

Grassroots Connections



Celebrating 35 Years of Solidarity

WCCN
Investing for Social Change



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Note from the Executive Director

Dear friends,

First and foremost, we hope this newsletter finds you healthy and safe. The staff and board of WCCN are all doing as well as can be expected given the circumstances. Our partners on the ground are responding to the COVID-19 crisis in different ways, and we are in constant touch with them. To date, we are unaware of any loss of life of our borrowers due to the disease which has spread around the globe. We do know, however, that there are and will be heavy economic consequences due to this situation.

The past two months have been a whirlwind of news, change, reflection, more news, more change and more reflection. WCCN staff have had to move quickly to help our partners while simultaneously trying to comprehend what it all means for WCCN, our partners, our supporters and microfinance in general. On many levels it is too early to tell, and we are still experiencing changes on a daily basis.

One piece of good news is that we are well set up for this. WCCN was forged out of conflict, hardship and economic need, and has survived several chapters of renewed problems including the "No-Payment Movement" of 2008 in Nicaragua, the La Roya coffee rust problems of 2014, and the political and economic crisis in Nicaragua in 2018. We are doing now what we did then: getting in touch with our partners, asking how we can help, and then communicating those needs to our investors and donors. Much the same, our poor borrowers are generally resilient. For many of them this will be one more trial they have faced and then overcome through faith, family, laughter and hard work.

While the situation in Latin America is different in every country, generally, most governments put a swift and severe curb on public movement. This has been beneficial in helping to stop the spread of the disease, but has had an equal but opposite effect on the economy. With people at home, small businesses have largely been shuttered. Most governments have put a freeze on interest and principal payments of any loans, including microloans, for 90 days, so our partner institutions are unable to collect on their investments, and as such, are asking to delay their interest and principal payments to WCCN. We have begun to reschedule many of these payments to help our partners weather this situation. We in turn must ask our investors and donors to help us provide our partners the flexibility they need at this time. Renewing your notes with WCCN alleviates the need to demand principal from our partners. As always, we welcome any donation of cash, interest or principal to help us sustain our mission. As detailed later in this newsletter we are also raising money for personal protective equipment for our partners and their borrowers. We know that this crisis means different things to different people, but any help you can offer at this time is truly appreciated by WCCN, its partners, and the working poor we support in Latin America.



Saludos,

William Harris
Executive Director

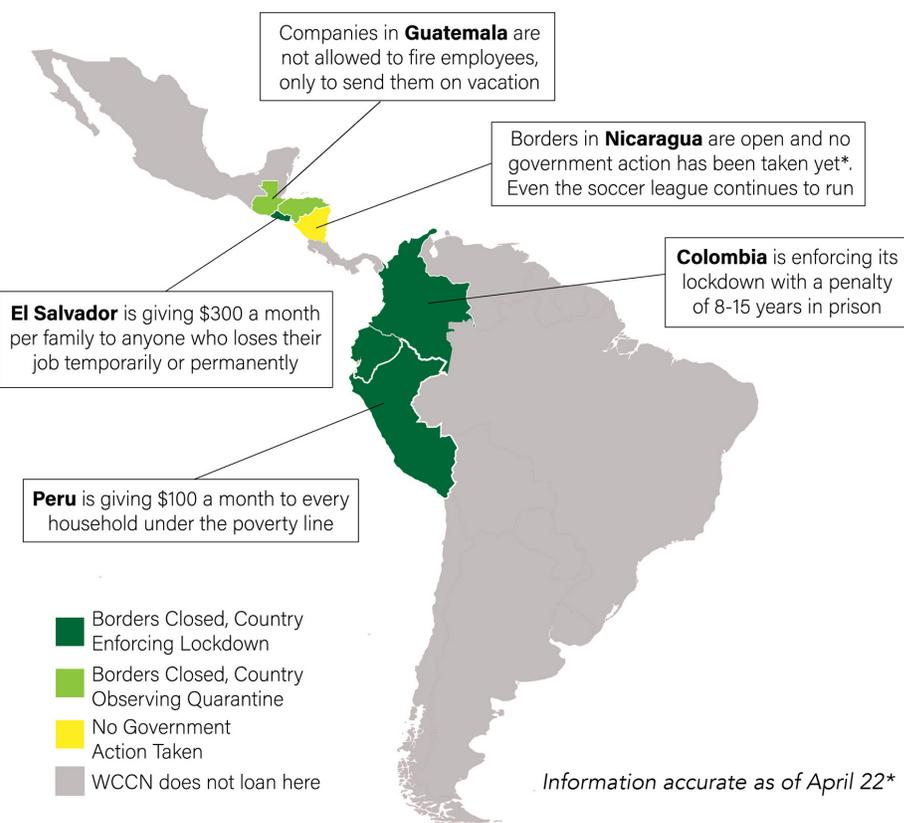
Response to COVID-19 in Latin America

While no country has been able to be completely prepared for their fight against COVID-19, a 2-3 week lag time between Latin America and the United States has meant that the nations of Central and South America have had extra time to put precautions in place.

Most countries, with the exception of Nicaragua*, have closed borders and mandated some sort of lockdown or quarantine (the difference being that lockdown is an enforced law and quarantine is not). While each country is implementing its own list of economic interventions, all countries have put deferments on bank payments, ranging anywhere from 1-3 months. These interventions include direct cash payments to the unemployed or families below the poverty line, restrictions on layoffs and freezing debt collections. As well, many governments have also begun distributing cleaning and hygiene products to hospitals and citizens.

Strong preemptive actions taken by many countries in Latin America mirror those in countries like Taiwan, New Zealand and Germany where they have been able to contain the spread. However, institutions in Latin America are not as strong as they are in the aforementioned nations and only time will tell how well their healthcare and financial systems will be able to navigate the storm.

COVID-19 Responses In Countries that WCCN Lends In



Q&A with Miguel Jongewaard *Director of Lending, WCCN*

Q: How strong are the institutions in the countries where we lend? Will our partners have support from their respective governments?

M: At this point, we don't know. It's still too early to tell. For our partners, there will be delayed payments and rescheduling of WCCN loans, but that doesn't really answer the question of delinquencies and failed businesses (clients of the MFIs). That will take time to assess.

Q: Much of the talk around coronavirus hinges around its future implications. What does the present look like right now where you are in Colombia?

M: Right now, the lockdowns keep getting more and more strict as the number of COVID19 cases increase but there are now talks about allowing certain sectors to resume activity. Businesses, mostly micro and SME, have taken a huge hit and many have closed. Grocery stores continue to be adequately supplied. In general, people are in favor of a continued lockdown, but want more government support to make ends meet.

HELP US RAISE \$200,000 FOR PERSONAL PROTECTIVE EQUIPMENT FOOD SECURITY, AND MEDICAL CARE

Across the world, coronavirus has been pushing financial and healthcare systems to their breaking point, and Latin America is no different. With many countries already experiencing cracks in their public health institutions, the expected strain on hospitals and clinics likely points to a dangerous and tragic reality. As well, a two to three week delay behind the United States means that coronavirus in Latin America is just starting to hit its stride.

In Latin America, and impoverished person may have to chose between buying personal protective equipment (PPE) such as hand sanitizer, face masks, and gloves or buying food for their family. While WCCN can help its partner financial institutions through flexible loan terms, we want to do something to help our end borrowers as well.

As such, we are seeking to raise \$200,000 for food programs and PPE for our end borrowers in Latin America. 100% of your donation will go directly to this program!



Ecuadorian Men using makeshift PPE in public

Our microfinance partners are well positioned to provide this kind of aid to their borrowers as they know their addresses and phone numbers. Additionally, our partners are already seen as key and trustworthy stakeholders in their communities, and may have an easier time negotiating for bulk prices for PPE they can distribute to their customers. In Honduras, a face mask now costs \$9 USD and a bottle hand sanitizer costs \$8. For many parents, that means a decision comes down to whether they will have food on the table or protection for their family. Our partners are afraid to send employees to meet with borrowers out of risk for infection. Together we can move the needle in these communities, many of which are rural, by providing protective equipment, and hopefully vaccines and antidotes when they become available.

How You Can Help:

- Make a Cash Donation to WCCN
- Make a Donation of Stock to WCCN
- Donate Your WCCN Principal or Interest to WCCN

To make a donation by credit card, please visit our website, WCCN.org.

Please mail cash donations to: WCCN, 211 S. Paterson St., Suite 260, Madison, WI 53703

To donate stock or WCCN interest/principal, contact Will Harris at will@wccn.org or (608)257-7230

WCCN Visits Peruvian Partners

In February, WCCN staff traveled to Peru to visit our partners on the ground. On this occasion, we made our way to four different communities to speak with our partners and borrowers from PRODEF, PACIFICO, and PALANTE.

There continues to be a great need for credit in Peru. The borrowers we met with were very appreciative of WCCN and its investors and donors for the support they receive. Below are some stories of the diverse businesses and people we met with.



Lourdes Ato Panta, Baker

Lourdes started her bakery in 2012 with one oven, one table and a dream of accomplishing something bigger in order to live a better life, allow her daughter to pursue education, and build their own home. Things went well for Lourdes when she started her business; the location was fantastic, and as word got around about the quality of her bread, business took off. But Lourdes needed to expand her business to get on top of bills and dreams.



She arranged meetings with local banks in Sullana to try to get the credit she needed to get more equipment and displays to serve more customers and maximize profit. "I needed about \$3,000 to get what I needed, but the banks would refuse that amount or ask for a ridiculous interest rate like 120% per year."

Two years into her small business she met a representative from Crediamigo, and that is when things changed. "They actually listened to me, met me at the bakery to understand what my vision was and why what I was asking for made good business sense," said Lourdes. Six years later, Lourdes continues to sell bread, but now offers pastries, desserts, and a variety of drinks. "My customers are happier, because they can get more from me in one stop, and I'm happier because I'm able to increase the amount of sales I have with each," said Lourdes. After a few years, Lourdes' husband was able to leave his job to work in the bakery and her daughter was able to enroll at the local university where she is studying economics.

Last year, Lourdes was able to buy a plot of land on the outskirts of Sullana, and hopes to build a home for her family. She maintains a line of credit with Crediamigo for supplies like flour, drinks and more. "Crediamigo has reasonable interest rates, they are fast and flexible, and they are simply way more friendly than the other people I have come across in the banking industry in Sullana, If it weren't for Crediamigo, it's possible it would still be me, an oven and a table, and maybe my daughter would be here working with me instead of in college," reflected Lourdes. "We are blessed."

WCCN Visits Peruvian Partners



Marleny Zapata Carazco, Restaurant Owner

Marleny is one of those people who fills a room, or a public market in this case, with love, laughter and positive energy. Sitting at her counter in the market are a collection of colorful characters who engage her in banter and sip their coffee, like a scene out of a Peruvian version of *Cheers*.

Marleny started her food stand in the market ten years back with a loan from Crediamigo to purchase the space and counters. "I never would have been able to accumulate the capital to do this on my own." She began with one counter, a six foot by three foot space in the market, eventually expanding to three counters. Over the years she has made her place look nicer, with better counter tops, stools and more to attract customers. Her two children, ages 25 and 19, work with her full time.

One of her dreams is to open up a bar in order to serve food and beer on the weekends to take advantage of their location in a popular area of the city. Another is to start or contribute to an organization that would serve food to the elderly and homeless population of Piura at little to no cost. "We have a big social service problem in this city, and it would be great if we could organize to solve it." Marleny herself will feed the poor and elderly if she comes across them, but can't handle it all herself as she is also running a business and trying to make ends meet. The flood of 2017 was devastating for everyone in Piura and Marleny was no exception. "There was water over my head and we lost everything that wasn't made of metal or stone. Crediamigo was super flexible and helped me get back on my feet."

Eufemia Maria Carguapoma, Fruit Vendor

Eufemia wakes at 4:00 am every day, six days a week, to travel to a bulk-sales fruit market in Piura where she can buy fruit for her stand on the other side of town. Work ends at 8:00 pm when she goes home to rest for a few hours before starting over.

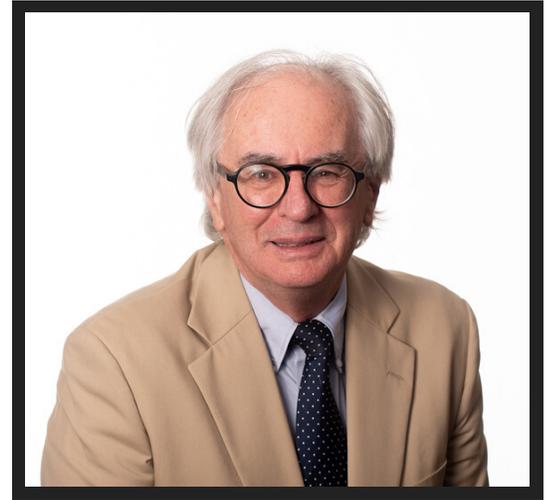
It was only two years ago that Eufemia lost everything in the floods that affected most residents of Piura and shut the market for week. Eufemia used the revenue from her fruit stand to put five of her children through university, and they all found work soon thereafter. One is a mining engineer, one is an optometrist, one is an engineer, one is a lawyer, and the other is taking over her fruit stand in the market. When we asked her what her dreams are, she said, "I would like to travel all over the world. But (with a wink), since I haven't ever traveled before, even just seeing some of Peru would be nice!"



WCCN Supporter Spotlight: John Mateyko

In our second installment of the WCCN Supporter Spotlight, we will be sharing the story of John Mateyko, a longtime supporter who has been involved with the organization since WCCN stood for Wisconsin Coordinating Council on Nicaragua.

John's connection to our work began before there even was a formal WCCN. In the late 70s, he joined Witness for Peace, a national organization that sponsored peacekeeping trips to Nicaragua during the Contra War. After taking several trips, spending time on the ground and seeing the realities of poverty and war, John took a position with Witness for Peace in Washington DC. While there, he began hearing about a grassroots organization in Wisconsin that was putting money directly into the hands of Nicaraguans affected by the war and decided to get involved. Decades later, John is still a fervent supporter of WCCN, stating that he is "proud to be an investor of a fund that has maintained its ethical vision, grown and stayed strong at the same time."



For John Mateyko, investing in WCCN is a reflection of a lifelong fight against structural and economic inequalities, especially those perpetrated by American foreign policy. His time with Witness for Peace opened his eyes not only to cycles of poverty and military violence, but economic violence as well. In the instance of Nicaragua, economic violence was created through the actions taken by the United States that deprived local people of agency, essential services, and ability to control their own resources, a form of interventionism that John has been fighting against for as long as he can remember. In driving home this point, he is quick to correct the term "poor" when speaking on poverty, stating, "They are not poor, they are impoverished, meaning deprived of resources. I've seen institutions continue the same structures of deprivation keep control over people my whole life...Supporting WCCN gets money directly to these community leaders to break the cycle, not Wall Street. Investing in grassroots movements keeps hope alive that systemic change is possible."

When asked about why he continues to invest in WCCN, he simply said, "You have to do the best you can to change it and that's why I invest. What we do with the money we have is a moral choice. What type of economic model do I want to support? Is it co-ops, barrios, and families or is it supporting destructive US foreign policies? You have to take responsibility with what your money is doing. If you are not using a helpful structure, creating solidarity in relationships and power, and instead putting it in systems of domination, then be honest about it. You have to choose what values you live for."

WCCN in the Community

Even though many of us have been shuttered inside lately, there are still those doing incredible work out in the community. We would like to take a moment to recognize WCCN surrogates **Jesse Darley** and **Eudora Tvedt** for their fantastic efforts!

Jesse Darley

Last month, Jesse Darley, husband of WCCN Board President Eliza Waters, helped to create a low cost, DIY face shield to be supplied to area hospitals in need of protective gear. The team uploaded the mask as an open source design, meaning that anyone can download the plans and create it themselves. In fact, the design was picked up by Ford and is now being mass produced in repurposed factories for healthcare workers.



Jesse Darley wearing the new mask



Eudora Tvedt (middle) in an interview with Channel 3

Eudora Tvedt

While schools have closed all over Wisconsin, kids across the state are still finding ways to stay busy in the community. For the past month, "Go-Go Groceries," a group of 8th graders including Eudora Tvedt, daughter of WCCN accountant Rick Tvedt, have been bringing food and other essentials to people who are at greater risk of experiencing serious problems from COVID-19. The group makes pickups for elderly and immunocompromised persons in the area, all while making sure to take necessary safety precautions and all at no cost to the recipients.



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WCCN staff have been working from home since mid-March, and Wisconsin's stay-at-home mandate has been extended to the end of May. This may lead to some delays in paperwork processing, responding to requests that come by phone or mail, or other unanticipated delays. The best way to reach us for now is by email at: info@wccn.org

We appreciate the goodwill and dedication of our investors and donors, especially at this trying time. We continue to post updates about our borrowers and partners in Latin America, which are generally uplifting, and can be found on our Facebook page. Take care!

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.