

Policies



LOAN POLICIES

The Empowerment-Credit model is build on the hypothesis that if the poor are provided functional training, credits and social education simultaneously, adapting the package to lived realities, they shall generate sustainable income and intend meet majority of their diversified needs. The benefits could make the world a better place to live in not only for the bottom fifty percent of the poor living below poverty line but also for the wealthy. Though with great cultural adaptability, and a broader view to strategies that will solve the problem of poverty, GHAPE EC program also got inspiration from the Grameen Bank concept.

This policy document has been revised following recommendations made by Borrowers (at centre sessions and Centre chief meetings), External Evaluators (during an Impact Evaluation) and Credit Assistants (feedbacks from daily interactions with Borrowers and the environment). It highlights the specificity and conditions of accessing the loan component of GHAPE Empowerment-Credit package and types of loans.

General Terms & Conditions of Loans

- In the case of default in payment of installment by an individual borrower the group, center and branch members (as the case may require) shall contributes the minimum installment and the total EC and TC balance of defaulting member(s) on the date due or on or before subsequent center meetings but not later that the end of that financial year in question.
- When a borrower dies all outstanding loan installments not due for repayment at the time of death shall be considered and declared bad debt. The outstanding loan is written off. GHAPE and/or other lender(s) to the deceased borrower suffers/bears the loss. The deceased borrower's group, centre or branch not to talk of the family shall NOT be held responsible to pay this amount.
- When a borrower default in repayment of EF, penalty shall be charged on the outstanding balance.
- Total outstanding EF and penalty shall be deducted from borrower's deposits at the end of the borrowers EC year. Group members shall be responsible for the difference if total savings is insufficient.
- At the death of a borrower who owe EF, the amount of outstanding EF funds shall be deducted from funeral dues. If the amount owe is more than the amount paid as Funeral dues, the balance shall be subtracted from any savings. In the event that both Funeral dues and savings of the deceased borrower are not sufficient, the group members shall be responsible for the difference.

EMPOWERMENT-CREDIT (EC) POLICY

Empowerment-credits are loans given to eligible clientele following laid down procedures for investment in income-generating activities. An administrative fee is charged on these loans. There are three types of Empowerment-credit. The conditions of accessing these EC are as follows:

Empowerment-Credit Type-1 Policy

Eligibility criteria

- EC Type-1 is for first and second time borrowers.
- First time borrowers must passed admission test, the Basic Needs Test.
- Second time Borrowers must have completed repayment of first loan and have a good progress report.
- Complete identified trainings.
- Be an active members of a group in a current center.
- Accept that her/his photo be posted on our albums, website and other sites or documents with minimum personal information and description of project and planned goals.
- Commit to comply to the rules of the program.

Loan size (amount)

- Currently the maximum amount set by the program is \$400.00 for second time borrowers and \$80.00 for first time borrowers.
- Borrowers progress report determines loan size except for 1st time borrowers, who decide on what they need within the maximum fixed for their community.

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- When a borrower dies all outstanding loan installments not due for repayment at the time of death shall be considered and declared bad debt. The outstanding loan is written off. GHAPE and/or other lender(s) to the deceased borrower suffers/bears the loss. The deceased borrower's group, center or branch not to talk of the family shall NOT be held responsible to pay this amount.
- When a borrower defaults in repayment of EF penalty shall be charged on the outstanding balance.
- Total outstanding EF and penalty shall be deducted from borrower's deposits at the end of the borrower's EC year.
- At the death of a borrower who owes EF, the amount of outstanding EF funds shall be deducted from funeral dues. If the amount owed is more than the amount paid as funeral dues, the balance shall be subtracted from any savings. In the event that both funeral dues and savings of the deceased borrower are not sufficient, the group members shall be responsible for the difference.

Empowerment-Credit Type-2 Policy

Eligibility criteria

- EC type-2 is for third and fourth time Borrowers.
- Complete identified trainings.
- Members of groups in current centers.
- Accept that her/his photo be posted on our albums, website and other sites or documents with minimum personal information and description of project and planned goals.
- Commit to comply to the rules of the program.

Loan size (amount)

- Currently the maximum amount set by the program is \$800.00.
- Borrower's progress report determines loan size (amount).

Empowerment-Credit Type-3 Policy

Eligibility criteria

- EC type-3 is for fifth time borrowers and above.
- Completed identified trainings.
- Active members of a group in a current center.
- Accept that her/his photo be posted on our albums, website and other sites or documents with minimum personal information and description of project and planned goals.
- Commit to comply to the rules of the program.

Loan size (Amount)

- Currently the maximum is \$1,200.00.
- Borrower's progress report determines loan size (amount).

EMERGENCY FUND (EF) POLICY

Emergency fund are loans of very limited amounts given to borrowers to meet the cost of unforeseen or emergent health, school and other problems. These loans are repaid within one month. This loan is service fee free but failure to repay invites penalties. These loans are requested and granted instantly depending only on one consideration, availability of funds.

Eligibility criteria

- Active members of a group in a current center.
- Have an emergency situation.

- Accept that her/his photo be posted on our albums, website and other sites or documents with minimum personal information and description of project and planned goals and emergency conditions.
- Commit to comply to the rules of the program.

Emergency fund size (amount)

- Currently the maximum EF amount set by the program is \$80.00.
- The gravity of the emergency and demand on EF by members of the center.