

## SOCIAL ENTREPRENEURSHIP PROGRAM

### PROJECT SYNTHESIS

1. **Country:** Argentina
2. **Project Number:** AR-S1007
3. **Project Name:** Promoting rural microfinance in Northwestern Argentina
4. **Executing Agency:** Fundación Pro Mujer Argentina (PMA)
5. **IDB Unit:** Multilateral Investment Fund (MIF)
6. **Financing Amount and Source:**

	<u>IDB US\$</u>	<u>LOCAL US\$</u>	<u>Total US\$</u>
Reimbursable financing:	600.000	180.000	780.000
Technical Cooperation:	<u>200.000</u>	<u>155.595</u>	<u>355.595</u>
Total	800.000	335.595	1.135.595

7. **Goal and Purpose:**

The impact objective of the proposed project is to help increase the revenues generated by the production-related activities of women and their households living in rural towns in the northwestern part of Argentina. The project's expected outcome is to help Fundación Pro Mujer Argentina (PMA) expand the coverage of its village banking financial services, with comprehensive services for women who live in rural towns in the provinces of Salta and Jujuy.

8. **Description:**

Two components will be financed to achieve the objectives: reimbursable financing in the amount of US\$800.000 (IDB: US\$600.000 and PMA: US\$200,000) and nonreimbursable technical-cooperation funding in the amount of US\$355.595 (IDB: US\$200,000 and PMA: US\$155.595). PMA be the borrower and executing agency for this project.

- ***Reimbursable financing component***

The resources obtained by PMA will be used to grant loans under the village banking methodology it has traditionally used. The client profile that PMA will finance with these resources is a woman engaged in manufacturing, business, or service activities in rural settings, as well as activities related to agricultural production in small rural towns near the cities of Salta and Jujuy. The average estimated loan received by the project's women beneficiaries will be about US\$550, which would enable PMA to reach approximately 1,400 female clients with these resources. The typical loan that an end client will receive from PMA will be in Argentine pesos with a monthly interest rate of 7.5%, an average term of three months, a payment frequency of 14, 21, and/or 28 days, and a joint and several guarantee. The female clients who receive loans will also take

part in training courses on rural production-related activities, and will have access to preventive healthcare services.

- ***Non-reimbursable Technical Cooperation component***

The nonreimbursable technical-cooperation funds will be used for three subcomponents: (i) Segmentation of members, survey of needs, and adaptation of products. The female members of PMA will be surveyed to identify their financial, training, and healthcare needs, so that the products and services it currently offers to rural areas can be adapted, as part of PMA's financial inclusion strategy in these areas. (ii) Optimization of loan officers' work in rural areas. PMA will improve its fieldwork efficiency through the use of tablets, so that loan officers can obtain information and complete processes entirely in the field. (iii) Risk management and legal advice for the guarantee (if applicable). This includes activities to develop policies and tools to properly monitor market risks, particularly exchange risk. If PMA chooses the guarantee option, the resources allocated to this subcomponent (US\$35,000) may be used to hire a local law firm to help draft and finalize the relevant legal documents. Lastly, in order to systematize and disseminate the experience gained in rural credit and village banking, the nonreimbursable technical-cooperation resources will be used to prepare a case study to be shared with PMA and IDB audiences.

## **9. Beneficiaries:**

The direct beneficiaries of the project will only be women between the ages of 18 and 65. PMA has referred to the project's target group as "rural members," since they meet the following conditions: (i) they reside in one of the following nonurban or peri-urban towns in the provinces of Salta and Jujuy: Perico, Yala, Río Blanco, Palpalá, San Pablo de Reyes, Los Nogales, Cerrillos, La Merced, Campo Santo, Gral. Güemes, El Bordo, La Caldera, La Calderilla, Vaqueros, Rosario de Lerma, Campo Quijano, La Silleta, Chicoana, El Carril, La Viña, or Coronel Moldes; and (ii) they engage in work activities that are directly or indirectly related to primary production, including agricultural or livestock primary production or marketing, the management, processing, or marketing of natural resources, and rural tourism.

## **10. Expected results and benefits:**

The direct benefit of the Bank's resources will be obtained by: (i) at least 1,400 women involved in rural agricultural production activities, who will receive village banking loans and will be trained in health and production issues with materials tailored to the rural situation in Argentina; (ii) PMA, which will benefit from having a larger outstanding portfolio and expanded service coverage in small rural towns near the cities of Salta and Jujuy, as well as a better understanding of the financial habits of its rural clients and the ability to adapt its financial, education, and health services.