



## ***Breakthroughs in Using Micro-Saving and Microcredit to Better End Poverty: A Vision for the Future of Microfinance in Africa and the Middle East***

In the morning of April 7, before the Opening Ceremony of the Africa – Middle East Regional Microcredit Summit, **Janamitra Devan**, Vice-President and Head of Network, Financial and Private Sector Development, World Bank–IFC, chaired the opening plenary session on “Breakthroughs in Using Micro-Saving and Microcredit to Better End Poverty: A Vision for the Future of Microfinance in Africa and the Middle East.” Over 1,200 attendees filled the Tsavo Ballroom in Nairobi, Kenya for this panel discussion which featured **Sir Fazle Abed**, Founder and Chairperson, BRAC, Bangladesh and **Ingrid Munro**, Founder and Managing Trustee, Jamii Bora Bank, Kenya, two of the most visionary leaders in microfinance today. Their conversation set a high bar for the Summit over the course of the week, as both of these organizations have achieved great success in the communities they serve, helping the poor pull themselves out of poverty through effective interventions that extend far beyond basic microcredit. Both organizations are recognized for their strong models, and their methodologies and best practices are being replicated by microfinance programs throughout the world.

**Janamitra Devan** opened the plenary with the following comments on the role of the World Bank. “At the World Bank, CGAP, and IFC, our teams work with stakeholders at the country level on projects that promote financial inclusion through policy reforms, through strengthened financial infrastructure such as credit reporting and payment systems, and through direct technical advice to providers and programs that support financial access.”

On behalf of both Sir Fazle Abed and Ingrid Munro’s lifelong commitment to serving the poor, Mr. Devan quoted the poet, Khalil Gibran’s work entitled “The Prophet.”

*Generosity is not giving me that which I need more than you do, but it is giving me that which you need more than I do. You give but little when you give of your possessions, it is when you give of yourself that you truly give.*

Following Mr. Devan’s opening remarks, **Sir Fazle Abed** examined the impact of some of the multi-dimensional large-scale poverty reduction programs that BRAC has led in Bangladesh over the past 38 years. “In 1972, ... when I started, it was a [very] difficult [time for] Bangladesh,” he reflected. “Almost 78% of Bangladesh’s people were living below the poverty line, less than 50% of the children [were going] to school, and [the country’s] literacy rate [was] less than 25%.... [We recognized that it was] not just [a lack of] income and employment that led to poverty, [but if] children [did not attend] school, ... [their generation was] not going to [move] out of poverty [either]. So we started [focusing] on primary education. [As a result of that program], BRAC now runs 50,000 ... primary schools [providing education] to 1.5

Tuesday, April 7, 2010

9:00 AM – 10:30 AM

Tsavo Ballroom

### Panel

*Chair: Mr. Janamitra Devan, Vice-President and Head of Network, Financial and Private Sector Development, World Bank–IFC, World Bank Group, USA*

*Sir Fazle Abed, Founder and Chairperson, BRAC, Bangladesh*

*Ms. Ingrid Munro, Founder and Managing Trustee, Jamii Bora Bank, Kenya*

million children ... in Bangladesh.... [We also spent the entire] decade of the '80s [working] to reduce child mortality ... [through] oral rehydration therapy, [and in partnership] with the government, ... we were able to achieve universal child immunization by the year 1990.”

BRAC does not wait for employment opportunities to come along for the poor—BRAC creates them. As an organization, BRAC provides not just money for credit, but also provides human development training, so that people can assert their rights in their own locality. For example, in the early 1980s BRAC launched a chain of retail stores called Aarong to provide a market for rural and urban rural producers who had no outlets to sell their crafts. There are now 68,000 women who produce and sell their products through Aarong. BRAC also planted 25 million mulberry trees which bear the leaves that silkworms eat, creating 13,000 jobs for poor women. In response to complaints from BRAC’s agricultural borrowers about the poor quality of the seeds they were planting, “we have become the largest [producer of high quality seeds] in Bangladesh.” And finally, to assist rural borrowers who faced challenges selling small quantities of milk in rural markets, “we set up a milk plant [that produces] 200,000 liters of milk per day [for broader distribution, doubling the income of our rural producers].”

BRAC has also worked closely with the government of Bangladesh on a number of large-scale social programs that has reached over 1 million of the ultra-poor, providing them with asset building services, supplies and training, and educational and healthcare services to help them move out of poverty. On the topic of the ultra-poor Sir Abed concluded, “Microfinance [alone] is not the ... appropriate [way to pull the poorest] out of extreme poverty.... [In addition to] microfinance, [the poorest] need government support, particularly safety net [services]” such as those provided by the government of Bangladesh in partnership with BRAC.

The discussion continued with remarks from **Ingrid Munro** who shared an overview of Jamii Bora and its successes. In 1999, in partnership with 50 women beggars, she started Jamii Bora Trust. “Jamii Bora means ‘good families’ in Kiswahili. Since its creation in 1999, the Trust has grown rapidly and now we have over 300,000 members, ... 106 branches and over 170 outreach centers spread throughout Kenya. The Trust [also operates a] Health and Life Benefit Program, counseling for street beggars, rehabilitation for alcoholics, a Business Academy and staff training, [and a] housing and rural water program. Jamii Bora Trust also provides a home and education to over 90 orphans and street children at its facility in the outskirts of Nairobi.” Unique among microfinance institutions, Jamii Bora hires former beggars to act as “Promoters”, advocates who explain to the poorest of the poor, “If I could do it, you can do it. You can also get out of poverty.”

Ms. Munro invited **Joyce Wairimo**, one of Jamii Bora’s clients to share her success story with the audience at the Summit. Ms. Wairimo explained that she was a small farmer in Molo, in the central part of Kenya, but fled to Nairobi with her children in 1992 when war broke out, and moved into a household of two families with 15 children and only one room. “I started washing clothes [to earn a living for my family].... [In 2000, a friend] told me about ... Jamii Bora, [which changed my life. As a member of Jamii Bora,] I saved 50 shillings per week for one and a half years, [a total of] 3,500 shillings. [Then I was able to take out] a loan of 7,000 [shillings for

a] small restaurant.... I now have 62 employees, [seven plots of land, and two vehicles,] ... and I am a millionaire.”

Ingrid Munro continued with some insights into Jamii Bora’s efforts to help beggars pull themselves out of poverty. “[Jamii Bora always sticks to its rule] that [its members] must save first,” Ms. Munro pointed out. “Even if [they are] beggars, [they must] put aside one or two shillings, and [Jamii Bora will keep that money safe].” The lifestyle of beggars typically encourages them to spend any money they receive right away on food for themselves and their families so that no one can steal it. Culturally, “[beggars are] not used to saving, and [Jamii Bora has] to teach [the beggars it serves] how to save before they [can] borrow. So we insist you can borrow twice as much as you have saved, but you have to save first. And that has been a blessing actually for us, that has taught everybody how to handle it.”

Later in her remarks, Ms. Munro illustrated the origin of Jamii Bora’s highly effective life insurance model and health insurance models, “One year [after we launched, our] first member died,” she explained. “Of course ... we couldn’t expect [her or anyone else to repay] her loan [which was approximately US \$100].... That’s [what inspired us to start our] life insurance program. Every member in Jamii Bora has life insurance, and the life insurance will pay whatever is left on their loan [if they pass], and it will double their savings, which also encourages them to save.

“[Our health insurance program is funded and managed entirely] by our members. [Members] pay about US \$12 per year for a family of five, and if they are more than five they have to add an extra two dollars per extra family member.” We allow our members to pay for the insurance in small increments over the course of the year if they cannot pay it all upfront. “[This health insurance program has already] saved so many lives, and [when] you save the life of one mother, you have also saved the lives of [her children who will not have] to become street beggars again.”

Finally, one important learning we have gained as both a microfinance institution and a health insurance provider, she said, is that “no mother in the world ... will [pay back her loan] to Jamii Bora, or any other bank for that matter ... before [she pays] to take [her] child to hospital. One simply has to accept that fact.... So the [health] insurance [we provide] for children is just as important as the insurance we provide for the member themselves. Now we are one of the biggest health insurers in [Kenya].”

Before Ingrid Munro concluded her remarks, she took the opportunity to introduce **Wilson Maina**, a man who completely turned his life around when he became a member of Jamii Bora. Ms. Munro explained, “Wilson was a thief, a gangster. He was actually a very dangerous gangster even, even though he looks so nice now when you see him. And when we had existed for four or five months, my branch manager in Mathare Valley slum came to me and said, ‘We have accepted Wilson as a member, because I want to see him get out of that crime.’ And all the women came to me and said ‘Are you crazy? Don’t you know that he’s a thief? He’s going to steal from us!’ Now look at him today. What do you think?”

“Wilson is a leader. He has convinced so many criminals to leave crime, and they were criminals for one reason only, because of poverty. But they have seen another way now, to get out of poverty—a safer way. Because if you’re a criminal one day

the police will come and say ‘Poof!’ and you are gone [aren’t you]? ... And [it has been] ten years since he was a criminal.... Now, he’s a good husband, a good father, and he’s a fantastic member of Jamii Bora, and the job he has done to convince the desperate that they can get out of desperation is worthy of huge applause.”



Wilson Maina walked up to the microphone to share his story. “Distinguished guests I am proud to say *Karibu ni Kenya* to all of you. I am Wilson Maina, and I come from Asram known as Mathare. And life there is difficult, and that is why I ended up being a thug. I used to mug people and snatch people’s handbags until I joined Jamii Bora. I joined Jamii Bora ten, eleven good years [ago] now. And my first loan, they gave me 2,000 shillings. Today I have borrowed eighteen times and I’m a landlord. I’m a proud owner of a big house in Kaputiei town, with two bedrooms, a bicycle room, a kitchen, a small shop, and a garden. Thank you very much.”



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