



## NOTE FROM THE FIELD

# Fighting Poverty through Microfinance

**USAID's Microenterprise Development office fills a gap in aid funding.**



Courtesy of FINCA

*Maman Jeanne Lasu sells window curtains and has a drinks depot.*

*"I got \$80 at the beginning. So, I bought a ball of curtain material. By selling the material, I was able to reimburse FINCA in one month and made savings of more than \$75; then, I continued with my activities and with more earned benefits, I tried to increase the stock of drinks in my store. I hope I will get a third credit to intensify my activities" Maman Jeanne Lasu describes how MD-supported FINCA helped her to begin and expand her curtain and beverage business.*

Anicca Jansen, Financial Services Adviser with USAID's Microenterprise Development (MD) Team, and Diane Jones of FINCA contributed to this Note from DCR. Dr. Jansen describes the MD Team's four year old engagement with microfinance activities in the DRC.

"The MD Team's work with the Democratic Republic of Congo (DRC) provides an example of the multi-pronged support that the office can provide to a field mission," Dr. Jansen explains. The MD Team has paid considerable attention to the DRC Mission because of the tremendous potential for microfinance in the country, and because DRC has been sorely in need of microfinance assistance. Eighty percent of the DRC population lives in poverty. The mission faced a challenge to their DRC programming in the late 1990s when most funding was directed toward conflict areas, prompting MD to step in with Economic Growth funds to support microfinance activities in non-conflict areas. Dr. Jansen continues:

"In 2000, MD provided the DRC Mission with \$500,000 PRIME funding, which the Mission used to procure services through the EGAT agriculture IQC, RAISE. The funds supported both an NGO that had been successfully providing savings collection services, and agriculture-based financial cooperatives that were de-capitalized when the former government reneged on government bonds.

"In February 2002, the government of DRC passed two laws to guide savings and loan cooperatives and protect the financial and banking sectors, indicating the government's interest in supporting the recovery of the much mistrusted financial sector.

"Recognizing the opportunity embodied in a more secure financial environment, in September 2002, MD awarded FINCA \$1.2 million through the competitive Implementation Grant Program (IGP) to launch a village bank program. Today, FINCA DRC's loan portfolio counts more than 7,000 clients with an outstanding loan portfolio of \$630,000 (in dollar denominated loans). The program is at 136 percent operational self-sufficiency (OSS) and 99 percent financial self-sustainability (FSS). FINCA's Web site highlights the success of its USAID-supported DRC programs.

“Most recently, in April 2004, MD funded a microfinance study tour for USAID/DRC’s Dr. Meta Mobula to visit Uganda and Kenya, where he could see a more developed microfinance environment. Recognizing DRC’s young legal and regulatory environment, MD also financed the participation of Mrs. Marie Marthe LeBughe, deputy director of the DRC Central Bank’s Microfinance Division. Participant follow-up responses indicated that the knowledge they gained on microfinance success factors, successful microfinance initiatives, and promoting an enabling environment from their counterparts in Kenya and Uganda would help them to implement improvements in the microfinance sector in DRC. [Note: This tour was featured in the fifth Note from the Field, Kenya-Uganda Study Tour.]

“MD has consistently supported DRC Mission staff in identifying new program opportunities, evaluating services provided through RAISE, and developing two PRIME proposals and an Annual Program Statement.”

MD expects to continue its support of the DRC Mission’s efforts to build a strong microfinance sector in this struggling country.

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