

# MICROFINANCE PROGRAM

Empower the people; Eradicate the poverty

- 1 NO POVERTY
- 2 ZERO HUNGER
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH

**Microfinance encourages entrepreneurship, increases income generating activity thus reducing poverty, empowers them poor (especially women in developing countries), increases access to finance, health and education, and builds social capital among poor and vulnerable communities. economic sense.**



In 1992, Rural Reconstruction Foundation (RRF) embarked on a transformative journey into the realm of microfinance in collaboration with the PKSF (Palli Karma-Sahayak Foundation). What began as a modest initiative has evolved into a formidable force for change, transcending its initial scale to currently operate in 30 districts across the nation. Over the past three decades, RRF's Microfinance Program has not only garnered recognition but has become a cornerstone in the efforts to uplift the poor and marginalized. At its inception, the program's objectives were clear – to provide financial assistance to those living in poverty and to empower them economically. Today, with a robust track record and 31 years of seasoned experience, RRF stands as one of the country's premier providers of financial services for the underserved. The journey has been marked by a commitment to innovation, adaptability, and a holistic approach to addressing the multifaceted needs of the impoverished. The program has expanded its reach through collaborations not only with PKSF but also with various commercial banks, creating a diverse network of support for the financially vulnerable. RRF's Microfinance Program aims not merely to extend loans but to design and adapt financial products that cater to the unique requirements of its clientele, fostering a sustainable and inclusive economic ecosystem. Central to RRF's ethos is the belief that true empowerment goes beyond monetary transactions.

## Funding Partners





## Loan Products

### BUNIYAD

BUNIYAD, formerly known as the Ultra Poor Program (UPP), is an initiative with the primary goal of empowering ultra-poor individuals to create sustainable income opportunities and uplift themselves from extreme poverty while preserving their human dignity. Palli Karma-Sahayak Foundation (PKSF) plays a vital role in supporting and implementing this program through flexible microfinance procedures and various activities, including Income Generating Activities (IGA), skill development, education, health, and livelihood support. The interest rate of BUNIAD is 20% calculated in Decline Method. In FY 22-23: total outstanding of Buniyad is BDT 147505238 and number of borrowers are 9866.



### JAGORON

Jagoron, a credit initiative by PKSF, focuses on fostering household-based enterprise development in both rural and urban areas of Bangladesh. Jagoron empowers individuals to undertake income-generating activities, contributing to sustainable economic growth. The program operates with a 24% interest rate calculated using the Reducing Decline Method. In FY 22-23: total outstanding of Jagoron is BDT 4339833333 and number of borrowers are 125520.

### AGROSOR

Agrosor empowers entrepreneurs to augment capital investment through microcredit, fostering employment and business expansion. The program operates with a 24% interest rate, calculated using the Reducing Method. Agrosor, a Microenterprise (ME) program, facilitates financial services for progressive members of other credit programs, enabling them to pursue economic activities requiring substantial capital. In FY 22-23: total outstanding of Agrosor is BDT 8681003128 and number of borrowers are 57250.





### SUFOLON

RRF's synchronized agriculture lending program, known as Sufalan Loan, extends microfinance to diverse Income Generating Activities (IGAs) including crop cultivation, livestock, fisheries, agro-forestry, and agro-processing. Functioning as a seasonal loan with a 24% interest rate calculated using the decline method, contributing to sustainable agricultural development. In FY 22-23: total outstanding of Sufolon is BDT 608883682 and number of borrowers are 24156.



### SHAMRIDDI

Shamridi Loan, implemented by RRF in areas covered by the PKSF-backed ENRICH project since 2016-17, offers financial support for livelihood enhancement and asset creation. The program features interest rates calculated in the Decline Method, with 8% for Livelihood Increase Loan (LI) and Asset Creation Loan (AC), and 24% for Income Generating Activity Loan (IGA). In FY 22-23: total outstanding of Shamridi is BDT 123005862 and number of borrowers are 1882.

### ABASHON LOAN

In collaboration with PKSF, a housing loan initiative has been undertaken in two branches of Jhikorgacha upazilla in Jashore district, aimed at enhancing the living conditions of disadvantaged communities. The program extends financial and technical support to improve housing. Over a two-year period, the loan carries a 12% interest rate, payable in monthly installments. In FY 22-23: total outstanding of Abasahon is BDT32352028 and number of borrowers are 251.



### SEP LOAN

Sustainable Enterprise Project (SEP) loan, backed by PKSF and facilitated by RRF, empowers micro-enterprises in Bangladesh, focusing on florists since June 2019. The loan, with a declining interest rate of 24%, offers flexibility through weekly or monthly installments, fostering environmentally friendly practices and bolstering marketing and brand development capacities. In FY 22-23: total outstanding of SEP loan is BDT 60993752 and number of borrowers are 527.





### BBR LOAN

In response to the severe impact of the COVID-19 pandemic, the Bangladesh Bank-funded BBR Loan has been strategically distributed to support survival. Targeting affected members of existing Jagaron, Buniad, and Sufalan components, 75% of the funds have been disbursed at the branch level under the refinancing scheme of 2020. The loan, with an annual interest rate capped at a maximum of 9%, is calculated on a declining basis. In FY 22-23: total outstanding of BBR loan is BDT 137478565 and number of borrowers are 3945.

### LIVELIHOOD RESTORATION LOAN (LRL)

To revive economic activities impacted by the Covid-19 pandemic, a special initiative, the Livelihood Restoration Loan (LRL) product, has been introduced for existing members of the organization under PKSF management. Financed by the Government of Bangladesh's incentive fund, the program aims to stimulate diverse enterprises, including agriculture, small industries, and self-employment. With a service charge capped at 18%, the loan, payable through flexible weekly or monthly installments. In FY 22-23: total outstanding is BDT 3736756 and number of borrowers are 114.



### LRL 2<sup>ND</sup> PHASE

In response to the economic impact of Covid-19, the 'LRL-2' subsidized loan program was initiated in 2021 by RRF, utilizing the incentive fund from the Government of Bangladesh managed by PKSF. Aimed at stimulating the economy, alleviating poverty, and creating employment, the program focuses on various creative activities in rural areas, including agriculture, non-agricultural ventures, and self-employment enterprises. The service charge for this initiative is fixed at a maximum rate of 4%. In FY 22-23: total outstanding is BDT 24707996 and number of borrowers are 1262.



### **AGROSHAR-MDP**

Agrashar Microenterprise Development Project (MDP), an additional financing initiative, scales up the existing project to revitalize microenterprises profoundly affected by the COVID-19 pandemic. Financed by PKSF, RRF has been actively disbursing MDP loans since 2021, featuring an 18% interest rate calculated on a declining basis. The loans are structured for flexible repayment through weekly or monthly installments, contributing to the economic recovery of microenterprises. In FY 22-23: total outstanding is BDT 120271468 and number of borrowers are 1096.

### **AGRAJATRA**

Agrajatra," meaning to march ahead non-stop, is RRF's micro-enterprise loan program designed to empower small and medium enterprises (SMEs) in Bangladesh. Recognizing SMEs as engines of growth and innovation, Agrajatra aims to transform beneficiaries' financial situations and enhance their business/project management skills. The interest rate of 24%, calculated in a declining method. In FY 22-23: total outstanding is BDT 910412715 and number of borrowers are 3806.



### **NEW ADDITION**

### **AGROSHOR-RAISE**



Recovery and Advancement of Informal Sector Employment (RAISE) project, a new initiative by RRF in collaboration with PKSF, addresses the challenges faced by microenterprises and businesses severely impacted by the Covid-19 pandemic. With three key components, the project aims to provide financial assistance and training to entrepreneurs, particularly those affected by business closures and layoffs due to the pandemic. The components include increasing earning opportunities for low-income youth, providing intra-financial assistance for the recovery of small

enterprises affected by Covid-19, and enhancing the capacity and productivity of youth and emerging micro-entrepreneurs through capacity building and inclusive finance. By engaging youth from low-income families in sustainable employment through apprenticeship programs, RAISE integrates microfinance with RRF's mission, offering a comprehensive approach to economic recovery and skill development in the aftermath of the pandemic. In FY 22-23: total outstanding is BDT 48775506 and number of borrowers are 774.





## Savings Products

### 1. Regular Savings

Regular savings serves as a prerequisite for obtaining party membership and eligibility for loans within the microfinance system. General Savings stands as the primary savings product in microfinance programs, forming the foundation for members to access financial services and participate in the institution's lending activities. Regular or general savings in a microfinance institution refer to the consistent and fixed-rate deposits made by its members on a weekly, fortnightly, or monthly basis.

### 2. Willingly Savings

Willingly savings in microfinance programs denote voluntary deposits made by members above their regular or normal savings. Members have the flexibility to contribute to these savings at their discretion, and the funds can be withdrawn whenever needed. This form of savings serves as a valuable source for generating loan funds within microfinance programs.

### 3. Long Term Deposit Scheme (LTDS)

The Long Term Savings (LTDS) program initiated by RRF recognizes the crucial need for savings among the economically vulnerable. With a focus on the well-being of low-income populations and organizational staff, this program empowers members to open savings accounts for 5- or 10-year periods, contributing amounts ranging from 100 to 10,000 BDT. This initiative aims to provide financial resilience, protecting individuals from the impact of natural disasters and unforeseen emergencies, ultimately fostering economic stability within disadvantaged communities.

### 4. Monthly Benefit Scheme (MBS)

In the Savings Plus program, members have the flexibility to deposit amounts ranging from 50,000 to 10,00,000 BDT. Enjoying the advantage of an annual interest rate of 12.00%. Members can have fixed deposit their money for a different period of time starting with 3 months, 6 months, 9 months, 1-5 years with different interest rate. And members receive monthly benefits, providing a lucrative and accessible avenue for growing their savings.



### 5. Double Benefit Scheme (DBS)

In the Savings Plus program, members have the flexibility to deposit amount of 10,000-10,00,000BDT in his DBS account for 7 years' period. He will get the double amount of money that he has deposited.

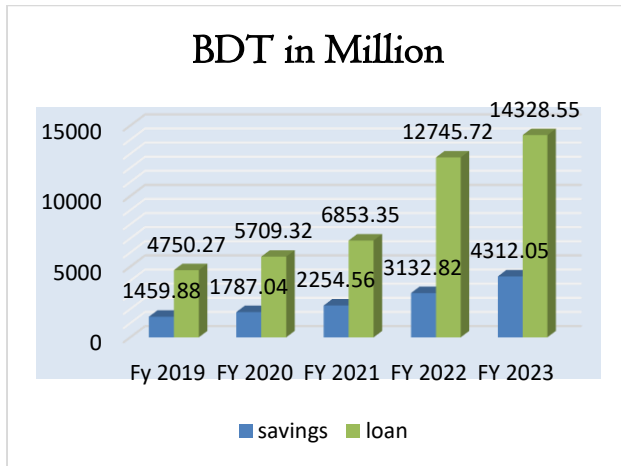
## MICROINSURANCE



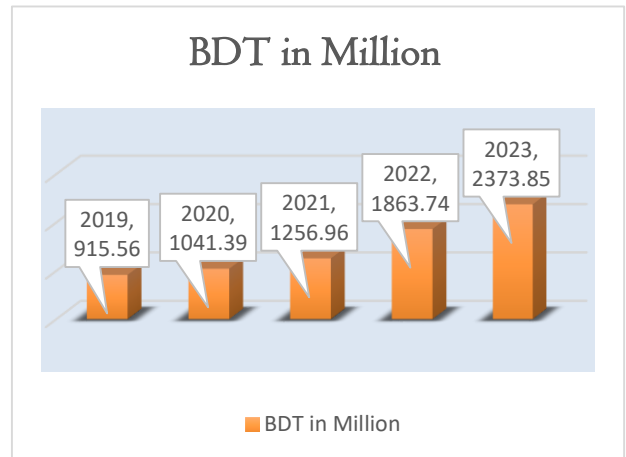
RRF's micro-insurance initiative is driven by a commitment to safeguarding the economically vulnerable in the informal economy. Aimed at providing accessible and affordable social protection, risk prevention, and coping mechanisms, the program addresses credit risks arising from the death or illness of borrowers. During loan disbursement, a mandatory contribution of 10 taka (5 taka for BUNIAD members) per thousand taka loan is collected, offering financial relief by exempting the remaining outstanding loan in the event of the borrower's or her husband's death. Additionally, beneficiaries receive economic support in the face of natural disasters, fires, or other calamities, and exemptions on service charges are granted for projects damaged by such incidents.



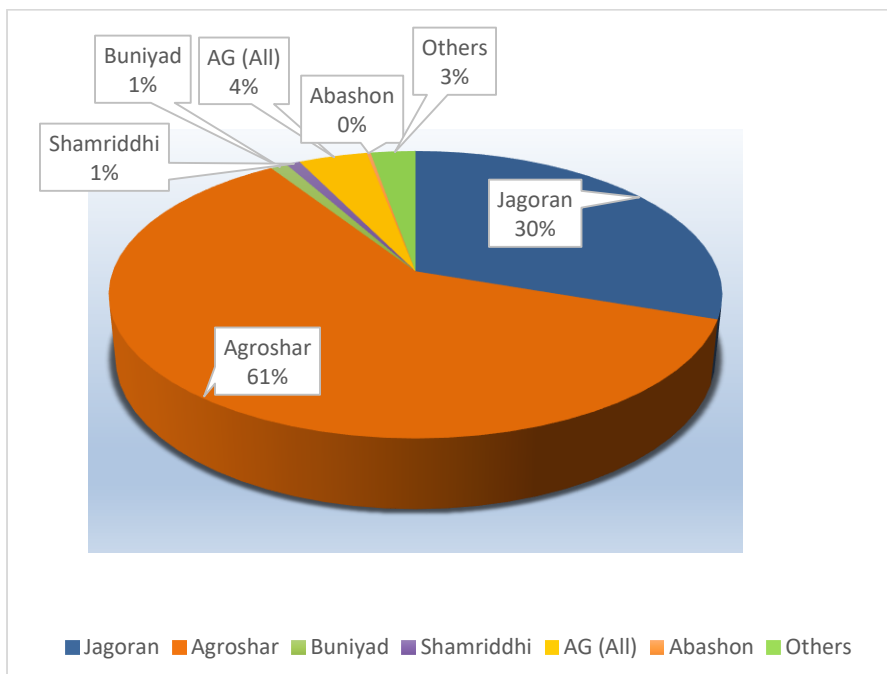
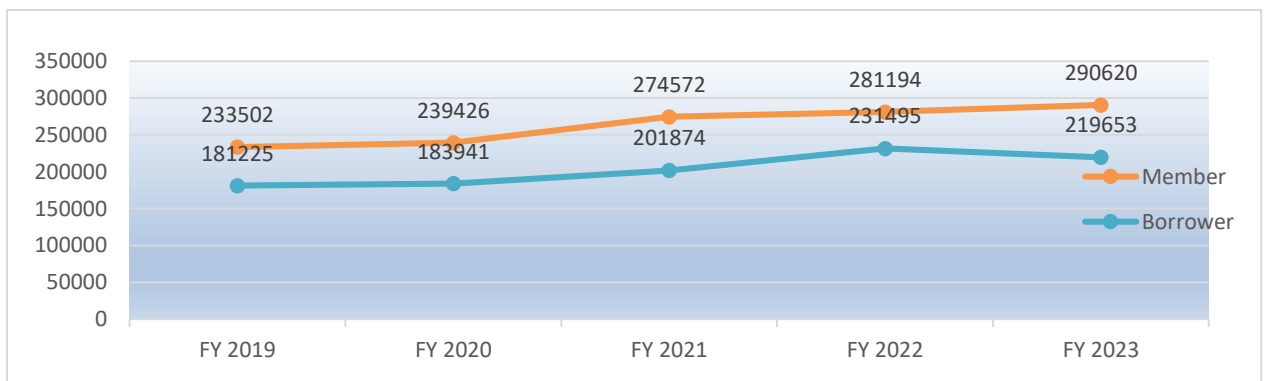
## Savings & Loan Outstanding Trend



## Equity Trend



## Member & Borrower Trend



## Component wise Loan Outstanding Ratio

## Working Area

SL	Division	District	Upazilla	Union	Villages
1	Khulna	Bagerhat, Khulna, Satkhira, Jashore, Narail, Magura, Jhenaidah, Chuadanga, Meherpur, Kushtia	166	960	6838
2	Dhaka	Dhaka, Gazipur, Gopalganj, Munshiganj, Faridpur, Rajbari			
3	Rajshahi	Rajshahi, Natore, Sirajganj, Naogaon, Pabna, Bogura, Joypurhat			
4	Rangpur	Dinajpur			
5	Maymensingh	Maymensingh			
6	Chattogram	Cumilla, Noakhali, Feni, Laxmipur, Chattogram			
<b>Total</b>	<b>6 Division</b>	<b>30 Districts</b>	<b>166</b>	<b>960</b>	<b>6838</b>



## CSR Initiatives in 22-23

Rural Reconstruction Foundation (RRF) demonstrates its commitment to Corporate Social Responsibility (CSR) through its Microfinance initiatives, particularly in the areas of health and education and betterment of our beneficiaries. RRF's Microfinance CSR in health and education reflects a holistic approach to community development, addressing not only financial needs but also striving to improve the overall quality of life for its beneficiaries.



- ▽ RRF Runs 24 pre-school where 558 students reads with its own fund in 3 upazillas of Jashore and also provide support to its Barnamala Bidyapitha-formal education.
- ▽ In the realm of health, RRF engages in various CSR activities to enhance the well-being of microfinance beneficiaries. This includes organizing health awareness campaigns, facilitating access to healthcare services, school & adolescent healthcare, free medicine & sanitary napkin distribution and supporting initiatives that promote preventive healthcare measures. RRF runs these program under its two community clinic and staff.
- ▽ Specific CSR initiatives for the elderly club include organizing recreational events, health check-up camps, free medicine, everyday two time snacks, festival gifts, and providing resources to enhance their overall living conditions





## Impact of Microfinance

### Livelihood Increase

RRF widely credited to the emergence of new markets, including rural farming, handicrafts, women entrepreneurs that are inaccessible to the poor. With access to finance, the people are now able to invest in these markets, create jobs and improve their living standards.

### Agriculture

RRF have been reluctant to extend services to the agricultural sector. We have recognized the need for financial support in the agricultural sector and have tailored their services to provide loan for livestock, cultivation & forestry, and other agricultural tools. This initiative is helping to uplift the socio-economic status of rural people by providing them with much needed financial aid to improve their agriculture practices.

### Impact on SME sector

RRF from the beginning work for the entrepreneurs but to increase the service in this sector RRF created a different product name AGRAJATRA only for SME's beside Agroshor to cover large number of people. By credit support in this sector RRF is contributing the social economy. SME's are creating job opportunities for others also their living standards and extending their business which helps to develop the country's economy.















## Challenges of Microfinance

- ▽ Competition from other financial institutions in the microfinance field which makes the market very saturated.
- ▽ Dropout rate of staff is high.
- ▽ Lack of qualified manpower is another big challenge for this program.
- ▽ Overlapping is one of the big challenges for an organization as well as for the beneficiaries also.
- ▽ Demand of beneficiaries is high but not their income. Which is a risk for both members and the organization.
- ▽ Analytical ability of project feasibility by the field officers are another challenge.
- ▽ Over relying on external fund for example banks other financial institutions is also a big challenge.



## FOOTER

### AT a Glance

ONGOING FROM		<b>1992</b>
Number of Staff		<b>2037</b>
Total Member		<b>290620</b>
		TOTAL BUDGET <b>BDT 58,559,794,742</b>
Total Group		<b>16873</b>
Number of Borrower		<b>219653</b>
Number of Branch		<b>275</b>
Savings Outstanding		<b>BDT4312051193</b>
Loan Outstanding		<b>BDT 14328547314</b>
Fund Position		<b>BDT 8791734197</b>
Equity		<b>BDT 2373854440</b>
CRR		<b>98.62%</b>

### Member Talk



**Name: Mahamuda**  
**Husband: Golam Azam**  
**Member of RRF Samity**  
**Poultry Farm Owner**

Mahmuda was a housewife once. Her husband is a farmer who cultivates in other people's land by taking lease. They have 3 children. After covid they fall in a huge financial crisis. Then she decided to support her family to give better education to her children and a good life. She said that, 'I started to rear 10-15 poultry in a small space in my house area and my husband helped me in this. After that when I made a small profit from this number of chicken then I earned strong feeling to start it in a bigger way. So I became a member of RRF Samity of my area and took loan. Loan amount and my own capital, I made a shed and other necessary things. Now I am a successful entrepreneur of my village. I run 3 lac taka loan from RRF and also many of women started to start their own business. I am thankful to RRF for financial support and other technical support.



Area Coverage  
**30 District**