OMID is a non-profit organization that works in developing countries to implement more efficient and environmentally sustainable practices for irrigation and food preservation. They have two solar-powered systems, one called PREP that powers irrigation systems and one called SolarCool that assists in preserving food and produce. These can help low income communities generate an income.

**Methodology and Discussion**

**Methodology:** OMID seeks to use a microfinance model that is feasible for their farmers in Colombia. Since there are many considerations that come along with microfinance, this research examines regulations and models from global, regional, and local contexts to help the organization create a sustainable model.

**Discussion:** Microfinance provides loans and economic services to people in low income situations to promote a higher quality of life. The interest rates are usually high (sometimes 35%-70%), and it is easy for individuals to default on payments because of their financial situations. Some banks differentiate between individual versus group loans, however there is little difference of repayment rate between the two types.

**Global**
- The International Monetary Fund (IMF) distributes microfinance loans on a case by case basis. Their primary purpose is to work towards creating stable economies within countries. Lending is given to whole countries, not specific projects.
- The World Bank created the International Finance Corporation (IFC), which works in the private sector of developing countries. An individual must apply for financing and meet criteria saying it benefits the local economy and is environmentally and socially sound.
- The United Nation (UN) uses the Capital Development Fund (CDF), which promotes local investments through governments and banks in developing countries. The CDF uses transformative impact financing, meaning that they promote service delivery, infrastructure, and local economic development. They also promote financial inclusion in a regulated environment.

**Regional**
- Microfinance in Latin America are run as private businesses and are held to high standards of profitability and sustainability. There are currently seven for-profit microfinance banks in Columbia.
- NGO’s in Latin America make up more than 50% of the microfinance institutions. Some countries in Latin America have specific regulations for microfinance institutions; this allows for faster development. However, banks tend to prefer clients outside of the agricultural sector, because those loans tend to be larger, more long-term, and less accessible. OMID can assist farmers obtain loans, making them more accessible to people in poverty.

**Local**
- The economy in Colombia is a free market, has had a steady growth rate in the past two decades, and has the 3rd highest GDP in South America.
- Poverty distribution: urban - 40% in poverty and 8.5% in deep poverty, rural - 40% in poverty and 26% in extreme poverty.
- Governmental regulation enforces a 53.13% cap for loans and allows foreign entities to operate without having partnership with a domestic institution.

**Connection to OMID:** OMID would benefit from working in Latin American countries because they can fill the demand for loans in the agricultural sector.

**Conclusions**
Based on this research, there are several options for OMID to consider:
- OMID should use group loans, since Colombia’s culture is strongly tied to community support and values.
- OMID should use low interest rates, specifically less than 20%, as lower rates have a smaller chance of defaulting as compared to higher rates.
- OMID should include business training, since many of the people who are receiving the loans have little to no business education, and thus with training could increase their chance of success.

There is no quick fix for issues of poverty, which makes this work hard. However, small-scale organizations have the possibility to help poverty-stricken communities. This is why OMID is important; it not only provides economic education, but also a continual source of energy, refrigeration, and the possibility for a stable income.