

# DEVFINANCE

Discussion list on development finance of the Ohio State University

## Monthly Review

June 2000

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### General Information<sup>1</sup>

#### ➤ CGAP news

The CGAP site has been redesigned for easier navigation and enriched with more services to MFIs and CGAP member donors. All CGAP publications are now available on-line, including research papers and technical handbooks. Have a look at [www.cgap.org](http://www.cgap.org).

The Pro-Poor Innovation Challenge pilot program of CGAP (we reported in April) was characterized by an overwhelming response of over 240 applications from mostly small MFIs (microfinance institutions). The criteria applied in a scoring model were depth of outreach, innovation and commitment to sustainability. The four recipients of the awards (\$50,000 each) are MFIs from Cambodia, India, Ghana and Benin.

The new microfinance Internet Gateway (<http://www.ids.ac.uk/cgap/>) was launched in June and is a collaboration between CGAP and ELDIS/IDS (The Institute of Development Studies, UK). This excellent web product is a forum for MFIs, practitioners, NGOs, Donors and others to learn about microfinance topics and to share their knowledge. It offers:

- a searchable library of 2000 microfinance documents and practical tools which are abstracted and key-worded.
- Calendars of training events and conferences
- Directory of microfinance websites
- Discussion forum based around specially-contributed editorials and new industry trends.

#### ➤ Directory of Development Organisations

A new development-related website has been introduced. The directory lists over 18,500 contacts of microfinance institutions, small enterprise development organizations, NGO/PDOs, development agencies, international organizations, banks, government ministries, development consulting firms and training and research institutions. The organizations promote private sector development and poverty alleviation through microfinance, business development services, small enterprise development, appropriate technology, community development, environmental protection, training and research. The address is: <http://www.devdir.org>

#### ➤ Microinsurance

The credit and development forum (CDF) in Bangladesh has issued the 7. Microfinance Newsletter which focuses on Microinsurance (Microfinance Newsletter, A Special Issue on Microinsurance, Issue No. 7, January – March 2000). It contains an interesting article about Microinsurance products from Warren Brown, CALMEADOW. For further information and comments visit the web page <http://www.cdf-bd.org> and see enclosed mail.

#### ➤ Microfinance and HIV / AIDS

USAID's Africa Bureau, partnered with the Microenterprise Best Practices (MBP) Project is taking the lead in opening the difficult but important dialogue about microfinance and HIV / AIDS. The disease is transforming the conditions in which many MF programs operate; confronted MFIs are already responding to the threat to clients and programs. USAID is asking microfinance practitioners to participate in a voluntary survey. Access to the survey form and the accompanying discussion paper at <http://www.mip.org/pubs/mbp-res.htm#mre>.

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<sup>1</sup> The most relevant articles of the discussion list are mentioned in the text with their author, date of issue and subject. They are to be found in the annex, classified in the same order as they appear in the present text.

## Courses and seminars

In continuation of the course about savings mobilisation in April in Santa Cruz, Bolivia, FONDESIF-GTZ is announcing two other courses:

➤ **Marketing in MFIs, Alejandro Alzate, J.D. Fabri:**

20. – 22.07.2000 La Paz

24. – 26.07.2000 Santo Cruz

➤ **Innovations in savings mobilization, Claudio Gonzales Vega, Sylvia Wisniwski:**

13. – 16.09.2000 La Paz

18. – 21.09.2000 Santa Cruz

Further information about the on-going and past seminars at [sfgrtzwp@ceibo.entelnet.bo](mailto:sfgrtzwp@ceibo.entelnet.bo).

## Publications

➤ **New books on Microfinance**

*Microfinance and Poverty Alleviation*  
Case studies from Asia and the Pacific (published under the Global Development and the Environment series), edited by Joe Remenyi and Benjamin Quinones, Jr. For further information, contact 'The Continuum International Publishing Group' Ltd, Wellington House, 125 Strand, London WC2R 0BB. Phone +44 20 7420 5555.

*Microfinance Systems – Designing Quality*  
Financial Services for the poor. Author: Graham Wright, Micro-Save Africa. A guide to the key issues in micro-finance (poverty alleviation, empowerment, role of savings, client orientation) and their solutions. It describes an original research and fieldwork in Bangladesh, Philippines and East Africa. For further information, contact [sales@zedbooks.demon.co.uk](mailto:sales@zedbooks.demon.co.uk). Ordering details and order forms at <http://www.zedbooks.demon.co.uk>.

➤ **ADB's Microfinance Development Strategy**

The Asian Development Bank (ADB) has approved its Microfinance Development Strategy. It is available at <http://www.adb.org/work/strategy/microfinance>. Comments and views on the strategy can be sent to [nfernando@adb.org](mailto:nfernando@adb.org)

➤ **New articles**

*Microfinance status in Bangladesh and the Forthcoming Challenges*. An article by SM Rahman, Director, CDF, Dhaka gives an good overview on the general scenario and the situation in Bangladesh (see enclosed mail SM Rahman, 9 June 2000).

## Subjects of interest

➤ **Stamping out empowerment**

Once again, Dale Adams is initiating the discussion about linkages between debt and empowerment. He doesn't accept to understand, how going into debt liberates a borrower and/or gives more power, he furthermore does not believe that debt is the 'all purpose antibiotic for poverty'.

Linda Mayoux opposed that point of view earlier by saying that microcredit is able to empower women when it allows to increase their income and to bring them together for networking. She made an other important contribution: The level of empowerment depends on how microfinance is delivered and the terms on which it is provided, it depends on the attitudes and levels of competence of staff and whether (and in what ways) it is linked with other types of support, e.g. advice from staff, linkages with other supporting institutions.

The value in micro-lending lies in the fact that it allows those people who normally do not have access to credit, to influence positively their future earning power. It allows people to access choices they wouldn't have otherwise.

There was an argument that an inappropriate interest rate is not particularly better just because it comes from an NGO rather than a moneylender. Good intentions of NGOs can be pretty disastrous when they are coupled

with bad execution, at the same time not all money lenders are bad because they are working for profit (see enclosed mails).

➤ **Multinational corporation's interest in microfinance**

Announced as a new business model for rural India, Hindustan Lever Ltd. (HLL) made the following statement: 'Rural demand and consumption of consumer products is set to explode. The challenge for most companies is to be able to offer appropriate products in an affordable way in relative remote locations. Armed with micro credit, self-help groups will become distributors in rural markets.' Celebrated as powerful model that creates a win-win partnership between the companies and the clients there is a big question mark: Are we seeing responsible corporate initiatives or is it the beginning of another round of exploitation?

The arguments against this strategy are various: Isn't it unethical to talk about beauty enhancing cosmetics and body slimming products to a group of people who are underfed, uneducated and struggling hard to survive in an inhospitable environment? Isn't it against all human values to sell cola to a starving child? From this point of view there is no social desirability of these corporate products.

Another opinion is that the energies of the development industry should be used to initiate the linkage between corporations and the communities and that the future of development lies in the synergies of the private and the non-profit sector (see enclosed mail).

RI / 12.07.2000