GUATEMALA

Issue: Excellent, motivated partner, but not on site.

Opportunity: Creation of Satellite Programs

By 2015, The Colombia Project had evolved to include TCP Global, and Guatemala was the first attempt to do micro-loans outside of Colombia. There is a tendency among Returned Peace Corps Volunteers to believe that one’s own country of service is uniquely special. We were not sure the program would do as well in other countries.

Guatemala showed us how wrong we were. It started out great. At first glance Casa Colibri appeared to fit the definition of our ideal partner - one that was already working effectively in the community and was always willing to go the extra mile for its constituents.

Dr. Jay Eastman and his wife, both Detroit Rotarians, came home from a medical mission to the indigenous highlands in Huehuetenango, Guatemala and told their Rotary Club that they needed to do something more. Fifteen years later, they were no longer simply completing quarterly medical missions, they had built a clinic serving forty villages, trained local midwives and village health promoters and brought children’s books to the indigenous settlements. They had also paid for Mateo, a local Mayan, to complete nurse practitioner training so that medical care could be provided throughout the year in the local language. Mateo was connected via the Internet to medical personnel in Detroit, who consult with him on cases beyond his abilities. Dr. Eastman, his wife, Linda, and most of the Casa Colibri board members were personally
acquainted not only with the staff but many of the health promoters in villages served by the clinic.

The obvious fact that we failed to notice was that none of those people would be the ones implementing the micro-loan program in Guatemala. Francisco, the in-country director coordinated the program from his home base in Antigua, ten hours away. He also worked for another non-profit in the area, dividing his time between the two entities. Mateo lived a three-hour walk from the clinic, making the trek Monday morning and Friday afternoon. The rest of the week he had a steady line of patients at the clinic. Antonio was actually paid by another non-profit but helped out at the clinic and was identified as the point man for the micro-loan program.

Antonio was initially understandably reluctant to take responsibility for funds received from the United States and then lend them to people with no guarantee that the loans would be repaid. He wondered about his personal liability but was also genuinely concerned about his ability to do a good job. Dave Snyder, a Guatemala RPCV, who had already made several trips with Casa Colibri went with me on the inaugural visit for TCP Global in Guatemala. We reassured Antonio that the only fallout for a failed program would be that we would not send any additional funds. We always started out with $1,500, which we could afford to lose, but to date, that initial allocation has always been repaid and reinvested at least once. While TCP Global aims to establish permanent loan programs, investing each dollar multiple times, by most international aid program measures, a program is already successful if 100% of funds are invested as intended just once.
The Guatemala program was an outstanding success. Antonio made the rounds to five loan sites, all within a one to three hour drive from Nuevo Eden, home of the Casa Colibri Clinic. Antonio provided his loan and payment information to Francisco, who prepared and forwarded the Excel report to me. The report came monthly as required at first and then stretched to two months and sometimes longer. Later, when I had to decipher Antonio’s hand-written logs, I understood why Francisco found ways to do this as infrequently as possible.

In the first eighteen months, Casa Colibri issued 70 loans worth $13,563, investing the $4,350 they received through TCP Global more than three times. They also earned $2,962, of which $1,500 was used for minor repairs to the Clinic.

Knowing that Antonio was motivated by opportunities to learn new things, Casa Colibri provided him with a laptop and we located a teacher near his home who offered to teach him to use Microsoft EXCEL so he could manage the reports more easily. After several inquiries, it became clear that Antonio was not planning to meet with the teacher.

Although the directors in Detroit were very interested in expanding the loan program to more villages, offers to send more funds were rejected in Guatemala.

After talking to Linda and Jay, it became clear there were several issues to address. Antonio did not receive a salary for his micro-loan duties. He also incurred expenses in using his personal cell phone to coordinate visits to loan sites and in paying tolls. Some kind of compensation was in order, but we wanted results-based compensation.

WHAT WOULD YOU DO? WHY?
This is what TCP Global did.

We realized that the Casa Colibri loan program could never be truly sustainable if it required someone from the Clinic to visit villages that required a four-wheel drive vehicle. Since two of the villages, NGM and SFM already had sufficient borrowers to support an independent loan pool*, Casa Colibri leadership and TCP Global developed a financial incentive for Antonio to train health care promoters in those sites to run their own programs. The plan was for them to give their reports to Mateo when he visited their villages to provide prenatal care. Mateo would give the reports to Antonio, who would use Mateo’s email account to send reports to me. That would free Antonio to expand the remaining sites and put SFM and NGM on the path to true sustainability. Each site that was successfully self-sustaining for six months would earn Antonio a bonus. In addition, there would be an annual bonus for keeping those self-sustaining programs on track. All interest earned on loans within the village would be available for the village to use on communal projects.

Reports were not forthcoming and emails to Mateo went unanswered. The incentive offer apparently made no difference. A site needs a minimum of ten to twelve approved borrowers to function independently. If each borrower waits a few months before taking out a new loan, we can assume at least six active loans at any given time. With a six-month repayment schedule there will be sufficient repayments each month to support one new loan of similar size, thus enabling the site to keep funds fully invested. The more loans there are at any one site, the more efficient they can be in keeping loan funds invested. WHAT WOULD YOU DO? WHY?
This is what TCP Global did.

In April of 2017, Dave and I made another trip to Guatemala to try to get the program back on track. We discussed issues with Francisco on the ten-hour trip from Antigua. We discussed the terms of the financial incentive package for Antonio and I understood he had discussed this with Antonio. The clock was ticking on a Rotary District grant that included funds for Guatemala and we needed to invest those funds in order to successfully complete the grant, but were told there was no need for additional funds in Guatemala. Therefore, I was surprised the next day to hear Antonio say there were people waiting for loans and he needed more funds.

Dave, Antonio and I visited Nueva Generacion Maya (NGM) and San Francisco Momonlac, (SFM) each of which had sufficient borrowers and a sufficient loan pool to become independent. We verified that the Village Health Promoters, who were also the micro-loan administrators (Domingo for SFM and Magdalena for NGM) knew they had interest earnings that could be used for community projects. They are not paid a salary, but they have discretion for spending the interest earnings. Most administrators choose to spend earnings on a community project rather than compensate themselves. In the case of SFM and NGM, they ultimately spent earnings respectively on a small facility to dispense medicines and a latrine for pregnant ladies visiting the mid-wife. Although a urinalysis is an essential part of pre-natal care, this had not been possible in NGM because there was no facility where pregnant ladies could collect a urine specimen. Magdalena’s out-house was located down a steep and treacherous path that was unsafe for pregnant women.
It was clear that Domingo and Magdalena were both ready to take responsibility for running the loan program and were willing to prepare their own reports. We did not discuss the financial incentives since the understanding was that Francisco had already gone over that with Antonio.

To ensure sustainability, TCP Global recommends that the loan administrators form a committee of borrowers to assist in screening and approving loans and to help with collections. This provides transparency and gives the community a sense of ownership. Both Magdalena and Domingo indicated they preferred to run the program on their own. We are still encouraging creation of a committee to assist them, but the decision is ultimately theirs.

Before leaving Casa Colibri, I took photos of Antonio’s loan and payment log and we sat down together to confirm how much money SFM and NGM had under their control and how much was invested in loans in other sites and how much Antonio had on hand. Thus we were able to account for all of the Casa Colibri micro-loan funds. I would be able to put together the micro-loan report.

This got Francisco out of the loop and relieved him of what must have been an onerous task in piecing together the monthly reports. The prospect of even more loans to report on would understandably contribute to a reluctance to let the program grow. Three small reports would be infinitely easier for me to manage than one huge report for the combined sites.

Problem Solved?

Not quite.
Dave and I returned to the U.S. and six weeks later, I was again waiting for reports. I called Antonio and learned that he had interpreted the new arrangement as an indication that we did not need him anymore. Fortunately Kiki, a Colombian who is on the TCP Global team, was with me to make sure nothing was lost in translation. It is harder for me to communicate in Spanish on the phone. Apparently I had not done too well in person either.

I referenced the financial incentives for setting up and supporting sustainable programs in the villages. This was apparently new information for him. Kiki and I were able to clarify that his support was critical to getting the sustainable programs up and running. When Domingo and Magdalena wanted to withdraw their earnings for their special projects, Antonio would bring them the funds so that they would not have to deplete their loan pool. If their programs needed to grow, TCP Global would send more funds through Casa Colibri and Antonio would deliver them.

Antonio now understood there would be compensation for the future. It seemed he had been incurring expenses all along and his requests for reimbursements had fallen on deaf ears. My understanding that vehicle costs were covered was correct, but there were tolls and calls made from his personal cell phone that were not. It wasn't much but in rural Guatemala, ‘not much’ could make a serious dent in a family’s income. I made an executive decision that Casa Colibri earnings would cover his 800,000 Quetzales (roughly $110US), which I authorized him to withdraw from the next allocation of funds from the U.S. Linda Eastman was well aware of the situation and I was pretty sure she and Jay would approve and they did. It was small compensation for eighteen months of excellent work and it showed our good faith and got him back on board.
Mateo, meanwhile, said he did not have time to get reports from SFM and NGM nor to help Antonio send emails. Linda agreed that he was kept very busy and they were considering the possibility of training another nurse practitioner.

Fortunately, Antonio advised that Domingo in SFM agreed to send reports by email and Magdalena in NGM said she could send photos of her loan transaction log by WhatsApp. These two communities recently connected to the outside world with electricity and a road in 2014. I was pleasantly surprised to learn they were already identifying new ways to take advantage of that connectivity.

TCP Global has started receiving reports from both SFM and NGM. Antonio gave them their earnings so they could start construction of the latrine and the small medical facility. And Antonio is sending photos of his log by WhatsApp, relieving Mateo of this responsibility.

The Guatemala program is unique among TCP Global partners in that Casa Colibri initially receives the loan funds and then allocates funds as needed to the two satellite programs. Casa Colibri adds to their loan funds as needed when they withdraw interest earnings for projects or add new borrowers. This requires considerable coordination to ensure there are loan funds for the borrowers in the smaller sites that are still managed by Antonio as well as prompt response to requests for more funds from NGM and SFM. Ideally, someone in Guatemala would make inquiries to determine the potential demand for loans as well as anticipate plans to withdraw earnings so that costly international wire transfers could be held to a minimum. During the first few months after SFM and NGM became independent, however, there were four separate requests for small
allocations, creating unnecessary expense as well as additional effort on behalf of TCP Global, our 501c3 and Casa Colibri.

While moving loan management and reporting as close as possible to the grassroots level has helped to move the CASA COLIBRI loan program towards sustainability, by removing Francisco, the head of CASA COLIBRI-Guatemala from the loop, TCP Global lost the input of the one person who is regularly on-site in Guatemala who can make informed decisions on strategic issues like additional funding. There is a difference between responding to and reporting on what is happening, which are things Antonio handles well versus planning for the future. The solution for the Guatemala problems is a work in progress.

*Lessons Learned:* When good people let you down, there is usually a reason and there is usually a solution if we skip the blame part and start looking for the root of the problem. I arrived at this conclusion with the help of various books by Muhammad Yunus, recipient of the 2006 Nobel Peace Prize for his work with the Grameen Bank micro-loan program. When borrowers had trouble repaying loans, he looked to the causes and then added health insurance and mortgage programs to provide his borrowers the security they needed to fulfill their obligations. The key is to find good people and then become a respectful partner, willing to work with them through difficult times.