

ESAF partners with Mangalam to promote reading habits among children

In order to encourage the reading habits among rural children, ESAF has agreed to partner with Mangalam daily to promote their Aksharajyothi scheme in selected schools in Thrissur, Palakkad and Kothamangalam. In a program organized at Thachampara Deshabandhu School on Sep 24, 2012, Jacob Samuel, Director Healthcare, ESAF inaugurated the function by handing over the newspapers to the School Leader. Deputy HM, KA Ambujam, and Head V.P. Jayarajan also spoke on the occasion.

FROM THE WORLD OF MICROFINANCE

IFC and high mark to expand Credit Bureau coverage



The International Finance Corporation (IFC), a member of the World Bank Group, and High Mark Credit Information Services, a leading Credit Reporting agency in India, will work together to expand its credit-reporting system to cater to the microfinance institutions. The signing event took place at IFC's office in New Delhi. High Mark has enrolled 540 Credit Institutions as its members, including all leading Public and Private sector banks in addition to NBFCs, cooperative banks and over 120 microfinance institutions.

The initiative is aimed at encouraging microfinance lenders to use credit bureaus to help them assess the repayment capacity of borrowers, lower credit risk and help ensure informed lending. Also it will address the problem of multiple lending and over-indebtedness among microfinance clients in India. IFC will work with High Mark and other players to ensure smaller MFIs report to Credit Bureaus and use credit information to make lending decisions.

High Mark is the world's largest microfinance bureau with over 80 million records. With support from IFC, High Mark is hoping to reach an additional 50-60 smaller MFIs in the next 18 months.

HUMBLE HEROES

'Sevai' means life for Sujatha

Sujata Shewre owns an enterprise which specializes in producing Sevai (vermicelli). The sweetness of her smile is now sweeter than her product as her business is now known in the name 'Sujatha Gruh Udyog'. She thanks ESAF Microfinance for supporting her end-to-end in getting the formalization process through. "I don't feel inferior to any other established brands in Nagpur as I have a name to differentiate my product", says the proud 44 year old entrepreneur. Registration of her unit with the Government was the first step towards 'formalizing' her unit.



With the support of ESAF she bought a machine for Rs 22,000 to produce 'Sevai'. Soon after she started her unit,

disaster struck in the form of her husband's death. He was working in a small private firm and his death had thrown constant questions that Sujatha and her two daughters found difficult to answer. With the financial and non-financial support of ESAF she became a more professional entrepreneur. Now her business is well established as she has a good network of retail shops as her clients. They call her on mobile and place orders. She has employed two women to whom she pays Rs.3000/- each per month.

"Now I am a proud mother who is capable of meeting the educational requirements of my two daughters", says Sujatha. Now this humble lady wants to expand her business and give jobs to those women, who need financial support.

'LIFE' LINE

It is better to invest in an A person with a B product than in an A product with a B person. Georges Doriot, venture capitalist

FOOD FOR THOUGHT

Pakistan 3rd and Philippines 4th in MFI rankings

In the Annual Global survey on microfinance business environment, based on the Economist Intelligence Unit's (EIU) report, Pakistan has ranked 3rd and Philippines has ranked fourth, citing stable market in both the countries. With 63.3 points Philippines has managed to scale two notches up, compared to last year's Global Microscope on the Microfinance Business Environment report. Out of the 55 countries Pakistan with 67.4 points and Philippines with 63.3 points are trailing behind Peru (79.8 points) and Bolivia (71.8 points). Definitely, India has something to learn from its neighbours.



The Microscope 2012 survey was conducted in the 12 months ending in June. EIU explained that the rankings were based on regulatory framework and practices, and the supporting institutional framework. The survey also noted stability of microfinance markets, and whether they are vulnerable to any political shocks. "The Bangko Sentral

ng Pilipinas continues to promote an enabling environment for microfinance, seeing it as one of its key poverty reduction efforts," the report stated. The survey has also recognized key efforts of the BSP such as increasing the ceiling for microfinance loans and the lower house's approved measure allowing foreign ownership of up to 40 percent in rural banks.

In January, the BSP approved a microfinance loan called "microfinance plus" that microenterprises and small businesses can avail of to fund their expanding operations. Microfinance, generally, has originally been intended to

mean financing for micro-enterprises or small livelihood activities but the BSP has since expanded the loan products to include microfinance housing, micro-agri loans, micro-insurance and micro-deposits. Currently, there are 202 microfinance institutions operating in the Philippines.



micro-entrepreneurs, including the self-employed. It has a particular focus on, but is not restricted to, groups with limited access to the conventional credit market. Examples include female entrepreneurs, young entrepreneurs, entrepreneurs belonging to a minority group, entrepreneurs with a disability, sole traders, etc. Mifos (Micro Finance Open Source) is the financial software developed for microfinance institutions promoted by COSM. Mifos drives the growth and poverty alleviation strategies of microfinance institutions by providing support for client management, portfolio management, loan repayment, tracking, and reporting functionalities. As per June 2012 figures, Mifos has been deployed by 40 microfinance institutions with a combined client strength of over 1,000,000 clients.

(source – www.indiamicrofinance.com)

MIFOS Summit in Bangalore

Members from over 12 countries converged at the Mifos Summit in Bangalore, organized by the Community for Open Source Microfinance (COSM) in association with Grameen Financial Services Private Limited (GFSPL), a Non Banking Financial Company based in Bangalore. Delegates from USA, Lebanon, Kenya, Australia, Nigeria, Mozambique, Namibia, Ireland, Poland, Tunisia, Switzerland and Uganda attended the 3-day summit. Managed by the European Investment Fund, Progress Microfinance aims to increase access to finance for



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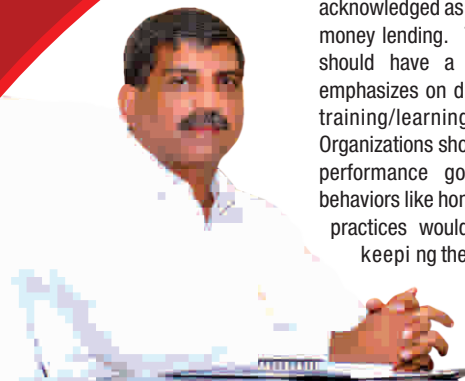
July-Dec. 2012



...means development in Santhali, the language of an underdeveloped tribal group in Eastern India.

Human capital in microfinance

As in any other service industry, skilled manpower is the cornerstone for building a successful microfinance institution. The need for skilled manpower in microfinance is clear and present, as it is acknowledged as responsible finance, rather than mere money lending. That's why it is imperative that MFIs should have a proper HR system in place that emphasizes on disciplines like recruitment, selection, training/learning, development and motivation. Organizations should adopt qualitative and quantitative performance goals that clearly define expected behaviors like honesty, respect, transparency etc. Such practices would help MFIs to train employees in keeping the values of the Organization intact and not drifting away from their focus, when encountered with the challenge of recovery.



At ESAF, our field staff adorns the role of financial advisors to our clients (women at the lower strata of the society), and they are trained to protect the clients' interests above anything else. Considering the unique nature of MFIs, women oriented door to door financial services, women are better suited to serve the members. That's the reason why 77% of our field staff and 63% of our total staff strength are dominated by women. For analyzing Key Result Area (KRA), we have plans to include non-financial goals in their incentive schemes apart from financial parameters.

The independent research center at Consultative Group to Assist Poor (CGAP), also insists on the quality of Human Resources in microfinance. In the nine performance metrics highlighted by Asian Development Bank in its report on 100 Asian MFIs, efficiency and productivity of human resources were included. Other parameters were outreach-borrowers, outreach-depositors, market penetration, scale, growth, profitability, and portfolio quality. In Pakistan, retaining quality human resources is one of the targets given to microfinance industry by the Govt. of Pakistan. Yes it's time that MFIs in India should focus on quality manpower that can increase productivity and more importantly, improve the quality of service.

K. Paul Thomas Managing Director

FROM THE WORLD OF ESAF

ESAF MD participates in the European Microfinance Week 2012

K Paul Thomas, Managing Director, ESAF Microfinance participated in the European Microfinance Week 2012, held at Abbaye de Neumunster, Luxembourg. The theme of the event, organized by European Microfinance Platform, was 'Combining strengths - delivering results'. K. Paul Thomas delivered a speech on 'Microfinance for decent work', a project ESAF executed with the support of International Labour Organization (ILO) in India.



K. Paul Thomas during a session in European Microfinance week 2012

The event was organized to bring together microfinance stakeholders to discuss important developments in the sector that could contribute in shaping the global approach on microfinance. Over 400 well-wishers from 59 countries attended the 2-day gathering. Other prominent speakers participated in the function were Professor Muhammad Yunus, Grameen Credit Agricole Microfinance Foundation, Bob Annibale, Global Head Citi Microfinance, Tilman Ehrbeck, CEO CGAP and Marc Bichler, Executive Secretary United Nations Capital Development Fund.

ESAF Directors in MFIN Taskforce

K Paul Thomas, Managing Director, ESAF Microfinance was elected to MFIN task force on Advocacy in the month of July. The members were elected through e-votes and a total of 38 members casted their votes. The Advocacy Committee is chaired by Vijay Mahajan, Chairman, BASIX. Samit Ghosh, Managing Director, Ujjivan, C.S. Ghosh, Chief Managing Director, Bandhan and Dilli Raj, CFO, SKS Microfinance are the other members in the Committee.



K. Paul Thomas and George Thomas

George Thomas, Director Operations, ESAF Microfinance was elected as a member of the task force on Media Relations and Communications. C.S. Ghosh of Bandhan and Kishore Kumar Puli of Trident are the other prominent members in the Committee. Apart from Advocacy and Media Relations the members had elected a task force on Credit Bureau.

Medha Patkar Visits ESAF Stall

Renowned social activist Medha Patkar visited ESAF stall organized at Salsabeel Green campus, Kinaloor as part of a convention organized by National Alliance for People's Movement, Thrissur on Nov 16, 2012. The stall was organized by ESAF Livable Cities Project team. Medha Patkar appreciated the efforts ESAF has taken in resolving the issues faced by the common man and spoke at length about similar kind of initiatives undertaken in Delhi. She also introduced Rajendra Ravi from the Institute of Democracy and Sustainability to the team. Ravi explained about his initiatives for implementing Bus Rapid Transit in Delhi. The team was able to meet other prominent personalities including Binayak Sen and C.R. Neelakandan.



Activist Ms. Medha Padkar understanding about The Livable cities Project of ESAF from the Project team

ESAF Launches 'Go Nature'

With the support of Jharcraft, a Jharkhand Government initiative for handicraft development, ESAF launched 'Go Nature' a retail touch point for quality handicrafts made of stones and natural fibers. The outlet opened in Thrissur A.R. Menon Road, is the first of its kind initiative of Jharcraft in Kerala. Dharendra Kumar, Managing Director, Jharcraft inaugurated the boutique. K. Paul Thomas, Managing Director, ESAF Microfinance presided over the function. During his speech Paul Thomas made clear the intentions of the Organization to launch similar



Dhirendra Kumar inaugurating 'Go Nature Boutique'.

outlets in other regions of Kerala. Ajith Sen, Senior Manager, ESAF Microfinance, Dumka is in charge of the 'Go Nature' venture.

€ K.C. Joseph and Tharmabil visits ESAF stall at Sangamam Rendezvous 2012

K.C. Joseph, Minister for Rural Development and Tharmabil Ramakrishnan, MLA, Thrissur visited ESAF stall organized at Sangamam Rendezvous 2012. The Minister and the MLA during their speech waxed eloquent on the good work ESAF has been doing in the field of social service for the last 20 years. The Sangamam-Rendezvous 2012 was organized by the International Council on Social Welfare (ICSW) Kerala Chapter & Department of Social Work, Vimala College, Thrissur. The program was a platform for organizations to reflect, deliberate and act on various developmental issues and challenges. Voluntary agencies working in the field of social welfare participated and discussed relevant social issues.



K.C. Joseph and Tharmabil Ramakrishnan at ESAF's Stall

€ ESAF participates in Asia Conference on Fair Trade

ESAF participated in 'Asia Conference on Building Consumer Confidence in Fair Trade' on October 10, 2012. K. Paul Thomas, Managing Director, ESAF Microfinance chaired the session 'Ethical Finance and Fair Trade'. S. Srinivas, General Manager, EXIM Bank was the keynote speaker in the session. K. Paul Thomas, during his speech explained the ESAF model where microfinance was supported by capacity

building of tiny entrepreneurs. He also applauded EXIM Bank's support to Fair Trade Movement and dwelt at length on the Skill Development Programs organized by ESAF for the artisans in Kerala and Jharkhand. Srinivas explained the schemes EXIM bank offered for small producer organizations to carry on with their operations. More than 220 delegates from all over the globe participated in the conference.

€ ESAF Producers Company to work as BC to IDBI



ESAF Swasraya Producers Company Ltd (ESPCL) signed MoU with IDBI Bank on Sep 25, 2012, to act as a Business Correspondent for them. This is another major step in achieving the Organization's vision of alleviating poverty and achieving financial inclusion. "ESAF is underscoring its social commitment by acting as a Business Correspondent to IDBI, and hopefully this would help us to cover far more regions that deserve our support" says K. Paul Thomas, Managing Director, ESAF Microfinance. He added that this would give ESAF more exposure on the banking side and help the organization in making more number of people accessible to banking services. The MoU was signed between Sherin Mendez, AGM, IDBI Bank and K. Paul Thomas, Managing Director, ESAF Microfinance.

€ Case Study Competition winners



Lajju E.K

Thrissur region with 145 responses registered the maximum responses for the case study contest held last year. In total 178 entries have been received for the contest. Lajju E.K, Documentation Officer, R & D department won the first prize, Seetha Lakshmi from Thrikkunapuzha branch won the second prize and Nisha S. Sardar from Naggur won the third prize. The following employees won the consolation prizes – Joicy Anto, Amballoor branch, Thrissur, Sandhya Suresh, Manger- R&D, Rema Mohandas, Pattikkad branch, Thrissur, Sujatha M.K, and Krishaveni K., Palakkad branch.

€ ESAF Organizes International Car Free Day and National Cycle Day

ESAF organized International Car Free Day and National Cycle Day celebration in collaboration with Energy Conservation Society at Govt. Higher Secondary School, Pattikkad, Thrissur on September 22, 2012. As part of the program a cycle rally was also organized. An awareness program on environment pollution was also organized at the school which was inaugurated by K. Paul Thomas, Managing Director, ESAF Microfinance. Christudas K. V., GM, Dairy and Energy, took a session on the importance of Green Energy.

€ BBMP to declare Commercial Street, Bangalore as no vehicle zone
ESAF-HealthBridge Livable Cities project acts as a catalyst

Livable Cities project, promoted by ESAF and Health Bridge Canada, in Bangalore acted as a catalyst for change, as Bruhat Bangaluru Mahanagar Palika (BBMP) was about to declare Commercial Street as a no-vehicle zone. A report on the same was published in the daily Deccan Chronicle. It stated that a budget of Rs 1.5 crore was set aside to redesign the street. ESAF in association with HealthBridge Canada is implementing the Livable cities project in the cities of Bangalore,

Nagpur and Thrissur, the home turf of ESAF Microfinance. "Our team will be taking more intense and focused efforts and will work closely with BBMP and all other stakeholders to convert this dream into reality" opines K. Paul Thomas, Managing Director, ESAF Microfinance. The livable cities project is intended to make urban cities children friendly through advocacy and networking with Government machineries. One of the most challenging tasks of the project is to make Commercial Street a 'no-car zone'. This is meant to provide greater access to the local stores, provide greater pedestrian safety and create a vibrant social setting within the city that is safe for families. Some other plans envisioned for the Commercial Street are broad walking surfaces for pedestrians, landscaped walls and benches for pedestrians to rest on while shopping, remodeled storm water drain to prevent stagnation of water in rain and a fancy lighting system to add to the posh ambience of the street.



€ THROUGH THE EYES OF THE EDITOR

People, the real wealth of an MFI

Microfinance is considered as a tool for socio economic development that saves the poor from the pervasive evils of poverty. No wonder, the concept is gathering steam across the globe and has improved the living standards of millions. Considering the importance of the sector, quality manpower is the need of the hour for MFIs to carry out its responsibilities. Even though some big MFIs have managed to attract qualified employees, mid-sized / small MFIs are still way behind the mark. But even those big sized MFIs are now finding it difficult to retain talents. The reason could be - MFIs are yet to figure in the 'most preferred-organizations' list of B school graduates or other qualified professionals. The white collar aspirants may definitely get better pay packets elsewhere, but nowhere can they gain the satisfaction of doing business and meeting social obligations. Support from the Government circles would come handy for an image makeover of MFIs. Allowing big MFIs to accept deposits and enabling them to graduate

to the level of microfinance banks (MFB) may help in bringing the much needed image makeover. When the Government is spending in crore as subsidies for IIMs and IITs, it should be made mandatory for the students to dedicate at least 5 years of their career to Government oriented social security programs/services like microfinance. For this purpose, the Government can do well by introducing a grading system that rates MFIs based on their size and social impact. This will help the students in choosing the right Organizations to work for.

Information Technology is an area of concern for most MFIs. It's been almost 40 years, since the concept of MFIs is first launched, but the sector in India is still in search of a comprehensive IT solution that can manage the complexity of its business and social priorities. Attracting quality manpower will definitely help the MFIs to effectively organize its priorities and achieve its mission.

Your response may be sent to: sony@esaf.in

Sony V. Mathew

€ ESAF initiates steps to convert Piangottoor to first full 'NPS Panchayath'

ESAF Microfinance has initiated steps to convert Piangottoor Panchayath, in Kothamangalam - Ernakulam District, to become the first full National Pension Scheme (NPS) Panchayath in Kerala. The program at Piangottoor was inaugurated by Lissy Kuruvilla, Panchayath President. K. L. Paul, Vice President, presided over the function. George Thomas, Director Operations, ESAF Microfinance also spoke on the occasion.

On the new initiative, K. Paul Thomas, Managing Director, ESAF Microfinance opined that ESAF was performing well on the NPS front and the initiative at Piangottoor was to complement its efforts to fulfill a larger mission. ESAF Microfinance is one among the few aggregators selected by the Government of India to implement the NPS Scheme. This Universal Social Security Scheme is intended to protect the elderly against economic deprivation.

ESAF supports landslide victims

At Peringattur, ESAF also supported landslide victims by providing them with beds, pillows, chairs, almarahs and other utensils. The program was inaugurated by



Lissy Kuruvilla, inaugurating NPS program at Paingottoor

Christudas K.V., General Manager, ESAF. Lissy Kuruvilla, Panchayath President, presided over the function. Nissar Muhammed, Panchayath Member, welcomed the gathering and Mini proposed a vote of thanks. K. Paul Thomas, Managing Director, ESAF Microfinance contributed Rs 25,000 to the Disaster Relief Fund. In Alapuzha, ESAF supported landslide victims at Purakadu on Aug 20, 2012.

€ ESAF builds home for an ailing employee



Radhamani with her family in front of the house built by ESAF employees for her.

As part of the 20th anniversary celebrations, ESAF with the support of its employees built a house for Radhamani, a field staff at Elappara branch in Idukki. Radhamani was ailing from a serious brain related disease for some years. K. Paul Thomas, Managing Director, ESAF Microfinance handed over the keys of the new house to Radhamani and family on Oct 13, 2012. They expressed their deep gratitude to ESAF management and staff.

€ ESAF organizes Pedestrian Preference Surveys

ESAF Livable Cities Project team conducted a pedestrian perception survey in the month of August to evaluate the pedestrians' perception of the facilities available in the city of Thrissur. Pedestrians were randomly quizzed for this purpose. Their perception on the current pedestrian facilities was recorded along with their preferences on improvements. 30 important locations were identified for the purpose of the survey. The trained surveyors interviewed the pedestrians using the questionnaire provided. Pedestrian count was also recorded from different parts of the city.

€ ESAF initiates client satisfaction survey

In order to assess the satisfaction levels of the clients, ESAF Microfinance has started conducting Client Satisfaction Survey in relation to various loan products on offer. Along with the Client Satisfaction Survey, a Client Transformation Assessment Survey is also conducted. An estimated sample size of 1000 clients was taken from Kerala, Tamil Nadu and Central India and the final report of the survey would be released soon.

€ Christmas @ ESAF

ESAF cheerfully celebrated Christmas across the nation in the area offices and other institutions. Christmas message, cultural programs of the staff and distribution of cakes were regular features of the celebration.



Gloria 2012, the Christmas celebration at the Head Office was held on 20th Dec. 2012. K. Paul Thomas, Managing Director, ESAF Microfinance welcomed the gathering. Dr. P. Rajendran, Vice Chancellor, Kerala Agriculture University inaugurated the function and Bishop Yuhanon Mar Milithios, Metropolitan of Malankara Orthodox Church, Thrissur delivered the Christmas message. ESAF Choir rendered traditional and contemporary carols and ESAF Recreation Club and ESAF School of Nursing presented a variety of cultural programmes. The function concluded with a sumptuous Christmas feast.

