

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	SCBF 2014-08: Microleasing Pilot
Country / Region	EI Salvador
Partner Financial Institution/s	Fundación Campo
Grantee	Swisscontact El Salvador , 3a calle poniente, pasaje San Rafael, No. 4B, Colonia Escalón, San Salvador, El Salvador
Overall Budget	CHF 79'920 (44% self-contribution by partner)
SCBF Contribution	CHF 55'650 (69% SCBF funding share)
Date of Approval	19.09.2014
Duration	10.2014 until 03.2015 (phase 1)
Context	Between March and June 2014, a feasibility study on the potential for microleasing in Latin America was conducted with SCBF funding. Major finding was that there is a weak supply of specific financing for productive assets. The absence of a dedicated mechanism to finance productive assets, which considers the specific necessities of the microenterprises in terms of loan term, amount, guarantee and cost, represents a relevant obstacle for microentrepreneurs. The study concentrated on the beekeeping sector as Swisscontact had previous knowledge in the value chain and knew about its demand for productive assets. In El Salvador the study found that besides the demand for microleasing among honey producers, there are market actors willing to introduce the product. The potential demand is estimated to amount to 1'400 microentrepreneurs and 5,6 million USD. The study helped to select suppliers of the productive assets, insurer and a financial institution willing to implement the model. Campo showed to be the best possible partner financial institution.
Current Status of the MFI	Established as a foundation in 1998, Campo's mission is to serve as financial leverage to Salvadoran families and communities, specifically in rural areas, while working with an inclusive method and with a strong orientation to client satisfaction and sustainability. The geographical range of action is the oriental and central zone of the country with 11 branches and 115 staff members in 2014. Campo has a wide range of offer: community based rural credit, micro and small business credit, housing credit, women credit, personal credit, remittances. 75% are rural and 50% are female borrowers.
Objective and Main Activities	<p>The overall goal is to introduce microleasing in El Salvador, piloting with the beekeeping value chain. Key innovation will be that the productive asset itself will be the collateral, insurance policy will be transmitted to the financial institution, clients will receive training and ownership will be transferred at the end of transaction period (lease to own). The objectives <u>at client level</u> are to provide access to productive assets in order that clients can be economically more successful, as well as increased productivity of their activities and therefore prospering livelihood at client level. <u>At MFI level</u>, the objectives are to have personnel with capability to innovate in microfinance products and to have a unique offer of an integrated microleasing model in order to become the operational reference for replication to other value chains. By mid-2016 Campo will have placed microleasing contracts of total of 1,2 million USD.</p> <p>The main activities of phase 1 comprise the specific design and preparation of terms, including the definition of the specific offer for Campo. Phase 2 (which will follow after this intervention) will comprise the roll out of the product and systematization of the experience.</p>