

# \$8.5 Million Boost for Microfinance

## EXPANDING OUR REACH IN LATIN AMERICA WITH NEW MICROFINANCE FUND

**A**n \$8.5 million microfinance investment fund just launched by Global Partnerships (GP) will dramatically expand the reach of poverty-alleviating financial services to tens of thousands of poor people in Latin America.

Microfinance is one of the most promising strategies in practice today for combating global poverty. Currently, however, only an estimated 10 percent of the people in Latin America who would benefit from microfinance are being reached. By investing capital and management expertise in high-performing, poverty-focused microfinance institutions (MFIs) in the region, Global Partnerships supports their growth so that microcredit can be made available to hundreds of thousands of new borrowers.

### Microfinance Fund 2006 provides MFIs with “patient capital”

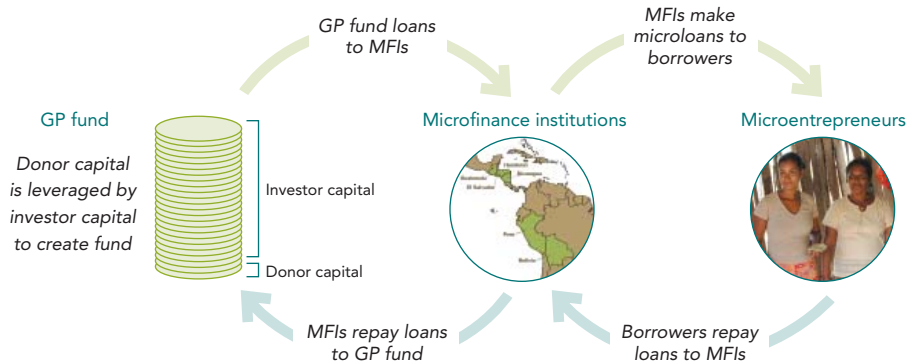
To dramatically expand their reach, MFIs need access to greater amounts of funding than what is available through local banks or donations. They

need “patient capital”—funding they can use for long periods of time with few restrictions, and thus make long-term investments in organizational efficiency and client outreach.

GP’s Microfinance Fund 2006 (MFF 2006), our second microfinance investment fund, fills this void by leveraging philanthropic giving with the investment of socially motivated private capital. Generous individuals donated \$255,000 to build the equity layer of MFF 2006. Socially motivated investors, including the Overseas Private Investment Corporation, the

Inter-American Development Bank, Seattle University, ResponsAbility Global Microfinance Fund and Partners for the Common Good, as well as 19 individuals, invested \$8,225,000.

The result: MFF 2006 will leverage philanthropic funds by a ratio of 32 to 1—bringing MFIs 32 times more funding than would otherwise have been available to them. When the MFIs repay their loans, GP will repay investors and will be able to invest the original equity into another venture to eliminate poverty.



*continued on page 2*



### PARTNER PROFILE: PRODESA

**A**mong the 15 microfinance institutions (MFIs) participating in Global Partnerships’ (GP) Microfinance Fund 2006 (MFF 2006) is PRODESA, a fast-growing, profitable MFI in Nicaragua.

Founded in 1992 by Zobeida Hernández in a small garage with scarce resources, PRODESA is one of Nicaragua’s lowest-cost microfinance institutions. Today PRODESA manages a loan portfolio of nearly \$17 million reaching more than 14,000 mostly rural clients.

PRODESA serves an isolated segment of society in places beyond roads and communication systems. Agriculture is the main income source for residents, and agricultural and livestock loans account for nearly half of PRODESA’s portfolio.

By the end of 2010, PRODESA expects to double its reach to nearly 30,000 clients. To support these ambitious plans, GP has loaned PRODESA \$300,000 from MFF 2005 and will invest \$500,000 through MFF 2006. GP also services a \$1 million loan to the organization through one of our strategic partners, Developing World Markets.

Global Partnerships is proud to have PRODESA as one of its leading MFI partners.



Dear Friends,

The closing of our \$8.5 million microfinance fund demonstrates the momentum building at Global Partnerships.

In just two years, GP will have grown from investing \$775,000 with four MFI partners to investing more than \$28 million in growth capital with 20 partners. More importantly, we will have expanded our reach from 57,000 poor borrowers in four countries to 480,000 borrowers in six Latin American countries. And our MFI partners are well positioned to further expand and deepen their services to poor people in the months and years ahead.

This is just the beginning. We believe in the power of microfinance to help people lift themselves out of poverty, and we're committed to helping more people throughout Latin America. GP will achieve this by continuing to be a trusted channel for socially motivated private and philanthropic investment, applying our 13 years of experience and on-the-ground work to support MFIs that have both high potential for sustainable growth and a firm commitment to serving poor borrowers.

These are all big numbers, but it's important to remember the people behind the numbers. The heart of our work can only be understood in the context of real lives. I had the opportunity on my recent trip to Nicaragua to spend a day at a village bank meeting near León. I met a woman who had recently secured her first microloan of less than \$200. She is planning to build a business with the hope of sending her daughter to school. Another woman gave thanks to the group for their support during her diagnosis and treatment for pre-cervical cancer, an illness that would have gone undetected if not for the MFI bringing free testing to the village bank. And there was a woman in her ninth loan cycle—now with a loan of \$1,200 for her successful village store.

Our work continues to help people build better lives and better futures for their families—hopes that resonate with all of us. These are inspiring times at Global Partnerships. Thank you for all that you do to make this work possible.

With kind regards,

Rick Beckett, President and CEO

## GP expands its reach

MFF 2006 will expand our reach from 15 MFI partners in five countries serving 320,000 poor borrowers to 20 partners in six countries serving 480,000 borrowers. It continues GP's expansion into South America, with MFI partners in Bolivia and Peru. Previously GP's efforts focused on Central America, with partners in El Salvador, Guatemala, Nicaragua and Honduras.

While each of our MFI partners is unique, they share many characteristics—all are transparent, well-managed and profitable. Each has developed detailed plans to reach greater numbers of poor families with financial services.

Through these long-term relationships, the GP staff has developed a deep understanding of the business models of successful MFIs. This knowledge has translated to strategic partnerships with innovative MFIs throughout Latin America and has expanded opportunities and services for poor borrowers in the region.

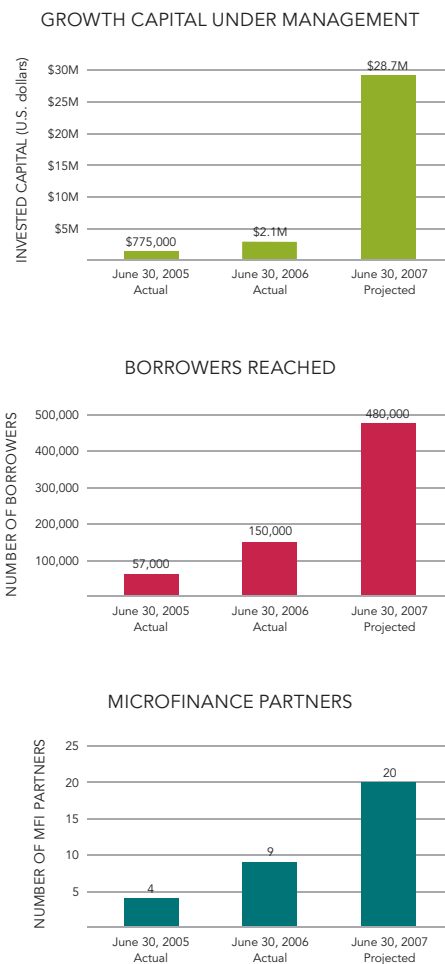


*GP now works actively in six countries in Latin America*

We look to the future with an eye toward continuing to design and implement innovative strategies like this fund to dramatically increase our impact on global poverty.

## Impact

Projected impact of Global Partnerships programs by June 2007, including planned disbursements of MFF 2006:



# PARTNERTRIPS

## REAL IMPACT ON REAL LIVES

A PartnerTrip to Latin America offers a personal encounter with the real-life impact of microfinance in a way that no article, book or television story could ever approximate. Microfinance is the focal point of our journeys, and it provides a unique perspective for travelers as we meet the people and experience the culture of the developing world.



*Olga and her daughter outside their home*

What can you expect when you travel with us? You will spend time at the homes and businesses of microentrepreneurs, hearing their stories, seeing the fruits of their labor and talking with them about their struggles and successes. You will gain insight into their lives, as they give us a glimpse of their day-to-day reality.

Global Partnerships supporters who joined us on last year's PartnerTrip to Honduras experienced visits with microentrepreneurs like Olga Ayala in Juticalpa. Olga welcomed us into her home and stood proudly by a barber chair in the center of her living room. She described how her salon had enabled her to build a cinder block home, complete with a concrete floor, for her family. As we talked, Olga's daughter played nearby with a bowl of tadpoles she had caught. Her daughter's freedom from hunger and disease—and freedom to delight in exploring her world—was further evidence of the difference microfinance has made in this family.

**Next PartnerTrip:**  
**El Salvador**  
**April 22–28, 2007**

You will have interactions like our meeting with Ramona Juárez at her tortilla-making business. As she shared the story of how microloans have helped her to grow her clientele, Ramona cooked up a stack of tortillas for us to taste. Alba Luz, a microloan recipient with a small grocery store down the road, came by with fresh cheese to accompany our snack. Ramona not only showed us her outdoor tortilla



*Alba and Ramona offer samples of their food*

kitchen—she urged us to tour the adobe house she was proud to have built with her profits.

You can also expect a bit of the unexpected. Like stopping at a roadside stand to sample *vino de coyol*, a fermented sap “wine” that locals extract from spiny palm trees, or enjoying entertainment by a marimba band at the end of the day, or spending an afternoon exploring a 3,000-year-old archeological site like the Caves of Talgua outside of Catacamas.

Our next PartnerTrip will be to El Salvador, April 22–28. Consider joining us on this or a future trip, where you will experience the culture of Latin America and gain an understanding of the impact of microfinance through unforgettable encounters with people who are transforming their lives. For more information, please contact Chris Megargee at 206.652.8717 or [cmegargee@globalpartnerships.org](mailto:cmegargee@globalpartnerships.org).

## Opportunities for Involvement

Global Partnerships is expanding. With the launch of our most recent investment fund, we are entering new countries, creating new partnerships and reaching new borrowers. New and increased philanthropic support makes all of this possible. At GP we are energized and inspired by the creative ways our donors help us expand opportunities to the poor. Recently, GP received gifts in honor of a 40th birthday, benefited from special collections at two area churches and was listed as the beneficiary in a life insurance policy. These gifts will ensure growth in our programs and in turn

improve the lives of borrowers like the people whose stories are featured in this newsletter. We are honored to have a thoughtful group of generous donors who introduce their colleagues, friends and family members to GP.

We are fortunate to live and work in a region where the commitment to “giving back” is modeled by our business and community leaders. News stories of multi-million dollar philanthropic investments run alongside articles on corporate mergers and acquisitions. These headlines often

inspire additional support for nonprofit organizations, as they highlight the good work being done to make a difference in underserved populations. At the same time, the news of a \$20 million gift can overshadow equally important contributions made every day by countless generous individuals, corporations and foundations. While one may capture headlines, they are both critical to the continued success of programs like ours. To learn more about how you can support GP, please contact Beth Castleberry at 206.652.8736 or [bcastleberry@globalpartnerships.org](mailto:bcastleberry@globalpartnerships.org).

## THE GLOBAL PARTNERSHIPS TEAM

### MANAGEMENT

**Rick Beckett**  
President and CEO

**Elizabeth Castleberry**  
Director of Development  
& Communications

### STAFF

**Amy Allsopp**  
Communications  
Coordinator

**Monique Anello**  
Executive Assistant

**Porfirio Artola**  
Latin American Programs  
Financial Analyst

**Luís Enrique Gómez**  
Avilés  
Latin American Programs  
Financial Analyst

**Jason Henning**  
Development Officer

**Leanne Skooglund**  
Hofford  
Latin American Programs  
Foundations Officer

**Gary Mulhair**  
Managing Partner,  
Latin American Programs

**Alberto Solano Roca**  
Latin American  
Programs Director

**Beth Irwin**  
Development  
Coordinator

**Chris Megargee**  
Development Officer

**Dick Moxon**  
Latin American  
Programs Consultant

**Daniel Näf**  
Latin American Programs  
Senior Analyst

**Maria Felicia Otero**  
Latin American Programs  
Financial Analyst

**Margaret Philip**  
Accounting Officer

**Kimberly Vora**  
Latin American  
Programs Coordinator

Designed & edited by Amy Allsopp

Contributors: Elizabeth Castleberry, Leanne Skooglund  
Hofford, Chris Megargee, Kimberly Vora

Photos: Chris Megargee, Amy Allsopp, Doug Ogle

Copyright © 2007 Global Partnerships

Printed on 100% recycled paper

If you would like to subscribe to *Global Perspectives*  
or be removed from our list, sign up on our website  
or email [birwin@globalpartnerships.org](mailto:birwin@globalpartnerships.org)

## BOARD OF DIRECTORS

**CHAIR**  
**Bill Clapp**  
Co-Founder,  
Global Partnerships

**VICE CHAIR**  
**Richard J. Robbins**  
President,  
The Robbins Company

**Dean C. Allen**  
President, McKinstry  
Company

**Sandra O. Archibald**  
Dean, Evans School of  
Public Affairs, UW

**Doug Boyden**  
Former Managing  
Director, Mercer Human  
Resource Consulting

**Walter Euyang**  
Retired, Chief  
Operating Officer,  
Headbone Interactive

**Jack Faris**  
President, Washington  
Biotechnology &  
Biomedical Associates

**William Foege, M.D.**  
Senior Fellow,  
Bill & Melinda Gates  
Foundation

**SECRETARY**  
**Paula Clapp**  
Co-Founder,  
Global Partnerships

**TREASURER**  
**Tom Waldron**  
Founder and Partner,  
Waldron & Company

**Mike T. Galgon**  
Co-Founder and  
Chief Strategy Officer,  
aQuantive, Inc.

**Leah Knapp Hair**  
Senior Fellow,  
World Resources Institute

**Margaret Larson**  
Award-Winning Veteran  
Broadcast Journalist

**Terrence Meersman**  
Executive Director,  
Talaris Institute

**Ginny Meisenbach**  
Community Volunteer

**José Piñero**  
Director, Diversity  
Marketing and Public  
Relations, Microsoft

**Bob Wright**  
CEO and President,  
Matthew G. Norton Co.

## SUCCESS STORY *Miriam, Juticalpa, Honduras*

One of the borrowers we met on our PartnerTrip to Honduras was Miriam. A few years ago, Miriam used microloans from GP partner FAMA to begin operating her own taxi business. Miriam's husband operates the taxi, taking commuters into the town of Juticalpa starting at dawn most every day. After years of living with her husband's family and struggling on his small farming income, the opportunity of microfinance empowered them to start a successful business.

The taxi business has become so successful that they were able to build a home, and now put the profits towards their children's education and saving for the future. Miriam even purchased a computer for her daughter, which helps with her university studies and also allows her to offer desktop publishing services to other students and community members.

Miriam continues to take out loans from FAMA to improve her business, and serves as treasurer of her communal bank. She says that FAMA's savings program and other services, such as providing training in family responsibilities as well as business management and customer relations, is of immense value to her personal and professional life.



*Miriam and her taxi, with one of our PartnerTrip travelers*

**GLOBAL**  
**PARTNERSHIPS**

909 NE BOAT STREET, SUITE 200  
SEATTLE, WA 98105  
206.652.8773

Non-Profit Org  
**US POSTAGE PAID**  
Seattle, WA  
Permit No. 6624