



# South Pacific Business Development

## Empowering Dreams

### 1. Mission

South Pacific Business Development (SPBD) improves the quality of life of families living in poverty by providing unsecured credit, training, and ongoing motivation and guidance to help them start, grow and maintain micro-businesses, build assets, as well as, finance home improvements and childhood education.

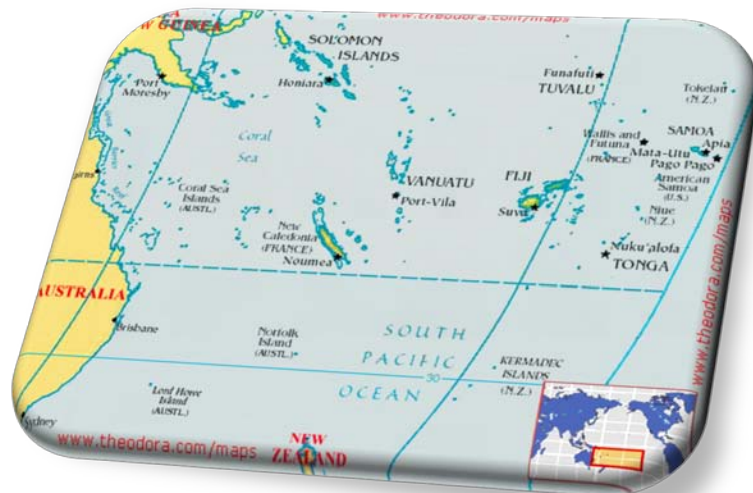
### 2. Vision

Our vision is to create a network of micro-enterprise development organizations in the South-Pacific and neighboring regions to empower women through financial access and economic development to help lift themselves and their families permanently out of poverty and improve self-esteem.

### 3. South-Pacific Islands

#### 3.1 Background and Map

The total population in the South-Pacific is approximately 7 million and consists of the following major countries: Papua New Guinea, Fiji, Samoa, Solomon Islands, Tonga, Vanuatu, Micronesia, Marshall Islands, and Kiribati. Most people in the South-Pacific live in rural villages on small islands and live on a GDP of less than US\$2,000 per year.



#### 3.2 History of Microfinance in the South-Pacific

The Pacific is littered with failed attempts to start microfinance institutions by governments, commercial banks, churches, and volunteer run organizations. There continue to be organizations trying to provide microcredit but these efforts are characterized by handouts and forced solutions.

#### 4. What is the Need in Samoa?



##### 4.1 Extent of Poverty

According to the UN, Samoa is one of the world's 50 least developed countries. This puts it in the same category with most African nations, and countries such as Bangladesh, India, and Haiti. According to a UNDP study, 48% of all Samoan families live below the poverty line of US\$1.34 per day. Nearly all of SPBD members join the program while living on less than US\$2 per day.

##### 4.2 How do Samoans Live?

The living conditions of the poor in Samoa are characterized as follows:



- Main source of water is rain water (instead of piped water)
- Primary cooking fuel is wood (instead of electricity, gas, or kerosene)
- Primary toilet is a pit toilet
- Head of household is not in paid employment
- Primary lighting is spirit or kerosene based (instead of electricity)
- Children are often not in school full-time

##### 4.3 A Poverty of Opportunity

Most families are engaged in a variety of micro-enterprise activities, but success is elusive without access to affordable capital. The four commercial banks in Samoa demand collateral and steady income in order to provide credit. Pawn shops prey on the poor with effective rates often in excess of 500% p.a. Most poor have no access to affordable credit, and have little opportunity of reaching their potential. In summary: No jobs + No access to credit = No opportunity.

## 5. The SPBD Solution

### 5.1 Who is SPBD?

South Pacific Business Development Foundation (SPBD) of Samoa is a Grameen Bank style microfinance organization dedicated to improving the quality of life of those living in poverty in the Pacific Islands. SPBD Foundation (hereinafter called SPBD Samoa) was established in 2000 to provide these people with their first meaningful opportunity to advance themselves and their families.

#### 5.1.1 Philosophy

SPBD Samoa's philosophy of lending is based on a respect for each individual's innate human ingenuity, drive and self-esteem. It's these qualities that make people creditworthy, not the collateral which traditional banks demand. By providing access to capital, SPBD allows women and their families to pursue their dreams and achieve their full potential. We provide the opportunities to empower the poorest members of society to make significant improvements in their lives.

#### 5.1.2 Methodology

##### **Micro-enterprise Development**

SPBD Samoa provides small, unsecured loans of WST1,000 (~US\$400) to groups of rural women, who invest these loans into businesses based on their existing livelihood skills. They are given training, ongoing guidance and motivation for the purpose of helping them to grow these small income generating endeavors so that they can work their way out of poverty. This is a very structured program with clear rules.



##### **Childhood Education**

From the second loan onwards, members are also encouraged to invest the proceeds of their loans for basic housing improvement and childhood education. SPBD Samoa helps to ensure the children of all our members receive a proper education by providing financing to pay for school fees, school uniforms, and textbooks.

### **Housing Improvements**

SPBD Samoa helps to improve the healthiness of our member's homes by providing financing for basic housing improvements such as obtaining access to electricity, running piped water, proper sanitation, building a secure foundation for their home (instead of a dirt floor) and to place a tin roof on their home (instead of a grass roof)



### **Savings**

It is expensive and difficult for the poor to open bank accounts at traditional commercial banks. SPBD Samoa helps our members save for a rainy day and to develop good financial habits by providing a basic savings service. By saving with SPBD, members have a safe and convenient place to make small and regular savings deposits.

### **Insurance**

SPBD Samoa offers a loan- and life insurance product to all its members. In the event of a member's death, her family receives a benefit. This assurance of no hardship on the remaining family is something that many of our members greatly value.



### **Peer Group Support**

All SPBD Samoa members are part of a self-chosen group of four to seven women. In each village there might be two to five SPBD groups.



The members of the peer groups support and guarantee one another. They are the first line of approval on all new business plans and loan applications of their group members. They act as weekly guarantors on all loan repayments and they play a vital role in the ongoing guidance and motivation of each SPBD micro-entrepreneur.

### **Weekly Meetings**

SPBD Samoa has weekly meetings in the local villages with all its members. At these meetings all SPBD related business takes place, including business training modules, review of business plans, loan applications and approvals, weekly loan repayments, savings deposits, and ongoing business mentoring and coaching.

### 5.1.2 Executive Team

SPBD Samoa is led by its President and Founder Gregory F. Casagrande. The day-to-day operations in Samoa are led by a highly experienced, expat, General Manager – Maros Parreno-Apostol. SPBD’s staff of twenty local Samoans (operations- and finance managers, field officers) handles all facets of the business. Trustees, management and staff all have business and banking backgrounds. SPBD has a very competitive and comprehensive compensation and benefits structure. (Photo: from left to right: Maros Parreno-Apostol, Gregory F. Casagrande, Lorisa Canillas “GM of SPBD Tonga”)



### 5.1.3 Partners

SPBD is proud to partner with the following institutions:

- Microdreams (USA/New Zealand)
- Jasmine Charitable Trust (NZ)
- Oikocredit (The Netherlands)
- CreSud SpA (Italy)
- Grameen Trust (Bangladesh)
- ANZ Bank (Samoa)
- West Pac Bank (Samoa)
- Mulago Foundation (USA)
- Kiva (USA)
- Rabobank (The Netherlands)
- Deutsche Bank (USA)
- PlaNet Finance (France)
- Microcredit Summit Campaign
- SPBD has hired multiple graduate school interns from:
  - Kellogg School of Management,
  - UCLA Anderson School of Business,
  - Kennedy School of Government, and others

### 5.1.4 Competition

SPBD Samoa has no direct competition as the commercial banks and Development Bank each require collateral or a steady income for micro/small business financing. SPBD is the only financial institution in Samoa able to deliver credit throughout Samoa and to provide on a large scale completely unsecured credit to the poor.

### 5.1.5 What does the Samoan government think of SPBD?

- SPBD continually receives significant recognition and advocacy from Samoa’s Prime Minister, the Hon. Tuilaepa, as well as his Deputy Prime Minister the Hon. Misa Telefoni. Samoa’s preeminent newspaper
- The Samoa Observer frequently spotlights the work of SPBD and named its founder, Gregory F. Casagrande, Samoa’s Person of the Year in 2008
- The local business community, Rotary Club, Chamber of Commerce, TV and radio stations support SPBD and give financially, for SPBD’s Annual Business Woman of the Year event.

## 6. What is our Impact?

### 6.1 Scale of Success

	2009 Actual			2010 Targets			
	Samoa	Tonga	Total	Samoa	Tonga	Fiji	Total
<b>Total # of Active Clients</b>	7,795	700	<b>8,495</b>	9,354	1,650	250	<b>11,254</b>
<b>Cumulative # of Microenterprises Financed</b>	12,000	700	<b>12,700</b>	13,500	1,700	100	<b>15,300</b>
<b>Total Loans Disbursed (US\$000's)</b>	\$2,690	\$366	<b>\$3,060</b>	\$3,340	\$900	\$100	<b>\$4,340</b>
<b>Cumulative Lending Since Inception (US\$000's)</b>	\$11,900	\$366	<b>\$12,266</b>	\$15,300	\$1,266	\$100	<b>\$16,666</b>
<b>Total Member Savings (US\$000's)</b>	\$281	\$35	<b>\$316</b>	\$369	\$65	\$10	<b>\$444</b>
<b>%FSS</b>	100%	25.9%	-	100%	70%	5%	-

Since our founding in 2000, SPBD Samoa has:

- Worked with over 12,000 aspiring women micro-entrepreneurs in nearly all Samoan villages on three separate islands
- Extended over 27,000 loans amounting to over WST 30 million or USD 12 million
- Financed the development of small businesses, education costs for children, and basic housing improvements
- Offered savings accounts since 2004; 7,795 depositors were registered as of the end of 2009.
- Been financially sustainable since 2007

### 6.2 Measurements of Success

SPBD Samoa is making a large impact such that members experience:

- Higher income
- Improved nutrition (No member of the family goes hungry)
- Better housing conditions (electricity, running water, sanitation, upgraded roof and floor)
- Enhanced education for children (all member's children under the age of 15 must be in school)
- Less vulnerability to personal and economic shocks due to our savings and insurance products
- Enhanced self-esteem leading to a better standing in society and closer family relationships
- Broad macro-economic impacts - in 2002, the then Finance Minister of Samoa, Misa Telefoni, stated that SPBD Samoa's initial WST2.5 million of loans generated WST16 million of economic impact. We anticipate this ratio will continue to hold true in the future.

## 6.3 Impact on Lives

### 6.3.1 Patricia Leavasa (Leone, Samoa)



...owns and operates a small store in the village of Leone. For several years her store was tucked away, almost invisible from the main road. She struggled to make money, until SPBD opened a new center in her village. Patricia became a member and she was rapidly elected center chief. She used her loan to not only relocate the store to a prime roadside location, but also to expand her inventory. Both of these changes have translated into better sales and a much improved life for both Patricia and her family. She is now able to send her children to school, which will hopefully lead them on a path to university and many more opportunities.

### 6.3.2 Taliilagi (Faleseela Uta, Samoa)

...is now enjoying one of the more thrilling sensations for SPBD members: “Freedom”. “I used to have to wait for my husband to get paid before I could get money, now I get money whenever I need to on my own.” She merely has to harvest a bit of cabbage and quickly sell it. The cabbage takes only two weeks to grow and so is often referred to as “growing money.” With her first SPBD loan, Taliilagi was able to purchase seed and equipment to improve the small plantation behind her house. She also grows more long-term crops such as taro, taamu, papaya, and yams.

She has not calculated exactly how much she now earns, but she knows for sure it is more than the ST\$120 (US\$45) per week that her husband makes at his job. Taliilagi has also noticed an increase in her work ethic. “I go out to work in the plantation every day now, because I know that I will get money from it,” she says.



“My husband now asks my opinion of on how best to spend money and the kids come to see me for allowances! I feel great!” Her story is just one of many women feeling empowered and self-confident through participation in SPBD’s microcredit program. Taliilagi is now able to send her children to better schools and pay for extra tutoring, thereby placing them on a path that will hopefully lead to university educations and greater opportunities. “SPBD is a great organization that can really help people when they use the funds properly,” she notes.

Through SPBD’s program, Taliilagi gets to know her neighbors and friends even better than before. “We chat all the time about our respective micro-businesses. I advise my friends when they have difficulties. We, women, must help each other!” she argues. She and other members also use the time after SPBD’s weekly meetings as a social time. “We talk, we laugh and we socialize,” she says. “SPBD helps bring us together”.

## 6.4 See for Yourself

...in these short SPBD videos on YouTube

- [NBC Nightly News – “Microdreams in Samoa”](#)
- [TVNZ – New Zealand TV “Breakfast”](#)
- [Samoa TV Interview](#)
- [SPBD in Action](#)
- [Samoan Tsunami Relief 2009](#)
- [Samoa Tsunami 2009](#)

## 7. Scaling

### 7.1 Tonga

#### 7.1.1 Background



Following the success of SPBD Samoa, a replication was successfully launched in the Kingdom of Tonga in July, 2009. South Pacific Business Development Microfinance Ltd in Tonga (hereinafter called SPBD Tonga) has a similar mission and vision as that of SPBD Samoa.

#### 7.1.2 Need and Extent of Poverty

Only 30% of Tongan women are employed and 40% of them are underemployed being engaged in subsistence farming, fishing and handicrafts. 24% of the population lives below the poverty line. Opportunities for salaried employment are scarce.

#### 7.1.3 Impact



During its first 6 months of operations, SPBD Tonga has rolled out the program to 26 villages in the islands of Tongatapu and 1066 aspiring micro-entrepreneurs have received their first SPBD loans. The clients have actively participated in trainings and have also taken advantage of SPBD's simple and convenient savings services. The executive position is held by an experienced expat, Lorisa Canillas, who leads a staff of seven local Tongans in the day-to-day operations and in attaining the organization's overall strategic objectives. SPBD Tonga aims to strengthen its presence and become the leading provider of microenterprise development services for economically-disadvantaged Tongan women over the next 3 years. The key strategic goals are to attain financial sustainability by year 2011 and support 4,000 micro-entrepreneurs by Year 2012. To achieve these goals, SPBD Tonga is projected to expand to two additional island groups (Vava'u and Ha'apai) over the next two years. Loans and additional grants will be raised to support the plan.

## 7.2 Further Replication

SPBD plans to develop a network of micro-enterprise development organizations legally registered as NBFIs (Non-Bank Financial Institutions) throughout the broader Pacific. For this purpose, we are considering the creation of a holding company (SPBD Microfinance Holdings) to serve as a regional microfinance platform. This holding company would first take in SPBD Samoa and SPBD Tonga, and then launch greenfield microfinance operations in other Pacific Island countries such as Fiji and the Solomon Islands. It is envisioned that the network could later expand to other countries in the Pacific and Southeast Asia region and eventually to Central America and the Caribbean. The SPBD operational model used in Samoa and Tonga would be applied with all necessary adaptations to local business environments and cultures.

## 7.3 Fiji



### 7.3.1 Need and Extent of Poverty

The Human Development Index ranked Fiji 108<sup>th</sup> out of 179 in 2009. 35% of the population lives below the poverty line and only 15% of the population are salaried workers. GDP growth was negative in both 2007 and 2009. The unmet demand for credit is estimated at US\$12 million.

### 7.3.2 Update

South Pacific Business Development Microfinance Ltd in Fiji (hereinafter called SPBD Fiji) is scheduled to launch in the fourth quarter of 2010.

## 7.4 Solomon Islands



### 7.4.1 Need and Extent of Poverty

The Human Development Index ranked the Solomon Islands 135<sup>th</sup> out of 179 in 2009. Only 25% of the total population of 510,000 is formally employed and most reside in rural areas. An estimated 85% of the population is still financially excluded. The formal economy is dependent on logging, an unsustainable activity, and is expected to face decline after 2009. Most low-income families are active in agriculture. Financial literacy levels are low and there is a general distrust of banks.

### 7.4.2 Update

South Pacific Business Development Microfinance Ltd in Solomon Islands (hereinafter called SPBD Solomon Islands) is scheduled to launch in 2011.

## 8 What Can You Do to Help?

### 8.1 Challenges Facing SPBD

- Spreading the word about poverty and social issues in the South-Pacific
- Accessing financing, which is relatively scarce in the region, as most international funding organizations do not operate in the area
- Finding qualified technical partners in the region with whom to collaborate
- Enhancing our MIS and technology platform to fit our clients' evolving needs and our growing capabilities

### 8.2 Opportunities for SPBD

- The creation of a region-wide microfinance network in the broader South-Pacific could help over 50,000 poor Pacific islanders find a meaningful path out of poverty and could directly impact another 250,000 immediate family members in the region.



*(Photo: SPBD members waiting outside SPBD office in, Samoa for Calamity Loan disbursement after Tsunami, Fall 2009)*

### 8.3 Why Support SPBD?

- The need for economic development remains as most of the South Pacific population lives in rural poverty.
- South-Pacific nations are small and remote. Economic development experts have advised against working in small, remote, rural, and tribal areas because it is too costly and lacks scale.
- SPBD was the first and is still the most successful microfinance organization in the South Pacific
- SPBD has demonstrated its ability to replicate and it is now poised to do so throughout the region.
- SPBD is very cost effective, our loans are continually recycled, our products are empowering, and our members improve their lives and the lives of their families.

## 8.4 Give Empowerment and Opportunity

### 1) Individual Giving

Charitable donations can be directed to SPBD via our United States and New Zealand based partner – The Microdreams Foundation.

- US and international donations may be made by tax-deductible check to Microdreams, 60 Park Place, Suite 2100, Newark, New Jersey 07102
- New Zealand donations may be made by tax-deductible check to Microdreams, P.O. Box 33541, Takapuna, Auckland, New Zealand
- Or donate online at [www.microdreams.org](http://www.microdreams.org)
- **What difference will my donation make?**
  - US\$100 can cover the education of four children for one year
  - US\$300 can finance one micro-enterprise business in perpetuity and change the lives of a family of 7
  - US\$500 pays the monthly salary for an SPBD manager who services over 400 members
  - US\$1,500 can sponsor five micro-enterprise businesses and have a village-wide impact
  - US\$10,000 can help launch a new village wide micro-enterprise program

### 2) Institutional Grants

SPBD welcomes interest from institutions who would like to provide grants. We have broad experience working closely with large institutions from around the world in structuring grants that are beneficial to both parties' goals and mission. Please contact Gregory F. Casagrande [greg@spbd.ws](mailto:greg@spbd.ws) for more detailed information.



### 3) Individual and Institutional Soft Loans to SPBD



SPBD has been working closely with individuals and institutions for the past ten years in structuring different types of loans that benefit both parties' goals. These loans have varied in size and maturity with different levels of interest rates. Please contact Gregory F. Casagrande [greg@spbd.ws](mailto:greg@spbd.ws) for more detailed information.

Thank you for creating the opportunities that allow the poor we serve in the South Pacific to raise themselves up out of poverty.

## 9. Contact Information

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