

# DELIVERING MORE OPPORTUNITIES, INCLUSION AND DEVELOPMENT THROUGH MICROFINANCE

Improving the quality of microfinance addresses the impact on financial inclusion, sustainability, employment and opportunities for Colombia. Bancóldex, national business development bank, has developed market conditions to improve the quality of life of Colombians and provide opportunities to the most vulnerable.

## BACKGROUND

Back in 2000 Microfinance institutions (MFI) had limited access to financing, since then in the last 16 years Bancóldex has strived to improve its financial offer and the credit conditions to support owners of micro and small businesses, achieving larger social impacts on specific vulnerable population such as victims of the armed conflict in Colombia, women entrepreneurs and rural businesses in Colombia

## DESCRIPTION




In order to grant credits to Colombian microenterprises, Bancóldex has built a strong **network of MFI** and developed a **credit mechanism** that allows the channeling of financial resources to this population. Through these entities we serve 610 municipalities in the country, including those where there is no presence of traditional financial entities, or it is minimal.

Furthermore, evidencing the impact of the Bank's intervention in microentrepreneurs, Bancóldex deliberately decided that promoting a fairer and more inclusive society that improves the quality of life of Colombians and provides opportunities to the most vulnerable, should not be an isolated purpose of investors seeking the best return. Hence understanding the institution should establish mechanisms which could mobilize these actors. Thus, Bancóldex issued in 2018 the **first Social Bonds in Colombia** and the second in Latin America allowing us to place USD \$ 135 million approx. at 103 investors, with an excess demand of 4.1 times the value offered.

With the **COVID 19 crisis**, special response with concessional financing through this mechanism has been deployed to mitigate its impacts on

microentrepreneurs, mobilizing MFI to channel credits and decrease 5% to usual final rates. Also, the ongoing initiative to dematerialize promissory notes, strengthening the digital response decreasing costs whilst safeguarding the information and protecting the beneficiaries.

## IMPACTS (2003-2019)

-  **1.350.000** Micro and Small Enterprises benefited
-  **1.879.320** credit operations
-  **USD 960** average ticket specialized niche banking

## TACKLING COVID - 19

-  Through MFI Bancoldex has disbursed aprox. USD 88 Million.
-  Micro enterprises have received loans for amounts between USD 3.000 and USD 15.000.
-  Every micro-enterprise receiving Bancóldex' credits related to COVID improved its financial cost in 5% final rates.

COUNTRY/AREA OF INTERVENTION  
**COLOMBIA**

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REGION OF ACTIVITY  
**LATIN AND CENTRAL AMERICA**

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YEAR OF THE PROJECT  
**SINCE 2003**

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IMPACTED SECTORS  
**MAINLY TRADE SECTORS**

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DEVELOPMENT IMPACT INDICATORS  
**BENEFICIARIES  
MICROENTREPRENEURS THROUGH  
MFIs ACCESS TO FINANCE,  
INSURANCE,  
TECHNICAL ASSISTANCE**

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MAIN PARTNERS/COOPERATION  
WITH OTHER PDBS  
**AECID, MINISTRY OF TRADE  
INDUSTRY AND TOURISM,  
CHAMBERS OF COMMERCE,  
CITY TOWN HALLS,  
GOVERNORATES**

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FINANCING AMOUNT  
**USD 2.5 MILLION DISBURSED  
(2003-2019)**

**TOTAL LOAN ASSET AS OF  
SEPT 2020 ONLY THROUGH  
IMF USD 286 MILLION.**

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## **BANCÓLDEX**

Bancóldex is the Colombian development bank focused on promoting business growth and foreign trade. It has strengthened its role by offering businesses financial and non-financial services focused on knowledge and information dedicated to understanding the needs of Colombian companies. It promotes strong business dynamics in Colombian regions in order to develop more competitive and sustainable environments.

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