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Microfinance— Moving From the Margin

When you visit Latin America and the Caribbean you will probably notice that in the poorest areas of any city there are numerous houses in various stages of construction: while some raise walls or finish a roof, others wait for the next stage to begin. This does not necessarily indicate that a construction boom is taking place in poorer areas, but rather that building or repairing a home can take considerable time when you don't have enough savings, or access to financing, to take on the job all at once from start to finish.

MicroEnterprise Americas has dedicated this issue's Special Section to housing and the institutions that are using their resources for creative solutions aimed at helping the poor achieve homeownership. The articles look at various schools of thought on housing microfinance and trends such as micro-mortgages and tools for financing housing improvements.

As the first signs of a US economic crisis and its immediate impact on the housing market become apparent, speculations abound on the effects in Latin America and the Caribbean, both on housing and the economy in general. Our finance section explores this situation. It also raises questions about the level of responsibility microfinance institutions (MFIs) are taking in their dealings with a clientele that is predominantly poor and often financially uneducated. Experts in the field are showing increasing interest in this topic, and it is sure to be the subject of many discussions to come.

The extension of microfinance coverage can produce many benefits for microenterprises, but it also implies

greater responsibility for institutions. MFIs are engaged in ensuring that the products and services their microcredit clients engage in are environmentally sound and in accordance with national and international labor laws. In this edition we present a case study on the Netherlands Development Bank, FMO, one of the pioneers in this new area and the creators of a tool called "Environmental and Social Risk Management," which teaches MFIs to evaluate the activities of their clients and provide guidance.

As always, *MicroEnterprise Americas* is proud to present the Championship League of MFIs, which for the first time focuses its top 100 list on microenterprise lending. And among the tables ranking the top 10 in various performance categories, market penetration appears as a new grouping that measures the outreach of microenterprise credit activities relative to a country's poor population.

Our article on technology highlights some of the most striking developments of the moment: Web 2.0, cell phones, websites, networks, a plethora of new opportunities and possibilities for microenterprises regardless of where they are based, or whether they are rich or poor. We also feature an interview with Wenceslao Casares, the founder of Lemon Bank in Brazil, an institution that has been particularly effective in distributing microcredit in Brazil's most remote areas through a system of ATMs in shops and stores instead of banks.

All in all, we hope this issue of *MicroEnterprise Americas* is interesting, enjoyable and inspiring in its new endeavors.

—LENE MIKKELSEN



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