((Microfinance))
((case of study Grameen bank))

By:

Mohammed Faez Yusuf
student in the third year
Damascus university

With

Dr.Humam Jazarie
Teacher in faculty of economy
Damascus university
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Hypotheses:

1. Grameen bank couldn't cover its expenses by its profits.

2. Grameen bank interest with its clients by development and increase them deposits instead of expand in loan.

3. Financial independent and increase number of clients tow objectives association for Grameen bank.

4. Grameen bank still depend on donor, so wouldn’t achieve financial self sufficiency (FSS) and operating self sufficiency (OSS).

5. Grameen bank portfolio threat by risk because yield on portfolio doesn’t cover expenses ratio.
Questions about Microfinance

What is microfinance?
The word "microcredit" did not exist before the seventies. Now it has become a buzzword among the development practitioners. In the process, the word has been imputed to mean everything to everybody. No one now gets shocked if somebody uses the term "microcredit" to mean agricultural credit, or rural credit, or cooperative credit, or consumer credit, credit from the savings and loan associations, or from credit unions, or from money lenders. When someone claims microcredit has a thousand year history, or a hundred year history, nobody finds it as an exciting piece of historical information.

Sometimes called “banking for the poor,” microfinance is an amazingly simple approach that has been proven to empower very poor people around the world to pull themselves out of poverty. Relying on their traditional skills and entrepreneurial instincts, very poor people, mostly women, use small loans (usually less than US$200), other financial services, and support from local organizations called microfinance institutions (MFIs) to start, establish, sustain, or expand very small, self-supporting businesses. A key to microfinance is the recycling of loan dollars. As each loan is repaid—usually months to a year—the money is recycled as another loan, thus multiplying within six the value of each dollar in defeating global poverty, and changing lives and communities.

What do local microfinance institutions (MFIs) do?
These front line organizations reach out to the very poor and deliver services to local clients daily. They educate local communities about microfinance, the opportunity to improve their lives with microfinance; make microloans and provide other financial services such as savings accounts and insurance; collect assist clients in solving some of the life challenges weekly loan payments; and social services, such as basic health care for they may face. Many also provide MFIs differ in size and reach: some serve clients and their children, while others serve hundreds of a few thousand clients in their immediate area, thousands of very poor people through hundreds of branches covering large regions.

Why is this different from other loan programs?
Unlike other loan programs, clients are not required to provide collateral to receive loans. This allows people who would not qualify for loans at traditional financial institutions to receive credit. MFIs are also very client-friendly; most usually go to clients to provide loans and receive payments, rather than requiring their clients to come to them. A few of them also use focal centers where clients gather to conduct financial transactions and receive other social services. The peer support system practiced by many microfinance programs is another unique feature. When gather weekly at “center meetings” to make loan payments, or informally clients support groups, they share successes and discuss ideas for solving in smaller problems. Maybe most importantly, they empower each other business and personal to stay on the path out of poverty. This mutual support strengthens their resolve.
In addition, MFI staff members share vital information and resources to improve their clients’ well being. This might include bringing in local nurses to provide health and nutrition counseling, or providing help with literacy.

What is the difference between microcredit and microfinance?
Microcredit refers specifically to loans and the credit needs of clients, while microfinance covers a broader range of financial services that create a wider range of opportunities for success. Examples of these additional financial services include savings, insurance, housing loans and remittance transfers. The local MFI might also offer microfinance plus activities such as entrepreneurial and life skills training, and advice on topics such as health and nutrition, sanitation, improving living conditions, and the importance of educating children.

Why does microfinance focus on women?
Women have proven to be the best poverty fighters. Experience and studies have shown that they use the profits from their businesses to send their children to school, improve their families’ living conditions and nutrition, and expand their businesses.

Can very poor people actually start and run a successful business?
Absolutely. Many poor people have skills that can quickly become an income producing activity. With small sums of money, they are able to purchase the inventory, supplies and tools needed to start or expand microbusinesses that range from weaving, sewing, grinding grain, reselling produce, and growing and selling vegetables, to catching and selling fishing, wholesaling dried fish, raising chickens to sell eggs, and breeding livestock. Grameen bank also help the rural poor start technology microbusinesses, such as selling cell phone time to other villagers, which also provides valuable means of communications and access to vital information. These small ventures can grow into vibrant community businesses. One microentrepreneur in the Philippines dried fish caught by her husband and sold them to local markets. The demand grew quickly and she then hired her neighbors to help. Now, nearly 20 neighbors earn an income from her family fish business, and her entire community is benefiting.

Do very poor people repay their loans?
Yes, microfinance clients are excellent credit risks. The repayment rate is between 95 and 98 percent. In fact, it is higher than the repayment rate of student loans and credit card debts in the United States. They value the opportunity to improve their lives.

Do people really get out of poverty?
Microfinance is not a silver bullet. It will not defeat global poverty by itself. But, it is an important part of the solution. Microfinance provides a stable and sustainable source of income that enables clients to climb steadily out of poverty, while providing better living conditions and opportunities for their families. For some, that progress means moving from a house made of mud to one made of wood. For others, it means better nutrition and the money to finally send their children to school.
MFIs charge a high rate of interest for the loans. Is that so?

Like other financial institutions, microfinance institutions (MFIs) charge interest for the loans they make to their clients. The interest covers the high cost of making very small loans and personally servicing each client every week. It also covers the cost of managing the “center meetings”; the peer support group process; and providing information on social services, personal development, health and other critical information that helps clients improve their lives and the future of their families. Their rates are also largely influenced by the rates MFIs themselves pay for borrowing the funds that they in turn lend to their clients. MFI interest rates can range from 18 to 60 percent, depending on the conditions in each MFI’s service area. Without microfinance programs, the most common alternative for very poor people is the local “money lenders,” who regularly charge between 120 and 300 percent.

About Grameen bank

Started in 1976 by Professor Muhammad Yunus with a mere $27 from his own pocket, Grameen Bank now serves more than 7 million poor families with loans, savings, insurance and other services. The bank is fully owned by its clients and has been a model for microfinance institutions around the world. In 2006, Professor Yunus and Grameen Bank jointly received the Nobel Peace Prize.

The origin of Grameen Bank can be traced back to 1976 when Professor Muhammad Yunus, Head of the Rural Economics Program at the University of Chittagong, launched an action research project to examine the possibility of designing a credit delivery system to provide banking services targeted at the rural poor. The Grameen Bank Project (Grameen means "rural" or "village" in Bangla language) came into operation with the following objectives:

- extend banking facilities to poor men and women;
- eliminate the exploitation of the poor by money lenders;
- create opportunities for self-employment for the vast multitude of unemployed people in rural Bangladesh;
- bring the disadvantaged, mostly the women from the poorest households, within the fold of an organizational format which they can understand and manage by themselves; and
- reverse the age-old vicious circle of "low income, low saving & low investment", into virtuous circle of "low income, injection of credit, investment, more income, more savings, more investment, more income".

The action research demonstrated its strength in Jobra (a village adjacent to Chittagong University) and some of the neighboring villages during 1976-1979. With the sponsorship of the central bank of the country and support of the nationalized commercial banks, the project was extended to Tangail district (a district north of Dhaka, the capital city of Bangladesh) in 1979. With the success in Tangail, the project was extended to several other districts in the country. In October 1983, the
Grameen Bank Project was transformed into an independent bank by government legislation. Today Grameen Bank is owned by the rural poor whom it serves. Borrowers of the Bank own 90% of its shares, while the remaining 10% is owned by the government.

Who is Muhammad Yunus?
Dr. Muhammad Yunus is a global leader in anti-poverty efforts, and has pioneered the use of "micro-loans" to provide credit to poor individuals without collateral. Dr. Yunus, an economist by training, founded the Grameen Bank in 1983 in his native Bangladesh to provide small, low-interest loans to the poor to help better their livelihood and communities. Muhammad Yunus was born in 1940 in Chittagong, a seaport in Bangladesh. The third of fourteen children, five of whom died in infancy, he was educated at Dhaka University and was awarded a Fulbright scholarship to study economics at Vanderbilt University. In 1972 he became the head of the economics department at Chittagong University. He is the founder and managing director of the Grameen Bank.

Grameen bank Mission

Grameen Foundation's mission is to enable the poor, especially the poorest, to create a world without poverty.

General features of Grameencredit are:
1. It promotes credit as a human right
2. Its mission is to help the poor families to help themselves to overcome poverty. It is targeted to the poor, particularly poor women.
3. Most distinctive feature of Grameencredit is that it is not based on any collateral, or legally enforceable contracts. It is based on "trust", not on legal procedures and system.
4. It is offered for creating self-employment for income-generating activities and housing for the poor, as opposed to consumption.
5. It was initiated as a challenge to the conventional banking which rejected the poor by classifying them to be "not creditworthy". As a result it rejected the basic methodology of the conventional banking and created its own methodology
6. It provides service at the door-step of the poor based on the principle that the people should not go to the bank, bank should go to the people.
7. In order to obtain loans a borrower must join a group of borrowers
8. Loans can be received in a continuous sequence. New loan becomes available to a borrower if her previous loan is repaid.
9. All loans are to be paid back in instalments (weekly, or bi-weekly).
10. Simultaneously more than one loan can be received by a borrower.
11. It comes with both obligatory and voluntary savings programmes for the borrowers
The Grameen Family of Companies:

Grameen Bank (GB):
Grameen Bank (GB) reversed conventional banking practice and created a system based on mutual trust, accountability, participation and creativity. They provide credit to the poorest of the poor in rural Bangladesh, without any collateral. As of August 2009, Grameen Bank had 7.94 million borrowers, 97 percent of whom are women. With 2,559 branches, Grameen Bank services 84,652 villages, covering nearly 100 percent of the total villages in Bangladesh.

Grameen Trust:
Under its Grameen Bank Replication Program, Grameen Trust supports and promotes poverty-focused microcredit programs worldwide. It organizes Dialogue Programs for potential replicators and provides training and technical assistance to replication projects. To date, it has supported 141 replication partners in 38 countries.

Grameen America:
Grameen America is a microfinance company whose mission is to help alleviate poverty through entrepreneurship. It provides financial services, such as loans, savings programs and a pathway to establish credit to the working poor, especially women, in the United States.

The Grameen Crédit Agricole Foundation:
The Grameen Crédit Agricole Foundation offers a combination of financial support and technical assistance to microfinance institutions and "social business" enterprises and projects. It mobilizes human and financial resources to defend the poorest people.

Grameen Kalyan:
Grameen Kalyan provides affordable health care services to the rural poor in Bangladesh. They currently operate 30 health clinics in different parts of rural Bangladesh.

Grameen Shakti:
Grameen Shakti promotes, develops and popularizes renewable energy technologies in rural areas of Bangladesh. Having served more than 2 million people since inception, Grameen Shakti is one of the largest and fastest growing renewable energy technology programs in the world.

Grameen Shikkha"(Shikkha means education in Bengali):
Grameen Shikkha was founded in 1997 to promote access to education, especially for the rural poor and women through training, scholarships and new technologies. As of October 2009, Grameen Shikkha has provided financial support to approximately 2,100 poor students.
What's deferent between Grameen bank and conventional bank?

Grameen Bank methodology is almost the reverse of the conventional banking methodology. Conventional banking is based on the principle that the more you have, the more you can get. In other words, if you have little or nothing, you get nothing. As a result, more than half the population of the world is deprived of the financial services of the conventional banks. Conventional banking is based on collateral, Grameen system is collateral-free.

Grameen Bank starts with the belief that credit should be accepted as a human right, and builds a system where one who does not possess anything gets the highest priority in getting a loan. Grameen methodology is not based on assessing the material possession of a person, it is based on the potential of a person. Grameen believes that all human beings, including the poorest, are endowed with endless potential.

Conventional banks look at what has already been acquired by a person. Grameen looks at the potential that is waiting to be unleashed in a person.

Conventional banks are owned by the rich, generally men. Grameen Bank is owned by poor women.

Overarching objective of the conventional banks is to maximize profit. Grameen Bank's objective is to bring financial services to the poor, particularly women and the poorest — to help them fight poverty, stay profitable and financially sound. It is a composite objective, coming out of social and economic visions.

Conventional banks focus on men, Grameen gives high priority to women. 97 per cent of Grameen Bank's borrowers are women. Grameen Bank works to raise the status of poor women in their families by giving them ownership of assets. It makes sure that the ownership of the houses built with Grameen Bank loans remain with the borrowers, i.e., the women.

Grameen Bank branches are located in the rural areas, unlike the branches of conventional banks which try to locate themselves as close as possible to the business districts and urban centers. First principle of Grameen banking is that the clients should not go to the bank, it is the bank which should go to the people instead. Grameen Bank's 22,449 staff meet 8.32 million borrowers at their door-step in 81,372 villages spread out all over Bangladesh, every week, and deliver bank's service. Repayment of Grameen loans is also made very easy by splitting the loan amount in tiny weekly installments. Doing business this way means a lot of work for the bank, but it is a lot convenient for the borrowers.

There is no legal instrument between the lender and the borrower in the Grameen methodology. There is no stipulation that a client will be taken to the court of law to recover the loan, unlike in the conventional system. There is no provision in the methodology to enforce a contract by any external intervention.

Conventional banks go into 'punishment' mode when a borrower is taking more time in repaying the loan than it was agreed upon. They call these borrowers "defaulters". Grameen methodology allows such borrowers to reschedule their loans without
making them feel that they have done anything wrong (indeed, they have not done anything wrong.)

When a client gets into difficulty, conventional banks get worried about their money, and make all efforts to recover the money, including taking over the collateral. Grameen system, in such cases, works extra hard to assist the borrower in difficulty, and makes all efforts to help her regain her strength and overcome her difficulties.

In conventional banks charging interest does not stop unless specific exception is made to a particular defaulted loan. Interest charged on a loan can be multiple of the principal, depending on the length of the loan period. In Grameen Bank, under no circumstances total interest on a loan can exceed the amount of the loan, no matter how long the loan remains unrepaid. No interest is charged after the interest amount equals the principal.

Conventional banks do not pay attention to what happens to the borrowers' families as results of taking loans from the banks. Grameen system pays a lot of attention to monitoring the education of the children (Grameen Bank routinely gives them scholarships and student loans), housing, sanitation, access to clean drinking water, and their coping capacity for meeting disasters and emergency situations. Grameen system helps the borrowers to build their own pension funds, and other types of savings.

Interest on conventional bank loans are generally compounded quarterly, while all interests are simple interests in Grameen Bank.

In case of death of a borrower, Grameen system does not require the family of the deceased to pay back the loan. There is a built-in insurance programme which pays off the entire outstanding amount with interest. No liability is transferred to the family.

In Grameen Bank even a beggar gets special attention. A beggar comes under a campaign from Grameen Bank which is designed to persuade him/her to join Grameen programme. The bank explains to her how she can carry some merchandise with her when she goes out to beg from door to door and earn money, or she can display some merchandise by her side when she is begging in a fixed place. Grameen's idea is to graduate her to a dignified livelihood rather than continue with begging.

Such a programme would not be a part of a conventional bank's work.

Grameen system encourages the borrowers to adopt some goals in social, educational and health areas. These are knows as "Sixteen Decisions" (no dowry, education for children, sanitary latrine, planting trees, eating vegetables to combat night-blindness among children, arranging clean drinking water, etc.). Conventional banks do not see this as their business.
Grameen bank Initiatives

Grameen bank expand its access to work in microfinance through its innovate strategy so Grameen bank started work in disaster region such as tsunami:

In 2004 an earthquake in the Indian Ocean created a tsunami, killing more than 225,000 people and devastating entire communities in Indonesia, Sri Lanka, India and Thailand. While organizations such as the American Red Cross provided valuable disaster relief services, Grameen Foundation and other microfinance programs convened to determine strategies for long-term economic recovery.

With funding from the American Red Cross, Grameen Foundation has continued to support Indonesia’s poor with Mitra Dhuafa for nearly four successful years in the tsunami-devastated region of Aceh, Indonesia. Together, Grameen bank is rebuilding communities and creating new opportunities for the poor.

Awards and Recognition gave to Grameen bank

2006 Nobel Peace Prize: Muhammad Yunus & Grameen Bank:
Professor Muhammad Yunus and Grameen Bank received the Nobel Peace Prize in 2006 in Oslo, Norway, for their pioneering work in fighting global poverty through loans and other financial services for the poor. The Nobel Peace Prize committee sent a powerful message to the world: we cannot have peace if billions live in abject poverty.

Better Business Bureau Wise Giving Alliance:
Grameen Foundation was awarded the BBB Wise Giving Alliance Seal in 2007 in recognition of their outstanding industry practices.

Charity Navigator:
Charity Navigator helps individuals give wisely by providing information on non-profit organizations’ efficiency, capacity, and operational expenses. Grameen Foundation is proud to hold this prestigious independent charity rating.

2010 Forum for Innovative Financial Solutions:

Grameen Foundation won in the category of Proving the Value of Mobile Money for Microfinance for work integrating technology systems and processes to build out a model for enabling MFIs to fully leverage the power of technology in their operations, lower their overall costs, and expand their client base and product offering.
2010 Global Mobile Award for Best Use of Mobile for Social and Economic Development:

At the 2010 Mobile World Congress, AppLab won this award recognizing initiatives, programmes, products and services that have had a tangible effect in bridging the 'digital bridge', through the use of mobile communications. The award was received together with MTN Uganda and Google SMS.

2009 AfricaCom Award for Best Solution for Rural Services:

AppLab wins 2009 AfricaCom Award for Best Solution for Rural Services! This award recognizes an initiative taken by an operator or a telecommunications solutions vendor, which significantly improved access to telecommunications in rural areas. The award was received together with MTN Uganda and Google SMS.

SEEP Network 2007 Member of the Year:

Grameen Foundation has been honored as the 2007 Member of the Year by the Small Enterprise Education and Promotion (SEEP) Network.


The Fast Company/Monitor Social Capitalist Awards is the only award program that quantitatively measures a non-profit group’s innovation and social impact, as well as the viability and sustainability of its business model. For three years in a row, Grameen Foundation has been recognized for its groundbreaking work in expanding the reach of microfinance around the world while applying innovative technology to increase efficiency and provide new opportunities for the poor.

American Institute of Philanthropy Top-Rated Charity:

Grameen Foundation is designated a top-rated charity from American Institute of Philanthropy for maintaining high financial standards including low fundraising costs, reasonable asset reserves, and an "open book" financial record policy.

Tech Museum Awards:

Grameen Technology Center was awarded one of five Accenture Economic Development Awards for its work on the Village Phone Program.

Pro-Poor Innovation Award:

In recognition of innovation in financial services for very poor clients, Grameen Foundation was awarded the Pro-Poor Innovation Award by the Consultative Group to Assist the Poor (CGAP) for work on the Village Phone Program. The Pro-Poor Innovation Challenge (PPIC) gives awards up to $50,000 to microfinance organizations that have developed innovative methodologies to deepen poverty outreach and impact.
Policy of credit in Grameen bank

No Collateral, No Legal Instrument, No Group-Guarantee or Joint Liability:
Grameen Bank does not require any collateral against its micro-loans. Since the bank does not wish to take any borrower to the court of law in case of non-repayment, it does not require the borrowers to sign any legal instrument. Although each borrower must belong to a five-member group, the group is not required to give any guarantee for a loan to its member. Repayment responsibility solely rests on the individual borrower, while the group and the centre oversee that everyone behaves in a responsible way and none gets into repayment problem. There is no form of joint liability, i.e. group members are not responsible to pay on behalf of a defaulting member.

Low Interest Rates:
Government of Bangladesh has fixed interest rate for government-run microcredit programmes at 11 per cent at flat rate. It amounts to about 22 per cent at declining basis. Grameen Bank's interest rate is lower than government rate. There are four interest rates for loans from Grameen Bank: 20% for income generating loans, 8% for housing loans, 5% for student loans, and 0% (interest-free) loans for Struggling Members (beggars). All interests are simple interest, calculated on declining balance method. This means, if a borrower takes an income-generating loan of say, US 1,000, and pays back the entire amount within a year in weekly instalments, she'll pay a total amount of US 1,100, i.e. US 1,000 as principal, plus US 100 as interest for the year, equivalent to 10% flat rate.
The triangle of Microfinance

This triangle depends on three things:

1. Impact

2. Outreach to the poor

3. Financial sustainability

In this paper I will study Grameen bank as the triangle of Microfinance.

1. Impact of Grameen bank on people:

Grameen bank could change life some poverty and turn over it to better level in them life. This stories tell us how did Grameen bank affect and impact on life's poverty?

Dieula Calixte, Haiti

When she lived in Haiti, Dieula worked as a servant, often going days without food to eat. She and her sister, Rosa, eventually moved to the Dominican Republic and began performing agricultural work. Because she suffers from sickle cell anemia, Dieula was often ill, which meant she couldn't work as often as she may have liked. She knew she needed an opportunity to improve her livelihood for the sake of both her health and her happiness.

Dieula soon went into business for herself, selling snacks like nuts, chips, and other treats to adults and children in her community. She then decided to take out a loan for 2,000 pesos (US$68) with Esperanza International, a microfinance institution, to grow
her business. Six months later, she had not only paid off her loan in full, but she had increased her capital to 2,500 pesos (US$69)

Dieula’s snack business now brings in 40-50 pesos (US$1.10-1.40) per day, and she has taken out a second loan of 3,000 pesos (US$102) to finance the business’ continued growth.

Zeinab, Egypt
When Zeinab’s husband fell ill, microfinance was the ticket to her family’s survival. With her first loan of 250 EGP (US$46), Zeinab started her business making wooden pots, crafts, and kitchen supplies. Now, she runs her own workshop from her home with three of her children. Zeinab’s most recent loan was for 4000 EGP (US$735)

Turkey
Mrs. Kiyamet Yesiltepe has been a microcredit borrower of Turkish Grameen Microcredit Project (TGMP) since early 2008. She was born in 1967 at a village called Sati in Diyarbakir, Turkey. She is married, and has six children.

Her husband Mr. Omer is a shepherd. In order to support and help her husband, she took out a loan from TGMP to buy some cattle. After her first loan, she took out a second loan to buy more cattle. She repaid her loan by selling cheese, milk and yogurt. This is the way she became economically solvent. In May 22, 2008, she became the first vegetable loanee (micro-greenhouse) member. She was very happy to grow vegetables using a greenhouse. She used some of the vegetables as food for her family and sold the rest in the market. She plans to repay her vegetable loan of 300 TL after selling the products in the market. She also taught her son, Ahmed, how to work in the greenhouse, and now he helps her in the field

Shikkha Scholarship
Depok received a scholarship from Grameen Shikkha. He receives a monthly stipend of 250 Taka. He leads a simple life living in a potters' community with his mother. His father had passed away before his birth. His mother is now almost 70. Of his brothers and sisters, he is the only one living with his mother and taking care of her. His brothers and sisters live separately. His mother has succumbed to the burden of leading a very difficult life.

The potters’ community has been struck especially harshly by poverty. Depok and his mother live in a rundown shack with a tin-roof over their head that was built by his father. The walls and roof have deteriorated due to lack of maintenance and repair. Even with a little rain, water drips inside the living areas of the house. Depok's elderly mother still makes pottery to earn a living. But she has trouble working due to her old age The family often eats only once a day

He attends the local school in his village and is currently studying in the ninth grade. Based on his academic performance and financial needs, Grameen Shikkha (Education) came forward to grant Depok a scholarship. The scholarship money has helped him and his family to reduce his educational expenses.
Mrs. Veronica Ogugua is a microcredit borrower of the Lift Above Poverty Organization (LAPO), a Grameen Trust partner in Nigeria. She lives in Anambra state. Her father had three wives and many children to support with his meager resources. Due to financial constraints she had been deprived of attaining formal education.

Her life came crashing down in 2004 when her husband died in a car accident. After paying for her husband's medical bills and burial expenses, she became financially drained. She was now a widow raising three children all by herself, without any prospect of getting a job. In her time of desperation, a friend told her about LAPO and its microcredit program. The microcredit from LAPO gave her hope to start a business and earn a living to support her children.

She joined the Victory union at Gwagwalada Branch in Abuja and got her first loan of N15,000. She used the loan to buy some goods to start a business. With subsequent loans from LAPO she has been able to rent a shop for her business and furnish the shop. Through the success of her business she has accumulated two sewing machines, one industrial weaving machine, and a generator.

Mrs. Ogugua now has an average monthly income of N25,000 from her tailoring business. She is now able to provide for her children's basic needs.

2. Outreach to the poor:

Grameen bank could reach to the poorest in the world, Grameen bank serve about 10.904.698 around world, 97 per cent Women, Grameen bank has 2,564 branches. It works in 81.372 villages . Total staff is 22.449, the tables below illustrated number of active clients that Grameen bank serve them:
### MIDDLE EAST & NORTH AFRICA

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<tr>
<th>Country</th>
<th>Partner</th>
<th>2005</th>
<th>2009</th>
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<tbody>
<tr>
<td>Jordan</td>
<td>Tamweelcom</td>
<td>31,407</td>
<td>39,351</td>
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<td>Lebanon</td>
<td>Al Majmoua</td>
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<td>Morocco</td>
<td>Fondation pour le Développement Local et le Partenariat-Micro-credit (FONDEP)</td>
<td>20,485</td>
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<td>Tunisia</td>
<td>Enda Inter-arabe</td>
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<td>Egypt</td>
<td>Al Tamamun</td>
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<td><strong>Sub Total MENA</strong></td>
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<td><strong>17,359</strong></td>
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### SUB SAHARAN AFRICA

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<th>2009</th>
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<td>Ghana</td>
<td>Moatta-n-Tudu Association</td>
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<td>Ghana</td>
<td>Grameen Ghana</td>
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<tr>
<td>Nigeria</td>
<td>Lift Above Poverty Organization (LAPO)</td>
<td>243,933</td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Amhara Credit and Savings Institution (ACSI)</td>
<td>879,811</td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Biuosa Gonofaa (BG)</td>
<td>35,528</td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Specialized Financial and Promotional Institution (SFPI)</td>
<td>27,992</td>
<td></td>
</tr>
<tr>
<td><strong>Sub Total SSA</strong></td>
<td></td>
<td><strong>1,376,709</strong></td>
<td></td>
</tr>
</tbody>
</table>
We note that clients who benefit from Grameen bank in middle east & south Africa growth(%) about 181.93% this led to increase Grameen bank interest with middle east & south Africa, whereas rate of clients of middle east & south Africa to total active clients:

2009: 4.5%

Grameen bank is trying to outreach to the very poor in the world (Asia, the Americas...), but in this paper I will focus on Grameen bank projects and activities in middle east and south Africa.

Since 2003, Grameen Foundation has supported microfinance across the Middle East and North Africa region as a means of creating opportunities for the area’s poorest, especially women. In 2007, Grameen bank collaborated with Bab Rizq Jameel Limited, a subsidiary of the Abdul Latif Jameel Group (ALJ), to found Grameen-Jameel Pan-Arab Microfinance Limited (Grameen-Jameel). Headquartered in Dubai, Grameen-Jameel is a joint venture company that oversees all regional activities for
Grameen Foundation. Modeled after the social business concept championed by Professor Muhammad Yunus, the company reinvests profits into the business rather than distributing dividends, which keeps capital flowing into the hands of borrowers who need it.

Grameen bank covers some region in Arab country as (Egypt, Jordan, Lebanon, morocco, Palestine, Tunisia, Yemen)

**Egypt**
Egypt is the second most populous country in Africa and the most populous in the Arab World, with a population of approximately 81 million people.

percent of the population (16 million people) live below the National Poverty Line.

percent of the population (16 million people) live below the National Poverty Line.

All MFIs and government programs in Egypt reach approximately 75,000 borrowers, estimated to be less than one percent of the demand for services.

Grameen bank shares with Grameen Jameel work in Egypt for recover more poor in Egypt

**Jordan**
Jordan is a small Arab country with insufficient supplies of water, oil, and other natural resources. Poverty, unemployment, and inflation are fundamental problems

14.2% of the population lies below the poverty line

As of 2007, MFIs in Jordan reached just 20% of the potential market

According to the UNDP, the gender gap for economic empowerment is still unacceptably low. Women have yet to attain tangible benefits in earnings.

**Lebanon**
The spread of poverty in Lebanon varies considerably between regions and sectors. The majority of the poor live in the suburbs of the capital and other cities, while a majority of the destitute poor, who make up one fourth of the population, live in the rural areas

Unemployment rate: 9.2%

Population below poverty line: 28%

Poor people in Lebanon find it extremely difficult to gain access to banking or financial facilities, because credit policies are not favorable to small and medium establishments. Access to credit is very important for the poor in Lebanon to lift themselves out of poverty, so non-governmental organizations, like Al Majmoua, have a very important role to play.
There is another institution works with Grameen bank in Lebanon which is Grameen Jameel.

Morocco
19 percent of the population (1,243,582) lives below the National Poverty Line.
Grameen-Jameel provides two Moroccan MFIs with scholarships for training, technical assistance, and financial support. The partners are expanding their client outreach and providing the poor with much needed financial services.

Palestine
With a total population of approximately 4.1 million, Palestine suffers from unemployment that over near 50%, 60 to 70% of its population is below the national poverty line.
In Gaza, the problem is particularly acute, approximately 80% of Gaza's population lived below the poverty line and more than 55% required food aid. That number has likely increased significantly since the conflict against Gazg in 27/12/2008.
Various surveys estimate that microfinance demand extends to 150,000 households, with a need for close to US $200 million in loan capital. Of this demand, less than 20% is being met among the nine microfinance institutions (MFIs) serving Palestine.
Addition, Grameen Jameel works with Grameen bank in Palestine.

Tunisia
Tunisia has an employment rate that is higher than that found in many developing countries, yet securing employment in formal jobs is difficult for uneducated people who typically live in the poorer suburbs. Unemployment rate of 14.2 percent. 7.4 percent of Tunisians live below the poverty line.
Many of the women work out of their homes as it allows them to give their children the education that they were denied. MFIIs will also be able to access Mifos, Grameen Foundation’s innovative, open-source platform for information management.
Too, Grameen Jameel works with Grameen bank inside Tunisia.

Yemen
Yemen is one of the poorest countries in the Arab world. Its population has reportedly averaged 3.5% annual growth between 2000 and 2006. Yemen is struggling to control excessive spending and rampant corruption and is dependent on foreign aid to finance its budget deficits and development projects. Unemployment is 35%, and 45% of the population lives below the poverty line.

Unemployment rate is 35% 45% of the population live below poverty line, so Grameen bank with Grameen Jameel access to Yemen for promote of poor rural households.
Financial services

Housing For the Poor
Grameen Bank introduced housing loan in 1984. It became a very attractive programme for the borrowers. This programme was awarded Aga Khan International Award for Architecture in 1989. Maximum amount given for housing loan is (US $ 218) to be repaid over a period of 5 years in weekly instalments. Interest rate is 8 per cent. 685,467 houses have been constructed with the housing loans averaging (US $ 188.05). A total amount of (US $ 210.46 million) has been disbursed for housing loans. During the past 12 months (from October '09 to September'10) 9,584 houses have been built with housing loans amounting to (US $1.59 million).

Micro-enterprise Loans
Grameen Bank provides larger loans, called micro-enterprise loans, for these fast moving members. There is no restriction on the loan size. So far 2,732,280 members took micro-enterprise loans. A total of (US$ 1099.74 million) has been disbursed under this category of loans. Average loan size is (US $ 390.38), maximum loan taken so far is (US $ 23,209). This was used in purchasing a truck which is operated by the husband of the borrower. Power-tiller, irrigation pump, transport vehicle, and river-craft for transportation and fishing are popular items for micro-enterprise loans.

Scholarships
Scholarships are given, every year, to the high performing children of Grameen borrowers, with priority on girl children, to encourage them to stay ahead to their classes. Upto September'10, scholarships amounting to (US$ 2.42 million) have been awarded to 114,374 children. During 2010, US$ 584,490 will be awarded to about 26,840 children, at various levels of school and college education

Education Loans
Students who succeed in reaching the tertiary level of education are given higher education loans, covering tuition, maintenance, and other school expenses. By September’10, 47,128 students received higher education loans, of them 44,755 students are studying at various universities; 485 are studying in medical schools, 796 are studying to become engineers, 1092 are studying in other professional institutions.
Loans Paid Off At Death

all outstanding loans are paid off under Loan Insurance Programme. Under this programme, an insurance fund is created by the interest generated in a savings account created by deposits of the borrowers made for loan insurance purpose, at the time of receiving loans. Each time an amount equal to 3 per cent of the loan amount is deposited in this account. This amount is transferred from the Special Savings account. If the current balance in the insurance savings account is equal or more than the 3 per cent of the loan amount, the borrower does not need to add any more money in this account. If it is less than 3 per cent of the loan amount, she has to deposit enough money to make it equal.

Total deposits in the loan insurance savings account stood at (US$ 86.54 million) as on September 30, 2010

Pension Fund for Borrowers

Under this programme a borrower is required to save a small amount, such as (US $ 0.72), each month over a period of 10 years. The depositor gets almost twice the amount of money she saved, at the end of the period. The borrowers find it very attractive. By the end of September 2010 the balance under this account comes to a total of (US $ 469.26 million). (US $ 105.42 million) was added during the past 12 months (October'09 -September, 2010 ). the balance in this account to grow by 5.95 (US $ 86.08 million) in 2010 making the balance to reach (US $469.47 million).

Loan Loss Reserve

Grameen Bank has a very rigourous policy on bad debt provisioning. If a loan does not get paid back on time it is converted into a special type of loan called "Flexible Loan", and 50 per cent provisioning is done on the last day of each month. Hundred per cent provisioning is done when flexible loan completes the second year. At its third year, the outstanding amount is completely written off even if the loan repayment still continues.

Balance in the loan loss reserve stood at (US $ 82.37 million) at the end of 2009 after writing off an amount of (US $ 22.11 million) during 2009. Out of the total amount written off in the past an amount of (US $ 9.72 million) has been recovered during 2009.
Telephone-Ladies

Grameen Bank has provided loans to 392,302 borrowers to buy mobile phones and offer telecommunication services in nearly half of the villages of Bangladesh where this service never existed before. Telephone-ladies run a very profitable business with these phones.

Financial analysis for Grameen bank

1. donation

Grameen bank takes donation for funding and support its operation and activities to help poor women and enables them to create microbusinesses and improve them life.

So every 1$ come from donation go to funding as chart:
2. Where Grameen Bank gets money:

- 79% Contributions and Grants
- 2% Investment Income
- 10% Program Revenues
- 11% In-Kind Contributions

3. Sources of Contributions:

- 53% Individuals
- 30% Foundations
- 17% Corporations
4. Profits and Expenses:
Grameen bank could cover its expenses by its Profits, the chart below illustrated compare between profits and expenses:

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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profits</td>
<td>209.8</td>
<td>174.61</td>
<td>155.06</td>
<td>134.89</td>
<td>112.4</td>
<td>77.87</td>
<td>61.2</td>
<td>52.5</td>
<td>55.56</td>
<td>55.7</td>
<td>61.88</td>
<td>62.29</td>
<td>62.07</td>
</tr>
<tr>
<td>Expenses</td>
<td>204.42</td>
<td>155.62</td>
<td>153.5</td>
<td>114.89</td>
<td>97.19</td>
<td>70.87</td>
<td>55.09</td>
<td>51.47</td>
<td>54.53</td>
<td>55.5</td>
<td>60.39</td>
<td>60.14</td>
<td>61.76</td>
</tr>
</tbody>
</table>

The chart shows that profits from 1997 to 2002 still steady between 62.07 to 52.5 (in million) but the profits could cover the expenses, after that the profits started increase from 2003 to 2010 and expenses to, but in lower rate from rate of increase the profits
5. deposits and outstanding loan:

Grameen bank interests with its clients and build up significant amount of personal savings, borrower deposit is also a very important element in Grameen Bank. Forty-two per cent of the branches have borrower deposits equal to 75 per cent or more of outstanding loans of the branches. One-fifth of the branches have more borrower-deposits than the amount of loans outstanding. In some branches borrower-deposits are as high as 50 per cent above the outstanding loans.

The charts below illustrated deposits trend and outstanding loan:

We see from chart that outstanding loan above than deposits from 1997 to 2003, but we see after 2003 deposits started growth this confirm that Grameen bank development its members by deposits growth.
6. Number of members and Operating self sufficiency (OSS):

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of members</th>
<th>Operating self sufficiency (OSS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>2483006</td>
<td>102.00%</td>
</tr>
<tr>
<td>2003</td>
<td>3123802</td>
<td>111.10%</td>
</tr>
<tr>
<td>2004</td>
<td>4059632</td>
<td>109.88%</td>
</tr>
<tr>
<td>2005</td>
<td>5579399</td>
<td>115.65%</td>
</tr>
<tr>
<td>2006</td>
<td>6908704</td>
<td>117.41%</td>
</tr>
<tr>
<td>2007</td>
<td>7411229</td>
<td>101.02%</td>
</tr>
<tr>
<td>2008</td>
<td>7670203</td>
<td>112.20%</td>
</tr>
<tr>
<td>2009</td>
<td>7970616</td>
<td>102.63%</td>
</tr>
</tbody>
</table>

We see number of members still increase from 2002 to 2009 and trend of OSS, this confirm that financial independent and increase number of members consider tow objective association.

The chart below confirm, too as above

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**Compare between number of members And Operating self sufficiency (OSS)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of members</th>
<th>Operating self sufficiency (OSS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>7970616</td>
<td>99.60%</td>
</tr>
<tr>
<td>2003</td>
<td>7670203</td>
<td>106.07%</td>
</tr>
<tr>
<td>2004</td>
<td>7411229</td>
<td>94.84%</td>
</tr>
<tr>
<td>2005</td>
<td>6908704</td>
<td>112.28%</td>
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<tr>
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<td>107.88%</td>
</tr>
<tr>
<td>2009</td>
<td>2483006</td>
<td>99.60%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>value in million</th>
<th>growth OSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>2.48</td>
<td>99.60%</td>
</tr>
<tr>
<td>2003</td>
<td>3.12</td>
<td>106.07%</td>
</tr>
<tr>
<td>2004</td>
<td>4.06</td>
<td>94.84%</td>
</tr>
<tr>
<td>2005</td>
<td>5.58</td>
<td>112.28%</td>
</tr>
<tr>
<td>2006</td>
<td>6.91</td>
<td>110.40%</td>
</tr>
<tr>
<td>2007</td>
<td>117.41%</td>
<td>105.70%</td>
</tr>
<tr>
<td>2008</td>
<td>115.65%</td>
<td>107.88%</td>
</tr>
<tr>
<td>2009</td>
<td>111.10%</td>
<td>99.60%</td>
</tr>
</tbody>
</table>
Compare between Number of members And Financial self sufficiency (FSS)

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of members (In millions)</th>
<th>FSS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>99.60%</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>107.88%</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>105.70%</td>
<td></td>
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<tr>
<td>2005</td>
<td>110.40%</td>
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<tr>
<td>2006</td>
<td>112.28%</td>
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<tr>
<td>2007</td>
<td>110.40%</td>
<td></td>
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<tr>
<td>2008</td>
<td>107.88%</td>
<td></td>
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<tr>
<td>2009</td>
<td>99.21%</td>
<td></td>
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<tr>
<td>2010</td>
<td>105.70%</td>
<td></td>
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<tr>
<td>2011</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>99.21%</td>
<td></td>
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<tr>
<td>2013</td>
<td>105.70%</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>110.40%</td>
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<tr>
<td>2015</td>
<td>107.88%</td>
<td></td>
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<tr>
<td>2016</td>
<td>99.21%</td>
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<tr>
<td>2017</td>
<td>105.70%</td>
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</tr>
<tr>
<td>2018</td>
<td>100.00%</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>99.21%</td>
<td></td>
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<tr>
<td>2020</td>
<td>105.70%</td>
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<tr>
<td>2021</td>
<td>110.40%</td>
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<tr>
<td>2022</td>
<td>107.88%</td>
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<td>2023</td>
<td>99.21%</td>
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<tr>
<td>2024</td>
<td>105.70%</td>
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<tr>
<td>2025</td>
<td>110.40%</td>
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<tr>
<td>2026</td>
<td>107.88%</td>
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<tr>
<td>2027</td>
<td>99.21%</td>
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<td>2028</td>
<td>105.70%</td>
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<td>2029</td>
<td>100.00%</td>
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<td>2030</td>
<td>99.21%</td>
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<td>2031</td>
<td>105.70%</td>
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<tr>
<td>2032</td>
<td>110.40%</td>
<td></td>
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<tr>
<td>2033</td>
<td>107.88%</td>
<td></td>
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<tr>
<td>2034</td>
<td>99.21%</td>
<td></td>
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<tr>
<td>2035</td>
<td>105.70%</td>
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<tr>
<td>2036</td>
<td>110.40%</td>
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<tr>
<td>2037</td>
<td>107.88%</td>
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<tr>
<td>2038</td>
<td>99.21%</td>
<td></td>
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<tr>
<td>2039</td>
<td>105.70%</td>
<td></td>
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<tr>
<td>2040</td>
<td>110.40%</td>
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</tbody>
</table>
7. Compare between OSS & FSS:
In this paper I concert on OSS and FSS to explain that Grameen bank achieve OSS and FSS because of Grameen bank stopped depend on donor , In 1995, GB decided not to receive any more donor funds. Since then, it has not requested any fresh funds from donors. Last installment of donor fund, which was in the pipeline, was received in 1998. GB does not see any need to take any donor money or even take loans from local or external sources in future. GB's growing amount of deposits will be more than enough to run and expand its credit programme and repay its existing loans.

The chart below illustrated that:

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</tr>
</thead>
<tbody>
<tr>
<td>OSS</td>
<td>102.63%</td>
<td>112.20%</td>
<td>101.02%</td>
<td>117.41%</td>
<td>115.65%</td>
<td>109.88%</td>
<td>111.10%</td>
<td>102.00%</td>
</tr>
<tr>
<td>FSS</td>
<td>99.21%</td>
<td>106.07%</td>
<td>94.84%</td>
<td>112.28%</td>
<td>110.40%</td>
<td>105.70%</td>
<td>107.88%</td>
<td>99.60%</td>
</tr>
</tbody>
</table>

Grameen bank achieved financial self sufficiency and operating self sufficiency , this is thing seldom MIFs achieve it through it's life.
8. Compare between yield gross portfolio & expenses ratio:

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</tr>
</thead>
<tbody>
<tr>
<td>yield</td>
<td>19.43%</td>
<td>19.03%</td>
<td>19.12%</td>
<td>20.21%</td>
<td>19.24%</td>
<td>18.89%</td>
<td>18.51%</td>
<td>17.98%</td>
</tr>
<tr>
<td>expenses</td>
<td>11.36%</td>
<td>10.83%</td>
<td>10.60%</td>
<td>9.71%</td>
<td>9.87%</td>
<td>9.22%</td>
<td>10.52%</td>
<td>11.19%</td>
</tr>
</tbody>
</table>

We see from chart that expenses about 1/2 yield, so Grameen bank portfolio doesn’t threat by risks because yield on portfolio double expenses ratio.
Results:

1. Grameen bank couldn't cover its expenses by its profits:
Grameen bank could cover its expenses by its profits from 1997 to 2002 still steady between 62.07 to 52.5 (in million) but the profits could cover the expenses, after that the profits started increase from 2003 to 2010 and expenses to, but in lower rate from rate of increase the profits.

2. Grameen bank interest with its clients by development and increase them deposits instead of expand in loan:
Grameen bank interests with its clients and build up significant amount of personal savings, borrower deposit is also a very important element in Grameen Bank. Forty-two per cent of the branches have borrower deposits equal to 75 per cent or more of outstanding loans of the branches. One-fifth of the branches have more borrower-deposits than the amount of loans outstanding. In some branches borrower-deposits are as high as 50 per cent above the outstanding loans.

3. Financial independent and increase number of clients tow objectives association for Grameen bank:
Number of members still increase from 2002 to 2009 and trend of OSS & FSS, this confirm that financial independent and increase number of members consider tow objective association.

4. Grameen bank still depend on donor, so wouldn’t achieve financial self sufficiency (FSS) and operating self sufficiency (OSS):
In 1995, GB decided not to receive any more donor funds. Since then, it has not requested any fresh funds from donors. Last installment of donor fund, which was in the pipeline, was received in 1998. GB does not see any need to take any donor money or even take loans from local or external sources in future. GB's growing amount of deposits will be more than enough to run and expand its credit programme and repay its existing loans.

5. Grameen bank portfolio threat by risk because yield on portfolio doesn’t cover expenses ratio:
Expenses about 1/2 yield, so Grameen bank portfolio doesn’t threat by risks because yield on portfolio double expenses ratio

THE END