



Access to Capital Sparks Growth

Albert de la Peña and his wife Nonita are partners in more than just marriage. A year ago, they applied for, and received, a 17,000 peso (\$340) loan to expand business at their electrical store. Several loans later, the de la Peñas have moved their store into a larger building, increased the stock available to their customers, and quadrupled their daily sales. The de la Peñas soon hope to move to an even larger location.

In the electrical supply business since 1996, the de la Peñas had never before received a loan from a bank. However in November 2000, the couple was offered the chance to participate in a new program at their local bank, the Rural Bank of Cantilan, on Mindanao Island. The \$6.4 million USAID-funded program offers small loans to entrepreneurs to help them build their small businesses.



Photo: MABS

Nonita de la Peña in her electrical store

Nonita de la Peña appreciates the program because it “allowed us to purchase equipment up front so that we could expand our sales while repaying the loan at reasonable interest rates.”

Most entrepreneurs starting small business in the Philippines have difficulty acquiring capital and must rely on informal lenders who charge up to 20% per month for loans.

“Interest was too high and we couldn’t afford that option,” says Mrs. de la Peña, who runs the store while Albert teaches at a nearby school. She appreciates the USAID program because it “allowed us to purchase equipment up front so that we could expand our sales while repaying the loan at reasonable interest rates.”

“As parents, you can’t stop thinking about your family’s well-being,” explains Mrs. de la Peña. “We provide for our family through our business. The loan has helped us focus on what is important to us; it has helped us expand our electrical shop and take care of our family. For that we are grateful.”

After just six months of diligent repayment on their first loan, the de la Peñas were able to increase the amount they initially borrowed three-fold. Prompt payment is required under the program, which strictly enforces a zero tolerance policy on delinquent loans.

The Rural Bank of Cantilan also encourages all borrowers of loans to open and maintain a savings account. Since their initial loan one year ago, Mr. and Mrs. de la Peña have saved almost 15,000 pesos. With four young children, they hope to continue saving for their family’s and children’s future.

