

# Update

## CGAP MENA

### Note from the Regional Representative

Welcome to the CGAP MENA Update, CGAP is pleased to report once again on the activities and achievements of our partners of the regional microfinance industry during the period May 2008-March 2009. The year 2008 was one of transition for CGAP in the region: under our new regional strategy, the MENA Hub in Jordan closed in June 2008 and our work is now carried out by the Regional Representative, Xavier Reille, the CGAP MENA Region Director, Michael Tarazi, CGAP Senior Policy Advisor, and a cadre of regional experts.

Despite these changes, CGAP's strategy for the region remains unchanged: we engage with governments to improve regulatory frameworks for microfinance, promote innovation such as graduation programs and mobile banking through cross-regional exchanges, provide market intelligence on regional trends and continue to work with donor agencies and funders to coordinate the flow of resources to MFIs in the region.

CGAP is grateful to all of our consortium partners for their active participation in the MENA microfinance sector and we look forward to continuing our joint work and coordination.

Mohammed Khaled,  
CGAP MENA Regional Representative

### Upcoming Events

**Sanabel Annual Conference and CGAP Policy Forum:** The Microfinance Network of Arab Countries (Sanabel), one of CGAP key partners in the region, will hold its Sixth Annual Conference, "Human Capital in Microfinance: People, Passion and Value", from May 12-14, 2008 in Beirut, Lebanon. More than 500 participants are expected to attend the conference to learn about regional and international trends and examine the challenges and opportunities faced by the microfinance institutions (MFIs) in the region as they mature institutionally, diversify their products, reach new markets, access new sources of funding, and contemplate transformation. For information, contact [conference@sanabelnetwork.org](mailto:conference@sanabelnetwork.org) or go to <http://www.sanabelconf.org>.

Sanabel's conference will be preceded on May 11 by a one-day policy forum organized by CGAP for regulators from the region. Participants will gather at this peer-to-peer learning event to identify and discuss policy and regulatory challenges to greater financial inclusion in their respective countries.

**Regional Donor Training:** As part of its ongoing efforts to build the capacity of donors and government staff in the region, CGAP will conduct its second regional donor training in June, 2009 in Amman, Jordan. The one-week course "Building Financial Systems for the Poor — How Donors can Make a Difference" targets donor agency field staff and government officials. For more information, contact [bgahwiler@worldbank.org](mailto:bgahwiler@worldbank.org) or visit <http://www.cgap.org/p/site/c/template.rc/1.26.1437/>

### Regional CGAP Update

**Update on Regulation in the Region.** CGAP continues to provide assistance in the development of access to finance regulation in the region. Recent developments include new regulation for microfinance in Palestine and Syria, draft Egyptian Microfinance Company General Rules (currently in the consultation process with industry actors prior to finalization) and Jordan's recent decree requiring non-profit MFIs to be under the supervision of the Social Solidarity Ministry. More information is available under each respective country update.

**Islamic Microfinance Seminar.** In November 2008, the IFC and CGAP hosted a one-day seminar in Dubai to discuss the findings of CGAP's Focus Note on Islamic microfinance and the issues and challenges surrounding the implementation of Sharia-compliant microfinance initiatives. The seminar drew approximately 40 participants from different MFIs, Islamic banks and donor agencies who actively participated in the discussions.

As a follow up, CGAP is in on-going discussion with Deutsche Bank and Islamic financial organizations to develop a joint project promoting innovation in sustainable Islamic microfinance business models.

**Arabic Microfinance Gateway Website:** Since the inception of the initiative, more than 300 documents have been translated into Arabic and are available online. An average of 32 news articles, sourced directly from microfinance organization websites and newsletters, online newspapers, and search engines are posted to the homepage each month. In 2008, postings to the News section increased by 118 percent, the number of library documents by 30 percent, jobs posted by 117 percent and announcements of events by 78 percent. The number of pages downloaded increased from 70,000 pages in 2007 to more than 222,500 pages in 2008. Subscribers to the AMFG's newsletter increased

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by 119 percent. The average number of discrete visitors per month is now at 6200. In addition, Sanabel is developing a new "country profiles" section to enable users to find financial and microfinance sector information, including regulations and government initiatives, for the countries in the region. <http://arabic.microfinancegateway.org/>

## Partner Regional Updates

**Grameen-Jameel Partners Progress toward Goal of 1 Million New Clients:** As of December 31, 2008, Grameen-Jameel partner MFIs in the Arab world had reached 351,719 new active clients. Grameen-Jameel and its partners aim to reach 1 million new active clients by 2011.

Grameen-Jameel held training sessions on securitization, bank loan agreements, and Village Phone for its partners following the Sanabel Conference in May. In November, twelve participants from five Grameen-Jameel MFI partners attended the Grameen Arab Dialogue Program in Bangladesh to understand Grameen operations on the ground.

**Arab Microfinance Investment Symposium.** Grameen-Jameel and BlueOrchard co-hosted the first Arab Microfinance Investment Symposium in Dubai on November 30, 2008, with sponsorship from the IFC and Aramex. Attended by 140 investors and MFI executives, including the UAE Ministry of Economy, the UAE Central Bank, local family offices and institutional investors, the goal of the Symposium was to raise the profile of microfinance as an attractive asset class to the local investment community. The Symposium showcased the top 10 investment-ready MFIs in the Arab region from Egypt, Lebanon, Jordan, Palestine, Morocco, Tunisia and Pakistan and included one-on-one investor meetings.

**MIX Global 100 Composite MFI Rankings.** Forty-eight Arab MFIs were included among the 971 MFIs surveyed and 27 of these were ranked among the 652 profitable MFIs worldwide. Although representing only 4 percent of the total sample, Arab MFIs constituted 13 percent of the top 100 and 20 percent of the top ten positions. The Global 100 Composite Ranking scores MFIs according to their ability to expand access to financial services in a cost effective manner, while still producing positive returns. MENA (and South Asia) held more top spots than any other region in the 2008 ranking. Half of all institutions from the region participating in the survey ranked among the leading 100. MFIs benefited from strong growth results and low cost services. MENA MFIs reached above average market penetration in at least two markets (Jordan, Morocco), and managed to reduce their costs per borrower to under 60 percent of the average costs for the top 100.

**Sanabel Training.** As of end of 2008, 139 trainers have participated in the training of trainers' workshops organized by Sanabel. These trainers have provided at least 67 training courses and provided over 1300 training opportunities for microfinance practitioners in eight Arab countries.

## Country Updates

### Algeria

#### Partner Update

**First Sharia-Compliant Financial Services.** Using a service company model, FIDES, with the support of GTZ, has developed a partnership with the local Al Baraka Bank to pilot test two Sharia-compliant products: a musharaka scheme (equity participation) and the first Sharia-compliant loans to women (group methodology). First disbursements were made in third quarter 2008 and results so far look promising.

### Bahrain

#### Partner Update

**Bahrain Launches First Bank for the Poor.** Bahrain has become the first state of the Gulf Cooperation Council (GCC) to launch a bank for extending microcredit facilities for the poor. The Ibda'a (Creativity) Bank will support low income Bahrainis with small loans to start their own businesses. The Agfund, the Housing Bank for Trade and Finance and Bahrain's private sector have raised US\$ 5 million for the bank. Ibda'a aims to help 1,000 Bahrainis in its first year and 5,000 by the end of the second year of operation.

### Egypt

#### CGAP Updates

**Technology Workshop on Mobile Banking.** CGAP organized the first MENA workshop on branchless banking in Cairo in May 2008. The goal of the workshop was to present the global experience for BB and identify pilot projects for the region. The workshop was organized with the support of the CGAP technology team and attended by regulators and policy makers, leading MFIs and banks and several technology companies.

**General Rules for Microfinance Companies.** CGAP worked with Egypt's Ministry of Investment, the newly created General Authority for Investment (GAFI) and USAID to develop the draft General Rules for Microfinance Companies, a new category of non-deposit taking financial institution under the authority of GAFI (known as the Single Regulator under the newly issued Single Regulator Act). The draft General Rules for Microfinance Companies will be reviewed by a wide array of interested industry actors before finalization.

### *Partner Updates*

**Grameen-Jameel Partial Credit Guarantees.** In June 2008, Grameen-Jameel closed a US \$1.5 million guarantee transaction with partner Dakahlyia Businessmen's Association for Community Development (DBACD) which it leveraged 2.0x to secure a loan of EGP 16 million from BNP Paribas Egypt. In September 2008, Grameen-Jameel closed a US \$2.0 million guarantee transaction with partner Al Tadamon, which it leveraged 1.5x to secure a loan of EGP 16.5 million from Société Générale. Al Tadamon, Grameen-Jameel's first partner in the region, also received a Pioneer Award from Grameen-Jameel and the Grameen Foundation in November 2008 for its exceptional success in tackling poverty through microfinance.

**KfW Microfinance Program.** KfW (German Financial Cooperation), in cooperation with the Egyptian Social Fund for Development (SFD), is implementing a microfinance program that has disbursed loans totaling EGP 32.1 million to 10,759 borrowers through seven microcredit NGOs as of December 2008. In February, SFD and KfW agreed to extend the TA component of the project by 12 months until end of January 2010. During the extension a special focus will be on the guarantee component.

**Market Study.** IFC has retained consultants for a market study of the microfinance market to assess the financial needs of micro and small enterprises in Egypt and the financial services providers currently serving them.

**Egypt Microenterprise Finance Activity.** Since 2006, the USAID-funded Egypt Microenterprise Finance Activity (EMF) has been working with MFIs, local service providers, the Egypt Microfinance Network, and policy makers to develop a demand-driven industry. In 2008, two of EMF's partner-MFIs reached milestones in client outreach. Alexandria Businessmen Association passed the 100,000 client barrier, becoming the third Egyptian MFI to reach this mark. The LEAD Foundation passed the 150,000 client mark, becoming one of approximately 70 MFIs worldwide to reach this level of outreach. EMF worked with LEAD, ABA and other partner-MFIs to complete three-year business plans and receive external audit reports and ratings.

**Updating the Microfinance Programs Map.** EMF, in cooperation with EMFN, began developing the second issue of the MF Programs Map at the end of June. MFIs requested an updated Map on a bi-annual basis in order to help them update their marketing strategies and plans, given the fast growth rate of the MFIs' outreach. The updated version will include outreach on the district level by product. Demand data will also be updated, due to the recent publication of the final Census of 2006.

**MF Consumer Protection.** EMF and Freedom From Hunger engaged in market research to identify issues related to the rights and responsibilities of MF clients in Egypt in order to adapt the currently available training manual on financial education to the Egyptian context. The research consisted of focus group discussions with MF clients and in-depth interviews with MFI staff, Ministry of Social Solidarity staff, and legal counsel. The research indicated that in general, MFIs respect confidentiality of clients' information, are transparent with clients on all loan terms and conditions, offer respectful treatment, and provide quality services. Based on the field findings, EMF introduced some changes to the consumer protection training module and conducted two pilot training sessions, one for individual lending clients and one for group lending clients. EMF then participated in a feedback workshop in Uganda during which representatives from Uganda and the Philippines, who had carried out similar research, shared the findings of their field work with Freedom from Hunger. Freedom from Hunger will finalize the training module and the regional adaptations and will partner with regional networks to disseminate the training on regional levels in 2009.

## **Iraq**

### *Partner Update*

**Tijara Microfinance Component/USAID Iraq.** At the end of its first year of implementation, the Tijara Microfinance Component reported that its II partner MFIs are providing financial services to 41,700 clients and have an outstanding loan portfolio of US\$59.7 million – a growth of 64 percent in number of clients and 78 percent in outstanding loan portfolio over a thirteen-month period. As of January 2009, all the MFIs have achieved or are close to achieving operational self-sufficiency and have 49 offices throughout Iraq.

## **Jordan**

### *CGAP Country Update*

**Access to Finance, Microcredit and Branchless Banking in the Hashemite Kingdom of Jordan.** CGAP, at the request of the Ministry of Planning and International Cooperation (MoPIC), conducted a policy diagnostic study to analyze the policy framework for access to finance and support the Government of Jordan's efforts to maximize outreach. A mission in November 2008 reviewed the state of the microfinance sector, the current legal and regulatory framework for microcredit activities, and the government's plans and donor programs to scale up microcredit services. The diagnostic study also addressed branchless banking and MoPIC sponsored a half-day branchless banking seminar for mobile companies, MFIs and governmental representatives. The Jordan diagnostic study is available at [http://www.cgap.org/gm/document-I.I.I304/Jordan\\_Diagnostic\\_Report\\_2009.pdf](http://www.cgap.org/gm/document-I.I.I304/Jordan_Diagnostic_Report_2009.pdf)

### *Partner Updates*

**Spanish Government Funding of the Microfinance Sector.** In December 2008, the Spanish Agency for International Cooperation (AECID) signed an agreement for Euro 6 million with the Microfund for Women. This funding comes in addition to a Euro 9 million grant extended by Spain to two Jordanian microfinance institutions earlier in 2008. AECID's support falls in line with the Government's aims to support the micro-credit sector and the National Strategy for Microfinance.

**Cooperation Agreement with IFC.** In December 2008, MoPIC and the IFC signed a Cooperation Agreement to work in partnership to strengthen the legal framework for credit information sharing and spur the creation of an active credit bureau sector in Jordan. Through this agreement, IFC will work with the Ministry of Industry and Trade to draft and adopt new legislation to regulate the sharing of credit information, and raise awareness of stakeholders about credit reporting.

**MoPIC Allocates JD 1 Million to Finance Small-Size Projects in Poverty Pockets.** MoPIC signed a grant with the Development and Employment Fund (DEF) for JDI million to enable DEF to provide access to financial services to individuals living in poverty pockets wishing to establish their small projects.

**CitiGroup and Jordan River Foundation Micro Entrepreneurs Awards Ceremony.** Deputizing for Her Majesty Queen Rania Al-Abdullah, Minister of Planning and International Cooperation Suhair Al-Ali handed out the CitiMicro Entrepreneurs Awards for the year 2008 in November. The awards, which are sponsored annually by CitiGroup in cooperation with the Jordan River Foundation, aim to highlight the active role that microfinance plays in providing active underprivileged individuals with access to finance. It also aims to praise the efforts of successful individual micro-entrepreneurs.

**Code of Ethics for Microfinance Institutions.** In September 2008, MoPIC launched the code of ethics for MFIs in Jordan. The compact comes as a result of joint efforts exerted by the MFIs operating in the market and they all collectively agreed on its provisions governing relationships with clients and employees and with relevant government entities. It is based on principles of professionalism, transparency, accountability and commitment and highlights the triple bottom line of MFIs (financial, social and environmental).

**Financing Agreement by the French Agency for Development (AFD) to Support the Microfinance Sector.** In June 2008, AFD selected Société Générale to receive long-term financing in Euros to onlend to two MFIs in local currency (Tamweelcom and MEMCC). The funds are intended to help these MFIs to expand

geographical outreach to poor areas throughout the Kingdom, and innovate new microfinance products and services. This is also part of the initiatives adopted by the Government of Jordan to support the microfinance sector and scale up the services provided by MFIs to poor people.

### **Lebanon**

#### *Partner Updates*

**Microfinance Diagnostic Study.** Grameen-Jameel, in partnership with IFC and with support from CGAP, released its study on demand for microfinance services in Lebanon. Entitled, "*Lebanon: A Diagnostic Study on the Demand for Financial Services by Micro and Small Enterprises*," the study notes that only 11.5 percent of demand is met by existing financing sources. It argues that access to finance by the country's micro and small enterprises can be improved by developing and upgrading existing MFIs, rather than setting up new specialized institutions.

**Business Planning Workshop for Al Majmoua.** In December, Grameen-Jameel completed a Business Planning Workshop with Al Majmoua. Al Majmoua has plans for significant growth over the next five years and has started dialogue with local commercial banks to access new sources of financing.

### **Morocco**

#### *CGAP Country Update*

**Microfinance Sector Analysis.** At the request of Moroccan MFIs, CGAP — in coordination with IFC — carried out a mission in October 2008 to analyze the situation of the microfinance sector with a focus on rising loan delinquency. The Moroccan delinquency crisis seem to be concentrated in a few MFIs and does not appear to be linked to the worldwide food or financial crises. In response, sector actors, including the MFIs themselves, the IFC and JAÏDA, are taking action to control delinquency and client over indebtedness and ensure a more sustainable growth.

#### *Partner Updates*

**JAÏDA Receives Extra Equity.** In January 2009, the equity of JAÏDA, the Moroccan wholesale fund for MFIs, was increased by MAD 100 million to MAD 300 million. The initial shareholders kept their relative equity positions: 45 percent for Caisse de Dépôt et de Gestion, Morocco; 25 percent of fiduciary participation by KfW under German Financial Cooperation (FC); 20 percent for Caisse des Dépôts et de Consignation (France) and 10 percent for Agence Française de Développement (AFD). By end of 2008, JAÏDA had finalised loan contracts with five out of the 13 MFIs operating in the Moroccan market. Further contracts are currently under negotiation. JAÏDA has also become an important coordinating platform in Moroccan microfinance.

**Corporate Governance Workshop for MFIs.** IFC hosted a one-day workshop in Morocco in October 2008. The purpose of this workshop was to inform boards and senior management of MFIs on the importance of corporate governance and international best practices. MFIs shared their experiences in building good governance practices.

**Social Ratings.** IFC has retained consultants to conduct social ratings for three of its clients, two in Pakistan (Tameer Microfinance Bank & First Microfinance Bank) and one in Morocco (Al Amana).

**Fondation Zakoura.** Grameen-Jameel contracted Shorebank to support Zakoura in January 2009 following portfolio repayment issues. Follow-on support will be provided to Zakoura and the Moroccan microfinance sector with focus on corporate governance, organizational change, risk management and human resources.

## Saudi Arabia

### *Partner Update*

**Market Study.** IFC is in the process of retaining consultants to undertake a market study of the microfinance market to assess the financial needs of micro and small enterprises in Saudi Arabia and the financial service providers currently serving them.

## Syria

### *Partner Updates*

**First MicroFinance Institution Syria (FMFI-S).** In December 2008 the Subscription Agreement for equity investment was signed between KfW/FMFI, IFC/FMFI, EIB/FMFI. The contribution under German Financial Cooperation (FC) currently involves a fiduciary participation by KfW in the equity of FMFI-S up to a maximum of EUR 2.0 million (share of capital not to exceed 25 percent) and an FC grant amounting to EUR 2.5 million for the purpose of financing the microfinance business of FMFI-S and of assuming the cost of investing in the build-up of new branches (start-up costs). The measure is to be implemented in cooperation with other donors. IFC committed US\$ 3.5 million in January 2009 as an equity investment and EIB an equity participation of EUR 2 million. In October 2008, Grameen-Jameel closed a US \$2.7 million guarantee transaction with FMFI-S, to secure a SYP 140 million loan from Bank Audi. The sponsor and founding shareholder of FMFI-S is the Aga Khan Agency for Microfinance. The new funding will be used to provide loans to nearly 2,700 new clients. FMFI has applied at Central Bank of Syria (CBS) for capital increase during which new shareholders (KfW, IFC, EIB) will acquire their shares. The business purpose of FMFI-S is to offer microfinance products and associated services to micro and small enterprises, thus ensur-

ing the development and expansion of their business activities.

**Microfinance Diagnostic Study.** Grameen-Jameel, in partnership with IFC and with support from CGAP, officially released a market study on demand for microfinance services in Syria. Entitled, "Syria: Microfinance Market Assessment," the study notes that about 70 percent of existing micro and small enterprises do not have access to capital sources and that there are at least 315,000 potential microfinance clients in Syria.

## Tunisia

### *Partner Update*

**Enda-interarabe.** Grameen-Jameel is finalizing the deployment of Mifos, a centralized management information system platform featuring a browser-based web interface, at Enda. Enda, the first MFI in the MENA region to use this open-sourced platform, is now running Mifos in production to manage 52 branches and 100,000 clients. It is expected to be fully deployed in all of Enda's branches, and all data migration completed, in the second quarter of 2009.

## West Bank and Gaza

### *Partner Updates*

**New Grameen-Jameel Partner, the Palestinian Agricultural Relief Committees (PARC).** In December 2008, Grameen-Jameel added PARC as its newest partner, and its first in Palestine. PARC was founded in 1983 as an NGO focusing on integrated rural development, including technical assistance to farmers, the creation and support of rural savings and credit groups, and other activities to assist the agricultural sector. In 2000, it formed a union of its credit and savings cooperatives and formalized its procedures and regulations for borrowing and saving. Collectively, PARC's members form the second largest MFI in Palestine and are split among both the West Bank and Gaza Strip. Grameen-Jameel's first project to support PARC, which began in January, is a six-month onsite consultancy to provide operational support for PARC's credit and savings cooperatives. Grameen-Jameel has supported PARC's work since 2006, helping PARC develop a business plan to reach 50,000 members, providing scholarships to attend regional microfinance conferences, and supporting PARC's attendance at the 2008 Grameen Arab Dialogue in Bangladesh.

**Conclusion of the SMART program.** In September 2008, the Academy for Educational Development (AED) concluded the implementation of the USAID-funded Small and Microfinance Assistance for Recovery and Transition (SMART) in the West Bank and Gaza. Between May to September 2008, the SMART program provided technical assistance to two MFIs to deliver a new loan product and serve

an additional 1000 clients; sponsored studies on agricultural insurance, branchless banking, agricultural credit and savings mobilization; conducted a feasibility study for bank downscaling for the Bank of Palestine; supported CHF International to conduct commercial bank training on SME lending, and; financed the development of a MIS from Bisan Systems for three MFIs in Palestine.

**Launch of the ESAF Program.** Starting in October 2008, AED began implementing the Expanded and Sustained Access to Financial Services (ESAF) Program, a USAID-funded, three-year, financial sector development initiative. ESAF will work at all levels of the financial sector to expand credit, savings and insurance services in the West Bank to at least 35,000 new clients and expand the volume of lending by partner financial institutions by over US\$100 million. Between October 2008 and February 2009, the ESAF program concluded agreements with two commercial banks, Al Rafah Microfinance Bank and the Bank of Palestine, to expand lending to an additional 10,000 microenterprises, valued at over US\$20 million; concluded agreements with two MFIs to conduct strategic planning and operational changes that will increase their ability to access commercial capital, and; negotiated an agreement with CHF International to expand its training and technical assistance program for bank partners that will leverage US\$150 million in lending to SMEs in the West Bank and Gaza.

## Yemen

### *CGAP Country Update*

**Poverty Graduation Pilot in Yemen.** CGAP signed an MOU with the Yemen Social Fund for Development (SFD) and the Social Welfare Fund (SWF) and developed an action plan to jointly pilot a project in Yemen linking safety nets and microfinance services to graduate the poorest out of chronic food insecurity. The pilot targets about 1000 households and includes a safety net package, livelihoods training, a savings product and a credit product. This is part of a global initiative launched by CGAP and the Ford Foundation. CGAP has arranged with BRAC to provide TA for the project. The project manager and three supervisors have been recruited and they will visit similar BRAC programs on the ground. The implementation of the project is expected to begin in March 2009.

### *Partner Updates*


**New Bank Microfinance Law Issued by the Government of Yemen.** Law No.15/2009 was issued on April 6, 2009 regarding bank microfinance. Besides organizing the activities of microfinance financial corporations, the law opens the door for collecting voluntary micro-savings and does not put a cap on interest rates. A new law was also issued to amend a 1996 law for Islamic banks.

**Technical Assistance to Central Bank.** In November 2008 GTZ started a new initiative to promote the microfinance sector in Yemen. Planned measures include the strengthening of the legal and regulatory framework, supporting the development of a professional Credit Information System as well as providing technical assistance to Al Amal Bank. So far, staff of the supervision department of the Central Bank have received training on essential microfinance topics. GTZ expects the enactment of the new law to be an important milestone for the development of the microfinance sector in Yemen.

**SMED-SFD Yemen.** In October 2008, the Small and Microenterprise Development (SMED) unit of the Social Fund for Development (SFD) organized a course on Financial Analysis with Sanabel, to train 19 employees from different MFIs and programs. In August and November, SMED-SFD held 'Small & Microenterprise Days' in Taiz City and Aden, respectively, to promote the services provided by MFIs in Yemen and to give the opportunity of MFI clients to display and sell their products to the public. In November, SMED-SFD also launched its first publication, a booklet entitled "Small and Microenterprise Development in Yemen," to help disseminate information about microfinance to different sectors. In August and November SMED-SFD held the second and third meetings of the steering committee on the national microfinance strategy to review the workplan to implement the strategy and promote cooperation between all the key actors involved in its implementation.

**SFD Microfinance Gender Study.** The Social Fund for Development, financed by KfW, released the Microfinance Gender Study conducted between April and June 2008 by two international consultants. The study – the first of its kind in Yemen – identifies the preferences and perceptions of clients regarding microfinance and the extent to which it responds to their needs and is intended to provide the SFD and its partner MFIs with information that can be used to improve and expand their operations, grow their client base, and have a stronger impact on poverty. The study reveals, among other findings, that on the whole, women are not very interested in technical training, but want business development type services such as financial literacy, marketing, and product development, and to some extent, skills up-grading. Analyzing the quality and variety of microfinance products for women, the study indicates that existing products are not varied enough to match the funding needs for their mostly very small-scale, home-based enterprises. The study can be downloaded from [http://sfd-yemen.org/smed/english/Gender\\_Study.doc](http://sfd-yemen.org/smed/english/Gender_Study.doc).

**National Microfinance Network Project.** In September, the Yemeni government, the Ministry of Planning and International Cooperation, represented by the So-



cial Fund for Development, and the United Nations Development Program signed a project document to establish the National Microfinance Network in Yemen. The network will provide technical support to MFIs and programs, services such as staff training, market studies, impact assessment and transparency initiatives, facilitate access to information and disseminate industry standards among its members.

**Yemen Launches First Bank for the Poor.** Al-Amal Microfinance Bank, which was established by the Law (23) for the year 2002 as the first Microfinance Bank

in Yemen, officially began its operations on January 1, 2009. The bank was an outcome of the efforts of the Yemeni Government represented by the Social Fund for Development (SFD), the Arab Gulf Program for United Nations Development Organizations (AG-FUND), and the contribution of the private sector. Al-Amal bank began with 4 branches in Sanaa and is planning to cover the whole country in the next five years and to reach 100,000 active borrowers. By the end of March 2009, Al-Amal had 742 active borrowers with a portfolio of almost US\$245,000 and 1285 active savers with total savings of about US\$40,000.

## New CGAP Research and Publications

**CGAP 2008 Microfinance Funder Survey.** To improve transparency about funding flows in microfinance, CGAP carries out an annual Microfinance Funder Survey. Regional snapshots taken from the survey results show that the Middle East/North Africa region receives 7 percent of total committed funding for microfinance worldwide or US\$874 million out of US\$11.6 billion. The majority of funds committed in the region (76 percent) go to support retail-level institutions. Morocco and Egypt receive the bulk of funding, with over US\$300 million committed in Morocco alone. Most funding is in the form of debt (67 percent) with grants making up 18 percent, guarantees 12 percent and equity 3 percent. The MENA region saw the largest increase in committed microfinance funding of any region in the world between 2006 and 2007 – from US\$96 million to US\$365 million, a jump of 192 percent. The snapshot for Middle East/North Africa region funding flows can be downloaded from the CGAP website at <http://www.cgap.org/p/site/c/template.rc/1.26.1426/>.

**CGAP 2008 survey on Microfinance Investment Vehicles (MIVs).** CGAP released the main findings of its 2008 survey on Microfinance Investment Vehicles (MIVs), analyzing evolving opportunities in microfinance for the investor community. As of September 2008, CGAP identified 91 MIVs as currently active with total assets under management (AUM) amounting to US\$ 5.4 billion. Fifty-eight of these 91 MIVs were surveyed by CGAP and their total assets come to US\$ 4.7 billion. The survey reveals an increase in the average total assets of MIVs from US\$ 66 million in 2006 to US\$ 81 million in 2007. Although the preferred instruments of MIVs is still debt which comprises

78 percent of total microfinance portfolio, equity investments increased by 95 percent in 2007 as compared to 2006. According to the survey, the MENA region received 0.2 percent of MIV funding. The full survey findings can be downloaded from the CGAP website at <http://www.cgap.org/p/site/c/template.rc/1.26.1430/>

**Islamic Microfinance, a Market Niche.** In August, 2008, CGAP published a Focus Note entitled “Islamic Microfinance: An Emerging Market Niche?” which provides an overview of the current state of the Islamic microfinance sector and identifies challenges to its growth. The Focus Note, available in English, Arabic and soon French, was ranked as one of the top five publications downloaded from the CGAP website in 2008. It is available at <http://www.cgap.org/p/site/c/template.rc/1.9.5029/>.

**Interest Rates: Are the Poor Being Exploited?** CGAP’s newest Occasional Paper, “The New Moneylenders: Are the Poor Being Exploited by High Microcredit Interest Rates” addresses concerns that microcredit interest rates are unjustifiably high and finds that there is not much support in the available data. The report finds that while there are a few institutions charging rates that seem unreasonably high, most interest rates seem to be in line with MFI costs. Microcredit rates have been dropping by 2.3 percentage points each year since 2003, much more steeply than the decline of bank loan rates. Administrative costs are also declining along with lenders’ profits - the savings are being passed to borrowers. In the MENA region, interest yields declined by 3.9 percent between 2003 and 2006 in parallel to a drop of 3.1 percent in operating costs (as a percentage of gross loan portfolio) and a drop in after-tax profit of 1.7 percent. The Occasional Paper can be downloaded from <http://www.cgap.org/p/site/c/template.rc/1.9.9534/>