

Pro-Poor Innovation Challenge Round VIII
 Organization and Project Profile: IMF HOPE DRC
 Baseline Profile: April 2006

I. **General Information: (please complete the information in the section below)

Name of Organization:	IMF HOPE RDC (HOPE INTERNATIONAL/Congo)
Location: (City, Country)	Based in Kinshasa, DRC with regional program offices in Kinshasa, Kisangani and Lubumbashi.
Mission of Organization and year founded:	IMF HOPE RDC (HOPE) is a licensed microfinance institution based in Kinshasa, Democratic Republic of Congo (DR Congo). Its mission is to enable significant, lasting change in the lives of very many, very poor Congolese entrepreneurs through the creation of a sustainable, effective and efficient microfinance institution. With a broad outreach, the financial stability achieved by HOPE's members can contribute to the economic progress of the country as it recovers from civil war. Since August 2004, HOPE has successfully disbursed over 10,000 loans valued at more than USD 750,000 to over 3,700 entrepreneurs in three cities across DR Congo. The overall loan repayment rate is 100%. HOPE's current average loan size is \$86. As a microfinance institution with no prior experience in DR Congo, HOPE has firmly established itself as a viable institution in less than two years.
Products/Services offered:	HOPE uses a group lending strategy reinforced with lessons learned from partner organizations around the world. Groups of between 25 and 45 members constitute a Community Bank (CB). CB members receive loans within defined limits following group approval. The repayments are made weekly over a period of 16 weeks, following a one-week "grace period" after the distribution. An interest rate of 18% (calculated on the initial loan amount) is charged for each loan cycle. Savings, which are accessible with a one-week delay starting in the second cycle, are also considered to be a guarantee until the loan is fully repaid. New loan amounts can never exceed a 50% increase over the previous loan amount and are calculated based on on-time repayment, savings and group confidence in the borrower.
Do you work in rural and/or urban areas?	HOPE's direct client outreach is nearly 100% urban in its three programs. However, HOPE's future expansion (including during the implementation of the CGAP PPIC grant) will include directly and indirectly impacting more rural areas.
General Client Profile: (poverty level, occupations, gender, etc.)	81% of HOPE clients are female, with an average of between 5 and 6 dependants. The average HOPE client eats 1-2 meals / day.

II. PPIC-Program Information:

<p><u>Rationale:</u></p> <p>Why did you choose to implement this specific project?</p>	<p>With vast demand for financial services in Congo, many MFIs are serving poor entrepreneurs at a different level of poverty than HOPE. While some institutions may reach this target population, it is not done on a large scale and profitability is not proven.</p> <p>The target group for this project is a population that until now, HOPE has not been able to serve. In order to reach this population, HOPE will need to change the way it delivers and collects loans, and the way it manages client relationships. It will require training staff specifically to reach this target group.</p>
<p>What do you wish to achieve by this project?</p>	<p>HOPE is dedicated to both breadth and depth of outreach. Reaching many clients with the right services will allow HOPE to become financially self-</p>

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	<p>sustaining, but that will only accomplish one part of HOPE's mission. HOPE also wants to find innovative ways to ensure that very poor entrepreneurs aren't neglected by microfinance institutions in DRC.</p> <p>With the PPIC grant, HOPE intends to find ways to include poorer clients while maintaining progress towards sustainability. With the overall aim of the project being to innovate new ways to serve a population excluded from financial services, the new services created will hopefully serve as an example for the sector so that this target group can be more easily served in the future.</p>
<p><u>Description of project approach:</u></p> <p>What is the innovation financed with PPIC funds?</p> <p>What is the client profile of participants in this specific project?</p> <p>What is the timeline for this project?</p>	<p>PPIC funds will primarily be used for staffing and loan capital related to the product development /innovation required to reach the target population. The exact methodology will become clearer once the first learning question concerning barriers to providing credit to the target population is answered.</p> <p>The clients who will be among the pilot group for this project will be inhabitants of areas in the periphery of Kinshasa, Kisangani and Lubumbashi who do not currently have access to reliable financial services. These clients have less business experience than normal HOPE clients, have less business capital currently in their revenue generating activities, and have little or no savings even in informal structures. These clients will begin with HOPE having fewer household items like radios, cellular phones, etc. All of the above contribute to these clients having less of a safety net than HOPE's current clients in times of crisis.</p> <p>The timeline for the project includes 4 months of research and product development; 4 months of staff and client development, and 16 months of pilot and adjustment. If the loans are approximately 4 months in duration, this timeline will allow the first clients to progress through several loan cycles before the project ends.</p>

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IV. **Key Indicators: (please complete the information in the section below)

	<u>Baseline</u> April 2006	<u>6 months</u> November 2006	<u>12 months</u> April 2007	<u>18 months</u> November 2007	<u>24 months</u> April 2008
Total Clients	3,573				
Clients/loan officer	162				
Portfolio Outstanding (US\$)	\$183,606				
PAR (%), specify number of days	1.7%				
OSS	41%				
FSS	39%				
Average loan size	\$95				
Meals/day					
Mainstream clients					
Clients in PPIC-funded program					
Employees					
Mainstream clients					
Clients in PPIC-funded program					
Value of dwelling rental of clients in PPIC-funded program					
Mainstream clients					
Clients in PPIC-funded program					
Number of children for whom school expenses are paid by clients					
Mainstream clients					
Clients in PPIC-funded program					