February 2, 1997

DISCUSSION WITH FINCA BORROWING GROUP

DATE:	**February 3, 1997**
TIME:	**1:00 pm**
LOCATION:	**Latino Economic Development Corporation**
FROM:	**Katy Button**

I. PURPOSE

To hold a discussion with the members of a FINCA self-employment association in Washington, DC.

II. BACKGROUND

FINCA USA

FINCA (the Foundation for International Community Assistance) USA, Inc., is a private non-profit organization established to promote the economic and human development of low and moderate income families in undeserved communities. A relatively new affiliate of FINCA International, FINCA USA promotes economic opportunity by providing micro loans, technical assisatance and a savings plan to low income and other enterpreneurs in greater Washington, DC and Minnesota who do not have access to traditional sources of business financing. Loans range from $100 to $6,000. Loans start small and gradually over 5 loan cycles. To access FINCA services, entrepreneurs from peer support networks called "self-employment associations." Members of the group make all loan decisions and are jointly responsible for the repayment of each loan in their group.

In partnership with local community organizations like the Latino Economic Development Corporation, in the past two years FINCA has started 13 self-employment associations in the Washington area and 8 associations in rural Minnesota. The 106 members, 84% of whom are women, have started catering, home-based day care, painting and desk-top publishing businesses. You will meet with members of two local borrowing groups, *Visions of Success* and *Business Pathways*. *Visions of Success* was founded in the summer of 1996 and has just completed repaying - on time - its first loan cycle. *Business Pathways* has just received its first loan. Donna Fabiani, the Director of FINCA's U.S. programs, will also participate in the discussion.

CIVIL SOCIETY/
DEMOCRACY BUILDING

FINCA USA recently received a grant of $450,000 from the Community Development Financial Institutions (CDFI) Fund. They are also supported by several U.S. foundations, local enterprise intiative funds and commercial banks.

The Latino Economic Development Corporation

The Latino Economic Development Corporation (LEDC), where the discussion will take place, was founded in the wake of the 1991 Mt. Pleasant riot by leaders in the Latino community and the D.C. Latino Civil Rights Task Force as a means to address the economic development needs of the Mt. Pleasant/Adams Morgan neighborhood and of Latinos citywide. As a 501(c)(3) community development organization, LEDC works to promote sustainable communities through business, housing and human resource development.

LEDC works with FINCA to recruit, facilitate and provide technical support for self-employment associations like *Visions of Success* and *Business Pathways*. By the end of February, LEDC will launch a neighborhood business loan fund, which will complement the FINCA program as an intermediate source of credit (up to $25,000 per loan) for small businesses. LEDC also facilitates credit relationships with conventional and SBA lenders for its business clients with needs over $25,000. These credit facilities, along with business counseling services, enable LEDC to provide a "continuum of credit and support" to assist business start-ups and the growth of established businesses.

LEDC is supported by the DC Department of Housing and Community Development, the Community Development Support Collaborative, NationsBank, Signet Bank, the Citibank Foundation and other local donors.

III. PARTICIPANTS

- HRC
- Donna Fabiani, Director of US Programs, FINCA USA
- Marlene Léon-Lattimore, member of *Visions of Success* borrowing group
- Vivian Smith, member of *Visions of Success* borrowing group
- Pam Smith, member of *Visions of Success* borrowing group (and daughter of Vivian Smith)
- Marina Mendoza, member of *Visions of Success* borrowing group
- Manuel Carela, member of *Visions of Success* borrowing group
- Keran Dyer, member of *Visions of Success* borrowing group
- Silvia Murillo, member of *Business Pathways* borrowing group
- Alberto Hoyos, member of *Business Pathways* borrowing group

IV. SEQUENCE OF EVENTS

- HRC arrives Latino Economic Development Center
  - GREETERS:
    - Robert Leland, Director, Latino Economic Development Center
    - Donna Fabiani, FINCA International
    - Lawrence Yanowich, FINCA International
- HRC proceeds to foyer for discussion
- Donna Fabiani opens discussion and intros participants
- HRC makes brief remarks and begins discussion
- After discussion, HRC departs

V. PRESS

Open Press

VI. REMARKS

Talking points provided

ENTREPRENEURS
February 3, 1997

Marlene León-Lattimore is a single mother of two boys. After losing her full-time job, she decided to start her own business. She connected with the Latino Economic Development Corporation (LEDC) and found out about FINCA USA. She joined six other entrepreneurs to form *Visions of Success* and became the president of the self-employment association. The group approved Marlene's application for a $500 loan to purchase computer equipment for her desktop publishing business. Marlene is unique because as well as being a FINCA borrower, she is a trained FINCA facilitator, forming and monitoring new self-employment associations in the northern Virginia area. She currently facilitates two start-up associations.

Vivian Smith's crafts business grew out of her desire to do something positive for the children in her Columbia Heights neighborhood. With several other residents, she started a club for children and taught them arts and crafts. In her class, she designed the handmade crafts which eventually led to the creation of her business, "A 'Little' Something Different." She joined a FINCA self-employment association when friends and a business counselor at the Latino Economic Development Corporation (LEDC) encouraged her to formalize her crafts into a business. Vivian joined *Visions of Success* and borrowed $100 to buy materials to make her personalized, miniature chairs and pillows. She says that the FINCA program and support of LEDC have helped her professionalize her business. She has an occasional employee and plans to continue to grow her business.

Pam Smith's love of children led her to open Smith's Small Frys, a home-based child care business. After hearing about the FINCA program through her mother, **Vivian Smith**, Pam decided to join the *Visions of Success* self-employment association. Although her daycare had been open for about a year, Pam borrowed $50 from FINCA for business cards to advertise her business. Since then her business has grown to five children. Pam says she has benefited from the support and assistance she receives from the group. She has learned to better manage her business by understanding budgeting and cash flow. Recently her business began to earn a profit, allowing her to open her first personal savings account. Eventually Pam wants to move her business out of her apartment into a child care center.

Marina Mendoza sells Mary Kay cosmetics. A native of Nicaragua, she came to the United States two years ago to live with her brother and his family in Alexandria. She joined *Visions of Success* because her friend Manuel Carela, whom she met in English class, knew she wanted to start her own business and encouraged her to join the group. Although Marina has a degree in biology and formerly worked for Nicaragua's Department of Health doing malaria education, she has not been able to find work in her profession here in the United States. She has a job cleaning offices at night, and supplements her wages with her Mary Kay income. Marina believes that what she has learned with *Visions of Success* has helped her gain the courage and confidence to launch a satisfying career. Marina used her first $500 loan to buy inventory. She plans to apply for a second loan of $1,000 to further expand her business.

Manuel Carela is the owner of M&M Construction, Inc. In his native Dominican Republic, Manuel worked in government as both an appointed and elected official. Since coming to this country eight years ago, Manuel has found employment in cleaning, construction, and sales. Although Manuel has the experience and ability to run his construction company, he has found it impossible to obtain financing from traditional sources. For Manuel, FINCA loans are not only an important source of capital, but also a means of establishing a credit history. Manuel used his first $500 loan to buy materials and tools for his business. He plans to use his next loan to purchase a computer and more equipment.

Keran Dyer recently started her massage therapy business. To support herself during her business start-up, she is working a full-time job and doing massage part-time. She also continues to study massage therapy. A member of *Visions of Success*, Keran invested her first $500 FINCA loan in the purchase of massage oils and other supplies. Now that her business is growing, she plans to borrow $1500 to buy a portable massage chair so that she can do business at her clients' locations, in offices and at conferences. Aside from offering her credit and assistance in marketing, *Visions of Success* has been an important support group that Keran can call on for help. Keran was born in Jamaica and came to the United States in 1986.

Silvia Murillo is a single mother who runs a vintage clothing and used furniture shop with her 12-year old son Marco, her "business partner." Silvia's Vintage is located on 18th Street in Adams Morgan. Silvia has lived in Washington, DC for 25 years after immigrating from Bolivia. Silvia's Vintage is located in a low-rent basement store front. Because it is unheated, Silvia pays reduced rent during the winter months; she opens only on warm weekend days during that season. A member of *Business Pathways* self-employment association, Silvia borrowed $400 to repair the walls in her shop, which are rough, uneven and cover her merchandise with dust. Once the walls are fixed, she will be able to better protect and display her merchandise, and be able to charge slightly higher prices.

Alberto Hoyos is the owner of Latino Computer Systems, a new computer repair business to be located in the Casa del Pueblo Methodist Church in the Mount Pleasant neighborhood. Like many other immigrants, Alberto found it impossible to work in his profession, chemical engineering, when he came to the United States. Until he took a computer repair training class in this country, his work opportunities were limited to unskilled labor, such as cleaning and doing odd jobs. Although he found employment as a computer repair technician, he has never been able to save more than a few hundred dollars each year. Alberto believes his own situation reflects that of many Latino immigrants. "We come here to follow the American dream, and many times we end up worse off economically than we were in our own countries. Language is a barrier, and self-employment is one of the few ways out of a future of low-paying jobs." Alberto is a member of *Business Pathways.*

VISIONS OF SUCCESS self-employment association started in the summer of 1996. Members received their first FINCA loans in August and made their final loan payments -- on time -- in January. They are now preparing to apply for second loans of up to $1,500 per business.

BUSINESS PATHWAYS self-employment association started in the fall of 1996. Members received their first loans at a January 27 loan ceremony.

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Talking Points

- I'm delighted to be here at the Latino Economic Development Corporation and to have the chance to meet with all of you who have received loans from FINCA. FINCA, and the many microenterprise organizations like it around our country, do important work in fostering small businesses and financial independence. One loan at a time, one counseling session at a time, microenterprise is making a difference in people's lives around our nation, and here in Washington.

- This morning, I had the opportunity to speak at the International Micro Credit Summit. Participating in the Summit were men and women from around the world who have worked, many of them for years, to bring opportunity and hope to communities and families that lack even the most basic necessities. In Bangladesh, loans from Mohammed Yunus' Grameen Bank have built over 700,000 houses. And in Latin America, groups like FINCA and Accion are helping to foster small businesses in cities and villages across the continent. When I visited Nicaragua last year, I visited a FINCA bank in Managua. Called "Mothers United," the bank served some of the poorest women in a city recovering from war and natural disasters.

- And now, many communities in the United States are realizing what a powerful tool microenterprise can be. In the U.S., microenterprise is young, dynamic and diverse. Over a decade ago, then-Governor Clinton and I were involved in the creation of the Good Faith Fund in Arkansas, which was one of the first microenterprise institutions in the United States that served a rural communty. When my husband became President, he established the Community Development Financial Institutions (CDFI) Fund, which funds groups, like FINCA, that are working to provide access to credit in communities across the country. This year, FINCA USA received a grant of $450,000 from the CDFI Fund, which will help it to expand and improve its services here and in the other areas it serves. And just last week, the President and I were honored to present the first-ever Presidential Awards for Excellence in Microenterprise Development.

- (Ask group to introduce themselves and talk about their experiences.)