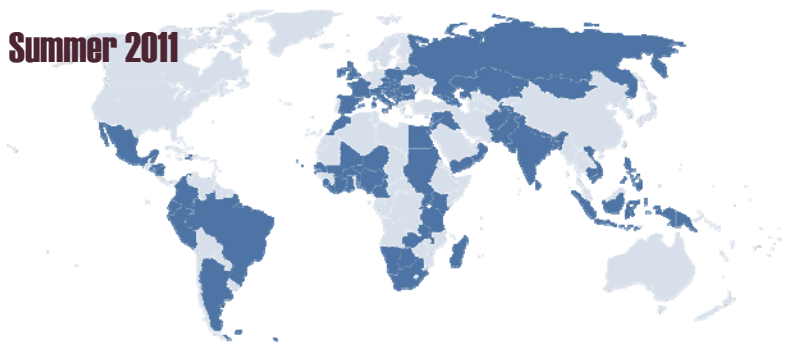


# The International Quarterly

SHOREBANK INTERNATIONAL

Summer 2011



Dear Colleague,

Welcome to the Summer 2011 issue of SBI's (ShoreBank International) newsletter, *The International Quarterly*. In this issue, we highlight the entrepreneur.

There appears to be now almost near universal recognition that entrepreneurs are the engine of small and medium size enterprises which in turn represent the backbone of most economies. As we consider how best to galvanize entrepreneurs and their productive contributions, we need to ask ourselves several key questions: Are entrepreneurs able to access "responsible" finance in their local communities? Can we improve the range of services and solutions (financial and non-financial) available to support entrepreneurs who represent the "S" of "SME", the small and growing business segment? What are effective interventions beyond finance that can nurture successful and sustainable entrepreneurship (SBI's "Capital Plus" methodology featured on our website at: [www.sbksbi.com](http://www.sbksbi.com))?

**"Entrepreneurs are the catalyst for economic development."**

~ Laurie J. Spengler

As many of you know, SBI has been an implementing partner in a range of inclusive finance and access to finance initiatives, where entrepreneurship features prominently. It is also a subject that is important to me personally, having been an entrepreneur and the daughter of a serial entrepreneur. Within the SBI team, we exhibit a commitment to entrepreneurship -- as entrepreneurs leading businesses and practices across geographies and subject area specializations, and as practitioners tapping the entrepreneurial energies found within the organizations with which we work and partner. All of us are united in our belief in the power of entrepreneurship and I think it is particularly relevant to look at this issue in the global context of fragile and varying economic recovery.

A discussion of the power of entrepreneurship from a wide range of perspectives was a featured event at the **2011 EBRD Annual Meeting and Business Forum** in Astana, Kazakhstan. I was delighted to moderate a dynamic panel discussion on the topic of "Fostering Entrepreneurship: Financing for the Future". The panelists brought the perspectives of entrepreneurs, investors, financial institutions and governments; and several of the panelists had hybrid perspectives from different chapters in their lives. Are entrepreneurs in the EBRD region a dying breed? That's the question that I put to speakers, and I challenged them to identify what financial instruments, regulatory measures and other actions are needed to stimulate business growth in EBRD's countries of operation. Thankfully (and not surprisingly), the answer was a resounding "no"! As reinforced by Kairat Mazhibayev, Chairman of Resmi Group, entrepreneurs are far from being an endangered species; in Mr. Mazhibayev's view, entrepreneurs in Kazakhstan are seeking how to expand and grow their business activities, inspired by global figures such as Steve Jobs and Warren Buffett. The panel discussion reinforced the principles of entrepreneurship that we value and hold dear -- principles of energy & belief, discipline & drive, creativity & courage, vision & pragmatism, individual & group interaction, and the need to seek support from and the desire to contribute to the community where the entrepreneur lives and works.



We hope you enjoy this issue of company newsletter, client innovations, success stories, interviews and several other items related to entrepreneurship.

In closing, 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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## CLIENT INTERVIEW—THE ASSOCIATION OF BANKS IN PALESTINE

SBI is engaged with the Association of Banks in Palestine (ABP) and the Palestinian Monetary Authority (PMA) in producing a full feasibility study of the projected Palestinian Banking Services Company (BSC). A critical barrier to the development of electronic banking in Palestine is infrastructure. Given the size of the Palestinian market, it isn't cost-effective for each bank to develop its own point of sale (PoS) and ATM infrastructure. The current lack of a national switch narrows accessibility to e-banking services in Palestine, compared with other peer countries. The creation of a Banking Services Company (BSC) would allow banks to share infrastructure costs by creating a local, interoperable system to connect banks and electronic payment systems. Ahmed Jadalalah, from SBI in Palestine, interviewed Nabil Abu Diab, Managing Director of the ABP and committee leader for the development of the BSC, to detail the support for this project, which is currently being funded by USAID under the ESAF project.



**How did you (and the committee) conceptualize the idea of establishing a BSC in Palestine?** We always aimed at having a state-of-the-art banking services company. Our exposure to these services in other countries made us adopt this concept.

**What are the main benefits of a BSC to the Palestinian economy and to its banking sector?** A BSC will support the Palestinian economy by expanding ordinary and electronic banking services for communities in the West Bank and Gaza. It will also be the central banking services provider for Palestine's banks.

**What products and services is the BSC expected to provide?** Our objective is to eventually have a full package of products and services, but we will start with switch operations within Palestine, card acquisition, POS management and merchant services, and international gateway (card associations).

**What challenges might the BSC anticipate in the Palestinian market in the short run?** The main challenge will likely be to educate consumers about the proposed e-banking services. This will require us to arrange a consumer education campaign.

**Will the BSC be open for international investors?** We foresee that in order to serve the banks, the company will be operated on a cost plus operating margin basis; therefore, I do not believe that international investors would be interested in investing in this company.

**In closing, what is the expected size of this investment?** The advisors estimate that the initial figure is around USD 10,000,000.

## SUCCESS STORY—BANK OF PALESTINE ENTREPRENEUR



This is the success story of a young woman, Sabah Al-Ewese, who began borrowing from the micro-finance program at the Gaza Branch of the Bank of Palestine (BoP) one year ago.

Sabah received her first loan of USD 5,000 to start a kindergarten for the children of working mothers, who needed a reliable school. As Sabah gradually improved her business, through the BoP graduated borrowing program, she became eligible for a larger loan of USD 7,000, which she used to buy additional toys, hire an assistant, and increase the enrollment of children in her program.

Last month, Sabah sought to expand her business further by opening a private school for teaching foreign languages, for which graduates of her kindergarten would be eligible to apply. Thus, she applied for a third loan in the amount of USD 20,000 to implement the project.

Unfortunately, this loan amount and its term exceeded the limit of BOP's microfinance program. Her project was instead financed through another program, the European Palestinian Credit Guarantee Fund "EPCGF." The loan has been disbursed and Sabah has started to implement her new business.

*Founded in 1960, the Bank of Palestine (BoP) is a full service commercial bank. Its mission is to be a leading financial institution that strives to raise the standards of banking services. In 2008 SBI consultants first engaged with BoP management, who complementary of microfinance. Afterwards, the bank partnered with SBI to plan, implement and pilot a microfinance lending unit to target unbanked microenterprises that are served within the reach of select BOP branches in both the Gaza Strip and the West Bank. The unit is currently up and running at more than ten branches and offices in Palestine.*

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## CLIENT INTERVIEW—MILLENNIUM BANK ROMANIA

Diana Bialus, Associate Consultant with SBI is working on an EU/EBRD SME Finance Facility project with Millennium Bank in Romania (MBR). She sat down with Ecaterina Ristea, Head of Companies Marketing and Product Development for Millennium Bank (pictured to the right), to discuss the Women Entrepreneurs Initiative at the bank. This initiative marks a premiere for EBRD on the Romanian market: it's the first time the international financial institution promotes financing, through its local bank partner, for this type of product.



**Please tell us more about the Women Entrepreneurs Initiative at Millennium Bank.** To meet the specific needs of women entrepreneurs, Millennium Bank Romania designed a group of tailored products and services, which are not limited to financial products and services, but also include individual consultancy and business education workshops. Through the EU/EBRD SME Finance Facility initiative for women, entrepreneurs receive special benefits on loans and other services. We value our clients and know that their success is our success – we are partners.

**How does Millennium Bank define a women entrepreneur?** For this initiative, Millennium Bank defines a woman entrepreneur as a business woman who has a financial and/or management role in the business. Within the European Union, 30% of businesses are owned or operated by women. Although we have no concrete figures, we expect this is also true of Romania.

**Why did you start this initiative?** Millennium Bank Romania is committed to supporting SMEs, and our agreement with EBRD is of strategic significance for this goal. Women entrepreneurs represent an increasingly important and dynamic segment in the business landscape of Romania, which we want to support. We are very happy to have set up this project, since this is the first time EBRD has promoted financing in Romania for this type of product.

**Why has Millennium Bank gotten involved with the women entrepreneur associations?** The women business associations are a wonderful way to support each other. They offer networking opportunities and some are quite active in working with legislators to help Romania become more business "friendly". The associations also provide the opportunity to reach out to a larger number of entrepreneurs, better identify their needs and customize our products and services to meet their requirements.



Millennium Bank in partnership with EBRD, under the EU/EBRD SME Finance Facility – Women Entrepreneur, will be hosting client workshops in Bucharest and other cities this autumn. They will be open to all women entrepreneurs. For more information on Millennium Bank's Women Entrepreneur package or the upcoming workshops please visit [the bank's website](#).

## THE ENTREPRENEUR—THE TELEVISION SERIES



Something on the lighter side: [The Entrepreneur](#), Nigeria's popular business reality television series, which enables the ordinary Nigerian micro-entrepreneur with brilliant ideas the opportunity to access micro-financing is coming to the US August 9th – check local listings in Africa, Europe and the US. Sponsored by leading pan-African bank, Ecobank Nigeria Plc, in partnership with the Federal Ministry of Agriculture and Water Resources,

Growing Businesses Foundation (an NGO), and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the main objective of [The Entrepreneur](#), is to empower small business owners, promote entrepreneurship through investments in innovative social enterprises, educate people on the numerous strategies of pitching business ideas, and contribute to poverty alleviation in the society.

The TV series, which made its local debut last year, injected over NGN 12 million into the businesses of the 23 winning micro-entrepreneurs in the first season and has increased the stakes to NGN 15 million this year. Ecobank resolved to address the rapidly increasing state of unemployment in the country by heavily investing in Nigerian micro-entrepreneurs, and has done so with focused ideas such as this reality TV series.

Nicholas Molodyko, Head of Practice Management

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## OFF TO GRADUATE SCHOOL – INTERVIEW WITH BRANDON FERRY

*SBI recently said, “see you soon,” to Brandon Ferry, Business Analyst for SBI’s Transaction Advisory Services (TAS) practice. After viewing entrepreneurship through the lens of South Asian MFIs, SKS Microfinance and BRAC, Brandon heads off to Yale School of Management, which has a program focused on social entrepreneurship. Before leaving, we sat down with Brandon and interviewed him.*



**What drew you to seek employment with SBI?** In the summer of 2009 I returned to the United States after working for a year in India with a major microfinance institution. I was eager to stay involved in the development finance sector and I was immediately drawn to SBI because of the company’s strong reputation in the sector. I knew that my role at SBI would allow me to leverage my previous work experience and afford opportunities for field work in emerging markets, something that was very compelling for me.

**What was your primary role at SBI?** I served as a Business Analyst for SBI’s Transaction Advisory Services (TAS) practice. As a new and growing part of SBI’s business, I enjoyed the entrepreneurial spirit of the practice and the opportunity to address novel issues. The way that we source and win mandates in TAS is quite different from the broader SBI model so the business development side of the practice was always very compelling for me. I was also a key member of the BRAC Africa Loan Fund servicing team. In that capacity, I was responsible for monitoring BRAC’s operations in East Africa and ensuring BRAC’s compliance with the provisions of the legal agreements. I was also responsible for ensuring the flow of funds between the investors and BRAC. It has been a great opportunity to learn about microfinance in a different market context while interacting with the entire range of stakeholders in the sector.

**What experience do you recall most vividly about your time at SBI? Any "best experience", "biggest challenge" or "aha" moment you'd care to cite?** For the past two years I have traveled to East Africa every quarter in order to meet with BRAC’s management in Uganda, Tanzania and Southern Sudan. These trips – eight in total – were at once my best experience and greatest challenge while working with SBI. I really enjoyed interacting with BRAC’s management in East Africa and gaining a deeper understanding of the challenges that face MFIs operating in these markets. I also enjoyed working with the BRAC Africa Loan Fund investors. Prior to my work with SBI, my only experience in microfinance was with an Indian microfinance institution. My time with SBI has allowed me to view microfinance from a broader perspective, one that includes the investors who fund the sector. Of course, the trips also have their challenging side. Southern Sudan is a very difficult environment to operate in but at least I gained some good stories to share with friends.

**What skills/perspectives/knowledge have you gained while in this job?** The past two years have been a very dynamic period in the development finance sector, particularly in the world of microfinance. My position with SBI allowed me an insider’s perspective on the challenges and opportunities that microfinance institutions face as they seek to broaden and deepen their presence in the developing world. Prior to my time with SBI, my only exposure to microfinance was in India. My role with SBI has broadened my perspective on the sector, providing me with a more nuanced understanding of how different market conditions can affect a microfinance institution’s operations. My role at SBI also allowed me to view microfinance from the perspective of the investors who fund the sector, thereby broadening my appreciation of the various stakeholders development finance.

**What opportunities did you have as a Business Analyst at SBI?** As a Business Analyst at SBI, you are given a significant amount of responsibility early on. Within my first month on the job I found myself in East Africa working in some particularly challenging environments. I was afforded opportunities to interact with key stakeholders in the development finance community, from the managers of microfinance institutions to the investors who fund their operations. When I arrived at SBI my passport had a single page of stamps. Before my first year at SBI was finished, I had to have additional pages added to accommodate all of the stamps and visas that I was accumulating. That should give you a sense of the amount of travel involved. For someone like me who craves new experiences and challenges, I could not have asked for a more fitting role.

**Please talk about the mentoring you provided to Shashin Chokshi, a junior at the University of Chicago.** Shashin interned with the Transaction Advisory Services practice for the better part of two years. During that time he proved to be an invaluable asset to the team, contributing to various business development and project-related efforts. As a young professional myself, I can relate to Shashin’s position as he attempts to narrow his career interests and develop a core skill set. I enjoyed the opportunity to pass on my experiences and share my perspectives on Shashin’s career options. Shashin was eager to learn about the practice and development finance and I came to value our weekly conversations about trends in the sector.

**What prompted your decision to go to graduate school and to select the Yale SOM program? Please talk about the program.** My career is at an important crossroads. In order for me to take on additional responsibilities and opportunities, I feel that it is important for me to broaden my professional skill set. The career that I envision demands that I be well versed in a variety of fields while being versatile enough to adapt to constantly evolving market conditions. I believe that a full-time MBA program is the most effective and efficient means of achieving my goals. I was highly drawn to Yale’s MBA program for a number of reasons. First and foremost, Yale champions the idea that business can be a positive force in the world. This principle permeates the entire curriculum and it also happens to be a value-system that we here at SBI live every day. Yale is also a very internationally-focused program. Not only will my classmates be coming from across the globe, but a portion of the program is actually held abroad. For someone like me who

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## MOBILE BANKING RECEPTION IN DC



On the evening of July 21, SBI, through its partnership with the Bill & Melinda Gates Foundation, hosted a summer reception focused on mobile banking and innovation for financial inclusion. The event featured SBI partner, United Bank Ltd. (UBL) of Pakistan and its Executive Vice President & Group Head for Branchless and e-Banking, Abrar Mir, who was able to provide updates on UBL's groundbreaking branchless banking platform, Omni. UBL Omni is reaching beyond traditional bank networks and extending access to financial services to millions of unbanked Pakistanis, just a year after its official launch.

SBI has received a \$6.9 million grant from the Gates Foundation to scale up UBL Omni, an electronic services platform. With a resident advisory team in Karachi, supported by the SBI-Pakistan office and the broader SBI ADC team, the project is nearing completion of its first phase, which included country-wide market research on the unbanked population and a revision of Omni's business plan. The next phase will focus on benchmarking the agent network against international standards and using business analytics to inform decision making on pricing and products.

## SBI SUMMER INTERNS

SBI's Summer Internship Program targets upper level undergraduates and graduate students with a focus on inclusive finance. Interns typically are assigned to an SBI mandate, attend a seminar series on principles of survey research, and complete small scale desk research. The intent is to provide all interns with exposure to all facets of SBI's work. For 2011, SBI hosted three interns in its Washington DC office—Luis Obregon, Margaret Anderson, and Mohammad Zia.

Luis Obregon is pursuing an MBA at the Darden School of Business at the University of Virginia. He previously worked in the credit analysis department in a commercial bank in Mexico. During his summer at SBI, he has worked on several projects across Asia, ECA, LAC and MENA, including drafting proposals and analyzing market research data.

Margaret Anderson is a student at The University of Chicago Booth School of Business. This summer at SBI she has been helping with data analysis for housing microfinance in Afghanistan, market sizing in the MENA region, mobile banking research, and project proposals for ECA. Her post-MBA plans focus on investments and energy in the international development sector.

Mohammad Zia is pursuing a BA in Global Development from the Honors College at the University of Maryland. During the summer he is assisting with research projects, event planning, and administrative tasks in the Washington, DC office. Currently, Mohammad is researching financial institutions that promote women's empowerment. Mohammad has prior experience in development as a research volunteer in Tanzania. During his trip to Tanzania, Mohammad volunteered with young orphans suffering from HIV, and worked on a rural development project.



## BRANDON FERRY CONT.

**What do you have in mind post-graduate school? Might you stay in the inclusive finance field?** After graduate school I hope to secure a role that allows me to leverage my skills and experiences while pursuing interests that I have developed throughout my career. I really enjoy working with companies and thinking through their challenges. A key challenge for any company is financing their operations. This is a challenge that the TAS practice focuses on and it is an area that I have found particularly rewarding. I also enjoy interacting on a strategic level with a company's management, something that I have done extensively in my work with the BRAC Africa Loan Fund. Having an international focus to my work is also something that is very important to me. Ideally, my next professional role will combine all of these elements.

**Parting thoughts: any other thoughts about your experience with SBI and in the TAS practice that you'd like to share; any advice to strengthen the experience for future BAs?** I really could not have asked for a better experience than the one that I had with SBI. I was able to work on issues that I found compelling and meaningful while staying engaged with a sector that I am passionate about. In the past two years I have filled a passport and traveled to places that I could not even locate on a map before I began this job. I get to work every day with a group of engaging, intelligent, worldly and passionate individuals. I have also racked up a decent collection of stories that I have relied on more than once to make myself seem more interesting than I actually am. All in all, it has been a great experience.

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## OF SPECIAL NOTE

[ANDE Newsletter](#)  
[Volume 24](#)

[CFSI Newsletter](#)  
[Volume 7 Issue 6](#)

[GIIN](#)  
[July Updates](#)

[MicroCapital Monitor](#)  
[Volume 6 Issue 7](#)

[Upside 14](#)

## ANDE INDIA CHAPTER

We at SBI are pleased to be part of the steering committee for the new ANDE India Chapter. The ANDE India Chapter envisions a thriving ecosystem for small & growing businesses (SGB) in India. Our key value proposition is to leverage global and local knowledge to benefit the social SGB community; to be a local network with a global presence. With a well defined governance structure, the ANDE India Chapter builds on the strong core of knowledge and skill sets of its steering committee members, looking to add value and engage with a variety of local stakeholders in the growing SGB community. The aim of the chapter is to create and support this network of local stakeholders that invests financially and non financially to help the SGBs of India grow and create lasting impact, faster.

The goal for the ANDE India Chapter is to create a platform that supports all stakeholders in the SGB ecosystem through training, knowledge dissemination and collaborative events.

To achieve the above goal, the following strategies have been defined for the initial year of operation:

- ✦ Mapping of intermediaries of the Social Entrepreneurship Sector in India to better identify gaps and opportunities within the sector.
- ✦ Creation of an appropriate platform to build a community of practice for sharing of best practices and better enable collaboration and knowledge transfer between members.
- ✦ At least one capacity building & training for both social SGBs and intermediaries in India

Please visit the official [ANDE India Chapter website](#).

## NEWS

### NEW CEO FOR GIIN

Recently the Global Impact Investing Network (GIIN) announced the selection of a new CEO, Luther Ragin. Currently Vice President for Investments at the Heron Foundation, Luther will be leaving his current position in August to begin work at the GIIN in September. Luther Ragin served as a board member for ShoreBank Corporation, in which the Heron Foundation was an investor. At the Heron Foundation, he led efforts to direct more than 40 percent of the foundation's \$260 million corpus to mission-related investments. In addition to his accomplishments as an impact investor, Luther has been a pioneering thought leader. He has sought to grow mission-related investments through advising, writing, and speaking engagements, as well as through his teaching at the Harvard Kennedy School. As the Vice President of Investments at the F. B. Heron Foundation in New York, Mr. Ragin has been an impact investing pioneer, building a world-class institutional investment portfolio that demonstrates the ability to achieve consistently strong financial performance with substantial social impact through investments. He has also been a singularly effective advocate of impact investing among investment peers and a wider audience, including through his appointment as a William H. Bloomberg lecturer at Harvard University and as a regular commentator and widely-referenced writer.

### Recommended Reading

**Forthcoming:** It's unusual to recommend a book not yet out, but we'd like to flag the early September publication of Impact Investing, *Transforming How We Make Money While Making a Difference*. Given its authors, who have each contributed significantly to the emerging field of impact investing, we're confident their writing will add to evolving understanding of how to invest for social impact.

Antony Bugg Levine manages the Rockefeller Foundation program in impact investing and Jed Emerson is a pioneering advisor of long-standing in "blended value" investing, a term he coined. The book aims to define this emerging industry for participants on all sides of the funding equation (investors, funders and social entrepreneurs). We're eager for its release, and would welcome comments from our newsletter readers.

