

# Pay Dirt

WALKING BETWEEN THE ROWS of bamboo racks that hold her 1700 plastic-wrapped dirt parcels, Mrs. Yang Hengbian stops to inspect each one for hints of growth. For the past six months she and her husband have carefully nurtured these precious packages, making sure they are positioned, protected and moistened in just the right way. It's now November, two months into the six-month period when their most exacting work takes place. Lifting up a sausage-like bundle in which she has spotted signs of life, Hengbian carefully pokes a small hole through the plastic with a blunt-ended, pencil-like stick. She knows that soon a plump, ripe mushroom will emerge.

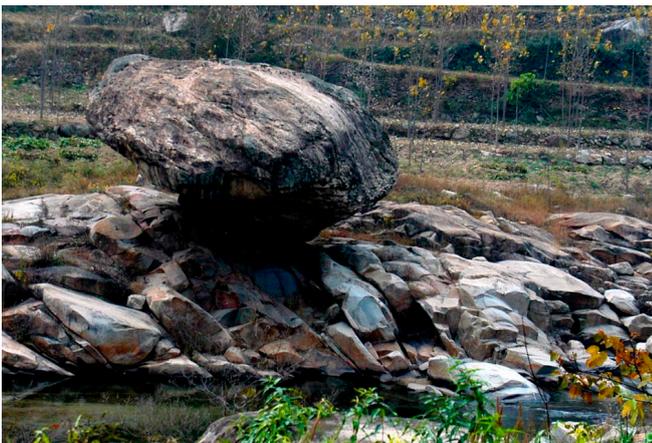
So successful has her business and those of other women growing mushrooms been, that in the two years that they have been harvesting their crop, this impoverished rural neighborhood situated 45 minutes from the closest town has become the mushroom epicenter of Nanzhao county in Henan Province, China. Even the landscape reflects the community's success. Nearby, an enormous mushroom-shaped rock tore away from the side of a towering mountain, crashed down the jagged slope, and now protrudes

prominently over a rushing river at the mountain's base.

Prior to harvesting mushrooms, these poor women and their families eked out a living from small plots of land, growing alternating crops of wheat and corn, along with a few vegetables. In 2000, staff from Funding the Poor Cooperative (FPC), the pioneer microfinance NGO in China, presented Hengbian and her neighbors with a means to work their way out of poverty. Each woman was offered a business loan of RMB1000 (\$125), a colossal amount to women whose annual family income, like others living at China's

national designated poverty line, is less than half that amount.

Hovering between enthusiasm and fear, the women were finally won over when FPC promised support in every facet of their first formal business ventures. They would be taught how to prepare a business plan, run a profitable business and budget their income so that they could repay a



Even the surrounding landscape mirrors Mrs. Yang Hengbian's community's financial success – mushroom growing.



portion of their loan and contribute to a savings plan on a weekly basis. The women were also reassured by the promise of a built-in financial safety net – five-member borrower groups – should one woman be unable to repay any part of her loan including principal, interest (8%), and compulsory savings (1% of the loan) collected on a weekly basis over 12 months, her group members would cover her costs until she was able to repay them. Additionally, the Chinese government, committed to enhancing the income of its people, would provide comprehensive training in growing and harvesting mushrooms.

In the time since Hengbian, who had never sold anything but bundles of twigs for roofing, said “yes” to three FPC loans, her family’s life has changed in untold ways, beginning with how little she now has to work. “Life was so hard before, ” she explains. “Our small plot of land is far away from our house. And binding the twigs used to hurt my hands. Now my life is so easy. I don’t even have to leave my yard to grow my mushrooms!” She

Yang Hengbian keeps a vigilant watch over her 1700 plastic-wrapped dirt parcels filled with budding mushrooms that she purchased with loans from the Funding the Poor Cooperative in Nanzhao County, Henan Province, China.



Before becoming a microentrepreneur with FPC, Hengbian's house resembled her neighbor's.

looks out to the road at the sound of a purring engine. Weaving his way around a maze of deep potholes, her smiling husband rides up on his new motorcycle. "This motorcycle is just one of the things we were able to buy with my profits," Hengbian says proudly. They now net \$750 a year, ten times their previous annual income.

Together they walk up a few steps, through a wooden door set into a newly constructed brick wall and into their spacious concrete patio. Hengbian stops to wash her hands under a recently installed tap at a sink that has replaced a rusty hand pump. She has to duck under a clothesline criss-crossing the courtyard, which is draped with wet laundry recently washed in her new washing machine. Hengbian mounts the few steps leading into the living room of her four-room home. The walls, no longer mud, stone and straw, are now a durable brick. An overhead light illuminates a bank of colorfully painted scrolls and numerous photos of her two sons, one a soldier, the other a college student, whose tuition Hengbian now pays in cash.

The couple settles in, one on the comfortable couch, the other on a chair upholstered in a cheerful pink and white checked fabric. As Hengbian pours cups of tea, her husband flips on the rarely watched black and white television; they much prefer the new color T.V. in their bedroom. In the corner on a table sits the family's most recent acquisition, a telephone. "The market is so huge, there's no problem selling all the mushrooms from our entire village. Merchants even arrange to come here to buy the mushrooms directly from us." The phone rings, and she gets up to answer it. Most likely, it's another business call.

Hengbian's new house is equipped with all the modern conveniences: running water, electricity, two televisions, a washer, refrigerator, and even an indispensable telephone that she uses to keep in touch with her two sons and run her thriving mushroom business.

