**Case Study 3 (B2 level)**

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| **CASE STUDY** | | | |
| **1** | **Title** |  | |
| **2** | **Case Study**  **Short description**  **(with objectives)** | This section provides an overview of the SDG being addressed, the specific goal/s within that SDG.  Describe the specific case or example that you are analysing in relation to the chosen SDG. This includes details such as   * the location, * stakeholders involved, * timeframe. | **GOAL/S:**  Sustainable Development Goal 1 - WikipediaSustainable Development Goal 5 - WikipediaSustainable Development Goal 8 - WikipediaSustainable Development Goal 10 - Wikipedia  **Location:** Bangladesh  **Capital city** Dhaka.  **Stakeholders involved:** Grameen Bank, rural communities, women entrepreneurs, local governments, and international organizations.  **Timeframe:** Since its establishment in 1983 up to the present day.  **Case Study Description:** Grameen Bank pioneered microfinance, providing small loans to low-income individuals, especially women, to start their businesses. This model has empowered millions of people, particularly in rural areas, to lift themselves out of poverty.  **Objectives:** reducing economic inequalities, financial inclusion, empowering marginalised groups |
| **3** | **Challenges** | Challenges can arise from various factors, including external circumstances, internal constraints, or unforeseen complications. | **Social and Cultural Barriers.** Deep-rooted social norms, cultural beliefs, and gender biases have sometimes hindered the participation of women and marginalized groups in Grameen Bank's microfinance programs.  **Credit Risk**. Lending to impoverished individuals without collateral or traditional credit histories can pose challenges in assessing creditworthiness and managing credit risks. This can lead to higher default rates and financial losses for microfinance institutions. Managing credit risk and maintaining a healthy loan portfolio while serving a predominantly low-income clientele with limited collateral.  The rate of interest in Grameen Bank is very high (31%) and due to high interest rate the poor women cannot use the loan in a high profitable business to bear this burden, so some of the borrowers lose lands and assets to pay the loan. |
| **4** | **Solutions**  **(and recommendations)** | Solution refers to a proposed course of action or strategy designed to address a specific challenge, problem, or issue identified within the case. Solutions are developed based on the analysis of the case study findings and are aimed at achieving desired objectives and outcomes. | **1. Develop Credit Scoring Models.** Grameen Bank has adopted robust credit assessment and risk management systems tailored to the needs and characteristics of its borrowers. The bank emphasizes the importance of financial discipline, savings, and regular repayment habits through its borrower training programs. Additionally, Grameen Bank diversifies its loa n portfolio and implements prudent lending practices to minimize credit risk and ensure the long-term sustainability of its microfinance operations.  GB loan distribution has a risk of default. To induce repayment GB must punish borrowers who default such as by denying future loans. It must choose successful borrowers to help repay the loans of unsuccessful borrowers to avoid punishment. A joint liability scheme is an inefficient system of GB  **2. Awareness Companies.** Grameen Bank has implemented targeted outreach and awareness campaigns to challenge and change societal perceptions about women's financial independence and entrepreneurship. The bank has also prioritized the inclusion of women and marginalized groups in its programs, providing them with tailored financial products, training, and support to empower them economically and socially.    **RECOMMENDATIONS**  **Expand Financial Literacy and Education Programs**: Offer tailored financial literacy, entrepreneurship, and leadership training programs to empower women, marginalized groups, and the broader community with knowledge, skills, and confidence to make informed financial decisions and leverage microfinance services effectively.  **Invest in Technology and Digital Transformation:** Leverage technology and digital solutions to streamline operations, automate processes, enhance data analytics capabilities, and improve decision-making, customer service, and regulatory compliance. |
| **5** | **Outcomes** | Evaluate the outcomes and impact of the strategies and interventions on the targeted SDG. Provide evidence-based analysis of progress made, successes achieved, as well as any limitations or setbacks encountered. | The Grameen Bank, in Bangladesh, has attracted worldwide attention by providing small loans to the rural poor and recording high repayment rates. It has over two million members spread over 35,000 villages, 94 percent of whom are women. The Grameen Bank has recorded loan recovery rates above 90 percent consistently and has had a positive impact on rural wages and poverty reduction, which indicates that the benefits to its borrowers from program participation must be significant and sustainable. The Grameen Bank's achievements have led to its many replications in over forty countries and the World Bank has taken the initiative to sponsor Grameen-type schemes. Successful replications would depend not only on subsidised resources initially, but also on committed and dynamic leadership that is able to carve out market niches.  By the way women [statistically have a much higher loan repayment rate than mal](https://www.microfinancegateway.org/sites/default/files/mfg-en-paper-women-and-repayment-in-microfinance-mar-2009_0.pdf) In rural bangladesh mostly women are dependent to their family or hasbund, and essentially their on the poweless position both socially and economically. And at this moment bank give them opportunity to start small business which also affect to their empowerment. [The story of Manjira](https://opinionator.blogs.nytimes.com/2012/08/22/an-attack-on-grameen-bank-and-the-cause-of-women/) who, years before, was living in extreme poverty in Bangladesh, illustrates the impact a Grameen loan can have. she managed to get a small loan through Grameen, and had become a successful seamstress. Now, she is one of the board members of Grameen Bank The Grameen Bank has recorded loan recovery rates above 90 percent consistently and has had a positive impact on rural wages and poverty reduction, which indicates that the benefits to its borrowers from program participation must be significant and sustainable. The Grameen Bank's achievements have led to its many replications in over forty countries and the World Bank has taken the initiative to sponsor Grameen-type schemes. Successful replications would depend not only on subsidised resources initially, but also on committed and dynamic leadership that is able to carve out market nichesedited  The GB of Bangladesh holds an iconic position in the world of microfinance. It is credited with proving that the poor are bankable, the GB model has been copied in more than 60 countries; it is the most widely cited development success story in the world. GB model has been followed in 22 countries of Africa, 19 in Asia, 3 in Oceania, 15 in America, and 7 in Europe until 2002. |
| **6** | **Q&A Session** | **Allocate time for a question-and-answer session.** | How do you think, we can implement a project like this in Kazakhstan? Or maybe you know such companies in our country?  Will it have success and how can our country prevent credit risk? |
| **7** | **Applicability** | **Would it be applicable in Kazakhstan / Central Asia?**  **Why yes/no?** | Despite Kazakhstan's economic progress, a significant part of the population, especially in rural and remote areas, still does not have access to official financial services. Such an institution could help expand access to financial services by allowing people to start businesses, invest in education and improve their overall economic prospects.  In addition, Kazakhstan ranks only 80th out of 156 in the global gender equality ranking. This means that by prioritizing lending to women, the bank could play a key role in reducing the gender gap in access to finance and empowering women. There is one project to support women entrepreneurs - KMF Isker hanymy. KMF notes that 63% of their clients are women who live in rural areas.  Fighting poverty, especially in rural areas, will also be key, as the bank provides individuals with the means to lift them out of poverty through entrepreneurship and economic self-sufficiency. Ultimately, the establishment of a Grameen-style bank in Kazakhstan has the potential to stimulate rural development and reduce inequalities. |
| **8** | **References** | **Provide a list of all sources.** | <https://grameenbank.org.bd/>  <https://forbes.kz/news/2022/03/04/newsid_270920> |