

NOTEWORTHY

the
**NEO
FUND**

Sustainable development for the poorest of the poor.

Spring 2020

Ciudad Sandino Joins NEO Portfolio

Two years ago, we made an audacious goal to push hard for sustainability in our Nicaragua micro-lending program, and to reach the point where program income offsets operational cost. We're pleased to report that the program is trending that way, with 52% sustainability now. NEO Nicaragua has a loan pool of \$43,629, has made more than 1,000 Nicaragua loans, and has 120 active borrowers at this moment. And, despite societal and economic unrest in Nicaragua, we have a lower risk profile than almost any other microfinance institution in the country. Thanks to you, the program is successful and growing steadily.

In Q1 we launched a successful partnership with Orphan Network in Ciudad Sandino, a poor Managua suburb. They have child-feeding and care programs there and we are making loans to parents of those children. This type of partnership has opened the door for NEO to aid thousands of poor and vulnerable families Orphan Network has already identified and begun to serve.

We are pleased to report that we're hiring! NEO Nicaragua is searching for a new credit officer with experience and expertise in borrower training and coaching. The new hire will help handle the growth of our portfolio, especially in Ciudad Sandino, and will help spearhead a Pilot Program to experiment with borrower training/coaching models.

Finally, as soon as the world emerges from the Coronavirus pandemic, NEO is prepared to launch three innovative new programs to help make us even more successful in our mission:

Training. With a generous grant from the Palmer Foundation, we will experiment with borrower coaching and training models to determine what works best.

Poverty Progress Index. In Q2 we will conduct our second PPI survey to help us quantify our impact in poverty alleviation. Stay tuned!

Supply Chain Analysis. In Q2-3, we will evaluate supply chain dynamics among clusters of NEO Fund borrowers to search for ways they might benefit from working together. ■■■



Meet Jahira!

Jahira is a mom with two small children: Joseling, age 6 and Jiro, age 3. She operates a small cafe out of her home in Ciudad Sandino. Her home borders a ditch that separates Ciudad Sandino from a more affluent neighborhood just across the deep line of smelly water and debris.

But in Jahira's yard, she's created a mini paradise with beautiful flowering plants and trees carefully tended. She says people ask why her menu is so limited. She replies that she cannot afford to buy the ingredients. So for her first loan (\$200), she's adding Gallo pinto (a native rice and beans dish), roast chicken, and potatoes to her menu. She hopes to extend her roof to provide more shelter for her patrons from the sun and rain.

Jahira has been part of Orphan Network's Healthy Beginnings program since she was pregnant with Joseling, and her children now participate in their pre-K programming in Ciudad Sandino. ■■■

India Microlending Program Reaches **One-Year Milestone!**

This month our lending program in India turns one year old! Here are the numbers:

- Loans: We have made 148 loans to date
- Portfolio: We have disbursed US\$20,819 in life-changing micro-loans
- Groups: We have supported 16 distinct self-help groups in the Krishna River Delta region, 15 pre-existing groups and one we started ourselves
- Empowering Women: 100% of our loans have been made to women
- Defaults, Risk and Late Payments: Zero! After a year we still have not had one loan default. We haven't even had a single late payment. The portfolio is 100% healthy without any indication of risk. We are so proud of our India team and of our amazing borrower entrepreneurs for this remarkable accomplishment!

Matching Funds Opportunity for Our Second Year

We have received a matching grant offer to fund our second year of micro-lending in India. In our first year, the program empowered mothers so that kids ate better, they got to go to school, and if they got sick, they could go to a doctor. It was a banner year. But in just 2 months from now the funding for our initial pilot program will be finished. That's why funding a second year matters so much. Our goal in year two is to grow the program to 400 loans. To do that we need \$30,000.

A generous donor has offered a matching grant of \$15,000. It's a true matching offer, where we will only receive funds equal to the amount we actually raise, up to \$15,000. We have already raised \$9,000 against the match, but we urgently need to raise the remaining \$6,000. Bottom line, to fund our second year, we need \$6,000 for India Microlending before June, when the match offer expires.

Please consider a generous gift today to keep this amazing work going strong!

Who Are Our India Borrowers and What Do They Do With the Loans?

In India the definition of extreme poverty is to live on less than US\$1.98 per person per day. We decided to evaluate some of our newest borrowers to see how they compare to that standard.



The poorest, an elderly woman named Vajram, lives on 98 cents a day. On her survival budget, she cannot afford shoes or any such luxuries, and lives in a small grass and mud hut. But she is hardworking and honest, and in December she received her small loan to begin selling vegetables and a few staples in a little store at her home.

Our second poorest borrower, Vusala, lives on US\$1.31 a day. She used her loan to purchase a small Canon laser printer, a rare commodity in her village. Villagers who need printing services make their way to her business, where her title, proudly displayed, is "Printer Operator." She also sells milk on the side to earn extra cash.



In the income bracket between \$2.00 - \$2.50 per day, we made loans to several women who are cooks and food vendors, such as Venkata, pictured below with her son, and Venkateswaramma, pictured at right, in her small shop in Chinnakanuru Village.



Finally, in the income bracket between US\$2.50 – 3.00 per day, we made loans to seamstresses and tailors, such as Maddala.



These women represent the 148 entrepreneurs who dreamed of better lives for themselves and their families because of NEO Fund loans. They work hard. They take the loans with utmost seriousness, carefully and faithfully paying back every rupee. Because of their relationship with NEO and our team, borrowers begin to thrive. Their personal income grows, but even more important is the development of their personal confidence, optimism and hope. On their behalf, to all of you who helped open these doors of opportunity, thank you! ■ ■ ■



The NEO Fund

"Empowering indigenous people to transform their own communities is the most effective weapon against global poverty." — Jen Hatmaker

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Sustainable Community Development for the Poorest of the Poor



Backpage

Recently The NEO Fund entered into a partnership for a pilot project in Ciudad Sandino, Nicaragua to provide micro-loans to the parents of children served by Orphan Network (ONet). Working together, we are breaking cycles of poverty via ONet's far-ranging child-focused relief and development programs and NEO Fund's micro-finance, business development and micro-enterprise with a goal to help parents provide for their own children — allowing ONet's feeding programs to go even further.

Eddy Morales, Country Director for ONet, is a long-time friend of NEO and serves on the Executive Committee for NEO Nicaragua. Under his leadership ONet has helped over 20,000 children, many of whom have been abandoned, abused and/or orphaned, and created opportunities for new life. Like NEO, ONet works among the poorest of the poor: in former refugee villages, garbage dump barrios and ultra-rural areas. As we continue to expand our programming, we find value in coordinating with existing organizations to maximize *everyone's* outreach!

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