

Grassroots Connections



Celebrating 37 Years of Solidarity

WCCN
Investing for Social Change



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Winter 2021

Note from the Executive Director

As we head into 2021, we're taking stock of our accomplishments and planning for the future.



Dear friends,

I hope this finds you safe and sound. For our end-borrowers in Latin America it was another challenging year, one of many they have gone through in their lifetimes. Facing severe illness like everyone else in the world, our friends in Latin America also endured economic lockdowns and curfews, political strife, natural disasters including hurricanes Iota and Eta as well as the daily perils of violence, disease and economic hardship. All the same, they have persevered. WCCN fared well in 2020, and was able to help its end-borrowers through the donation of 32,350 masks and 1,593 food baskets. We were also able to give our microfinance partners more flexible repayment terms and technical assistance in order to help them navigate these difficult waters, and WCCN was one of the very first loan funds to resume lending in Central America after the pandemic hit. We were able to do this because of your tremendous support through donations, your renewal of investments, and your new investments in our mission. For that I thank you, and our end-borrowers thank you as well.

2021 brings much uncertainty, but also much opportunity. WCCN's mission of helping the working poor in Latin America is as relevant today as it was 37 years ago. We have requests for over \$3 million in financing that we will be unable to meet in 2021 without new investments from our current investors and new investors. Please consider supporting our end-borrowers in Latin America this year through additional investments and donations, and spread the good word about WCCN to your friends and family. Together we will continue to improve the lives of those about whom we care so much.

A handwritten signature in black ink, appearing to read 'William Harris'.

WILLIAM HARRIS
Executive Director



Country News Briefs

From COVID-19 updates to presidential elections and natural disasters, here's what's happening in the countries in which we work.



Heading into 2021, Central and South America face massive challenges as political and economic landscapes change and governments navigate the effects of the COVID-19 pandemic. Across the region, cases are spiking, and nearly 30 million additional people will be pushed into poverty and extreme poverty, making our work as important as ever. Within these challenges lies the opportunity for governments and Non-Governmental Organizations (NGOs) to better serve the poor and to elevate marginalized and vulnerable communities.

After the Storms

Guatemala, Honduras, and Nicaragua continue to recover from back-to-back hurricanes Eta and Iota, which made landfall in Central America in November, causing severe landslides, flooding, and damage to housing, crops, and agricultural infrastructure. Some of WCCN's partners were affected by the hurricanes, primarily through crop damage, but all have signaled that they expect to make it through this crisis.

A Journey North

In mid-January 2021, security forces in Guatemala faced off with thousands of Honduran migrants fleeing poverty and violence exacerbated by the pandemic. After facing pressure from the United States government to stem the flow of migrants over the southern border of the U.S., Mexican and Central American authorities intensified efforts to contain migration. On his first day in office, U.S. President Joe Biden requested a broad overhaul of U.S. immigration laws, kicking off a long-term effort to implement a more "humane policy" to process migrants.

A Year of Elections

In 2021, good governance will be vital as countries navigate the second year of the pandemic. Here are some key elections to look out for: In February, El Salvador will hold mid-term elections, followed by Mexico's in June and Argentina's in October. In April, Peru is holding general elections, and Honduras and Nicaragua will select their presidents in November.

Fighting Hunger & Malnutrition

In one of the most underreported humanitarian crises of last year, Guatemala is facing dramatically rising levels of hunger. Malnutrition among children under five rose around 80% from 2019 to 2020 according to Oxfam. Families are facing food shortages due to a persistent drought and two hurricanes that affected the country last November. The coronavirus lockdown has compounded the effects of these natural disasters.

PADECOMSM, El Salvador

For this issue of our newsletter, we're highlighting partner PADECOMSM (La Asociación Patronato para el Desarrollo de las Comunidades de Morazán y San Miguel), with whom we've worked for nearly 13 years. Founded in 1986 during the Civil War, PADECOMSM was launched with the aim of providing public education and advancing community development in rural communities in and around Morazán. It now provides invaluable training, technical assistance, and microfinance services to the rural poor living in the area. PADECOMSM continues to service small, rural and poor communities focused on coffee cultivation while simultaneously serving urban communities focused on commerce, small enterprise and industry. WCCN sat down with Alexander Reyes, Vice President at PADECOMSM, to learn more about day-to-day operations, how borrowers are faring during the COVID-19 recovery, and what's next for the institution.

Q&A with Alexander Reyes, PADECOMSM Vice President

WCCN: Can you tell us a bit about the history of PADECOMSM and some of its current programs?

Alexander Reyes: PADECOMSM was born from the armed conflict in El Salvador. It was initially an NGO that offered education and health services and collaborated with international organizations on issues of peace and environmental sustainability. It launched a small credit program for smallholder farmers 14 years ago and now has 8 agencies that offer financial services to 9,000 clients. We focus on women and rural communities. Yesterday, for example, I was in a workshop on incorporating a gender lens into microfinance work and expanding the capacity of women and boosting their businesses' performance. We're continuing to partner with national and international organizations to do trainings and to continue lending to borrowers who need funds to improve their housing, build their businesses, and weather the COVID-19 crisis.

WCCN: What are some challenges that your staff and clients are facing right now?

AR: We have adapted to meet clients where they are. Due to the pandemic, tourism, an industry that many of our clients work in, has been affected, so clients have changed their income-generating activities. For our staff, we've introduced programs to keep spirits up, and we support their personal and professional development. We're also offering workshops with a psychologist for staff to help cope with this difficult time.

WCCN: What are some of your goals for 2021?

AR: First and foremost, we'd like our staff and clients to stay healthy. We would also like to grow by 5-10%. In the future, it would be great to start to use a mobile money app to reach more clients and to strengthen our relationship with them.

WCCN: If you could say one thing to WCCN investors and donors in the U.S., what would it be?

AR: I'd invite them to keep supporting the microfinance sector and the vulnerable populations that have been the most affected by economic, political, and public health issues. We've seen that when one link in the chain suffers, the whole chain is affected. We've already overcome many obstacles. We've got to keep working hard. This is the moment to keep supporting the sector.



Updates from WCCN

Celebrating the Life of Martin Slough, Senior Credit Advisor

It is with heavy hearts that we share that close friend and WCCN senior credit advisor Martin Slough has passed away. Martin worked with WCCN for over seven years and was responsible for our portfolios in Peru and Ecuador. He had over 45 years of experience in banking and finance, including 21 years as an international commercial banker at Lloyds Banking Group, 16 years in Private and Financial Sector Development at the World Bank and over five years as a Banking Advisor at the U.S. Department of the Treasury Office of Technical Assistance (OTA) and the Millennium Challenge Corporation (MCC). He worked closely and effectively with our partners on best practices and industry standards. He loved banking, business, helping people, his children and grandchildren, and travel. He will be sorely missed at WCCN.



Martin (center) was a great asset to WCCN, with extensive experience in corporate governance, strategic planning, credit risk management, credit information systems, bank restructuring, and microfinance. He developed close connections everywhere he traveled.

WCCN Resumes Lending in Nicaragua

During a difficult year for many, we're proud to have continued to work with reliable partners new and old. In summer of 2020, we disbursed funds to three partners in Nicaragua (including our partner Pro Mujer Nicaragua), making us one of the first funds to resume lending after the pandemic hit.

"Many social impact investors have scratched Nicaragua off their list. Liquidity is very tight, so there isn't access to capital like there was before. We recognize the huge difficulties, but there are certain organizations who have shown that they can weather the storm. For us, it's about being a reliable partner to provide them capital, even during this difficult time," says WCCN Loan Fund Director Miguel Jongewaard. Having survived the country's 2018 political crisis, Nicaraguan businesses and institutions are accustomed to large-scale challenges, and time and time again have proven themselves to be resilient. WCCN is eager to continue our 30-year legacy of supporting small businesses in Nicaragua.

COVID Relief Campaign in Argentina

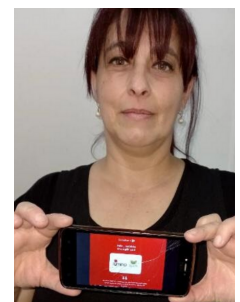
WCCN closed out 2020 by partnering with Pro Mujer Argentina and Ilumina to distribute 170 e-vouchers for Personal Protective Equipment (PPE) and food to staff and clients (right). This distribution marked the last one in our COVID-19 relief campaign, which raised over \$53,000 to purchase PPE and food for Microfinance Institution (MFI) staff and end-borrowers in Honduras, Nicaragua, Ecuador, and Argentina.

Introducing Two New Partners



We are pleased to announce two new partners: Coopac Kori in Peru, and our first partner in Mexico, Avanza Sólido. Coopac Kori is a cooperative that focuses on financial inclusion for women. It provides financial literacy trainings to its clients and serves 77,000 borrowers in southern Peru, 92% of whom are women.

Avanza Sólido, founded in 2011, promotes productive investments and encourages savings among populations traditionally excluded from the banking system. It offers individual and group loans, around 85% of its clients live in rural areas, and 90% are women.



Updates from WCCN

WCCN Welcomes Emilio Alejandro Into the World

Looking for a bit of good news? We're thrilled to share that Loan Fund Director Miguel Jongewaard and his wife Marysell welcomed their son Emilio Alejandro into the world on Monday, November 23rd at 3:30 p.m. in Bogotá, Colombia. Emilio is strong and healthy and his parents are getting as much rest as possible. Congratulations, Miguel and Marysell, and welcome to the WCCN family, Emilio!



Share Your Stimulus Check with a Small Entrepreneur

Although some non-conditional cash transfer programs have been implemented to help households dealing with income loss due to COVID-19 in countries including Argentina and Ecuador, with Peru and Ecuador providing complementary salaries to workers, many economic support measures have not reached self-employed and informal workers. Some governments have implemented fewer social policy measures than others, leaving vulnerable populations strapped for cash in countries like Nicaragua. Consider donating some or all of your U.S. government stimulus payment to WCCN this year as the working poor recover from the economic effects of the pandemic.

Meet our Spring 2021 Intern, Reagan Dahl



We're pleased to (virtually) welcome Reagan Dahl to the team this semester, where she will be supporting reporting, data analysis, and social media. Learn about her in her own words:

"Hi! I'm Reagan and I'm a sophomore at UW-Madison studying Agricultural and Applied Economics as well as Spanish. I'm excited to be a part of the WCCN team for this semester because I want to be a development economist in the future. My passion is to know that I made a difference in someone's life and I feel like a perfect way to do that is helping communities develop economically and sustainably. In my free time I love doing anything outside, especially hiking. In fact, my ultimate bucket list goal is to hike to the top of all seven summits. Another fun fact is that I'm scuba certified and hope to dive at Sipadan Island in Malaysia one day. Working with the [WCCN] team members will be a great learning experience and I'm super excited for what the future holds."

Borrower Corner

With COVID-imposed restrictions on travel persisting, we can't journey to meet our partners and end borrowers, but we remain connected to them and their stories, and continue to receive photos, videos, and anecdotes about their businesses, families, and lives. Below are some of our favorite recent and old #wccnborrowerstories, reminding us how united we still are despite difficult circumstances.

Have you tried chicha? This typically fermented drink has many varieties and can be alcoholic or non-alcoholic. Made in countries across Latin America, chicha is particularly common in the Andes and Amazon regions of South America, and can be made from corn, quinoa, yuca, potato, and palm root, among other plants. In Peru, where long-term WCCN end-borrower **Simiona Vasquez Mora** (right) makes and sells chicha from her home, the beverage can be traced back thousands of years to the Inca Empire, where it had ceremonial and ritual uses. Simiona's variety is an alcoholic version made from corn that calls for 17 days of fermentation. She sells each cup for 25 cents in the town of Coya. Back in 2012, she showed us her brewing process and offered us a sample!



From a young age, **Karen López** (right) has loved teaching. As a child, she discovered her talent for passing along knowledge to kids to help their worlds expand. With the help of a grant, she studied rural education and became a preschool teacher in her community in Nicaragua. Her passion for teaching grows each day along with a determination to give her family a better-quality life. That's why she borrowed from WCCN partner MiCrédito to build a new home. With a second loan, she built a small room for her daughter. COVID-19 has presented Karen's family with difficulties. Many have contracted the virus, and her husband lost his job. As part of our relief campaign, Karen's household received food and PPE. "I'm grateful first and foremost to God, and to WCCN and MiCrédito for this blessing. My kids and husband were really happy about it too," she says.

Magdalena Espinoza (left-center), client of WCCN partner Asociación Martín Luther King (AMLK) in Nicaragua, makes and sells breakfast foods, and her husband Javier is a mechanic in Managua. Javier contracted COVID-19 while at the hospital for a routine check-up, and Magdalena became ill caring for him. The two sent their children to live with relatives while they quarantined at home for two weeks. Both fought severe symptoms until they recovered. The family suffered economically due to a long-term inability to work, and Magdalena is grateful for AMLK's support during this difficult time. She and her family received PPE and non-perishable food items as part of our COVID-19 relief campaign in late 2020, and are hopeful about what this new year will bring.





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As we kick off 2021, we both recognize the challenges ahead and acknowledge all we were able to accomplish together last year. We're seeing a great demand for credit this year, and invite you to consider making an additional investment or donation to WCCN in order to continue supporting small entrepreneurs through the pandemic. Here's to another year of solidarity!

Founded in 1984, Working Capital for Community Needs (WCCN) is a 501(c)(3) nonprofit impact investing fund whose mission is to create opportunities for access to microfinance, services and markets to improve the lives and communities of the working poor in Latin America.