



2009 NEW PROJECT OPPORTUNITY

Villafranca Community Investors Project

Honduran Development Foundation benefits the entrepreneurial poor

In the Villafranca area of Honduras, small-scale entrepreneurs are severely limited in their access to credit, markets, training, and new technology. To help them grow their businesses, World Vision is expanding a microfinance program to provide \$564,232 in loans to 2,000 borrowers over three years.

A holistic approach

Honduras is one of the poorest countries in the Western Hemisphere, with 36 percent of the population living on less than \$2 a day. In the country's urban slums, like Villafranca in the capital city of Tegucigalpa, poverty is even more widespread.

In response, World Vision established the Villafranca Area Development Program (ADP) in 1995 to bring sustainable change to the area's 25,000 impoverished residents. The ADP has enabled residents to begin addressing essential needs such as access to clean water, nutritious food, quality education, and vocational training.

As part of a holistic approach to addressing poverty, World Vision also educates willing entrepreneurs about microfinance, gathers borrowers together into Community Banks, disburses loans, manages repayments, and offers other business development services to improve the management skills of businessmen and women. This helps ensure that gains achieved through community development become sustainable.

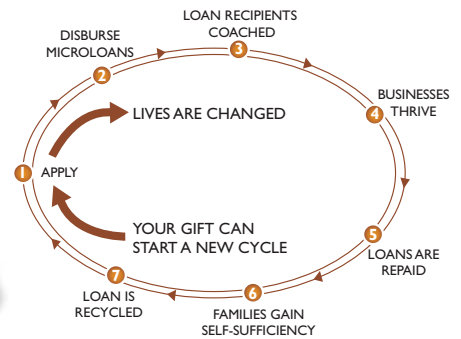
As a Community Investor, you can directly support financial services for the enterprising poor. In doing so, you are building on World Vision's prior community development work and helping people take a final step out of poverty.

Providing a hand up for entrepreneurs

The Honduran Development Foundation (FUNED) is a World Vision-affiliated microfinance institution operating since 1995. In the past three years, the number of its active borrowers increased 64 percent, from just under 11,000 to slightly more than 17,000, and the value of its outstanding loans more than doubled, from \$3 million to more than \$7 million. Savings have also increased, from \$368,000 three years ago



Microfinance is not only a smart investment—repayment rates are 98 percent—but also an investment that keeps on giving. As loans are repaid with interest, they revolve, helping both the current borrower and those who are waiting to become borrowers.



By 2011 in Honduras, FUNED expects to:

- Have 25,000 active borrowers, 70 percent of whom are women
- Have outstanding loans of almost \$9.3 million
- Reach 125 percent operational self-sufficiency
- Positively impact the lives of more than 65,000 children

HONDURAS



work



One family's story

Yessica Rubio is an enterprising woman. She lost her job a few years ago and was left without a source of regular income to provide for family's economic needs. She now manages two small businesses that employ other women by making and selling different types of 'baleadas'—typical Honduran food, similar to burritos, made with flour tortillas, refried beans and cream. She also sells sodas and natural fruit juices.

Yessica is 30 years old, married, and has four children, three in primary school and one in secondary school.

Yessica financed her business with her savings but can't get credit and a loan from a regular lending institution. That means she must buy raw materials on credit at the central market warehouses and therefore pay more. Yessica needs a loan of \$2,000 for working capital and to open a third outlet and thus increase sales of her baleadas.

to a current \$673,000, and are expected to reach \$2.5 million in 2011.

World Vision has learned that a new market is opening in Villafranca that will have 300 stalls bustling with small entrepreneurs hoping to make a better life for themselves and their families. A new FUNED office also will mean that current clients in the Villafranca area no longer will have to travel at least 7 miles through an extremely high-crime area to reach the nearest FUNED office, thus increasing their safety and the amount of time they can devote to their businesses.

Project goals

By 2011 in Villafranca, FUNED seeks to:

- Set up a standard office to better serve clients
- Provide financial services to approximately 2,000 clients
- Positively impact the lives of approximately 4,800 children

How you can help

World Vision's goal is to leave behind sustainable communities.

Microfinance is the tool that gets us there. Unfortunately, we are meeting only 15 percent of the need for microfinance in the program areas we serve. And that's where you come in.

Between 2009 and 2011, we need \$50,000 per year to scale up the economic engine in Villafranca. Funding from Community Investors will create a new branch office there. Your investment will be leveraged with the investments of others to nearly quadruple the impact of your gift.

BUDGET SUMMARY

	2009	2010	2011	3-Yr Total	FUNED Match	Total
Loan Capital	\$20,000	\$40,000	\$40,000	\$100,000	\$464,232	\$564,232
Startup Costs	\$20,000	—	—	\$20,000	\$84,008	\$104,008
Indirect Costs	\$10,000	\$10,000	\$10,000	\$30,000	—	—
Total Needed	\$50,000	\$50,000	\$50,000	\$150,000	—	—