

ENGLISH (EN)

## **Global Grant Application Supplement for Microcredit Projects**

For their global grant microcredit projects, Rotary clubs and districts partner with established and reputable microfinance institutions (MFIs). The project needs to be clearly identifiable as a Rotary project. The MFI administers the project under the supervision of, and with the active involvement of, a local club or district in the host country. The grant funds are tracked separately in the MFI’s accounting system, and we recommend that the MFI open a separate bank account for them. It is expected that the MFI and beneficiaries review, agree, and sign a loan agreement outlining the expectations of the microloan.

### ROTARY SPONSOR

|  |  |  |  |
| --- | --- | --- | --- |
| Grant Number | Enter text | Project Country | Enter text |
| Host Sponsor District | Enter text | Host Sponsor Club | Enter text |
| International Sponsor District | Enter text | International Sponsor Club | Enter text |

### MICROFINANCE INSTITUTION

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Enter text | Website  | Enter text |

Include information and documents that demonstrate that the MFI is established and experienced. Examples of relevant documents include audited financial statements, annual reports, sample reports, and signed memorandums of understanding (MOUs) between project partners. Confirm that these documents are uploaded in the global grant application:

|  |  |
| --- | --- |
| MFI’s audited financial statement | Yes [ ]  No [ ]  |
| MFI annual report | Yes [ ]  No [ ]  |
| Sample MFI report | Yes [ ]  No [ ]  |
| Signed MOU between MFI and project partners | Yes [ ]  No [ ]  |

What is the MFI’s current portfolio at risk? (How many total loans does it have, and how many of them are more than 30 days overdue?)

Enter text

What is the MFI’s collection rate (that is, what is the loan amount that was collected divided by the total loan amounts) over the past three years?

Enter text

### PROJECT DESIGN

Describe the microcredit model (credit groups, cross-guarantees, individual borrowers, etc.) that will be used in this project.

Enter text

Will the project have a savings component?

Yes [ ]  No [ ]

If yes, who will collect the savings and where will the savings be deposited?

Enter text

### PROJECT TRAINING

The microcredit projects that The Rotary Foundation funds include training and educational activities for the people who will benefit from the project. Complete the [Training Plan for Global Grants](https://my-cms.rotary.org/en/document/training-plan-global-grants) to provide detailed information about the training that is planned, and upload it in your global grant application. The training must management of fund capital and saving and other topics that are relevant according to the results of the community assessment. For example, it might cover marketing, customer service, or other needed skills.

### PROJECT OUTCOMES

All applications for global grants for microcredit projects must include baseline data from the time of application, and final reports must include data from the end of the project (endline data), including the number of people who have benefited, types of business supported, average income of people who benefit from the project, and number of jobs created.

Please explain the exit plan. That is, how will the project ensure that the borrowers will get access to other lending institutions or end their dependence on the microloan system.

Enter text

### MICROCREDIT MODEL

The Rotary Foundation does not fund loan guarantee systems. (That is, Foundation funds may not be used as collateral for loans that the MFI makes from other funds.) The annual interest rate that borrowers are charged must be the lessor of the following: (a) 10 points less than the national average in the host country or (b) an annual interest rate of 36%. The Foundation considers a microcredit grant project completed when the total amount of budgeted loan capital has been lent and repaid at least twice over at least 18 months (ideally, a loan cycle is 12 months) and all other project activities have been completed.

|  |  |
| --- | --- |
| Prevailing interest rates in the area | Average |
| MFIs | Enter text% |
| Banks | Enter text% |
| Project information |
| Interest rate to be charged | Enter text% |
| Average expected loan amount per borrower | Enter text |
| Average expected term of loans | Enter text |
| Expected payment frequency (weekly, monthly, etc.)  | Enter text |

### PROJECTED MICROCREDIT CASH FLOW

Interest and fees generated by microcredit fund capital from The Rotary Foundation may be used for administrative expenses that directly support the project. They must not be used to pay for the MFI’s administrative and operations expenses outside of the grant project. We recommend that no more than 80% of the interest and fees collected be used for administrative expenses and that the remaining amount be added to the loan pool.

|  |  |  |
| --- | --- | --- |
| First loan cycle | Number | Amount |
| Grant funds to be budget as loan capital | Enter text |
| Loans to be disbursed | Enter text | Enter text |
| Loans to be collected | Enter text | Enter text |
| Interest (and any fees) to be collected | Enter text |
| Administrative expenses to be paid from interest and fees | Enter text |
| Net loan capital expected after all first-cycle loans have been repaid | Enter text |
| Second loan cycle |
| Loans to be disbursed | Enter text | Enter text |
| Loans to be collected | Enter text | Enter text |
| Interest (and any fees) to be collected | Enter text |
| Administrative expenses to be paid from interest and fees | Enter text |
| Net loan capital expected at the end of the second cycle | Enter text |

### MICROCREDIT CONTINUITY

When the Foundation closes the grant, if the MFI is no longer using the funds for microloans in the community, it must return the loan capital and any unused interest to The Rotary Foundation. Otherwise, the loan capital remains with the MFI for continued lending purposes. The Foundation reserves the right to demand the return of grant funds if the grant is terminated prematurely, or a stewardship issue or other significant concern warrants such action.

Has the MFI managing the loan capital agreed to continue to use the funds as microloan capital after the grant is closed?

Yes [ ]  No [ ]

Have the host and international sponsors agreed to leave the loan capital with the MFI?

Yes [ ]  No [ ]