

The MasterCard Foundation and BRAC Expand Microfinance Services in Uganda

*\$19.6 million program will benefit approximately 2 million people
with innovative approach to microfinance*

Toronto -- Nov. 18, 2008 – The MasterCard Foundation and BRAC announced today a \$19.6 million program to expand financial services to the poor across **Uganda**, benefiting approximately 2 million people. This initiative will demonstrate for the first time the full potential of BRAC’s holistic microfinance approach to reduce poverty and improve livelihoods in Africa. Insights generated from this program will enable BRAC to accelerate its long-term plan to adapt this approach for other African countries.

“The MasterCard Foundation is working with innovators like BRAC to expand the access and reach of microfinance services to the poor, supporting their entrepreneurship so they can improve their own lives and communities,” said Reeta Roy, President and CEO of The MasterCard Foundation.

Based in Bangladesh, BRAC is the world’s largest development organization and is one of the leading providers of microfinance services. BRAC’s approach, which it calls “**microfinance multiplied**,” increases the ability of poor clients to productively use their loans to augment their incomes, and build their assets, as well as stimulate economic and social development within their communities.

“This initiative with The MasterCard Foundation will be our largest program in Africa,” said Fazle Abed, Founder and Chairperson of BRAC. “What we learn in Uganda, including how to provide savings to poor women and their communities, will help us rapidly scale up our operations to provide services to millions of people throughout Africa.”

Working with the MasterCard Foundation, BRAC is poised to become one of Uganda’s most effective institutions serving significant numbers of rural households. BRAC recognizes the need of poor people to have a secure place to save their money and the role of savings in sustainable microfinance. As part of this program, BRAC will explore the feasibility of becoming a regulated deposit-taking institution in Uganda, a role it has not yet played in Africa.

The government of Uganda has made expanding financial services to the rural poor one of its top priorities. More than 37 percent of Uganda’s population lives on less than a dollar a day and 62 percent do not have access to financial services.

Women and girls are among the most negatively affected by poverty, and they play an important role as change agents in their families and communities. In Uganda, the program will provide economically active women with loans, training and technical support to enable them to improve their livelihoods. Additionally, the program will expand vocational and life-skills education for adolescent girls.

ABOUT THE MASTERCARD FOUNDATION

The MasterCard Foundation is an independent, private foundation based in Toronto, Canada. It was established through the generosity of MasterCard Worldwide customer financial institutions at the time of the company's initial public offering in 2006. The Foundation has more than \$1 billion in assets. Its vision is to make the economy work for everybody by advancing effective and innovative programs in the areas of microfinance and youth education. For more information, go to www.themastercardfoundation.org

ABOUT BRAC

BRAC, the largest non-profit in the developing world employing 120,000 staff, was launched in Bangladesh in 1972 and today reaches more than 110 million people with its holistic approach to addressing poverty by providing micro-loans, self-employment opportunities, health services, education and legal and human rights education. BRAC's vision is to improve the health, wealth and well being of millions of the poorest families primarily in Asia and Africa. BRAC has provided \$5 billion in micro-loans to nearly seven million borrowers, mostly women, and created 8.5 million self-employment opportunities. BRAC's 73,000 community health promoters have provided basic health services to more than 93 million people. To learn more about BRAC, please visit www.bracusa.org

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TEXT IN LINK

UGANDA PROGRAM

The Uganda program will include the following activities:

MICROFINANCE BRANCHES: BRAC will expand its operation in Uganda from 34 microfinance offices to 85, thereby increasing the reach of financial services to the poor.

SAVINGS SERVICES: Savings institutions in Uganda are regulated by the Bank of Uganda, and only microfinance providers with at least a three-year track record are eligible to apply for a license to become a deposit-taking institution. BRAC does not yet meet the three-year minimum, but will engage experts to evaluate the feasibility of its transformation into a deposit-taking institution

LIVELIHOOD SUPPORT: More than 80 percent of the jobs in Uganda are related to agriculture. The program will provide loans, training and technical support to workers in the agricultural sector.

ADOLESCENT GIRLS: BRAC began a pilot program last year in Uganda that provides safe places for adolescent girls to learn vocational, financial and life skills. The program will expand this pilot to reach several thousand girls between the ages of 13 and 19.

PRIMARY EDUCATION: The program will expand primary education for older children living in camps for the internally displaced in Northern Uganda. These youth, 80 percent of whom are girls, have been out of school due to the recent conflict in this area.

TRAINING: The program will expand BRAC's training center, which orients new staff and provides courses in microfinance, human resources and other technical subjects. Training will also be made available to the staff of other NGOs, thereby expanding human resource capacity in the country.

TEXT IN LINK

MICROFINANCE MULTIPLIED

Microfinance is the engine of BRAC's poverty alleviation strategy. This approach seeks to improve the quality of the lives of the poor, and in so doing, enable them to improve the lives of others in their communities. BRAC has learned that people require a holistic set of interventions in order to move out of poverty. In addition to financial services, such as savings and loans, they also need access to training, technical assistance, and education for their children, in order to protect their assets, build incomes and leave poverty behind.

BRAC's "microfinance multiplied" approach increases the ability of borrowers to productively use their loans to increase income and build assets. It also stimulates economic and social development within the community. The approach increases the borrowers' ability to take loans and make repayments, reducing the risks of loan defaults.

At the core of BRAC's program is the Village Organization (VO), an association of poor women formed to receive financial services and social support. A typical VO has between 20 and 45 members and meets weekly with a BRAC loan officer who makes loans and collects repayments. The VO is a critical link between BRAC and rural communities. Over time, VOs become the primary distribution channel for livelihood services and technical assistance to their communities. For example, BRAC recruits and trains some VO members to become model farmers, who in turn teach good farming practices to other members of their community.

This community-based and institution-building method enables BRAC to reach more people.