

Grameen Fund

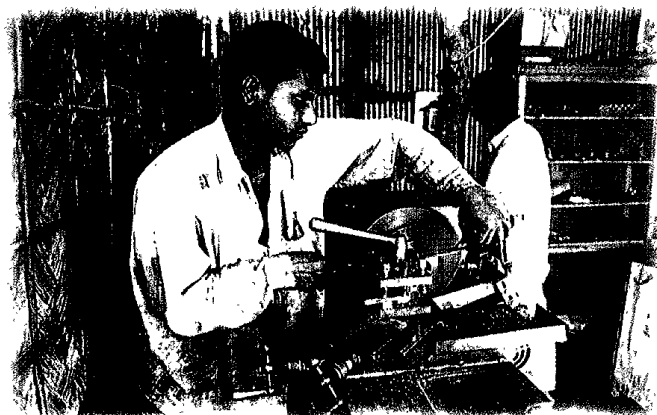
A member of Grameen family of companies

GRAMEEN FUND- A VENTURE FUND

Grameen Fund, established in 1994 as a venture financing company within the Grameen family of enterprises, is dedicated to promoting, managing and financing various enterprises which aims to create wealth for ultimate poverty alleviation. Its emphasis is on venture project financing, from which traditional banks have shied away. Private enterprises that bring new technology for economic development of the country will get priority with the **Fund**. The **Fund** provides both equity and loans or both according to the need of the project.

OBJECTIVES

- ❑ provide equity financing to the companies which promote and develop new technologies having direct or indirect impact on poverty alleviation. The Fund will have strong interest in information technology, communication, eco-friendly investment;
- ❑ provide loans/equity or both, in risky ventures with untested technology/products either in a new enterprise or an existing company for balancing, modernization, or expansion;



- ☐ assist in management buy in/out of existing companies, needing finance and management support provided such companies have direct and indirect impact on poverty alleviation;
- ☐ promote or develop enterprises having prospect of export or import substitution that will use indigenous raw material, provide extensive employment to rural poor and or help upgrade skills of rural or urban poor.

VENTURE FINANCING

Projects We Look For

Grameen Fund wishes to adopt a pragmatic approach in extending financial assistance. However, it accords priority to a small scale industry, if it has the following features:

- ☐ uses of an innovative and untested technology;
- ☐ produces high returns, but having high risks in a non-traditional sectors;
- ☐ applies local invention/product and process;
- ☐ uses indigenous and innovative raw-materials;
- ☐ export orientation and international competitiveness; has a potential for rapid growth;
- ☐ enhances skills.

Financial Facilities and Conditions

Equity Participation

Equity: GF may join in equity participation in the project/enterprise financed by other banks and financial institutions when invited provided that they meet the **Fund** objectives. Generally, **Fund** prefers to take on 51% of the equity in a project. In older companies needing finances for new product development or expansion, lower equity ratio may be accepted if so desired by the Board of Directors of GF.

Management: GF would like to participate in the management of a venture company which is funded to ensure that the company operates proficiently and the project activities follow the business plan.

FINANCING

GF aims at divestment of its shares within 5-7 years through public floatation. Where public listing is not possible the other partners can have first option to buy the Grameen shares either in full or partially.

Long Term Lending

Maturity : Between 2 to 7 years.

Interest Rate : 14% per annum (subject to adjustment from time to time.)

Grace Period : Depending on prospective cash flow.

Collateral : Generally in the form of assets of the project enterprise.

Bridge Loan

Grameen Fund's participation in a project simultaneously through equity and loan financing will be generally discouraged but for early completion of project bridge loans may be provided. The company in that case will borrow fund from other commercial banks and adjust the bridge loan given by the **Fund**.



SMALL SCALE VENTURE FINANCING

Projects We Look For

GF goes for financing small and micro industries that have the following features :

- ❑ Enterprises in rural areas that need working capital and fixed capital investment in on going as well as new small scale industries. Grameen Bank Network shall be used to execute this scheme.
- ❑ Industries/Entrepreneurs engaged in manufacturing and marketing of various products under marketing tie-up with Grameen Bebsha Sheba Pvt. Ltd.-a company of **GF** engaged in supplying consumer goods to small traders/shops in rural areas on commission basis.

Financial Facilities and conditions

Size of loan : *Small scale: less than 3.00 million Taka.*
Micro scale: less than 2.00 million Taka.

Maturity : Between 1 to 3 years.

Interest Rate : GB Network - 20% per annum
GBS Network - 17% per annum

Grace period : Depending on prospective cash flow.

Documentation : 1% of the total loan disbursed. (in case of
Charge projects come in through Grameen
Bebsha Sheba Pvt. Ltd.)

Collateral : Generally in the assets of the project
enterprise.

CO-OPERATION WITH GF

Co-operation begins with a discussion with the prospective partner of the prospects and risks of the investment project based on the project design. The most suitable design for the investment project is usually developed in the course of this appraisal, in which **GF** would assess the viability of the project in terms of marketing, procurement, production, management/organization, personnel, location, finances, cost structure, earning power, environmental impact, etc.

This design is conducted in close consultation with the partner entrepreneurs.

SOURCING ENTREPRENEURS

Grameen Fund believes that its objective can be realized only by its ability to locate the prospective entrepreneurs, inventors and new business ideas, alongwith compatible technology for competitiveness. With this purpose the **Fund** has been keeping and expanding contacts with various trade associations and chamber of industries in the country, government and non-government organizations engaged in research for development of new product and or process for commercialization and entrepreneur development, other local and foreign financing institutions particularly engaged in funding innovative and risky projects etc.

Key facts on the Company

Status : Company Limited by Guarantee
Founded : 1994, January.
Chairman : Professor Muhammad Yunus
Managing Director : A. A. Qureshi

Would you like to know more?

If you are an entrepreneur who has a new business idea rural Bangladesh, please contact for further enquiries on **GF's** financial services to:



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