

## Project Description

FINCA International is a 501(c)3 non-profit organization in Washington DC. It functions a microfinance institution that awards small loans to primarily women, who are in living in poverty in developing and undeveloped countries. Their clients would not ordinarily receive loans from any other institution. The purpose of the loans is so that the individuals can start businesses which will help get them and their families out of poverty. This concept has proven to be quite successful and in 2006, Muhammad Yunus, the man who invented it was awarded the Noble Peace Prize.

I will participate in the FINCA Client Assessment Research Fellowship program for the summer of 2007 in Brazil. As a research fellow I am to use FINCA's Client Assessment Tool (FCAT— which I will find out more about during a week of training in Washington DC) to conduct 30-60 minute interviews with their Brazilian clients who have been awarded microloans. I am expected to interview 150 clients in a five week period. The purpose is to analyze the response data to determine poverty levels, program impact, and why clients join, remain with or exit the program. In short, the analysis will help FINCA continue to run an effective program.

The FINCA website most eloquently explains how microfinance works and what it accomplishes:

Microfinance refers to financial services provided to low-income people, usually to help support self-employment. Small loans, savings plans, insurance, payment transfers, and other services are provided in small increments that low-income individuals can afford. These services help families to start and build "micro" enterprises, the very small businesses that are important sources of employment, income, and economic vitality in developing countries worldwide.

Because salaried or wage-paying jobs are scarce in many developing countries, most citizens earn their livings through self-employment, creating and operating their own tiny enterprises. But without financial services to fuel their productivity, the poor can never grow their microenterprises into businesses that help them escape poverty.

Neighbors come together in financial support groups called "Village Banks." Individuals borrow working capital for their microenterprises, and because they have little to offer for collateral, the group guarantees those loans. As businesses grow, families earn more, purchase more nutritious foods, and parents are better able to send their children to school. After a year or more, many Village Bankers make significant improvements to their businesses, their homes, and their lives. Because neighbors support each other while growing their businesses, Village Banking helps invigorate entire communities.

Village Banking is designed to reach the poorest of the working poor. FINCA clients—70 percent of whom are women—have no other sources of working capital. FINCA works closely with its clients to help them build their businesses so they can earn more, become part of the larger marketplace, and enter the global economy.