

Immigrant/Ethnic Minority Entrepreneurship

ATAS onlus-MICROCREDIT FOR IMMIGRANTS- ITALY



Objective: Microcredit to foreign immigrants

Target Group: young immigrants; immigrant/ethnic minority

Key words: Financing, BDS

IMPLEMENTING ORGANISATION: ATAS ONLUS

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ATAS Associazione Trentina Accoglienza Straniero Onlus is today one of the most important non-profit organisations operating in the field of immigration in the region of Trento.

It was created in 1989 and works towards fostering the knowledge and awareness among foreigners of their citizens' rights and duties, and raising awareness among the local community about the positive potential of the phenomenon of migration. ATAS's main

activities' are: social housing, counselling, training and credit.

ATAS has four branch offices in Trento, Rovereto and Cles and employs of 20 staff, 16 of whom are engaged in operational activities (including the credit activity), while 4 are engaged in administrative and organisational activities. Approximately eight to ten volunteers also work at ATAS, including Italian civil servants and interns. All the offices can give general information and receive credit requests. The applicant will then be called by one of the eight social workers authorised to develop the application.

ATAS has four governing bodies (the Partners Assembly, the Board of Directors, the Board of Auditors, and the *Probiviri* Council). ATAS's operations are run by an organisational structure consisting of three managerial units (Communities and Territory, Services, Projects, and *Cinformi*) headed by a President and a General Coordinator.

THE GOOD PRACTICE

ATAS carries out microfinance activities as part of its wider support to foreign immigrants living in the Province of Trento. ATAS experimental microcredit project started in March 2007, in collaboration with the *Cassa Rurale di Aldeno e Cadine*, the Foundation of *Cassa di Risparmio di Trento e Rovereto*, and the Municipality of Trento (*Comune di Trento*). Loans are disbursed by a cooperative bank (Rural Bank of Aldeno and Cadine), guaranteed by a guarantee fund. Clients are also supported with training and tutoring by ATAS.

The aim of the microcredit project is to promote socio-economic growth of people that have no access to credit and that want to develop an economic activity or to attend vocational

training courses. A guarantee fund of € 80.000 euro was established by the Foundation of *Cassa di Risparmio di Trento e Roverto* at the *Cassa Rurale di Aldeno e Cadine*, an important cooperative bank in Trentino. This fund has been increased by a contribution of the Rural Bank of Aldeno and Cadine, the Municipality of Trento, and the *Comprensorio della Valle dell'Adige*. The guarantee fund reached €98.000 on December 31st 2008 and it was subsequently reduced because of written off credits. At present the project partners are re-examining the conditions and foreseeing changes in the initial agreements, such as the introduction of training (related to the management of a microenterprise and the elaboration of investment plans) and tutoring for the microcredit beneficiaries.

Loans offered include (i) loans from €500 to €1,500 for training purposes or for the development of small economic activities; (ii) loans from €1,500 to €5,000 for single immigrants who want to start and develop an economic activity; loans from €1,500 to €10,000 for immigrants who want to create or develop a cooperative or an enterprise. A fixed interest rate of 5.50% on an annual basis is applied and reviewed annually. The maximum loan period is 60 months.

Additionally, all foreigners may use ATAS free counseling service; regardless of their motive of stay in Trento Region:

- listening and welcoming;
- writing Curriculum Vitae and orienting in the labour market;
- filling in the forms of request of social housing, of citizenship requests, contracts etc.;
- establishing relations with public and private entities which offer services in the Trento Region.

TARGET GROUP

The project exclusively targets foreign people with regular residence permit, resident in the Province of Trento (*Provincia di Trento*).

RELEVANCE

The microcredit project was initiated based on a study on immigrants in the Province of Trento which highlighted two issues: firstly, that immigrants mainly tend towards self-employment when they go through a social promotion programme, and secondly, that the main difficulty they face when starting a business is the lack of credit.

During its initial guidance and listening phase ATAS staff identify any additional needs of the target population. For example, ATAS identified the need of foreign immigrants to be oriented among relevant public and non-public social services, and transformed those needs into a publication "Guide for immigrant entrepreneurs in Trentino province" (2008).

ACCESSIBILITY

The programme is open to all foreign people with regular residence permit, resident in the Province of Trento (*Provincia di Trento*).

INNOVATIVENESS

ATAS's intervention is innovative as it is the first microcredit project targeting foreign immigrants in the Trentino Province. The relevance of the activity is supported by the fact that 7% of the population in the Province of Trento are foreign immigrants. The project aim is innovative as it is that of educating immigrants about responsible credit management, thus helping them to integrate socially, and reducing possible intolerance episodes within the population.

IMPROVEMENT

In February and December 2008 an evaluation of client satisfaction was undertaken and gave positive feedback both on ATAS and the disbursing bank. The project used questionnaires to study the target group and its needs. Ethnic specialisation was noticed (i.e. East European immigrants tend to focus on construction activities, etc.). The majority of microcredit beneficiaries have been in Italy for a medium-long period of time. The majority of clients used loans for on-going businesses.

EFFECTIVENESS / EFFICIENCY

ATAS aims to have an effective impact on its clients as shown by the questionnaires and evaluations used to assess client satisfaction. Since project start, there were 40 applications for loans, 37 accepted, 11 written off, and 5 totally repaid.

Outreach Achievements:

	Dec07	Dec08	Jan 2010
Active borrowers	16	28	21
Average Loan Size	€ 4,600	€ 5,300	€ 5,880
Portfolio	€ 72,280	€ 125,270	€ 85,719
Disbursed	€ 73,200	€ 149,700	€ 123,500
Branches	7 bank+ 2 atas	8 bank + 2 atas	8 bank + 2 atas
Staff	11 + 6 atas	12 + 8 atas	12 +8 atas
Volunteers	2	3	3

ADAPTABILITY / REPLICATION

This project could be transferred to another country, where entrepreneurs immigrated have difficulty in accessing credit.

SUSTAINABILITY

ATAS runs the microcredit activity through its social operators who help compile the loan applications, do the initial interviews, assess clients' creditworthiness, pass the information to the bank, and then follow client repayment. The Rural Bank of Aldeno and Cadine holds the guarantee fund, does the financial and economic evaluation of proposed loan applications, disburses loans, and compiles monthly financial reports. The guarantee fund holds "level 2" leverage.

One of the main aims of ATAS regarding its credit activity is that of reducing the default rate and progressing towards sustainability of the project. With the ongoing renegotiation of the agreement among partners, a number of initiatives have been identified and experimented in the last quarter of 2009:

- Training on the management of a microenterprise and on the elaboration of an investment plan
- Monitoring of the current beneficiaries' entrepreneurial activity.

Other elements identified and currently under discussion:

- requesting moral guarantors,
- increasing loan amounts,
- increasing interest rates,
- evaluating the idea of financing first those who have been in Italy longer (due to better understanding of the local context).

USEFUL LESSONS

- Immigrants tend towards self-employment when they go through a social promotion programme, and one of the main difficulties they face when starting a business is lack of credit.
- Through this project foreign immigrants can become active citizens.
- Training and monitoring as important elements to reduce the insolvency rate.

Sources

Website:

- <http://www.atas.tn.it/>

Documents :

- Giordano Dell'Amore Microfinance Best Practices Award 2009: The experiences of the finalists