



Turkish Grameen Microfinance Program

Category of Good Practice: Partnership

Good Practice's title

Empowerment through Financial Access

Main objective

To reduce poverty levels among marginalized populations.

Key words:

Financial services, women

Type of organization: private non-profit MFI

Country: Turkey

Year of inception of the good practice: 2013

Services and products provided: Loans, Insurance, and Savings

Portfolio (€): €14,927,325.91 (43,462,622TL)

Avg loan size (€): €343.45 (1000TL)

of clients:

Website: www.tgmp.net

Address: 29/5 Kaptanpasa Sokak, 06700, Ankara, Turkey

Institutional profile:

Turkish Grameen Microfinance Program (TGMP) is a private, non-profit microfinance organization founded in 2004 through a joint venture between TISVA and the Grameen Trust. The program is the leading provider of financial services to women living in poverty throughout Turkey. Our organization currently operates in 68 provinces through 107 branches across Turkey and has provided small business loans to over 60.000 female recipients. Programs are based on the principle that the poor people have potential they can utilize in self-employment ventures if they receive access to capacity-building trainings and capital in the form of microcredit.

Mission of the organization:

TGMP's mission is to create a poverty-free Turkey where all low-income people have the opportunity to improve their economic welfare through affordable financial services.

Governance structure:

The governing body of TGMP, a Board of Trustees, is headed by founder Aziz Akgul. The Board of Trustees is responsible for electing the Board of Directors and approving the activity report and budget proposed by the Board of Directors.

Good Practice

Introduction:

After TGMP was established in 2003, it began its microcredit activities through the provision of group loans exclusively to low-income women throughout Turkey. TGMP offers five loan products. TGMP started by offering its Basic Loan. The Entrepreneurial Loan is offered to borrowers with existing successful businesses. Later, TGMP launched the Animal Husbandry (Livestock) Loan, the Social Development Loan and the Communication Loan.

The TGMP partnerships with banks provide an excellent example of what can be achieved when financial structures work together. With the funds provided by banks, TGMP is able to have a national presence today. As the donations received by TGMP are not sufficient, the banks are used as an additional source of funding. Moreover, these funds are distributed to the most desperate female borrowers within each of TGMP's 111 branches in 69 out of 81 Turkish provinces. TGMP has 52,111 active borrowers and an active outstanding portfolio of TL 49,174,215. TGMP employs a total of 289 staff members. Among the banks, commercial banks are actually one of the TGMP's major funders. In part, the success of TGMP can be credited to this partnership. Countless women have utilized TGMP loans to initiate home-based businesses such as the production of goods that may be sold from the home and nearby markets.

In the long run, TGMP will expand its member size, tailor its financial products to meet the diverse needs of its clients, improve service quality and achieve international status among microfinance institutions worldwide.

Target group and accessibility:

TGMP works with a fairly broad clientele base, although we only work with women. The majority are middle aged and considered low income, but we do not put restrictions on who can take loans.

Innovativeness:

The partnership with banks is innovative for Turkey because of its youth and novelty, although the approach is fairly traditional. For instance, the partnership with HSBC has allowed TGMP to partner with Morkoz, a cosmetics company, which is quite innovative for the microfinance industry. Borrowers, especially those new to microfinance, have trouble implementing a successful small business. They may not know what products to sell or how to distribute them. Morkoz provides our borrowers with specific, social business products to sell. This has been a big success for TGMP's borrowers.

Relevance given the context:

TGMP was founded to address the growing number of marginalized women living in poverty. Women only make up 25% of the Turkish work force. Often, many women do not have access to traditional financial services, and TGMP gives them a chance to establish themselves as independent entrepreneurs.

Adaptability to other contexts:

Replication of a partnership between a commercial bank and a private MFI is most certainly possible. However, banks need to understand the value of microfinance and the impacts it can have on communities.

Efficiency:

The efficiency of TGMP can be understood from the fact that TGMP has provided loans to 60,000 women. With the assistance from TGMP, women are able to start a business and become self-sufficient. As more financial resources enter the TGMP system, more women can be supported by this programme. In the long run, TGMP can contribute to the reduction of poverty and unemployment in Turkey.

Outcomes:

Since 2006, the partnership with HSBC has provided 12,953,873 TL (**€4,466,026**), a huge indicator of the success of this program.

In terms of beneficiaries, although there are no studies in Turkey to show effects on indirect beneficiaries, providing an opportunity for women to enter the economy can have positive implications on families, communities and in challenging social norms.

Sustainability:

The partnership is sustainable because TGMP has proven success through branch growth and increased client membership. TGMP also receives credit from international organizations such as Grameen-Jameel Trust, further reinforcing the sustainability of TGMP. Finally, awareness about the support offered by TGMP is increasing, which expands the client-base.

In practice: Specific description of a success story

Ayşe Tuncer 55, grew up with several childhood illnesses and spent most of her life living in her father's household. About 5 years ago, she lost both of her parents and needed to support herself. A neighbour told her about TGMP and she decided to give it a try. Before TGMP, she started knitting collars for sweaters. She used the loan to increase her capacity and now employs several women. She regularly sells her products in Istanbul.

Ayşe now has an adopted daughter who she plans to send to college. She is economically free and has made improvements to her home. Before growing her business, she used to borrow money from friends and family, but now, she loans money to them. There is respect for her in the community because everyone sees that she is unmarried but can provide for herself and her adopted daughter. Wanting to go back to school herself, she is most impressed by the strength and confidence she found as a result of her success. Ayşe never used to leave the house, but now her business gives her a reason to leave. She says that she would not be in this situation without TGMP.