



VOLUME 1, ISSUE 1

Website: <http://www.chiapas-international.org/yp.htm>
Email: chiapasinternationalyp@gmail.com
Phone (Chiapas International Main Office): (214) 678-9510

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Who are we?

We are a group of young professionals and students who connect individuals to exchange ideas for the advancement and promotion of Microfinance and MicrofinancePlus Initiatives. Sharing the passion for and belief in microfinance, the Young Professionals educate their peers and community as well as gather financial support for a yearly project the group elects to support.

We are formed under our parent organization Chiapas International (CI). CI is a non-profit organization that provides funds to help alleviate poverty in Latin America. The loans provide seed capital to women to start self-sustaining businesses in their local communities. CI has helped more than 47,000 women and their families take the first step out of poverty

How can you get involved?

- **Sponsor:** Sponsor the Young Professionals *Wishing Well Campaign...making wishes come true one drink at a time*. Help us reach our capital raising goal to fund the construction of a water sanitation plant in the Dominican Republic
- **Member:** Join our group as a member and be critically involved with all aspects of the organization
- **Volunteer:** We hold various events and projects throughout the year and appreciate all volunteer efforts. Certainly email us if you're interested!

Leadership

Co – Chairs: Pilar Macdonald and Bradley Wilson
Public Relations Chair: Jackie Caillouet
Membership Chair: Meghan O'Rear

Events

- Miles for Microfinance – White Rock Half Marathon** December 5, 2010
Location: White Rock Lake
Please email us if you are interested in participating!
- Wishing Well Kickoff** January 27, 2011
Location: **FORTY FIVE TEN** – 4510 McKinney Avenue
Chair: Pilar Macdonald
Event Committee: Jourdan Pratt, Meghan Looney, Razieh Tavakoli, Caroline Lemon, Jackie Caillouet, Allie Atwood, and Brittany Groce
- Trip to an MFI in the Dominican Republic** April 2011
Location: Dominican Republic
Chair: Bradley Wilson
- Divot Dash Polo Party** May 2011
Location: Los Colinas Polo Club
- Speaker Series** September 2011
Location: TBD
- La Victoria** Late November/Early December 2011
Location: TBD

We hold monthly coffee chats where we exchange new ideas and introduce the concept of Chiapas International to new and perspective members. Please email chiapasinternationalyp@gmail.com if you are interested in attending



The Wishing Well Campaign ... *making wishes come true one drink at a time*

GOAL: Raise \$35,000 to fund a Water Sanitation Plant in the Dominican Republic

Project rationale

Few resources are more basic or more necessary to the health of a community than clean drinking water. In the Dominican Republic drinking water must be purchased because the tap water is only minimally filtered and is full of harmful bacteria and other impurities. Although drinking water must be purchased, many families in rural areas of the Dominican Republic lack the resources to do so, forcing them to put their health at risk and drink unfiltered or minimally filtered water. Other families may have the money to buy water, but they are forced to forego other important purchases in order to do so.

The Dominican bottled water market is essentially controlled by a few large companies that charge no lower than RD\$40 but currently charge up to RD\$50 pesos per 5 gallon bottles (US\$1.25-1.35). Typically, one person consumes a 5 gallon bottle a week. Many Dominican families have 5 or more people, so the cost of water can really add up. At US\$1.25 a bottle, a typical family can easily spend over US\$6.00 a week on water, or US\$300+ a year. In lower income communities where the majority of families are trying to get by on US\$100- US\$250 a month, this is just too much for water (10-25% of household income).



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The Wishing Well Campaign... making wishes come true one drink at a time

Overview: Esperanza, the MFI we are partnering with in the Dominican Republic, has been providing 100% clean and filtered drinking water to under resourced families for several years. This water project helps **eliminate water born diseases**, especially in children, and also **assists family economics because the water provided is sold at 1/4 the of the market price** of commercialized water sales. The water project will also produce a sustainable income that can be used for other community initiatives.

How it works:

1. Chiapas will donate the cost of the project to Esperanza.
2. Together with Esperanza we will identify a community that demonstrates a compelling need for a water sanitation plant.
3. With Esperanza's oversight, Esperanza will loan the \$35,000 to the operational partner who will build the plant.
4. The proceeds from the sales of water will then go towards paying back the loan over a loan cycle. As the money is repaid to Esperanza, Esperanza will identify a new community in need and recycle this money by building another community water project.

Benefits:

- Provides clean filtered water to those in desperate need
- With the cost of capital donated, the project is profitable from day one
- Even selling the water at ¼ of the market prices, the project is self-sustaining and profitable
- Creates local jobs: Cashier to sell the water & plant technicians

Dominican Republic Quick Facts:

- Two million people (21 percent of the population) are undernourished
- Infrastructure is insufficient, as there are only nine telephone lines per 100 people, and 10 percent of the rural population has no access to sterile drinking water



Why do we do this?

*“One day our grandchildren will go to museums to see what poverty was like”
- Professor Yunus*

What is Microfinance?

Microfinance represents the supply of loans, savings and other financial services to the poor. The term “micro” is in reference to the small amounts that are typically lent to borrowers. These services are small – “micro” – because a person who is in poverty will most likely not need a loan of several thousand dollars. However, a loan of a few hundred dollars may make a huge difference in their lives, giving them the ability to purchase livestock for a small farm, a sewing machine to help make accessories and clothes, or supplies for a small store.

The poor throughout the developing world frequently are not part of the formal employment sector. They may operate small businesses, work on small farms or work for themselves. Many start their own “micro” businesses, or small businesses, out of necessity, because of the lack of jobs available.

Frequently Asked Questions

1. What is a microfinance institution (MFI)?
An MFI is an organization that provides microfinance services – loans, savings, etc – to the world’s poorest population. An MFI can operate as a nonprofit such as a NGO, credit cooperative, non bank financial institution, or even a formal, regulated for profit bank. MFIs differ in size and reach; some serve a few thousand clients in their immediate geographical area, while others serve hundreds of thousands. Many MFIs offer services beyond loans and savings, including education on business and financial issues and social services focused on health and children (MicrofinancePlus)
2. Why don’t poor people just use traditional banks?
Unfortunately, poor people in developing countries usually do not qualify for any type of financial service from the banking sector: typically do not have credit history and are not employed in the formal sector. They are unable to provide collateral, and in many parts of the world require a minimum deposit to open the account
3. Why are microcredit interest rates so high?
MFI, like other financial institutions, need to be self-sustaining and because managing many small loans costs more money for any institution than managing one large loan, an MFI typically needs to charge higher interest rates to cover their costs. However, many non-profit MFIs offer substantially lower rates.
4. Are the borrowers able to repay their loans?
Repayment rates for microfinance loans on a global level average are about 97%
5. Does microfinance really help solve poverty?
Poverty is a very complicated issue, and many different approaches and tools are required to address it. Microfinance is one tool that is appropriate for millions of the working poor to lift themselves out of poverty. However, microfinance is not the only answer, and in fact is not always appropriate.

Microfinance at a glance:

	<u>World</u>	<u>Latin America</u>
# of Microfinance institutions:	1,395	384
# of Borrowers (millions)	86.2	14.1
Average loan balance per borrower (\$)	\$1,588	\$1,341
Gross Loan Portfolio (\$ million)	\$44,199	\$16,739