

May 2011

Note From the CGAP Team

We are pleased to report on the activities of our partners and on the progress of the microfinance industry in the Middle East and North Africa region between October 2010 and March 2011. This issue of the MENA Update is issued at a very critical time for our region. This dramatic chapter in MENA's history will create many challenges and opportunities for the agenda of financial inclusion, shaping the work of the policy makers, donors and service providers in the region.

The Update features an interview with Tilman Ehrbeck, appointed chief executive officer of CGAP last August, in which he shares his thoughts on the industry, the future of microfinance in MENA, and his vision for the institution he now leads.

CGAP thanks all consortium partners for their contributions to this newsletter. We look forward to continuing our joint work to advance financial inclusion in the Arab world.

We are glad to announce that beginning from the next issue, we will begin to issue this update in partnership with Sanabel, the Network of Microfinance of the Arab Countries.

Mohammed Khaled,
CGAP MENA Regional Representative

Events

Eighth Annual Sanabel Conference in Amman, Jordan. Sanabel, the Microfinance Network of Arab Countries, holds its eighth annual conference from June 7–9 2011, in Amman, Jordan. The theme of this year's conference is "Microfinance in the Arab Region: Challenges of the Past and Opportunities of the Future". Over the course of three days, more than 600 participants will have the opportunity to learn from expert panelists and share individual experiences through sessions, mini-trainings, and workshops designed under three different tracks; risk management, responsible finance,

and product development and innovation. For complete information and registration, please visit: www.sanabelconf.org

Arab Policy Forum on Financial Inclusion 2011: Reducing Vulnerability and Promoting Growth. CGAP, the Alliance for Financial Inclusion (AFI) and Sanabel invite policy makers and officials from central banks, ministries of finance and other relevant ministries to discuss current challenges and opportunities for financial inclusion in Arab countries. Preceding the Eighth Annual Sanabel Conference, the Policy Forum is to be held on June 6 in Amman, Jordan.

CGAP Donor Lunch Discussion at the Annual Sanabel Conference. CGAP invites all donors and investors to a lunch discussion on June 8 during the Annual Sanabel Conference in Amman. As in previous years, donors and investors active in MENA will have the opportunity to update each other on activities in the region. This year, special attention will be given to the opportunities and challenges for microfinance in the context of the Arab Spring.

Sanabel's 2011 Training Calendar Accessible Online. Sanabel delivered a broad range of courses over the last six months, including training courses in delinquency management and sustainable interest rates, business planning, social performance management, and social audit. The calendar of upcoming training courses is available at <http://www.sanabelnetwork.org/files/2011%20Courses%20Schedule-%20En.pdf>

Global Microcredit Summit 2011, Valladolid, Spain, November 14-17, 2011. The Global Microcredit Summit gathers over 2,000 practitioners, investors, donors and other participants committed to the Microcredit Summit Campaign, including Her Majesty Queen Sofia and Nobel Peace Prize Laureate Muhammad Yunus. The event focuses among other topics on rural livelihoods and food security, over-indebtedness, product diversification, and

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the development of a “seal of excellence for poverty outreach”. Event Website: <http://www.globalmicrocreditsummit2011.org/>

Regional Updates

Sanabel Network Counts Four New Members. Four new members have joined Sanabel Network since October 2010: Al Mosanid Center for Growth and Development from Iraq; Emkan for Sustainable Microfinance and Community Development from Lebanon; WAFAA limited from the UK; and Planet Finance from France. The last two of these organizations fall under the “Friends of Sanabel” membership category.

Sanabel Released the “Arab Microfinance Regional Report”. Sanabel released the “Arab Microfinance Regional Report” under the Patronage of His Excellency Jaafar Hassan, Minister of Planning and International Cooperation, on January 16, 2011, in Amman, Jordan. The report is part of the Network Strengthening Program that is sponsored by Citi Foundation and supported by the Small Enterprise Education and Promotion (SEEP) Network. The report provides a regional overview of the state of the microfinance sector in the Arab region in addition to country profiles for more detailed country by country performance. This publication will be updated on an annual basis, and the annexed Country Profiles, in electronic format, will be published on the Arabic Microfinance Gateway: <http://arabic.microfinancegateway.org/>

Sanabel’s Second Meeting of its Newly-Elected Board in Cairo, Egypt. From October 3–5, 2010, Sanabel’s board met in Cairo to orient the new directors on their roles and responsibilities, review key strategic and operational documents, and discuss Sanabel’s Business Plan 2011 - 2012.

The Arabic Microfinance Gateway Registers Record Number of Visitors. The Arabic Microfinance Gateway witnessed an impressive increase in visitors since last year. The number of unique visitors increased by 73 percent and page views climbed by 35 percent. The Gateway continued to serve its visitors with more information uploaded on a daily basis, including documents, news items, events and training opportunities, feature articles and job vacancies. In addition, the site’s bi-monthly newsletter has been sent regularly to more than 6,000 subscribers. See <http://arabic.microfinancegateway.org/>

Citi Micro Entrepreneurs Award 2010. On April 4th, 2011, Sanabel - in cooperation with Citi Foundation - organized a celebration to recognize the best projects within Citi’s Microentrepreneurship Awards program for the year 2010. The objective of the Citi Micro Entrepreneurs Award 2010 is to acknowledge and promote the effective role of microfinance in alleviating poverty worldwide. The awards recognize individual micro entrepreneurs for their extraordinary contributions in gaining self-sufficiency for their families and for their communities.

New Regional Fund, SANAD, Advances as Scheduled. The SANAD fund will provide refinancing instruments to financial institutions and thereby support micro-, small-, and medium-sized enterprises (MSMEs), create employment opportunities and promote income generation. The fund will be managed by Finance in Motion, a leading alternative asset manager focused on development finance. SANAD is set to be operational by mid-2011 with a first commitment by KfW on behalf of the German Federal Ministry of Economic Cooperation and Development. It will also pool resources from additional investors until the end of the year and will offer technical assistance in combination with various financial instruments. MFIs will be able to draw on customized technical assistance on crisis-related delinquency and risk management in the short term and on transformation in the medium-term. Overall, the fund volume may grow to approximately EUR 100 million through successive closings within the next 3-5 years.

Launch of Agfund Apex fund. Last December, Agfund’s board approved the creation of the Apex Fund. It is expected that the fund portfolio will reach more than US\$ 100 million by 2015. The Agfund Apex fund aims to provide credit facilities to microfinance banks and Institutions to help bridge the gap between supply and demand. Agfund Apex plans to execute the first transaction by the end of June 2011.

Integration of MFIs Into the Credit Bureau System. International Finance Corp. (IFC) is providing advisory services to microfinance networks, microfinance institutions (MFIs) and private credit bureaus in the region to integrate MFIs into credit reporting systems. In Egypt and Morocco, IFC has been working with MFI associations and credit bureaus to improve the quality of credit

reporting and reduce its costs. Credit reporting enables MFIs to improve their risk assessment ability and reduce transaction and operational costs by speeding up the loan appraisal process, thereby enhancing institutional efficiency, and increasing outreach to more clients.

Increasing Access to Credit through Reforming Secured Transactions in the MENA Region. A recent paper published by Alejandro Alvarez de la Campa of the World Bank Group provides a comparative summary of secured transactions systems related to the use of movable property as collateral in the MENA region vis-à-vis international practices in countries with modern secured transactions systems. The paper sets out the importance of introducing reforms in the area of secured transactions with the objective of increasing access to credit for businesses, particularly small- and medium-sized enterprises (SMEs). It argues that the MENA region clearly lags behind all other regions in the introduction of secured transactions reforms. The two main critical areas that need urgent reforms are the creation of modern secured transactions laws and electronic movable collateral registries, and the need to improve enforcement mechanisms for security interests in movable property. This World Bank Group Policy Research Paper (WPS5613) is available at www.wds.worldbank.org

GIZ Announces a New Regional Project for MENA. A new GIZ project seeks to promote the legal and regulatory framework conditions for the microfinance sector particularly in Egypt, Jordan, and Palestine. The project also supports the Sanabel Network in its regional work. Offices will be based in Cairo and later also in Amman. The project starts in May 2011 and will run for six years.

Grameen Foundation Releases Updated Microfinance Management Information Software. The Grameen Foundation, announced the release of Mifos 2.0, the latest version of its management information software for microfinance. The new software incorporates the Progress out of Poverty Index, a measure for tracking changes in clients' living conditions over time. Mifos 2.0 is also compatible with M-Pesa, Kenya's mobile-to-mobile money transfer service, which enables microcredit borrowers to make payments and deposits using mobile phones. Mifos 2.0 enjoyed a wide release and so far 80 MFIs reportedly were using the new software as of December 2010, including two MFIs in MENA: Enda in Tunisia, and Almajmoua in Lebanon.

Country Updates

Algeria

Algeria Plans New Postal Bank. Moussa Benhamadi, the Algerian Minister of Post, Information and Communication Technology, has announced that Algeria Post will establish a postal bank, taking advantage of Algeria Post's nationwide customer network to deliver a range of financial services.

Egypt

Lead Foundation Taps Guarantees, Debt Financing to Back Expansion. Egypt's Lead Foundation has accessed a range of financial support to back plans to expand its base of active borrowers to 400,000 from 170,000 as of September 2010. In one transaction, Grameen-Jameel and Grameen Credit Agricole provided a joint financial guarantee to Lead Foundation of US\$3 million, allowing it to sign a US\$6.0 million loan with National Société Générale Bank in Egypt. Additionally, Lead Foundation secured a loan of US\$4.7 million from BNP Paribas that was backed by the United States Agency for International Development Egypt (USAID/Egypt), which is guaranteeing 50 percent of the principal. Lead Foundation, an Egyptian non-governmental organization (NGO), was founded in 2003 with support from USAID. As of September 2010, Lead Foundation reported a gross loan portfolio of US\$28 million.

Islamic Insurance Provider Tokia Marine Middle East Sees Opportunity for Microinsurance in Egypt. Ajmal Bhatti, chief executive of Tokio Marine Middle East, told Reuters that he sees the recent political turmoil in Egypt as an opportunity to extend "takaful" (Islamic insurance) services to Egypt's low income population. Dubai-based Tokio Marine Middle East has launched two takaful companies in Egypt since 2010 and provides microinsurance services in a joint venture with a Japanese fertilizer company in India.

Jordan

Jordan Updates its National Strategy for Microfinance with KfW Support. The Jordanian Ministry of Planning and International Cooperation enlisted the support of Germany's KfW to facilitate the process of updating its National Strategy for Microfinance. A participatory process was initiated in January 2011 that brings together all relevant governmental stakeholders, key representatives from the microfinance and banking sector, as well as donor agencies under

the Ministry's coordination. The Ministry expects to finalize the process of updating the National Strategy and draft a Microfinance Action Plan by the end of May 2011.

Central Bank of Jordan Defines Eligibility Criteria for SMEs to Benefit from Reduced Interest Rates. The Central Bank of Jordan (CBJ) has issued regulations that require licensed banks to reduce interest rates on loans to small and medium enterprises by 1 percent compared to the interest rate offered to best clients on the condition that extended credit facilities do not exceed JD1.5 million. SMEs with total assets or an annual sales volume of less than JD1 million will benefit from the new regulation, which excludes public share holding companies, insurance, and financial brokerage companies. CBJ defines small companies as those with 5-20 employees and medium-sized companies as having 21-100 employees and total assets of JD1 million-JD3 million.

Poverty Scorecard for Jordan Developed. Microfinance Risk Management LLC has developed a simple poverty scorecard for Jordan based on the Grameen Foundation's Progress out of Poverty Index. The scorecard identified 10 indicators that can easily be measured and verified based on data from Jordan's 2006 Household Income and Expenditure Survey. The United Nations Relief and Works Agency for Palestine Refugees in the Near East also supported the development of the scorecard.

Lebanon

Regulatory Environment Reported to Hinder Microfinance Growth in Lebanon. The Daily Star, a Lebanese newspaper, quotes a report from the United Nations Economic and Social Commission for Western Asia (ESCWA) saying that the Lebanese microfinance industry remains underdeveloped and suffers from a lack of regulation, measurement problems, and a lack of reliable data. According to the IFC, only 11.5 percent of demand for microfinance services is met by existing providers. ESCWA is reported to ask the government to play a critical role by implementing effective policies to ensure the soundness of financial service providers, minimize market distortions, and make MFIs subject to the supervision and regulatory requirements of the central bank. The ESCWA report is also said to recommend the creation of a credit bureau.

Morocco

Grameen-Jameel Providing Risk Management and Internal Controls Consultancy for FONDEP. Grameen-Jameel worked with Fondation pour le Développement Local et le Partenariat (FONDEP) to review the institution's risk policies, internal controls and process mapping, including liquidity risk procedures.

Evaluation of the French Development Agency (AFD) for Alamana. During February 9-10, AFD conducted an evaluation mission to assess the institutional and financial position for Alamana Association. This evaluation focused in particular on aspects related to regulations and markets in terms of positioning, growth prospects, governance, cost-effectiveness, returns as well as other aspects of internal control and risk management. AFD has provided a commitment of EUR 20 million to Alamana until the end of 2010. Half this amount was granted in September 2005 and the other EUR 10 million in November 2007 to support housing finance in the framework of the "Cities Without Slums" initiative. Also Proparco, the financial arm of AFD, awarded Alamana in 2008 a guarantee worth MAD 100 million for ensuring the same amount of secondary debt.

Draft Legislative Framework for Micro-Credit adopted. The Moroccan cabinet adopted a draft amended law that covers the activities of micro-credit associations, directly or indirectly, through a certified credit association or institution. Credit associations can acquire part or all of the capital of the institution established. The purpose of this amendment of the legislative framework is, as a first step, to enable micro-credit associations to strengthen their financial capabilities by accessing other sources of financing, and improving governance and management methods, and to prepare them to expand their activities.

Palestinian Territories

The European-Palestinian Credit Guarantee Fund (EPCGF) Continues Along Growth Path. The EPCGF, a program supported by Germany's KfW, the European Commission (EC), and the European Investment Bank, has continued to expand its reach to Palestinian MSMEs. By end of March 2011, EPCGF had approved almost 1,800 loans to Palestinian entrepreneurs, with a total loan volume since inception of more than US\$54 million. In addition, its bank training efforts helped to build up and reinforce capacities in the

Palestinian banking sector. More than 170 bankers were trained in more than 70 modules and it also conducted one “training of trainers” program. Expansion of EPCGF’s product range is currently under preparation and both the German government and the EC have contributed additional funds for EPCGF through KfW.

The Palestine Monetary Authority Develops a Non-Banking Financial Institutions Unit.

The Palestine Monetary Authority (PMA) has made progress in developing its Non-Banking Financial Institutions Unit whose role will be a “light touch” regulatory approach toward microfinance institutions that do not mobilize savings. The Expanded and Sustained Access to Financial Services (ESAF) program, implemented by the Academy for Educational Development (AED) and funded by USAID, supports the PMA in setting up the new unit following the approval of a new banking law in November 2010 that gives the PMA the authority to regulate microfinance. ESAF also provides guidance to the PMA on the development of specialized banking regulations that would license strong MFIs to accept deposits. Proposed microfinance regulations were expected to be approved by the PMA’s executive committee in April 2011. AED continues to support the PMA on appropriate consumer protection regulation and helps build the capacity to manage consumer complaints for banks and MFIs.

ShoreBank International Supporting Faten on Credit Scoring; IFC Provides New Loan.

ShoreBank International is helping Palestine for Credit and Development or Faten, Palestine’s largest MFI, to incorporate a credit scoring module in its management information system that will eventually enable it to reduce credit risk and process loans disbursement more rapidly. AED and ESAF have also worked with Faten on its strategic and business planning, which envisions commercial borrowing to cover more than 50 percent of its future portfolio needs. To date, Faten has already signed loan agreements with local banks and international development agencies worth more than US\$6 million. AED and ShoreBank are providing technical and budgetary support to the Palestinian Small and Microfinance network (Sharakeh) to become more sustainable and a better advocate for the microfinance sector in Palestine. ShoreBank has also trained more than 300 loan officers, board members, auditors, accountants, and General Assembly members. In April, IFC announced it had approved a US\$3 million loan to Faten

to help it expand its outreach in West Bank and Gaza, where 80 percent of employment is provided by micro-, small- and medium-sized enterprises.

Syria

The First Microfinance Institution Syria (FMFI-S) Boosts Capital; Broadens Shareholder Base, Outreach and Products.

The First Microfinance Institution Syria (FMFI-S) has expanded its coverage and now has eight branches in seven governorates in Syria and it is expected to open in another branch in Al-Raqqa in mid-2011. In mid-2010 with the introduction of three new shareholders (IFC, KfW, and the European Investment Bank) additional capital of SYP 400 billion was added to reach a total working capital of SYP 708 billion. This increase will help FMFI-S to expand the number of products offered to clients and the coverage of its branch network, as evidenced by the launch of its SME loan product in one branch (Tartus) as a pilot in February 2011. Thirteen SME loans have been disbursed, taking the institution a step further in bringing more products to its clients as their businesses grow. As part of its development, FMFI-S is also establishing a comprehensive risk management framework. IFC is supporting FMFI-S in establishing this new system covering credit, liquidity and operational risk areas. In addition, the technical assistance package includes building a funding and deposit mobilization strategy as well as carrying out a financial and social rating of FMFI-S.

Launch of Al-Ibdaa Bank Under New Decree.

Agfund has launched Al-Ibdaa bank in Syria, having completed all legal registrations and obtained permission to begin operations. Al-Ibdaa was established under a new law, Decree 9, which was passed specifically for the Agfund operation, allowing it to operate as a fully-fledged bank despite its microcredit focus. The new law also granted Al-Ibdaa tax exemptions to reflect its social mission, and permits it to retain dividends for increasing capital, all features not afforded microfinance banks in Syria under the previous regulatory environment. Al-Ibdaa has set up its new branches and has already begun to disburse loans, and now plans to focus upon hiring and training more staff, designing and testing products for the Syrian market.

Tunisia

Agence Francaise de Development (AFD) Grants Development Policy Loan to Tunisia.

AFD has provided a EUR 185 million loan to the Government of Tunisia, which is to be disbursed in 2011 on the condition that Tunisian authorities adopt comprehensive and best practice regulations for the microfinance sector. The agreement is due to be signed in May 2011 and the first disbursement is expected in July. This development policy loan is being appraised jointly with the World Bank, African Development Bank, and European Union. The sum of all commitments will be around US\$1 billion and will also relate to reforms in social sectors, governance, employment and regional development, and in the financial sector.

Microfinance Conference Held in Tunis.

As Tunisia is entering a new era in which employment and regional development are at the core of its agenda, a two-day conference under the patronage of the Minister of Finance Jaloul Ayed brought together local stakeholders and international investors to discuss financial inclusion in Tunisia and define a roadmap so that microfinance can play a major role in social and economic development. Presentations from this conference that took place on April 20-21 are available at: <http://www.microfinancetn.com/>

Yemen

Al Amal Bank Wins Islamic Microfinance Challenge 2010. With a proposal for an Islamic leasing product that would be financed through its Islamic investment product, Al Amal Bank Yemen won the Islamic Microfinance Challenge 2010. The Islamic Microfinance Challenge is sponsored by CGAP, Deutsche Bank, Grameen-Jameel and the Islamic Development Bank. Around 130 proposals from 43 countries competed in the 2010 challenge which is aimed at uncovering new business models for Islamic microfinance products that are compatible with Sharia law. The finalists include Tameer Microfinance Bank of Pakistan, Tanzania ecoVolunteerism, Bina Insan Sejahtera Mandiri Indonesia, and Center for Women's Cooperative Development Pakistan. In further news, Grameen-Jameel partnered with Al Amal in January 2010 as part of Grameen-Jameel's support to microfinance in the Arab world. The partnership is expected to yield technical support in operations and social performance management as well as extending financial support and ultimately leading to expanding outreach amongst the poorest segments in Yemen.

Feasibility Study Assesses Potential for Consolidation of Microfinance Sector in Yemen. Grameen Jameel and The Social Fund for Development (SFD) in Yemen jointly funded a feasibility study to assess the potential to consolidate the Yemen microfinance sector. The study was presented and agreed upon by SFD and Grameen-Jameel and will serve as a guide to consolidate the microfinance sector in Yemen. Additionally, SFD provided about US\$2 million in loans for several MFIs in Yemen including: Abyan Credit and Savings program, Namaa Program, the National Microfinance Foundation and the Small Enterprise Development Fund.

Yemen Microfinance Network Bolsters Commitment to Client Protection.

The Yemen Microfinance Network has signed a memorandum of understanding with the SMART campaign and the SEEP network to promote and teach the principles of client protection. The Network also conducted several training activities in the areas of customer services, strategic marketing and other related activities.

Interview with Tilman Ehrbeck

Tilman Ehrbeck was appointed chief executive officer of CGAP last August, making him CGAP's first new CEO in almost ten years. For this edition of the MENA Update Tilman shares his thoughts on the industry, the future of microfinance in MENA, and his vision for the institution he now leads.

What do you consider CGAP's comparative advantage at this point? It has taken on considerably more roles than its original mandate as a donor consortium and a lot of other players have entered the field in the meantime.

CGAP's comparative advantage is our unique identity as a public good advancing access to financial services for the poor. Fifteen years ago, the field was nascent and members of the donor community did not want to reinvent the wheel individually. So they pooled resources. This in itself was an incredible achievement. Everyone likes a public good, but few people like to pay for it.

What has been the biggest surprise when you joined CGAP?



“There is clearly huge potential to reach far more people than we do today”.

Tilman Ehrbeck

For me, the biggest surprise has been that after 30 years, how little we know about poor people, their real financial needs, the different market segments within that population, and how best to reach each of these segments. It is surprising how supply-led we have been for so many years.

Now that it has become nearly universally accepted wisdom that microfinance should be fully self-sustaining, where do donors fit in? Do they still have a role?

There is a huge unfinished agenda. Donor money remains important in market development, to go into promising yet unknown territory where private money will not yet go. Donor money is able to fund the innovations and research and development that microfinance needs. It would be a shame if the donor community lost momentum or moved away from a largely unfinished agenda.

Microfinance has in recent years suffered a strong and growing backlash, of which recent events in Andhra Pradesh are only the most extreme example. What do you see as the main sources of this backlash and what should the industry's collective response be?

Microcredit specifically is what the backlash has been about. In some ways, the microcredit model is becoming a victim of its own success. New players coming in may have less of a social motivation than the ones who proved the concept. And the credit-only model has its weaknesses: it can be at times a hammer looking for nails. It is not necessarily in tune with customers' real needs.

Is microfinance suffering from a governance crisis? Who is responsible for setting good governance standards and practices?

Again, we are talking specifically about microcredit-led institutions for the most part. But the answer is shareholders. Shareholders, be they social or commercial, have the means and the obligation to set growth and social targets, and to balance those things, aligning

staff incentives with operational goals and verifying that internal control mechanisms are in place.

What are the biggest opportunities for microfinance in the MENA region right now?

MENA lags behind on financial inclusion compared to other regions, but there is a renewed interest in the region to build more inclusive financial systems. New regulations are being implemented in several countries such as Yemen and Syria to allow for deposit-taking microfinance institutions. Policy makers are more open to innovations such as agent banking and mobile banking. Postal networks also have a large outreach in MENA, especially in rural areas, and they should play a more important role in the future.

And what are the challenges, given the current political context?

Microfinance institutions in the MENA region are almost exclusively nongovernmental organizations. Many of them have been created by social leaders to promote a more equitable development and foster the development of the civil society. They are close to the people and have generally built strong relationships with communities. The challenge for MFIs in the current situation is to manage new risks such as unpredictable political environments, operational risks and credit risks, which have increased as the businesses of microfinance clients have been affected.

How is CGAP active in the MENA region?

In the MENA region, we are working with partners to advance financial inclusion. Together with the World Bank, KfW and GIZ, we work with governments to accelerate policy reforms and improve the regulatory environments for low income banking. With Sanabel, we are fostering the exchanges of knowledge through the Microfinance Gateway and our Arab Policy Forum that gathers high level policy makers. We are advising donors on their microfinance strategy and promoting coordination among programs and agencies. Finally, we are supporting innovations such as mobile banking in Yemen.

CGAP Publications

CGAP Blog Series on Islamic Microfinance.

CGAP launched a series of blogs that feature the different finalists of the Islamic Microfinance Challenge 2010 and share the project's ideas and innovations. <http://microfinance.cgap.org/category/blog-series/islamic-microfinance-series/>

Measuring Changes in Client Lives through Microfinance.

In the past two years, the publication of three impact evaluations of microcredit programs in India, the Philippines, and Morocco precipitated a spate of press reports questioning the value of microcredit and whether it had positive outcomes for poor people. A recent CGAP brief reviews different approaches of impact evaluations and how they contribute to measuring changes in clients' lives. <http://www.cgap.org/p/site/c/template.rc/1.9.50966/>

Cross-Border Funding of Microfinance. As of December 2009, cross-border funding of microfinance had reached US\$ 21.3 billion. A new CGAP Focus Note provides an overview of the microfinance funding landscape and trends in cross-border funding drawing on data from CGAP's annual surveys with a broad range of funders and microfinance investment intermediaries. Public funders, including bilateral and multilateral agencies and development finance institutions provide 69 percent of total commitments to microfinance. Private funders (foundations, institutional investors and individual investors) account for the remaining 31 percent. Additional data on cross-border funding is available at www.cgap.org/funders.

Reaching the Poorest: Lessons from the Graduation Model. Successful efforts to reach extremely poor people often have combined access to financial services with a variety of nonfinancial services, such as livelihoods training. In CGAP's search for models to fight extreme poverty, it looked to the innovative and holistic approach developed by the Bangladesh Rural Advancement Committee (BRAC) over the past three decades. A recent Focus Note explores the lessons of this model as an important pathway for many of the poorest to escape extreme poverty. <http://www.cgap.org/p/site/c/template.rc/1.9.50739/>

Microfinance Faces Changing Risks; Banana

Skins 2011. With growth in some markets moving at a fast pace, the microfinance sector faces changing risks. The Microfinance Banana Skins 2011 report shows that microfinance institutions must confront new realities to sustain the good reputation the microfinance industry has enjoyed in recent years. According to the survey, reputation risk is now seen as one of the fastest rising risks facing the industry. The survey also found widespread concern about oversupply of credit, and the potential for loan losses in some markets, particularly where numerous microfinance institutions serve the same communities. http://www.cgap.org/gm/document-1.9.49643/Microfinance_Banana_Skins_2011.pdf

Regulating Banking Agents. Banking agents are part of an increasingly potent model for financial inclusion. A new Focus Note from CGAP examines the global regulation of the use of banking agents by MFIs and the issues regulators face in censoring the safe and growing use of agents. <http://www.cgap.org/p/site/c/template.rc/1.9.50419/>

Agent Management Toolkit: Building a Viable Network of Branchless Banking

Agents. This guide presents practical advice to providers on how to build a viable network of agents, which is a critical component of a branchless banking service. An Excel-based financial model accompanies this guide and helps providers analyze their overall business model and calculate how much revenue it generates for the agent supply chain. <http://www.cgap.org/p/site/c/template.rc/1.9.49831/>

CGAP Launches Online Branchless Banking

Database. CGAP recently launched its Branchless Banking Database, which offers information on branchless banking services in 168 countries. CGAP's analysis of the dataset sees significant challenges in confronting the "volume problem", in which a significantly greater number of poor households would use branchless banking on a regular basis. <http://www.cgap.org/p/site/c/template.rc/1.9.49977/>