

Envest

Microfinance Cooperative

Summer Issue

July 2014

Envest Highlights

- Annual Meeting Scheduled
- First loan to Mi Crédito in Nicaragua
- First loan to MDO HUMO in Tajikistan
- New Advisory Board Members
- New Interns

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Envest Annual Membership Meeting 2014

Join us to celebrate Envest's accomplishments of 2014 and discuss our vision for 2015

Light dinner will be provided

When: Saturday, September 20
Doors open at 6pm, meeting begins at 7pm

Where: Home Savings Bank,
East branch location
3762 E Washington Ave
Madison, WI 53704

Envest Disburses Loan to MDO HUMO in Tajikistan

By Laura Dreese

Envest disbursed its first loan to MDO HUMO, a mid-size microfinance institution (MFI) headquartered in Dushanbe, Tajikistan on June 10, 2014. MDO HUMO is Envest's largest partner with assets of more than \$30 million dollars. This loan represents Envest's second partner outside of Latin America and also its second partner in Tajikistan.

HUMO strives to provide access to affordable financial services for people living in rural areas. It offers loans for business, planting, live-

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The Envest team attended the US SIF Conference on Sustainable and Responsible Investment in Washington DC. From left: Jon Bishop, Laura Dreese, Lisa Fillingame

Envest Disburses its First Loan to Mi Crédito in Nicaragua

By Laura Dreese

On April 15, 2014, Envest disbursed its first loan to Mi Crédito, a small for-profit microfinance institution (MFI) headquartered in Managua, Nicaragua with a portfolio of \$5.1 million.

Mi Crédito offers numerous services, in addition to credit, that are meant to enhance the client's ability to be successful. It is able to offer these services through strategic partnerships with other organizations. These partnerships have made it possible for Mi Crédito borrowers to access debit cards and savings accounts, solar panels, reproductive health care, and many other services.

Debit Cards & Savings Accounts: Mi Crédito partners with Banco de America Central (BAC), to offer savings accounts and debit cards to Mi Crédito borrowers. At many banks in Nicaragua, BAC included, clients must keep a minimum of \$200 in their accounts. This is a very high requirement for micro entrepreneurs who need to use that money to

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Board of Directors

- John Giegel: *President*
- Jon Bishop: *Vice President*
- Georgette Frazer: *Treasurer*
- Kathy Hankard: *Secretary*
- Francisco Aguilar
- Paul Sager

Advisory Board

- Richard Brooks
- Justin Conway
- Howard Finkelstein
- Sue Good
- Jennifer Lazarus
- Sergio Loureiro
- Andy Loving
- Mel Miller
- Doug Morrison
- Wayne Orthwein
- Julia Pooler
- Jeni Servoss-Pecard
- Megan Snyder
- David Szakonyi
- Ann Terlaak

Management Team

- Jon Bishop, *CEO & Founder*
- Laura Dreese, *Portfolio Manager*
- Francis Soza Huete, *Country Representative - Nicaragua*
- Haluna Zenko, *Webmaster*
- Evan Vorpahl, *Intern*
- Victoria Haler, *Intern*
- Emily Johnson, *Intern*

operate their businesses. Onerous requirements such as these force the clients to keep money under the mattress, which not only decreases in value with inflation, but also is not safe from theft. This partnership allows Mi Crédito borrowers to open accounts with BAC and access their loan through this account without concern about going below the minimum account requirement. After the loan is repaid clients can keep these accounts open with BAC as savings accounts.

Solar Panels: In rural Nicaragua, being on the grid is not always an option. When this is the case, many rural residents use candles or kerosene lamps for lighting after sunset. Not only do these put resi-

dents at risk of burns or fires, but the light they produce is dim and can be insufficient for reading. Mi Crédito has partnered with Global Partnerships, an American impact investor, to provide technical assistance and relationship management services between Mi Crédito and the Nicaraguan solar panel providers with which it partners. Now rural residents can take out a loan from Mi Crédito to finance a small solar panel that will provide a safer, environmentally cleaner, and brighter light when the sun goes down.

Health Care: Through a partnership with the AMOS Foundation, Mi Crédito has been able to open a health clinic in one of its branches

that tests for cervical cancer and conducts prenatal examinations. These services are offered to Mi Crédito borrowers at a reduced cost, and the payment can be rolled into the payment schedule of the loan. The clinic is also open to the general public for medical services.

Not only does Mi Crédito offer business loans to micro and small Nicaraguan businesses, but it is able to collaborate with other organizations to meet a wide range of clients' needs. Envest is very pleased to be partnering with an organization that shares its social and environmental values while maintaining financial strength and stability.

Spotlight on a Mi Crédito Borrower:

Merla Ruiz Zúñiga



Merla Ruiz Zúñiga in front of the sanitation project

Merla Ruiz Zúñiga, along with her husband and mother-in-law, own three businesses that they operate out of the same building. They have a grocery store, a butcher shop, and a small restaurant. The building did not have adequate sanitation, so Merla took out a loan from Mi Crédito in order to fix that. She plans to take out more small loans to fix her house and build a second floor that she could rent out to tourists.

Pangea's Visit to Trujillo, Peru

By Jon Bishop

A team from Pangea, a consulting club at Columbia University, visited two microfinance institutions (MFIs) in Trujillo, Peru on behalf of Envest during the week of May 19-23. Alberto Nebuloni, Sean Holman, and Nick LaCava traveled to Trujillo, about 350 miles north of Lima, to visit two small MFIs that the Envest team has identified as potential partners. The team worked closely with Laura Dreese and me during the preparation for the trip, and the detailed preparation resulted in a visit that provided an excellent understanding of the two MFIs. Envest is continuing to evaluate the possibility of working with these two MFIs later in 2014.

Envest's relationship with Pangea was facilitated by Microlumbia, a microfinance club at Columbia University that has partnered with Envest

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New Envest Advisory Board Members



Andy Loving has recently joined Envest's Advisory Board. He is a Certified Financial Planner® and expert in community investments. Andy and his wife, Susan Taylor, run the financial planning firm Just Money Advisors in Louisville, Kentucky, which serves clients in more than 25 states. Andy is a lifelong social activist who has won multiple awards for community investment work. Andy is a member of Natural Investments, a boutique investment advisory network that is well known for its dedication to combining attractive financial returns with environmental sustainability and social justice. Natural Investments approved Envest for recommendation to clients of the network in 2013 largely due to Andy's recommendation and due diligence effort. Over half of Envest's much needed growth in 2013 came from Natural Investment's clients. Andy's joining the Envest Advisory Board formalizes his long-standing support and passion for Envest. His financial insights and passion for social justice will be an excellent addition to the Envest team.

Mel Miller has recently joined Envest's Advisory Board. Mel is Chief Economist of First Affirmative Financial Network, LLC (FAFN), a nationwide network of socially responsible investment advisers headquartered in Colorado Springs. He also serves as an adjunct member of the First Affirmative Investment Committee. Mel was the Chief Investment Officer for Heartland Financial USA, Inc. for 28 years before joining FAFN. He has recently moved to Madison, Wisconsin with his wife Marie. Mel's deep insights into economics and financial markets, his strong commitment to responsible investing and social justice, and his slightly warped sense of humor will be excellent additions to the Envest community.



New Envest Interns



Victoria Haler is a junior at the University of Wisconsin-Madison majoring in International Studies, Spanish, and obtaining a Certificate in Business. She recently returned from a semester abroad in Spain where she was able to strengthen her Spanish speaking skills and knowledge of foreign cultures. Victoria is particularly interested in corporate social responsibility, sustainable business practices, and philanthropic capitalism. After graduation, Victoria plans to pursue a master's degree in International Development with a specialization in Development Economics.

Emily Johnson is a senior at the University of Wisconsin-Madison majoring in Economics. Her goal is to serve in the Peace Corps after graduation en route to a career in economic development in developing countries. Emily intends to use her training in economics to have an influential role in providing financial opportunities where they are otherwise unavailable. The economic needs that she observed during her travels in South Africa, Costa Rica, and Mexico inspired her to dedicate her professional efforts to economic development.



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Envest Partner Institutions

Bolivia
EMPRENDER

Ecuador
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Panama
PROCAJA

Peru
Alternativa Microfinanzas
Arariwa
EDAPROPO

Nicaragua
Pana Pana
Mi Crédito

Tajikistan
ASTI
MDO HUMO

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stock and consumer purposes. It also offers nontraditional loans such as products created specifically for women and for migrant workers. These loan products are administered through either group loans or individual loans. In group lending, members of the group guarantee each other's loans, so if a member fails to make a payment on the loan, the other members of the group are responsible for the payment. Individual loans use collateral as a guarantee on the loan. Loans range from US\$25 to US\$20,000 with terms from three months to three years. As of April, 2013, 45% of HUMO's borrowers were women and 71% of all borrowers lived in rural areas.

In November of 2013 HUMO changed from a micro-lending organization (MLO) to a micro-deposit-taking organization (MDO). MDO HUMO is Envest's first partner that takes savings. Accepting savings is viewed as being a service just as important as credit to low-income populations. Most observers expect that acceptance of savings will be the norm in the microfinance sector over time. HUMO is currently accepting

savings from employees as a pilot project before opening deposit services for clients. Clients will be able to save in Tajikistani Somoni (TJS), US Dollars (USD), or Russian Rubles and will earn between 8 to 16% on their savings.

The savings and loan services HUMO is providing are critical in a country with very underdeveloped industries. Tajikistan remains the poorest former Soviet republic with a GDP per capita adjusted for purchasing power parity of \$2,300 in 2013. Tajikistan ranks 189th out of 228 countries for GDP per capita according to the CIA World Factbook. For context, Cameroon is ranked 188th, and Sao Tome and Principe is ranked 190th. Economic growth has been hampered by corruption and weak infrastructure. Due to lack of employment opportunities in Tajikistan, many work abroad, mostly in Russia, and support their families through remittances.

Providing loans to micro-entrepreneurs who otherwise would not be able to access a loan at a bank is a way of supporting the local economy and lessening the dependence on migrant work

in Russia. It is also a way of empowering women in the business community and in the home by providing a mechanism for them to wield capital in a way that supports an income-generating business. The HUMO team conducts business with clients with transparency and integrity. MDO HUMO's innovative approach in a country with serious economic challenges makes it an excellent addition to Envest's portfolio.

MDO HUMO is Envest's second partner in Tajikistan; the first was ASTI with which Envest began a lending relationship in April. ASTI and HUMO represent Envest's first two steps outside of Latin America. MFIs in Central Asia tend to have less access to credit from international lenders than MFIs with similar performance metrics in other regions of the world. We see an opportunity to work with strong partner MFIs while serving a region that has needs for credit that are not being met at present. The bulk of Envest's portfolio will remain in Latin America for the foreseeable future, but we intend to pursue deliberate growth in other regions, including Central Asia, as high-quality opportunities arise.

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to co-lend to MFIs and participate in the due diligence process. We appreciate the hard work of the members of both Pangea and Microlumbia for making this visit possible. Finally, our sincere thanks go to Alberto, Sean, and Nick for their hard work, meticulous preparation, and excellent execution of the on-site evaluation. We have no question that these three are on their way to successful careers.



From left: Nick LaCava, Sean Holman and Alberto Nebuloni visit with a borrower in Trujillo, Peru