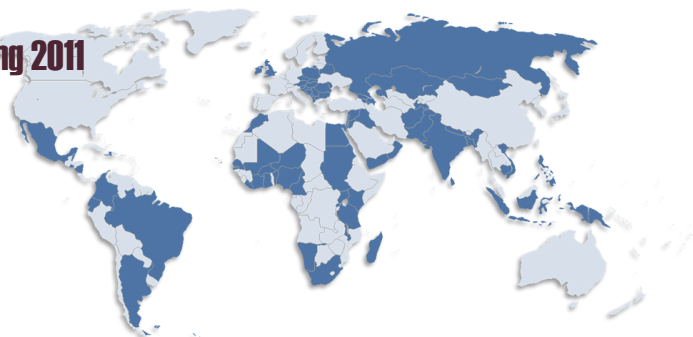


# The International Quarterly

## SHOREBANK INTERNATIONAL

Spring 2011



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Dear Colleague,

Welcome to the Spring 2011 issue of SBI's (ShoreBank International) newsletter, *The International Quarterly*. This issue covers partnerships and company-wide initiatives carrying out SBI's 2011 focus on "connecting and collaborating".

### Connecting

Web presence is, of course, key to connecting. I'm pleased to announce the launch of a new [website](#) for SBI, with increased coverage of SBI's engagement globally promoting inclusive finance. Please visit! We'd welcome your feedback, best directed to Nicholas Molodyko, Head of Practice Management at [nmolodyko@sbksbi.com](mailto:nmolodyko@sbksbi.com).



EVP Jan Piercy and I recently joined Skoll Foundation social entrepreneurs at their pre-convening before the [Skoll World Forum 2011](#) in Oxford, England. The meeting took a novel approach: when we convened, participants created the agenda for the next two days on the spot, proposing topics in an opening agenda setting session to address challenges and issues currently most compelling for their organizations. A session we offered on "Financing and ownership strategies for mission aligned growth and scaling" drew a diverse group, including two of this year's four Skoll awardees. This exchange underscored the need for innovating new combinations of funding and structures that protect mission focus and raise needed financing as these enterprises expand. At the Forum itself, Jan was a panelist in an investment track session on "Grants vs. Investments: How to Decide which is Best?"

Also in this issue, our Manager of Global Talent Resourcing Lara Pawlak expands on some of the overall opportunities we continue to see in our work in inclusive finance.

### Collaborating

We are pleased to highlight our growing collaboration with Triodos Facet, and our specific work in the Middle East and North Africa, where ongoing political and social changes create new challenges, as well as underscore the critical need for equitable and responsive financial services and economic development. SBI is committed to continuing its decade-long presence in the region, and this issue features our recent work in Palestine. Like many of you, we are actively considering how best to support inclusive finance and economic development in the region at this moment in time. Please do not hesitate to reach out to Jesse Fripp ([jfripp@sbksbi.com](mailto:jfripp@sbksbi.com)) if you would like to explore collaboration possibilities.

In early autumn, the far-flung SBI team will assemble in Zeist, the Netherlands for an international meeting to advance collaboration across geographies, practice areas, and performance metrics and better get to know the people, the expertise and the capabilities of SBI anchor investor Triodos Ventures B.V.

As noted in our last Newsletter, the SBI team continues to develop collaboration tools for broader industry use and client implementation. A recent tool is SBI's Small Business Finance Field Guide designed to respond to the critical yet unmet need for systematic (not standardized) approaches to the financing needs of small and growing businesses. Three tools in one, the Field Guide includes a Consulting Framework to lead project development, a Field Guide designed to provide functional information for consultants and a centralized toolkit to give instruction through examples of past work. Further information about the SBF Field Guide can be obtained by contacting Phil Beavers ([pbeavers@sbksbi.com](mailto:pbeavers@sbksbi.com)). On a related note, our article, "[Success drivers of small business banks in developing economies: Four case studies compared with the IFC's SME banking value chain](#)" was recently published in the journal *Enterprise Development and Microfinance*.

I hope you enjoy this Spring Issue of the SBI Newsletter. I send best wishes for your own work, and thank you for all that so many of you are contributing to ours'.

Warm regards,  
Laurie J. Spengler, SBI President & CEO

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## SBI AT THE SKOLL WORLD FORUM 2011

Dear Colleague,

The 2011 Skoll World Forum in Oxford, England took the theme “Large Scale Change: Ecosystems, Networks and Collaborative Action”. The Forum drew overflow audiences, and, for the second year, a parallel event – the Oxford Jam, held in a former jam factory -- ran in Oxford for those the Forum couldn’t accommodate. Its dynamic sessions drew participants from around the world, including some of the Skoll delegates. The investment track at the Forum was especially valuable for SBI’s inclusive finance interests. Audio of most sessions will soon be on the Skoll website. I’d highlight in particular the 3/31 panel moderated by Draper Richards Kaplan Foundation Portfolio Director Anne Marie Burgoyne on grants leading to investment and two 4/1 panels, one moderated by John Goldstein of Imprint Capital on collaborative approaches for lifecycle funding, and the panel led by OPIC CEO Elizabeth Littlefield, “Navigating Uncharted Waters: For-profit companies with social DNA”.

My 3/31 panel ran concurrently with Desmond Tutu's plenary, so I expected low turn-out. However, this session on grant vs. investment funding yielded a lively discussion from an audience of over fifty. Moderated by Lars Jannick Johansen, CEO of The Social Capital Fund, the panel included Thulasiraj Ravilla, Executive Director of Aravind Eye Care System and Pieter Oostlander, Managing Director of Shaerpa. Lars started the conversation with the observation that grant and government resources are becoming restrained while capital investment is expanding, but the audience quickly steered conversation into the territory of impact investing. The conversation centered on two questions:

Do impact investors have a responsibility to foster the growth of the social entrepreneurs in whom they invest?  
What is the range of return expectations of impact investors and how can social entrepreneurs tap this patient capital?

We heard a number of specific investment experiences from the panel and audience that illuminated growing experience in impact investing and some barriers that need addressing. Two needs cited are intermediation to link prospective investors with investment opportunities and educating and engaging financial advisors. Importantly, these two areas are central to the on-going work of SBI’s Transaction Advisory Services (TAS) practice. For further information about our TAS practice, please feel free to contact me ([jpiercy@sbksbi.com](mailto:jpiercy@sbksbi.com)) or Lynee Bradley ([lbradley@sbksbi.com](mailto:lbradley@sbksbi.com))

Jan Piercy, SBI Executive Vice President

## OUR PEOPLE ARE OUR BUSINESS

Dear Colleague,

It takes a diverse team of rather exceptional professionals to do what we do at SBI. In addition to a whole host of specialized technical expertise--from financial risk management for commercial banks to marketing of mobile financial services to product design for housing microfinance products—our consultants need to be adept relationship managers and masterful drivers of organizational change. And working in the challenging environments we do, healthy doses of resourcefulness and resilience are indispensable as well.

How, you ask, do we find such remarkable people? Luckily for us, it seems that dynamic, energetic people tend to associate with others like themselves, so we rely heavily on referrals and networking to fill specific positions. The turnaround times in this business, however, don’t permit us to thoroughly vet new candidates between the time we learn of an opportunity and need to submit a proposal or field a consultant. Consequently, the only way to be ready for opportunities when they come along is to think strategically about what kinds of specialized skills we need on our bench, and then invest in building relationships with these kinds of players ahead of time.

As a result, I am always looking for practitioners with hands-on experience building and growing financing programs for small business, microenterprise and housing finance in emerging markets, plus a commitment to expanding access to finance for underserved communities around the world. Due to our recent work in savings and mobile banking, we also have a keen interest in getting to know practitioners with experience designing, launching, marketing and managing the delivery of these types of consumer finance services as well.

If you have recently met a colleague who impressed you or know someone looking for his or her next assignment, I would certainly welcome your referral or introduction. I am always available to chat about consultants’ interests and how they might fit with our pipeline, since our ultimate goal is always to build long-term relationships with the best talent in inclusive finance.

I can be reached directly at [lpawlak@sbksbi.com](mailto:lpawlak@sbksbi.com), or via the “Work with Us” section of our [website](#).

Lara Pawlak, SBI Global Talent Resource Manager

# The International Quarterly

## FEATURED IMPLEMENTATION PARTNER – TRIODOS FACET

SBI and Triodos Facet share a commitment to triple bottom line consulting to promote financial inclusion, enterprise development and entrepreneurship in developing countries and are exploring ways to deepen collaboration in key markets. Triodos Facet is a Dutch consulting firm with more than 20 years experience in sustainable private sector development in developing and emerging economies and executes projects in various areas, including microfinance, SME finance and value chain development. Recently SBI hosted a company-wide webinar presentation by Alberic Pater with Triodos Facet's Sustainability unit. Triodos Facet's Sustainability practice features the following key elements:

### *Tools for Social & Environmental Risk Categorization and Risk Management*

Many FIs are seeking guidance on how to identify Social and Environmental (S&E) risks, especially when dealing with SME clients. Triodos Facet has developed tools that financial institutions can use to classify (potential) clients in social & environmental risk categories based on: industry/sector in which client operates; loan/investment size & term; and history of serious E&S incidents. Triodos Facet has developed sectoral factsheets that show the E&S issues that are most common to clients operating in high and medium-risk sectors. These factsheets support risk evaluation activities of investment and credit officers and suggest mitigation measures.

### *Sustainability reporting*

Transparent and consistent sustainability reporting is an integral part of sustainable banking. Triodos Facet supports FIs with developing and publishing sustainability reports, based on the international GRI guidelines. Sustainability reporting enables FIs to communicate their sustainability policy and the E&S performance of their portfolio as well as internal E&S results to investors and other stakeholders.

### **Energy Efficiency / Renewable Energy Financing**

The RE sector is only emerging in many countries and not all conditions for a well-functioning market are in place. Triodos Facet provides trainings to banks featuring a digestible amount of basic information about renewable energy technologies, business models and financial structures. The focus is to provide practical guidance on how to navigate the complexity of an emerging sector and to identify the related risks and opportunities. The vantage of a loan officer is an important starting point and Triodos Facet trainers and coaches bring in many years of deal making experience in similar conditions.

SBI and Triodos Facet will further explore areas of collaboration across geographies and practice teams to foster inclusive, sustainable financial systems.

## E-BANKING IN THE MIDDLE EAST

These days, E-banking is commonly used to refer to bank transactions which occur on-line or over the phone – the ability to transfer money between accounts or to simply view statements on-line. A broader definition includes all types of banking transactions performed electronically, including things the western world takes for granted, such as the use of credit and debit cards. However, the ability to carry plastic rather than cash and to use that plastic to safely and conveniently buy everything from groceries to airline tickets is not the norm in Palestine. The Expanded and Sustained Access to Financial Services (ESAF) program has been working to amplify such technologies in order to reduce the costs of transactions to both bank and consumer, and to expand the outreach of financial services to Palestine's under- and un-banked.

Although access to bank accounts is widespread in Palestine, access to credit is limited and cash re-mains heavily favored for savings and purchases. ATMs and Point of Service (POS) machines are becoming more widespread, however, they are often not interoperable. E.g., if you have a Visa card with one Palestinian bank, you can only use it at a merchant who has a POS machine for that particular bank. This is due to the lack of a national "switch" which would enable interbank transfers through ATM and POS machines. A national switch processes clearing transactions between banks and operates the gateway to the international networks. Because there is no single "line" for banks to "ride" in order to process these transactions, each bank has been left to develop its own, independent infrastructure; this is expensive for the banks and a hassle for the client who is then limited to his or her bank's specific machines. These expenses are passed on to merchants, creating an even greater incentive to eschew bank cards all together in favor of cash.

Why does it matter? Globally, electronic banking has been found to facilitate economic growth by expanding financial intermediation, transactions, and financial inclusion, by diminishing reliance on external suppliers of cash, and by reducing the size of the informal economy. It benefits banks by increasing the number and revenue from transactions while reducing costs. Transactions for merchants are also increased, as are the opportunities to earn revenues as sales agents for other services. Finally, the customer benefits through the increased convenience and access to credit. Under the auspices of the ESAF project, SBI consultants are addressing these issues in order to help build a more cost-effective system with wider market reach through a combination of research and advocacy.

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2230 S Michigan Ave, Ste 200  
Chicago, IL 60616 USA  
Tel. +1.312.881.5800  
Fax +1.312.881.5801

1200 G Street NW, Ste 401  
Washington DC 20005 USA  
Tel. +1.202.822.9100  
Fax +1.202.822.9176

3 Bloomsbury Place  
London, WC1A 2QA, UK  
Tel. +44.207.636.4352  
Fax +44.207.691.7800

[www.sbsbi.com](http://www.sbsbi.com)

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[MicroCapital Monitor](#)  
[Volume 6 Issue 4](#)

[Upside 14](#)

## MIDDLE EAST: E-BANKING CONT.

Recognizing the need for improved E-banking services but with the industry lacking a clear path forward, the ESAF project sponsored two research projects in early 2011. The first analyzed the current electronic banking infrastructure in Palestine and recommended a technological roadmap to improving it. The second paper addressed the demand side, specifically the reluctance of consumers and merchants to replace cash with debit or credit cards.

The ESAF team's recommendations have been embraced at the industry level. There has been commitment from the Palestine Monetary Authority to move forward, with the Palestinian Bankers Association taking the lead in developing a concept paper. The PMA has asked ESAF to complete a feasibility study for a banking services company and ESAF has developed a scope of work for the project.

With Palestinian's widespread access to bank accounts and the remaining high level of unsatisfied demand for financial services, there is high potential demand for E-Banking services. Against this background, ESAF is helping build a vision and action plan for the future of electronic banking in Palestine. Financial inclusion drives economic growth. ESAF and SBI believe that the use of new technologies will enable the financial sector to make an even greater contribution to the reduction of poverty in Palestine.

Kirsten Weiss, SBI Senior Consultant

## NEWS

### *Impuls Leasing Romania (ILR)*

SBI has been awarded a mandate by EBRD to complete an 18-month leasing assignment focused on agribusinesses with Impuls Leasing Romania (ILR). The work will commence in early May. ILR is one of five local subsidiaries of IMPULS-Leasing International AG, founded in December 2006 with subsidiaries in Croatia, Slovakia and Hungary with Raiffeisenlandesbank Oberösterreich AG as the sole group financier. As of 2010, with total assets of over EUR 200 million, ILR is the fifth largest market player in Romania. ILR offers lease financing for passenger vehicles, trailers, trucks, construction equipment, and industrial machines and equipment. SBI's assignment with ILR will focus on three main objectives:

- ◆ Tailoring product development and marketing activities to target agribusiness and rural SME clients;
- ◆ Improving credit processes and monitoring systems to incorporate SMEs and rural leasing products into streamlined policies, procedures and systems and
- ◆ Building lease officer and risk personnel productivity, skills and knowledge in serving farmer and rural businesses through a Romanian language training program.

The project will be lead by Dan Gies who has more than 15 years of experience in lending, leasing, and project management, 13 of which were spent in Central and Eastern Europe.

### *Recommended Reading*

Vice President Jesse C. Fripp recommends the book, *Brave New Unwired World: The Digital Big Bang and the Infinite Internet* by Alex Lightman and William Rojas. "A whirlwind tour through the exciting landscape opening up around digital wireless communication."

### *Devex Innovators Forum*

SBI EVP Jan Piercy spoke at the April 21 DevEx Innovators Forum in D.C. featuring 40 "top innovator" development organizations selected by polling DevEx members, including SBI client BRAC. White House Social Innovation Director Sonal Shah and Millennium Promise CEO John McArthur joined Jan in a panel on innovation.

### *"Principles for Alternative Banking and Social Inclusion" Conference*

Laurie Spengler, SBI President and CEO, will participate in a July retreat on "Principles for Alternative Banking and Social Inclusion" being held at the Rockefeller Foundation Bellagio Center in Italy, representing the Global Alliance for Banking on Values as well as SBI.