



MICROCREDIT SUMMIT CAMPAIGN

A Project of RESULTS Educational Fund

**RESULTS
AUSTRALIA**

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to end poverty

MEDIA RELEASE

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Over 100 million poorest families get Microcredit 'hand up'.

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 US based 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 mobile 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 and Grameen Bank founder and microcredit pioneer Muhammad Yunus. "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.

Antipoverty advocacy group RESULTS Australia has been a strong supporter of the Microcredit Summit Campaign's objectives since the beginning. It has also lobbied tirelessly to have the Australian aid program boost its funding for microcredit from a meager \$10 million annually. "Microcredit is one of the most effective ways to help the poor find a dignified route out of poverty – a hand up, not a hand out" says RESULTS President, Amanda Satterly. "Given our total aid budget is close to \$4 billion, the Rudd Government should increase aid to microcredit to \$45 million annually." says Satterly.

While the world's financial markets are gripped by a global economic crisis, this quiet revolution in micro banking has spread to the most destitute corners of the world.," said Microcredit Summit Campaign director Sam Daley-Harris, "and it does so with payback rates that traditional banks would envy."

As well as offering a range of financial services, microcredit has also become a platform for delivering other services like health education care, renewable energy products and housing.

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-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."

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.

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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 microcredit 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 RESULTS Australia - RESULTS Australia is an international affiliate of RESULTS Educational Fund with members around the country engaged in grassroots advocacy on poverty issues. For more information please visit www.results.org.au
