

Press Release

19th October 2010

Five Talents speaks at the Microfinance Debate in the House of Commons

Tom Sanderson, UK Director of Five Talents, was today on the panel of four speakers debating the motion “Microfinance is an effective tool for helping eradicate poverty”. The debate took place in the Grand Committee Room in the House of Commons, chaired by Annette Brooke MP, chair of the All Party Parliamentary Group on Microfinance.

Tom was alongside Dr Martin Greeley from the Institute of Development Studies at the University of Sussex – speaking in favour of the motion.

The opposing speakers were Professor Malcolm Harper, Emeritus Professor, Cranfield School of Management and author of the book “What’s Wrong with Microfinance” (2006); and Dr Milford Bateman, Research Fellow at the Overseas Development Institute and author of the book “Why Doesn’t Microfinance Work?” 2010.

The meeting was attended by over 100 stakeholders comprising several members from both Houses of Parliament, academics, policy-makers, practitioners and financiers. The topic was chosen in response to recent criticisms that commercial microfinance is profiteering from the poor and has drifted from its original focus on poverty alleviation.

Tom Sanderson outlined the dynamic and diverse industry that has developed around the microfinance area. He commented “the socially-motivated NGO programmes like Five Talents are still firmly targeting assistance at pro-poor clients and communities – providing relevant services of savings, loans, training and sometimes insurance, using the group-based model. These programmes are genuinely needed, empowering and delivering sustainable benefits which are helping to alleviate poverty for thousands and indeed millions of people.”

Dr Greeley addressed the evidence from impact evaluations, and discussed the linkages between financial sector inclusion, economic growth and poverty alleviation. He also



Annette Brooke with the speakers. From left: Dr Milford Bateman, Professor Malcolm Harper, Annette Brooke MP, Tom Sanderson and Dr Martin Greeley

explained the multi-dimensional household welfare benefits associated with microfinance.

The opposing speakers questioned why progress out of poverty is so hard to measure, and emphasised the need for financing medium-sized enterprises as well as micro-enterprises. They also discussed the unintended consequences of multiple borrowing, indebtedness, and the apparent profiteering of some of the largest microfinanciers.

Annette Brooke MP concluded by saying “*This has been an excellent debate where these issues have been aired and challenged. We should all be aware of the pitfalls and risks as well as the strengths associated with microfinance as the sector develops.*”

The meeting ended with a strong majority vote in support of the motion.

END.

Notes for Editors:

See the following related links:

The All Party Parliamentary Group on Microfinance - www.appg-microfinance.org/

Results UK website - www.results-uk.org/

Five Talents UK website - www.fivetalents.org.uk

Five Talents aims to fight poverty in the developing world by creating jobs. This is achieved by providing business training, small loans and savings programmes. The loans start as low as £25 - each one helping an entrepreneur to start or build a small business.

Five Talents UK is a registered charity in England and Wales (No. 1113969) which currently supports 21,353 people through microfinance partners in 11 countries in the developing world as follows:

- | | |
|-----------------------|--------------|
| 1. Uganda | 7. Sudan |
| 2. Kenya | 8. Indonesia |
| 3. Dominican Republic | 9. Peru |
| 4. Philippines | 10. Bolivia |
| 5. India | 11. Burundi |
| 6. Tanzania | |

Five Talents is the microfinance initiative of the worldwide Anglican Church, working with local microfinance partners. Microfinance is increasingly acknowledged to be a highly effective contribution to the UN Millennium Development Goals for poverty reduction. Microfinance develops local economies and encourages independence rather than dependency on grants.

Since 1999 Five Talents has raised over £1.5 million to fund micro-credit programmes and to provide training in business skills, including basic book-keeping, planning, appraisal, marketing and stewardship. Established businesses include farming, dress-making, retailing, hair-dressing and brick-making.

Women form 60% of loan group members. Payment rates by project are in the range of 85-100%. Each loan can impact as many as 10 people once family members and employees are taken into account.

Five Talents aims to reach 70,000 entrepreneurs with savings and loan programmes in 14 countries in the developing world by the end of 2012.

Five Talents was founded at the Lambeth Conference of Anglican church leaders in 1998, created as a long term response to help the poor in developing countries based on need not creed. Five Talents works with the local church in communities to gather, train and financially equip entrepreneurs.

Five Talents was established in the USA in 1999 and in the UK in 2005. The name is taken from the parable of the talents (Matthew 25:14-30) in which the “good and faithful servant” takes the Master’s five talents and through effort and initiative gains five more.

Five Talents’ International Patron is the Archbishop of Canterbury. Five Talents’ partners provide services to local communities irrespective of religion or tribe, based on need not creed.

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