



# Grameen Connections

The Newsletter of Grameen Foundation USA

## Ben's Story: Hope for the Poorest in South Africa

by Susan Davis

*Susan Davis, a board member of Grameen Foundation USA, recently visited South Africa. She gives this report of her experiences with Tschomisano, a Grameen replication program there.*



SEF member Kate Makaku (photo credit: Katie Butler de Wit)

I visited South Africa in October at the invitation of the government and the United Nations Development Program. I met **Ben Nkuma**, who was the Small Enterprise Foundation (SEF) representative at an International Roundtable on Microcredit in Pretoria. From the moment I met him I knew Ben was an extraordinary individual. He is the founder and director of Tschomisano (which roughly means "working together"), SEF's Grameen-like program for the poorest. Meeting Ben was a wonderful surprise. This is the story of an African, a real son of the soil, a social entrepreneur, a poor boy who grew up (cont. p. 10)

**Grameen Foundation  
Benefit Dinner:  
June 16, 1999  
See article on p 15**

### Inside this Issue:

- Message from the Chairman . . .2
- Yunus' Autobiography . . . . .4
- Microcredit on Film . . . . .5
- Haas Business School . . . . .5
- News & Updates . . . . .6
- Grameen Fund . . . . .7
- Evaluating Impact . . . . .9
- Microcredit in New York City . . . . .12
- CASHPOR Expands its Reach . . . . .13
- GF-USA Benefit Dinner . . . .15
- People's Fund Update . . . . .15
- Thanks to Our Donors . . . . .15
- Handloom Weaving in Banlagdes . . . . .16

## Citigroup Commits \$1 Million to Grameen Replication in Asia

*Southeast Asia has always been fertile soil for Grameen Bank Replication Programs (GBRs). The first GBR, Amanah Ikhtiar Malaysia, was established in Malaysia in 1986 and now serves 40,000 poor families, which is half of all the rural poor in peninsular Malaysia. Citigroup Foundation recently announced at a news conference in Jakarta its commitment to give \$1 million to Grameen Foundation USA and Grameen Trust to provide support for repli-*

*cation programs in five Asian countries.*

**A** grant for U.S. \$1 million from Citigroup Foundation will give thousands of poor entrepreneurs in Asia a life-line to self-employment by providing them with 'micro-loans' to start small businesses.

The grant to Grameen Foundation USA enables Grameen to extend its successful (cont. p. 8)

## Grameen Connections

The Newsletter of  
Grameen Foundation USA

### *President/CEO*

Alex Counts

### *Chairman*

James F. Sams

### *Vice-Chair*

Yvette Neier

### *Secretary*

Lynn McMullen

### *Directors*

Clifford Alexander, Jr.

Michael Callen

A.K. Chowdhury

Susan Davis

Richard S. Gunther

Paul F. Kane

Robert Ottenhof

D. Wayne Silby

Clare Brett Smith

Muhammad Yunus

### *Staff*

Chitra Aiyar

M. Nural Alam

Geoff Davis

Jacki Drucker

Leslie Enright

Ruth Hoffman

Joseph Kotun

### *Interns*

Maitri Morarji

Steele Hendershot

### Grameen Connections Staff

#### *Executive Editor*

Alex Counts

#### *Layout Editor*

Bill Benac

Grameen Foundation USA  
1709 New York Avenue NW  
Suite 101  
Washington, DC 20006 USA  
Phone: (202) 628-3560  
Fax: (202) 628-3880  
[www.grameenfoundation.org](http://www.grameenfoundation.org)

# Message from the Chairman

by James Sams

I have recently returned from a trip to Bangladesh with **Alex Counts**, GF-USA's President, who provided invaluable guidance throughout the visit. The hospitality and countless courtesies extended to us by the entire Grameen family—managers, staff, and borrowers—all contributed to an unforgettable experience. I appreciate this opportunity to share some impressions and insights with the readers of *Grameen Connections*.



James Sams  
Chairman of the Board

The application of the philosophy and methodologies of Grameen Bank and its many replications are enabling millions in Bangladesh and throughout the world to begin to take control of their lives and futures. The ingenuity underlying the Grameen methodology lies in its practicality, its simplicity, and its understanding of basic human nature. Grameen borrowers are not approached as "victims" of poverty requiring charity, but as potentially productive human beings who, when provided with access to credit on terms they can afford—and without the requirement of collateral—will far more often than not take advantage of that opportunity to lift themselves out of poverty by utilizing their own talent and labor.

A two day visit to Grameen Zonal and Area offices outside of Dhaka for briefings on the structure and operations of Grameen, and the added opportunity to spend a night at the Grameen Bank Branch of Barera Chandina (about 60 miles south of Dhaka) to meet directly with bank borrowers, were particularly illuminating. Barera is a small market at the center of several dozen vil-

lages of small one or two room tin-roofed houses and narrow dirt roads. No electricity, public utilities or other public services are available, yet the village is neat and clean. The local economy is based essentially on unmechanized subsistence agriculture. Some villagers operate handlooms in their homes and produce basic material sold in the large town of Comilla nearby. The people were cheerful and friendly, and the surrounding area was quite beautiful with many trees and ponds, rice paddies, green fields planted with various vegetables. The houses, roads and a few larger one-story buildings are elevated to provide some protection from annual floods. However, they are all too frequently damaged or washed away when the monsoon season is particularly severe—such as the disastrous flooding last (cont. p. 3)

(Chairman, from p. 2) year that set a 100 year record. The poorest in that village—and thousands like it in Bangladesh—lived without adequate shelter, clean water, stable sources of food, and many of the basic requirements for human subsistence prior to becoming members of Grameen.

The Branch supervises 51 Centers, which are comprised of up to eight groups of borrowers, each with five members. These are located in villages within a radius of about ten kilometers from the Branch. Members are required to attend weekly Center meetings to discuss issues or problems, and to make loan payments and savings deposits to the bank worker. We had the opportunity to attend two such Center meetings whose members were all women. It is not possible in this brief report to offer a detailed description of the meetings and our discussions, but I do want to offer a few general impressions.

The dignity and self-confidence of the members of the two groups was impressive, as was the constructive way they interacted with each other during the meeting. Most were repeat Grameen borrowers for up to as many as eleven years. In response to our questions, they described the progression of the amounts and purposes of their loans, and how their lives had changed for the better—and they outlined their plans for



Grameen borrowers together at a center meeting

(photo credit: Nazral)

future loans. They spoke of how their children were now able to attend school, how they had built new houses or improved their existing homes, had healthier diets, and of many other positive benefits for their families. We asked some how many children they had. The younger members typically had no more than two, and they spoke frankly and knowledgeably about the importance of family planning. After

the meeting, some borrowers invited us to visit their homes so they could show us with justifiable pride what they had been able to accomplish as Grameen borrowers.

As a consequence of my visit, I gained a much deeper appreciation and understanding of the relevance of Grameen principles and methodologies to the global effort to alleviate poverty. To be sure,

cultural, political and economic differences between countries and regions may require adaptations, but the core principles are applicable virtually everywhere poverty exists.

Micro-credit should not be considered as a form of charity or social welfare program. It is a credible and self-sustaining investment activity offering a reasonable economic return over the long term—as well as a multitude of societal benefits that in themselves more than justify the required investment. Grameen Bank has demonstrated that micro-credit institutions can be sustainable and profitable when well managed and capitalized.

Grameen Foundation USA was established to advance the principles and goals of Grameen Bank. The high level of support and encouragement that we are receiving is immensely gratifying, and is enabling GF USA to initiate a number of promising programs and to build for the future. ❖

**Grameen Bank is enabling millions to take control of their lives and futures**



# Grameen Founder's Autobiography to be Published in June

*On June 16, at GF-USA's annual awards banquet, Dr. Muhammad Yunus's autobiography, "Banker to the Poor: Micro-lending and the Battle Against World Poverty" (PublicAffairs, \$24) will be released. It is a stirring, and deeply personal, story of Dr. Yunus's life and work. It starts in his childhood, and moves on to his time in the United States, where he earned his PhD, and finally to his return to Bangladesh in 1972. From there it moves to the establishment of the Grameen Bank Project in 1976, its transformation into an independent bank in 1983,*

*the replication of Grameen in other countries, including the United States, and the creation of Grameen Foundation USA. The following excerpt from the preface gives a flavor of the book.*

The university where I taught and served as the head of the Economics Department [in 1974] was located in the southeastern extremity of the country, and at first we did not pay much attention to the newspaper stories of death and starvation in the remote villages of the north. But then skeleton-like people began showing up in the railway stations and bus stations of the capital, Dhaka. Soon, a trickle became a flood. Hungry people were everywhere. Often they sat so still that one could not be sure whether they were alive or dead. They all looked alike: men, women and children. Old people looked like children, and children looked like old people....

The starving people did not chant slogans. They did not demand anything from us well-fed folk. They simply laid down on our doorsteps very quietly and waited to die....

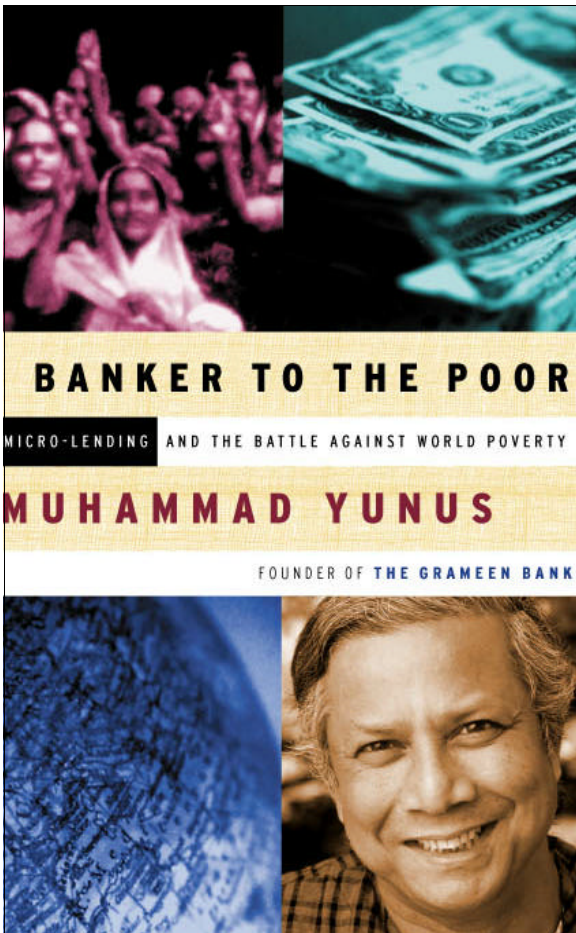
I used to feel a thrill at teaching my students the elegant economic theories that could supposedly cure societal problems of all types. But in 1974, I started to dread my lectures. What good were all my complex theories when people were dying of star-



**Yunus** celebrates with borrowers  
(photo credit: Nurjahan Chaklader)

vation ... across from my lecture hall?

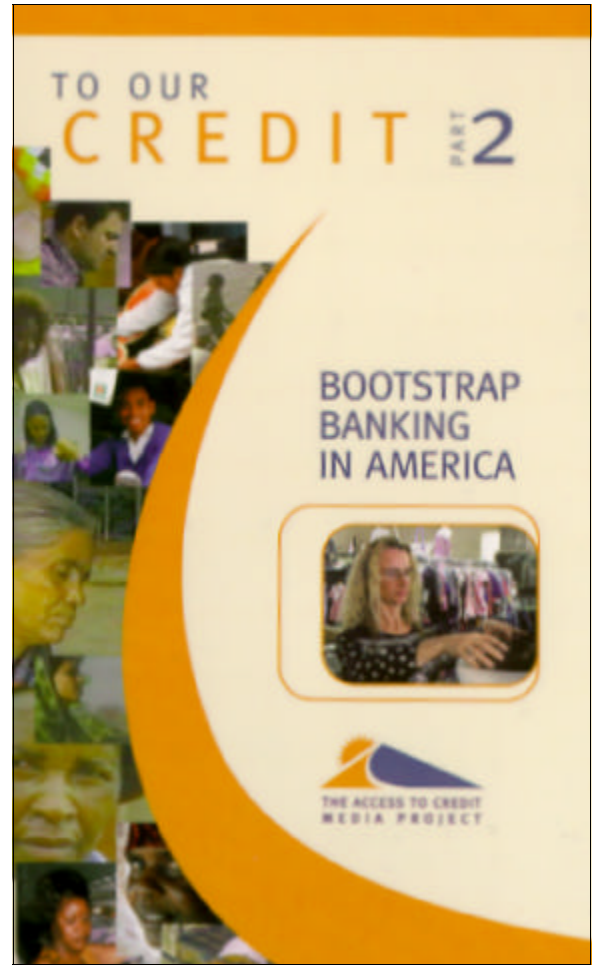
[I decided that] I needed to run away from these theories and from my textbooks and discover the real life economics of a poor person's existence.... My repeated trips to the villages around the Chittagong University campus led me to discoveries that were essential to establishing the Grameen Bank. The poor taught me an entirely new economics. I learned about the problems that they have from their own perspective. I tried a great many things. Some worked. Some did not. One that worked well was to offer people tiny loans for self-employment. These loans provided a starting point for cottage industries and other income-generating (cont. p. 5)



## Micro-lending on Film: "To Our Credit"

During the fall of 1998, a two part series on micro-credit was aired on more than 80% of the PBS stations across the United States. The first, "To Our Credit: Bootstrap Banking and the World," told the story of the micro-lending movement in developing countries by focusing on four programs and one borrower from each program. Grameen Bank and the Small Enterprise Foundation (see related article, page 1) were two of the four institutions featured. The second was "To Our Credit: Bootstrap Banking in America," which covered micro-lending in the United States. These videos were produced by the Access to Credit Media Project

of **Rooy Media**. They were funded by the Citibank (now **Citigroup**) Foundation, the **C. S. Mott Foundation** (both GF-USA supporters), The Ford Foundation, and others. "To Our Credit" educated millions about the potential of micro-lending and is available for purchase by any individual or institution interested in using it to promote greater public awareness of this issue. Tapes can normally be purchased for \$39.95 each, or \$69.95 for both, but GF-USA supporters can purchase them at a discounted rate of \$29.95 each or \$49.95 for both. To place an order, please call Rooy Media at (301) 473-8797. ❖



(Autobiography, from p. 4) activities that used the skills the borrowers already had.

I never imagined that my micro-lending program would be the basis for a nationwide "bank for the poor" serving 2.5 million people or that it would be adapted in more than fifty countries spanning five continents. I was only trying to relieve my guilt and satisfy my desire to be useful to a few starving human beings. But it did not stop with a few people. Those who borrowed and survived would not let it. And after a while, neither would I.

"Banker To the Poor" will be available in bookstores everywhere in June. For information on ordering a copy, visit [www.grameenfoundation.org](http://www.grameenfoundation.org). ❖

## Haas Business School Students to Grameen to Help Programs

The International Business Development Program (IBD) of the Haas School of Business at the University of California, Berkeley will send four teams of graduate students to Bangladesh this summer to work with members of the Grameen Family of Companies. This is the third year of the Haas - Grameen partnership. The IBD teams will research the prospects and problems of socially conscious venture capital financing in Bangladesh for Grameen Fund, evaluate marketing strategies for the sale of cellular handsets and for the operation of village pay phones as business cen-

ters in rural areas for Grameen Telecom, assist in the development of a strategic plan for Grameen Kalyan in providing for the medical and educational needs of Grameen Bank borrowers, and work on ways to reduce the cost of production of hand-woven textiles with Grameen Uddog.

For more information about the IBD's work with Grameen, contact Ruth Hoffman at Grameen Foundation USA by email at [rhoffman@grameenfoundation.org](mailto:rhoffman@grameenfoundation.org). Find IBD on the web at [www.haas.berkeley.edu/groups/HaasGlobal/IBDindex.htm](http://www.haas.berkeley.edu/groups/HaasGlobal/IBDindex.htm). ❖



# News & Updates

The GF-USA Board of Directors has been expanded to 15 individuals. Those newly elected at the December Directors meeting were **Clifford Alexander, Jr., Michael Callen, Robert Ottenhof,** and **D. Wayne Silby**.... On March 24, the Soros Economic Development Fund disbursed a \$10.6 million loan to Grameen Telecom. An article will feature this in next quarter's newsletter. GF-USA President **Alex Counts** played a key role in negotiating this loan, as did **Steven Graubart** of Calvert Ventures and **Paul Dwyer** and **Jennifer Drogula**, our pro-bono attorneys from the law firm **Wilmer, Cutler and Pickering**.... Grameen Telecom, Grameen's cellular telephone company, recently surpassed 35,000 subscribers, and received media coverage in March on ABC-TV's "World News Tonight" and in *The Washington Post*.... The GF-USA website [www.grameenfoundation.org](http://www.grameenfoundation.org) can now accept donations and publication orders online through a secure server. This was made possible by star intern **Adrian Zenz**.... **Jane Griffiths**, a consultant from **Aid To Artisans**, spent three weeks in Bangladesh in January and February 1999, on an assignment for GF-USA to design finished products to sell in the United States, particularly through catalogues. **The American Express Foundation** provided the funding to make her work possible.... On March 26-27, the Second Annual MicroEnterprise Conference was held at **Brigham Young**

**University**. The Grameen Support Group organized the conference collaboratively with the **Marriot School of Management** at BYU.... Be on the lookout for a

to pre-flood levels by mid-December.... **Dr. Muhammad Yunus** responded to an inaccurate article about the effects of the flood on Grameen published by



Grameen Bank workers distributing food after the flood to its members at one of its branches

(photo credit: Harun Al-Rashid)

segment on **Dr. Muhammad Yunus** on an upcoming edition of "60 Minutes II," which airs Wednesday nights.... One or more GF-USA staff are planning on representing GF-USA at the **Microcredit Summit Meeting of Councils** in the Ivory Coast, at the end of June. For more information on the campaign and meeting, visit [www.microcreditsummit.org](http://www.microcreditsummit.org).... Grameen supporters in the U.S.A. contributed more than \$12,000 to the Flood Rehabilitation efforts of Grameen Bank borrowers. As a result of that assistance, as well as the hard work of Grameen borrowers and staff, we are pleased to report that the rehabilitation effort is ahead of schedule. Loan recovery rebounded

the *Financial Times* on October 1. His response, "Grameen Bank is able to cope with disasters," was published by the *Financial Times* on October 22. In it he wrote, "For Grameen a natural disaster provides an opportunity to demonstrate how effective the micro-credit system is in helping affected people to get back on their feet. Grameen Bank's survival is never the issue here."

## Grameen Bank Update:

No. of branches	1138
No. of members	2,367,503
Cumulative disbursement	\$2.7 billion
Cumulative savings	\$202 million

## Grameen Trust Update:

No. of projects	81
No. of project borrowers	329,943
No. of countries	28
Cumulative disbursement	\$94 million

# Grameen Fund:

## Financing Social-Consciousness Driven Enterprises

*In each issue of **Grameen Connections** we feature a Grameen Company in Bangladesh. In this issue we feature Grameen Fund, which provides finance (or social venture capital) to enterprises that work on a commercial basis to achieve social goals-or social consciousness driven (as opposed to profit driven) enterprises. In 1998, Grameen Foundation USA launched a program called **Grameen Investments** that enables U.S. individuals, foundations and other institutions to invest in Grameen Fund and earn a rate of return of up to 3%-better than many savings accounts. To date, more than \$140,000 has been mobilized.*

**T**hrough its highly successful credit program for the rural poor, Grameen Bank has come to realize that its long-term developmental objectives require establishing mechanisms to provide venture capital. The Bank has encountered many ideas, technologies and investment proposals that are economically compelling and socially progressive. These opportunities, however, do not fit neatly into the regular lending program of the Bank, which is targeted at the rural poor in need of micro-credit. Grameen Fund, a not for profit company established in January 1994, was created to provide finance to businesses that are untested but have the promise of being commercially successful and yielding benefits to the poor.

Grameen Fund uses various methods of financing that depend on the needs of the proposed company. GF provides assistance in the forms of direct equity, equity-cum-loan, bridge finance or management buy-in or buy-out. Three examples of businesses assisted by Grameen Fund are given below:

### **Grameen Babsha Sheba:**

Grameen Babsha Sheba (Pvt.) Ltd. was formed on March 12, 1996 to supply consumer goods to small traders/shops in rural areas on a commission basis to enable small shops to avoid exploitation by local wholesalers and improve profitability. The company was given both equity (90%) and a loan by Grameen Fund. This company became profitable within six months.

### **Grameen Bio Center:**

Grameen Bio Center was formed with 70% equity from Grameen Fund to provide loans to women to purchase cows in the rural areas. The milk is collected for marketing in urban areas by the company to ensure a fair price for the producers. The objectives are to increase the economic activities of the poor and to enhance protein supply and consumption.

### **Grameen CyberNet:**

Grameen Cybernet is a company formed with 51% equity by Grameen Fund; it has *(cont. p. 14)*

### **The major objectives of Grameen Fund are:**

- ◆ to provide majority equity in companies trying to innovate in sectors that hold promise for growth that would have direct or indirect impact on poverty alleviation, with preference for businesses specializing in information and communications technologies;
- ◆ to provide loans, equity or both to risky ventures using untested technology and/or producing untested products, either to new companies or existing companies for balancing, modernization or expansion;
- ◆ to assist in management buy-ins or buy-outs of existing companies needing finance and management support, provided that such companies' activities/products bring direct and/or indirect benefits to the poor; and
- ◆ to promote or develop enterprises having prospects for increasing exports or import substitution using indigenous raw materials, providing extensive employment to the rural poor and/or helping to upgrade the skills of the rural or urban poor.

(Citigroup, from p. 1) global micro-credit program to five countries hit hardest by the Asian financial crisis: Indonesia, Malaysia, the Philippines, South Korea and Thailand.

"We are very pleased to receive this gift from Citigroup," said **Professor H.I. Latifee**, Managing Director of Grameen Trust, said at a March news conference in Jakarta announcing the grant. "It is an important step forward in our effort to provide 100 million of the world's poorest families with the means to support themselves by 2005."

To date, there are 81 Grameen supported programs in 28 countries around the world. As of February 1999, Grameen-funded microcredit programs have disbursed funds to more than 300,000 borrowers and have maintained repayment rates between 96% and 100%. Grameen Foundation USA supports the replication of the successful Grameen Bank microcredit program which, since 1976, has provided more than US\$2.6 billion in loans to more than 2.3 million people living in poverty.



Citibank presents Grameen with \$1 million for microcredit programs in Asian countries

The grant will allow impoverished entrepreneurs to qualify for loans at or near commercial bank rates to establish and run "micro-businesses." Loans, whose recipients are primarily women, typically support small-scale businesses such as the production of food and textiles in rural areas, taxi services, cleaning, gardening and day-care in cities.

"Simply put, microcredit provides small business loans to people living in poverty," said **Penny Shone**, Regional Communications Director of Citigroup. "It offers them the financing they need to become self-sufficient members of society."

ago in Bangladesh to serve as the training and replication arm of Grameen Bank. Grameen will focus on four key activities in the selected Asian countries:

1. Providing seed capital of up to US\$50,000 to new microcredit programs.
2. Raising the capitalization of existing programs by US\$100,000.
3. Providing scholarships to staff of local non-government organizations (NGOs) for training in the Grameen micro-lending methodology in Bangladesh.
4. Supplying on-site technical assistance to microcredit programs receiving funds.

"Citibank is proud to support this initiative," said Ms. Shone. "We have a continuing commitment to the progress and vitality of the communities where our customers live and work, and this program allows us to express that commitment in a way that is both economically and socially useful."

"We also believe that with Citigroup's leadership in financial management and Grameen's leadership in poverty-focused microcredit, there will be ample scope for our staff to collaborate and learn from each other."

To qualify to receive funding, NGOs must first complete a 12-day orientation course on micro-lending in Bangladesh. The Citigroup grant provides for scholarships to this course.

*For information on how to apply for funding under this grant, contact Chitra Aiyar at Grameen Foundation USA, at [info@grameenfoundation.org](mailto:info@grameenfoundation.org) or Lamiya Morshed at Grameen Trust at [gt\\_repli@grameen.com](mailto:gt_repli@grameen.com).* ❖



# Evaluating Micro-credit's Impact:

## A Report on the World Bank's Research

*Rigorous impact evaluations of micro-credit programs, like the one on the Filipino organization CARD summarized in the first edition of Grameen Connections, are surprisingly rare given the increasing popularity of this strategy. Yet they are essential in making the case that supporting a dramatic expansion of micro-credit so that 100 million families can benefit by 2005 is a good investment. Late last year, Oxford University Press published "Fighting Poverty with Microcredit: Experience in Bangladesh," which presented the findings of multi-year research effort on Grameen Bank and two other Bangladeshi micro-credit programs.*

**F**ighting Poverty with Microcredit (Oxford University Press: Oxford, 1998, 228 pages, \$35) is a tremendous contribution to the field of micro-credit, as it presents, in a highly readable form, independent research that supports many of the arguments that micro-credit advocates have been making for years. World Bank economist Shahidur R. Khandker and his team are to be congratulated for their work.

Some of the most compelling findings are:

- ◆ Household net worth increased by 0.14% for every 10% increase in borrowing.
- ◆ Every Tk. 100 (\$2) lent to a female Grameen borrower increases her assets (excluding land) by Tk. 27.
- ◆ For every 1% increase in borrowing by a Grameen member, the probability their daughter enrolling in school was increased 1.9%.
- ◆ A 10% increase in female borrowing increased the arm circumference of girls (a common measure of nutritional status) by 6%. (Borrowing by men, however, did not have any observable impact on child nutrition.)
- ◆ Extreme poverty among Grameen borrowers was cut by more than 70% within 5 years.

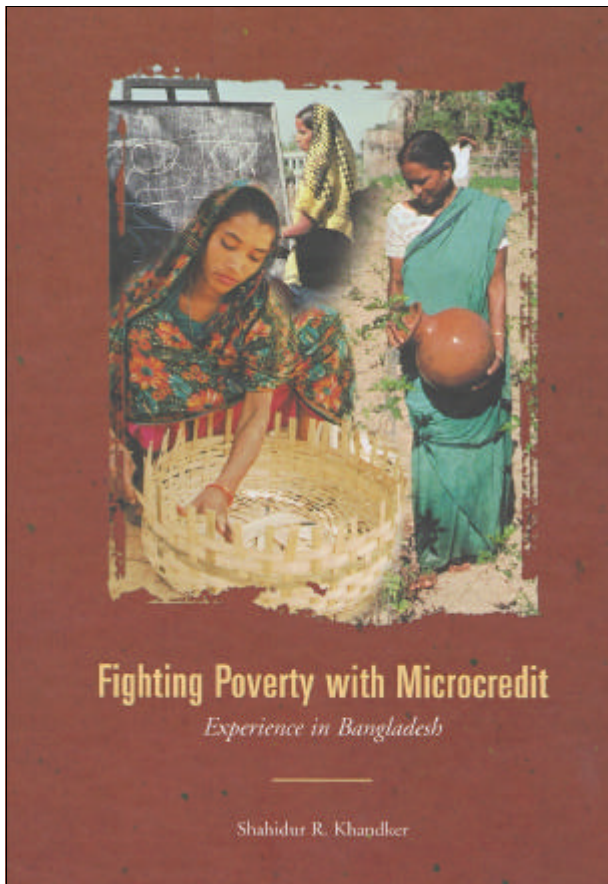
- ◆ In a typical year, five percent of Grameen borrowers—representing 125,000 families—rise above poverty. In other words, an estimated 10,000 Grameen families escape poverty every month.

- ◆ Per capita expenditure of borrowers rose 0.43% for every 10% increase in borrowing (despite their having to pay a commercial interest rate on loans).

In almost every case, the observed impact on the borrowers of BRAC and RD-12, the two other programs studied, was similar. They reach an additional 1.5 million Bangladeshi families.

Hopefully, these findings will serve as a wind at the sails of people and institutions worldwide that are mobilizing support for the Microcredit Summit's goal, and put to rest the idea that the poorest of the poor are unable to effectively use credit to empower themselves and to make progress toward overcoming their poverty.

*For more information on this and other evaluation studies conducted on micro-credit, please contact Grameen Foundation USA by email at [info@grameenfoundation.org](mailto:info@grameenfoundation.org).*



Ben Nkuma, TCP Director



(Ben's Story, from p.1) with the determination to change the world so that no one else would endure the same.

From Pretoria, I flew to the poorest district in South Africa and drove several hours to reach SEF. Ben took me to attend a couple of Center meetings. I was amazed. If the women had been wearing

that I met in other parts of the country, these women appeared to be the poorest.

Ben explained to me, "Our method of finding the poor is called Participatory Wealth Ranking. We ask the village to come together, draw a map of their village section by section, and identify the people living in each household and then rank them according to categories of poverty. Different reference groups do the ranking. Mostly there is consistent agreement from the groups as to who is poor, less poor, middle, rich and very rich."

Ben's voice then trembled a bit and his tone lowered as he said, "Poor in South African terms means those people who are barely surviving. They struggle to have meals, no one in the house is employed, the housing is poor, their children cannot attend school.

"I got involved with The Small Enterprise Foundation in 1993," Ben explained. "At that time I was running my own corner shop. I was involved in community development as a volunteer locally during my spare time. I was poor when I was growing up, my parents could not afford anything and thus I told myself I wanted to do something for the poor. Nevertheless, I was forced to find a job before being able to study development. When I lost my job in 1992 I decided to look for development work. Because it is painful to grow up being poor, I told myself that I wanted to do something for the poor in the community. I know how it is to go to

bed without a meal, what it feels like to walk 5 kilometers to school uphill and without shoes. The round house I slept in had no furniture except one traditional carpet and one old blanket. Before I joined SEF, I worked in many places. I joined SEF purely because I needed money immediately, but I knew I wanted to serve the poor. Now that I made it, I feel great."

I quickly learned that SEF is different from its new experimental program. I asked Ben why he created Tshomisano. He said "When I joined SEF, I worked for the SEF micro-credit project as a Branch Manager. What worried me was that our mission emphasized the fact that we must help the very poor to overcome poverty. But we did not really reach the very poor. An evaluation in 1995 showed that only 30 to 40% of SEF's clients were very poor. I told everyone we should make an effort to reach our target group and was supported by (SEF Managing Director) **John de Wit**. Transforming SEF's micro-credit project would have been very difficult, so it was suggested that I become in charge of designing a project for the very poor. So we started Tshomisano Credit Project (TCP) in 1995."

Ben and a colleague went to Bangladesh in March 1997 for about 3 weeks. He said, "It was a very interesting experience. To me, understanding poverty in a global perspective was one thing I wanted to experience in my life. When we started TCP we knew about Grameen. But all the information we used to (cont. p. 11)

saris, I would have thought I was back in rural Bangladesh at one of the hundreds of Grameen Bank Center meetings I have observed over the past decade.

These women had never before interacted with a foreign visitor so they looked at me with shy curiosity. They looked poor to me based on their clothes, jewelry and shoes (or lack thereof). Certainly compared to other women and men

TCP at a Glance:	
Number of active members	.....1303
Groups	.....305
Repayment rate	...100%
Loan write offs (except write offs due to death)	.0
Cumulative savings (Dec. 1998)	.....\$17,892

(Ben's Story, from p. 10) design Tshomisano was from the reading material we had. Getting to see it first hand changed a lot in our thinking and methodology. I should mention I knew we wanted to alleviate poverty through a Grameen type of approach, but there were lots of questions we did not have answers for. Being in Bangladesh, we had the opportunity to question everything.

"Poverty in Bangladesh is real. Staying in a Grameen Bank Branch at the village level we could see the day to day operation



**Susan Davis**, a board member of Grameen Foundation USA

of Grameen, especially the close contact the staff had with the members. There are a variety of cultural differences between Bangladesh and South Africa but one interesting thing I learned is that the Grameen approach is adaptable to all situations especially when dealing with the very

poor. I saw changes in the lives of the poor. But it was more than just a loan with poor women. It was their participation in real life. Society in Bangladesh does not allow women to interact freely with men in particular. So they could not even sell before."

SEF has received quite a bit of publicity outside the country, but within South Africa it is hardly known. In spite of the robust civil society, very few organizations are working with the poorest. Ben tried to explain this anomaly to me. "I think it is because there are a lot of conceptualizations taking place outside South Africa about poverty and micro-credit for the very poor. SEF has been mostly funded by outside donors so is better known to the funders and people in their countries and other organizations funded by the same donors as SEF."

I asked Ben what were the biggest problems he now faced and his most important successes so far. His answer again reveals his commitment to making multiple changes in the lives of real people, not just getting loans out and repaid. "Working with the most vulnerable is a problem itself. They do not want to join the program until you do intensive motivation. When they join, they are easily affected by disasters that subject them to circumstances that are difficult for our staff to handle."

"However," Ben explained, "we established an ongoing impact assessment which is done by the field staff and we realized we are having a lot of success. For exam-

### Tshomisano's main goals are:

- ◆ Identifying the very poor.
- ◆ Motivating only the very poor to join the program.
- ◆ Giving support that will help the very poor to succeed.
- ◆ Mobilizing a savings scheme for the very poor.
- ◆ Helping the very poor to cross the poverty line.
- ◆ Helping the very poor to regain self-esteem and for them to feel part of their community.

ple, many members are able to successfully run businesses, they are increasing their household incomes, there is increased interaction of the very poor with other people in their communities, and members are being able to assist one another in solving problems. These successes are again verified by the fact that many members do not leave TCP after repaying their loans, our 100% repayment rate, members building proper houses, and so on." Ben looked at me with an intense stare trying to read my face. He wanted to make certain that I understand the full import of his message. He added, "Fighting poverty is not child's play. It is a war. Poverty is perhaps humankind's worst enemy."

*To contact Ben directly and get involved in supporting SEF's efforts, contact the Small Enterprise Foundation, P.O. Box 212, Tzaneen 0850, South Africa, tel: (27 15) 307 5837, fax: 27-15-307 2977, email: sef@pixie.co.za. ❖*



# Recognition & Credit

by Alex Counts

*Last year, Grameen Foundation USA made a major commitment to building the capacity of Project Enterprise (PE), a micro-credit program in New York City, to provide loans starting at \$500 to low-income people for business start-up and expansion. What follows is a report from GF-USA President Alex Counts who, along with GF-USA Director Susan Davis, joined the Board of Directors of Project Enterprise late last year.*

Since 1988, I have witnessed and participated in hundreds of group recognition tests (GRTs) in nearly ten countries. In the Grameen micro-credit methodology, the GRT is conducted by a senior official in order to certify that the borrowing group has successfully completed their compulsory group training (CGT). It tests their knowledge of the lending program policies, of each other's micro-enterprises, and of sound business practices. I had seen many groups pass, and others fail. There is usually a sense of nervous

anticipation, occasionally bordering on terror, when the officer who conducts this oral test arrives. Still, I was unsure what to expect on March 10 when I arrived at the Project Enterprise office in Central Harlem to conduct my first GRT in the United States.

The men, all street vendors who sell clothing, general household merchandise and other products on Lenox

Avenue, and who had named their group the "Lenox Six," were clearly nervous. I asked them a few easy questions on PE policies to start, but they stumbled through their answers. I looked at **Vanessa Rudin**, PE's Executive Director, as if to ask, "Are they unprepared, or just anxious?" Vanessa, who had trained them, smiled uneasily and looked away.

Slowly, the men relaxed. They recited, from memory, long lists of program policies and described each other's current businesses and business plans in detail. In a Grameen micro-credit program, each borrower plays a role not unlike a board member in each of the businesses of their fellow group members. If even one borrower appears to be unfamiliar with any of the business ventures

being contemplated, the group does not receive recognition and must re-take the test at a later date.

After 50 minutes of grilling, the time had

come to decide whether to pass the Lenox Six. I paused, explained where I thought they were strong (group solidarity), where I thought they were weak (knowledge of some program policies), and finally declared, "Based on your performance tonight, I hereby recognize you as a certified Project Enterprise group. If all goes well, in a few days you will be receiving loans. Good luck." The room was full of gasps, and then high fives and hugs. Clearly, this mattered a lot to these men.

From Central Harlem Vanessa, **Dina Levi** and I traveled to East New York, one of New York's most economically depressed neighborhoods. (Dina was training on micro-credit program operation as she prepared to launch the Dallas-based PLAN Fund in April.) If anything, the

(cont. p. 13)

For the second time, the room erupted in cheers and hugs

Alex Counts, President of GF-USA, with a member of the "Lenox Six"



(*Recognition, from p.12*) "Faithful Pioneers," a group of five African-American women, were more apprehensive than their male counterparts in Harlem. The first few questions elicited strained responses bordering on non-responses. But once they got their footing, these pioneers (they are the first PE group outside of Harlem, the fifth overall) demonstrated an even better command of program policies than the Lenox Six. After 90 minutes of quizzing, I declared them a certified group. For the second time that night, Vanessa, Dina and I saw a room erupt in cheers and hugs.

During the trip back to Manhattan, I asked Vanessa how many more groups were in the pipeline (i.e., in some stage of preparation for their recognition test). "At least six more," she

replied. Vanessa was exhausted from days of preparing the Lenox Six and Faithful Pioneers—she had been up until past midnight with the Pioneers the night before I arrived—but the prospect of training six more groups did not phase her. Rather, I sensed that it thrilled her. The longing for business credit and recognition as credit-worthy entrepreneurs that we had satisfied that night for 10 hard-working individuals made us hungry for more. Much more.

*For information about how to support Project Enterprise, contact Vanessa Rudin at 2303 7th Avenue, New York, NY, 10030, tel:*



The "Faithful Pioneers" celebrate after being approved as a borrowing group of Project Enterprise

212-690-2024, email: [pe@projectenterprise.org](mailto:pe@projectenterprise.org). For information on GF-USA Practitioner Support Project, which is supported by a grant from the C. S. Mott Foundation and others, email GF-USA Program Associate Leslie Enright at [lenright@grameenfoundation.org](mailto:lenright@grameenfoundation.org). For information on the PLAN Fund in Dallas, which will be featured in the next issue of our newsletter, contact Dina Levi at [dina@groundx.com](mailto:dina@groundx.com) or visit [www.grameenfoundation.org/dch.html](http://www.grameenfoundation.org/dch.html). ❖

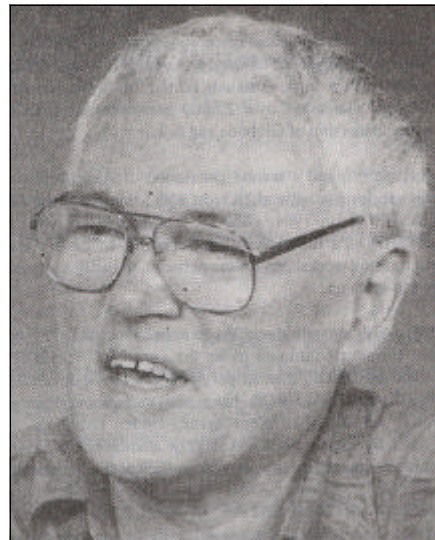
## CASHPOR Expands its Reach in 1998

CASHPOR, or Credit and Savings for the Hard-Core Poor of Asia-Pacific, is a vibrant association of Grameen Bank Replications in Asia. In 1998, the 16 CASHPOR member organizations expanded their outreach from 157,000 to 208,000 borrowers. SHARE (India) increased its outreach from 5,815 to 12,713 borrowers, while CARD (Philippines) and Nirdhan (Nepal) both more than doubled their number of beneficiaries. The weighted average of the organizations' "portfolio at risk" (one measure of likely default in the future) was a very

low 1.11%—despite the financial turmoil in Asia which had many wealthy people and corporations defaulting on their loans. Many CASHPOR members have received funding from Grameen Trust, and some will likely qualify for funding from the Citigroup Foundation grant. To learn more about CASHPOR, you can visit their new website [www.cashpor.com](http://www.cashpor.com). The CASHPOR newsletter, an excellent source of information on the field of micro-credit, can be subscribed to in the United States by contacting **Rae Madson** at telephone/fax

(619) 435-5857 or mailing \$25 to 710 Glorietta Boulevard, Coronado, California 92118.

**Marshall Saunders**, a GF-USA Founder's Circle (Lifetime) member, is the U.S. contact person for CASHPOR. He can be reached by email at [mlsaun@aol.com](mailto:mlsaun@aol.com). ❖



Professor **David Gibbons**, Executive Trustee of CASHPOR



(*Handloom, from p.16*) is replete with stories of muslin fabric, which was so fine it could be pulled through a small finger ring and having 'the softness of mist' and 'the weight of a feather'.

When officials at Grameen Bank realized that 95% of the fabric used in the ready-made garment industry in Dhaka was imported, they organized rural weavers to produce textiles that could reduce the demand for imported fabric. Handloom



**Sarker Shafee**, Marketing Executive with Grameen Uddog in Dhaka, handles international orders.

weavers are eager to work with Grameen Uddog to produce textiles that will increase orders and generate income for their families. Grameen Uddog eliminates the need of handloom weavers to

for the export market. By combining textiles produced at a fair wage to the weavers, care of the environment, and sophisticated designs and colors to produce new fabrics, Grameen products will provide the consumer a way to support responsible business

development by purchasing high quality products.

A recent book entitled *Tanti* (the Bangla word for weaver), tells of the craft and lives of the handloom weavers. The following excerpt captures the commitment of GF-USA to the weavers of Bangladesh. "This

book is dedicated to the hundreds of thousands of weavers in Bangladesh who, through their perseverance and skills, have maintained a great tradition and deserve the encouragement and support to enable them to develop their craft to the excellence of days gone by." ❖

SkyMall, the in-flight catalog, will feature Grameen Quilts in the October-December issue. The new patchwork quilts, designed by a product development specialist from Aid-to-Artisans, will be available in double, twin, and crib sizes. Product development was funded by the American Express Foundation.

use moneylenders and middlemen by being a reliable agent in linking scattered cottage industry artists with global markets.

Grameen Foundation USA is working to create new hand-woven textiles and finished products made of Grameen textiles that will be eco-friendly, internationally competitive and of high quality

(*Grameen Fund, from p. 7*) also taken loans from Grameen Fund to acquire computers, servers and other equipment. It was one of the first Internet service providers in Bangladesh, and today it is the largest. Having paid back its loan to Grameen Fund, Grameen CyberNet is now setting its sights on expanding to the rural areas, where it hopes to create high value added technology jobs for unemployed college graduates, especially young women.

Grameen Fund provides finance to other member of the Grameen family of companies, such as Grameen Knitwear Ltd., Gonoshasthaya Grameen Textile Mill and Grameen Telecom. The managing director of Grameen Fund is Mr. A. A. Qureshi, who can be contacted at [g\\_fund@grameen.net](mailto:g_fund@grameen.net).

To find out more about Grameen Investments, contact Geoff Davis at (202) 628-3560 or visit [www.grameenfoundation.org/gi.html](http://www.grameenfoundation.org/gi.html). ❖



A woman uses a Grameen Telecom telephone financed in part by Grameen Fund



## GF-USA Hosts Awards Dinner & Benefit

**G**rameen Foundation USA will host its second annual awards dinner and benefit on Wednesday, June 16th, 1999 in the Delegates Dining Room of the United Nations in New York City. Ted Turner and ABC News anchor Peter Jennings will co-chair and attend the event. In addition, Professor Muhammad Yunus will

speak on what's happening at Grameen Bank, and UNICEF Goodwill Ambassador and model/actress Vendela Thommessen will speak about her new role with the Grameen Textiles Project.

Grameen Foundation's inaugural "Humanitarian" Award will be

presented to King Carl XVI Gustave and Queen Sylvia, who will accept on behalf of the people of Sweden. Grameen Foundation's inaugural "Lifetime Achievement" Award will be presented to Ismail Serageldin, Vice President for Special Programs at the World Bank. For information on attending, please contact Jacki Drucker at 202-628-3560. ❖

## People's Fund Update

**T**he People's Fund Campaign continues to raising funds, \$100 at a time from individuals, to reach its goal of helping 10 million extremely poor families with

micro-credit by 2005. To date, almost \$70,000 has been raised. More is coming in every day. Now donations can be taken on-line through through GF-USA's website, [www.grameenfoundation.org](http://www.grameenfoundation.org). For those who want to

spread the word about the People's Fund in their community, the new People's Fund brochure is a great tool. Please contact Maitri Morarji at [info@peoplesfund.org](mailto:info@peoplesfund.org) to have copies of the brochure sent to you. ❖

## Grameen Foundation USA Thanks its Generous Supporters

### Grameen Founders Circle (Lifetime)

Charles Stewart Mott Foundation  
Citigroup Foundation  
Grameen Uddog

Richard S. Gunther  
Humana Group Health Plan  
James and Betty Sams Family Foundation  
Marshall Saunders  
Muhammad Yunus

### Benefactors

American Express Foundation  
Bankers Trust Foundation  
Brande Foundation  
Chase Manhattan Foundation  
The Craig McCaw Foundation  
The Frederick A. DeLuca Foundation  
The Jules and Doris Stein Foundation  
Paul F. Kane

Microsoft Corporation  
Monsanto Company  
Open Society Institute  
Rick and Bonnie Rule  
The S. H. and Helen R. Scheuer Family Foundation  
Wilmer, Cutler, and Pickering

### Patrons

Bankers Trust Private Banking  
Berlin Ramos & Company  
Michael Chiaramonte  
Hillary Rodham Clinton  
Alan Gleitsman  
Harbinger Communications, Corp.  
Esther Hewlett  
Lekha Singh

### Donors

Laura Blumenthal  
Marc Blumenthal  
Donald Boucher  
Alistair Cassels-Brown  
Cynthia Burns  
Calvert Foundation  
Ceskoslovenska Obchodni Banka  
Bill & Paula Clapp  
Alex Counts

Susan Davis  
Rodger Desai  
Peggy Dulany  
Chad Evans  
Kristna Evans  
Mark Gillis  
Kathleen Gordon  
Andrew Gunther  
Gary Hattem  
Casey Kasem  
Mary Kelly  
John Krzywicki

Gary Lippman  
Robert & Norma Lippman  
Michael Lubic  
Nancy Matela  
Kathy McManus  
Caroline Merriam  
Lynne Murguia  
Aryeh & Yvette Neier  
Pascucci Family Foundation  
Isabelle Peterson  
PublicAffairs  
Michael Rauenhorst

Scott Reardon  
Asoka Roy  
Della & Rustom Roy  
Don Russell  
Shorebank Corporation  
Wayne Silby  
Clare Smith  
Synergos Institute  
Truettner Family Foundation  
TTF Foundation  
United Nations Foundation

## Handloom Weaving: A Rich, Living Culture in Bangladesh

**G**rameen Uddog, a member of the Grameen Family of Companies, promotes the handloom heritage of Bangladesh by providing credit to rural weavers, assuring quality production of the hand-woven fabric and creating new export markets to increase demand for hand-woven textiles. Over one million handloom weavers and half a million handlooms are part of the rich, living culture of Bangladesh. The depressed status and the limited opportunities of the weavers make them one of the poorest groups in Bangladesh today.

For centuries, the artistry of textiles produced by handloom weavers in Bangladesh has received international acclaim. Handloom weaving is part of the rich cultural heritage of hundreds of thousands of families in rural

Bangladesh. Prior to the emergence of machine spinning and weaving in the 18th century, exports from Bangladeshi weavers provided cotton and silk textiles to the global community. The oral history of Bangladesh (cont. p. 14)



**Ruth Hoffman**, GF-USA Textile Project Manager, with weaving families near Araihasar, Bangladesh



### **Grameen Foundation USA**

1709 New York Avenue, NW  
Suite 101  
Washington, DC 20006 USA

Tel: (202) 628-3560  
(888) 76-GFUSA

Fax: (202) 628-3880

E-mail: [info@grameenfoundation.org](mailto:info@grameenfoundation.org)

*Don't miss the information about  
Grameen on the Internet:*

- ◆ [www.grameenfoundation.org](http://www.grameenfoundation.org)
- ◆ [www.peoplesfund.org](http://www.peoplesfund.org)