
IMPACT CASE STUDY: El Fondo de Desarrollo Regional – Fondesurco
Country: Peru (South America)

Fondesurco (www.fondesurco.org.pe) was founded in 1994 as a non-profit organization specifically focused on microcredit and development operations in the rural areas of southern Peru. Initial funding and guidance was provided by two long-standing Peruvian rural development organizations, Ceder (the Center for Regional Development Studies), and Desco (the Center for the Study and Promotion of Development). Today, Fondesurco is one of the few MFIs in Peru focusing on the country's rural poor, a group which continues to have very limited access to financial services. As of December 2008, Fondesurco operates 10 offices in Peru, serving over 5,800 clients with a portfolio of \$7.7M.

MicroCredit Enterprises Impact

In March, 2009, MicroCredit Enterprises issued its first loan to Fondesurco for \$600,000.

- MicroCredit Enterprises' loan allowed Fondesurco to increase its portfolio during a period of high seasonal client demand in Peru and amid a difficult international funding environment.
- The timing of MicroCredit Enterprises' loan assisted Fondesurco as the MFI began to roll out its credit with education group loan, a new product targeting Peru's poor rural women.

Country Profile: Peru

- Peru's population is ethnically diverse. The largest ethnic group is indigenous Indians, who comprise 45% of the population. Mestizos, mixed descendants of the Spanish and indigenous Indians, comprise 37% of the population.
- Nearly 45% of Peru's population lives under the poverty line, as of 2006. Poverty is more pervasive in rural areas, affecting almost 65% of the rural population.
- In 2006, Peru suffered from a child mortality rate of 3%, which is higher than the regional average.

“When I had no one else to count on, Fondesurco was there for me. The loan from Fondesurco helped me start a successful business. Now I can take care of my son.”

Reyna, Fondesurco client

Client Impact: Reyna's Microloan*

Reyna began working with Fondesurco in 1997. Her husband had recently left her and she was the only person supporting her son. Reyna wanted to start a business to ensure that she had enough money to send her son to school.

Reyna then received her first loan from Fondesurco, using it to purchase two cows. She began selling the milk for a profit, and for the first time in her life had savings. Reyna had noticed there was no convenient grocery store in the area, so she used her savings to rent a small shop in her local community.

As time passed, Reyna repaid her loan to Fondesurco and was approved for larger loans, using them to invest in her growing grocery store. The store became very profitable, and Reyna was able to send her son to school. Recently, Reyna used her savings to purchase her own home.

*Fictitious name to protect the privacy of the individual.

IMPACT CASE STUDY: MLO IMON
Country: Tajikistan (Central Asia)
Affiliation: Mercy Corps; MEDA

IMON was founded by Mercy Corps and the National Association of Business Women of Tajikistan (NABWT) in 2004; its origins dating back to 1999 as a project of NABWT. Today, IMON is the leading non-bank provider of microcredit services in Tajikistan providing both individual and group-based loans to the most vulnerable populations in the country. As of December 2008 it operates 35 offices, serving over 26,600 clients with a loan portfolio of US\$30.5 million. 43% of its clients are women and 68% are from rural communities. In 2006, IMON won the CGAP Financial Transparency award.

MicroCredit Enterprises Impact

In October, 2006, MicroCredit Enterprises issued a loan of \$500,000 to IMON. In February, 2008 MicroCredit Enterprises issued a second loan of \$500,000. MicroCredit Enterprises issued its third loan to IMON in March, 2009, in the amount of \$750,000.

- With its first loan to IMON, MicroCredit Enterprises was the fourth international lender to provide financing to IMON.
- MicroCredit Enterprises' third loan was issued in the midst of the global financial crisis, enabling IMON to provide loans to its clients to reinvest in their businesses in an especially difficult funding environment.

Country Profile: Tajikistan

- Tajikistan (population 7 million), gained independence in 1991 following the fall of the Soviet Union. The country continues to struggle with its transition to democracy and a free-market economy following the civil war throughout the mid 90s.
- Tajikistan is the poorest of the former Soviet republics.
- Tajikistan ranks low (122 out of 177 countries) on the U.N. Human Development Index.

“IMON provided me an opportunity to go from a simple reseller of sugar to become a leading producer of yogurt, ice cream, and ravioli in my local market.”

Jamshed, IMON client

Client Impact: Jamshed's Microloan*

When Jamshed graduated from college with a specialization in food technology he assumed that he had a good life ahead of him with steady employment. However, civil war broke out in Tajikistan, ending any hope he had of formal employment. To scrap together a living for his wife and three children, Jamshed began selling sugar in the local market.

Jamshed's earnings from reselling sugar were meager and sporadic. Evaluating other businesses, he decided he should start producing yogurt, using skills he learned at university, but he lacked the capital to purchase the necessary equipment. Learning about IMON, he applied for a \$1,000 loan, enough to purchase the equipment he needed to start his business.

After successfully producing yogurt, Jamshed borrowed a 2nd loan from IMON to buy additional equipment to make ravioli and ice cream. Today, he is not only able to provide school uniforms and books for his children, but he has also refurbished his family's apartment.

*Fictitious name to protect the privacy of the individual.

IMPACT CASE STUDY: Pro Mujer Peru
Country: Peru (South America)
Affiliation: Pro Mujer

Pro Mujer Peru (www.promujer.org) started in 1999 as the third MFI in the Pro Mujer international network. Pro Mujer Peru operates through 32 offices in southern Peru, serving over 49,300 clients with a portfolio of \$13M as of December 2008. 94% of its clients are women and its average loan balance per borrower is \$263. In addition to providing loans, Pro Mujer connects its clients to local healthcare providers, negotiating reduced rates for primary care services. Additionally, it organizes health campaigns where clients can receive preventative care at its neighborhood centers. Furthermore, Pro Mujer Peru administers four daycare centers for its clients. In 2007 Pro Mujer Peru was awarded for Excellence in Microfinance by the Inter-American Development Bank.

MicroCredit Enterprises Impact

In March, 2008, MicroCredit Enterprises issued a one year loan of \$150,000 to Pro Mujer Peru. This was renewed for another two year period in March, 2009.

- MicroCredit Enterprises' loan allowed Pro Mujer to reach over 550 clients, whose needs would have otherwise gone unmet.
- MicroCredit Enterprises' loan also allowed Pro Mujer Peru to better serve its clients' needs during a time of high seasonal demand.

Country Profile: Peru

- Peru's population is ethnically diverse. The largest ethnic group is indigenous Indians, who comprise 45% of the population. Mestizos, mixed descendants of the Spanish and indigenous Indians, comprise 37% of the population.
- Nearly 45% of Peru's population lives under the poverty line, as of 2006. Poverty is more pervasive in rural areas, affecting almost 65% of the rural population.
- In 2006, Peru suffered from a child mortality rate of 3%, which is higher than the regional average.

“Pro Mujer Peru provided me hope when I thought none was left. Abandoned by my husband and without a job, I started a small business with training and a loan from Pro Mujer Peru and now can feed my 6 children.”

Irma, Pro Mujer Peru client

Client Impact: Irma's Microloan*

Irma is a single mother of six children living in southern Peru. To ease her hunger pains, Irma chewed coca leaves, but this did little to ease the pain she felt by not being able to provide food for her children. Compounding her problems, Irma lost her job when she fell ill and missed too many consecutive days of work while looking for medical care in distant cities, then her husband abandoned her and the children.

Desperate to buy food for her children, Irma began making and selling miniature dolls, but she was inexperienced in managing a small business and struggled to earn a profit. Soon after, she learned of Pro Mujer Peru via a radio announcement and signed up for business training and a small loan.

After receiving some basic coaching and a small loan, Irma reinitiated her doll making and has now nearly tripled her weekly earnings, jumping from \$11 to \$31, providing enough money to feed her family.

*Fictitious name to protect the privacy of the individual.