
How to get GCC countries private sector involved in microfinance?

Possible Scenarios

Introduction

- Market Demand and poverty levels
- Legal Environment

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First Scenario

Establishment of:

**Access to Microfinance and improved
implementation of Poverty Reduction Program**

Objectives

- to assist the private sector and the Governments of GCC countries to respond to the economic and social challenges mainly poverty and generate income for low-income families" through the following initiatives:

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Sustainable Microfinance Initiative (SMI)

Objective

To facilitate the development of a financially sustainable microfinance industry in the GCC countries based on international best practices adopted to the GCC countries context through:

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- linkages between Chambers of Commerce and Industry in different regions and commercial banks and Community Based Organizations through the establishment of microfinance companies (not for-profit) by different Chambers of Commerce and Industry
- Provide Capital and Operation grant funds
- promote modern management techniques.

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- facilitates the implementation of sustainable financial and management information systems and procedures
- sponsors training and technical assistance to build the portfolios of microfinance services of these institutions
- expand their base of micro- and small-enterprise customers

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Business Development Services Initiative (BDSI)

Objective

To provide technical assistance to microfinance companies active and potential clients through:

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Enhancement Productivity Initiative (EPI)

Objective

To provide technical assistance to micro and small businesses entrepreneurs in feasibility studies and business plans through:

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Policy Reform Initiative (PRI)

Objective

To identify and remove legal constraints of microfinance industry

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Public Awareness Initiative (Support unit)

Objective

To promote the concept of the overall program and organize events

Potential Partners

- Chambers of Commerce and Industry
- Commercial Banks
- Government
- Other Donors

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Second Scenario (phase I)

Establishment of:

Wholesale Funding Facility (WFF)-short term vision

Objective

To support the establishment of microfinance companies through:

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- Provide loan capital
- Provide operations capital
- Provide technical assistance

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Potential Sponsors

- Governments
- Private sector
- Donors

Second Scenario (phase II)

Establishment of:

Wholesale Funding Facility (WFF)-long term vision

Objective

To assist the microfinance companies to transition from dependence upon grant funding for loan capital needs, to funding their increasing loan capital requirements by borrowing from commercial banks

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Possible Constraints and Challenges

- Funding
- Commitment of Chamber of Commerce members
- Legal Environment
- Qualified management selection
- Centralization
- Subsidized Lending
- Credit Bureau
- Micro entrepreneurship
- Statistics on micro businesses (formal and informal)

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Example on Private Sector Participation

Abdul Latif Jameel Group, KSA

Abdul Latif Jameel Group Social Responsibility

1. Grameen-Abdul Latif Jameel Initiative (2003)

- The Grameen-Abdul Latif Jameel Initiative is an innovative partnership formed between Grameen Foundation and the Abdul Latif Jameel Company to reduce poverty in the Arab world by accelerating the development of the microfinance industry. The Initiative currently has seven microfinance institution partners in Morocco, Egypt, Saudi, and Tunisia.

For additional information, please visit the following website:

<http://www.grameen-jameel.com>

2. Abdul Latif Jameel Programs for Community Service

- More than 14 programs have been established since 2003 funded and managed by Abdul Latif Jameel Company, among those programs Microfinance Productive Family Program program has been launched during the second part of 2004. According to ALJ Community Service Programs report - 2005 more than 3000 clients have been benefited from this program up to the end of 2005 with 99.1% as repayment rates, 5,200 clients are projected to be benefited in year 2006. with women majority and has significant impact on thousands of family members.
- *For additional information, please visit the following website:*
www.aljprog.com

3. Abdul Latif Jameel Contribution to Poverty Lab Action / Poverty alleviation Activities

- Abdul Latif Jameel Company acknowledges that corporations worldwide have a role to play in good corporate social responsibility and this is a good example of this, with such philosophies an endowment has recently been made to the 'Poverty Action Lab' (PAL) at the Massachusetts Institute of Technology (MIT). The Lab has recently received a gift from Mr. Mohammed Abdul Latif Jameel, President of Abdul Latif Jameel group of companies, who studied and gained a BSc in Engineering from MIT in 1978.

For additional information, please visit the following website:

www.povertyactionlab.com

Many Thanks!