FOCUS ON FINANCIAL EMPOWERMENT

Access and education for a stable society

INCREASINGLY, DONORS in the financial services sector are seeking to support an area of development commonly known as “financial empowerment.” This umbrella term encompasses both access to financial services and products—“financial inclusion”—and education around financial planning and management. Together, proponents argue, these factors can play a critical role in lifting people out of poverty and facilitating countries’ economic growth.

According to the Multilateral Investment Fund (MIF), while microfinance has boomed over the last decade in Latin America and the Caribbean, there is still room for other financial services to grow. The MIF points to innovative savings products as an “untapped potential for empowerment.” These tools, as well as others such as microinsurance, have the potential to help reduce the “vulnerability of the unbanked and underbanked,” or those lacking or not making optimal use of formal financial services.

Recent surveys show that while 39 percent of adults in the region has a formal bank account, only 9.5 percent uses it to save, including many more men than women. A recent World Bank report holds that access to financial services and information enables low-income people to insure themselves against economic shocks, and to “build their assets, invest in education and entrepreneurial ventures, and thus to improve their livelihoods.”

Disadvantaged groups such as women, youth and rural communities are especially likely to benefit from financial inclusion. Often, the world’s poor – approximately 70 percent of whom are women – lack access to basic financial services. Because women are traditionally the primary caretakers and the main savers in poor households, financial access and education are closely linked to sustainable development and to women’s empowerment.

In 2012, Latin America and the Caribbean saw several developments on the financial inclusion front, including the launch of key mobile banking initiatives and increased regulatory space for non-banks in financial services. Brazil and Mexico in particular have announced new mobile payments regulations facilitating the entrance of a broader range of non-bank actors to reach the unbanked.

Over the years, partnerships have also emerged across the sectors of non-profit and multilateral organizations as well as banks and financial service providers to address these issues from the supply side. In Latin America and the Caribbean, companies such as Visa, Mastercard and Citibank have joined forces with local nonprofits to develop large-scale financial literacy and access programs incorporating technology and interactive approaches to engage children and adults.

The Resource Foundation’s network of local partners offers opportunities for corporations, foundations and individuals to partner with knowledgeable organizations across Latin America and the Caribbean. To learn more about TRF’s work to foster financial empowerment, visit www.resourcefnd.org.
EYES ON EDUCATION AND GENDER EQUALITY

TRF AND CATERPILLAR kicked off 2013 by announcing a $3 million partnership to impact education and gender equity for more than 11,000 children in Latin America over three years. Through a regional strategy targeting specific communities in 10 countries, the program seeks to improve academic achievement, gender equity and life skills among primary school-age boys and girls from 54 schools.

This initiative will provide disadvantaged children with improved educational curricula and teacher training, increased access to educational reinforcement materials, and support networks in their communities. By collaborating with TRF’s knowledgeable local partners, TRF and Caterpillar will ensure the program’s success and sustainability in Caterpillar’s key Latin American locations—Brazil, Mexico and Panama—and in countries where the need for educational support, particularly for girls, is the greatest: Argentina, Chile, Colombia, the Dominican Republic, El Salvador, Peru and Uruguay.

In keeping with TRF’s belief that the most effective programs are interdisciplinary, this program employs a holistic approach that targets students in grades 4 to 6 as well as their teachers and parents, both in school environments and in their communities. By addressing some of the biggest educational challenges the region currently faces—quality of education, school retention and advancement—in peri-urban and rural areas where educational opportunities are scant, the program will form an integral part of TRF’s work to help donors create lasting social change in Latin America.

Because primary school education is vital, but not sufficient, for long-term success, this program seeks to create the platform for students’ entrance into secondary school. Secondary education has been shown to reduce income inequalities and is a key determinant of country-level economic growth.

To assess the program’s impact, each site will track the same cohort of the three years of the program and will report on the impact on the participating students. Likewise, TRF will monitor the program and evaluate its impact, and expects to share the results with the public, in line with its mission to promote sustainable development in the region.

FOR MORE INFO, VISIT http://www.crswire.com/press_releases/35123

WHAT’S HAPPENING @ THE RESOURCE FOUNDATION

IN BRAZIL In late May, TRF will host a corporate site visit program on Social Investment in Latin America in São Paulo, Brazil. As part of its 25th anniversary celebration, TRF organized this event for a select group of executives from U.S. corporate foundations and giving programs. Conceived as a “total immersion” program, its objective is to enable participants to see first-hand how corporate community involvement and social investing can be accomplished and/or enhanced in the region. The visit will include discussions with the leadership of philanthropic organizations and think tank experts, and will offer information-exchange sessions with peers from local non-profits and with corporations that have developed strong local social investing programs.

LIDIA, A SMALL BUSINESS SUCCESS

Lidia Oliva works in the narrow dirt alley beside her house in Nandasmo, a small town in rural Nicaragua, making decorative drinking cups out of jícara, a gourd-like tropical fruit. Her family has been making jícara crafts for several generations, but until Lidia joined the PRODEM project—operated by ACODEP, an affiliate of The Resource Foundation—she was selling her wares only in the local market. Today, Lidia’s business has grown, and along with it her income, as she sells her products in several new markets, fairs and restaurants, and even in her own store.

ACODEP is a microfinance institution that has been serving micro, small and medium enterprises in Nicaragua since 1989. In 1995, ACODEP created PRODEM to offer training and technical assistance to business owners. Lidia participated in these weekly trainings for three months. Each PRODEM session includes a half day of business education, followed by another half day in which participants demonstrate what they’ve learned.

After the training period, PRODEM representatives follow up on the participants’ progress through visits and phone calls. They also encourage small business owners to create alliances in order to expand their presence in the market.

Lidia’s store is located in a nearby tourist center that overlooks the picturesque Masaya Lagoon. There she sells not only her own crafts, but also items made by other producers.

Lidia smiles as she explains her crafts are infectious. But she gleams the most while showing off her financial ledger, a vital business tool that PRODEM taught her to use. According to Lidia, the accounting lessons PRODEM provided were a “great benefit.” She also says that PRODEM’s assistance in gaining access to new fairs has brought her “great success,” and she feels “happy that PRODEM has helped [her].”

Lidia continues to set new goals for her business. Growing her workshop will be her next measure of success. To learn more about or support PRODEM or other local organizations in TRF’s network, contact us or visit our website: www.resourcefnd.org.

By Lillian Duggan, TRF volunteer & freelance collaborator

LIDIA OLIVA runs her business. A supplier delivers the raw jícara, which Nicaraguans traditionally use to drink a beverage called pinolillo. Lidia first hollows out the fruit by removing the pulpy mass of seeds inside. She cooks the fruit, and then lets it dry before carving an intricate design onto its surface.

Lidia’s mother, daughter and son-in-law help run her business. A supplier delivers the raw jícara, which Nicaraguans traditionally use to drink a beverage called pinolillo. Lidia first hollows out the fruit by removing the pulpy mass of seeds inside. She cooks the fruit, and then lets it dry before carving an intricate design onto its surface.

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FIFTEEN YEARS ago I picked up a TRF newsletter similar to the one you are reading now. The hard copy letter arrived in the mail and was my first introduction to the organization. I do not recall exactly which projects were featured in it, though I am sure they impressed me at the time. What I do clearly remember, and what continues to impress me about TRF all these years later, is its fundamental purpose – the heartbeat of the organization: to empower the poor and disadvantaged in Latin America and the Caribbean to lift themselves out of poverty through sustainable, grassroots development projects.

When I finished reading the letter, I phoned Loren Finnell (then the Executive Director) to ask if TRF was accepting volunteers. Happily, it was. We remained in touch during the intervening years, which for me included law school, judicial clerkship, private law firm practice, and service as in-house counsel for the IBM Corporation.

Today, I am honored to be a member of TRF’s board of directors. In this capacity, I have been able to see first-hand, the work that TRF does each day to support donors and non-profit organizations across Latin America and the Caribbean. This experience has sparked my interest in learning more, which led me to pursue a master of laws degree (LL.M.) in Rule of Law for Development.

It is now widely accepted as true that sustainable development requires local ownership. This wisdom has imbued TRF’s work for over 25 years. By connecting donor partners with well-run, effective community-based development organizations that deliver projects with a direct local impact, TRF has helped millions of poor and disadvantaged individuals in Latin America and the Caribbean achieve self-reliance. TRF’s heartbeat is stronger than ever, and I am proud to be a part of it.

Sincerely,
Alison Rende