

“Envest is dedicated to making financial services universally available by bridging the gap between microfinance and financial markets using financially sound market mechanisms and expanding the scope of microfinance to include the financing of appropriate sustainable technology.”

Envest

Microfinance Cooperative

RECAMIF Conference in Nicaragua by Laura Dreese

Jon Bishop, Francis Soza Huete, and I attended the Central American Microfinance Network’s (REDCAMIF) Biennial Conference in Managua, Nicaragua on August 3-5. The theme of the conference was Technology: Competitiveness and Financial Inclusion. Over 600 participants attended, most of whom hailed from the seven countries represented by the network: Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, and the Dominican Republic.

Envest currently has three lending partnerships in Central America with microfinance institutions (MFIs) in Nicaragua and Panama. The conference served as an opportunity to connect face-to-face with these partners and to hold conversations with MFIs that may be potential partners for Envest in the future. There was considerable interest in the possibility of receiving loans from Envest. This demand showed us that the opportunity exists for expanding operations in Central America as our portfolio grows.

The opportunity to attend the conference with Francis Soza Huete, Envest Nicaraguan Country Representative, was tremendously helpful for the Envest team. Francis, a Nicaraguan citizen and resident, began working with Envest in 2007, and she has played a key role in managing Envest’s affairs in Nicaragua ever since. In the coming months, Francis will perform site visits at the offices of many of the potential partner MFIs we met during the conference.

REDCAMIF Conference in Nicaragua continued on page 3



*The Envest Management Team at the REDCAMIF Conference
From left: Francis Soza Huete, Laura Dreese, and Jon Bishop*

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Envest’s Annual Meeting

We hope you can join us for Envest Microfinance Cooperative’s 2016 Annual Meeting!

Date: Saturday, October 1 2016
Time: Dinner at 6pm, Program at 7pm
Place: Home Savings Bank
3762 E. Washington Avenue
Madison, Wisconsin

The meeting will include an election for three seats on Envest’s Board of Directors, a presentation of Envest’s financial reports, and a discussion of the opportunities and challenges of last year and the year to come.

Come at 6 pm to enjoy dinner and networking before the meeting begins.

We look forward to seeing you there!

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Portfolio Report by Mackenzie Schnell

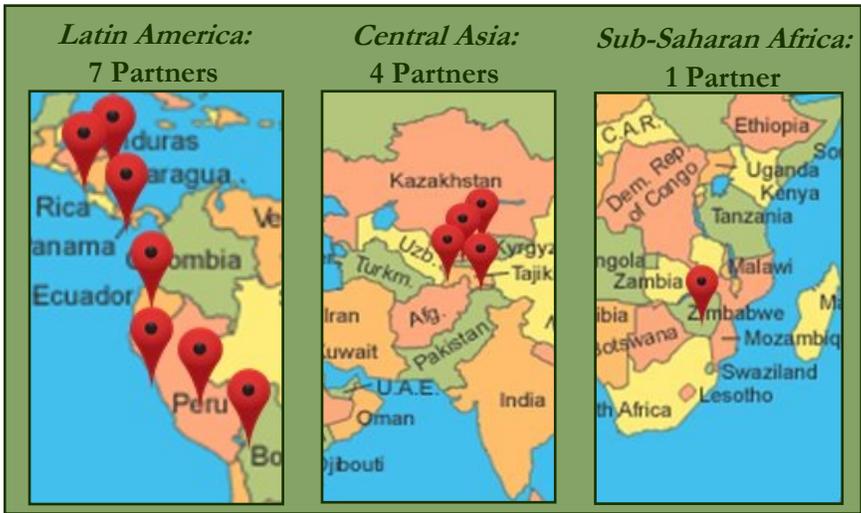
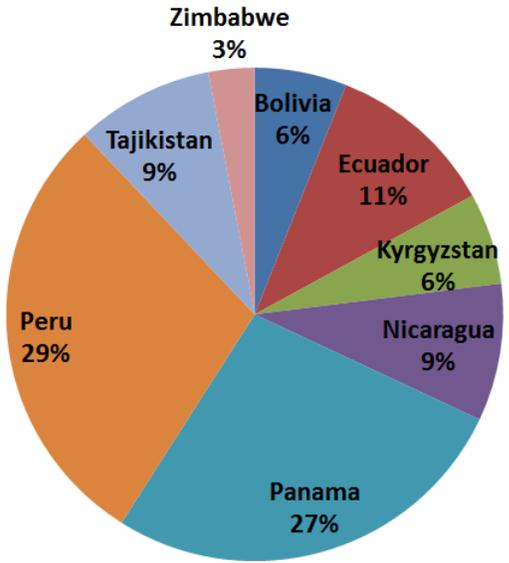
Envest currently partners with twelve microfinance institutions (MFIs) in eight countries: Nicaragua, Panama, Ecuador, Peru, Bolivia, Tajikistan, Kyrgyzstan, and Zimbabwe. Envest made its first loan to an MFI in Nicaragua in 2007 and has grown considerably within Latin America since then. However, the vision was always to be a global fund. Envest's expansion into Central Asia was marked by its loan to Sarparast and MDO Humo, two Tajikistani MFIs, in the summer of 2014. In 2015 and 2016, Envest continued its growth in Central Asia with loans to Elet Capital and Salym Finance, two Kyrgystani MFIs headquartered in Bishkek. Most recently, Envest expanded into Africa with a loan to Quest Financial Services, an MFI headquartered in Harare, Zimbabwe.

Envest's portfolio concentration by sector reflects the specific need for credit at an individual level. Envest's partners issue credit to borrowers pursuing a range of ventures: entrepreneurs, small business owners, retailers, and farmers. Envest's partners also issue loans to home owners and parents seeking a loan to fund their children's education.

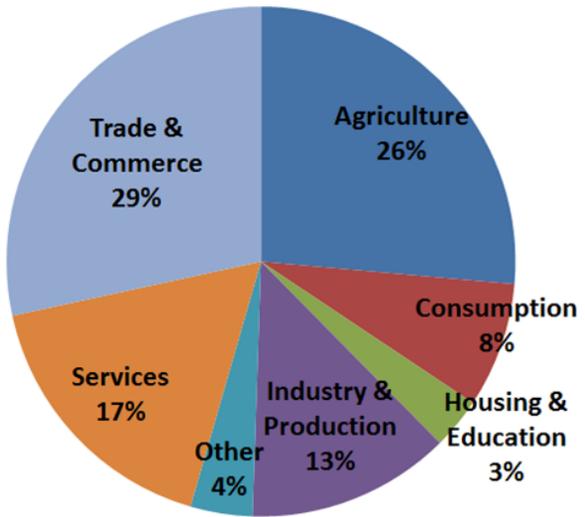
Across countries and sectors, Envest is able to work with small micro-finance institutions that issue loans to underserved clients.

- Average portfolio size of Envest's partners: \$5,392,726.
- Average loan size issued to an individual borrower: \$783.

*Portfolio by Country
August 2016*



*Portfolio by Sector
August 2016*



Check out the Envest website at www.envestmicrofinance.org to view an interactive map of Envest's partners, featured investments, and a spotlight on Pana Pana— a Nicaraguan MFI.

REDCAMIF Conference in Nicaragua continued from page 1

The conference theme of embracing technology as a means to enhance competitiveness and financial inclusion comes at a time when traditional MFIs are facing increasing competition from banks and other non-bank lending institutions that now see microfinance as a profitable sector. Most of the traditional MFIs in Central America started in the 1990s as NGOs with development services and credit programs. They are being pressured by competition to direct more resources to credit programs rather than to their other social services because of the revenue generating capacity of credit programs. Technology, while expensive to implement initially, is enabling MFIs to reach a wider range of borrowers with lower per borrower cost. Implemented effectively, technology could enable MFIs to compete with larger banks while also retaining their social programs. For example, when an MFI can disburse a loan via direct deposit into a bank account established for the borrower, the borrower no longer needs to travel to the MFI office to receive the loan. When the borrower can make digital payments by visiting the local *pulperia* (mom and pop store), the MFI no longer needs to send out a loan officer each week to collect payments.



The Envest Management Team holds a meeting at REDCAMIF

Attendance at this conference gave us a better understanding of the current opportunities and challenges faced by Central American MFIs. It underscored the substantial demand for credit that continues to exist in the region. Importantly, it facilitated the opportunity to meet multiple interesting MFIs and discuss the potential for partnerships with Envest in the future.

US SIF Conference in Washington, DC

By Mackenzie Schnell

Laura Dreese and I attended the Annual US SIF Conference in Washington, DC in May 2016. US SIF is a hub for sustainable and responsible investing with the mission to “shift investment practices towards sustainability, focusing on long-term investment and the generation of positive social and environmental impacts.”

During the conference, Laura and I networked with both new and experienced members in the sustainable and responsible investment community. We also attended valuable sessions about technological trends, governance challenges and social opportunities within the impact investing industry. Envest Advisory Board members Jennifer Lazarus and Justin Conway also attended the conference.

Overall, Laura and I found the conference to be very valuable to Envest. We plan to attend the conference again when it returns to Chicago in 2017.

Laura Dreese (left) and Mackenzie Schnell (right) meet with Advisory Board Member Jennifer Lazarus (middle) at the US SIF Conference in Washington, DC



US (S)IF
The Forum for Sustainable
and Responsible Investment

Visiting Nicaraguan Partner Pana Pana by Jon Bishop

After attending the Central American Microfinance Network's (REDCAMIF) Biennial Conference in Managua (see story on page 1), Laura Dreese and I visited Pana Pana, one of our microfinance institution (MFI) partners in Nicaragua.

The home office of Pana Pana is in Puerto Cabezas on the northern Atlantic coast. Pana Pana is an NGO that was founded in 1991 to provide economic development opportunities to the mostly indigenous population of Nicaragua's Atlantic coast. Lucila Law led the effort to establish the organization and has served as its executive director since the founding. Her vision was to establish an organization that was non-partisan and completely transparent. Many NGOs have come and gone in Puerto Cabezas, but Pana Pana is the only one that has continuously kept its doors open and delivered positive results for the last 25 years. Luis Wilson, the sub-director, has been at Pana Pana since 1994. The consistent, principled leadership of Lucila and Luis has resulted in a financially solid organization that has become the only viable source of credit for many indigenous people of the Atlantic coast.

Puerto Cabezas, known as Bilwi in the indigenous Miskitu language, is the capital of North Caribbean Coast Autonomous Region (RACCN). The RACCN (formerly RAAN) is the larger of the two autonomous regions in Nicaragua. The government granted the autonomous status to the RACCN and the South Caribbean Coast Autonomous Region (RACCS) in 1987 as a measure of reconciliation toward the end of the Nicaraguan Civil War. The RACCN is home to many of Nicaragua's indigenous groups, including the Miskitu, the Mayangna, the Garifuna and the Creole.

Today the RACCN remains among the most underdeveloped regions of Nicaragua. The unemployment rate in the autonomous regions is estimated to be above 55%, while it is only 7% in the rest of the country. The illiteracy rate among people over 10 years old is 43% in the autonomous regions, compared to 23% in the country overall. Moreover, residents of the RACCN must contend with extremely poor healthcare infrastructure, while their rates of HIV, dengue, Zika, chikungunya and malaria, are among the highest in the country.

The challenging economic and social conditions suggested by the statistics above are visually evident in Puerto Cabezas. Most houses are on stilts and have no plumbing. Garbage collection is sporadic at best. Domestic violence is common. The streets that are paved are in various states of disrepair. Drug trafficking is common off the coast, and some drug-related violence spills over into the town on occasion. Drug addiction is fairly common, as is crime related to people feeding their addiction.



From left: President of Pana Pana's Board of Directors Joel Quinn Canales, Laura Dreese, Jon Bishop, Executive Director Lucila Law, and Sub-Executive Director Luis Wilson



Olga and Joeles— Pana Pana borrowers who are expanding their store with their most recent loan



The Pana Pana office. Signs are in both Spanish and Miskitu to serve indigenous borrowers.

Visiting Nicaraguan Partner Pana Pana continued from page 4

Against the challenging backdrop of Puerto Cabezas, Pana Pana gives reason for hope. There is plenty of entrepreneurial activity in town, and many of the entrepreneurs turn to Pana Pana for credit. We met several loan officers and accompanied them on visits to borrowers. Most of Pana Pana's borrowers are part of the Miskitu indigenous group, and all of the loan officers speak Miskitu. Many of the loan transactions are conducted in Miskitu because borrowers are often not sufficiently fluent in Spanish to conduct business. Pana Pana represents the only viable option for credit for most Miskitu people who, like many indigenous people in Latin America, face severe discrimination. The name Pana Pana comes from the Miskitu words for "mutual help". In addition to credit, Pana Pana administers sanitation projects funded by the Water Aid to assist people with building latrines that prevent ground water contamination. Pana Pana also administers solar panel projects.



From left: Jon Bishop, Luis Wilson, and Laura Dreese visit a Pana Pana borrower group in Tuapi, Nicaragua

The highlight of our time with Pana Pana was a visit to a lending group of five women in Tuapi, a fishing village north of Puerto Cabezas. Together, these women received their first loans from Pana Pana. Before having access to credit, the women were entirely dependent on their husbands who fished in the coastal waters near Tuapi and sold their fish in Puerto Cabezas. When the five women received their loans in 2014, they were able to buy the fish from their husbands and sell it in Puerto Cabezas. While in town to sell fish, the women would buy nets, lines and other fishing equipment for their husbands. The new arrangement allowed the men to spend more time fishing. It also meant that the income entered the family via the woman, which has elevated all five of them to be equal partners with their husbands. All of them have opened small *pulperias* (mom 'n pop shops) in their homes. This diversified their families' incomes and reduced the families' exposure to the vagaries of the daily catch. The increased family income has made it easier for all five families to keep their children in school, leading to a brighter future for both their children and their country.

In addition to the branch in Puerto Cabezas, Pana Pana has branches in Waspan, near the Honduran border, and Rosita, a mining town about 80 miles west of Puerto Cabezas. In 2015, Pana Pana opened a branch in Managua to serve the indigenous population that has migrated to Managua but has difficulty accessing credit due to language and culture barriers. Pana Pana is currently conducting a feasibility study on the possibility of establishing a branch in Bluefields on the southern Atlantic coast of Nicaragua. The population in Bluefields is largely indigenous and Afro-Caribbean. Bluefields faces social and economic challenges that are similar to those of Puerto Cabezas.

It was gratifying to witness the principled approach that the entire Pana Pana team takes to its work as well as the impressive impact on people's lives. Despite the strong social impact and the solid financial performance, Pana Pana has difficulty gaining access to credit from international lenders due to its remote location and the perception that a small organization in a challenging environment is not an acceptable risk. Envest emphatically rejects this perception and proudly supports Pana Pana. It is our intention to continue lending to Pana Pana and to increase the amount that we lend.



Borrower group of women in Tuapi



Boats used by artisanal fishermen borrowing from Pana Pana



Amelia Green Rivera, Pana Pana borrower, poses in her clothing store in the market

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David Szakonyi

Ann Terlaak

Management Team

Jon Bishop

Laura Dreese

Francis Soza Huete

Mackenzie Schnell

New Envest Advisory Board Member by Jon Bishop

Malaika Maphalala joined the Envest Advisory Board in May 2016. Malaika is an investment advisor in Pahoa, Hawaii (20 miles southeast of Hilo). Malaika's investment approach mirrors her strong personal dedication to sustainable communities, regenerative agriculture, social justice, and alleviation of global poverty. She is committed to using sound financial and economic principals to create a positive change in the world while building a secure financial future for her clients. Envest's focus on providing access to credit to the world's low-income population fits Malaika's vision perfectly.



Malaika is a member of Natural Investments, a network of 12 investment advisors, distributed across the United States, who combine their progressive passion with fiscal prudence. The Natural Investments network has a long track record of making the extra effort so that its advisors can direct investments to small, innovative companies that have little access to capital. Malaika has been on the investment committee when several partnerships with such companies were formed.

Malaika's addition to the Envest Advisory Board formalizes a role that she has played for several years. She has participated and contributed in several meetings and conference calls in which new opportunities and strategies for Envest were discussed. We are delighted that Malaika has formally joined the Advisory Board, and we look forward to her continued input and advice.

Congratulations Laura! by Jon Bishop

Laura Dreese was recently accepted to the MBA program at Columbia University in New York City. She will begin the program in the fall of 2017. Laura will continue in her capacity as Director of Operations at Envest until May or June of 2017. Laura will join the Advisory Board of Envest when she transitions off the management team next spring.



Laura will take a very active role in the selection and training of her replacement. She is committed to leaving Envest in the strongest position possible when she departs from her management role. Her post MBA plans most likely involve working in the corporate world to broaden her experiences and grow professionally. Regardless of whether she returns to the Envest management team at some point in the future, her intention is to remain closely involved with Envest.

Envest has benefitted tremendously from Laura's intelligence, competence, and dedication to the mission and vision. The nine months before she moves to her next challenge hold considerable promise for Envest. We are grateful to Laura for her contribution to Envest and for her effort to ensure a seamless transition.