



**WCCN**  
*Investing for Social Change*

# IMPACT REPORT 2020

ISSUED NOVEMBER 2021

# CONTENTS

<b>Our Impact at a Glance</b> .....	<b>3</b>
<b>About Us</b> .....	<b>4</b>
<b>Our Methodology</b> .....	<b>5</b>
<b>How We Work and Who We Serve</b> .....	<b>6</b>
<b>Providing Access to Microfinance</b> .....	<b>7</b>
WCCN and the SDGs .....	<b>7</b>
Focus on Financial Inclusion .....	<b>8</b>
Responsible Financial Services .....	<b>9</b>
<b>Providing Access to Social Services</b> .....	<b>10</b>

<b>Improving the Lives of the Working Poor</b> ....	<b>11</b>
Focus on Gender Equity .....	<b>13</b>
Focus on Climate Change .....	<b>14</b>
Focus on Health & Well-Being .....	<b>15</b>
Focus on Water, Sanitation, & Hygiene .....	<b>16</b>
Focus on Migration .....	<b>17</b>
Fighting COVID-19 .....	<b>18</b>
<b>Thank You!</b> .....	<b>19</b>



# OUR IMPACT

## AT A GLANCE

All statistics in this report are as of December 31, 2020.

### OF THE TOTAL BORROWERS WCCN DIRECTLY SERVES



**66%**  
ARE WOMEN



**48%**  
LIVE IN  
RURAL AREAS



**\$1,363**  
AVERAGE  
LOAN SIZE

### OUR INVESTORS & DONORS



**482**  
INVESTORS  
AND DONORS



**\$40K**  
AVERAGE  
INVESTMENT  
SIZE



**17.5**  
AVERAGE  
YEARS  
INVESTING  
WITH WCCN

**\$12.5 MILLION WORKING *to*  
ALLEVIATE POVERTY *in* LATIN AMERICA**

### LOANS OUTSTANDING BY YEAR

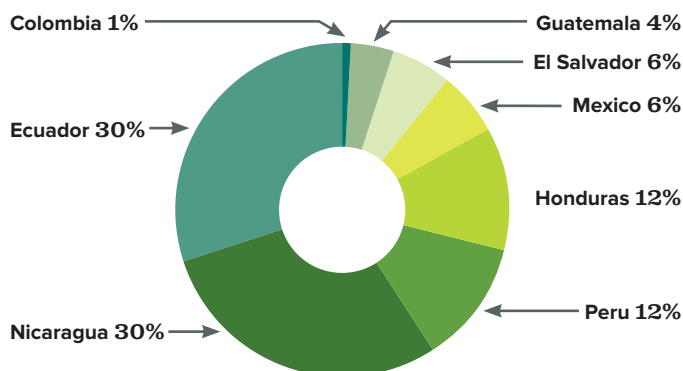


Since 1991  
**500+**  
LOANS  
to MFI  
partners  
totaling over  
**\$150**  
MILLION

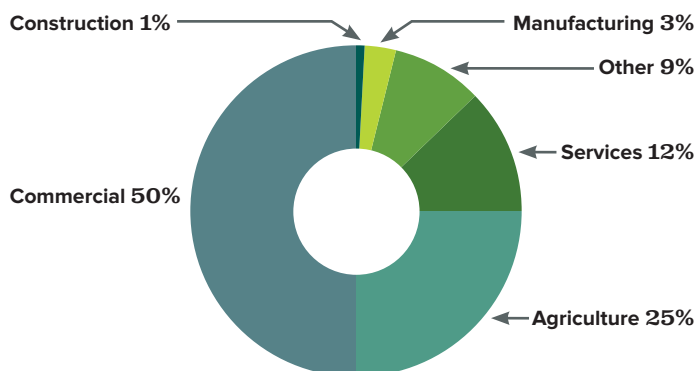
**\$11.9**  
MILLION  
total  
Assets Under  
Management  
(AUM)

**19**  
PARTNERS  
in  
**8**  
COUNTRIES

### PORTFOLIO ALLOCATION BY COUNTRY



### PORTFOLIO ALLOCATION BY ACTIVITY



# ABOUT US

**Each year, WCCN serves thousands of micro-entrepreneurs in CENTRAL AND SOUTH AMERICA, 66% OF WHOM ARE WOMEN. We invite you to learn more about our work investing in social change and the impact it has.**

**FOR OVER THREE DECADES**, Working Capital for Community Needs (WCCN) has provided access to microfinance and services to improve the lives of the working poor in Latin America through its Capital for Communities Fund. Founded in 1984 as a solidarity organization between individuals living in the United States and everyday people suffering from the Civil War in Nicaragua, WCCN has continued its strong tradition of person-to-person support with the help of thousands of individuals and organizations.

Today, WCCN partners with 19 microfinance institutions (MFIs) in eight countries. Through challenges including political and economic crises, natural disasters, the COVID-19 pandemic, and climate change, we've worked closely with them to fight poverty.

We are proud to share this report with you at a critical time for learning about and growing our collective impact. The data we collected tell many stories: stories of challenges that disproportionately affect groups such as women, the unbanked and underbanked, and indigenous populations; stories of resilience in the face of hardship; and stories of an enduring commitment to expanding our reach.



**WORKING FOR SOCIAL  
CHANGE SINCE**

**1984**

**SIZE OF LENDING  
PORTFOLIO**

**\$12.5  
MILLION**

**APPROXIMATE NUMBER  
OF PEOPLE WCCN  
SERVES EACH YEAR**

**20,000**

# OUR METHODOLOGY



**WE WORK CLOSELY WITH** our partner microfinance institutions and cooperatives to identify social performance metrics that tell us more about how our initiatives affect borrowers. These metrics align with the Global Network for Impact Investing (GIIN)'s generally accepted impact accounting system (IRIS+) and the indicators used for the United Nations Sustainable Development Goals (SDGs), a set of 17 integrated and interrelated goals to end poverty, protect the planet, and ensure that humanity enjoys peace and prosperity by 2030.

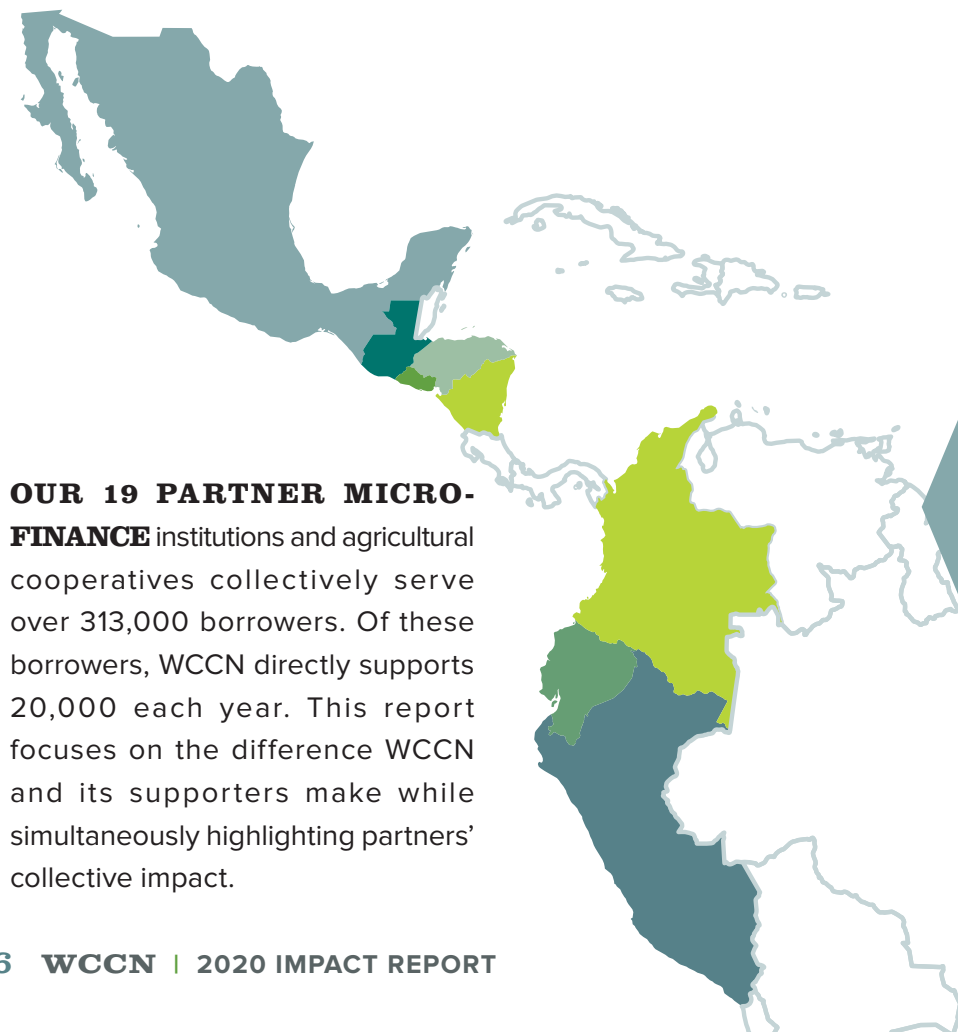
Through surveys and in-depth interviews, we learned more about the borrowers our partners directly serve each year, from Mexico City to Arequipa, Peru. We explored how microfinance and social services have impacted their lives and the lives of their families, and how COVID-19 has affected them. We spoke with microfinance staff about their successes and challenges, and we heard from borrowers about their experiences starting and scaling businesses in the midst of navigating a global pandemic and environmental and political challenges.

## INDUSTRY COLLABORATION

**Most common industry standards to which WCCN and its partners have aligned:**



# HOW WE WORK



**OUR 19 PARTNER MICRO-FINANCE** institutions and agricultural cooperatives collectively serve over 313,000 borrowers. Of these borrowers, WCCN directly supports 20,000 each year. This report focuses on the difference WCCN and its supporters make while simultaneously highlighting partners' collective impact.

# WHO WE SERVE

# PROVIDING ACCESS TO MICROFINANCE

**MORE THAN HALF OF** WCCN's borrowers don't have access to traditional financial services including savings accounts, credit cards, or personal checks. Our partners offer microfinance to clients to grow their businesses, feed their families, send their children to school, buy medicine, recover from natural disasters, and more.



## BORROWER SPOTLIGHT



**EUFEMIA CARGUAPOMA  
PERU**

Eufemia wakes up at four a.m. six days a week to sell mangoes, papayas, grapes, dragonfruit, and passionfruit at her fruit stand. With the help of loans for her business, she has put all of her children through college. Two are engineers, one is an optometrist, one is a lawyer, and the other is taking over her business in the market.



**MARTÍN CHAVEZ  
GUATEMALA**

Martín uses rotating credit to fund his small farm, growing potatoes, onions, carrots, and radishes. He hopes to build a new house and to send his five kids to school to pursue their careers of choice. "I don't have a lot to give my children, so the inheritance I can give them is an education," he says.

## WCCN AND THE SUSTAINABLE DEVELOPMENT GOALS



**WCCN REGULARLY COLLECTS DATA** to evaluate its contribution to the SDGs.

- **18 of 19 partner organizations set targets related to 15 of the SDGs**, focusing their work on fighting hunger, advancing gender equity, and promoting education for all.
- The majority of partners make large contributions toward **Goals 1 and 8, No Poverty and Decent Work & Economic Growth**, respectively.
- Others provide health care to borrowers, working toward **Goal 3, Good Health and Well-Being**.
- **Climate Action** is another priority for WCCN and its partners, with 15 partners setting related goals.

# FOCUS ON FINANCIAL INCLUSION



**BORROWERS DESERVE TO HAVE** access to affordable financial products and services that meet their needs, delivered in a responsible and sustainable way. Financial inclusion is an enabler to reduce extreme poverty and to promote prosperity, and it aligns with seven SDGs. WCCN serves populations that have been excluded from the formal financial system to encourage access to quality financial products and services that will improve their lives.

## WHO DO OUR PARTNERS SERVE?

**TOTAL NEW BORROWERS  
OF WCCN PARTNERS  
IN 2020**

**74,000**

**# OF THESE BORROWERS  
WHO LIVE BELOW THE  
POVERTY LINE SET BY THEIR  
NATIONAL GOVERNMENT**

**68,916**

**% OF THESE BORROWERS  
WHO DO NOT HAVE ACCESS  
TO THE TRADITIONAL  
FINANCIAL SYSTEM**

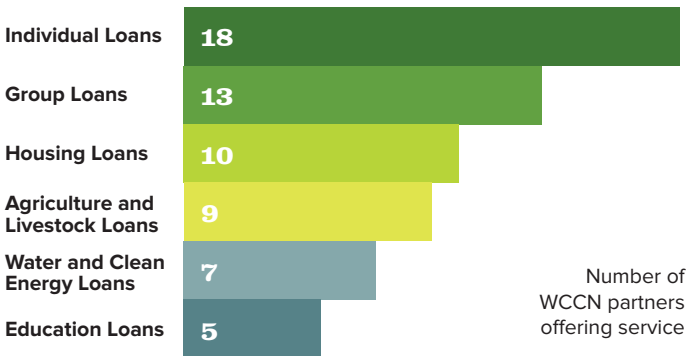
**54%**

**MICROLOANS PROVIDED  
BY WCCN THROUGH ITS  
PARTNERS IN 2020**

**26,127**



### FINANCIAL PRODUCTS MOST COMMONLY OFFERED BY WCCN'S 19 PARTNERS



### WHO IS A TYPICAL WCCN BORROWER?



**A FEMALE  
HEAD OF  
HOUSEHOLD  
WITH A  
FAMILY OF  
FIVE**



**LIVES  
IN A  
RURAL  
AREA**



**HAS AN  
AVERAGE  
MONTHLY  
INCOME OF  
USD \$315**

# PARTNER SPOTLIGHT

## MICRÉDITO NICARAGUA



### PARTNER MiCrédito Nicaragua

Founded in 2004, MiCrédito Nicaragua has 11 branches across the country and offers products including individual business loans, home improvement loans, sanitation loans, solar product loans, and life insurance. Supporting its 8,155 borrowers, the organization reaches underserved populations and promotes gender equity in both its staff and borrower makeup.

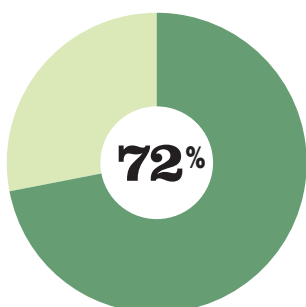
### BORROWER Patry Chamorro

Patry has always loved to cook. Her friends and family rave about her sopa de mondongo, a hearty soup famous in Nicaragua with rice, peppers, onions, yucca, and tripe. Word of her culinary prowess spread, so she began to sell meals out of her house on weekends. She was so successful that she opened up a food stand. As long lines formed outside her business she took out a loan from MiCrédito to open a restaurant named after her: Fritanga Patry. Fritanga Patry offers breakfast and lunch every day of the week and employs five other women. "I have goals of expanding. I'm imagining having two or three more restaurants!" she laughs.

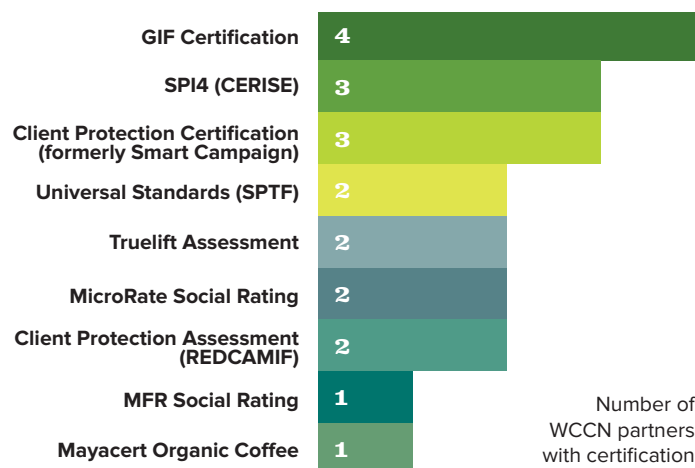
## RESPONSIBLE FINANCIAL SERVICES

**CLIENT PROTECTION IS KEY** to responsible financial inclusion and includes everything from fair and respectful treatment of borrowers to data privacy. All WCCN partners embed client protection in their operations, and nearly three quarters of them have an official client protection policy.

**% OF WCCN  
PARTNERS  
WITH A  
CLIENT  
PROTECTION  
POLICY**



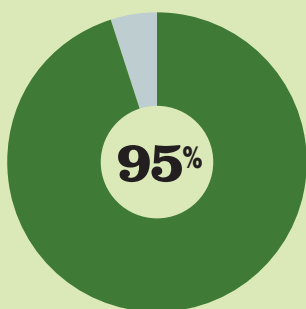
### MOST COMMON OPERATIONAL CERTIFICATIONS HELD BY WCCN PARTNERS



# PROVIDING ACCESS TO SOCIAL SERVICES

**FROM OFFERING FINANCIAL LITERACY** trainings to providing borrowers and communities with health care, WCCN's partners make an impact in many ways.

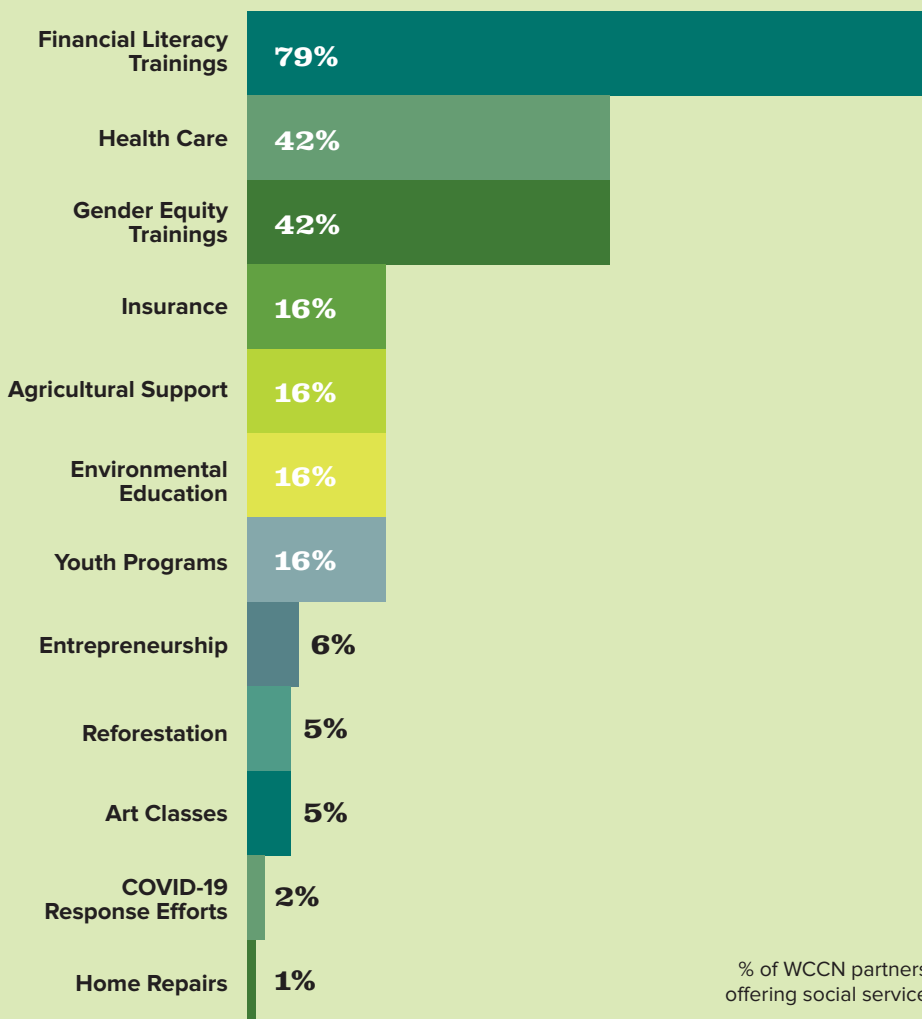
## % OF WCCN PARTNERS OFFERING SOCIAL SERVICES



## # OF MICROFINANCE BORROWERS AND COMMUNITY MEMBERS THAT ACCESSED SOCIAL SERVICES PROVIDED BY WCCN PARTNERS IN 2020

**260,172**

## MOST COMMONLY OFFERED SOCIAL SERVICES



# IMPROVING THE LIVES OF THE WORKING POOR

**FOR THE MICROFINANCE BORROWERS** with whom we work, an improved life can mean many things. That's why we ask borrowers what their short and long-term needs and goals are as we set our own goals for social impact. The most frequently stated goals are to start and expand businesses, save money for the future,

purchase food and medicine, access clean water, make home improvements, and send children to school. With the help of our partners, we collect and analyze borrower stories on a regular basis to identify trends and to ensure we're serving borrowers effectively.

## HOUSING

Many of WCCN's borrowers earn part or all of their living from home, but securing affordable, safe housing is a challenge. Along with home improvement loans, WCCN partners offer technical assistance for construction and repair.

# OF HOME  
IMPROVEMENT  
LOANS OFFERED  
BY WCCN  
PARTNERS IN 2020  
**MORE THAN  
11,000**



## HEALTH CARE

From offering medical insurance to giving virtual COVID-19 mitigation and disaster preparedness talks, WCCN partners focus not only on financial health but physical health, too.

# OF BORROWERS  
WHO ACCESSED  
MEDICAL SERVICES  
FROM WCCN  
PARTNERS IN 2020  
**191,700**



## EDUCATION

15 WCCN partners offer financial literacy trainings, while 12 offer classes on sustainable cattle farming, organic farming, and sustainable environmental practices.

# OF BORROWERS  
AND COMMUNITY  
MEMBERS WHO  
ACCESSED EDUCATIONAL  
PROGRAMS FROM WCCN  
PARTNERS IN 2020  
**215,145**



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# THE RIPPLE EFFECT STRENGTHENING COMMUNITIES

**NOT ONLY DO THE** financial and social services our partners provide improve the lives of individuals, they also strengthen entire communities, serving as a force multiplier for good. Meet a few of the thousands of small entrepreneurs WCCN supports who have given back to their communities.

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## **PARTNER AHSETFIN (Honduras)**

AHSETFIN has been contributing to sustainable development through the provision of microcredit loans for 15 years. In 2020, it served nearly 10,000 clients, around 69% of whom are women. It also offers financial literacy trainings and monthly skills development sessions with topics ranging from baking to jewelry making. AHSETFIN is planning an environmental stewardship training series for the future.

## **BORROWERS Banco Comunal Baleadas Birichinche**

The four operators of Baldeadas Birichinche – a mother, a son, and their two employees – took out a group loan to expand their business during the onset of the COVID-19 pandemic. They sell baleadas, corn tortillas with beans, cream, and cheese, and have been able to diversify to offer soup, tacos, and carne asada. In an area that has been hit hard by food insecurity and malnutrition, the business has catered to a large population at an affordable price and provides work to a growing number of community members.

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## **PARTNER Aldea Global (Nicaragua)**

Founded in 1991, Aldea Global offers smallholder farmers in Nicaragua, many of whom produce organic coffee, direct relationships with roasters and importers. It also provides social services such as health screenings, literacy trainings, and youth programming.

## **BORROWER Carmenza Centeno Gutiérrez**

Carmenza is a coffee farmer and microcredit borrower with Aldea Global. After participating in a workshop about sustainable growth practices, she's increased her productivity and gotten involved as an instructor and mentor.



# FOCUS ON GENDER EQUITY

**GENDER EQUITY HAS BEEN** a driving force of WCCN's programming for 37 years. WCCN partners all prioritize women's economic, social, and political advancement in a variety of ways:

- **100%** of WCCN's partners identify women as their target clients and design financial products and social programs to fit their needs.
- **12 out of 19** partners have female senior management or board presidents.
- **77% of partners** have received operational certifications related to gender equity and women's empowerment.

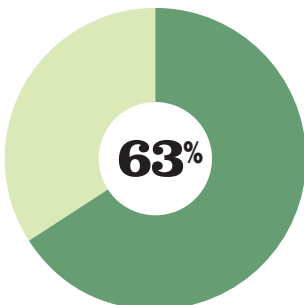


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**We believe women have the right to determine their financial futures, work toward their goals, and be leaders in their communities.**

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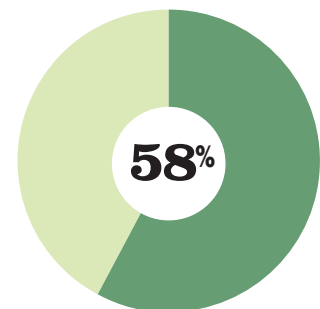
**% OF WCCN PARTNERS WITH  
AN ANTI-DISCRIMINATION  
POLICY**



**ONE IN THREE FEMALE  
BORROWERS IS THE  
PRIMARY EARNER IN HER  
HOUSEHOLD**



**% OF WCCN PARTNERS WITH  
A GENDER EQUITY POLICY**



# FOCUS ON CLIMATE CHANGE

**TO FIGHT POVERTY, WE** must also address climate change. That's why we partner with organizations that focus on financial, social, and environmental well-being at the same time. This is especially crucial in Latin America, a region that has accounted for only around five percent of carbon emissions globally but has been greatly impacted by climate change. Much of its population relies on resource-intensive livelihoods such as agriculture and forestry, and is particularly vulnerable to contamination, water shortages, natural disasters, and habitat loss.

The inaugural National Intelligence Estimate on climate, released by the U.S. government in 2021, lists 11 nations as being at acute risk from extreme weather, four of which are countries WCCN works in (Colombia, Guatemala, Honduras, and Nicaragua). WCCN's borrowers in these countries and others experience the negative effects of climate change at a disproportionate rate. All of our partners consider climate change mitigation and sustainability efforts to be vital to improving lives in the communities in which they work.



**\$11.7  
MILLION**

**POUNDS OF ORGANIC,  
FAIR TRADE COFFEE  
PRODUCED BY ALDEA  
GLOBAL CLIENTS EACH YEAR  
IN NICARAGUA**



**3,000**

**TREES PLANTED BY  
COMMUNITY MEMBERS  
IN AN ANNUAL  
REFORESTATION EFFORT  
LED BY SERVIGUA IN  
GUATEMALA**



**1,880**

**CLIENTS WHO PARTICIPATED  
IN SUSTAINABLE CATTLE AND  
AGRICULTURE TRAININGS  
IN NICARAGUA, COLOMBIA,  
HONDURAS, AND ECUADOR**



# FOCUS ON HEALTH & WELL-BEING

**MICROFINANCE BORROWERS OFTEN USE** additional income to purchase food and medicine, leading to improved health and well-being. WCCN also supports free and subsidized medical care and educational services for microfinance borrowers, their families, and community members.



## PARTNER SPOTLIGHTS



### Pro Mujer Nicaragua

Established in 1996, Pro Mujer Nicaragua offers financing, health care, and education to over 35,000 women who have not had access to the traditional financial system. Over 75% of its borrowers are directly covered under a basic health care program, which includes regular check-ups, cancer screenings, and referrals to specialists.



### ASEI (El Salvador)

ASEI provides 4,515 people with online trainings on financial and physical health along with medical services through two clinics, with a mobile clinic to serve remote clients forthcoming. It currently has partnerships with over 20 medical specialists in order to conduct health campaigns in rural areas, including blood pressure tests and education about preventive medicine.



**48%**

**OF WCCN PARTNERS  
EXTEND MEDICAL CARE  
TO BORROWERS THROUGH  
MOBILE HEALTH CLINICS,  
PREVENTIVE HEALTH  
WORKSHOPS, AND OTHER  
TRAININGS**



**16%**

**OF WCCN PARTNERS  
OFFER LIFE AND  
MEDICAL  
INSURANCE**



**61%**

**OF WCCN PARTNERS  
TACKLE FOOD INSECURITY  
AND MALNUTRITION  
THROUGH PROGRAMS**

# FOCUS ON WATER, SANITATION, & HYGIENE

**WITH THE ABILITY TO** prevent communicable disease, improve health, and promote economic development, WASH (Water, Sanitation, & Hygiene) is a pillar of well-being, but 35% of the population in Latin America and the Caribbean lacks access to clean water. We're working to address this and related issues with partners, more than 68% of whom advance WASH through financial and social services.



## PARTNER SPOTLIGHT



### AHSETFIN (Honduras)

In 2015, WCCN began supporting AHSETFIN's CrediAgua program, an initiative to offer loans for clean water tanks to borrowers, providing 100 families in Tegucigalpa with water. AHSETFIN staff report that the CrediAgua program has facilitated business development: Borrowers who previously had unreliable access to water not only spent hours collecting and transporting it but experienced a higher rate of illness. Padrit Merlo, a tortilla vendor and CrediAgua borrower, is now able to devote more time to her business, and can assure her customers that her products were made with potable water. She has



increased tortilla production along with profits, and is sick less often. She has also taken out a home repair loan to add a cement floor to her house so that water doesn't pool inside, eliminating a breeding ground for mosquitoes, which carry some of the deadliest diseases in the region. She also replaced the wooden roof with a metal one to better keep out rain. Milagros Arevalo is another CrediAgua participant. She owns a store and is now able to wash the produce she sells thanks to her new water tank. AHSETFIN offers trainings on tank maintenance and repair, which Milagros attended.

# FOCUS ON MIGRATION

## TOTAL NUMBER OF EMIGRANTS LEAVING MEXICO AND CENTRAL AMERICA, 2020



## WCCN'S INITIATIVES CONSIDER THE

root causes of migration from Central America. In particular, poor rule of law and weak investment in education and infrastructure puts Central America at a competitive disadvantage for external investments and economic growth. In addition, a lack of transparency in government affairs and corruption limit domestic and foreign investment. Climate change-related weather events and threats including gang violence and illicit drug flows contribute to poverty. Access to microfinance improves livelihoods and allows borrowers to remain in their communities.

## HOW WCCN ADDRESSES THE ROOT CAUSES OF MIGRATION

### ACTIVITIES

WCCN provides financing to institutions that:

- Make loans to the working poor to support business development
- Provide non-financial support including educational services, entrepreneurship support, and health care to community members

### OUTCOMES

These loans enable well-being at the individual and household level and:

- Result in increased income
- Enable individuals to purchase medicine, enroll their children in school, and improve their housing
- Support gender equity and women's empowerment

### IMPACT

This results in improved well-being at the community level as individuals with growing businesses and increased income invest in other businesses and feed a virtuous cycle. When communities are strong, they are more resilient in the face of the root causes of migration such as natural disasters and political and economic shocks.

# FIGHTING COVID-19 TOGETHER

**THE ONSET OF COVID-19** exacerbated inequalities and presented new challenges for the individuals and communities with whom we work. WCCN remained committed to supporting them through long-term financing and short-term humanitarian relief efforts. We continued to disperse funds to current partners while working with new partners. In March 2020, we launched a COVID-19 relief campaign to provide emergency aid to thousands of borrowers affected by the pandemic.

In response to borrowers' urgent need for food and medical assistance, we worked with partners in Argentina, Ecuador, Honduras, and Nicaragua to purchase and distribute Personal Protective Equipment (PPE) and food kits. WCCN's COVID-19 relief campaign supported 28,800 staff at partner organizations and borrowers. MFIs delivered nearly 2,000 food and PPE packages to low-income families. We also distributed over 32,000 masks.



## PARTNER SPOTLIGHT



### Espoir (Ecuador)

In fall 2020, WCCN partner Espoir surveyed borrowers in Ecuador and found that 28% reported themselves to be in a critical economic situation. This loss of income has translated to greater levels of hunger: 40% of those surveys said they've had to reduce their number of daily meals, and 57% have reduced protein consumption. WCCN worked with Espoir to continue to provide borrowers with financial services during this difficult time. WCCN also supported a vaccination incentive campaign in collaboration with Espoir. Borrowers demonstrating proof of vaccination against COVID-19 were entered in a raffle to win a variety of prizes, including a motorbike. Over 5,000 people participated.

**ONLY 6% of total MFI borrowers reported an increase in income in 2020 due to the COVID-19 pandemic. Women were hit the hardest: ONLY 3.5% reported an increase in income over the course of the year.**

# THANK YOU!

We would not be able to have the impact we have without the support of our dedicated community of investors, donors, and partners. Thank you for your commitment to fighting poverty and inequality in Central and South America.

**If you enjoyed this report, or it inspired you to get involved in being part of the solution, please consider investing, increasing your investment with WCCN, or making a gift to the organization to enable us to continue our critical mission in Latin America. Please contact us at [info@wccn.org](mailto:info@wccn.org) or call us at (608) 257-7230, to learn more about how to get involved.**

All statistics in this report are as of December 31, 2020.





**WCCN**

*Investing for Social Change*

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INVESTING FOR  
SOCIAL CHANGE**



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