IDEPRO: Bridging the Financial Divide to Reach Small Farmers

**Boosting Small Rural and Suburban Producers**

Small producers and micro-entrepreneurs in Bolivia have difficulty increasing their production and competitiveness, as their access to finance and best practices is limited. For the same reason, small and medium enterprises have difficulty incorporating producers from the base of the pyramid into their value chains.

IDEPRO Desarrollo Empresarial, a non-for-profit development finance institution focused on linking actors within value and production chains, will give small and medium enterprises (SMEs), small producers and entrepreneurs access to financing to increase production and earnings through its loan portfolio Pro-Cadenas. Moreover, IDEPRO will offer them best practices training and business development assistance, increasing their likelihood of long-term success.

A $5 million loan from the Inter-American Development Bank, through the Opportunities for the Majority Initiative (OMI), will significantly expand and support the growth of IDEPRO's Pro-Cadenas loan portfolio accomplishing more sustainable value and productive chains.

**Narrowing the Productivity Gap**

Micro, small and medium enterprises employ far more people in Bolivia than large companies, yet large companies are 24 times more productive. Lack of investment capital and the difficulty of obtaining productive financing are among the main reasons why small and medium enterprises are not more productive and generating or maintaining value chains. Although Bolivia's microfinance industry is one of the most developed in the world, it has not reached rural areas with dispersed populations. It's difficult and expensive for small companies to adopt cutting edge technology and hire skilled workers. They have few opportunities to access external markets.

Small rural and suburban producers at the base of the pyramid face many of the same challenges. IDEPRO aims to narrow the productivity gap by connecting producers of quinoa, chestnuts and other agricultural products, textiles, and tourism micro-entrepreneurs with anchor SMEs. The anchors will finance small producers and micro-entrepreneurs to link commercially with small-scale bulking and transformation businesses and others in the production chain. That will assure sales and distribution, and boost both anchors' and producers' competitiveness and earnings.

**Training for Productivity**

IDEPRO is the only financial institution in Bolivia exclusively concentrating on supporting rural and suburban production chains. Its credit officers provide advice in sectors known to employ many people at the base of the pyramid and link small producers with SMEs—connections that might not happen otherwise.

What's more, IDEPRO provides training to improve production techniques, insure effective use of resources, and to deepen the relationship among value chain players. It works with these groups to develop business plans aimed at making the chain stronger, better, more productive, and to enhance communication.

**Connecting Small Producers to Enterprises**

IDEPRO will increase lending and expand to new sectors, including manufacturing. By boosting the amount and number of loans that anchor enterprises can provide to small producers, the OMJ loan helps to drive the integration, growth and sustainability of small producers' production chains. The aim is to reach 12,000 small producers so they can raise production and incomes, which will have a significant impact on the communities where they live.

With an expanded production chain loan portfolio, IDEPRO can encourage other financial institutions in Bolivia and the region to scale up and replicate this model.

For more information about the program, contact: OM-IDB@iadb.org
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