

Namaste & Rotary: Advancing Women's Economic Empowerment in Guatemala



For 15 years, Namaste Direct has partnered with Rotary Clubs around the world to empower over 5,000 Guatemalan women to achieve economic security through our signature Creating Prosperity Program (CPP). The CPP equips marginalized women entrepreneurs with essential financial training, business coaching, and micro-loans. *Our CPP graduates have on average doubled their profits in our program and gained skills to support them to earn more money throughout their lives.*

But today, poverty in Guatemala has a new, insidious culprit: overwhelming debt. Seventy-three percent of working Guatemalan women run small, informal businesses because they lack traditional employment opportunities. They also lack capital to get their businesses started. Meanwhile banks and micro-finance institutions (MFIs) in Guatemala charge annual interest rates from 30% to 300%. Unlike Namaste, most lenders do not educate or advise their borrowers on investing their loan funds, which puts many in a worse situation than they were in before borrowing.

Addressing the Unintended Consequences of Loans

Sadly, loans have become a toxic survival mechanism for economically vulnerable Guatemalan women. Loan sharks from Colombia pose another serious risk in Guatemala as they offer daily loans (laundering narco money) to people in poverty at astronomical interest rates. Women are especially vulnerable to loan sharks because they lack collateral to qualify for traditional bank loans. What they do not realize is that loan sharks' resort to extortion, kidnapping, and even murder when their borrowers don't repay. We have seen countless women borrow from loan sharks to cover the costs of family emergencies, and then take out high-interest loans from MFIs to pay off the loan sharks. Yet, without investing their loans into their businesses, women are unable to generate enough income keep up with their payments. This creates a brutal cycle of debt, where women borrow more and more and work tirelessly just to pay off high-interest loans. This is a major driver of migration to the US. Namaste can no longer advance women's economic empowerment in Guatemala without equipping women with resources to tackle the issue of predatory lending and debt head on.

Doubling Down on Women's Economic Empowerment (WEE) Education

The most effective way to protect Guatemalan women from predatory lending is to educate them on how to earn and manage their money.

Namaste's Women's Economic Empowerment (WEE) video library makes financial literacy training publicly available to low-income Guatemalan women juggling the overwhelming responsibilities of domestic work and entrepreneurship. Our WEE video library consists of five-minute videos on practical, culturally relevant topics such as budgeting, savings, and financial administration. In 2024, Namaste will continue producing more videos on related topics that impact WEE such as family planning, self-esteem, and legal resources.

In 2024, Namaste's community mentors will facilitate workshops for six hundred low-income women in rural areas. Participants will learn about their rights as women, gain critical financial literacy skills, and make their own WEE plans.



A screenshot of one of Namaste's videos about Women's Economic Empowerment. Cuchubal Match participants will view this video along with others in Namaste's Women's Economic Empowerment classes.

We are calling on our Rotarian partners to help Namaste raise \$50,000 to launch new strategic initiatives to address the most urgent threat to women's economic security. These programs focus on equipping thousands more Guatemalan women with critical financial literacy skills so they can manage and avoid debt, and a critical alternative to traditional loans through our Cuchubal Match.

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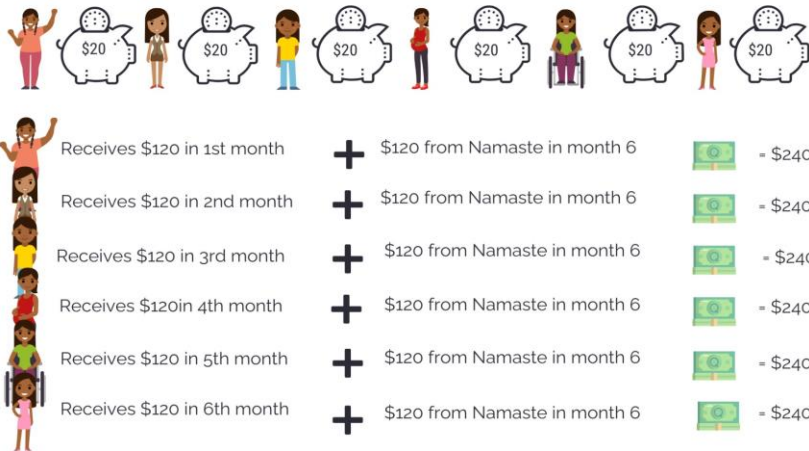


Namaste's Cuchubal Match (CM)

Namaste's Cuchubal Match (CM) is a lifeline for Guatemalan women entrepreneurs who have been victimized by predatory lending. A "cuchubal" is a group savings club widely used by people throughout Guatemala. Namaste will leverage the cultural- relevance of the cuchubal model to help women entrepreneurs access more significant sums of capital than they could save on their own, while teaching them our WEE curriculum. Namaste will incentivize women to save monthly in the CM and attend WEE classes by matching 100% of their savings at the end of the six-month cycle.

In 2024, Namaste will pilot our CM with one hundred low-income women entrepreneurs struggling to manage their debt. These may be women who previously applied but did not qualify for our Creating Prosperity Program or women with poor credit who attend our WEE workshops. Participants must form groups of six or twelve women, who agree to the following:

- Monthly Savings:** All members of the cuchubal must agree to save the same amount of money, ranging between \$10 - \$30 per month, depending on their income. We expect the average savings to be \$20 per month.
- Attendance in Monthly Women's Economic Empowerment (WEE) classes:** All participants must attend Namaste's monthly WEE Classes alongside the other women in their CM group. These classes feature Namaste's WEE videos, along with personalized financial literacy training to equip women with practical skills to implement sustainable business practices and positive financial habits. During WEE Classes, Namaste's field staff will support CM participants in making their own WEE plan, advise them on how to invest their cuchubal funds, and manage their debt.
- Payout System:** Each month, the women will bring their savings contribution to Namaste's WEE classes. Below, you can see that in a cuchubal of six women with a monthly savings amount of \$20, one woman would receive a payout of \$120 each month. In a cuchubal of twelve women, two would receive a payout of \$120 monthly.
- The Match Incentive:** Namaste will incentivize women who to participate in the monthly savings and WEE classes by matching 100% of their savings at the end of the 6-month CM cycle (if the monthly amount were \$120, Namaste would pay them another \$120)



To offset the risk, if a participant in the CM discontinues her savings contributions after receiving her payout, Namaste will cover her contributions to the rest of the group, but she will not receive a match. This fosters fairness and trust within the group.

Women can complete two six-month CM cycles, during which they will learn to budget, administer their business responsibly and set tangible goals. Namaste will encourage them to continue saving within their cuchubal before resorting to borrowing money.

However, women who complete two cycles of the CM, and require larger amounts of capital to grow their business will be eligible for a loan (along with individualized coaching and education) in Namaste's CPP regardless of their debt history or credit scores. Through the CM, women who would be ineligible for loans anywhere else (other than dangerous loan-sharks), establish creditworthiness with Namaste and become savvy entrepreneurs. The CM is a beacon of hope for Guatemalan women who have fallen into toxic cycles of debt and see migration as their only way escape. With the support of our Rotarian partners, we can empower Guatemalan women to break generational cycles of poverty and prosper at home. We expect participants in this pilot to achieve the following outcomes:

- Increase their profits by an average of 50%.
- 90% women will gain confidence in their economic situation and an increased sense of financial autonomy.
- 90% of participants will demonstrate clear comprehension on how to calculate interest vs. principal.
- Access approximately \$240, a sum of money often only accessible through high-interest loans

Namaste's WEE Education and Cuchubal Match tackle the greatest threats to women's economic security in Guatemala. Contact Desiree Lyons (desiree@namastedirect.org) for information about how your club can advance this work.

