

Grameen Connections

FOUNDATION USA

GFUSA-Jameel Group Initiative Brings New Microcredit Opportunities to Hundreds of Poor Women in Saudi Arabia

Pioneering program intends to reach 2,000 clients by year's end

In just its first few months, a pioneering new microfinance program in Saudi Arabia already has empowered hundreds of poor Saudi women to improve their lives through microfinance strategy — the use of tiny loans to help them start small businesses.

Known as the Program for Productive Families (PPF), the initiative was launched last June by the Abdul Latif Jameel (ALJ) Company, LTD, a leading private company in Saudi Arabia. Grameen Foundation USA (GFUSA) is involved through its partnership in the Grameen-Abdul Latif Jameel Initiative, which seeks to bring the benefits of microfinance to the Arab region.

PPF's effort, headed by General Manager Jamil al Wahidi, had benefited 545 women by year's end without a single loan default. The program has set as its goal reaching 2,000 women entrepreneur clients by the end of this year, which is the UN International Year of Microcredit.

The ALJ Community Services Program is led by Senior General Manager Ibrahim Badawood and

GFUSA Receives New Honors.

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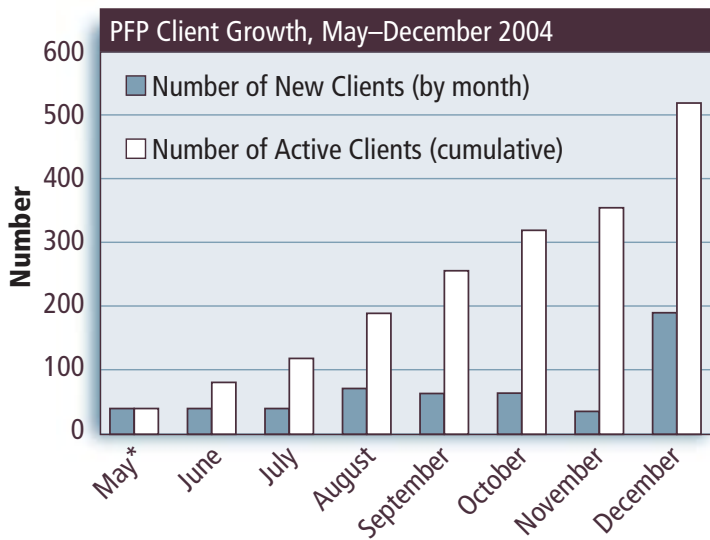
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works closely with PFP. The impact of both is beginning to help break down entrenched barriers and stereotypes by addressing economic hardship through the use of microfinance.

The program is part of the Jameel Group’s commitment to create 6,300 community service program jobs during 2005 to celebrate its partnership with the Toyota Motor Company. PFP is expected to contribute nearly one-fourth of these new jobs. Company President & CEO Mohammed Jameel, who presided over the first microloan disbursement with his son Fady, declared: “I believe that business has a socially responsible role to play in helping to develop Saudi and other countries in the region. We want to alleviate poverty by starting microfinance

programs, which also support entrepreneurship.”

During the implementation phase, it was predicted that there might be problems recruiting female loan officers. Instead, 800 Saudi women applied for the six positions. One of the new officers selected, Maha Al Harbi, already has been promoted to branch manager. She, along with another new branch manager, Saadiah Al Wafi, joined PFP directors al Wahidi and Badawood in December at the second annual conference of SANABEL, the Arab microfinance network that has emerged as a key partner of the Grameen-Abdul Latif Jameel Initiative.

“We were very proud when we organized our first group,” Maha told GFUSA Board Chair Susan Davis and Program Officer Heather Henryon. “We were confident that the women would repay their first loans, because we knew that our work was about more than just giving loans. Since our first loan, we’ve had 100% repayment.”

The conference drew microfinance professionals from institutions that are benefiting from the Grameen-Jameel Initiative, such as Al-Tadamun and RADE of Egypt, and Fondop of Morocco. The gathering included presentation of SANABEL’s Regional Microentrepreneur Awards to 11 recipients, 8 of them women. The recipients were honored at the opening ceremony by Egypt’s First Lady, Suzanne Mubarak. The Grameen-Abdul Latif Jameel Initiative sponsored the awards program.

Grameen Bank founder Professor Muhammad Yunus met with the PFP team in October at the Middle

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Awards, Top Rating Recognize GFUSA Accomplishments

Leadership Role Wins Honors

Grameen Foundation USA (GFUSA) is clearly on the right track as a microfinance industry leader, as evidenced by these recent awards:

- ✓ Independent charity watchdog Charity Navigator gave GFUSA its top rating — four stars — for exceptional organizational efficiency and effectiveness. CN’s efficiency rating measures how “efficiently and responsibly a charity functions day to day: [including]

fundraising efficiency, fundraising expenses, program expenses, and administration expenses. The effectiveness rating evaluates how well a charity can sustain its efforts over time.” This designation confirms our commitment to transparency and efficiency in reaching the world’s poorest. (www.charitynavigator.org/index.cfm/bay/search.summary/orgid/7723.htm).

- ✓ GFUSA received one of twenty-five 2005



GFUSA Lending Partner Gives Indian Widow New Opportunities

At age 27, Gowamma has ambitious plans for the future, thanks to her involvement with Grameen Koota (GK), one of five GFUSA microcredit lending partners in rural India.

Gowamma, a widow with two sons who lives in the small village of Rampura, has used small loans from GK to steadily build a herd of goats to support her family. In rural India, a successful business selling livestock is a classic approach to help families escape poverty.

She also has borrowed from her women's savings group at Grameen Koota to assure that her sons can continue their education — a major point of pride to her since Gowamma was unable to finish school because of her poverty.

Next, Gowamma plans to build her own home on a small lot her mother owns in a nearby village. It will be the first house she ever owned — and in fact the first time since childhood that she has not had to live in crowded conditions with relatives.


In keeping with the cultural tradition of modesty, Gowamma diverts her eyes from the camera, yet she is willing to proudly display her business — raising goats to demonstrate the power of microfinance.





“Gowamma’s story is not unusual in rural India,” says GFUSA Program Officer Chandni Ohri. “She was one of the many people who live on less than \$1 a day and struggle constantly to survive. But through it all, Gowamma has saved what she could with her women’s group at Grameen Koota. She has used a combination of loans, savings and peer support to further her dream to build a better life. She demonstrates what the human spirit, and the power of microcredit, can achieve.”

Gowamma’s life has been hard and included a bad marriage that ended when her husband died at age 30. She’s facing medical expenses for a son who contracted typhoid. Through it all, she continued to save what she could and work to escape her background as a day laborer.

Now Gowamma is looking forward to taking a new GK loan to expand her herd and grow her business — living proof that tiny loans based on the principles of the Grameen Bank are a powerful tool to overcome poverty.


To read about other borrower success stories by hard working women like Gowamma, or to explore the many programs we offer and support around the world, please visit our website at www.gfusa.org. 

Social Capitalist Awards from *Fast Company Magazine*, in partnership with the Monitor Group, recognizing our use of business excellence to bring about social change for the common good. www.fastcompany.com/social/2005/profiles/6-10.html#grameen

 Our Grameen Technology Center was awarded the *Accenture Economic Development Award* and named a *2004 Tech Museum Awards Laureate* for its Village Phone Project. The award, presented by the Tech Museum of Innovation, of San Jose, celebrates organizations leveraging new and existing technologies to benefit humanity. www.techawards.org/laur_stories_results.cfm?id=86 

Coming Next Issue: Spotlight on Major Gifts

Watch the next issue of *Grameen Connections* for exciting news — a special report about recent major gifts GFUSA has received from several sources.

These new gifts will play a vital role in strengthening our programs to fight poverty through the power of microfinance, continuing the growing funding trend established at GFUSA’s founding seven years ago. Meanwhile, we invite you to consider adding to the momentum by making an additional gift of your own to help us move closer to defeating poverty. 



Bringing to Life the Power of Microfinance in the Philippines

Program Committee Vice-Chair Janet McKinley Leads Visit

I wish everyone could experience what we did.”

That phrase was spoken again and again during Grameen DirectConnection’s

trip to the Philippines in October 2004. Grameen DirectConnection takes small groups to visit GFUSA microfinance partners and explore microfinance programs first hand. What started as a lesson in microfinance grew into a compelling bond with the women it empowers and admiration for the changes they had made in their lives.

The week-long visit, organized by GFUSA and led by Janet McKinley, GFUSA’s Program Committee Vice-Chair, began with a seminar hosted by the Asia Institute of Management. It was followed by trips to two GFUSA Philippine lending partners, the Center for Agriculture and Rural Development (CARD), and Negros Women for Tomorrow Foundation, Inc. (NWTF). The trip provided behind-the-scenes looks at their projects and shared their vision for the future. Then came a visit to a “circle” meeting of about 30 borrowers on the island of Negros (*pronounced ney-gross*) that brought to life the power of microfinance.

It was a hot afternoon. The meeting was held in a one-room building with dirt floors. Children scurried around outside, looking curiously at the visitors to their community. “Who are these strangers?” one woman borrower asked another as they greeted the visitors with a friendly smile. “Are these the people who helped us start our businesses?”

Soon, each woman in the circle wanted to speak. One by one, they explained with pride how they started and planned to expand their tiny businesses. Each smiled proudly as she mentioned her children and talked about maybe sending at least one to college.

One borrower began to cry as she recounted her story. “She has eleven children. She named them all and told us what each is doing,” recalled Darcy Kopcho, who was visiting with her husband Richard. “The woman told us


The pain, joy and self-esteem of these strong women pierced the heart of everyone in the room.

she works all the time, even when no one is looking. “This is what struck me,” Darcy says. “She was not pleading. She was just stating the facts. I

guess at that moment I had an insight into the burden she carries.” Both Darcy and Richard of Palos Verdes, CA were newcomers to microfinance.

The pain, joy and self-esteem of these strong women pierced the heart of everyone in the room. Says Janet McKinley: “The power of microfinance is astonishing. It works across regions, across cultures, and across religions. It enables women to change their lives and their families’ lives with dignity. And it enables the most entrepreneurial, successful women to reach their highest potential, while still offering the opportunity for more modest improvement to all women.”

More Grameen DirectConnection trips are planned for 2005-6.

For more information about the Grameen DirectConnection program, contact Dawn Suleri at 202.628.3560, ext. 129 or dsuleri@gfusa.org 

NWTF borrower reveals to the visitors how her tiny loan improved her life while another borrower waits to tell her story.



Board Member Plays Key Role in UN's International Year of Microcredit 2005

Chowdhury championed resolution until it passed

In November last year, the United Nations launched the International Year of Microcredit 2005 — a critical step toward raising world understanding about the power and importance of microfinance as a strategy to help reduce poverty.


It is hoped that this UN resolution will help increase support for microfinance programs around the world and reconfirm its vital role in helping the world's poorest escape poverty. Microfinance is an important element of the UN's strategy to achieve its Millennium Development Goal of reducing world poverty by half by 2015.

Ambassador Anwarul K. Chowdhury is the visionary who introduced the draft resolution to declare the International Year of Microcredit while he served as Bangladesh's Permanent Ambassador to the UN. He has been a GFUSA board member since June 1998. In 1999, he became the UN Undersecretary General and High



Representative for Least Developed Countries (LDCs), Land-locked Countries, and Small Island Developing States and continued to champion the resolution until it passed.

“For the LDCs, microcredit is more than just a development tool,” the Ambassador explained to the UN General Assembly. “It is a vital means of income generation, social inclusion and empowerment. In short, it is an important means of our continuing and wide-ranging struggle against poverty in the LDCs and their teeming millions.”

The Ambassador's passionate support of microcredit continued as he hosted a roundtable luncheon at the UN headquarters, where GFUSA President Alex Counts presented the keynote address to 50 UN delegates and Mrs. Nane Annan, wife of UN Secretary General Kofi Annan. 

Microcredit Summit Measures Progress As It Enters Final Year of Campaign

Since 1997, when the Microcredit Summit announced a global campaign to offer credit for self-employment and other financial services to 100 million of the world's poorest families by 2005, steady progress has been made. Based on the most recent figures, for the end of 2003, the gains so far look like this:


- 2,931 microcredit institutions reported reaching 80,868,343 clients, including 54.8 million among the world's poorest when they took their first loans.
- 45.2 million of these clients — 82.5% — are women.
- Assuming five persons per family, the 54.8 million poorest clients affected 274 million family members — the equivalent of the combined populations of the United Kingdom, France, Germany, Italy, Ireland and Sweden.

Writing in the report, Grameen Bank founder

Muhammad Yunus, a member of the GFUSA board, and Fazle Abed, founder of BRAC (a Bangladeshi-based MFI), said they are “extremely hopeful” about a new U.S. law requiring that half of all U.S. foreign aid funding for microlending go to the poorest people. “By all logic of foreign assistance, this is the right thing to do,” they said. “Consequently, we are mystified by the resistance to these efforts by many economists and development specialists.

Addressing the effectiveness of microcredit, Yunus and Abed wrote:

“Does microcredit work for everyone? No. Is it a panacea? No. Is it the most powerful tool we have identified so far to help large numbers of the very poor — those living below \$1 a day — rise above poverty with dignity? Absolutely!”

You can view the full report at www.microcreditsummit.org 



GFUSA White Paper Looks at Tapping Capital Markets

GFUSA commissioned and published a white paper to explore ways to access the enormous resources of the world's capital markets for microfinance funding.

The paper, titled *Tapping Financial Markets for Microfinance*, explores the opportunities and challenges microfinance institutions face in tapping capital markets for financing their growth. It was written by Jennifer Meehan, who recently joined GFUSA as Director of Capital Markets.

In its executive summary, the paper acknowledges "the important and catalytic role played by the international donor community in promoting microfinance." However, it notes that while market demand for microfinance services is estimated at more than \$300 billion, market supply is only \$4 billion. "To date, neither international nor domestic financing has been sufficient to meet demand," the paper reports. "If microfinance institutions are to close the significant

supply-demand gap, vast external resources will need to be tapped. In the long term, only the financial markets have the resources readily available to allow for optimal growth."

"Assessing the financial markets is not a short-term solution for resolving the financing hurdles faced by MFIs, but it does represent a long-term opportunity to transform the sector," the paper concludes. Jennifer Meehan recently added: "GFUSA, with its strong market knowledge, partner relationships and a growing financial markets track record, is in a unique position to harness the vast resources of the capital markets to empower millions of poor women."

Visit www.gfusa.org/programs/capital_markets/ to download the paper.

For more information, contact Drew Tulchin, Capital Markets Specialist at 202.638.3560 ext. 123 or dtulchin@gfusa.org. 

Paul Maritz Joins GFUSA Board

Grameen Foundation USA is pleased to welcome Paul Maritz as our newest board member. For the past several years, Paul has shared his considerable management and technology expertise as a volunteer member of the Grameen Technology Center's Advisory Council.

Joining the GFUSA board is in keeping with his long-term interest in community development and how information and communication technologies can help empower individuals and their communities. "Information and communication technologies have transformed developed nations," he commented. "Their potential for positive impact is even greater in developing nations."

Paul's career includes 14 years at Microsoft Corporation where he was a member of the executive management team and responsible for major parts of

the company's software business, including the development and marketing of Microsoft Windows and Microsoft Office, as well as Microsoft's Internet, Development Tools and Database efforts. Prior to that, he spent five years at Intel Corporation.

Born and raised in Zimbabwe, Paul attended the Universities of Cape Town and Natal in South Africa. He enjoys spending time in Africa where he sponsors projects in education and rural development in the country of Zambia, as well as indulging his passion for walking through and flying over the bush. He and his wife, Yaffa, have two daughters and a son. 



In Dominican Republic, Esperanza MFI Is a Fast-Track Success

Since launch last spring, new lender opens four offices and begins making loans.

GFUSA's newest microfinance lending partner, Esperanza, in the Dominican Republic, has hit the ground running.

In 2003, the Bank of Reserves of the Dominican Republic committed to a plan to provide microcredit services and selected GFUSA to coordinate the planning. Esperanza — which means “hope” — became the engine to deliver microfinance services to rural Dominicans in this country where more than 60 percent of its nine million people live below the poverty line with 40 percent unable to cover their basic needs. Esperanza was founded by former Seattle Mariners baseball player Dave Valle and his wife Vicki, who came to know the people and their struggle with poverty when Dave was playing spring baseball in the Dominican Republic.

With start-up funding from the BRDR Foundation, which was formed to facilitate this initiative, Esperanza was able to set up and staff four offices in rural communities, and start making loans — all in just eight months. Some 1,400 households began their journey from poverty with tiny loans averaging \$110. Esperanza plans to reach nearly 9,000 active clients this year, and expand the number to a total of 21,500 by 2008 — doubling the number of poor rural families receiving



microcredit services. The organization's fast-track development will impact more than 110,000

people. The impact on poor households in the DR will be direct and immediate. GFUSA country representative Andrea Findley calls the program “potentially one of the most dynamic GFUSA initiatives in Latin America.”

The next step will be to leverage the experience to generate new, long-term funding. “It's really a donor's dream,” said GFUSA Board member Steve Rockefeller Jr., after a visit to the program. “Much of the initial investment in operations and assets has already been made.

Steve Rockefeller, like other members of GFUSA's board, supports our work in many vital ways. His passion for GFUSA's ongoing work in the Dominican Republic is an important boost for that program and the people it serves.

For more information, contact Andrea Findley, GFUSA Country Representative in the Dominican Republic at 809.567.8668 or andrea_findley@yahoo.com. 

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East/Africa Region Microcredit Summit (MEARMS) in Amman, Jordan. After hearing about the program's experiences with the first 250 borrowers, he commented: “PFP clearly demonstrates that in every country, Grameen-style microfinance can have a positive impact on the lives of women. I salute the team that has made this effort a success, and I think it is extremely important that such a respected business as the Abdul Latif Jameel Group has assumed the responsibility for making this work. It will further enhance the credibility of microfinance in the Arab World, and beyond.”

Spring 2005

The Grameen-Abdul Latif Jameel Initiative continues to work with leading microfinance institutions (MFIs) and its funding partners, including the Mosaic Foundation and BQ Investments. Efforts focus on expanding capacity-building work with MFIs and the entire microfinance sector; providing badly-needed capital for expansion; and helping to jump-start the microfinance sector in other Arab countries.

For more about GFUSA's work in the Arab World and its partnership with the Jameel Group, please contact Heather Hennyon, GFUSA Program Officer, (202) 628-3560, ext. 130, or hhenyon@gfusa.org 



Microcredit Partner Takes Health Education to Clients

When your clients need help and they can't come to you, you go to them. That's the philosophy that makes Grameen de la Frontera's (GDF, for Grameen at the Frontier) success extend beyond its microfinance program in Sonora, Mexico. This GFUSA partner introduced the program after identifying a desperate need for health education among its clients. Nurse Julia Isabel Morales Ruis (right), shown here with GDF's program director, Xochitl (pronounced "Soshee") accompanies loan officers to borrowers' meetings and helps borrowers and their families understand health issues and learn more about treating and preventing health problems. Julia, a nurse practitioner with the equivalent of a Master's degree in Family Practice, also makes home visits. Although hard statistics are not available yet, the staff is convinced that this "hands-on" education is improving the health of borrowers and their families. GDF has made health education a community affair. 🏠



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