The Vida Fund

According to the Nicaraguan government, the very basic needs for a family of four add up to over $400/month, and yet the minimum wage averages only $192/month, (from $129/month in the agricultural sector up to $288/month in the financial sector as of October 2018).

What does this mean? Families are living without the basic needs of decent housing, food, clothing, medicines, and security of any sort.

When given a chance, Nicaraguans are very creative and hard workers – children wash windshields at stoplights, women make and sell tortillas out of their homes, men buy tomatoes at the market and resell them in the barrios for pennies more, women take in washing, earning a nickel per piece of clothing washed by hand. Working hard and never getting ahead.

In order to do more than just survive, the poor need capital: enough money to buy a bundle of used clothing to resell, enough to buy rope for making hammocks, enough to buy laundry soap for taking in washing... enough to build a factory and purchase machinery. If the poor walk into a bank in Nicaragua, it’s nearly impossible for them to get a loan: most don’t even have bank accounts, let alone collateral. If a loan were approved, Nicaraguan banks generally make loans at 10-15% interest. Microfinance institutions charge an average of 36% interest. The small, creative plans of ordinary hard-working people are denied, credit options are closed to them. So...

What is the CDCA doing to help?

Since 1994, we have funded small businesses through microenterprise loans. After 25 years of experience in this area, we believe that micro-lending is essential, but insufficient: giving individuals and small businesses access to capital in the form of small, low- or no-interest loans is necessary to improve their lives, but they remain poor. Micro-lending can move people within the scope of poverty, but in order to really lift themselves out of poverty, the poor need a more serious investment under a different model. So we also now partner with worker-owned cooperatives with our Vida Fund.

The CDCA had a revolving loan fund to finance larger creative initiatives. In 2009, this fund expanded into the Vida Fund. In the last 25 years, we have loaned out almost $9.7 million.

The Vida Fund is a shared risk investment fund partnering with the poor to build lives through livelihood.

Together with the cooperatives we work to ensure that their businesses succeed. We help them to learn business management, cooperativism, accounting, efficient production practices, quality control, import and export, niche marketing, organic and fair trade certification, and other issues relevant to their co-ops. In this way, we maintain a formal yet dynamic partnership with the cooperatives receiving loans, to help ensure that the co-op members have the tools necessary to run their business successfully.

Who is being helped through the Vida Fund?

➢ Since 1994, over 3,000 small farmers of the agricultural cooperative COPROEXNIC have had access to low-interest loans for the upfront costs of planting and harvesting organic crops. Farmer loans are repaid with the sale of the crop itself, and COPROEXNIC processes and ships the product. Access to credit has also allowed farmers to add value to their crops by doing the processing themselves, such as at the sesame plant.

➢ Since 2014, COPROEXNIC has leased and been renovating a sesame processing plant. Employing 44 workers, it is becoming a world-class processing plant and more environmentally friendly.
What does it mean to partner with the poor?

The poor need partners. They are willing to put sweat equity into their businesses, to scrounge and work for little to no money in order to secure a better future, but they – though hard workers and smart people – have no access to capital.

They need partners to invest capital in their projects... investors who can wait for their return in order to allow the poor to have a fighting chance. If you have funds to invest or know someone who does, please consider sharing the risk with the poor who work so hard to have a better future.

Interested in helping?

You can invest through loans to the Vida Fund or make a donation. Investment loans receive up to 5% interest and may be in U.S. dollars or euros. We encourage a minimum period of 5 years and minimum investment of $5,000 for Vida Fund loans, so that they can be used most effectively. We accept donations of any size. Donations enable the Vida Fund to expand while maintaining an adequate reserve to protect investors in the event that the fund should experience unexpected financial losses.

For more information:
email: jhc@jhc-cdca.org

Scan to donate online:

https://donatenow.networkforgood.org/jhc-cdca

or mail a check:
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All donations are tax deductible.