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) initiative starts with a systemic understanding of these barriers and attracts partners with expertise in the areas of financial services, women’s rights, advocacy, and entrepreneurship to develop a multi-disciplinary collaboration 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 convening role to support this collaboration that brings together the private sector, nonprofit organizations, and academia. In this case, the focus is to advance women’s economic rights in Guatemala. WISE 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 launched WISE Fund, which will support loans to women entrepreneurs in partnership with local banking institutions, training programs for women designed to increase their economic leadership and, eventually, policy efforts that pull directly from the experiences of the entrepreneurs themselves and the organizations that represent them. Below are the key accomplishments of WISE from October to December 2014.
In this first year, the WISE team focused on building a solid foundation. This foundation is crucial to our implementation and our learning agenda.

1. We have built a working group representing different and varied organizations all working together towards a common goal of improved economic opportunities for women. (For more information, please see Appendix 1).

2. We have created linkages with many other organizations within the Guatemalan ecosystem with the expectation that these linkages will expand opportunities for women entrepreneurs in Guatemala, while enhancing interconnectivity and shared learning across organizations. (For more information, please see WISE Ecosystem chart).

3. We held the first pre-investment training and coaching cycle.

4. We are building a state of the art monitoring platform that will support on-going learning, enable programmatic improvements and provide transparency regarding results.

5. We launched the WISE Fund, which leverages impact investing dollars toward an effort to push for broad based systems change for women across Guatemala.

Above: WISE women during their the introductory session of the pre-investment training. WISE 1st Cohort gathered 90% indigenous women in Sololá and its surroundings. Photo by María Luisa Cruz.
## WISE Program Milestones

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**Processes** | **Milestones**

TA: Technical assistance
TOR: Terms of reference
ACCOMPLISHMENTS THIS PERIOD

• During this quarter, WISE finalized an agreement with its first strategic banking partner, Banco GyT Continental (GyT), Guatemala’s third largest bank.

• Capital Plus Exchange (CapPlus) completed a diagnostic assessment of GyT to assess the development of its small business banking activities. In this case, the diagnostic took a gender lens to all its usual parameters [e.g., strategy, markets and products, sales and services, credit and technology]. As a next step, CapPlus will provide the bank with recommendations of how to improve service provision to women clients based on the results of their diagnostic assessment.

• WISE entrepreneurs from the first pre-investment round completed last quarter submitted their applications to GyT for consideration.

WISE INVESTMENT FUND STRUCTURE

- INVESTOR
- INVESTOR
- INVESTOR

WISE FUND

Sets up Letter of Credit and signs agreement with bank in Guatemala

US BANK

Issues Letter of Credit to bank(s) in Guatemala

GUATEMALA BANK

 Gives loans following WISE guidelines and agreement

FEES & REPORTING

WISE FUND

Receives fees & reporting
WISE UPDATES ON PROGRAM GOALS

WISE STRATEGIC IMPACT OBJECTIVES

1. Women entrepreneurs have sustainable access to appropriate finance
2. Women–run businesses demonstrate improved performance
3. Women entrepreneurs feel more empowered and influential
4. Women entrepreneurs are perceived as positive role models and leaders
5. Women entrepreneurs benefit from a supportive policy environment

IMPLEMENTATION PRINCIPLES

1. The WISE initiative is implemented successfully and efficiently through collaboration with external partners, leveraging their unique skills sets and resources, to broaden opportunities for women entrepreneurs.
2. The WISE initiative is implemented responsibly based on excellent MEAL systems, active budget management, sufficient funding, transparent/on-time reporting and regular team coordination.

1. WOMEN ENTREPRENEURS HAVE SUSTAINABLE ACCESS TO APPROPRIATE FINANCE

Currently, in Guatemala, banks are not proactively marketing to women clients. This is reflected in the data. According to World Bank Enterprise Survey data for Guatemala (2010), across product lines women–run business consistently cite much lower use of bank funding to finance their business activities than do their male counterparts. Women participating in the WISE pre-investment program revealed skepticism that the formal banking sector would take their businesses seriously.

Given this void in the Guatemalan banking market, GyT has the opportunity to be a market leader in serving women–run small businesses. The bank is well positioned to do so given its extensive geographic reach serving clients far beyond Guatemala City and its existing range of small business loans, already an innovation in the Guatemalan market. Most importantly, GyT is committed to reaching out to this underserved market segment. CapPlus’s banking experts supported this process during the quarter by analyzing the bank’s small business banking operations through data analysis, market analysis, interviews with staff, bank executives, and bank customers – all through a gender lens. The end product will be a diagnostic assessment of the bank’s operations coupled with actionable steps the bank can take to make improvements and seize opportunities. By incentivizing growth in financial products targeting women by mainstream institutions like GyT, WISE hopes to spur other banks to follow suit.

That said, based on our experience with the first cohort, it appears that there is still much work to be done. Women entrepreneurs who participated in the WISE pre-investment training were all invited to apply to GyT for loans to support their business growth. While a few applied, many did not. We are currently examining the reasons for this. A few women expressed skepticism that the bank would treat them fairly. Other women expected a grant despite the focus on WISE being a market based program. During this first start-up year, we intentionally kept the first cohort small, limiting participation to only 20 women, and committed to

FIRMS USING BANKS TO FINANCE INVESTMENTS

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World Bank Enterprise Survey, Guatemala, 20%
learning as much as possible in the first funding round. In the next quarter, the WISE team will convene representatives from GyT, our main training partner IDEA, Oxfam senior executives with small business experience and others to learn from the first round and improve uptake rates during the next cohort, which is expected to kick off in the 1st Quarter of 2015.

2-3. WOMEN ENTREPRENEURS DEMONSTRATE IMPROVED PERFORMANCE AND FEEL MORE EMPOWERED AND INFLUENTIAL

Those entrepreneurs who decided to apply to GyT for financing through the WISE initiative received support from their coaches on the loan application materials. These women were also visited by the bank’s marketing staff to explain the product’s terms and conditions. As many of the entrepreneurs in the program have built their businesses through informal financing sources, we expect that by participating in the loan application process, the entrepreneurs will have a better sense of their enterprise’s financial needs as well as its growth prospects. We have already witnessed women having an improved ability to calculate their costs, assess the profitability of their businesses and forecast their credit needs. This process will also have made them aware of alternatives to informal finance. This expansion of options is very much at the core of the WISE initiative.

4. WOMEN ENTREPRENEURS ARE PERCEIVED AS POSITIVE ROLE MODELS AND LEADERS

The first cohort of women participating in the WISE pre-investment training module was comprised of women running very different businesses. Some had been in business 2 years and others had been in business 10 years. By far, most estimated annual revenues under $10,000 but a few had estimated annual revenues of over $35,000. This diversity was intended to demonstrate to the women running more modest businesses that potential to grow a business as a woman in Guatemala is real. WISE seeks to engender a sense of women entrepreneurs as leaders from the micro-level, i.e., within the individual cohorts, as well as at the macro-level, i.e., within communities and the broader public consciousness.

5. WOMEN ENTREPRENEURS BENEFIT FROM A SUPPORTIVE POLICY ENVIRONMENT

The WISE initiative is based on the principle that the lessons from the experiences of our entrepreneurs will eventually drive our policy asks – at a local, national and global level. As such, a strong and credible monitoring platform is the basis of our drive to push for a more supportive policy environment for women entrepreneurs. We have made rapid progress in building this platform.

• We have identified indicators necessary to measure progress against goals including increased access to appropriate finance and improved business performance, as well as to capture lessons about the barriers that keep women from achieving these goals.

WISE TRAINING PARTICIPANT REVENUES (Annual Estimates, usd)

- 50% UNDER 10,000
- 17% 10,000-20,000
- 17% 20,000-30,000
- 16% OVER 30,000
THE WISE ECOSYSTEM

Over the first year of implementation, the WISE team has made connections and, in certain cases, launched partnerships with over 40 organizations either working directly in Guatemala or supporting work being done there. Oxfam believes in the great potential in the sharing of organizational resources and capabilities in working towards a common goal. These partnerships allow us to do far more than we could ever do on our own. For example:

• AGORA PARTNERS: The WISE team is currently entering a partnership with Agora Partners in its work focusing on women entrepreneurs in Nicaragua to exchange and share training methodologies. The partnership will allow WISE to work from Agora’s experience supporting entrepreneurs through its Agora Accelerator program, while Oxfam shares its unique knowledge around gender expertise as applied to the entrepreneurship space. Agora has supported 67 high growth entrepreneurs from Central America with a particular focus on increasing their attractiveness to outside funders. Agora entrepreneurs have experienced on average 80% revenue growth and have raised over $14m in external capital.

These efforts demonstrate the intent behind our goal to support successful and efficient implementation through collaboration with external partners, leveraging their unique skill sets and resources, to broaden opportunities for women entrepreneurs.
Lynn Pikholz, President and CEO of Capital Plus Exchange (CapPlus), is a force to be reckoned with. She is a passionate advocate for her organization and its mission, which is to increase access to finance for small and growing businesses, in her view, the biggest generators of jobs and incomes in developing and emerging economies. Lynn has been a committed partner to WISE lending her out-of-the-box thinking and expertise to the development of the WISE strategy and vision. Lynn, a hard-nosed development finance practitioner, is an equally committed activist for social justice and women’s empowerment. When asked what has inspired her commitment to these issues, Lynn, who is originally from South Africa, points to her participation at the age of 8 in a youth movement, which conscientized kids against the injustices of the Apartheid regime. “I grew to believe from a very young age that each individual can make a difference”, says Lynn. She describes her early professional life as a mix of banking, journalism, working with street children, supporting squatter settlement upgrading and housing policy and working towards the transition to democracy in South Africa. Luckily for WISE, her professional journey led her to a focus on supporting financial institutions in their efforts to strengthen their outreach to small and medium sized businesses. In WISE, Lynn has integrated the support that CapPlus provides to banks with a gender lens to, as she puts it, help “unleash the potential of women entrepreneurs”.

“I grew to believe from a very young age that each individual can make a difference.”
CONCLUSION

We believe that investment funds like WISE chart the course for a rights-based approach to support broad social change. The WISE Fund allows us to witness and document firsthand the huge obstacles women-run businesses face in building and growing their businesses. What if every impact fund saw as their responsibility to use their experiences to draw broader attention to the social inequities that their interventions hope to address? How much more could we do then?

We take our inspiration from women like Carmen Maria Can, who participated in the WISE pre-investment training. She said that as a result of her participation she learned to “increase my sales, contact new customers, improve product distribution and trust in myself.” When women are given the opportunity to demonstrate their capabilities, there’s no limit to what they can do. To achieve this requires a mindset change that starts first with the women themselves and builds to a shift in societal thinking that values women as role models and leaders. WISE remains committed to the vision that when women are able to overcome the challenges to growing their businesses, the benefits accrue to the women, to their households, and to the broader society.
OUR LOCAL/NATIONAL PARTNERS IN GUATEMALA

• SWISSCONTACT A business-oriented foundation for international development cooperation.

• 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 An innovative organization that provides support for entrepreneurs and business owners, who through the practice of methodologies, means, and high-effective tools, strengthen their personal and business success, creating continual and sustainable improvements in their different interaction environments.

• RAFAEL LANDÍVAR UNIVERSITY A private Jesuit university in Guatemala City helping WISE with its feasibility study.

• ASOCIACIÓN DE EMPRENDEDORAS MAYAS–AEM A private, apolitical association integrated by altruistic women entrepreneurs that promote and coordinate collective and individual development opportunities that permit generate productive business, cultural, and social activities under the Mayan perspective.

• GREMIAL DE MUJERES EMPRESARIAS Cámara de Comercio Filial Quetzaltenango. www.camaradequetzaltenango.com Develops and implements learning spaces and monthly meeting designed to strengthen and support business women to improve their business results.

OUR GLOBAL PARTNERS

• VALUE FOR WOMEN A social enterprise aimed at generating transformational social change and increasing the active participation of women in enterprise development.

• ARGIDIUS A foundation that provides financial support to organizations for projects focusing on accelerating small and medium-size business growth.

• CAPITAL PLUS EXCHANGE A global industry-building initiative that exists to expand the capacity, competency, and willingness of financial institutions to serve small and growing businesses.

• POMONA IMPACT makes investments in Small Growing Businesses, particularly those with a social mission, across Mexico, Central America, and Ecuador. These firms contribute significant benefits to people and communities at the bottom of the economic pyramid. We work closely with portfolio companies to identify and create value and positive impact.