

# SHIVIA MICROFINANCE

## Summer Newsletter



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.COM



**Chandrani Banerjee**  
Head of Shivia Livelihoods



**Vegetable farming**  
West Nepal



**Vasant Subramanyan**  
Chairman Shivia India

### Dear Friend of Shivia,

I am delighted to report that we have launched our **"livelihood model"**, in West Bengal (see page 2). We spent June and July preparing to carry out the pilot programme. The response from villagers we surveyed was most encouraging and we plan to start the pilot in the coming weeks, enrolling 30 households onto the programme. We are working with BASIX to initiate our livelihood model and have chosen poultry as our first enterprise. The idea is to provide borrowers with "poultry tool kits" – training, chicks, initial feed, vaccinations – which they can take out loans for if required. At best, they can sell their chicks and eggs into local markets; at worst, they can feed their families with them.

In Gujarat, we have now disbursed 567 loans in total through SAATH and completed the same number of Social Impact Assessments. Feedback is good and borrowers are preparing for the monsoons which usually bring a host of diseases and challenges.

In Nepal, we have disbursed 476 loans through BASE and reporting is improving no end. **Caroline Howe** will be taking **Swarupa Rana's** place on a six month internship, starting in September, pushing forward with the social impact work. We are awaiting

results of Swarupa's research on market-driven enterprises that borrowers can engage in. We then plan to devise skills-based training schemes accordingly.

We made the decision in May to end our partnership with SARS in West Bengal. Whereas this was of great personal sadness to me, it was undoubtedly the right move for Shivia.

**Charlotte Allum-Smith** will be joining Shivia on 5<sup>th</sup> September as our new Assistant. I was overwhelmed by the number and strength of applications for this position and we are delighted to welcome Charlotte into the team.

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 Trusthouse Charitable Foundation, Stewart Newton** and **The De Laszlo Foundation** and for **Mona Elisa's** and **Georgie Weedon's** efforts in producing a short documentary of all our operations.

Please help us this Summer by raising funds, especially for core costs, and giving us your feedback and ideas so that we can continually strive to be a better organisation, dedicated to the poor of India and Nepal.

Thank you!

### Nick Jenkins, Founder of Moonpig

"Shivia understands that real success in microfinance is achieved when you train the clients to develop business activities that are sustainable and competitive".

### Vasant Subramanyan, Chairman Shivia India

"We are excited to have got our livelihood model off the ground. By engaging clients in specific, market-driven enterprises, we believe they have a much greater chance to get their families out of poverty. The Shivia team are enthused about the months ahead and committed to making this model work".

#### In this newsletter:

- Events
- The projects
- Industry News
- How to get involved
- How to donate



*Olly Donnelly,*  
Chief Executive

## Events

### Upcoming fund-raising events:

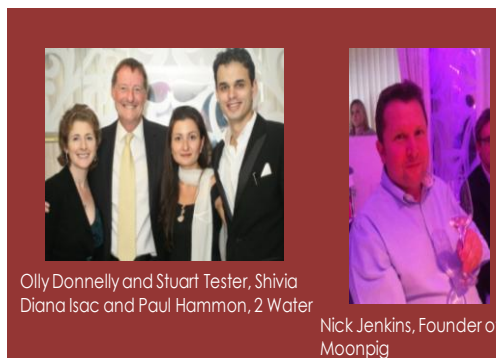
#### London

Diwali – the Indian festival of light – is fast-approaching. This year, **Venquis** ([www.venquis.com](http://www.venquis.com)) – the Business Transformation Recruiter – will be teaming up with Shivia to celebrate Diwali. The event will be held on **Thursday 27<sup>th</sup> October**. Put the date in your diary...

**Professor Nirmalya Kumar** has once again offered to host a Diwali evening for close Shivia supporters at his home on **Friday 28<sup>th</sup> October**. Professor Kumar holds one of the largest private collections of Rabindranath Tagore and Jamini Roy paintings.

#### Past fund-raising events:

In June, Shivia teamed up with **2 Water**, a charity that funds water pumps



Olly Donnelly and Stuart Tester, Shivia  
Diana Isac and Paul Hammon, 2 Water

Nick Jenkins, Founder of  
Moonpig

through wine-tasting events.

2 Water decided to support Shivia's work in Nepal where our borrowers often walk up to 7 hours per day in search of clean water. The event raised funds for two pumps. We were delighted with the turn out and grateful to 2 Water and its CEO, **Diana Isac**, who organised the event, **Tim Atkin** who hosted the evening (Master of Wine) and **Barnaby Parker** (CEO, Venquis) who ran the auction.

### Past speaking events

#### United Kingdom

Olly Donnelly (CEO) was a guest speaker at Wellington College in June, organised by a former Shivia intern, **Grace Devlin**.

#### Upcoming events:

Olly Donnelly was awarded a scholarship to attend the **Social Entrepreneurship Programme** organised by Hand in Hand International and led by Professor V Kasturi Rangan from Harvard Business School. The course will take place in Chennai between 22<sup>nd</sup> – 26<sup>th</sup> August.

Olly Donnelly has been short-listed for the **Charity Times Awards**, "Rising Manager Star". The winner will be announced on 12<sup>th</sup> October at the London Hilton. Park Lane.

## The Projects...

### 1. West Bengal, India

#### Launch of livelihood model

We launched our livelihood model in June with the help of Indian Grameen Services ("IGS"), part of **BASIX Group**, an organisation dedicated to building livelihoods. The plan concentrates on *teaching skills* to those we seek to help, which will enable clients to supplement their income by activities which they and their family can undertake at home; the first activity we are introducing is rearing chickens, which may be sold locally or kept for their eggs. This livelihood enterprise is based on a similar operation undertaken by Basix in Orissa, the state immediately to the south of West Bengal, which has been developed over the past 15 years and now involves some 50,000 farmers and their families.

In June and July, we entered a two month preparatory phase whereby Shivia India consultants and IGS staff surveyed villagers and researched market demand at our chosen location. We have chosen to work from **Familia Home**, a small commune known well to the CEO, Olly Donnelly. Familia consists of four foster families, each in their own house, situated in the village of Bhaluka 55 km north of Kolkata in the North 24 Parganas District of West Bengal. Familia

has good relations with its hinterland and ideal office space for Shivia.

The response to the initial survey from potential clients was very encouraging and over the next five months, we will enroll 30 households onto the programme. The concept is simple – interested farmers will be sold a kit consisting of 10 chicks, a course of vaccinations and the necessary feed for the first 4 weeks. The space needed to rear that small number of chicks is about 4 square feet, so no special buildings are required and generally chickens are sold locally, so there is no need for marketing expertise. Farmers should be able to rear 4-5 batches of chickens per year and if they cannot sell the chickens, they can feed their families with them.

An initial tool kit costs approximately £10 and if a farmer cannot afford this, Shivia will lend accordingly. Loan products will be tailored to the project rather than standardised as in microfinance generally.

If the pilot is successful, we will scale the project from January onwards for a further period of 5 months with IGS's assistance. During this period, we plan to enroll 2,500 farmers and recruit the correct staff to manage the project. Shivia will then take forward the work and potentially introduce a second enterprise, such as mushroom growing or silk worm farming.

### Ending of local partner model

We made the tough decision in May to end our partnership with SARS, in advance of relending to borrowers for a second year. There are now many other credit providers in Hasnabad, where we were working, so borrowers will not be short of choice if they need access to finance. We would be happy to discuss with any Friend of Shiva what brought us to this conclusion.

### 2. West Nepal

There are currently 1,051 group members and 476 borrowers in West Nepal. We are delighted with continued progress – financial and management controls are tightening and we are now able to analyse data from our Social Impact Assessments. We continue to work in two locations: through three Village Development Committees in the district of Dang and in the Sinabas Kamaiya Camp in the district of Banke.

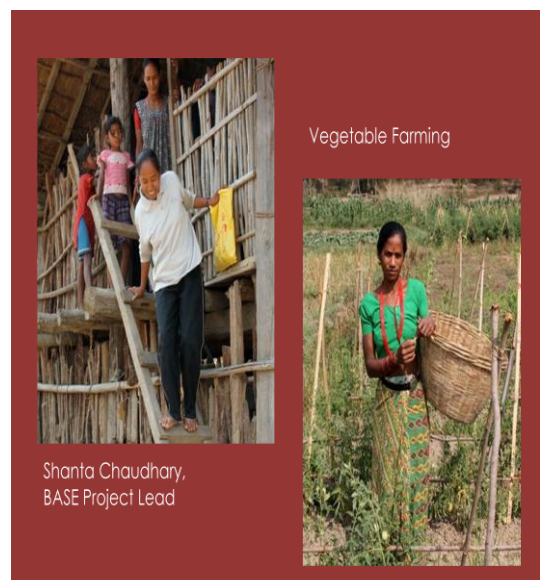
In Dang, 75% of our borrowers live between 1-2 USD per day, 33% declare themselves as totally illiterate and 54% have to walk up to 8 hours to get access to medical services.

In Banke, the situation is even worse since we work with ex-bonded labourers ("Kamiaya") who were put in a camp by the government in 2000 after they were "freed". The land is very poor quality and they live in large joint families. 96% of our borrowers live on less than 1 USD per day, 63% declare themselves as totally illiterate and 100% have to walk up to 8 hours to get access to medical services.

The water pump pilot is under way; three pumps are now installed and working whereas the other five are sitting idle until the government agrees to provide 3-4 phase electricity to the designated villages. The women and BASE, our local partner, are actively lobbying and have been assured that they will be provided with electricity "soon". They will resume their campaigning efforts after the paddy plantation season is over in the next few weeks. Those who have the water pumps have reported great enthusiasm and already reap the benefits of not walking 7 hours per day in search of water.

**Swarupa Rana** finished her six month internship in May and did a fantastic job working on Shivia's Social Impact Assessments with the local team. She also undertook extensive research on market-driven enterprises that we plan to introduce in future and train borrowers accordingly. **Caroline Howe** will be taking forward Swarupa's work for six months from September.

The BASE and Shivia teams will meet in Kolkata in September to discuss Shivia's livelihood model and plans going forward.



Shanta Chaudhary,  
BASE Project Lead

### 3. Gujarat

We are pleased with continued progress in Gujarat. We have now disbursed through SAATH 567 loans and no borrowers are in arrears. Our Shivia Project Lead, **Joe Rao**, visits Ahmedabad on a frequent basis and is in regular communication with borrowers about the type of enterprises they would like to engage in, if given the training opportunities. At present, 43% of borrowers are engaged in cloth tailoring; we are pleased with this enterprise since it is market-driven and profits make a significant difference to household income.

One of the greatest challenges facing slum dwellers is diseases spreading during the monsoon months and lack of funds to address this. This year the monsoons arrived on time in June and are likely to last until September. SAATH and Shivia are trying to train borrowers to financially plan for such eventualities. This is one of the advantages of SAATH's savings-led model.

SAATH's new centralised software unfortunately failed to get off the ground as planned meaning they have to revert to their old, decentralised software for the time-being, relying on manual data entry at each branch, often resulting in errors and delays in data reaching Shivia for reporting.

Brooke Johns (CFO), Olly Donnelly (CEO) and Joe Rao (Project Lead, Shivia) will be visiting SAATH in September to discuss future plans and introducing Shivia's livelihood model across the project.

### Industry News

At the end of June, India's Ministry of Finance released the much awaited draft microfinance bill, **"the Microfinance Institutions Development and Regulation Bill, 2011"**, which is hopefully to be passed by India's parliament soon and become law. It builds on the Malegam Committee's recommendations earlier this year as well as comments from a range of stakeholders in the industry. It is seen by most as a very positive development for the microfinance



Tailoring



Kite-making

industry; it finally brings the sector into the ambit of organized financial services.

The new bill is particularly encouraging as it includes all forms of microfinance institutions, providing a comprehensive legislation for the sector. New regulation includes:

- The Reserve Bank of India ("RBI") as the sole regulator for all microfinance institutions, with power to regulate interest rate caps, margin caps, and prudential norms. All institutions must register with RBI.
- Formation of a Micro Finance Development Council, which will advise the central government on a variety of issues relating to microfinance.
- Formation of State Advisory Councils to oversee microfinance at state level.
- Creation of a Micro Finance Development Fund

The designation of the RBI as the sole regulator is a huge step forward for the sector. Though the specifics of regulation are yet to be determined, having one respected regulatory body which is acknowledged to be in charge of all aspects of the sector should lead to a great reduction of regulatory uncertainty if the bill is passed.

It still has to be seen whether the RBI can effectively regulate and monitor a great number of microfinance institutions that have previously been subject to very little regulation and have vastly different agendas.

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....

One poultry tool kit ~ £10

#### Contact Details:

**Address:**

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

**Email:**

info@shivia.com

**Website:**

www.shivia.com

*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. 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](http://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](http://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](mailto:info@shivia.com)

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

*Thank you!*



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