

Microfinance in the Arab World: Shaping the Industry's Future

First Annual Conference of SANABEL, Microfinance Network of Arab Countries

Investor/Donor Forum

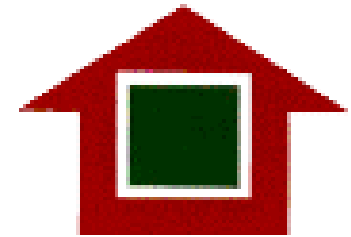
Alex Counts

President

Grameen Foundation USA



Grameen Bank



- Established 1976 (bank in 1983)
- 94% women borrowers
 - **They are majority shareholders**
- 3.0 million borrowers
 - **600K growth in 2003**
- \$4 billion lent (avg. loan: \$170)
 - **\$3.7 billion repaid**
- World Bank Research: 10,000 GB families cross poverty line/month
- Created an entire industry
 - **12 million clients now served**
- *Promotion of Savings*
Deposits & own resources as % of loan portfolio: 97%



Beyond Grameen Bank



Grameen Global Network

- 125 MFIs trained/financed by GF-USA and/or Grameen Trust
- Includes market leaders in India, Pakistan, China, Vietnam, Philippines and Nigeria

Grameen Family of Companies

24 non-profit and for-profit aligned companies (e.g., Grameen Telecom, Grameen Agriculture)

Grameen Foundation USA

Support replication of Bangladesh successes in other markets

Grameen Foundation USA



Established in 1997

Mobilized \$20 million

- Strategically invested in leading micro-finance institutions
- Emphasis on Leverage:
\$325,000 investment to facilitate \$4.3 million securitization for SHARE-India in 12/03 (world's largest)

Goals: 2004-2008

Assist leading MFIs to reach 5 million new borrowers
Ensure half cross poverty line within 5 years
Champion 3 innovations that transform micro-finance sector (Grameen Technology Center)

Distinct Partner Types



High Growth (12 MFIs=>+4m clients)

Base: 25-200K clients; add 333K on average (2004-08)

South and SE Asia, Nigeria, possibly Morocco

Seedbed (30 MFIs=>+600,000 clients)

Base: 500-5,000 clients; add 20,000 clients on average

Three Regions: Arab World, Latin America, China

INVESTMENT GOALS

Direct: \$46 million

Leveraged: \$258 million

Grameen Foundation USA & The Arab World



No history prior to 2002

Limited collaboration between MFIs and Grameen Bank/Trust

2002: Year of Study

- Literature Review, Networking, Site Visits to Morocco, Syria, Saudi Arabia, Egypt
- Market Survey Financed by the A. L. Jameel Group

2003: “Year Zero”

Identified first MFI partner: Al Tadamun (Egypt)

Financing (\$151,000); Technical Assistance; Technology Support; Training

Mosaic Foundation raises \$900,000 for GF-USA portfolio investments

Launch of Grameen-Jameel Micro-finance Initiative (October)

Grameen-Jameel Initiative



BEST PRACTICE PROMOTION

1. Translation and dissemination of existing micro-finance publications into Arabic
2. Develop Arabic Website to support practitioners
3. Scholarships: Sponsor Training for Practitioners at Grameen Bank and other micro-finance leaders

At least one annual training in Bangladesh with simultaneous translation into Arabic

Grameen-Jameel Initiative



STRATEGIC INVESTING FOR FAST TRACK GROWTH

- Assess MFI business plans
 - (1) Identify MFIs with management capacity, vision and viable plans to reach large numbers of poorest
 - (2) Perform gap analysis (barriers to reaching goal)
- Make direct investments (financial, technical, technological) to reduce gap/remove barriers
 - Typical Terms: 0-10% interest, 5-year term, local currency
 - Tailored to business plan requirements and leverage opportunities
- Leverage GF-USA direct financing through connecting MFIs to other investors to close gap/eliminate barriers

What MFIs (and Others) Can Do



1. Suggest Publications for Translation
2. Suggest Useful Features of Website
3. Nominate Yourself or a Colleague for Training in Bangladesh (or elsewhere)
4. Share Business Plans for analysis and possible support

For more information contact Joe Phillips,
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