

THE NEED: Honduras is the third poorest country in Latin America (after Haiti and Nicaragua), and has a population of eight million people. Incredibly, 65% of its population live below the poverty line (16% live in extreme poverty) and are unable to meet their basic needs due to a lack of formal employment. In spite of a low unemployment rate of only 5%, one third of the labour force is underemployed. There are approximately 500,000 Hondurans who have been driven by need to start small informal businesses from home or on the streets in order to generate income to provide for their families. In order to grow or sustain their small businesses, every entrepreneur needs capital. Studies show that 70% of Honduran small and medium enterprises have never received credit. There is a need to provide capital to thousands of entrepreneurs in Honduras who need a source of income.



OPPORTUNITY INTERNATIONAL IN HONDURAS (IDH): Opportunity International has an implementing partner in Honduras called Instituto para el Desarrollo Hondureño (locally known as IDH). IDH has been empowering the entrepreneurial poor and helping them transform their lives economically, spiritually, and socially, through the provision of small loans and training since 1974. IDH provides microfinance services through three main methodologies: 1) Trust Groups & Solidarity Banks, who serve the poorest of the poor, 2) Individual Clients, with slightly larger loans, and 3) Small-SME (small and medium enterprise) Clients, locally known as “Micropyme”. Over 60% of the beneficiaries of IDH’s programs are women as it is noted that women are more likely to invest their profits in ways that directly benefit their families. And currently IDH has a 98% repayment rate.

IDH operates through 13 branch offices located throughout the 18 departments (provinces) of Honduras. In spite of only having offices in eight departments, IDH makes its best effort to offer its services to the other departments from its current offices. IDH would clearly like to expand to each one as time and budget permits.

IDH is also in the process of applying for the next level of regulatory licensing in Honduras. Along with their current services, this will allow them to provide their clients with access to interest-bearing savings accounts. IDH is currently sustainable and is growing from a position of financial health.

HECD PHASES 1 – 3: Through HECD Phases 1, 2, and 3, and through joint partnerships and funding from Rotary Districts 5360, 7070, and 4250, TRF Global Grants, the Canadian Government (GAC, originally known as CIDA), and Opportunity International Canada, well over a million dollars has gone to the field!

Together we have funded an IDH microfinance branch expansion in Santa Cruz, a complete new microfinance branch in Santa Barbara (including infrastructure, staffing, and seed funding for the Through HECD Phases 1, 2, and 3, and through joint partnerships and funding from Rotary Districts 5360, 7070, and 4250, TRF Global Grants, the Canadian Government (GAC, originally known as CIDA), and Opportunity International Canada, well over a million dollars has gone to the field!

Together we have funded an IDH microfinance branch expansion in Santa Cruz, a complete new microfinance branch in Santa Barbara (including infrastructure, staffing, and seed funding for the loan portfolio), a new IT system for IDH, and two sustainable water projects benefiting over 3,000 people with the partnership of IMPACT Water.

Eliminating Poverty by Empowering People



HECD STATUS: In April a group of Canadians had the privilege of travelling to Honduras on a due diligence trip. They visited the Santa Barbara Branch and the two villages that received sustainable water projects. Included in the trip were Rotarians from District 5360, 7070, 7080, 4250, and RAGM, as well as representatives from Opportunity International Canada.



Impact – from a bird’s eye view:

- Santa Cruz Branch now serves almost 600 microfinance clients
- Santa Barbara Branch now serves over a 1,000 microfinance clients
- 3,000 villagers in Las Camelias & Quebrada Chiquita now have sustainable fresh water projects in their villages have vastly improved their health, have added showers and flushable toilets to each village home, and have started micro-businesses

The Santa Barbara Branch is growing by leaps and bounds and continues to have a 99% repayment rate! The branch and loan pool started with HECD Phase 2 and thanks to generous Rotary funding, grew substantially with HECD Phase 3. Pictured below is an IDH loan officer and Ana Besy with her corn mill purchased with her first IDH loan.



BEYOND PHASE 3: HECD Phase 4 is currently in progress and its target is to grow the Small-SME (small and medium enterprise) loan pool. While traditional microfinance began over 40 years ago to reach those at the Bottom of the (economic) Pyramid (BoP) and through holistic microfinance, millions have been reached around the world, including in Honduras. Basic microfinance focuses on the poorest of the economically-active in a country – and attracts those with entrepreneurial DNA. However, whether in a developed country or developing country, while we all need jobs, we also know that not everyone is an entrepreneur – some people are better suited to be exceptional employees – and therefore, in order to fill the “missing middle” of the developing economies, Phase 4 will address, build, and stabilize the small and medium enterprise (SME) level of the economy. IDH is situated in a strategic position to not only address the needs of the micro-entrepreneur in Honduras, but also to address the “S” (or small end) of the SME economic need. SME’s are crucial to providing jobs for others in their communities, and as more jobs are provided, more income is created, the community’s purchasing power is increased, other spin-off businesses are created due to demand, and the whole community prospers in the long-run. The Chinese Proverb that says “a rising tide lifts all boats” comes to mind as we visualize “what could be.”

HECD is now entering Phase 6 and will include both microfinance and sustainable water projects. For more information or to become a partner, contact District Governor John Gilvesy (D7080), Phase 6 Project Lead by email at jgilvesy@gmail.com

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