

Project No. 2020-06 | Technology enhanced savings, green loans development and financial education for rural clients in Bolivia

Partner Financial Institution:	Centro de Investigacion y Desarrollo Regional -CIDRE IFD	SCBF Contribution:	CHF 120'265 (55%)
Grantee:	Symbiotics Association for Sustainable Development - SASD	Matching Contribution:	45%
Country:	Bolivia	Theme:	Climate Change
Duration:	July 2020 – April 2022	Product:	Multiple
Potential Outreach:	4'600 savers and 2'852 new borrowers	Target Group:	MSMEs
Thereof Women:	50%		

CONTEXT

Bolivia is a pioneer in microfinance with origins in 1985 spurred by NGOs promoting social and economic development. Currently, the Bolivian microfinance market is well-regulated, enjoying excellent credit bureau coverage and price transparency with a solid supporting institutional network. These attributes have made Bolivia the 6th (out of 21) Latin American country with the best microfinance business environment and the 13th country with the best enabling environment for financial inclusion in the world. In a population of 10 million, about 4 million Bolivians live below the national poverty line. The percentage is higher in rural areas, where 3 out of 4 people live in poverty.

The development of new savings and a green loan product will expand CIDRE's offer of financial services and financial education to the rural poor, supported with the digitalization of the services to support their usage and uptake such as internet access or automated teller machines. More than 50% of the PFI's branches are located in productive rural areas with low or no access to banking services. Rural clients will thus have the opportunity to save in a safe and reliable way with CIDRE, or will access environmentally savvy loans for the treatment of waste generated from agricultural activities, which in the medium term would improve their quality of life and mitigate the effects of their activities in the environment.

CURRENT STATUS OF THE MFI

CIDRE is a non-profit civil association constituted in 1981 and amongst one of the few microfinance institutions in Bolivia located in a rural area. As of June 2018, the MFI represented 13.3% of Bolivia's MFI market share and was ranked 3rd in terms of credit portfolio size. CIDRE's portfolio is composed of loans for micro-enterprise, SME (mostly), consumption, housing, credit life insurance, money transfer/remittances and non-financial services (financial education) to small and medium sized agricultural and rural producers. The PFI records robust results of financial inclusion and expects that the recent obtention of their deposit taking license will enable them to play a further role including in the promotion of the United Nation's sustainable development goals in the rural areas where they operate.

The support from the SCBF will provide much needed external expertise and traction towards the launch of the savings line and the scale up of the green loan product.

OBJECTIVES AND MAIN ACTIVITIES

The SCBF intervention will enable the PFI to design, pilot test, refine, define the go-to market strategies and launch two new financial products: savings (including digitized channels) and a green loan tailored to micro and small rural and agricultural producers in Cochabamba. A financial education program and staff training activities will support the adoption, acquisition and generation drive of these innovations. Since 2017, CIDRE had conducted a market study on the potential of savings in their target market, as well as pilot tested at a small scale a green loan prototype to fund the acquisition of a biodigester.

Upon project completion, the financial institution should be in a position to outreach 4'600 savers and issue green loans to almost 3'000 new borrowers.

Partnering with:

