

ANNUAL REPORT 2006



 **CGAP**

CONSULTATIVE GROUP TO ASSIST THE POOR



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## OUR MISSION

CGAP works toward a world in which poor people are considered valued clients of their country's financial system and every poor person in the world has access to useful financial services at their doorstep. To this end, we serve financial service providers, funders, and governments through our:

- Advisory services
- Research and innovation
- Standards and good practices
- Training and knowledge dissemination

For more on CGAP's work, please see [www.cgap.org](http://www.cgap.org) or email [cgap@worldbank.org](mailto:cgap@worldbank.org) for a copy of our brochure.



## ABOUT THIS REPORT

This Annual Report outlines CGAP's work in fiscal year 2006. This work is described according to the themes set forth by our members for the period 2003–2008:

**Promoting Diverse Institutions and Delivery Channels** is essential to achieve the kind of scale and sustainability that will make a durable impact on poverty. This requires the engagement of a broad range of institutions and delivery mechanisms to deliver financial services to the poor.

**Developing Diverse Pro-Poor Financial Services** is necessary because different segments of the poor need different kinds of financial services. Emphasis is placed on identifying and learning from innovative products and services that reach the very poor.

**Fostering Supportive Policy Environments** is accomplished through the dissemination of consensus guidelines on appropriate microfinance regulations, strategic advice requested by policy makers and regulators, and research on the appropriate role of governments.

**Helping Funding Agencies Use Their Resources More Effectively** entails building consensus and good practices, providing technical support to donor agencies and other funders, and building donor staff capacity.

**Building Financial Market Architecture** creates information and technology architecture needed to support the full integration of finance for poor people into mainstream financial markets.

**Communications and Publications** is a critical component of CGAP's role as a key knowledge center and convener for the microfinance industry.

**Monitoring and Evaluation** details the approval and monitoring of CGAP's financial commitments to external institutions and CGAP initiatives.



## ACTIVITIES AND ACCOMPLISHMENTS

### Promoting Diverse Institutions and Delivery Channels

**C**GAP is focused on overcoming the lack of sufficient retail capacity as the single most important bottleneck in scaling up of microfinance services for poor people across the world. To this end, we have continued to work with a variety of institutions and delivery channels in fiscal year 2006.

**Retail Advisory Service.** Through the Retail Advisory Service (RAS), CGAP advises commercial banks on leveraging their existing branch and back-office infrastructure to serve microfinance clients. CGAP was an early leader in the approach of working with existing banks and has more recently formalized this under the RAS. The RAS offers banks and other commercial retail providers a package of technical assistance, co-financed between the bank and CGAP, and put together and overseen by a CGAP senior staff member. In addition to CGAP's aim of bringing large commercial players into the market, the RAS also will serve to build capacity and markets for local consultants, who are given priority wherever possible. The RAS also works with local and international networks and technical assistance providers. RAS services include:

- Management information system (MIS) design to customize each bank's existing information technology (IT) capacity to fit microfinance specifications
- Product and procedure design, guideline creation, and integration of microfinance into existing services

- Marketing for target-group oriented campaigns, product design, new product launches, and image building
- Training in good practice microfinance and lending technologies
- Strategic planning and development and human resource management

In FY 2005, building on its work as part of the Middle East microfinance initiative (see Regional Initiatives), CGAP worked with Cairo-Amman Bank to help boost its microfinance services, including in the West Bank and Gaza. In FY 2006, the RAS list of bank clients grew dramatically to include BBS (Botswana), Ecobank (Ghana), Equity Bank (Kenya), Capitec (South Africa), and Forus Bank (Russia). Work continued with the Cairo-Amman Bank. Upcoming likely partners include the Savings Bank of Syria and BMCE (Morocco) as well as financial institutions in India, Nigeria, Pakistan, and Senegal.

**Social Performance.** In fiscal year 2006, CGAP continued to work with key stakeholders, including Ford Foundation and Argidius, to develop a global reporting format for microfinance institutions that will enable them to track their social performance: from determining the poverty levels of clients to tracking whether clients are improving their economic conditions, their access to healthcare services, and their children's school attendance. CGAP, along with the Ford Foundation and Argidius, also created the Social Performance Task Force to promote a double bottom line in the indus-

try. It currently includes over 100 practitioners, funders, and service providers. Global meetings of the task force were held in Washington, DC in October and in Rome in April.

**Pro-Poor Innovation Challenge.** One of the biggest challenges facing the microfinance industry today is developing financial products and methodologies for very poor or difficult-to-reach populations. The CGAP Pro-Poor Innovation Challenge (PPIC) gives immediately disbursed and flexible awards up to \$50,000 to microfinance organizations that have developed innovative methodologies to deepen poverty outreach and impact. Of particular interest are microfinance providers that implement new and innovative services or that work with clients who are marginalized in geographic, economic, or other ways. To date, CGAP has granted PPIC awards to 49 leading-edge microfinance organizations from Asia, Africa, Latin America, and Eastern Europe. The FY 2006 round of the PPIC, its eighth, honored *Crédit-Epargne-Formation* (Madagascar); *Institution de Microfinance HOPE* (Democratic Republic of Congo); *Trickle Up Program with Bandhan* (India); *Union des Clubs d'Épargne et Crédit* (Chad); and *XacBank* (Mongolia). They were selected from an applicant pool of more than 250 microfinance institutions from around the world. A 2003 survey found that, on average, microfinance institutions saw their assets grow by 79 percent after they received the award (although it is, of course, impossible to determine how much of this growth is directly attributable to PPIC). Many awardees credited the PPIC/CGAP “seal of approval” for access to additional funding. As important, awardees have added more than half a million new clients living beneath the poverty line.

### **Catalyzing Commercial Banks to Serve the Poor: Africa International Financial Holdings**

In FY 2006, CGAP closed out an ambitious effort to attract international commercial banks into the African microfinance market. Africa International Financial Holdings was set up to purchase African banks, bringing private-sector efficiency and profitability to financial markets and, most importantly, introducing an incentive to reach low-end clients. It was a bold and risky undertaking which we wagered had a 50 percent chance of success.

Ultimately, the fund did not succeed in acquiring any African banks, owing to the limitation of the fund to invest only in state banks and the dearth of such privatization. That said, some benefits were achieved. Three years after the fund's launch, after a concerted advocacy effort and several near-successful negotiations, it is now widely accepted that banks can profitably serve the broad retail market, including microfinance clients. AIFH activities, including its proposed business plans for commercial banks, which were made public in Zambia and Nigeria, and its private discussions with bank executives, central banks, and finance ministers, contributed to this awareness. Since then, more and more retail banks have been approaching CGAP and other institutions to help them develop microfinance products.

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## Developing Diverse Pro-Poor Financial Services

**C**GAP promotes the development of strong and dynamic domestic financial markets that provide quality services that meet the needs of a wide range of poor clients, especially poorer clients than those currently reached by microfinance. In FY 2005, CGAP significantly scaled up its savings initiative and continued to push its earlier work on money transfers. We also continued focusing on reducing transaction costs through the use of e-payment technologies, to ensure that delivery of ever smaller financial transactions can be made cost effectively.

**Savings.** The CGAP Savings Initiative gathers, generates, and disseminates information and tools designed to improve the supply of small-balance deposit facilities. It also aims to systematically integrate the savings mobilization agenda into the full spectrum of CGAP's activities, helping build financial systems that work for the poor. In FY 2006, CGAP published a country-level savings assessment—on Uganda—to provide donors, governments, international networks, and technical service providers with a methodology for analyzing opportunities and constraints to savings mobilization at the country level. The assessment complements four others already completed in Mexico, the Philippines, Benin, and Bosnia. The assessments served as road tests of a methodology that will be published as a toolkit for donors and other funders in 2006. Dissemination of this work is centered on a first-of-its-kind online portal: the Savings Information Resource Center (SIRC). The SIRC ([www.cgap.org/savings](http://www.cgap.org/savings)) offers a user-friendly and accessible way to obtain cutting-edge information about small balance deposit mobilization, including a searchable database of over 200 arti-

cles, a “virtual study tour” of savings case studies around the world, and original research and information on ongoing initiatives, including those funded by CGAP member donors. FY 2007 will focus on dissemination and uptake of the knowledge generated in the previous two years. The savings team will work with the CGAP communications team to develop a broader communications strategy for knowledge dissemination and uptake.

**Graduation programs.** Building on an earlier Focus Note examining the work of the Bangladesh IGVD program, an innovative effort to allow the destitute to “graduate” into becoming microfinance clients, CGAP published a paper in FY 2006 making the case for linking safety nets and financial services to help lift the poorest onto the bottom rung of the economic ladder. “Graduating the Poorest into Microfinance: Linking Safety Nets and Financial Services” provides examples of successful linkages between safety net and microfinance programs and aims to initiate a dialogue between experts in social protection and microfinance. Building on this research, CGAP has begun identifying pilot graduation projects and microfinance institution partners to implement them. This work will be carried out in FY 2007.

**Money Transfers.** Despite increasing attention on international remittances in certain markets, the poor still lack access to affordable and reliable domestic and intraregional money transfer services. Recent increases in competition have lowered the price of money transfers and multiplied service options between Latin America and the United States and Europe. However, similar developments have not yet occurred in other transcontinental,



regional, and especially domestic money transfer markets. CGAP has undertaken a range of activities designed to enable poor financial institutions to enter this market in a strategically and financially sound manner. In FY 2006, CGAP launched phase two of its money transfers work, establishing an advisory group in October to create a guide on strategic and operational issues around money transfers for microfinance providers and negotiating alliances with money transfer companies. CGAP hosted the first e-conference of this advisory group in the third quarter of FY2006 and has since completed a draft of the guide. The guide, which is now being edited, will be rolled out for field testing in the first quarter of FY

2007 and will be finalized in June 2007. Next steps include launching a proposed technical assistance fund with the International Fund for Agricultural Development and the European Union and hiring a full-time coordinator to manage the fund and issue a call for proposals. Also, CGAP chairs an advisory group on money transfers which includes the International Monetary Fund, the World Bank, the UK Department for International Development, and others. The advisory group seeks to identify risk-based approaches governments can use to comply with new anti-money laundering regulation—regulation that can make sending and receiving money more expensive for the poor.

## Fostering Supportive Policy Environments

Experience shows that government can play a positive role in microfinance as an enabler and facilitator. CGAP promotes and explores the appropriate role of government and advocates for avoiding inappropriate government behavior that hinders financial services for the poor, such as interest rate ceilings or subsidized lending to specific target groups. In FY 2006, CGAP continued to step up its work in this area. We have continued to expand our work beyond advising and disseminating standards on regulation and supervision to include more qualified consultants in this area and conducting research on topical issues. In FY 2006, we deployed six new consultants as part of our policy consultant cadre. In addition, CGAP attracted 29 officials from central banks and ministries of finance to attend microfinance training courses, including the Boulder Microfinance Training Program in Turin, Italy.

**Law Library.** With the IRIS Center, a research institute affiliated with the University of Maryland, CGAP launched the largest global database of microfinance-related regulation and supervision for more than 50 developing countries in FY 2005. In FY 2006, the database continued to grow as one of the most popular resources on the CGAP Web site and the affiliated Microfinance Gateway, drawing over 16,000 page downloads each month. New to the Law Library ([www.cgap.org/regulation](http://www.cgap.org/regulation)) is a section on microinsurance, which will go live in the first quarter of 2007.

**International and Country-Level Policy Consultations.** Upon specific request, CGAP also engages in country-level consultations

with government agencies seeking to improve their policy environment for pro-poor financial services. Priority is given to policy work that concretely contributes to establishing appropriate enabling environments or has the potential to preempt the establishment of policies or programs that might undermine the development of microfinance. In FY 2006, CGAP continued to provide policy inputs, contribute to workshops, and review drafts of microfinance legislation for several countries, including Turkey and India. We also completed another country-level policy diagnostic—this one in the West Bank and Gaza. This complements earlier assessments in Jordan, Yemen, Morocco, and Tunisia. The CGAP report is “the most comprehensive analysis” of microfinance in the West Bank and Gaza, according to the World Bank’s representative there. Released just before Palestinian legislative elections in January, CGAP’s work was requested by the World Bank and the United Nations special envoy for the Gaza disengagement. Together with the Swedish Development Agency SIDA, the United Nations Capital Development Fund, and the French development agency AFD, CGAP also continued its longstanding collaboration with BCEAO, the West African Central Bank. On an ongoing basis, CGAP also engages in multilateral policy consultations with the BIS, the World Bank, the International Monetary Fund, and other international financial organizations, which in turn work directly with national authorities responsible for designing better policies to promote financial services for the poor.

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## Regional Initiatives

In FY 2005, CGAP took several steps toward contributing more directly to the regional development of microfinance, particularly in the Middle East and North Africa (MENA), South Asia, Eastern Europe and Central Asia (ECA), and Africa. These regional initiatives allow for greatly enhanced two-way learning between CGAP and its international partners and the domestic clients we seek to serve. They also enable CGAP to more effectively serve clients in the field and raise awareness of good practices, cross-border learning, and the availability of CGAP and member donor services.

**Middle East and North Africa.** Building on its training and information dissemination activities in MENA, CGAP launched an initiative to scale up microfinance in the region, opening a regional office in Amman, Jordan, and hiring its director. The CGAP Key Principles of Microfinance were endorsed by an executive council advising the MENA initiative, which is chaired by Queen Rania of Jordan. Several partners, including USAID, UNDP, and the Arab microfinance network Sanabel, form an advisory body supporting the initiative. Together with these and other partners, CGAP completed several country diagnostics, including in Yemen and Jordan, and is working directly with the Ministry of Planning in Jordan and the Central Bank of Morocco to put recommendations into practice. We also led a donor mapping exercise that has helped clarify the past and future role of external funding in the region. In FY 2006, CGAP took the first steps toward establishing a microfinance training program in the region, completing an assessment with members of its consultative group. We also completed policy diagnostics in Palestine and Algeria, both of



which included input from a wide range of donors working in those countries and were hence extremely well-received by donors and government officials.

**Eastern Europe and Central Asia.** In cooperation with the Poland-based Microfinance Centre (MFC), in FY 2005 CGAP launched a regional microfinance center for Eastern Europe and Central Asia based in Almaty, Kazakhstan. This initiative builds on an already robust partnership with MFC, a partnership which has included translation, printing, and distribution of CGAP publications in Russian and a jointly-sponsored donor training course in Almaty. The center has conducted several country diagnostics and is assisting several donors and governments in the region in shaping their support programs. In April 2006, MFC and CGAP co-sponsored a highly publicized and well-attended event with financial sector policymakers and public officials from nine Commonwealth of Independent States countries, who renewed their commitment to “microfinance-friendly” policy reform. The Krakow III Policy Forum on Law and

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Regulation Governing Microfinance was held in Warsaw, Poland.

**Africa.** In Africa, CGAP has continued its deep involvement with and oversight of CAPAF, the regional training project working in 14 Francophone countries and co-funded with MAE/France and USAID. CGAP also worked with Sida and UNCDF to finalize a three-year regional project with the West Africa Central Bank (BCEAO) to strengthen regional regulations, supervision, and information in the eight-country monetary union in West Africa. In addition, CGAP finalized the research on African microfinance institutions conducted with the MIX in 2004–05, and the results were published by the MIX in April 2005 as “Outreach and Financial Performance of Microfinance Institutions in Africa.” In FY 2006, CGAP engaged closely with donors working in the region, initiating a funding flows exercise that has yielded valuable data on the amount of resources going to the institutional, market infrastructure, and policy levels of the financial systems of African countries. The research is helping donors realign their priorities to better serve poorer populations, especially in rural areas. Also in FY 2006, CAPAF hosted a regional technology trade fair, the Technofoire, that highlighted some of the cutting-edge issues around money transfers, mobile phone banking, and information technology for microfinance institutions.

## Helping Funding Agencies Use Their Resources More Effectively

The funding landscape for microfinance looks radically different today from how it looked 10 years ago. New entrants like private foundations and social investors offer fresh funding options and flexibility. International financial institutions now have over \$2.5 billion in microfinance investments. Public bi- and multilateral agencies continue to play a significant role and their estimated \$800 million to \$1 billion committed to microfinance per year has the potential to help realize the vision of inclusive financial systems if properly allocated and managed. Unfortunately, the way donors and investors work is not always effective; they too often do not follow good practices. Moreover, much of the money is rushing to the same opportunities, failing to respond to much-needed gaps, such as capacity building, and competing unfairly with local or private flows.

Since the launch of an ambitious Aid Effectiveness Initiative in 2002, CGAP has learned a lot about what it takes for funding agencies to be effective in supporting microfinance. This learning is summarized in the Aid Effectiveness Star—a framework of five essential elements for improving the way development agencies work. CGAP's fundamental premise in striving to improve the quality of aid is that it is the funding agency's responsibility to get its own house in order to engage effectively in microfinance. As one donor staff put it, "Change starts at home."

CGAP's peer reviews of 17 development agencies and country-level reviews of donor effectiveness in four countries have been well received and prompted concrete changes. CGAP has been providing advisory services to improve individual agencies and donor groups at the field level and head-

quarters; codifying good practices; and sharing and leveraging staff capacity and knowledge. To take stock of progress and remaining challenges, and to define the next priorities in its Aid Effectiveness Initiative, CGAP will convene a second meeting of heads of development agencies, Better Aid for Access to Finance, on October 20, 2006.

### Advisory Services to Funding Agencies

CGAP provides advisory support, brokering services, and technical assistance to help individual agencies improve their microfinance operations. Typically, CGAP's work with agencies is focused on helping to improve internal systems, including strategic planning, better transparency, reporting, staff training, and knowledge management. CGAP staff also provide direct inputs into early project design in selected cases. Finally, CGAP staff, along with its hubs and partners, actively promote donor coordination mechanisms.

Examples of CGAP's direct support for agencies in FY 2006 include technical workshops at the Asian Development Bank and the aid agencies of Japan, Finland, Norway, and the Netherlands and technical review of policies and procedures at the African Development Bank, the International Labour Organization, and the Canadian development agency CIDA. Work on peer review check-ups, portfolio reviews, and the European Union's microfinance program for Asia, the Caribbean, and the Pacific region are described in more detail below.

### Peer Review Check-ups

At their request, CGAP conducted peer review check-ups of the French development agency AFD, the International Fund for Agricultural Development (IFAD), and

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the Swedish development agency SIDA to gauge progress achieved since the peer reviews and make additional recommendations for improving effectiveness. Agencies found the check-ups useful to reignite momentum around the effectiveness agenda, acknowledge successes, and prioritize areas for improvement. The check-ups also permitted CGAP staff to craft new strategies for how best to organize our work. All three agencies have made progress and report a positive impact of the peer reviews.

AFD is a true success story in aid effectiveness. It has made great improvements in its internal systems and increased its ability to respond to the different and evolving funding requirements of retail institutions. Appropriate instruments, good knowledge of country contexts, highly competent staff, and strategic involvement of top management are the ingredients of its success. Given AFD's strong performance, CGAP suggested that the agency expand its funding for microfinance.

IFAD's check-up in October 2005 confirmed a significant change in staff's acceptance of a new way of working on rural finance that embraces good practice principles. IFAD has taken steps to improve project performance tracking (38 microfinance institutions in seven countries now report via the Microfinance Information eXchange), develop staff's rural finance skills, and implement an aggressive learning agenda (partnerships with ACCION, Freedom from Hunger, etc.). However, the remaining challenge is to translate these positive steps into improved practice in implementation and better performance in operations.

SIDA's financial sector team used its 2002 peer review as a roadmap for change. SIDA has made significant progress as revealed in the April 2006 check-up, including broader consensus on good practices and staff training. SIDA needs to continue to upgrade its

systems for accountability of performance and concentrate on what it does best—applying flexible grants.

### Portfolio Reviews

CGAP has developed a robust methodology to determine the quality of a donor's microcredit portfolio, based on expert grading of individual projects' repayment rates and overall cost recovery. In April 2006, CGAP published a Focus Note on the portfolio reviews CGAP conducted of the World Bank and UNDP. The results of the evaluations revealed a disappointing picture: in both agencies, less than a quarter of the projects that funded microlending were judged successful. The good news is that the portfolio reviews led both agencies to commit to concrete changes to improve their microcredit portfolios. For example, the World Bank is taking steps to flag all projects with a credit component and to ensure an upfront, early technical review of project design. In addition, CGAP provided inputs on similar exercises in CIDA and the development agencies of Denmark and Finland.

### EU/ACP Microfinance Framework Programme

CGAP's work with the joint European Union and the African, Caribbean and Pacific States (ACP) Microfinance Framework Programme aims to help the poor in ACP countries get better access to appropriate financial products and services. The ACP Programme seeks to provide a demonstration model for effective funding of microfinance within the European Community and other development agencies. This year, the Programme designed a competitive call for proposals and subsequently awarded 11 grants (worth 6,538,884 Euro) to strengthen the institutional capacity of microfinance actors in ACP countries. Specifically, the 11 awards will help to diversify financial prod-

ucts and services, apply new technologies, expand to rural and remote areas, enhance transparency, and create microfinance banks. So important is the European Community that CGAP now has one full-time staff member dedicated to supporting it.

### Country-Level Work

In FY 2005 and FY 2006, CGAP extended its aid effectiveness initiative to the field. In addition to working through its wide network of contacts, partnerships, and hubs, CGAP launched a series of Country-Level Effectiveness and Accountability Reviews (CLEARs) in 2004. Through in-depth CLEARs in four countries, CGAP has collaborated with over 550 microfinance managers, aid agency representatives, and government officials. The findings of the reviews, published and available on CGAP's Web site, have helped donors identify gaps in the financial systems in the countries where they work. They also revealed how the elements of effectiveness defined during the peer reviews play out at the country level. Beyond providing key analysis, the reviews also have sparked actions of donors individually and jointly, especially with regard to shaping programming decisions, improving the design of interventions, facilitating advocacy with governments, and reigniting donor coordination.

#### Sri Lanka CLEAR, October 2005

The December 2004 tsunami was no ordinary catastrophe. But the shortcomings of the reconstruction effort are once again prompting calls for better aid. What "better aid" could look like was the subject of the in-depth three-week review in Sri Lanka. Championed by GTZ, the World Bank, and the Stromme Foundation, the CLEAR involved interviews and focus groups with over 200 key government officials, microfinance managers, aid agency representa-



tives, and microfinance clients, including 36 international donors and investors that fund microfinance.

The CLEAR revealed that, overall, aid agencies are ill-prepared to design and implement microfinance programs—especially in light of the massive influx of funds following the tsunami. They have too few staff with appropriate technical expertise. Moreover, many agencies confuse social transfers with financial services, making it difficult to build long-term, viable access to financial services. Most aid agencies also do not have or use proper monitoring and evaluation tools and thus know little about the performance—and impact—of their programs. Finally, donors lack a coordinated approach.

CGAP is now working closely with partners on the ground committed to implementing important changes. CGAP has also joined with the United Nations Office of the Special Envoy, headed by former U.S. President Bill Clinton, to better coordinate donor efforts in the wake of the tsunami.

#### **Follow-up in Cambodia, Madagascar, and Nicaragua**

CGAP also remains engaged with donors, government, and microfinance stakeholders in Cambodia, Madagascar, and Nicaragua to help them put into action the recommendations made during CLEARs in these countries. In Cambodia, CGAP has been involved in ongoing discussions with government decision makers about interest rates as well as collaboration with leading donors on decisions made after the CLEAR in October 2004. Following the CLEAR in Nicaragua in February 2005, CGAP has been advising local donors on how to reignite their donor coordination efforts, tackle the proliferation of second-tier funds, and better harmonize

their programming. There have been two follow-up meetings in Madagascar with local donors organized by CGAP since the CLEAR in May 2005. These meetings resulted in an action plan to coordinate donor support to the Central Bank; strengthen microfinance providers and improve transparency through ratings and the development of a multidonor technical assistance fund; and reactivate the donor coordination group.

#### **Good Practice Guidelines and Information Resources**

After two years of field testing and extensive feedback, CGAP completed the second edition of the guidelines, “Good Practice Guidelines for Funders of Microfinance.” The guidelines translate 30 years of lessons learned into operational advice for development agencies, foundations, social and commercial investors, international NGOs, and others that help build financial systems that work for poor people. They also promote harmonization on standards and good practice. The second edition will be presented to the heads of CGAP members for endorsement in October 2006.

To provide additional information and help operationalize the Good Practice Guidelines, CGAP also develops short briefs and operational tools. In FY 2006, CGAP produced two CGAP Briefs for donors and investors (formerly Donor Briefs) on working with savings and credit cooperatives and supporting community-managed loan funds. CGAP also added a new operational tools section to its online donor information resource center that offers “how to” guides for CGAP tools and sample terms of references.

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## Building Financial Market Architecture

A sound financial system for the poor requires mechanisms to process small transactions at low cost, and to share transactional and institutional data that are accurate and comparable. Managers, regulators, auditors, domestic and international lenders and investors, and, indeed, poor clients themselves use this information to make sound decisions. CGAP invests in innovative technology-based approaches to reducing transaction costs and producing standardized performance data. It also supports market-based programs to encourage transparency.

**Delivery Technologies to Reduce Transaction Costs.** Hi-tech devices are already very much a part of poor people's lives: in Africa alone, growth in cell phone use has been most dramatic among the rural poor. These cell phones can help move cash transactions out of branches, which largely do not exist among rural poor populations, and automate them, reducing the costs of serving poor people and helping reach millions more with financial services.

In FY 2006, CGAP published a Focus Note, "Using Technology to Build Inclusive Financial Systems," that presented the rationale for CGAP's scaled-up technology program. The program is supported by the Bill and Melinda Gates Foundation and works in partnership with a wide variety of multi-sector actors—from mobile network and payment system operators to banks and other financial institutions. Through the program, CGAP will build and lead new and innovative alliances, providing technical assistance and, in some cases, grants to design solutions that address the core challenges of microfinance today:

- developing profitable products and services that can help a wide variety of institutions reach more of the world's poor, especially in rural areas;
- building the capacity of financial institutions that serve the poor and reducing the risks for new entrants to the microfinance market, including commercial banks; and
- ensuring that the regulatory environment in microfinance markets stimulates growth and innovation while protecting both consumers and financial providers.

More information on the program is available at [www.cgap.org/technology](http://www.cgap.org/technology).

**Information Systems (IS) Fund.** Many institutions require professional expertise to help them analyze their business and technology needs, select a software package, or improve their existing information system. CGAP created the IS Fund in May 2004 to improve the capacity of microfinance institutions to make better IS investment decisions, offering them co-financing to hire specialized IS consultants prequalified by CGAP. In FY 2006, CGAP helped finance 67 detailed assessments of different microfinance institutions' IS needs. More than 60 such assessments have been completed in two years. In FY 2007, we will outsource management of the IS Fund to our partner ADA, which also manages the Rating Fund. This will streamline and rationalize the process of both.

**Multidonor Rating Fund.** The Rating Fund is a multidonor initiative launched by CGAP and the InterAmerican Development Bank in 2001. In 2005 the European Commission joined the initiative. The Rating Fund offers partial financing for ratings and assessments of microfinance institutions by

prequalified rating and assessment agencies. The fund has three main objectives: (1) to stimulate demand for rating and assessment services, (2) to increase the amount and reach of market information, and (3) to strengthen the capacity of service suppliers to improve service delivery, product design, and marketing. By FY 2006, the Rating Fund had committed grants for more than 300 credit ratings and assessments. All of the microfinance institutions that received funding consented to publicly disclose their performance information and made their ratings available on the Rating Fund Web site. Nearly all were first-time disclosures. This increased transparency has influenced funding flows to microfinance institutions, making it easier to attract social investors' interest. Ratings are now often used by microfinance investors as part of their preinvestment due diligence and investment monitoring. In FY 2005, CGAP outsourced the Rating Fund's daily management and market activities to the Luxembourg-based nonprofit ADA, its project administrator, and exited from Latin America, where capital markets are more developed and ratings are recognized as a vital tool for interacting with capital markets. The Rating Fund has reached its primary objective of improving transparency of microfinance institution financial performance and will end in FY 2007. Another component of CGAP's transparency work that will continue is training of microfinance practitioners in auditing and other disclosure methods. In FY 2006, CGAP's Francophone Africa regional program, CAPAF, conducted auditor training for nearly 500 people, including audit seminars in Togo.

**Financial Transparency Award.** The CGAP Financial Transparency Award is awarded to microfinance institutions that comply with the International Financial

Reporting Standards (IFRS) and the CGAP *Disclosure Guidelines*. The awards, presented for the second time in FY 2006, attracted nearly 150 entrants from across the globe. Qualifying institutions submitted audited financial statements that were then judged by an independent panel against international reporting standards, including the IFRS and industry guidelines. The review was also designed to provide feedback for entrants, with each receiving a detailed report offering concrete steps for improving their financial reporting. In FY 2006, there were six overall winners and over 100 merit awardees in two rounds. Also in FY 2006, CGAP donor members played an active role in presenting the awards to institutions, helping to raise the profile of the award. The third round of the Financial Transparency Award was launched in June 2006. For more on last year's winners, visit [www.cgap.org](http://www.cgap.org).

**The Microfinance Information Exchange (MIX).** Created by CGAP, the MIX was spun off in 2002 as an independent partnership of CGAP, the Citigroup Foundation, the Deutsche Bank Americas Foundation, the Open Society Institute, and the Rockdale Foundation. CGAP retains board chairmanship and one other board seat. The MIX Market is a global, Web-based information service that links microfinance institutions, donors, and investors. On the demand side, the MIX Market provides in-depth information on the performance of more than 700 microfinance institutions, including financial statements and ratings and assessment reports of external evaluators. On the supply side, the MIX Market offers information on donor and investor funding, including terms and conditions. Traffic to the site has more than quintupled over the past two years. In FY 2006, CGAP continued its active involvement and oversight of the MIX operations.

## Monitoring and Evaluation

In 2003, CGAP's member donors directed CGAP management to shift efforts from financial resource-intensive support at the retail level to more human-resource intensive, market-building work. This has meant fewer grants to institutions. CGAP still monitors and advises financial institutions, networks, and other partners that have received CGAP grants; it also monitors the performance of CGAP initiatives. Grants and technical assistance have been provided to more than 60 microfinance institutions and networks (in addition to funding microfinance institutions through the Pro-Poor Innovation Challenge, the IS Fund, and the Rating Fund). Currently there are only six grants with outstanding commitments to microfinance institutions or networks, most of which are co-funded with other donors and/or benefit more than one institution through a network or other leveraged structures.

To monitor outstanding grants, CGAP staff analyze semester or quarterly reports against the minimum performance thresholds in the partnership agreement, review overall operations and performance, and conduct monitoring visits over the life of the grant. CGAP staff are also available to the grant recipients to provide technical guidance, consultant referrals, and advice; CGAP staff often play an active role. In addition to the direct grants, CGAP has 39 outstanding commitments to initiatives such as the Retail Advisory Services Fund, the Savings Initiative, the Rating Fund, the

MIX, and the Microfinance Gateway. Summaries that show current status of investments are posted on the CGAP Web site and disseminated regularly to the CGAP Investment Committee and the Council of Governors (see back of this report for more on CGAP's governance structure and for a full list of current commitments).



## **Training and Capacity Building**

A key constraint to sustainable microfinance is the limited technical capacity of staff within retail institutions and donor field agencies. In FY 2006, CGAP developed plans to integrate all its training initiatives to give them a common governance structure. The aim is to maximize efficiency and synergies among the different programs, and respond more effectively to market demand. In early FY 2007, the following three discrete projects will be coalesced under the Microfinance Management Institute.

**Skills for Microfinance Managers.** CGAP's global program for microfinance managers develops local capacity by providing training of trainers courses, plus course materials and guidance to regional and national training partners (which include networks, private firms, and large microfinance institutions with training departments). To date, CGAP has developed seven, one-week "Skills for Microfinance Managers" courses on best practices in financial and operational management for microfinance institutions. These courses address interest rate setting and delinquency management, financial analysis, accounting for microfinance institutions, operational risk management, business planning, information systems, and new product development. The courses are available in 12 languages: Chinese, English, French, Portuguese, Russian, and Serbo-Croatian; and more recently, Arabic, Bahasa Indonesia, Nepali, Spanish, Telugu, and Vietnamese. CGAP courses have been offered more than 400 times to more than 10,000 people in 48 countries. More than 40 local training partners in Africa, Asia, the

Middle East and North Africa, Latin America and Eastern Europe teach the seven courses in their respective regions.

**Microfinance Management Institute.** CGAP and the Open Society Institute (OSI) formally launched the Microfinance Management Institute (MFMI) in July 2003 to advance management capacity in the microfinance industry. MFMI has signed agreements with 13 leading management schools in Africa, Asia, Latin America, and Russia to introduce microfinance management into their curricula. All have begun research and teaching in microfinance management, drawing more than 500 new students in FY 2006. In addition, the University of Pretoria launched a Centre for Microfinance, to serve as an African hub for promoting microfinance in academia. Both the University of Pretoria and the Asian Institute of Management added microfinance specializations within their masters programs, and the Indian Institute of Management Bangalore committed to developing a microfinance incubator to mentor start-up and fledgling institutions. Also in FY 2006, seven MFMI fellowships in microfinance management were awarded. The fellows work from their home institutions in Brazil, Bangladesh, Kenya, and Mongolia to undertake research and develop academic materials and new courses. Thirty are slated for completion in FY 2006.

### **CGAP Donor Training**

Following a strategic reorientation of the UN Capital Development Fund, CGAP took on the full-time management of the CGAP/UNCDF microfinance donor training course. In FY 2007, the MFMI will assume responsibility for the course with the transfer of

CGAP's top training specialist. CGAP staff will continue to serve as faculty. The unique one-week training offers a hands-on course to learn how to support financial systems for the poor, including visits to microfinance institutions. The course targets development and government specialists who focus on areas such as pro-poor policies, poverty

reduction, economic development, private sector and business development, livelihoods, employment promotion, and gender. In FY 2006, CGAP conducted three training courses—in Tanzania, Kazakhstan, and Thailand. More than 60 professionals attended the three courses, and all three courses were highly rated by participants.



## Communications and Publications

**C**GAP's strategy for communications and outreach, across all technical areas, is to focus on impact. We are moving from a reactive to a more proactive posture that anticipates events and issues, and seeks to influence outcomes early on. As such, the communications team is working with CGAP technical teams to design communications campaigns around specific messages, thereby lending a strong voice of CGAP and its members to particular issues. Improved planning and streamlined processes underpin our communications, which strive to be engaging, relevant, and coherent.

### Knowledge Management

Improved knowledge management and IT capacity for CGAP is key. Pulling together all of CGAP's knowledge assets onto one platform will improve internal management processes, allow for greater transparency and engagement with our stakeholders, and provide a more coherent set of resources for staff and shared information for our members and extended network. It will offer us the flexibility to tailor electronic and print distribution, so that we ensure consistent, relevant, continuous, and on-time communications. In FY 2006, CGAP began implementing a Web-based collaboration tool that will help our staff and members access, share, and store information quickly and intuitively. This tool will also figure prominently in the redesign of [cgap.org](http://cgap.org), which houses all of our publications and industry tools.

### Publications

In FY 2006, CGAP published 32 new publications and disseminated more than 3,000 of these each month, including a first-ever book, which captures 10 years of CGAP experience. Published in cooperation with the World Bank, *Access for All: Building Inclusive Financial Systems* lays out in plain language what CGAP and others in the development field have learned about microfinance and its integration into the financial mainstream.

### The Microfinance Gateway

The Microfinance Gateway is the most visited site related to microfinance and ranks as the number one site on microfinance on Google. In FY 2006, more than a million pages were downloaded on average each month—nearly twice as many as the last reporting period. Visits to the site increased significantly because of aggressive and regular (daily) upload of new content, the launch of two language sites, and revamped resource centers. From the first quarter to the final quarter of the year, the number of pages requested grew from an average of nearly 270,000 to more than 740,000, representing a 177 percent increase. Average number of unique users per month grew from more than 18,000 in the first quarter to more than 25,000 in the fourth quarter, representing a 39 percent increase. The Arabic Microfinance Gateway also went live in September 2005. CGAP worked with Cairo-based Sanabel Network and trained them in all aspects of content generation and dissemination via the Web site.

## NEW PUBLICATIONS

### Book

Access for All: Building Inclusive Financial Systems

### Focus Notes

- No. 36 Community-Managed Loan Funds: Which Ones Work?
- No. 35 Aid Effectiveness in Microfinance: Evaluating Microcredit Projects of the World Bank and the United Nations Development Programme
- No. 34 Graduating the Poorest into Microfinance: Linking Safety Nets and Financial Services
- No. 33 Competition and Microcredit Interest Rates
- No. 32 Using Technology to Build Inclusive Financial Systems
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- No. 29 AML/CFT Regulation: Implications for Financial Services Providers That Serve Low-Income People

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- No. 11 Managing Risks and Designing Products for Agricultural Microfinance: Features of an Emerging Model

### Donor Briefs

- No. 25 Working with Savings and Credit Cooperatives

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- No. 2 Bai Tushum Financial Foundation, Kyrgyzstan
- No. 1 Confianza in Peru Overcomes Adversity by Diversifying Loan Portfolio

### **Reports**

- Diagnostic Reports on the Legal and Regulatory Environment for Microfinance—Algeria
- Country-Level Savings Assessment Report—Uganda
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- Country-Level Savings Assessment Report—Bosnia
- Review of UNDP Microfinance Portfolio
- CGAP 2005 Annual Report
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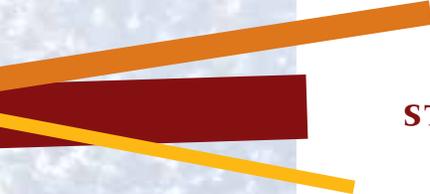
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Gilles Veuillot, *(alternate), Counsel, Legal Department Africa, The World Bank*





## STAFF BIOGRAPHIES

**Elizabeth Littlefield**, *Director and CEO*. Littlefield is a director of the World Bank and the chief executive officer of CGAP. Previously she was the managing director of JP Morgan's Emerging Markets Capital Markets in London. As such, she was responsible for all bond offerings, structured financing and credit ratings for emerging Europe, Middle East, Africa and Central Asia. She and her team won and executed more than 80 percent of all bond issues in these regions in the 1990s. She has also held positions as vice president and head debt trader for Africa, Eastern Europe, and Asia and as a director in JP Morgan's Paris office in corporate finance. Earlier, Littlefield spent a year and a half living in West and Central Africa starting up and advising several microfinance institutions. She has served on many boards, including the boards of Women's World Banking and Profund. She has founded several not-for-profit organizations, including an organization that linked European food banks and homeless shelters in Paris and the Emerging Market Charity in London. A U.S. and U.K. citizen, Littlefield is a graduate of Brown University in Rhode Island and also studied at the École Nationale de Sciences Politiques in Paris.

**Julia Abakaeva**, *Microfinance Specialist*. Julia Abakaeva joined CGAP's Retail Advisory Service program in 2005. Before joining CGAP she was a consultant at Internationale Project Consult for nine years. During this time she worked as a bank advisor with the EBRD Russia Small Business Fund providing advisory assistance to various commercial banks in Russia and NIS countries; an operations manager at MicroCredit Romania; head of lending operations at ProCredit Bank Romania; and branch manager of ProCredit Bank in Ukraine. She has a Master's degree in Finance and Management from Clark University. She speaks English and Russian.

**Samer Badawi**, *Communications Officer*. Samer Badawi manages production of Portfolio, CGAP's newsletter, and develops strategic communications products. Before joining CGAP, Badawi was communications director for the largest donor-funded governance project in Iraq; he established the communications department for a major development consulting firm in Washing-

ton, D.C.; and worked as Washington correspondent for the London-based magazine *Middle East International*. Badawi has a degree in English from the University of Tennessee. He speaks English and Arabic.

**Carmencita B. Clay**, *Budget Officer*. Carmencita Clay joined CGAP in 1995. She handles all budget issues, administers CGAP's trust funds, and works with member donors on commitments to CGAP. Before joining CGAP, Clay worked at the U.S. Agency for International Development/Philippines, the Asian Development Bank, and various departments in the World Bank. Clay has a Bachelor's degree in Commerce and Accounting from the Philippines College of Commerce.

**Tamara Cook**, *Microfinance Analyst*. Tamara Cook joined CGAP in 1996. She is based in the Paris office and works on CGAP's Aid Effectiveness Initiative and on Retail Advisory Services. She has conducted institutional appraisals, supported bids for AIFH, monitored grants, worked with networks, written various publications, and was seconded to Equity Bank in Kenya for a year. Cook studied International Development and Business at George Washington University. She speaks English and is proficient in French and rudimentary Swahili.

**Ann Courtmanche**, *Senior Program Assistant*. Ann Courtmanche is senior program assistant for CGAP's policy advisory initiative. She has an Master's degree in Agricultural Economics from Rutgers University and a Bachelor's degree in Economics and French Literature from Hobart & William Smith Colleges. Before joining CGAP in 2006, Courtmanche was an international market analyst for U.S. Wheat Associates and a research assistant tracking the global spread of agricultural biotechnology for Rutgers University.

**Tiphaine Crenn**, *Microfinance Analyst*. Tiphaine Crenn joined CGAP in 1998. She is currently a member of the Africa Team and concentrates on policy and communications in Sub-Saharan Africa. In years prior, she helped to coordinate the Middle East/North Africa launch, the capacity-building program for microfinance managers, and the regulation and supervision resource cen-

ter as well as other dissemination efforts. Before joining CGAP, Crenn worked as a translator and bilingual lexicographer. She has a Master's degree in Translation from the University of Ottawa, Canada. She speaks English and French and is proficient in Spanish.

**Rani Deshpande**, *Private Sector Development Specialist*. Rani Deshpande joined CGAP in 2003 and currently manages CGAP's Savings Initiative. Her professional experience includes consulting assignments at the United Nations, training and small business consulting in West Africa, and business management in India and the United States. Deshpande has a Master's degree in Business Administration and a Master's degree in International Affairs from Columbia University. She speaks English, French, and Marathi and is proficient in Spanish and Hindi.

**Eric Duflos**, *Microfinance Specialist*. Eric Duflos joined CGAP in 2003. He is based in CGAP's Paris office, where he focuses on improving aid effectiveness for microfinance. He currently manages the Country-Level Effectiveness and Accountability Reviews and spends some of his time on policy work, focusing on the role of government in microfinance. Before joining CGAP, Duflos spent 7 years in Laos, where he worked with the United Nations and the World Bank to help set up microfinance institutions and policy frameworks. He has field experience in Cambodia, Indonesia, Bangladesh, Vietnam, Haiti, Madagascar, Chad, France, Sri Lanka and the United States on small and medium enterprises and microfinance development. He has a Master's degree in Management from the Lyon EM and a Master's degree in Economics and International Relations from John Hopkins. He speaks English and French and knows German and Lao.

**Evelyne Fraigneau**, *Director's Assistant*. Evelyne Fraigneau joined CGAP in 1999. She provides assistance to the director and CEO, handles information requests, and plans meetings for CGAP and its stakeholders. Before joining CGAP, Fraigneau worked in the World Bank's Africa Region and at the French mission to the United Nations office in Geneva, Switzerland. She studied translation at St. Bénigne Institute in Dijon, France, and Georgetown University.

**Zoë Gardner**, *Program Assistant*. Zoë Gardner joined CGAP in 2003. She supports CGAP staff in its Paris office, including support on the effectiveness of funding, savings, and the Middle East/North Africa initiative. Before joining

CGAP, Gardner worked as an office manager in the film production and publishing industries in Australia and has also worked in the media sector in the United Kingdom and for Texaco, Inc., in Bermuda.

**Jasmina Glisovic-Mezieres**, *Microfinance Analyst*. Jasmina Glisovic-Mezieres joined CGAP in 2004. She works with the savings team and the aid effectiveness team in CGAP's Paris office. Before joining CGAP, she worked as a credit manager for the Danish Refugee Council (Serbia) and for the Micro Development Fund, and she spent 2 years as a loan officer for poor refugees from Bosnia, Croatia, and Kosovo. She has a Masters degree in Marketing and Business Administration. She speaks English and Serbo-Croatian and is proficient in French.

**Natasa Goronja**, *Microfinance Analyst*. Natasa Goronja joined CGAP in 2001. She has been managing CGAP's capacity building program for microfinance funders over the last three years. Recently, she has been also working to develop a comprehensive plan for CGAP's training and education strategy. Before joining CGAP, Goronja worked in the microfinance sector in Bosnia as a loan officer, microfinance trainer, consultant, and policy adviser. Goronja speaks English, Serbo-Croatian, Italian, French, and some Russian.

**Idawati Harsongko**, *Team Assistant*. Idawati Harsongko joined CGAP in 2003 as a member of the budget and administration team. She helps process consultant contracts and payments and does other administrative tasks. Previously, Harsongko worked as a team assistant for the World Bank Indonesia Country Office Human Development Unit. She received a 3-year diploma in accounting from the Institute of Economics (STIE Perbanas) in Jakarta.

**Syed Hashemi**, *Senior Microfinance Specialist*. Syed Hashemi joined CGAP in 1999. He concentrates on identifying pro-poor innovations and disseminating best practice lessons related to poverty outreach and impact. He developed the CGAP poverty audit for financial institutions and has worked extensively on assessing poverty levels of microfinance institution (MFI) clients. He is currently involved in developing social performance indicators for tracking changes in the social and economic levels of MFI clients. Before joining CGAP, Hashemi directed the Program for Research on Poverty Alleviation at Grameen Trust and taught Development Studies at Jahangirnagar University in Bangladesh, where

he conducted research on microfinance, non-governmental organizations, and gender subordination in rural Bangladesh. Hashemi has a Ph.D. in Economics from the University of California at Riverside. He speaks English, Bangla, and conversational Hindi.

**Brigit Helms**, *Lead Microfinance Specialist*. Brigit Helms joined CGAP in 1996 and is based in CGAP's Paris office. She founded CGAP's Donor Team to improve aid effectiveness and recently launched the Savings Initiative. She has worked on microfinance capacity-building training for donor staff and practitioners at the Microfinance Training Program in Boulder, Colorado. Helms has written numerous CGAP publications, including *Access for All: Building Inclusive Financial Systems*. Before joining CGAP, Helms worked for the Latin America and the Caribbean Division of the International Fund for Agricultural Development and for the U.S. Department of Commerce as a desk officer for Central America. She has worked in more than 35 countries in Latin America, the Caribbean, Africa, and Asia. She has a Ph.D. in Development and Agricultural Economics from Stanford University. She speaks English and Spanish and is proficient in French and Italian.

**Martin Holtmann**, *Lead Financial Specialist*. Martin Holtmann joined CGAP in 2003 to co-manage its cooperation with commercial banks and large retail organizations. Before joining CGAP, he was managing director of Internationale Projekt Consult, where he provided advisory assistance to banks and credit-granting non-governmental organizations in Eastern Europe and the newly independent states, Africa, and Latin America. In addition, he was the Moscow-based program manager of the European Bank for Reconstruction and Development's Russia Small Business Fund and helped in the design and creation of several greenfield banks in the region. He has authored several publications on microfinance, especially in the area of staff incentives. Holtmann has taught Finance and Personnel Economics at Trier University and has been a faculty member of the Boulder Microfinance Training Program since 1996. He has a Master's degree in Economics from Trier University and a Master's degree in Public Administration from Harvard University. He is currently completing his doctorate in Finance at the Goethe Universität in Frankfurt a. Main, Germany. Holtmann speaks English, German, Spanish, and Russian and is proficient in French.

**Jennifer Isern**, *Lead Microfinance Specialist*. Jennifer Isern joined CGAP in 1996, and she brings 18 years of experience in development, including more than five years living in West Africa managing institutions. She leads CGAP's Africa team working on aid effectiveness, policy issues, financial infrastructure, transparency, capacity building, and retain innovations. In addition, Isern coordinates CGAP's work in China and the money transfers initiative. She has led several initiatives and authored publications on appraising MFIs and networks, money transfers, anti-money laundering, bank entry in microfinance, African microfinance, informal finance, and the role of international networks. Before joining CGAP, Isern was the regional technical adviser for economic development in West and Central Africa with Care International and worked for the U.S. Agency for International Development in Costa Rica and Senegal, the United Nations Development Program in New York, AT&T's international division, and other private and public sector consulting. She has a Master's degree from Princeton University and is a Chartered Financial Analyst. Isern has worked in more than 45 countries worldwide. She speaks English and French and is proficient in Spanish.

**Gautam Ivatury**, *Microfinance Specialist*. Gautam Ivatury joined CGAP in 2003. He manages the Microfinance Technology Program and works on several CGAP initiatives in India. Before joining CGAP, Ivatury was vice president of Finance and Administration at SKS Microfinance in India, an investment analyst at International Finance Corporation, and co-founded a startup education technology venture. Ivatury also worked as an investment banker at Donaldson, Lufkin & Jenrette (now Credit Suisse First Boston). He has a Master's degree in International Affairs from Johns Hopkins University. He speaks English and is proficient in French and Hindi.

**Antonique Koning**, *Program Coordinator*. She coordinates the European Union/African, Caribbean, Pacific States Microfinance Framework Program—a capacity-building program for microfinance actors in sub-Saharan Africa, the Caribbean, and the Pacific. Koning is seconded to the European Commission and is based in Brussels. Before joining CGAP, she worked with the World Savings Banks Institute. Previously, she managed a microcredit program in El Salvador for 3 years. She began her career as a research fellow of the Overseas Development Institute and European Centre for Development Policy Management. Koning has a Master's degree in

International Trade Management and Policy from the University of Birmingham. She speaks English, Spanish, French, and Dutch.

**Alexia Latortue**, *Senior Microfinance Specialist*. Alexia Latortue joined CGAP in 2002 and is based in CGAP's Paris office. She leads CGAP's work on improving the effectiveness of funding for microfinance, and provides strategic and technical services to development agencies. In 2002, she managed the Microfinance Donor Peer Reviews. Latortue has written extensively on aid effectiveness in microfinance. Before joining CGAP, Latortue was a development specialist with Development Alternatives, Inc., where she helped strengthen financial institutions' operations, systems and staffing and worked on financial market infrastructure issues such as audit capacity and transparency in Haiti. She has a Master's degree in Development Economics from the Fletcher School of Law and Diplomacy at Tufts University. She speaks English, French, Creole, and German and has rudimentary Spanish.

**Timothy Lyman**, *Senior Policy Adviser*. Timothy Lyman joined CGAP full-time in 2005 following many years advising CGAP and various CGAP members on legal and regulatory policy issues in a consulting capacity. He is a co-author of CGAP's *Guiding Principles on Regulation and Supervision of Microfinance*. He has worked in community development for over 20 years in the United States and internationally, during much of this time as a partner of the law firm of Day, Berry & Howard and president of its affiliated philanthropic foundation, the Day, Berry & Howard Foundation, and, from 1994 to 2005, as principal outside legal counsel to Save the Children/U.S. He holds a Bachelor's degree from Harvard University and a law degree from New York University School of Law. He speaks English, French, Spanish, Bosnian/Croatian/Serbian, and conversational German and Russian.

**Sarah Manapol-Brown**, *Budget Assistant*. Sarah Manapol-Brown joined CGAP in 2000. She works on the administration of CGAP's trust funds, donor and grant agreements, consultant contracts, and general office needs. Before joining CGAP, Manapol-Brown worked for the World Bank's Private Sector Department and Aon Risk Services/HTB Insurance Agency.

**Patricia Mwangi**, *Microfinance Specialist*. Patricia Mwangi joined CGAP in 1999. She works on deepening CGAP's outreach in Africa, manages the Financial Transparency Award, and works with initiatives designed to promote and support

the development of transparency in the microfinance industry, provides technical support to microfinance institutions on financial performance and reporting quality and standards, and has been involved in financial management training. Before joining CGAP, Mwangi worked as an external auditor and management consultant with PricewaterhouseCoopers, Kenya, on small business finance and microfinance projects. She has a Master's degree in Administration from the Australian Catholic University and is a Certified Public Accountant.

**Anna Nunan**, *Publications Manager*. Anna Nunan joined CGAP's Communications Team in 2005. She has more than 20 years of experience in all aspects of nonprofit publishing. She has a Bachelor's degree in Journalism from the University of Maryland and a Master's degree in Business Administration from Johns Hopkins University.

**Xavier Reille**, *Lead Microfinance Specialist*. Xavier Reille joined CGAP in 1999. He leads the CGAP transparency team and chairs the board of director of the Microfinance Information eXchange. He is also the director of CGAP MENA initiative. Before joining CGAP, he was the regional microfinance adviser for Southeast Asia with Catholic Relief Services (CRS), where he set up an investment company for rural banks in Indonesia and developed a rating methodology. Before joining CRS, he was operations director at Société d'Investissement et de Développement International, where he helped create Profund and helped develop Centenary Bank (a commercial bank in Uganda). Reille has a Master's degree in International Finance from the University of Paris. He speaks French, Spanish, English, and Bahasa Indonesia.

**Richard Rosenberg**, *Senior Adviser*. Richard Rosenberg joined CGAP in 1995. He has written or contributed to a dozen CGAP publications. He is a core faculty member of the Microfinance Training Program at The Boulder Institute. Before joining CGAP, Rosenberg was deputy director of the U.S. Agency for International Development's (USAID) Center for Economic Growth and spent 9 years in Latin America, managing investment promotion, privatization, pension reform, and development finance. Before joining USAID, Rosenberg practiced antitrust and contract law with Boodell Sears in Chicago, Illinois, and private investment management. He has a Doctor of Law degree from Harvard University. Rosenberg speaks English and Spanish.

**Ousa Sananikone**, *Senior Private Sector Development Specialist*. Ousa Sananikone joined CGAP in 2000. She is responsible for external reporting and reviewing CGAP publications and key documents. Before joining CGAP, Sananikone worked in the Small and Medium Enterprise Development Department of the World Bank. She has a Master's degree in International Affairs from Georgetown University. She speaks Lao, Thai, French, and English.

**Neeran Saraf**, *Web Project Manager*. Neeran Saraf joined CGAP in 2005. She is currently working on CGAP's technology platform and Web strategy. Before joining CGAP, Saraf worked with several large consulting companies on local and international projects and co-founded several information technology companies, including SARAF Solutions, Inc. She has a Bachelor's degree in Computer Science from Imperial College of London University and a Master's degree in Computer Science from George Mason University. Saraf speaks English, Arabic, and French.

**Hannah Siedek**, *Microfinance Analyst, CGAP*. Hannah Siedek joined CGAP in 2003 on the aid effectiveness team in Paris helping private and public microfinance funding organizations use their resources more effectively. In this capacity, she has conducted research on the different funding sources for microfinance, managed an online resource to help donor staff capacity, and focused on increasing funders' transparency and accountability by developing disclosure guidelines and performance standards for microfinance investment funds. Siedek has also done significant work with the donor community in Nicaragua to improve their effectiveness. Since early 2006, Siedek has been based in Washington, D.C., where she provides support to CGAP's Technology Program. Before starting at CGAP, Siedek completed internships with NM Rothschild & Sons in London and the Momentum in Madrid. She has a Master's degree from ESCP-EAP, Paris, and has studied in England, Spain, and France. Siedek speaks German, English, French, and Spanish.

**Ira Singh**, *Microfinance Gateway Manager*. Ira Singh joined CGAP in 2004. She manages the Microfinance Gateway, the leading industry portal on microfinance, as well as its French and Arabic affiliate sites. Before joining CGAP, she managed projects, conducted applied research, and provided technical assistance and marketing support to the finance and banking practice of

Development Alternatives, Inc., an international economic development consulting firm. Singh has a Master's degree in Public Administration and International Relations from Syracuse University. She speaks English and Hindi.

**Jeanette Thomas**, *Communications Manager*. Jeanette Thomas joined CGAP in 2004 as the manager of the Communications Team. Before joining CGAP, Thomas was news editor in the BBC's Washington Bureau. She started her 10-year tenure at BBC in London, producing radio documentaries and Start the Week with Melvyn Bragg, BBC Radio 4's longest running discussion program. She also co-produced On Giants' Shoulders, a 12-part science series. In 2003–2004, she took a sabbatical from BBC to produce a series of films for the World Bank on development projects in the Middle East. She has a Master's degree and a Ph.D. in English Literature from Oxford University. She speaks English and some French and Spanish.

**Tonia Wright**, *Operations Manager*. Tonia Wright manages CGAP's day-to-day business and administrative functions, including budget and finance, human resource management, and administrative services. She coordinates CGAP's Associate Microfinance Analyst Program and Internship initiatives. Before joining CGAP, Wright worked in local government training, technical assistance, and capacity-building, both domestically and internationally. As a contractor, Wright managed a regional local government support program for the U.S. Agency for International Development/Pretoria, supporting local authorities in Zimbabwe, Zambia, South Africa, and Swaziland. Wright has a Master's degree in Public Administration from the University of Delaware and a Bachelor's degree in Political Science from North Carolina A&T State University.

**The following are on one-year assignments:**

**Malika Anand**, *Associate Microfinance Analyst*. Malika Anand joined CGAP in 2006. Before joining CGAP she spent a year in the Dominican Republic on a Fulbright Fellowship. During her time there she worked with Banco ADOPEM conducting a market research and impact assessment study. She has a Bachelor's degree from the University of Chicago in Public Policy Studies, with a minor in South Asian Languages and Civilizations. She speaks English, Spanish, and rudimentary Hindi.

**Chetana Bisarya**, *Associate Microfinance Analyst*. Chetana Bisarya joined CGAP in 2005. She works with the Communications Team on the Microfinance Gateway, the leading industry portal on microfinance. Before joining CGAP, she worked for the World Bank Institute in Private Sector Development. Her prior experiences include working with think tanks and NGOs in the United States and India, and she worked as consultant for Accenture. She holds a Bachelor's degree from Duke University and a Master's degree in International Affairs from George Washington University. She speaks English, German, French, and is proficient in Spanish and Tamil.

**Aude de Montesquiou**, *Associate Microfinance Analyst*. Aude de Montesquiou has worked on aid effectiveness in microfinance at CGAP since August 2005. She has a Master's degree in development studies from the School of Political Science in Paris and has studied literature, law and history at the University of la Sorbonne. Before joining CGAP, she worked on microfinance impact assessments at PlaNet Finance in Paris. She has completed internships with microfinance institutions in Lebanon and Togo.

**John Gutin**, *Associate Microfinance Analyst*. John Gutin joined CGAP in 2005. He works on a variety of policy-related issues, including microfinance interest rate regulations and AML/CFT. Before joining CGAP, Gutin worked at Development Alternatives, Inc., in the Banking and Financial Services group. Gutin has an Master's degree in International Relations from the London School of Economics. He speaks English and is proficient in French.

**Farai Jena**, *Associate Microfinance Analyst*. Farai Jena joined CGAP in 2006. She provides research support to the director and CEO as well as to different teams, including the Africa team and Savings Initiative. Before joining CGAP, she interned as a corporate finance analyst with Deutsche Bank in London and as a trading assistant with Public Financial Management in Pennsylvania. Jena has a Bachelor's degree in Mathematics and Economics from Mount Holyoke College. She speaks English and Shona.

**Lauren Johnson**, *Associate Microfinance Analyst*. Lauren Johnson joined CGAP in 2005. She works on pro-poor innovation, poverty outreach, and a range of programs specific to Sub-

Saharan Africa. Before joining CGAP she worked in Zimbabwe conducting trainings on election monitoring and business skills for microentrepreneurs. She has a Master's degree in International Business Relations and Development Economics from the Fletcher School, Tufts University. She speaks English and is proficient in French.

**Caterina Meloni**, *Associate Microfinance Analyst*. Caterina Meloni joined CGAP in 2005. She works with the Transparency Team and focuses on the various initiatives to promote transparency in the microfinance industry. Before joining CGAP, she worked at the World Bank's Operations Policy and Country Services department. Meloni has 2 years of field experience in Mozambique, where she worked for Save the Children/United States microfinance program and for the Department of International Development as part of a multidonor direct budget support group. She has a Master's degree in International Relations and Economics from Johns Hopkins. She speaks English, Portuguese, Spanish, Italian, and intermediate French.

**Mark Pickens**, *Associate Microfinance Analyst*. Mark Pickens joined CGAP in 2005. He works with CGAP's Technology and Savings Initiatives and the Retail Advisory Service. His professional experience includes consultancies with Bank of Africa in Madagascar, Amret Microfinance in Cambodia, Oxfam America, Pact, and USAID in Bosnia. Before joining CGAP he worked at Development Alternatives, Inc. He has a Master's degree in Microfinance from Columbia University. He speaks English and is proficient in French and Malagasy.

**Lauren Reese**, *Associate Microfinance Analyst*. Lauren Reese works with CGAP's technology program, including coordination of the Technology Fund, research, and program activities. Before joining CGAP, Reese worked for a development consultancy where she wrote a toolkit of best practices for microenterprise development programs, and at TPC, a microfinance institution in Cambodia. Reese holds a Master's degree in International Development and Economics from Johns Hopkins University, SAIS and a Bachelor's degree in Political Economy from the University of California, Berkeley.



## CGAP FINANCIAL STATEMENTS

Year ending June 30, 2006

**C**GAP is a trust-funded consortium of 33 funders with a mandate of improving access to financial services by the world's poor. It is housed in the World Bank which, on behalf of other member donors, has legal, financial, and administrative oversight of CGAP. CGAP's grants, projects, and most of its initiatives span more than one fiscal year. CGAP follows the World Bank's fiscal year, which ends on June 30.

These financial statements include a Statement of Revenues and Expenses, a Balance Sheet, a Statement of Cash Flows, and accompanying notes. They are unaudited. Internal audits are performed by the World Bank.

### KEY HIGHLIGHTS

- **Donor Contributions.** Donor contributions and pledges for 2006 (\$14.1 million) declined slightly compared to 2005 (\$15.6 million). The World Bank significantly reduced its contribution to \$500,000 based on a 2005 disposition of interest income which accrued to CGAP's parent trust fund. This interest income in the amount of \$11 million was allocated to CGAP in lieu of new contributions through 2008. Additionally, Belgium and Italy did not contribute during 2006. New donors (Dell Foundation, European Investment Bank, and Gates Foundation) have made pledges for 2006, and all other donors are either continuing or have increased their contributions to CGAP.
- **Grant Commitments.** In 2006, CGAP continued to focus on initiatives where there was great demand, where it had a comparative advantage and where it would make a significant impact to building inclusive financial systems. In 2006, CGAP committed \$8.3 million in new grants and initiatives and \$1.5 million for its communication and dissemination activities. CGAP continued to generate donor cofinancing for its initiatives. On average, for every \$1 invested by CGAP, \$3.5 were leveraged through donor cofinancing.
- New commitments include a bolstering of the CGAP Technology Program, for which \$2 million were committed with the aim of achieving greater access to formal financial services through information and communications technologies, especially among poorer, underserved populations; \$1.5 million for the second phase of The MIX; \$1 million to microfinance initiatives in the MENA region; \$0.6 million for the second phase of the Money Transfers Project and to fund the global Financing Facility for Remittances; and \$0.6 million (with \$220,000 cofinancing from Ford Foundation) towards a project that aims to increase the depth of microfinance outreach and provide services to ever-poorer clients (Graduating the Poorest into Microfinance).
- **Operating Expenses.** Operating expenses went up to \$8.6 million (from \$6 million in 2005). This was planned and budgeted, as CGAP's office in Washington had to

move to a new location and the hub in the MENA region became fully operational. In addition, CGAP's communication and dissemination strategy began to scale up considerably. In the Statement of Revenues and Expenses, the 2005 commitment for the Microfinance Gateway significantly increased the communication activities line item in comparison to communications commitments for 2006. Additionally, the administration fee levied by the World Bank on all donor contributions experienced a sharp increase due to changes in the policy on the amount and timing of the fee. The fee increased from 2% to 5%. In addition, it is now assessed upon receipt of the contribution rather than when the contribution is disbursed.

- **Financial Position.** CGAP's financial position is good. At the end of fiscal year 2006, operating reserves stood at \$6.9 million, down by \$1.3 million from fiscal year 2005. These reserves are meant to smooth the planning and execution of ongoing CGAP activities and cushion the effect of delays in donor contributions.

### **1. Basis of Accounting**

CGAP changed its financial reporting to accrual based in 2003. This gives the reader a fuller understanding of CGAP's financial position by showing funds approved for commitments separately from funds available for ongoing operations and future commitments. Resources are expensed when committed to projects.

Revenue from donor pledges is recognized when written notification of a donor's intent to process the grant is received. In most cases, pledges are fulfilled during the fiscal year they were made, but often they are received in the following year(s).

These (unaudited) financial statements are prepared on a historical cost convention, and are denominated in United States dollars.

### **2. Contributions from Donors— Core & Designated**

Donor contributions (including pledges that have not yet been received but are being processed by the donor), interest income and foreign exchange gains comprise CGAP's revenues. Donor contributions can be unrestricted (core), or in exceptional cases limited to a specific purpose (designated). Amounts of donor contributions to CGAP's core funds can also be found in the table labeled CGAP Member Donor Commitments, Fiscal Years 2005–2007.

The Statement of Revenues and Expenses shows donor contributions allocated for fiscal years 2005 and 2006. The Statement of Cash Flows/Inflows, on the other hand, shows all donor contributions received during the fiscal year regardless of the fiscal year to which they relate.

### **3. Interest Income and Foreign Exchange Gains**

Interest Income is the interest received during the fiscal year on cash balances held. Foreign exchange gains are the difference between the estimated U.S. dollar equivalent of donor contributions appearing in previous years' financial statements and the actual U.S. dollar value of the contribution when it was finally converted to U.S. dollars. Interest income in 2006 was \$1.2 million. While there was foreign exchange gain in 2005, there was a loss in 2006.

#### 4. Grants and Initiatives

This expense category relates to CGAP's work program via grants to microfinance institutions, networks, and initiatives focused on policy issues, financial and social transparency, accountability, technology development, transfers/remitances, and other multi-component projects managed by CGAP staff. Project related commitments for consultants and travel come out of this category. Approved commitments that are not fully disbursed when they are closed are returned to the original trust fund where the commitments were derived. Commitment amounts are therefore reported net of returns.

#### 5. Operating Expenses

Operating expenses are comprised of:

- Staff Salaries and Benefits include salaries and benefits of direct-hire CGAP staff
- Office and Occupancy Costs include space, equipment, communications, supplies, and other overhead expenses.
- Service Providers include costs that are not related to grants and initiatives (meeting facilitators, presentors, trainers of CGAP staff, etc.).
- Travel includes airfare, subsistence, and hotel costs incurred by staff and consultants that are not related to specific grants and initiatives (i.e. all stakeholder meetings, public presentations, conferences, external training travel, recruitment travel, etc.).

- Communications Activities include commitments for publishing, printing, translating, editing, Web site development and maintenance, publications and Web site managers, Microfinance Gateway costs, etc.
- CG and Excom Meetings include travel, facilities, food services, and other expenses connected with CGAP's Annual Meeting and Executive Committee meetings.
- Foreign exchange loss is the difference between the estimated U.S. dollar equivalent of donor contributions appearing in previous years' financial statements and the actual U.S. dollar value of the contribution when it was finally converted to U.S. dollars; also included in this line item is one cancelled pledge in 2006.
- Administration fees are levied by the World Bank for costs related to trust fund administration (currently at 5% of contribution).

#### 6. Operating Reserves

Reserves are funds available for ongoing operations and future commitments. Given that CGAP is not a self-standing, permanent entity, an operating reserve is maintained to cushion the effects of delays in donor contributions and to allow an orderly wind-down of CGAP activities if and when member donors decide to discontinue CGAP's operations in its present form.

**7. Bank Balances**

Bank balances on hand represent CGAP’s available cash balances. In fiscal year 2006, this amount was \$10.2 million, a decrease of \$6.3 million from 2005. This is expected, as the 2005 bank balance included an unexpected transfer of accrued interest income from the World Bank’s contributions to CGAP, which rendered it unusually high.

Bank balances representing approved commitments that are in the process of being disbursed and hence not available for new commitments were \$23.6 million in fiscal year 2006.

**8. Donor Contributions Receivable**

	FY06	FY05
Dell Foundation	100,000	
European Commission	1,227,600	1,710,104
Finland		344,578
Ford Foundation	200,000	
Gates Foundation	157,500	
Germany	331,250	
IFAD	600,000	695,000
Norway	471,143	
Spain	361,830	366,690
Sweden	<u>391,430</u>	<u>391,430</u>
<b>TOTAL</b>	<b>3,840,753</b>	<b>3,507,802</b>

**9. Liabilities**

The undisbursed portion of Grants, Initiatives, and Communications Activities represents approved funding where disbursements are in progress and are to be made or continued beyond the current fiscal year.

**10. Contributions Received in Advance**

	FY06	FY05
World Bank	6,375,000	11,000,000
Australia	359,250	338,300
United Kingdom	<u>444,625</u>	<u>474,938</u>
<b>TOTAL</b>	<b>7,178,875</b>	<b>11,813,238</b>

In April 2005, the World Bank’s legal department determined that interest income that had accumulated on the CGAP trust fund over the last ten years belonged to CGAP and transferred these funds to CGAP. As a result of this unexpected inflow, the World Bank reduced its future allocation to CGAP to \$500,000 per annum, recognizing that the interest income can fund the balance of its pledge. In 2006, CGAP allocated \$4.6 million of this interest income towards ongoing operations. The amount remaining from the interest income is \$6.37 million and will be allocated for the next two fiscal years.

**FINANCIAL STATEMENTS**

*Fiscal Years Ending June 30, 2006 and June 30, 2005*

	Notes	Actual July 2005– June 2006	Actual July 2004– June 2005
<b>STATEMENT OF REVENUES AND EXPENSES</b>			
<b>Revenues</b>			
Contributions from Donors—Core & Designated	2	14,129,420	15,615,446
Interest Income and foreign exchange gains	3	1,151,567	777,663
<b>Total Revenues (A)</b>		<b>15,280,987</b>	<b>16,393,109</b>
<b>Expenses</b>			
Grants/Initiatives Committed	4	8,335,341	10,753,878
Staff Salaries and Benefits	5	3,381,740	3,009,276
Office and Occupancy Costs	5	1,698,207	1,144,949
Service Providers	5	164,040	113,640
Travel, Representation, Others	5	290,892	248,687
Communication Activities	5	1,507,904	2,275,655
CG and ExCom Meetings	5	177,409	153,906
Foreign exchange losses and cancelled pledge	5	631,644	–
Administration Fee	5	409,733	82,553
<b>Total Expenses (B)</b>		<b>16,596,909</b>	<b>17,782,544</b>
<b>Excess of Revenues over Expenses for the year (A)–(B)</b>		<b>(1,315,922)</b>	<b>(1,389,435)</b>
Operating Reserves at beginning of the fiscal year		8,216,701	9,606,136
<b>Operating Reserves at the end of the fiscal year</b>	6	<b>6,900,779</b>	<b>8,216,701</b>
<b>BALANCE SHEET</b>			
<b>Assets</b>			
Bank Balances on hand	7	10,238,901	16,522,137
Bank Balances relating to Undisbursed Grants/ Initiatives and Communications Activities	7	23,631,509	25,660,778
Donor Contributions Receivable	8	3,840,753	3,507,802
<b>Total Assets</b>		<b>37,711,163</b>	<b>45,690,717</b>
<b>Liabilities</b>			
Bank Balances relating to Undisbursed Grants/ Initiatives and Communications Activities	9	23,631,509	25,660,778
Contributions Received in Advance	10	7,178,875	11,813,238
<b>Total Liabilities</b>		<b>30,810,384</b>	<b>37,474,016</b>
<b>Operating Reserves/(Net Assets)</b>	6	<b>6,900,779</b>	<b>8,216,701</b>
<b>Total Liabilities and Net Assets</b>		<b>37,711,163</b>	<b>45,690,717</b>

**FINANCIAL STATEMENTS, continued**

Fiscal Years Ending June 30, 2006 and June 30, 2005

	Notes	Actual July 2005– June 2006	Actual July 2004– June 2005
<b>Inflows</b>			
Donor Contributions received	10	8,638,116	21,735,299
Interest Income and Foreign Exchange Gains		1,151,567	777,663
<b>Total Inflows</b>		<b>9,789,683</b>	<b>22,512,962</b>
<b>Outflows</b>			
Cash spent against previous commitments		8,058,109	5,934,168
Grant Disbursements		5,114,862	4,982,925
Disbursements related to initiatives		2,943,247	951,243
Cash spent against current year commitments		1,469,440	1,818,707
Grant Disbursements		661,053	351,604
Disbursements related to initiatives		808,387	1,467,103
Operating expenses		8,574,639	6,027,400
Staff Salaries and Benefits		3,381,740	3,009,276
Office and Occupancy Costs		1,698,207	1,144,949
Service Providers		164,040	113,640
CGAP Staff Travel/Representation and Others		290,892	248,687
Communication Activities		1,820,975	1,274,388
CG and ExCom Meetings		177,409	153,906
Foreign exchange losses and cancelled pledge		631,644	–
Administration Fee		409,733	82,553
Net increase/(decrease) in undisbursed grants/ initiatives, and communications activities		(2,029,269)	449,228
<b>Total Outflows</b>		<b>16,072,919</b>	<b>14,229,503</b>
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>(6,283,236)</b>	<b>8,283,459</b>
Bank balances on hand at beginning of the fiscal year		16,522,137	8,238,678
Bank balances on hand at end of the fiscal year		10,238,901	16,522,137

## CGAP ONGOING GRANTS AND INITIATIVES

As of June 30, 2006

	Commitments
Retail Advisory Services	3,250,000
Microfinance Management Institute	2,687,500
CAPAF Phase II	2,344,238
Policy Initiative	2,310,402
Microfinance Technology Program I	1,250,000
CGAP/Gates Technology Program	2,000,000
MENA Initiative	1,890,000
Rating Fund II	1,702,186
MIX Phase II	1,500,000
Microsave Africa III	1,500,000
Pro-Poor Innovation Challenge Phase II	1,000,000
BRI International Visitors Program	925,000
MISFA II	890,000
CIDR East Africa Initiative	836,000
Financial Transparency Awards II & III	745,000
WOCCU Supervisory Toolkits & TA	742,000
BCEAO Regional Regulation & Supervision	680,000
Money Transfers Phase II	622,800
Savings Initiative	600,000
Central Asia Microfinance Center	594,400
Graduating Poorest into Microfinance	570,000
Country-Level Effectiveness and Accountability Reviews	568,000
Rating Fund III	530,000
China Capacity Building	440,000
Regulation & Supervision Resource Center, Phase III	372,900
Aid Effectiveness (formerly Donor Peer Reviews)	359,609
New Course Development	300,000
Microcredit Interest Rate Sensitivity Study	244,930
Social Performance Indicators	240,000
Microsave Latin America	180,000
Processor and Trader Credit	175,000
Asia Money Transfer Research	140,038
Better Aid HLM 2006	100,000
Regulation for Alternative Distribution	90,000
Poverty & Technology III	90,000
Microfinance Franchise Program	90,000
India Capacity Building	90,000
Staff Incentives Scheme Action Plan	84,000
Course Updates and Global TOTs	80,850

	Commitments
Donor Good Practice Guidelines	73,000
In-Depth Donor Agency Support	72,560
South Asia Regional Research	68,947
Microinsurance Working Group	65,000
Funding Flows Research	32,936
	<b>33,127,296</b>
<b>CGAP Ongoing Communications Activities</b>	
Microfinance Gateway II	1,735,655
Microfinance Gateway I	1,592,000
International Translation Project	922,500
Communications Activities	787,400
CGAP Websites	500,810
National and Regional Networks Program	335,904
	<b>5,874,269</b>

Note: Commitment amounts include co-funding from other donors that is managed by CGAP.

## CGAP MEMBER DONOR CONTRIBUTIONS AND PLEDGES

Fiscal Years 2005–2007 (in US \$)<sup>1</sup>

	FY2005	FY2006	FY2007
<b>Core</b>			
World Bank	5,525,000	5,125,000	4,725,000 <sup>2</sup>
Argidius Foundation	100,000	100,000	<i>100,000</i>
Asian Dev. Bank			
Australia	338,300	697,550	359,250
Belgium	388,725		
Canada	412,609	428,119	<i>428,119</i>
Dell Foundation		<i>100,000</i>	<i>100,000</i>
Denmark	520,063	<i>476,984</i>	<i>476,984</i>
European Commission	1,245,215	<i>600,000</i>	<i>600,000</i>
European Investment Bank		242,040	<i>242,040</i>
Finland	317,512	334,256	<i>334,256</i>
Ford Foundation	200,000	<i>200,000</i>	<i>200,000</i>
France	198,795	183,750	<i>192,000</i>
Gates Foundation		<i>157,500</i>	<i>157,500</i>
Germany	331,250	<i>331,250</i>	<i>331,250</i>
IFAD			
IFC	300,000	300,000	<i>300,000</i>
Italy	403,050		
Japan	300,000	300,000	
Luxembourg	440,241	421,395	<i>421,395</i>
Netherlands	400,000	400,000	<i>400,000</i>
Norway	471,143	<i>471,143</i>	<i>471,143</i>
Spain	361,830	<i>361,830</i>	<i>361,830</i>
Sweden	389,358	<i>391,430</i>	<i>391,430</i>
Switzerland	400,000	399,975	<i>400,000</i>
United Kingdom	474,938	474,938	444,625
United States			
<b>Core</b>	<b>13,518,029</b>	<b>12,497,160</b>	<b>11,436,822</b>
<b>Designated</b>	<b>1,465,773<sup>3</sup></b>	<b>1,632,261<sup>4</sup></b>	<b>8,064,437<sup>5</sup></b>
<b>TOTAL</b>	<b>14,983,802</b>	<b>14,129,420</b>	<b>19,501,259</b>

<sup>1</sup> Contributions not yet received are shaded and italicized.

<sup>2</sup> Of the originally budgeted World Bank contribution for FY2006, \$500,000 is the new annual contribution and \$4,625,000 is taken out of the \$11 million interest income (see note 11 to Financial Statements).

<sup>3</sup> EC, IFAD and Argidius Foundation

<sup>4</sup> European Commission, IFAD and Sweden

<sup>5</sup> European Commission, France, Gates Foundation, IFAD, Sweden

## CGAP COLLABORATION WITH MICROFINANCE PARTNERS IN FISCAL YEAR 2006

In addition to its 33 members (please see page 23 for a complete list), CGAP works with a wide variety of partners on all of its initiatives. The following is only a partial list and includes institutions with whom we collaborated on such activities as joint research, MFI ratings and evaluations, training, consensus-building, and technical assistance.

A - Invest, Kazakstan	Bandhan, India	Consumer Credit Cooperative "The First Far Eastern", Russia
Aadarsha Welfare Society, India	BANTRA (Banco del Trabajo), Peru	Cooperative Rural Bank of Bulacan, Philippines
ACCION International	Benefit, Bosnia & Herzegovina	COPME, Peru
ACODEP, Nicaragua	BGMFSCO, Ethiopia	Council of Microfinance Equity Funds
ADA, Luxembourg	Bina Swadaya Gema PKM, Indonesia	Credit Cambodia
Ad Jesum Development Foundation, Philippines	Blue Orchard	Crédit du Sahel, Cameroon
ADFinance, Senegal	Banque Marocaine du Commerce Extérieur, Morocco	Crédit Mutuel, Sénégal
AFD	Botswana Building Society	Credit Rural, Guinea
Africap	BRAC, Bangladesh	Crédit-Epargne-Formation (C.E.-FOR), Madagascar
Agency for Finance, Kosovo	BURO Tangail, Bangladesh	Credo Foundation, Georgia
AgroCapital, Bolivia	Cairo-Amman Bank, Jordan	Crystal Fund, Georgia
AgroInvest – World Vision, Serbia & Montenegro	Caja Nor, Peru	Corporate Social Responsibility Small and Micro Enterprises, Philippines
AISFD-CI, Ivory Coast	Capital Aid Fund for Employment of the Poor, Vietnam	Dahabshiil Transfer Services, UK/Somalia
Alterfin, Belgium	Capitec Bank, South Africa	DAI Finnet, Haiti
Alternativa, Peru	CARD, Philippines	DEMOS, Croatia
AMFOT (Microfinance Association in Tajikistan)	CARE, Benin	Deutsche Bank
AMUCCS, Mexico	Catholic Relief Services	DIS, Morocco
Angkor Mikroheranhvatho Kampuchea (AMK), Cambodia	CECAM, Madagascar	Dutch Microfinance Platform
ANIP-ME, Niger	CEFORMAD, DR Congo	Eco Bank, Ghana
APEMIF, DR Congo	Centenary Rural Development Bank Limited, Uganda	EcoFuturo, Bolivia
APIFM, Madagascar	Centre de coopération internationale en recherche agronomique pour le développement, France	Ecumenial Church Foundation, Philippines
APIM, Burkina Faso	CIDR, France	EDPYME, Peru
APIM, Togo	Centre National d'Etudes Agronomiques des régions Chaudes, France	EKI, Bosnia & Herzegovina
APROMI, Mauritania	Centurion Bank, India	Enda Inter-Arabe, Tunisia
APROS, Mexico	CERISE, France	Equity Bank, Kenya
Aquadev, Belgium	Cetzam, Zambia	Etimos, Italy
ASC Union, Albania,	CFBM, Mali	FAO
ASHI (Ahon Sa Hirap), Philippines	Christian Rural Aid Network (CRAN-Ghana)	Faulu, Uganda
Asian Credit Fund, Kazakhstan	CIDA	FIELCO (Financiera El Comercio), Paraguay
Asociación Cooperativa de Ahorro y Crédito Vincentina de R.L., El Salvador	Citibank Group	FINADEV, Benin
Association MicFin, France	CMAC (Caja Municipal de Ahorro y Crédito de Sullana S.A.), Peru	Finamerica, Columbia
Azeri Star Microfinance, Azerbaijan	CMF (Commercial Microfinance Limited), Uganda	Finance for Development LLC, Azerbaijan
Baba's Foundation Inc, Philippines	Compartamos, Mexico	Financiera El Comercio, Paraguay
Bai Tushum Financial Fund, Kyrgystan	Concern, Ireland	Financiera Nicaraguense de Desarrollo S.A., Nicaragua
Banco De La Gente, Venezuela	Consortium ALAFIA, Benin	FINCA
Banco do Noreste, Brazil	Constanta Foundation, Georgia	Finmark Trust
Banco Los Andes, Bolivia	Consulting Plus, Madagascar	FinRURAL Bolivia
Banco ProCredit, Ecuador		Fondation Charles Léopold Mayer pour le progrès de l'Homme), France
Banco Solidario, Ecuador		Fondation pour le Développement local et le Partenariat, Morocco
Bancolumbia, Columbia		

Fondecos, Bolivia  
 FONDEP, Morocco  
 Fondo de Desarrollo Local, Nicaragua  
 Fondo Financiero Privado FIE Sociedad Anonima (FIE FFP), Bolivia  
 Fonkoze, Haiti  
 Ford Foundation  
 Formateurs Independants, Senegal  
 FORO-LAC (The Latin American and Caribbean Forum on Rural Finance)  
 Forus Bank, Russia  
 Freedom From Hunger  
 Frontiers, LLC  
 Fundación Alternativa, Ecuador  
 Fundación CODESPA, Spain  
 Fundación Paraguaya de Cooperación y Desarrollo, Paraguay  
 Ganesha Microfinance Foundation, Indonesia  
 Génesis Empresarial, Guatemala  
 Georgian Rural Development Fund, Georgia  
 Globe Telecom  
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 Hivos, Netherlands  
 ICICI Bank  
 IETS Brazil  
 IMCEC, Senegal  
 Imp-Act Consortium  
 InfoDev  
 Initiative Développement, Benin  
 Initiative Développement, Ghana  
 Institut de Recherches et d'Applications des Méthodes de développement, France  
 HOPE, DR Congo  
 Institution Marocaine d'appui à la micro-entreprise, Morocco  
 Integra, Slovakia  
 Interchurch Organization for Development Cooperation, The Netherlands  
 Intercooperation, Switzerland  
 International Micro-Loan Fund, Tajikistan  
 IRAM  
 Jordan Micro Credit Company  
 JV MFO Microinvest LLC, Moldova  
 KASHF Foundation, Pakistan  
 Kosovo Enterprise Program  
 Kraban Support Foundation, Ghana  
 K-Rep Development Agency, Kenya  
 Kwanwoma Rural Bank Limited, Ghana  
 La Caixa Comunitária de Crédito e Poupança (CCCP), Mozambique  
 League for Education and Development (LEAD), India  
 Leimos Care, Ghana  
 Lift Above Poverty, Nigeria  
 LOKmicro, Bosnia & Herzegovina  
 Louvain Development, Belgium  
 Maata-N-Tudu, Ghana  
 MasterCard International  
 MCO Sinergija plus, Bosnia & Herzegovina  
 MCRIL  
 MEC FADEC NJAMBUR, Senegal  
 MFD, Senegal  
 MFRC  
 MiBanco, Peru  
 Microfin Holdings Limited, Trinidad  
 Microfinance Academy, Cameroon  
 Microfinance Centre for CEE and the NIS, Poland  
 Microfinance Council of the Philippines  
 MicroFinance Network  
 Microfinanza, Italy  
 Microrate  
 Microsoft Research  
 Microvest USA  
 MIKRO ALDI Goarзде, Bosnia & Herzegovina  
 MIKROFIN Banja Luka, Bosnia & Herzegovina  
 Mikrofond, Bulgaria  
 Minostere PME, EF, Microfinance, Senegal  
 Mision Alianza de Noruega, Ecuador  
 Movimiento Manuela Ramos, Peru  
 MTA (Microfinance Association in Uzbekistan)  
 Mutuelle d'épargne et de crédit - Association femmes entreprise rural - Nord, Senegal  
 National Bank of Kyrgyzstan  
 Negros Women's Finance Trust, Philippines  
 Netherlands Development Finance Company (FMO)  
 New Page Microfinance, Ghana  
 Norwegian Microcredit LLC, Azerbaijan  
 ODEF, Honduras  
 Oikocredit  
 Omidyar Network  
 Open Society Institute  
 Opportunity International  
 PACEF, Cameroon  
 PAED, Guinea Bissau  
 PAIDEK, DR Congo  
 Partneri Shqiptar ne Mikrokredi (PSNM), Albania  
 PHARMA Credit, Congo  
 Pilarh, Honduras  
 Planet Finance, Belgium  
 Planet Rating  
 PRASAC, Cambodia  
 PRIDE, Africa  
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 PRIZMA, Bosnia & Herzegovina  
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 SKS, India  
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 Small Business Development Foundation, Georgia  
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 Unitus Equity Fund  
 USAID  
 Utshani Fund, South Africa  
 Viator Microcredit, Azerbaijan  
 Visa International  
 Vision Fund, Cambodia  
 Vital Finance, Benin  
 Vivekananda Sevakendra O Sishu Uddyan, India  
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