

UNIT 8 WRITING

PART 2

Salilou Barry is proud of his crop of tomatoes, cauliflower and carrots. He expanded his small farm after receiving two loans from a microfinance operation trained and supported by the UN Capital Development Fund. He has now paid off both loans, with interest, and increased his cash flow tenfold. "My family now has better clothes, a better house, better food and will soon have satellite TV," he said.

UNCDF's microfinance initiative in Guinea is working to strengthen a network of financial mechanisms that provide credit and savings instruments to poor entrepreneurs. As of May 2001, UNCDF has helped establish 18 village savings and credit associations (Associations villageoises d'épargne et de crédit -- AVEC), comprising 221 groups with 1402 members who have benefited from more than 486 million Guinean francs in credit (US\$ 340,000).

While strengthening the institutions that provide the credit, the support to this sector also directly benefits people like Mamadou, who borrowed 100,000 Guinean Francs to purchase improved seeds and fertilizer. He used part of the investment to hire labour to help him plough his plot of land. "Because of this credit, I was able to plan ahead and plant my fields in December," he said. "As a result, I now get two crops a year."

In the past, Mamadou added, he had to wait until after he had sold all the products from the previous harvest before he could plant again. With increased income he is now able to provide for his family. "Our health is better, our attitude is better and overall our lives are better," he said.

UNCDF's motto is to "invest with the poor." It does this in Guinea and elsewhere throughout Africa by supporting the development of reliable and sustainable microfinance institutions (MFIs). Its Special Unit for Microfinance uses experienced practitioners to help develop a range of financial services for the poor. These services enable poor households to build assets, mitigate risk, and reduce their vulnerability. MFIs encourage and promote self-employment by placing start-up funds for income-generating activities within the reach of micro entrepreneurs.