



Dominican Republic Microenterprise Development Project II Project Report

Summary Results as at June 2006

Project Budget

\$874,125
Nov 04– Oct '07

Project Objectives

Impact:

- ⇒ 1,600 entrepreneurs
- ⇒ 250 Group Loans
- ⇒ 350 Individual Loans

Project Background

In 2003, Opportunity International finished a successful 3 year project assisting poor entrepreneurs with credit, training, and counsel in the poor neighborhoods of the Dominican Republic. The project benefited over 1,400 poor entrepreneurs (94% were women) and 9,958 family members.

After the success of this two-country partnership, Opportunity International and Compassion International designed Phase 2 of the project.

Project Objectives

The second phase of the project has three major components:

1. The establishment of a sustainable microenterprise program for small retail, commercial and manufacturing entrepreneurs in Santo Domingo, Los Alcarrizos, San Pedro de Macoris, Bonao, San Cristobal, and other neighborhoods where Compassion and Opportunity International Dominican Republic (OI DR) work.
2. The development of a business and life skills training program for loan recipients. One important topic that will be included in the training program is HIV/AIDS education and awareness, to address the impact of the epidemic on the island (over 130,000 people in the Dominican Republic are infected with HIV/AIDS).
3. The implementation of a pilot loan program tailored to young people who have participated in Compassion's apprenticeship training (carpentry, welding or sewing). The young entrepreneurs will be matched up with a successful client of OI DR and will receive training and a loan to work in their trade.



Compassion and OI Supporting a family of 7

Pilar Febriel is the mother of 5 children. One of whom (Isaura, 6 years old) is sponsored by Compassion. Pilar says that her daughter has blossomed spiritually and academically through Compassion's program.

Thanks to Compassion, Pilar can devote more resources to her 4 other children.

Pilar used to make 85 cents a day by selling clothes on the street (barely enough to feed her children). When she started receiving loans from OI DR (two loans of \$65 and \$100), Pilar has diversified her business and now makes \$3 a day to support her family. Pilar also has savings of \$175 for the first time.

2006 Rotary Club Partnerships

Ajax, Brooks, Calgary, Calgary Centennial, Calgary Chinook, Calgary Crowchild, Calgary East, Calgary Fish Creek, Calgary Heritage Park, Calgary Millennium, Calgary North, Calgary Olympic, Calgary Sarcee, Calgary South, Calgary West, Cardston, Coaldale, Fort Macleod, High River, Innisfail, Kelowna Ogoopogo, Kindersley, Lacombe, Lethbridge, Lethbridge East, Lethbridge sunrise, Lake Country, maple Creek, Medicine Hat, Medicine Hat Saamis, Medicine Hat Sunrise, Okotoks, olds, Pincher Creek, Raymond, Red Deer, Red Deer Centennial, Red Deer East Red Deer Sunrise, Rocky Mountain House, Rorotogona & Maui Upcountry, Stettler, Swift Current, Sylvan Lake, Taber, Vancouver, International District 5360

Financial Summary

During the reporting period of November 2005 to April 2006:

- \$144,065 was invested in loan funds.
- \$ 244,478 was disbursed in loans.
- The average loan was \$367.
- Average savings per group lending client was \$22.
- A 6.56% overall arrears rate was reported.

The disbursement of loans was especially high during this period, because it included increased sales during Christmas, Carnival and Valentines's Day. In addition, Dominican's receive a thirteenth salary in December, which increases their access to additional financial resources that are poured to the country's economy.

Arrears rates continue to be higher than the project goal. OI DR is in the process of analyzing the causes. OI DR plans to further analyze the process of loan approval, the monitoring of loan payments, loan officer's incentive packages, credit product adequacy and client satisfaction.

Results to Date:

As of April 2006:

- 429 Solidarity Groups have been formed —with an average of 3 clients per Solidarity Group.
- 677 Individual loans have been disbursed.
- 1,921 clients have been served.
- 9,605 families have been impacted.

In only 6 months, OI DR is serving an additional 667 clients, 110 of which are parents or relatives of children sponsored by Compassion. In terms of the total number of active clients, OI DR has already surpassed the project goal. However, more loan funds will be required to continue servicing these clients.

Activities Carried Out:

Capacity Building Activities– Standardization: OI DR has participated in two main training sessions delivered by the OI Network.

- OI DR staff attended a Middle Management training session delivered by the Executive Director of OI's leading organization in Latin America (in Nicaragua). The purpose of this training was to strengthen middle management in order to have more decentralized operations to better serve clients.
- OI DR staff attended a Strategic Planning Session for Latin America, which provided partners with an opportunity to share challenges and successes as well as a format to develop their long term Strategic plans. Both trainings were designed to strengthen the future performance of OI's organization.

Capacity Building Activities– Impact Assessment: One of the biggest challenges that OI DR



My Freezer is my life

Magaliz Sanchez says proudly "This freezer is my life, it has helped me support my children".

As a visually impaired single mother of two, Magaliz has supported her two daughters through a home based business selling frozen water and juices.

Magaliz expanded her home based business thanks to a \$50 loan from OI DR, which she used to add candies and sweets to her inventory.

With the profits of this new business, Magaliz bought additional candy and sweets that she gave to her 17 year old daughter so she could sell on the street. Profits generated from this business pays for her daughter's English lessons, transportation to school and other school supplies.

Magaliz says: "I am able to focus my efforts onto my oldest daughter, because Compassion is supporting my youngest daughter through the programs in my church."



**Committed to
Transforming lives**

Miosotis Acevedo describes her 6 years working for OADR as a Loan Officer and Supervisor as a blessing.

Miosotis says that her dream is that all her 305 clients are transformed financially and spiritually. Miosotis says: "I want my clients to know that what transforms their lives is not only a loan, but also their own work and God's blessings."

is currently facing is client withdrawal. In December 2005, OI DR conducted an exit survey to better understand the reasons why clients are leaving the program. The results indicate that clients are leaving because they would like different terms of payment and also a faster loan disbursement process. The initial results of this survey suggest the need for further analysis of clients' needs and product development.

Capacity Building Activities– Transformation: In order to adequately deliver of clients' training, OI DR has provided extensive training to their staff. In topics such as: adult learning, women's integral development, domestic violence, etc. Some topics that resulted from this training included: "Love yourself", "Family: the community of love", "Parental love" "Financial Freedom" and "Financial Literacy". A total of 40 training sessions were delivered in the last 6 months.

Opportunity International and Compassion Partnership: The partnership between Opportunity International and Compassion continues to be extremely positive. Staff of both organizations continue to work together in the implementation of the project. One of the strategies they have chosen is to hire a project coordinator (in August 2006) who will be in charge of leading all the activities related to promotion of the project among Compassion Projects and the Youth Apprenticeship Program. This coordinator will facilitate the implementation of the different activities.

The activities carried out during the last 6 months include:

Continuing the promotion of the project among Compassion project and staff: This included meeting with Compassion Pastors and Director in the communities of San Pedro de Macoris and Bonao in order to promote the program among parents of sponsored children in these communities.

Development of a work plan for the implementation of the Youth Apprenticeship program. OI DR have put in place the following plan:

- May 2006: Development of a profile of the youth who will qualify to apply for these loans. Compassion will choose approximately 37 to start the pilot project with (25 have already applied).
- July 2006: ASPIRE in partnership with a school will provide 3 months worth of management training to the young candidates. The objective of the course is to help the youth develop their own business plans by the end of the training session.
- Sept-Nov 2006: After the training, 20 business plans will be chosen. The 20 youth chosen will be partnered for two months with ASPIRE's clients who run similar businesses.
- Dec 2006: 10 youth will be chosen to receive the loans and receive close monitoring a support from the ASPIRE staff regarding basic business management.

Development of a work plan for the implementation of the AIDS training component of the project. The following activities are part of this plan:

- April 2006: Hired an AIDS specialist who worked closely with ASPIRE's Transformational Director on the content of the training.
- April 2006: Training to staff of both organizations in order to increase awareness and



Loans— Generate Pride

After being left by her husband with 3 children, Ilaria Reyes Moreno had lost hope for her family's future.

She was struggling to make ends mean until she join one of Compassion's programs. Compassion offered her to support one of her 3 children and OI DR offered her a \$100 loan to grow her fruit stand. Ilaria could not believe there were people who believed in her.

Her 7 year old is now receiving after school tutoring and breakfast through Compassion. Ilaria's fruit business has doubled its profits, which is allowing her to take care of her two sons.

Ilaria smiles and says "Now that my kids have some food, clothing and education, I can dream about one day owning a home".

knowledge among staff, as well as to get feedback on the type of training that will be delivered to clients.

- April 2006: Implementation of a pilot training session to two groups of ASPIRE clients (total 53 clients) to test the adequacy of the training.
- June 2006: Presentation of the training sessions to Leaders and Pastors of Compassion centers.
- July 2006: Roll out of AIDS training to all OI DR clients, including those Compassion clients who are receiving loans from ASPIRE.

Compassion and OI DR staff have developed a very precise and well thought out plan to accomplish the goals of this partnership. The team work of the field staff continue to be admired and applauded.

Challenges & Lessons Learned:

Client Withdraw: The biggest challenge that OI DR is currently facing is the high level of clients leaving their program. After conducting a preliminary study among those clients who left the program, OI DR has identified the need of conducting a client survey to better understand client needs and develop adequate financial products that meet their needs.

Next Steps:

CAMEL Accreditation: OI DR will go through a CAMEL Accreditation process in May 2006, in which a team of OI Network staff will evaluate their Capital Adequacy, Asset Quality, Management, Earnings and Liquidity. The purpose of this evaluation is to set high standards among all the organizations that are part of the OI Network in order to assure high quality services and products to clients.

Thank you to all the Rotary Clubs in Canada for making this a robust project. Another report will be forthcoming in February 2007.

Rotary Club Hi-Lites

- **Rotary District 5360 achieves goal of raising \$250,000 toward the Make Poverty History Campaign**
- **89% of Clubs in District 5360 raise money**
- **2 Albertan Rotarians give \$20,000 matching gifts**
- **Kelowna Ogotogo partner with the poor and send \$7100 toward the Dominican Republic project**
- **Lake Country & Ogotogo challenge sister clubs Rorotonga & Maui Upcountry to partnership**