



# SHIVIA Microfinance Spring Newsletter



## Dear Friend of Shivia,

Welcome to our Spring Newsletter!

We are delighted to share with you what we have been up to since our Christmas Newsletter.

Shivia India is now up and running and we are currently disbursing our first loans in West Bengal thanks to the **Apax Foundation's** generous support.

Our work in West Nepal is going smoothly thanks to **Tony Bloom's** donation.

Shivia UK's 2010 running costs have been kindly taken care of by **Nick Jenkins** and the **Moonpig Foundation**.

Our new, interactive website has just gone live ([www.shivia.com](http://www.shivia.com)) and we are grateful to **Ian Wilson** for designing and administrating this pro-bono on our behalf.

We would like to thank our pro-bono partners for their continuing support: **A4ID, Clifford Chance** and **EFG Private Bank** for our office space.

Over the next six months, we would like to raise £75,000 to expand our operations in West Nepal and to work with a new partner in Gujarat, India.

This Spring and Easter, please give generously to Shivia so that we can provide training and loans to the poorest of the poor who don't have the choices and access to finance that we have. They are even left out by most microfinance institutions! Please visit: [www.justgiving.com/shivia](http://www.justgiving.com/shivia)

Just to remind you, the average size of a loan is £125! These are life-changing loans which have huge knock-on effects to the communities...

Thank you,

*Olly Donnelly*  
*Executive Director*



**"I believe that Shivia is a fine and effective model reaching the poorest communities in India and Nepal. It deserves support and I am sure it will be a great success."**

*James D. Wolfensohn, Former President of the World Bank*

**"This deserves to succeed because of the passion and commitment the founders have for it. It is a great cause."**

*Lord Mervyn Davies, Trade Minister, UK*

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## "People of Nepal"



*A woman with a Sad Story  
Photographer: Garlinda Birkbeck*

## General News...

### February

Between 9<sup>th</sup>-12<sup>th</sup> February **Garlinda Birkbeck** held a photographic Exhibition, "People of Nepal" at **Indar Pasricha's Fine Arts** gallery on Connaught Street, London. The opening evening was packed with supporters and guests including Cat Deeley.

Garlinda donated all proceeds from the sales of postcards and photographs to Shivia. This amounted to **£12,000!**

Garlinda is continuing to sell photos from the exhibition and donate to Shivia. Please visit [www.garlindabirkbeck.com](http://www.garlindabirkbeck.com)

We are grateful to **Indar Pasricha, the Ellis Campbell Foundation, the ZVM Rangoonwala Foundation, Peter Wilson** and **Mike Scott** for their contributions towards the costs of the exhibition.

### New Team members:

**Annabel (Bella) Heathcoat-Amory** came on board as a Director of Shivia UK in April. Bella is a qualified solicitor and until recently worked at Herbert-Smith LLP. Bella studied History at Pembroke College, Oxford University.

**Damo Baliga, Trisha Tan, Nynke Breimer, Daniel Belloso and Jane Sangalungkarn** have all come on board as volunteers to help Shivia with our documents and reporting. The team is part of the **London Business School "Responsible Business Club"**.

**Vasant Subramanyan** is the brilliant Executive Director of Shivia India and is moving Shivia to new levels by using some of his team to help with operations. Vasant is CEO and Founder of the BPO company, LastPeak Data.

## The Projects...

### West Bengal, India

The first tranche of the **Apax Partners** donation is currently being deployed in the villages of Hasnabad on the Indo-Bangladeshi border. 140 women have been identified for this first quarter and Shivia India is working with our local partner, SARS, to implement a "social-impact assessment" so that we can survey the situation of the borrowers now. In a year's time, we will do the same assessment to see how their socio-economic situations have improved due to the Apax donation.

By the end of May, 140 loans will have been disbursed for a variety of businesses and each borrower has 5-6 dependents. The borrowers are receiving training on the loan process and will work on a variety of enterprises: black-smiths, groceries and tailoring.

A further 70 borrowers will be identified between June-August and the same process will take place: a social-impact assessment, training and then loan disbursement.

**Joynal Abdin** (in far right of photo opposite) is "on loan" from the Grameen Trust to SARS to manage the Shivia-Apax project. He has a superb team of six, experienced loan officers in Hasnabad. Both his team and the potential borrowers are excited by the project.

### Shivia India team visiting the project site, Hasnabad, in March



Hasnabad



Joe, Habib, Chandrani, Olly and Joynal

A women's group in Hasnabad



A joint blacksmith business in Hasnabad



Olly Donnelly visited the project site, Hasnabad, with the Shivia India team in March. Hasnabad is located 75km East of Kolkata and is considered one of the poorest areas in West Bengal.

Shivia India and SARS will encourage enterprises that include both men and women, even if 100% of the borrowers in the programme are women. Joyнал and his team will also ensure that the recently well-documented problem of "multiple borrowing" - a borrower taking a loan from one MFI to refinance their loans from another - does not happen. In fact, in this area few MFIs operate and it remains relatively untapped.

The local team will also monitor the loans carefully so that they are spent on production rather than consumption purposes - another large issue now emerging in the industry.

## 2. Western Nepal

**Tony Bloom's** donation to Shivia for our work in West Nepal will help 800 borrowers over a two year period. By May, 400 women will already have received loans. They have started businesses such as kitchen gardening, mills, shops, goat-raising and pig-raising. Each women's group has committed to invest 1% of their joint income into education for their children - a positive knock-on effect from their businesses.

A small shop started by a loan



## Food for thought: Should MFIs IPO?

In April 2007, Banco Compartamos, a Mexican MFI, completed a landmark IPO of its stock. The IPO was 13 times oversubscribed and considered a huge success by any financial market standard. Pent-up demand caused the share price - representing 30% ownership in the bank - to surge 22% in the first day of trading. Demand was driven by the exceptional growth and profitability of Compartamos, a dearth of Mexican investments for emerging market portfolios, rarity value, strong management, and the appeal of microfinance.

The spectacular success of the IPO was a milestone not only for Compartamos, but for microfinance. Mainstream international fund managers and other truly commercial investors - not socially responsible investors - bought most of the shares.

The transaction gave a significant boost to the credibility of microfinance in commercial capital markets and accelerated the mobilization of private capital for the business of providing financial services to poor and low-income people.

SKS, India's largest microfinance institution has recently announced its plans to IPO. This would be the first Indian MFI to be listed on the Indian stock market, an event that will be keenly watched by the investor class, who now has deep exposure in this space. The company is expected a valuation of \$2.5 billion for the issue,

Equitas Micro Finance, a Chennai-based outfit received \$24 million in March from CLSA Capital Partners in exchange of a minority stake. Asmitha Microfin, a Hyderabad microfinance institution and Share Microfin, one of the earliest MFIs to receive an NBFC certification, are two other companies looking to raise funds.

On this note, a number of MFIs are in the process of raising funds for expansion plans. While the smaller ones are looking at raising both equity and long-term debts, larger players are planning to hit the capital market.

However, the Compartamos offering raised some serious issues for many in the microfinance industry and beyond, especially in view of the huge profits it produced for Compartamos shareholders

**1) Were Compartamos' exceptional profits, and the high interest rates they built on, defensible in light of the social bottom line the company identified as part of its purpose, and are they consistent with the development objectives of its principal shareholders?**

**2) Was the aid money that was granted to Compartamos in its early years used inappropriately to enrich private investors?**

**3) Does the IPO alter the governance of Compartamos in ways that will make it harder for the company to balance social and commercial objectives, especially when there are choices to be made about whether money goes into shareholders' pockets or clients' pockets?**

And these issues *should* be addressed when MFIs go to the capital markets and consider IPOs. There seems to be a large "mission drift" in the industry, away from alleviating poverty and towards commercial returns. **Is it truly possible to help the poorest of the poor by charging high interest rates and using the capital markets to do so?.....**

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

£125 = 1 loan

£1000 = 10 loans

£25,000 = 200 loans

£50,000 = 400 loans

## Contact Details:

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### Email:

**info@shivia.com**

### Website:

**www.shivia.com**

Shivia Microfinance  
welcomes you to  
engage with the  
grassroots

## How to donate...

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

- 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)

*Thank you!*

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



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