

Business & Micro-finance

**Sustainable Educational Programs and Research
documentation for the community of Rancho al Medio,
Dominican Republic**

2007-2008

Juan Andres Panama
Min-Ji Kang

Health in Action
University of Michigan



PLUG HIA)))

Report Outline

- I. Introduction
 - (A) Problem Identification
 - (B) Project Background
- II. Methods
- III. Results
- IV. Future Plans
- V. Conclusion (Lessons Learned)
- VI. Appendix

INTRODUCTION

A. Problem Identification

The need for business initiatives in the community was visible in the past trips to Rancho al Medio. We wanted to promote sustainability not only in the areas of healthcare and education, but also in the local economy and to promote a small entrepreneurial spirit through micro-finance.

B. Project Background

We researched micro-financing organizations in the Dominican Republic and considered possible entrepreneurship opportunities that we could introduce to interested community members. For example, we looked into proposing making and selling body lotions. We researched the economy in the Dominican Republic as a whole and analyzed demographic groups that could potentially benefit from this opportunity. It was difficult to look specifically at the community, but we were able to get a general understanding of what we were going to find when we arrived.

METHODS

All year long we developed a comprehensive survey that would allow us to gain insight on how much the community members knew about micro-finance loans and other methods of starting their own businesses. We decided to make the questions more open ended so there was room to grow, to make the process more like a conversation rather than a strained question-answer session. We had five main sections: personal, local banking, micro-finance, and business development.

RESULTS

When we first started planning and working on the business and microcredit survey we never thought that the social and cultural dynamics of the community would play such a significant role in the development of businesses in the area. At first, the plan was to survey as many community members as possible and understand their perspective and knowledge of business and microcredit; however, there were several obstacles with this process. The majority of the community members did not have any motivation, ideas, or resources to start a new business, most of them did not know what microcredit was and, more importantly, they did not live in the community except for the weekends.

Given these results, we changed our approach to the survey and the program. We realized that what the community members needed was something that would stimulate their curiosity on starting a small business. We started researching the already established businesses in Rancho al Medio and analyzed possible small business opportunities using the available resources in the community. We came across two small shops that sold food, vegetables and fruits. The first store had been established about 30 years ago and its revenue was so small that the size of the store had only increased by around 18 square feet. The second shop had a more positive story. This store was opened two years ago and it was opened using a loan from a bank. The owner had already repaid his loan and

was looking to expand his business in the near future. The next establishments we visited were a pottery business and a bee farm, the only two well established businesses in the community. These two businesses had one important thing in common, they were owned by people outside the region where Rancho al Medio is located. To our disappointment, the workers were only paid to create the products and gained no other benefit.

It is also important to highlight the fact that there were not any banks located around the community. The nearest bank was located in San Cristobal which is located 45 minutes away in car from Rancho al Medio. We believe this is the main reason for the small amount of interaction with banks and, hence, the lack of motivation to take risks in terms of investment.

FUTURE PLANS

Our future plan is to come up with ideas and solutions of our own and present them to the community as opportunities to open small businesses using microcredit. We think this will work because, as we saw with the water purification, the people from Rancho al Medio need strong proof that something will work or benefit them in order to be motivated and willing to make the effort to improve their lives.

CONCLUSIONS

We plan to continue to look at possible business opportunities in the community. We would like to try to see progress with the community council to build motivation in the individuals of Rancho. We want to see more community members putting their hands into the untapped resources available in Rancho. The community is being taken advantage by outsider investors who are renting land and taking the money out of the community instead of investing in it. Our plans are to encourage sustainability by keeping the money within Rancho al Medio and by educating people on creating small businesses and taking advantage of micro-finance institutions.