# Global Grants Application Supplement for Microcredit Projects



* Rotary clubs and districts are encouraged to partner with established and reputable microfinance institutions (MFIs) to conduct microcredit projects.
* Grant funds may not be used as a donation to another organization. Instead, under the supervision and active participation of a local Rotary club or district, an MFI may administer a project provided that:
* The project remains a clearly identifiable Rotary project.
* Rotary funds are tracked separately in the organization’s accounting system.
* The microcredit capital is returned to The Rotary Foundation (TRF) if the project is terminated.
* Microcredit projects funded by TRF should use a multidimensional approach to microfinance by incorporating training and educational activities.
* TRF does not fund loan guarantee systems (i.e., funds may not be placed on deposit with an institution as collateral for loans the institution makes from other funds).
* TRF considers a microcredit grant complete when the total amount of budgeted loan capital has been lent out, repaid, and lent out a second time, and all other budgeted items have been expended.

### A. Rotary Sponsor Information

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| Grant Number |  | Project Country |  |
| Host District |  | Host Club |  |
| International District |  | International Club |  |

Describe your previous experience managing microcredit projects. Where and how did you get the experience? Who was involved and what did they do?

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How often will host Rotarians meet with representatives from the MFI to coordinate activities? Describe how the host Rotarians will provide fiscal oversight and monitor the microcredit project.

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How will international Rotarians support the implementation of the microcredit project?

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### B. Microfinance Institution (MFI)

Identify the microfinance institution (MFI) that will help administer the microcredit project.

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| Name |  |
| Mailing Address |  |
| Phone/E-mail |  |
| Website |  |

Why and how was the MFI selected?

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Attach copies of the following documents:

* Signed memorandum of understanding between project partners
* MFI’s most recent annual report with audited financial statement
* Samples of the MFI’s standard reports (at least two)

### C. General Questions

#### Participants

How many clients will participate in project activities, including training? How many of these will receive loans?

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What is the average annual income (in USD) of the clients anticipated to participate?

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List the communities where the TRF-funded microcredit project will take place.

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#### Financial Sustainability

What is the MFI’s current portfolio at risk (loans more than 90 days overdue/total loans)?

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What is the MFI’s collection rate over the past three years (loan amounts collected/total amounts loaned)?

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What information does the MFI collect for its donors, and how is it reported?

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#### Project Model

Describe the microcredit model (credit groups, cross-guarantees, individual borrowers, etc.) that the project will follow.

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Describe the training (savings, vocational training, literacy, financial literacy, marketing, etc.) that will be provided. How many people will be trained? Describe the duration and frequency of each training course.

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Who will provide the training? If the costs of training are not in the grant budget, how will these costs be covered?

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Will the project have a savings component? Who will collect the savings? Where will the savings be deposited?

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### D. Microcredit Model

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| Prevailing interest rates in the area | Amount |
|  MFI | % |
|  Bank | % |
| Project |
| Interest rate | % |
| Average loan amount per client |  |
| Term/duration of loans |  |
| Payment frequency (weekly, monthly, etc.)  |  |
| Female client percentage (target)  | % |

### E. Projected Microcredit Cash Flow

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| Year 1 | Number | Amount |
| TRF grant funds allocated for loan capital |  |
| Loans disbursed |  |  |
| Loans collected |  |  |
| Interest (and fees, if any) collected |  |
| Administrative expenses paid from interest and fees |  |
| Net loan fund capital available at end of year |  |
| Year 2 |
| Additional TRF grant funds allocated for loan capital  |  |
| Loans disbursed |  |  |
| Loans collected |  |  |
| Interest (and fees, if any) collected |  |
| Administrative expenses paid from interest and fees |  |
| Net loan fund capital available at end of year |  |

### F. Evaluation Measures for Full Grant Period Target Number

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| --- | --- |
|  | Number |
| Women entrepreneurs and small-business owners supported |  |
| Locally owned businesses launched or revitalized |  |
| Training and skill development programs (to increase the employment of women, youth, and other vulnerable populations) implemented |  |