

Friendship Bridge Microcredit Plus

Organization Website: www.friendshipbridge.org

Organization Mission

Friendship Bridge's mission is to provide microcredit and education to Guatemalan women so that they can create their own solutions to poverty for themselves, their families and their communities.

**Funded Program Objective**

The primary objective of FB's Microcredit Plus program is to help alleviate poverty in rural Guatemala by empowering women to become agents of change in their families and communities. Microcredit loans provide women access to capital with reasonable terms: small loans with low interest rates. This infusion of capital gives women the opportunity to generate a consistent cash flow and ultimately gain economic independence. As clients grow as entrepreneurs, they are able to participate more fully in the economy, build their self-esteem, and become leaders within their families and communities. In addition, combining the loans with non-formal education provides women, most of whom have less than three years of education, practical and applicable knowledge they can apply to improving their lives and the lives of their families.

Location of Funded Program and Information about Area and Country

FB works primarily with rural, Mayan women in the western highlands of Guatemala. Guatemala has some of the worst rates of poverty, illiteracy, violent crime, and child malnutrition in Central America. The rural, indigenous population suffers the highest rates: 76 percent of the indigenous population lives in poverty and 28 percent in extreme poverty (less than \$1 per day). In rural areas, 70 percent of children do not complete the third grade. Eventually, this lack of education makes it difficult to earn livable wages. Though nearly two decades have passed since Guatemala signed a peace accord to end its brutal 36-year civil war, the country is still dealing with the after-effects and likely will be for decades to come. Violence, rape, and murder are still commonplace.

Life Challenges Faced by Women/Girls

Of the Guatemalan population, indigenous women are the most marginalized, suffering discrimination as a result of their gender, their poverty, and their ethnicity. Women lack access to healthcare and education, appropriate representation in the government and, as a result, continue to lack many basic rights. Traditionally, impoverished women have not been served by the formal financial sector due to the size of the loans they seek (too small) and inadequate collateral. *The average FB client is a 38-year-old Mayan woman who earns \$1.74 a day, has had 2.6 years of formal education, has a household size of six, cannot read or write, and is unlikely to speak Spanish, the official language of Guatemala.* By providing small, renewable loans and non-formal educational trainings, Friendship Bridge aims to serve the immediate needs of these women while also teaching them skills so that they can become self-sufficient.

Program Description

FB's Microcredit Plus program offers small, renewable microloans, averaging \$300 for six-to-nine month loan cycles, in a group-lending model. To be eligible for loans, entrepreneurial women self-select others to establish a Trust Bank, a form of social collateral that takes the place of physical collateral needed in formal banking institutions. The Trust Bank elects its leaders and establishes regular monthly meetings for the duration of the loan cycle. The monthly loan repayment meetings are coupled with FB's non-formal participatory educational trainings, which provide lessons on topics ranging from business skills, such as sales and marketing, to life skills, including health, nutrition, and the importance of childhood education. By requiring attendance at these meetings, FB creates an opportunity for women to develop bonds with their fellow Trust Bank members, while learning new skills that are applicable in their everyday lives.

FB has also made it a priority to offer the most appropriate services to clients as they move up the continuum from non-formal education programs to more advanced technical trainings. In 2012, FB developed an advanced education and technical training program through partnerships with two Guatemala-based NGO's. The trainings are designed to help clients who have grown as entrepreneurs and demonstrated leadership potential learn new skills to expand their businesses and create additional sources of income. The trainings cover topics such as advanced agricultural practices (e.g., crop rotation and soil conservation), pastry making, canning, and jarring.

Summary of Program Budget

With funding from DFW, FB will be able to expand the reach of the *Microcredit Plus* program to more clients; the goal is to grow the number of clients served from 15,700 to 18,170 in 2013 (an additional 2,400 new clients). The funds will also be used to build on the success of FB's advanced education program by enabling more clients to benefit from the trainings. The feedback from clients through surveys conducted post-training has been overwhelmingly positive - many reports of clients being able to expand and diversify their businesses to generate an additional source of income. The goal in 2013 is to provide the training to 800 clients. Funding from DFW will be essential to cover the cost of those trainings, which average \$100 per client.

DFW will specifically provide 7% (\$3,000) of salaries and benefits for two Client Advocates and \$12,000 for client training and development each year for three years of sustained program funding.

Projected Impact and How Impact will be Measured

FB will measure the impact of the *Microcredit Plus* program and advanced education trainings in several ways:

- The branch and credit staff review the loan portfolio monthly for number of new clients, disbursement amounts, rates of repayment, and renewal applications. For instance, increased renewals, repayment rates, and household income can serve as indicators of client satisfaction and success.
- FB also employs two Client Advocates who play an integral role in gathering information from clients through interviews and surveys to track progress and to gather information in helping FB better meet client needs. Client Advocates administer the 'Mi Negocio Hoy' (My Business Today) survey, a tool which allows FB to measure changes in clients' businesses, helping them better serve clients and ensure they are seeking out partnerships with NGO's for advanced trainings that are in line with client needs.
- FB will track the number of clients who are participating in the advanced education trainings and continue to conduct pre- and post-surveys of those trainings. The data will help them measure whether clients are applying the skills they learned and how the advanced education program is impacting their businesses and income.