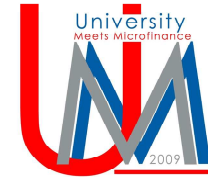




EUROPEAN
MICROFINANCE WEEK 2011

INCLUSIVE FINANCE FOR EXCLUDED PEOPLE
MICROFINANCE REFOCUSING ON THE UNDERSERVED, UNSERVED AND VULNERABLE



Managing environmental risks in microfinance

Lessons learned from El Salvador

Marion Allet

mallet@ulb.ac.be

Université Libre de Bruxelles, CERMI

Université Paris 1 Panthéon-Sorbonne, IEDES-UMR 201



contact@e-mfp.eu

www.e-mfp.eu

CONTEXT

■ Small is not always beautiful!

(Blackman, 2000; Hillary, 2000; Pallen, 1997)



CONTEXT

- A new actor in promoting environmental management in small-scale activities: MFIs?



CONTEXT

- Environmental risk management pilot program, Integral, El Salvador, 2009-2011



RESEARCH QUESTION

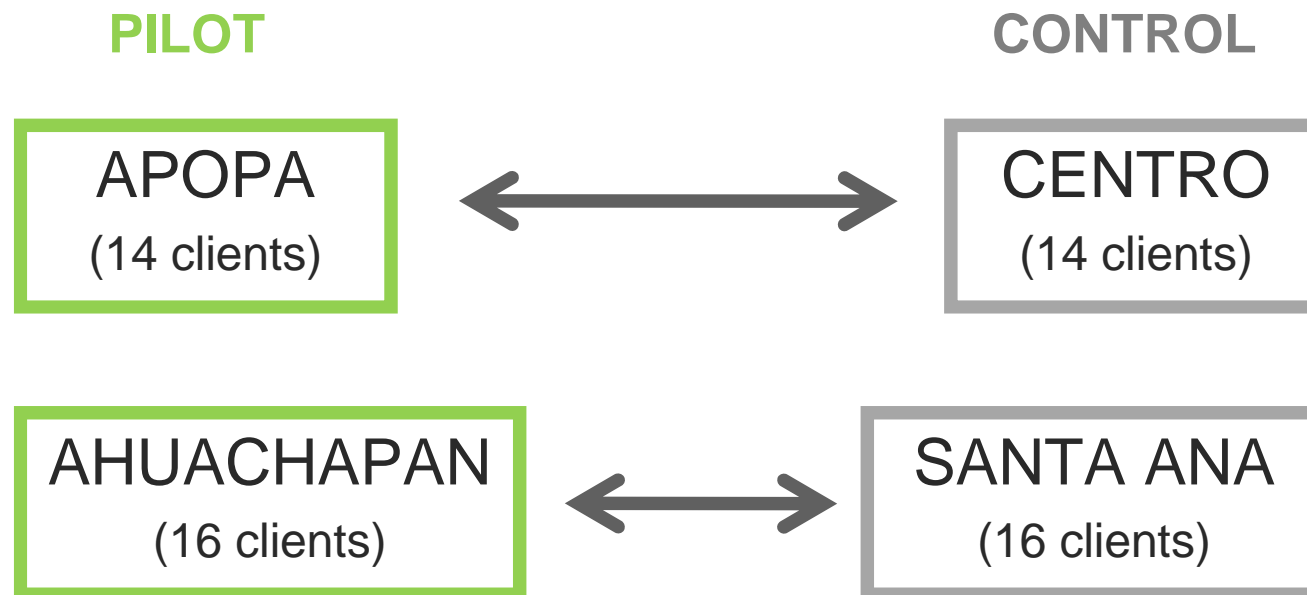
- Can microfinance foster pro-environmental behaviours in small-scale activities?

METHODOLOGY

- Qualitative approach:
 - Interviews with external stakeholders (6)
 - Interviews with MFI's top managers (14), branch managers (4), loan officers (17)
 - Interviews with microfinance clients (60)

METHODOLOGY

■ Selection of pilot and control agencies



METHODOLOGY

■ Selection of pilot and control clients

ACTIVITIES	PILOT	CONTROL
FOOD PRODUCTION (bakery, pupuseria, tortilleria)	18	18
WORKSHOPS (metal workshops, auto-repair workshop, carpenter, etc.)	9	9
FARMING	2	2
BRICK-MAKING	1	1

FINDINGS

- Very modest results:
 - Low outreach (149 clients; 0.01% of the pilot portfolio)
 - Few pilot clients remember the LO's advice (23%)
 - No change in environmental behaviour

FINDINGS

- Questioning the ability of the actor?
 - High motivation, low technical knowledge
 - Conflicting priorities within the MFI
 - The ambiguous figure of the loan officer: « Dios dinero » or greedy devil?

LEVEL OF TRUST	« LOs have the capacity to give advice »
High	71%
Medium	50%
Low	20%

FINDINGS

- Questioning the relevance of the educational approach?
 - Awareness-raising is essential but not sufficient
 - The challenge of breaking “habits”
(De Almeida 1998; Jager, 2003; Steg & Vlek, 2009)
 - Making pro-environmental behaviours match with economic benefits
 - Barriers beyond microfinance reach

RECOMMENDATIONS

- Keeping in mind the limits of MF in fostering pro-environmental behaviours...
- ... some lessons can be learned for MFIs willing to develop such programs:
 - Integrate environmental risk management into the MFI's processes and objectives
 - Promote models, provide comparative feedbacks
 - Offer technical solutions (clean technologies)
 - Build partnerships



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Thanks for your attention

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