SUCCESSES IN EXPANDING MICROFINANCE OPPORTUNITIES IN RURAL ETHIOPIA - CAN THE ENTREPRENEURSHIP CHALLENGE BE OVERCOME?

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"Most of the people in the world are poor; so if we knew the economics of being poor, we would know much of the economics that really matters."

(Theodore W. Shultz,
on accepting the Nobel Prize in Economics, 1979)

Abstract

Microfinance opportunities have been successfully expanding in Ethiopia during the past fifteen years, including in remote villages, where the majority of people are engaged in small-scale agriculture, which is little supported by modern technology. Some of the key strategies for the success include: innovative adaptation of the group guarantee lending model, successfully customized to local Ethiopian realities; decentralization of operation, including a focus on using indigenous knowledge and resources in client screening and follow-up; appropriate strategies to deal with financing small scale (rain-fed) agriculture, often subject to season changes. However, much remains to be done. The outreach in micro-credit is estimated to have satisfied only a small proportion of the potential demand, while the growth of individual enterprises and the impact on clients' income remain low. It is becoming more and more challenging to further expand the micro-credit outreach, introduce inclusive finance to reach remote villages and very poor people, as well as ensure an impact on the lifestyle of clients. This is due, among other things, to poor infrastructure, particularly the road network and other communication channels, low level business support, as well as the 'entrepreneurship challenge'. This calls for a collaborative effort of all stakeholders in rural development. The present paper examines the opportunities and challenges faced while expanding access to microfinance to poor people in remote areas.

Key words: Rural Ethiopia; Amhara Region, Microfinance, Entrepreneurship.

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1. BACKGROUND

The Amhara region of Ethiopia covers an area of 172,752 km², and has a population of about 18 million people (about a quarter of the national population) with some 85% of the population residing in the rural parts of the region. The topography, combined with limited road and other communication networks, makes many communities difficult to access. Agriculture is the dominant economic sector, accounting for 48.6% of the region's GDP while the industrial sector comprises 27.8% and the service sector 23.5%. The annual per-capita GDP is 732 Ethiopian Birr (about US$ 82), which is below the national average.

The level of poverty and ill being in Ethiopia is very high. The Amhara region, in particular, has suffered in the past, and was one of the Ethiopian areas that most suffered famine in 1973, 1984 as well as in more recent times. In the Amhara region, 52 out of the 113 districts are categorized as chronically food-insecure. Currently, more than 30% of the regional population earns an income, which is below the (locally driven) poverty line income level. This minimum cost of consumption is estimated to be only about $10/month/adult. One should therefore note that the poverty rate would even be higher if one considers the $30 poverty line (the dollar-a-day convention) set by the World Bank (Dercon *et al.*, 2006). Many factors have accounted for such high level of poverty, among which the low level of capital and of monetization. According to an earlier study on rural Ethiopia, less than 1% of the population has access to finance from formal sources (IFAD, 2001).

The EPRDF-led Government of Ethiopia, which has taken power after the fall of the *Dergue* regime in 1991, has undertaken a series of economic reform programmes aimed at re-orienting the economy from command to market economy, rationalizing the role of the government and creating a legal and institutional environment to enhance private sector investment. The Government's "*Sustainable Development and Poverty Reduction Programme (*2002) (Ethiopia's version of the Poverty Reduction Strategy Paper), which is based on the earlier rural, industrial and development strategies, has more clearly articulated the objectives to revitalize the development of the country, emphasizing, effective rural financial intermediation. The more recent "*Plan for Accelerated and Sustainable Development to End Poverty" (PASDEP)* (2005-2010), Ethiopia's current guiding strategic framework document, also emphasizes micro-enterprise and self-employment supportive intervention based on key principles such as: (a) enabling people, communities and businesses and not crowding-out (or replace) personal responsibilities, (b) achieving the objectives through decentralization, private sector promotion and liberalizing market controls while recognizing market failure and (c) targeting services to vulnerable groups.

Formal microfinance in Ethiopia started in 1994/5. The Licensing and Supervision of Microfinance Institution Proclamation No. 40/1996 encouraged the spread of microfinance institutions (MFIs) and authorized them to, among other things, legally accept deposits from the general public (hence diversifying sources of funds), draw and accept drafts, and manage funds for the microfinance business. Perhaps, Ethiopia is one of the first countries that introduced regulated microfinance. Unlike other countries, MFIs in Ethiopia are allowed to mobilize public savings. Moreover, with a view to further stimulate economic activities and provide opportunities for the poor to escape poverty by making available more and appropriate financial services to the majority, the Government has been refining the regulatory framework for microfinance operations. Currently, there are 29 MFIs operating in Ethiopia, providing microcredit service for about 2 million clients. Amhara Credit & Saving Institution (ACSI) is the largest.

2. MANAGING GROWTH OF AGRICULTURAL MICRO-LENDING IN POORER AREAS: FROM REPLICATING TO CUSTOMIZING MODELS?

The operation of ACSI, the main rural financial intermediary in Amhara Region, was initiated in 1995 by the Organization for the Rehabilitation and Development in Amhara (ORDA), an indigenous NGO engaged in development activities in the Amhara region. ACSI had undertaken its pilot activities in 1996, and was licensed as a microfinance share company in April 1997. As of June 2008, ACSI is operating in all *Woredas* (districts) of the region, and has covered 2700 *Kebeles* (about 80% of the total rural villages of about 1000 households each, representing the lowest Government administrative unit). In terms of *outreach*, currently there are over 700,000 poor clients with an active credit balance, and another 350,000 voluntary savers, and operational and financial sustainability have already been achieved. Such an achievement over a period of just one decade or so can be considered quite impressive, particularly given the very poor infrastructure and the poor economic activity. Some of the factors that account to this are specified below.

2.1 Customizing the Group Guarantee Lending Model

The Group Guarantee Lending Model (GGLM) is the dominant methodology. Potential clients are required to exercise a peer group self-selection and organize groups for the purpose of sharing a mutual loan repayment guarantee. The methodology involves credit delivery through very small, affinity-based groups of 5-7 members each, with about 10-15 groups getting together at one 'Centre' (counting about 70-150 clients) meeting monthly for the purpose of discussing, settling repayments and saving. Priority is given to the poorest, especially women. As a rapid assessment (RA) method, possession of one ox (or equivalent) serves as the local 'poverty line'. A sort of 'Participatory Wealth Ranking' is also carried out whereby representatives from the community (the 'Credit and Saving Committee") exercise further rankings of those who should be beneficiaries first.

Given the solidarity structure of real community life, particularly in rural Ethiopia, the methodology is effectively implemented. It has been a great opportunity for the majority of poor as it removes the main entry barrier for those with no collateral, limited literacy, weak technical knowledge and limited money management experience. For the very poor, the group serves as a forum where they can share valuable information about business, market, technology and politics. The advantage for MFIs is the screening of those not worthy of credit.

Some authors, however, think that the methodology might as well distract and crowd-out existing traditional mutual support networks particularly in times of repayment problems. They also contend that in the majority of poor communities, the rural poor have much less information on the behaviour of their immediate neighbours when it comes to financial matters. Marr (2002) in her comprehensive study of microfinance clients in Peru, found that only 4% of all participants have prior relationships based on issues of borrowing and lending, i.e., they are members of common Rotating Saving and Credit Associations (ROSCAs). This is more so among women, who have little opportunity to gain information on their immediate neighbourhood due to their full engagement in household chores. This means that the vast majority of participants are unfamiliar with financial issues when they first join the programme. When these group members are then confronted with an alien way of relating to one another – in this particular case, monitoring colleagues' loans, investments, returns, risks, and so on -- they tend to react very strongly and may turn to acts of intimidation, threats and even physical abuse in order to repress information about their financial affairs.

Such problems have been faced in practice, and adjustments have been made. Specifically, field experience has signalled the need to review the purpose and structure especially of "Centres" (group of groups). Centres were originally considered as platforms to organize people for the loan guarantee mechanism. Holding individual members responsible for the faults of any one member in the centre proved not feasible for local circumstances, though it may be applicable in the originators of MFIs (especially those of Grameen, and replicators in Bangladesh, other Asian countries and elsewhere in the world) where there is less *information asymmetry* by virtue of their proximate or densely populated living style. Successful MFIs like Bank Rakyat Indonesia (BRI) and Grameen Bank operate in countries like Indonesia and Bangladesh where the average population density is between 700-900 people per km², which is in sharp contrast with the Sub-Saharan Africa and Latin American case, where there are less than 10 people per km² (CGAP 2006).

Thus Centre formation (and hence holding individual members responsible for the faults of any one member in a centre counting 70-150 clients) was subsequently interrupted and the focus shifted on group members (5-7) where the problem of information asymmetry is less severe. The group also threatens the imposition of a 'social sanction' to prevent loan default. Group members also have their own 'by-laws' (in lieu of formal court procedures) and sign documents authorising the group to seize goods (land, equipment) in the event of loan default. Such adjustments have facilitated the operation of groups, and reduced risks to individual clients, thus attracting more poor people in the microfinance service.

2.2 The Decentralization Effort

Given the geography, the scattered living style of the population and the poor physical infrastructure, particularly the road-network, 80% of which is inaccessible during the rainy season, operations in the region, especially in rural areas, have proved to be very problematic. Microfinancing activities undertaken by institutions like ACSI are such that one needs to not only identify and disburse loans to the right client in isolated remote areas, but also ensure full repayment through daily monitoring and follow up of each client, with very low loan sizes. Very small savings (as small as $1 or even less per transaction) have to be encouraged and mobilized from these same poor people. Live cash has to be transported from one location to another, and such activities often involve a door-to-door service.

ACSI has thus developed a 'decentralized structure', involving a network of 10 branch and 187 sub-branch field offices distributed throughout the region. Each sub-branch office is a 'profit-centre' and an incentive system is established based on sub-branch performance. Decentralized operations favour an appropriate, reliable loan appraisal and loan processing and effective loan administration by field staff. Such operation therefore requires that field staff working in rural areas have a solid background in agriculture, work experience in rural areas and a right attitude towards the poor (Chambers, 1993). Thanks to the strict selection procedure that ACSI follows, it can be said that the staff (management, administrative and program staff) have a high degree of commitment to the vision of the Institution and are willing to work in a learning environment where uncertainty is likely, flexibility required and experimentation necessary. Value is given to social attachments, and the recruitment criterion is such that only those who have reasonable knowledge of the area, its culture, customs, language, and who acquired a mix of business and social development skills are selected.

Not only is staff recruited mainly from local areas, but also the active involvement of local organizations and communities is highly sought, which helps reduce the time and costs of client screening, loan appraisal and loan monitoring. Given the problem of information asymmetry on the part of the client, giving rise to a ‘moral hazard’ and an ‘adverse selection’ problem, ACSI draws on the support of the local community (the Credit and Saving Committee (which involves non-members). The Committee helps in screening out those who should get the service first (based on their poverty level and credit-worthiness), and further facilitate follow up and monitoring.

Moreover, the effort to generate the loanable fund from local areas in form of ‘micro-saving’ has served to create loan clients' sense of ownership and prompt repayment. This is because it inculcates the feeling that what is in their hand in the form of credit is a saving mobilized from their neighbours ("warm money"), and failure to meet repayment would make someone else (i.e the savers) in same community *worse-off* than they were before (CGAP, 2006).

2.3 Dealing with Agricultural Seasonality

One of the unique features of the Ethiopian microfinance industry is perhaps the fact that it largely finances “agriculture,” despite the assertions of some authors who argue that microfinance systems and methodologies are more appropriate for non-agricultural activities (Sebstad, 2002). Microfinance operations in rural areas require closer understanding of the ‘household economic portfolio’ (Chen and Dunn, 1996) of the targeted clients. Indeed, loan funds, like any household resource, can be allocated to any activity in the household, since microenterprise is embedded in the household economy and represents only one of the household’s production, consumption, and investment activities. Many farming households diversify their sources of income by engaging in a variety of farm and non-farm activities.

Such non-farm activities are important sources of income in the programme areas (about 40%). Household members may also travel to other parts of the region for seasonal employment in farms or cities, usually migrating to coffee growing areas in Southern Ethiopia. Different family members perform these activities and contribute with all or part of their income to the family's income pool.

Thus, the institution must treat rural clients like the sophisticated financial managers they are, and work to build a complete financial relationship with them. Specifically, it eliminates the false relationship between loan uses and repayment sources and instead treats the entire farming household as a single economic unit, with multiple income sources and multiple financing needs. Indeed, in contrast to a conventional project evaluation, a *financial view* of the borrower's activity should be seen in a broader perspective. The loan, in fact, gives the borrower liquidity (an increase in his/her 'general' command over resources) which, because of its *fungibility* nature, can be used in many ways (Von Pischke and Adams, 1980). Thus, even if a loan is supposed to be used to produce a specific crop, the borrower's entire household income is considered when judging repayment capacity.

Moreover, contrary to earlier perceptions, field level experience has shown that even small farmers save. In fact, their savings are an integral part of farm household livelihood strategies. Savings are crucial to survive the period between two successive harvests and to meet contingency expenditures and debt repayment. Household savings can be used for a variety of production, investment and deferred consumption purposes, thus providing 'self-insurance'. These include cash hidden in some way, conserving seeds, storing of crop produce for deferred consumption or to be sold later in the season at more lucrative market prices. Such efforts are facilitated by providing appropriate institutional saving services.

Thus, by separating loan use and repayment, the institution stresses that repayment must be made regardless of the success or failure of a particular productive activity for which a loan is taken.

3. LIMITS TO GROWTH: STAGNANT RURAL ECONOMY AND INDIVIDUAL ENTREPRENEURSHIP

Apparently, the efficacy and impact of the microfinance programme has to be seen in the context in which it is being implemented. Thanks to the appropriate adoption of some methodologies to local realities and institutional innovations microfinance opportunities are successfully expanding in the region. Nevertheless, there are real challenges to further expand these opportunities, but, such challenges are external to microfinance institutions, and therefore require the attention of the public or donors. Such factors are further discussed below and include: poor infrastructure and enterprise support, entrepreneurship challenge, and gender issues.

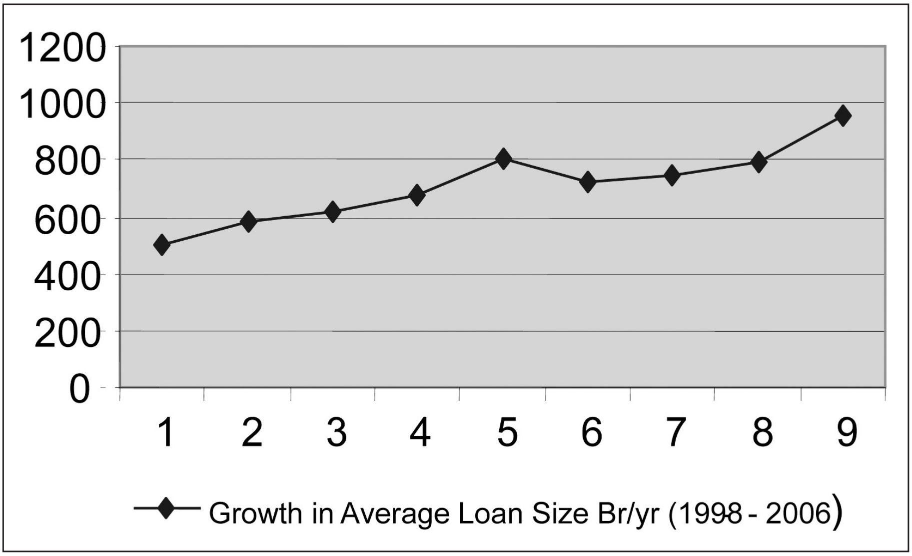
3.1 Poor Infrastructure and Enterprise Support

Making financial services accessible to the poor, especially those living in rural areas, is a real challenge. Where the access is granted, clients' low skill achievement in business development dictates their individual enterprises absorptive capacity to remain weak. ACSI portfolio is largely invested in small-holder agriculture (mainly operating very small land, purchase of oxen, traditional sheep rearing and other livestock) and petty trade. The most practical problem faced by the MFI is the very low absorptive capacity of the business of the poor in rural areas. Many rightly argue that credit alone, without the necessary infrastructure to enhance the skill capacity of the potential borrower, would not reach the intended goal of reducing poverty.

Business development services supporting microfinance are very weak. For example, the agricultural extension scheme covers only a small portion of the total farmland in the region. Thus, despite all the efforts, the area applied with fertilizer is just 33% of the cultivated land, while the area under irrigation and improved seed is just 1.7% and 2.72% respectively (ANRS, 2004 (a)). In Ethiopia, almost no institution responds sufficiently to all the demands of the poor, by providing non-agricultural BDS services. New institutions destined to address such demands as Regional Micro and Small Enterprise Development Agency (REMSEDA) have recently been established.

Access to the nearest market is blocked due to the very poor infrastructure, particularly the road network. Many of the rural areas are inaccessible in the rainy season, making development of internal markets very difficult. Only a fraction of the Region's population is located within a 10 km range of an all-weather road. For instance, results of the recent socio-economic survey indicate that only 57% of farmers are within a 2 hours walk distance to any all-weather road (ANRS, 2004 (a)). Inefficient transport undermines the price received by producers, widening the price spread. Similar products are offered to nearby markets, which easily saturate, thus undermining enterprise profitability and growth potential, and thereby limiting the potential demand for higher loan size. In fact, ACSI institutional historical data indicates that in the last 10 years, the average loan size taken by individual clients still stagnates at about Br. 1000 (~US$110) (See Fig. 1).

Figure 1. Growth in Average Loan Size - ACSI



Source: Own Computation, using Institutional data

Thus, the rural economic system in Ethiopia is still not a very dynamic system, making any transformation effort a very slow process. As Pickettes (1991) once noted, the peasant still uses very little capital – sickles, hoes, wooden ploughs, and machetes – and has virtually no skills resulting from systematic training. Power comes from humans and scrawny draught animals. Agriculture is weather dependent: production increases when there is good weather and declines when the weather conditions deteriorate.

Given that many poor potential clients are still not reached by modern financial services, MFIs still need to expand their reach. Nevertheless, if microfinance expansion is not accompanied by Business Development Services, this would result in reaching many poor people with a very small loan size (termed '*horizontal growth*') without ensuring that those reached by microfinance can expand business through repeated loans. Public investments in rural infrastructure and Business Development Services are vital if the desired growth of individual business is to be achieved.

3.2 The Entrepreneurship Challenge

Demand for credit is highly constrained due, mainly, to low entrepreneurship. Many clients, as can be expected, are very much averse to risk.

Even with the availability of credit and BDS service, many do not like to venture into activities other than those inherited from their fathers or grandfathers. In an interview of about 300 clients, more than 78% responded that they only want to be engaged in activities they know well (ACSI, 2001).

A related and more problematic issue is the '*low income perspective*' or '*aspiration failure*' that prevails among most dwellers in many rural areas. Most of these dwellers, after getting the additional ox or the "subsistence" level of income that has been set as a target (such as the construction of a residential house of local standard,) stop asking for more loan or only take a small amount. In a much detailed study, CHF (2007) reported a much more convincing finding of aspiration failure from a detailed qualitative and quantitative survey conducted in the five biggest regions of Ethiopia (Tigray, Amhara, Oromia, South, and Afar) covering nine *Woredas* (districts), involving 144 households from each of the nine *Woredas*. The study strongly argues that due to 'satisfaction' (or 'happiness') with one's circumstances, and absence of "role models" in the localities, there is a widespread occurrence of aspiration failure.

'Aspiration failure' occurs when individuals are unwilling to make proactive investments to improve their own lives. A question was asked to respondents: *"[…] if a banker came to you and offered to lend any amount of money, how much would you ask for if the loan was payable in one year, 5 years and 10 years?..."* (CHF, 2007) The response clearly reveals that the amount borrowed remains relatively small, even for a 10-year repayment period. Moreover, Table 1 indicates that the average loan amount demanded is linked to the respondents' "relative" level of aspiration. The results clearly show that one would borrow significantly more if he/she felt in control of his/her life. Even after taking into account the potential effect of all other variables that may also contribute to such outcomes (including the lack of complementary assets, the exposure to income shocks, lack of information, *missing markets* and limited local investment opportunities) overall the results give fairly strong support to the existence of aspiration failures.

It is also interesting to note that besides the low credit demand, there is also the problem of cultural bias towards some micro-enterprise activities that would otherwise have a very good potential for the locals. The tendency is often to carry on with activities such as agriculture, trade, etc, that are somehow free from 'cultural taboos'. Some non-traditional activities that could provide alternative employment opportunities (like blacksmithing, weaving, tannery, pottery, embroidery and other handicrafts) are rather frowned at. They are considered to be jobs traditionally given to lower-class

Table 1. Aspiration Failures

	"Each person is primarily responsible for his/her success or failures in life" (Eth Br.)*	"One's success or failure in life is a matter of destiny"	% difference	t-test: p-value
Amount borrowed for one year	1988	1647	20.64	0.0003
Amount borrowed for 5 years	3188	2717	17.29	0.0001
Amount borrowed for 10 years	4073	3463	17.61	0.000`
Number of observations	1466	723		

* US$1~Eth.Br. 9.5

Source: CHF, Partners in Development (2007).

citizens and are not easily taken up by clients. Experience suggests that these alternative employment opportunities offer many advantages: they employ indigenous technology/local input, they are not land-based, they are environmentally friendly, they enjoy less competition and are much more rewarding. The data indicates that there is a significant difference in profitability between these activities and traditional ones like agriculture. Yet, in ACSI, the total institutional loan that went to finance such activities in the region is less than 5% (ACSI, 2001).

One can also argue that the problem has been exacerbated by the fact that for many decades many of the rural residents have had an easy access to relief thanks to the flows of food-aid from the generous tax payers in the western world. Likewise, there are experts, professionals, officials and NGOs who advocate for it as their own livelihood depends on 'distributing' it. The majority have sustained life in this way for decades.

Recently, 'model farmer' award is being undertaken by the government. Microfinance institutions also use successful borrowers to encourage others to follow. Others argue that the government should encourage the consumption of industrial goods (the 'incentive goods') in rural villages through rural shops (e.g. through farmer cooperatives) so that rural people can see what money can buy for them and their families, and are motivated to work hard.

3.3 Gender Issues

About 40% of households in Ethiopia are headed (*de jure* and *de-facto*) by women (IFAD 2001). Credit and saving programmes in particular are geared towards the promotion of off-farm activities by rural women. These programmes are implicitly or explicitly based on the assumption that rural women are familiar with non-farm income generating activities and have sufficient time and labour to expand traditional, or start new, income generating activities. One of the important issues relevant for gender-focused policy interventions is the question of how rural women manage to actively engage in off-farm activities *on top of* their demanding roles in agricultural production and domestic labour. There are practical problems in this regard. Generally, most domestic tasks such as grinding grain and food processing, water and fuel wood collection are known to be highly arduous, labour-intensive and time-consuming. This applies to many women in developing countries in general. The burden of women in Ethiopia is worsened by the fact that "appropriate" labour-saving technology is largely unknown even by the standards of developing countries. Access to clean water, grain mills, roads, or energy saving devices is extremely limited. For example, it is estimated that on average, rural women in Ethiopia travel half a day to fetch water for household consumption.

Some Ethiopian authors take the issue a bit further arguing that the burden on women is related to some cultural factors. Dejene (in IFAD 2001), for example, noted that Ethiopian rural women face significantly higher domestic labour burden (especially food processing and cooking) than their counterparts in sub-Saharan Africa. Dejene assumes that this is partly due to the sophisticated and labour intensive nature of domestic production arising from Ethiopian highland culinary culture. For example, *Teff* (the favorite food grain in Northern highlands) is not only labour intensive in its cultivation but also the preparation of *Injera* out of *Teff* is an equally labour and energy (fuel) intensive process. The preparation of home made spices (e.g., red pepper) is similarly a labour intensive task.

As outlined above, there is also a serious problem of marketable skill in rural areas. There are no institutions providing opportunities for skill development for the needy. Those that exist tend to concentrate in semi-urban areas, and often such opportunities are snatched by men. Thus, when it comes to skill acquisition, women are more ill-equipped than their male counterparts. Therefore, women generally take smaller loans (on average 22% lower than those taken by men), and their profit margin is much lower. Yet, not all loan destined to women is utilized by them. Indeed, to encourage the participation of women in business, MFIs generally aim at delivering at least 50% of the credit service to women, a target that seems to have been attained. However, whether they are actually making use of the loan themselves, thereby improving their business skill and their breakdown position is an issue requiring closer scrutiny. In fact, an additional area of concern, in terms of the impact of loans on the poorest, refers to men's usurpation of loans targeted specifically to women. In a survey (ACSI, 2001), the above issue has been directly posed to married women respondents. It is interesting to note that less than 40% said they managed the loan themselves; the rest either used it "jointly" with their male counterparts or totally handed it over to them.

While public investment on appropriate technology targeting women is vital, it is also important that microfinance institutions integrate ‘financial literacy’ in their training programs.

4. CONCLUSION

Microfinance is a promising tool to alleviate poverty and enhance national or regional development. In particular, where appropriate financial products and methodologies suited to local circumstances are available, considerable achievements can be registered. The experience in Amhara region of Ethiopia indicates that such successes have been achieved through, among others: customizing the Group Guarantee Lending Model, decentralizing operations and designing appropriate approaches to deal with agricultural seasonality. However, for this to be more effective, additional efforts must be done to deal with the stagnant rural economy and individual entrepreneurship, which are external to microfinance institutions, and therefore require the attention of the public or donors. Such complements relate to enterprise development, including: appropriate agricultural technology and extension, Business Development Services, marketing, entrepreneurship development and rural infrastructure. Moreover, while public investments on appropriate technology targeting the poor is vital, it is also important that microfinance institutions integrate ‘financial literacy’ in their training programs. Given the high proportion of people in this particular sector of the economy, a collaborative effort is required to remove all challenges that the industry is facing, as this would have a strong repercussion on the entire micro-enterprise growth as well as to the national development at large.

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Résumé

Dans les quinze dernières années, la microfinance s'est bien développée en Ethiopie, aussi dans les milieux isolés où la plupart des personnes est engagée dans l'agriculture de petite taille, à bas niveau de technologie. Quelques éléments de succès comprennent : une adaptation efficace à l'Ethiopie du modèle de crédit de group, la décentralisation des opération et l'utilisation de personnel locale pour la sélection et le suivi, des stratégie appropriées pour l'agriculture de petite taille, non irriguées, sujette aux changements saisonniers. Toutefois, il reste encore beaucoup à faire car seulement une portion mineure de la demande potentielle est satisfaite et l'impact sur les clients ainsi que la croissance des entreprises individuelle sont encore bas. Cela à cause aussi des infrastructures qui sont faibles, en particulier les communications et aussi à cause du « défis de l'entrepreneur ». Cet article analyse les opportunités et les défis pour l'expansion de la microfinance dans les zones rurales pauvres et isolées.