

THE FRENCH EXPERIENCE

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2013. Through this new agreement, the Caisses d'Épargne have a new guarantee line for housing microcredit up to 25,000 euros.

Created in 1990 and recognized as promoting the public interest in 1992, the Fondation Abbé Pierre aims to act "in order for the most underprivileged to be sustainably housed in dignity, regardless of their income or social status". It pursues many objectives:

fighting for each and everyone to have a roof or a dignifying life;

hosting and orienting persons in difficulties without conditions;

rising against all forms of injustice and discrimination in housing;

participating in the social debate, constantly reminding those in power about their responsibilities in legislative, economic and social terms.

The Fondation Abbé Pierre is present all over France and works on daily basis against bad housing: its headquarters are located in Paris and it has 9 territorial agencies. All in all, the Fondation boasts 129 employees and 250 volunteers distributed over 13 sites.

This new partnership tackles two main issues: increasing the energy efficiency (building's insulation, boiler's replacing...) and reducing unhealthy housing through an upgrade to legal standards (on-site sanitation, ventilation, electrical installation...). As for traditional personal mi-

crocredit, eligible clients are financially excluded, namely people who can-not get credit from mainstream banks: low-income people; people without credit history or bad credit history; social difficulties; unemployment, precariousness...

The main innovation of housing microcredit consists in a customized approach combining social situation, housing conditions and household's budget diagnosis. It supposed a close collaboration between many stakeholders, with complementary expertise. In particular, there is a strong implication of local operators specialized in poor housing, which identify and qualify eligible demands. Their diagnosis is essential for the credit assessment, as they confirm the relevance of the works to be done, but also the motivation, commitment and reliability of the borrower.

Up to now, 250 housing microcredits have been provided. The first months of experimentation confirmed that housing microcredit respond to a growing need. Finding partners and eligible projects to finance resulted relatively easy. The main challenge is to make these new partnerships efficient: combining financial, housing and social expertise requires specific know-how. That is why the program took time in developing at an early stage. Once the partnerships operational, the acceptance rate seems to be superior to classic personal microcredit: around 80% of the demands are accepted.

The first lessons learned are the following:

At this stage, most applicants are elderly people, over 50 years old.

Alleviating fuel poverty is the activity line which developed more rapidly whereas upgrading insalubrious housing appears to be quite prohibitive and difficult to finance through microcredit: in many cases it is difficult to match the high level of works necessary, and the low reimbursement capacity of borrowers. To really develop these financing, it may be necessary to find new financial supports, whether private or public (guarantees, grants...).

Loss and default ratios are lower than other personal microcredits. It seems that housing microcredit target a more stable population.

One innovative aspect of this experiment is the partnership with new actors, such as fuel suppliers or insurance companies.

Although housing microcredit is still in early development, current experimentation opens a new field of thought, discussion and collaboration for banks, NGOs and public authorities. It also illustrates the flexibility of personal microcredit as social inclusion tool.