

**Pro-Poor Innovation Challenge Round VIII**  
 Organization and Project Profile: Trickle Up Program & Bandhan  
 Preliminary Report: June 1, 2006

**I. \*\*General Information: (please complete the information in the section below)**

Name of Organization:	Trickle Up Program and Bandhan
Location: (City, Country)	New York, NY and Kolkata, India
Mission of Organization and year founded:	<b>Trickle Up (TUP)</b> was founded in 1979 and is dedicated to helping the lowest income people worldwide take the first steps up out of poverty, by providing conditional seed capital, business training and relevant support services essential to the launch or expansion of a microenterprise. This proven social and economic empowerment model is implemented in partnership with local agencies. <b>Bandhan</b> was launched in 2001, and its mission is to reduce economic and social poverty significantly through providing client focused, quality, cost-effective, sustainable financial services.
Products/Services offered:	<b>TUP</b> provides seed capital grants and basic business training to help in the launch or expansion of a business. <b>Bandhan</b> offers two financial products: microloans and microenterprise products.
Do you work in rural and/or urban areas?	<b>TUP</b> works in both rural and urban areas in 14 countries. <b>Bandhan</b> works in 14 districts of West Bengal, India, in both rural and urban areas.
General Client Profile: (poverty level, occupations, gender, etc.)	<b>TUP:</b> An estimated 90% of assisted entrepreneurs outside the U.S. are below the national poverty line. Clients pursue a range of activities, including: 51% retail; 21% agriculture; 10% services; 6% food processing; 6% crafts; 6% miscellaneous. 78% of TUP businesses are led by women. <b>Bandhan:</b> Bandhan's clients are landless and asset-less women, with a family income lower than Rs. 2000 (\$46) per month, and who do not have more than 50 decimals of land or capital of an equivalent value. Twenty percent of clients live below the poverty level and they pursue a range of occupations, including: 24% petty trading; 24% small cottage industries; 18% small business; 17% animal husbandry; 7% agriculture; 7% transportation; 3% services.

**II. PPIC-Program Information:**

<u>Rationale:</u>	
Why did you choose to implement this specific project?	Because microcredit typically fails to reach the poorest, TUP and Bandhan seek to help more of the poorest access loans for business expansion. This pilot will demonstrate that the poorest can be reached through a series of interventions that build on the skills they have gained in starting businesses with grants and training, help them expand their businesses with small, subsidized loans, and prepare them to repay larger loans.
What do you wish to achieve by this project?	TUP and Bandhan will enrich the services offered to the poorest of the poor by linking microenterprise grant recipients with a microcredit program.

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<u>Description of project approach:</u>	
What is the innovation financed with PPIC funds?	Trickle Up grant recipients will link with Bandhan’s microfinance program for savings services and loan products. The project will be implemented with two service delivery models. In the first model, Trickle Up will work with two of its existing partner NGOs, who will preselect 100 entrepreneurs using a poverty assessment tool. From these, Bandhan will select 50 to participate in the project. In the second model, Bandhan will work with Trickle Up to directly implement the program, selecting 50 entrepreneurs. All entrepreneurs from both models will be selected from within a limited geographic area and will form savings groups. Entrepreneurs will receive basic business training and ongoing support as their businesses grow. Beginning 18 months after the start of the project, depending on entrepreneur and group development, Bandhan will offer specific loan products targeted for this group.
What is the client profile of participants in this specific project?	The poorest women living in slum and squatter communities in Kolkata, India.
How is this project different than what you already do within the organization?	Trickle Up does not have a formal relationship with a microfinance institution to link TUP graduates to microcredit. Bandhan does not currently target the poorest of the poor.
How is this innovation different than what other MFIs do in your market?	Apart from select examples, few other MFIs are attempting to reach out to the poorest in their communities in partnership with a grants-based program.
How will this product/service help with the overall purpose of the project?	The grants will enable the poorest to start or expand small income-generating activities through asset creation. Grantees will also receive support in savings mobilization. Finally, subsidized loan products will enable clients to graduate to credit.
What is the timeline for this project?	Two years. Entrepreneurs will be selected for participation beginning in July. We anticipate that clients will begin to graduate to credit 18 months to two years after the beginning of the project.

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**III. Progress to date: Challenges and Lessons Learned**

<p>**Learning questions:</p> <ol style="list-style-type: none"> <li>1) What must an MFI do to successfully integrate graduated grant recipients into formal financial services?       <ol style="list-style-type: none"> <li>a. Financial products: What kind of products are appropriate? How are they sequenced?</li> <li>b. Monitoring: What should be monitored? How often? What are the thresholds to drop or graduate a client?</li> </ol> </li> <li>2) How can organizations adequately prepare grant recipients to access loans?       <ol style="list-style-type: none"> <li>a. Selection: what is the best way to do this? What are the criteria? What are the problems with this process?</li> <li>b. What is the best way to deliver grants? Do you fund specific activities, buy specific products, etc?</li> </ol> </li> <li>3) What are the costs associated with all of the above steps?</li> </ol> <p>What challenges have you faced both internally and externally?</p> <p>What lessons has your organization learned while conducting this project?</p> <p>What factors have been key to your success?</p> <p>What would you do differently next time?</p>	<p style="text-align: center;">TBD</p>
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**IV. \*\*Key Indicators: (please complete the information in the section below)**

	<u>Baseline</u> July 2006	<u>6 months</u> November 2006	<u>12 months</u> April 2007	<u>18 months</u> November 2007	<u>24 months</u> April 2008
<b>Savings per client</b>					
<b>Number of TUP clients</b>					
<b>% of eligible clients who received 2<sup>nd</sup> grant installment for same business</b>					
<b>% of eligible clients who received 2<sup>nd</sup> installment for different business</b>					
<b>Number of TUP clients who received Bandhan loan (number, % of total clients having completed TUP cycle)</b>					
<b>Poverty selection criteria:</b> 1. Women 2. Vulnerable women--widows, women with disabilities, single women (women who have passed marriageable age, age 30+) 3. Asset-less poor/ productive asset not in use 4. School going children in the family do not go to school or are engaged in earning 5. Ratio of absolute income is less than \$1/day					
<b>Household socioeconomic conditions in six areas gauging improvement over the course of the project:</b> 1. <b>Housing:</b> size and ownership status of housing, from renting 1-room dwelling to owning 2. <b>Education:</b> From no school attendance to full school attendance 3. <b>Health &amp; Nutrition:</b> from no access to medical services to access from registered medical practitioners 4. <b>Assets:</b> from radio or tape recorder to color TV 5. <b>Income:</b> from less than \$1 to more than \$3 6. <b>Security:</b> from no financial support mechanisms to savings/insurance					