



SHIVIA MICROFINANCE Spring Newsletter



SHIVIA
.COM



Shati Nandi, West Bengal



Group President, West Nepal



Rinakal Roshanal, Gujarat

Dear Friend of Shivia,

Thank you for your support since the beginning of the year.

We are continuing to push forward with our "livelihood model", piloting the scheme in West Bengal. This will give our borrowers the chance to take out loans for market-driven, rather than production-driven enterprises as well as access to assets that will provide them with an even greater chance to get themselves above the poverty line. The Shivia India team has been undertaking extensive research to fine-tune our model. We will be re-lending to 174 existing borrowers in West Bengal in May under our new livelihood terms as well as piloting our chosen livelihood enterprise – poultry farming - with the assistance of the livelihood organisation **BASIX**.

In Nepal, we have bought our first 8 water pumps which our beneficiaries will manage, assisted by our local partner BASE. This is a pilot scheme to assess how access to clean water helps boost our microcredit programme. We have continued to lend to a further 81 borrowers this year through BASE.

In Gujarat, we have disbursed 146 loans since the beginning of the year through our partner SAATH, bringing the total to 492. With SAATH's

experience, we are developing our own Shivia software to further improve our financial and management controls as well as reporting procedures.

We are thankful to all our donors as well as our pro-bono supporters for their continued support. This quarter we are particularly grateful to new donations from **The Clifford Chance Foundation, the Nick Jenkins Foundation and Tony and Gisela Bloom**. We are also grateful to **Garlinda Birkbeck** who came to West Bengal in March to photograph our work, as well as **Mona Elisa** who visited West Bengal and Gujarat to film the same – she is now off to West Nepal to complete the documentary!

As Spring is upon us and summer approaches, continue to make Shivia your charity of choice – please help us by raising funds and giving us your thoughts and ideas so that we can continually strive to be a better organisation, dedicated to the poor of India and Nepal.

Wishing you a happy Spring....



*Olly Donnelly
Chief Executive*

Kate Albert, Communications Executive, APAX Partners

"In a fast-growing and fast-changing microfinance industry, Shivia has remained committed to its mission of helping the very poorest of the poor".

Wafa Tarnowska, CSR Manager, DLA Piper ME

"DLA Piper ME chose to support Shivia because we believe in microfinance as a powerful tool for transforming communities and improving not just the recipients' lives but those of their families as well".

In this newsletter:

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Events

Upcoming fund-raising events:

London

Shivia has teamed up with 2 Water (www.2water.org) – a charity that funds water pumps through wine-tasting events. Shivia and 2 Water will be holding a joint event in **June**. Please let us know if you would like to attend. One water pump costs ~ USD 2,000 and can transform a whole village community in West Nepal where we will channel the funds after the event. Our borrowers in Nepal tell us over and over again that one of the biggest challenges to them and the success of their microenterprises is lack of access to clean and safe water. Details of the event to follow....

Past fund-raising events:

Dubai

To celebrate Earth Week, the law firm **DLA Piper ME** held an event on 20th



Wafa Tarnowska at the DLA Piper event with her new "balaposh" (quilt)

April to showcase and sell goods that village women in West Bengal had made. DLA Piper donated the proceeds to Shivia and raised a total of 5,420 AED (£895). There was a wonderful attendance from DLA Piper as well as HSBC, PWC, Barclays, Hadeef and Associates and other companies in Emaar Square, Dubai. We are most grateful to **Wafa Tarnowska**, CSR Manger DLA Piper ME, who organised the event with great enthusiasm.

Past speaking events

Abu Dhabi

Olly Donnelly (CEO) was a guest speaker at the Abu Dhabi's International Women's Business Group on International Women's Day, **8th March**. Olly spoke about Shivia and "women making a difference".

Olly was also a guest speaker at Abu Dhabi's "Big Sister/Little Sister" Mentoring programme launch, held at Zayed University Women's Campus on **19th April**. The theme was "Giving and Taking", focusing on how as little as 600 Dirhams or £120 is a life-changing loan to someone who lives where Shivia works in India and Nepal

London

Brooke Johns (CFO) and Olly Donnelly participated in Clifford Chance's "Intelligent Aid" competition by judging the 10 finalists on **14th March**. The competition was for undergraduates and focused on the role of law in microfinance.

The Projects...

1. West Bengal, India

In West Bengal, the Shivia team has been working hard on putting in place tighter credit policies under our "livelihood model" which we are now ready to implement. We disbursed 424 loans last year through SARS and are preparing to relend to the first batch of 160 "good" borrowers in May. These borrowers have spent their loans on productive enterprises, repaid them in full and have requested second time loans to either expand their businesses or start up new ones if necessary.

We are increasing second time loans on a case by case basis and in line with Indian inflation at ~ 10%, as well as giving those in agent-based work a chance to start up something new this year if they wish. We have decided that those requesting loans of Rs. 25,000 (~ £340) should obtain credit from elsewhere as we remain committed to the very poorest.

Our lending-based work in West Bengal continues to be funded by the **Apax Foundation** to whom we are most grateful.

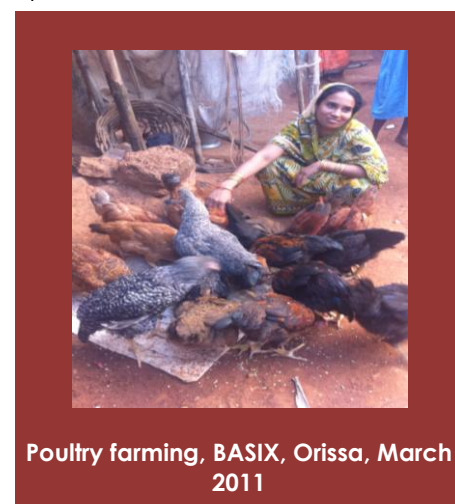


Shivia-SARS re-lending meetings, Hasnabad, March 2011

In May we also plan to pilot the second part of our "livelihood model" – providing asset toolkits. In order to not reinvent the wheel, we have been learning from the livelihood organisation, **BASIX**, thanks to the kind introduction by **Professor Malcolm Harper**, the former Chairman. Our plan is that BASIX will train Shivia's staff to introduce poultry farming as an enterprise with large local demand and easy market linkages. BASIX will start market research in our location of choice and training Shivia staff from May onwards. The plan is for a one year pilot phase.

Vasant Subramanyan (Shivia India lead), Olly Donnelly (CEO) and Oli Finch (acting COO) visited the BASIX team in Bhubaneswar, Orissa in March and were shown the successful livelihood schemes (poultry and mushroom growing) by **Tapas Pati**, Senior Manager.

Garlinda Birkbeck also came out to West Bengal with Olly Donnelly to photograph Shivia's current loan portfolio and the circumstances in which they live. Garlinda will be holding an exhibition in due course, based off the success of her exhibition in London in February 2011, "People of Nepal", which raised £10,000 for Shivia.



Poultry farming, BASIX, Orissa, March 2011

2. West Nepal



Walking to collect water,
Dang, March 2011



Ten water pumps bought
by Shivia to boost the
microfinance programme.
Funded by Tony and
Gisela Bloom, March 2011

There are currently 1,050 loan beneficiaries in West Nepal – this includes those who have started savings groups due to the Shivia-BASE microfinance programme. Since the beginning of 2011, BASE has disbursed a further 81 loans – 69 to members in Dang District where we have worked since May 2009 and 12 to new members in Banke District where we have just started working in the Sinabas Kamaiya Camp (ex-bonded labourers).

In March, Shivia bought 8 water pumps from a local supplier, Khadka Hardware Centre, funded by **Tony and Gisela Bloom**. These pumps will help 3,500 community members in Dang District where the Shivia-BASE microfinance work is. BASE is managing the pumps in conjunction with the communities where they are installed. All 8 pumps have been distributed to the villages – 3 will be fully functional by May and the remaining 5 by mid-July when the government has provided enough electricity to operate the pumps.

Peter Sebastian, a former Shivia intern, has joined as a consultant to help improve our financial and management controls in Nepal as well as increase communication between BASE and Shivia. Despite “seeing” and “hearing” anecdotally the difference our work is making, the local team struggles with the aforementioned which makes reporting and measuring social impact a challenge for us. Peter works for Social Finance and previously trained at KPMG. With his help and continued dedication to both Shivia and BASE, we feel confident that we will overcome some of these challenges in the near future.

Mona Elisa will be travelling to West Nepal in May to film Shivia's operations as well as give feedback on the recently expanded microfinance work in Dang, the new Kamaiya project in Banke and the pilot water pump project.

3. Gujarat

We are pleased with progress in Gujarat. Since the beginning of 2011, 146 loans have been made bringing the total to 492. Of these, 49 loans have been made from collected principal; our model in Gujarat is to recycle monies on an ongoing basis rather than on an annual basis as in West Bengal. This is due to the stronger existing financial and management controls exercised by SAATH in Gujarat compared with SARS in West Bengal.

The largest challenge to the Shivia-SAATH borrowers at present is the increasing prices of raw materials in India. This is affecting not only their basic living standards but also their businesses. Given that 44% of our borrowers are engaged in cloth tailoring, 25% in iron work and 13% in vegetable and groceries we anticipate problems for them in maintaining profit margins, expanding their businesses and repaying their loans. We plan to work with the borrowers in coming months to find potential solutions to any of the above as well as establish whether any borrowers intend to leave Gujarat and “go home” as a result.



Cloth tailoring, Ahmedabad,
March 2011

SAATH is in the process of rolling out a new software system, VAYAK, for its microfinance work, allowing for better, more centralised reporting. Shivia will closely monitor the benefits and challenges of VAYAK so the team can assess whether to import the same software for our own operations which we intend to start in West Bengal in May.



Kite making, Ahmedabad,
March 2011

Industry News...

Negative news comment has surrounded **Muhammed Yunus**, 70, “the banker of the poor”, in recent months after a Norwegian documentary alleged the Grameen Bank of evading taxes. However, since, the Norwegian government has cleared Professor Yunus of such accusations and instead his own government has attacked him for financial irregularities. In April, Bangladesh Finance Minister announced that no financial irregularities had been found but the government's decision to fire Yunus as Managing Director remained. This is because the retirement age of MD's in Bangladeshi banks is 60 years.

In January, the Reserve Bank of India released the much awaited “**Malegam Report**”. This was the first major step in India to form policies for the microfinance industry – mainly commercial MFIs – given its fast growth and the grave concerns that arose across the industry as a result of this. The recommendations have been discussed and final regulation is expected in June....

Microfinance enables your gift to be a gift that keeps on giving....

In Year One:

£125 ~ 1 loan

£1000 ~ 10 loans

£25,000 ~ 250 loans

£50,000 ~ 400 loans

And then the loans are recycled....

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*Shivia Microfinance
empowers you to
empower others*

How to get involved....

If you would like to get involved this year, please do contact us. We would love you to pick Shivia as your charity of choice for 2011. Help us by becoming friends and ambassadors, organising fund-raising events, running marathons or climbing mountains on our behalf – anything you can do will make a difference to someone....

How to donate...

If you would like to help us or know of other people who might, please donate by:

1) Making an **Online donation** at: www.justgiving.com/Shivia
You can either make a one-off donation or set up a standing order for monthly donations.

2) Sending a **cheque** to:

Shivia Microfinance
c/o EFG Private Bank
Leconfield House
Curzon Street
London
W1J 5JA

And filling out the Gift Aid form where appropriate which you will find on our website: www.shivia.com. Please send this along with the cheque to the above address.

3) Setting up a standing order or online transfer by contacting us at: info@Shivia.com

If you have any questions please feel free to contact us.

Thank you!



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