



**Rotary Action Group for
Community Economic Development**

CREATING IMPACTFUL AND SUSTAINABLE MICROFINANCE PROJECTS

According to the World Bank, global extreme poverty is rising for the first time in over 20 years as the disruption of the COVID-19 pandemic compounds the forces of conflict and climate change, which were already slowing poverty reduction progress.

Extreme poverty, defined as living on less than \$1.90 a day, is likely to affect between 9.1% and 9.4% of the world's population in 2020. The COVID-19 pandemic is estimated to push an additional 88 million to 115 million people into extreme poverty this year, with the total rising to as many as 150 million by 2021,



Microfinance has built a solid track record as a critical tool in the fight against poverty. Over 500 million individuals have directly and indirectly benefited from microfinance programs. The access to even a small amount of credit has the potential to end the cycle of poverty by offering opportunities like business, job and education. Microfinance promotes economic development, growth and employment by supporting small businesses and micro-entrepreneurs. Apart from improving living standards of impoverished communities, the concept helps the poor to efficiently manage their finances, leverage economic opportunities, and manage risks.

WHAT IS MICROFINANCE?

Microfinance is a category of financial services targeted at individuals and small businesses who lack access to conventional banking and related services. Microfinance invests in people to create measurable and enduring economic improvement in their lives and communities. Microfinance projects provide access to capital, encourage self-sufficiency and entrepreneurship, empower women, and enable families to invest in enterprises, better nutrition, improved living conditions, and the health and education of their children.



Microfinance is a key element of The Rotary Foundation's Community Economic Development Area of Focus. Rotarians have successfully implemented sustainable microfinance programs in all parts of the world.

**THE ROTARY ACTION GROUP FOR COMMUNITY ECONOMIC DEVELOPMENT
CAN HELP YOU CREATE PROJECTS THAT
ELIMINATE POVERTY BY EMPOWERING PEOPLE**

Creating Opportunity by Investing in Communities

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THE SIX PILLARS OF MICROFINANCE



1. Community Assessment

Identify the priority needs of the beneficiary community



4. Mentoring

Provide support to ensure the success of the business creation



2. Education

Determine training needed to create impactful and sustainable businesses



5. Networking

Help the entrepreneur to interact with others to sustain and grow the business



3. Loan Capital

Determine loan capital needed and how will it be obtained and managed.



6. Evaluation

Measure how the project performed and what lessons were learned.