14 Conclusion

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Is microcredit part of the solution in overcoming poverty, or is it part of the problem? Do the poor have too much credit or not enough? Do they suffer from credit "rationing" or are they over-indebted? Is it access to credit that should be questioned or the way it is implemented?

Such are some of the questions the reader might hope to be addressed in the book's concluding chapter. However, at this stage, it should be clear that there are no simple answers to these questions.

We can see from history that perceptions of debt and credit have always been subject to a great deal of variation (Graeber 2011; Peebles 2010; Théret 2009; Shipton 2010: 41). On an individual level, taking on debt may be seen as a sin, as frivolous and irresponsible, or as the victimization, exploitation or domination of others. But it may also be seen as a tool for emancipation and self-accomplishment, an efficient way to develop a better future and a source of hope. At the group level, debt may be viewed as the most important form of oppression over dominated classes, and as reproducing inequalities and hierarchies. It may, however, also be seen as a powerful force for creating solidarity, affirming identities and a great stimulus for economic growth and social cohesion.

Obviously there are good and bad debts: those that release, liberate and enrich, and those that enslave, subjugate and impoverish. But how should we define good and bad debts? Who defines the criteria and why? Is a particular debt intrinsically good or bad, or can it be both? Are the criteria the same for everyone, or do they vary depending on the context, the social positioning of the debtors and the lenders or the periods of history?

Several lessons emerge from this collection of chapters, which may be of interest for policymakers, microfinance practitioners, their funders, and more generally, any person or institution interested in the microfinance industry.

The first lesson has to do with the concept of over-indebtedness. Who is over-indebted and who is not? How to measure and what, if anything, should we measure? As indicated in introduction of this volume, the line that separates "sound" indebtedness to over-indebtedness is extremely thin. Thus the need to not take it for granted but analyse it in its contexts.

Most of the literature on microfinance looks to assess the impact of microfinance on borrowers' wellbeing, or to deconstruct it as a new form of power and control over the poor (Fernando 2006; Rankin 2002). These two approaches are undoubtedly useful and necessary. The lived experience of microcredit *as debt*, fundamental as it is from a policy perspective, remains a relatively neglected area, however. Economic anthropology has shown that economics and finance are shaped by, and constitutive of, social relationships, moral values and culture. Economics and finance have no universal meanings, but a variety of meanings and formulations within particular cultures (Gudeman 2001; Hann and Hart 2011; Shipton 2007; Villarreal 2004). As argued by Shipton, while the impact of microcredit has drawn a lot of attention, something that few people have paid attention to is "people's perception and experience of financial borrowing and lending. Missing are social and cultural dimensions like kinship, ethnicity, ritual, religion and the deeper, broader entrustments and obligations into which they fit – or fail to fit" (Shipton 2007: xvii). Only scant literature examines how norms, institutions and values influence demand for, and use of, microcredit, all of which highlight the discrepancies between "foreign" and local categories. As is evident in various case studies in this volume, terms often considered universal such as "loan", "repayment", "interest rate", "solidarity groups" but also "debt" in fact take on a variety of meanings, which can lead to intractable misunderstandings.

The same goes for over-indebtedness. High financial costs and debt burdens are certainly an issue. The interest rates some microfinance institutions charge (not all) are simply exorbitant and do not serve any kind of social mission. The levels of debt that some households have to deal with in comparison to their income and assets are clearly highly problematic. Far beyond financial issues, as a number of case studies in this volume emphasize, debtors are also very sensitive to what can be labelled as *degrading debts*. Developers, policymakers and academics too often take an overly narrow vision of debt as something neutral that can be cancelled through reciprocation or repayment. Relationships between debtors and creditors are not just about money, goods or services, however, but entail emotions and feelings such as dignity, prestige and respectability, and also shame, humiliation, anxiety, anger, revenge or even friendship, gratitude and love. An example of a degrading debt would be a loan officer entering uninvited into the home of an indigenous family in rural Mexico, which is all the more degrading if the credit officer were a man and the debtor a woman (see Chapter 11). Another degrading debt would be a banker taking a suspicious view of the household expenses of a lower working-class family in France (Chapter 4). In India, it could be a debtor borrowing from someone from a lower caste in the local hierarchy (Chapters 5 and 6). In many contexts, it could be a male creditor sexually harassing a female debtor. It could also be a debt owed to a neighbour – including within so-called microcredit solidarity groups – who then spreads rumors (Chapters 6 and 9). Degrading debts can also be those that entail great dependence (Chapter 9), given that tolerance to dependence varies greatly depending on local social structures and individual aspirations (Chapters 6 and 7). A degrading debt may also be one that keeps growing and which cannot be reciprocated (Chapter 8). The perception and the meaning of degrading debts, as we can see, are *situated*; they are shaped by – and constitutive of – the social positioning of debtors and creditors in terms of gender, caste, ethnicity, class and location. They are neither fixed nor pre-determined, but the outcome of diverse structural mechanisms and specific contingencies, and thus they often vary across space (and time).

Other than the first chapter's discussion of over-indebtedness on a macro level, this volume looks at highly localized case studies from most continents (India and Bangladesh for Asia, Mexico and the United States for North America, Kenya and Madagascar for Africa, France for Europe). Experiences of over-indebtedness are probably as varied as the social, cultural and political contexts in which microfinance operates. Moral judgments of debt are far from universally the same. The frameworks within which they are calculated differ from one site to another and within diverse social strata and groupings. Debt can be considered a normal part of the human condition, as observed in Hindu societies (Malamoud 1988) or as something that should be avoided, as observed in rural communities in Maghreb (Bourdieu 1977). This has a direct impact on how people appropriate microcredit, and how they define and are exposed to over-indebtedness. For example, the microfinance crisis has been quite severe in Andhra Pradesh owing to aggressive microcredit marketing, the agrarian crisis (Taylor 2012; Servet 2011), and also perhaps to the very high propensity of local communities to get into debt. In rural Morocco, by contrast, lack of indebtedness is a matter of honour and there is a climate of reluctance to take on microcredit (Morvant-Roux *et al.* forthcoming).

A now commonly accepted definition of over-indebtedness in the microfinance sector is framed in terms of "sacrifice", inspired by the work of Jessica Schicks: "A microfinance customer is over-indebted if he is continuously struggling to meet repayment deadlines and repeatedly has to make unduly high sacrifices to meet his loan obligations" (Schicks forthcoming). The definition has clearly been formulated to help design appropriate customer protection measures. Its main strength is to be highly practical, allowing for a relatively easy quantification of over-indebted individuals or households. But this approach views repayment default to be the outcome of over-indebtedness, whereas we know from various contexts that repayment defaults may also be a deliberate choice (Chapter 3; see also Morvant-Roux *et al.*, forthcoming). "Strategic defaults" as the outcome of choice rather than incapacity deserve specific attention.

Moreover, to understand the *processes* and *consequences* of over-indebtedness, a broader, more dynamic approach is needed. This volume has adopted a definition of over-indebtedness as a process of impoverishment through debt, where impoverishment is taken in a very broad material, social, cultural and symbolic sense. A person becomes over-indebted if his/her debt significantly and continuously erodes his/her assets, standard of living and/or social network, status and reputation.

Some debts demand intolerable repayment sacrifices – over-indebtedness in the sense Schicks uses – but can ultimately allow the debtor to "get by" with a socially and/or materially improved position once the debt is paid. Given rising social aspirations, including among marginalized and vulnerable populations, and the efforts and sacrifices that some families are willing to make to improve their homes and pay for their children's education or marriages, this is probably not an unusual situation. In contrast, some debt situations may bring about impoverishment and the deterioration of living conditions simply because the person is unable to pay his/her debt. It is not the payment of the debt which is a source of sacrifice, but its non-payment, exposing debtors to the risk of seizure, expulsion, moral or physical harassment, social exclusion or extreme dependence.

Social impoverishment and material impoverishment do not always automatically follow on from one another. A debt leading to material impoverishment can still be accompanied by feelings of social mobility and integration. One example is that observed by Magdalena Villarreal with Mexican migrants in the United States who are highly indebted, but still maintain the hope of accomplishing the American dream of ownership. David Picherit also observes as much with migrant workers from low castes in Andhra Pradesh, as do Isabelle Guérin *et al.* with ex-untouchables in Tamil Nadu. In both cases, contractual debt, regardless of the cost, has the great advantage of reducing dependence on local patrons, even if this mitigation is probably incomplete and temporary.

While the social consequences of over-indebtedness, such as shame, humiliation and dependency are strongly highlighted by the various case studies of this volume, other impacts are also noted such as sexual abuse,[1] decapitalization and migration. In Mexico and southern India, migration is a means to deal with debts that neither existing incomes nor social networks can pay off (Chapters 7 and 8). We can reasonably assume that over-indebtedness sustains migration channels, which is probably true well beyond the two contexts studied here. We thus see that the political economy of debt extends further than that of local economies.

The second lesson has to do with financial inclusion policies and the role played by microfinance in the provision of financial services that "do not harm" their clients. Most present-day societies are, to different degrees, financialized. Therefore there is no doubt that the poor need financial services, whether to protect themselves against the hazards of everyday life, to invest or seize economic opportunities or to plan for the future. "Financial inclusion", however, is tricky. But, even though a significant number of microfinance promoters conceive their mission as poverty alleviation, good intentions do not necessarily ensure good outcomes.

An important lesson that comes out from this volume, however, is that microfinance alone is rarely the sole cause of household over-indebtedness. There are situations of impoverishment through debt in contexts where microcredit is absent. When microcredit contributes to households' over-indebtedness, most often it combines with other factors related to individual trajectories, structural inequalities and/or structural shocks. In Madagascar, for example, microfinance has been seen to boost the odds of expanding debt sources. For households, to have further juggling options is not necessarily a cause or a symptom of over-indebtedness, as it could facilitate diversification and accumulation. But it could be risky, particularly for poor households who are less able to cope with external shocks (Chapter 10). Microfinance could further households' over-indebtedness both due to mission drift and ignorance of local realities, with aggressive marketing (Chapter 12), excessive focus on certain areas and at times the same customers, opportunities to borrow from several MFIs at the same time (Chapters 11, 12 and 13), highly rigid repayment schedules which are poorly suited to household cash flows (Chapter 11) and local frameworks of calculation (Chapter 3). There has also been an erosion of local social networks due to various problems in so-called solidarity groups, and with the use of "guarantors" (Chapter 11). Several questions remain, however. At one level one can inquire into the effects on the "beneficiaries": a financial service is acceptable if at least it does not deteriorate the socioeconomic position of those who use it (income, assets, but also social networks, self-esteem, etc.). Another level has to do with broader structural effects. Should we promote market economies and market societies or should we instead try to back a "human economy", where the economy would be at the service of human beings, on an individual and a group level? The idea of human economy calls for the invention of new forms of solidarity and political engagement and renewed forms of exchange and relationships, the recognition that there is no unique path to development but a great variety of particular situations in all their institutional complexity, a holistic conception of everyone's needs and interests and the fact that what people want to maximize or optimize is never granted (Hart *et al.* 2011). It calls for different frameworks of calculation.

It is clear that the present-day microfinance landscape is mostly dominated by the logic of capital and market (Bédécarrats 2013; Fernando 2006; Bateman 2010; Servet 2006). Despite repeated pleas for innovation and adaptation – CGAP,[2] one of the leading institutions in the microfinance industry, has been talking innovation for years – the supply is still very standardized. A Malian peasant lady has a great chance to have access to the same services as her sister in a slum in Calcutta, though their needs are likely to be very different. Certainly, few institutions are able to innovate – an example is provided in this volume from Madagascar (Chapter 10) but unfortunately this is only a minority.

Rather than first approaching people with pre-formatted solutions, foreign agencies and microfinance promoters really wishing to help these people should first see how the latter already save, borrow and lend and then, if locally desired, find ways to help them to improve pre-existing practices (Armendariz and Labie 2011). Improved identification of demand is the first condition; it requires knowledge of local socioeconomic realities. The examples given in this volume provide evidence of the multiple motives and rationales underlying financial practices, and it appears that many microfinance promoters have not understood the diversity and complexity of their target clientele's motivations. Improved identification of demand also requires a more realistic vision of informal lending. Private moneylenders are too often disparaged as pariahs and caricatured as vermin. Examples given in this volume provide evidence of the very large diversity of informal lending practices – only some of them involve the "exploitative usurers" found in the literature or the media. And many of them, as exploitative as they might be, ensure a wide diversity of services, whether access to employment, land, governmental schemes, NGOs, religious spaces, etc. Without more fundamental structural changes, local intermediaries like these might be the least harmful resources the poor have access to. Microfinance alone won't change this.

An examination of pre-existing practices also entails looking at household indebtedness: are the people we target already highly indebted (as was the case for instance in many parts of southern India) and if so, does it really make sense to offer credit – given that credit is also debt? Far beyond households' financial positions, it also means looking at local economies and their absorption capacity. When debt starts to substitute income, as often seems to be the case, a massive injection of liquidity obviously raises issues. Several case studies in this book have shown how crucial it is to assess the absorptive capacity of local economies. How much external cash flow can a local economy take? This goes beyond the debate on "productive" (income generating) versus "un-productive" uses (consumption). It is related to the nature of local markets: Do we have emerging or saturated markets? Can we observe spillover effects (the activities created by microfinance leading to new ones and boosting local economies through trickle- down effects) or do we rather find saturation effects (the new businesses saturate local markets and therefore bring down the profitability of existing businesses) or displacement effects (one business is created but a nearby one closes)? If consumption financed by microcredit concerns goods that are produced locally with potential trickle-down and spillover effects (construction is a typical example), then "consumption", through rebound effects, may boost local economies and enrich local communities.

A CGAP note based on analysis of the current microcredit delinquency crisis has called for greater consumer protection and "good governance" (Chen *et al.*, 2010). We believe, however, that the problem is much deeper: the mission drifts discussed in this volume[3] illustrate the rising hegemony of a commercial and profit-oriented approach, which has reversed the initial priorities of microfinance. We have shifted from a social project mobilizing financial instruments to financial institutions with (and, in some cases, claiming to have) a social mission. Not all institutions share this vision (Bédécarrats and Lapenu 2013), but commercial microfinance institutions have the most customers and handle the largest volumes. This profit-oriented approach has led to a frantic search for clients, the concentration of funds into small areas to minimize costs and considerable pressure on loan officers, who have profitability targets forced on them that, in turn, affect customers. This profit-oriented approach is also apparent in the intense competition between microfinance institutions. Rather than sharing markets and spaces and looking for unoccupied segments, they tend to target and accumulate in places that are already taken. They benefit from the learning effects of their predecessors, always with a view to reducing costs. This approach is also very clear among both public and private donors and investors, who focus their investments on a limited number of regions and microfinance institutions, where they have greater opportunities to advertise the benefits of their actions (Servet 2012).

Reality is, of course, complex and goes far beyond a Manichean opposition between "social" and "commercial" approaches. In some cases, non-profit statuses do not prevent massive private investments or bankruptcy. So-called "social" microfinance initiatives are unlikely to succeed in their mission where they are promoted or supported by populist and clientelist public policies or by local groups seizing microfinance to further expand their power. The evidence indicates that balancing social objectives and sustainability is a permanent challenge (D'Espallier *et al.* 2013; Lapenu 2002).

What seems clear, however, is that for-profit investments in MFIs often constrain them to position themselves in the most profitable segments of the market, to secure substantial profits and therefore to put strong pressure on loan officers at the expense of the analysis of clients' creditworthiness. Therefore the role of the "commercial" logic in over-indebtedness and at some point in repayment defaults should be subject to critical analysis. Finally, one might query the future of microfinance. The latest estimated figures of the Microcredit Summit Campaign show that the industry has recorded its first decline in client numbers (Reed 2013). In 2011, fewer of the world's poorest families gained access to microcredit and other financial services than had been seen in 2010 (195 million poor clients were served in December 2011, as opposed to 205 million a year earlier, of which 125 million were considered as the "poorest". This is in contrast to 138 million in 2010. This decline was due to the Indian crisis, when many MFIs shut down lending operations in Andhra Pradesh where the majority of their clients were based. Microfinance growth in Latin America has also been recorded to be in decline while in Africa (which has a very small share of microfinance), growth is increasing.

One may assume that in the coming years a number of investors and donors will withdraw, disappointed by meager results compared with the miracles announced a couple of years ago. But it is equally likely that the sector will take on new forms and attract new partners, as observed already in some countries. This includes, for instance, mobile banking, micro-savings, micro-insurance and microcredit for consumption.

To avoid excessive injections of cash compared to the absorption capacity of local economies, one option can be to incorporate savings with credit (Shipton 2010: 240). This has, for many years, been a common practice among locally organized savings and credit associations not linked to commercial MFIs. When resources lent are drawn upon local savings, borrowers do not get flooded with loans too large to repay. It is also observed that microcredit repayment crises have emerged in countries in which the industry was driven mostly by microcredit and where savings were very low (Chen *et al.* 2010). While the focus has long been on credit supply, current policies for financial inclusion are seeking to mobilize the savings of poor households. There is renewed interest in this long-standing topic today, in part due to disenchantment with microcredit and increasing focus on household vulnerability, saving services being supposed to allow for self-protection against the hazards of life, the anticipation of life cycle events, or investment. At the macro level, savings are supposed to contribute to the financing of the economy, but here too, we should pay attention to many possible ambiguous side effects of saving services. On the individual and household level, monetary savings can help stabilize household budgets, facilitate planning for life cycle events, or investments. But they could also undermine local practices of wealth storage (for instance precious metals and livestock). These practices are often seen as archaic and "traditional" but nevertheless have a social, cultural, symbolic and economic function that can be much greater than cash savings (Lont and Hospes 2004; Guérin *et al.* 2011). On the macro or meso level, saving is a growth factor only if used locally. When re-injected elsewhere – in favour of more attractive territories – its main impact is to weaken, rather than boost, local economies.

Micro-insurance for the poor to finance health, deaths, agriculture, etc., has also become a rallying cry over the past few years. Again it is an appealing tool on paper, and is supposed to improve households' capacity to cope with shocks and reduce their vulnerability. But its implementation conditions and its real economic, social, cultural and/or political effects are still very poorly understood. The principle of insurance – to cover a risk in advance that by definition will not occur with certainty – is poorly suited to local representation systems that tend to be based on reciprocity. Providing insurance services at an affordable cost for customers requires substantial subsidies, which public authorities and donors may not be willing to cover. For health insurance, the effectiveness of micro-insurance depends on quality of care, which is still very poor in many countries. Moreover, micro-insurance schemes are rarely implemented in partnership with employers, thus precluding cost sharing with capital and possibly legitimizing the informality of employment.[4]

Credit for consumption deserves specific attention as it is directly linked to our main tropic: households' over-indebtedness. There is today a wide consensus that a very large proportion of microcredit loans are in fact used for consumption, in the sense that their use does not generate direct income. Having long been considered taboo through the premise that the poor need only so-called "productive" credit so as to create income-generating activities, consumer microcredit for the poor as an idea is now not only accepted but celebrated. The book *Portfolios of the Poor* (Collins *et al.* 2009), for instance, which is a reference book for the microfinance industry and which indeed provides an excellent description of the complexity and subtlety of the poor financial practices, advocates that microfinance for consumption should be developed, arguing that this is an extraordinary opportunity to "open up the biggest single market one is likely to find among the poor" (Collins *et al.* 2009: 180).

Encouraging the poor to consume on credit obviously raises ethical and moral questions. Is it reasonable to encourage individuals or households who are already struggling for their daily survival to increase their consumption of commodities? At the same time, why should the poor not be allowed to consume?

Well beyond the microcredit industry, the consumption of the poor has become the new niche of capitalism.

C. K. Prahalad's late 1990s expression "the fortune at the bottom of the pyramid" has since become famous (Prahalad 2004). The idea is to convince multinationals, but also increasingly governments and NGOs, to focus on this new market niche. The first claim is that it is profitable. In 2004, Prahalad wrote that the poor have little money but that there are at least four billion of them and a daily market of $13 billion, which is significantly greater than the U.S. market alone. According to his estimates for different regions of the world, the poor have between 28 and 36 per cent of global purchasing power. His second claim is that the poor would be the first to benefit, thanks to trickle-down effects. The Bottom of the Pyramid Approach was launched online in early 1990, published by the *Harvard Business Review* in 1998, and then spread across the world (known worldwide as "BOP"), promising to revolutionize consumer markets and to invent new business models and marketing techniques for a massive yet poor clientele. The impressive success of mobile phones in the farthest corners of the planet shows its effectiveness. The BOP approach has inspired many multinationals that claim to promote "social business", but also governments, NGOs and multilateral and bilateral agencies who all seek to promote "inclusive markets."

The promoters of the BOP strategy have been criticized for their environmental recklessness and disregard of local economies, and they have recently developed a second version – BOP 2.0 (Simanis and Hart 2008). Blurring the boundaries between the already tenuous world of capital and development, BOP 2.0 proposes a model of consumption in "favour of the poor", as in the previous version, but now also "sustainable". The idea is to create real local economies and not to export models, to see the poor not just as consumers but "trading partners" and finally to focus on goods and services that are both suited to local contexts, and are socially useful and environmentally friendly. The use of participatory methods so favoured by the development industry has experienced a fresh boost with the goal of identifying local "needs", designing suitable goods and services, and then disseminating them through membership promotion.

Whitening cosmetic creams for women's empowerment, which were one of the emblematic examples of BOP 1.0, and which provoked the fury of Indian feminist movements, are no longer on the agenda. Innovation still focuses on specific distribution channels – for example with the creation of supermarkets adapted to the poor of southern countries – but also on modes of production and the invention of new products such as cosmetic creams, natural essences, generic anti-viral drugs for sleeping sickness, anti-malaria nets, purified water, chilled clay pots, improved stoves, sunlamps and nutritious food.

Targeting the poor implies very specific sales techniques, including selling in very small quantities, using "independent agents" and "multi-level" selling, such as the Tupperware model, which has been going strong over 60 years with success nobody would deny. Targeting the poor also means giving them the means to buy, i.e. to sell on credit. The development of the BOP consumer is therefore inseparable from the development of consumer credit. The poor of the South are a new niche market for many financial players, and the future of microfinance should be addressed within this wider context. New players include banks and financial institutions, whose offer has reached saturation point in middle-class markets: they are widening their clientele by building partnerships with the microfinance institutions they refinance. This is also the case for consumer credit companies, with the emergence of entities dedicated to the poor offering special services with specific technical marketing and sales methods, often inspired from informal techniques (home sales, coordination with migrant remittances, bonuses through highly valued items such as gold, etc.). Their numbers have exploded in recent years, particularly in Central and Latin America, but also in many parts of Asia and in some African countries. This is also the case for mass distribution, for which sales on credit are actively contributing to profit margins. The search for new market niches has led to the rise of unprecedented partnerships, combining retail outlets, NGOs and microfinance organizations. The principle of social business – the noble idea that a for-profit organization could pursue social purposes – has given renewed legitimacy to such partnerships. New information technologies – in particular smart cards and mobile phones – have facilitated the introduction of sophisticated financial services and costs to the most remote corners of the planet. "Green microfinance" is also on the agenda (Allet 2012). A growing number of financial institutions have dedicated a portion of their portfolio to environmentally friendly activities. Some are encouraging their customers to limit the environmental damage of their activities. Others are specializing in financing goods and services with low energy consumption and low emission of greenhouse gases which are supposedly compatible with the struggle against poverty, such as those mentioned above (renewable energy, improved stoves, solar lamps, refrigerators, etc.).

By promoting massive demand for durable consumer goods, consumer credit has contributed to the strong economic growth of industrialized countries of the twentieth century. To a certain extent, it has also played a role in social integration. But then it was coupled with active redistribution and social protection measures, and its cost was partially moderated by inflation. In the absence of such measures, consumer credit may instead cause or accelerate processes of impoverishment and rising inequalities, while maintaining the illusion of growth (or of non-recession). Very interestingly, the lessons of the global crisis of 2008, based largely on a regime of cheap credit, have in no way been learned. The system is probably less fragile because informal finance and migration (both much more prolific in the South) can partially absorb or hide the cost of debt.

Thanks to consumer credit, microcredit is experiencing a second wind and contributing to the constant renewal of capitalism. This raises the wrath of many anti-consumerist and anti-neoliberal lobbies. As an artifact of the unlimited commodification of public goods and the constant extension of the boundaries of individual responsibility, this capitalism with a "human face", in the words of Muhammad Yunus, would be no less than a forced march into the age of consumerism in the name of so-called needs created from scratch, or a new form of moralizing for the poor, now in charge not only of their own destiny but also of the preservation of our planet. These initiatives also attract a lot of support, probably because they offer reasons for hope, but also because consumption continues, probably more than ever, to be ambivalent. It is both liberating (who could complain about the fact that children can now do their homework with electric lighting instead of by candlelight) and alienating – what sorts of sacrifice will their parents have to endure to equip their home with solar lights (Guérin and Selim 2012).

While capital and commercial microfinance continues to expand, some initiatives can be found that seek to promote what can be qualified as "solidarity finance", which participates in the broader movement of the "human economy". Rather than reproducing the state-market nexus, these initiatives seek to liberate the poor and the marginalized from the oppression and unfairness of the market, the state, and the "community" by building relationships of solidarity based on equality, mutuality, cooperation and reciprocity.

Solidarity finance, rather than being imposed by top-down policies, often emerges from forms of collective self-organization initiated by different populations and/or organized groups in their respective localities or communities in order to enhance their capacity to manage their own economic resources. Within these new frameworks, economic practices are subordinated to social and human relations, reversing the classic logic of the market. Rather than using external, often foreign funds, they promote the mobilization of local investment. Rather than inserting local communities into global value chains, their main commitment is to create local networks by linking up producers, service providers and local consumers (de França Filho *et al.* 2013). Rather than encouraging the evasion of local resources, their main goal is to act as a stimulus for local development by relying on the multiplier effects of local spending (Servet 2006). Some of these initiatives are associated with alternative instruments to stimulate domestic consumption (i.e. local credit cards and local complementary currencies) that are recognized by local producers, traders and consumers and thus have the potential to boost the local economy (de França Filho *et al.* 2013). Rather than denying any form of politicization and claiming to be restricted to technical operations, some of these initiatives are rooted in political struggles, as for instance women's financial cooperatives engaged in unionism (Kabeer 2010). They believe that "development and struggle" are not contradictory, but should nurture each other. They also promote a renewed vision of political engagement, based on the lived experiences of local populations and not theories and doctrines imposed from above. Rather than strengthening pre-existing links of dependency between the "North" and the "South" through loans made in strong currencies that are expected to produce high returns, some of these initiatives also seek to create and sustain new forms of international solidarity, for instance by creating guarantee funds that make accountable use of local resources (Servet 2011: 140).

These solidarity finance initiatives often operate in the shadows of capitalist and commercial microfinance. They are much more realistic about their potential effects. They know that social and economic changes can occur only in the medium or long term. They therefore have many more difficulties in attracting the media and donors who are often obsessed by quick and clear "impacts". Their practical implementation is probably easier said than done. It is also likely that market forces or pressures from the State or donors through the promotion of "best practices" may oblige their promoters to make many compromises. Nevertheless, solidarity finance has the great merit of seeking to promote new forms of exchange, carried out within different frameworks of calculation, eliciting new social relations upon which to base economic and financial practices.

As stated at the beginning of this conclusion, debt and credit have always been a historical motor of both oppression and emancipation. Current forms of microfinance are a further illustration of this ambivalence. They can be a source of financial exploitation or solidarity. This is not simply a matter of goodwill. To make finance social and useful for the population it reaches demands a constant questioning of the expected and unexpected meaning of actions, and their effects on local societies. This volume is an effort in this direction.

Notes

1 This issue is addressed quickly by Guérin *et al.* in their chapter while it would deserve a full analysis. See for example the PhD thesis in progress by Nicolas Lainez (EHESS, France).
2 Consultative Group to Assist the Poor.
3 And also reported elsewhere and previously. See for instance Bateman (2010); Dichter and Harper (2007; Fernando (2006); Servet (2006).
4 For a critical analysis of micro-insurance in India, see for instance (Kannan and Breman 2013).

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Conclusion

In : Guérin Isabelle (ed.), Morvant-Roux S. (ed.), Villarreal M. (ed.). *Microfinance, debt and over-indebtedness : juggling with money*

Londres (GBR) ; New York : Routledge, p. 295-308 (Routledge Studies in Development Economics ; 104)

ISBN 978-0-415-83525-1