

GrameenConnections

FOUNDATION USA

GF-USA Investment Creates Opportunities For Philippine Poor

Breakthrough agreement
means micro-loans for
28,000 impoverished families

Once again, Grameen Foundation USA (GF-USA) is the catalyst for a dramatic financial breakthrough that will improve the lives of the poorest of the poor – this time in the Philippines.

As a result, small loans and other financial services to help break the bonds of poverty will be made available for an additional 28,000 impoverished Philippine families.

The breakthrough is possible because, with funding from philanthropists, GF-USA made a loan of \$410,000 in December 2003 to a leading MFI, the **Center for Agriculture and Rural Development**

(CARD). CARD has used the loan as the guarantee to leverage an \$820,000 line of credit extended by the **Land Bank of the Philippines** – the first transaction of its kind ever made by the Land Bank.

It will mean that CARD can make more poverty-defeating loans to women like **Anna Cecelia Marcaida**. Before

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Children of CARD clients

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joining CARD, Anna Cecelia and her husband subsisted on just \$3.60 a day to feed and clothe their four young children. Starting with a loan of \$36, she began to expand her dry goods store. With hard work and determination — and later, larger loans from CARD — she grew her business and bought a used Jeep to run a taxi service. Today she has a plot of land, a house with indoor plumbing, and nearly \$4,000 in capital in her store.

CARD, a non-governmental organization (NGO), will use the line of credit from the Land Bank to expand its loan-making capabilities as it adds new branches in some of the Philippines' poorest provinces — Camarines Sur, Mindoro Occidental, and Quezon. GF-USA's previous financial and technical investments in CARD have helped it grow from serving about 27,000 clients to over 72,000 in the past three years. CARD's sweeping plans for the future are even more ambitious: it seeks to reach 600,000

new borrowers by 2008, giving them the means to achieve self-sufficiency.

GF-USA worked closely with CARD to analyze its expansion plans and identify cost-saving measures that will permit establishment of 15 new branches — six more than originally estimated — over the next seven years with the newly-secured funds. Within three years, each branch will be operationally and financially self-sufficient. CARD will use the revenues generated to repay its loan to GF-USA and establish additional branches to reach more of Philippines' poorest families.

PARTNERING WITH MFIs TO INCREASE OUTREACH, EFFICIENCY

After India, the Philippines is home to the largest number of Grameen-style micro-finance institutions (MFIs) in the world. CARD and other leading institutions, including Negros Women for Tomorrow Foundation (NWTf), Ahon Sa Hirap, Inc. (ASHI), and Tulay Sa Pag-ulad Development Corporation (TSPI) are aggressively scaling up their efforts to provide more poor families with financial services. GF-USA partners with these institutions to help them reach new levels of outreach and efficiency. The impact of micro-finance in the Philippines has been dramatic: A 2000 assessment of ASHI showed that a full 20 percent of clients cross the poverty line by their fourth loan cycle.

GF-USA recently partnered with the American Express Foundation to enable ASHI and TSPI to strengthen information technology capabilities by upgrading their computer hardware and software. The resulting improvements are expected to increase operational efficiency, reduce the risk of fraud, and enable ASHI and TSPI to expand their services to more women living in poverty.

GF-USA's pioneering support of innovation — whether groundbreaking financial agreements or information technology — is crucial to the future of the Philippine micro-finance industry. We are committed to helping the industry reach the millions of families who can benefit from financial services but currently lack access. The need is greater than ever.

For more information on GF-USA's micro-credit efforts in the Philippines, contact Dr. Mike Getubig, Jr. at igetubig@gfusa.org or (202) 628-3560, ext. 106. 

WORTH NOTING...

*Eliminating poverty is not quixotic; it is the possible, not the impossible dream...The return on [micro-finance] investments reaches far beyond the financial benefits; we are rewarded with social progress and a safer, more secure world. By partnering with organizations like **Grameen Foundation USA**, philanthropists, social investors and governments can support the global growth of micro-finance.*

Former Secretary of State **Madeleine K. Albright**
Leading venture capitalist **John Doerr**
The San Francisco Chronicle
Thursday, May 27, 2004

Note: To read their complete Op-Ed article, visit our Web site at www.gfusa.org/albrightoped.htm

Reaching the Poorest: Is Micro-Finance the Right Tool?

Recent media coverage has highlighted the power of micro-finance to combat poverty. Questions have also been raised as to whether women living in abject poverty can truly change their lives through micro-loans. Read on to see how **Grameen Foundation USA** and our partners around the world demonstrate every day that poverty-focused micro-finance is making a difference.

Over the past quarter-century, Grameen-style micro-finance has proven effective in the most challenging environments and in even the poorest communities. Consider these impressive documented facts:

- A study of **SHARE Microfin Ltd**, a GF-USA partner and the largest micro-finance institution in India, showed that not only does it effectively reach the very poorest women, but that three out of four (76.8 percent) mature clients experienced a significant reduction in poverty.

- A 1998 **World Bank** study of incoming Grameen Bank clients — most completely landless — found that 84 percent met the World Bank's own rigorous poverty targeting criteria. More importantly, the same study reported that, in the mid-1990s, 10,000 Grameen Bank clients were crossing the poverty line every month.

- **Grameen Bank** has shown that over time, micro-finance can be financially sustainable. Fully self-sufficient since 1998, today Grameen Bank finances 100 percent of its loans from internal sources.

Donor funds are especially important to newer MFIs that have not reached the economy of scale of Grameen Bank — particularly those targeting the rural poor, who are more costly to reach. A recent decision by the U.S. Congress designates half of all government funding for micro-credit to serve people living on less than a dollar




SHARE, a GF-USA partner in India, targets women whose per capita income is less than 25 cents per day.

per day. This action reflects an understanding of the critical need to focus resources where they are needed most.

While micro-finance is not a panacea, it is a powerful weapon in the fight against poverty. The micro-finance industry, the philanthropic community, and international financial institutions are the best partners to develop

innovative ways to reach greater numbers of the world's poor and help them escape poverty permanently.

To learn how you can help more of the world's poorest families gain access to small but life-changing amounts of credit, contact Randi Nordeen at rnordeen@gfusa or (202) 628-3560, ext. 121. 

“...Micro-credit is not just another form of banking. It is, at its essence, about inclusion and alleviating suffering. It is about ending hunger.”

David Bornstein

The New York Times, April 29, 2004

Author, *The Price of a Dream: The Story of the Grameen Bank* and *How to Change the World.*



Borrower Profile: Village Computing – Improving Lives, One Click at a Time

The Village Computing Program, an initiative of GF-USA's Grameen Technology Center, gives rural communities access to vital information and communications technology. Partnering with Drishtee Foundation and ASA, a micro-finance institution, GF-USA has launched 15 centers in the last year in India's Tamil Nadu region. The result is new opportunities for center owners (like Arul Mary, profiled below) and customers alike.

Micro-entrepreneurship is a family tradition for Arul Mary. Both she and her mother have taken tiny loans from ASA, a GF-USA partner organization in Tamil Nadu, India, to develop micro-businesses. Looking for a way to earn extra income and create employment for her 29-year-old son Raja Rajan, Arul Mary learned about the **Village Computing Program**. After taking a loan from ASA to pay a \$68 “buy-in” fee, she became the proud owner of a Village Computing center in the village of Vaiyampatti.

Today the center, operated by her son, provides e-governance services, computer education classes, and Kinko's-like services to a community of 5,000 people. In addition to generating a monthly average of \$56 in income for Arul Mary's family, the center has opened up educational and business opportunities for her entire community.

Not long ago, a young handicapped man visited the center to apply for free computer training at a

government-run institute. His request was granted and he received free room and board as well. Months later, when Raja Rajan needed help to run the center, he gave the well-trained man a permanent job.


Other centers tell similar stories. In one case, two low-caste women attending college had their scholarships terminated without warning. With no other way to finance their studies, they were forced to drop out of

Using a Village Computing center, this man requested and received a wheelchair from the government.



A Milestone for villagePhone

MTN **villagePhone**, a joint venture of Grameen Foundation USA and MTN Uganda, deployed its 600th phone in June 2004. MTN villagePhone enables people in rural Uganda to take small loans, purchase cellular phone kits, and start pay phone businesses in their rural communities.

GF-USA is currently selecting the next country for villagePhone replication. 



Children flock to Village Computing centers to play games and learn basic computer skills.

school and abandon their dreams of a better life through education. However, after filing petitions through a Village Computing center, their scholarships were reinstated. In another case, the parents of a blind 7-year-old boy used a local Village Computing center to file a petition to the government that resulted in their son being admitted to a school for the blind.

As the Village Computing Project expands, so will the success stories, as more of the rural poor gain access to the benefits of information and communications technology. With your help, GF-USA plans to launch 1,000 additional centers in Tamil Nadu over the next five years.

For more information about the Village Computing Project, contact Emily Tucker at etucker@gfusa.org. 


GF-USA's Barbara Weber, center, visits a computer class.
Photo: Charles Tomberg

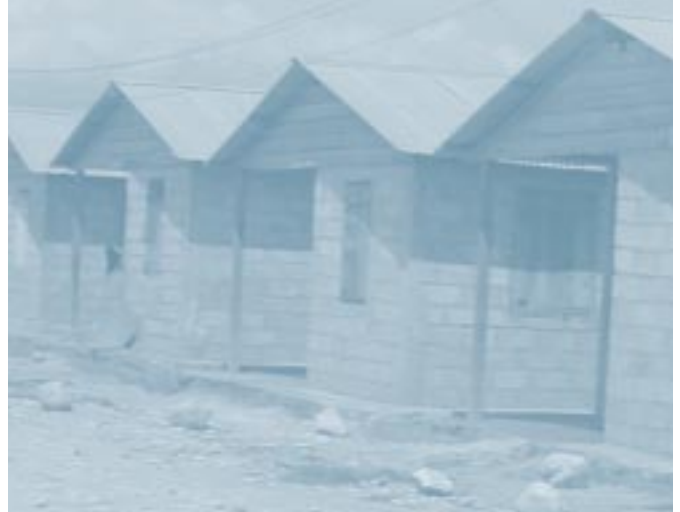


Haitian Heroes Keep Their MFI Safe

Earlier this year, Haiti — the poorest and most densely populated country in the western hemisphere — was torn by violent civil unrest. As armed rebels burned and looted businesses across the country, the fragile threads holding together the nation's economy became even more tenuous.

Amid the turmoil, three micro-entrepreneurs made it their mission to protect the local branch office of GF-USA partner Fonkoze, a micro-finance institution that had given them tiny business loans. Putting their lives on the line, they reasoned with the rebels, explaining that Fonkoze was *their* asset, and monitored the office day and night to prevent damage. Their heroic efforts inspired Fonkoze staff members to do all they could to keep the bank operating, despite the surrounding chaos.

Clearly, micro-finance is more than a quick source of small loans for the people whose lives are changed. It is part of their hope for tomorrow. 





Leave a Legacy With Grameen Foundation USA

Making a planned gift to Grameen Foundation USA is a generous — and powerful — way to ensure the future of the organization. Here are three ways to give:

- Make a bequest to GF-USA through your will.
- Name GF-USA as the new beneficiary of your life insurance policy that is no longer needed.
- Designate GF-USA as beneficiary of all or a portion of your retirement plans.

For more information, please contact Randi Nordeen at (202) 628-3560, ext. 121.



Just the Medicine

In Uganda, where more than half of all people live below the poverty line, women such as nurse-midwife **Nafafero Lapulikeria**, above, increasingly turn to micro-credit lenders to brighten their prospects. Her \$270 loan from GF-USA partner organization **Micro-Credit Development Trust (MCDT)** helped build her business of dispensing medicines in surrounding rural communities.



...[Micro-finance] is one of the most important economic phenomena since the advent of capitalism and Adam Smith.”

~ Vinod Khosla

Founder, Sun Microsystems

Venture Capitalist, KPCB

Addressing the first Stanford Graduate School of Business Global Business–Global Poverty Conference

To see video of the full address, visit:

<http://www.gsb.stanford.edu/news/headlines/2004globalconf.shtml>



Hats Off to Dallas Benefactors

Helen Burt, Ann McGee Cooper and Brenda Jackson (above, from left) share a laugh at the first annual *High Tea and Hats* event, in which Dallas women raised nearly \$108,000 to support GF-USA's efforts to expand micro-finance access to more of the poorest women of Chiapas, Mexico. The event was hosted by **Mrs. Trammell Crow**, and chaired by **Cindy Anderson**. It drew some 124 women (and even a few men) who agreed that our micro-credit efforts in the poorest region of Mexico are simply too important to keep under their hats.

<< **WORKPLACE GIVING** *Continued from page 8*


and communities also begin to recognize employees not just for what they do, but for what they give.

Super-Size Me!

Workplace campaigns define philanthropy to include a much broader understanding of giving — giving of our time, our networks, and our talents — in addition to our dollars. A workplace campaign makes philanthropy accessible to everyone. Consider what happens when an employee's \$100 gift joins 100 other \$100 gifts. If these gifts are then matched by the corporation, *voilà!* Collectively, employees have just made a gift of \$20,000. And in the process, many employees renew their volunteer spirit by becoming personally involved in the cause.

Oh! Pick Me! Pick Me!

More than ever, corporations want their best employees to be happy and successful, leading balanced lives. A workplace giving campaign gives employees permission to focus on their personal commitments to make a difference in other people's lives and communities.

Remember, everyone is a potential philanthropist. Workplace giving campaigns make it easy to leverage individual gifts for maximum impact — for employees, corporations, and the causes they support. 

INFO

Three Firms That Made It Happen

Grameen Foundation USA thanks all of its corporate contributors, including those who have held workplace giving campaigns on our behalf. Here are three Texas companies who have helped strengthen our programs on behalf of impoverished women:


FIRST PRESTON MANAGEMENT, INC.

This Dallas-based firm held an employee holiday giving campaign called “We Care” that raised \$63,000 for GF-USA in 2003 to enable **The PLAN Fund**, a GF-USA partner in Dallas, and **AlSol**, our partner in Chiapas, Mexico, to provide tiny loans and other financial services to women living in poverty.

HOLLIDAY, FENOGLIO AND FOWLER

The Dallas branch of this national real estate firm raised nearly \$23,000 that went to support GF-USA's Chiapas work.


STAUBACH COMPANY

With a generous matching gift from **Susan Pausky**, Senior Vice President of Staubach's Southwest Corporate Services, the “Women of Staubach Philanthropy Project 2003” raised more than \$24,000 to support GF-USA's work in Chiapas. 

TAKE ACTION

Start a GF-USA Program in Your Workplace

You can start a giving campaign at your place of business to support GF-USA's efforts to help some of the world's poorest women go into business for themselves. It's easy. Here's how:

1. Contact your Corporate Giving or Human Resources department to find out about your company's guidelines for workplace giving campaigns.
2. Review your employer's matching gift requirements. Determine the criteria that must be met in order to maximize the impact of your campaign.
3. Contact Randi Nordeen (rnordeen@gfusa.org or (202) 628-3560, ext. 121), GF-USA's Director of Development, for assistance in designing a campaign tailored to your workplace. 



Donors' Corner: Workplace Giving Makes Us All Philanthropists

A 'primer' with financial consultant Paula Elerick

By pooling small, incremental gifts, workplace giving campaigns add up to big contributions, says **Paula Elerick**, a financial consultant at Smith Barney in Dallas and a GF-USA supporter. Here, she describes the ways in which employees, companies, and causes such as GF-USA all can benefit from a workplace giving campaign.

If you've ever shopped with a toddler, you know how much competition there is for their attention. When my 4-year-old son Agustin has a choice, for example, he'll pass over just about any flashy new toy for a DVD or CD-ROM with a good story line and excellent computer games. His core value? *Be challenged while having fun.*

Workplace giving campaigns are not very different. They are also about core values. Through doing good, workplace campaigns can also promote good business by uniquely communicating core values to employees and



clients alike. A well-run campaign is really just the beginning of a gift that keeps on giving.

THREE PRINCIPLES TO CONSIDER

It's not the "Energizer Turtle."

Name recognition and branding are vital to every workplace. By reinforcing core values, workplace campaigns are inexpensive ways to build name recognition and branding. Often, clients and employees are loyal to companies for intangible reasons. I

drive out of my way for a certain gasoline company because I associate it with innovation and convenience. I feel a little bit better about the \$40 I just spent because it's my entrepreneurial spirit that's really pumping the gas. Workplace campaigns communicate those same intangibles reflected in the heart and soul of the cause they are supporting — reinforcing core corporate values on a more personal level to employees and clients. Clients

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