

RURAL CREDIT IN LATIN AMERICA

DEVELOPING CREDIT PRODUCTS THAT WORK FOR WOMEN IN PERU, PARAGUAY, AND COLOMBIA

FACT SHEET

As a result of this project, thousands of rural households, women clients in particular, will gain access to tailored financial products and services that meet their unique needs.



BASIC INFORMATION ABOUT THE PROJECT

- ▶ **Name:** Development of Rural Credit Products with a Gender-Sensitive Approach (ATN/ME-12775-RG)
- ▶ **Financing Period:** January 1, 2012 – December 31, 2014
- ▶ **Localization:** Fundación delamujer, Bucaramanga, Colombia
Caja Arequipa, Arequipa, Perú
Interfisa Financiera, Asunción, Paraguay
- ▶ **Executing Agency:** Women's World Banking
- ▶ **MIF Contribution:** US\$993,000
- ▶ **Total Amount:** US\$2,185,900

Challenge

Rural women face limited, if any, access to financial products and services. Traditional approaches to rural finance tend to bypass women. While women in rural areas may now have some access to credit, it is usually in small amounts as institutions tend to provide one loan per household for the largest income-generating activity, usually those performed by men.

Objective

Expand access to financial products and services to at least 24,200 new rural clients in Peru, Paraguay, and Colombia.

Strategy

Develop and implement gender-sensitive credit products, training materials, and marketing campaigns for three MFIs; implement a gender-based social indicators framework; and engage in comprehensive information knowledge dissemination so the industry can benefit from the Project's lessons learned.



Background

The problems associated with those at the base of the pyramid are particularly acute for women in rural areas, who are increasingly responsible for contributing to household income. The demand for credit in these areas is high, but microfinance institutions in the region lack the understanding to provide financial products and services that meet the unique needs and economic situations of the rural poor, especially women.

In this context, Women's World Banking with the support of the Multilateral Investment Fund (MIF), is working to increase women's access to rural credit products in Latin America by partnering with three MFIs – Fundación delamujer (Colombia), Interfisa Financiera (Paraguay), and Caja Arequipa (Perú). As a result of this project, thousands of rural households – women clients in particular – will gain access to tailored financial products and services that meet their unique needs. Women's World Banking has worked with three financial institutions to design rural credit product(s) targeted to anyone with a productive activity, not just those growing cash crops, and with more flexible loan terms and collateral requirements. Redirecting the lending approaches in this manner better equips institutions to recognize rural women as clients, and thus provide them with access to financial services and products. Product development has progressed well, and all three institutions have piloted rural credit products specifically targeted to meet the needs of low-income women. The piloted products were designed following in-depth customer research which identified a diverse set of financial needs and income generating activities, which in the case of Colombia and Peru could not be met with one product. Interfisa created one loan product (Interfisa has already begun full roll-out of the product), while Fundación delamujer and Caja Arequipa developed five and three loan products, respectively.

Key Results:

► Strong Uptake Proves the Demand:

To date, 5,476 loans have been disbursed to clients, 44% of whom are women. More than half of the clients that have received a loan are new clients, i.e., they have never before received a loan from these institutions – and likely had never received a loan from any formal financial institution. The fact that nearly half of those new clients are women further proves the case that women are not only important actors in the rural economy, but that they represent an underserved market and present enormous growth opportunity for institutions looking to serve this market.

► Beyond the Product Offerings —

Training Loan Officers: In an effort to make institutions more capable of serving the women's market Women's World Banking provided financial education and gender sensitivity training to more than 160 loan officers, middle managers, and staff at the three institutions.

Women's World Banking also worked with its partners to promote rural products through networking with community leaders and associations, as well as utilizing social media like a popular "RadioNovela" (radio soap opera). Collaborating with these key stakeholders not only generates awareness about the new product offerings, but also underscores the role of women as important economic contributors.

Lessons Learned:

► Multiple product offerings, e.g., a "basket" of credit products that can meet the diverse financial needs and income generating activities of women and men in rural areas may be



the most effective avenue for reaching rural women.

► Women frequently underestimate their own contribution to the household economy, as do their husbands, credit officers and financial institutions. This was true in Paraguay where Women's World Banking found that its partner MFI was lending primarily to men who controlled cash crops, and not lending to women whose daily or weekly incomes represented nearly 70% of annual household income. Understanding the true nature of women's economic contribution is critical to identifying how best to expand access to financial products and services in rural areas.

MULTILATERAL INVESTMENT FUND

Contact: Paola A. Pedroza
PAOLAP@iadb.org

www.fomin.org

 www.facebook.com/fominbid

 www.twitter.com/fominbid

WOMEN'S WORLD BANKING

Contact: Claire Rogers
clr@womensworldbanking.org
womensworldbanking.org

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