

Pacific Islands Microcredit Institute-Guam

Marie E. Mesa-Kerlin – Founder & Board President

PIMI: “ A society founded to promote the economic good of the public by providing microloans which are very small loans resulting in a balance in the person’s favor, creating financial trust-worthy-ness which is a source of honor or distinction.”

Background

After five years of research and planning, including visits to other countries such as Mexico, the Pacific Islands Microcredit Institute (PIMI) was founded and incorporated in late 2004.

James Denney and Marie Mesa-Kerlin - professionals in the areas of business planning, finance and social work extended their services to a new group of potential business owners, those living in poverty that are shackled by a lack of economic literacy and a lack of access to capital.

Program

- The PIMI group, in cooperation with numerous partners, identified needs of those who have the determination to work themselves out of poverty and are currently assisting them by providing microenterprise training and microcredit loans. This program is peer group based and is funded through grants.

Qualifications

- Applicants must be 18 years of age and are required to
- successfully complete personal finance and business training,
- gain acceptance in a Peer Group,
- attend monthly Peer Group meetings, successfully repay loans - qualifies members for repeat loans.
- meet other qualifications defined by specific funding sources or the Loan and Finance Committees.

Peer Groups

- A Peer Group is defined as a self-selected group of 3 to 9 successful applicants to the program who are committed to assisting each other to be successful small business owners who repay their microcredit loans with interest and savings.

Loan Amounts and Terms

- Micro credit loans are categorized as follows:
- Primary, ranging from \$100 to \$3,000;
- Secondary, ranging from \$3,001 to \$15,000. All loans have a “very low interest” rate of 12% per annum which is a required 6% savings and 6% interest and are paid off in weeks or months over a maximum five (5) year term.
- Micro credit loans require “Peer Group Collateral” which is a loan or promissory note signed by the borrower and all members of his/her peer group.

Training Objectives:

- Personal Finance
- Business Planning and Finance
- Peer Group Concept
- Required Savings and Assets Accumulation

Challenges

- Finding professionals available to counsel participants on an individual basis and /or smaller groups.
- Finding training material targeted at the 8th Grade level or below.
 - Most participants are illiterate and have no formal education – unable to read or write.
- Training had to be shortened to keep participants actively engaged.
- Multiple languages. (English is 2nd or 3rd language)
- Cultural issues that inhibit participation in training and in business activities.

Effectiveness Evaluation Based on:

- Large number of participants who complete the course work, the business plan and form or join a peer group. Thus reducing the number of people receiving subsidies. (22% of Guam population is in poverty) and reducing the unemployment rate which is currently between 15% and 22%.
- Overall effectiveness of the program will be determined by:
 - Loan repayment ratios
 - Repetitive loans in increasing amounts
 - Length of time that PIMI survives
 - Number of participants who remain on the program over several years and begin earning
 - Applicants today bring home from zero to less than \$10,000 per year.
 - US Federal government accepts people into this type of program if they fall in the low to moderate income levels.
 - Single person earning \$35,300
 - Family of four with total household earnings of \$50,400.

Future

- Evolving peer group dynamics will give us more situations that help us grow and understand the various cultures and acceptance of the program.
- Develop relationships for continued community involvement to provide support and acceptance of the program.
- Partnerships for funding and volunteers
- Taking the program to the other islands.



Thank You

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