



MICROCREDIT SUMMIT CAMPAIGN

A Project of RESULTS Educational Fund



PlaNNet Finance

Presse Release

Paris, 27th January 2009

More than 100 Million of World's Poorest Benefit from Microcredit

New York, N.Y.— More than 106 million of the world's poorest families received a microloan in 2007, surpassing a goal set ten years earlier, according to a report released today by the Microcredit Summit Campaign. Microloans are used to help people living in extreme poverty start or expand a range of tiny businesses such as husking rice, selling tortillas, and delivering cell phone services to remote villages.

"This is a tremendous achievement that many people thought was far too difficult to reach," said Nobel Peace Prize laureate, Grameen Bank founder and co-president of the International Advisory Board of PlaNNet Finance, Muhammad Yunus who was present for the announcement. "What makes it even more remarkable is that loans to more than 100 million very poor families now touch the lives of more than half a billion family members around the world. That is half of the world's poorest people."

Organizers say that when the goal was originally set in 1997, fewer than 8 million very poor clients had a microloan. That number has grown by more than 1,300 percent between 1997 and 2007. In 2007, microloans went to 88 million very poor women. The Microcredit Summit Campaign counts the world's poorest as those who live in the bottom half of those living below their nation's poverty line, or any of the nearly 1 billion people living on less than US\$1.00 a day.

At the first Microcredit Summit in 1997, then-U.S. First Lady and current U.S. Secretary of State, Hillary Clinton said, "I am thrilled to see such a turnout for this summit which is one of the most important gatherings that we could have anywhere in our world. This is truly an historic occasion And this first global summit on microcredit offers an unprecedented opportunity for us to draw attention to the successes of microcredit in developing countries, as well as in applications in advanced economies around the world."

"During the past decade the Campaign has organized 12 conferences attended by more than 14,000 delegates in order to examine trends, debate scholarly papers, and expose practitioners to training and innovations that are relevant to accelerating progress towards expanding outreach to the very poor," said Alex Counts, President and CEO of Grameen Foundation. "The Campaign spent less than \$12 million during the period 1997-2007, while the amount of microloans in the hands of the poor has expanded from an estimated \$1 billion to \$15 billion, demonstrating the significant leverage possible when an international campaign is able to mobilize millions of people and institutions on a global scale."

While the first microloans in the developing world were made in the 1970s, for decades, this quiet revolution gained ground largely unnoticed by world leaders and development specialists. The year after the 1997 Microcredit Summit, the United Nations declared 2005 as the Year of Microcredit. In 2006 Muhammad Yunus and Grameen Bank received the Nobel Peace Prize.

While the world's financial markets are gripped by a global economic crisis, this quiet revolution in microbanking has spread to the most destitute corners of the world. "Microcredit is one of the most effective ways to help the poor find a dignified route out of poverty," said Microcredit Summit Campaign director Sam Daley-Harris, "and it does so with payback rates that traditional banks would envy."

One of the innovators highlighted in the report is Jamii Bora, a Kenyan microfinance institution that started in 1999 with loans to 50 beggars in Mathare Valley Slum in Nairobi and now reaches 200,000 members. Jamii Bora is building a new town that provides another contrast to the current financial crisis by providing sub-



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prime mortgages to some of the poorest people in the world but does so in a way that gets the fundamentals right. The new town has 2,000 houses and 3,000 business spaces. Each house has two bedrooms, a kitchen, a living room, and a bathroom and the monthly mortgage is the same as a one-room shack in the slums. Potential buyers must have successfully repaid three self-employment loans to qualify for a mortgage. "Every person's dream is to move out of the slums," said Jamii Bora's founder Ingrid Munro, "not patch up the slums."

Mrs Liu Qinghe, is also one of the beneficiary of microfinance. She was recently rewarded at the "International Microfinance Awards" organized by PlaNet Finance* in Paris in the "Women" category. After graduating from primary school, Ms Liu attended vocational training, becoming familiar with the use of sewing machines and textile manufacture. In the year 2000, she participated in the "Women and Development" programme held by TWRDA microfinance programme. She not only became the director of a loan centre for the programme, but also through this new responsibility came to recognize her own value.

At this point it was evident that Ms Liu's own life situation was much better than before, but she couldn't help noticing the large number of young women who were out of work once the busy planting and harvesting seasons were over, for they didn't have any skills to offer besides farming. The "Women and Development" programme experience made her realize that she could help other women reach their potential. Therefore, with TWRDA's support, she set up some sewing machines and taught classes of women how to cut and make up garments. Between 2002 and 2007, she ran garment sewing and cutting trainings for 1,300 young farmer women and paid special attention to 22 young women who either were ultra-poor, or who had a disabled member of the family. These days Liu Qinghe encourages her "graduates" to start their own small businesses, using her integrated model of fabric purchasing, manufacturing, training and sales as a viable model for growth. TWRDA is a PlaNet Finance partner for its microfinance and renewable energies programme.

Jorimon Khan, who lives in Bangladesh, is one of the clients mentioned in the report. Married in 1962 at the age of 10, Jorimon had her first child at 15. Her family of four lived on her husband's wages as a day laborer which amounted to less than 20 cents a day. In 1980 she received her first loan of \$10 from Grameen Bank and began to husk and sell rice. For the first time in her life, Jorimon Khan and her family were able to eat three meals a day. "At first I was afraid to take the loan," Khan remembered. "People told me that if I didn't repay it, the bank people would kill me for the money. So yes, I was very scared. But when I finally paid back that first \$10, I felt brave. So I asked for more money. After that I asked for \$33."

In 1980 Jorimon Khan was among the first 10,000 microfinance clients in the developing world. Now Jorimon Khan is one of more than 100 million clients and the Microcredit Summit has set its sights on reaching 175 million of the world's poorest families by 2015 and ensuring that 100 million of those families move above the \$1 a day threshold.

ABOUT Microcredit Summit Campaign — The Microcredit Summit Campaign is a project of the RESULTS Educational Fund, a U.S.-based grassroots advocacy organization committed to ending hunger and poverty. The Campaign brings together microcredit practitioners, advocates, educational institutions, donor agencies, international financial institutions, non-governmental organizations and others involved with microfinance to promote best practices in the field, to stimulate the interchanging of knowledge, and to work towards reaching bold measurable goals. For more information please visit: www.microcreditsummit.org

About PlaNet Finance

PlaNet Finance is an international non-profit organisation whose mission is to fight poverty through the development of microfinance. Based in Paris, PlaNet Finance is active in more than 60 countries with an international network of 38 offices. Over the past 10 years, PlaNet Finance has supported 1,500 microfinance institutions that financed more than 9 million people.

www.planetfinancegroup.org

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