

perspective

## Little loans, big changes

By Todd Watson

Article Last Updated: 02/08/2008 02:05:54 PM MST



Katie Singleton, front center, and Amy Fruehwald, behind her, with Liberian businesswomen at the first weekly meeting of the village bank in the Buduburam refugee camp in Accra, Ghana. (Courtesy of Katie Singleton, Special to The Post)

It was the first semester of Katie Singleton's senior year at the University of Colorado in Boulder in 2006, and she was already thinking about the summer of '07. While her friends were planning typical post-graduate vacations — cruises in the Caribbean or backpacking trips through Europe — Singleton was hoping to do something more meaningful.

Then she met a classmate's mother,

Patricia Hinnen, at a party in October 2006. Hinnen, a former foreign aid analyst for the federal government, now directs the microfinance program of The International Alliance for Women (TIAW).

Microfinance is an innovative form of charity that in recent years has spread across the globe. Through it, average Americans have been able to effectively improve the lives of large numbers of needy people in some of the world's most destitute countries. Most donors stop at giving money. Katie Singleton took it further.

Singleton had vaguely envisioned volunteering at an orphanage in Africa. But TIAW is very active in the West African country of Ghana, and Hinnen offered to find Singleton a microfinance internship there instead.

TIAW is an umbrella network of women's organizations designed to support the economic interests of women around the world. Microlending — providing small loans to poor entrepreneurs — is fitting for TIAW, as most microloans are exclusively for women. Women in the developing world are often denied access to sources of credit that men have access to.

Under Hinnen's guidance, TIAW raises grants for non-governmental organizations around the world to use specifically for microloans. There are many NGOs in Ghana dealing in microfinance, and their combined efforts are a powerful force aiding that country's rise out of poverty at a growth rate of 6 percent in gross domestic product a

Advertisement

TARGET WEB COUPON      EXPIRES 3/8/08

## FREE Twenty 4x6" basic prints

**photo**



9856-0113-2647-5849-0376-5806-89

Offer available at Target One-hour Photo Labs. Go to Target.com/photo for the location nearest you. One-hour service limited to machine capacity. Limit one item or offer per coupon. Offer not available for prints made on the Kodak Picture Kiosk. Void if copied, transferred, purchased, sold or prohibited by law. No cash value. Maximum retail value \$4.40 for combined free offer.

Print Powered By FormatDynamics™

year, one of the highest in sub-Saharan Africa.

But there is no cause for celebration just yet. Almost half of Ghana's population of 22.9 million people live on less than \$1 a day. More than a third of Ghanaians are under 14 years old, and the unemployment rate is 20 percent.

In Accra, the nation's capital, the infrastructure is poor and crumbling. Open sewers line the streets, the tap water is unsafe to drink, and electricity is only available about half the time in any one place. (Vital facilities like hospitals rely on gas-powered generators.) The situation is considerably worse in the rural areas that comprise the vast majority of the country.

Last April, a month before graduation, Singleton landed an internship with a microfinance NGO in Accra, the Kraban Support Foundation. The prerequisite for Singleton's internship was that she raised the standard \$5,000 grant for what TIAW calls a "village bank."

A village bank is a typical microlending arrangement. A small group of women are given individual loans. They are jointly responsible for the repayment of these loans, and cannot get another until everyone in the group has repaid. Village banks are administered by organizations like Kraban, who use the interest on the loans to cover operational costs and deepen the pool of available loans.

Singleton raised the \$5,000 seed money in less than two months, and bought a plane ticket. The

only thing left to decide was to whom the money would go.

There is no scarcity of need among entrepreneurs in Ghana. The decision fell to Hinnen, who chose a group of women running a marketplace in a Liberian refugee camp called Buduburam, 27 miles west of Accra.

Liberians started migrating to Ghana en masse in the late 1980s during the early stages of the Liberian civil wars, which raged off and on from 1989 to 2003. They came by land through Cote d'Ivoire and by sea however they could. For the region, Ghana was politically stable and relatively welcoming to refugees. In 1990, Buduburam was established as a semi-permanent settlement.

Buduburam — a sprawling, dusty warren of shantytown — is home to around 40,000 Liberian refugees. Without adequate sanitation or clean water and food supplies, disease and malnutrition plague the population. But many seem reluctant to return to Liberia just yet. For many of them, their families have been murdered or displaced by war — so there is nothing to return to.

Singleton arrived in Ghana on June 13, 2007, accompanied by Amy Fruehwald, a friend from Colorado. The pair spent several weeks in Accra doing the necessary paperwork with Kraban before going to Buduburam to establish the village bank and disburse the loans.

When they arrived at the Buduburam market,

Advertisement

TARGET WEB COUPON      EXPIRES 3/8/08

## FREE Twenty 4x6" basic prints




9856-0113-2647-5849-0376-5806-89

Offer available at Target One-hour Photo Labs. Go to Target.com/photo for the location nearest you. One-hour service limited to machine capacity. Limit one item or offer per coupon. Offer not available for prints made on the Kodak Picture Kiosk. Void if copied, transferred, purchased, sold or prohibited by law. No cash value. Maximum retail value \$4.40 for combined free offer.

Print Powered By  FormatDynamics™

Singleton and Fruehwald were taken to meet a local official called the Market Mother and explain their mission.

"She said to us, 'Every day I pray for someone to come and help the poor people of our village, and you are the answer to my prayers,' " Singleton says. "It was a deeply moving experience, meeting the Market Mother and seeing how my loan was going to improve the lives of these women."

In the months since being given the loans, the women of Buduburam have seen steady improvement in their lives. Musu Parker — whose family once owned a nightclub in Monrovia, Liberia — received the standard \$100 loan and expanded her business selling blocks of ice to include flip-flops and T-shirts. These items generate much more income, which she uses to support her five children. She continues to expand her business.

Parker, 42, fled to Ghana in 1987 after a bomb hit her nightclub, killing her father and brothers. "After that I had no choice," she says. "We would starve if we stayed." She believes her husband is in Cote d'Ivoire, but she has not seen him in years.

The other women have used their loans in similar ways. Aside from adding new items to sell, the women can now afford to buy in bulk from wholesale distributors, thus saving money and cutting down on the time they spend traveling back and forth between the market to the warehouse.

"Various groups in Buduburam were promised loans before," says Akofa Mottey, former director of finance for Kraban in Accra. "But the lenders always backed out because of the high risk of lending to refugees. Micro-lending is different. There is less risk. And the women are deeply grateful. Hope has been regenerated in them as they are finally able to support their families."

So far, the women in Buduburam have all met their repayment requirements and have now become eligible for new, larger loans through Kraban.

Back in Boulder, Singleton now works for an outdoor accessories company called Go-Lite, but still volunteers for TIAW. A recent TIAW event that Singleton attended raised enough money for 15 new village bank grants.

Microfinance has been an exceptionally successful form of development aid, with an international repayment rate of over 95 percent, according to Grameen Bank, the world's largest microlender.

As Patricia Hinnen sees it, the philosophy is simple: "Aid money often fails in the hands of bureaucrats. It is 10 times more powerful when you get it directly into the hands of the entrepreneur who has to feed her kids at night."

*Todd Watson is an international business journalist with Wall Street Market Research, an investor's guide. He was in Ghana with a group from New York University, where he received a master's degree in journalism in*

Advertisement

TARGET WEB COUPON
EXPIRES 3/8/08

## FREE Twenty 4x6" basic prints



Offer available at Target One-hour Photo Labs. Go to Target.com/photo for the location nearest you. One-hour service limited to machine capacity. Limit one item or offer per coupon. Offer not available for prints made on the Kodak Picture Kiosk. Void if copied, transferred, purchased, sold or prohibited by law. No cash value. Maximum retail value \$4.40 for combined free offer.



9856-0113-2647-5849-0376-5806-89

Print Powered By  FormatDynamics™