

Madison's Envest seeds little loans around the world

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From an apartment on a tree-lined street on Madison's East Side, Jon Bishop deals in international finance. Bishop, working in a small office in his second-floor apartment on Division Street, is the founder and chief executive officer of Envest, a nonprofit microfinance fund, which he started in 2006.

Since then, Envest has raised enough money, from what Bishop calls "social investors," to make three \$100,000 loans to microfinance institutions, two in Nicaragua and one in Ecuador.

These institutions in return lend small amounts of money to poor people who are struggling to make businesses like grocery stores and shoe-repair shops grow. In Nicaragua, for instance, some of the money raised by Envest has gone to fund loans to rural families for solar panels that will provide electricity.

These people, says Bishop, have had their paths to credit blocked, viewing the borrowers as not credit-worthy.

To date, said Bishop, the borrowers are meeting their payments on the loans.

Microfinancing is the brainchild of Muhammad Yunis, who won the 2006 Nobel Peace Prize for pioneering the concept. Yunis was an economics professor in Bangladesh and founded the Grameen Bank to make microloans.

In Madison, Envest raises money from "individuals who support our mission who want their money to be doing something they believe in," Bishop said.

The minimum investment is \$5,000. "By Wall Street standards, that's micro; by personal endowments, that's substantial," says Bishop, who earned a master's degree in international management from Thunderbird School of Global Management in Arizona.

Dave Boyer is one local investor whose decision to buy into Envest combines two factors. "I think it's a helpful thing to do to help people build a life in a country that is much poorer than ours. I understand that if you give someone \$500 to start a small local business, it creates jobs and improves lives," said Boyer, who is chief executive officer of MCD Inc. in Madison. The company makes graphic-arts products and finishes for packages and brochures.

Making that investment, he said, can also benefit him. "I didn't do it to make a ton of money. I allocated some of my rainy-day savings in a place that I thought could help people. I get a little bit better interest rate than a money market," he said.

"We pay 5 to 7 percent," Bishop said. "For someone who's just looking for return on money, they wouldn't invest in us," he said.

Envest is venturing into new territory for such a fund. It has entered into an agreement with Madison's Home Savings Bank in which for every \$20,000 the fund lends, the bank will lend Envest \$80,000.

"It's tremendous. It's a four-to-one leverage ratio. They're looking at a sector that nobody else would be willing to," he said.

The arrangement fits with the bank's mission and view of the world, said Todd Schneider, senior vice president for commercial lending. "We're trying to make other communities invest in themselves. It's kind of a grassroots effort," he said.