

January 2006

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Edito



Microfinance can participate in fighting against great poverty

Not only can microfinance be of help for poor workers, it can also bring its support to those who are discouraged, without resources, helpless. PlaNet Finance wishes to participate to this effort, along with other organizations, such as Grameen Bank or Jamii Bora, with their programmes targeting the beggars in the streets of Dacca (Bangladesh) and Nairobi (Kenya). Through its programme targeting street kids in Casablanca, PlaNet Finance helps young Moroccans integrate the job market. In Burkina Faso, PlaNet Finance is implementing a guarantee fund targeting people infected with HIV/AIDS, in order to allow them to work. Other projects going in the same direction should be launched soon.

2006 was a key year for the whole microfinance sector. By awarding Professor Muhammad Yunus, founder of the Grameen Bank and co-President of PlaNet Finance's Advisory Board, with the 2006 Nobel Peace Prize, the Oslo Jury has brought recognition to the entire microfinance sector. This awareness rising is a real opportunity for microfinance worldwide.

With a 1,000% increase of its beneficiaries in only 8 years (going from 12 million clients served by 3,000 MFIs in 1998, to over 130 million people served by 10,000 MFIs in 2006), the impact of microfinance keeps increasing. Still, a lots remain to be done: 1.3 billion people live on less than 1 dollar a day and 3 billion live on less than 2 dollars a day. The average income of the 20 richest countries is still 37 times higher than that of the 20 poorest countries, and this gap has doubled over th past 40 years.

The challenge for all the microfinance actors –e.g. microfinance institutions, banks, professional organizations such as PlaNet Finance– in the future will be to combine the professionalization of their actions with their primary mission: the fight against poverty.

Jacques Attali
Président, PlaNet Finance

Article of the Month

Focus on 2006

PlaNet Finance supports more than 7 million of microentrepreneurs

In 2006, the PlaNet Finance Group's operations covered more than 60 countries with an international network of affiliated organisations in sub-Saharan Africa, the Arab world, Asia, Latin America, North America and Europe. In 8 years, PlaNet Finance has become one of the principal international support organisations in the microfinance sector.

Between January and December 2006, PlaNet Finance's activities have supported nearly 7 million microentrepreneurs throughout the world, through 200 technical assistance programmes, direct or indirect financing of 22 MFIs, 75 ratings through Planet Rating, and the setting up of 2 MicroCred microfinance institutions.

Achievements in 2006

PlaNet Finance's role consists primarily of strengthening the capabilities of the players in microfinance, by providing technical support, advice and training services to the existing operators. Several offices were born in 2006: Canada, France, Switzerland, Israel, Japan and Germany. For example, PlaNet Finance decided to launch permanent activity in the Palestinian territories with the opening of an office at Ramallah. The three-year programme is intended to improve the visibility of the microfinance sector in the country, strengthen the capabilities of local players and enable the setting up and development of MFIs. This programme should allow the MFIs to triple the number of clients within three years. Faced with a sector undergoing major change in the Palestinian territories, PlaNet Finance is able to bring the international expertise necessary for the professionalization of institutions. In order to strengthen the capabilities of the

sector overall, PlaNet Finance is organising one-off operations aimed at all the players in the sector: PlaNet Finance India has launched the "Microinsurance Initiative Awards" (MIA). The competition's purpose was to raise awareness and to train Indian MFIs and their clients in microinsurance. More than 80 awareness-raising and training workshops have been organised across the country from November 2006 to January 2007. Through a process of study and selection, the MFIs offering the best microinsurance products will be rewarded during a ceremony in July 2007.

In the context of a programme carried out with the mayors of Parakou (Benin) and Orleans (France), PlaNet Finance Ouest Afrique organised a microenterprise forum at Parakou in June 2006. In total, over 3,300 visitors were able to establish contact with the professionals and learn about how best to develop their microbusinesses. The winner of the competition

In the Field

PLANET FINANCE ORGANISES A USD 12 MILLION FUNDING FOR 7 MFIs IN DECEMBER 2006

PlaNet Finance's partnership with ResponsAbility, one of the largest investment funds within the microfinance sector, has enabled the financing of 4 MFIs:

CREDIVISION in Peru, which provides banking services to more than 5,200 people, mostly shopkeepers; AL AMANA, which is one of the main MFIs in Morocco, with close to 323,000 clients; NVMB, recently launched in Jordan (March 2006), which already has 4,000 working clients; ASP, a Mexican MFI with around 5,000 clients, the majority of which are women. The financing of a further 3 new MFIs was made possible through the PlaNet Microfund: AEI in Ivory Coast, INTIHUACA in Argentina, and SOLFI in Mexico.

2006 MICRO-ENTREPRENEURSHIP AWARDS IN MOROCCO

A ceremony celebrating the 10 best microentrepreneurs of the year was held in Casablanca on the 14th December, organised by PlaNet Finance and City Bank, to heighten awareness of the importance of microfinance as a tool to reduce poverty.

LAUNCH OF PLANET FINANCE DEUTSCHLAND

In the context of its international growth, PlaNet Finance has opened an office in Berlin, and has just signed a partnership agreement with Bombadier.

PlaNet Finance Deutschland will contribute to the organisation's global projects and in particular will have the role of improving research and development and encouraging innovation.

for "Best Microentrepreneur" in Parakou won 1,500 euros to launch his small business. This programme of cooperation also provided for making available a credit fund for innovative microentrepreneurs: in October 2006, PlaNet Finance's credit committee granted a loan of 20,000 euros to the MFI Sianson.

PlaNet Finance implemented several "Microfinance Plus" programmes, based on the will to associate non-financial services for communities targeted by the MFIs. As an example, a campaign "of information and awareness-raising of the new family code in Morocco, the "Mudwana" was implemented by PlaNet Finance Morocco to link the microcredit sector to civil rights education for women in Morocco.

In January 2006 PlaNet Finance launched a programme in eight Sri Lankan villages for 10 months. The main objective was to support the population affected by the tsunami in December 2004, by helping them to relaunch income-generating activities. The financing of local initiatives through the granting of microcredits has enabled 353 families to relaunch their economic activities and re-establish their independence.

Responding to the demands of a commercial microfinance, PlaNet Finance also supports banks and financial institutions willing to develop their microfinance products and services, for example Banco Supervielle who should launch a program in Argentina.

Lastly, in October 2006 PlaNet Finance France launched the "Entreprendre en Banlieue" programme. Its principal mission is to support the State and local authorities in urban sensitive areas in developing microfinance, and to support the inhabitants in the setting up of microenterprises. This involves creating a national network of ADAMs (Associations of Identification and Assistance to Microentrepreneurs) in all the sensitive urban zones in France. On October, 10th 2006, 4 ADAMs had been set up and were operational.

There is a definite growth trend in PlaNet Finance's financing activity. Since January, 1st 2006, ResponsAbility has overseen the financing of 12 established MFIs in six countries, i.e. is an investment of 30 million USD, or around 60,000 microentrepreneurs. Since January, 1st 2006, the MicroFund has financed the projects of 5,000 microentrepreneurs in 10 MFIs in 9 countries. It has also set up an accidental death or disability insurance product, available to 15 MFIs, in collaboration with a pool of global reinsurers.

Today, Planet Rating is the leader in its sector. Since January, 1st 2006, the agency has carried out 75 ratings and at the start of 2007 has 15 analysts in five countries. In 2006 Planet Rating opened new offices in Kampala (Uganda) and Beirut (Lebanon) and has strengthened its offices in Lima (Peru) and Dakar (Senegal). The rating market is in rapid expansion throughout the world and Planet Rating has every intention of becoming the market leader. 2006 income reached 700K euros, making realistic its ambition to reach or even exceed the 2 million euros threshold in 2009.

Finally, through its subsidiary "MicroCred", PlaNet Finance has been involved in setting up a group of high level microfinance banks and companies with first class investors. The first MicroCred microfinance bank, set up in January 2006 in Mexico, counted around 3,000 active borrowers at the end of 2006. MicroCred Madagascar, which only started operations in December 2006, already has 200 clients. At the end of 2006, the capital committed by MicroCred amounted to 13,825,000 Euros.

These achievements are the consequence of a generalised consolidation of the financial and administrative roles and human resources:

- The PlaNet Finance group's consolidated funds amounted to 9.2 million Euros at the end of 2006 and 85% of the organisation's total resources, i.e. 4,506 K Euros have been dedicated to its social mission. More precisely, PlaNet Finance has more than 7.2 million euros available, which come mainly from contributions from the private sector and international organisations. Planet Rating's funds amount to 0.7 million Euros and those of MicroCred to 1.3 million Euros.
- At 31 December 2006, the PlaNet Finance Group had over 400 permanent salaried staff in its employment. The lead organisation included more than 80 microfinance experts. By hiring 40 persons in 2006, PlaNet Finance, the lead organisation, has pursued its structuring efforts by increasing the professionalization of its teams and resources.

Over the period 2006 – 2009, the PlaNet Finance group intends to consolidate its human and financial resources, improve the internal organisation of technical support, create synergies between the offices and the programmes and strengthen its reputation and the awareness of microfinance amongst a larger public. The group thus hopes to support 25 million microentrepreneurs in 2009.

MICROFINANCE IN THE PALESTINIAN TERRITORIES

The PlaNet Finance Palestinian Territories' office and PlaNet Finance Belgium / België carried out a market research survey of 1,200 entrepreneurs within the Palestinian microfinance market. Results of the survey were presented at a conference in Ramallah in December and will be widely distributed among the various players within the sector, enabling them to better assess the disparity between the needs of microentrepreneurs for financial products and what is available to them. More than 67% of the population in Palestine currently lives below the poverty line. Within this context, the identification of needs will enable fund holders wishing use microfinance as a way of fighting poverty to target their funds.

BANK OF AFRICA INVESTS IN MICROCRED MADAGASCAR

Last December, the BOA (Bank of Africa-Madagascar) committed capital to MicroCred Madagascar. The Madagascar leader in microfinance, which has taken over what was the BTN, provides refinancing services to MFIs, and individual loans. It has a strong network comprising 53 agencies, mostly based in rural areas. The BOA currently covers the rural sector and hopes to develop access to financial services for urban entrepreneurs.

MicroCred Madagascar is the second institution within the MicroCred group, and its aim is as much to supply financial services as to provide advice to Madagascan entrepreneurs.

CONSTANTA, GEOGIA, RATED BY PLANET RATING

In December 2006, 2 experts did the rating of the MFI Constanta in Georgia.

The board of directors of Planet Rating is currently organizing a strategic seminary which will take place from January 19th to March 24th 2007. This seminary will be the occasion to gather all the analysts of the different affiliated organizations during a few days training.

PlaNet Finance Welcomes Muhammad Yunus, co President of its Advisory Board and Nobel Peace Prize Winner

Following his receipt of the Nobel Peace Prize in Oslo on December the 8th 2006, Muhammad Yunus, the founder of Grameen Bank and co President of PlaNet Finance's Advisory Board, visited Paris at the invitation of Jacques Attali, President of PlaNet Finance, from December 16-18.

"Poverty is a threat to peace" said Muhammad Yunus in a speech made at the Nobel prize award ceremony. He then went on to say that the new millennium had begun with a dream: reducing by half the number of people in poverty between now and 2015 within the framework of the Millennium Development Goals adopted in 2000 by the United Nations.

Jacques Attali said that there was "something of a family occasion at the award ceremony at Oslo's City Hall. Muhammad Yunus was surrounded by his wife, his daughter, [...] his brothers and many of the Grameen Bank's managers and clients [...] along with Bengali dancers and ..." However, regretting that no "major world figure was present or even represented. Nor were there any leading members of the World Bank, the European Commission or the United Nations (apart from a Bengali diplomat). Even though they were the very people his speech was aimed at." Muhammad Yunus said that he would use his 1.1million euro prize money to open an eye hospital, a waste water treatment plant and for financing a food processing company.

The Grameen Bank has not only been a pioneer in its field, but it stands as a modern day model for reconciling economic and social objectives. Today, 90% of the company's shares are owned by his 6.5 million clients coming from poor rural areas of Bangladesh. It has around

1 400 branches and works in more than 50,000 villages. Since it was created it has made loans worth 4.69 billion dollars and on time repayment rates are close to 97%.

His 3-day stay in Paris, from December the 16th to the 18th, allowed Muhammad Yunus to meet national media, leading figures from the world of business, those using finance as a tool of solidarity and financial backers during a dinner held in his honour by PlaNet Finance on December the 16th.



Muhammad Yunus and Jacques Attali during the dinner organized by PlaNet Finance

That same day both Muhammad Yunus and Jacques Attali were received at the Elysée Palace by the French President, Jacques Chirac. The President congratulated Muhammad Yunus on his Nobel Peace Prize award and went on to praise what he called the "real utopia" that both men had taken a lead in building. The President highlighted how the fight against poverty is being fought "by an

economic and social alliance which, thanks to these new methods of finance, favours - and is at the service of - human dignity." The President emphasised "the success of a concept characterised by ambition and generosity and which was based on a simple intuition and which made economic sense."

Coming in the wake of 2005, a year that was designated as the "International Year of Microcredit" by the United Nations, the award of the Nobel Peace Prize to Muhammad Yunus acknowledges once again the part microfinance plays in fighting poverty through economic development. Microcredit is now recognised as a development tool in its own right: 10,000 microfinance institutions are currently helping 130 million clients to escape from poverty, a number which is expected to double over the next three years.

Microfinance and Renewable Energies PlaNet Finance's Programmes

At a time when development initiatives are increasingly incorporating an environmental dimension, PlaNet Finance is using microfinance to facilitate access to renewable energies by microentrepreneurs in the poorest parts of the world. 90% of the energy consumed throughout the planet comes from fossil deposits, and with the inevitable exhaustion of resources, renewable energies are a major issue for the 2.5 billion people who still are without access to electricity.

In its mission to support the very poor with their projects, PlaNet Finance is fighting for environmental friendly sustainable development: various projects have been launched which will place microfinance at the heart of environmental issues.

From January 2007 to December 2008, PlaNet Finance will link up with ARENE (French Regional Agency for the Environment and New Energies) and a group of experts to reflect on the role and place of microfinance in co-operation policies based on renewable energies and to build partnerships between the players operating in the renewable energies and microfinance fields.



Furthermore, PlaNet Finance has launched several major anti-poverty projects through the introduction of renewable energies:

"*Creceer con energia*" is a project initiated in January 2006 in Bolivia and Paraguay which is due to run until June 2008. The programme, led by IT Power, a renewable energy cabinet, is being run jointly with local Microfinance Institutions and European partners, specialists in the area. Co-financed by the European Commission, the "*Creceer con energia*" project aims to promote renewable energies and access to electricity for the most destitute, by linking the development of financial services to income-generating activities. It will benefit to agricultural populations who are not yet fully fitted with all the electrical equipment in Gran Chaco, one of the poorest regions in Latin America. PlaNet Finance is responsible for evaluating the energy needs of rural microentrepreneurs as well as the development of suitable financial products and tools for the different parties which will be presented during the national workshops "Microfinance for energy". PlaNet Finance is involved in the preparation of a sustainable which could be replicated for microentrepreneurs. From November, 24th to December, 5th 2006, three PlaNet Finance experts met the different parties and players in microfinance in Paraguay to

present the project and organise a national conference. The interest shown by participants was a confirmation that the project is meeting a real need and could be developed in different communities in Gran Chaco. A similar mission will take place in the coming months to Bolivia to organise meetings with the local players.

In Bangladesh and Indonesia, the RENDEV project, also co-financed by the European Commission, has just been launched for a period of three years for the purpose of supplying solar energy appliances to farmers. PlaNet Finance's involvement will strengthen the local MFIs and it is participating in the

establishment of a rural development model which respects the environment. The project will be set up with the same European partners as the "*Creceer con Energia*" project Grameen Shakti in Bangladesh as well as local players, including who is already established in the field, and has already supplied solar energy machinery to rural areas.

In western China, in the context of a government project to equip the impoverished people in the province of Ganzu, with biomass appliances (energy produced from organic matter), PlaNet Finance is setting up a three-year programme to enable clients of the MFI TWRDA to purchase these machines. This project, co-financed by Areva, is based on the creation of a specific line of credit within the partner MFI and will enable the equipping of 150 microentrepreneurs per year for three years.

Lastly, the NGO PlaNet Finance Monaco, currently under creation, will manage 10 million Euros from the Monaco PlaNet Fund, a Monegasque microfinance fund for the environment and sustainable development. Subsidised by the Monegasque government, the Prince Albert II of Monaco foundation and private investors, it will enable MFI's to be supported with capital or debt financing and technical assistance, favouring those who share the Foundation's aims. In five years, it hopes to indirectly support around 50,000 microentrepreneurs. PlaNet Finance Monaco will also be responsible for managing technical assistance for microfinance in the widest range in the sector and the raising of funds through loans and gifts.