



CONNECTIONS

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AFRICA UPDATE

Sub-Saharan Africa's countries span an astounding cultural, linguistic, and natural diversity. Yet, for all its rich resources, it still faces many challenges, with 300 million people living on less than \$1 a day. To address the growing crisis, Grameen Foundation launched its Africa Strategy, a bold plan to expand into 10 Sub-Saharan countries, serving 350,000 microfinance clients by 2008.

The plan will serve more individuals like Victoria Ubebe of Nigeria. Her family, like many in Nigeria, could only afford her primary school education. When she became a parent herself, she wanted to make sure her children could attend university. So she sought to expand her roadside business selling snacks, but had no collateral to lend from local moneylenders. She heard about Grameen Foundation's partner LAPO who does not ask for collateral and offers drastically lower interest rates. With her loan, she's now able to offer a wider selection of foods and has a refrigerator to sell cold drinks. Her monthly profit averages 14,000 Naira (USD 111), and she is able to put about \$2 in savings every day.



Children of microfinance clients in Uganda gain better health and education as the profits of their parents' businesses grow.

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PRESIDENT'S MESSAGE

If you asked me one year ago where I hoped we would grow



I'm continually moved by how microfinance changes the lives of women like Sadiyah, (far right), who I met this spring in Indonesia. I was joined by Amilia Hasbullah (center), from our local partner YKBS.



Dr. Muhammad Yunus, founder of Grameen Bank and his daughter Monica, an award-winning soprano with the Metropolitan Opera in New York

our "impact footprint," my answer would have been emphatic—Africa. We had gained confidence by working in the continent's most populated country—Nigeria—to help our local partner Lift Above Poverty Organization (LAPO) grow from 15,000 clients to more than 96,000 as of June 2007. Taking further action, my colleague Deb Burand led a team of volunteers and staff to map out a bold new strategy for Sub-Saharan Africa, setting ambitious goals including reaching 350,000 additional poor families. In this issue, you'll find a special section dedicated to our progress in the plan's first year. Africa is already benefiting from an expansion of

our Village Phone initiative, Growth Guarantees program and world class technical assistance team of staff and volunteers.

In the middle of our tenth anniversary year, GF shows no signs of slowing down. We are partnering with Sing for Hope, which was co-founded by Monica Yunus, featuring the talents of artists from across the country. The event takes place on October 12 in New York City and promises to be a celebration of microfinance, education, and a future where there is no poverty. To get involved, please visit www.grameenfoundation.org/singforhope.

In this issue, you can also read about the volunteer efforts of entrepreneur Joseph Noble, learn how Mifos is revolutionizing the way MFIs do business, and follow the travels of long-time GF volunteer Meera Gandhi on her trip to a Moroccan MFI. Altogether, this issue is filled with new developments, exciting news and plans for progress toward an end to poverty.

Sincerely,

Alex Counts
President and CEO

Assisting more women like Victoria will require what Malini Tolat, Regional Coordinator for Africa, calls a “three-tiered approach” in the region. GF will work on local (micro) issues such as strengthening individual microfinance institutions. In addition, mid- and macro-level issues will be addressed, such as ensuring government regulations are friendly to microfinance and building the health of professional associations that support the industry. To assist in creating and implementing the Africa expansion, GF formed an Africa Advisory Council, a group of volunteers and experts on the region. We invite you to read through our special Africa Update to learn more about our progress in the continent.

PHONES FOR MILLIONS MORE PEOPLE

Imagine walking to your neighboring town or community each time you needed to exchange basic information, such as making a doctor’s appointment or figuring out what time a store closes. Most of us would simply pick up our cell phones rather than lose time walking to the businesses to speak in person. However, the latter scenario is all too real for millions of Africans due to unreliable, unaffordable or nonexistent phone service.

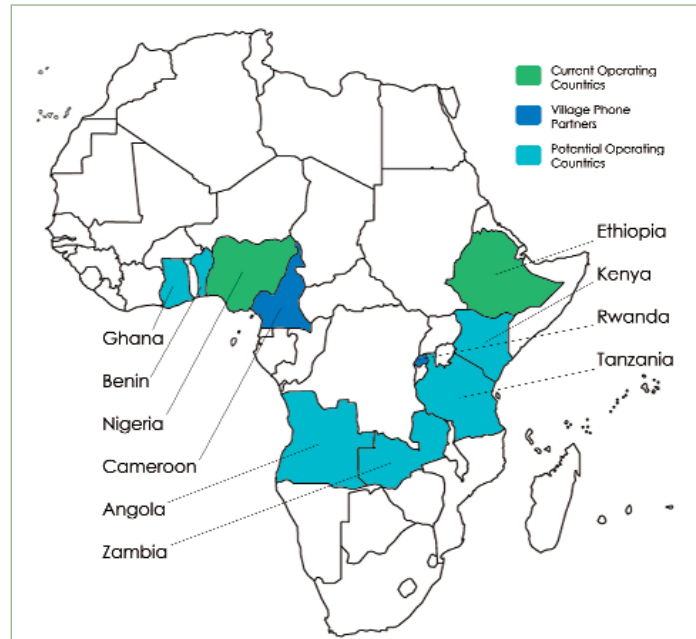
Grameen Foundation’s Village Phone (VP) program is aimed at making telecommunications readily available



Village Phone Operators often provide what is the first phone in their village.

in rural and developing areas. The program gives a person a microloan to purchase a cell phone and other materials to set up a pay phone business. The borrower then collects fees for calls made on her cell phone. Grameen

Foundation has successfully deployed VP in Uganda and Rwanda, and the program has sprouted an offshoot called Village Phone Direct (VPD). It provides all of the benefits of the traditional Village Phone program, but allows microfinance institutions the option to choose the



BRINGING MICROFINANCE TO MORE IN AFRICA

The countries where Grameen Foundation will expand its presence were chosen for their high potential for outreach and impact, the existence of a clearly unmet demand for the benefits of microfinance, and the opportunity to research and develop new strategies that can eventually be shared across countries and continents.

“My wife now knows some English, because she deals with customers at times who speak it. My daughter, who is one year old, can also say ‘hello,’ and I’m very proud of that.”

—John Bosco Kaliwa,
Village Phone Operator in Uganda

telecommunications provider, an option that was not available under the traditional Village Phone program.

Fonkoze in Haiti has had very encouraging early results in piloting Village Phone Direct. In the Philippines, Village Phone Operators of the microfinance institution Negros Women for Tomorrow (NWTF) saw their average earnings increase by around five to six dollars per week, in addition to a dramatic increase in sales from their primary business. NWTF is poised to deploy 250 phones through its network of local branches.

For more information, please contact vpd@grameenfoundation.org and visit www.villagephonedirect.org.



\$1 MILLION FOR NIGERIA'S LAPO

The Lift Above Poverty Organization in Nigeria recently became the first MFI in Sub-Saharan Africa to benefit from Grameen Foundation's innovative Growth Guarantee program. With a \$500,000 guarantee from Grameen Foundation, LAPO secured a \$1 million loan from a subsidiary of Citibank, Nigeria International Bank (NIB), that propels LAPO forward to reach its goal of serving 225,000 clients by 2008. The clients are women like Roseline Adamu, who runs a grocery store and has taken five loans from LAPO. "LAPO has raised me from zero level to a position of self-sustenance and economic independence," she proudly remarks.

The guarantee to LAPO marks the first transaction between a Nigerian MFI and NIB/Citibank, and it is also LAPO's first leveraged commercial bank transaction. Previously, commercial banks were only willing to loan to MFIs if 100 percent backed by a guarantee. This development shows significant progress toward viewing microfinance as a very stable investment and increasing the availability of growth capital to MFIs.



One of LAPO's borrowers, Helen Edobar, shows off her thriving clothing store.

HOW CAN YOU PARTICIPATE IN GROWTH GUARANTEES?

Participation in Growth Guarantees presents an opportunity for individuals or institutions in the U.S. to make a significant impact on

the lives of microfinance borrowers in the poorest regions of the world. Donor-guarantors, or participants who share GF's vision that microfinance is a scaleable solution to global poverty, provide a guarantee to Citigroup. The donor-guarantors do not part with their money, but enable their assets to be put to valuable use as guarantees. For example, by providing a guarantee commitment of \$2 million to the Growth Guarantees, a donor-guarantor could generate more than \$8 million in direct financing for microfinance, or the equivalent of loans to approximately 50,000 women and their families.

If you or your institution would like to commit assets of at least \$1 million to the Growth Guarantees program, please contact Camilla Nestor at cnestor@grameenfoundation.org.

PIONEERING NEW SOLUTIONS IN KENYA

"MIFOS OFFERS US A FLEXIBLE, COST-EFFECTIVE MANAGEMENT INFORMATION SYSTEM, GIVING US THE INFRASTRUCTURE WE NEED TO EXPAND OUR FOCUS AND OUTREACH FROM URBAN TO MORE RURAL AREAS. MIFOS IS KEY TO JITEGEMEA REACHING ITS TARGET OUTREACH OF 7,000 CLIENTS BY THE END OF 2008".

— FRANCIS KIHICO, CEO



The team at Jitegemea prepares for their switch to Grameen Foundation's Mifos system.

JITEGEMEA IS A SMALL MFI LOCATED IN NAIROBI, KENYA THAT WAS USING A SIMPLE EXCEL SPREADSHEET TO MANAGE THE ACCOUNTS FOR CLOSE TO 5,000 CLIENTS. A BETTER SYSTEM WAS NEEDED TO MANAGE A GROWING RANGE OF FINANCIAL PRODUCTS AND HELP IT TRULY EXPAND ITS REACH, SO JITEGEMEA BEGAN WORKING WITH A LOCAL MIFOS SPECIALIST, ADEPT SYSTEMS, AND GRAMEEN FOUNDATION TO DEPLOY THE MIFOS SOFTWARE THIS YEAR.

DONOR SPOTLIGHT: ONE ENTREPRENEUR HELPING ANOTHER

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Joseph Noble approached Grameen Foundation and organized a highly successful benefit event.

Joseph Noble embodies the idea that the fortunate have a responsibility to give back to those in need. He founded Joseph Noble, Inc, a successful textile company, 27 years ago. As a self-made businessman, Noble strongly identifies with microfinance. He vividly recalls the initial struggle he experienced when starting his own company, and appreciates how microfinance gives that same opportunity to millions of entrepreneurs across the world.

This past summer, Noble organized an event to debut his new line of textiles, and generously donated all proceeds to Grameen Foundation. Held at the elegant Museum of Contemporary Art in Chicago, this beautiful event was a hit and was supported by some eighty guests, including designers, suppliers and students.

What sets GF apart in Noble's mind? He appreciates that a very small sum of money to most Americans can dramatically change the life of someone living in one of the developing countries where GF's partners work. "When I heard about Grameen Foundation, it made so much sense. It's so simple yet effective. It also made me think back to starting my own business and how much a chance to succeed meant to me," says Noble.

"When I heard about Grameen Foundation, it made me think back to starting my own business and how much a chance to succeed meant to me."

YOU CAN BECOME PART OF THE MOVEMENT TO END POVERTY:

IF YOU TOO WOULD LIKE TO BE PART OF THE GRAMEEN FAMILY, WORKING TOWARD A FUTURE WITHOUT POVERTY, HERE ARE SOME WAYS YOU CAN GET INVOLVED:

➡ **ORGANIZE A "FRIEND"RAISER:** RAISE AWARENESS AND FUNDS FOR GF BY HOSTING A FUN EVENT FOR YOUR FRIENDS.

➡ **DONATE:** MAKE A CONTRIBUTION TO A LONG-TERM SOLUTION TO EXTREME POVERTY BY SUPPORTING OUR WORK. VISIT WWW.GRAMEENFOUNDATION.ORG/GIVE

➡ **SPREAD THE WORD:** SEND A FREE GRAMEEN FOUNDATION E-CARD, OR BLOG ABOUT US TO LET OTHERS KNOW ABOUT THE WORK WE DO.

FOR MORE INFORMATION ON THESE AND OTHER WAYS TO SUPPORT GF, PLEASE VISIT WWW.GRAMEENFOUNDATION.ORG/GET_INVOLVED/



POWERING UP GRAMEEN KOOKTA

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Suresh Krishna, Chief Operating Officer at Grameen Koota, faced a problem familiar to microfinance institutions around the world. The organization was on a growth path toward their target of serving 100,000 clients and beyond. Krishna needed an affordable data storage system to manage the complex business of delivering financial services to the very poor and serve its clients better in the process. “We looked at off-the-shelf products and even considered having someone build a customized system for us,” he said, “but we didn’t want to reinvent the wheel.” Local technical assistance to support the new system would be crucial.

Enter Grameen Foundation’s Mifos initiative, a dynamic open source technology solution aimed at revolutionizing how MFIs manage their businesses. Grameen Koota, a Grameen Foundation partner, was the first pioneering MFI to adopt Mifos and is nearing completion in installing the adaptable software across its 44 branch network. The resources saved through an automated system like Mifos unlocks the potential for an MFI to increase its outreach to serve more poor people. Also, since Mifos is open source, it “gives us control

“Mifos gives us control of the development of our system and we are not at the mercy of any particular technology provider.”

—Suresh Krishna,
COO of Grameen Koota

of the development of our system and we are not at the mercy of any particular technology provider,” says Krishna. Along with Grameen Koota, four other MFIs are in the process of implementing Mifos, with interest growing worldwide.

See p.4 “Pioneering New Solutions in Kenya,” to see how Mifos is going in Kenya.

Grameen Foundation congratulates Grameen Koota, winner of the 2007 Pioneer in Microfinance Award.

LAUNCHING THE MIFOS PORTAL

TO STRENGTHEN THE COMMUNITY AROUND GRAMEEN FOUNDATION’S MICROFINANCE OPEN SOURCE (MIFOS) PROJECT, MIFOS.ORG WAS RECENTLY LAUNCHED. THE WEB SITE IS A ONE-STOP SHOP FOR MFIS WHO WANT TO USE MIFOS, FOR LOCAL IT EXPERTS INTERESTED IN SUPPORTING MFIS AND FOR DEVELOPERS THAT ARE FREQUENTLY ENHANCING AND MAINTAINING THE SOFTWARE.



A CONVERSATION WITH UDAIA KUMAR, CEO OF SHARE

SHARE Microfin Ltd, established in 1989, is one of the largest MFIs in India, currently serving more than one million clients across five states. Mr. Udaia Kumar is the Chairman and Managing Director of SHARE. He recently sat down with Grameen Foundation's Mike Getubig for an exclusive interview.

MIKE GETUBIG: When did your partnership with Grameen Foundation (GF) begin?

UDAIA KUMAR: We were associated with the Grameen Foundation from its beginning. And I had the privilege and the opportunity to talk to Alex Counts [while he was studying at the Grameen Bank], I also remember him taking an interview and publishing a book called Give Us Credit...and it was at that point that I came to know of Alex Counts. And when he published that book, then I realized that he was a great communicator and writer.



A SHARE client with her children at work.

MG: How else has GF worked to support SHARE?

UK: Grameen Foundation has spoken with different stakeholders in India, and they have helped in trying to get a fair policy [for microfinance] in India. Grameen Foundation also has written good articles in newspapers about microfinance, not only in India, but also outside India, and tried to share the Indian experience with people who live outside the country. The media support has been quite good. GF also provides guarantees...where banks can connect with MFIs, and get more comfort because a third party is introduced.

MG: What is your view on the changing landscape of increasing competition between MFIs?

UK: Any activity which is profitable and has a good impact would definitely attract more individuals to take up such activity. I feel that competition is good for both the clients and for MFIs. If there is a monopolistic situation, then naturally the costs will be higher...you can see that our rates have, over a period of time, come down, because of competition. It also helps with efficiency: providing need-based services to the clients, providing the right kind of service to the clients. Institutions will have to design the right kind of products and reduce their operating costs. So I feel that competition is something that is good for everybody, and we encourage competition.

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Udaia Kumar, CEO of SHARE and recipient of the 'Change Makers Award' for India and also the 'Excellency in Micro Credit' award in 2002.



DIARY FROM MOROCCO

by Meera Gandhi

Vikram Gandhi, a GF Board Member, and his wife Meera Gandhi are loyal friends of Grameen Foundation. Here, Meera describes her recent trip to Morocco, where she got the chance to see microfinance in action.

This past June, I had the privilege of visiting FONDEP, a thriving Moroccan microfinance bank, whose client base has grown by nearly four times in the last two years! I witnessed how microcredit can truly empower a person with little or no means to realize a dream.

FONDEP benefits from exceptionally talented management and the on-the-ground operations are just as impressive. For example, staff visit clients on foot or by bike, rather than driving, to lower costs and increase efficiency. Also, the loan officers described their revolving client policy, which guards against bias in the loan grants or collection process.

By far, the most compelling part of my experience was meeting borrowers of FONDEP. They were so proud of their ventures that they dropped what they were doing to energet-

ically describe their businesses. One borrower used her loan of \$800 to open her own tailoring shop. Microcredit enabled her to quadruple her client base in just one year, and she now employs an assistant. The positive effects of microfinance also went beyond the material. For example, one borrower admitted that she had originally opened her jewelry store to gain greater independence from her husband. However, since starting her business he has actually become more attentive and arrives at the store every evening to help her close up and walk her home.

One thing remained constant among all the conversations I had with these ambitious and resilient women: they all felt very secure in their current situation, and were confidently looking ahead to the future. Personally, I believe that women should honor their families and also pursue life-sustaining careers in an ever-expanding global economy. Microcredit can be the bridge between these two values for women across the world.



Meera visited several borrowers, like this one (pictured center), with two FONDEP staffers.

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Meera Gandhi on the steps of the University of Fez.