

**2010 MICROFINANCE IMPACT AND  
INNOVATION CONFERENCE  
NEW YORK, OCTOBER 2010**

**How enda inter-arabe  
approaches social performance**

by

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**Co-Founder and Secretary General**

# ENDA INTER-ARABE

- International NGO working in Tunisia since 1990
- Began micro-credit in 1995
- Specialised in support to micro-entrepreneurs since 2001
- Self-sufficient since 2003: refinanced by 8 Tunisian banks and 4 international financial institutions

# KEY FIGURES END-SEPTEMBER 2010

- **140 000 active clients**
- **\$ 50 million** outstanding portfolio
- **60 branches** throughout the country
- **730 Permanent staff**
- **PAR 1%**

## SOME OTHER FIGURES

- Growth rate 2000 – 2008: 52%/annum
- Growth rate 2009 – 2010: 30% → intentional slowdown to better manage growth
- Projections → 2015:
  - ✓ 600 000 active clients
  - ✓ \$ 350 million portfolio
- Women clients: 73%
- Staff gender balance 51%/49%

# RATING 2010



In May 2010, enda received

**α** for its **financial rating**

and **excellent** for its **social rating**

# AWARDS AND RECOGNITION

Ranked 21st among the top 100 MFIs in the world (MixMarket, 2010)

Ranked 36th among the 50 most competitive MFIs in the world (Forbes Magazine, 2007)

Five diamonds for transparency by MixMarket (2009)

Several national and international awards

# FINANCIAL PRODUCTS

- Micro-enterprise (for expanding businesses)
- Income generating activities
- Animal rearing & Farming
- Home improvement
- Training and education

All with varying amounts and  
adapted methodologies

# NON-FINANCIAL SERVICES

Aim: strengthen micro-entrepreneurs' business skills and knowledge; an essential element of our social mission

- Financial education
- Product quality enhancement
- Support for marketing
- Enda circles (information and discussion) with objective of empowering women (few men take part in BDS)

# FINANCIAL PARTNERS

enda → an *interface* between banks and micro-entrepreneurs

- \$ 50 million in commercial loans (75% from 8 national banks; 25% from 4 international financial institutions)
- Current outstanding debt: \$ 36 million
- Needs 2011 – 2015: \$350 million

## NON-FINANCIAL PARTNERS

Also *interface* between clients and government services:

- National Employment Agency: training courses: product improvement, learning new skills...
- National Crafts Office: training for artisans
- Ministry of Agriculture: linking small farmers with government services
- National Family Planning Office (ONFP)...

# SOCIAL MEASURES

- Stress on mission and values at inception training for all new staff
- Death and disability fund (insurance)
- Social Fund (under construction)
- MIS being expanded → client economic and social data
- Client hotline and relationship manager at branches (special software analyses claims and suggestions)
- APR reduced 34% → 29% in June 2010

# SOCIAL MEASURES

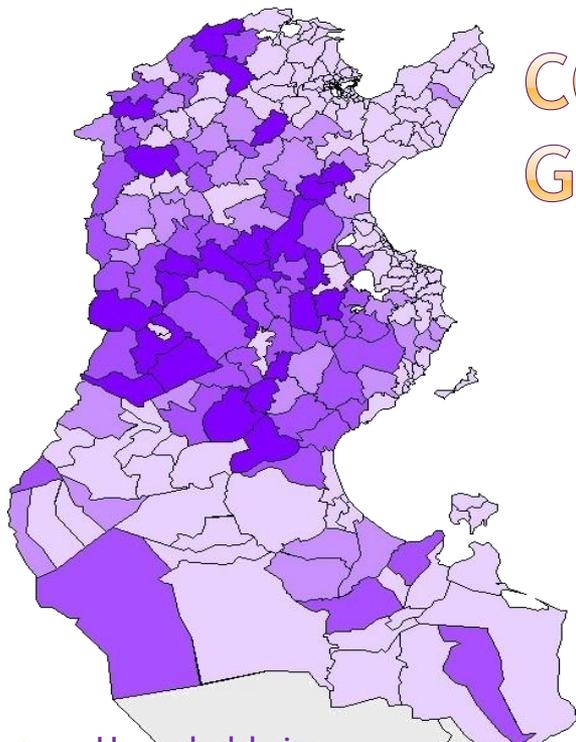
- Client targetting: 60% living below national average
- Women targetted (73%): more vulnerable
- 70% income generating activities; 30% businesses with a capacity to expand
- Increasing involvement in rural areas (30% of clients → 50%)
- Government rural priority “délégations” (counties)

# SOCIAL MEASURES

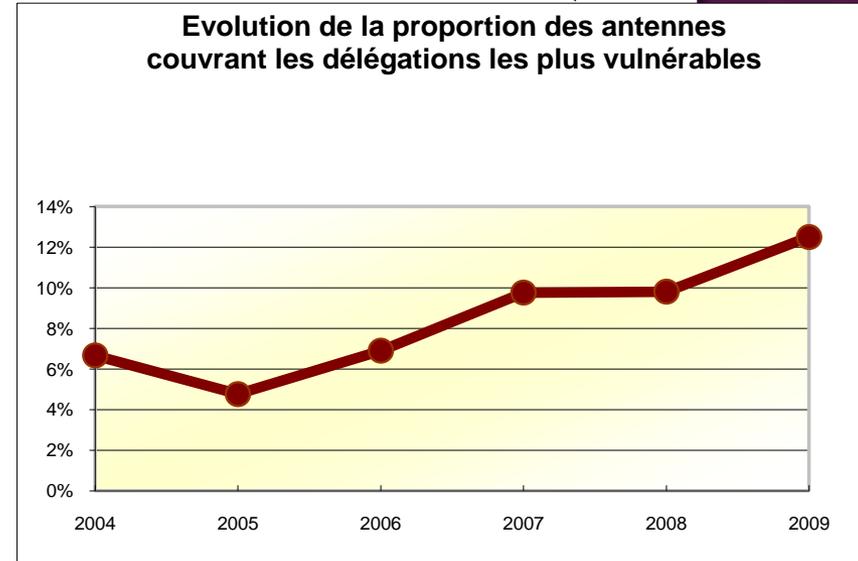
Therefore easy for us to embrace Smart Campaign & client protection →

- Client Charter: in all branches: but too detailed and technical →
  - ✓ discussions with clients: ensure they understand their rights (and duties)
  - ✓ commitment to clients posted in branches in simple Arabic
  - ✓ problem with transparency regarding interest rate as such
  
- R & D team monitors:
  - ✓ Client satisfaction
  - ✓ Dropout clients (to improve products and services)
  - ✓ Product refinement
  - ✓ Impact financial and no-financial products...

# COMPOSITE INDICATOR OF GEOGRAPHICAL TARGETING (2007)



1. Household size
2. Dependency rate
3. Unemployment rate
4. Non attending school rate
5. Illiteracy rate
6. Urbanization rate
7. % of access to safe water
8. rooms in the house
9. % of equipement with bathroom
10. Basic health center / 10000 inhabt
11. % of imployment in agriculture, construction and public works



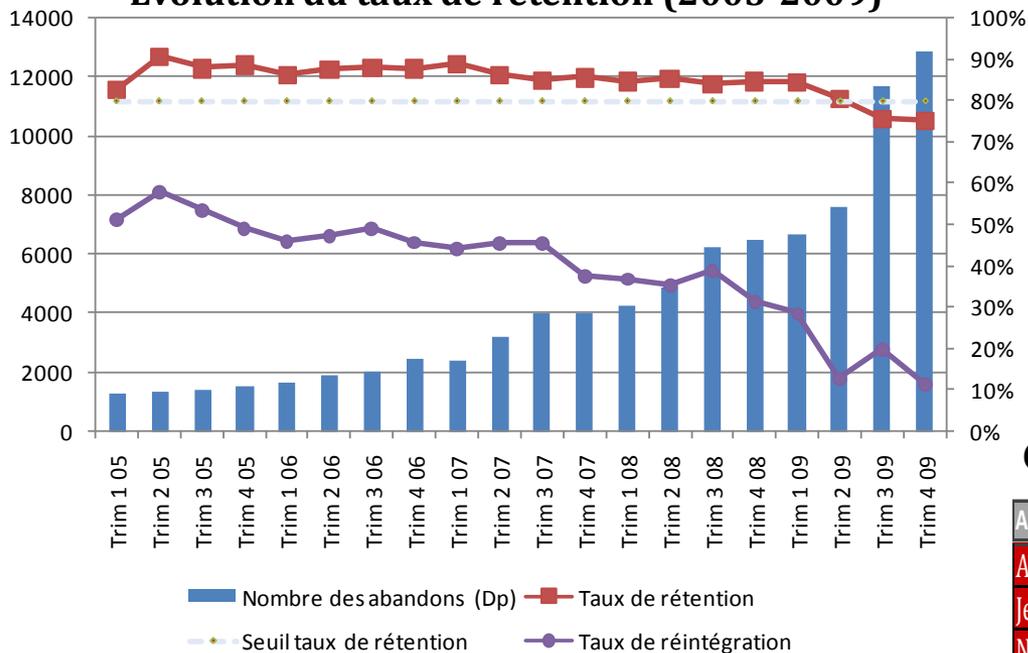
L'unité géographique est la délégation (37 000 habitants en moyenne)



**Orientation du ciblage vers les délégations prioritaires de développement**

# MONITORING THE RETENTION RATE

## Évolution du taux de rétention (2005-2009)



## Classement des antennes les moins performantes

Antenne	# Clients sortants	taux d'abandon	Taux de réintégration
Ariana	1 507	44%	15%
Jerba	516	40%	19%
Nabeul	703	40%	0%
Ksar Hellal	1 386	39%	14%
Kram	653	38%	0%
Mnihla	1 017	34%	32%
Ettadhamen	1 033	30%	27%
Zouhour	1 339	30%	20%
Marsa	591	29%	7%
Tozeur	835	29%	3%
Kairouan	1 632	29%	17%
Medina	649	28%	32%
Omrane Supérieur	1 572	28%	23%
Douar Hicher	1 062	28%	28%
Sfax	1 411	26%	11%

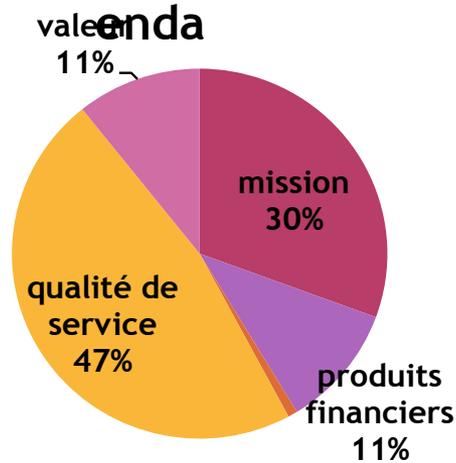
Abandon (+)  
réintégration (-)

Abandon (+)  
réintégration (+)

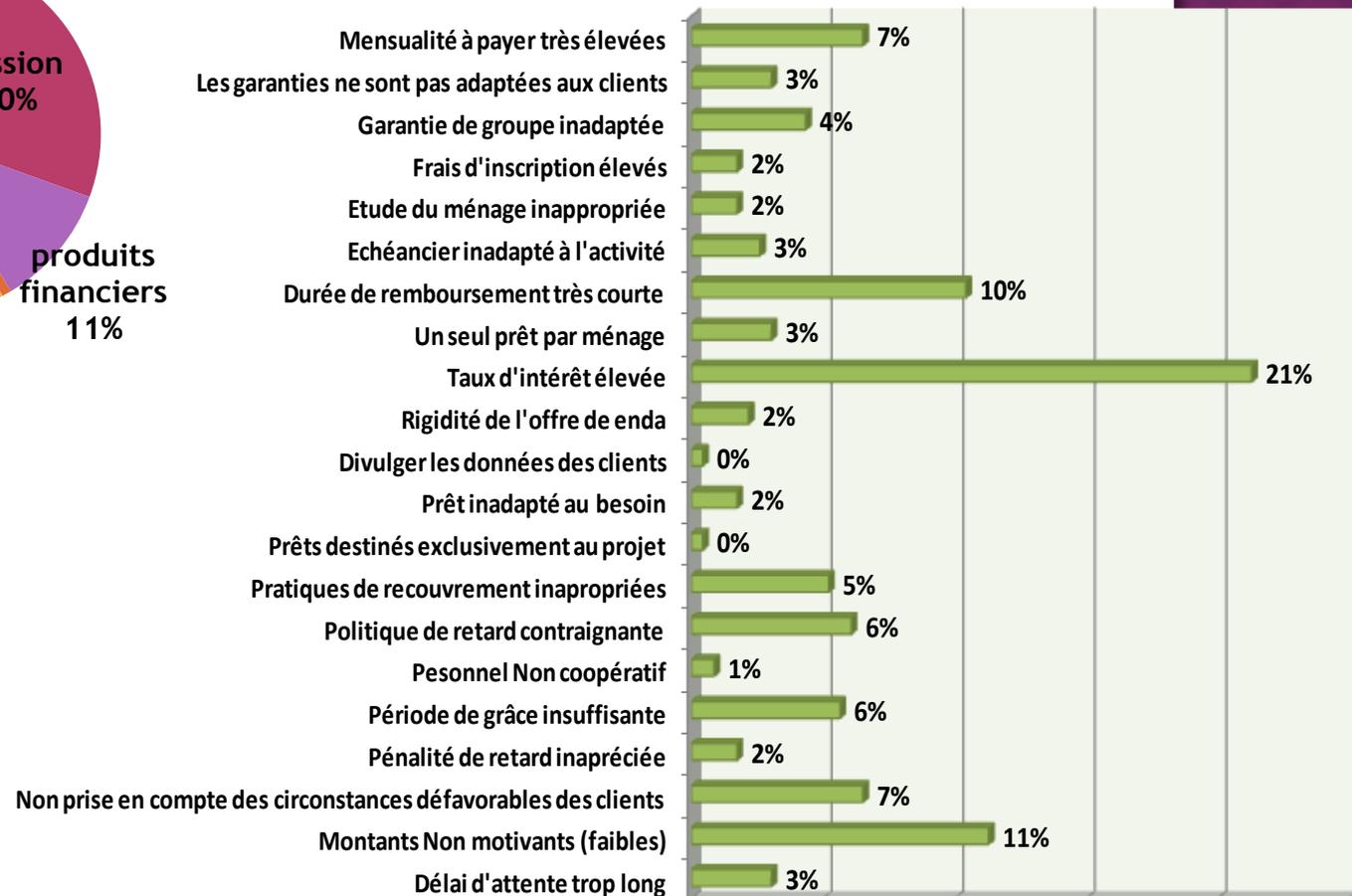
# STUDY OF EXITING CLIENTS 2010

## MEASURE OF SATISFACTION

Perçus comme points forts des



Perçus comme points à améliorer



# FINANCIAL EDUCATION

- Essential for business management, empowerment...
  - ✓ Opportunity International model: 6 modules.
  - Impossible to deliver to 140 000 clients: 1 100 for just one module by end-2010 OR 66 full-time trainers for a year!
- Collaboration Microfinance Centre « Plan your future »: begin with loan officers:
  - ✓ Adapt to each client's circumstances
  - ✓ If need for more complete training → refer to full course

# CLIENT REACTIONS

- Most women clients → low education level but very ambitious

Requests for:

- ✓ literacy classes (in collaboration with Ministry for Social Affairs)
  - ✓ courses in French (to check children's school progress)
  - ✓ courses in computer and Internet (for business)
  - ✓ Baccalaureat (to overcome past failures)
- Naima, a typical client of our BDS services, says: « *I was a nobody until I learned sewing, got a loan to purchase a sewing machine, set up my business, Now I contribute to the family income and I can hold my head high* »

# SUCCESS STORY: MERIEM

Born in Sfax (southern Tunisia)

Had to give up her studies at 12 years old

Lives with her mother and brother

Works as a cleaner while running a business making items from jute cloth (since 2003).

- “...enda gave me psychological and financial support. Now I feel more confident in myself and in my business”
- “...I’m still facing difficulties in my life but my family is supporting me. enda training is helping me to enlarge my social network and to meet interesting people”
- “ My aim is to have an independent workshop to develop my activity and make my products known to a broader clientele.”

# SUCCESS STORY: NAFISSA

## **Facing up to middlemen a problem for the crafts sector:**

Born in Tozeur, an oasis town in southern Tunisia.

Left school at 13 and learned weaving. Today 50 with two daughters to keep

Produces several types of woven articles: carpets, margoum (a type of light carpet) and blankets, all from locally-produced wool and using her own designs, based on motifs from the long history of her region.

Used to be exploited by middlemen: *“Often, we have no choice since we have no direct access to marketing channels and few opportunities to sell directly to our clients”*.

Today, has expanded her business - and her business acumen - thanks to end loans and BDS

Employs 8 young women that she has trained in traditional techniques and encourages to stay with her → improves salaries as they acquire greater skills.

Ambition: *“to further expand my business with larger and longer-term loans better adapted to the crafts sector”*.



# NETWORKS



**SANABEL**  
The Microfinance Network of Arab Countries



**enda**



جرامين - جميل



**The Rating Initiative**  
Microfinance and Transparency



**GRAMEEN FOUNDATION**

*Empowering people. Changing lives. Innovating for the world's poor.*



**African Microfinance Transparency**



**MicroFinance Network**

# CONCLUSIONS

- At enda, we are conscious of the importance of our social mission
  - Many products and activities to promote this
  - Excellent social rating
  - Generally speaking, thanks to regular consultation with clients, we are doing fairly well.
- 
- But much more needs to be done, including staff education
  - Type of research required for serious measurement of social performance, while very useful, outside scope of activities of an MFI