

PRODUCT UP-SCALING SUPPORT – FACTSHEET

Product Up-scaling Support	SCBF 2015-02: Microleasing for quinoa & dairy producers
Country / Region	Peru
Partner Financial Institution/s	Cooperativa de Ahorro y Créditos: Cabanillas Mañazo & Tikari & FENACREP (Federación Nacional de Cooperativas de ahorro y crédito del Perú)
Grantee	Swisscontact Peru , Jr. Juan Dellepiano, No. 585, San Isidro, Lima, Peru
Overall Budget	CHF 408'534 (65% self and third party contribution)
SCBF Contribution	CHF 144'800 (35% SCBF funding share)
Date of Approval	12.2.2015 & 10.3.2015
Duration	4.2015 until 8.2016, extended to 4.2017, and again to 8.2017
Context	<p>In recent years, the Peruvian economy has grown significantly, and yet this increase has not moved in terms of greater financial inclusion. According to data from Global Index of the World Bank, only 21% of households use one or more financial instruments, compared to 70% in Chile. Peru is recognized as one of the best environments for microfinance and financial inclusion in the world. There is room for improving and enhancing specific areas. The main goal of the Ministry of Development and Social Inclusion (MIDIS) for 2016 are: 70% of households will have access to an integrated services package, 150 customer points of financial institutions per 100'000 adult population and 60% of the adult population will have savings accounts. Various types of entities specialize in microfinance services; one of those being Savings and Credit Co-operatives (SACCOs). During the last 20 years, SACCOs have taken momentum in addressing rural sectors and they represent more than 3% of the total microcredit portfolio and accounted for 5% of total clients at the national level.</p> <p>The investment in productive assets in microenterprises could help to enlarge their business and improve productivity, consequently increasing micro-entrepreneurs' income and margins. A critical aspect in financial supply is the absence of a dedicated mechanism to finance productive assets. On the demand side, the access to productive assets is very complicated because of the collateral requirements. Microleasing is a financial innovation that will help to fill this gap, as the productive asset itself becomes the collateral. The National Federation of SACCOS (FENACREP), the implementing partner of the Microleasing intervention, brings together 164 SACCOs that represent 97% of the assets of the entire system of SACCOs. Specifically in Puno (pilot area), there are 4 federated SACCOs with a total portfolio of 10'500 clients.</p>
Current Status of the MFI	Cabanillas Mañazo is a SACCO located in the main agricultural area of Puno. Their business model is directly related to the ownership of its associated borrowers and depositors who pay a monthly membership that gives them access to financial and non-financial services. They have been working with farmers since 2011. 95% of their loan portfolio is in rural microenterprises and they have 5 branches. Cabanillas Mañazo has been exploring the possibility to innovate their product portfolio since 2013 in order to reach more farmers; in this scenario Microleasing is a large opportunity. The pilot will aim to strengthen current capacities and introduce Microleasing products.
Objective and Main Activities	The objective is to prepare and test Microleasing in Peru's microfinance system, in order to grant access to productive assets for small rural farmers. This will allow the creation of proper operative conditions for SACCOs to foster a scaled up intervention in a next phase through FENACREP. Major steps of the intervention will be: to develop studies on the demand and supply, to design the financial product and develop strategic alliances, then pilot, systematize and transfer the experience to FENACREP. Upon completion, the SACCO should be in a position to offer to its client a financial product that responds to their needs and contributes to their financial inclusion. FENACREP should be in the position to scale up the intervention and provide technical assistance to other SACCOs in the implementation of the developed product.