

SOCIAL ENTREPRENEURSHIP PROGRAM

PROJECT SUMMARY

1. **País:** Guatemala
2. **Nº Proyecto:** GU-L1190 AND GU-T1339
3. **Name of Project:** PRO Mujer: Credit, Preventive Health, and Digital Skills to Empower Women Microentrepreneurs
4. **Executing Agency:** Pro Mujer Guatemala S.A. (PMG)
5. **Borrower:** Pro Mujer Guatemala S.A. (PMG)
6. **IDB División:** Multilateral Investment Fund (MIF) – IDB Lab

7. Financing amounts

	<u>IDB (SEP)</u>	<u>Local</u>	<u>Total US\$</u>
Reimbursable Financing:	1.750.000	1.794.000	3.544.000
Technical Cooperation:	<u>250.000</u>	<u>635.000</u>	<u>885.000</u>
Total:	2.000.000	2.429.000	4.429.000

8. Objective and purpose of the project:

The project's objective is to improve access by women microentrepreneurs in Guatemala to financial and health services. The purpose is to help strengthen the capacity of PMG to provide credit services for women and promote and provide training for its clients in preventive health care and digital skills. The project's strategy is to facilitate access to financial and health services for female microentrepreneurs, thus strengthening their economic activities, improving their incomes, and increasing their health knowledge and practices to reduce their health risks and improve the wellbeing of their households. The project will permit PMG to provide these services to more than 4,090 people. It is expected that more than 90% of them will be women. The financial services will be distributed through digital means, as will several of the health sensitization modules, supporting awareness and the acquisition of digital skills by the women benefitting from the project.

1. Project Components:

- ***Reimbursable Financing***

This component has the specific objective of providing financing to enable PMG to expand its credit program for women microentrepreneurs. IDB Lab will grant PMG a senior loan for up to US\$1,750,000, to be complemented with counterpart funds of US\$1,794,000, including equity capital contributions (from PMI's own funds, from donations by Google to PMI (US\$200,000), or other sources) that PMI will channel to PMG as capital contributions (about US\$811,000) and as subordinated debt financing. maintain the group's supply chain by ensuring continuous, uninterrupted purchasing of grains, tubers, artisanal beverages (pisco, chicha), proteins, and fruits and vegetables from producers.

The funds from this component will be used to grant credit to women microentrepreneurs in depressed barrios and areas where PMG operates, which are mainly in the Guatemala department, where PMG

is launching its activities. This financing will be granted as an individual credit product, mainly targeting women who have started or plan to start a new business for which they need funds. The loans will finance the productive, commercial, and service activities of women entrepreneurs, starting with small amounts that will increase as the borrower generates a culture of payment and greater ability to pay. The loans will be in the range of US\$400 to US\$5,000 (with an estimated average of US\$1,200) and terms of 12 months to cover working or investment capital requirements. Initially (operating as a minimum viable product), PMG will operate with a single credit product. The funds for the component will be lent in accordance with PMG's credit policies, which are available in the technical files.

- ***Non-reimbursable Technical Cooperation***

This component will finance technical assistance and training service contracts and the procurement of hardware and software, with two specific objectives: (i) preventive health promotion for women who are current and potential clients of PMG, to reduce their health risks and improve the wellbeing of their households; and (ii) provision of digital skills and facilitation of the adoption by PMG clients of financial and/or health services solutions that use digital technologies.

The preventive health promotion activities will include: (i) strengthening community preventive health capacity through the creation and activation of a network of health promoters who will serve as a channel for sensitizing the female population to the risks of noncommunicable diseases affecting it and guiding the women on how to detect such diseases or seek treatment, supported by local field campaigns; (ii) implementation of a chatbot (based on one that Pro Mujer is implementing in Bolivia) that will provide relevant information on how to prevent and detect chronic diseases that affect women's or family health in particular, available in various native languages and accessible through Pro Mujer's user app and other channels; and (iii) implement a telemedicine pilot project through which health experts can provide remote care and advisory services for diagnoses, compile basic information, and answer patient questions. When necessary, they will be referred to health centers for treatment.

For its part, the adoption of mobile digital solutions by PMG clients receiving financial and/or health services will be facilitated through the following activities: (i) implementation of a digital technology platform to administer the mobile apps, the interface with the electronic wallet, and credit scoring; and (ii) development of a series of sensitization and training activities to strengthen clients' digital skills, including the development of materials tailored to the special characteristics of this client segment (and their translation into relevant native languages), and training for trainers in digital skills to teach those skills to women. The component also provides funds to support coordination and evaluation of the technical-cooperation component.

PMG will be responsible for financing the technical-cooperation budget over and above the Bank's contribution from SEP resources. PMI will finance its counterpart contribution with its own funds and contributions committed by Google and Target.

2. Project Beneficiaries:

The project's beneficiaries will be over 4,090 microentrepreneurs, at least 90% of whom will be women who receive loans for their productive, commercial, and/or services microentrepreneurial activities. An estimated 2,115 of them will earn less than the average national wage after taxes, and at least 50% will obtain a loan of less than US\$1,500. A significant percentage of them will receive

training and sensitization in how to identify and seek treatment for problems affecting their physical health that could have a negative impact on their wellbeing and that of their families

Credit services will reach depressed urban and periurban communities in at least 17 municipios in Guatemala department.

The same person can benefit from the different components but does not have to. Clients come to PMG through one of its avenues and from there are channeled into other programs to provide the whole comprehensive service. If clients are receiving a financial service, they are also offered health services and, vice versa, but it is not compulsory for them to take both services. When they obtain a loan, the beneficiaries are informed about all of PMG's services, including health services. The beneficiaries of this project will learn about PMG from various sources, mainly through social media posts, community health promoters, other partners, and by word of mouth.

3. Expected results and capture of benefits:

As a result of the project, it is expected that PMG will have consolidated its operations in Guatemala, surmounting the startup and pilot stage and moving to a stage in which it will generate financial results and positive impacts that will enable it to continue expanding its credit program and services to improve the health and digital inclusion of women microentrepreneurs in Guatemala. PMG will have reached its operational break-even point and consolidated an efficient hybrid digitalized model for providing financial services, laying the groundwork for continuing to expand the Pro Mujer network into other Northern Triangle countries. PMG's credit program will have attained: (i) 4,090 active clients, 90% of whom (3,945) will be women; (ii) a gross loan portfolio of US\$5.7 million; and (iii) good portfolio performance and quality indicators, demonstrated by a portfolio at risk >30 days (PAR30) indicator under 4%. PMG will also have received equity capital of US\$4.6 million or subordinated financing that supports its solvency, which will enable it to leverage additional debt to continue expanding, in line with its projections.

As a result of its preventive health interventions, it will have: (i) trained and certified 190 community leaders as health promoters; (ii) sensitized or educated 4,000 women in preventive health through the chatbot, field campaigns, training, and audiovisual materials developed for that purpose; (ii) established partnerships with, sensitized, and strengthened a series of local organizations to support its preventive health promotion and client treatment efforts, with at least 20% estimated to receive a diagnosis or treatment at a health center as a result of preventive referral services coordinated by PMG; (iii) implemented and started up a pilot model for telemedicine services that will serve at least 1,000 women; and (iv) referred 1,700 women with real or potential health problems. In the field of digital inclusion, it will have: (i) trained 3,000 people in digital skills; (ii) provided 100% of its borrowers with digital disbursements through an electronic wallet; and (iii) enabled 50% of active credit clients to use payment and/or money transfer services through its digital wallet.