

Summary of Investment: CRECER IFD – Promoting Rural Development through Microfinance, Bolivia

Project Name	CRECER IFD – Promoting Rural Development through Microfinance
Country	Bolivia
Region	Latin America and the Caribbean (LAC)
Status	Pending Executive board Approval (April xx)
Environmental Category	B
Sector	NAICS 52 – Finance and Insurance
Industry	NAICS 522190 - Other Depository Credit Intermediation
Date of Disclosure	TBD
Projected to be presented at the Board	April xxxx

Project description and expected development results

In line with its mandate, IFAD is proposing to provide US\$ 5.0 million in the form of a subordinated loan to “CRECER IFD” to grow its loan portfolio in rural areas and to continue lending and serving the financial services needs and aspirations of women, youth and small agricultural producers operating in rural settings, who have been affected by COVID-19. The project will be implemented during seven years. The targeting at the geographical level will be concentrated in rural municipalities that are vulnerable to food insecurity and production corridors of key crops (potatoes, corn, rice, tomatoes, quinoa and *habas*) in all the Departments of the country. The proposed investment will be used in totality for the expansion of CRECER’s rural microfinance portfolio, with an expected growth of the agricultural line portfolio share from the current 28 to 30 percent of total loan portfolio. The 2 percent increase is equivalent to an additional of US\$ 30 million in this credit line. Additionally, CRECER has pledged that 100 percent of IFAD’s proceeds will be on-lent exclusively into the Bolivian Food Systems and to people living below the national poverty line, with special attention to small agriculture producers. The number of direct beneficiaries reached through the IFAD intervention alone is estimated at 65,000 individuals by the end of 2028, of which 50,000 are expected to be women and 25,000 youth. The target groups include organised (through Farmer Organizations or cooperatives) and non-organised smallholder producers, and those who also practise non-agricultural activities characterised by low productivity and limited resilience.

Sponsor/Cost/Location

CRECER is a regulated, deposit-taking microfinance institution based in Bolivia, with a long history in the microfinance sector. CRECER’s presence covers all the 9 Departments of Bolivia through a network of 73 branches with a head office in La Paz. Its business model focuses on the provision of microfinance loans, savings products, receivables advancements, and financial literacy and technology training programs, mainly to self-employed, poverty-affected women. CRECER follows both an individual and a group lending methodology (called Village Banking), with borrowers organized mostly in female borrower groups. The institution’s 2021-2025 business plan foresees an increase in the number of borrowers by approximately 30 percent, reaching a total of 300,000 (69,000 additional clients as compared to 2020) by the end of 2025.

The proposed NSO has a high potential for strong complementarities and linkages with IFAD’s sovereign activities in Bolivia, notably the “Strengthening the Integral Cluster of Camelids in the Altiplano” programme (PROCAMELIDOS) and the upcoming “Constructing a Culture of Resilience Against Climate Change for Rural Families in Bolivia” programme (ACCESOS RURAL). The mentioned programmes both contain the objectives of access to

finance, financial literacy and capacity building, thus the expansion of CRECER's portfolio can benefit targeted producers to access the financial services in the overlapping areas.

Additionality

Financial additionality. IFAD will provide strong financial additionality by offering subordinated debt with a maturity of 7 years that is not currently available from other sources, in order to strengthen CRECER's capital structure. The lent amount by IFAD will increase CRECER's available regulatory capital immediately and consequently enable CRECER to grow its activities through additional leveraging of sovereign debt that is not able to do today.

Non-financial additionality. Non-financial additionality can be outlined in three lines: (i) incentivizing an increase in CRECER's portfolio directed at IFAD's priority groups, notably women, youth and small-scale producers in rural areas; (ii) linkage of CRECER's activities with IFAD's already-existing and future sovereign projects, and this should facilitate access to a new client base, and (iii) incentivizing improved ESG practices aligned with IFAD's SECAP, exemplified by the implementation of both an activity exclusion list and an Environmental and Social Action Plan (ESAP) to help CRECER mitigate and address social and environmental risks and weaknesses.

Contact

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