

# Grassroots Connections

Summer 2018



**WCCN**

*Investing for Social Change*



Investors Step-Up to help Peruvian Partners Recover from Devastating Floods

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Update from our  
Nicaraguan Partners

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What the End of TPS  
Means for Microfinance in  
El Salvador

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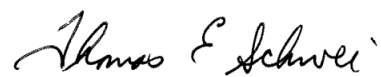
# Welcome to the new WCCN!

While we continue to help ensure that the poorest people in Latin America, particularly women, have access to the key resources they need to improve their living conditions, we are also undergoing some significant changes in our organization. Coming on the heels of a few financially challenging years, we have decided to return to the foundational concepts and approaches that made us successful in accomplishing our mission for many years. We have already begun to streamline operations and our key focus for 2018 is on successfully accomplishing our mission, profitably, to continue to be good stewards of the resources you have entrusted to us, long-term. I speak for our entire Board of Directors and staff in saying that we believe WCCN is well positioned for strong success in 2018 and beyond.

On behalf of the Board of Directors and staff of WCCN, all of whom are fully committed to WCCN's mission, I thank you for your support and trust as we continue to help the working poor in Latin America. These past few months, I've had a chance to speak with many of you. I have thoroughly enjoyed the discussions and I've learned a lot about you and WCCN through those conversations. All of us at WCCN want to retain strong open lines of communication and I welcome a conversation with you about WCCN at any time. Of course, our staff is always prepared and available, too, and we are fortunate to have the high quality staff we have to help us achieve our mission well.

Thank you for your support of WCCN. We look forward to continuing to help you help others for many years to come.


Sincerely,



Tom Schwei  
Board President



# Peruvians Face Record Floods



In 2017, our partners at IDESI in Piura, Peru were devastated by flooding that in some places rose as high as eight feet. IDESI repaid their remaining principal and interest in July, 2017, and requested additional funding, but due to their situation, we felt that a donation would be more appropriate. Last fall we put out a call to our investors and donors to help us raise \$7,500. We reached our goal by the end of the year and sent the money as quickly as we could. We have been in touch with them on a regular basis and they are on the path to recovery.


We recently received this note from IDESI we wanted to pass along to you:

“It is our pleasure as representatives of IDESI, Grau Region, to express our sincere and profound thanks for the generosity you have shown our institution. On the 4th of January of this year we received \$7,500 in financial aid raised by your investors and donors. We send them our thanks for helping this good cause. This donation will be used to help us get on our feet and continue operating in the rural areas of our region.

Regards,  
Carlos Gastelu – Board President, Julio Alzamora – Manager”

Peruvian teams work in rescue efforts

# Political Protests in Nicaragua



As you've likely seen in the news, Nicaragua has been engulfed in on and off protests, riots and retaliation relating to increased government control over the every day lives of Nicaraguans. It is increasingly clear that the country is reaching an historic impasse which will fall either on the side of a military style dictatorship or the resignation of the President. Part of WCCN's guiding principals are that we do not take political positions. That said, we understand that political unrest disproportionately affects poor people, and to that end we hope the situation is resolved quickly and in whichever way leads to the brightest future for the working poor in Nicaragua.

To date all of our partners have been making their regular payments and have informed us that while they expect their loans in arrears to increase slightly, they are maintaining flexibility with their poor borrowers to help keep them going. We are in weekly communication with our partners in Managua, Masaya, and throughout the rest of Nicaragua to gauge the situation and understand how we can best be of help to them.

WCCN was born out of a situation of conflict in Nicaragua, and while we are not happy to see the country return to conflict, we understand that WCCN has an historic and mission-driven duty to help the working poor of Nicaragua in good times and bad. We continue to monitor the situation, and are happy to answer any questions you may have about the situation and how it relates to WCCN.

Protesting in Nicaragua



# The End of TPS in El Salvador

On January 8, 2018 the Trump Administration announced that it would end Temporary Protected Status or “TPS” for individuals from El Salvador living in the United States through that program. As of now, TPS will end September 9, 2019 at which point, approximately 200,000 Salvadorans will face deportation back to their native El Salvador, unless they find other means to stay legally or otherwise in the US

The administration had been threatening to end TPS for Salvadorans since the 2016 election, linking them to the gang MS-13, known for its brutal violence. While MS-13 initially started in Los Angeles, California, the gang is made up of mostly Salvadorans and has strong ties to El Salvador. It is estimated that approximately 9,000 members of MS-13 live in the United States, but what does this mean for the other 190,000 Salvadorans in the US who have been living in the US under TPS since 2001 or even earlier? That remains to be seen.

In the meantime we checked in with two of our partner institutions in El Salvador to find out what effect this may have on their operations. We first spoke with our partner ASEI. Their CFO mentioned that one of the issues this raises is a potential decrease or elimination in remittances to El Salvador from the US. In 2017 Salvadorans living in the US sent over \$4.5 Billion to friends and family in El Salvador. Given that the GDP of El Salvador was around \$26.8 Billion that year, remittances represent a remarkable portion of the national economy. ASEI told us they have seen an increase in remittances over the past few months as nationals living in the US are transferring their assets to El Salvador ahead of the end of the TPS in case they end up moving back.

FMLN political mural outside San Salvador



## The End of TPS cont.

It will be tough going for those moving back from the US, despite their skills in English, technical and sometimes university education, and the experience they have gained in their fields. According to ASEI, returning emigrants likely have amassed capital they can use to start their own businesses, and given the large influx of people into the country there will likely be opportunity in construction, services and education. Of course that negates the fact that children of TPS participants may have only ever known the US as their home, and will be leaving their friends and everything they know, returning to a foreign land. Returnees can also expect a lower quality of life. Crime rates are very high in El Salvador due to gang violence and El Salvador is a developing country in Central America which means it is subject to natural disasters, political unrest and poverty.

With regard to microfinance, ASEI is considering launching a new financial product in 2019-2020 aimed at people returning to El Salvador from the US to help them set up their own businesses. ASEI is concerned about the lack of remittances to the country, but as a practice they only count fifty-percent of the average remittances a family receives as normal income when evaluating a client's credit worthiness. ASEI mentioned that the productivity of the economy in El Salvador is low, only growing at a rate of 2.5% per year. One reason for this is the high level of remittances coming into the country. Individuals are able to work part-time or take a minimum wage job with support from a family member abroad. According to ASEI, if remittances end, Salvadorans will have to be more industrious and entrepreneurial which may lead to overall economic growth and opportunity.

Salvadorans in El Salvador and those living in the US are all staying tuned in to the rapid political changes taking place in the US and worldwide and calculating what it means for their and their families well being.

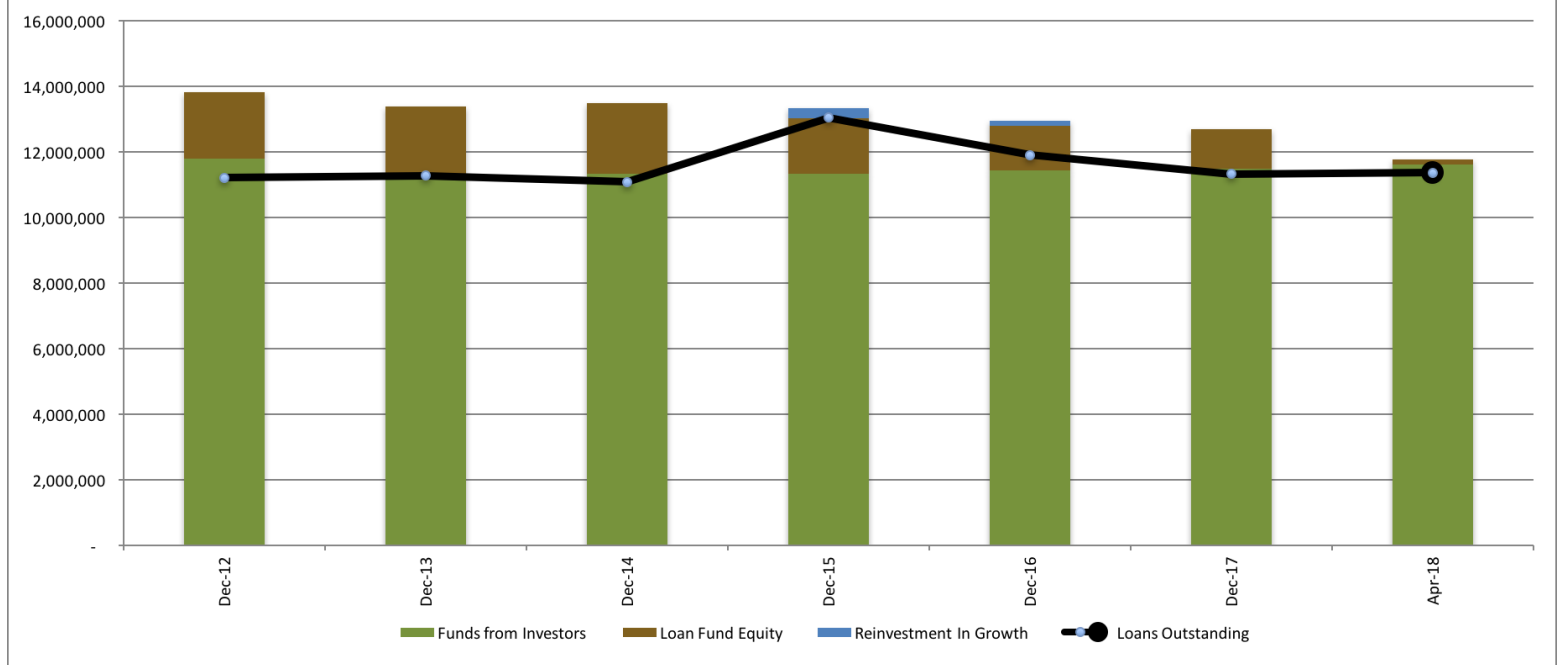
Mural depicting the dangers of USA immigration



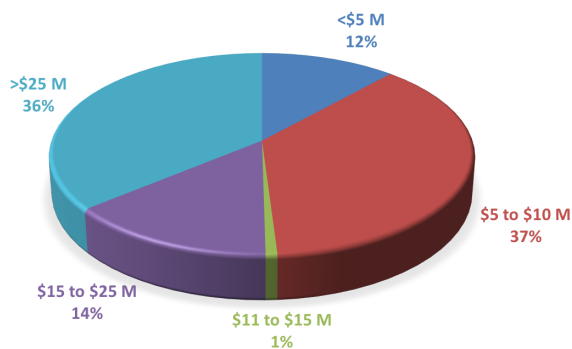
# WCCN's Loan Fund Portfolio

Over \$122 Million Invested Since 1991

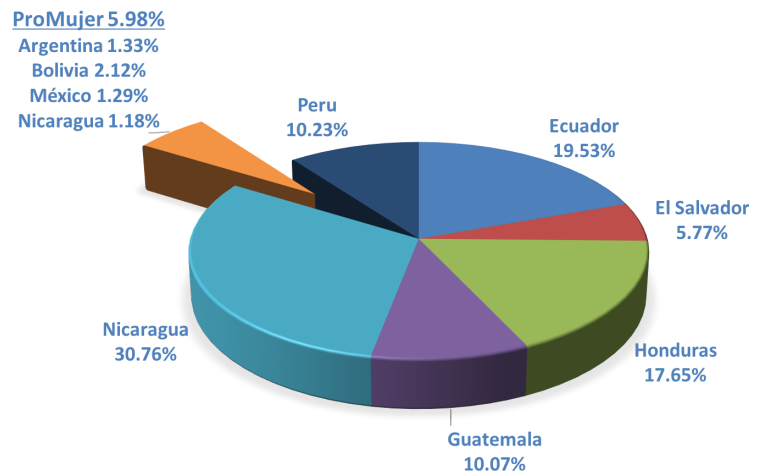
YTD Average of \$11.9 Million Deployed To Alleviate Poverty In Latin America in 2018



WCCN PORTFOLIO ALLOCATION BY PARTNER ASSET SIZE  
AS OF 4/30/2018



WCCN PORTFOLIO ALLOCATION BY COUNTRY  
AS OF 4/30/2018



## Help Us Grow Our Impact

**DONATE:** Every \$1 contributed leverages \$6 in loans to the working poor of Latin America. Please donating today by visiting [www.wccn.org/donate](http://www.wccn.org/donate), or send a check made out to WCCN to our offices at 330 S. Whitney Way, Suite 200, Madison WI 53705.

**INVEST:** By investing in WCCN you create opportunities for the working poor and help build a more equitable world. To invest, contact us at 608.257.7230, or write [info@wccn.org](mailto:info@wccn.org).