



***Online Lending: The Democratization of Microfinance  
The Senegal Ecovillage Microfinance Fund & KIVA.org***

***Presented by: John Fay  
Director & Co-founder The SEM Fund  
[www.sem-fund.org](http://www.sem-fund.org)***

# Agenda

- Introduction to The SEM Fund
- Organization's History
- Growth thru KIVA
- Youth and SEM
- Research Implications
- Policy Implications
- Programmatic Implications
- Questions



# SEM Introduction

- Mission
  - “Dedicated to alleviating poverty by providing affordable business loans aimed at strengthening the business skills and livelihoods of highly motivated microentrepreneurs that lack access to the commercial banking system.”
- Our Values
  - Microfinance Development Organization
  - Autonomy for entrepreneurs (any kind of business), group lending, minimum rules, response to client demand
  - Provide opportunity to motivated disenfranchised
  - Better development impact



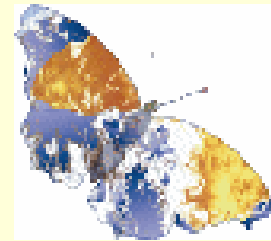
# SEM Introduction

- Structure
  - Committee structure
  - Village organization
  - Group loans
  - Low overhead
- Organization
  - Senegal team led
  - US team supported

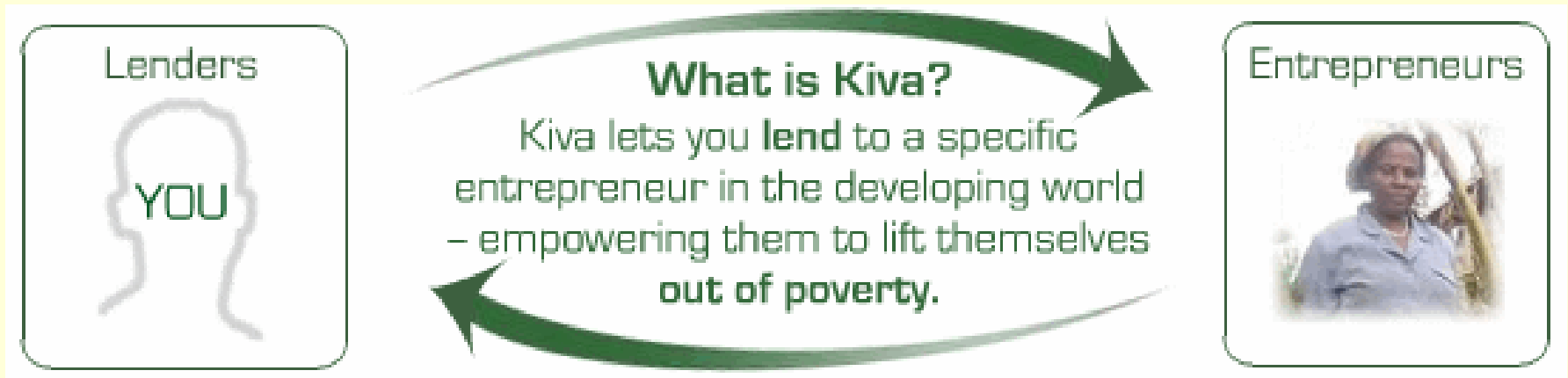


# SEM History

- Locally led beginnings of SEM
  - International partnership provides *opportunity* through Finance & Capacity
- Local Partnerships
  - CRESP (Senegal & Ithaca)
  - GENSEN (Global Ecovillage Network Senegal)
- KIVA Partnership



# KIVA Process

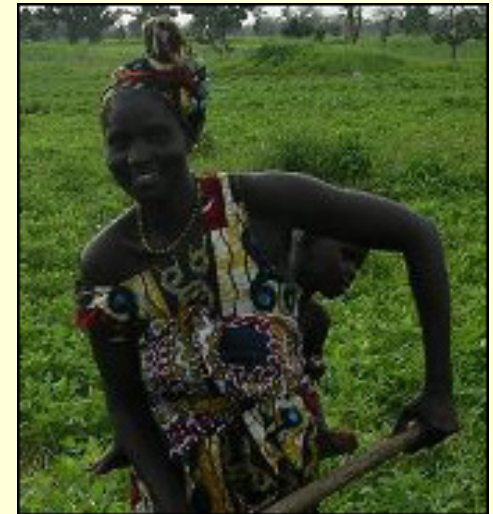


- Early KIVA partner
- Small scale field partner for KIVA
- Growth led through *Peer to Peer Lending*



# Growth through KIVA

- 2004: 1 village, 1 loan, 15 borrowers
- 2005: 3 villages, 4 loans, 53 borrowers
- 2006\*: 31 villages, 80 loans, 800 borrowers
- 2007: 38 villages, 100+ loans, 1000+ borrowers



*\*Partnership with KIVA began in March 2006*



# SEM's Impact on Youth

- Youth impact both through borrowers and beneficiaries
- Extremely high unemployment rate within youth segment in Senegal
- SEM attempts to address lack of employment through access to opportunity (Financial and Capacity Building)





**Location:** Yoff, Senegal

**Business Name:** Sop Serigne Fallou

**Loan Requested:** \$800.00

**Repayment Term:** 10 months - repaid monthly

**Loan Use:** Snack stand/local produce sales

- **Group loan to be shared among eight housemaids in the village of Yoff, just outside Senegal's capital Dakar**
- **Learned about SEM through an evening literacy class at a partner organization**
- ***Submitted proposal to move beyond maid's work by starting a business to sell local produce, snacks and meals from street-side stands***





**Location:** Parcelles Assainies, Senegal  
**Business Name:** Jean Christophe Diatta  
**Loan Requested:** \$1,000.00  
**Repayment Term:** 10 months - repaid monthly  
**Loan Use:** Children's Computer Program

**Class Sections:** 10 students per class

3 to 6 year olds (“rabbits”)

7 to 8 year olds (“foxes”)

9 to 10 year olds (“doves”)

11 to 13 year olds (“dolphins”)

**Class Cost:** Approximately \$6

***35 tuition-free spaces reserved for low-income children***





**Location:** Meckhé, Senegal

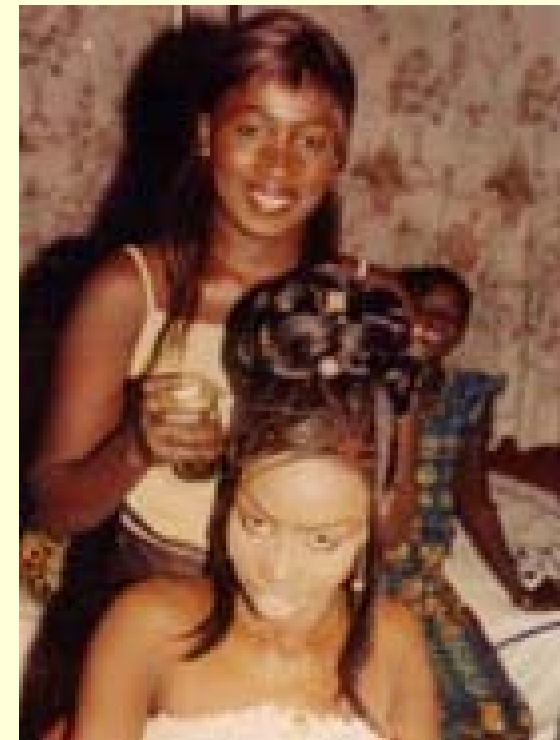
**Business Name:** APCM

**Loan Requested:** \$1,375.00

**Repayment Term:** 10 months - repaid monthly

**Loan Use:** Beauty Salon

- **Loan used to start up a beauty parlor specializing in the elaborate braided hairstyles famous in West Africa**
- **Beauty parlor now employs 3 hairdressers and 8 apprentices**
- ***Group leader expressed past frustration with having a hairdressing diploma and being unable to find work, mentioned had she not opened her own shop, she would be unemployed***



# Research Implications

- Continuous data collection by local staff
- Limited use of surveys
- Long term research and relationship building to identify better ROI development opportunities
- Local initiative and leadership key to sustainable projects



# Policy Implications

- Main policy: Microfinance in Senegal is a continual work in progress
- Policy driven by belief that a reasonable interest rate is required for development
  - Use of microfinance as a tool to alleviate extreme poverty
  - Continual focus on developing a financially and institutionally sustainable model
  - Target interventions which can provide additional revenue to SEM



# Programmatic Implications

- Is the SEM model exportable?
  - Design
  - Locally led
  - Feedback loops
  - Scalability



# QUESTIONS?

Contact Information:

John Fay

[www.sem-fund.org](http://www.sem-fund.org)

[john@sem-fund.org](mailto:john@sem-fund.org)

THANK YOU!!!

