



GRAMEEN FOUNDATION USA

Market Survey of Microfinance for Grameen Replication in the Dominican Republic

***Researched and Prepared by:
Andrea L. Findley, consultant for GF-USA***

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PREFACE

The information included in this document was originally prepared as a larger research study for the internal use of the Grameen Foundation USA. This abridged version is a discussion of poverty in the Dominican Republic, the microfinance environment in the country, and an overview of the scope and scale of NGO microfinance programs. Specific program information regarding the local NGOs has been reduced to maintain confidentiality.

We would like to thank all of the organizations we visited during this study. Without the openness and collaborative spirit of the local organizations, international development institutions, and other individuals involved, this study would not have had the same depth and perspectives. We are particularly grateful to the local organizations that graciously accepted our interview invitations and shared sensitive program information and field perspectives.

In addition, our partner in this research, the Bank of Reserves, was of invaluable assistance. Not only did the Bank provide the necessary funding for this research, but significant logistical support as well. A sincere special thanks to Freddy Espinosa, Natalia Gautreaux Vega, and Blas Sanchez for their commitment and collaboration in this project.

Every effort was made to obtain the most up-to-date and accurate information from the local organizations. It is important to stress that the information presented in Chapter IV is self-reported and has not been verified for accuracy. We apologize if any error is found.

Field data was collected from November 4-December 7, 2002.

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LIST OF ACRONYMS

ADEPE	<i>Association for the Development of the Province of Espallit</i>
ADESJO	<i>Association for the Development of San Jose de Ocoa</i>
ADOPEM	<i>Dominican Association for the Development of the Woman</i>
ASPIRE	<i>Association for Investment and Employment</i>
BID	<i>Inter-American Development Bank</i>
BPE	<i>Bank of the Small Enterprise</i>
BRRD	<i>Bank of Reserves of the Dominican Republic</i>
CAMPE	<i>Center of Assistance for the Micro, Small and Medium Enterprise</i>
CDD,	<i>Center of Dominican Development</i>
Ce-Mujer	<i>Center of Solidarity for the Development of the Woman</i>
CEPAL	<i>UN Commission for Latin America and the Caribbean</i>
COTEDO	<i>Dominican Ecumenical Work Commission</i>
CRS	<i>Catholic Relief Services</i>
DESCO	<i>Community Development</i>
DR	<i>Dominican Republic</i>
ECLOF	<i>Ecumenical Loan Fund</i>
ENIGH	<i>Household survey of income and expenses</i>
FDD	<i>Dominican Development Foundation</i>
FIME	<i>Investment Funds for the Development of the Microenterprise</i>
FONDESA	<i>Fund for Development</i>
FONDOMICRO	<i>Fund for the Financing of the Microenterprise</i>
FUDECO	<i>Community Development Foundation</i>
GF-USA	<i>Grameen Foundation USA</i>
GTZ	<i>German Development Corporation</i>
IDAC	<i>Institution for Community Action</i>
IDDI	<i>Dominican Development Institution</i>
IDECOOP	<i>Institution of Cooperative Development and Credit</i>
INTEC	<i>Technological University</i>
MF	<i>Microfinance</i>
MFI	<i>Microfinance institution</i>
MIPYME	<i>Micro, small and medium enterprise</i>
MUDE	<i>Women in Dominican Development</i>
NGO	<i>Non-governmental organizations (non-profit organization)</i>
ONAPLAN	<i>National Office of Planning</i>
PROMAPEC	<i>Promotion APEC of the Woman</i>
PROMIDIGNA	<i>Program for Dignity</i>
PROMIMUJER	<i>Program for the Women</i>
PROMIPYME	<i>Program for Micro, Small and Medium Enterprises</i>
REDIMYPE	<i>Inter-institutional network of Support to the micro, small and medium enterprise</i>
SEM	<i>Secretariat of the Woman</i>
USAID	<i>United States Agency for International Development</i>

EXECUTIVE SUMMARY

At the end of 2002, the Grameen Foundation USA undertook this market survey to gain an understanding of the microfinance arena in the Dominican Republic, the location and concentration of poverty in the country, and a list of potential partner organizations for the implementation of an ambitious Grameen replication project. Unlike other more limited replication projects, this one is very well financed and is expected to cover a wide geographical area. While it is considered an ideal opportunity to utilize the successful “fast track approach” developed and implemented by CASHPOR, a Grameen replication in India, its success hinges on identification and incorporation of capable local partner organizations.

Review of the Poor in the Dominican Republic

An extensive poverty study produced by the National Office on Planning (ONAPLAN), *Focalización de la Pobreza en la Republica Dominicana*, was used as the basis of information on the location, concentration and characteristics of the poor in the DR. This study defines poor households based on a number of key variables including housing conditions, access to services, family education levels, and income. It divides poor households into two main groups, poor and extreme poor and then lists where they are located throughout the country by province, municipalities and small towns/neighborhoods. From this study and other sources, some general conclusions regarding poverty in the DR can be drawn:

- Approximately 51.8% of the total households are considered poor; 14.6% very poor.
- Rural poverty is most severe; more than 60% of the critically poor live in these areas.
- Poor rural houses are often constructed with walls of mud, wood or scraps of metal sheeting; floors of dirt or cement, and roofs of yagua, a cheap local plant, or metal sheets.
- These houses are often single rooms shared by perhaps 5 children and 2 parents; often up to four people share a bed.
- Infrastructure in the rural areas is limited. Rivers or brooks provide water or in best-case scenarios, there is a community aqueduct; for defecation, common latrines or simply a designated area are used; cooking is done with charcoal or wood and gas lamps for electricity. There is no trash removal; it is either burned or thrown out in empty spaces.
- The poor have little formal schooling. While children nowadays may attend school until third or fourth grade, a combination of factors leads them to drop out after this age.

The poor “patch together” various sources of income to make ends meet. These include: subsistence agriculture and day labor on farms; microbusiness activities such as selling prepared food from a roadside stand, a small market attached to the home or a make-shift in-home beauty salon; formal employment in the free industrial zones which employ approximately 200,000 people; and money transfers from relatives abroad.

The research also provides specific information on the concentration of poverty. It is clear that poverty in the Dominican Republic is far reaching, quite varied and not easily generalized. Conditions of poverty extend throughout the country, in every region and every province and every municipality. While the highest percentages of poor homes are grouped primarily in the southern and eastern provinces, the highest concentrations of absolute numbers are found chiefly in Santo Domingo and the central Cibao. There are poverty zones throughout the country grouped in and around the bateyes (sugarcane communities), in urban Santo Domingo, adjacent free industrial zones and border areas, and in agricultural communities.

Review of the Microfinance Sector in the DR

Microfinance in the Dominican Republic is fairly developed and on the rise in terms of lending to established microbusiness (the official definition here is a business with less than 10 employees); but quite limited for poverty lending (tiny businesses operated by the very poor).

There are a variety of existing microfinance sources depending on the person's business experience, business capacity and access to collateral or a co-signer ("fiador"). The poorest people access capital through moneylenders, informal credit and savings associations, and some NGOs. Community credit unions are also available but limit loans to one or two times the amount deposited in savings. There are two development banks dedicated to financing microbusinesses but their policies seem to be geared more towards larger "less risky" micro entrepreneurs. The Dominican government is also taking a very active role in this sector, having initiated a large-scale training and credit program administered primarily through the Bank of Reserves, and a small program through provincial women's development offices. The latter of these two has been the most effective in reaching the poorest rural women, but there are substantial concerns regarding the sustainability and practices of both of these programs.

While the NGOs surveyed in this report have offices located in 23 of the 30 provinces, most of the service is concentrated in urban areas, and especially in the national district of Santo Domingo.

Survey of NGOs Delivering Microfinance

NGOs delivering microfinance services in the DR can be most easily classified into two groups; community development organizations with a credit program, and NGOs specialized in providing microfinance. The survey identified 16 institutions; 7 community development, 8 specialized and 1 which is neither.

- Together these institutions serve approximately 61,500 clients with microfinance services, managing a combined portfolio of US\$28.7 million. The largest provider, ADOPEM, serves nearly 57% of the total clients, and manages 40% of the total portfolio.
- Approximately 77% of the total clients served are urban; 72% women and most receive financing for a microbusiness activity.
- About half of the institutions also offer credit for micro agricultural production activities (small scale agriculture or animal husbandry) and housing construction or improvement.
- None of the institutions (officially) offer savings products since the law doesn't permit NGOs to do so, although a number of them promote savings through their programs. Micro insurance products are also limited primarily to loan loss protection for the institutions in case of the clients' death.
- All but one of the institutions offers individual loans, and about half offer group loans.
- Individual loans range from US\$250 up to \$5,000 with loan terms from 6 to 24 months and monthly payments. Village bank loans range from \$50-500 for 4-8 months (per person with a group size ranging from 15-30 people), and solidarity groups (3-8 people) have an average ceiling of about \$1,000 and loans periods up to 12 months. Payments are monthly in most programs, although two collect weekly or bi-weekly.
- Interest rates vary. The range of effective annual interest rates is from 18% to nearly 60%, although most NGOs tend to charge around 30-36% based on a declining balance. Many also charge a commission ranging from \$1-5 per loan to 5% of the total disbursement.
- 7 of the 16 institutions indicated that they are currently covering their operating costs with interest income.

Potential Partners for Implementation of a Grameen Poverty Lending Program

This research was broad and exploratory in nature. We collected a general overview of the institutions lending to the poor—their activities, lending products, clients, etc.—and an insight into their interest to working with Grameen. The selection of possible candidates for partnership presented in the report is qualitative and subjective. .

The qualitative criteria used in selecting possible partners was:

- Strong interest in partnering with Grameen
- Openness in sharing information
- Commitment to serving the poor
- Geographic focus and breadth of coverage
- Indication of strong management

The chapter relating to potential partners for implementation will not be shared with the public in this document.

In Conclusion

The need for microfinance is great throughout the Dominican Republic; it is widespread and largely unmet. Few institutions are concentrating on the poorest of the poor; most are content to serve lower risk non-poor or less poor people. The prospect of a well-financed, geographically broad program initiated through a Fast Track approach presents exciting opportunities for making real impacts on the circumstances of poor Dominican families.

The challenge for Grameen is to find capable partners who have the administrative capacity and institutional openness necessary to handle such an ambitious project. Hand in hand is the challenge to Grameen of familiarizing itself with the specific culture, attitudes and circumstances of the Dominican Republic—both in terms of the poor as well as the institutions involved—in order that it might proceed to implement Grameen replication in a sensitive, sure-footed and sustainable fashion.

It is hoped that this initial research provides the basic information that can serve as a foundation for informing the subsequent steps in this unique replication project.

CHAPTER I ~ Introduction

The Grameen Replication Initiative in the DR

In mid 2002 the Bank of Reserves (BRRD) initiated contact with the Grameen Foundation USA to examine the possibility of supporting a Grameen initiative in the Dominican Republic. Both parties agreed that the best conduits for implementing a Grameen replication are local NGOs who have experience working with the poorest populations. To channel the funding for this project, the BRRD recently created the Foundation of the Bank of Reserves which will operate as a wholesale, or “second-tier”, lending institution, initially funding the Grameen project, and eventually taking a leadership role in supporting the development of other NGOs focused in poverty lending.

The Grameen Bank replication initiative in the DR is intended to establish a national multi-branch and possibly multi-organization poverty-focused microfinance project using the fast track approach (FTA) for implementing the Grameen Bank methodology. The FTA is a model for replicating the Grameen methodology in such a way as to maximize project outreach and growth. David Gibbons, the Executive Director of CASHPOR Financial and Technical Services (CFTS) of India successfully pioneered this approach. In the DR this initiative will employ the technical expertise of managers from both Grameen Bank and CASHPOR. It will require extensive technical assistance, training and follow-up. This first step in the development of this initiative is the market research gathered in this report.

Purpose of research/ Intent of this abridged version

The original purpose of the Market Survey was for internal Grameen Foundation use—to provide solid information and insights from the microcredit field to help in developing a Grameen replication project in the Dominican Republic. The release of this abridged document is intended to provide as much of the information we collected as possible, without disclosing sensitive information regarding the surveyed institutions, or specifics of the project to be undertaken. It is our hope that the findings will be beneficial for other microfinance practitioners, donors and students in better understanding the nature of the micro finance environment in the Dominican Republic.

Specifically the Grameen Foundation USA undertook this research assignment in the Dominican Republic to determine the following:

- An estimation of the size and location of poor populations with a description of their socioeconomic characteristics
- The microfinance environment in the DR; NGOs currently engaged in offering financial services, their product lines, geographical areas of operation and target market and outreach; other programs (government and commercial) that are active in this arena.
- A list of possible NGO candidates for program implementation

Research Timeline

This project was undertaken in November and December 2002 with six weeks of on-site research and coordination in the DR. In addition, one week was spent in preparation prior to arrival in the DR, and three weeks in the tabulation and write-up.

CHAPTER II ~ Review of the Poor in the Dominican Republic

A. Research Methodology

In this initial research phase, secondary research material (government studies and international reports, etc.) was used to identify the location of the poor, and their socio-economic characteristics. Limited field visits were also made to the Provinces of Independencia (the south and southern border area), La Vega (central Cibao), Dajabón (northern border area) and San Pedro de Macorís (batey communities of the east) to gain a glimpse of the reality of living conditions in those areas.

The main source of information used to identify the location of poor households and the concentration of poor populations was ONAPLAN's extensive study, *Focalización de la Pobreza en la Republica Dominicana*. This extensive study pulls data from three main sources: the Demographic and Health Survey (1991 and 1996), and the National Population and Housing Census (1993), and the National Survey of Households Income and Expenses (1998), referred to herein as ENIGH-98. This study separates poor households into two categories: Poor I (very poor) and Poor II (poor)—by both percentages of homes and number of households-- based on key variables such as housing conditions, access to services, family education levels, and income. It also gives a detailed breakdown of the location of poverty by province, municipality, neighborhoods and rural vs. urban areas.

This study is the most extensive research available on poverty in the DR. In fact it is the only document that provides statistical data on concentrations of poverty by province and municipalities. However, the data is nearly ten years old, and there are questions relating to whether it accurately reflects current conditions. It should be used as a general guideline, since over the past decade a variety of factors may have caused significant migration of the poor from rural to urban areas as well as changes in the levels of poverty. These factors include: increased activity of free industrial zones (zonas francas), closure of more than half of the sugar mills, mechanization of sugar mills currently in use, withdrawal of Leon Jimenez from the tobacco market, the devastation of Hurricane George, and migration of many youth out of rural areas where opportunities are limited.

B. How Many Dominicans Are Poor?

~A Range of Poverty Measurements

There are a number of different ways in which overall poverty is measured. This table illustrates the significant variance between the numbers and methods of measurement that are most utilized in the Dominican Republic.

Table 1: Global definitions and Measurements of Poverty in the DR

<i>Source</i>	<i>Basic Methodology</i>	<i>Measurement</i>	<i>End Conclusion</i>
<ul style="list-style-type: none"> Central Bank's Household Survey of Income & Expenses (ENIGH-98)* 	Average cost of basic consumption needs (food and other necessities such as housing, clothing, etc.)	<u>Per capita in the household:</u> \$2/day for the poor \$1/ day for extreme poor	<u>1998 (households):**</u> 21.5% total poor 3.6% extreme poor
<ul style="list-style-type: none"> UN Commission for Latin America and the Caribbean (CEPAL) 	Considers purchasing power in local markets—DR specific	<u>Per person:</u> \$2.86/ day for poor \$1.43/ day for extreme poor	<u>1997 (population):</u> 44.2% total poor 12.8% extreme poor
<ul style="list-style-type: none"> The National Planning Office (ONAPLAN) study ~ <i>Focalización de Pobreza</i> 	Multi-dimensional approach not based solely on income	Point system assigned: 0-64 points for poor (& can't meet basic consumption needs) 0-44 point for extreme poor (& can't meet basic food basket needs)	<u>1998 (households):</u> 51.8% total poor 14.6% extreme poor

* ENIGH is the Central Bank's National Household survey of Income and Expenses (October 1997-September 1998); 1999.

** The ENIGH report, 1999, states that 25.8% of Dominicans are below the poverty line and 21.5% of the households. This discrepancy is due to the fact that poor households have higher numbers of members than non-poor households (average of 5.2 people compared to 3.1 people)

The ENIGH-98 established the poverty line at the equivalent of \$2/ day (based on the average exchange rate during the survey), which is determined to be the average amount needed to cover the cost of a basic food basket and non-food necessities. Although it is a good starting point and coincides with the poverty line set for Latin America by the World Bank and the Inter-American Development Bank, it is not as effective as CEPAL's methodology, which takes into account not only the cost of the basic food and necessities basket, but also the buying power in local markets.

In addition, the large disparity in end conclusions between ENIGH-98 and CEPAL have to do not only with the difference in the poverty line itself (\$2.86 vs. \$2) but also because the ENIGH-98 uses a broader definition of household income which including non-monetary sources such as government subsidies (school breakfasts, public education, etc.) and donations of kind (animals).¹

By far the most comprehensive approach is that of the ONAPLAN poverty study which utilizes the general economic indicator of the household's ability to cover the "basket" of basic necessities, as well as 15 main social variables in the areas of housing, education, access to basic services, etc.

From this it can be concluded that about half of Dominican households are poor and about 13-15% (1 out of 8) live in conditions of extreme poverty. The critical poor are about 1 of 4 of the total poor. Results of this study are basically consistent with the CEPAL measurement, which lends confidence to this conclusion.

¹ Gabinete Social, 2002.

C. What Factors determine Poverty in the DR?

~Social Variables

(1.) ONAPLAN's Poverty Study

Aside from having just enough income to cover the basic necessities, there are a number of additional factors which characterize poverty in the Dominican Republic. The ONAPLAN study takes into account 15 indicators thought to be the most relevant in the context of the DR. This list is used for both rural and urban households but with a different weighting system for each. The 15 indicators are outlined below.

Table 2: ONAPLAN's social variables to determine conditions of poverty

Urban and Rural	Poorest			Least Poor
Material for house floor	Dirt	Wood, cement, other	Mosaic, granite, marble	
Material of walls	Wood scraps, yagua (local plant), random scraps, other	Palm tree	Wood	Blocks, cement, bricks
Material of roof	Wood, sugarcane, yagua, other	Common zinc, cardboard zinc, cement asbestos	Cement, tiles	
Number of people per room	Greater than 4	Between 2 and 4	Between 1 and 2	Less than 1
System of Potable Water	None	Tube outside house	Tube inside house	
Sanitation system	None, other	Collective WC, collective latrine	Private latrine	Private WC
Electricity/ energy system	gas lamp, other	CDE, electric plant		
System for Trash removal	None, other	Collected by municipal government	Collected by other company	
Yrs. school for household head	0	1-4	5-8	9-12 or more (level 5)
Media of education in the home	0	1-4	5-8	9 and more
Proportion of literates	0-0.5	0.5-0.8	0.8 and more	
Number of children less than 7 yrs.	2 or more	1	None	
# of dependents per bread winner	5 or more	3 to 5	2 to 3	Less than 2
School attendance for kids 7-15 yrs	There are kids in this age group, one doesn't attend	There are kids 7-15, all attend	There are no kids 7-15	
Sex of the head of household*	Female	Male		

*Only for urban households. This is not counted in rural areas since this was not found to be a determining factor of poverty in the rural area.

From the overall score received from the collection of the 15 variables, the study determined whether the households should be considered Poor I (extreme poor) or Poor II (poor but not extreme poor). It also took into account the economic income of the households—if they are near to covering only the basic food basket or the basic food and necessity basket.

In general, the ONAPLAN study offers the most definitive view of the extent of poverty in the DR. The following qualitative description of a very poor household provides additional perspective on the reality of Dominican poverty. Christian Steiner, Director of FORJA, a Helvetas program which provides agricultural training provided many of these insights and small development loans to impoverished throughout the rural areas of the DR.

(2.) Description of a Very Poor Household

The House

A very poor household in the rural area might have a house with a dirt or cement floor. The walls would be made of dirt or wood and the roof of yagua (a local plant that's cheap and fairly resistant) or scrap metal. It might be a single room with 4 children (or more) and a single mother or a couple sharing the space. Generally they try to separate the room into two parts with a sheet, especially if there are men in the house. Typically there are up to four people sleeping in the same bed.

The very poor have houses which are not built to resist strong winds and rainfall, let alone hurricanes. They are often located in the most undesirable places-- close to rivers or on steep hills. In the rainy season it is difficult for the poor to protect themselves from the water. Once their clothes get wet, it takes a long time for them to dry. Flu is very common in the rainy season and can be very dangerous.

Services

Rarely are there rural houses with running water. Some communities with local development projects have built aqueducts but most very poor families have to carry water from rivers or brooks, often a few miles away. If available, an animal (mostly donkeys) is used; if not, the women carry the water on their head. Children are also involved in this task. Communal latrines are used in the rural areas although not all communities have them. Often they dedicate an area for human waste. They make a hole in the soil, and use some wood and plant material to hide it from view. Many rural communities have no access to electricity. Cooking is done with charcoal or wood (with significant implications for deforestation). Candles are available in most households for emergencies. Usually oil lamps are used for light. There is no trash removal in rural communities and so they either burn it or pitch it in open areas nearby the house, or into passing rivers. It is typically spread all around the outside of the houses.

Education

The mother often has her first pregnancy at the age of 14-16. Young mothers usually live with their mothers. Often there can be three or four generations living in the same household. The head of the household likely has no or few years of formal schooling. Most children attend school for some years, but drop out after third or fourth grade. There are several reasons why this happens. One might be to help with the smaller children, assist with the labor of the field, or other duties such as carrying water. Another issue is that the family has to buy the school uniforms for the children and if money is not available, children simply have to stop attending school. Another reason is that the rural schools teach only until third or fifth grade, and then the pupils have to attend a school in another community, which is often too far away (up to 20 miles).

Clothing & Nutrition

In very poor families shoes are often absent from both men and women. Children under 6 roam partially or totally naked, with their little bellies protruding. This easily recognizable indication of malnutrition is not uncommon. Very poor families lack food, even in such an agriculturally rich country as is the Dominican Republic. They fill their stomach with rice, beans and plantains, which is their principal and often only food. Chicken is the main meat source, if they are able to get it. Unbalanced nutrition with a lack of vitamins and essential proteins affects health and development. Clean water is also a problem; parasites and diarrhea are common health problems in poor families.

D. How the Poor Subsist ~ economic options

The minimum wage in the DR in public jobs is RD\$2400 (approximately US\$120/ month²) and for private companies RD\$3200 (approximately US\$160/ month). This means that an average rural poor family of 6 would be living on less than \$1/ day per capita, well below the basic economic poverty line (less than US\$2/day per capita) if they depended solely on this income.

It is generally acknowledged all over the world that the poor use a variety of work and sources of income to subsist. This “income patching” often involves combining income from a variety of activities including: agricultural production (salaried labor on a large farm, seasonal labor, random day labor, subsistence farming), non-agriculture salaried jobs like the industrial free zones (numbering nearly 500 businesses in the DR), self-employment through a micro business, money transfers from relatives in the states, and government assistance programs. Following is a brief description of the main sources of income for the poor in the DR.

(1.) Agricultural-based Activities³

• *General Agricultural Production*

Each region of the country is suitable for different production. In northern border areas there are plantations of fruit and tobacco and much subsistence farming. People raise mostly sheep and goats. In the south where the climate is dry, the people grow beans, corn and green beans. In the east the land is vast and used for sugarcane production and cattle (cows). In the Central Cibao, most everything is grown, being the most productive and developed agricultural zone in the country. They farm rice, cacao, bananas, pineapple, oranges, grapefruit, lemon, dairy cattle, swine, chicken, cassava, plantains, etc. In the mountains of Constanza and Jarabacoa coffee and horticulture are common crops, and on the beach, coconut plantations. The principle food crops are: rice, beans, plantains, cassava.

The principle cash crops in the Dominican Republic are sugarcane, coffee, cacao and tobacco. Sugarcane, once the leading export, has been significantly reduced in the last decade. Over the past five years, a number of the mills have been closed and those that remain have replaced much of their manual labor needs through mechanization. On the northern border, the large tobacco company, Leon Jimenez Enterprises, recently announced their retreat from the market, which will leave thousands of producers with a useless knowledge (as they are prepared to farm only this single crop) and no alternative market. Both of these major industries which once provided the bulk of agricultural jobs for the poorest are increasingly being reduced as a viable income source.

• *Subsistence production*

Throughout the rural areas of the country, the poor farm small pieces of land for subsistence. Sometimes they are lucky enough to own their own land, but usually they are loaned or rented a piece to farm for their subsistence. They use this land to produce for their own consumption and sell what little is left over in the market. Generally men work the land, and women take the goods to market.

² To avoid confusion, all figures in this report will be translated at the exchange rate of US\$1 to 20 Dominican pesos unless otherwise noted.

³ Insights received from Christian Steiner, Director of the FORJA agricultural training program for rural youth

A typical poor rural family may also have one or two pigs, a couple of chickens, and maybe a sheep or goat (the latter thanks to a number of assistance programs that have promoted them). To own a cow indicates a certain status which usually indicates non-poor status.

- *Day labor to make ends meet*

There also seem to be a number of the poorest people who work as day laborers on larger farms. Haitian immigrants make up the bulk of this workforce, but there are also a number of Dominicans involved. These people are generally employed for seasonal harvest work. Near the border salaries are generally lower as there is a higher labor supply. Dominicans generally earn between RD\$100-150 (\$5-7.50) per day for the mechanized jobs (milking cows mechanically, driving tractors). They combine this with different activities (including a small crop for consumption, trade, maybe a subsistence micro business). Dominicans rarely stay in the rural areas if their only source of income is through day labor jobs. Haitians generally earn between RD\$50-60 (US\$2.50-\$3) per day plus a meal and are used for the physically tough jobs. They tend to just live off their salaries.

(2.) Informal Sector ~ Microbusinesses

Micro entrepreneurs are engaged in a number of activities including, but not limited to, frying food on the street side (plantains, chicken, etc), selling fresh vegetables via mobile cart, maintaining a small market from their homes, selling clothing, gasoline, random household articles, etc. Many of them also have a tiny beauty salon, often located in their houses. Please see [Appendix 1](#) for a complete listing of the subsistence microbusiness activities financed in the poorest provinces over the last two years by a government program.

According to studies by FondoMicro, there are approximately 360,000 total micro enterprises in the DR with 128,000 said to be in the rural sector. Few of these have been able to access formal financial institutions; only 4.5% have access to credit from banks and financial institutions, and 4.3% from NGOs.⁴ This total of 360,000 microbusinesses appears to be a conservative estimate that probably does not take into account the variety of small subsistence activities that the poor are engaged in, nor does it take into account micro production like small animal husbandry.⁵ In the research gathered for this brief study alone, nearly 62,000 people were counted as clients of microfinance NGOs—the majority labeled as “microentrepreneurs”—(that’s over 17% of the total 360,000). Subsistence micro enterprises operating in rural areas have most likely grown significantly. In the last two years alone, the government’s credit program through the SEM has provided financing for the start up of over 3,300 rural subsistence micro enterprises.

A variety of sources suggest that over half of the poor and more than 60% of the critical poor in the DR live in rural areas. While one might assume that people living in rural areas are primarily involved in agricultural production, in the DR, less than 30% of the total rural income is directly generated from agricultural activities. Another 15% are activities linked to agriculture. Thus over half of the economic activity in the rural areas (both in terms of income and employment) is not directly related to agriculture.⁶

⁴ FondoMicro, 1998.

⁵ It is important to note that while FondoMicro is the primary source of information for micro, small and medium business development in the DR, their assessment rarely differentiates between subsistence microbusinesses (with a definite socio-economic profile of the owners) and microbusiness in general (businesses with less than 10 employees). Therefore, the information they publish, while valuable for understanding the magnitude of the microbusiness sector as a whole, does not provide specific information relating to micro businesses operated by the poor. In addition, FONDOMICRO states that it does not count mobile micro businesses or micro production activities (agriculture, animal husbandry).

⁶ World Bank Poverty Assessment Report, 2000.

With high levels of unemployment and underemployment in the rural areas, it is likely that micro income-generation activities already play a critical role in the survival techniques of the poorest families, and could play an even more prominent role if poverty-lending services were made available on a larger scale.

(3.) “Zonas francas”~ the Free Zones⁷

The free zones in the Dominican Republic initiated in 1969 with the first industrial park established in the city of La Romana. Manufacturing has grown significantly since 1983 and today this industry operates in 24 of the 30 provinces of the country. The principle activities in the industrial free zones among other are: textiles, electronics, cigarettes, medical products, pharmaceuticals, artisan products, and shoes. Data from 2001 states that there are over 492 established businesses in 46 industrial parks. Providing over 200,000 jobs, the free zones are one of the most important economic sectors in the country, constituting the principle source of employment for Dominicans. In 2000 exports from this sector surpassed US\$4.6 billion.

A typical worker in the zonas francas makes the minimum wage which is valued at about US\$160/month. This means that if this were the only source of income for a family of 6, the family would be considered very poor.

Although this study did not collect significant information from people living/ working in these areas, the impression is that this sector does not represent a desirable opportunity for poor people, especially women who have limited options for childcare, and whose survival techniques generally require income-patching from various sources to make ends meet. In addition, in recent months, the industrial free zones are not considered a very secure place of employment since a reduction in demand from the U.S. has caused a decrease in production and the need for workers.

(4.) Government assistance programs

There are a number of government assistance programs for the poor including school lunches, seed for agricultural development activities, gifting of animals for husbandry activities, etc. However, the scope of this study did not include a survey or analysis of general assistance programs. It should be noted however that in recent years the government has taken notice of the role of microfinance in potential poverty alleviation and has developed, or is developing, at least three programs to serve the microbusiness sector. These programs include (1) the PROMIDIGMA program of PROMIYPME, (2) the rural income generation program of the SEM/ the Plan Against Poverty, and (3) a new program through the department of agriculture, PROMIR. These first two programs will be explained in greater depth in Chapter III.

(5.) Money Transfer from Abroad⁸

Money transfers from relatives working in the United States to poor Dominicans is a significant source of income. In 2001 the Central Bank estimated US\$140 million entered, although they also estimated an under-registration of about 25%.

⁷ Source: website of the Dominican Free Zones Association (ADOZONA—www.adzona.org)

⁸ Information supplied by Blas Sanchez of the BRRD

E. Where the Poor Live

~Geography of poverty in the DR

This section of the report relies on information directly pulled from the *Focalizacion de Pobreza* and the poverty maps included therein. A copy of the *Poverty Maps* can be found in [Appendix 2](#).

(1.) Concentration of Poor Households by Province

The following table provides the number of poor households for each of the 30 provinces as well as the ranking from 1-30 of the provinces with the greatest absolute number of poor households.⁹ In addition, the poverty density (percentage of poor households compared to total households in the provinces) is listed along with the top ten provinces having the highest densities of poor families (highlighted). In this way both the provinces with the highest number of poor homes, and those with the highest densities of poverty can be easily compared.

Table 3: Greatest # of Poor Households (1993)						
Rank by # homes	Province	Absolute # Poor homes	Poor I	Poor II	Poverty Density	Density rank
1	Santo Domingo	194,515	31,914 (6.2%)	162,601 (31.5%)	37.7%	
2	Santiago	88,469	21,976 (13.3%)	66,493 (40.3)	53.7%	
3	San Cristóbal	63,093	20,556 (22.5%)	42,556 (46.7%)	69.2%	
4	La Vega	49,352	16,005 (22.1%)	33,347 (46.0%)	68.1%	
5	San Juan de la Maguana	42,571	23,931 (46.9%)	18,640 (36.6%)	83.5%	6
6	Duarte	41,773	13,688 (21.9%)	28,085 (45.0%)	66.9%	
7	Puerto Plata	41,239	15,056 (23.4%)	26,183 (40.8%)	64.2%	
8	Azua	32,567	16,401 (40.8%)	16,166 (40.2%)	81.0%	9
9	San Pedro de Macorís	32,069	9,207 (17.1%)	22,862 (42.4%)	59.5%	
10	Monte Plata	31,283	15,766 (42.5%)	15,517 (41.9%)	84.4%	4
11	Peravia	31,112	10,215 (21.6%)	20,897 (44.1%)	65.7%	
12	Sánchez Ramírez	28,705	12,519 (35.1%)	16,186 (45.4%)	80.5%	10
13	Espallit	28,571	8,885 (20.6%)	19,686 (45.7%)	66.3%	
14	Barahona	26,651	10,394 (29.6%)	16,257 (46.4%)	76.0%	
15	Valverde	24,838	7,199 (19.9%)	17,639 (48.6%)	68.5%	
16	Maria T. Sánchez	23,506	9,845 (33.3%)	13,661 (46.2%)	79.4%	
17	La Romana	20,888	5,773 (14.3%)	15,115 (37.4%)	51.7%	
18	El Seybo	20,878	10,625 (44.7%)	10,253 (43.2%)	87.9%	2
19	La Altagracia	19,983	7,616 (26.0)	12,367 (42.2)	68.2%	
20	Bahoruco	19,231	9,995 (45%)	9,236 (41.6%)	86.6%	3
21	Monseñor Nouel	18,912	5,414 (17.4%)	13,498 (43.3)	60.7%	
22	Monti Cristi	17,199	5,798 (25.2%)	11,401 (49.6%)	74.8%	
23	Salcedo	17,169	5,401 (24.3%)	11,768 (53.0%)	77.3%	
24	Samana	14,740	6,625 (37.9%)	8,115 (77.3%)	84.3%	5
25	Hato Mayor	14,526	7,253 (39.4%)	7,273 (39.5%)	78.9%	
26	Elías Pina	11,572	8,068 (64.4%)	3,504 (64.4%)	92.3%	1
27	Dajabón	9,879	3,915 (30.4%)	5,964 (46.4%)	76.8%	
28	Santiago Rodríguez	9,810	3,854 (31.9%)	5,956 (49.2%)	81.1%	8
29	Independencia	7,101	3,174 (36.6%)	3,927 (45.3%)	81.9%	7
30	Perdenales	2,894	1,134 (28.7%)	1,760 (44.5%)	73.2%	
Total:		985,096	328,183	656,913		

⁹ Copied in part from the Política Social del Gobierno Dominicano, Vol.1, preliminary draft March 2002

It can be seen from this table that poverty densities are generally high throughout the various provinces in the DR, ranging from a low 37.7% in Santo Domingo to a high 92.3% in Elias Pina (central border area), and in general averaging over 73% throughout the other provinces. But while poverty density is important for determining the optimum location for a Grameen replication project, it is also imperative to examine where the actual number of poor households is largest. Elias Pina for example has the highest poverty density (92.3%) but one of the lowest rankings (26 out of 30) in terms of number of poor households (11,500 total) whereas the area of Santo Domingo contains over 194,000 poor households. These households are just as poor but far easier to reach programmatically simply because they are more concentrated.

(2.) Highest Concentrations of Poverty within Municipals

While the first poverty map details poverty densities by province, additional maps illustrating the relative poverty densities and total number of poor households by municipality provide greater insight as to where the highest concentrations of the poor live. The table below, taken from *Focalización de Pobreza* outlines the greatest concentration of poor households by particular province. It is important to note that the majority of the provinces in which these municipalities are located, rank low in terms of overall poverty density ranking. To illustrate this point, the municipals whose provinces rate in the top ten in terms of poverty densities are highlighted.

Table 4: Concentration of Poor households in municipals with over 10,000 poor households

Rank	Province	Name of Municipal	% poor homes	# poor homes
1	El Seibo	El Seibo	88.6	16,809
2	Sánchez Ramírez	Cotui	81.4	15,696
3	San Juan de la Maguana	San Juan	79.4	21,309
4	San Cristóbal	Villa Altagracia	78.0	10,344
5	Maria T. Sánchez	Nagua	77.3	11,186
6	Azua	Azua	75.0	10,996
7	Valverde	Esperanza	69.9	21,066
8	La Vega	La Vega	66.3	29,589
9	Valverde	Valverde Mao	64.4	20,694
10	La Altagracia	Higuey	64.4	13,159
11	Espallit	Moca	64.3	16,004
12	San Cristóbal	Bajos de Haina	64.2	13,976
13	San Cristóbal	San Cristóbal	63.7	21,878
14	Duarte	San Francisco de Macorís	62.0	23,081
15	Peravia	Bani	58.3	13,681
16	Puerto Plata	Puerto Plata	58.1	17,689
17	Monseñor Nouel	Bonao	58.1	13,771
18	San Pedro de Macorís	San Pedro de Macorís	51.4	18,752
19	La Romana	La Romana	48.1	17,150
20	Santiago	Santiago	44.0	50,333
21	Distrito Nacional*	Distrito Nacional*	37.7	194,515

*The Distrito Nacional (capital area) today is divided into four different municipalities. In the time of the Poverty Map they are grouped together.

It can be seen in the table above that the majority of the municipals with over 10,000 poor households are located in provinces which don't rank among the top 10 in terms of greatest poverty density. *The team will want to consider areas such as these would be better served by microfinance since they offer a high number of poor households even though somewhat lower overall poverty densities.*

(3.) Concentrations of Poverty By Specific Area

On the whole, regional development in the DR has been very unequal. The national poverty rates don't reflect the actual conditions of poverty and extreme poverty among the various regions and provinces. In 1996, in the urban areas less than 40% of households were poor. In rural areas more than 80% were poor.¹⁰ Rural poverty is more extensive and severe. There are substantial differences in various regions of the country. The biggest contrast exists in the eastern sub-region of la Yuma (Romana, Altagracia, El Seybo, SP de Macorís, and Hato Mayor) where the poor households in the rural area account for nearly 95% of the total households, even higher than the southwestern sub-region, El Valle (Azua, Elias Pina, San Juan de la Maguana).

The contrasts that exist between regions and provinces can be attributed to the fact that there are various areas where poverty is more severe. While Santo Domingo has the lowest poverty density on the whole, the poor communities in the capital are very concentrated and have their own specific characteristics. In the case of the eastern region, the extremely high levels of poverty originated principally due to the poor living conditions in the bateyes (communities surrounding sugarcane plantations). The south (Independencia, Barahona, Perdenales) is also known to be one of the poorest zones of the country (in terms of density, but certainly not in terms of absolute number of poor households) due to its arid climate and underdeveloped/ under-maintained infrastructure and resulting high unemployment rates. The northern and central border areas are also considered to be very poor areas as the people there are largely dependent on subsistence agriculture and there are a large number of Haitian immigrants who drive down the day labor wage.

To provide a more in-depth view of these poverty areas, two are outlined below: the bateyes and the urban slums of Santo Domingo.

- ***The Bateyes***

Bateyes are commonly referred to as the communities surrounding the sugarcane mills. There are an estimated 230 bateyes grouped around the 11 sugar mills throughout the country, although nearly half of the mills are now closed permanently. These communities are generally considered the poorest, most destitute of the country. While originally people came as seasonal workers, living in the small wooden shacks provided by the companies for the 6 months (December –May) of the harvest “zafra”, today an estimated 150,000-200,000 people reside permanently in these communities. Please refer to [Appendix 3](#) for a map of the location of the sugar mills and the bateyes by province

The insights collected here are drawn from the USAID 1999 study entitled, *Bateyes del Estado*. This extensive study was conducted after Hurricane George to assess the socio-economic and health conditions of households with children 5 years and younger. This survey is representative of the bateyes surrounding 10 of the sugar mills belonging to the State Sugar Council (CEA).

¹⁰ Gabinete Social 2002

Ethnicity of the People living in the Bateyes

- While most people assume that the majority of the bateyes population is from Haiti, 66% of household members identify themselves as being Dominican, 6% as Haitian and nearly 14% as Dominican-Haitian.
- Over 50% of those interviewed speak and understand Creole (the Haitian language); 5% understand but cannot speak and 43% cannot speak nor understand Creole.

The Household

- Average household size is 5.3 people (above the national rural average of 4.3)
- 97.5% of the household members reside all of the year in the batey
- Only 15% of the households interviewed have a female as the head of household

Education levels

- Illiteracy levels in the bateyes are 34.5% while the national rate measured by the Central Bank in 1998 was only 15.5%. Surprising, the illiteracy level in the bateyes today is nearly equal to that of the national total four decades ago.
- 24.7% of women aged 6 and older have not attended school

Income and Employment

- During the off-season, 51% of the economically active population doesn't receive income or they receive income below the minimum wage; 49% receive the minimum wage.
- The principle economic sectors that utilize the work force living in the bateyes are: private agricultural farms (17%), construction (13%), CEA (5%), industrial free zones (3.4%), tourism sector (2%). (The other 59% of the respondents did not classify their work with any one of these particular sectors)
- 59% of women are housewives; employed women generally earn half of what men do

The House

- The houses of bateyes are generally in poor condition. 70.8% of the floors are in need to repair, 53.3% of the roofs, and 13.1% of the walls

Basic Services

- 70% of the houses are without latrines or toilets (at the national level, this percentage is only 32.5%). 32% of the household members defecate directly on the floor.
- Access to water: 33% of the houses have access to water in the patio or interior of their homes, another 24% have access to a public faucet, while over 40% use alternative sources - public or private ponds, rivers/ streams, a canal or purchase water from a local vendor. 2 out of every 3 homes has a major risk of contamination due to poor water quality and poor storage/ transport of water.
- Trash removal is limited; CEA only removes 0.2%. The primary forms of disposing trash area: burning (34%), throwing it in open areas (50.5%).

• **Urban Slums**

Urban slums are where the greatest number of poor people live in the country. Although the percentage of poor people living in the capital (Distrito Nacional) is lower than in other areas of the country the absolute number is much larger, totaling near 190,000 households. In Santo Domingo there are 19 barrios considered to be poor.

These insights regarding Santo Domingo slums is drawn directly from the World Bank's *Poverty Assessment report, Volume 1, Section 3: The Anatomy of a Slum—the Ozama Barrios in Santo*

Domingo (2002). It is based on information collected through a 2000 survey of 2,703 households conducted by IDDI, a development NGO. The survey was conducted in 9 of the 19.¹¹ These barrios contain nearly 11% of the city's population—300,000 people crowded in less than 1.6% of the city. Densities are high averaging 750 residents per Ha (and as high as 1,000 in some places).

Households and Education

- Majority of residents were born in their neighborhood
- More than half live below the poverty line and about 18% are in critical poverty line.
- Males head majority of total households; average age of head of household is 44. About 56% migrated from rural areas. 98% claimed to be Dominican (but many without ID)
- Poor households were frequently headed by females (51% as opposed to 26% for non-poor households) and larger (average of 5 people).
- Households average 4.38 people and are almost entirely composed of family members. Average age is 25 and dependency ratio is 78% (18% higher than national average).
- Literacy is close to 81% (national average 83%). 15% of kids 5 years and older have never attended school; 63% have not more than primary education; 18% have partial or full secondary education and 4% have a university diploma.

Employment and Transportation to place of work

- 69% of resident work outside the area and the majority (47%) use public transportation
- About 46% of respondents aged 10 and older reported having earned money over the past week (56% salaried; 41% with own business).
- Self-employment is less prevalent among the poor than the non-poor (36% vs. 45%)
- Unemployed were mostly homemakers or students

Income and Expenses

- 24% of household reported receiving remittances
- Average monthly earnings from work (per worker) is US\$211
- Both poor and non-poor spend money primarily on food, then education and medical.

Health

- Health conditions are poor. About half of total households reported that at least one household member had suffered a disease or injury (requiring medical attention) in the previous three months. 82% of the sick were treated at public care facilities.
- Waterborne diseases are a major issue; 25% of households with children under 5 reported cases of diarrhea in the last 30 days

Infrastructure

- Most people (98%) have access to electricity, mostly with illegal connections (77%).
- Majority of households have indoor water (63%); about 40% actually pay for the service.
- Few houses are connected to the sewer system (12%) Most houses have pit latrines. 39% rely on a septic tank although this is limited to houses with road access. The most common sanitation system is the use of plastic bags later disposed in the river.
- Solid waste collection is the most frequently reported source of contamination for both the neighborhood and around the house. Only 66% of households report having collection service. Others deposit trash wherever there is an open space.

¹¹ They make a special note of the fact that inner city slums, such as these, have distinct problems from new informal settlements emerging on the outskirts of the city which have greater physical isolation, less access to infrastructure, and they are a more homogeneous group with respect to the income and social class of residents.

CHAPTER III ~ Review of Microfinance in the DR

C. Introduction

There are a number of different kinds of institutions that offer “microfinance services. These include: commercial and development banks and other regulated financial institutions, “cooperatives” and savings and credit associations, non-profit organizations (referred to as NGOs) and government programs. While microfinance in the DR is generally understood as finance for microenterprise development, there are also a number of institutions providing limited financing for micro agricultural production activities, home improvement and/ or construction. Few institutions aside from credit unions provide funding to serve general consumption needs.

This study is primarily concerned with microfinance for microbusinesses in both urban and rural areas. The most widely recognized formal definition of a micro business in the DR is a business which operates with less than 10 permanent employees, generally has less than RD\$20,000 (US\$1,000) in assets per worker, less than RD\$600,000 (US\$30,000) in annual sales, and less than RD\$100,000 (US\$5,000) in working capital.

Such a broad definition poses some challenges when trying to assess those businesses that are created and managed by the poorest people. In general the government programs, commercial banks and many NGOs appear to focus on microbusiness that are well developed and have access to some kind of collateral or an acceptable co-signer; in other words, not the main population that would be targeted for a Grameen poverty-lending program. The reasons for this are a combination of perceived high risk, perceived higher costs (in training and support) and the fact that the organizations don’t have a mission or mandate to serve the poorest of the poor and use of a targeting methodology or staff incentives to achieve this. In addition, it is generally believed that the best use of limited resources is to strengthen developed micro businesses that have a good chance for considerable growth and may eventually create employment for others. This view is not without merit.

There are however a few examples of programs that appear to be reaching towards Grameen’s target clientele. These include: (1) the government program through the Secretariat of the Women entitled “A better Christmas” was conceived to target the poorest women in rural areas with micro loans and other support (donations of food, primary materials, etc.), (2) ADOPEM, an NGO specialized in MF services that offers a group lending program specifically designed for very poor women, and (3) various community development organizations and NGOs that have initiated a small rotating credit fund to assist financing needs in poor communities.

One main objective of this study is to identify the supply of microfinance services available to the poorest segments of the population. For this reason, the study concentrates primarily on the financial services currently offered via non-profit organizations, which due to their development-related focus and non-regulated nature tend to have greater contact with this segment of the population. This chapter will provide a general overview of the microfinance environment in the Dominican Republic and the various organizations contributing to financial service provision for the poor.

D. An overview of micro credit options

This section will review the various sources where the poor who generally have limited or no access to the formal banking system, may be able to access financing. It is important to note that although many of these institutions indicate they support the microbusiness sector, it does not necessarily mean that all of their microenterprise clients are living below the poverty line.

(1.) Informal money-lenders and the “Sam”

Many non-profit organizations responded that the people they work with have very limited access to financing. In most urban and rural areas, people working in commercial or service activities have the option of using informal money lenders who generally charge between 10-20% interest/month or higher, depending on previous business. These people generally loan the money for less than one month with no or limited collateral requirements and employ a variety of coercion methods to ensure repayment. Of course this type of financing is not used for financing agricultural or animal husbandry activities because it is simply too expensive.

In many of the poor communities, Dominicans participate in an informal savings and credit (ROSCA) system referred to as a “san” or “san caliente”. A group of people come together to pool their money in order to provide lump sums to each group member once a month. For various months (depending on the size of the group), they give a set daily amount of money (usually ranging between US\$1-3) to the sam leader and then wait for their turn to receive the lump sum. This kind of short-term savings technique allows them to accumulate a sizeable portion of money to make a large purchase—often for general consumption use such as articles for their homes. Some “sans” are done among close friends and the group leader rotates among them, others are organized and run by a person who charges a small fee--maybe equivalent to 2-3 % of the total amount.

(2.) Non-profit organizations

Despite their relatively small coverage, non-profit organizations are an important source of financing for the poor who are unable to access services from the formal banking industry. In the Dominican Republic, this survey identified 16 organizations serving a total of 61,500 clients with a total outstanding portfolio of approximately US\$28.7 million.

Profiles of non-profit organizations active in microcredit provision vary greatly but some general observations can be made. The majority of organizations primarily utilize an individual lending methodology. These loans usually require a “fiador” (co-signer) and at least 6 months of business experience. All of the organizations are concentrated in lending for microenterprise development although a number of them also provide financing for micro agricultural production activities. Many of the organizations also have some kind of home improvement and/ or construction loan.

Half of the organizations surveyed (8 of the 16) are non-profit institutions specialized in microfinance lending. Five of these specialized institutions have an international affiliation, and these same five also offer a combination of group and individual lending methodologies. ADOPEM is the giant of the industry, serving more than half of the total clients (34,820 total) while maintaining a focus on the poor (nearly half of borrowers are concentrated in solidarity group programs aimed at poor and very poor women with no collateral or co-signer requirements). ADOPEM has been affiliated with Women’s World Banking (USA) since its founding in 1982,

which has facilitated significant access to financial resources through private and commercial sources.

In general non-profit institutions appear to be focusing their financial services on the poor, but not necessarily the very poor. None of the institutions surveyed utilize a specific targeting methodology, although most collect some socio-economic data on clients. However, at this moment, none of the institutions appear to be systematizing this information for impact monitoring purposes.

(3.) “Cooperativas de Ahorro y Credito” ~ Credit Unions

While information was not collected on a particular sample of credit unions in the DR, and exact information relating to credit union participation in the microfinance sector is non-existent, it is important to note that they are a source of financial services for the poor. An estimated 500,000 people are members of credit unions in the DR, although the overwhelming majority of these people are salaried workers and do not utilize the institutions as a source of financing for microbusiness development.

According to IDECOOP, a government agency that works to develop these organizations, there are some general characteristics of this sector in the DR:

- Cooperatives lend at an annual rate no greater than 24%.
- Rules allow for members to either borrow the same amount which they have saved, or up to three times what has been saved, depending on the size and strength of the cooperative.
- Cooperatives are required to have a minimum of 15 associates.
- IDECOOP currently lists a total of 325 cooperatives throughout the country, although not all of these are open. “Open” credit unions refer to those whose membership is open to the general public and is not classified just for employees of a certain company or members of a certain profession. Perhaps less than 30% are open.¹²
- IDECOOP indicated that loans taken by associates are generally for consumption purposes although they could be used for microbusiness development.
- The majority of open credit unions are small (under 1,000 associates) and have limited access to financing and limited savings capacity of their members.

We can conclude that credit union financing for the poor’s subsistence microbusinesses is minimal since the poorest generally are not able to save, and the credit unions they belong to are generally the most weak (since the poorest people have less savings thus their coops are weak).

(4.) Commercial and Development Banks in Microenterprise development

Of the numerous development banks working in the DR, two were formed to serve the microenterprise sector: Banco ADEMI and el Banco de la Pequeña Empresa. Additionally it was mentioned that Banco de Desarrollo Altas Cumbres and el Banco Unificado de Desarrollo also have a microfinance portfolio, although information on these was not available.

• Banco ADEMI

ADEMI initiated as a non-profit organization in 1983 to provide microfinance to low-income clients. In 1995 ADEMI transformed to a commercial development bank and created a separate

¹² There is no concrete information available on this detail at this time due to the lack of systemization of data.

foundation to fund special community development projects. The bank currently serves 21,700 microenterprise clients (97% of total clientele). The microenterprise portfolio is approximately US\$49 million (70% of the total outstanding portfolio). 35% of all clients are women and approximately 20% of clients live in rural areas. ADEMI has 30 offices throughout the country and provides financing for microbusiness but not rural micro agricultural production activities. ADEMI management indicate that the majority of their clients are involved in “subsistence activities” although this is questionable since their the average microenterprise loan is US\$2,258.

- ***Banco de la Pequeña Empresa***

BPE was created with the support of the private sector and FondoMicro¹³ in 1997. As of December 2001, the bank was managing an active portfolio of approximately US\$4 million and serving 3,759 active clients. No additional information was obtained from the BPE due to time constraints.

(5.) Special government programs

- ***PROMIPYME~ Program for Micro, Small and Medium Enterprises***¹⁴

PROMIPYME is a large-scale government initiative created in 1997 to support the development of micro, small and medium businesses in the Dominican Republic. There are 6 different lending programs focused on different target markets including women and youth. In addition, the program is designed to channel funding to various non-profit lending organizations and credit unions that serve the microenterprise sector. An integral part of the program’s strategy is to provide subsidized business development services (training, TA, technology links) to “guarantee the insertion of these businesses to local and international markets.”

The Bank of Reserves administers this program for the Secretariat of Industry and Commerce (SIC). The SIC is in charge of all other aspects including program promotion, donor/ investor relations, disbursement of funds to administering institutions, program policies and procedures, and training for entrepreneurs who participate in this program. The Bank of Reserves appears to absorb the operating costs of the program in large part, although it negotiated to be exempt from the risks of low recuperation.

PROMIPYME was initially funded by the government’s national budget (US\$21 million¹⁵) and the government of Taiwan (US\$2 million). In 1998 the Spanish development organization, SECIPI gave a loan of approximately US\$10 million (5 years, 1.5% interest) specifically for the microcredit portfolio. In 1999 the government approved another US\$2.5 million¹⁶. As of February 2000 US\$52 million had been loaned serving about 7500 clients.

One particular program, PROMIDIGNA, is apparently dedicated to the poorer populations who manage micro businesses. Specific information on this program and other PROMIPYME programs is not yet available; the BRRD is in the process of collecting this information.

¹³ FondoMicro will be further presented in Chapter IV.

¹⁴ The BRRD is in the process of collecting detailed information regarding this program. It will be added to this report as soon as it is received.

¹⁵ Calculated on exchange rate of RD\$14 to US\$1.

¹⁶ Calculated on exchange rate of RD\$16 to US\$1.

• **Program: “A Better Christmas” ~ Access to resources for households in extreme poverty**

The Secretariat of the Women (SEM) initiated this program in October of 2000 with approximately US\$500,000 to be lent in amounts ranging from US\$50-\$250 for 12- 15 months to poor women wishing to initiate or expand a subsistence microbusiness. The annual interest rate charged is 0% for loans of \$50, 2% for loans of \$100-150, and 5% for loan of \$200-250. No collateral requirement is needed, nor a co-signer; loan participants just need to sign a formal loan contract. This program was designed to be a feeder program for PROMIMUJER, a sub-program of PROMIPYME specifically directed to women, which starts lending at US\$250 for established microbusinesses. Payments are processed through the bank.

The program was targeted to five of the poorest provinces in the country and supposedly to the poorest women in these provinces: Azua, Sanchez Ramierez, Barahouro, Independencia and Monte Plata. Loan program participants were to be given three months of forgiveness at the beginning of the cycle as they received training modules in self-esteem, the concept of rural access to financing systems, and basic business skills, among others. They were also to receive basic food baskets to cover nutritional needs during business start-up, so that the women would not use the financing to cover this basic necessity and would actually invest in a productive activity.

Currently the program serves 3,333 active clients and the eventual repayment rate is around 50%; delinquency is much higher (actual figure not available). This program is subsidized through the general budget of the Secretariat which has incorporated the costs of this program into their general operating budget. The program is said to have been conceived as a “high risk” program and was estimated to receive a return rate of 40%, so by that standard is succeeding.

Although this program appears to be one of the most effective in reaching the poorest with credit, the obvious downfall to this program is that recuperation rates are low which is both a hazard for program longevity as well as future credit programs targeting this population, as a culture of poor repayment is difficult to overcome. A probable guess as to why repayment rates are low (in general microfinance management perspective) is that this was conceived as a social program without an economic development focus, whereas program staff does not appear to have been trained in poverty-lending principles, nor have they develop an effective methodology and procedures follow-up and recuperation, which are especially critical to poverty-lending. In addition, the “beneficiaries” may likely perceive a loan from a government program for the poor, as a donation. The initial fund of US\$500,000 will most likely not be further capitalized, and it is quite likely that the program will be terminated all together within the next few years.

C. Access to other services linked to microfinance

Aside from credit for microbusiness or micro production activities, microfinance services throughout the world have begun to encompass additional financial services for low-income people. These generally include savings and insurance services. Non-financial services such as technical training and business orientation training are also often linked to microfinance operations.

(1.) Access to Savings Services

In the DR, savings services are legally available only through commercial banks and the savings and credit “cooperativas. Based on limited field exposure, it appeared that, in general, the poor in the DR were not saving sums of money—except through their informal and temporary “san”

systems. Only programs that encouraged savings accumulation –like those NGOs utilizing the village banking methodology—indicated that they had savings. It is my understanding that although any person has the option of opening a bank account in the BRRD or another commercial bank, it is not something they generally do. The reasons for this are:

- General distrust of the formal banking industry
- Location of Banks--a good distance from most poor communities
- Hours of banks are limited, especially in rural areas (some are open only some day of the week) and often lines are long
- Needs of the Poor--the poor tend to save for emergencies that require the cash to be on hand—they can't afford to have their money locked up where they can't get to it when their children fall ill, or their daily sales fall short of covering basic needs.

There is no charge for opening a savings account in commercial banks but minimum amounts are required. In normal accounts (libretas), savings earn an average interest rate of 5%-- with a minimum initial deposit of approximately US\$5. In certified accounts, interests are much higher 14% but the minimum is approximately US\$250 and it must remain in the account for a specified length of time (minimum 1 month) and there is a 2% penalty fee if withdrawn early. In cooperatives interest rates for savings deposits vary but average appears to be around 6-8%.

(2.) Access to Insurance

Insurance products for life, health and business protection are virtually non-existent for the poor. The NGOs surveyed offer little or no insurance products for their clients and it is highly doubtful that other entities—especially formal—offer this kind of service. Surprisingly, none of the organizations have secured any form of insurance for business loss due to natural disasters like the devastating Hurricane George—as was a trend in Honduras after Hurricane Mitch.

• *Death—loan loss protection*

Less than half of the organizations surveyed offered a kind of loan protection plan in case of accidental or natural death. In general this service is used to protect the institution from loan default in the case of a client's death. In all cases it pays off the remaining debt to the institution and in many cases also provides the family with some funds for burial costs.

None of the community development organizations offer this service. They tend to view this kind of situation to be a loss (write-off) for the organization and have no policies that require collection from family members. In addition, most programs are still small enough that they have not been affected by this kind of situation.

• *Health*

None of the organizations surveyed offer a formal health insurance product, although many of the community development organizations provide health education and limited care free of charge or for a minimal fee.

(3.) Access to Technical Skills and Business Training

A number of NGOs involved in microfinance lending and the two government programs (SEM and PROMIPYME) offer either technical training for aspiring or current micro entrepreneurs, or

training in basic business management skills. In general NGOs see this training as part of the service the clients pay for (through the interest rate).

In addition, the *Centro de Apoyo a la Micro, Pequeña y Mediana Empresa (CAMPE)* was developed by the University INTEC in 1997 as a strategy to strengthen its ties and contribution to the business sector. CAMPE-INTEC's main focus is technical assistance and training for enterprise development and the research and publication of studies relating to the MIPYME. In the last five years they have trained more than 8,000 micro, small and medium business people.

D. Location of finance services for the poor

Throughout this research, the consultant attempted to determine where microfinance services are being provided—both rural vs. urban distinctions as well as specific locations of the credit programs (provinces). Below is a brief summary for each of the categories of financial institutions.

[Appendix 4](#) provides a map of the country and a listing by province of where the NGOs, banks and government programs have offices. It is likely that some of these institutions—especially the NGOs—serve other adjacent provinces with the same field office.

- ***The Bank of Reserves and the Government Programs***

The second largest bank in the country, the Bank of Reserves, has 53 offices located throughout the country plus 29 offices just in the capital of Santo Domingo. All government-lending programs are administered through the bank, whose vast infrastructure is invaluable. The SEM program is concentrated in 5 of the poorest provinces: Azua, Sanchez Ramierez, Barahouro, Independencia and Monte Plata. PROMIPYME is administered through almost all of the BRRD offices, although PROMIDIGNA, the program focused on the poor, is offered in only 10 provinces.

- ***Development Banks***

Banco ADEMI, the development bank focused on the microbusiness sector currently has 20 offices located through the country and 8 offices in Santo Domingo. ADEMI indicated that only about 20% of their clients might be located in the rural areas

- ***Cooperatives***

Reliable information was not readily available on this sector.

- ***NGOs***

A survey of 16 NGOs active in microfinance lending provided the data for this section. These institutions provided information as to the location of their field offices, and in the case of community development NGOs, the particular field offices where there is an active microcredit program. All together NGOs have offices providing microfinance services in 23 out of the 30 provinces of the country.

E. Observations and Conclusions for the Grameen Initiative

• *Credit is not reaching the poorest*

Through the research of the microfinance environment it became clear that microfinance is not reaching the poorest Dominicans in significant numbers. Despite the range and number of entities involved in providing microcredit—from PROMIPYME, cooperatives and NGOs to commercial banks and other regulated financial groups-- the poorest people, especially in rural areas, appear to have limited access to these services. There is a combination of reasons why this is occurring.

Focus on Individual loans and their associated policies

- The majority of the institutions utilize individual loan methodologies that generally have high costs for loans averaging less than US\$250.
- Individual loans generally require a co-signer who legally agrees to pay the debt in case of default by the client. In very poor communities, the poorest people generally do not have a person who is able and/ or willing to accept this responsibility.

Focus on the poor in general and the “microbusiness” sector

- The majority of the NGOs do not have a mission to work with the poorest people, rather the poor in general.
- Other institutions concentrate lending to the “microfinance” sector using the general definition of a business with less than 10 employees.
- None of the microfinance lending institutions appear to use tools to target the poorest people, nor do they select clients based on their level of poverty.
- As a result the credit official, often with incentives to disburse funds and identify “low risk” clients, naturally gravitate to the people who are less poor.

Location of the Poor coupled with lack of financing

- The first challenge is that the poor are spread out all over the country. There is great demand but with so many areas in need it is practically impossible to fill the need.
- The second challenge is that many of the poorest Dominicans live in rural or marginalized areas that are difficult to access including batey communities.
 - Although there are a few NGOs that have a desire to serve the poorest areas, they encounter a number of difficulties in doing so including difficult or non-existent public transport systems, and dispersed populations.
 - Most NGO operations are still at such a small scale that they simply cannot absorb the high initial costs of entering these communities.
 - With the limited funding available, NGOs direct themselves to other areas of need, which may be less destitute, but more realistic considering their constraints.

▪ *Lack of financing and technical assistance is a significant impediment*

The microfinance industry in the Dominican Republic is emerging. The institutions have not had consistent funding sources for their credit program and growth has been slow. Many of the programs began with an initial donation to create a rotating fund, but have been unable to locate additional donations to grow the fund. The few sources of financing available locally (notably

FONDOMICRO and PROMIYPE) are not accessible to the majority of the organizations due to the NGOs small size, relative inefficiency (are not covering costs), and administrative incapacity. Although the majority of NGOs (12 out of 16) indicate that they currently have loans, the costs of these funds are considered high, and often they cannot access as much funding as their growth projections desire.

In addition, the lack of technical assistance to these organizations in management and operations has contributed to difficulties in the successful management of what little funds they do have. Many institutions indicated serious recuperation problems in the past and management is reluctant to make large loans without solid recuperation success. While FondoMicro apparently offers technical assistance and training services to the sector, as does COLCAMI of Mexico, the institutions are not willing and/ or able to pay for this assistance which is generally considered too expensive anyway.

▪ ***Government Involvement in the Microfinance Sector***

Although it should be noted that a government's role in supporting the microfinance sector can be a very positive and important one in helping more people to receive microfinance services—when it is at a level of facilitator-- in the case of the Dominican Republic, the government programs create some concerns:

- No vision for sustainable, permanent financial institutions for the poor
High delinquency rates will cause the rotating fund to evaporate and will discourage investors.
The fact that it is a government program means that it can start/ end or be altered with each incoming administration.
- Subsidized interest rates results in two things to happening:
 1. Discourages private investment
 2. Creates artificial competition for other institutions that are striving to be sustainable, permanent providers.
- The apparent limited understanding and expectation of the poor in regards to financial services
 1. High delinquency rates are seen as a normal part of a program that works with such “risky” clientele.
 2. This translates into inadequate supervision, follow-up and treatment of clients.
 3. This can easily lead to a culture of no-repayment, which adds significant risk to any other institution that considers lending in the area. *Grameen should exercise caution on this point.*

In general, government involvement in the microfinance sector has been more successful when its role has been that of a facilitator, rather than program administrator and program policy developer. *For the Grameen initiative this means that there are potential risks associated with lending to the poorest sectors where the government may have already given financial assistance away for free. Field research with potential clients will help shed greater light on this concern.*

CHAPTER IV ~ Survey of NGOs Delivering Microfinance Services

A. Research Methodology

This initial research was exploratory in nature and was meant to provide a general overview of the scope and coverage of lending programs. A basic survey was developed to gather information from NGOs through on-site interviews with executive directors and in some cases financial directors.

The research in this area concentrated primarily on NGOs who are already active in microlending, and specifically in lending for aspiring or established micro entrepreneurs. While many of these organizations also provide credit for agricultural development, due to time and logistical constraints, the consultant did not seek to specifically identify the numerous organizations lending to collective agriculture projects.

The consultant identified most, if not all, of the main NGOs involved in microlending from the following sources: the Microcredit Summit directory, World Bank Directory of MFIs in Latin America, CAMPE-Intec, FONDOMICRO, general NGO listing from Alianza ONG, as well as institutions interviewed. In addition, international organizations Oxfam Great Britain and Spain (Intermon), the Peace Corps and Catholic Relief Services were consulted for general NGO recommendations. For a complete list with the names of the institutions contacted and their contact information, please refer to [Appendix 5](#).

B. Types of institutions and their roles

(1.) Community Development Organizations

Community development organizations play an important role in the formation of local community associations and the delivery of basic infrastructure services to poor communities throughout the country. A number of them have also worked to respond to the financial needs of the communities in which they work by establishing a rotating credit fund, often initially funded through special international donations or the Inter-American Development Bank's soft loan program (no longer lending). These organizations generally serve a small number of clients (average of under 800 clients) and nearly all of them subsidize the microfinance operational costs through general donations.

Their ability to meet the demand for microfinance services is greatly limited by their access to affordable financing (donations or soft loans), and the lack of technical tools to help them deliver these services (i.e appropriate procedures, methodologies, financial management, etc.) The majority of the organizations are not currently receiving any funding for their credit program, but are working to repay current loans (BID), and recuperate what they have loaned and reinvest it and the interest income in the fund.

This survey included 7 such organizations. Those institutions with an asterisk (*) have an international affiliation. Collectively they serve approximately 8,000 clients total with an active portfolio of nearly US\$3.7 million. These institutions include:¹⁷

¹⁷ Two other development organizations, IDAC and MOSCTHA, were also interviewed but are not included in the general overview due to the relative size of their credit operations (50 and 15 clients respectively).

- MUDE, *Mujeres en Desarrollo Dominicano*
- IDDI, *Instituto Dominicano de Desarrollo*
- Tu, Mujer
- Ce-Mujer, *Centro de Solidaridad para el Desarrollo de la Mujer, Inc.*
- DESCO, *Desarrollo Comunitario, Inc.*—(*CRWRC--Christian Reformed Church, USA)
- ADESJO, *Asociación Para el Desarrollo de San José de Ocoa*
- FUDECO, *Fundación de Desarrollo Comunitario*—(*Save the Children, USA)

(2.) Non-profit organizations specialized in microfinance services

The survey identified 8 non-profit organizations specialized in providing microcredit. The largest, ADOEPM, serving over 34,000 clients, is currently in the process of transforming to a development bank. Two others, FONDESA and FDD, tend to focus on the higher end of the market—with average portfolio loans at \$1450 and \$1650, respectively.

The other five institutions appear to be focused on the poorer segments of the population and utilize a combination of group and individual lending methodologies depending on their clients' economic capacity. All of these institutions except CDD have a permanent international affiliation whose counterpart, in most cases, provides a significant part of their funding (either donations or soft loans).

Although these institutions indicate that they are working to cover the operational costs of their program through interest and fees charged, only three of them are consistently doing so.

The survey of specialized microfinance NGOs included the following 8 institutions. No other non-profit organizations specializing in microfinance services were identified. Together they serve nearly 54,000 clients (64% belong to ADOPEM) with an active portfolio totaling over US\$25 million.

- ADOPEM, *Asociación Dominicana para el Desarrollo de la Mujer*—(*WWB, USA)
- FONDESA
- FIME, *Fondos de Inversiones para el Desarrollo de la Microempresa*—(*World Vision, USA)
- Esperanza International (*Esperanza International, Inc., USA)
- ASPIRE, *Asociación Para Inversión y Empleo*—(*Opportunity International, USA)
- ECLOF Dominicana, *Fondo Ecuménico de Prestamos de la RD*—(*ECLOF, Switzerland)
- CDD, *Centro de Desarrollo Dominicano*
- FDD, *Fundacion Dominicana de Desarrollo*

(3.) Technical Skills Development NGO

- ▶ PROMAPEC, *Promoción APEC de la Mujer, Inc.*

PROMAPEC is primarily a technical training institution which works to train low-income women so that they have the skills necessary to implement their own micro business. Founded in 1983, the institution initiated a microcredit program in 1993 to help graduates develop their micro businesses. PROMAPEC is affiliated with the larger family of APEC institutions (*Accion Pro Educación y Cultura, Inc*) which is dedicated to providing educational opportunities (schools, universities, financing for degree programs, and training for marginalized women). From this point, this institution will be grouped with NGOs specialized in providing microfinance services.

C. General Overview of Program

The following table offers a general overview of the microfinance programs surveyed in the study.

Table 5: General Overview of NGOs Microfinance Programs							
NGO	Date Founded*	# Clients	% Women	Methodology***	Total Portfolio	Average Loan	Main Concentration of Portfolio
<i>Community Development NGOs</i>							
MUDE	1979 (1993)	2000	100%	Individual	\$1 million	\$500	90% rural
IDDI	1984	1600	45%	SG, Individual	\$1.05 million	\$656	100% urban
Ce-Mujer	1989	1200	100%	VB, Individual	\$250,000	\$250	80% rural
Tu, Mujer	n/a	750	70%	Individual	\$400,000	\$533	100% urban
DESCO	1987 (1992)	250	85%	Village Bank	\$50,000	\$200	80% rural
ADESJO	n/a	1428	22%	SG, Individual	\$728,000	\$510	94% rural
FUDECO	1979 (1983)	283	50%	Individual	\$172,000	\$608	90% rural
<i>NGOs Specialized in Microfinance</i>							
ADOPEM	1982	34,820	80%	SG, Individual	\$11.5 million	\$330	90% urban
FONDESA	1982	4000	33%	Individual	\$5.8 million	\$1450	80% urban
FDD	1966	2225	42%	Individual	3.7 million	\$1663	80% urban
CDD	1991	1000	70%	Individual	\$500,000	\$500	85% urban
ECLOF	1983	3000	65%	VB, SG	\$1 million	\$333	70% urban
FIME	1994	1560	60%	VB, Individual	\$1 million	\$641	60% rural
ASPIRE	n/a	4000	83%	VB, SG, IN	\$1.05 million	\$263	60% urban
Esperanza	1998	2800	95%	VB, SG, IN	\$445,000	\$159	60% urban
PROMAPEC	1983	500	100%	Individual	\$37,500	\$75	100% urban
TOTAL		61,416	71% of total clients	I=15; SG=6; VB=6; group and I=6	\$28.7 million		23% rural 77% urban
AVERAGES		1,773**	69%		\$1.3 million****	\$351*****	

* The smaller numbers in this column represent the year the credit portion of the program was initiated where available.

** This number represents to average number of clients per institution. ADOPEM was excluded from this calculation.

*** IN-Individual loan methodology (typically co-signer or asset required for collateral); SG—solidarity group methodology (3-8 people per group; solidarity guarantee and/or minimal asset for collateral); village bank methodology (20-40 people; solidarity guarantee)

**** This figure represents the average outstanding portfolio—excluding the largest (ADOPEM) and smallest (PROMAPEC & DESCO)

***** This figure represents the average loan size—excluding the two largest (FDD and FONDESA) and the smallest (PROMAPEC)

The table affords a general overview of the microfinance operations of NGOs in the DR. Of the 61,416 total clients served, 71% are women, and 77% live in urban areas. The total outstanding portfolio equals approximately \$28.7 million, and the average institution has an active portfolio of \$1.3 million (when the largest and smallest institutions are removed). The average loan size (when the largest and smallest institutions are removed) is approximately \$351. A little more than half of the total clients receive individual loans, even though all of the institutions but one offer this loan methodology.

D. Program Features

Although the majority of these organizations concentrate on providing microfinance for microbusiness development, the features and practices of these institutions vary greatly. This section will attempt to present an overview of the loan products offered through a variety of NGOs.

(1.) Methodologies

All but one of the institutions surveyed except one offer individual loans. Nine of the institutions offer a group-lending program (either through village banks or solidarity groups), and 7 offer both group and individual loans.

o Group Loans

Organizations are utilizing both a village banking type methodology (20-40 women per group) and a solidarity group (3-8 people per group). Both group-lending methodologies are generally used to focus delivery of financial services to the poor who do not have formal collateral or a co-signer. The repayment of the loan is the responsibility of the entire group. Group loans in the DR are used both for the collective activity of the group (such as a wholesale bakery or small commercial store) or for individual income-generating activities. Among the survey participants, nearly half (~27,000) of their total clients are participants of group lending programs.¹⁸

o Individual loans

Individual loans are the most commonly available; all of the institutions surveyed except one provide them. However, they require collateral in the form of an asset or a co-signer, which is often hard for the poorest people to present. Individual loan programs also typically require the clients to have at least 6 months previous business experience. Loan amounts are generally higher and given for longer periods. They do not appear to serve the poorest of the poor.

(2.) Loan Products

o Microbusiness development

Loan products are most widely available for microbusiness development in urban centers. These products are meant to be used in general commercial activities such as colmados (small grocery markets) and the sale of prepared food or clothing, or services such as a beauty salon (of major demand in all levels of Dominican society). Businesses are expected to already be established.

o Micro production

Credit for micro production activities is fairly limited among the institutions surveyed. The institutions are of the risks and costs involved (more technical assistance needed for farmers, as well as the culture of government handouts prevalent in this sector). Of the 16 institutions surveyed, 7 finance these activities which are often restricted to the production of rice or other low risk crops, or small animal husbandry.

¹⁸ Group or collective lending also appears to be very common in NGOs that specifically support micro production (agriculture and animal husbandry), and there are undoubtedly dozens of others participating in such programs. However this initial survey does not specifically cover these agriculture-centered organizations.

○ *Home Improvement*

Half of the institutions indicated that they offer a type of housing loan, mostly for home improvement (especially when linked to the business). One institution has also developed solar energy panels and provides loans for the purchase of the panel and supporting equipment.

○ *Consumption*

ADOPEM and FONDESA offer loans for general household consumption but limited this to a small percentage of their total portfolios.

(3.) Loan Ranges, Terms and Payments

Loan amounts for village banking clients generally range from US\$50-500 for a period of 4-8 months, while solidarity group loans generally have a ceiling of US\$1000 and loan periods up to 12 months. Individual loan amounts range from US\$250 up to US\$5,000 with loan terms from 6 to 24 months (except in ADOPEM and FONDESA which offer loans up to US\$25,000, generally “small business” level). The average range is 6-12 months for microbusiness and micro production activities.

Most institutions require monthly payments of principle and interest. The exceptions are Esperanza International and ASPIRE’s village banking programs which pay weekly or bi-monthly. Micro-production loans often permit lump sum payment at the conclusion of the cycle.

(4.) Interest Rates

The range of effective annual interest rates these institutions charge for microenterprise activities is from 18% upwards to near 60%, although most NGOs tend to lend around 30-36% based on a declining balance. Many institutions also charge a commission which range from \$0 to \$5 per loan to 5% of the total loan amount (subtracted before disbursement.)

E. Characteristics of the Clientele and Client Selection

(1.) Geographic focus—rural vs. urban

All but two of the institutions surveyed offer credit in the capital of Santo Domingo or the surrounding communities. This is not such a surprise since nearly 19% of the total poor households are in the Distrito Nacional (the capital and surrounding areas).

There is an ongoing debate as to what is considered rural vs. semi-rural and semi-urban. This survey did not try to identify each organization’s individual definition, but rather asked them to define, more or less, the percentage of clients being served in rural areas. Of the nearly 61,500 total clients served, 23% are considered to be living in “rural” areas. However, it is important to note that ADOPEM’s program is the largest and only 10% of it is considered rural. If ADOPEM is removed, nearly 41% of the total 25,596 clients served by NGOs live in rural areas.

In addition there is a significant difference in the community development programs and the specialized programs in terms of geography. 57% of community development loan clients are

considered rural while only 18% of clients of specialized NGOs are rural. If ADOPEM is taken out of the equation, the percentage for specialized NGOs is still significantly lower at 32%.

(2.) Gender

Programs tend to focus on women; of the 61,500 clients served by the surveyed institutions, 71% are women. Among the community development programs, there are higher percentages of men being served; of the 7,500 clients being served, only 42% are women. On the other hand, of the 54,000 clients served by specialized NGOs, 75% of the clients are women. This can be attributed to a combination of factors—mainly that many specialized NGOs concentrate their loan program specifically on women and group lending which is typically geared towards women.

(3.) Focus on the poor; targeting methodology; impact of services

All but two of the institutions surveyed say they focus on the poor but it is not clear to what extent the poorest actually have gained access to their services. In general, the institutions focus on “the poor” as a homogeneous group. While they state that they focus on people living below the poverty line, many found it difficult to explain how they know what level their clients are at.

None of the organizations surveyed utilize a specific targeting methodology (like the CASHPOR housing index or poverty wealth ranking) to gauge poverty levels of clients. In general they select geographic areas which are considered poor and look for promising clients within those areas who are managing a microbusiness. Many of the institutions collect some form of socio-economic data on their clients—at least an estimate of monthly income, # of children, gender, level of education—but mostly the institutions are interested in assessing the clients’ capacity to utilize and repay the loan. None of the institutions are systematizing the socio-economic information they collect or monitoring changes in their clients’ businesses or general conditions.

In addition, none of the programs reject clients based on their relative poverty level, although some—like Esperanza International—utilize various methodologies to serve different levels of clientele.

F. Institution Information

Due to the exploratory nature of this initial research detailed information was not collected regarding the institution's financial management or institutional capacity. However, offered below is a general overview of the size (budget and total employees), and current position on sustainability and access to loan capital.

Table 6: General Overview of Institutional Information					
NGO	Total # of active clients	Annual Operating Budget	Total # employees	Covering costs w/interest income?	Managing Loan capital?
<i>Community Development NGOs</i>					
MUDE	2000	\$1.9 million	55	Yes	Yes
IDDI	1600	\$2.4 million	75	Yes	Yes
Ce-Mujer	1200	n/a	25	No	No
Tu, Mujer	750	\$150,000	23	Yes	No
DESCO	250	\$150,000	8	No	No
ADESJO	1428	n/a	80	n/a	Yes
FUDECO	283	\$1.5 million	50	No	Yes
<i>NGO Specialized in Microfinance</i>					
ADOPEM	34,820	\$2.25 million	170	Yes	Yes
FONDESA	4000	\$1.43 million	50	Yes	Yes
FDD	2225	\$950,000	67	Yes	Yes
CDD	1000	\$150,000	18	Yes	Yes
ECLOF	3000	140,000	10	Yes	Yes
FIME	1560	65,000	25	No	Yes
ASPIRE	4000	\$500,000	50	No	Yes
Esperanza	2800	\$400,000	30	No	No
PROMAPEC	500	\$450,000	45	No	No

G. Financing Sources and Technical Support

The main impediment to growth of the NGO microfinance sector is affordable financing and adequate technical assistance. The industry is in great need of both of these elements in order to progress. Of the 16 institutions surveyed, 15 have received donations during this fiscal year for some aspect of their credit program; credit portfolio, new research and development, operational costs, etc. Twelve indicated that they currently have some portion of financing in the form of soft loans.

(1.) General Donors

Many institutions indicated that sources of international donations for the development sector in the Dominican Republic have been reduced significantly with the weakening of the US economy. Many of the international charities simply don't have the same volume of funds coming in, and have even less going out to countries like the Dominican Republic, whose economic indicators are said to be among the highest in the Caribbean region and in the middle among all of Latin America.

While there are surely a number of other sources available to the microfinance sector, the table below lists those international development institutions mentioned by the NGOs surveyed.

Table 7: Sources of Donations for Microfinance programs		
International Development Institutions	Country of Origin	Typical Support
Oxfam Great Britain	Great Britain	Funding for credit portfolios
Intermon (Oxfam Spain)	Spain	Funding for credit portfolios
GTZ	Germany	Funding for new initiatives
Catholic Relief Services	USA	TA in group lending; funding for portfolio
Helvetas	Switzerland	Rural lending and training activities
CODESPA	Spain	Funding for credit portfolio
USAID	USA	A few years ago, USAID was said to have support the sector with financing and the development of FondoMicro

(2.) Lending Institutions

In the Dominican Republic a number of non-profit organizations have access to soft and commercial funds from abroad and locally. Twelve of the 16 institutions indicated that they currently have a loan.

Four institutions mentioned the government program, PROMIPYME, 5 mentioned the Inter-American development banks loan program (no longer dispersing but still collecting). Funds from the European Union through the Bank of Reserves was also mentioned as a source of loans.

• *Local Funding*

There are two main sources of local funding for microfinance programs. To a lesser extent, a number of institutions also mentioned having credit lines with commercial banks, but few indicated that they actually utilize their access.

FONDOMICRO

In 1989 a group of Dominican businessmen developed FondoMicro with the financial support of USAID with the objective of providing financial and technical assistance to savings and credit cooperatives, NGOs and other entities supporting microenterprise development. In addition to its other services (to be outlined below), it serves as a second floor lending, providing local currency at an annual rate of about 28%. A number of NGOs surveyed indicated that they have an open line of credit with FONDOMICRO but do not utilize this source because of the extremely high cost, practically at the rate they try to on-lend to clients.

PROMIPYME

PROMIPYME is primarily recognized as the government's first-floor lending program which is administered through the Bank of Reserves. PROMIPYME was also designed to serve as a second floor lending institution for NGOs and credit unions providing microfinance services. It lends local currency but at an annual interest rate of 16.5% from 6 months to up to five years. There are currently 4 NGOs and 3 cooperatives receiving PROMIPYME funding including MUDE, FDD, CDD and ADOPEM and credit unions, COOPFEPROCA and COOPSEMUE.

Commercial Banks in the Dominican Republic

Although very atypical, a few organizations mentioned they have accessed commercial bank loan for their credit portfolios. These appear to be special cases. These include: Banco Popular,

BanInter, and Banco Intercontinental. No additional information on this funding source was available.

- ***International Funding***

For the most part the institutions surveyed did not mention many sources of loaned funds aside from BID, PROMIPYME and FondoMicro. The brief table below outlines the information offered by NGOs in the survey. This information was not verified for accuracy, and is surely only some of the sources NGOs have accessed.

Table 8: Foreign Sources of Loans for Microfinance programs	
International Funding Sources	Loan specifics
Oikocredit	9-10% US currency
PROLINA (EU funds)	8% (local or foreign currency?)
PROCREDI (EU funds)	Bi-national program; funds managed through the BRRD. Loans between 3-5% in local money.
PROPESUR	10% (local or foreign currency?)
HUD	Funds channeled through ACCION International for housing loans. 0% interest

(3.) International Affiliations

The following table presents the international affiliated institutions and the support they receive.

Table 9: International Affiliated Institutions		
Institution	International Affiliation	Typical Support
ASPIRE	Opportunity International (USA)	ASPIRE has received both donations for institutional development and the credit fund as well as soft loans. Opportunity also probably provides some limited technical assistance.
FIME	World Vision (USA)	World Vision separated the credit component from their development activities and formed FIME. They still support the institution through overhead funding
ECLOF	ECLOF (Geneva, Switzerland)	As a member of ECLOF, the organization can access soft loans at 10% in local currency. They receive a program evaluation every three years.
Esperanza	Esperanza International (USA)	Esperanza International operates only in the DR but was founded by a former major league baseball player from Seattle. The Seattle office funds the majority of the institution's overhead.
ADOPEM	Women's World Banking (USA)	Some limited technical assistance and training free of charge; exposure to large international network; no funding through WWB (access to guarantee fund)
DESCO	Christian World Reformed Church (USA)	Initial funding for development program; initial capital for rotating credit fund. Limited basic technical assistance workshops yearly (2-4 days)

H. Other microfinance-related organizations

- **FONDOMICRO**

Not only is FondoMicro a second floor lending institution for microfinance institutions in the DR, but it also is considered the most important source of information relating to the micro, small and medium business sectors. Each year the institution conducts at least one extensive research projects in the area. The institution is also the sole local provider of TA and training to microfinance institutions.

- **Microfinance Networks**

CAMPE-INTEC (previously mentioned in Chapter III as a provider of technical assistance to micro entrepreneurs) has also been the catalyst and present Secretariat for a network of more than 30 public and private institutions working to support the micro, small, and medium business sector. REDIMYPE (*La Red Interinstitucional de Apoyo a la Micro, Pequeña y Mediana Empresa*) serves as a neutral space for the exchange of experiences and the coordination of the development of strategies, policies and actions that benefit the sector. This network does not maintain any institutional data on members. For a list of varied members (including NGOs, various chamber of commerce, business associations), please refer to [Appendix 6](#).

Apart from the informal network, REDIMYPE, there is a small group of microfinance NGOs who gather informally to exchange experiences and practices. This group accounts for the 9 NGOs specialized in microfinance services that were part of the survey (not including PROMAPEC) plus ADEPE which recently separated its credit portfolio and formed a credit union. This group is totally informal; there is no secretariat and no global information on the institutions is collected.

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Appendix 1:

List of Microbusiness among rural women living in extreme poverty

[Provided by the office of the Secretariat of the Woman]

Smallest loan amount (~US\$75)

Most common businesses out of 681 total:

- 171-- makes and sells fried food on the street
- 169-- makes and sells prepared fried chicken
- 53-- sells fresh vegetables usually from a mobile stand
- 33-- sells clothing
- 32—sells fruit and vegetables from a set locale
- 23—sells household staples
- 19—sells grapes
- 12— sells variety handmade decorative items

Medium Loan Amount (~US\$150)

Most common businesses out of 1,297 total:

- 391—sells clothing
- 294— sells fresh vegetables usually from a mobile stand
- 67—very small mini market
- 44-sells cosmetics
- 40—beauty salon
- 22- sells nativity fruit
- 15—cafeterias

Largest Loan Amount (~US\$250)

Most common businesses out of 621 total:

- 160—sells clothing and other articles
- 99—beauty salons
- 63--mini market
- 59-- sells variety handmade decorative items
- 37—confectionary pastry shop
- 24— sells fresh vegetables usually from a mobile stand
- 21—supplier for specialty store
- 17—sells school breakfasts
- 13—sells jewelry
- 13—sells shoes

PLEASE FORGIVE ANY INCONVENIENCE

Appendices 2 and 3 are not included in this version of the document to their unusually large size

Appendix 4: Locations of offices providing microfinance services (by Province)

	Geographic areas serviced:	<u>NGOs (16)</u>	<u>PROMIDIGNA</u>	<u>SEM Rural Program</u>	<u>Banco ADEMI</u>	<u>TOTAL</u>	<u>BRRD</u>
1	Distrito Nacional ~ Santo Domingo	12	9	--	8	29	35
2	Azua	1	--	--	1	2	1
3	Baoruco	3	--	1	1	5	1
4	Barahona	1	1	--	1	3	1
5	Dajabon	2	--	--	1	3	1
6	Duarte	1	--	--	1	2	1
7	Elias Pina	--	--	--	--	0	1
8	El Seybo	0	1	1	1	3	1
9	Espaillat	4	--	--	--	4	1
10	Hato Mayor	2	1	--	2	5	1
11	Independencia	2	--	1	1	4	0
12	La Altagracia	3	--	--	1	4	1
13	La Romana	2	--	--	1	3	1
14	La Vega	4	--	--	1	5	3
15	Maria Trinidad Sanchez	1	--	--	--	1	1
16	Monsenor Nouel	1	--	--	1	2	1
17	Monte Cristi		--	--	--	0	1
18	Monte Plata	1	1	1	1	4	0
19	Pedernales	--	--	--	--	0	1
20	Peravia	3	--	--	1	4	2
21	Puerto Plata	1	--	--	--	1	3
22	Salcedo	--	--	--	--	0	2
23	Samana	--	1	--	--	1	2
24	San Cristobal	3	--	--	2	5	2
25	San Juan	2	1	--	1	4	2
26	San Pedro de Macoris	4	--	--	1	5	3
27	Sanchez Ramirez	1	--	1	--	2	1
28	Santiago	4	2	--	1	7	8
29	Santiago Rodriguez	--	1	--	--	1	1
30	Valverde	2	1	--	--	3	2
		<u>61 total</u>	<u>19 total</u> (these are BRRD offices with a PROMIDIGNA credit officer)	<u>5 total</u> through the Provincial offices of the SEM	<u>28 total</u>	<u>113 total</u> 19 organizations (Coverage in all regions but Elias Pina, Monti Cristi, Pedernales, Salcedo)	<u>53 total</u> 29 agencies in SD

Appendix 4 (continued): List of Microfinance Providers by Province

- 1** Santo Domingo
 - All NGOs but FONDESA and ADESJO
 - PROMIDIGNA
 - Banks: ADEMI, BRRD
- 2** Azua
 - NGOs: MUDE (area of service but no office in this location)
 - No government program
 - Banks: ADEMI, BRRD
- 3** Baoruco
 - NGOs: FDD, FIME, MUDE (area of service but no office in this location)
 - SEM program
 - Banks: ADEMI, BRRD
- 4** Barahona
 - NGO's: MUDE, DESCO
 - PROMIDIGNA
 - Banks: ADEMI, BRRD
- 5** Dajabon
 - NGO's: FUDECO, FONDESA
 - No government programs
 - Banks: ADEMI, BRRD
- 6** Duarte
 - NGO: FDD
 - No government programs
 - Banks: ADEMI, BRRD
- 7** El Seybo
 - No NGOs
 - PROMIDIGNA, SEM
 - Banks: ADEMI, BRRD
- 8** Elias Pina
 - No NGOs
 - No government programs
 - Banks: only BRRD
- 9** Espaillat
 - NGO's: FONDESA, ADOPEM, MUDE (area of service but no office in this location)
 - No government programs
 - Banks: only BRRD
- 10** Hato Mayor
 - NGOs: Esperanza, MUDE and CE-Mujer (areas of service but no office in this location)
 - PROMIDIGNA
 - Banks: only BRRD

11 Independencia

- NGOs: FIME, MUDE (area of service but no office in this location)
- SEM
- Banks: ADEMI, BRRD

12 La Altagracia

- NGOs: FDD, CE-Mujer
- No government programs
- Banks: ADEMI, BRRD

13 La Romana

- NGO: FDD
- No government programs
- Banks: ADEMI, BRRD

14 La Vega

- NGOs: MUDE, FDD, FONDESA, ADOPEM
- No government programs
- Banks: ADEMI, BRRD

15 Maria Trinidad Sanchez

- NGO: FDD
- No government programs
- Banks: BRRD

16 Monsenor Nouel

- NGO's: MUDE (area of service but no office in this location)
- No government programs
- Banks: ADEMI, BRRD

17 Monte Cristi

- No NGOs
- No government programs
- Banks: BRRD

18 Monte Plata

- NGOs: DESCO
- PROMIDIGNA, SEM
- Banks: ADEMI

19 Pedernales

- No NGOs
- No government programs
- Banks: BRRD

20 Peravia

- NGOs: ADESJO, ADOPEM
- No government programs
- Banks: ADEMI, BRRD

21 Puerto Plata

- FONDESA
- No government programs
- Banks: BRRD

22 Salcedo

- No NGOs
- No government programs
- Banks: BRRD

23 Samana

- No NGOs
- PROMIDIGNA
- Banks: BRRD

24 San Cristobal

- NGOs: ASPIRE, FDD, ADOPEM
- No government programs
- Banks: ADEMI, BRRD

25 San Juan

- NGOs: FUDECO, FDD
- PROMIDIGNA
- Banks: ADEMI, BRRD

26 San Pedro de Macoris

- NGOs: Esperanza, ASPIRE, DESCO, ADOPEM, Ce-Mujer (area of service but no office in this location)
- No government programs
- Banks: ADEMI, BRRD

27 Sanchez Ramierez

- NGO: CDD
- SEM
- Banks: BRRD

28 Santiago

- NGOs: FDD, FONDESA, ADOPEM, MUDE (area of service but no office in this location)
- PROMIDIGNA
- Banks: ADEMI, BRRD

29 Santiago Rodriguez

- No NGOs
- PROMIDIGNA
- Banks: BRRD

30 Valverde

- NGOs: FDD, FONDESA
- PROMIDIGNA
- Banks: BRRD

Appendix 5: Institutions Contacted

Microfinance NGOs

ADEPE~ Asociación para el Desarrollo de la Provincia Espallit

Calle Presidente Vásquez, Esp. Colon #28, Moca
Tel: 578-6060, 578-2811
Email: adepe@codetel.net.do

Director of NGO: Dorca Bacacel
Director of Coop: Jose Jimenez Capellan

ADESJO ~ Asociación para el Desarrollo de San José de Ocoa

San José de Ocoa
Tel: 558-2346
Email: adesjo@codetel.net.do

Director: Padre Lui J. Quinn
Director of Finance: Lourdes Tejeda

ADOPEM ~ Asociación Dominicana de Desarrollo de la Mujer

Calle Heriberto Pieter No. 12, Ensanche Naco, SD
Tel: 563-3939, 563-3947
Email: adopdem@codetel.net.do,
m.canalda@codetel.net.do
www.adopem.org

Director: Mercedes Canalda

ASPIRE ~ Asociación para Inversión y Empleo

Calle Juan de Morfa #67, SD
Tel: 688-5101; fax: 688-6086
Email: aspire@codetel.net.do

Director: Juan Geraldo Orozco

CDD ~ Centro de Desarrollo Dominicano

Calle Central #11-B, Urb. Maribel I Herrera, SD
Tel: 531-9544; fax: 530-9636
Email: cdd@codetel.net.do

Director: Esperanza Lora

CE-MUJER ~ Centro de Solidaridad para el Desarrollo de la Mujer

Calle Cotubanama No.14, Don Bosco, SD
Tel: 221-7474; fax: 686-7474
Email: cemujer@codetel.net.do

Director: Graciella de la Cruz

DESCO ~ Desarrollo Comunitario

Av. Expreso 5ta Centenario, Ed. 27, Apt. 4B, SD
Tel: 536-6669
Email: desarrollo.com@codetel.net.do

Director: Mirko Ramierez

ECLOF Dominicana

Calle Josefa Brea, No.88, SD (will change soon)
Tel: 238-7787/ 238-7780; fax: 616-9711
Email: eclof@tricom.net

Director: Ramón Álvarez

Esperanza Internacional

Calle Juan de Morfa #67, SD
Tel: 221-7963, Fax: 221-7962
Email: cpimental@codetel.net.do

Director: Carlos Pimentel

FDD ~ Fundación Dominicana de Desarrollo

Calle Mercedes No.4, zona colonial, SD
Tel: 688-8101/06; fax: 686-0430
Email: fdd@codetel.net.do

Director: Ada Wiscovitch

FONDESA ~ Fondo para el Desarrollo

Calle Restauración No.127, Santiago
Tel: 226-3333, Fax: 247-9544
Email: fonsesa@codetel.net.do

Director: Quilvio Jorge

FUDECO ~ Fundación de Desarrollo Comunitario

Jacinto Monon No.32, Enc. Paraiso
Tel: 567-3351, 542-5403; fax: 566-8297
Email: fudeco@codetel.net.do

Director: Horacio Ornes

IDAC ~ Instituto de Acción Comunitario

Zona universitaria
Tel: 689-0123; fax: 412-8496
Email: idac inc@tricom.net

Director: Antonio Florian

Director of Credit: Alfonso Gil

IDDI ~ Instituto Dominicano de Desarrollo Integral

Calle Juis F. Thomen No. 654, El Million, SD
Tel: 567-3351, 542-5403; fax: 566-8297
Email: iddi@codetel.net.do

Director: David Luther

Director of Credit: Mariluz Mendez

MUDE ~ Mujeres en Desarrollo Dominicano

Juan Mejía y Cotes esq. Paseo de la Palmas No.2
Tel: 563-8111; fax: 567-0752
Email: mude@codetel.net.do

Director: Rosa Rita Alvarez

Director of Credit: Virglio Feliz

PROMAPEC ~ Promoción APEC de la Mujer

Av. V Centenario, No.28, Villa Juana, SD
Tel: 536-8586/ 5349; fax: 538-8933
Email: promapec@codetel.net.do

Director: Providencia Fernandez de Subervi

Tu, Mujer

Calle Huascar Tejada, No.56 (altos), zona univ., SD
Tel 535-3233, 597-8088, 236-8909; fax: 532-5828
Email: tumujer@tricom.net

Director: Cristina Sanchez

Development NGOs without Microfinance Program

CEDECO

Calle Juan Sanchez Ramirez #60, Zona Univ., SD
Tel: 688-2633

Director: Robert Adames

COTEDO ~ Comisión de Trabajo Ecuménico Dominicano

Calle Rosa Duarte No.45, Altos, SD
Tel: 687-0049, 685-5625, 685, 5631; fax: 682-8076
Email: cotedo@codetel.net.do

Director: Aramis Reyes

MOSCTHA ~ Movimiento Socio Cultural de los Trabajadores Haitianos

Juan Erazo No. 39, SD
Tel: 687-2318; fax: 221-8371
Email: mosctha@codetel.net.do

Director: Joseph Cherubin

Government Microfinance & Poverty Programs

Presidential Plan Against Poverty

Av. Bolivar 856, Santo Domingo
Tel: 592-4810 ext 240; fax: 788-3690
Email: planpc@codetel.net.do

Director: Manual Vargas Payano

PROMIPYME ~ Program for the Micro, Small and Medium Enterprise

Tel: 688-0525

Credit Director: Wagner Jimenez

Secretariat of the Woman ~ Program: Resource Generation for Poor Rural Women

Ed. Gubernamental, Bloque D, Av. Mexico, SD
Tel: 685-3755 (ruth—ext. 308)
Email: ruthmontes@sem.gov.do

*Contact—In charge of Evaluation and
Follow-up: Ruth Montes de Ocoa*

Banks and Government Coop Institute

BANCO ADEMI

Av. Pedro Henríquez Ureña #78, SD
Tel: 683-0203; fax: 472-0853
Email: rondon@codetel.net.do

Director: Guillermo Rondon

IDECOOP ~ Instituto de Desarrollo y Crédito Cooperativo

Av. Héroes de Luperon, Centro de los Héroes, SD
Tel: 533-8131; fax: 535-5149
Email: mosctha@codetel.net.do

Sub-Director of Administration: Elba Franco
Special Programs: Luis Felipe Jimenez

Other Microfinance Support Institutions

CAMPE-INTEC ~ Centro de Apoyo a La Micro, Pequeña y Mediana Empresa

Campus INTEC, Ave. de los Proceres, Gala, SD
Tel: 540-5565, 567-9271; fax: 540-0397
Email: cadams@mail.intec.edu.do
www.intec.edu.do/campe

Director: Claudio Adams

FONDOMICRO ~ Fondo para el Financiamiento de la Microempresa

Av. Bolívar 235, SD
Tel: 534-8141; fax: 534-8083
Email: fondomic@aacr.net
www.fondomicro.com

Director of Research: Marina Ortiz

International Development Organizations & Institutions

BID ~ Inter-American Development Bank

Tel: 562-6400
Email: cruzcid@codetel.net.do

Contact: Julian Cruz

CRS ~ Catholic Relief Services

Tel: 567-1271; fax: 566-7776
Email: uscc@codetel.net.do

Director: John Mcwen

HELVETAS---FORJA Program

Tel: 247-2000 ext.279; fax: 247-7011
Email: chrissteiner@hotmail.com

Director of FORJA: Christain Steiner

Intermon ~ Oxfam España

Tel: 532-6739

Director: Luz Maria Abrego

Oxfam Great Britain

Tel: 687-1010

Email: rfeliz@oxfam.org.do

Director: Roque Feliz

Peace Corp

Tel: 685-4102

Email: rbalestino@do.peacecorp.gov

*Community Economic Development Director:
Ramon Balestino*

USAID~ United States Agency for International Development

Tel: 221-1100

Contact: Luis Villanueva (Freddy's contact)

Other Institutions Contacted but not formally interviewed

CEPROS ~Centro de Promoción Social

Aristides Santana

Province of Azua, town of Padre de las Casa

Tel: 521-0940; fax: 521- 0350

Email: cepros@codetel.net.do

- Support small agricultural development in the area
- 1500 clients; individual credit through peasant associations

CIEPO ~ Centro de Investigación Educación Popular

Contact: Guillermo Cuevas

Province of Independencia

Tel: 775-4514/ 299-3459

Email: ciepo@codetel.net.do

- Finance mostly small producers but also ME;
- RD\$7 million in cartera; 500 active clients
- Repayment 98%;
- Individual or with group avale;
- Ranges: 5,000-100,000; average 50,000 and below

CIMPA ~Centro de Investigación y Mejoramiento de la Producción Animal

Contact: Yazmín Cuevas

Tel: 223-0532, 710-9003

- Yazmín wrote her thesis on ADEMI and Grameen while completing Masters program in Germany

GRAN ~ Grupo de Desarrollo Rural Nacional

Contact: Janet Perez

Gazcue, Santo Domingo

Tel: 685-0146

Email: gran@codetel.net.do

- TA, training, credit and marketing, organic certification for groups of small café producers
- 1000 active clients

Núcleo de Apoyo a la Mujer

Contact: Mrs. Vargas

Tel: 581-8001

Oficina Provincial de la Mujer (San Francisco de Macorís)

Director: Ana Lucia Mendez

27 de Febrero 45, San Francisco de Macoris

Tel: 725-2630

Appendix 6: REDIPYME members

1. Asociación de Empresa Industrial de Herrera (AEIH)
2. Asociación de Instituciones Rurales de Crédito (AIRAC)
3. Asociación de las Pequeñas y medianas Empresas (APYME)
4. Asociación de Microempresas de Herrera (AMEH)
5. Asociación Dominicana de Mujeres Empresariales (ADME)
6. Asociación Dominicana para el Desarrollo de la Mujer (ADOPEM)
7. Asociación Nacional de Industriales de Muebles, Colchones y Afines (ASONAIMCO)
8. Asociación Nacional de Industriales Metalmecánica (ASONAMECA)
9. Asociación para el Desarrollo de la Provincia de Espallit (ADEPE)
10. Asociación para el Desarrollo de la Microempresa (ADEMI)
11. Asociación para el Desarrollo y Empleo (ASPIRE)
12. Cámara de Comercio y Producción de la Romana
13. Cámara de Comercio y Producción de la Vega
14. Camera de Comercia y Producción de Santiago
15. Centro de Apoyo a la Micro, Pequeña, y mediana empresa (CAMPE-INTEC)
16. Centro Dominicano de Desarrollo (CDD)
17. Centro Dominicano de Promoción de Exportaciones (CEDOPEX)
18. Confederación Dominicana de la Pequeña y mediana Empresa
19. Corporación de Fomento Industrial
20. Federación de Asociaciones Industriales
21. Federación Nacional de Detallista de Provisiones
22. Fondo para el Desarrollo Santiago (FONDESA)
23. Fondo para el Financiamiento de la Microempresa (FONDOMICRO)
24. Fundación APEC de Crédito Educativo (FUNDAPEC)
25. Fundación de Desarrollo Dominicano
26. Instituto nacional de Formación Técnico Profesional—INFOTEP
27. Mujeres en Desarrollo Dominicano (MUDE)
28. Núcleo de Gestión Tecnológico
29. Programa de Promoción y Apoyo a la Micro, Pequeña y mediana Empresa (PROMIPYME)—de la Secretaria de Estado de Industria y Comercio
30. Proyecto para el Desarrollo de la Micro, Pequeña, y Mediana Industria – PRODEMYPI—del Instituto Dominicano de Tecnología Industrial
31. Fondo Ecuménica de Prestamos de la Republica Dominicana (ECLOF)