

Grassroots Connections



Celebrating 36 Years of Solidarity

WCCN

Investing for Social Change



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Note from the Executive Director

2020 has presented us all with unexpected challenges, but micro-entrepreneurs in Latin America have been hit especially hard. Here's why we're hopeful.



Dear friends,

Nearly a year has passed since the first case of COVID-19 was identified, and in that time, all of our lives have changed in previously unfathomable ways. WCCN works with individuals and families in Central and South America living on as little as \$2 a day. In many cases they have continued to work through the pandemic out of necessity. Most have remained healthy, but others have experienced illness or died. The populations of the countries in which WCCN works are younger, which bodes well for surviving COVID-19, but each country has had its own policy as to mandatory quarantines, curfews and lock-downs, all of which affect the working poor in different ways. The hardest hit areas are those which rely on tourism, such as Lake Atitlan in Guatemala and Cuzco in Peru. With no hotel jobs and no tourists to sell artisan goods to, there are few options for people there.

WCCN has been in constant communication with its partners from the onset of the pandemic, and in general terms we are seeing two things. One, although our partners have been affected by the pandemic in different ways, their borrowers are proving to be resilient and they are weathering the storm. Two, there will be a great demand for credit in 2021 as economies reopen in Central and South America. To date, WCCN is doing well financially, and we have been able to grow our portfolio in 2020. I would like to invite you to consider making an additional investment or donation to WCCN so that we can reach as many end borrowers with fresh capital as possible in 2021, to help them and their families recover. WCCN is still offering up to a 4% annual return, and has repaid its investors 100% of the principal and interest it has owed to them in its 29-year history.*

Lastly, we hope you have been able to stay healthy and safe as we navigate the pandemic here in the US.

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

WILLIAM HARRIS
Executive Director



COVID-19 Relief Campaign Update

In March, we launched a COVID-19 relief campaign to provide emergency relief to thousands of borrowers affected by the pandemic. **We are happy to report that thanks to your generosity, we exceeded our fundraising goal of \$50,000 for PPE and food support!** In response to borrowers' urgent need for assistance, we partnered with organizations in Honduras, Nicaragua, Ecuador, and Argentina to purchase and distribute PPE, including masks and cleaning products, and to assemble kits for clients and their families containing nonperishable food items. While some partners are continuing to disperse materials to staff and borrowers, we've provided thousands with kits so far as the need for relief continues.

By the Numbers

27,200

CLIENTS AND MFI
EMPLOYEES SERVED

MORE THAN

\$53,000

RAISED

1,576

COVID RELIEF PACKAGES
DELIVERED



MORE THAN

30,000

MASKS DELIVERED



COVID-19 Relief Campaign Update

Impact of COVID-19 on Latin America

Latin America has been one of the hardest hit regions by COVID-19 in the world. As of October 9, the virus had claimed 363,668 lives in the region. In addition to negative health impacts, the pandemic is causing its worst recession in a century, and it is the most affected region in the world in terms of hours worked and labor income. The International Labor Organization (ILO) found that during the first three quarters of 2020, hours worked dropped by 20.9 percent and labor income decreased by 19.3 percent.

Micro-entrepreneurs have been among the most negatively impacted individuals. Research has revealed that women and young people have experienced job loss more severely, as have members of the informal economy. This has put our borrowers in a particularly difficult position. Our partner Leon 2000 in Nicaragua reported that staff interactions with clients while delivering relief packages to 108 families allowed them to see how the virus has affected them. Staff noted that businesses have deteriorated and remittances from family members living in other countries affected by the virus have sharply dropped, leaving clients in an economically precarious situation. Despite these difficulties, partners continue to report that borrowers are finding new ways to generate money and that they are remaining hopeful.

This summer, our partner ESPOIR in Honduras surveyed 3,342 clients - nearly 3/4 of whom are women - to learn how they were affected by the pandemic. This is what they found out.

- **95% of respondents reported that their income had fallen** compared to the month before the pandemic
- **Only 9% were continuing to operate their businesses** as they had in the month before the pandemic
- A whopping **54% of clients noted that they had decreased their consumption of protein to save money**
- **39% reported that they had been forced to reduce the number of meals a day**

How are some of the countries we work in faring?

Nicaragua



In Nicaragua, no quarantine or travel restrictions were imposed.

Insufficient testing has resulted in many COVID-19 deaths going uncounted. While health workers and the international community have criticized leader Daniel Ortega for his inaction, small businesses haven't suffered as much in Nicaragua as they have in neighboring countries.

Ecuador



Ecuador was the hardest hit country in Latin America in the early months of the pandemic. The Ecuadorian

government ordered a lockdown in March, protecting citizens' health but hitting members of the informal economy hard. Unemployment rose from 3.8% in December 2019 to 13.9% in June 2020. When lockdown restrictions eased in June, the country saw a resurgence in cases.

Honduras



In mid-March, the Honduran government declared a national emergency and restricted movement.

Despite an increase in cases, the economy was reopened 3 months later in many areas, most of them rural. Informal workers, who account for around 82% of the market, have seen declines in business. A national curfew remains in place. As of the first week of October, there had been over 80,000 cases and 2,000 deaths.

COVID-19 Relief Campaign Update

GRACIAS, WCCN!

Meet a few of the borrowers who received food kits and PPE as part of our relief campaign.

Yaritza Herrera Reyes (right), a client of Leon 2000 in Leon, Nicaragua, makes a living selling tamales. Her husband, a security guard, lost his job due to the pandemic and now works with Yaritza, traveling from town to town to find enough customers. Yaritza is confident that she will be able to get back on her feet and continue to support her two children.



In Flor del Campo, Honduras, **Alicia Carolina Oliva** (middle), works as a food vendor. However, when she got COVID-19 she had to shut down her business for 40 days. During this tough time, she and her family didn't generate an income and had to cut down on food purchases. She thanked our partner ASHETFIN in Honduras profusely upon the delivery of her food kit.



Luis Alfonso Varela Estrada (bottom) is the proud owner of four pushcarts in Somotillo, Nicaragua. Before the pandemic, he rented them to vendors, but sales have been slow due to the decrease in people conducting business in public places. Luis is looking into additional ways to earn money.



"I'd like to thank you for this donation which has allowed us to bring a bit of hope to the people who need it most, not only for providing their most basic necessity (food), but also for reawakening in their hearts the feeling that bad times shall pass and that with goodwill and collective efforts you only have to believe to achieve."

-Eugenia Ochoa, Prisma Honduras

On the Ground with WCCN

WCCN Expands Lending in Nicaragua

In August 2020, WCCN disbursed funds to three partners in Nicaragua (including to new partner Pro Mujer Nicaragua), making us one of the first MFIs 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," said WCCN Loan Fund Director J. Miguel Jongewaard. Having survived the country's 2018 political crisis, Nicaraguan businesses and institutions are accustomed to large-scale challenges but time and time again have proven themselves to be resilient. We're eager to continue our 29-year legacy of supporting small businesses in Nicaragua.



SDG Spotlight: Zero Hunger

The United Nations' 17 Sustainable Development Goals (SDGs) provide WCCN with an important development framework that allows us to measure our impact in areas including gender equity, health and well-being, and education. 19 of our 20 partner organizations set targets related to 15 of the SDGs.

Before the arrival of the coronavirus pandemic, global hunger was already on the rise. Now, the pandemic presents a threat to global food systems, and SDG 2, to end hunger, achieve food security, and improve nutrition and promote sustainable agriculture, is more relevant than ever. In addition to providing credit to help borrowers expand their businesses and become more food secure, our partners address the issues of hunger and food security in multiple ways. Many provide non-financial services such as agricultural trainings and community nutrition workshops. Aldea Global in Nicaragua offers technical assistance for more than 2,000 farmers each year, and FACES in Ecuador works predominantly with rural populations, offering free farming trainings.



Accepting Recoverable Grants From Donor Advised Funds

WCCN now accepts recoverable grants from Donor Advised Funds (DAFS). Recoverable grants, or donations that offer the possibility of recovering capital and generating a return if the recipient nonprofit meets an agreed upon success scenario, can be recycled into future social impact projects. A repayment must be made to an eligible charitable organization such as a Donor Advised Fund and not directly to an individual.

Call us today to discuss the possibility of investing in or donating to WCCN through your DAF.



2019 Annual Report Available Online

2019 was a big year for WCCN. We continued to make important financial strides to better secure the future of the organization while remaining focused reaching the poorest of the poor in Latin America with our microinvestments. We are grateful to have increased the number of individuals and families served, a performance that has put us in a strong position to redouble our efforts now during a critical period for our partners in Latin America.

Check out our annual report online (<https://www.wccn.org/financial-documents>) and learn more about 2019 in review on YouTube.

New Staff Spotlight: Laura Schroeder

Laura Schroeder joined WCCN in September as Investor and Communications Manager. Previously, she worked at the Center for Financial Inclusion at Accion, supporting program operations, managing digital platforms, and serving as the first line of contact for MFIs for the Smart Campaign, a global consumer protection initiative. She has contributed to communications and public engagement at nonprofits including InterAction, Human Rights Connected, and the Worker Rights Consortium and was a Fulbright grantee to Colombia. She is the co-founder and communications and strategic partnerships manager at Open Americas. Laura holds a graduate degree in international policy and development with a specialization in monitoring, evaluation, and program design from the Middlebury Institute of International Studies at Monterey.





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In this unprecedented time, our community has demonstrated its unwavering support of the working poor in Latin America. We've received many phone calls, emails, and letters from investors and donors, and we appreciate your concern and kindness. We're currently seeing an increased demand for funding, and your help is more important than ever. Consider making an additional investment or donation to WCCN so that we can reach as many end borrowers as possible next year as they slowly get back on their feet. Together, we can emerge from this crisis stronger.

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.