

MICROFINANCE



OVERVIEW

Since PfD implemented its first microfinance programs in 2001, it has continued to integrate microfinance activities into other development programs in various program countries. PfD's commitment to microfinance demonstrates an understanding that access to financial services is a proven means of reducing poverty and that integration with other programs increases the overall effectiveness of PfD's work. Through microfinance activities, PfD aims to bring financial services to people who traditionally do not have access to the formal banking sector and increase their capacity to manage their own finances.

"In my experience, poor people are the world's greatest entrepreneurs. Every day, they must innovate in order to survive. They remain poor because they do not have the opportunities to turn their creativity into sustainable income."

Muhammad Yunus



LOCAL PARTNERSHIP EXAMPLE

PfD currently works with Finadev, a microfinance institution (MFI) in Benin to support their PINEX (Pineapple Processing for Export) program. Finadev distributes credit loans to small pineapple processing companies that provide the agricultural inputs to support the crops. These loans enable business growth cycles; smallholders can increase production and sales and build positive credit ratings through repayment of loans. This paves the way for future growth cycles and establishes sustainable relationships between pineapple producers and the MFI.



PROGRAM IMPACT

FROM 2001-PRESENT

102,435
loans

provided in
over five program
countries

93%

Total borrowers were
women

485 USD

average loan size
to Cambodian recipients

"Before taking a loan with PfD, my family struggled through each day...I have now taken three loans and within three years have grown a large business...PfD's microcredit program allows me to borrow with low interest, so I can easily repay on my payment schedule."

Sourn Sinoun, 2014
Vegetable farmer in Cambodia



PROGRAM HIGHLIGHTS

Building Credit: Credit is imperative to increasing business potential. In PfD's PINEX project, an integrated model substantially increases export sale of Benin's pineapple producers. Trained pineapple farmers use microfinance loans for inputs that increase fruit production and quality, and processing companies use loans to procure equipment necessary to meet the growing demand for pineapple products all markets. By distributing loans and creating realistic repayment plans, PfD gives pineapple farmers and producers the opportunity to build credit for future loans.

Expansion of Business: Through PfD's Growing Resources for Enhanced Agricultural Enterprises and Nutrition (GREEN) project, vegetable farms learn about market demand and are trained to grow crops to meet such demands. In Benin, PfD uses microfinance loans to expand smallholder farmers' market-oriented businesses by supplying agricultural inputs. These small loans enable smallholders to increase production and sales, and repayments that build positive credit ratings lead to another growth cycle.

Skills and Knowledge Development: PfD partner organizations use meetings with borrowers as an opportunity to educate and build capacity of loan recipients on a wide range of topics. These topics include business and financial skills training, as well as health and family planning education or service referrals. These meetings serve as a key integration point; PfD deploys microcredit and related training to leverage improvements in other sectors that are essential to the overall wellbeing of loan recipients and their families.

INNOVATION

PfD integrated malaria education into their microfinance activities in Cambodia, increasing overall program impact. PfD implemented a pilot project in the Kratie Province by providing small loans to Village Health Volunteers in highly endemic areas. These loans and support from PfD encouraged volunteers to increase their engagement in malaria education activities. PfD worked with the local microfinance institution (Kredit) to administer malaria education programs to clients during Kredit-client loan management meetings.

MISSION AND VISION

PfD's staff and volunteers work in partnership with local and international groups to improve quality of life for vulnerable people in underserved communities. We envision a more just, peaceful, and environmentally sustainable world, and seek to empower people by increasing their access to training, education, and resources to create more vibrant and resilient communities, with more accountable leadership.



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