

**Project Title:**

Helping Women Start Businesses in Ecuador

**Group Members:**

Domestic team: Grace Liao, Juan Diaz, Vasudha Gupta

Traveling: Lauren Vegter, Richard Mancco

**Project abstract**

As part of the MIT International Development Consulting Ecuador Team my project aims to work with the local NGO in Guayaquil, Ecuador, Children of Guayaquil, and help the women in their program start successful community-improving businesses. We will work as consultants for Children of Guayaquil in their endeavor to help the participating women entrepreneurs in their Frente Femenino (Women Fighters) program open their own businesses in Pascuales, Ecuador. Children of Guayaquil has learned that one of the primary needs in the town is income generating opportunities for the local women and their families. I will work closely with each of the business teams in the Frente Femenino to discuss and develop strong business plans which they can then implement. I will help the women by 1) discussing their business ideas 2) looking for financial options in particular micro-credit and saving options 3) and working with each particular team in detail to finalize their plans.

My personal objective as part of the team will consist of contributing financial and consulting information to the Frente Femenino as well as facilitating the language barrier that will arise while working in a Spanish speaking country. Because I am fluent in Spanish and have worked with NGOs in Peru, I plan to use my experience to assist Children of Guayaquil.

**Supervisor**

My supervisor will be Andrea Pazmino, the Vice President of Children of Guayaquil. She will provide a letter of recommendation supporting the traveling team consisting of Lauren Vegter and myself. She has helped Team Ecuador during their initial project in Guayaquil last summer and she will continue to support us as we continue working with the women of Pascuales.

**Community needs**

My project will focus on helping the community of Pascuales, Ecuador with the support of Children of Guayaquil. I will help in the form of providing service work for the Children of

Guayaquil who Team Ecuador has worked with in the past. Children of Guayaquil has had an active role inspiring community progress in Pascuales for five years. They learned through their efforts to help the children of Pascuales that better financial opportunities for the mother of these children would substantially improve the children's healthcare, education, and overall future.

With PSC support in August 2008, MIT IDC Team Ecuador worked with Children of Guayaquil to teach these women business lessons and help find saving opportunities. Our work was only half complete and now with the guidance and help of Lauren Vegter, I plan to continue on the work that our team started last summer and continue helping the women get their businesses started. Helping these women open their businesses will be paramount in securing a greater source of income for these women who have thus far been motivated to progress yet lacked the guidance to do so. Greater income for these women will help the welfare of their families and benefit the overall community.

### **Work plan**

I plan to spend six weeks of my summer in Pascuales, Ecuador. Lauren will be joining me during this first three weeks of the project to help work with the Children of Guayaquil. For the first three weeks we expect to have a complimentary work plan. Based on Team Ecuador's experience last summer, here are some estimates for our project.

### **Discussion of business ideas**

For the first days after arriving in Guayaquil, we will be meeting with each of the women in the Frente Femenino to discuss her business idea. The first day we will host a welcoming meeting for all the women in the Frente Femenino who we have previously worked with. The second day we will have individual meetings to see where we stand with each business group and recall the work done since last summer. The third and fourth days we will concentrate in having in depth business planning. From data gathered last year, Team Ecuador has identified several strong women entrepreneurs out of the Frente Femenino to begin work with. We are currently looking at working with these 8-10 women and help them start businesses. We are principally focusing on two or three businesses with two to four women per business in order to support these new women entrepreneurs. MIT IDC has maintained contact with the women since last summer and we plan to use the data collected to help us best fit entrepreneur and business. We will also be receiving guidance from different organizations (CARE, USFQ, and PRODEL) to attain a greater understanding about the economics of Ecuador and how the

microfinance market is developing in the country. The ideas that we are likely to pursue with the women are a combined cabinas (pay phone) shop, a CD store, and a restaurant of Esmeraldan food (region of Ecuador).

### **Acquisition of financial options**

In the second part of the project we will spend the next five days looking into financial options for the women. We are primarily looking into ways of securing micro-credit as well as savings options for these women. For the women who will start businesses we will first need to look into obtaining micro-loans in order for them to have the initial capital to start their business. From the initial project that the IDC team embarked on last summer, we have researched several methods of saving structures that need not involve banks but instead use the unity that small communities such as the Frente Femenino already have. These saving structures in the form of rotating savings and credit association would allow the women to collectively gather sums of money which they would then take turns in using for their individual capital investments in their businesses. This form of structure would largely benefit the women surpassing some of the barriers we initially encountered during the IDC team visit to Ecuador last year. With traditional loan structures, businesses were required to operate for at least six months before even asking for a loan. Furthermore, saving accounts required large minimum deposits which the women could not meet as they needed every cent for initial capital investment. A rotating savings and credit association would also help all the women create a financial buffer zone with the help of these savings that would protect them against further unanticipated hardship in any case. During these five days, we expect to find and secure a money saving structure as well as obtaining much needed loans for all 8-10 women.

### **Completion of business plans**

We will then spend the next six days with each business team of women working out more specifically the details of their business plans. We are currently looking into working for two days on each business team so that we may carefully answer critical questions pertaining to their businesses. During the IDC team visit last summer, some of the questions that were initially addressed were location, material, price, marketing, training, and start-up cost statistics that they would require in order to start their businesses. During our meetings with each business team we would like to help the women work out the detailed solutions to these questions. We will work very closely with each of the teams to find the desired and optimal location for their business, locate a supply partner,

obtain the initial capital needed, and work through their revenue model. We will also work with them to plan for after we leave because it will be critical to maintain a business strategy after they have started their businesses.

### **Working out challenges and implementing businesses**

The third week will be spent tying up loose ends as well as working on any unpredictable problems. We are carefully planning for challenges and barriers that we may face while helping these women entrepreneurs start their businesses. This final week will also allow us to more clearly and with more patience work with the teams over any challenge they are currently facing or which they are likely to face. We will finish going over the details of each team's business plan as well as helping them secure loans.

For the next three weeks, I plan to continue to help the women implement their businesses. By the end of the first three weeks, each team will have their business plan almost finalized and most of their important questions answered. Remaining in the Pascuales for the next three weeks will allow me to work together with each team and make sure that the installation of each business does not run into a dead end due to a lack of support. I want to make sure that cost estimations, business regulations, training, and loans are executed successfully. During these three weeks I would be able to answer any new questions and discrepancies and act as a support network for the business teams as they start their new businesses.

Staying for an extra three weeks will also allow me to get to learn more about the needs of each team and how we could continue to address these needs in the future. Most importantly, staying for three more weeks will increase the confidence of the teams as they would experience continue support for more than a month.

### **Community Impact**

Our IDC Ecuador team project will impact the community in various ways. The primary purpose of the project will be to help the NGO Children of Guayaquil help the women of the Frente Femenino start businesses, and through this we will also help the Pascuales community in many more ways.

### **Creating a sense of Inspiration within the women of Frente Femenino**

In working with the 8-10 female entrepreneurs in the community of Pascuales and creating their business, our project will provide hope and inspiration for the rest of the women in the community. Out of the 23 women currently participating in the Frente Femenino, we hope to be able to use the progress and success of the first business teams to help other members in the community aspire to open their own businesses. By helping these women entrepreneurs we hope to see that the experience and skills they acquire will serve to help the rest of the Frente Femenino open their own businesses. We hope that sparking the entrepreneurial spirit of the first group of women will create a sense of opportunity in the community as they will educate others within the community and elsewhere of what they were able to learn through our project.

### **Improving the morale of the community**

Our work with the Frente Femenino will boost the morale of the community. In the patriarchal society of Ecuador, seeing women improve their economic standing would show that progress by women is indeed possible. The women entrepreneurs' new economic opportunities would also increase the communities' perspective toward possibilities for women, as these women will gain power through their economic independence. One of the most important objectives of Children of Guayaquil has been to empower the women in households obtain a greater voice within their communities. Through the Frente Femenino, they were able to bring women together within the community and increase their status. We hope to increase the voice of the women further by making their business ideas into reality and creating substantial saving opportunities for their future. Providing women with greater financial leverage will allow them to become less dependent in their husband's economic position and unreliable work schedule.

### **Creating long term security**

In helping the Frente Femenino our project will create a savings plan structure for the women in the Pascuales community. The saving plan as part of the business plan for the women will also serve to help each woman with her long term financial security. As stated previously, most of the women that we will be working with are dependent on the economic position of their husbands who are in most cases unable to provide sufficient and consistent amounts of income for their families. This irregularity of cash flow and lack of saving options has compelled the women to basically live unstable hand-to-mouth lives as the women must care for the education, food, and health needs of their families all with this money. Allowing the women to save whatever they can in large mutual pools using the advantage of their

community unity will create a means through which they can afford for most of their basic needs.

So far they have not been able start such saving as they currently confront massive bank barriers and reasonable personal/cultural insecurities. In IDC Team Ecuador's last visit, we learned that they have been motivated to save for a long time yet have not had the means, structure, or guidance to do so. With the help of the Children of Guayaquil we plan to find the best way to find them finally a way to save money.

### **Increasing the credibility and outreach of MIT IDC**

By working with Children of Guayaquil, MIT IDC will increase its NGO network and build itself more strongly as an organization within the MIT community and elsewhere. MIT IDC is a fairly young organization and the experience that we will obtain this summer in Guayaquil will provide credibility for our organization, inform about our future work, and hopefully bring more passionate individuals to contribute to community service work. We know that knowledge will only come with experience and thus we plan to use our experience this summer to better organize and support our project teams. We are more than certain that this one project in Guayaquil Ecuador will act as an important experience to future IDC projects to come.

### **Motivation**

Working to help others has been one of my passions as I have come to learn that what little influence I hope to create for others may be life changing experiences for those I aim to help. I want to work with the Children of Guayaquil and help the women entrepreneurs open their businesses because I was raised in the midst of poverty and still have family members struggling within its grips, and I hope to contribute to improving the life of the people and communities under such injustice. Helping the women of the Frente Femenino will contribute substantial economic input for the women and thus also their community. This extra income will create not luxury but more importantly will help families make ends meet. It will provide families with the essential for education, healthcare, food, and other resources in order to have better lives. Knowing that sometimes it is that extra push from a stranger that can positively impact someone's way of life continues to motivate me to think of what I can truly do to help and how far I can go to help those that most need it. I have always been motivated to not only improve my personal standing in life but have made a challenge to myself to bring those around me with me. I know that reaching our objective in creating successful businesses for the women of the Frente Femenino may amount to many difficult barriers, but I know I have the will power to take these challenges head on.

These women have laid confidence in us thus far and I do not expect to let them down.