

# COMMUNITY INVESTING MICROLENDING BACKGROUNDER

## **ACCION INTERNATIONAL**

<http://www.accion.org>

**Boston, Massachusetts**

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ACCION International was founded in 1961 to assist people living beneath the poverty line in underdeveloped Latin American cities. Initially started as a student-organized volunteer effort in Venezuela, ACCION today is considered one of the leading microfinance organizations in the world, with a network of lending partners that spans Latin America, the United States and Africa. For more than 40 years, ACCION has built a tradition of developing innovative solutions to poverty. ACCION's mission is to provide people with the tools they need to escape poverty. By providing "micro-loans" and business training to poor individuals with entrepreneurial goals, ACCION's partner lending organizations help people work their own way up the economic ladder. With a very small amount of capital, most are able to start their own businesses and earn enough to afford basics like running water, better food and schooling for their children.

## **DEUTSCHE BANK MICROCREDIT DEVELOPMENT FUND**

<http://www.cib.db.com/community/>

**New York, New York**

**Asad Mahmood, (212) 250-0548 or [asad.mahmood@db.com](mailto:asad.mahmood@db.com)**

Deutsche Bank has a family of three funds dedicated exclusively to international microlending: The Deutsche Bank Microcredit Development Fund (DB MFD), the Start-Up Loan Fund (SULF) and the Global Commercial Microfinance Consortium (Consortium). The DB MDF mission is to alleviate poverty worldwide by investing in the development of indigenous financial systems that serve poor microentrepreneurs. Deutsche Bank facilitates access to capital for poor microentrepreneurs. Often these loans are essential in impacting local communities due to the stability that results from having more individuals and families in meaningful employment. Since its inception in 1998, the Fund has invested nearly \$3 million in loans to 35 institutions in 20 different countries, enabling more than \$42 million to be leveraged in private financing and cumulative capacity for the benefit of poor microentrepreneurs.

## **E+CO**

<http://www.energyhouse.com>

**Bloomfield, New Jersey**

**Gina Rodolico, Brazil Program Manager, (973) 680-9100 or [gina@energyhouse.com](mailto:gina@energyhouse.com)**

E+Co is a ten-year old public purpose investment company with offices in Africa, Asia, Europe, Latin America and the United States. Its sole focus is to empower local, small- and medium-sized enterprises that supply modern energy in developing countries. It pioneered and is the leading practitioner of the enterprise-centered investment model for the small scale, clean energy sector. E+Co is often the lender of last resort. The start-up, high risk nature of E+Co's enterprises is often unattractive to local financial institutions. Nevertheless, E+Co has invested over \$11 million in 102 small and medium clean energy enterprises in over 35 countries. Over the next five years, E+Co plans to invest \$84 million in more than 200 businesses, leveraging \$924 million of additional capital and serving 7.5 million people, with measurable financial, social and environmental benefits.

**FONKOZE USA****<http://www.fonkoze.org>****New York, New York****Sharmi Sobhan, (212) 809-1850 ext. 219 or [fonkozeusa@fonkoze.org](mailto:fonkozeusa@fonkoze.org)**

Fonkoze USA manages a loan fund that targets Haitian microentrepreneurs. The fund has been increasing steadily since it was started in 1998. Fonkoze believes that its international lending efforts have a positive impact on the communities they serve by increasing incomes and assets, and reducing risks by improving economic stability. Indirect benefits of Fonkoze's microlending include the empowerment of women in impoverished areas because 96 percent of their clients are women. Moneylenders in rural Haiti charge exorbitant interest rates, making it almost impossible for individuals to access credit. Banks do not have branches in these areas. Fonkoze USA and the institutions it finances through its loan fund currently reach over 25,000 clients in rural Haiti through 20 branch offices.

**FOUNDATION FOR INTERNATIONAL COMMUNITY ASSISTANCE (FINCA)****<http://www.villagebanking.org>****Washington, D.C.****Soledad Gompf, (202) 682-1510 or [sgompf@villagebanking.org](mailto:sgompf@villagebanking.org)**

FINCA provides financial services to the world's poorest families so they can create their own jobs, raise household incomes, and improve their standard of living. It delivers these services through a global network of locally managed, self-supporting institutions. In 1984, FINCA founder, John Hatch, conceived a new method for delivering assistance to the poor called the village banking method. Loans—at market rates of interest—are the central service provided by the village banking method. FINCA offers loans, not grants, to low-income microentrepreneurs, because at the root of their poverty is lack of opportunity, not lack of desire to work. FINCA is the pioneer of the village banking method of microcredit, which gives the decision-making power of who may borrow, how much, and for what purpose to the 10-50 neighbors who come together to form the village banking group. FINCA has no say in these matters, and only refuses to recapitalize groups who are not current with their payments. The autonomy given the participants is one reason why some 300 organizations worldwide are using FINCA's village banking method to run their own microcredit programs.

**NICARAGUAN CREDIT ALTERNATIVES FUND (NICA FUND)****<http://www.wccnica.org/nica.html>****Madison, Wisconsin****Jon Bishop, (608) 257-7230 or [lfm@wccnica.org](mailto:lfm@wccnica.org)**

The Nicaraguan Credit Alternatives Fund (NICA Fund) addresses a root cause of poverty and social injustice by providing financing for economic activities of low-income Nicaraguans with little access to commercial credit. Its lending policies are intended to support the values and principles of civic participation and locally controlled development; gender equality; no religious, cultural, or political discrimination; equitable labor practices; and fair economic relationships between the North and the South. Since 1999, the NICA Fund has sponsored loans to more than 6,000 disadvantaged Nicaraguans, helping them earn a living as carpenters, shop owners or

through other productive activities. Loans to farmers, cooperatives and small businesses benefit whole communities as funds revolve at the local level.

**OIKOCREDIT U.S.A.**

<http://www.oikocredit.org>

Washington, D.C.

Terry Provance, (202) 265-0607 or [office.us@oikocredit.com](mailto:office.us@oikocredit.com)

Oikocredit, as a worldwide cooperative society, promotes global justice by challenging people, churches and others to share their resources through socially responsible investments and by empowering disadvantaged people with credit. Oikocredit dates back to the Uppsala Assembly of the World Council of Churches in 1968, when politically engaged church people demanded an alternative investment instrument for churches. Over the past 15 years, Oikocredit has substantially increased the share of loan capital going to financial intermediaries involved in microfinance or (MFIs). One of Oikocredit partner MFIs is Peruvian micro-credit organization EDPYME Confianza, which extends loans mostly indigenous rural women, engaged in petty farming. Female microentrepreneurs in Peru do not have access to credit from conventional banks due to the demand for legal collateral, the average loan size exceeding the financial needs of female borrowers.

**OPPORTUNITY INTERNATIONAL, UNITED STATES OF AMERICA**

<http://www.opportunity.org>

Oak Brook, Illinois

Chris Crane, (630) 645-4100 or [ccrane@opportunity.org](mailto:ccrane@opportunity.org)

Al Whittaker, former president of Bristol Myers International Corporation, founded the first Opportunity International program in Latin America in 1971. Australian entrepreneur David Bussau founded a similar program in Indonesia. Opportunity International is working to rebuild communities devastated by the December 26th earthquake and tsunamis. They are lending support to their partner organizations in Indonesia and India, which are working to provide relief to the affected areas in the region. Opportunity International's network of microloan clients and staff are serving as organized groups, working with local community disaster units to distribute emergency supplies provided by relief organizations.

**SARONA GLOBAL INVESTMENT FUND**

<http://www.saronafund.com>

Ontario, Canada

Bill Harrington, (800) 665-7026 or [bharrington@saronagroup.com](mailto:bharrington@saronagroup.com)

The Sarona Global Investment Fund is a social investment fund with an aggressive focus on ventures that strengthen the economic prospects of the poor in low-income countries. Sarona was founded in 1953 by a small group of Mennonite businesspersons from Canada and the U.S. to help Mennonite refugees from the former Soviet Union who were trying to establish themselves in their new country of Paraguay. Sarona provides capital to financial services companies that serve microenterprises. These microfinance banks make loans to the micro and small businesses that are usually ignored by the commercial banking sector. Sarona's mandate is twofold: to provide capital to ventures in low-income countries that alleviate poverty; and to provide an

opportunity for investors to further integrate their values in their investment decisions by allowing them to direct a portion of their savings toward those most in need of capital.

#### **SHARED INTEREST, INC.**

<http://www.sharedinterest.org>

New York, New York

Donna Katzin, (212) 337-8547 or [donna@sharedinterest.org](mailto:donna@sharedinterest.org)

Shared Interest was established in 1994 by the Fund for a Free South Africa (FREESA), an organization established by black South Africans living in exile in the U.S. Shared Interest has operated as an independent, tax-exempt organization since September 1995. In 1996, Shared Interest established the Thembanani International Guarantee Fund in South Africa. Today, Shared Interest is raising funds that are used to guarantee loans issued by South African banks to low-income South Africans. The Bee Foundation is a private business in a northern province of South Africa that is producing honey on a small scale. With the help of a Shared Interest guarantee, the Bee Foundation has designed a program to establish a vast network of emerging beekeepers that will do three things: (1) provide jobs to 10,000 rural borrowers over five years; (2) expand the Bee Foundation's production of organic honey; and (3) improve the survival rates and productivity of the African bee. A total of 10,000 rural borrowers—75 percent of who are women—are joining the bee-keeping business.

#### **SOSTENICA, SUSTAINABLE DEVELOPMENT FUND OF NICARAGUA**

<http://pws.prserv.net/sostenica/programs.htm>

West Chester, Pennsylvania

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SosteNica promotes sustainable economic and community development. Its loan programs are designed to strengthen Nicaraguan communities. It attempts to assure that the Nicaraguan culture and way of life have a sustainable future despite the homogenizing pressures of the integrated global economy. SosteNica affords the productive poor of Nicaragua -- small farmers and micro-enterprises -- access to credit that would be otherwise unavailable. SosteNica's investors and donors support two programs administered by the León office of CEPRODEL. One program provides credit for small businesses. The second program, Sustainable Rural Development, provides credit and technical assistance for the region's farm families. The combination of thoughtful First World investment and careful socially conscious lending to the poorest creditworthy borrowers of Nicaragua creates an opportunity for sustainable growth where there had previously been despair.

#### **WOMEN'S WORLD BANKING**

<http://www.swwb.org>

New York, New York

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Women's World Banking (WWB) reaches poor women by providing and organizing support to its member organizations, which in turn offer direct services to these women. WWB creates the possibility for a low income woman to build her business and assets, improve her living conditions, keep her family well-fed and healthy, educate her children, and secure a political voice in her community. WWB's Global Team, supports affiliates and associates in succeeding

as microfinance institutions (MFIs) and change agents, by providing tailored, integrated services in four areas: Technical Services, Financial Products and Services, Policy Change Activities Linkages and Learning Services.