

SHIVIA MICROFINANCE

Winter Newsletter



Poultry farming, West Nepal



Cotton dyeing, West Bengal



Retail shop, Gujarat



Dear Friend of Shivia,

I hope you had a good holiday and are set for a successful 2011. I am delighted to share with you what we have been up to since the summer newsletter and our plans for this calendar year.

Since March 2010, we have disbursed 424 loans in West Bengal and completed the same number of social impact assessments. Since the last newsletter, we have started working in Gujarat and have disbursed 346 loans and completed the same number of social impact assessments. In West Bengal, we have now disbursed 950 loans and since September completed 173 social impact assessments. We plan to complete the remaining 750 by March.

Our Annual Report was published in December. Please let us know if you would like an electronic or printed copy, bearing in mind that we try to keep down admin costs!

Our plans for this year are to raise £225,000. We will continue to work with our carefully selected local partners as well as start our own operations in West Bengal and introduce our "livelihood model". Given the challenges and scrutiny the microfinance industry is under, we are

determined to ensure that each one of our borrowers rises above the poverty line. We will therefore help identify enterprises which are profitable and sustainable, as well as help borrowers source and sell their products. We will provide thorough, appropriate and ongoing training to complement lending and achieve our goal. We also plan to broaden our focus to help with local challenges that affect the success of microcredit, such as access to water and improved sanitation.

We are thankful to all our donors as well as our pro-bono supporters for their continuing support. This quarter we are particularly grateful to new donations from **The Body Shop Foundation, Boston Consulting Group** and **Tony and Gisela Bloom**.

This year make Shivia your charity of choice – run a marathon, organise an event or spread the word - so that we can provide life-changing loans and proper training to those who don't have the choices and access to finance and education that we have. Just to remind you, the average size of a loan is £120! These are life-changing loans which have huge positive knock-on effects to the communities. Please visit: www.justgiving.com/Shivia.

Wishing you a happy and blessed New Year....

Monawara Bibi (West Bengal)

"I have taken loans from other MFIs but I have never been able to set up my own business. Through Shivia and SARS, I have completed my basic literacy and financial literacy training and have improved my business skills to start up my own grocery shop. My husband is very happy with me and I believe that Shivia will change my life."

Beffanya Chaudhary (West Nepal)

"With my loan I bought 150 chickens to set up a poultry farm. I am now able to feed my family and educate my son. I would like to express my deep gratitude to Shivia and BASE for empowering me and other women in my community to become true entrepreneurs".

In this newsletter:

- Events
- New team members
- The projects
- How to get involved
- How to donate

Olly Donnelly
Chief Executive

Events



Stuart Tester, Chairman, Shivia and Olly Donnelly, Chief Executive, Shivia at Clifford Chance Diwali party



Brooke Johns, CFO, Shivia and Priya Khanchandani, Associate at Clifford Chance and organiser of Clifford Chance Diwali party

Tim Neslen, Director, Shivia and Edward Hoare at Clifford Chance Diwali party



Professor Nirmalya Kumar, host of Shivia Diwali party



Roger Moore, Partner, Clifford Chance at Shivia Diwali party



Simon Wilson, former High Commissioner to NE India, Olly Donnelly, Chief Executive, Shivia and Kate Albert, Apex Foundation at Shivia Diwali party

Diwali

We had two Diwali events in November to celebrate the Indian "festival of light". The first was held on 4th November by Clifford Chance, our main legal advisers, where Shivia was the pro-bono client present. It was a spectacular evening at Clifford Chance's Canary Wharf offices with interesting guests, delicious Indian food and flamboyant dancing. The second event was hosted by Professor Nirmalya Kumar on 5th November where close Shivia supporters enjoyed an evening of Tagore and Jamini Roy art at Professor Kumar's home. It was a special evening and the art work was truly remarkable. We are thankful to both Clifford Chance and Professor Kumar for enabling us to celebrate this important festival.

New Team members

Oliver Finch has joined Shivia as an intern in West Bengal. Oli moved out

to Kolkata to work with the Shivia India team in September for an initial period of six months and will now stay until September 2011. Oli is helping to put in place Shivia's livelihood model and strategy for our own operations. He previously worked at Goldman Sachs and studied History at Oxford University.

Swarupa Rana has joined Shivia as an intern in West Nepal. Swarupa moved out to West Nepal in November for six months helping BASE with Shivia's social impact assessments, financial and management controls and reporting. Swarupa is Nepali and recently graduated with an MSc in Business and Financial Economics from the University of Greenwich, London.

Dina Medland has joined Shivia as an active volunteer to help at events and **Asawari Churi** has joined to research how we can make and measure Shivia's social impact. She will assist Cécile Coke with fund-raising.

The Projects...

1. West Bengal, India

In West Bengal, we have now disbursed 424 loans and completed social impact assessments for each borrower. Our Work in West Bengal continues to be funded by the **Apax Foundation** to whom we are most grateful.

The Shivia India and SARS teams have been working hard to protect our borrowers from the challenges facing the microfinance industry. They have taken a proactive role in loan repayments by assisting borrowers when they face troubles rather than harassing them when they cannot repay.

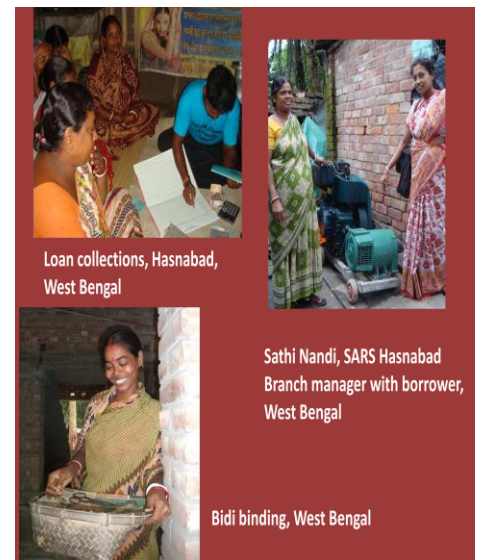
It has been a challenging few months due to sporadic strikes among bidi binders and a long festival season of Pujas and Diwali. Festival season has been "bitter-sweet", as increased trade and commercial activity for many is offset by lower or defaulted repayments. However, loan officers have already witnessed that late repayments are quickly being recovered now that "normal service" has resumed.

Our Shivia India Accounting consultant,

Aloke Saha, has been working closely with our CFO, Brooke Johns, to monitor and track potential defaulters, along with explanations for late payments.

In 2011, we plan to start our own operations at our existing site in Hasnabad. Olly Donnelly and Brooke Johns visited Kolkata in November to get the ball rolling. Our intern, Oli Finch, plus our Shivia India consultants, Chandrani Banerjee and Habib Reza, have been carrying out extensive market research with borrowers in Hasnabad to identify enterprises which are feasible, profitable and sustainable. Once we have chosen the best enterprises to include in our livelihood model, we will help our borrowers switch if they choose and provide them with ongoing training to ensure that they have a real chance to get themselves out of poverty. We also plan to assist them in sourcing and selling their products by providing links to markets.

This year we plan to introduce IT systems at the SARS Hasnabad office



Loan collections, Hasnabad, West Bengal

Sathi Nandi, SARS Hasnabad Branch manager with borrower, West Bengal

Bidi binding, West Bengal

so that we can effectively monitor our operations, drive down interest rates and provide good, timely reports.

In order to achieve our plans for West Bengal, we need to raise £100,000 as soon as possible so we can get going with our own operations. If you know of anyone who may be interested in supporting this work, please let us know!

2. West Nepal



Our work in West Nepal has gone from strength to strength since Churna Chaudhary and Shanta Chaudhary* took over the management of the project. They are assisted by Shivia interns facilitating financial and management controls, reporting and completing Shivia social impact assessments. Swarupa Rana, our current intern, is taking forward the systems put in place by previous interns and helping with business planning for 2011.

Since May 2009, we have disbursed 950 loans and since September completed 173 social impact assessments. We are keen to press on so that all borrowers will have completed their assessments by March 2011. We plan to disburse a further 300 new loans this year and borrowers will complete their assessments before taking out their loans, as with our system in India.

The feedback from our borrowers is positive although they all require more and better training as well as access to water for drinking, sanitation and irrigation. Presently, they spend up to four hours per day collecting water. This time could be used to work on their enterprise.

Tony and Gisela Bloom who support our work in West Nepal, visited the project in October 2010. Their visit inspired and motivated the BASE staff and borrowers. They were welcomed with garlands,

*Chaudhary is a common Tharu surname; Shanta and Churna are not blood-related

smothered in coloured Tharu powder and exposed to local culture and dance.

This year, with further support from the Blooms, we will address one of the borrowers' greatest concerns – access to water. We plan to build 8 water pumps in Duruwa Village District Committee, Dang where our current microfinance work is. These pumps will provide water to 3,500 people from over 400 households, plus “outsiders” from other communities. They will allow the borrowers to focus more time on their enterprises, produce double their current fruit and vegetable supplies and improve health and sanitation for all users.

The Blooms also visited Sinabas Kamaiya camp which they have agreed to support. These ex-Kamaiya camps were formed in July 2000 when the Kamaiya (bonded labourers) were declared “free” from their landlords by the government. The government said they would provide land, wood and some cash to freed Kamaiya families but more than 8,000 families remain landless and those that were given land are settled in poor, remote areas. They face endless problems of poor health and sanitation, no access to natural resources, no access to decision making bodies, lack of government facilities and services, forced labour to India or large Nepali towns and ironically selling their children as child labourers.

Sinabas Kamaiya Camp is located in Bajapur Village District Committee and is one of the most “backward” VDCs in Banke District. The camp was built in 2000 and there are 63 households there. Agriculture is their main occupation but the land is infertile and the 5 kattha of land given to each of them too small to grow crops, resulting in the problems cited above.

BASE, with the assistance of Shivia, will initiate a microfinance programme here to help these people get a proper start in life and lift themselves out of poverty through income generating opportunities.

We are also planning to scale up our existing microfinance work in Dang District and introduce our livelihood model here. To achieve this, we need to provide better training than we have to date. At present our model means that training costs are covered by the interest rate on the loan and therefore cannot be as extensive or as frequent as the borrowers require to switch from their existing (often dying) trades to livelihood model enterprises. BASE has already conducted research and identified with the communities businesses which they are keen to start. These include bag-weaving, bed-sheet-making, glove-making and buffalo-raising. The borrowers will require extra skills-based training to do this. Those who wish to continue with their existing enterprises (pig-raising, goat-raising, shops and vegetable farming) would also like more leadership management, record keeping and business development training so they can scale up their businesses when the loans are recycled.

We require a grant of £30,000 to provide extensive and ongoing training to approximately 1,500 borrowers this year. Again, if you know of anyone who could help, please let us know. We strongly believe that training is the key to a successful microfinance scheme.

The President of the group tells us:

“What we require is more training and access to water to make our businesses successful”



3. Gujarat

We are delighted to have started our work in Gujarat through our local partner SAATH thanks to the support of **the ZVM Rangoonwala Foundation, the Artemis Charitable Foundation, Lindsay Whitelaw and Svetlana Borozna.**

Since September we have disbursed 346 loans and completed the same number of social impact assessments. Our work in Gujarat differs from that in West Bengal and West Nepal since it is in the slums of Ahmedabad. The borrowers as well as the SAATH-Shivia team face different challenges from those in rural areas.

Our social impact assessments to date have shown that whereas on the surface borrowers have access to health and education, further questions prove that doctors are scarce, medicines are often outdated and school items are too expensive, even if the schools are "free". Greater problems still are those of sanitation in the slums; the borrowers do have pakka (cemented) toilets, for example, at home but they are hardly used during the summer season due to no water in the taps. During the monsoons, there is water-logging in the entire area causing the drains to overflow which in turn leads to water-borne diseases such as cholera, malaria, diarrhea, dengue and typhoid.

For SAATH and Shivia, one of the greatest challenges is that most of the slum population is migrants from other villages, cities or states and their stability is unknown. This may prove to be tricky during the loan recovery process as the clients may shift to a different place at any time according to their need or requirement. Our Shivia India consultant, Joe Rao, is visiting SAATH on a monthly basis and will work closely with the SAATH team to monitor these challenges and try to find solutions.

The initial feedback from SAATH, however, has been extremely positive in terms of the SAATH-Shivia partnership. In this situation, our local partner lending model is beneficial to all since we are working in a "joint venture" style learning from each other and bringing to the table different skill-sets and assets.



Women's group training session, Ahmedabad



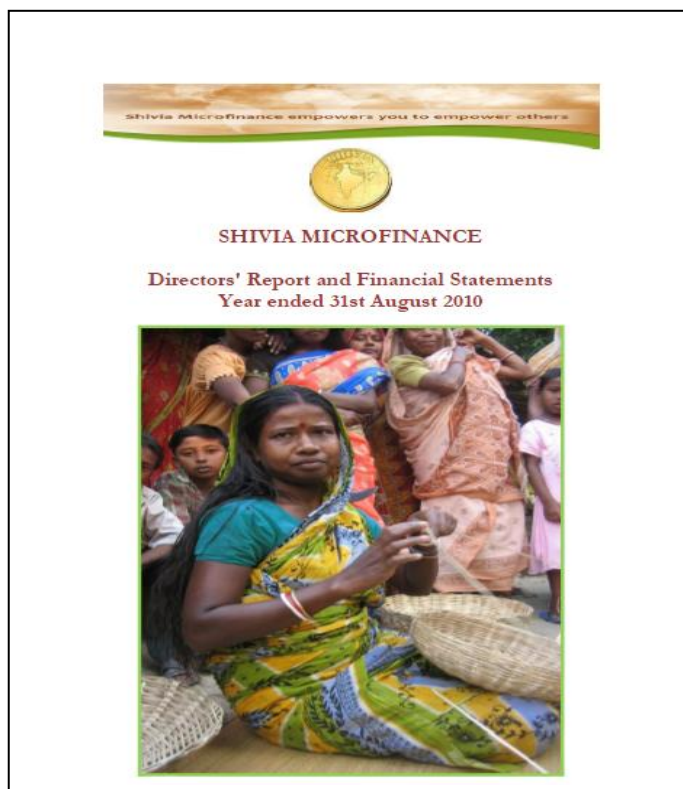
Kite-thread making, a popular microenterprise in Gujarat

Joe Rao, Shivia India Consultant and Divyang Bhatnagar, CEO, SAATH Microfinance



Annual Report

Our Annual Report was published in December 2010. Please contact us if you would like a hard or soft copy, bearing in mind that we try to keep administrative costs as low as possible. Alternatively, you can look online at www.shivia.com under "Annual Reports".



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....

Contact Details:

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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 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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