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BASIX Negotiating \$166m Loan from Consortium of Banks

BASIX Group, a for-profit microfinance institution in India, is reportedly involved in negotiations with a consortium led by the Small Industries Development Bank of India to borrow the equivalent of USD 166 million. The investors also include the Reserve Bank of India and four private banks: Housing Development Finance Corporation, ICICI Bank Limited, Axis Bank and IndusInd Bank. USD 100 million of the proceeds would be earmarked to retire existing debt. BASIX reports assets of USD 302 million, 1.1 million borrowers, return on assets of 3.1 percent and return on equity of 23 percent. March 14, 2011

Crowd of 20,000 Protests Yunus Firing, US State Department Expresses "Concern"

Following a ruling by the Bangladesh High Court backing the efforts of Bangladesh Bank, the central bank of Bangladesh, to remove Nobel laureate Dr Muhammad Yunus from his position as managing director of Grameen Bank, a crowd of 20,000 convened in protest and support flowed in favor of Dr Yunus from a range of sources including US Secretary of State Hillary Clinton and nonprofit CGAP (Consultative Group to Assist the Poor). The central bank charges 70-year-old Dr Yunus with having taken office improperly and with holding office past the legal retirement age of 60. Some observers argue that the political leadership of Bangladesh has conspired against Dr Yunus since he made preliminary moves toward forming a political party in 2007. March 2, March 8 and March 14, 2011

IDB Syndicates \$40m Loan to Banco Continental of Paraguay

The Inter-American Development Bank (IDB), a US-based multilateral finance institution, recently syndicated a USD 40 million loan to Banco Continental, a commercial bank in Paraguay, to fund loans to small and medium-sized enterprises. IDB has pledged a five-year "A" loan of USD 25 million from its own resources and will act as administrative agent for the "B" loan, which will comprise two tranches: a three-year loan of USD 5 million from the Dexia Micro-Credit Fund, a microfinance investment vehicle managed by BlueOrchard Finance; and USD 10 million funded by Swiss responsAbility Social Investments. In 2009, Banco Continental reported a loan portfolio equivalent to USD 1 billion. March 3, 2011

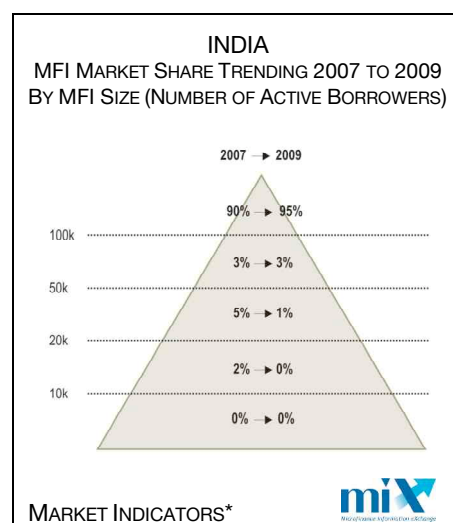
Advans SA Launches \$4.7m Microbank in Tanzania

Advans SA, a Luxembourg-based microfinance investment vehicle, recently announced the launch of Advans Bank Tanzania, plans for which were reported in the November 2010 issue of this newspaper. The institution offers savings, domestic transfers and local-currency loans to small and medium-sized enterprises. With initial capital equivalent to USD 4.7 million, Advans Bank Tanzania plans to grow from its current staff of 18 to 41 employees, with a second branch slated to open in December. Including data from the microbanks it controls in the Democratic Republic of the Congo, Ghana and Cameroon, Advans SA reports a loan portfolio of USD 75 million and 245,000 clients. February 28, 2011

(For more top stories, please refer to the subscriber edition)

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FIELD NOTES

Sex, Money and Microfinance...Made You Look!

In celebration of women's history month, I set out to honor some of the female thought leaders who are driving industry dialogue about women in microfinance. I came up a bit short. Many of the early leading women in microfinance have left the industry, semi-retired or passed away; others are focused on issues that touch the gender space only tangentially. Other inspiring women are in the trenches with little time to think about the big picture. Still others play an important role in microfinance as clients, making up over 65 percent of the client base most recently reported by the Microfinance Information Exchange (MIX) as well as much of the low-salaried labor force that serves these clients. Yet we know very little about them. The MIX Market website offers only one indicator by which to assess the situation facing women clients. This year's Banana Skins report on risks in microfinance, which was sponsored by financial services giant Citi and nonprofit CGAP (Consultative Group to Assist the Poor), makes no mention of risks as they relate to women, despite the fact that many of the risks mentioned, including mission drift, have a direct impact on women, who are often poorer than men.

Jennifer Powers and I prepared a study in 2010 for the Inter-American Development Bank and Multilateral Investment Fund that indicated that women-owned businesses are typically 20 to 35 per-cent smaller and less profitable than those owned by men. The differential is due primarily to: 1) women entering low-skilled sectors that offer minimal returns; 2) women re-investing in the home, rather than the business; 3) poor access to financial services, such as savings and longer-term loans; and 4) limited training. Much of this was intuitive, but we put figures to the story and have been sharing the results vocally for a year.

But who is listening? Fortunately, many women; unfortunately, not many men. A few days ago, Jennifer and I discussed the paper in New

York City at an event co-sponsored by financial services conglomerate Morgan Stanley and the New York chapter of the nonprofit Women Advancing Microfinance (WAM-NY). Of the 50 or so people in the audience, only two were men.

Why is this imbalance important? Because more and more men are leading this space. It would be handy if they were equally informed and prepared to tackle gender issues as are women. I asked Sarah Leshner, Senior Investment analyst at BlueOrchard and outgoing WAM-NY co-chair, for her thoughts on engaging men in this space. Sarah notes that "men need to be part of the dialogue. If we rely only on women to champion these issues, we are doing ourselves a disservice." She believes that men, philosophically, might be less interested in the success of women in microfinance, but that a strategy for engaging men is to "show them the numbers." Ms Leshner recently looked to see whether there is a correlation between share of women clients and efficiency and 30-day portfolio-at-risk at the institutions in which BlueOrchard invests. "Given that we found a statistically significant correlation between microbanks that lend mostly to women and superior business performance, it seems that listening to women and tailoring microfinance products to their needs makes business sense."

I have been wondering: if women suddenly started underperforming, how would we get the attention needed to focus on their needs? Considering the publicity given in the last few weeks to Charlie Sheen and Silvio Berlusconi, maybe we need a series of events entitled "Sex, Money and Microfinance...Listening to Women."

About the Author: Ms Barbara Magnoni is President of EA Consultants, a development consulting firm based in New York. She has 15 years of international finance and development experience and has worked with organizations including Goldman Sachs, Chase and BBVA and has advised institutions such as the International Finance Corporation, the US Agency for International Development and the International Labour Organization. She may be reached at +1 212 734 6461 or bmagnoni@eac-global.com.



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PAPER WRAP-UPS

What is the Impact of Microfinance on Poor People? A Systematic Review of Evidence from Sub-Saharan Africa

By Ruth Stewart, Carina van Rooyen, Kelly Dickson, Mabolaelo Majoro and Thea de Wet; published by Evidence for Policy and Practice Information and Coordinating Centre; funded by the Department for International Development; 2010; 104 pages; available at: <http://eppi.ioe.ac.uk/cms/LinkClick.aspx?fileticket=FM4Kz2S%2fRyU%3d>

In this paper, Stewart et al present a review of 15 studies that were conducted to evaluate the impact of microcredit and microsavings on poor people in sub-Saharan Africa.

The studies included four randomized controlled trials, two non-randomized controlled trials and nine case-control studies. Eleven of the studies were of credit interventions, two were of combined credit and savings interventions and two were of savings schemes alone.

The impact of microfinance on poor people generally is evaluated based on outcome measures that include consumption, income stability and growth, nutrition improvements, employment levels, empowerment... (Continued in the subscriber edition)

Exploring Linkages: Women's Empowerment, Microfinance and Health Education

By Lora du Moulin, Jean Pouit, Leyla Sharafi, Aminata Toure, Kai Lashley, Barbara Ryan, Gayle Nelson and Divya Alexander; published by the United Nations Population Fund; 2011; 15 pages; available at: <http://www.unfpa.org/public/home/publications/pid/7262>

This study by Lora du Moulin et al offers the results of a survey of approximately 2,500 female clients of 32 microfinance institutions (MFIs) in 14 countries across Asia, Africa and Latin America. Only married women and others living with a male partner were invited to participate. Two groups were identified for the study: (1) clients who have been members of an MFI for a period of no more than one month, serving as the control group; and (2) clients who have been members of an MFI for a period of three or more years, serving as the treatment group. The study examines the links between microfinance and women's empowerment as well as the linkage between social services provided by MFIs and women's sexual and reproductive health.

Empowerment: The effects of microfinance on women were measured using the following... (Continued in the subscriber edition)

Microfinance Banana Skins 2011, the CSFI Survey of Microfinance Risk

By David Lascelles and Sam Mendelson, published by Centre for the Study of Financial Innovation, February 2011, 48 pages, available at: http://www.cgap.org/gn/document-1.9.49643/Microfinance_Banana_Skins_2011.pdf

This third edition of *Banana Skins* examines risks to the global microfinance industry over the next two to three years, as perceived by 533 professionals active in approximately 86 countries.

The report lists the top 24 risks identified by respondents and ranks the fastest rising risks. The results also include the top 10 risks by geographical region and the top 10 risks identified by each of the following four groups of respondents: practitioners, investors, regulators and deposit takers.

Compared with the immediately preceding *Banana Skins* survey, dated 2009, the outcomes of the 2011 survey reveal that as the microfinance industry is maturing, it is beginning to experience challenges such as competition, credit cycles and regulation that are commonly faced by more mature sectors. Concerns about reputation, governance and... (Continued in the subscriber edition) 📄



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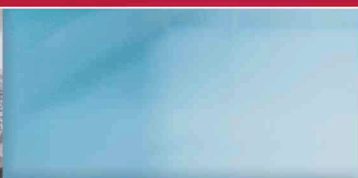
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