

WISE

WOMEN IN SMALL ENTERPRISE

QUARTERLY REPORT MARCH-JUNE 2014



OXFAM



EXECUTIVE SUMMARY

Countless women around the world are building successful small businesses. But the odds against women entrepreneurs in many developing countries can be staggering. Often, they face limited access to credit and property, household obligations that consume their waking hours, and cultural standards that discriminate against them. Oxfam's Women in Small Enterprise (WISE) program starts with a systemic understanding of these barriers and attracts partners with expertise in the areas of financial services, women's rights, advocacy, community development, and vocational training to support women in overcoming these challenges. WISE follows Oxfam's belief in people's power to change their lives.

Through WISE, Oxfam serves in its traditional role of supporting collaboration between the private sector, nonprofit organizations, and government leaders as they advance positive social change. WISE is part of a country wide effort by Oxfam in Guatemala to change ideas

and beliefs about traditional gender roles between men and women and to increase the power of rural women in markets and value chains. The Women in Small Enterprise initiative is designed for women emerging from microfinance lending programs with businesses that show potential for further growth. These women often are not able to access growth capital as they fall into the "missing middle" financing gap: the gap for loans larger than those offered by microfinance institutions and smaller than what would be considered by mainstream banking institutions.

Core components of the initiative include the newly created WISE Fund, which will support loans to women entrepreneurs in partnership with local banking institutions, and training programs for women designed to increase their economic leadership. Below are the key accomplishments of WISE from March to June 2014, including details on the initiative's rollout in Guatemala.

INSPIRATION & EXPERTISE

WISE builds on Oxfam's extensive experience in the areas of financial inclusion, community development, and policy influencing, with a focus on gender equality. WISE was inspired by women participating in Oxfam's Saving for Change (SfC) program, and many WISE participants currently in pre-investment training are members of these self-managed savings groups. SfC is supporting 22,000 women in Central America and enabling them to start their own businesses and save for emergencies, with no outside capital. WISE has also benefitted from Oxfam's experience with two prominent financial inclusion initiatives, MicroCredit Enterprises, where Oxfam served as a long-time guarantor, and the Enterprise Development Programme, which supports the growth and formalization of rural agricultural enterprises.

COVER: Participants in a WISE pre-investment training program answer questions designed to help them think about their futures and what they hope to accomplish. Photo by Marco Monroy

ABOVE: WISE training is participatory and empowerment-based with a focus on building confidence and knowledge on individual rights. Photo by Marco Monroy

STATUS SUMMARY

This quarter, 250 Guatemalan women took a step forward to assert their economic rights by applying to participate in the WISE program. From this group of 250, WISE selected a small pilot of 20 women entrepreneurs to begin pre-investment training. In addition, Oxfam completed the legal incorporation of the WISE Fund and achieved funding commitments of \$650,000 for the first close of the Fund. This paves the way for the first loans to be disbursed in the next quarter, as demonstrated by the timeline below.

WISE PROGRAM MILESTONES

	Q3			Q4			Q1			Q2			Q3			Q4			Q1			Q2		
	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
First Ecosystem Convening	★ FIRST ECOSYSTEM CONVENING																							
Second Ecosystem Convening	★ SECOND ECOSYSTEM CONVENING																							
Launch feasibility study process	★ LAUNCH FEASIBILITY STUDY PROCESS																							
Negotiate and finalize agreement and credit support agreement between fund and local commercial bank	NEGOTIATE AND FINALIZE AGREEMENT AND CREDIT SUPPORT AGREEMENT BETWEEN FUND AND LOCAL COMMERCIAL BANK																							
Baseline process complete	BASELINE PROCESS COMPLETE																							
Women's economic leadership EL training for financial services partner	WOMEN'S ECONOMIC LEADERSHIP EL TRAINING FOR FINANCIAL SERVICES PARTNER																							
WISE fund first close	★ WISE FUND FIRST CLOSE																							
WISE fund second close	★ WISE FUND SECOND CLOSE																							
Negotiate and finalize local TA and pipeline partner TORs	★ NEGOTIATE AND FINALIZE LOCAL TA AND PIPELINE PARTNER TORs																							
WISE program promotion (first cohort)	WISE PROGRAM PROMOTION (FIRST COHORT)																							
Pre-investment selections (first cohort)	★ PRE-INVESTMENT SELECTIONS (FIRST COHORT)																							
Pre-investment training (first cohort)	PRE-INVESTMENT TRAINING (FIRST COHORT)																							
Peer-to-Peer Meeting (first cohort)	PEER-TO-PEER MEETING (FIRST COHORT)																							
Coaching support (first cohort)	COACHING SUPPORT (FIRST COHORT)																							
Third ecosystem Convening-Annual impact review	★ THIRD ECOSYSTEM CONVENING-ANNUAL IMPACT REVIEW																							
Loan (first cohort)	LOAN (FIRST COHORT)																							
Annual entrepreneurs meeting (first cohort)	★ ANNUAL ENTREPRENEURS MEETING (FIRST COHORT)																							
WISE Program Promotion (second cohort)	WISE PROGRAM PROMOTION (SECOND COHORT)																							
Negotiate +finalize agreements and credit support agreement between fund and second local commercial bank	NEGOTIATE +FINALIZE AGREEMENTS AND CREDIT SUPPORT AGREEMENT BETWEEN FUND AND SECOND LOCAL COMMERCIAL BANK																							
Pre-investment selections (second cohort)	★ PRE-INVESTMENT SELECTIONS (SECOND COHORT)																							
Fourth ecosystem Convening-Annual planning	★ FOURTH ECOSYSTEM CONVENING-ANNUAL PLANNING																							
Pre-investment training (second cohort)	PRE-INVESTMENT TRAINING (SECOND COHORT)																							

 PROCESSES
  MILESTONES
 TA: Technical assistance
 TOR: Terms of reference

ACCOMPLISHMENTS THIS PERIOD

- Finalized feasibility study to understand the socioeconomic profile of women-run small businesses throughout Guatemala.
- Distributed 500 flyers about WISE via local market-linkage and microfinance organization in Guatemala.
- Received applications from 250 women interested in participating in the WISE program.
- Interviewed 50 women and selected 20 for participation in pre-investment training in Sololá, Guatemala.

- Finalized agreement with a partner organization to provide training, coaching and peer-to-peer support.
- Achieved funding commitments of \$650,000 for the WISE Fund, thereby exceeding our first close funding goal.

WISE PROGRAM ACTIVITIES IN DEPTH

WISE FINANCING STRUCTURE

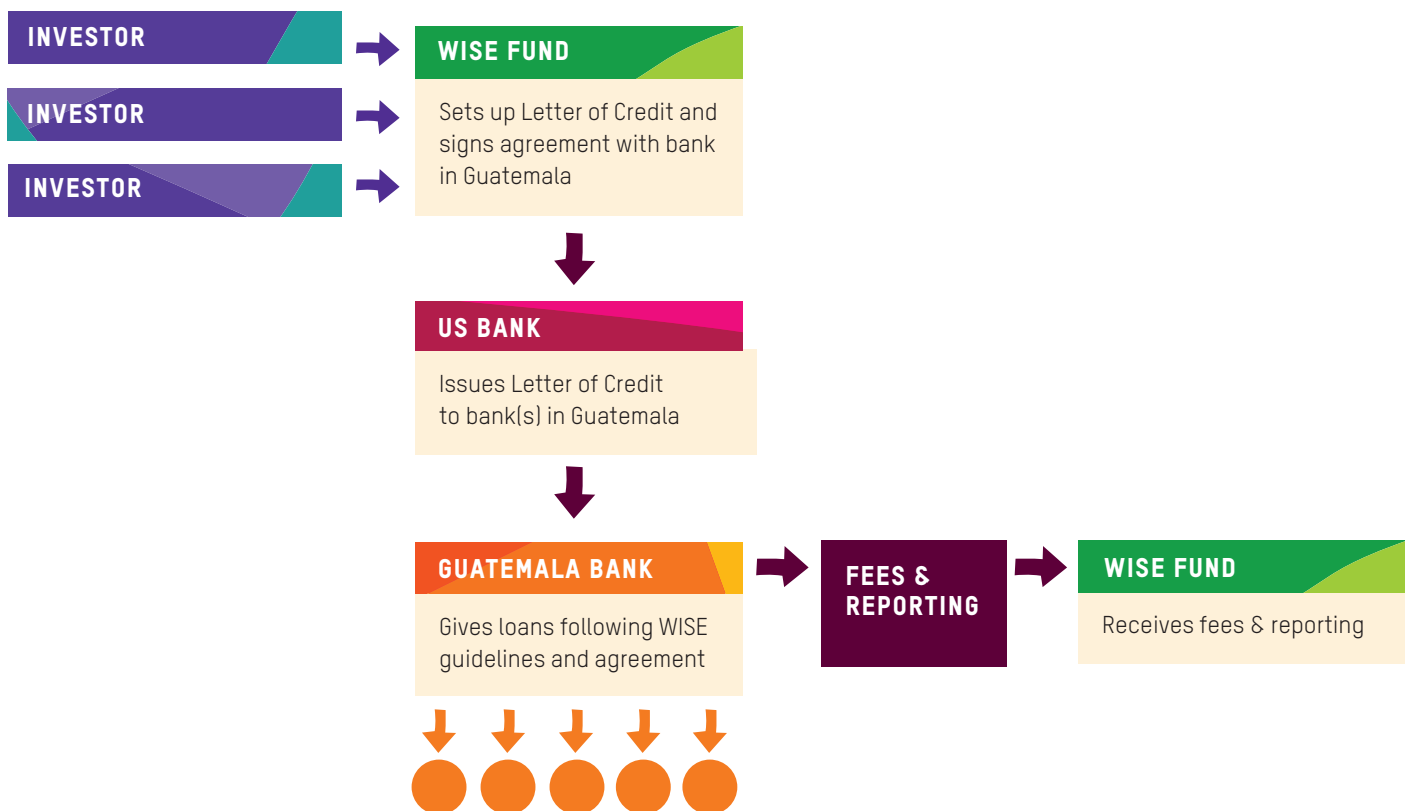
The strategy of WISE Fund provides a partial guarantee to facilitate local financial institutions' support of women-run businesses (see diagram below).

COLLATERAL & PROPERTY RIGHTS

In Latin America and the Caribbean, the gender distribution of land ownership is extremely unequal, with male farmers representing 70-90 percent of formal land ownership (World Bank, 2012b). This inequality in ownership is mainly due to male preference in inheritance as well as gender bias in state-sponsored programs of land redistribution (Deere & Leone, 2003). This has profound impacts on the ability of women to meet bank collateral requirements.

The credit support provided by the WISE Fund makes it easier for women to qualify for loans to grow their business.

WISE INVESTMENT FUND STRUCTURE



WISE UPDATES ON PROGRAM GOALS

1. SUSTAINABLE GROWTH OF WOMEN-RUN SGBS

Women entrepreneurs in Latin America regularly cite lack of access to finance to grow their businesses as a major constraint. In order to receive a loan that exceeds microfinance levels, women and men are required to provide security on the loans – often in the form of property or other assets. However, World Bank statistics show that women small business owners in Guatemala are required to put up significantly more collateral than their male counterparts. Meanwhile, property rights in Guatemala are greatly unequal, with women owning only 13% of the land.

WISE is expected to benefit women entrepreneurs with greater access achieved through the negotiation of more favorable loan terms and conditions, including a reduction of collateral requirements to an acceptable level. The WISE Fund incentivizes local Guatemalan bank lending to women entrepreneurs by providing credit support in the form of a partial guarantee on loans made to a new market segment: growth-oriented women-run businesses. The hypothesis is that once banks give women a chance, their performance will exceed expectations, eventually extinguishing the need for the credit guarantee. Loans backed by the guarantee from the WISE Fund will be disbursed beginning later in 2014.

2. WOMEN'S EMPOWERMENT

Women electing to participate in the WISE program are taking on leadership roles that demonstrate a break from tradition. Aside from the normal pressures and stresses faced by any small business owner, a women entrepreneur faces societal pressures that demand her time and can undermine her self-confidence. One innovation of WISE is that in addition to providing access to training on technical aspects of running a business, WISE also draws on Oxfam's deep gender expertise to incorporate exercises that

build self-confidence and access to social capital. This can make all the difference for the long term success of a woman-run business. In the baseline study, only 16% of women surveyed felt that community was supportive of women's entrepreneurship.

Beginning in the pre-investment stage, WISE provides training opportunities for women entrepreneurs designed to both enhance their business skills and boost their confidence. Business coaches and peer-to-peer exchanges are especially effective methods for women to enhance their self-esteem and develop a critical support network. The training is highly participatory and action-oriented, encouraging entrepreneurs and partners to design their own solutions.

Based on a feasibility study, baseline study, and in-person interviews, 20 women have been selected to undergo the 6-week pre-investment training for the first round of the WISE program. Through the pre-investment phase, the participants develop and refine their individual business plans and prepare applications for WISE-backed commercial loans.

3. CHANGED PERCEPTION OF WOMEN ENTREPRENEURS

Assumptions about women's economic capabilities underlie the disproportionate access women have to finance and skill-building opportunities. As a participant in Oxfam's research stated, "If you go to a bank as a woman, they do not consider your request seriously." Oxfam employs a holistic influencing model that focuses on the foundational reasons for women's economic exclusion, such as power, attitudes and beliefs. Consistent with this approach, WISE seeks to influence perceptions and improve the rights of women more broadly.

In order to achieve positive changes around the perceptions of women's economic capabilities, the WISE team is developing a comprehensive research and learning agenda. The logical place



As part of their training, women in the WISE program work with coaches to get a full understanding of the loan packages they hope to receive. Photo by Marco Monroy

to start is by asking the women themselves about their experiences, challenges and successes. The first baseline study completed in June asked 50 Guatemalan women entrepreneurs to reflect on the level of community support for their work and the extent to which women are seen as entrepreneurs. As we better understand the societal dynamics that hold women back, WISE partners can identify strategies to upend these notions and push for greater societal support for women's ambitions.

4. SUPPORTIVE POLICY ENVIRONMENT FOR WOMEN'S ECONOMIC EMPOWERMENT

Oxfam supports local advocacy groups around the world to change policies and procedures that curtail women's opportunities. Through WISE, we will identify partners who are equally interested in improving the policy environment for women entrepreneurs. We will work with these partners to develop a policy and advocacy agenda on the basis of rigorous research, and in consultation with both the women entrepreneurs themselves and the organizations that support them.

THE WISE ECOSYSTEM

WISE capitalizes on Oxfam’s ability to bring together partners to develop an “ecosystem” for women entrepreneurs—i.e., multi-stakeholder partnerships where shared benefits arise from collaboration, information exchange, and the creation of trust. For Oxfam, building coalitions of diverse partners working toward a common goal is one of our organizational strengths.

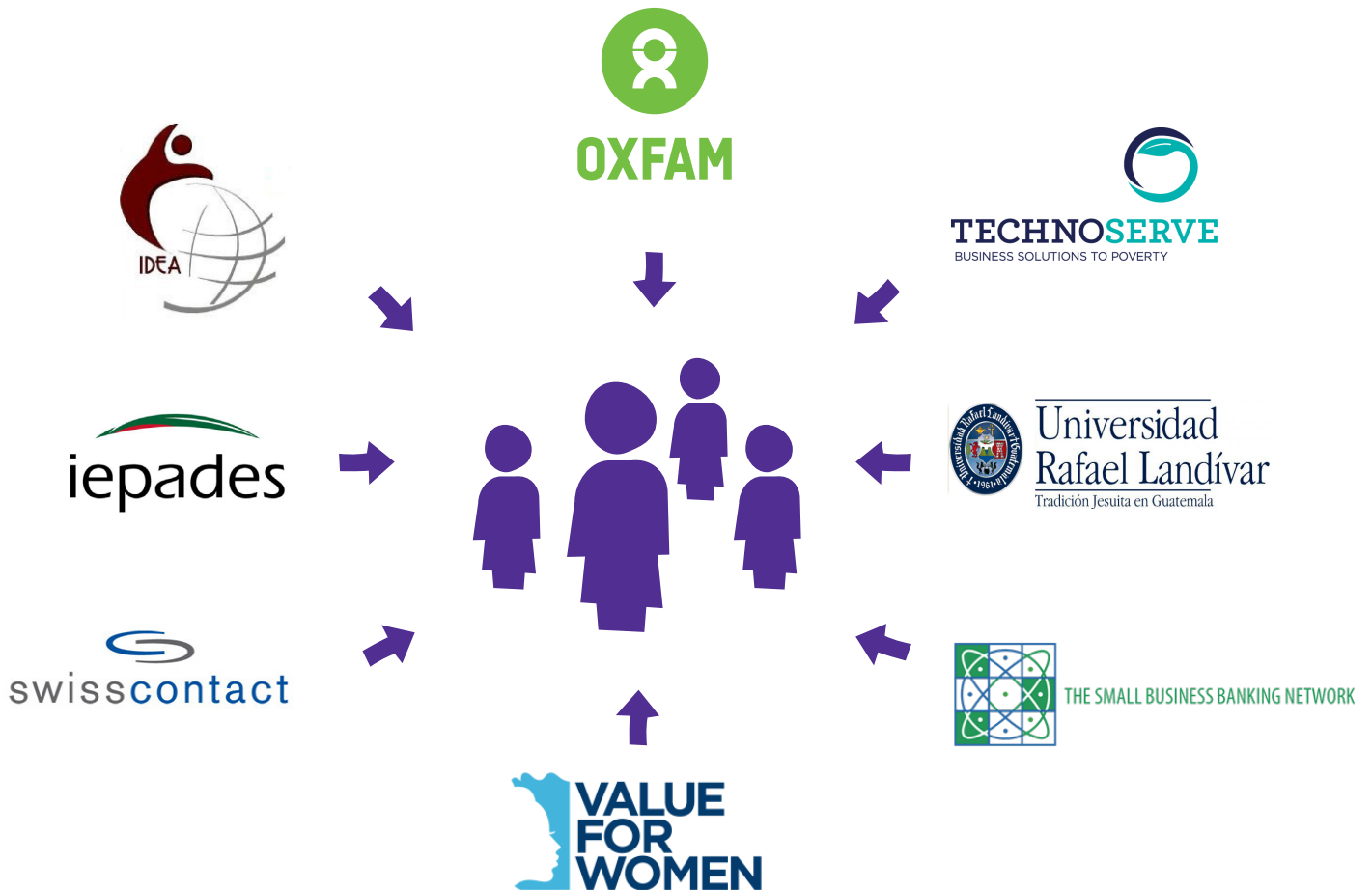
The first ecosystem convening occurred in November 2013. Six organizations, all working on behalf of women’s economic empowerment in Guatemala, shared program objectives and began to carve out areas of cooperation. The second ecosystem meeting occurred in March 2014 with

Oxfam convening a smaller group focused on training and capacity development. This meeting was facilitated by Value for Women, an organization that supports women entrepreneurs with coaching, capacity development, and leadership building. We have finalized Instituto para el Desarrollo Empresarial de las Américas (IDEA) as our lead technical assistance training partner and have formed relationships with various partners to recruit women entrepreneurs, including Federación Integral de Cooperativas de Producción Artesanal (ARTEXCO, R.L.), Enactus Guatemala, Fundación de Asistencia para Pequeña Empresa (FAPE), SETESÍK and Asociación de Emprendedoras Mayas de Quetzaltenango.

ATTITUDES & NORMS

“Women in Guatemala constantly used the word ‘fight’ to describe the difficult path they had to walk in order to maintain their businesses and show that they were capable.” (Bianco, Chambers, Garcia, Lombe & Sarria, 2014)

OXFAM CONVENES DIVERSE INSTITUTIONS WITH A COMMON GOAL OF SUPPORTING WOMEN ENTREPRENEURS





MEET MARIA FRAUSTRO

**GENERAL COORDINATOR AND
PRINCIPAL INVESTIGATOR**

UNDERSTANDING THE CONTEXT OF WOMEN-LED SGBS IN GUATEMALA

The WISE team undertook a feasibility study in March 2014 with Rafael Landívar University to better understand the realities of women entrepreneurs in Guatemala. The principal investigator María Frausto conducted the study and analyzed data gathered from 156 women entrepreneurs. The study results highlight the obstacles that women living in

poverty have to overcome to build their businesses and sheds light on the family dynamics that impact their businesses.

It is amazing what these women are able to achieve given their limited access to education. The majority of women interviewed (60%) had either no education or only a primary school education. Nonetheless, they had taught themselves trades including fabric-making, clothing production, food preparation, animal husbandry and sales. Twenty-five percent of women interviewed were running

businesses earning \$18,000 in revenue or higher. Regarding their goals for their businesses, Frausto said “they want to make substantial change,” and aspire to grow and improve their businesses to support their growing families. In one case, a teacher began her business designing art made from wood, which Frausto said is a “world very few women have stepped foot in,” illustrating the type of courageous woman that Oxfam seeks to support through WISE.

CONCLUSION

WISE is concluding the developing stages of a program that will support women entrepreneurs in Guatemala for years to come, including conducting studies for data gathering, solidifying local partnerships, and providing financial training to women entrepreneurs. WISE is determined to invest deeply in systems to ensure that Oxfam and its partners learn from early-phase work to improve processes and performance in the coming periods.

WISE remains committed to the vision that when women are able to overcome the multiple challenges to develop and grow their businesses, the benefits accrue to the women, to their households, and to the broader society.

APPENDIX

WISE PARTNERS AND INSTITUTIONAL ROLES

OUR LOCAL/NATIONAL PARTNERS IN GUATEMALA

- **SWISSCONTACT** A business-oriented foundation for international development cooperation.
- **TECHNOSERVE** A nonprofit organization that develops business solutions to poverty by linking people to information, capital, and markets.
- **INSTITUTO DE ENSEÑANZA PARA EL DESARROLLO SOSTENIBLE (IEPADES)** A nonprofit civil society organization founded in January 1990 to promote peace building and democracy in Guatemala and the region.
- **IDEA** A nonprofit organization supporting entrepreneurs and business owners to achieve success through innovative methodologies and highly effective tools that promote continual and sustainable improvements in small businesses and local communities.
- **VALUE FOR WOMEN** A social enterprise aimed at generating transformational social change and increasing the active participation of women in enterprise development.
- **SMALL BUSINESS BANKING NETWORK** A global industry-building initiative that exists to expand the capacity, competency, and willingness of financial institutions to serve small and growing businesses.
- **RAFAEL LANDÍVAR UNIVERSITY** A private Jesuit university in Guatemala City helping WISE with its feasibility study.

OUR GLOBAL PARTNERS

- **ARGIDIUS** A foundation that provides financial support to organizations for projects focusing on accelerating small and medium-size business growth, and the first donor for the WISE ecosystem and fund.



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