

Our Successes

In five months, with \$25,000 raised locally and abroad, we have:

- Provided intensive small business training and advisory services to over 800 individuals from the local community.
- Distributed \$11,600 in loans to 40 women's groups (five women to each group) to invest in small businesses and another \$13,000 to support 30 larger, existing businesses that provide community services (e.g., public transportation, health care, livestock supplies).
- Opened savings accounts for almost three-quarters of our loan clients.

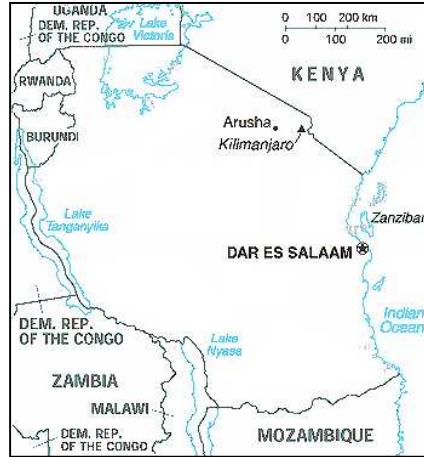
Our clients have yet to miss a single repayment and the value of repayments is more than 25 percent higher than expected.

Our Needs

Already residents from nearby villages appear in our office, having walked ten kilometers or more, and ask, "When can we apply for a loan?" In the next six months, we aim to double our loan activity in Kambi ya Simba, reaching 20 percent of families there, and to expand the program to four neighboring villages where the needs are just as great. For this, we must raise \$40,000 by December 2005.

Many organizations tell donors their small contribution can make a big difference. Nowhere is this more true than in MESO's rural microfinance program. We operate with little overhead (no electricity or private transport) and put every cent to work.

Help us turn money into work.



Map of Tanzania in East Africa



To make a donation or for more information, contact:

Carl Cervone
Director of Rural Development
The Multi-Environmental Society (MESO)
P.O. Box 229
Arusha, Tanzania
Mobile: +255.745.396331
Tel/Fax: +255.272.505859
Email: micro.meso@gmail.com

www.meso-tz.org/micro

Second Printing July 2005

Find out what a loan of \$100 can do...

Rural Microfinance in Tanzania



MESO
The Multi-Environmental Society

Building Assets in Simple Ways.

Laurenti Crescenti, the village chairman in Kambi ya Simba, keeps a meticulous inventory of his village's assets. This year he counted 2583 males and 2347 females, 1923 sheep, 1910 goats, 1900 chickens, 1855 cows, 229 donkeys, 225 dogs, 220 cats and 75 pigs. He also tallied 156 ox-plows, 54 ox-carts, 32 tractors, 7 Land Rovers, 6 grinding machines, 4 pick-up trucks, one combine harvester—and a broken generator.

Perched above the Rift Valley and twenty kilometers from the nearest major town, Kambi ya Simba is typical of many rural, Tanzanian villages. Residents make their livelihood from subsistence agriculture and livestock; most earn less than \$180 a year, the poverty line in Tanzania. There are no paved roads, no electricity or running water. At the primary school, more than 100 students crowd each classroom, copying their lessons from blackboards layered with decades of chalk.

What if the residents of Kambi ya Simba and other nearby villages had access to a fair source of credit to launch their own, new enterprises, however modest? What if, in turn, they could save and later invest their profits, however small, and put planning for the future ahead of short-term struggles?

A local non-profit, the Multi-Environmental Society (MESO), has some answers. It has formed a microfinance program that floats credit and taps entrepreneurship in Kambi ya Simba and its neighbors.

Change occurs one household at a time in villages where the assets are few. Please read on to see the difference a small loan can make.

What can a \$100 loan support?

Sewing business: With a foot-powered sewing machine, fabric and thread, a sewing business can begin practically overnight.

Dairy goats: A female kid costs \$30 - \$50 (depending on breed quality), but quickly begins producing milk that sells for 30 cents a liter.

Small bakery: By constructing an oven and purchasing a few basic supplies, a local baker can start a brisk business selling breads and cakes.



Water harvesting: Women and children walk up to eight kilometers a day fetching water for household needs. Rainwater tanks and tube wells would let them put their time to better use—and reduce the risk of water borne illness.

Vegetable gardens: A borrower with a green thumb can invest in a small vegetable garden, which has the potential to produce over \$500 in additional income each year.



What is Microfinance?

Most of the world's poor lack access to the basic financial services we take for granted. Microfinance, often in the form of small loans, helps turn this around. These modest investments enable the poor to create jobs for themselves, generating new income and connecting their families with the services and opportunities they need daily. Seeking to boost microfinance programs worldwide, the United Nations has designated 2005 as the International Year of Microcredit. MESO is an official partner in the initiative (www.yearofmicrocredit.org).

What's in a loan?

MESO's loans are small (usually valued at \$100 or less) and are provided at reasonable interest rates without collateral. They are repaid in short installments spread over a period of one year or less. When a client successfully pays off one loan, he or she is eligible to receive a larger loan at a lower rate of interest.

Who's eligible for a loan?

Our program targets **women** seeking to run individual, quick-income generating enterprises that employ skills they already possess. All potential borrowers first complete a series of training courses offered several times a year by MESO. The loan committee, comprised of local residents, carefully considers each client and her application. A client's honesty, business experience, work ethic and living situation drive their consideration.

What conditions assure repayment?

Borrowers must form groups of five to receive their loans. All loans are given to—and all repayments are received from—the group, rather than individuals. If one member is unable to contribute her share towards the group's repayment, the group must cover for her. In this way, collective responsibility among group members act as collateral on their loans. If a group fails to make its repayments, then its members lose access to credit in the future.