

Webmaster recommends

– Focus on Microfinance

‘If you are making profits you are moving into the same mental mindset as loan sharks’. This quote was from Nobel Peace Prize Winner Professor Muhammad Yunus, who was commenting on microfinance groups that commercialise microcredit lending (*The Asian Banker*, Issue 81, 2008). Professor Yunus founded the Grameen Bank in 1976 in Bangladesh, which is still a leader in community lending and microfinance.

Background and principles

MICROCREDIT MEDIAMAN

www.mediaman.com.au/profiles/micro_credit.html

Microcredit is based on a separate set of principles, which are distinguished from general financing or credit. Microcredit emphasises building the capacity of a micro entrepreneur, encouraging employment generation, building trust and extending help to the micro entrepreneur on initiation and during difficult times. Microcredit is a tool for socioeconomic development.

Women have become the focus of many microcredit institutions and agencies worldwide. The reasoning behind this is that loans to women tend to benefit the whole family more often than loans to men do. It has also been observed that giving women the control and the responsibility of small loans raises their socio-economic status, which creates a positive change to many of the current relationships of gender and class.

International initiatives

THE MICROCREDIT SUMMIT CAMPAIGN

www.microcreditsummit.org/

The first Microcredit Summit, held 2–4 February 1997, gathered more than 2,900 people from 137 countries in Washington, D.C. The Summit launched a nine-year campaign to reach 100 million of the world's poorest families, especially the women of those families, providing credit for self-employment and other financial and business services by the year 2005.

That goal was very nearly reached and, in November 2006, the campaign was relaunched to 2015 with two new goals:

- Working to ensure that 175 million of the world's poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by the end of 2015; and
- Working to ensure that the income of 100 million families rises above the US\$1 a day threshold adjusted for purchasing power parity (PPP), between 1990 and 2015.

The 2008 Asia-Pacific Regional Microcredit Summit was held in Bali, Indonesia.

www.mftransparency.org/endorsements/

A major initiative flowing from this year's Summit was the launch of Microfinance Transparency, a not-for-profit initiative that will bring transparency to interest rate pricing. This new initiative was endorsed by institutions reaching 74 million clients (more than half of all microcredit clients in the world) including some of the largest microfinance institutions and networks around the world.

MICROFINANCE INFORMATION EXCHANGE INC

www.themix.org/about_micro.html

MIX was incorporated in June 2002 as a not-for-profit private company in order to assume the management of the MIX Market (formerly Virtual Microfinance Market) and the MicroBanking Bulletin. MIX offers a number of additional information tools as well as consulting and training services for the microfinance industry. MIX is also directly involved in industry best practices and standards setting working groups.

CONSULTATIVE GROUP TO ASSIST THE POOR (CGAP)

www.cgap.org

CGAP is housed at the World Bank, but operates as an independent entity. It has its own governance structure, designed with an agile board that includes microfinance practitioners and leaders from outside the funder community while preserving member representation.

Australian overview of microfinance developments

AUSTRALIAN DEVELOPMENT GATEWAY

www.developmentgateway.com.au

This site maintains a central database of information on international development in the Australian context, providing details of organisations, consultants, work opportunities, discussion forums and information by sector.

AUSAID

www.usaid.gov.au

This site provides details on the Australian Government's overseas aid program.

RESULTS AUSTRALIA

www.results.org.au

This site monitors initiatives in grassroots advocacy to support the eradication of poverty.

Industry and community initiatives in Australia and New Zealand

GOOD SHEPHERD YOUTH & FAMILY SERVICE

<http://www.goodshepvic.org.au/>

NAB MICROFINANCE ACTIVITIES

www.nab.com.au/About_Us/

The Good Shepherd Youth & Family Service operates with its partners the NAB, the Victorian Department of Planning & Community Development and the Ian Potter Foundation to provide a range of microfinance services including:

- the coordination of the National No Interest Loan Schemes (NNILS), an initiative which began in 1995 and has developed further since the 2020 Summit of December 2007;
- the development and coordination of the stepUP Loans Program, in partnership with NAB;
- provision of consumer support services in Victoria; and
- provision of No Interest Loans in three locations in Victoria, an ongoing service since the early 1990s.

This fair and equitable model of credit operates with the loan payment arrangements being based on a person's capacity to repay. As loans are repaid, the money is lent out to other members of the community to utilise this service.

THE BROTHERHOOD OF ST LAURENCE

www.bsl.org.au/

ANZ

www.anz.com.au/

In 2008, the ANZ and the Brotherhood of St Laurence were recognised during National Community Business Partnerships Week for their partnership in the development of Progress Loans, a safe and affordable small loans program for people on low incomes. Developed in 2006, the program demonstrates how cross-sector partnerships and targeted programs can be successful in achieving meaningful outcomes for those in the community most at risk of financial hardship and stress.

ANZ commissioned Australia's first research into the issue of financial exclusion in 2004, which showed that many Australians struggle to access appropriate low-cost, fair and safe financial services from mainstream providers. Around 6% of adults have minimal access to financial services. The Progress Loans program is a direct response to this research.

OPPORTUNITY INTERNATIONAL

www.opportunity.org.au/

WESTPAC FOUNDATION

www.westpac.com.au/

The Westpac Foundation supports the work of Opportunity International, a not-for-profit organisation, which is a global leader of microfinance and enterprise development providing collateral-free loans and basic financial services to the poor in developing nations. The Westpac Foundation has also pledged funding for an online loan portal, which will enable disadvantaged people to access loans for investment in areas such as small business, education and health.

THE TINDALL FOUNDATION

www.tindall.org.nz/

A number of organisations provide micro-finance to women in New Zealand, chiefly non-governmental organisations and/or membership based and supported in many cases through funding from government agencies. Others treat women as just one of their client groups.

Some of the key organisations include the following:

- The Federation of Business and Professional Women, which is encouraging its network of women's clubs to help extend its loan fund around the country. The Women's Loan Fund was started in Wellington in 1992 and, since its inception, the model has been taken up in some 14 other New Zealand locations (often operating as The Angel Fund) and in New South Wales. The fund also provides mentoring in conjunction with loans.

- Maori Women's Development Inc. (which now also lends to men) has been operating since the mid 1980s, with a particular focus on enabling Maori women to attain 'economic sovereignty'. Their focus is on lending amounts below \$20,000 and on facilitation services.
- Prometheus Finance, based in Napier, is a registered New Zealand finance company wholly owned by The Prometheus Foundation, an incorporated charitable trust, established in 1983 along the lines of a number of ethical financial organisations in Europe.

In addition to those listed, a number of loan funds also lend to women as one of their client groups. These include the Nelson Enterprise Loan Trust, providing small business finance for people unable to get bank loans, the Poutama Trust and the Pacific Business Trust. ●