

MicroDreams: Unleashing Potential

MISSION

Moving families out of poverty

THE IDEA

Build financially sustainable micro-enterprise organizations that provide poor aspiring entrepreneurs the training, credit and ongoing guidance and motivation they need to build their businesses

DELIVERY TO DATE

MicroDream's South Pacific Business Development Fund has trained and financed 10,000 micro-entrepreneurs, from over 250 villages, with over US \$8 million of credit

IMPACT

Preliminary data from the Samoa program indicates that after 3 years

- Typical family incomes increased by 2.5x
- Average family savings rose from \$40 to \$200
- % of families "well housed" increased from 30% to 75%

SOCIAL RETURN ON INVESTMENT

US \$1 = US \$22 in new family income over 3 years

MODEL

- Engage and get buy-in at the community level
- Initial loans are restricted to enterprise creation
- Applicants are organized into groups
- Business plans are screened by staff and group
- Loans are guaranteed by group and larger community
- Borrowers get business training and ongoing support
- Rigorous process for managing loan portfolio and communicating with members
- Education and housing loans available to micro-enterprise owners



Microfinance isn't enough; people need help turning small loans into viable businesses.

MicroDreams provides a suite of micro-enterprise development services, making the jump from simple microfinance to successful micro-enterprise creation at scale. MicroDreams is the brainchild of Greg Casagrande, who brought a Grameen-style model to Samoa and tweaked it to fit the local needs. His South Pacific Business Development Foundation (SPBD) embodied an "entrepreneur-as-customer" approach driven by the needs of those trying to create first-time small businesses. Today SPBD in Samoa is a financially self-sufficient organization that has worked successfully with over 10,000 of Samoa's 30,000 families. Now Greg has formed MicroDreams to replicate the Samoa model in Tonga and help micro-enterprise organizations in Bolivia, Ecuador and Uganda to achieve high impact and financial self-sufficiency. Using start-up donor funding, MicroDreams can drive financially self-sufficient organizations that leverage traditional microfinance and multiply the incomes of millions.

PATH TO SCALE-UP IMPACT

- MicroDreams replicates its model as a non-profit making recoverable investments in new and existing micro-enterprise funds/programs
- MicroDreams initiates some programs on its own (Tonga in 2009)
- MicroDreams makes targeted investments in other micro-enterprise funds (not MicroDreams initiated) that adopt their model. Quality of implementation is maintained through tight collaboration between MicroDreams and the country funds (although all are legally organized as separate entities)

CAPACITY TO DELIVER

- Proven leadership team with strong private sector business and microfinance experience is in place
- Samoan program achieved scale and financial sustainability
- Organizational design and processes have been vetted

MILESTONES AHEAD (1 TO 3 YEARS)

- Train 750 poor aspiring micro-entrepreneurs in Tonga and provide over US\$300,000 of financing to these women
- Recruit, build and train a local team to run the Tongan program
- Verify the social impact of the Samoan program and install upfront impact measurement systems in the Tongan program



Mulago Scalable Investment Criteria

Real Impact

The right indicators:

- Average percent increase in family income and assets over three years
- Amount of total direct income generated in local economies

Accurate measurement: Randomized annual household surveys

Clear attribution: Matched control groups

Cost Effective

Impact per donor dollar invested: The amount of new 3-year family income and savings per MicroDreams donor dollar invested

Sustainable

Lasting behavior: Permanently changed behavior of clients. Trained, profit-seeking micro-entrepreneurs now have the skills and financing needed to further increase their income and to invest in their family home and their children's education.

Funding strategy: Permanently self-sufficient organizations built. After a 3-year start-up subsidy, the micro-enterprise development fund is commercially viable and the ongoing donor cost per family lifted out of poverty is zero. MicroDreams is repaid its capital investment and can then direct it towards new country programs.

Replicable

- Documented operating, financial and administrative processes are simple to implement and adaptable to a broad range of settings
- Quickly growing sources of commercial financing for microfinance enterprises ensures adequate long-term capital for country programs
- Culture of *kaizen*, or ongoing continuous process improvement, is entrenched in all MicroDreams affiliated programs and facilitates quick adaptation to changing field conditions