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## Small loans making a huge difference

*Microcredit milestone is celebrated in S.L.*

By **Carrie A. Moore**

Deseret Morning News

Mike Espinilla makes treasures from trash, as anyone who has ever seen his glass swans can tell you.

If he lived in America he'd be celebrated as an environmentalist who keeps fluorescent lighting rods out of the landfill, transforming them into works of art that would likely fetch an extra price at traveling art festivals because his ingenuity is so earth-friendly.

But Espinilla lives in the Philippines, where the proceeds from the small swans he makes simply house and feed his family. A recent order for hundreds of the tiny creatures means he can likely get his house back; he had to pawn it when money became tight.

As one of more than 10,000 microcredit clients who have received small loans through a Philippine affiliate of the St. Louis-based Enterprise Mentors International, Espinilla's prospects for prosperity — rather than continuing poverty — have never been brighter. Like more than 62,000 other individuals in six countries who've been granted otherwise unattainable loans through EMI, he has the chance to help pull himself out of poverty and to help his children do so permanently.

"Each family we serve has an average total of five dependents who are beneficiaries. It's not just about money, but about how people discover their own potential for rising above it," said Jovy Guanzon, executive director of the Philippine Microenterprise Development Foundation, a division of EMI. "We teach them that poverty is just a place, and they can move out of it when



LDS Church President Gordon B. Hinckley jokes with Menlo Smith, who helped found Enterprise Mentors Inc., at EMI anniversary dinner Friday.

*Tom Smart, Deseret Morning News*

they're able to recognize their true potential."

Guanzon is in Salt Lake City this week, along with Carlos Rivas, executive director of Mentores Empresariales-El Salvador — another EMI affiliate — to celebrate EMI's 15th anniversary with a program and banquet held Friday night at the Marriott Hotel downtown. Some 960 people attended, including Gov. Jon Huntsman Jr., LDS Church officials and a variety of civic and business leaders.

The organization was founded by a group of businessmen led by Menlo Smith, a former mission president for The Church of Jesus Christ of Latter-day Saints who served in the Philippines several years ago and came home vowing to do something about the poverty he had seen.



Filipino Mike Espinilla uses EMI microcredit loan to make glass swans out of old fluorescent light tubes.

*Enterprise Mentors International*

Smith created a microfinance organization that now includes among its board members two emeritus general authorities of the church as well as former Relief Society general President Mary Ellen Smoot, who is chairwoman of the anniversary banquet. All three members of the church's First Presidency attended and were honored during the event.

In his short remarks to the group, President Gordon B. Hinckley said Smith's call to be a mission president was a miraculous thing, that the mission leader was able to see the need of the people and create something that would benefit generations.

"The greatest pandemic of the world is poverty," he said. "What a poor and miserable world this

would be without kind and thoughtful people to reach out and provide help."

EMI thanked the First Presidency of the church for the support the church had given and created three new Brazilian scholarships named for the three members of the First Presidency, President Hinckley and his counselors, President Thomas S. Monson and President James E. Faust.

"We appreciate the work of Enterprise Mentors International," said President Faust. "It is truly remarkable. I expect we have seen only the beginning."

Anne Stewart, EMI's director of development in Salt Lake City, said the event is the first large

public undertaking in the organization's history. Most of their work is done quietly, person-to-person, between potential donors and recipients. Though EMI is not formally affiliated with the church, Stewart said, LDS contacts helped the organization get off the ground not only in the Philippines but in Brazil, El Salvador, Guatemala, Mexico and Peru.

The Philippine affiliate is considered a medium-size microfinance organization in a nation where some 500 such groups now exist, Guanzon said. In El Salvador, Rivas said his organization is one of the smallest, "but it's growing faster than any of them" because EMI affiliates provide business training to those who receive the loans, boosting the success rate among new entrepreneurs.

The loans fund home-based businesses that produce goods or services building on the skills of recipients, the vast majority of whom are women, many of them single mothers who lack the education or means to provide adequately for their families.

Loan money to support the program comes entirely through private donors, much like the LDS Church's Perpetual Education Fund, Stewart said. Giving to such a cause is particularly gratifying, she said, "when you see how far the money goes, as it's loaned over and over again."

A donation equalling the cost of one tank of gasoline in the United States can make a significant difference to someone living in poverty, she added. Rivas said he's watched potential donors who are overwhelmed when they personally encounter the grinding poverty that keeps so many of his fellow El Salvadorans from securing decent housing, food and clothing. One EMI board member's daughter came to stay with his family recently, and he took her and his own daughter to visit a large family in one poor area. The visiting girl remained outside the metal house with its dirt floor.

Inside, the children were helping their mother make pinatas with the proceeds of a \$50 loan they had received from donors to EMI.

When he had finished his visit, Rivas found the visiting girl crying outside, unable to comprehend how the family was able to live in such conditions. He told her their lives had been vastly improved because the loan had allowed the family to buy supplies to make the pinatas, which they sold to boost their income.

When the girl returned home, she was so excited about what the small loans were doing for EMI clients that she managed to raise \$50,000 at her high school to help other EMI clients.

"If one girl can do that," Rivas said, "everyone can do something to help."

Through 1994, EMI had loaned \$11.8 million worldwide to 62,051 people at an average of \$190 each, with a cumulative repayment rate of 95.3 percent.

"This proves that the poor are credit-worthy and they save," Guanzon said. Among the more than 10,000 current clients in the Philippines, they have accumulated a total savings base of 22 million pesos, or about \$400,000. At that rate, "in a few more years, they would have enough saved to capitalize a bank."

For more information, go to <http://www.enterprise-mentors.org/>.

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