

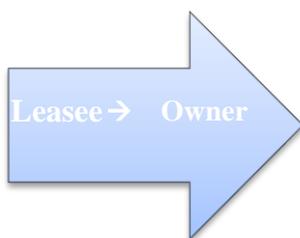
Micro leasing: Providing equipment for business improvement.

Volunteer Partnership for West Africa

Newsletter 2011

Volunteer Partnership for West Africa (VPWA) is proud to announce the addition of its new micro leasing innovation. The new concept has been implemented by VPWA Microfinance as VPWA strives to offer varying sustainable financial support to enhance the growth of micro enterprises.

So what is micro leasing? It is a concept in which production equipment, which is of critical purpose to the beneficiary's business, is leased. The beneficiaries then gradually pay off the balance on the equipment, eventually obtaining complete ownership. For example, sewing machines to a seamstress, which will help her, produce more products in less time.



Repayment Plan:

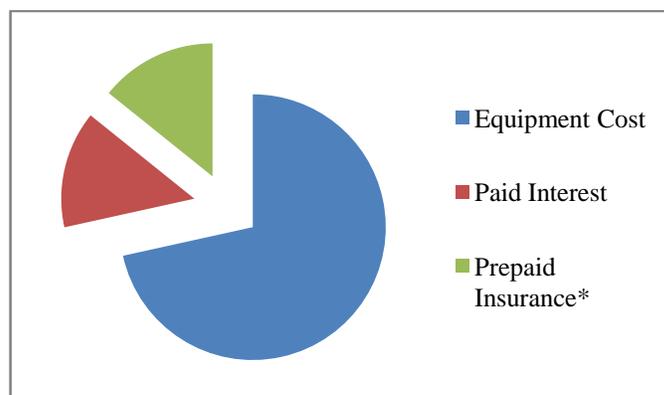
Length of Repayment	4 months or 6 months
Payment amount	Amount of equipment / 16 weeks or 24 weeks
Interest Rate	20% of cost of equipment
Insurance	Payments are paid for a duration of one month and total to 20% of the price of the leased item
Frequency of payment	Weekly
Payment Due	Payment Amount + Interest Rate + Insurance

**Insurance payments included with the payment due only during the first month of the payment period.

Features of Micro leasing:

- ❖ Much needed production equipment is leased and with gradual payments the beneficiary gains complete ownership of the item.
- ❖ Micro insurance provides full coverage on the item for the first month of use in the case it becomes faulty. Micro insurance payments only required for the first month of the repayment period.
- ❖ Prepaid insurance turns into **SAVINGS** at the end of payment period upon choice of the beneficiary.

How weekly payments are allocated:



Benefits of Micro leasing:

- ❖ Enables women to obtain an asset
- ❖ Accumulate savings
- ❖ Turn their trade into profit

Beneficiary Profiles

The first VPWA beneficiary to receive a micro lease is Mrs. Rita Addo, age 27, was living in Fise, a catchment

area of VPWA programs. Mrs. Addo, a trained and talented seamstress, had no business! Her old sewing machine had recently broken down from age and she was in dire need of a one. When she could no longer continue her sewing business, she started selling foods such as banku and other local foods. Once she heard about the micro leasing program at VPWA, she decided to apply.

VPWA was able to purchase a hand-operated sewing machine for 119 GHC .

When asked if she had made a higher income selling food? She answered “Yes, but sewing is my trade and you should never give up your trade” she continued “I might have made more money selling food but that was temporary income.”

Mrs. Rita is a driven mother of two, who believes that her trade is an important key to a stable and constant income. She hopes that soon she can gain back all of her previous customers and many more.

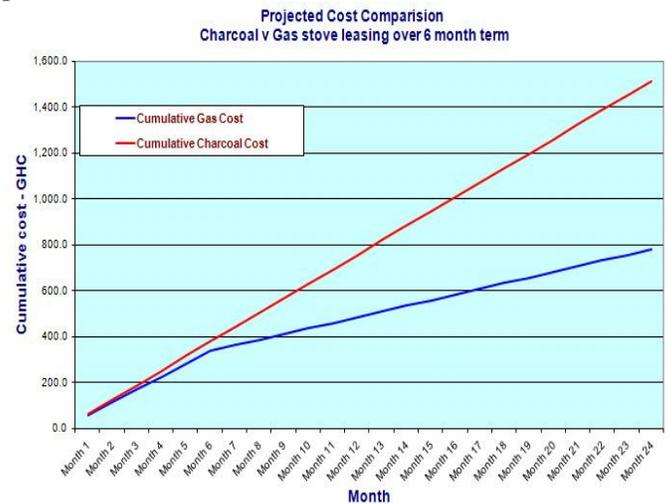


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In another twist to VPWA’s micro leasing innovation, VPWA is encouraging micro entrepreneurs in its catchment area to switch to sustainable and environmentally friendly business practices.

Ghana is the largest per capita consumer of charcoal in West Africa. Fuel wood and charcoal meet approximately 75% of Ghana’s fuel requirements. It is estimated that around 69% of all urban household in Ghana use charcoal. Charcoal production and use leads to deforestation and creates high carbon emissions. The current focus of VPWA’s project is to convince local entrepreneurs to switch from charcoal to gas as their primary cooking fuel.

Mrs. Grace Laar, from Amasaman, Ghana is a VPWA beneficiary who has received a micro lease. This November, VPWA helped Mrs. Laar purchase a gas cylinder and a stove for her red red (beans & fried plantains) and rice and stew business.



This chart reflects Mrs. Laar’s spending on gas and charcoal cooking. If Mrs. Laar continues to use gas, she will greatly decrease her energy spending.

Previously, Mrs. Laar spent 34 GHC per week to cook her red red over charcoal. Now she spends only 20 GHC per week using gas. The extra 14 GHC has gone to family savings and other expenses. Mrs. Grace has been very satisfied with her decision to change to gas. She said that cooking with gas is much more efficient than with charcoal. Additionally, her extra income has allowed her to expand her menu choices and now she also sells banku.

VPWA’s GOALS:

- ❖ Expand our reach and provide technical support for other organizations to do the same.
- ❖ Aid women to convert their businesses into an independent successful one so that they will no longer need to constantly apply for a loan.
- ❖ Empower female micro entrepreneurs to become independent through sustainable business approach.
- ❖ Encourage micro entrepreneurs to make environmentally sound choices.

VPWA is excited about this new innovation and has already begun to see the impact it is having on VPWA beneficiaries and their businesses.