

## **REVOLVING LOANS – FREQUENTLY ASKED QUESTIONS**

<b><u>Questions</u></b>	<b><u>Answers</u></b>
What is a Revolving Loan project?	Revolving loan projects, also called microcredit or village banking, are projects that organize low-income persons, usually women, to borrow money, animals or equipment to facilitate small economic self-help enterprises. Rotary uses the term “revolving loan” because the funds continue to revolve: Funds are loaned to beneficiaries, repaid, and loaned again, hopefully in perpetuity.
What are the funding limits for a loan project?	Grant funds may be used for revolving loan capital for up to US\$10,000 per credit group. One grant may support multiple credit groups.
What is a credit group?	Also called a village bank, a credit group is a group of ten to thirty borrowers, usually women, organized, educated and trained in the rudiments of saving, credit and entrepreneurship, who cross-guarantee each others’ loans to ensure repayment to the fund.
What grant programs can be used for RLF?	Revolving Loans may be implemented using Matching Grants, District Simplified Grants, or 3-H Grants.
How often are Revolving Loan applications reviewed?	<ul style="list-style-type: none"> <li>• They are reviewed on the same schedule as all Matching grants which mean they can be submitted between 1 July and 31 March of any given Rotary year and approved between 1 August and 15 May.</li> <li>• All Revolving Loan grant applications will undergo an initial review by a member of the Humanitarian Programs Cadre of Technical Advisors.</li> </ul>
Who are the cadre, and what does a cadre review entail?	The Cadre of Technical Advisors are Rotarians with relevant experience, appointed by the Chairman of the Trustees, who review applications for technical soundness and long-term viability prior to submission to the Trustees.
May we use a cooperating organization?	Cooperating organizations can assist Rotary clubs and districts working with microcredit and revolving loan funds, but supervision and control of the project must rest with the club or district. The Foundation will not consider any grant applications for microcredit or revolving loan funds involving cooperating organizations until those organizations can demonstrate their ability to meet the requirements of The Rotary Foundation and significantly involve Rotarians in these activities.
May we use grant funds to cover administrative expenses?	Under the standard Humanitarian Grants Policies and Guidelines, Rotary Foundation grant funds may be used for Rotary club and district start-up costs to support revolving loan projects until the loan fund is self-sustaining. In addition, interest and fees generated by revolving loan fund capital from The Rotary Foundation may be used for ongoing administrative expenses that support the revolving loan project.
Are there any additional requirements when applying for a grant to support Revolving Loans?	<ul style="list-style-type: none"> <li>• Revolving loan project applications must include detailed information on training plans, loan policies, continuity plans and an exit strategy to be detailed in the Revolving Loan Fund application supplement.</li> <li>• A separate Revolving Loan Fund Agreement must be adopted for each credit group before funds are released for that credit group. Each agreement will specify loan policies for that credit group, including interest rates, loan amounts, and payback schedules.</li> <li>• A continuity plan must be adopted to ensure that capital from The Rotary Foundation continues to be used for revolving loans after the final report to TRF.</li> </ul>
What eventually happens to the funds?	In the event that the Rotarian project sponsors decide to discontinue the revolving loan fund, the loan capital is to be returned to The Rotary Foundation.
May we use funds to guarantee bank loans?	Per Trustee decision, effective November, 1998, The Rotary Foundation does not fund loan guaranty systems.
Whom should I contact if I have questions?	Contact the Humanitarian Grants coordinator for the district where the project will take place.