



Funding at Critical Moment Spurs Growth

Challenge

Vasile Berghea, founder of furniture manufacturing company Sibel Impex Ltd, sold affordable furniture from Sibi, Romania. His furniture was in such high demand that he could scarcely keep up with customer orders and sales peaked at \$30,000 a month. The only way to maintain efficiency and still broaden the customer base would be to invest in new equipment. Berghea found himself unable to obtain a loan because banks demanded collateral which his small business could not provide. Where in Romania could the owner of a small business find a bank willing to give him credit?



Photo: Peace Corps Romania/Bonnie Zogby

Vasile Berghea proudly demonstrates his new sweep-cutting saw purchased through a USAID-funded loan.

CHF was able to provide a much faster loan processing time than the banks, allowing Sibel to receive their funds within days rather than months.

Results

Siebel used the loan to purchase wood processing equipment that allowed them to offer a more diverse range of products for their clients. The infusion of capital resulted in increased efficiency and product diversity which enabled Berghea to expand his client base into the surrounding counties, across Romania, including Transylvania and northern Muntenia, as well as international markets with exports to Spain and Italy. The company is proud to employ twenty people, including four women, and has plans to hire additional staff.

Initiative

For two years, Berghea had a line of credit through a formal bank. In order to get the line of credit, he had to pledge his working space as collateral and therefore had no other collateral available to finance the purchase of new wood processing equipment.

In partnership with USAID, CHF International began a five-year \$13.3 million loan program to provide small- and mid-sized businesses with access to credit. CHF Romania, a branch of CHF International, was willing to accept Berghea's purchase of new equipment as collateral, and quickly approved a \$10,000 loan repayable within 24 months. This break-through condition for granting loans has enabled many small business owners like Berghea to qualify for the loan program.

In Romania, there are few banking resources for small- and medium-sized businesses or for individuals in need of small loans. CHF Romania provides an alternative - direct microcredits for small business development and working facilities or infrastructure improvements.

