
MicroDreams

Growing MicroBusinesses. Empowering dreams.

2008 Annual Report





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www.microdreams.org

Photo credits: Athan Makansi, SPBD, Greg Casagrande, FUNDAMIC, EMPRENDER Bolivia

Letter From the President

2008 Year in Review

It was another big year at MicroDreams. So let's dive right in.

SPBD

MicroDreams' flagship project, South Pacific Business Development Foundation of Samoa (SPBD) has had another very fine year.

Two of the top highlights of the year include the opening of operations on the islands of Savaii and Manono in Samoa. The populations on these two islands are considerably more remote and rural than much of our operations on Samoa's main island – Upolu. Indeed on the island of Manono, there are no roads, no vehicles and no regular boat service to the island. There is a simple walking path around the island. We arrange for a local entrepreneur to take our field officer over once a week and she then proceeds to walk around the island visiting each of the half dozen villages and nearly 100 micro-entrepreneurs there that we are now servicing. In Savaii, we are now working with over 1,000 families since kicking off operations there in the 1st quarter of 2008.

SPBD has also celebrated the achievement of now having worked with over 10,000 families in Samoa (in a country of about 30,000 families – total population 180,000) and having disbursed cumulatively over ST\$20 Million (US\$8 million) worth of unsecured loans to aspiring micro-entrepreneurs throughout Samoa. And our micro-entrepreneurs remain some of the most creditworthy people on the planet, with a default rate of less than 1% and a repayment delinquency rate of less than 2%.

SPBD is also once again helping to push the academic frontier. Another Harvard Business School case study (in conjunction with the UCLA Anderson School of Business) has been published. This time the case study concerned how best to naturally hedge foreign exchange rate risks in an exotic currency such as the Samoan tala. I'd like to extend a big thanks to our good friend Prof Bhagwan Chowdhry of UCLA for his lead role in this effort.

Interns

SPBD has also been exceptionally blessed to have had the services of a very large number of interns work for us this year. We have had teams of interns provided to us from the Kellogg School of Management and UCLA Anderson School of Business. We have individual interns placed with us from Dartmouth College, Planet Finance and Kiva and have also had international mid-career interns join us from Australia, Canada and Japan. They have all done a wonderful job for SPBD and MicroDreams and I am deeply grateful for the support they have provided us.

Impact

The key areas that SPBD/MicroDreams are making an impact upon the poor are:

1. Significantly increasing the income of our members through the start-up and growth of their micro-businesses.
 2. Improving the education of their children via our childhood education financing.
 3. Improving the healthiness of their homes via our basic housing improvement financing.
 4. Helping them to build their base of assets via our savings program.
 5. Building their self esteem via our ongoing weekly guidance and motivation program.
- We hope to put some finer metrics on each of these as we progress forward.

Bolivia, Ecuador, Uganda

As you may recall, in 2007 MicroDreams launched three new relationships with promising young microfinance organizations in Bolivia (EMPRENDER), Ecuador (FUNDAMIC) and Uganda (SOMED). Both EMPRENDER and FUNDAMIC have continued to thrive throughout 2008 and are on path to follow SPBD's lead and to achieve the scale required to become fully financially self-sufficient organizations dedicated to serving poor but aspiring micro-entrepreneurs in their markets. Our MFI partner in Uganda, SOMED, appears to be problematic and rife with fraud. Our exposure to SOMED is limited and will be finalized in 2009. We will learn the appropriate lessons when this relationship is finalized.

MicroCredit Summit

I speak fairly regularly around the world on microfinance, but I was especially honored to speak at the 2008 Asia-Pacific Regional Microcredit Summit which was held in Indonesia. My topic was on "Good Governance in Microfinance organizations." It's a topic that I think is critical and to which too little attention has been paid. As the field continues to quickly transform into an ever more capitalist model, it is an area that will require even closer attention be paid. While at the Summit, I also had the honor of spending some time with one of the world's great inspirations, 2006 Nobel Peace Prize winner and Grameen Bank founder, Muhammad Yunus.

Key Initiative for 2009

MicroDreams will be busy on many fronts through 2009, but our prime objective is to help with the launch and early growth of SPBD Microfinance Ltd into the Kingdom of Tonga. This will be the first replication of SPBD-Samoa into a foreign market. Over the course of the year, a legal entity will be formed, the leadership and management team will be built, financing will be secured, facilities and equipment will be bought, operating processes and products will be determined and the operations will be rolled out to serve our first few hundred aspiring micro-entrepreneurs in the Kingdom of Tonga. All in all – it will be quite an exciting undertaking.

Thanks

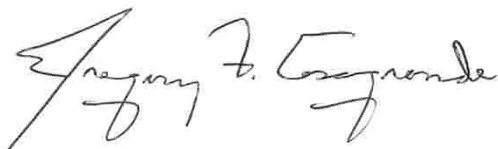
Finally, I'd like to give a big thanks to all of our supporters. You continue to make these microfinance dreams of mine a reality. Your support has made a huge difference in the lives of thousands of poor families and have helped demonstrate to the world that the most cost effective way of eradicating poverty is via an entrepreneurial hand-up and not a cash hand-out.

If you would like to support our efforts you can do so by sending a check made out to:

The MicroDreams Foundation
60 Park Place, Suite 2100
Newark, NJ 07102

Or you can donate online at: www.microdreams.org. MicroDreams is a US 501c3 organization and so all donations are tax-deductible.

All the best to you,



Greg Casagrande

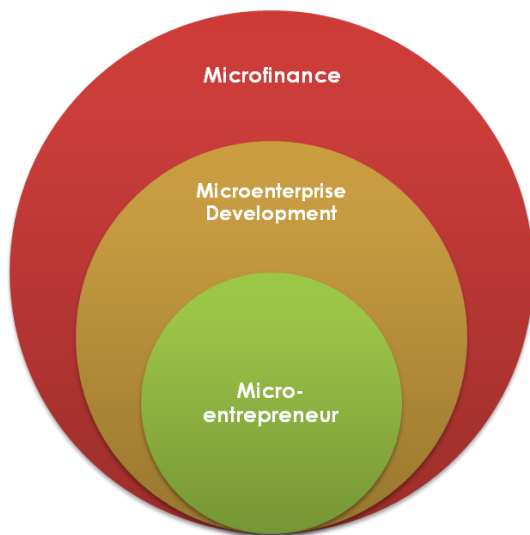
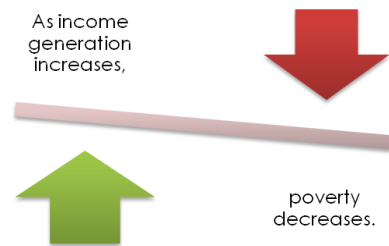
President, The MicroDreams Foundation
greg@microdreams.org



What is Microenterprise Development?

The heart and soul of microfinance

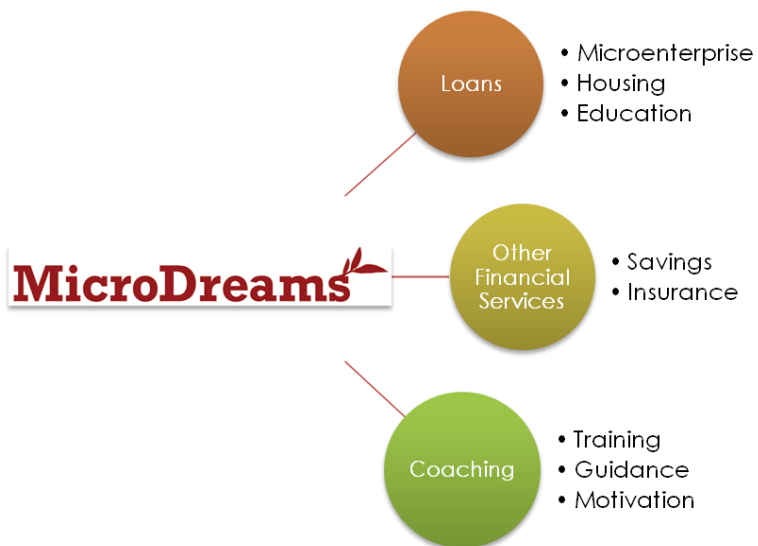
Microenterprise development is a very specific type of microfinance: **providing loans to the poor for income-generating activities**. Microenterprise development is the heart and soul of microfinance because it provides those stuck in poverty with the tools to begin to pull themselves out.



At the core of microenterprise development is the **micro-entrepreneur: one who starts and runs a microenterprise, or a small business**.

These microenterprises may be something as simple as selling pancakes, raising chickens or making baskets. As the business generates income, the micro-entrepreneur repays the loan and reinvests the profits in her business.

Successful microenterprise development, **the MicroDreams way**, provides much more than simply loans. MicroDreams' partners also provide **savings** and **insurance** products, as well as **training, ongoing guidance** and **motivation** to help ensure micro-entrepreneurs' success. Once the microenterprise is made a success and the initial loan is repaid, the micro-entrepreneur becomes eligible for additional microfinance services such as financing for **basic housing improvements** and **childhood education**.



Micro-Entrepreneur Success Story: Faaea



Name: Faaea

Village: Matafaa, Samoa

Business: Pancake Stand

MicroDreams Partner: South Pacific Business Development (SPBD)



Long before most residents in the village of Matafaa rise in the morning, industrious Faaea is wide awake, preparing the oil and batter to make the Samoan pancakes that will feed much of her village as the day begins.

Living in difficult conditions, in a home with no walls, a dirt floor, substandard sanitation, no access to running piped water and limited access to electricity, Faaea has made the most of her initial loan from MicroDreams' Samoan partner, South Pacific Business Development Foundation. She bought a small gas oven to heat vegetable oil that she was able to buy in bulk, as well as large sacks of flour and sugar.

The process is simple: mix up the batter, heat to boiling, then drop loosely shaped mounds of batter in the oil and fry until golden brown. The result is a tasty and inexpensive food to start the morning. Faaea's biggest sales come between the hours of 6 and 8am. Each pancake sells for a mere ST\$ 0.10 (about US 3¢), but with sales of 2,000 units per week, Faaea is able to add ST\$ 200 (about US\$ 60) per week to her family's income. She and her husband have 7 children, 6 of whom still live at home. Now that Faaea and her husband can afford the required school fees thanks to her additional income, all of their children now regularly attend school.

With such a large sales volume each week, the biggest lesson Faaea is learning is the value of her hard work. She says, "The program encourages me to work. All day I think about my business and how I can make it better. Then when I go to sleep at night, I dream about work." Faaea seems to enjoy working harder and has an improved image of herself as a provider and caretaker for her family. Even with her new business acumen, Faaea has not lost her sense of Samoan hospitality. Any visitor she receives into her humble fale is sure to come away with some hearty laughs and a very full stomach.

Micro-Entrepreneur Success Story: Irene

Name: Irene

Village: Chasquipampa, La Paz,
Bolivia

Business: Market Stall

MicroDreams Partner: EMPRENDER
Bolivia



Ten years ago, Irene's family lived in a one-room house. The one room served as the bedroom, the kitchen and the living area. Her husband worked as a driver, and Irene ran a market stall selling grocery items.

Then, in 1999, Irene approached MicroDreams' Bolivian partner, EMPRENDER, to gain access to working capital loans. Her first loan of US\$ 90 was a group-based loan. She now has an individual loan of US\$ 3,000. She's never worked with a bank, as she doesn't have the collateral to be able to borrow money from a commercial bank.

Irene has taken out 18 successive loans with EMPRENDER. She has used these loans to stock her market stall and increase the variety of products she sells. With her business skill and access to working capital, she has been able to open two more market stalls.

Irene also used one of the loans to buy a used car. She used some of the savings generated by her expanded business, and took out a loan for the rest of the amount. Her husband quit his job as a driver and now runs his own small taxi business with the car. In 2005, Irene took out another loan to upgrade the car. The taxi business is another income generator for Irene's family.

The current loan of US\$ 3,000 is being used to build a house for her family. At last Irene can live in a house with a real kitchen!

Micro-Entrepreneur Success Story: Karina



Name: Karina

Village: Santo Domingo, Ecuador

Business: Picture Frame Manufacturing

MicroDreams Partner:

FUNDAMIC



Because of the lack of employment in the area, Karina decided to open a business making picture frames. She has used the loans from MicroDreams' Ecuadorian partner, FUNDAMIC, to purchase raw materials, such as wood and glue, and market her products locally. Karina is now well known in the area and has established a good clientele. She is currently on her fifth loan.

Karina and her husband have four children. With the combined income from Karina selling picture frames and her husband working as a taxi driver, they have been able to cover the basic needs of their home and put all their children in school.

MicroDreams helped over **14,000** poor but aspiring micro-entrepreneurs like Facea, Irene and Karina in Samoa, Uganda, Bolivia and Ecuador in 2008.

Check out our YouTube channel,
<http://www.youtube.com/MicroDreamsDotOrg>,
to see videos of micro-entrepreneurs in action.

The MicroDreams **Impact Model**

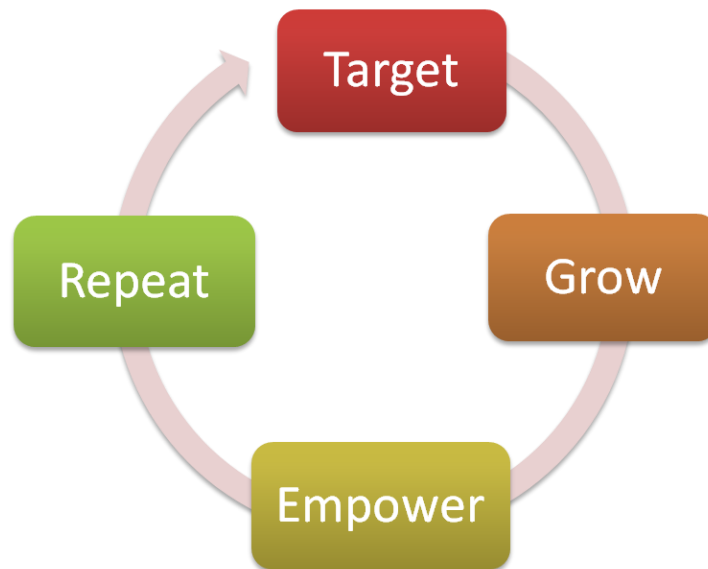
The MicroDreams Impact Model is how MicroDreams builds financially sustainable, replicable, and scalable micro-enterprise development organizations (MEDOs) that directly empower poor families to lift themselves permanently out of poverty. And we do it where no one else does.

MicroDreams **targets**

- New MEDOs in the Pacific to launch, or
- High-quality partner MEDOs throughout the world through a due diligence and selection process

MicroDreams **repeats** the cycle as:

- MEDOs repay MicroDreams financing
- MicroDreams measures impact
- MicroDreams targets new MEDOs to launch or grow



MicroDreams **grows** these MEDOs through:

- Direct loans
- Loan guarantees
- Human resource development
- Training and best practices
- Ongoing strategic guidance

MicroDreams **empowers** its MEDO partners to achieve permanence through:

- Improved operational efficiency
- Improved product design and social impact
- Commercial financing partnerships



2008 Financial Summary

2008 Financial Summary

MICRODREAMS PORTFOLIO
AS OF DEC 31, 2008

COUNTRY	PARTNER	PARTNERSHIP START DATE	FINANCING PROVIDED	FINANCING MOBILIZED	GROSS LOAN PORTFOLIO	NUMBER OF ACTIVE CLIENTS
Bolivia	EMPRENDER	Aug-07	\$ 40,000	\$ 100,000	\$ 1,604,858	7,818
Ecuador	FUNDAMIC	May-07	\$ 40,000	\$ 100,000	\$ 1,505,589	2,308
Uganda	SOMED	Jul-07	\$ 40,000	\$ 120,000	*	*
Samoa	South Pacific Business Development	May-01	\$ 650,773	\$ 870,773	\$ 1,194,139	4,262
TOTALS			770,773	1,190,773	4,304,586	14,388



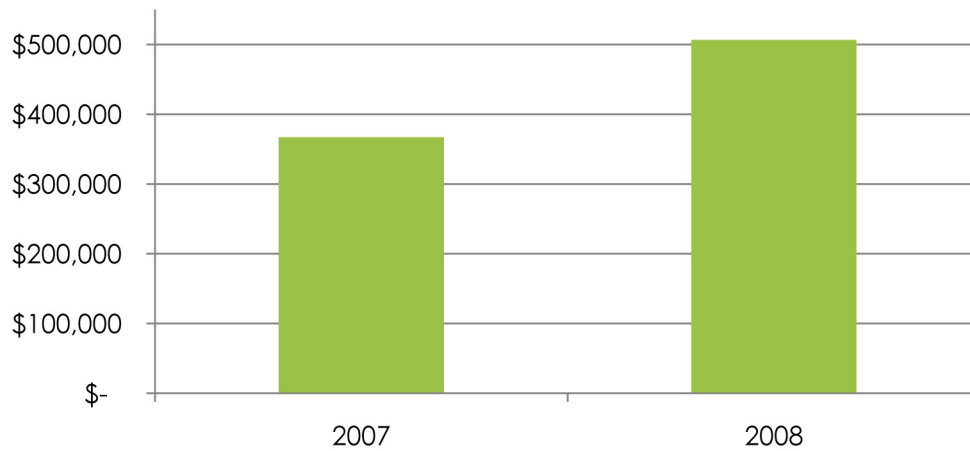
*Information unavailable. See Letter from the President

2008 Financial Summary

SIMPLIFIED BALANCE SHEET

	2007	2008
ASSETS		
Cash	\$ 286,162	\$ 390,792
Receivables	\$ 80,834	\$ 115,518
Total Assets	\$ 366,996	\$ 506,310
LIABILITIES		
Reserves - Program Svcs	\$ 222,500	\$ 265,000
Payables	\$ -	\$ 3,633
Total Liabilities	\$ 222,500	\$ 268,633
RETAINED EARNINGS	\$ 144,496	\$ 237,678
LIABILITIES + RET. EARNINGS	\$ 366,996	\$ 506,311

Asset Growth

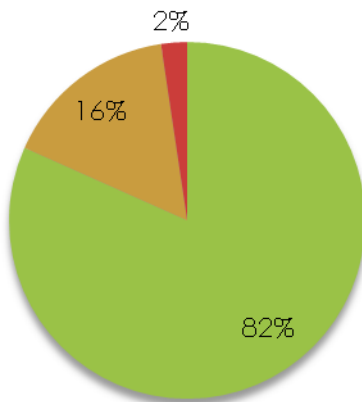


2008 Financial Summary

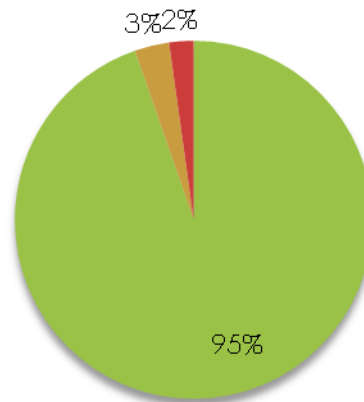
SIMPLIFIED INCOME STATEMENT

	2007	2008	Since Inception
REVENUE			
Contributed Income	\$ 83,508	\$ 139,123	\$ 638,634
Earned Income	\$ 7,285	\$ 6,093	\$ 21,579
Total Revenue	\$ 90,793	\$ 145,216	\$ 660,213
EXPENSES			
Program Services	\$ 135,000	\$ 42,500	\$ 400,000
Administrative	\$ 728	\$ 8,308	\$ 13,211
Fundraising		\$ 1,227	\$ 9,325
Total Expenses	\$ 135,728	\$ 52,035	\$ 422,536
NET INCOME	\$ (44,935)	\$ 93,181	\$ 237,678

2008 Expense Breakdown



Since Inception



- Program Services
- Administrative
- Fundraising

MicroDreams Board of Directors

The MicroDreams Board of Directors has deep experience in the U.S. and New Zealand private sectors and a history of successfully harnessing private sector expertise to build efficient, sustainable, socially responsible businesses within the non-profit world.

Greg Casagrande

Greg is the Founder and Managing Director of MicroDreams. He is also the Founder of South Pacific Business Development Microfinance Network (SPBD), the leading microfinance institution in the Pacific Islands region.

Greg also serves as a director for the International Association of Microfinance Investors, Microfinance Pasifika Network and Planet Finance and as a fund advisor to Plebys – a for-profit “Base of the Pyramid” investment fund. He also served on the United Nation’s Board of Patrons for its International Year of Microcredit – 2005.



In addition to his microfinance activities, Greg promotes hi-tech entrepreneurship. He is a founding director of the Ice Angels, Australasia’s largest angel investor group and serves as Chairman of three New Zealand software firms: Biomatters Ltd, Calcium Solutions Ltd and English-To-Go Ltd.

Prior to these ventures, Greg recorded significant achievement with Ford Motor Company, Mazda Motor Company and Coopers and Lybrand in product development, manufacturing, marketing and financial management positions and led teams in the U.S., Japan and Europe. Greg has an MBA from Kellogg School of Management, a MS from NYU Stern, a BA from Colgate University and is a CPA.

Jerry Casagrande

Jerry is Co-Founder and CEO of CarrotSeed, a firm dedicated to the elimination of single-use, non-biodegradable plastic products. Prior to founding CarrotSeed, he was the President and Founder of a successful outdoor school, serving underprivileged and other teens from across the United States. He also served as the Director of Environmental Initiatives at Ashoka, a global leader in social entrepreneurship. Jerry began his career as a financial and market analyst for the World Bank’s Privatization Services division and the InterAmerican Development Bank, where he worked on renewable energy projects in the Brazilian sertao. Jerry holds an MBA and an MA in Latin American Studies from Stanford University, and a B.A. in Government from Dartmouth College.



Jim Young

Jim has been a board member of MicroDreams and its predecessor organization since 2002. He is a graduate of Princeton University with an Economics degree and received his MBA from the Kellogg School of Management. He also completed the CFA program. Jim works as an investment analyst at West Family Investments, a private family office, in Evanston IL. Before his current position, he worked at Goldman Sachs for 19



years - Equity Research for 3 years in New York City and Institutional Equities Sales for 16 years in Chicago. He lives in Evanston, IL with his wife, Karen, and children, Stephanie, Henry and Katie. Karen is an active and enthusiastic supporter of MicroDreams. Jim and his family are committed to microfinance and its basic premise of helping people help themselves.

Allyson Lippert

Allyson Lippert is a Consultant at the Boston Consulting Group, focusing on retail and marketing work. She received her MBA in 2007 from the Stanford Graduate School of Business with certificates in both Global and Public Management. She interned with South Pacific Business Development Foundation during the summer of 2002, completing marketing projects for the organization. In addition, she created 20 paintings of women at work in the micro-businesses to raise awareness of SPBD and the impact of microcredit. She graduated from the University of North Carolina at Chapel Hill in 2003 with a BS in Business Administration and a BA in Political Science, having written a thesis entitled "The Macroeconomic Impact of Microfinance in Samoa." She currently resides in Hong Kong.



Brett Ammundsen

Brett has had a diverse academic and professional background - professional nursing in the UK, Bachelor's degrees in both history and science and a PhD in physics and chemistry obtained while living in France. He now lives in Auckland, New Zealand, where he is involved in the executive management of a number of young technology and life sciences businesses through his company Diablo Management Limited (co-established with Mark Talbot).



Brett was born in Samoa and spent much of his childhood in the South Pacific. His interest in microfinance developed after traveling through rural, impoverished parts of Africa, where he was impressed by the enterprising spirit of many people despite their limited access to resources.

Mark Talbot

Born in the UK, Mark qualified as a Chartered Accountant in 1992. He moved to Bermuda in 1993 and spent six fantastic years working in the off-shore investment fund industry, travelling extensively, scuba-diving and generally enjoying island life!



In 1999 he relocated to New Zealand where he initially worked in stock broking and investment banking before establishing Diablo Management with Brett Ammundsen to provide management services to early stage technology companies. Along with his partner Claire he traveled to Samoa in 2006 and saw the SPBD and MicroDreams project in progress. It was both humbling and inspiring to visit several villages and witness first-hand what the project means to the women involved and the significant impact on their day to day lives.

MicroDreams Supporters*

Partners: Cumulative Donations of US\$100,000+

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Gregory F. Casagrande

Major Benefactors: Cumulative Donations of US\$20,000+

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The Matai Club - Honorary Chiefs: Cumulative Donations of US\$500+

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Rod Regan
Sunil & Shabnum Sanghvi
John & Jennifer Taylor

Cherished Volunteers

Katherine Daly
Maria Scileppi
Klara Ellefsen

*Includes low/no cost loans

A photograph of a woman and a young girl smiling. The woman is wearing a blue polo shirt and has her hair pulled back. The girl is wearing a pink shirt and has a small purple hair clip. They are standing in front of a building with a rusty corrugated metal roof. The text "You can make a difference" is overlaid on the left side of the image.


You can make
a difference

Join us today at www.microdreams.org

When you support MicroDreams, you directly empower the poor in unserved markets to work their way permanently out of poverty. MicroDreams has proven that our approach is sustainable, replicable and scalable.

How you can **get involved**:

- **Donate** online at www.microdreams.org
- **Tell a friend** about MicroDreams.
- **Host an event** to spread the word.
- **Lend** us an interest free loan.
- **Contact us** for more details.



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Phone: 973-230-3678 Fax: 973-230-3679

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