

# Banco Adopem Dominican Republic

Banco Adopem promotes the development of rural populations, women and vulnerable communities that are cut off or difficult to reach, providing credit, financial information, training and advice. In 2004 it began its banking activity and has since consolidated its structure and scope of action, covering 94% of the country in geographic terms, with a network of 70 branch offices and 85 banking sub-agents.

Mercedes Pineda



## Outstanding areas of initiative in 2015

### Mobility

Network of banking sub-agents, positioned in strategic points such as suburban neighborhoods and rural areas in the interior, to give entrepreneurs access to the institution's services.

### Micro-franchises

Inclusive distribution model in disadvantaged communities through a network of micro-franchises made up of women.

### Encouraging saving among recipients of the CCT program "Moving Forward Together"

Increases access to and use of savings products among beneficiaries of the conditional cash transfer (CCT) program so that they have resources available to overcome one-off economic shocks.

### Agrocredit

Program of skills training and access to credit for smallholder farmers in the south of the Dominican Republic.

### Educa-T educational credit program

Guarantees inclusion, continuity and completion of studies by disadvantaged students at different educational levels. Promotes educational development as a vehicle for achieving greater progress in society.



# Banco Adopem Dominican Republic

**El Banco de Ahorro y Crédito ADOPEM, S.A.** (Adopem Bank) is a financial institution that was set up to support Responsible Productive Finance in the Dominican Republic. It began operating as a bank in 2004, although it has been providing microcredits for nearly three decades as an NGO. It has been a member of the BBVA Microfinance Foundation groups of institutions since 2012.

Banco Adopem is committed to the most disadvantaged segments of society and micro-entrepreneurs, overseeing a set of programs and projects that have major socioeconomic impact, in vulnerable areas and regions that are difficult to access.

Its mission and vision are focused on incentivizing businesses that promote their clients’ development by providing products and services designed for their needs. On the whole, the bank’s clients are involved in the production and sale of foodstuffs, making clothes and footwear, arts and crafts, machine-work businesses, carpentry and services provision, among others. Banco Adopem relies on the daily commitment of its 1,238 employees to bring the economic and social development of its clients to fruition.

Because it clearly prioritizes the most disadvantaged groups, it has succeeded

in winning as clients micro, small and medium-sized entrepreneurs in the most vulnerable parts of the country, thanks to its footprint in over 94% of the nation, with 70 branch offices and 85 banking subagents.

In 2010 the bank was chosen for the second consecutive year by the Inter-American Development Bank (IDB) as the “Bank of Excellence in Microfinance” in Latin America and the Caribbean, emerging as a model institution in the region for its compliance with international guidelines and regulations.

Banco Adopem is a synonym for transparency, compliance, responsibility, engagement and institutional development. It is fortunate to have the support of national and international institutions and entities with which it has established strategic alliances and agreements over its years of experience, all of which have helped it to achieve the goals and targets it sets itself.

In 2015 Banco Adopem retained its long-term national rating of A+ (dom) with positive outlook and its national short-term rating was ratified at F1 (dom) by Fitch Ratings. It also continues to hold the first place in the asset ranking among savings and loan banks in the Dominican Republic, with a market share of 22.27%.

## Management team and board

### Management Team

**Mercedes Canalda**  
Executive President

**Eva Carvajal**  
Executive & Business  
Vice-President

**Sonia Reyes**  
Vice-President,  
Finance & Accounts

**Fernando Pérez**  
Vice-President,  
Operations &  
Administration

**Juan Francisco  
Terrero**  
Vice-President,  
Technology &  
Communications

**Eddy Santana**  
Credit & Branch  
Network Manager

**Cecilia Ramón**  
Business Manager

**Iván Moquete**  
Integrated Risk Manager

**Digna García**  
Administrator

**Bernalda Perozo**  
General Accounts  
Manager

**Neyda Iglesias**  
Human Resources  
Manager

**Hector Almánzar**  
Audits Manager

**Olga Araujo**  
Finances & Treasury  
Manager

**Patricia Álvarez**  
Marketing Manager

**María Estela Terrero**  
Insurance Administration  
Manager

**Blanca Español**  
Credit Recoveries  
Manager

**Niobe Rivera**  
Project Manager

**Rafael Mateo**  
Infrastructure & IT  
Security Manager

**José Luis González**  
Development &  
Database Manager

**Alexander Jiménez**  
Systems Manager

**Marlen Jiménez**  
General Office Manager

**Quisqueya  
Domínguez**  
Legal Affairs Manager

### Board

**José Antonio  
Colomer**  
President

**Mercedes de Canalda**  
Vice-President

**Luis Pellerano**  
Director &  
Company Secretary

**Ramón Feijóo**  
Director

**Pedro Luis Saiz**  
Director

**Javier Flores**  
Director

**Manuel Ricardo  
Canales**  
Director & Treasurer

**Engracia Franjul**  
Director



## Banco Adopem Stories of Hard Work and Achievement **Miladys de los Santos Aquino**

“Give me one with everything and another with extra mayo, I raised a family on this.”

After an evening dancing with friends or in a break from work, there is nothing better than enjoying a tasty *chimichurri*. “Chimis”, as this popular beef sandwich is known, are a classic of Dominican cuisine and much loved in the country. “Chimis” have such a place in people’s diets that you can find an outlet or a stall offering them on every corner. **On one of Cristo Rey quarter’s most frequented streets, Miladys sets up her stall every day to sell her delicious “chimis” to passersby,** a business which has allowed her to make a future for herself.

Placing an order here is easy: “Give me one with everything and another with extra mayo”. In less than 5 minutes the customer can eat their sandwiches, carefully prepared by Miladys, with a secret sauce, which is both semi-hot and bitter, giving the “chimi” its final unique taste. The menu also includes hot dogs, *mofongo*, pies, burritos, *yaroas* and other kinds of street food, which people eat on the go.

There are usually several people at any one time in the afternoons and evenings at her stand where every day she has around a hundred customers. She has been on this same spot for a long time and with the passing of the years has become a reference point for young people and those living in the area who feel like eating some fast, inexpensive food.

**For this entrepreneurial woman, starting her business and becoming the mistress of her time and her destiny has been one of her great achievements.** Before that she used to sell clothes and milk, and took part in informal lending groups, among other activities. Then she started selling inexpensive pies and very simple bread loaves. Many hours of working at night and exposure to the dangers of the area only brought in DOP 200-300 a day, so she decided to expand with other types of products.

Miladys has been a client of Banco Adopem since she began. She is hugely grateful to the institution, feeling that she has got to where she is now thanks to their support. The bank has supported her with loans for all her new business ideas, always at her side right up to today. **An enterprise with profits that has enabled her to buy 4 houses, own her own vehicle, and educate all her children.** “I have been doing this, working hard and legally, for over 14 years. I raised a family on this”, she says, all smiles, without taking her eyes off the cabbage which she is swiftly slicing.

*“I have never been in formal employment, and why would I? I much prefer this kind of business, this is profitable for me”,* she points out. Miladys brings passion to her occupation, although she admits that working from seven in the evening to five or six in the morning is exhausting and not risk-free.

She tells us with enthusiasm that she still has lots of plans for the future and, with Banco Adopem’s help again, hopes to achieve them.



Miladys de los Santos Aquino and her husband

Scan the QR code and watch the video about Miladys.





# Banco Adopem Stories of Hard Work and Achievement **Brígida Guzmán**

“To make a dream  
come true, you  
have to persevere.”

The first day that Brígida had to milk the twelve cows her husband had bought to start up their smallholding, it took her three hours and by the end she was exhausted. *“That night I hardly slept. Not because I wasn’t tired, but because I was thinking about what I had gotten myself into”*, she recalls, remembering that first day of work.

25 years have passed since that day and since then, together with her husband, she has been producing and selling fresh cow’s milk. Its distinctive taste, the fact that it is natural and the lack of industrial processing, plus its competitive DOP 25 per liter price tag, attract the consumers.

Having left school before finishing primary education and with no stockbreeding experience, Brígida faced the harsh reality of having to keep the business going. But she kept at it and asked for a DOP 95,000 loan from Banco Adopem to make her dream come true. Today she and her husband have 90 cows and she can milk half of those in just a couple of hours.

New business initiatives have a high failure rate and statistically affect more women because they have to combine their enter-

prises with family life. **But there are also a good number of them who face the future with determination and optimism. They are stockbreeders, farmers... entrepreneurs who think that their future -and that of the people nearest to them- is on the land.**

This woman seems made from another mold. With a near permanent smile she talks about her difficulties, the efforts and uncertainties she has to face on a daily basis. Her smile gets bigger when she talks about the reasons which led her to aim for a different life: improved standard of living, the money the business brings in, the feeling of being the mistress of her own destiny. She brings to her surroundings an attention to detail and a capacity for work which, stereotypes apart, can make the difference.

She admits that she could not handle the herd without the occasional help of her husband, who every so often lends a hand in those stockbreeding tasks requiring the greatest physical strength. *“I don’t want to fool anyone: in the long term, to do this you have to have a man by your side. If he weren’t here, I would have to hire someone. Or else open a milk business and sublet all this, because I couldn’t do it alone”*, she acknowledges.

She explains in detail how they organize the work. They milk the cows by hand and while the beasts eat in the pens where some meal has been left for them, she and her husband hobble their hooves to protect themselves from possible kicks.

Brígida won second prize in the 2015 Citigroup Awards for Women entrepreneurs, Farming category.

Brígida Guzmán and companion



# Banco Adopem Stories of Hard Work and Achievement **Miguel Ángel Dadus Valdez**

“We have been able to grow our educational enterprise, alongside our community”.

The Centro Educativo Profesor Miguel Dadus is a college set up by its eponymous owner over 13 years ago, an entrepreneur with a concern for and interest in working in children's education in the Dominican Republic, and by this, contributing to his country's future. After working for a time in other schools, Miguel Ángel decided to open his own, in order to implement his own teaching methods, adapted to the needs of the children. “I got involved because I wanted to be part of a new system, something that helps children be more creative, a place that teaches them in a dynamic, pro-active way, with personalized techniques”.

The school works to give students training and integrated development so that

they learn how to deal with problems and find solutions to everyday challenges. The college's mission is to help individuals reach their full potential and contribute to society.

The current Centro Educativo Profesor Miguel Dadus has grown and improved over time. In its beginnings, the building housing the students was wooden with a zinc roof, but despite this precarious start, Miguel Ángel's iron will to teach persevered and he pushed ahead with his ambitious dream. There were tough years that he has not forgotten, but he never lost hope that his situation would change.

Banco Adopem enabled him to make that change by granting him his first credit. His school has adapted to meet the changing needs of the student intake. The requirement for more teachers and better teaching facilities was satisfied thanks to that first loan which enabled him to enlarge the premises so that the school could operate better.

Banco Adopem has stayed with Miguel Ángel as he consolidated his enterprise. **Thanks to the 7 loans he has taken out with the institution, his school now has two shifts, providing kindergarten, primary and middle-school education, English and French language classes, a library and IT classes.** He feels supported up by the banking staff, who are always there to help him. **When he arrives at the branch office, he feels “at home”, thanks to the good relationship he has built over time with all the employees.**



**Miguel Ángel Dadus**

**Scan the QR code and watch the video about Miguel Ángel.**



He is convinced that you achieve success by respecting each student's learning style. *“You have to teach the parents, too, and make them participate in the teaching process being provided for their children”.*

Miguel Ángel has big plans for his school. He wants to extend the teaching day full-time and improve the business in line with the Ministry of Education's regulations. He knows that in this, too, he will be supported by Banco Adopem. *“Over the years we have been able to grow our educational enterprise, alongside our community”.*



## Banco Adopem Outstanding Areas of Initiative in 2015

Banco Adopem has concentrated its efforts in 2015 on contributing to the progress of disadvantaged communities, low-income women and rural producers in the Dominican Republic.

### Banking sub-agents network

Banco Adopem is putting its weight behind *mobility* as the way to bring its services closer, with a number of initiatives: providing its loan officers with mobile devices, mobile banking and correspondents. In 2015, particular progress has been made with correspondents. Banking sub-agents represent service points that Banco Adopem places in commercial premises such as grocery stores, liquor stores, pharmacies, garages for spare parts, haberdasheries, etc. in strategic positions in Santo Domingo, surrounding suburbs and rural areas inland which carry out correspondent banking. Their purpose is to facilitate financial transactions such as withdrawals, checking of balances in accounts and the amount due on loans, as well as the reception of applications for credits and savings accounts, among other services.

The institution trains its banking sub-agents so that they can properly perform their role as a link with clients, instructing them how to handle the financial procedures for the transactions they will carry out and how to

resolve the most common questions that are likely to arise during their correspondent banking tasks. In this way, the sub-agents help to facilitate access to the bank's products and services for the least advantaged segments of the population which are not served by the formal financial system, thus enabling them to develop their small businesses.

### Micro-franchises

Supported by the Inter-American Development Bank, the Adopem-Nestlé micro-franchise model is expanding, benefiting low-income women in the Dominican Republic. It is an inclusive distribution model for communities with scarce resources using a network based on micro-franchises, made up of women in these same communities. This project develops a sales force to distribute Nestlé products in these communities for whom it also provides nutritional education. In order that these women may become micro-entrepreneurs Banco Adopem provides financial services and training in the skills they need to manage their businesses and to expand in order to improve their standard of living.

The project aims to provide access to this sustainable long-term business model to 4,500 low-income women who traditionally have few possibilities to set up profitable enterprises, especially for those heads of families with dependents. Similarly, the project is expected to have an impact on 370,000 people in communities with limited incomes who will be able to access products of recognized quality. The Adopem-Nestlé model was tested successfully in 2013 in an

innovative pilot program, and subsequently expanded to generate greater benefits in its contribution to reducing poverty.

### Educa-T educational credit program

As part of its commitment to improve its clients' standard of living, Banco Adopem has an Educational Credit Unit (*EDUCA-T*) to promote the development of education in the Dominican Republic. This unit creates products and services for educational financing, covering students' individual needs, based on the country's academic training needs and labor demand. It is currently funding high school, technical and professional studies, undergraduate studies, as well as the maintenance and purchase of equipment.

In 2015 Banco Adopem signed partnership agreements with several universities in the Dominican Republic such as the Dominican Industrial Psychology University, University of the Caribbean, National Evangelical University, National Pedro Henríquez Ureña University and Catholic Technological University of Cibao, to cover the costs of students' higher education through the *EDUCA-T* educational credit program. These agreements enable young people enrolled at these universities, or who want to enroll, to receive a loan for the purpose of guaranteeing their inclusion, to stay and to finish their studies. The loans are to cover registration fees, study expenses (transport, books or copies) and the cost of equipment they need for their university degree. The agreements set the interest rate; while they are studying, students only pay the interest on the principal disbursed and there is an additional grace period of six months after graduation. After this time, students should start to pay back the capital.

It is a brave initiative, designed to make it easier for disadvantaged people to access technical and higher education, stay there and finish their courses.

### Encouraging saving among recipients of the conditional cash transfer program "Moving Forward Together"

Under the auspices of the Inter-American Development Bank and the Vice-Presidency of the Republic, Banco Adopem and the Social Policy Coordination Office are together developing a nationwide project to promote a culture of saving and to create financial products suitable for the poorest, especially women, in order to drive financial inclusion.

The project's aims are to increase access to and use of savings products among beneficiaries of the *Moving Forward Together* program, generating a culture of saving which enables them to access the resources they need to overcome economic shocks they may suffer as a result of one-off situations. To this end, new programmed savings solutions have been designed that allow people to save -with cash or coupons- a pre-agreed sum from the total conditional cash transfer they receive for a specific period and for a specific purpose (such as expenses for the education of children) or to generate voluntary deposits to cover emergencies (such as illness). Banco Adopem stays by its clients' side to help them achieve their aims, through the follow-up carried out by its officers and its network of sub-agents. Awareness programs have been modernized with the "Adopem Saving Mobile", an info-promotional caravan that travels around several provinces to promote saving, in which a well-known Colombian actress acts out an educational monologue about the virtues of saving, with humorous elements, that is also being broadcast in the mass media and in Community Technical Centers (CTC), and which gets community opinion leaders on side.

The final goal is to help beneficiaries of *Moving Forward Together* to become economically empowered, so that they can lift themselves out of poverty and become wealth creators.



Its micro-financing model has enabled 4,500 women to access a sustainable business model. Increasing the number of sub-agents has meant that vulnerable sectors that are not served by the formal financial system can access products and services in order to develop their small enterprises.

### Agrocredit

Banco Adopem, the Spanish International Cooperation for Development (AECID in its Spanish acronym) and the CODESPA Foundation have expanded the *Agrocredit* project, which supports smallholder farmers in southern areas of the Dominican Republic with training in various sectorial skills, as well as with access to credit.

*Agrocredit* is a training program which has given participating producers quality certification as well as financial education. The program is complemented with access to credit in the formats that suit producers, with different types of pay-

ment plans, particularly designed around harvest-time.

The project seeks to nurture economic development through access to financial and non-financial services that make it feasible for small farmers in the poorest regions in the south of the Dominican Republic to invest. In the first phase, over twenty thousand rural credits were originated, of which around eight thousand went to small farming producers. Clients enrolled in this project also had access to other products and services offered by Banco Adopem, such as saving, financial certificates and remittances, among others, all with the aim of improving the standard of living of families in rural parts of the country.



Yahayra Olivo Delgado



# Banco Adopem Awards and Honors 2015

## Institution

- Banco Adopem has kept its **ALPHA PLUS (α+)** trending **Stable** financial rating, according to MicroRate’s report, achieving the highest possible assessment on this scale, the only microfinance institution to do so. Furthermore, the institution has retained its *Social Classification* at 4 and a half stars, *with stable outlook*, while in the Social Outcome and Commitment categories it was classed as *Excellent*. The figures come from the MicroRate report, the first ratings agency to measure performance and risk in microfinance institutions (MFI). MicroRate, which also rates specialist funds, known as microfinance investment vehicles (MIV), reports that Banco Adopem has excellent microcredit positioning and is the leading sector player, employing best practice and that its staff are trained to help low-income entrepreneurs, all of which has enabled the institution to score the highest possible institutional rating.
- **Fitch** has confirmed its **‘A+(dom): Positive Outlook’** rating for Banco Adopem. Fitch noticed the bank’s high yields, its healthy credit portfolio, robust capitalization, limited revenue diversification, diversified sources of financing and ample liquidity.
- Banco Adopem was awarded the **MIX certificate for Transparency and Responsibility**. The Microfinance Information Exchange (MIX) recognized the bank’s transparency, its social commitment and responsibility. This qualification was obtained after a desktop review of its social performance and having verified that the bank successfully complied with all the S.T.A.R (Socially Transparent and Responsible) requirements in 2014.
- Banco Adopem was awarded the **Client Protection Certificate** granted by The Smart Campaign. It is the first institution in the Dominican Republic to obtain this certification, the result of an independent, external evaluation to publicly honor financial institutions that provide financial services to people of low income households that meet high standards of care in their relationship with customers in areas such as price transparency, fair and respectful treatment, and prevention of over-indebtedness.

## Front Line Management

- The Executive President of Banco Adopem was elected member of the management board of the Dominican Microfinance network REDOMIF.
- Mercedes de Canalda, Vice-President of the Board and founder of Banco Adopem was awarded the “Dominican Women’s Medal of Merit” by the President Danilo Medina.
- Forbes magazine designated Mercedes Canalda as one of the “25 most powerful women in the Dominican Republic”, ranking her in 17th place.
- The Executive President of Banco Adopem was elected as a member of the management board of the Asamblea de Bancos Abancord, the country’s banking association.



# Dominican Republic

## Macroeconomic Context

Solid economic performance in the United States and the fall in oil price were the mainstays of the Dominican Republic's economy.

Unlike countries in South America, the external conditions affecting the Dominican Republic in 2015 were favorable, and in particular, the solid economic performance in the US which allowed the boom in the tourism sector to continue, together with remittances and exports from the country's free-trade zones. The drop in raw material prices, mainly oil, with its sharp impact on energy prices generally, as is typically the case in island economies, also had a positive impact given that the country is a net importer of these goods.

In this favorable environment, the Dominican economy grew 7%, driven by construction which expanded by 18.2%, essentially thanks to the execution of civil road infrastructure and the building of new social housing, as well as school campuses, children's daycare centers and hospitals on the part of the central Government.

The services sector grew by 6.3% because of buoyant trade performance which leapt up by 9.1% and sectors linked to tourism, which grew by 6.3%. The sectors which suffered the opposite effect were mining and extractive industries, which slumped by 6.9%, due to the temporary shutdown of operations in one of the country's biggest mining companies in the first half of the year, and other difficulties in other operations.

Another poorly performing sector was farming; as a result of the long drought in the Dominican Republic in 2015, growth was slashed by half compared to previous years.

On the demand side, the increase in public consumption and investment were expansionary factors, while exports of goods and services also behaved positively, mainly due to the companies operating in free trade zones, apparent in the momentum in exports of tobacco manufactures, medical and surgical equipment production, textiles and electrical goods among others.

Good performance in the US labor market, the source of 75% of all remittances, especially in the sectors where Dominican migrants are most numerous, such as construction, have enabled this variable to continue its ascent, with accumulated growth of nearly 50% since 2010, at around USD 4.9 billion in 2015, 6.8% above the figure for 2014.

Meanwhile, tourism has continued its upward momentum, with the number of visitors rising by 10% over the year, coming in at nearly 5.6 million, generating foreign exchange revenues of around USD 6.2 billion, approximately 9% higher than 2014, thus consolidating tourism as the country's principal generator of foreign currency.

Solid results in these two sectors, together with the uptick in exports from the free trade zone, partly offset the negative impact of the 20% fall in mining exports, a product of the factors mentioned above and the 10% drop in gold prices on international markets. All in all, total exports fell by 3% in 2015.

The drop in the international oil price caused the country's oil bill to shrink by 35%, almost USD 1.3 billion less than in 2014. This resulted in an improvement of nearly 1.2 percentage points (pp) of GDP in the current account deficit, which closed the year with a 2% deficit. This consolidates the positive trend since 2010, when the deficit was 7.5% of GDP.

Foreign direct investment came in at over USD 2.2 billion, mainly for activities relating to tourism and real estate, staying the same as the year before.

This steady result from the external sector has allowed the Dominican peso to perform better than other Latin American currencies, reporting a nominal depreciation against the dollar of 2.6% since 2014. The central bank's policy has been one of gradually correcting real parity with the dollar, given the influence it has on Dominican finances; for this reason the real bilateral exchange rate depreciated by 2.8%, en route to convergence with parity.

Meanwhile, the fiscal scenario has been more expansionary in 2015, bringing the primary surplus to 2% of GDP. The reduction in subsidies to the electricity sector, thanks to the fall in oil price which brought losses down considerably, had the result of reducing by 12% the current-account transfers in the national budget, which offset the sharp spike in public sector wages. The capital transfer resulting from the forward flow debt purchase as part of the Petrocaribe program with Venezuela was another determining factor in the year's public finances.

This performance, together with an improvement in revenues, has had a positive effect on fiscal management and an improvement in the country's credit rating. However, the structural components of a fiscal management strategy that is repeatedly in deficit and still held back by major quasi-fiscal deficit items continue to represent one of the Dominican economy's structural risk factors in the medium term.

Headline inflation has stayed below the target range of 4.0%  $\pm$  1.0% throughout 2015, a result of lower energy prices which

have been partially offset by the impact of weather factors on food prices. As the impact of these factors on price variation wanes, inflation will go back on track, converging towards the target range.

However, the looseness caused by lower inflation in 2015 allowed the central bank to modify its intervention rate, which had stood unchanged at an annual 6.25% since August 2013, and it made changes twice over the year, leaving it at 5%, giving a definite expansionary slant to monetary policy which, together with its reserve policy, have encouraged credit expansion in the economy.

Turning to the labor market, the expansion of the economy resulted in the creation of 155,189 net jobs year-on-year, which has been visible in the improved labor market in terms of the fall in unemployment, and also boosted a significant correction in real wages in large private-sector corporations.

However, there is one feature of the Dominican labor market which is no different from the other countries in the region. 50% of jobs are in the informal economy, meaning that employment is somewhat precarious and continuity difficult to predict. Together with Colombia, the Dominican Republic has the highest proportion of self-employed and/or micro-entrepreneurs in the workforce: 45 of every 100 adults in the work force are outside the formal economy.

To be able to make progress, it is crucial that access to the financial system for the majority of this excluded group be encouraged. At the moment 46 in every hundred adults have no access, and only 22 have access to formal lending. Micro-finance offers a clear route to progress here, reducing the vulnerability of significant sections of society.