



Global Microcredit Summit 2006

World Trade and Convention Centre, Halifax, Nova Scotia, Canada
november 12-15

Micronews

sponsored by **SYSDE**

Official bulletin • Edition # 4 • Wednesday 15th, November 2006

Today finishes this successful summit:

ASSUMING THE CHALLENGES OF THE FUTURE



Microfinance has "come a long way" in the past two decades. Where it will go in the future will be determined by a number of factors: its history, the entry of global banks into the field, changing demographics, the regulatory environment, the on-going challenge to reach the poorest of the poor.

Keynote speakers at the Plenary on the future of microfinance expressed optimism about the potential of microcredit to reach the world's most vulnerable citizens, and identified key issues that will impact the "face" of microcredit in the years to come.

"How fast microcredit is able to grow will be determined by the enabling environments of governments. It's an historic opportunity to achieve victory," said Professor H.I. Latifee, Managing Director of the Grameen Trust in Bangladesh, author of "The Future of Microfinance: Visioning the Who, What, When, Where, Why, and How of Microfinance Expansion Over the Next

10 years."

Maria Otero, President & CEO of ACCION International identified four key factors that will drive change. These include competition, new players, technology ("the wild card that can revolutionize microcredit in ways we can't even imagine") and the regulatory and policy environment.

"One of the most important challenges is political risk," she said. "We are on a path for microfinance to realize its great vision of creating access to finance for all. The developments of the last decade allow us to fast forward 10 years and see enormous and astounding advances, made possible because of what has been achieved to date." Panelist Elizabeth Littlefield, CEO and Director of the Consultative Group to Assist the Poor (CGAP), USA noted that the papers had common themes of partnership, integration and the challenge of reaching the poorest. "We're not going to make progress reaching the poorest until we admit,

first, that we're not reaching them, that microfinance has limits. Then ask ourselves, what can we do?" she said.

Other panelists included Reynaldo Marconi, President, Latin American/ Caribbean Forum for Rural Finance, Bolivia, and Wolday Amha, Director/ President, Association of Ethiopian Microfinance Institutions, Ethiopia.

The very successful Global Microcredit Summit wraps up in Halifax today.

Final Words From the Micronews Team

It's been a pleasure for the MicroNews team to provide this daily bulletin for delegates over the past four days. In the name of the organizing committee we would like to thank all of the volunteers who made this summit possible. We will see you at the next Global Microcredit Summit.

Dr. Muhammad Yunus
press conference

Nobel Peace Prize win gives visibility to microcredit movement

The following are excerpts from a press conference, given by Dr. Muhammad Yunus, Managing Director of Grameen Bank in Bangladesh and winner of the 2006 Nobel Peace Prize, at the Microcredit Summit in Halifax.

"Basically what we do is banking on trust and it works. Today, it works in almost every country of the world . . . Still we are a long way from the numbers of people we want to reach. Almost two thirds of the world's population have no access to a bank's

financial services . . . Traditional banks are practicing some kind of financial apartheid. They kind of draw a line where, if you're on the other side of the line, we don't want to do business with you, and two thirds of the world's population happen to be on the other side of the line. So we want to break that line and make them be inclusive so that everyone can use the banking services . . .

"When we started this work, we faced opposition, religious opposition, political opposition . . . With winning the Nobel Peace Prize, this opposition will die down. They will see that [microcredit] is not something we can ignore. It's something worth receiving the Nobel Peace Prize for. This is something very important for us, to

cut down all the unnecessary uninformed criticism. Informed criticism is wonderful. You can deal with it and try to solve it. But uninformed criticism, that's a whole other thing . . .

"The Prize for me and for the whole movement makes it very clear – the link between peace and poverty. Poverty is a threat to peace. That has been very strongly highlighted. We are trying to address the situation of poverty. That's what the movement is all about – helping people get out of poverty . . . so that is an important thing for us and, of course, [winning the Nobel Peace Prize] gives visibility to the extent that we can now talk to the policy makers around the world much more effectively."

AGENDA IN BRIEF:

WEDNESDAY NOV. 15

09:00 – 10:45
Plenary Session
10:45 – 11:15
Break
11:15 – 13:15
Day-Long Courses
13:15 – 14:45
Lunch on your own
14:45 – 17:45
Continuation of
Day-Long Courses
17:45 – 19:00
Break
19:00 – 22:00
Closing Dinner

(Eng/Fr/Sp)



Visit Our Stand #32

SYSDE

www.sysde.com
info@sysde.com

BEST QUOTE OF THE DAY: "The Prize for me and for the whole movement makes it very clear – the link between peace and poverty. Poverty is a threat to peace. That has been very strongly highlighted. We are trying to address the situation of poverty. That's what the movement is all about – helping people get out of poverty."

- Dr. Muhammad Yunus, Managing Director of Grameen Bank in Bangladesh and winner of the 2006 Nobel Peace Prize

MICROINTERVIEW

ANNE GABOURY

President and CEO, Développement International Desjardins

by Sue Calhoun, MicroNews

"Technology is important everywhere but it's even more crucial in rural and remote areas. One very important challenge is to serve rural areas."

You've made a major announcement at this Summit about a new organization called Proxfin. What is that and what will it do?

Proxfin is a new organization that brings together 21 community-based, locally-owned finance institutions. They are proximity finance institutions. They put people in the centre of what they do. They share the same performance model, and they think they would benefit to work together to have a better performance. Together these financial institutions serve more than seven million people in 18 countries. As partners of Développement International Desjardins, they want to share best practices around these concerns of proximity and performance. For us, it's very interesting to put all these people around the same table. The members of Proxfin can play a very important role in helping to reach the

Microcredit Summit Campaign goals for 2015.

There's been a lot of discussion at the Summit about the need to increase the quality and diversity of financial services available. How important is this?

It's a very interesting question because we think that diversity of financial services will help to reduce the vulnerability of poor people. Poor people need more than microcredit. They need a place to put their money in a secure place. They need access to different kinds of loans, consumer loans, for example, micro insurance, micro housing loans. Like anyone else, they need a diversity of financial services to be able to manage the challenges that life can bring. We think that financial institutions like credit and saving coops can be very important distribution channels for all these different financial services. The

partners of Proxfin are these kinds of institutions. They have very good outreach at the moment, and they can reach many more people to introduce new products.

How do you think technology and technology providers help to increase the efficiency of microfinance institutions?

Technology is essential. Technology is important everywhere but it's even more crucial in rural and remote areas. One very important challenge is to serve rural areas. In some countries, it is very difficult. In low density areas, technology will help to reduce transaction costs and increase efficiencies. For example, we use palm pilots to make transactions outside of the city, to be able to give service in remote areas. This helps to reduce costs, and keep operations in order. Technology is very strategic, in my view. Technology providers have a



very important role to play but they need to do key things: listen to their clients, be willing to adapt and evolve products according to the needs of their clients and, perhaps most importantly, to develop long-term relationships. Computerization is a relatively long-term process, and clients need to know that their technology provider will be around for the long-term.

MICROFINANCE TODAY

Microfinance in China: Prof Du Xiaoshan

by Shiela Rao

Prof. Du Xiaoshan is a happy man today. The Funding the Poor Cooperatives (FPC) founded by him and his colleagues in 1993 is doing well in China.

Prof. Du Xiaoshan was a researcher in the Rural Development Institute of the Chinese Academy of Social Sciences. His research led him to the conclusion that many of the problems of the poor could be mitigated by providing them credit on reasonable terms. In China, unfortunately, the poor either did not have access to loans or if they had, they never repaid. Also the interest on loans from money lenders was as high as 60%,

whereas it should be considerably less.

Prof. Du Xiaoshan had read about the microcredit revolution started by Prof. Yunus in Bangladesh. He visited Bangladesh to study the Grameen Bank, and returned to China to start the Funding the Poor Cooperatives. Today, FPC has more than 16,000 clients, with half of them being the poorest (earning less than US\$1 per day, at purchasing power parity). It is no mean achievement considering the fact that microfinance in China is yet to really take off.

In China, the Rural Credit Cooperative (RCC) has more than

22 million poor members, who are provided with loans. Their efforts are so inadequate, because 10% of the population (130 billion) are still the poorest. The government acknowledges this fact and is keen to achieve the 2015 Millennium Development Goal of halving the number of poorest. And in this regard, the government is also keen to expand microfinance in the country. Prof. Du Xiaoshan laments that China's government does not yet have a concrete plan for this.

Prof. Du Xiaoshan is very impressed with the new initiatives of the 2006 Global Microcredit Summit, as compared

to the five earlier ones he attended. He is impressed with the massive effort that has gone into organizing this mega event.

He also felt that many of the delegates will go back very enriched by the diverse themes covered by the Summit. From China, the Central Bank and other banks have sent representatives for the first time to take note of developments and new initiatives, and to inform them so that so that changes for the better can be made to benefit the poor. So new initiatives in microcredit are in the offering in China!

COADY

INTERNATIONAL INSTITUTE
ST. FRANCIS XAVIER UNIVERSITY

WWW.COADY.STFX.CA

Community-Based Microfinance Online Certificate

November 27, 2006 - March 31, 2007



APPLY NOW!

For more information call (902) 867-3960, Toll Free (in Canada) 1-866-820-7835, email coady@stfx.ca or visit us online www.coady.stfx.ca



Are you looking for technology to grow your IMF?

SYSDE



FinanceNetwork



Visit us at booth 32 or online at www.sysde.com or at info@sysde.com

MicroReport

Microfinance, AIDS, and the power of numbers

Jonathan Morduch is Professor of Public Policy and Economics at New York University

Thandi is 25 years old and learned that she is HIV positive when she lost her second child to AIDS. By 2005, almost one in three South African adults were infected.

In 1998, Dr. Paul Pronyk founded a clinic to treat AIDS patients in rural Limpopo Province. Over time, he came to see that preventing the further spread of HIV could not be done without economic and social changes. This insight was used to evaluate IMAGE. Villages receiving IMAGE were chosen randomly from a list of candidate villages. The remainder formed a control group and received the intervention after the study. The study followed 850 women and 4,000 young people.

The randomized trial was critical in

generating credible evidence. Education programs have had mixed records in reducing HIV infection in Africa, and Pronyk wanted to make a solid case for IMAGE if warranted.

The study showed clearly that IMAGE helped to break down traditional barriers to talking about sex and disease; and it reduced gender-violence by 55%. As a participant said: "With SEF money, we feed our children, but with HIV knowledge from SEF health talks, we protect our children."

By building on SEF's infrastructure, the cost of the IMAGE intervention was kept to \$20 per year per participant, and rates of loan repayment and drop-out were better than

SEF's average elsewhere. IMAGE thus turned out to be promising both socially and financially.

Randomized trials are now being applied more widely in microfinance. The Financial Access Initiative, a new partnership, will join researchers at New York University, Yale, Harvard, and Innovations for Poverty Action to conduct randomized trials worldwide.

The initiative will generate for the microfinance sector the kind of credible evidence that doctors have insisted on for decades.

PARTNERS IN MICROFINANCE

Meet us at the Microcredit Summit Exhibition, booth nr 4



www.ingmicrofinance.com | ing.microfinance.support@mail.ing.nl | tel +31 20 563 9197
www.oikocredit.org | info@oikocredit.org | tel +31 33 422 4040



Some other key statistics about women clients reached:

- Of the 81.9 million poorest clients reached at the end of 2005, 84.2 percent or 69 million are women.
- The growth in the number of very poor women reached has increased from 10.3 million at the end of 1999 to 69 million at the end of 2005, a 570 percent increase.
- This increase represents an additional 58.7 million poorest women receiving microloans in the past six years.



Region	# programs reporting	# of total clients in 2005	# of poorest clients in 2005	# of poorest women clients in 2005
Sub-Saharan Africa	959	7,429,730	5,380,680	3,422,825
Asia & the Pacific	1,652	96,689,252	74,330,516	63,934,812
Latin America & Caribbean	439	4,409,093	1,760,405	1,258,668
Middle East & North Africa	30	1,287,318	387,951	321,004
Developing World Totals	3,080	109,815,393	81,859,552	68,937,309
North America & Western Europe	35	55,707	13,318	7,862
Eastern Europe & Central Asia	18	3,390,290	76,166	47,856
Industrialized World Totals	53	3,445,997	89,484	55,718
Global Totals	3,133	113,261,390	81,949,036	68,993,027

Source: State of the Microcredit Summit Campaign Report

2006, page 24



The Dignity Fund is proud to be among the community of organizations dedicated to advancing the cause of microfinance at the Global Microcredit Summit 2006.

For more information, please visit our website at www.dignityfund.com