promoters who give a credit in the 11th month of the project, at one month before the end date, are just giving a 8 to 12 months long credit with an entrepreneur which needs to be managed and supervised.

In addition, a factor which makes things worse is the problem of inflation, which deteriorates the MFI's funds and makes smaller and smaller the capital available for microcredit. If we consider the 6 per cent interest rate constraint because of the national law and the average of eight per cent of inflation rate during 2010-2016, on the one hand there is a big incentive to borrow for entrepreneurs, but on the other hand the value of the capital organizations have after the recovery has considerably less value that the one conceded twelve months before.

4.4 Serviproh: the administrator of an extended neighbourhood-based network

Serviproh is a 40 years old civil association which currently is the administrator of a network of 12 subordinate neighbourhood based organizations. Most of them were originally born to promote credit for shelter but right now just 3 are currently operating microcredit. The named above institution is involved in different social programmes and has several specific targets: children, entrepreneurs, community work, housing etc.

4.4.1 Formal structure, performance and methodology

It has kept the basic features of CONAMI microcredit, even if it presents some specificities. Narrowing in detail, Serviproh gives autonomy to the single subsidiaries about the microcredit operations, this is to say it is up to them to form the joint responsibility groups and to choose which individual can be given a credit, although the microcredit methodology and training is still coordinated at corporate level. They pursue the rule of giving credit to organized joint liability groups, but it is particular the decision of making a waiting list for entrepreneurs who are asking for a credit. This probably reflect the strong difference between demand and offer in the sector and just when new funds are incorporated to the organization's assets, it is able to

deliberate a new credit for the first five people of the list. The singularity of the methodology is the decision not to let entrepreneurs form directly a group, this is to say to choose the people they will collaborate with and being mutually responsible, only forbidding the union of relatives and people who still hold a debit with the organization. Also, they do not cover the interest rate of the 6%, and this turns out to be a factor which further deteriorates the organization's capital. They allow for 6-8 months lending, to be restored in 24 or 32 weekly instalments. Furthermore, it is a good practice inside the subordinates to set weekly regular meetings in the NGO's office and take this occasion both to collect weekly instalments and to let entrepreneurs meet each other, debate and share knowledge and weekly experience with the business: the so-called 'vida de centro' (weekly meetings) totally reflects the weekly meetings held by the Grameen Bank. Also in this case, even if the NGO does not require entrepreneurs to live in the neighbourhood, the geographical distance appears to be a constraint, above all for poor people who do not have any private mean of transport.

When we discuss about the structure and the workers, we can say the organization is similar to the other NGOs. The administrator of the programmes are promoters who generally began their involvement in the NGO as volunteers and are paid just in the years the programmes are funded. They are not asked important requirements in order to apply for the position: they need to be graduated from secondary school, to be at least eighteen and to have participated in community works of the organization. These people do not have any financial experience or academic career and hence need time to cope with financial operations. According to the NGO's promoter, they need from 5 to 10 years to develop solid skills: before, they lack basic knowledge on how to calculate costs, to make a balance or to train entrepreneurs. Moreover, when they remain a lot of time in the organization, the institution becomes dependent from these people, their network and their expertise: if this single one decides to move out, the organization is probably condemned to a period of underperformance and customers' loss. It becomes also difficult for peers and supervisors to monitor their

actions as they generally lack the skills the latter have developed in the years.

4.4.2 Women participation and women empowerment

As the others microcredit organizations, even if we do not have the exact data, it is higher the percentage of women involved in the programmes. However, Servoproh's representatives claim women participation is limited by house duties. Even more, they usually use microcredit to start businesses culturally associated to women: needlecraft, food production etc. Although women are the ones who generally administer the household and its consumption and they became able to extend their consumption basket, there still persist the influence of the cultural difference between man and woman.

4.4.3 Poverty situation and impact

Serviproh operate with the entire city of Cordoba, which we remind has an average of 5.8% of people living with at least one UBN. The interviewed claim the MFI does not hold data on the network's impact on poverty.

However, it is important to point out that until three years ago, 8 organizations of the network were furnished with a 'Banquito' (local bank) which could serve people in the neighbourhood and thus extended the access to financial market within the poor zones of the city. But as said before, the negative tendency of the industry had a strong impact on shrinking this experienced and old-dated network.

4.4.4 Main relevant aspects and conclusions

The network obtained funds from the MSD two years ago and is today condemned to a revision of the operations. In fact, if the single civil associations were able to hold a portfolio of 40-30 first line credits, in this year they needed to reduce the number to 20. As mentioned before, the combination of an accelerating inflation and the policy of integrally subsidized interest rate has deteriorated the allocated capital. Also Servirpoh shows a dependence from the MSD decisions and seems to

be far from any kind of financial or economic autonomy, besides an extended and reliable network and excellent repayment rates. Their policy is against any substantial rise of the interest rates because, according to them, it is an oppression to people who do not have many resources and are in need of social programmes to ameliorate their condition. Although it is important to remind that alternative are the interest rates they are charged by the informal sector and local usurers, which reach peaks of 80-100%. The neighbourhood structure of the organization points out the positive decision of extending financial microcredit system at the small dimension: it allows promoters and clients to have a close and step by step relationship and in the case a neighbourhood does not have a little bank, it turns out that local people who cannot ask formal banks for a credit does not have access to lending.

4.5 Sehas: a long date socially involved NGO

The other generalist NGO which has a relevant story in combating poverty with social programmes in Cordoba is Sehas, which works with three poor neighbourhoods in the city centre and was originally part of a network of 3 other associations, which had or decided to abandon microcredit activities for political reasons or financial instability.

4.5.1 Formal structure, performance and methodology

Sehas works with entrepreneurs who usually have an informal business and requires a minimum of 6 months proved activities to ask for a credit. A big share of the users does not have a real business but just have some activity of substantial economy to feed the family. The organization helps entrepreneurs improve the quality of their business providing funding to buy new assets or productive inputs; they also still provide credit for shelter at the same interest rate (6%).

It has a unique method of credit, besides the classical model of the joint liability group of 3 or more people: they are the only one to allow individual lending in the Cordoba's provided sample, just asking entrepreneurs to provide an external guarantor. According to the type

of lending, they give a maximum of 9,000 pesos in the case of cooperatives or 6,000 pesos for the other two types, all to be devolved in 6 to 10 monthly instalments, with a 6% interest rate.

Although Sehas shows relative lower but still high repayment rates than other institutions (89,40%) it is important to emphasize they are the organization which issued the highest total amount of money (1.182.900 pesos), operate microcredit since the national law was issued and managed to survive in a difficult environment, when most of their colleagues decided to abandon the market. Last important factor is the geographical distance of Sehas' target: born to serve the community of Villa Siburu, it has included two more districts and extended the number of clients (365 in total until the beginning of 2017); it holds some credits which were before in charge of the other organizations of the network which were based in long distance districts. Therefore, they have to send on a monthly basis one promoter in these places in order to collect money, and this could be really problematic if people do not show up. On the contrary, the daily interaction at the neighbourhood level makes it easier to meet people and collect instalments.

4.5.2 Women participation and women empowerment

For what concerns the participation of women and how much they borrow from the NGO, they have an historical rate of 82% women clients. The promoters of Sehas claim it allowed women for more independence and autonomy: they obtained new money inflows they can allocate to their children's education or to change and better define food consumption basket's quality. Most of the women are actives in the service sector and had more time to move out of the house environment for business, to talk with neighbours or to meet new people. They add the programme gave them to occasion of improving the awareness of their possibilities and their skills, empowering them and in some cases encouraging them to face difficult home environments.

4.5.3 Poverty situation and impact

The organization is one of the few which has clear its objective: it has done a detailed market research to analyse its customers and their basic features. Speaking about the business sector, the 32,9% are little traders, 44,6% have some kind of production and the remaining 22,5% are offering a service; however, only 29,31% between them have completed secondary education and there are individual cases of people who are illiterate. The data of the Censo 2010 say the 12% of the households of Villa Siburu does not have one of the basic needs, meanwhile Villa General Urquiza is at 17.1% and Alto Alberdi 3.9%.

When talking about poverty impact and improving the living standards, we first underline that the organization deals with one of the most complicate situation of poverty within the city and the one with the highest percentage of UBN within the sample (12% and 17.1%). Their different lines of social activities gave substantial benefits to local people. If we analyse the condition of the shelter of their clients, if the 77% have an owned house and the 7,7% rent one, there is an 11% who have occupied their actual house and the remaining 4.4% does not want to give information about it. Also in this case we do not have the access to specific data about poverty reduction and the organization impact but of course for these people just the inflow of this amount of money within the neighbourhood and the possibility to access to finance, was a unique opportunity and advantage, not given before.

4.5.4 Main relevant aspects and conclusions

To synthetize, the organization shows some bottlenecks: above all, they performed a low actual repayment rate (39%), with the 61% of the clients who are in arrears. This last index appears to be the result of a series of factors, including a not strict methodology: the NGO decided to let entrepreneurs receive individual credit, which means taking off the social mechanism of the group, that makes people committed to the programme and more careful about repayments. These people just have to provide the name and the signature of an external guarantor, a

neighbour in most of the cases, which in reality is just a formal figure: he does not have to give any asset as collateral. Furthermore, Sehas sees microcredit as an added tool to help potentiating their different social programmes and thus the organization does not have a prominent focus on it. This raises the question whether is it a good policy or not to let NGOs in charge of microcredit, as soon they normally have several social working lines and objectives. We argue that it is more desirable to let an organization focus only or mostly on giving credit, providing additional financial services. In fact, the activity implies managing the relationship with a considerable number of small entrepreneurs and an elevate number of little financial transactions, but these MFIs were 'upgraded' to banks and generally do not have the adequate amount of skills, experience or time to apply a rigorous methodology.

4.6 Biblioteca Popular Villa Giardino a well-connected provincial NGO

The Biblioteca popular of Villa Giardino is a generalist NGO, born in a village situated in the province of Cordoba, which has about 7,000 inhabitants. It was born as a subsidiary of another 'Organizacion Administradora' but it has taken the role of administrator of a new network after the other one was dissolved. Precisely, it has received the task of helping and supervising two new born civil associations which operate in other nearby towns. The NGO is the one that received recent funds by the national government, in 2016, after a project planned in 2015 was approved.

4.6.1 Formal structure, performance and methodology

The organization approves group-based credits of 3 to 7 people, jointly responsible for the credit. Each group can receive collectively 5,000 pesos for the first credit and borrowing the maximum amount of 20,000 pesos after the third successful credit, without paying any interest rate. They expect people to repay in 25 weekly instalments and charge a little fine of 10 pesos (a minimal amount of money, about 0,60US\$) to people who pay with delay. The methodology applied by the NGO is accurate,

as a matter of fact they ask people to come every Thursday to the local office to repay but also to meet and share with other people. In this occasion, they release a receipt and register every transaction in a software, in order to have the information updated constantly. Considering the people working for the NGO, most of them began as volunteers and as the other cases are paid just when projects are on stage. They do not have any kind of previous career besides secondary education and, according to the NGO's representative, it is difficult to account financial transactions or to find people who have management skills, even if they receive a training by the MSD at the beginning. About the actual performance, the organization is probably the worst in terms of percentage of historical and actual recoveries (70.31% historical and 64.99% actual). We argue that this feature can be reconducted to the frequently changes which have affected the network the MFI was in, and in particular they needed to rebuild from the beginning a new network. Furthermore, the organizations allow customers to pay with delay just asking them the small penalty fee at the moment of repayment, no matter how much time passed from the deadline. This mechanism makes entrepreneurs pay after time without any relevant problem.

4.6.2 Women participation and women empowerment

The popular library of Villa Giardino does not have any focus or social programme which promotes women empowerment or gender equality, but they have planned to establish strategic partnership with local institutions who do operate for these purposes.

4.6.3 Poverty situation and impact

In Villa Giardino the 6.5% of the households of the population is in the category of the UBN. The representative of the Biblioteca Popular says that, even if it is difficult to measure the real impact on poverty, some little traders which are now at the 4th credit, therefore have a 4 years relationship of credit, have expanded considerably their business and

had the possibility to rent a shop while they were doing most of the activities at home.

4.6.4 Main relevant aspects and conclusions

The organization operates in a context of high demand for credit: not only local people but also people coming from surrounding villages come to the Biblioteca popular to ask for a credit. As a consequence, it was solid the decision to open new NGOs in the villages where they started to have a significant number of clients, in order not to lose the local and direct contact with their original target.

4.7 Apenoc: a large MFI situated in a poor zone of the province

Another institution which is situated in the province of Cordoba is Apenoc: an interesting NGO because it is situated in a rural area and operates in two ⁵Departments, and therefore covers a bigger range of customers.

4.7.1 Formal structure, performance and methodology

It is an OA in a network composed by two others civil associations. They lend to group of at least 3 entrepreneurs who hold different businesses and are jointly responsible, together with a line of credit for groups of 2-3 people who participate in a common business. With a range of 3,000 to 6,000 pesos, they ask entrepreneurs to repay in no more than 12 monthly instalments (from 6 to 8 months generally), with a 6% interest rate. They do organize a monthly reunion to collect the repayments and debate all together. But the most interesting feature of the organization is the fact that it is the only one in the examined sample with rural entrepreneurs, particularly, about the 85% of the entrepreneurs have a rural business. Apenoc has recently included two university students in the administration even if they do not have a financial or economic university career: again, the problem of the experience and skills can be risen. The representative of the NGO points out that the digitalization is another factor which has an incidence in the

⁵ Department: a territory division in Argentina which is an agglomeration of different cities inside a province

overall performance, above all for an organization which is constituted by people who lived their entire life in rural areas and recently approached technology and the digitalization of work.

4.7.2 Women participation and women empowerment

An interesting tendency registered by Apenoc is an apparent division of the work in the household between men and women: if the real rural entrepreneurs are the men, who are in charge of the manual works, women are involved in the administration and formal aspects of the business, asking for and being the holder of the credit. This money inflow allows them to increase independence, have the possibility to improve the range of choices and spend for children's benefits.

4.7.3 Poverty situation and impact

The Government of Cordoba when analysed the situation of the Department "Cruz del Eje" showed that the 14.7% of the households lacks one of the UBN, with overcrowding (6.7%) and sanitary condition (7.2%) which appear to be the most relevant factors related to poverty, meanwhile for 'Minas' the situation is worse: 22.4% of the population has at least one of the UBN, higher than the national average, and specifically sanitary condition is the most alarming factor for the 17.3% of the households (Censo, 2010).

The MFI has about 500 entrepreneurs involved in the programmes since 2011, when the organization began to work with microcredit. Also, a figure of about 122 people still receiving a credit, the highest in the sample. The promoter claims the operation of the organization caused a positive impact in the departments and positive externalities on 300 households that did not directly participated in the programmes.

4.7.4 Main relevant aspects and conclusions

The influence of interaction with rural entrepreneurs is strong in Apenoc: these customers hold a business which is extremely dependent on the productive cycle and it is extremely difficult in many cases to repay month by month. That is why they stay in default for 2-3 months

until when they can bring the product to the market and have money inflows. This situation reflects the relatively lower recovery rates, respectively 81,57% for the historical and 36,21% for the actual. However, the latter is strongly influenced by this tendency.

Despite the accelerating inflation and the lack of new funds by the MSD (it dates back to 2014 the last one), Apenoc has succeeded in increasing the portfolio of first credit lines. This result has been possible by shorter term lending periods (6 months on average) and shrinking the amount lent to a single person.

5. Conclusions

To synthetize about the research question, comparing the example of the Cooperative IMFC and its subsidiaries to the NGOs we find that the formal structure of microcredit has influenced methodology and, as a consequence, the performance of single MFIs. If NGOs have been an important vehicle to expand microcredit within the country (Yunus, 2004), as they already existed or did not need many institutional processes in order to be created, they did not always have a rigorous methodology. They did not always follow all of the basic principles of microcredit (joint liability group, interest rate and weekly meetings). In most of the cases, they saw microcredit as an additional tool in their hands to impact their social objectives, thus a complete upgrading process was never completed. This vision led some organization to a high percentage of people defaulting: the vision is not long term oriented in an industry of credit that does not ask for collaterals and relish on the group as the unique social mechanism which can put a pressure on people. As opposite to Cooperatives, which shareholders make decisions and obligate the Cooperative to be profitable and operate a rigorous standard of methodology at the network level, in order to cut costs and operate regularly. They are more regulated by the Government as they have limited liability and are obliged to work with formal organizations (cooperatives or other civil associations).

However, it appears that the most relevant aspect of the structure which influences positively performances is the network structure, which is an Argentine singularity (the national law aims at promoting cooperation at the network and national level). Firstly, the network is important for MFIs in order to have a constant contact and debate with other realities, to be supervised by peers, be supported economically and financially and to extend the social pressure mechanism of the group at an upper level. When people understand that funds are given for a common benefit they are more motivated, and this increases the social cost of defaulting. On the contrary, the model of an NGO that does not have the support of a network, is probably going to lead the organization to lower and lower levels of performance and in the long run the organization will be obligated to consider abandoning the market, even if it received public financing. Secondly, it is important the neighbourhood dimension of single associations, which can have a direct and constant contact with their customers and also develop personal relationships which increase dependence and the social cost of defaulting.

Furthermore, Cooperatives have more people working on microcredit who have a significant experience within the organization, follow detailed training programmes and on-going appraisals; they succeed in paying promoters in the break within two different projects thanks to other sources of income. As opposite to NGOs who recruit volunteers, paying them just when funds are available. Most of the microcredit institutions in Argentina are NGOs who have recently entered the industry and do not have relevant and long-term experience. This factor is to be mixed with the lack of basic financial competences or skills, above all financial accounting; they do not have an academic career, and are not directly hired to cover the position of promoter. Moreover, these people need several years of a learn by doing process and after some time, this can be a threat if they are the only one in the organization able to oversee these operations: the organization will depend on their future choices and it will be difficult to supervise their work.

Aggregating data about women empowerment, we found out that also in the Argentinian situation it is a standard having a higher percentage of women involved in microcredit programmes, even if the tendency is downwards in the last years. This probably because they are the ones who still administer the household and make some fundamental decisions about family consumption. On the one hand, for the organizations who do have a work line on gender equality, the coordination of microcredit and other social programmes have a positive impact on their autonomy. On the other hand, it does not always imply more emancipation and the presence of the cultural gender hierarchy is still strong in Argentina.

About poverty real impact and how much the targeted population of the neighbourhoods changed its living standards, promoters claim it is difficult to say how much the organization succeeded in changing their situation and improving living standards, for the lack of data. Due to the non-transparent policy of the previous Argentinian Government which diffused the latest data on local poverty in 2010, and interfered in 2007 in the collection of data by the INDEC, the national agency for statistics and census (Bolsa de Comercio de Cordoba, 2016). However, we have observed a decrease in the percentage of population living with at least UBN from 2010 to 2015.

Talking about global factors influencing the performance of single organizations, probably the biggest obstacle in the industry has been a macroeconomic variable: the constantly accelerating inflation (see Table 4) which the country has faced in the last years, a constant tendency since the law of microcredit has been approved. We suggest, as pointed out by Alhin et al (2010) that there is a complementarity between the overall economic performance and the MFIs performance. As a matter of fact, official data by IMF calculate an average figure of more than 8% increase of inflation, with the only exception of 2009 when it decreased to 6.3%, arriving to 25.6% in 2017 (IMF, 2017). If it is true that it has been big incentive for customers to borrow, having in mind the ceiling of 6% interest rate, ending up to a situation where the

real interest rate was negative for both the MFIs who ask for an interest rate and the ones who do not. As a consequence, microcredit organizations have watched their capital decreasing year by year, obligated every time to make a spending review, shrinking the total number of credits or the average amount of a single one, as opposite to the national law which plans an increment of the total given amount as a result of the diligent behaviour of the entrepreneur, in order to allow him to expand his business and buy more valuable assets.

A big impact has been made by transaction costs, as long it is necessary to pay the work of the promoters who have to collect periodically the instalments and to administer the procedures for the credits: they amount on 20-30% of the total capital allocated for microcredit. When the CONAMI finance a project, it directly designates a percentage for transaction costs: however, this requires the microcredit institution to make a market analysis and the design of a new project with a precise social goal. The aggregation of this single variables makes it difficult to operate without the CONAMI funds, which sporadically arrive in the assets of the organization, and obligate them to large periods of inactivity.

In conclusion, as pointed out by Stiglitz (2015) in the Indian case, we do not recommend commercializing MFIs, but rather to let them work and extend the network where they operate. However, they should be helped more by the MSD in the upgrading process, especially recruiting people who do have more competences. Furthermore, the lack of economic and financial independence is the biggest problem of microcredit organizations, who are constrained by the ceiling of the 6% interest rate. This is why we argue it could be a sound policy to let the interest rate float and let organizations decide on it. We remind that charging a 20% annual interest rate, which was the one charged by the Grameen Bank, means substantially reduce the interest rate this people are asked by the informal financial market and then giving the opportunity to access finance at this condition does not mean exploiting these people but giving them a possibility.

However, with the inflation increasing more than the last decade, even an interest rate of 20% would not be enough to maintain organizations financially independent and that is why many MFIs ask to modify the national law, obligating the government to constantly fund the organization. Although it could be dangerous to let the organizations be sure they will be refunded: they could be more dependent and focus less on cutting expenses and costs, not talking about possible incidence of corruption in an industry is in direct contact with the informal economy and operate social programmes for the benefits of the poor.

Appendix A

Particulars	1997	1998	1999	2000	2001	2002	2003
Deposits	109.53	107.67	108.84	113.24	125.77	154.61	227.65
Assets :							
Loan and Advances	312.04	334.23	282.00	244.08	229.14	231.43	287.84
Cash and Bank Balance	8.25	9.69	7.92	4.48	7.30	7.62	10.01
Fixed Assets	16.55	18.12	19.34	17.83	16.58	15.91	15.59
Other Assets	32.12	35.17	40.94	43.30	40.33	36.37	59.67
Total Assets	470.17	434.47	444.06	406.52	383.58	360.78	464.38
Total Income (Before Provision)	62.07	62.29	61.88	55.70	55.56	52.50	61.20
Expenses :							
Salaries & Other Related Expenses	20.51	22.10	23.96	21.78	19.60	19.97	21.21
Interest Expenses	19.25	18.14	20.00	18.13	18.00	15.42	18.89
Other Expenses	5.59	4.52	4.10	4.04	4.35	4.46	4.79
Provision Expenses	16.41	15.38	12.33	11.55	12.58	11.62	10.20
Total Expenses:	61.76	60.14	60.39	55.50	54.53	51.47	55.09
Net Profit	0.33	2.12	1.51	0.20	1.04	1.04	6.11
Provision Balance	50.69	61.59	66.45	70.17	63.18	64.40	60.68
Bad Debt	0.42	1.32	4.45	4.15	15.89	9.41	13.31
Bad Debt Recovery	0.13	0.14	0.12	0.20	0.82	1.81	2.28
Number of Employees	12628	12850	12427	11028	11841	11709	11855
Number of Members	2272503	2368347	2357083	2378356	2378601	2483006	3123802
Number of Centres	64701	66712	67691	68467	68591	70928	74703
Number of Villages	37937	39045	39706	40225	40447	41636	43681
Number of Branches	1105	1137	1149	1160	1173	1178	1195
Particulars	2004	2005	2006	2007	2008	2009	2010
Deposits	345.43	482.92	634.27	758.92	940.09	1205.95	1492.02
Assets :							
Loan and Advances	345.65	439.23	488.41	547.16	666.28	815.61	971.99
Investment	119.81	151.80	282.42	356.54	418.07	546.32	678.46

	Cash and Bank Balance	13.23	14.90	12.87	13.64	19.34	18.76	18.64
	Fixed Assets	15.02	14.52	14.95	16.25	16.92	19.31	21.14
	Other Assets	64.28	57.84	50.77	71.28	84.29	90.67	91.23
	Total Assets	558.00	678.28	849.42	1004.87	1204.90	1490.67	1781.46
Total Income (Before		77.87	112.40	134.89	155.06	174.61	209.80	252.05
Expenses :								
	Salaries & Other Related Expenses	20.68	25.37	28.97	36.02	43.00	55.32	65.90
	Interest Expenses	26.25	34.76	49.65	65.67	79.41	102.29	131.10
	Other Expenses	7.05	10.79	13.63	17.75	20.64	26.14	30.76
	Provision Expenses	16.89	26.28	22.64	34.06	12.57	20.67	13.54

	Total Expenses:	70.87	97.19	114.89	153.50	155.62	204.42	241.30
Net Profit		7.00	15.20	20.00	1.56	18.99	5.38	10.75
Provision Balance		49.35	41.12	40.42	67.98	80.09	82.37	76.70
Bad Debt		26.36	30.40	24.69	10.78	7.31	22.11	17.36
Bad Debt Recovery		2.55	12.95	9.17	6.19	14.64	9.71	8.24
Accumulated Disbursement		4615	5227	5954.02	5199.62	6095.79	7211.45	8445.25
Number of Employees		13049	16142	20885	25283	24240	23283	22255
Number of Members		4059632	5579399	6908704	7411229	7670203	7970616	8340623
Number of Centres		81609	99502	121755	136619	140976	144106	144619
Number of Villages		48472	59912	74462	80678	83566	83458	81376
Number of Branches		1358	1735	2319	2481	2539	2562	2565

Particulars		2011	2012	2013	2014
Deposits		1475.03	1630.11	1910.56	2193.28
Assets:					
	Loan and Advances	974.51	1032.31	1128.07	1182.34
	Investment	660.39	3.32	3.43	3.44
	Cash and Bank Balance	21.46	816.14	1014.41	1233.12
	Fixed Assets	18.70	18.39	19.42	19.70
	Other Assets	87.73	103.66	136.10	154.11
	Total Assets	1762.79	1973.82	2301.43	2592.71
Total Income (Before		267.67	311.06	350.02	374.44
Expenses :					

Salaries & Other Related Expenses	62.82	64.24	72.24	79.23
Interest Expenses	133.53	149.07	175.36	193.61
Other Expenses	26.61	27.62	32.39	34.43
Provision Expenses	36.12	52.07	52.39	61.54
Total Expenses:	259.08	293.00	332.88	368.81
Net Profit	8.59	18.06	17.14	5.63
Provision Balance	91.21	106.88	122.66	128.22
Bad Debt	12.38	18.33	40.91	56.38
Bad Debt Recovery	4.96	3.87	5.00	8.09
Accumulated Disbursement	8823.90	10202.52	12188.23	13946.02
Number of Employees	22128	22261	21851	21807
Number of Members	8372081	8373893	8543977	8640225
Number of Centres	144095	143061	143057	142613
Number of Villages	81380	81386	81389	81390
Number of Branches	2565	2567	2567	2568

Table 1. Cash flow statement and selected indicators Grameen Bank 1997-2014.

Source: Grameen Bank Website, 2017

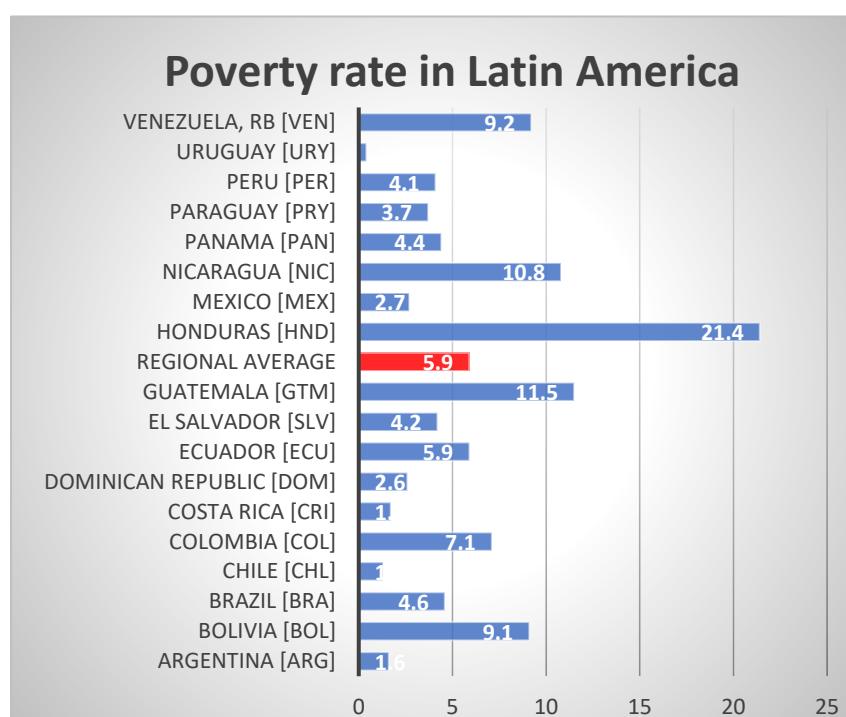


Figure 1. Source: World Bank, 2017

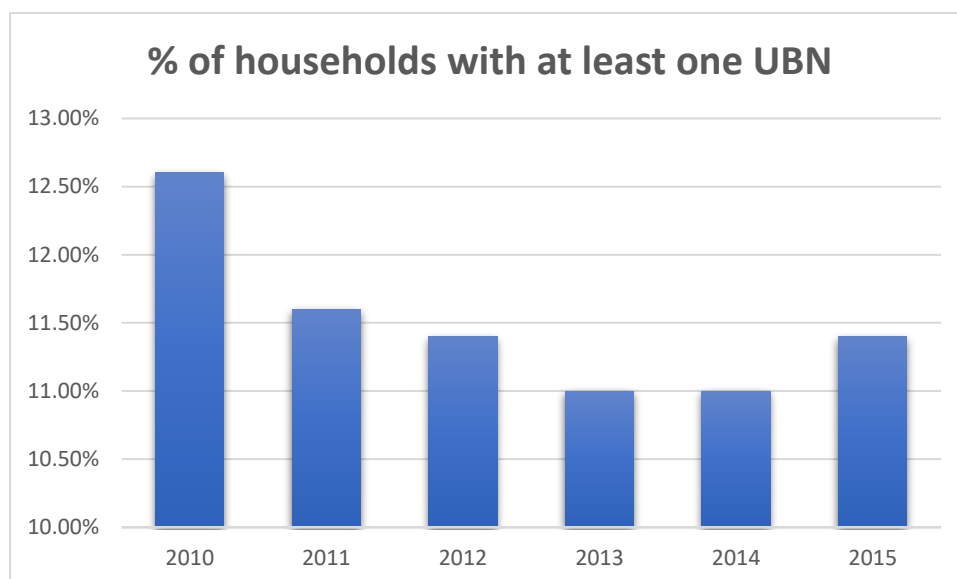


Figure 2. Source: Observatorio de la Deuda Social Argentina, UCA, 2016

Organization	Period	# Historical credit	\$ Total credit	% of recovery	% of default	Interest rate
A.C Biblioteca Popular Sayana	2010-2016	202	657.800,00	100,00%	0,00%	6%
IMFC Coop CBA	2010-2016	97	849.500,00	99,67%	0,33%	6%
Asociación Civil JPC	2010-2016	367	949.600,00	100,00%	0,00%	6%
Sehas	2006-2017	365	1.182.900,00	89,40%	10,60%	6%
Servipro	2010-2017	no data	no data	98%	2%	0%
Biblioteca Popular Villa Giardino	2010-2017	183	1.367.720,65	70,31%	29,69%	0%
Apenoc	2010-2017	888	3.601.081,93	81,57%	18,43%	6%
Average		350	1.434.767,10	91,28%	8,72%	4,29%

Table 2. *Total credits of the MFIs (*The figures have been calculated with the help of the 'microcredit software', a tool which is property of the Ministry of Social Development)

Organization	Period	\$ Credit range	Actual recovery	# Active credit	\$ Active credit	Women particip.	Category
A.C Biblioteca Popular Sayana	2010-2016	5.000-9.000	100,00%	24	65.749,29	80%	Urban
IMFC Coop CBA	2010-2016	5.000-20.000	100,00%	11	173.796,11	80%	Urban
Asociación Civil JPC	2010-2016	5.000-9.000	68,22%	48	91.866,32	80%	Urban
Sehas	2006-2017	6.000 max.	39,00%	no data	237.653,15	82%	Urban
Servipro	2010-2017	3.000-7.000	no data	no data	no data	no data	Urban
Biblioteca Popular Villa Giardino	2010-2017	5.000-20.000	64,99%	70	356.738,80	no data	Urban
Apenoc	2010-2017	3.000-6.000	36,21%	122	447.611,18	no data	Rural
Average		4.333-11.000	68,07%	55	228.902,48	80,48%	

Table 3. *Other features of credits (*The figures have been calculated with the help of the 'microcredit software', a tool which is property of the Ministry of Social Development)

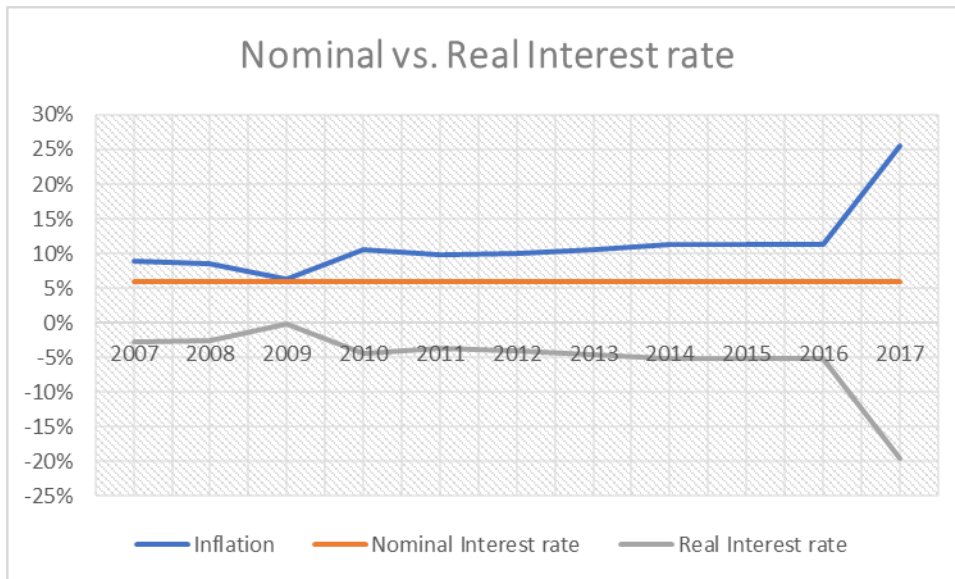


Figure 3. *Nominal versus Real Interest rate of microcredit. Source: IMF, 2007 (*data from 2014 to 2016 are estimated to an average of 11%, as International Institutions do not hold data because of the Argentinian Government's lack of disclosure)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Inflation (%)	8,8%	8,6%	6,3%	10,5%	9,8%	10%	10,6%	*11,3%	*11,3%	*11,3%	25,6%
Nominal rate	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	6,00%
Real rate	-2,8%	-2,6%	-0,3%	-4,5%	-3,8%	-4%	-4,6%	-5,3%	-5,3%	-5,3%	-19,6%

Table 4. *Yearly nominal versus Real Interest rate. Source: IMF, 2017 (*data from 2014 to 2016 are estimated to an average of 11%, as International Institutions do not hold data because of the Argentinian Government's lack of disclosure)

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