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Santa Fe joins worldwide microlending movement

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SANTA FE—A contented dairy cow is one that is protected from the wind, the cold and the rain. And a happier bovine produces more milk, earning more money for its owner.

It's as simple as that.

This is the theory behind a microcredit program of a Santa Fe-based nonprofit group.

In 2006, the Chijnaya Foundation began making small loans to villagers in the Peruvian altiplano to build cobertizos, small sheds of adobe, tin and wood.

The first year, about 50 families in Chijnaya borrowed \$250 each at 1 percent interest to build the simple structures for their Brown Swiss cows. All the borrowers repaid their loans within a year.

The second year, another 32 households in the village of 800 participated in the program, and the foundation began to make loans in neighboring communities.

Soon everyone started to understand that a tiny investment can have a huge payoff. Farm families in Chijnaya reported their milk production increased between 7 and 12 liters per week, earning them an extra \$125-\$150 in income per year from the local planta quesera or cheese plant, which survived as well, increasing capital accumulation.

After cobertizos, the foundation began making

loans for cement feeding troughs to reduce the loss of feed caused by spreading it on the ground where the animals tramped or urinated on it. About 50 people borrowed \$60 at a 2 percent interest rate to build the troughs.

A roof overhead and a raised dinner bowl have made for "happy cows," according to Ralph Bolton, founder of the Chijnaya Foundation and co-owner of the Inn of the Turquoise Bear, a Santa Fe bed-and-breakfast.

Bolton's foundation is part of a growing number of microfinance institutions worldwide engaged in the battle to wipe out global poverty.

"This movement has become huge," said John Hatch, founder of FINCA International, a microlending organization that reaches 700,000 clients in 21 countries.

According to Hatch, who retired recently to Santa Fe, there are 10,000 institutions that lend to the poor, of which about 3,300 are reporting their results to the Microcredit Summit Campaign. The goal of the campaign is to ensure that 175 million of the world's poorest families, especially the women, are receiving credit for self-employment and other financial and business services by the end of 2015.

"This is the biggest thing in international development ever created," Hatch said.

The lenders range from tiny local foundations like Chijnaya to KIVA, an organization that allows an individual to directly lend as little as \$25 to an aspiring entrepreneur in the developing world, to the giant Grameen Bank, founded by Muhammad Yunus in Bangladesh in 1983.

Grameen has made more than \$6.7 billion in loans to more than 7 million clients to reduce world

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poverty. In 2006, Yunus and the bank won the Nobel Peace Prize.

The worldwide movement has even spawned some for-profit organizations that charge market rates to poor borrowers.

Coffee Kids, a Santa Fe nonprofit dedicated to helping coffee-farming families, makes tiny loans through local partners in Latin America to enable impoverished women to open a shop or expand a business.

"Fifty dollars can change a woman's life," said executive director Carolyn Fairman.

A group of about 20 women in Santa Fe is raising money locally for Friendship Bridge, an Evergreen, Colo., nonprofit that makes loans to similar enterprises in Guatemala.

"It's such a simple idea and yet it works," said Ann Alexander, a retired doctor with the Indian Health Service.

The Santa Fe Farmers Market Institute launched a microloan program this year. The institute made \$16,000 in loans to six Farmers Market vendors in northern New Mexico enabling them to do everything from putting up new fences to installing drip irrigation systems. Institute director Sarah Noss said the idea was to bring new land into production and to diversify the offerings at the weekly markets.

"Most of the vendors would have a very hard time getting loans from banks. They just don't look very good on paper," said John Strow, who came up with the idea. Strow has sold nursery plants at the market for 14 years but is taking a break this year.

"A great number of our farmers in northern New Mexico are deciding whether to farm on a year-to-

year basis. Most have to have other jobs. For many of them, a small loan like this could be the difference in continuing to farm," he said.

Microloans add up to big changes, according to Hatch. FINCA's clients earn an extra \$3 a day in net profit, he said. If that's a pretty typical amount, he estimated at least \$144 billion more a year is "coming into the bottom of the pyramid."

A little more to spend every day is having an impact on malnutrition and illiteracy around the world, Hatch said.

"What (a FINCA borrower) is doing with that \$3 a day is improving the food security for her family, and in almost all cases her children will be in school," Hatch said.

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