



OPPORTUNITIES *for the* MAJORITY

Mibanco: Strengthening Women's Entrepreneurship

From its modest beginnings as a nongovernmental organization dedicated to providing small loans to improve the lives of the poor, Mibanco has grown steadily in four decades to become Peru's fifth largest commercial bank.

Mibanco is also the country's largest commercial bank specializing in financing microenterprise, combining sound business practices with a high level of social commitment and innovation.

Now Mibanco is adding a new dimension to its growth strategy: bundling loans with training to specifically strengthen women's entrepreneurship.

To increase the success rate and expansion capacity of women microentrepreneurs, Mibanco has launched a new product called *Creceer Mi Negocio* (My Business Grows), that will offer loans as low as \$350 and on average in the \$2,000 to \$3,000 range, to enable women to invest in productive assets – such as equipment or machinery to expand production – or in the purchase, expansion or improvement of a business locale.

In a parallel project, Mibanco will offer a massive program of one-session training workshops free of charge for more than 100,000 low-income women entrepreneurs in basic financial literacy and management. An additional training course of up to 150 hours will be offered to those women who own more mature small businesses and have qualified for at least \$10,000 in credit. The longer course will be developed jointly by the Thunderbird School of Global Management and a Peruvian university.

The IDB is providing a \$10 million loan through its Opportunities for the Majority initiative to help finance the project, while the Bank's Multilateral Investment Fund is providing a \$3 million grant to support the training component.

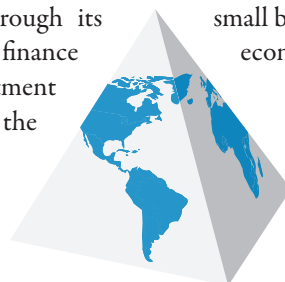
Investing in Training

For Mibanco, combining free training with microlending is a proven good investment. The bank has already pioneered the use of single-session workshops as a business tool through a program called *Planificando el Éxito de Mi Empresa*, which has trained more than 100,000 microentrepreneurs, both men and women, in a program developed in conjunction with Aprenda, a sister company. Mibanco has concluded that the training workshops enabled it to both reduce the risk of its loan portfolio and reduce the interest rates charged to clients.

By focusing a new lending program to benefit women microentrepreneurs, Mibanco intends to reassert its historical social commitment and at the same time expand its client base, opening a new avenue for business growth aimed at serving the base of the economic and social pyramid. The technique of bundling microloans with free training opportunities benefiting women entrepreneurs could serve as a model for other microfinance institutions in Peru and in other countries.

In addition, Mibanco's new program will meet an immediate need of many women microentrepreneurs because of a new Peruvian law that restricts sales by street vendors. The law will require the vendors to move to fixed establishments, opening a credit market for those microentrepreneurs needing to purchase, lease or improve a business locale to enable their businesses to survive.

Microenterprise and small business account for about 60 percent of employment in Peru, and 43 percent of these enterprises are run by women. Although women have a better track record in repaying loans than men, their businesses are 30 percent less likely to survive in the medium term than firms owned by men. Because women microentrepreneurs are more likely to invest in the health and education of their children than men, and because many are single heads of households, investments in small businesses run by women have a very high social and economic rate of return.



For more information about the program
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