

Grameen Connections

FOUNDATION USA

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GFUSA Expands Network in Latin America and the Caribbean

More than 90,000 families already reached, with goal of 277,000 by 2008

ELVIRA HERNANDEZ IN EL SALVADOR USED TO LIVE with her family squeezed into a one-room hut with a mud floor and no furniture. Her life began to change with a \$57 loan from Las Mélicas, a microfinance institution (MFI) and partner of Grameen Foundation USA (GFUSA).

Elvira used that first loan to buy a large pot and ingredients to cook tamales to sell in the community. When she paid it back, she took a second loan of \$80 to buy chickens and expand her small business. Next she added bananas to her wares. By her fourth successful loan, Elvira's business was thriving. She was astonished to have working capital of \$360 – beyond her wildest dreams. Now successful, Elvira can think about buying a refrigerator, sending her children to school and building a small house where she can live with her family.

A microloan from our partner Las Mélicas helped Elvira Hernandez build her successful grain business.

LATIN AMERICA PARTNERS
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<< **LATIN AMERICA PARTNERS** *Continued from page 1*

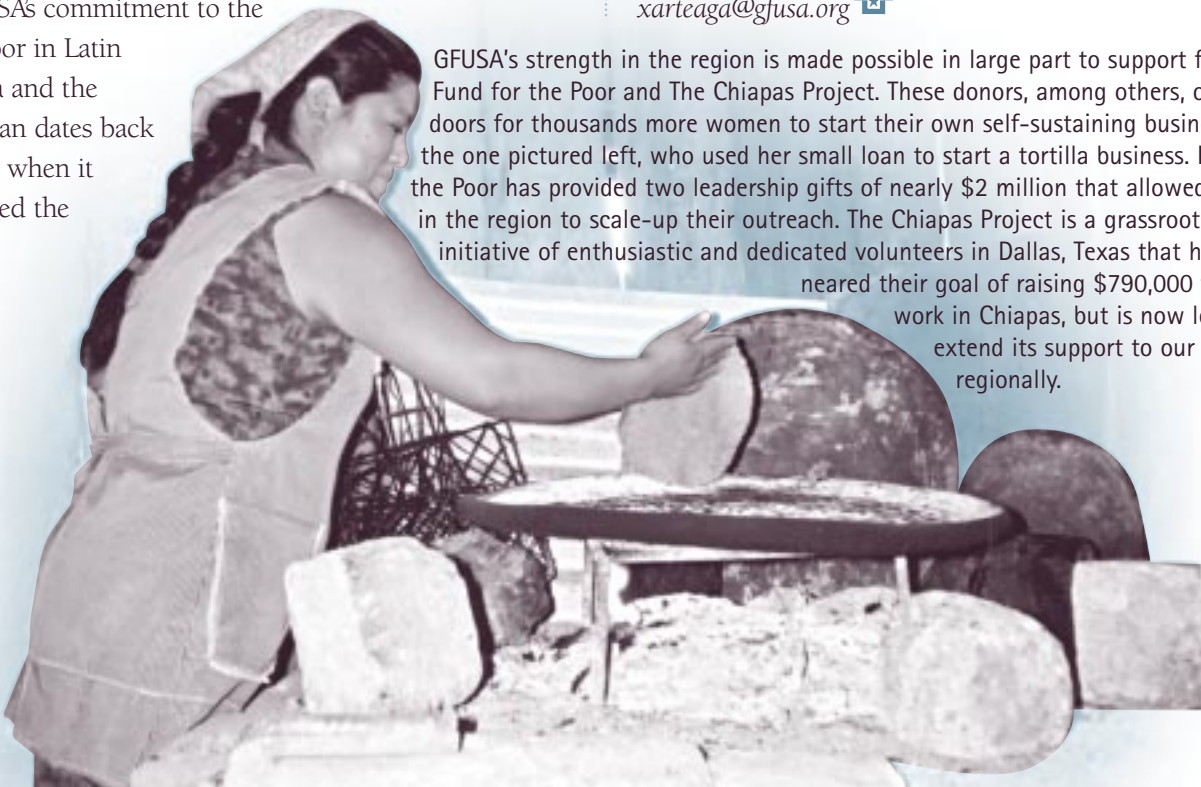
If you consider Elvira's story inspiring, try multiplying her success by 92,000 hard-working poor women. That's how many impoverished families in Latin America and the Caribbean had benefited by mid-2005 from microfinance services provided by GFUSA's partners in Latin America and the Caribbean. By the end of this year, those partner microfinance institutions (MFIs) expect to have reached 31,501 new women and their families, and 277,000 by 2008.

GFUSA's commitment to the rural poor in Latin America and the Caribbean dates back to 1998 when it supported the

establishment of **Al Sol**, the highly successful MFI in Chiapas, Mexico's poorest state. Going forward, GFUSA will be helping eight small MFIs in four countries reach out to even more rural poor families, and two larger MFIs in Haiti and Bolivia. The significant work of our Haiti partner, Fonkoze, has earned it the 2005 Pioneer Award for its impact in bettering the lives of poor families there (see page 3). ProMujer, our partner in Bolivia, was a finalist for the accolade.


To learn more about GFUSA's successful work in Latin America and the Caribbean, contact Ximena Arteaga, xarteaga@gfusa.org 

GFUSA's strength in the region is made possible in large part to support from Fund for the Poor and The Chiapas Project. These donors, among others, open doors for thousands more women to start their own self-sustaining business, like the one pictured left, who used her small loan to start a tortilla business. Fund for the Poor has provided two leadership gifts of nearly \$2 million that allowed six MFIs in the region to scale-up their outreach. The Chiapas Project is a grassroots initiative of enthusiastic and dedicated volunteers in Dallas, Texas that has neared their goal of raising \$790,000 for our work in Chiapas, but is now looking to extend its support to our work regionally.



GFUSA's New Regional Director and New Manager of Social Performance

Ximena Arteaga became Regional Director for the Americas in July. Ximena brings experience from FINCA International, where she promoted regulatory standards for the microfinance industry. Before FINCA, she directed the first project designed exclusively to promote savings in Bolivia's rural areas as a senior financial analyst with the Central Bank of Bolivia. She builds on the extensive groundwork laid by the previous Regional Director, **Nigel Biggar**. Over five years, Nigel's expertise and devotion to bettering other

people's lives helped lead GFUSA's expansion into the Americas from 1 to 10 partners, now serving 92,000 clients. His personable manner has helped connect major donors to our work in the region. A strong professional interest in helping GFUSA measure its impact around the world led to Nigel becoming GFUSA's Manager of Social Performance. He is developing standards that will help our partners track the rate at which clients cross the poverty line and perform other poverty analysis. 


GFUSA Partners Honored at Annual Awards Event

In November, GFUSA will hold its annual Microfinance Practitioner Awards ceremony, entitled “Scaling Up to Meet the Challenge of Global Poverty” to celebrate the achievements of microfinance programs throughout the world.

Our microfinance institution partner, Fonkoze, in Haiti, is this year’s recipient of the Pioneer Award. The accolade recognizes an emerging program that is breaking new ground. As of June 2005, Fonkoze, working in the poorest country in the Western hemisphere, was reaching more than 27,000 active borrowers and their families. In addition, the MFI is innovative in the industry by offering services such as remittances and literacy education to support a client’s whole life situation. GFUSA’s support will help push Fonkoze’s impact farther to 73,220 clients by 2008.

Swayam Krishi Sangam (SKS), a GFUSA partner in India, will receive the Excellence Award for being an industry leader. Founded in 1998, SKS has reached nearly 140,000 female clients in the poorest areas of India and intends to help more than 300,000 clients and their families by 2008. SKS blends innovation with its work, being one of the first MFIs to have a fully automated management information system.

GFUSA has organized a “Knowledge Sharing Roundtable” in Dallas, Texas in conjunction with the awards event. The roundtable reflects GFUSA’s commitment to sharing information in order to accelerate the expansion of microfinance to more poor people. A select group of international thought leaders will convene in a critical exchange of ideas, experiences and best practices to strengthen the industry, and enhance the impact of microfinance on poverty.

Learn more about our partners:
www.gfusa.org/programs/partners/ 

From the President...

I’m excited to update you on our latest progress to help more poor people escape poverty through microfinance. Microfinance – financial services that include loans usually \$100 or less, savings accounts and insurance – is helping clients start or grow their own businesses worldwide. This issue spotlights the impressive gains in two geographic areas in particular — **the Americas** and **India**. Investments in our partners in India, for example, have helped increase their outreach to nearly 860,000 clients at the end of June 2005. That’s a 50 percent increase over December 2004 and twenty times what it was when we provided our first support to these institutions in 2000.

In addition to expanding our reach to more of the world’s most vulnerable people, we’re continuing to focus on building capacity of the microfinance sector as a whole. The **Growth Guarantees Program** is a breakthrough approach that will help microfinance institutions tap millions in new resources and serve the microfinancial needs of hundreds of thousands of more families.

While we have made progress, the natural disasters of the past months — from the tsunami in South Asia to Hurricane Katrina, Hurricane Stan and the devastating earthquake in Pakistan — have pushed even more people into poverty or deeper poverty. Our great concern and sympathy go out to all who are suffering. As they search to rebuild their lives, their courage instills us with an even greater sense of purpose and reminds us that our work has just begun.

Thank you for caring.



Alex Counts
 President and CEO





New Loan Guarantee Program Projected to Bring \$300 Million to Poor Worldwide

GFUSA's Growth Guarantees Program, an alliance with Citigroup, to bring millions in resources to microfinance and clients.

GFUSA announced the innovative Growth Guarantees Program (GGP), one of the microfinance sector's largest financing efforts dedicated to microfinance institutions (MFIs) that serve the poorest population. This program will provide \$50 million in guarantees that aims to generate US\$300 million in microfinance loans to poor people to help them start, sustain or grow their own businesses. The massive infusion of capital into the sector means millions more of the world's poor people will have the chance to benefit from microfinance. Just in the next 12 months, the Growth Guarantees Program alone could increase by one-third the total number of clients that all our partners serve.

The innovative program, developed by GFUSA in collaboration with Citigroup, allows selected donor-guarantors to issue a five-year standby letter of credit (SBLC) for at least \$1 million to Citigroup. The donor-guarantors are individuals who share GFUSA's vision that microfinance is a scaleable solution to global poverty and who have made substantial philanthropic investments in GFUSA in the past. The guarantors do not provide an out right donation. They multiply the power of their assets to further microfinance by pledging their assets as part of a pooled

guarantee. Citigroup in turn issues SBLCs to local commercial banks to support financing for MFIs selected by GFUSA. The multiplier effect is powerful. Each dollar provided as a guarantee through a SBLC is projected to be leveraged up to six times for the MFI in their own currency through a variety of transaction structures such as direct loans from local banks, securitizations, and bond issues that will go to provide microfinance to more poor people.

GFUSA has already secured commitments for more than half of the program's \$50 million target. The first closing is near and GFUSA seeks to reach its target within the next 12 months.

The program was unveiled September 15 at the inaugural meeting of the Clinton Global Initiative, a nonpartisan conference seeking solutions to critical global challenges. Former President **Bill Clinton** joined in making the announcement, with GFUSA Board Chair **Susan M. Davis**; **Vinod Khosla**, one of the donor-guarantors and a partner with Kleiner Perkins Caufield & Byers; and **Robert Annibale**, Global Director of Citigroup's Microfinance Group.

For more about the Growth Guarantees Program and other innovative work of our Capital Markets group, visit www.gfusa.org/capitalmarkets 



A Client's Story: Um Batta Sews Up a

In Egypt, microfinance is making a difference for people like Um Batta. After seeing how her sister-in-law had benefited from tiny loans from our partner microfinance institution Al-Tadamun, Um Batta founded her own embroidery business with a microloan, secured with her sister-in-law's help. Um purchased clothes on credit, added hand-stitched embroidery and sold the clothes for a healthy profit. Her skills led to her being hired as an independent contractor for a wedding dress factory. Now brides-to-be are knocking on her door for her embroidery work on their dresses. Eventually, she hopes she will be able to

GFUSA Unveils its e-Newsletter

In September, GFUSA launched the first issue of its e-newsletter. Visit www.gfusa.org/enewsletter to find out: the results of our reader survey; how microfinance improved the life of Dieula Calixte of the Dominican Republic; an update on our Tsunami Initiative; and more. The next issue is coming in late November, and will feature the Grameen Technology Center's participation in the World Summit on the Information Society in Tunisia. To receive the free e-newsletter visit: www.gfusa.org/signup



In the next issue:


Village Phone continues to ring up success by giving 2,600 clients in Uganda a fast-track out of poverty. Stay tuned in the next issue to learn how the program is benefiting entire communities in Africa.

Training Builds Our Partners' Management Capacity in Asia



Thanks to a connection forged through a joint initiative of **Grameen Foundation USA**, **Grameen Trust**, and **Citibank**, the banking giant is lending one of its most valuable assets — banking management expertise — to many of our microfinance managers in the Philippines.


The important alliance dates back to a 2001 forum organized by the three organizations in the Philippines, during which Citibank officials sat down with more than 60 microfinance leaders to learn more about the potential and challenges of the industry. It was an eye-opening experience for them and prompted new thinking about how Citigroup could help these organizations beyond giving money.

This led to a collaboration between Citibank's training department and our microfinance institution partners in the Philippines — CARD, NWTF, TSPI and ASHI — to create management training courses developed under Roger Collantes, Citibank's training expert; Nina Aguas, the head of Citibank Philippines; and her team. The success of the training has prompted Citibank to team up with the prestigious Asian Institute of Management (AIM) in Manila to institutionalize the programs and extend it to more senior staff of MFIs throughout Asia. 

"Nothing could be more gratifying than to see our training courses reach many, many more practitioners this year and in the coming years."

—Roger Collantes, Citibank Training Expert


Better Future

open her own embroidery and tailor shop where she can do the whole job, from sewing dresses to decorating them. Al-Tadamun receives financing, on-site technical support, and training from the Grameen-Abdul Latif Jameel Initiative. The Initiative, a partnership between GFUSA and the Abdul Latif Jameel Company, aims to reduce poverty in the Arab World by expanding microfinance opportunities for the poor in the region. 



A Voice from the Field: Oliver Mannion in Indonesia

Oliver Mannion, from Auckland, New Zealand, is volunteering with GFUSA's Tsunami Initiative in Banda Aceh, Indonesia, the hardest hit area of last year's devastating tsunami. Oliver, shown here with new friends, is assisting two partner microfinance institutions, YAMIDA and YKBS, implement an automated information, financial and portfolio management system to more accurately and efficiently serve poor microfinance clients. The improved operations of our partners will also help strengthen their capacity to serve more families who are rebuilding their lives in the tsunami-affected area.

To learn more about our Tsunami Initiative, visit www.gfusa.org/tsunami_initiative 

Welcome to New Board Members

Cowhey, Doerr, Ramos-Velita newest directors

Grameen Foundation USA added three new Directors, all experts in their fields, to the Board: **Peter Cowhey**, **John Doerr**, and **Rosanna Ramos-Velita**.

Peter Cowhey

Peter Cowhey is Dean of the Graduate School of International Relations and Pacific Studies at the University of California, San Diego and holds the Qualcomm Chair in Communications and Technology Policy. He is also head of policy studies for the California Institute on Telecommunications and Information Technology. Cowhey is an internationally recognized expert in telecommunications and information policy and markets, and is a leader in building cooperative international arrangements for the management of security and economic issues. He remains dedicated to hands-on service and advocacy in creating the next networking and information technology revolution.

Cowhey also serves as Director of the Institute on Global Conflict and Cooperation (IGCC), where he is co-director of the project on Public Policy and Biological Threats. He has a bachelor's degree in foreign

service from Georgetown University, and holds a Masters and Ph.D. in political science from the University of California, Berkeley.

John Doerr

John Doerr is a venture capitalist and has been a partner at the venture capital firm Kleiner Perkins Caufield & Byers (KPCB) since 1980. He has sponsored a series of investments that include Netscape, Amazon.com, Cypress Semiconductor, Sun Microsystems, Symantec and Google. He began his career at Intel in 1974, where he held various engineering, marketing and management assignments.

Mr. Doerr is a graduate of Rice University and Harvard Business School. His interests include education, genomics, clean power and water, and microfinance. In 2004, he and his wife, Ann, hosted the inaugural Grameen Foundation USA Visionary Partners Weekend.

India Partners Reach More Poor Families

Reach to Poor Families Expands 50% in First Half of 2005

In India, our partners SKS, Share, ASA, Cashpor and Grameen Koota continue making strong gains against poverty with the help of GFUSA investment. Over the past five years, our financial and technical support helped these MFIs expand their reach from 49,000 in March 2000 to nearly 860,000 of the poorest households in India as of June 2005.

GFUSA is in the process of deploying more than \$1 million in guarantees in 2005 that will help our partners obtain loans from commercial banks, including three separate guarantees for our partner SKS that will assist it to benefit approximately 75,000 additional poor families.

Besides financial support, our partners' capacity is growing with exposure visits arranged by GFUSA. For example, ASA learned about a poverty targeting tool by visiting our partner CARD, in the Philippines.

GFUSA is expanding its range of financing options to its MFI partners by finalizing its first equity investment in a microfinance institution. Equity is the most difficult type of capital for our partners to raise. GFUSA's investment helps fill that gap and is a vote of confidence in our MFI partners' sustainability.


For more information about our work in India, visit www.gfusa.org/india 

Rosanna Ramos-Velita

Rosanna Ramos-Velita is the CFO, Marketing and Advertising, for the Global Consumer Group at Citigroup. She brings to the GFUSA Board a broad range of skills in strategic consulting, entrepreneurship, investment banking and technology development, and has extensive experience in international markets. Her professional background spans several industries such as microelectronics, telecommunications and international finance.

She started her career as a design engineer for AT&T Microelectronics and later was Director of Latin America Mergers and Acquisitions and Corporate Finance at UBS Warburg. She recently started her own consulting firm that focuses on bringing financial products to

the U.S. Hispanic population. She holds an MBA from the Wharton School, an MA in international business from the University of Pennsylvania, an MS in electrical engineering from Lehigh University and a BS in electrical engineering from the University of North Dakota. She is fluent in French and is a native Spanish speaker.

To learn about all of our board members, visit www.gfusa.org/boardmembers/ 

From left to right:
Peter Cowhey
Rosanna Ramos-Velita
John Doerr




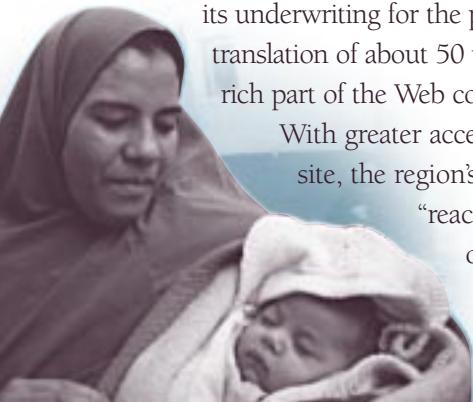


First Major Web Site in Arabic on Microfinance Launched

The **Arabic Microfinance Gateway**, the first major online resource in Arabic about microfinance, was launched in September as a joint project of the **Grameen-Abdul Latif Jameel Initiative**, a partnership between Grameen Foundation USA and the Abdul Latif Jameel Company to end poverty in the Arab World through expanding microfinance to more poor families; the **Consultative Group to Assist the Poor (CGAP)**; and **Sanabel**, the regional network for microfinance institutions in the Arab World.

The portal (<http://arabic.microfinancegateway.org/>) provides extensive resources on microfinance for Arabic speakers, including a searchable database of publications, latest news and resource centers. The Web site will also serve to connect and strengthen the microfinance sector across the region through its online discussion forums. Beyond its underwriting for the project, the Grameen-Jameel Initiative has funded the translation of about 50 works on microfinance into Arabic that make up a rich part of the Web content.

With greater access to resources and information through the Web site, the region's microfinance institutions will be better able to "reach more clients and provide a better and wider range of services," said GFUSA President **Alex Counts**. "In addition, potential donors and others interested in microfinance in the region will develop a deeper understanding of the industry." 



Support GFUSA's Goal to Reach Five Million More Poor Families

You can plan a gift to help reduce global poverty through a charitable bequest that names GFUSA as a beneficiary in your will, as well as through other options. Grameen Foundation USA advises donors considering this option to discuss their plans with a family attorney or tax planner before making a decision. If you would like further details, contact Dawn Suleri, Director of Development Operations, at (202) 628-3560 x129. You may also visit www.gfusa.org/plannedgiving

We deeply appreciate your support. 



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