

## Microcredit and Dallas

Dallas is home to one of Grameen Foundation's two U.S. microlending programs. The Peer Lending Action Network (PLAN) Fund is a microcredit program that began as a pilot program of Dallas City Homes in 1997. Dallas City Homes, a non-profit community development corporation (CDC) founded in 1989, helps bring



affordable housing options to low-income communities in North Texas. The success of the pilot, and the continued lack of services for low-income individuals in Dallas County, inspired the CDC to expand its microenterprise program.

In 1998, Dallas City Homes invited Alex Counts, Grameen Foundation president, to visit the pilot. Counts was immediately impressed with the program's accomplishments and the progress of the initial 30 borrowers. He also noted that "the program seemed to grasp the counterintuitive aspects of microlending and injected the spirit and vigor needed to help make the PLAN Fund successful." Counts then proposed a partnership between the CDC and the Grameen Foundation.

As a result, the PLAN Fund was launched in April 1999 as a project of Grameen Foundation USA. Since its incep-

tion as a pilot, the fund has served more than 1,000 clients and disbursed more than \$480,000 in 351 loans that traditional financial institutions would likely never have made. Lives have been changed in the process.

According to Project Director Alberto Muñoz, Dallas was a perfect fit for the PLAN Fund and Grameen Foundation

USA. Dallas/Fort Worth is one of the wealthiest metropolitan areas in the world but also has a high poverty rate.

"At 14.45 percent, Dallas County's poverty rate is the second highest among Texas' most populous counties," Muñoz wrote in a recent issue of the Grameen Foundation newsletter. "The Hispanic and African-American communities are disproportionately affected, with roughly 25 percent of each living in poverty. This diverse group, which includes the working poor, the underemployed, and the destitute, is the PLAN Fund's clientele."

Fund participation and the resulting small business growth has had a multiplier effect in the community. According to Muñoz, 32 full-time jobs for low-income people were directly or indirectly created last year as a result of PLAN Fund small businesses.

## Empowerment Is the Key

The PLAN Fund gives low-income individuals the opportunity to create a peer network for personal support and the economic seed money to build wealth through small business proprietorship.

Individuals seeking a loan through the PLAN Fund participate with other low-income entrepreneurs to form peer groups of normally five to seven people. The peer groups work together and support their members through collaboration. This helps to ensure mutual accountability.

After several weeks of initial training and technical assistance by PLAN Fund staff or designees, a group joins one of 12 PLAN Fund Centers, located in such places as community centers, churches, chambers of commerce and even apartment units. PLAN Fund Centers are usually made up of no more than eight peer lending groups. Members meet to review each other's loan proposals, make loan payments, participate in training, and share business experiences and other information.

According to Muñoz, no formal restrictions exist regarding participation in the program. However, in keeping with its mission and that of the Grameen Foundation, the fund is committed to serving the community's poorest people and those most in need of economic opportunity. As a result, the PLAN Fund targets certain demographics, including women (70 percent of participants are women), single mothers and grandmothers, minorities, heads of households, and recent or current welfare recipients. Participants must be at least 18 years old.

Grameen Foundation's other U.S. microlending program is in New York City. Project Enterprise was founded in 1996 and certified by the Treasury Department as a community development financial