



**HELP ARGENTINA MICROCREDIT SEED FUND UPDATE**

April 2009

In early 2007 HelpArgentina launched a national concurso to identify small best practice Microfinance Institutions (“MFI”s) to receive grants from HelpArgentina’s Microcredit Seed Fund. Three out of the 18 organizations that applied were awarded funds: Acción en Cadena, Centro de Empresarios de Familia y Fundación Progresar. US\$28 thousand was awarded among the three organizations. The funds were to be used for new client loans although it was stipulated that up to 20% could be used for origination and overhead expenses.

This report provides an update on the progress of these 3 organizations since the award.

**1st Prize US\$ 16,000: Acción en Cadena - FORMOSA**

**1.1 Institucional Summary**

This organization has been operating since 2002, with the *Parroquia Nuestra Señora de la Merced* community located in Las Lomitas, 280 km. from the city of Formosa. *Acción en Cadena* (Action in Unison) began assisting soup kitchens but soon realized that the community needed more and developed the idea of *banquitos* (small banks). The organization supports women running businesses that are targeted to everyday needs (ex. bakeries, clothing shops, kiosk owners, small grocery stores, tailors, craftswomen, etc.). Together a group of women form a small bank (*banquito*). They choose their business partners and they make decisions on the amount of credit each is asking for and will get.

**1.2 Principal Indicators.**

USE OF THE FUNDS		
<b>Funds Received</b>	USD\$ 16,000 – ARS 49,413.7	
<b>Amounts for new loans and renewals</b>	ARS 45,627.7 (92%)	
<b>Amounts used for operational costs</b>	ARS 3,786 (8%)	
<b>Repayment Rate</b>	100%	
INDICATORS		
	Before funds received from the contest	December 2008
<b>Active Loans Portfolio</b>	ARS 143,350	ARS 208,650
<b>N° of active lenders</b>	253	323

**1.3 Testimonies**

*“I always wanted to work with the small banks and to belong to a team. Luckily I got the opportunity and I am very thankful. I continue to enjoy it because I get to meet very nice hardworking people. I can grow in my business. I can now say that we are all doing better, always working, and the best part of it all is that our business continues to grow each day.”*

(Sandra Santillán)

*“Receiving these Funds has been crucial in strengthening our small organization. Our working model has made these people, who at first were just people who received loans, into important characters of a transformation. We thank those who have made this happen. We will always remember those donors who made the Microcredit Seed Fund available.*

(José Rodríguez – Program Coordinator, Acción en Cadena)

## 1.4 Institutional Accomplishments during this period

Since the grant, several new services were launched for the members and their families. Some of those were:

- Community Medicine Cabinet: this allows access of all economical medications to its members and their family.
- Medical Attention: The families of the members pay a monthly fee of AR\$10 and receive medical attention in gynecology, pediatrics, dentistry and a general medicine.
- Scholarships for children: Forty of the members' children will participate in a scholarship program which will help them improve in their studies.
- Library: A library was launched for the children of its members so the children can read and play while their mothers participate in the reunions they paid for.

## 2<sup>nd</sup> Prize U\$S 6,000: Centro de Empresarios de Famailla (Center of Family Businessmen and Businesswomen) - TUCUMÁN

This organization received **U\$S 6,000** as a result of the 2007 contest but HelpArgentina decided to award an additional **U\$S 3,000** in 2008 to continue to strengthen the work of this organization.

### 2.1 Institutional Summary

The *Centro de Empresarios de Famailla* has been running the Micro Banks for over 4 years, supporting the community and women in Tucumán. The institution has made it possible for the people to have access to something that was impossible to reach in other banks and financial institutions.

### 2.2 Principal Indicators

USE OF FUNDS		
Funds Received	USD\$ 9,000 – ARS 27,099	
Amount of new loans and renewals	AR\$ - 27,099	
Amount used for operational costs	ARS 0	
Repayment Rate	93%	
INDICATORS		
	Before funds received from the contest	December 2008
Active Loans Portfolio	ARS 220,192.89	ARS 307,538.52
N° of active lenders	205	170

The number of active lenders dropped slightly during the period as a result of the organization's decision to increase the size of loans to successful clients renewing their loans.

### 2.3 Testimonies

*"Thanks the support of the Center we have had a farm producing eggplants, squash, tomatoes and zucchini for many years now. We rent land in different locations to produce our crops. We are very happy with the evolution of our business and very thankful for the assistance we have received."*

(Julio Fazzio y Patricia Ortiz)

*"The contest run by HelpArgentina permitted us to prove and show, for the first time, how hard our institution has been working. Once we heard that we had won, we confirmed the perception we had that we were on the right track. The prize was very important for many different reasons. Not only were we able to increase the portfolio of our loans, but we also felt a big personal impact which has motivated our team even more. We were also able to develop new relationships with important organizations all around the country. We would like to give a sincere thank you to all of those who made this project possible."*

(Alfredo Perez- President of Centro de Empresarios)

## 2.4 Institutional Accomplishments during this period

During this time, the institution has been able to grow financially and continue with the training and formation of the team. For this to occur, it was very important to build operational alliances and organization within the institution. One of those alliances was with the ANDARES Foundation through the Social Leadership program and our participation in the training along with the International Organization of Employment (Organización Internacional del Trabajo -OIT). We have also worked with JICA – The International Cooperation of Japan- who offer training courses to credit advisors and generate flow of funds.

Since the articulation with these organizations and the resources obtained in this initiative, the Center of Family Businessmen made significant steps forward its institutional consolidation.

## 3<sup>rd</sup> Prize US\$ 6.000: Fundación Progresar – PROVINCIA DE BUENOS AIRES

### 3.1 Institutional Report

The objective of the program “*Préstamos para Crecer*” (We Share to Grow) of the Fundación Progresar (Progress Foundation) is to promote and give access of Microcredit to those who cannot get financed by traditional banks. The organization also provides business training for their clients.

### 3.2 Principal Indicators

USE OF FUNDS		
Funds received	USD\$ 6,000 – ARS 18,413	
Amount of new loans	AR\$ 17,410 (95%)	
Amount of operational costs	ARS 1,003 (5%)	
Repayment Rate	99%	
INDICATORS		
	Before funds received from the contest	December 2008
Active Loans Portfolio	ARS 125,488.74	ARS 403,503
N° of active lenders	299	663

Progresar has achieved significant growth in their loan portfolio thanks to the additional support of other entities: Ministerio de Desarrollo Social (Ministry of Social Development), Fondo de Capital Social (FONCAP) (Social Capital Fund), y the Ford Foundation.

### 3.3 Testimonies

*“I joined the Foundation 4 years ago. I was a taxi driver and sold my old Fiat 600 and was able to buy a better car thanks to a microcredit. As owner of this car, I have been able to make a very good living as a driver. As of today, thanks to God and microcredits, I have been able to make a good living and have been able to make progress in my life. The assistance given to me by the foundation was fundamental.” (Marcelo Stephan)*

*“The development of this project was incredibly positive to Progresar and the funds were an important contribution to get us closer to our objective. We hope to continue our work alongside HelpArgentina and other institutions, to be able to reach even more micro businessmen and women that have yet to reach a better quality of life.”*

*(Florencia Sanchez Iriondo – Institucional Development, Fundación Progresar)*

## 3.4 Institutional Accomplishments during this period

During this period, PROGRESAR met many important goals. One of those goals was to introduce new products and services that assisted in meeting the specific needs of potential beneficiaries. Another goal was to establish individual credits, providing an alternative structure for micro businesswoman/men to get loans outside of the usual “group credits”, to be able to invest in fixed assets. These special loans are only for those who wish to make their business grow and are only available to those clients with a positive history with microcredits and have already taken out a

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group microcredit. Another goal was to establish a home credit program , for those who wish to make minor improvements to their homes.

PROGRESAR also focused on its own organizational development. Fundamentally, they were able to strengthen their human resources department incorporating 5 new microcredit consultants and also include an operational manager to assist in new operations. An administrative assistant was also hired to administer the accounts. These changes were fundamental to guarantee sustainability of the organization, its expansion and its impact in the community.

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