

# “FSD: Emerging best practice for finance and insurance access in Bolivia”



José Luis Pereira O / May 2020, La Paz



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

**Cooperación Suiza en Bolivia**

The project

# Inclusive Markets Project



Country: Bolivia

Budget: USD. 9,4 MM

Duration: 4 years (2018-2021)

Main partners:  
Swisscontact-Profin

# The Project – Goals



**10.000 families** increase their real net income sustainably by at least 35% until the end of the project.

**16.000 men and women** improve their conditions of employment and self-employment.



**4.000 women** develop capacities and improve conditions that allow their empowerment.



**5.000 families** increase their resilience to the effects of climate change.

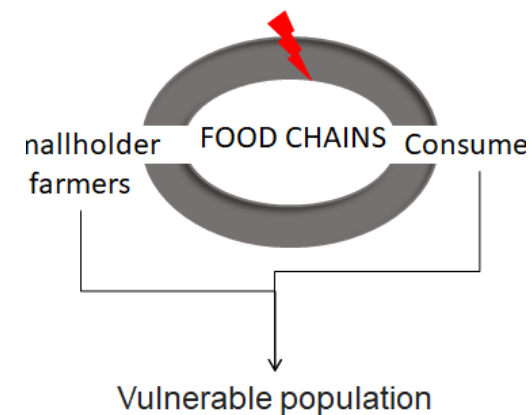


# Inclusive Markets Project (Swisscontact-Profin)



# How has the project been affected by the COVID-19?

- **Mismatch between food supply and demand:**
  - Transport
  - Mobilization capability
  - Reduction in the prices of the products of smallholder farmers
  - Increase in consumer prices
  - Lack of biosecurity
  - Fear
- **Unlinking** between offer and demand of **supplies and services**
- **Lack of financing** to smallholder farmers and other economic actors, postponement of loan payments



## A. “Fast Payment” financial service (Pronto Pago) microfactoring emulation

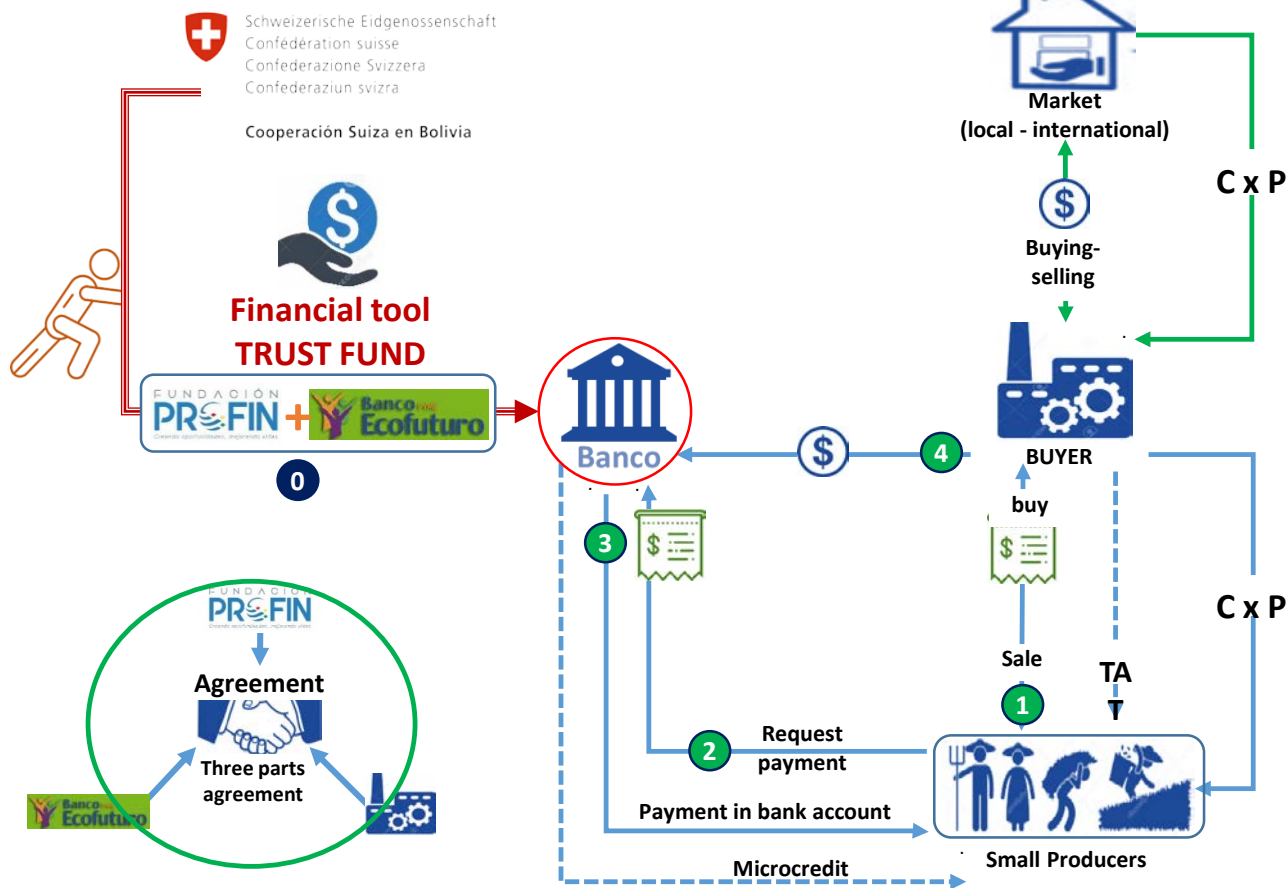
### Objective

Develop financial innovations to improve financial inclusion

### Problems to be solved

- ✓ Buyers with limited operating capital make cash payments difficult = ***affects the collection and loyalty of their suppliers.***
- ✓ Producer expects payment in 3, 5 to 7 months (***lack of liquidity***), and seek financing at high interest rates (11.5% up to 60% and 120%),
- ✓ Sometimes they are obliged to sell to intermediaries at a lower price (***need for a cash payment***),
- ✓ Asymmetry / lack of information (producer and buyer) = ***Mistrust***,  
Increased risks for everyone,

# Fast Payment scheme of intervention



**First results**

Pilot: +2.5 millones (Bs)



- + Financial Education
- + Microinsurance
- + Financial Inclusion
- + Value Chain dynamics

## Comparing “Fast Payment” with credit process

- No financial background (credit) is required,
- There is no financial assessment of the producer,
- There are no long, bureaucratic procedures,
- Immediate access to payments,
- Simple payment process,



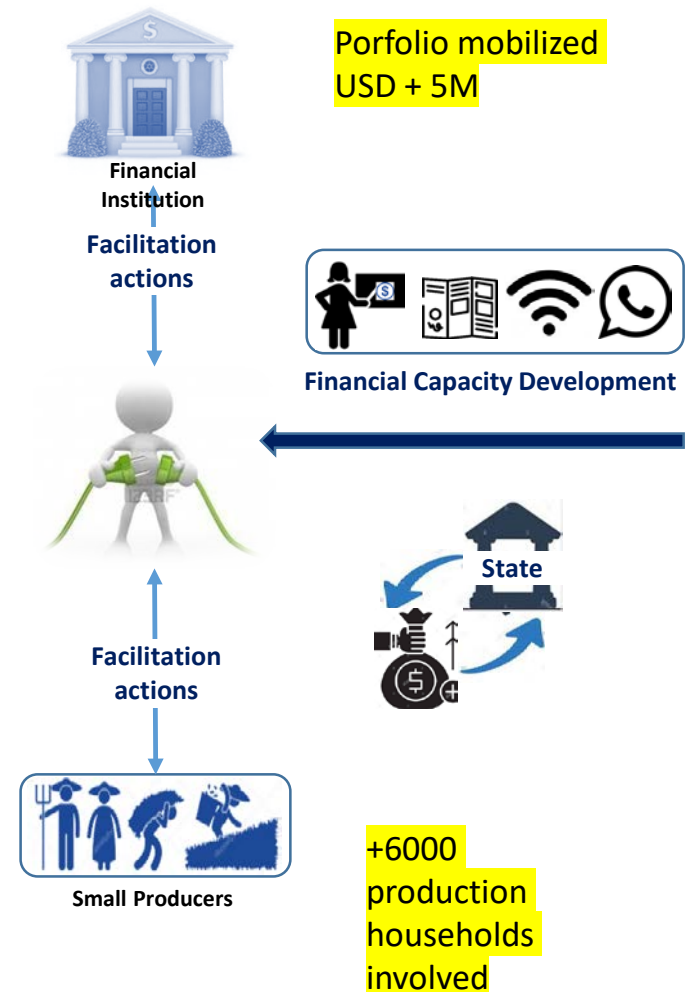
## B. Financial brooker potential in COVID-19

### Objective

Facilitate the articulation between supply and demand for financial services by improving financial inclusion.

### Actions aim to develop financial skills

- ✓ Project facilitated the participation of Rural Financial Brookers,
- ✓ It interacts to reduce the asymmetry of information between supply and demand,
- ✓ It incorporates local/key actors to continue facilitating the articulation,
- ✓ The development of capacities is carried out in coordination with Financial Institutions partners of the project (it contemplates ABC of microcredit and soft skills of facilitation),
- ✓ It is based on a win-win logic (small producers as a target market of Financial Institutions)



## C. Guarantee Fund - BDP (Production Development Bank)

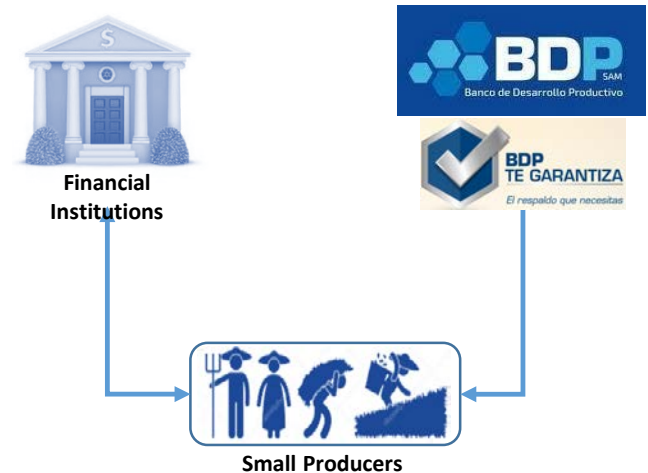
*SDC Bolivia and Danish Coop. constituted a trust fund in BDP since 2013. Actually it has been transferred to Bolivian Government, as a way to sustainability*

### Objetive

To grant guarantees to Micro and Small Productive Units (micro and small enterprises, associations, cooperatives and producers) both urban and rural to facilitate access to financing

### Action to improve/reactivate financial inclusion (COVID times)

- ✓ Facilitates access to small loans,
- ✓ The guarantee accepted by Regulator as first class risk coverage.
- ✓ Makes it possible to access market segments currently not served by warranty limitations,
- ✓ Improves the cost structure of the Financial Institution (reduce financial provisions).
- ✓ Recognizes up to 50% of the unpaid capital balance.
- ✓ Shares credit risk with the Financial Institution (many families will be left without jobs due to the COVID effect).



Portfolio  
mobilized: CHF  
30 MM

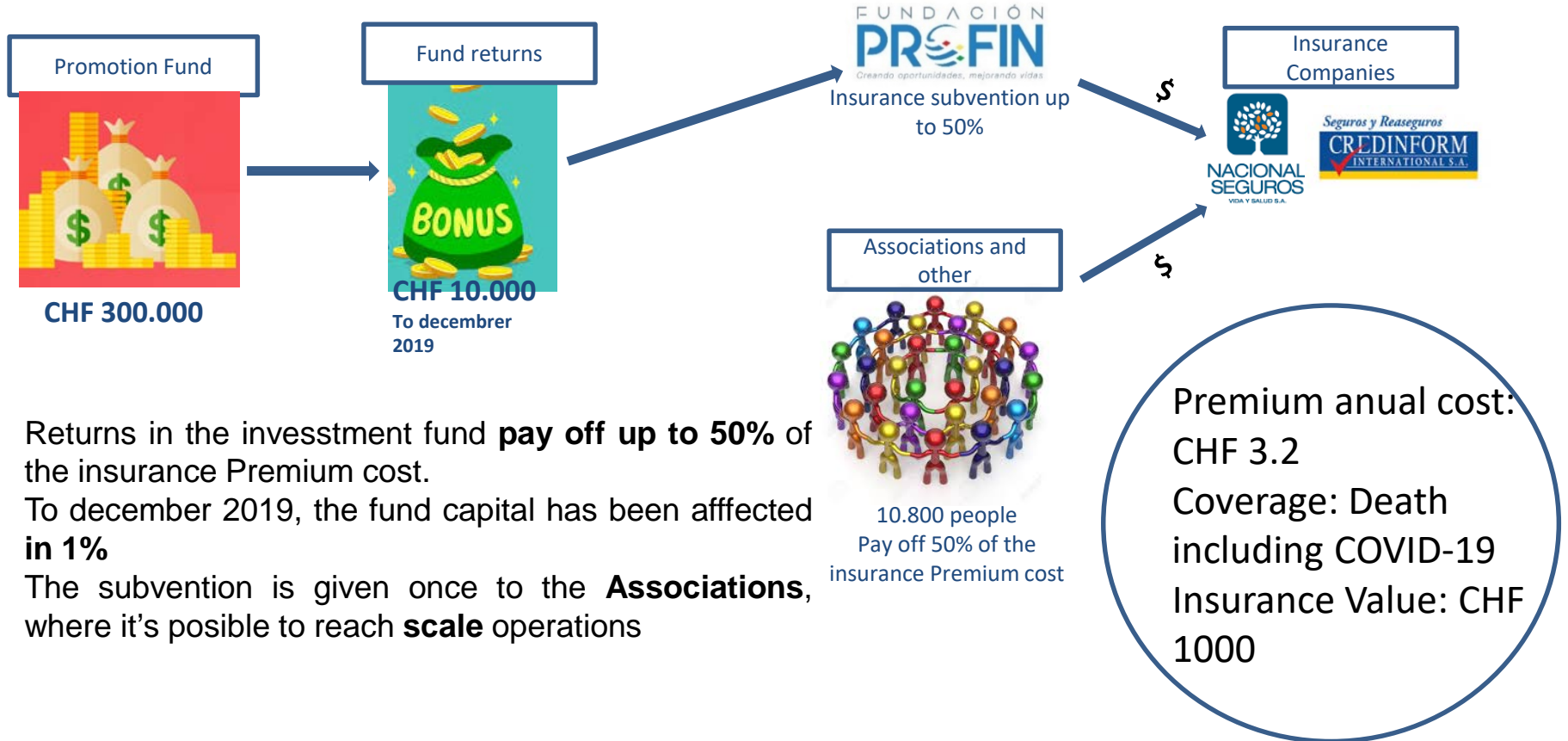
Number of  
guarantees 3,700

## Insurance Market Promotion Fund

### Objetivo:

*To enable low income people to experience the benefits of having a protection tool, through partial subsidies to the cost of insurance premiums*

### Promotion Insurance Fund scheme (the fund belongs to Profin, main partner in the Project)



- Returns in the investment fund **pay off up to 50%** of the insurance Premium cost.
- To december 2019, the fund capital has been affected **in 1%**
- The subvention is given once to the **Associations**, where it's possible to reach **scale** operations

# Actions taken by the project

## Access to markets of financial products and services

- Coordination with public national entities for the regulation of “**Pronto Pago**” innovation
- **Financial Brooker** (GFR) in government projects & programs
- **Digital payments** massification (\$IMPLE payment solution)



## Access to markets of products, supplies and services

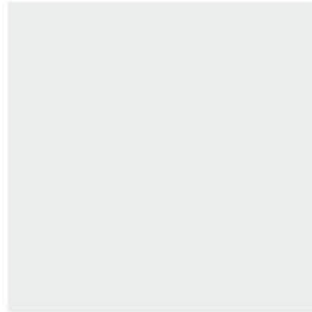
- **Web solution** to articulate supply and demand of food on “ national level (with the Agricultural Ministry)  
<http://sisma.ruralitytierras.gob.bo/>
- Databases, organization support, communication, biosafet supplies and monitoring of: **Mobile markets of subnation** governments and private actors
- Support for the management of circulation permits, organization, **biosafety and logistics supplies** for the private actors **in short chains**
- Articulation **between supply and demand of agricultural supplies** (between private actors) through universities



## Inclusive insurances in COVID 19 emergency times

### **Project actions aim to respond COVID 19 crisis**

- ✓ Raise awareness in the insurance sector to design products that protect Bolivian families from the effects of COVID - 19.
- ✓ Advocate for life/accident insurance designed on the initiative of the Project to be covered by COVID-19.
- ✓ Reach out to the different entities that make up the Project (craftsmen and women, young people and women entrepreneurs and agricultural producers) to find out how they perceive life insurance to cover death by COVID-19.)



**Thank you...**  
**joseluis.pereira@eda.admin.ch**

Calle 13, No. 455 Esq. Av. 14 de Septiembre, Obrajes  
Casilla 4679, La Paz – Bolivia  
Teléfono +591 2 2751001  
Fax +591 2 2140884  
E-mail: lapaz@eda.admin.ch  
[www.eda.admin.ch/lapaz](http://www.eda.admin.ch/lapaz)  
f Embajada de Suiza en Bolivia  
y Co Cooperación Suiza en Bolivia