

Spotlight on

Invest

June 2011

MICROFINANCE COOPERATIVE

Invest Disburses Three New Loans to Existing Partner MFIs in Ecuador and Nicaragua

CEPESIU

On February 7 2011, Invest disbursed a third loan to CEPESIU, a partner institution headquartered in Quito, Ecuador. CEPESIU has targeted the lending programs to serve the major cities in the Andean region of the country. There is a strong focus on serving low income borrowers who would otherwise not have access to credit. CEPESIU employs Quechua-speaking loan officers to facilitate access to credit for the indigenous population. The microfinance program began in 1983 and currently serves 2,165 active borrowers, with a 61% majority of women borrowers.

The majority of CEPESIU's portfolio is disbursed through borrower groups and communal banks in which borrowers co-sign on each others' loans. The borrowers in the group decide the size of the loan for each member through a democratic process. The loan amount available to each borrower is tied to the past payment performance. As borrowers make their payments on time, they gain access to larger loans.

Invest began lending to CEPESIU in July of 2008. Four representatives of Invest have visited CEPESIU including board members John Giegel and Francisco Aguilar and interns Emily Brucher and Teresa Floberg. All of them were impressed with the professionalism and dedication of the CEPESIU team. We are delighted to continue our lending relationship with our first partner in South America.

CEPRODEL

Invest disbursed a loan to CEPRODEL, a partner institution in Managua, Nicaragua, on February 18, 2011. CEPRODEL, Invest's first partner (2007), was founded in 1990 to promote sustainable development projects that focus on small businesses, agriculture, housing, and household needs/consumption.

The home office is located in Managua, and there are twenty-five offices. CEPRODEL serves both individuals and borrower groups through a loan portfolio of \$7.56 million. CEPRODEL is dedicated to environmentally sustainable entrepreneurship. Projects include solar panels to provide environmentally-friendly electricity to rural borrowers, as well as adding value to borrowing businesses. Additionally, CEPRODEL places a strong emphasis on providing financing for organic and sustainable agriculture. Approximately 56% of the borrowers are women, which helps to improve women's empowerment in the area, a mission heavily promoted by CEPRODEL.

This is the third loan that Invest has disbursed to CEPRODEL. Jon Bishop visited the CEPRODEL office during a trip to Nicaragua in mid May. The visit reinforced his high opinion of the competence and transparency of the CEPRODEL team.

FACES

Invest disbursed a second loan to FACES, a partner located in Loja, Ecuador, on April 27, 2011. FACES was founded in 1991 with a mission to combat poverty and unemployment in both urban and rural sectors in southern Ecuador.

FACES serves microfinance clients through a loan portfolio of about \$5.6 million (2011). Women comprised 60% of the total 5,369 active borrowers in 2010. FACES has rigorous lending standards and reporting standards, which results in excellent portfolio quality and transparency.

FACES also provides a number of non-financial services which include enterprise training, educational courses, basic medical services, and women's empowerment training. Each client gets a voucher for a medical check-up in the clinic that FACES operates in which is adjacent to its microfinance branch office. Through these services, as well as credit, FACES is working to reduce poverty and empower local entrepreneurs in Ecuador.

SAVE THE DATES!

Invest Informal Membership Meeting July 13, 2011

7:00 pm

Home Savings Bank,
East Branch
3762 East Washington
Avenue, Madison

Come meet with members
and interested individuals
to discuss the ongoing
progress and potential of
Invest.

Invest Annual Meeting November 9, 2011

7:00 pm

Olbrich Gardens
3330 Atwood Avenue
Madison, WI 53704

Partner Loan to PRESTANIC Not Renewed

By Jon Bishop, CEO

Two loans that Envest made to PRESTANIC, one of our Nicaraguan partners, matured in the first half of 2011. We chose not to renew them. This is the first time that we have chosen not to continue a lending relationship.

The global financial downturn coupled with political upheaval in Nicaragua resulted in the deterioration of portfolio quality of most Nicaraguan MFIs. PRESTANIC was particularly hard hit. PRESTANIC's portfolio quality indicator was well below Envest's standards in 2010. In August 2010, I had a conversation with the PRESTANIC management about the changes that would be necessary for Envest to be able to continue to lend to PRESTANIC and remain compliant with our own lending standards. The board of directors of PRESTANIC chose not to take the measures necessary to comply with the guidelines of Envest. The Envest board of directors is open to considering compelling financial reasons for making exceptions to our guidelines on a particular financial indicator. We determined that there was no compelling reason to make an exception to our guidelines in this case.

I visited PRESTANIC on May 11 while I was in Nicaragua. I had a long and cordial conversation with the director. We discussed the current status of PRESTANIC and what will be necessary for it to comply with Envest's guidelines. We agreed to maintain communications, and we parted good friends.

PRESTANIC remains a possible partner for Envest in the future. Their new group lending program for rural women along with the solar panel lending program make PRESTANIC very interesting to Envest. We will consider another loan to PRESTANIC when their financial performance indicators are within Envest's guidelines once again.

New Interns Join Envest Team

Maeve Heneghan is joining Envest after a semester abroad in London. Her true passion is eliminating sex trafficking and sex slavery worldwide, and she has concluded that the only way to do this is to eliminate extreme poverty. She believes in the sustainability of microfinance and supports the socially conscious method it uses, especially from a feminist perspective. Maeve is currently studying History and Sociology with certificates in Gender and Women's Studies and African Studies at UW-Madison with hopes to attend law school in the future.



Lisa Rosenblum is joining the Envest intern team this summer of 2011. A senior studying Marketing, she is interested in mixing business with philanthropy. She will also be Co-President of the Microfinance Leadership Initiative at UW, which was started by another Envest intern and hopes to develop a syllabus for a class on Microfinance to be taught in the Wisconsin School of Business. Lisa hopes to gain great experience through working at Envest and learning the behind the scenes work that is involved with microfinance.

Former Intern Teresa Floberg Visits South American Partners

Former Envest intern Teresa Floberg visited all seven Envest partner institutions in South America during a post-graduation trip in the spring of 2011. Teresa interned with Envest during the spring and fall semesters of 2010. She wrote her senior thesis on microfinance in Nicaragua using Envest as her case study.

Her visits to the Envest partner MFIs ranged from one to three days. She met with the management and a few borrowers. Teresa was the first representative of Envest to visit Emprender, the Envest partner in Bolivia. With Teresa's visit, all 10 Envest partners have received a visit from an Envest representative in the last six months.

Teresa was uniformly impressed by the financial performance and social mission of all of our South American partners. She learned details of our partners that affirm our decision to form a relationship with them. Teresa will write an article about her visits for our September newsletter.



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