

# La Ceiba

Fall 2011, Volume 2, Issue 1



## A MICROFINANCE INSTITUTION

FROM THE UNIVERSITY OF MARY WASHINGTON IN PARTNERSHIP WITH STUDENTS HELPING HONDURAS.



*To our supporters, partners, and future friends of the La Ceiba family*, in 2011 La Ceiba continues to support the business endeavors of the women of Villa Soleada, Las Brisas and Siete de Abril by providing microloans. We are excited to announce our endorsement and use of the Smart Campaign which we are using to evaluate our effectiveness to our clients. The students behind La Ceiba continue to have valuable and unique learning experiences while working to empower our clients. We have developed a great amount in the past months, and look forward to sharing our progress with you, as well as the steps for the months ahead. As always we appreciate your support and interest in our institution.

## Esfuerzo de Amor:

### In This Newsletter:

- 2- Loan Program
- 3 -Performance
- 4 - Smart Campaign
- 4-Client Profile
- 5-Constant Client Contact
- 5- Marketing
- 6-Business Plan Competition
- 6-Donate Online

### *Esfuerzo de Amor: A Labor of Love,*

is an exciting line of clutches, earrings, headbands and other products hand crafted by Honduran women from 100% post-consumer snack chip bags and soda labels. As a social enterprise our primary goal is to foster relationships with the artisans while expanding into new markets, in an effort to provide a reliable source of income enabling them to support their families. This past year we have partnered with several SHH Chapters throughout Virginia to sell the products as well as spread awareness. In addition to partnering with the UMW Bookstore, we also offer Esfuerzo de Amor products at Herzitage Gifts in downtown Fredericksburg. We're excited for the development of a new marketing campaign and exploration of other market avenues. To support this initiative, start shopping at Heritage Gifts in downtown Fredericksburg. You can also shop online by visiting the UMW Bookstore Homepage. To find out more about the program please visit [EsfuerzodeAmor.org](http://EsfuerzodeAmor.org).



### What's New with La Ceiba?

- **Smart Campaign** - evaluating our efforts to make interactions with our clients more meaningful and effective
- **Constant Client Communication** - Our new team is making strides to always be available for our clients
- Donate online!



# La Ceiba Loans:



## Loan Team:

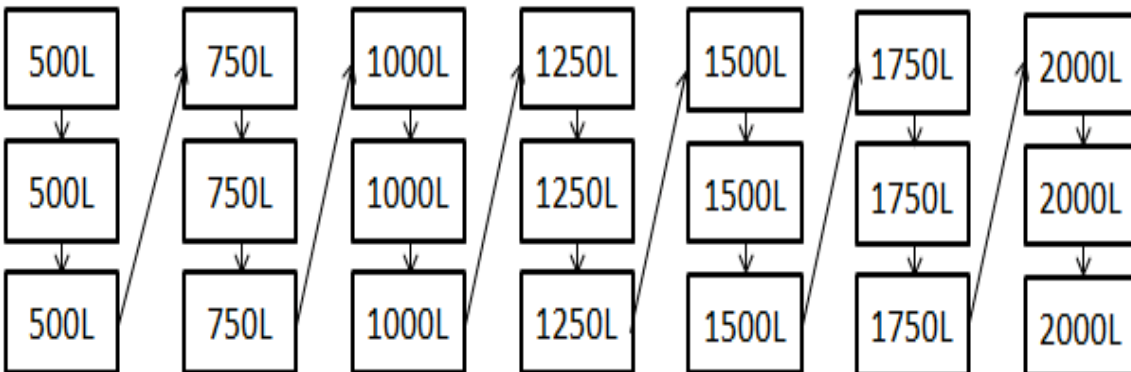
This year we restructured the Personal Loan Program to reduce our clients' risk of default. Through the use of repetitions and intervals, the new program allows us to establish a credit history with our clients without hindering the utility of their loans. We continue to make the accessibility of credit a key component of our ethos as an organization, and as such, the new program facilitates greater access. Furthermore, our objective has been to standardize the program, while still maintaining a level of flexibility that considers the inevitable variability in our clients' lives. By standardizing our processes, we hope to provide more reliable micro-credit, thereby reducing the potential of misinterpretation.

Eligibility Requirements	Initial Maximum Loan Size	Interest Rate	Loan Term
Women Only Approval by Loan Officer	L500.00 (\$25.00)	15% (flat)	Minimum of 1 month and Maximum of 12 months



## Restructure of the Loan Program:

### Program:



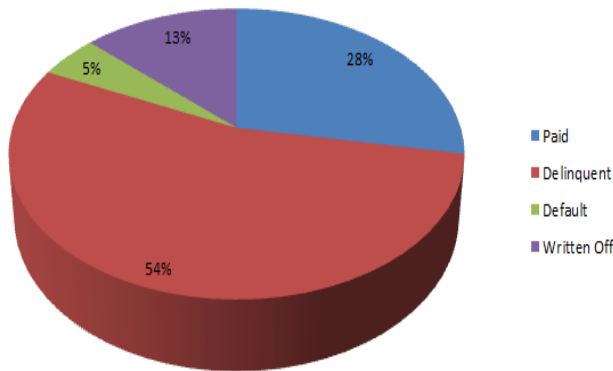
“WE ARE THE ONES THAT CAN CHANGE THE WORLD, WE HAVE THE PASSION AND DEDICATION, AND THROUGH LA CEIBA WE ARE EMPOWERING OTHERS TO DO THE SAME.”

## Performance: Last Year “

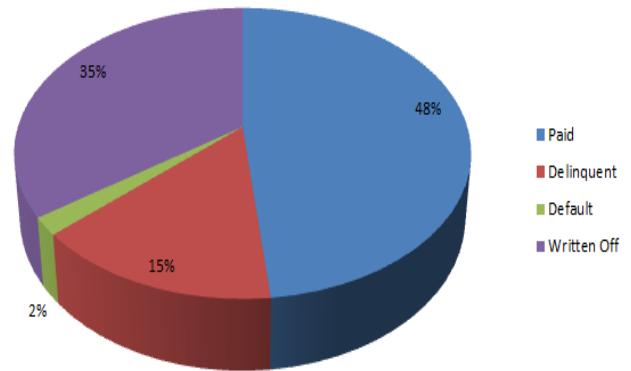
Last year was my first year with La Ceiba. I was first approached by my friend, who was recruited by Dr. Humphrey. I had zero knowledge of microfinance besides that I had heard the word in passing a handful of times. The initial bait was an excellent business experiment, an opportunity to see if I could keep up with the pace of a business just getting off the ground. I did not expect what I got! Now, just one year later, I know several orders of magnitude more than I ever thought I would know about microfinance. I have injected my opinion into a certain set of facts, to discover that even in the world of microfinance there are disputes as to how to go about alleviating poverty. There are epic tales of success and failure all bound by immutable ambition. I would consider myself lucky if I do or learn half as much as this past year! ”

- *Russ Scott*

Personal Loan Program by Qty



Personal Loan Program by Value



“Every interaction that I have in the context of La Ceiba is a meaningful one. Whether it be with a client, a professional staff, or another student volunteer, everyone involved is an inspiration to me”

## Performance: Upcoming Year

By Russ Scott

Performance team was formed with two functions in mind: Performance metrics, and Accounting. The accounting requires an in depth understanding of the processes involved so as new members last year, we dove headfirst into a wealth of data, and sought to make sense of it all. Now that we can confidently say we have a firm grasp of the financial goings on with La Ceiba, we are focusing more directly on the accounting side of things.

Our goal for this academic year is primarily to solidify the infrastructure required to account for our operations. This includes new software, new internal controls, and a greater involvement of La Ceiba as an organization in the record keeping process. This will lay the framework for all future progress in the Metrics aspect, and will exponentially increase the level of detail we can consider in the decision making process.

Ultimately, performance team is continuing its efforts to keep La Ceiba on a good financial trajectory.



## The Smart Campaign By Becca Pressor



Today, microfinance institutions run their organizations in many different ways. Some focus on the sustainability of their organization through pushing for greater profits. By focusing on improving their institution's wellbeing, these organizations hope to ensure the survival and expansion of the microfinance industry as a whole. Others within the industry think that this type of managing takes away from the ideals of microfinance. Instead, they promote a client-centered microfinance institution, where the clients are the focal point. Within the microfinance community there are also concerns rising from an ethical standpoint. Threats from local governments to establish tough regulations on microfinance institutions have caused a widespread demand for the standardization of ethics and social performance. The Smart Campaign promotes both a client-based approach and standardization by providing microfinance institutions with tools and resources needed to become fully transparent. Recently, La Ceiba endorsed the Smart Campaign showing our support for and commitment to a client-centered approach to microfinance. We joined over 1,000 people and organizations from around the world that endorsed the Smart Campaign. La Ceiba is currently going through the immense amount of resources made available by the

Smart Campaign. In particular, La Ceiba is working through two social performance assessments. The first is a self-assessment questionnaire focusing on client protection principles such as avoidance of over-indebtedness, transparency, and ethics all defined by the Smart Campaign. The second is an in-depth study of La Ceiba. Through the use of the Smart Campaign's resources and tools, we as an organization see where we are meeting standards both ethically and financially. Upon completion of the self-assessment, La Ceiba will be in a position to make changes and advances for the betterment of our clients and our organization as a whole.

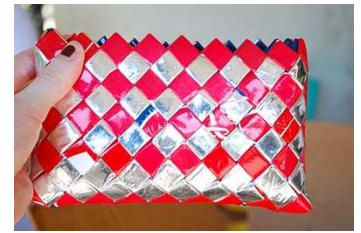
### Get to Know Our Clients:

*Lorena Cárcamo Díaz* lives in Las Brisas, a neighboring village of Villa Soleada, with her husband and three children. With the loans she has received from La Ceiba she has been able to successfully build and run a vegetable and fruit stand. About every four days, Wednesdays and Saturdays, she goes to buy fresh fruit and vegetables to sell. Fortunately due to a regular stream of customers, she does not have to throw a lot of rotten fruit away. Soon she hopes to graduate from La Ceiba's personal loan program and begin receiving an economic activity loan. She told La Ceiba there is nowhere to buy meat close by; everyone has to go to the centre, she feels there is a good market to sell chicken for the surrounding villages. Her goal with an economic activity loan is to buy a refrigerator to expand her business.



## Constant Client Contact

By Tatiana Faramarzi



What is lost when an organization scales up to the level that it cannot communicate with its clients on a personal level? A direct and immediate means of customer feedback and important information is certainly sacrificed. However, we would say that the opportunity to permit a symbiotic relationship between both organization and clients is the jewel forgone. In the case of La Ceiba, such a relationship benefits not only the work of the organization, but also the individual, who has the chance to create a unique connection, and about the life of their counterpart in distinct social, economic, and geographic circumstances. This semester we have restructured the Constant Client Contact program with the aim of creating a sustainable means of client-centered microfinance. We have begun a communication plan wherein we will communicate with all active clients via cell phone on a monthly basis.

Through this program, we strive to establish not only a conduit for client feedback, but also a method by which to observe client behavior and repayment trends, provide qualitative measurement of social performance, and foster personal relationships with our clients that justify the distance and small scale of our operations. Given the previously varying nature and frequency of direct communication with the women with whom we work, a current objective is improving transparency by ensuring that they are informed of all organizational program changes and events as they arise.

## The Marketing Team

By Becky Lamm

This year the Marketing Team is focusing its efforts mainly on raising funds and awareness. Our two top targets for this effort are the Mary Washington and Fredericksburg Communities. Our goal is to have garnered a strong support group based in these two communities as well as the realm of microfinance by the end of this year. The sustainability of our organization is dependent on strong support from people outside the organization. This will ensure not only our funding, but also help to establish our credibility in the realm of Microfinance. Thus far, we have advertised to Mary Washington students and staff, searching for volunteers and hoping to spread awareness of our organization and what we do. Most of our advertisement on Campus will be occurring during the Spring Semester. Our current focus is the Fredericksburg community. We recently distributed letters to the Central Park and down-town businesses requesting small donations. This will not only raise our funds but it will also become a sustainable form of advertising. Lastly, our participation in the National Month of Microfinance will give us some credibility in the realm of Microfinance. During the Month Of Microfinance, students across the country will be holding educational events in addition to raising funds and awareness for Microfinance. Many other MFI's participate in this event, our participation will get our name out there and increase our credibility with other MFI's. For more information, please visit <http://monthofmicrofinance.org/>

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## Business Plan Competition *By Brian Downing*

Micro-entrepreneurs have a unique niche in the Honduran economy. Micro-businesses are often operated as a secondary income generating activity from within the home, and are often a family activity. Moises Rios and his wife have been making and selling *tostones*, fried plantain chips, for a few years. Moises participated in our business plan competition to help him develop a business plan for his *tostones* operation and hone his general business acumen.

We conducted a feasibility study to assess the business climate in El Progreso and determine the demand for business development services. We interviewed small business owners in Villa Soleada and El Progreso and spoke with business development experts in San Pedro Sula to get a feel for where we could help the most. All our interviews pointed at the knowledge gap between successful and struggling business owners, and the process of developing a formal business plan as key to future success. Accordingly, we decided to hold a business plan competition to generate excitement and provide a framework for La Ceiba to provide hands-on training and positive support to micro-entrepreneurs in Villa Soleada.

Our classes were conducted over a week with hands-on instruction and support from our student members to help our clients through the process of a developing a business plan that they were proud of and they could take to the bank. Topics included value-chain analysis, how to compute per-unit costs of production, price discrimination and product differentiation as well as business ethics. Our competitors were quick learners, looking forward to classes and even homework, and becoming excited at the possibilities.

We brought the completed business plans to our judges from the Chamber of Commerce, the Rotary Club, and representatives from Banco Ficensa for evaluation. After careful deliberation, we decided to award three prizes to our top competitors in the form of grants. Moises Rios finished third, winning 3500 Lempiras, with Natalia Mendez taking second and 4000 Lempiras, and a surprised and tearful Candelaria Lopez taking home 5000 Lempiras. \$185, \$210 and \$250 respectively. The most significant part of the business plan competition isn't the prize at the end, but is the knowledge, skills and confidence to take their businesses to the next level. That is the greatest reward.



### Donate Today!

This year we are **launching a campaign to raise \$5,000** by the end of the second semester. If we are able to raise this amount of funds in the allotted time, our influence in Honduras would increase dramatically. We have also been working to increase our presence online, our viewers/supporters now have the option to Donate through our website. Simply go to <http://laceibamfi.org/> and click the donate button!



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