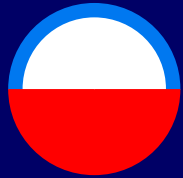


Grameen Innovations for Financially Sustainable Microfinance Operations

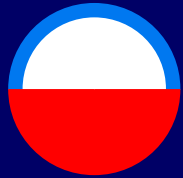
Presented by Tamim Islam
Assistant General Manager, Grameen Trust
tamimi@gmail.com

FARM Conference on Microfinance For Developing Countries' Agriculture
Session 5: Under What Conditions Is Agricultural Microfinance Financially Viable?
Paris, France
December 5, 2007



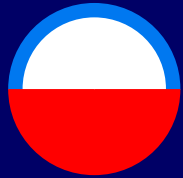
Grameen Bank

- ❑ Grameen Bank, means “Rural Bank” or “Village Bank”
- ❑ Began as the Grameen Bank Project in 1976.
- ❑ Established as a bank in 1983.
- ❑ Promotes **Credit as a Human Right.**
- ❑ Provides Credit and Financial Services:
 - Exclusively to the rural poor in Bangladesh, targeted particularly poor women.
 - Without any collateral or legally enforceable contracts.
 - It is offered for creating self employment opportunities to quickly increase income.
- ❑ **Grameen Bank is owned by the poor borrowers.**
- ❑ **Professor Muhammad Yunus and Grameen Bank won 2006 Nobel Peace Prize.**



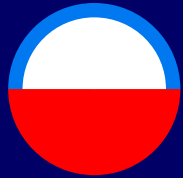
Grameen Bank Approach

- ❑ Grameen Bank was initiated as a challenge to the conventional banking which had no place for the poor.
- ❑ Began as the Grameen Bank Project in 1976.
- ❑ Established as a Bank in 1983.
- ❑ Promotes **Credit as a Human Right.**
- ❑ Grameen Bank gives collateral-free loans.
- ❑ It provides loans and financial services without any legally enforceable contact.
- ❑ It has preference for giving loans to women.
- ❑ Provides services at the door-step of the poor.
- ❑ Grameen Bank is owned by the poor borrowers.



Grameen Bank Approach

- ❑ Loans can be received in a continuous sequence.
- ❑ All loans are to be paid back in regular installments.
- ❑ More than one loan can be received simultaneously.
- ❑ It comes with both compulsory and voluntary savings
- ❑ **Replicated in more than 100 countries around the world.**
- ❑ **Professor Muhammad Yunus and Grameen Bank won 2006 Nobel Peace Prize.**

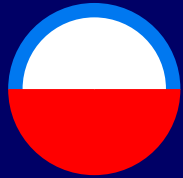


Grameen Trust



*Participants at Grameen
Dialogue Program*

- Established in 1989 by Nobel Laureate Professor Muhammad Yunus.
- Vision and Mission:
 - Grameen Trust is committed to the cause of poverty alleviation. It envisages a world free from poverty and hunger, where poverty will be a phenomenon of the past.
 - Grameen Trust's mission is to undertake any programs that will help eradicate poverty. As a part of its mission, it provides financial and technical support worldwide. It also directly implements microcredit programs in areas where there is no sustainable microcredit project for the poorest.
- 139 partners in 38 countries including BOT projects.

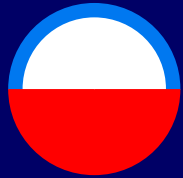


Grameen Trust Programs



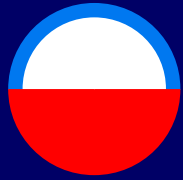
*Dignity Program Members
in Bangladesh*

- Grameen Bank Replication Program:
 - Through Partners
 - Direct Implementation
- Joint Collaboration Program
- Tsunami Program
- Dignity Program
- Rehabilitation Program
- Other Programs:
 - Grameen Dialogue, Training, Workshop, Technical Assistance, Monitoring and Evaluation, Audit, Publication, Internship, Project Development, Networking, Library Services, Web site



Why Grameen Bank Replication Program to Provide Microcredit for Poverty Alleviation

- Success of Grameen Bank in poverty alleviation.
 - 64% of members of Grameen Bank have crossed the poverty line.
- Focus on women's empowerment and enriching families.
- Grameen advocacy for promotion of microcredit as an effective tool for poverty alleviation.
- Grameen Trust's support for MFIs to start microcredit programs.
- Global microcredit outreach to serve the poor:
 - 1997: 7.6 million served
 - 2005: 113 million served
- Opportunity for reaching billions of people living under the poverty line based on current coverage:
 - Asia: 38%
 - Africa & Middle East: 8.5%
 - Latin America & the Caribbean: 11.6%
 - Europe: 1.7%



Three Keys to Financially Sustainable MFIs

□ Committed Leadership

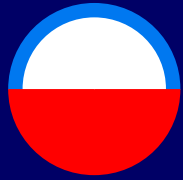
- Innovative Management
- Commitment to Poverty Alleviation through Microcredit
- Focus on Mission

□ Member/Borrower Friendly Products

- Loans
- Savings
- Insurance
- Others

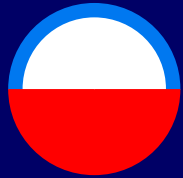
□ Dedicated Staff

- Properly Trained
- Highly Motivated
- Low turnover



Professor Yunus and Ms. Taslima Begum with Nobel Peace Prize





Grameen Bank's Loan Products

□ Basic Loan

- Cumulative Borrowers: 7.34 Million
- Cumulative Disbursement: US\$6.55 Billion
- Monthly Disbursement: US\$60 Million
- Repayment Rate: 98.35%

□ Housing Loan

- 649,774 Houses Built

□ Higher Education Loan

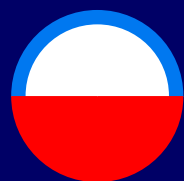
- 21,116 Recipients

□ Struggling Members' Loan

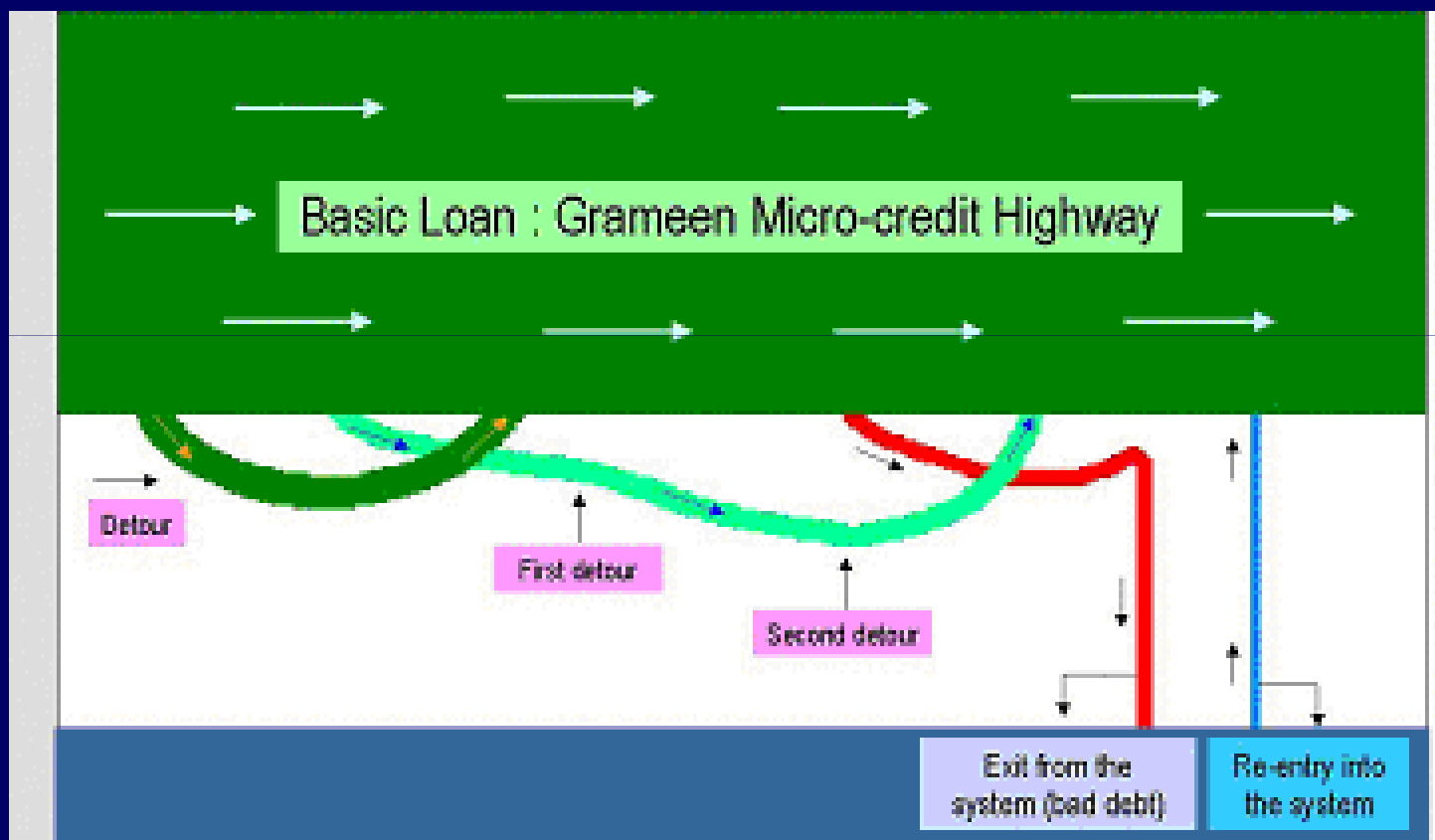
- Members: 96,000+
- Given up Begging: 10,179+

□ Other:

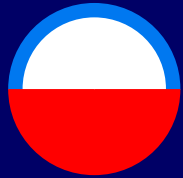
- Micro Enterprise Loan:
- 1.23 Million Members Borrowed US\$418.32 Million



Grameen Microcredit Highway Flexible Loans



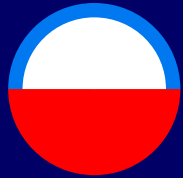
Diagrammatic representation of the inter-link between basic loan and flexi-loan



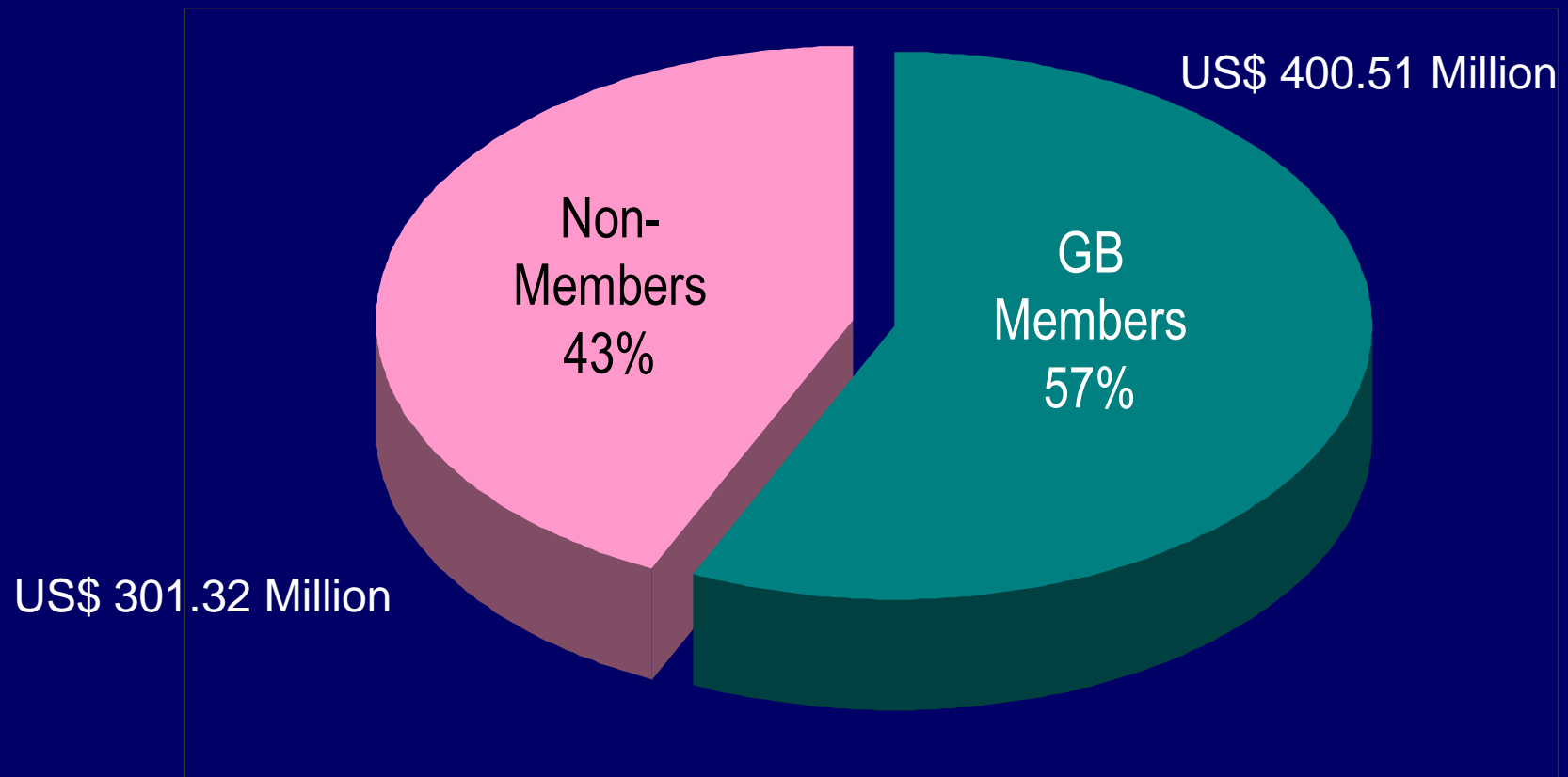
Grameen Bank's Savings Products

□ Product	□ Balance (Million US\$)
□ Personal Savings	215.11
■ [Open to All]	
□ Grameen Pension Savings (GPS)	216.09
■ [Open to Grameen Bank Members and Staff Only]	
□ Double in 7 years-Term Deposit	146.84
■ [Open to All]	
□ Loan Insurance Savings Fund	55.17
■ [Open to Grameen Bank Members and Staff Only]	
□ Fixed Deposit with Monthly Income	31.97
■ [Open to All]	
□ Fixed Deposit	9.95
■ [Open to All]	
□ Other Fund	26.71
■ [Open to Grameen Bank Members and Staff Only]	
□ Total	701.83

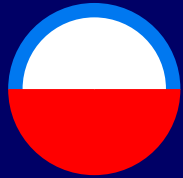
Update: October 2007



Ratio of Grameen Bank Deposits Between Members and Non- Members



Update: October 2007



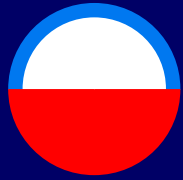
Grameen Insurance Products

□ Loan Insurance Fund:

- Un-repaid loan and interest of deceased borrowers paid off through Loan Insurance Fund
- Borrower deposits Tk. 30 per thousand for herself and Tk. 30 for the husband
- At the death of the borrower or husband, entire outstanding amount of the loan is paid off
- If the borrower withdraws her membership from the group she gets back the amount contributed in the fund
- Example Case: Highest loan paid off: Tk. 5,43,046 (Husband died, his deposit was Tk. 11,900 in the Loan Insurance Fund.)
- Cumulative US\$7.47 Million paid off till October 2007

□ Life Insurance:

- Families of deceased borrowers of Grameen Bank received life insurance benefit
- Borrowers are not required to pay any premiums for Life Insurance
- Per deceased family receives Tk. 1,500
- 97,376 borrowers died and received US\$3.86 million till October 2007



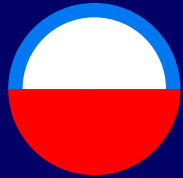
Interest Rate of Grameen Bank

□ Loan Products:

- Income Generating Loans:
[Flat rate] 10%
- Housing Loans 8%
- Higher Education Loan
 - During study: 0%
 - After study: 5%
- For Struggling Members
(Beggars): 0%
- Center House
Construction: 0%

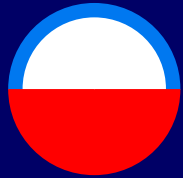
□ Savings Products:

- Savings: 8.5%
- Fixed Deposit: 8.75 - 9.50%
- Double in 7 Years: 10.40%
- Fixed Deposit (5 years)
with monthly income: 10.04%
- Fixed Deposit (10 years)
with monthly income: 10.67%
- Grameen Pension Savings
(Five Years): 10%
- Grameen Pension Savings
(Ten Years): 12%



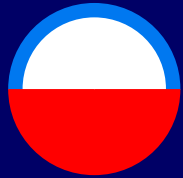
Other Services of Grameen

- Village Phone
 - 296,000 Telephone Ladies
 - 1000 Telephone Ladies started flexi-load business
 - Each has average income Tk.1,500 per month
- Scholarship Program for Member's Children
 - Over 27,000 children receive scholarships per year
 - Scholarships are given 60% to girls and the remaining 40% to boys
 - Every year Ewha Womans University will provide two scholarships among the GB members daughters
 - In 2007 Taposhi Banarzee and Razia Sultana has received the scholarship
- Computerized MIS and Accounting System
 - 97% of total branches now have switched to computerized accounting and MIS

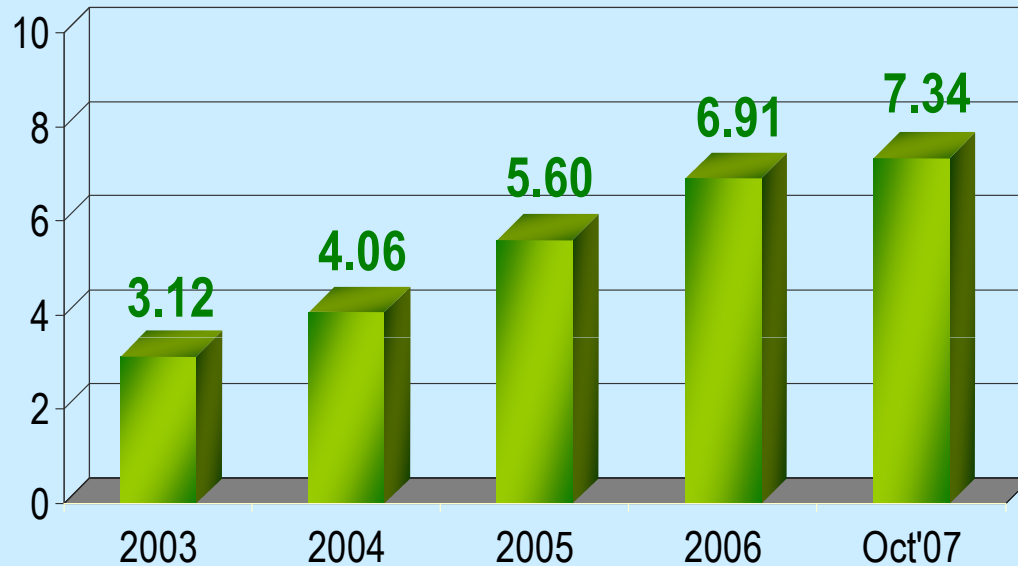


Star for Achievement

- Staff and Branches receive Star for Achievement:
 - Green Star: 100% repayment records for 2 consecutive years
 - Blue Star: Making profit
 - Violet Star: Entire loan program with its own deposits
 - Brown Star: 100% of the children of GB families are in school
 - Red Star: All the borrowers have crossed over the poverty line
- Achieved One or More Stars in 2006:
 - 2,079 Branches (90%)
 - 12,359 Staff (88%)
- Creates competition among Branch and Staff
- Motivates staff for higher achievement

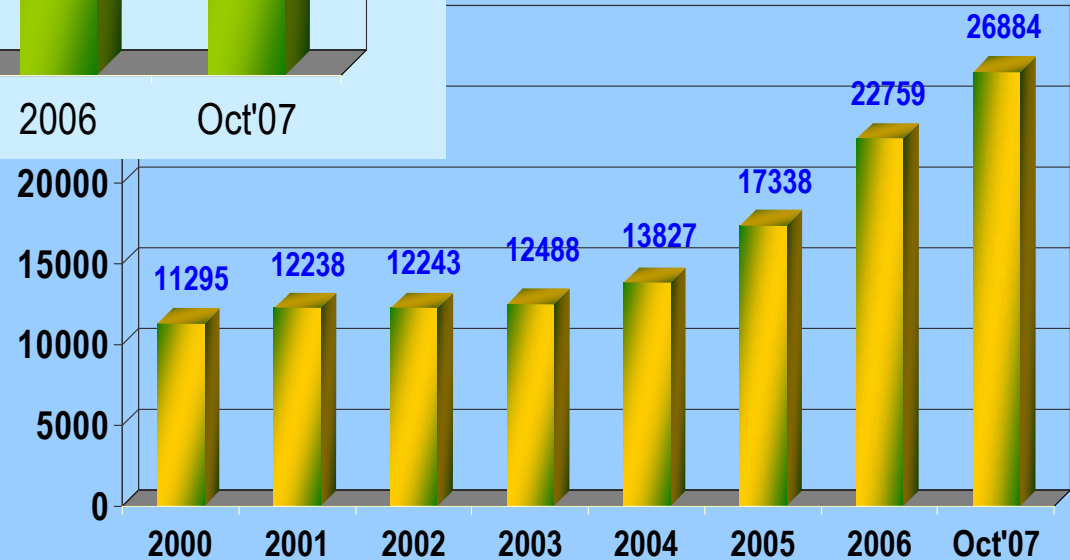


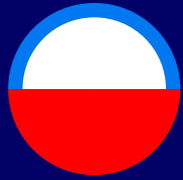
Membership and Staff Growth



Membership Growth
7.34 million as of Oct. 2007

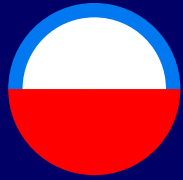
Growth in Staff Recruitment
26,884 Staff as of Oct. 2007





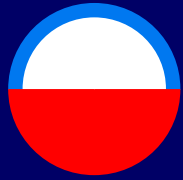
Financial Management of Grameen Bank

- ❑ Savings products have brought financial self-reliance
- ❑ Grameen Bank stopped accepting new foreign grant and loan since 1995
- ❑ Ratio of Loans Outstanding to Deposits is 100:139
- ❑ 57% of total branches have savings balance of more than its loan portfolio outstanding



Grameen Trust Direct Implementation Projects

- Grameen Trust has specific focus on the direct implementation of the Grameen Bank Approach to setting up a microfinance program in a specific location.
- When there is a need for immediate and rapid implementation of a microfinance program to reach the poor people quickly, Grameen Trust deploys its own experienced Grameen staff to setup a microfinance program following the Build-Operate-Transfer (BOT) or Build-Operate-Own (BOO) model.

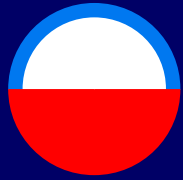


Why the Grameen Trust Direct Implementation Approach?



Center Meeting in Turkey

- ❑ Cost effective implementation
- ❑ Fast membership mobilization
- ❑ Faster vertical and horizontal expansion
- ❑ On-the-job staff training reduces time and costs
- ❑ Faster program self-sustainability
- ❑ “Not reinventing the wheel”



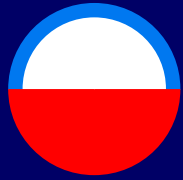
Benefits of the Grameen Trust Direct Implementation Approach



*Loan Disbursement in
Guatemala*

□ For Members:

- Collateral free micro-loans for the poor
- Opportunities for income generating activities using microcredit
- Empowerment through financial freedom
- Peer group support



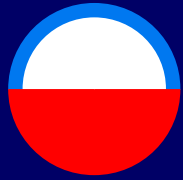
Benefits of the Grameen Trust Direct Implementation Approach



Staff Training in Turkey

□ For Staff:

- Transfer of Grameen technology and know how of microfinance operations
- Creates employment opportunities in local communities
- Capacity building of the local staff
- Opportunities for community service

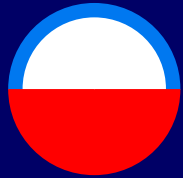


Grameen Trust Direct Implementation Projects



*A Borrower at Her Workshop
in Zambia*

- ❑ Myanmar
- ❑ Kosovo
- ❑ Turkey
- ❑ Zambia
- ❑ Costa Rica
- ❑ Guatemala
- ❑ Indonesia
- ❑ United States of America

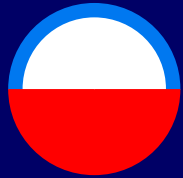


Myanmar



Borrowers in Myanmar

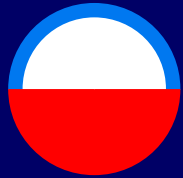
- ❑ In 1997 Grameen Trust was selected by UNDP/UNOPS Asia Office to create and maintain the Sustainable Livelihood Through Microcredit for the Poor project in Myanmar.
- ❑ The project began in August 1997 in the Delta Zone of Myanmar.
- ❑ GT sent 6 senior Grameen staff to Myanmar to implement the microcredit project under its Build, Operate and Transfer (BOT) model.
- ❑ The project currently has more than 100 local staff and all international staff from Grameen have been withdrawn.
- ❑ After five years of developing a sustainable microfinance program at the grassroots level Grameen Trust handed over the project to the local management.
- ❑ It is now being managed by local staff who were trained by Grameen.



Myanmar Project at a Glance

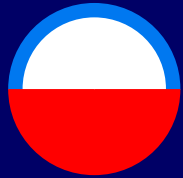
Name	Sustainable Livelihoods Through Microcredit for the Poor
Year Established	1997
Donor Partners	UNDP, UNOPS Asia Office
Branches	13 [Delta Region]
Members	109,038
Borrowers	87,228
Percentage Women	100%
Loans Disbursed	US\$ 14,553,023
Savings Balance	US\$ 847,412
Repayment Rate	100%
Status	Operations handed over on May 17, 2002, after successful completion of the project on the Build-Operate-Transfer methodology.

Update: Sept., 2006



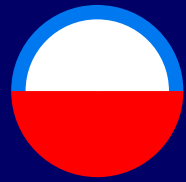
Kosovo

- ❑ Grameen Trust initiated the Kosovo Grameen Mission Arcobaleno Microcredit Fund with financing provided by Mission Arcobaleno, which was a citizens' fund, raised in Italy.
- ❑ Created specifically to assist the people with microcredit in Kosovo to generate self employment and rebuild their lives after the war in 1998.
- ❑ GT sent 6 senior Grameen staff to Kosovo to implement the microcredit project under its Build, Operate and Own (BOO) model.
- ❑ The project currently has 22 local staff and 2 international staff from Grameen.
- ❑ It has served more than 10,500 poor members with microcredit to help rebuild their lives



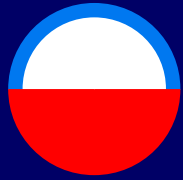
Kosovo Project at a Glance

Name	Kosovo Grameen Missione Arcobaleno Microcredit Fund
Year Established	2000
Donor Partners	Missione Arcobaleno
Branches	4 [Peje, Pristina, Gjilan and Prizren]
Total Outreach	10,617
Current Members	6,027 [Borrowers: 5,843]
Percentage Women	100%
Loans Disbursed	US\$ 29,774,631
Savings Balance	US\$ 363,575
Repayment Rate	100%
Status	Operations on-going.
<i>Update: May, 2007</i>	



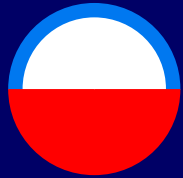
A Member at Her Store in Kosovo





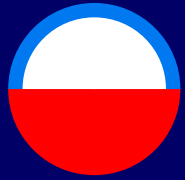
Guatemala

- ❑ The Asociacion Civil Guatemalteca Grameen Credit is a BOT project of Grameen Trust.
- ❑ It was set up in December 2005 with financial assistance from the Whole Planet Foundation, USA, to implement microcredit program in Guatemala to meet the challenges of poverty alleviation.
- ❑ GT sent 5 senior Grameen staff to Guatemala to implement the microcredit project under its Build, Operate and Transfer (BOT) model.
- ❑ The project currently has 11 local staff and 5 international staff from Grameen.
- ❑ The project is being implemented in the counties around Lake Atitlan.
- ❑ ACGGC is merging with Banrural, a large commercial bank in Guatemala to scale up its microfinance operations nationwide.



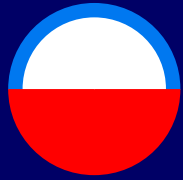
Guatemala Project at a Glance

Name	Asociacion Civil Guatemalteca Grameen Credit
Year Established	2006
Donor Partners	Whole Planet Foundation
Branches	3 [Panajachal, Nahuala and San Lucas]
Members	4,515
Borrowers	3,954
Percentage Women	100%
Loans Disbursed	US\$ 665,353
Savings Balance	US\$ 43,193
Repayment Rate	100%
Status	Operations on-going.
<i>Update: May, 2007</i>	



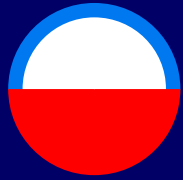
Center Meeting in Guatemala





Grameen Trust Local Innovations and Adaptations

- Bi-weekly meetings in selected locations
- Seasonal loans for specific income generating activities
 - Pig Fattening Loans in Costa Rica for selling during Christmas seasons
- Micro Enterprise Loans
 - Popular with borrowers in Kosovo
- Promoting social awareness and empowerment
 - AIDS Awareness workshops in Zambia
 - Diez Decisiones in Guatemala

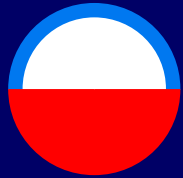


Future Grameen Trust Direct Implementation Projects



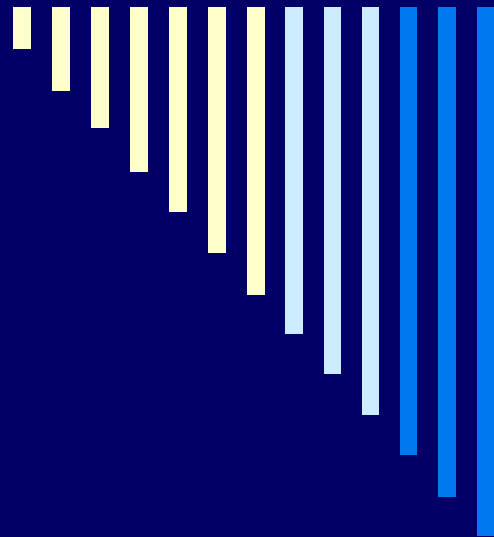
Crafts at a Stall Set up by Members of a Productive Family in Bahrain

- Bahrain
- Cameroon
- China:
 - Sichuan Province
 - Inner Mongolia Province
 - Jilin Province
- Colombia
- East Timor
- India
- Nicaragua
- Paraguay
- Tanzania
- Other Countries



Conclusion

- ❑ Credit is a Human Right.
- ❑ The Grameen Bank Approach is Borrower Friendly.
- ❑ Dedicated Staff and Effective Management are keys to success.
- ❑ Grameen Trust promotes microcredit as an effective tool for poverty alleviation worldwide.
- ❑ Grameen Trust's directly implemented programs reach the very poor with microfinancial services and is a cost-effective approach to setting up world-class microfinance institutions.
- ❑ Grameen Trust has set up successful and sustainable microfinance operations in both post conflict and crisis regions, as well as pockets of poverty in other countries.



Thank You

For more information
please visit our website:
www.grameen.com/grameen/gtrust
