**Guatemala**'s CCT Program

In 2008, Guatemala launched its first conditional cash transfer (CCT) program, “My Family Progresses” (“Mi Familia Progresa,” MIFAPRO). In January 2012, the program gained an institutional framework with the creation of the Ministry of Social Development (Ministerio de Desarrollo Social, MIDES) as the entity responsible for all operational processes of the CCT program, and its name was changed to “My Secure Voucher” (“Mi Bono Seguro”). This program provides economic support to families living in poverty, on the condition that children under age 15 and pregnant and nursing women in those families attend classes and health checkups. Table 1 shows the amounts and the beneficiary population, by subsidy type.

Table 1: Amounts and beneficiary population, by subsidy type, 2012

<table>
<thead>
<tr>
<th>Subsidy Type</th>
<th>Beneficiary Population</th>
<th>Monthly Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Subsidy</td>
<td>Families with children under age 6 or pregnant or nursing women.</td>
<td>GTQ 150</td>
</tr>
<tr>
<td>Education Subsidy</td>
<td>Families with children between ages 6 and 15 and enrolled in school.</td>
<td>GTQ 150</td>
</tr>
</tbody>
</table>

Source: Compiled by author, based on MIDES (2012: 36).

**Financial System in Guatemala**

The supply of financial services in Guatemala consists of various stakeholders, including both entities supervised by the Office of the Superintendent of...
Banks (Superintendencia de Bancos, SIB) and non-supervised entities.

The regulated financial sector, which is mainly governed by the Banks and Financial Groups Law and the Financial Supervision Law, consists of 112 entities and includes banks, financial societies, bonded warehouses, insurance companies, money exchange houses, off-shore entities, stockbrokers, credit card issuers and/or managers, leasing and factoring companies, etc. The entities subject to regulation have total assets of nearly 215.13 billion quetzals; the most important stakeholders are banks, which account for 81.3 percent of the asset structure (SIB, 2011 c). According to the last SIB bulletin (February 2012), the aggregate liabilities of banks, financial societies and offshore entities as of February 2012 totaled 157.94 billion quetzals.

The financial sector not supervised by the SIB consists of 487 entities: 25 savings and loan cooperatives associated with FENACOAC, 242 non-associated savings and loan cooperatives, and 220 microfinance institutions (including NGOs, community associations, integral development associations, local development organizations, pawn shops and some savings and loan institutions).

There are also informal entities that capture savings among their associates and which are worth mentioning because of their focus on the poorest population; they include communal banks; savings and loan groups promoted by Oxfam America, FAO and CRS; integral development associations; and some rural savings and loans.

**RELATIONSHIP BETWEEN THE CCT PROGRAM AND THE FINANCIAL SYSTEM**

Guatemala shows significant progress in the delivery of conditional cash transfers with the participation of banks and mobile payments. Subsidy funds are currently delivered in cycles through the Banco de Desarrollo Rural S. A. (BANRURAL), mainly in district capitals. As an alternative, however, there is the possibility of depositing payments in users’ accounts.

The mobile telephony company Claro has also signed an agreement with Banrural and the Guatemalan government as part of the “Zero Hunger Pact” (“Pacto Hambre Cero”) program, of which the CCT program is part. A technological platform is still being developed, but areas of action will include: (i) Online records of conditionalities in schools and health centers, using digital fingerprints, and (ii) payment of conditional transfers to beneficiaries through direct credit to the mothers’ electronic billfolds; the billfold will be tied to a Banrural bank account (since in the previous CCT program, Mi Familia Progresa, 96 percent of the users had a savings account open in Banrural). Once the deposit is made, users can make withdrawals at Banrural points of service or transfer all or part of the amount to another mobile phone or anywhere in the country at no cost.

**CONCLUSIONS**

Financial inclusion must be analyzed from various standpoints, including access, use of services, quality of products and services, and efficiency in terms of lower transaction costs. There have been advances in access in Guatemala, especially in the supply of credit and in points of service, but there is still little progress in the areas of use, quality and efficiency of financial system products. There are significant gaps in term investment and savings products adapted to the needs of the poor population.

The main advances in financial inclusion in Guatemala include mobile financial services (FS) platforms and large numbers of points of service, the leadership of a financial stakeholder, and interest in the diversification of services on the part of various financial system stakeholders, which is conducive to inclusion.
Among the obstacles: the model of banking agents, branches and banking in general is not very efficient; FS sales channels are weak; people are accustomed to cash transactions; lack of financial education; regulatory framework does not allow a large number of financial institutions to capture savings; relatively unconsolidated expansion of FS and services in general to the rural population; lack of savings products; complicated red tape for the target population.

The consequences of the lack of gender equity in the country also limit the social and economic development of its inhabitants, not just women, but in general. The challenges for closing the existing inequality gaps are great and should be considered a priority, to foster gender equality from infancy. The CCT program offers a good opportunity to begin a paradigm shift for future generations, building on a community foundation, integrating the issue not only into training sessions and the promotion of the financial inclusion of the program’s users, but also in training for men and as part of the school curriculum. This requires a strong commitment from the government, as regulatory, legal and cultural barriers are high.

Some significant advances in financial inclusion in Guatemala, which offer interesting opportunities for the development of Proyecto Capital (PC), include linking the financial sector and CCT program with savings accounts; financial inclusion strategies promoted by the Office of the Superintendent of Banks of Guatemala; multilingual ATM network; banking agent network; partnership involving the government, Banrural and Claro; interest from other financial system stakeholders in financial inclusion processes; draft legislation for regulating microfinance entities; partnership between the IDB and Tigo Money; potential savings products.

**Recommendations**

According to the assessment, Proyecto Capital’s strategy in Guatemala should focus on the following areas:

- Development and implementation of financial products targeting recipients of conditional transfers.
- Design, development and implementation of financial education programs aimed at the target population.
- Strengthening the program’s institutional framework, which the Guatemalan government began with the creation of MIDES.
- Strengthening the microenterprise sector with a gender perspective.
- Promoting diversification of the supply of financial services for inclusion.

Potential key stakeholders for development of Proyecto Capital in Guatemala are listed in Table 2, with a brief summary of their current roles and possible intervention as part of the project.
Table 2. Key stakeholders for a program of financial inclusion, current intervention and intervention proposed for Proyecto Capital

<table>
<thead>
<tr>
<th>KEY STAKEHOLDER</th>
<th>LEVEL OF INTERVENTION</th>
<th>INTERVENTION, PROYECTO CAPITAL (PC)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Secretariat of the President’s Office</strong></td>
<td>Administration, coordination and implementation of all matters related to executive government management of the state, according to instructions from the president of the country.(^1)</td>
<td>Approval and backing of PC.</td>
</tr>
<tr>
<td><strong>MIDES</strong></td>
<td>Coordination, implementation and administration of CCT program; oversight of public social policies meant to improve welfare of vulnerable persons and social groups.</td>
<td>Coordination, implementation and administration of PC. Has a structure for channeling transfers that can be used to conduct financial education processes.</td>
</tr>
<tr>
<td><strong>SIB</strong></td>
<td>Leader in financial inclusion strategies nationwide, especially matters related to regulatory framework. Responsible for ensuring confidence in the supervised financial system. Offers interesting financial education program and has been developing regulatory framework for mobile FS.</td>
<td>Seek to insert PC in SIB’s current strategies. Guidance in financial education; can train facilitators.</td>
</tr>
<tr>
<td><strong>SEPREM</strong></td>
<td>Government agency that advises, coordinates and supports the president’s office on programs and projects for adoption of public policies that promote women’s integral development and encourage equitable conditions between men and women, addressing the country’s social and cultural diversity.</td>
<td>Ensure gender mainstreaming in design and implementation of project. Support for professional formation on gender for public employees involved in PC.</td>
</tr>
<tr>
<td><strong>BANRURAL</strong></td>
<td>Key national stakeholder on financial inclusion issues because of its strategic approach to financial deepening, as well as its extensive points of service network, including CCT program zones; its partnership with Claro and Tigo; its experience in channeling CCT payments; and for having signed an agreement with MIDES.</td>
<td>Reinforce issue of development of products and strategy for channeling CCT with emphasis on financial inclusion. Could be strategic partner for implementation of an Opportunities Bank (“Banca de las Oportunidades”) in Guatemala.</td>
</tr>
<tr>
<td><strong>Banco G&amp;T Continental</strong></td>
<td>Leadership in strategy of expansion through banking agent model. Has partnership with financial services operators (MFIs) close to target population.</td>
<td>Advice on issues of financial inclusion and development of financial products and strategies for reaching target population.</td>
</tr>
<tr>
<td><strong>Banco Industrial</strong></td>
<td>Key stakeholder because of leadership in FS nationwide and public confidence. Has partnership with Movistar for mobile wallet.</td>
<td>Guidance on financial inclusion issues and development of financial products and strategies for reaching target population.</td>
</tr>
<tr>
<td><strong>MI COOPE</strong></td>
<td>Important stakeholder in inclusion process because of closeness to target population, network of points of service, degree of market penetration in terms of capturing savings, and other services, such as life insurance and funeral expenses.</td>
<td>Guidance on financial inclusion issues and development of financial products and strategies for reaching target population.</td>
</tr>
<tr>
<td><strong>CAC not affiliated with MI COOPE</strong></td>
<td>Nationwide presence in rural area, close to target population.</td>
<td>Development of financial products and strategies for serving target population.</td>
</tr>
<tr>
<td><strong>MFI in General</strong></td>
<td>Supply of financial products for target population, such as community banks. One constraint is that they cannot capture savings.</td>
<td>Development of financial products and strategies for serving target population in partnership with entities that can capture savings.</td>
</tr>
<tr>
<td><strong>ADIG</strong></td>
<td>Experience in implementing financial education programs targeting youth.</td>
<td>Achieve complementarily, capitalize experience in development of training processes.</td>
</tr>
<tr>
<td><strong>Habitat Financial Education Program</strong></td>
<td>Financial education program aimed at adults, with appropriate methodologies and targeting poor population.</td>
<td>Achieve complementarily, capitalize experience in development of training processes with financial education methodologies for adults, technical advice and training of financial education trainers.</td>
</tr>
</tbody>
</table>

\(^1\) Based on <www.sgp.gob.gt/funciones.htm>. 
### Key Stakeholder: IGERTable 2

#### Level of Intervention
- Has experience in radio education and literacy programs aimed at target population.

#### Intervention, Proyecto Capital (PC)
- Has a radio communication infrastructure that can facilitate implementation of the PC financial education component.

### Key Stakeholder: MINEDUCTable 2

#### Level of Intervention
- Oversees education programs nationwide. Has a platform of schools, teachers and technical staff. Implemented and managed former CCT program MIFAPRO, as coordinator of Social Cohesion Council.

#### Intervention, Proyecto Capital (PC)
- Its platform can facilitate preparation of didactic materials appropriate for the target population and for implementation of the financial education component, through train-the-trainers, among other things.
- Offers the potential to include financial education and gender in school curricula to educate the population from childhood.

### Key Stakeholder: Telephone Companies: Claro, Tigo & MovistarTable 2

#### Level of Intervention
- Have partnered with banks to encourage mobile banking, in some cases tied to social protection programs, including CCT program. Tigo Money has service for sending money via mobile phone.

#### Intervention, Proyecto Capital (PC)
- Key stakeholders for providing infrastructure and technical support if decision is made to include payments by mobile phone in PC.

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### Abbreviations

- ADIG Asociación para el Desarrollo Integral Guatemalteco (Association for Guatemalan Integral Development)
- BANRURAL Banco de Desarrollo Rural S.A. (Rural Development Bank)
- CAC Cooperativas de Ahorro y Crédito (Savings and Loan Cooperatives)
- CCTP Conditional Cash Transfer Program
- CRS Catholic Relief Services
- FAO Food and Agriculture Organization (United Nations)
- FENACOAC Federación Nacional de Cooperativas de Ahorro y Crédito (National Federation of Savings and Loan Cooperatives)
- FS Financial Services
- GTQ (or Q) Guatemalan quetzal (national currency)
- IDG Inter-American Development Bank
- IGERT Instituto Guatemalteco de Educación Radiofónica (Guatemalan Radio Education Institute)
- MFI Microfinance Institution
- MIFAPRO Mi Familia Progresa (My Family Progresses)
- MIDES Ministry of Social Development
- MINEDUC Ministry of Education
- NGO Non-Governmental Organization
- PC Proyecto Capital
- SEPREM Secretaría Presidencial de la Mujer (Presidential Secretariat for Women)
- SIB Superintendencia de Bancos de Guatemala (Office of Superintendent of Banks of Guatemala)
- USD United States Dollar

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### Proyecto Capital

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