

Your impact through

Microfinance India



Against a dire global economic outlook and multiple crises driving up costs of living for families living in poverty, Opportunity International Australia's community of supporters have provided a beacon of hope. Opportunity's small loans ensure families in India can rebuild from negative economic impacts, improve their quality of life and build resilience against future shocks.

Findings from the first global Microfinance Index study this year (included below) are incredibly heartening. Put simply, your generosity is allowing women in Asia and their families to weather the storm and improve their futures through small businesses. The study found that through your commitment, clients of Opportunity's microfinance program partners are benefiting from improved quality of life, better access to healthcare, education and nutritious food, and increased resilience in volatile times.

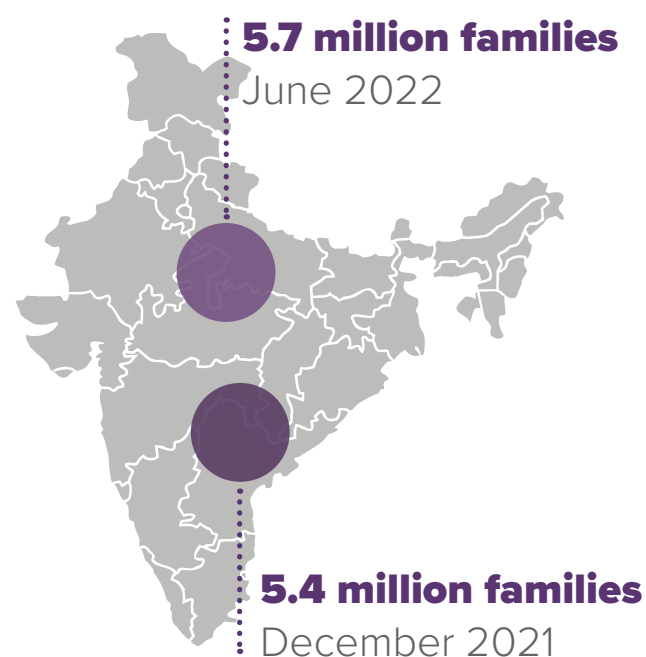
The study showed that we are also reaching those who would otherwise be excluded. While account ownership in India more than doubled between 2011 – 2021 (from 35 per cent to 78 per cent), India still has 229 million unbanked people – highlighting the importance of continuing to reach those who are not being reached by financial services.

The microfinance industry in India is experiencing growth after the setbacks of the pandemic – with growth in loan book as well as the number of loans being disbursed. This is largely concentrated on women in rural areas of the country, where they would not otherwise be reached by financial services. Demand for these services is high, and the sector is expected to continue growing over the coming years, increasing opportunities for women looking to start or grow small businesses.

9 out of 10 people reported their quality of life had improved thanks to a small loan

Your support helped us to reach more than **5.7 million families** as of June 2022

7 out of 10 families increased their savings –allowing them to be more resilient



Global Poverty Line rises

Cost of living increases are not just affecting the community here in Australia – everyday essentials and basic necessities are getting more expensive for families living in poverty in developing countries too. The World Bank recently changed the global poverty line, with the poverty line for lower middle-income countries including India increasing from US\$3.20 a day to US\$3.65. The rise in the international poverty line reflects an increase in the costs of basic food, clothing, and shelter needs in developing countries. This is the third revision to this poverty line since the \$2 poverty line was introduced 30 years ago. Previously, incomes have grown at a faster rate than the cost of living - and poverty rates have fallen. However, since 2019 poverty has increased across all regions as incomes for families in poverty have been hit by the pandemic and other global shocks. Globally 1.8 billion or more than one in five people live in poverty, surviving on less than \$3.65 a day.

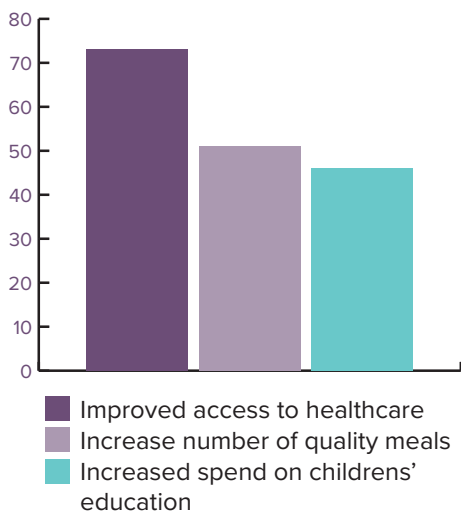
MEASURING WHAT REALLY MATTERS: GLOBAL MICROFINANCE INDEX

Opportunity International Australia's goal, underpinning everything we do, is helping families in developing countries to pave a pathway out of poverty. It's critically important that we understand and measure the impact of our work and whether families working their way out of poverty are benefiting from the services we provide. Are we reaching the most excluded? Are they well served by our partners and their staff? Is life improving for the families we serve and are they moving out of poverty?

In order to measure the impact of our microfinance work and ensure that our partners are best serving the needs of the women and families you support, Opportunity participated in a ground-breaking global study in early 2022 – **the 60 Decibels Microfinance Index**. The inaugural study surveyed more than 18,000 clients of 72 microfinance organisations, including four of Opportunity's microfinance program partners in **India and Indonesia**. The study found that among the families served by our partners in Asia:

- **9 out of 10 people reported improved quality of life** thanks to accessing a loan
- **We are reaching the most excluded** - 2 out of 3 people accessing a loan through our partners would not otherwise have been able to access financing for their small business
- **7 out of 10 have increased their savings** – allowing low-income families to be more resilient and protect against future shocks that might otherwise send them back into poverty.

Improved household wellbeing



“My business was improved. My income has increased. And it helped me with my children’s education fund.”

- Survey respondent

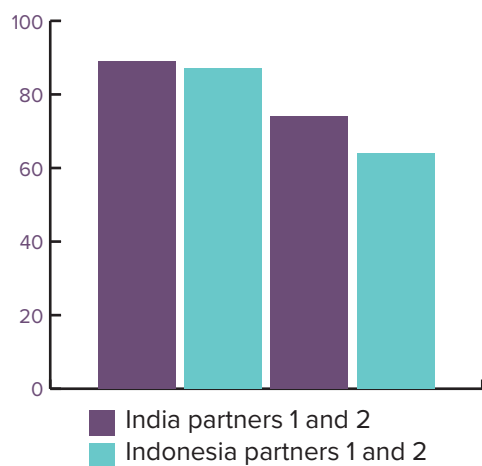
Improved ability to access healthcare was the most frequently reported household wellbeing outcome for people accessing loans from our partners in Asia – showing small business owners supported by Opportunity are better able to provide for their families’ needs.

Our microfinance program partners’ services build resilience for families by improving their ability to meet unexpected expenses. These positive results are particularly encouraging as people responded in the first half of 2022 after two years of pandemic-related hardship and disruption.

Better able to meet emergency expenses



Better management of finances

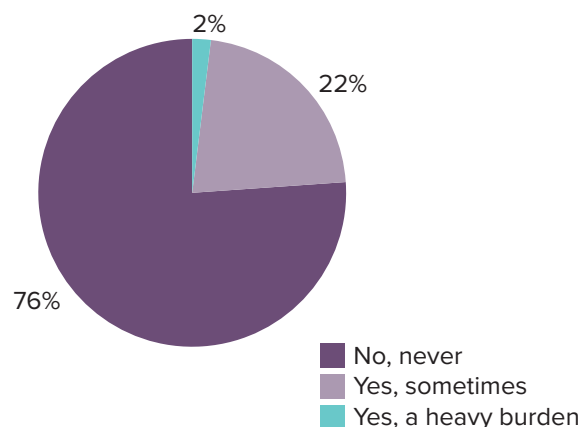


Access to credit, and the training and other services provided by our partners help those taking out small loans better manage their finances, for a better future.

A large majority of families reported that loan repayments are never a problem, while a very small number (2 per cent) reported that repayments are a heavy burden. This is consistent with historic repayment rates of 98 per cent. While this is encouraging feedback in the light of the ongoing impacts of COVID-19, our partners are not complacent about these results and we will continue to monitor repayment issues for clients and how we can support increased resilience.

While we are excited to see how our programs are helping those most in need to improve their lives, we also value the feedback from families accessing small loans. The results of the Index are important, not just to see how our partners are performing, but also how they are performing compared to their peers.

Are loan repayments a burden?



Comparing performance across our partners and with global averages helps Opportunity to understand where we can work with our microfinance partners to improve our services, address challenges and more effectively serve families in need.

For instance – a couple of our partners found that fewer of their clients had a strong understanding of the terms and conditions of their loans than for the average organisation surveyed. We will be working with these partners to review their client training materials and processes to make improvements that better support those taking out small loans.

Explore the results of the global index [here](#).

Realising the Opportunity

Digital financial inclusion – with a focus on gender

While most of us take for granted having access to financial services in the palm of our hands, anytime, anywhere, access to digital financial services is still far from a given for rural women in India. COVID-19 catalysed huge growth in the use of digital payments in India. According to the World Bank's Global Findex, more than 80 million adults in the country made their first digital payment during the pandemic.

Although the gender gap in the use of digital technology in India has narrowed in recent years, women remain at a disadvantage – with lower levels of mobile ownership, lower rates of digital literacy as well as facing cultural and familial barriers. Digital Financial Inclusion can also be a strong driver for women's economic empowerment. As the trend towards digital financial services picks up pace, Opportunity's focus remains on ensuring that women, in particular the women you support in rural and remote areas, are

being supported to navigate these services. This will include the development of products designed for women, supporting women's financial literacy and capabilities, as well as enhancing their digital literacy.

Contributing to the SDGs

Our India Microfinance program partner Satya achieved an A Rating (among the top 20 per cent) from Agents for Impact in an assessment of their contribution to the Sustainable Development Goals (SDGs). The Agents for Impact Sustainability Alignment Rating (AFISAR ©) Tool assesses the alignment of a company's sustainability performance – both at institutional and portfolio level – to the SDGs. The rating tool looks at the performance of microfinance organisations against key SDGs, including poverty (SDG 1), reduced inequality (SDG 10), climate action (SDG 13), and gender equality (SDG 5) – including whether organisations implement a gender-smart approach to financial investments and closing the gender financing gap.

Partner Portfolio Summary

	Families reached	Loans outstanding A\$'000	Operational self-sustainability	Portfolio at Risk (PAR) >30 days
ESAF & NESFB*	3,272,587	2,696		
Cashpor	1,124,513	624	116%	1%
Satya	904,670	518	112%	6%
Pahal	393,727	213	102%	6%
GO FINANCE**	53,453	18	70%	27%
OVERALL	5,748,950	\$4,069		

*The data for ESAF and NESFB has been combined due to the similarity of the operations of our small bank partners.

**Partner portfolio summary as of end of June 2022. Go Finance has since been acquired by Pahal – from 1 October, figures will be reflected in Pahal's portfolio due to business transfer.

Shanti's Story

Bamboo entrepreneur achieves childhood dream

When Shanti was a child, her mother worked for a middleman making bamboo products like fans, mats, baskets and trays. Shanti thought it was unfair that her mother worked for a pittance and her family lived in poverty, while someone else made a profit from her hard work. She dreamed of one day becoming an entrepreneur and starting her own bamboo business.

The 34-year-old mother of three, from a small village in Jharkhand, didn't complete her education and got married at a very early age. She went to her husband and in-laws – who did similar work to her mother – with the idea of starting their own bamboo business, working for themselves to create a better life for their family. They had some initial setbacks with the business and mounting debt owed to a money lender. Things got so bad, Shanti's husband wanted to shut down the business.

One evening, while talking with neighbours, Shanti found out about group loans from one of Opportunity's microfinance program partners. She was able to access a loan of Rs.21,000 (A\$375), investing in better quality supplies and growing their business.



“Thanks to our increased income, I am able to send my two daughters to a private school, ensuring they'll have a better-quality education.”

With their business more stable, Shanti took out a second loan to buy more raw materials – nearly doubling production. She realised she could get better prices for her products at larger markets nearby, instead of her local market. Now she and her husband are producing quality bamboo products, getting higher prices and demand has increased.

Shanti has started saving money and is happy with her family's improved quality of life.

What's Ahead

Improving protections for families

To ensure microfinance organisations are best supporting clients, a new client protection pathway was developed and launched in 2021 by the Social Performance Taskforce (SPTF) and CERISE. These are two key bodies that promote best practices in the microfinance industry. Opportunity is promoting this pathway with our partners and encouraging third-party assessments that will give each partner a bronze, silver or gold certification. One of our Indian program partners has signed an agreement with a rating agency to undergo an independent assessment. We are working with another partner to develop a revised Social Performance Management policy, combining social and environmental policies.

Social protection and inclusive livelihoods

In the wake of the devastating impacts of the pandemic, Opportunity and our partners have a heightened focus on the importance of social protection and disability inclusion, for those that might otherwise slip through the cracks. Our goal is to strengthen and improve access to support services to improve stability and enable vulnerable families to better cope with crises and shocks. In India we're working with microfinance providers on a pilot project to restart loan groups for persons with disabilities. We are also establishing kiosks to support communities to unlock social support payments and benefits that are available to marginalised groups, who are often unable to navigate the system to access them.

Reach the excluded and deepen impact

Thanks to your support, through our partners, Opportunity reached more than 350,000 additional families in the first half of 2022. We continue to explore new partnerships with microfinance organisations that are aligned with our mission – with a continued focus on reaching those who are not yet being reached with financial services. In addition to small loans that support families to capture opportunities, we are partnering with microfinance organisations that provide complimentary services to the families and communities we serve – helping them to improve their lives in a holistic way.



This report highlights the impact of our programs from January - June 2022.

For more information, past reports and client stories, please visit our website:
opportunity.org.au/your-impact

**Opportunity International
Australia Limited**

ABN 83 003 805 043

PO Box A524
Sydney South NSW 1235 Australia

T: 1800 812 164 or +61 2 9270 3300
E: opinfo@opportunity.org.au

opportunity.org.au



ACFID
MEMBER



OPPORTUNITY
International
AUSTRALIA

Don't fight poverty. End it.