

EXECUTIVE SUMMARY - *Women Empowerment in Guatemala*

Scope of the Analysis

This analysis evaluates **Fundación Progresar**, a non-profit organization in **Guatemala** that is dedicated to the **economic and social empowerment** of both **indigenous and non-indigenous women**. The organization's activities, which span from **providing microloans** to holistic **educational programs** in **business development**, **mental health** and **rights awareness**, are **examined in light of** their impacts and trade-offs on United Nations' **Sustainable Development Goals (SDGs) 1 (No Poverty)**, **5 (Gender Equality)**, and **8 (Decent Work and Economic Growth)**. This study not only explores the successes but also delves into the complexities of implementing integrated empowerment initiatives in culturally diverse and economically challenged environments.

Approach

Utilizing a **comprehensive methodology**, the study integrates in-depth **stakeholder interviews**, contextual **research** within Guatemala, and a **critical evaluation** of the microfinance landscape. This **multifaceted approach** offers insights from various perspectives, including Fundación Progresar's beneficiaries and leadership, which illuminates the operational, cultural, and economic dynamics at play.

Key Takeaways

The study underscores the effectiveness of Fundación Progresar's holistic approach, which integrates economic tools with crucial educational programs on rights and personal development. This innovative strategy has led to **substantial improvements** in the **living conditions** and **empowerment of indigenous women**, directly impacting **poverty alleviation** and fostering **gender equality**. Moreover, these efforts contribute to **economic growth** by **enabling women** to start and sustain local businesses. However, the analysis also reveals potential trade-offs, which have yet not occurred but may be considered as a potential risks in the future which the organisation should mitigate against.

Recommendations

To **enhance sustainability** and **reduce dependency on donor funding**, Fundación Progresar should consider **scaling its microfinance operations** strategically. Expanding the reach and scope of their programs can increase loan disbursements and repayment inflows, potentially leading to **financial self-sufficiency**, in essence **future proofing** the organizations and its impact. The strategic choice of future strategy require a careful analysis of the need of the poor, other organisations' contributions and the demand and supply of microfinance to avoid economic saturation and ensure new ventures fill genuine needs and demand of the target population. Fundación Progresar efforts emphasise the importance of detailed processes and continuous improvement of their empowerment project, but should **continue its efforts, incorporating new research and methodologies**. This proactive approach will help **refine their strategies** for long-term economic and social impact, integrating technological advances and diverse business models.



FUNDACIÓN PROGRESAR

Empowering Indigenous Women in Guatemala



Fundación Progresar Overview

Fundación Progresar, established in 2009, is a Guatemalan non-profit organization dedicated to the economic and social empowerment of indigenous women through microfinance. Operating out of Guatemala City with regional offices in Quiché and Alta Verapaz, the foundation directly and indirectly impacts over 35,000 individuals. Since start up the organisation has helped over 10,000 families to improve their lives reaching approximately 50,000 persons.

Mission and Methodology: The organization uses a holistic approach that integrates financial services with comprehensive training. Their primary tool is to establish and support village banks, which provide microloans and business training to women in impoverished rural communities. These efforts are bolstered by educational programs on women's rights, gender equality, and emotional health.

Core Programs and Methodology

- **Holistic Approach:** Beyond providing microloans, Fundación Progresar's projects include a multifaceted empowerment program. The foundation organizes women into village banks that operate on a three-year cycle, during which members receive continuous support in several key areas:
- **Business and Financial Education:** Training in financial literacy and business management, enabling women to effectively run and expand their own businesses.
- **Rights and Gender Equality:** Education on women's rights and gender equality is crucial. The program includes workshops to raise awareness and equip women with the knowledge to challenge and change the prevailing gender norms in their communities.
- **Mental and Emotional Health:** Recognizing the importance of mental well-being, the program provides training on emotional health. This includes strategies to manage stress and improve family dynamics, which are vital for creating a supportive environment for economic empowerment.
- **Product Processing Training:** Training in livestock management, establish vegetable and herb gardens for women's additional income and own consumption

Impact & Key Initiative

- **Success Metrics:** The foundation boasts an impressive nearly 100% credit repayment rate, a testament to the effectiveness of their training and the commitment of the women involved. Since its inception, Fundación Progresar has supported over 10,000 women through 490 village banks, with beneficiaries experiencing marked improvements in financial and social living conditions as well as self-esteem.
- **Key Initiative:** The "Mujer Semilla de Maíz" (Corn Seed Women) project is the foundation's flagship initiative, aiming to foster economic independence among women by providing small credits and business training. This enables women to establish and grow their businesses, leading to improved family incomes and more stable communities.

Future Directions and Goals

- **Expansion and Sustainability:** Fundación Progresar aims to expand their reach by incorporating 60 new groups each year, increasing the number of women and communities they support. The organization is working towards financial independence, aiming to continue their support without the need for additional donor funding.
- **International Expansion:** The model is being replicated in Zambia through a collaboration with Women for Change and technical support from Fundación Progresar.
- **Long-term Impact:** The ultimate goal is to reduce gender inequalities and improve the economic landscape for indigenous and non-indigenous communities in Guatemala. This includes not only expanding economic opportunities but also enhancing the social and health conditions of women and their families.

FUNDACIÓN PROGRESAR'S - "Mujer Semilla de Maíz" project



A structured approach to the project:

- Preparation and start up of a group – 4 weeks, 12 monthly meetings with training, loan repayment and savings. Followed by evaluation and change of cycle and new loan. Participants usually stay in the program for 3+ years. First cycles are interest free.
- The project has a step wise approach with manuals describing the process - how to start a group, how to train a group, and how to evaluate a group. There are manuals for all activities including: Village bank manual that steers the process, gender equality and human rights, business development, emotional health, vegetable gardens, organic fertilizer production, and small livestock.

Project results:

- Increased income for the women who participated, significantly improved emotional health and self esteem, increased gender equality and participation and decreased violence against women according to the project evaluations.
- It also results in improved gender equality for children and school attendance.

"...I feel very happy and satisfied to be part of this project, the truth is that my life has changed and that is something I will never forget. At first my husband did not believe in me, however, now he does, because I showed him that as a woman I can do the things I set out to do." - **Victoria Cruz, 29, mother of two, program participant**



- The project started in 2009, "Corn is the cultural symbol for the Mayan society".
- Target group: women in poverty facing particularly difficult circumstances.
- Integrated innovative project methodology combines savings, micro credits and training in business development, women's rights, gender equality, soil improvement and family gardens, as well as emotional health.



MICROFINANCE - *Global Insights, Local Impact and Critical Perspectives*

Microfinance in a Global Perspective

Microfinance plays an important role in the global economy by supporting poor and marginalized groups. By serving as a bridge between the unbanked or underbanked populations and the formal financial system, microfinance enhances the overall ecosystem's resilience and inclusivity.¹

Access to Credit and Financial Inclusion: Microfinance institutions (MFIs) provide essential financial services like small loans and savings accounts to individuals who lack access to traditional banking. This inclusion allows marginalized groups to start or expand businesses, enhancing their financial security and resilience.

Empowerment and Economic Participation: A significant aspect of microfinance is the empowerment of marginalized groups, enabling them to participate more fully in economic activities and increase their influence within households and communities. This empowerment promotes equality and can lead to broader social changes.

Social Benefits and Capacity Building: Microfinance fosters social cohesion through group lending models that encourage mutual support. Many institutions offer educational programs on financial literacy and business management, helping borrowers to improve their financial skills, make informed decisions, and grow their businesses. These activities also contribute to improved outcomes in health and education for borrower families.

Economic and Community Development: Microfinance fuels entrepreneurship and stimulates economic development at a grassroots level. This leads to job creation and can elevate the overall economic condition of entire regions.

Microfinance in a Guatemalan Context

Microfinance is a critical tool for economic and social development in Guatemala. It serves to address challenges faced by the poor and underserved populations, and is especially² important for empowerment and poverty alleviation of women.

Widespread Poverty: More than 55.1% of the Guatemalan population live below poverty line. Factors contributing to poverty include limited access to education, healthcare, employment, political instability and systematic inequalities. Indigenous groups in rural areas suffer from higher rates of poverty.

Indigenous Women Face Additional Vulnerabilities: Women encounter discrimination at multiple levels; ethnicity, gender, and socio-economic status. This also limits their access to employment opportunities and access to resources necessary for entrepreneurship or other higher-paying economic activities.

Microfinance in Guatemala: Microfinance has strong presences in rural areas supporting agriculture and small-scale enterprises. Small loans, savings accounts, and insurance products tailored to the needs of these low-income households. Microfinance is often provided in conjunction with educational programs and financial literacy training, bringing a broader social impact.

Microfinancial Empowerment of Women: Access to microfinance allows Guatemalan women to become economically independent and gain greater control over their financial circumstances. This also leads to increased societal status and decision-making power within their families and communities.

Criticism of Microfinance

Criticism of microfinance highlights the need for more responsible lending practices and regulatory oversight, including efforts to ensure transparency, protect consumers, and assess the social performance of MFIs alongside their financial performance.³

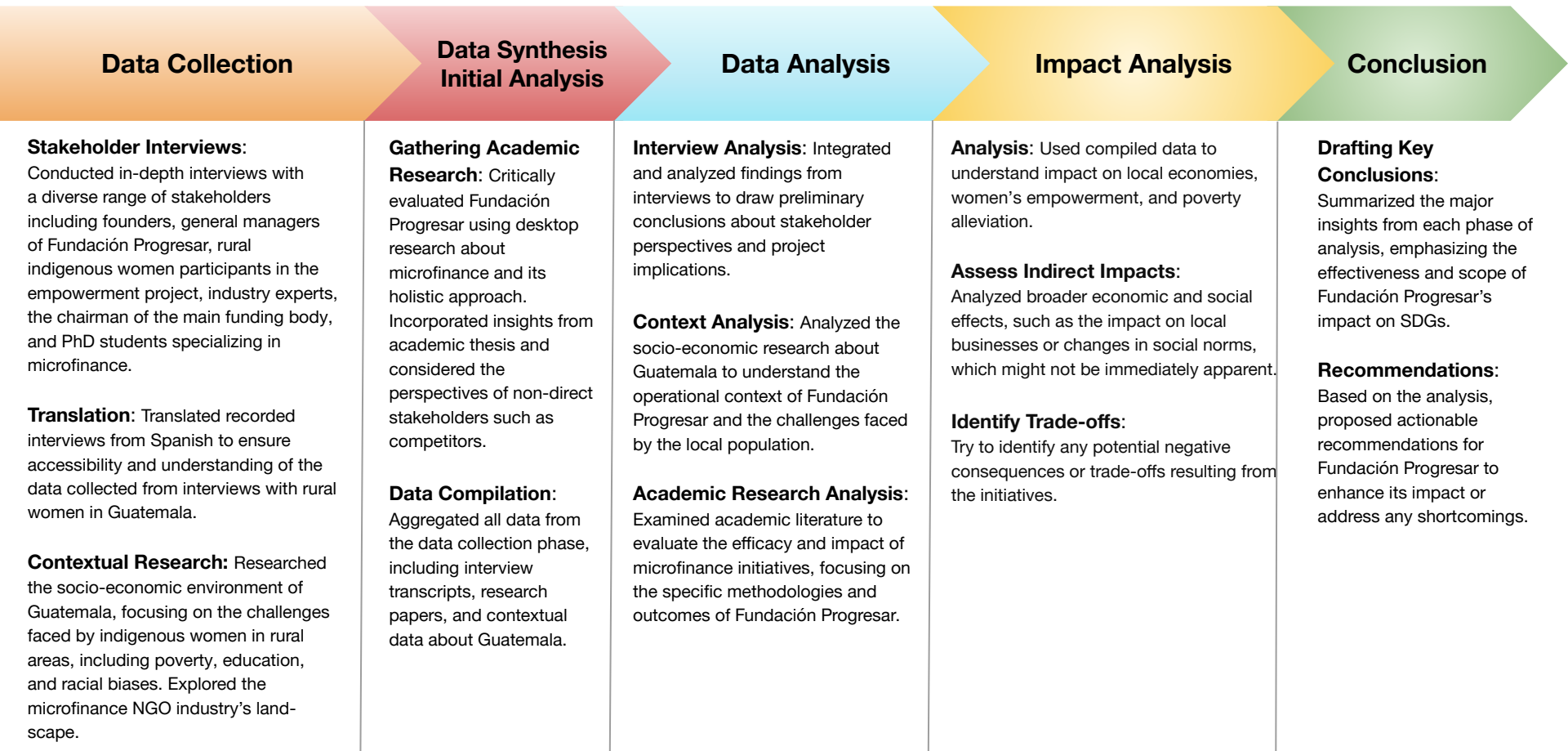
High Interest Rates and Over-Indebtedness Risks: MFIs often charge high interest rates due to the costs and risks associated with lending to clients without collateral or a credit history. These rates can place a significant burden on low-income borrowers, potentially trapping them in a cycle of debt. Additionally, the presence of multiple competing MFIs can lead to over-indebtedness, as borrowers may take loans from several sources simultaneously, using one loan to pay off another.

Challenges to Social Mission and Regulatory Gaps: The commercialization of microfinance has led to criticism that some institutions prioritize profitability over their social mission. MFI has also been questioned to divert attention and resources from other poverty alleviation strategies. The sector suffers from varying levels of regulation, with some areas lacking robust oversight. This inconsistency can result in aggressive loan recovery practices and insufficient transparency, exacerbating the burden on borrowers.

Questionable Impact on Poverty
Studies on the impact of microfinance have shown mixed results. While there are numerous success stories of microfinance lifting people out of poverty, systematic reviews and meta-analyses have suggested that the overall impact on poverty reduction is modest at best.

RESEARCH METHODOLOGY: EVALUATING FUNDACIÓN PROGRESAR

A Multi-Dimensional Comprehensive Approach to Understanding Microfinance Impact in Guatemala



EXPLAINING SDG'S 1, 5 AND 8 IN A GUATEMALAN CONTEXT

SDG 1: No Poverty Goal Summary: End poverty in all its forms everywhere.	SDG 5: Gender Equality Goal Summary: Achieve gender equality and empower all women and girls.	SDG 8 : Decent Work and Economic Growth Goal Summary: Promote sustained, inclusive, and sustainable economic growth.
This goal focuses on eradicating extreme poverty (defined as living on less than \$1.25 a day), implementing social protection systems, and ensuring equal rights to economic resources for all. The goal emphasizes targeted measures to support vulnerable populations, including the poor, disabled, indigenous peoples, and children, to reduce their exposure and vulnerability to economic, social, and environmental shocks.	This goal includes ending all forms of discrimination, violence, and harmful practices such as child, early, and forced marriages and female genital mutilation. It also stresses the importance of ensuring women's full participation in leadership and decision-making, and equal rights to economic resources, access to ownership, and control over land and other forms of property.	This goal promotes sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. It emphasizes the importance of achieving higher levels of economic productivity through diversification, technological upgrading, and innovation. The goal also includes measures to eradicate forced labor, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labor.
SDG 1 in Guatemala Key Fact: Approximately 55% of the population lives below the poverty line, with indigenous populations disproportionately affected. Current Situation: High levels of inequality and limited access to basic services exacerbate poverty in rural areas. Progress: Implementation of social protection programs aimed at vulnerable communities has shown some positive trends in reducing extreme poverty rates. Impact Statement: Addressing poverty comprehensively is crucial for Guatemala's social stability and economic growth.	SDG 5 in Guatemala Key Fact: Domestic violence is a severe and pervasive issue with high rates of gender-based violence, including femicide and sexual violence. In 2020, femicide rates were among the highest globally, with a notable increase from previous years. Guatemala has one of the highest rates of child marriage in Latin America, with 30% of girls married by 18. Current Situation: Gender-based violence remains prevalent, with systemic barriers to education and healthcare for women and girls. Progress: Legal reforms and awareness campaigns are underway to combat gender inequality and promote women's rights at all levels. Impact Statement: Strengthening gender equality is pivotal for democratic governance and economic development in Guatemala.	SDG 8 in Guatemala Key Fact: Unemployment and underemployment rates are high, particularly among youth and indigenous communities. Current Situation: The informal sector dominates, representing over 70% of employment, often without social security benefits or job security. Progress: Initiatives to promote sustainable tourism and agriculture have begun to offer new avenues for employment and growth. Impact Statement: Economic diversification and investment in human capital are essential for sustainable development and poverty reduction

REFLECTIVE ANALYSIS OF STAKEHOLDER VOICES ON FUNDACIÓN PROGRESAR’S IMPACT

Beyond Microfinance: Socio-Economic Transformation in Indigenous Communities

Participant’s perspectives <i>Stories of Empowerment from Fundación Progresar</i>	Leadership Insights <i>Strategic Processes at Fundación Progresar</i>	Reflective Takeaways
Doña Gloria and Doña Mariana exemplify the impact of Fundación Progresar on indigenous women’s lives in Guatemala. Both have turned the skills and knowledge gained from the project into businesses and sources of income for their families. Doña Gloria has applied the business management and animal care knowledge she acquired to her poultry farming business. She has become an advocate within her community for gender equality, empowering other women to speak up for their rights and manage their finances better. She reflects on the project’s impact: “We realize that we women can do things that we thought we couldn’t do, and we’re able to achieve them little by little thanks to this project from the Fundación Progresar”. Doña Mariana, on the other hand, runs a business in candle making and compost sales. Her training in the program has enabled her business, and she is proud of her role in shifting community perspectives on women’s capabilities. Doña Mariana shares her gratitude: “Foundation has helped us a lot as women to get ahead and there are many who want to join it.” Conclusion: The stories of Doña Gloria and Doña Mariana illustrate the transformative power of Fundación Progresar’s approach, which empowers women to improve their economic standing and challenge societal norms. Their successes underscore the potential for personal growth and community enhancement when women are given the tools, knowledge and opportunity to succeed.	The leadership team at Fundación Progresar, comprising Kristina (Founder), Ligia (Operations Manager), and Lety (Founder and Executive Directort), brings a rigorous, process-oriented approach to empowering women in Guatemala and beyond. Their efforts emphasize the importance of detailed processes and continuous improvement of their empowerment projects. Kristina has been driving the meticulous approach to the organization’s processes. She emphasizes the importance of rigorous process management to ensure consistency and effectiveness. “We focus intensely on our methods and processes, utilizing manuals and protocols to maintain quality across all initiatives”, Kristina explains. Despite the consistent core methodology, she acknowledges the need for thoughtful adaptations when transferring programs to contexts like Zambia, “our core methodology travels, but local adaptation is essential to meet specific regional demands effectively.” Ligia and Lety further discuss how these refined processes translate into tangible benefits. They observe significant economic and social improvements among the women participants, such as enhanced financial independence and reduced domestic tensions. “Our thorough processes not only teach financial and business skills but also foster a deeper understanding of rights and personal worth, leading to stable and enriched community life”, they note. Conclusion: The leadership of Fundación Progresar, through a blend of detailed process management and responsive local adaptation, successfully extends their empowerment programs beyond Guatemala, making a sustainable impact on the lives of women in diverse settings.	Reflective Takeaways Holistic Approach Necessity: The success of Fundación Progresar underscores the necessity of a holistic approach to development. Economic tools alone, such as microfinance, are insufficient without accompanying education on rights and personal development. Sustainable Model for Expansion: The model’s success in Quiché and Alta Verapaz presents a compelling case for its replication in similar contexts within Guatemala and beyond. This could potentially amplify the impact on poverty reduction, gender equality, and sustainable economic growth. Process Methodology Focus: The organization’s rigorous process orientation ensures that every initiative is implemented with precision, fostering reliability and predictability in outcomes, which are essential for long-term success and stakeholder trust.

INSIGHTS FROM ACADEMIC RESEARCH - *A Critical Analysis*

Microfinance and Local Economic Growth SDG1	Microfinance and Social Impact SDG1	Enablers towards Gender Equality SDG5	Generating Inclusive Growth SDG8
Finding: Research criticizes microfinance as an “anti-development” policy that embeds poverty and exacerbates inequality by supporting the informalization of economies and the proliferation of low-productivity, low-growth potential businesses.	Finding: Microfinance can be an effective tool in reducing certain types of violence against women in rural Guatemala by showing that women participating in microfinance services experienced reduced economic and emotional violence compared to those without such access.	Finding: Training programs effectively enhance women’s self-esteem and involvement in community and organizational roles; however, deeply entrenched male-dominated cultures continue to limit their full participation in decision-making processes.	Finding: Weak public institutions and governance issues limit effective public service delivery and development. Corruption and limited fiscal space further restrict the government's ability to invest in necessary social and infrastructure projects.
Implication for Fundación Progresar: Reflects the need for Fundación Progresar to continue developing their holistic model that combines microfinance with education and empowerment, ensuring sustainable local economic growth.	Implication for Fundación Progresar: Supports Fundación Progresar holistic efforts, especially those related to mental health and gender equality. It suggests that Fundación Progresar should reflect on its current programs to ensure it also addresses broader sociocultural factors that contribute to violence.	Implication for Fundación Progresar: Supports Fundación Progresar's approach in empowering women through financial independence, contributing positively to gender equality.	Implication for Fundación Progresar: While Fundación Progresar's efforts are definitely valuable, further scaling up the operations would contribute towards systemic change.
The Age of Microfinance: Destroying Latin American Economies from the Bottom Up” -2014	Microfinance and Violence Against Women in Rural Guatemala - 2017	Enablers and barriers towards gender equality - 2022	"Guatemala: Closing Gaps to Generate More Inclusive Growth". The World Bank - 2015

Reflective Takeaways

Smaller Initiatives:

Research in general agree that smaller initiatives help, but on a very local scale. They are in agreement that larger institutional intervention is required to drive entrepreneurship, gender equality and sustainable economic growth in Guatemala (and similar countries). Continuous adaptation and responsiveness to the community's needs and the evolving landscape of microfinance are crucial for sustaining and scaling Fundación Progresar's impact.

Dual Potential:

These studies collectively highlight the dual potential of microfinance to contribute to socio-economic development while posing challenges that need careful management. Fundación Progresar's model aligns well with the positive aspects noted in the research. Especially its holistic focus brings additional tools to spur and reinforce impact beside the traditional financial impact. Still, the foundation must remain vigilant about the risks, particularly in terms of financial burden to its clients.

Understanding SDG Impacts: Impacts and Trade-offs

Poverty (SDG 1)

IMPACTS

Economic Independence: The Project leads to increased income for women which is crucial. It translates directly into improved living standards, as women invest in better nutrition, education for their children, and healthcare. These are foundational aspects of breaking the cycle of poverty.

Community Impact: By enabling women to run businesses, the foundation fuels local economies. This localized economic boost is vital in rural areas where traditional employment opportunities may be scarce, thus fostering economic growth within impoverished communities.

TRADE-OFFS

Inequality Between Participants and Non-participants: The focus on empowering specific groups through microfinance and education could potentially exacerbate inequality, potentially creating friction between those who benefit from the programs and those who do not. To mitigate this, the effects of on the non-participants in small rural communities should be considered as they can be argued to be external stakeholders.

Gender Equality (SDG 5)

IMPACTS

Cultural Shifts: Fundacion Progresar's core focus on rights and gender equality education has led to significant cultural shifts within participating communities. Women participants report a decrease in domestic violence and an increase in their societal and familial roles, indicating a broader impact on community norms and behaviors.

Social Empowerment: Women, through Fundacion Progresar's project, gain not just economic clout but also social and political voice, engaging more actively in community affairs and decision-making processes. This empowerment is a critical driver for achieving gender equality in patriarchal settings

TRADE-OFFS

Domestic Instability: As women become more economically independent and aware of their rights, there may be an initial increase in domestic conflict, particularly in traditionally patriarchal societies where sudden shifts in gender roles can provoke resistance or backlash.

Community Resistance: The emphasis on women's empowerment might not be welcomed uniformly across communities, particularly where traditional views about gender roles are deeply entrenched. The impact of the organization might be slowed down due to patriarchal hierarchies and norms.

Decent Work and Economic Growth (SDG 8)

IMPACTS

Sustainable Economic Activities:

The foundation's training programs ensure that women cannot only start but sustain and grow their businesses. This approach promotes decent work by creating job opportunities not just for the women, but also for others in their communities, thus contributing to broader economic growth.

Process-focus and Adaptation:

The adaptation of the program to local contexts and the introduction of innovative practices, such as the emotional health workshops, enhance the overall effectiveness and sustainability of the economic activities initiated by the women. These activities help stabilize local economies and reduce the need for economic migration.

TRADE-OFFS

Social Collateral: Social collateral practices can potentially spread financial instability within communities if one member defaults and it impact multiple families. To mitigate this, careful analysis and continuous evaluation of the lending model is important to incorporate in processes.

CONCLUSION

Impact and Distinguishing Features

Comprehensive Economic and Social Empowerment:

Fundación Progresar's model integrates economic tools with essential training in rights awareness and emotional well-being, setting it apart from traditional microfinance institutions. This approach has proven effective in enhancing the autonomy and agency of indigenous women in Guatemala, highlighting the organization's unique focus on holistic development that ultimately yields more impactful and sustainable outcomes.

Community Integration and Adaptation:

The ability to adapt core methodologies to suit local contexts - demonstrated in its expansion into Zambia - is a notable strength. This flexibility ensures that the programs are culturally sensitive and more likely to be embraced by the local population.

Challenges and Trade-Offs

Funding Dependency and Pathways to Financial Independence for Broader Impact:

Fundación Progresar's impactful work relies on ongoing donor support, which could challenge the organization's long-term sustainability. Strategic scaling offers a pathway to financial independence by potentially incorporating revenue-generating initiatives that complement its mission. Their focus on supporting numerous small-scale businesses has successfully generated immediate job opportunities and equipped women with valuable entrepreneurial skills. To transform this success into a broader, more structural economic impact, these efforts would benefit from complementary initiatives that foster deeper economic development, enabling Fundación Progresar to contribute even more robustly to lasting regional transformation.

Key Recommendations for Fundación Progresar

Building on Existing Success to Achieve Financial Independence:

Thanks to the strong leadership and the holistic approach, Fundación Progresar is well-positioned to enhance its sustainability and decrease reliance on donor funding. By strategically scaling its microfinance operations, the organization can expand the reach of its microloan programs, boosting loan disbursements and repayment inflows. Strategic market analysis will ensure that these efforts fill genuine local needs and promote economic diversity, strengthening the communities served.

Strengthening Impact Through Lifelong Learning:

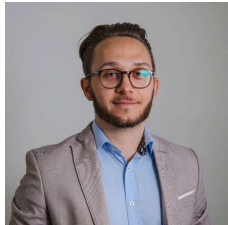
The leadership team's commitment to continuous learning has been key to the foundation's success, allowing them to integrate cutting-edge research and methodologies. By adapting programs to meet evolving needs, Fundación Progresar can amplify its contributions to the SDGs, particularly goals 1, 5, and 8, reinforcing the holistic model that combines economic empowerment with education on rights and personal growth. This well-rounded approach, supported by the leadership's vision, deepens Fundación Progresar's long-term impact, empowering communities and promoting resilience.

With these recommendations, Fundación Progresar can continue its transformative journey, driven by an outstanding leadership team whose dedication has already brought remarkable change to countless lives.





Presentation of the team of students at Stockholm School of Economics conducting the analysis



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