

Grameen Connections

FOUNDATION USA

GF-USA Joins With Digital Partners to Expand Technology Access for the Poor

Combined strengths will benefit
thousands in India and beyond

In September, Grameen Foundation USA (GF-USA) took an exciting step forward to expand the emerging village computing market in rural India, finalizing a milestone merger with Digital Partners Foundation.

The new partnership will help extend GF-USA's successful pilot Village Computing Project, with fourteen centers in Tamil Nadu, to other rural areas throughout India. The program benefits poor women such as Ms. Marry, 31, of rural Pudukottai, who had been scraping by as a tutor for young children. She used a micro-loan from Activists for Social Alternatives (ASA) to become a Village Computing Center owner, and now is expanding her tutoring business and leveraging her teaching skills by providing computer instruction to adults and children.

Digital Partners was chosen because of its proven capabilities as a catalyst for change all over the world, according to GF-USA President Alex Counts. An established leader in the Information and Communication Technology for Development (ICT4D) arena, Digital Partners has been

providing mentorship and capacity-building services to projects around the world since 1999. Its strong advocacy for the movement has resulted in increased visibility,

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cooperation, and new resources for the village computing sector. Digital Partners has organized roundtables and conferences and published research findings to help mobilize support for, and disseminate information about, the burgeoning ICT4D field.

The Tamil Nadu pilot program was developed through GF-USA's Grameen Technology Center, in partnerships with Drisatee Foundation and ASA. Drisatee has brought technical expertise accumulated through its management of 300 computing centers in six states in northern India. Drisatee's state-of-the-art local language portal has been the mainstay of the fourteen centers in Tamil Nadu. ASA — a GF-USA micro-lending partner since 2000 — is one of the largest micro-finance organizations in India and has more than seventeen years of experience working with

“This work will create new, replicable, efficient models.”

Paul Maritz
GF-USA Technology Advisory Council Member
Director, Digital Partners
Former Group Vice President, Microsoft

impoverished communities in Tamil Nadu. GF-USA's pilot project has proven that village computing centers are a profitable micro-enterprise for the clients who own and operate them, and an effective way for rural Indians to gain access to information and communication technologies. Through e-governance, computer training, and desktop publishing services offered by the centers, people who would otherwise have little or no access to services enjoyed by urban dwellers can share in the benefits of the digital age.

Merging with Digital Partners puts GF-USA in an excellent position to drive its village computing initiative forward and achieve the necessary scale to reach hundreds of thousands more rural poor.

For more information, visit www.gfusa.org/newsroom/news/story=15 and www.gfusa.org/technology_center/village_computing/.



GF-USA has set a goal to reach five million more like this client of MCDT, a GF-USA partner in Uganda.

Five Million New Borrowers!

GF-USA's Ambitious New Strategic Plan

When it comes to dealing with the large-scale scourge of global poverty — which afflicts some 250 million families —

a strategic plan to lead this effort by setting three ambitious goals:

- Reach five million new micro-loan borrowers in the next five years
- Ensure that at least half of them cross the poverty line within five years of taking their first loan
- Champion three innovations that transform the micro-finance sector at the national, regional or global level

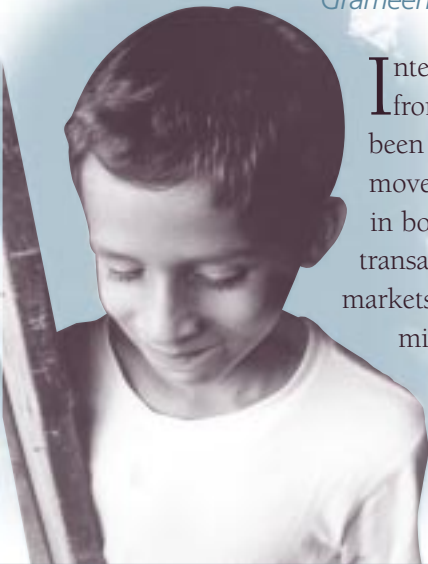
“When you think of poverty on a world scale, it is such an immense problem,” notes GF-USA Board Member Richard S. Gunther. “Twenty-five years ago, before micro-lending started in earnest, it was a problem that seemed

you have to think big. The immediate challenge for micro-finance, which has proved to be one of the most effective anti-poverty tools ever devised, is to find ways to scale-up its availability so that everyone who can benefit has access.

Responding to this challenge, GF-USA has launched

GF-USA Helps Pioneer Micro-Finance Bond Issue

For many strong micro-finance institutions (MFIs), availability of capital to make more loans is the main factor limiting their growth. To achieve our goal of reaching five million new borrowers in the next five years, Grameen Foundation USA is pioneering creative financing strategies, like the one described below.




International bond offerings financed from U.S. capital markets have long been an aspiration of the micro-finance movement. In July 2004, \$40 million in bonds were issued, the first such transaction ever made in U.S. capital markets exclusively for funding micro-finance.

An estimated 120,000 children, like this son of a Nicaraguan borrower, will benefit from the \$40 million in loan capital now available.

unassailable. Today there are close to 50 million micro-loans outstanding around the world. Our goal to reach 5 million new borrowers would affect 20 to 25 million people.”

The strategic plan emphasizes donor support and investment as critical. Donors can get involved in many ways — volunteering time, hosting a screening of GF-USA’s new video, *Breaking Through* (see page 7), or making a donation. Every contribution of time, talent, and resources brings us closer to achieving our goals — and makes it possible for poor women the world over to achieve theirs.

“Grameen Foundation USA is a unique vehicle for individuals and institutions that want to leverage their contributions for maximum impact,” says Board Member Steven C. Rockefeller, Jr., Chair of the GF-USA Development Committee. “We are seeking partners, particularly those who can make multi-year commitments, to help us bring micro-finance to five million new borrowers.”

To learn how you can be a part of this exciting endeavor, visit <http://www.gfusa.org/strategy/> or contact us at (202) 628-3560. 

Grameen Foundation USA teamed with Blue Orchard Finance, Developing World Markets, and several other investors to issue the \$40 million in micro-finance bonds through the financing vehicle Blue Orchard Microfinance Securities. The bonds will provide loan capital for at least 40,000 micro-entrepreneurs in countries as diverse as Nicaragua, Cambodia, and Russia. The bonds, sold by J.P. Morgan Securities, were backed in majority by the Overseas Private Investment Corp (OPIC), a U.S. government agency.

All of the bonds were sold within an hour after being made available for sale on July 30, 2004.

“This is a solid investment and a sound strategy for reducing poverty among the poorest people in the world,” said John Anderson, Chief Operating Officer of GF-USA. “Investment in micro-finance offers a ‘win-win’ with its double bottom line: global investors earn reasonable financial returns from capital that contributes to sustainable development in emerging economies.”

Investing in micro-finance is not as risky as some might imagine, according to Drew Tulchin, manager of GF-USA’s Capital Markets Program. He notes that the average repayment rate for properly managed micro-loans (97 percent) is superior to repayment rates for U.S. credit card and student loans, which generally experience default rates of at least 5 percent.

GF-USA continues to work to broaden the range of capital available to strong micro-finance organizations that have the potential for explosive growth in reaching the poorest. A bond offering in India, a key micro-finance market, is now in the works.

For more information about GF-USA’s Capital Markets Program, contact Drew Tulchin at 202- 628-3560, ext. 123 or dtulchin@gfusa.org. 



Increasing Outreach through Better Technology

Imagine how service would suffer if your local bank tracked clients and transactions by hand. Many micro-finance institutions do not have the resources to apply a solution — an automated management information system (MIS). Read on to see how GF-USA has helped several of its micro-finance partners make the leap to the next level of information management by employing specially-tailored technology.

In Mexico, GF-USA partner Alternative Solidaria (AISol) was managing loans manually for more than 3,000 women in Chiapas as recently as early 2004. It was difficult to track and report on clients and payments in a timely manner. With funding and volunteer assistance from our supporters in Dallas, Texas, GF-USA helped AISol implement M2, a fully-automated portfolio management system, in its main branch. Since then, AISol's staff has been able to generate reports with ease and now boasts quick access to current and more accurate client information, thanks to M2's automatic calculation feature.

Fundación Adelante, a GF-USA partner that serves nearly 2,300 impoverished families in rural Honduras, also launched M2 this year and is reaping the benefits. "Grameen Foundation USA helped advise Adelante regarding the selection and implementation of a software program for loan tracking and maintenance," says Adelante Executive Director Tony Stone. "Now that we are using M2, we have much better and more up-to-date information than we have ever previously had." Adelante's


Adelante's Patricia Pavon inputs data using new software chosen and implemented with help from GF-USA.



goal is to add 5,700 new borrowers by the end of 2008, a goal that GF-USA is helping support with financial and technical assistance, including technology tools like M2. New York-based philanthropy Fund for the Poor has provided financial support for this effort.

In Nigeria, Africa's most populous country, GF-USA partner Lift Above Poverty Organization (LAPO) now uses M2 in half of its branches, thanks to a \$1.3 million grant secured by GF-USA from the United States Agency for International Development (USAID). The resulting efficiency and accuracy of an automated MIS will play a key role in allowing LAPO to expand its outreach from 20,000 to 40,000 clients by July 2005. "M2 helps me keep my records current and serve my clients better," says Eunice Asemota, manager of LAPO's Adesogbe Branch.

GF-USA also is working with two MFI partners in El Salvador — ASAPROSAR and Las Melidas — to implement SIEM, a Guatemalan software product that is similar to M2. When installed, both organizations expect similar dramatic efficiency gains.

For more information about the ways that GF-USA is using technology to fight poverty, visit http://www.gfusa.org/technology_center/ or contact Michael Eber at meber@gfusa.org or 202-628-3560, ext. 117. 

How Does Software Help The Poor?

By equipping micro-finance institutions to serve them better through:

- Lower transaction costs
- Faster transaction processing
- Up-to-date information for loan officers
- Less paperwork
- Automatic calculations (less human error)
- Reduced risk of fraud

<< **BERLIN** *Continued from page 8*

Both the Excellence and Pioneer Awards include a \$10,000 prize underwritten by the eBay Foundation. Support for the event was also provided by Open Society Institute.

The Grameen Foundation USA-Deutsche Bank Humanitarian Award honors an individual who has significantly impacted the lives of the poor by his or her advocacy for social justice, human rights, poverty reduction, and gender equity. Finnish President Halonen co-chaired the 2002-2004 World Commission on the Social Dimension of Globalization and the United Nations' 2000 Millennium Summit Heads of State Meeting. Both sought ways to reduce extreme poverty and create a sustainable future.

The Grameen Foundation USA Excellence Award recognizes an established micro-credit institution that has distinguished itself as an industry leader. This year's honoree, Al-Amana, has expanded almost 300 percent over the last three and a half years in Morocco, and currently serves more than 132,000 clients. Accepting for the organization was Al-Amana's CEO, Fouad Abelmoumni.

The Grameen Foundation USA Pioneer Award recognizes an emerging program that is breaking new ground as an innovator and/or works in a region of the world that traditionally has been underserved by micro-



Zahirul Alam, CEO of IDF in Bangladesh, accepts the GF-USA Pioneer Award.

finance. CEO Zahirul Alam accepted the 2004 award on behalf of Integrated Development Foundation (IDF) of Bangladesh. IDF serves more than 42,000 clients in the Chittagong Hill Tracts in Bangladesh, an ethnically-diverse region suffering from severe poverty with limited access to health care, clean water and communications.

"By honoring the innovators, pioneers and advocates of micro-finance, the Grameen Foundation USA awards program provides an unparalleled opportunity to showcase the people and initiatives that are leading this global movement to even greater heights," noted GF-USA president Alex Counts.

For more information on the 2004 Awards Ceremony and the awardees, please visit www.gfusa.org/2004awards/. 

(l-r) GF-USA's Alex Counts and Susan Davis with Grameen Bank founder and managing director Dr. Muhammad Yunus, Finland President The Honorable Tarja Halonen and Deutsche Bank Chief Executive Dr. Josef Ackermann.





Borrower Profile: Bai Haiyan Feathers Her Nest

In rural Yixian, China, soil degradation and water scarcity make it difficult for farmers to eke out a living from the land. Many families hover at the edge of subsistence, not knowing where the money for their next meal will come from. Before receiving micro-credit, Bai Haiyan, 38, and her family lived like this. Her family of six survived on just \$483 per year — a mere \$1.32 per day!

In 2001, Bai joined a GF-USA partner micro-finance institution, Funding the Poor Cooperative (FPC). She used her first micro-loan of \$120 to buy 18 pigeons. With the money she earned from selling the pigeons, Bai repaid her loan. A year later, she took a second loan for \$180 and purchased more pigeons. Over time, thanks to additional tiny loans from FPC and her own hard work, Bai has seen her family income increase to \$1,812 per year — more than three and a half times what it was just three short years ago.



Bai Haiyan tends the pigeons she purchased with micro-loans from FPC, a GF-USA partner in China.

Grameen Foundation USA is working with FPC to increase the number of loans it can provide to other Chinese citizens like Bai. To learn more about our work in China and how you can help the millions of women living in poverty who just need a small boost to begin their climb from poverty, please contact Dr. Mike Getubig, Jr. at (202) 628-3560, ext. 106 or igetubig@gfusa.org, or visit http://www.gfusa.org/programs/china_initiative/.



Visit Our New Website!

As our Village Computing Project demonstrates, the Internet can be a powerful poverty fighter. We have recently upgraded our GF-USA website to make it an even better resource for people seeking information about alleviating poverty through micro-finance.

With a new design and structure, as well as new and updated content (check out the in-depth look at GF-USA's five-year strategic plan at

<http://www.gfusa.org/strategy/>) you'll find it easier than ever to learn, stay informed and take action at www.gfusa.org. Be on the lookout for even more new content and features in the coming months! Meanwhile, please let us know your reaction to the new site by emailing Ken Liffiton at kliffiton@gfusa.org. We appreciate your comments.




Lights...Camera...Take Action! Host a Screening of *Breaking Through*

Here's a great way to spread the word about micro-finance to friends, family, neighbors or colleagues: host a screening of the outstanding new GF-USA video documentary, *Breaking Through*.

Directed by Rob Rooy, director of *To Our Credit*, the acclaimed PBS series about the


Grameen Bank, *Breaking Through* is an excellent introduction to micro-finance and the work of GF-USA. Woven throughout are the inspirational stories of three women, Kesa, Patience, and Andrea, who live on different continents but who are all achieving their dreams with the help of tiny loans.

If you would like to support GF-USA by hosting a screening, please contact Kay Hixson at (202) 628-3560, ext. 109 or khixson@gfusa.org. 

Village Phone is Direct Line to Safety

Civil war has been a constant in northern Uganda for many years. The Lords Resistance Army (LRA) led by Joseph Kony has been fighting a guerilla style war with the government of Uganda. 'Rebels' from the LRA often raid rural communities, which have no advance warning. The consequences are often deadly.


Rose Atim is an MTN villagePhone Operator in Lira village in north-central Uganda. When the LRA rebels attacked a nearby refugee camp in Barlonyo and killed hundreds, the situation was brought to Rose's attention by fleeing refugees. Rose was able to use her village phone to call the closest security point, which sent security forces to Barlonyo where they were able to prevent further loss of life and stop the rebels from moving on to the next village. MTN villagePhone, which recently commissioned its **1,000th Village Phone Operator**, in this case meant the difference between life and death. More often, the extra income that a Village Phone business generates means the difference between mere survival and a chance to build a better life.

To learn more about how GF-USA is pairing micro-finance and technology to improve the lives of Uganda's rural poor, visit http://www.gfusa.org/technology_center/village_phone/. 

GF-USA Welcomes Two New Board Members

In recent months, GF-USA has welcomed **Lucy Billingsley** and **James Greenberg** as the newest members of our Board of Directors. Lucy Billingsley, Managing Partner of Billingsley Company, a Dallas-based real estate company, founded The Chiapas Project, a fundraising effort to support GF-USA's work in Chiapas, Mexico.

James Greenberg is Chairman and Managing Director of DevCorp, a venture development and investment company in Saudi Arabia. He and his wife Lisa have been key supporters of GF-USA's work in India, where, most recently, they advocated for micro-finance-friendly legislation during a visit in early 2004.

For a complete list and profiles of GF-USA's Board of Directors, visit http://www.gfusa.org/about_us/our_people/board_members/. 



SALUTING EXCELLENCE IN BERLIN:

GF-USA and Deutsche Bank Honor Anti-Poverty Champions

BERLIN — In an inspiring September ceremony in the historic Atrium of Deutsche Bank's headquarters here, the spotlight was turned on some of the best and brightest champions of the global fight against poverty.

The occasion was the fourth annual GF-USA awards ceremony. Dr. Josef Ackermann, Chief Executive of Deutsche Bank, presented the Humanitarian Award, which is co-sponsored by the Bank. Before the ceremonies, a roundtable discussion brought together opinion leaders, micro-finance industry experts, and practitioners to share their ideas on anti-poverty success strategies and current challenges facing micro-finance.

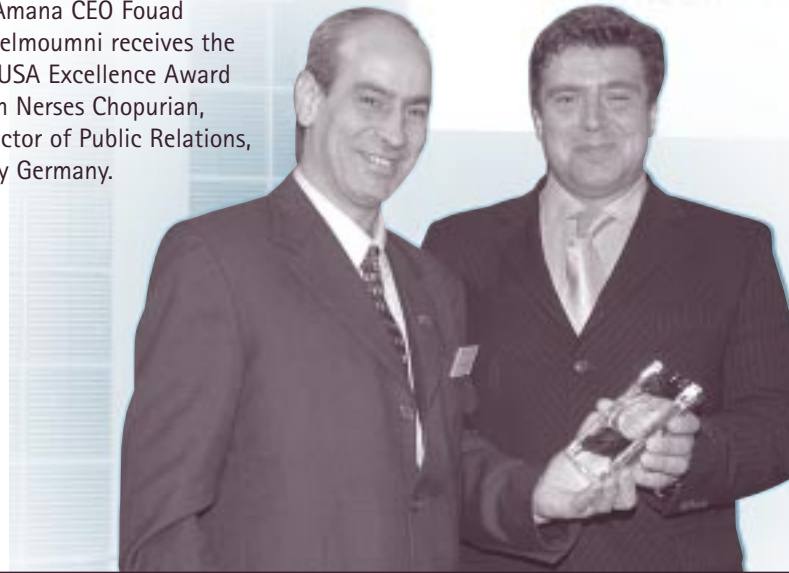
The three awards given at the event, which also attracted key representatives of the private sector, were:

- The Grameen Foundation USA-Deutsche Bank Humanitarian Award, presented to Finland's President Tarja Halonen, that nation's first female head of state, who is widely respected for her courageous advocacy of social justice, human rights, and women's empowerment.

- The Grameen Foundation USA Excellence Award, given to the Moroccan micro-credit institution Al-Amana.
- The Grameen Foundation USA Pioneer Award, to the Integrated Development Foundation (IDF) of Bangladesh.

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Al-Amana CEO Fouad Abdelmoumni receives the GF-USA Excellence Award from Nerses Chopurian, Director of Public Relations, eBay Germany.



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