

# the Guarantors Digest

December 2013 Issue

It's been a time of important change for MCE since our last Digest. As you may recall, 2013 saw the departure of two MCE stalwarts, Kyle Salyer and Ayesha Wagle. Well, I am proud to announce that during this summer, we finalized several new hires and promotions that will extend our capabilities and help lead our next phases of growth.

Natasha Goldstein, who has been a leading social enterprise professional for many years, has joined us as our new Chief Financial Officer. Working from New York, she will head our finance and operations function.

Christina Conrad has come aboard as our Senior Portfolio Manager and will be based in Washington, D.C. Christina worked for the Calvert Foundation and focused primarily on its international portfolio. Under her portfolio management, Calvert Foundation's repayment rate grew to 98%.

Elena Pons joined MCE as a Portfolio Manager. Elena speaks five languages, including Spanish and Russian, is originally from the island of Menorca, Spain. She has lived and worked in Switzerland, Germany and Russia.

The new team members join Pierre Berard and Tala Abbasi. Pierre Berard has been with MCE since 2010, has been promoted to Director of Portfolio Management.

The new additions come at just the right time for MCE. We are currently taking steps to institute the new strategic plan that was approved by our board in July. We are confident that these steps will help us reach very important milestones in our maturity.

MCE's continued success originates from a number of sources, namely, a healthy guarantee pool, supportive financial institutions and opportunities around the world to invest in a better future for poor women.

We are in great standing with our lenders and, thanks to the Portfolio team, we have exciting investment opportunities in the works. But we need more guarantees. That is why we are asking for your help. If each of you could identify just one other new Guarantor, or double your own commitment, there's no limit to the good we can do in the world.

Lastly, in the coming weeks, be on the lookout for a revised MCE website and communications materials to reflect our new capabilities and finalized strategic plan.

Warmly,



Gary M. Ford

## MCE Statistics:

Cumulative total in loans to date: **\$58.9 million**

Dollar weighted default rate: **0.7%**

Number of countries where MCE has made loans: **24**

## Guarantor Spotlight

In each issue, we highlight an MCE Guarantor to learn about the work he or she is involved in and how becoming a MicroCredit Guarantor has affected their lives. This month, we're highlighting Kevin Carnahan and his wife Laurie, who has stepped in during this transition period and has been serving as our Interim Chief Financial Officer.



### What projects are you currently working on?

Interim CFO, helping to fill in for Kyle first and now Natasha. I am also active as a board member with Sojourners, a faith-based group that focuses on bringing faith to bear for social action. I also work as a board member and advisor in the for-profit world.

(Laurie) I spend time as a para-professional counselor at a Christian counseling center in Berkeley. I really enjoy being part of delivering counseling services to variety of communities, and doing it on a low cost basis. Kevin and I are both involved in our local church, BayMarin Community Church, serving on various committees and helping to lead small groups. I'm also part of supporting Sojourners with Kevin.

### What has inspired your philanthropic spirit?

(Kevin/Laurie) We have been involved in supporting international communities as well as our local community since we first were married, albeit at a very small level initially. It is something that is part of us now, informed by our faith, and supported by the sense of making a difference for others. Our hope is to pass this on to our three daughters as they develop their own passion to serve others.

### Why did you decide to become an MCE Guarantor?

(Kevin) Our friends Bill and Mary Way introduced us to MCE. Bill spent some time introducing us to MCE. Then we met with Jonathan Lewis and even he didn't manage to scare us off!  
(Laurie) We've been fortunate enough to attend two MCE study missions, Guatemala and Peru. Although these happened after our decision to become guarantors, both trips just confirmed our support for MCE. For me, this is the best part...being able to see how our guarantees translate into microloans and the difference it makes in the lives of women and their families.

## New Strategic Initiatives

We have exciting news regarding the Strategic Plan MCE's Board adopted in July. Our core question was: How can we better use our unique guarantor model to help the poor? This question was motivated by keen awareness that MCE could do more good for more people living in poverty, if we could lend funds at a lower cost to a greater range of pro-poor financial institutions.

The new plan, approved after many months of discussion and deliberation, contemplates growing our guarantee pool to \$120 million over three years and will allow us to lend to both Microfinance institutions and other pro-poor financial institutions

that are guided by a strong social mission to alleviate poverty.

In addition, we hope to offer new co-lending opportunities to Guarantors who are interested in taking advantage of MCE's due diligence and monitoring as they add to their own impact investing portfolios. The bottom line is our new strategic plan and direction will allow us and our Guarantors to reach more poor people. Here's a [link](#) to the plan. Please feel free to get in touch with any questions or suggestions you may have.

## Portfolio Update

2013 is on track to be a year of strong growth for MCE. In particular, our cooperation with the Vision Fund Network (part of World Vision International) has been expanded to include loans to Albania, Cambodia and most recently, Azerbaijan. MCE is planning to back another loan to a Vision Fund Network MFI based in Georgia by the end of the year.

As we have sought to extend our geographical footprint, the portfolio team has been working on strengthening our existing partnerships, especially with MFIs that are utilizing a "microfinance plus" approach to their activities, including health, education and female entrepreneurship support.

As communicated in the June 2013 Guarantor's Digest, MCE is now using a more inclusive approach to placing MFIs on the Watch List. MFIs placed on the Watch List typically cycle off the list as issues are resolved. Currently, Cambodia, where MCE has five outstanding investments, is being monitored closely in the aftermath of the July elections, where the opposition party rejected the results. To this point, there have not been reports of civil unrest and the activities of MCE's clients have not been significantly affected.

MCE is also currently monitoring Mol Bulak in Kyrgyzstan. This MFI had its microfinance license suspended by the Central Bank, under Article 2 of the laws that govern Microfinance organizations. Dozens of MFIs have also been suspended under this provision, in what is considered a political move following the recent and controversial enactment of an interest rate cap law. Mol Bulak has taken appropriate steps to comply with the law and is now waiting on the Central Bank's decision on its interest rate reduction plan. Meanwhile, it keeps receiving payments from clients but cannot issue new loans.

The two new members of the MCE Portfolio team, Elena Pons and Christina Conrad, attended the major Latin American microfinance forum in Guadalajara, Mexico, in early October. Tala Abbasi represented MCE on a panel about the "Missing Middle" during this year's MicroCredit Summit in the Philippines.

Pierre Berard and Tala Abbasi recently returned from a variety of due diligence visits, including trips to the Philippines and Costa Rica. For client stories from their visits, please visit the [MCE blog](#).



## Guarantor Campaign

### The Drive for More Guarantees

We have the opportunity to benefit nearly 17,000 families of the world's poorest in the next several months.

We are asking you to find just one new Guarantor, or to double your own guarantee (four Guarantors have already done so!). Please think about who in your circle of friends and colleagues might want to do so much good, at so little cost, by joining us as a Guarantor – and who is a fast decision-maker.

## Finances

Since our last report, we have added one new Guarantor. We now have a total of **75 Guarantors** in the program, representing **\$83 million in guarantees**.

## Events

Hosted gatherings offer unique opportunities to create new relationships attract potential Guarantors and inform them about MCE's innovative approach to alleviating global poverty. Guarantors, who are interested in hosting a gathering, please contact Sara Hall, at [sara.hall@mcenterprises.org](mailto:sara.hall@mcenterprises.org) or 617.803.3384.

Sara will help with the preparations and make the event easy to coordinate. As a reminder, our MCE intranet site includes a calendar of upcoming events and a Guarantor Resources section, where you can download key documents, such as the Guarantor Informational Booklet and the Philanthropic Guarantee Agreement (PGA). Here is the [link](#).

## Leadership Directory

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