

PROJECT FACTSHEET

Title of project	SCBF 2013-09: Strengthening Middle Management & Reviewing Products and Segments offer in MSMEs (Micro and Small and Medium Enterprises)
Country / region	Honduras / Central America
Financial Intermediary	Banco Popular, Microfinance Bank
Competence Centre	Bamboo Investments S.à.r.l, 32 rue de Malatrex, 1201 Geneva, Switzerland
Overall project budget	CHF 282,119.13 (with 24% self-contribution and 38% 3rd party Contribution FMO)
SCBF contribution	CHF 108,161.10 (38% SCBF funding share)
Date of project approval	20.09.2013
Project period	12.2013 until 11.2014
Context	<p>Banco Popular is the second largest microfinance bank in Honduras, with 23 offices across the country and more than 20% market share. The Bank aims to support micro, small and medium enterprises in Honduras as an engine of economic growth, social development and poverty reduction. Although the Honduran government has a National Plan, and a Poverty Reduction Strategy real progress in social development has been limited. Social conditions have actually worsened during the last few years and poverty, malnutrition and income inequality in Honduras are among the highest in Latin America. Also, there is a MSMEs law in Honduras with the purpose of establishing public policy bases, technical and financial means to improve competitiveness and productivity through the coordination of the different actors that support a favorable environment sector and promote an enabling environment. The aim is to ensure effective policies related to: business culture, finance, associativity, business innovation, environmental protection and gender equality. The law is not yet implemented therefore the results have been limited.</p> <p>The Honduran market is highly competitive with 17 commercial banks, among them 3 banks specialized in MSME loans (incl. Banco Popular), two state banks, 10 finance companies, 11 insurance institutions and 2 second-tier institutions. Additionally, the financial system has three specialized Microfinance Institution (FINSOL, FINCA and ODEF) and over 230 Savings and Credit Cooperatives.</p>
Current status of the MFI	<p>Honduras has a competitive market with little innovation, it is thus imperative to innovate with new products and new market segments and more coordinated processes to ensure best results. Banco Popular received its banking license 2007 and offers credit for Micro, small and medium enterprises, as well as saving products and micro insurance. Banco Popular promotes financial inclusion for women and men as well, but the highest percentage of bank's customers are women. The Bank has the potential to continue to grow, has enough capital to triple the loan portfolio, and the necessary funding to provide access to financial services to more people with low income. However it is important for the bank to improve the operational and administrative standards and it is expected that this technical assistance project supports the bank to overcome its internal constraints in a competitive market and obtain specially to customer needs designed products. The macro implications are positive due to the important role played by the bank in Honduras and the demonstrative effect it can have in the market.</p>
Objective and main activities	<p>The main objective of this capacity building project is to secure the bank's growth and improve its performance. This will be achieved via 2 components: Strengthening middle management and; Reviewing product and segment offer in MSMEs.</p> <p>1.Strengthening middle management:</p> <ul style="list-style-type: none"> - Validation of competence gaps and needs - Implementation of high quality and effective training for Banco Popular's Middle Management <p>2.Reviewing product and segment offer in MSMEs:</p> <ul style="list-style-type: none"> - Diagnostic of current offer of credit products MSME and comparison to other competing offers in the Honduran market - Adjustment and development of products - Pilot in 2 - 3 selected BRANCHES, incl. evaluation