

Changing the Future for Women Entrepreneurs in Paraguay



CLIENT

Founded in 1978, Grupo Internacional de Finanzas SAECA (INTERFISA) is a Paraguayan financial institution that specializes in providing financial products to low-income populations and micro, small and medium-size enterprises. INTERFISA has worked in both urban and rural settings since 1995, and in 2012 the institution adopted microfinance technologies directed toward financial inclusion of women. INTERFISA has a national presence with 45 branches countrywide.



IDB SUPPORT

Opportunities for the Majority (OMJ) at the Inter-American Development Bank approved a loan of up to US\$5 million to INTERFISA to finance the expansion of the financial product *NdeVale* among women entrepreneurs. INTERFISA will contribute to the project with US\$10 million.



THE CHALLENGE

Women-owned small and micro enterprises at the base of the pyramid (BOP) account for nearly 20 percent of businesses in Paraguay, yet they generally cannot access credit because they lack documentation to prove their repayment capacity or collateral such as a property title, which is usually in the name of the man of the household. The problem is particularly acute in rural areas, where women in traditional families do not generally make investment decisions, lack the technical knowledge about the capital needs of their business or how to apply for a loan, and operate informally and thus have limited productivity and little access to formal financing.

When formal credit is available, the loan guarantees required are on average three times higher than the total value of the women-owned business. The Multilateral Investment Fund's WEVentureScope Index ranks Paraguay 19th out of 20 Latin American countries in terms of its business environment for female entrepreneurs. Only one-fifth of women microentrepreneurs have access to credit, and there is a wide disparity between the proportion of credit-financed working capital for male- versus female-owned businesses.



THE SOLUTION

INTERFISA looks to expand financing for women-owned micro and small enterprises with little or no access to formal credit by offering flexible financing solutions specifically designed to meet their needs, particularly in underserved rural areas. With its *NdeVale* credit line, INTERFISA will use a specialized credit mechanism to provide working capital according to the capital flows of each particular client, most of whom sell agricultural and small retail products. Building on an earlier pilot program financed by Women's World Banking and the Multilateral Investment Fund, the project will also work through local nongovernmental organizations to train women entrepreneurs in business administration, marketing, and other skills. For its part, INTERFISA will train its credit agents to carry out detailed profiles of potential clients in order to tailor credit amounts, grace periods, and installment amounts and frequency to the clients' needs and capacity. In all, the project aims to provide credit to more than 14,000 women microentrepreneurs and small and medium-sized business owners.



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INNOVATION MAKES THE DIFFERENCE

NdeVale effectively tackles the legal, educational, and financial barriers that prevent women entrepreneurs from accessing credit. Loans provided through the program do not require a guarantee, have flexible repayment schedules that adjust to the clients' income stream, and offer an easy-to-understand loan contract for clients with little financial knowledge. INTERFISA's most notable innovation is the creative distribution channels and strong marketing and financial education campaigns that complement the *NdeVale* product. INTERFISA promotes *NdeVale* locally through education seminars, and has established alliances with associations of microentrepreneurs and nongovernmental organizations with local knowledge and experience working with women and entrepreneurship. The project also includes a mass marketing campaign to promote women as entrepreneurs.

OMJ 2014 Portfolio



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