

BOLIVIA
EXPANSION OF FINANCIAL SERVICES FOR WOMEN ENTREPRENEURS IN BOLIVIA
(BO-M1061)

PROJECT SUMMARY

Companies in Bolivia identified access to financing as one of the main obstacles to business (World Enterprise Surveys, 2010), which keeps small businesses in particular from reaching their maximum potential. Although small businesses in Bolivia account for only 35% of GDP, they employ 93% of the economically active population.¹ According to estimates from the Swiss Agency for Development and Cooperation, in the last 15 years small businesses have created 8 of every 10 new jobs in Bolivia. To increase the productivity of this sector, appropriate financing must be available. The financing of small businesses increases their impact, since the jobs they create comprise more than half of all jobs in the world,² and this is even more true for countries in this region.

According to World Bank data (Enterprise Survey, 2010), small businesses headed or owned by women³ account for 34.5% of small businesses in Bolivia,⁴ yet only 17.8% of business loans go to women-run companies. This puts women-headed or owned businesses at a much greater disadvantage. However, this gap in access to financing for enterprises headed or owned by women and men could be narrowed significantly if financial institutions were to develop specialized financial products.

To this end, the MIF will support Banco Económico in Bolivia through nonreimbursable technical cooperation funds to increase access to financing for small businesses headed or owned by women in the country. The MIF feels it is important to support Banco Económico since it specializes in small business, is committed to expanding financing for this segment, and wants to develop a specific strategy for women entrepreneurs. This initiative is also the first project in Bolivia under the women entrepreneurship Banking (weB) initiative in particular and the Line of Activity for Promoting Small Enterprise Financing in general.

The project seeks to help Banco Económico develop specialized financial and nonfinancial (training) products for small businesses run or owned by women. As part of its commitment to share the knowledge generated by the project with other banks in the region, Banco Económico will participate in the Global Banking Alliance for Women (GBA), in order to share lessons learned and best practices in the area of financing for women entrepreneurs.

This project was designed in connection with a joint initiative between the Structured and Corporate Financing Department (SCF) of the IDB and the MIF called women

¹ Swiss Agency for Development and Cooperation (SDC)
http://www.swisscontact.ch/english/pages/PR_Dn/PR_Dn_006_Img.php

² International Finance Corporation (IFC) Jobs Study report, 2013.

³ For purposes of this project, 'headed by women' means that at least 51% of the business is owned by a woman 51%, and/or the business has an executive director or general manager that is a woman.

⁴ <http://www.enterprisesurveys.org/Data/ExploreEconomies/2010/bolivia#gender--size>

entrepreneurship Banking (weB),⁵ which was launched in 2012 during the Summit of the Americas in Cartagena, Colombia; it is also consistent with the Line of Activity for Promoting Small Enterprise Financing. As part of this collaboration, the Financial Markets Division (SCF/FMK) has already approved a loan to Banco Económico (BO-L1094) for up to US\$12 million in order to increase its small business lending capacity, focusing on enterprises run or owned by women. This project was analyzed and designed in collaboration with SCF/FMK.

⁵ weB: <http://www5.iadb.org/mif/Portals/0/Topics/MIF2012-Factsheet-Women-Entrepreneurship-Banking.pdf>.