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Subject: **MicroCredit Enterprises: Looking Back At A Successful Year**
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"Nothing" Can Go A Long Way

the Guarantors Digest

Privileged Information

December 2010

President's Message

What a year! In 2010, we accomplished the following:

- Made our first non-guaranteed loans—both in sub-Saharan Africa, one of the least-served areas of the world
- With the Meyer Family Enterprises, launched our program of co-lending with Guarantors
- Began lending in local currency at-scale
- Completed a major upgrade in our communications with a new website, logo, and video, and two *Financial Times* inserts
- Launched our Guarantor recruitment program across the U.S. and in Europe
- Reached \$50 million in guarantees—a major milestone

Guarantor Spotlight



In each issue, we highlight an MCE Guarantor to learn about work that he or she is involved in and how becoming a MicroCredit Guarantor has affected his or her life. This month, we're highlighting Eric McCallum, Chief Executive Officer, [Arctic Wire Rope & Supply, Inc.](#), Anchorage, Alaska.

Question: What work/projects are you currently involved in?

Eric: I'm currently doing early-stage angel investing and mentoring with an emphasis on clean technology. I'm also finishing a three-year pilot project with my company and sharing results with others about the ROI approach to commercial energy efficiency and the impacts it can have on overhead and local utility demands. And last but not least, I'm showing nonprofits how leverage is used in business and helping them understand how to incorporate it in their operations, much like MCE does.

Question: Why did you decide to become an MCE Guarantor?

Eric: At the time, after a lot of research, I had decided to focus my time on using market approaches to address climate change and poverty. It was so elegant a solution to such a ubiquitous problem that I knew within five minutes I would do it. MicroCredit Enterprises and its Guarantors have loaned millions of dollars all over the world to fight poverty with no investments and no donations. Now *that's* leverage.

MFI Loan Portfolio Update

As of December 20, 2010, MicroCredit Enterprises' loan portfolio totaled **\$13.3 million**, representing **28 loans to 26 different Microfinance Institutions (MFIs)** in **16 countries** on **four continents**. MCE's Loan Committee recently approved an exciting loan in Kenya, a new country for MCE—a \$400,000 local currency loan to **Yehu Microfinance Trust**. The loan to Yehu will be backed by a 70% guarantee from a third party. The guaranteed portion of the loan will be issued from MCE's regular pool of funds backed by our Guarantors, while the remainder will be funded from MCE's non-guaranteed pool of funds targeting **sub-Saharan Africa**. With this innovative structure, MCE has made \$400,000 of funding available to Kenya's micro-entrepreneurs without exposing MCE's Guarantors to any additional risk.

Next week, MCE's Loan Committee will review a proposed \$500,000 local currency loan to Microfinanzas Arariwa in Peru, a new MFI for MCE.

MCE staff are currently conducting due diligence on new loans in **Cambodia, Tajikistan and Ecuador**.

Of the 26 MFIs in MicroCredit Enterprises' portfolio, one is currently on **Management's Watch List**. Lazika Capital, located in Georgia, has experienced a limited case of fraud and is working diligently to resolve the issue. MCE's exposure to Lazika is \$230,000, which is due to be repaid at the end of January 2011. At this time, management has no reason to believe that this payment will not be made on time but is monitoring the situation closely. Management will continue to update Guarantors with new information as it becomes available.

New Strategic Initiatives

Guarantors will soon receive information in the mail about the **Private Placement Notes** for MCE Guarantors to purchase. These notes will provide Guarantors with the opportunity to directly provide capital for microloans while receiving attractive terms on their investment.

Discussions are underway with MCE and other mission-aligned organizations on ways for **collaboration**. There is an active growing interest in the innovative MCE model. Stay tuned for more information.

Finances

Our network has grown to **48 Guarantors** and **\$50 million in guarantees**.

One Guarantor has decided to withdraw from the program.

Events

*The MicroCredit Enterprises **Study Mission to***

Peru, April 3 to 10, 2011, includes visits to Lima, the Sacred Valley, Machu Picchu and Cusco and to three of our microfinance institution partners: FINCA Peru, Microfinanzas Prisma and Arariwa. The Guarantor Committee has put together an itinerary that will teach us about the country, give us an opportunity to learn about the people, and show us how MCE loans are having an impact on the women who are using microloans to develop cottage businesses. A nonrefundable deposit of **\$800 per person is required to secure your reservation**. As of December 17th the trip was approaching capacity so let us know as soon as possible if you wish to attend. Any questions about the trip can be directed to Sara Hall, MCE Guarantor Liaison, at hall.sara@mac.com or 617.803.3384.

Guarantor-hosted dinner and cocktail parties have offered a unique opportunity to bring current Guarantors together, and to attract potential Guarantors and inform them about MCE's innovative approach to reducing global poverty. Guarantors willing to host a dinner or cocktail party, please contact Sara Hall. Sara will help with the preparation and make the event easy for you. Below, please find recent and upcoming MCE events. We welcome all Guarantors to invite potential Guarantors to attend the New York events:

Wednesday, January 5—Guarantor Liaison Sara Hall will host an informal cocktail reception at the Ritz-Carlton Central Park, New York at the hotel lounge.

Thursday, January 6—Bill Abrams, Executive Director of Trickle Up, will host a dinner party for MCE at his home in Manhattan.

Thursday, January 13—Guarantor Dan Brunner will host a dinner party at his home in Sacramento, CA.

(pictured) Guarantor Doug Ell and CEO Gary Ford at a recent event for potential guarantors in Hutchinson Island, FL



News

Jonathan Lewis was interviewed on The Radio Islam Talk Show WCEV 1450 AM. Jonathan spoke about both MCE and Opportunity Collaboration. Click to [listen](#).

To read Jonathan Lewis' recent blog posts, please visit [The Huffington Post](#) and [Social Edge 1 on Poverty](#) blog.

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