

# Welfare

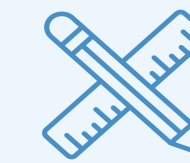
When we began our journey, we only looked at the entrepreneurs, at the clients who were working hard to try and bring up their families. With time we started looking at the household in the round, and we have become increasingly more aware of the multiple dimensions of vulnerability. If we can help so that households can attain a basic standard of living, we can reduce their contingencies and as a result improve their opportunities to progress. And to help them more, we need to know them better. That is why in 2021 we conducted some surveys on multidimensional poverty whose results showed that 23% of households found themselves in this position of vulnerability.

As a consequence, in 2022 we have made progress in two priority areas:



## Development offering

We are designing a value offering that covers our entrepreneurs' shortfalls and raises the welfare of their homes, whether directly (with an in-house product/service), or by linking up with third parties (eg. healthcare insurance).



## Multidimensional poverty data

The goal is to measure the shortfalls affecting all of the clients we serve to build an Internal Multidimensional Poverty Index (IMPI). The methodology is based on the 2021 Alkire-Foster advanced international method, with minor adjustments

The information collated will be available in 2023.

# Housing

Of the approximately 600 million inhabitants of Latin America and the Caribbean, around 120 million live in settlements of informal and unsuitable housing.<sup>19</sup>

## Housing improvement loans



Colombia, Peru,  
Dominican Republic & Panama

**35,710 clients**  
USD 120 M

As part of its efforts to raise its clients' overall welfare, the Foundation has several products and initiatives to help them upgrade their homes, such as Banco Adopem's *Ecovivienda* credit, Financiera Confianza's *Construyendo Confianza*, Bancamía's *Crédito de Desarrollo* and Microserfin's *Casafin*.

The credits are designed to finance upgrades in the entrepreneur's home, whether because of the housing's intrinsic shortcomings or to differentiate the living from the working quarters.

A financial adviser mentors clients throughout the process, providing information about how to execute the upgrades, and how to deal with contingencies at a reasonable cost. This advisor visits clients' homes to analyze the loan, validates with entrepreneurs the upgrades they want to carry out and takes photographs of the home before and after the credit, as a way of verifying the outcomes. The advisor can also give their opinion about other potential improvements detected that the home may need and that had not been previously identified or given priority.

In Panama, Microserfin's product *Casafin* was significantly improved in 2022. It was launched in 2008 as the outcome of a technical cooperation agreement with the Interamerican Development Bank (IDB) that was subsequently adapted to local needs. Some of the uses to which this kind of funding are put are:

- **Upgrades to infrastructure:** construction of walls, roofs, and sanitation, installing water deposits and septic tanks, installing solar panels.
- **Enlargements:** construction of extra rooms, enlargements of the living room, kitchen or terrace.

## Virtual analysis of the property



### Create need or anticipate upgrades



Home visit



Conversation



Acknowledge improvement



Before & after photo

- **New construction:** of a second home on the client's land or premises for their business.
- **Land title:** legalization of the credit holder's property where they live and/or conduct their commercial activity.

19. For drinking water.



## Access to water

Due to the shortcomings of Colombian households in this dimension, Bancamía carried out market research to design a “Water & Sanitation” product that will be implemented in 2023. The aim is to provide the necessary funding to provide access to a pipeline<sup>20</sup> and sewage system and, subsequently, to other sanitation services such as toilets, wells, rainwater, filters, etc. To do this, ten municipalities with deficient basic sanitation have been identified in areas where Bancamía has a presence. This project is part of a joint scheme with local governments in several regions.



20. For drinking water.

21. The financing covers the matriculation fee, living expenses, and materials, as well as supporting study equipment. It can be given in a number of formats, such as partial payments and grace periods

## Education



**24 university grants for the children of entrepreneurs**

Colombia & Peru

**Educational loans for children**  
**3,306 clients**

USD 1.6 M

Colombia, Peru & Dominican Republic

### Credits to support education

42% of our clients live in households where at least one adult has not completed the obligatory basic schooling for their age cohort. We are aware of this reality and are reinforcing our educational loan offering to encourage training for any member of our entrepreneurs’ households, both in Dominican Republic and in Peru.

- **Dominican Republic:** Funding has been designed to cover a broad range<sup>21</sup> to encourage higher education among low-income young people. Between 2015 and 2022, we financed over 660 students in different contexts. More than 80% of those who completed their studies have found a job. Meanwhile, to reinforce educational loans, we formalized a partnership with Opportunity International to execute a project to train staff in the colleges served by Banco Adopem. Financing also covered the matriculation fee, the year’s tuition, educational materials, and equipment.

- **Peru:** Financiera Confianza continued to support its educational loan. Its product, Crédito Educativo, was created in 2018 to make it easier for clients and their families to access higher technical and undergraduate college education and training in the trades. It also covers ancillary expenses inherent to a good education, such as electronic devices and language classes. Upgrades were made to the product throughout the year so that the educational loan could also be used to finance elementary education, the associated school costs or to modify the amounts and payment terms of study cycles. By the end of 2022, more than 3,000 clients across the country had benefited.



## Grants for entrepreneurs' children

We delivered 14 new grants in 2022 so that the children of our entrepreneurs could go to university, one way of showing our commitment to education for the most vulnerable.

BBVA Colombia and Bancamía have doubled to 10 the number of new university grants, that it awards to the children of microentrepreneurs served by BA in a new edition of the “*Transformando Realidades*” [Transforming Realities] grant. Around 1,300 resúmenes of entrepreneurs and their children from 325 municipalities were received, 30% more applications than the previous year. 72% of the candidates were entrepreneurial women; 84% were in economic vulnerability; 36% lived in rural areas and 38% had primary education at best.

There were four winners of the Peruvian version of this grant program, under the slogan “*Nuestra Confianza en el futuro de tus hijos*” launched by Financiera Confianza for the first time this year. 341 children of entrepreneurs from 82 locations in the country applied, with the dream of becoming university students.



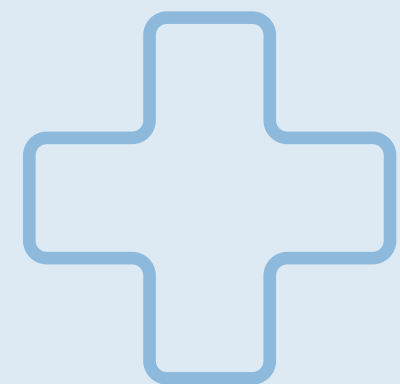
**Access to university, a door that is opening  
for low-income young people in Colombia  
and Peru**





# Healthcare

One of our entrepreneurs' shared features is the lack of basic care and health cover they suffer because of the region's precarious social protection systems, mainly for those people finding themselves in informal circumstances. 17% of our clients live in a household where at least one of its members has no health insurance (either public or private).<sup>22</sup> Expenditure on health emergencies is also one of the reasons that thousands of vulnerable people become more impoverished.



## Healthcare & care insurance

Colombia & Panama

**211,715** policyholders

Cognizant of the needs and shortcomings in healthcare, the Foundation's institutions have launched microinsurance policies with a range of covers and plans. These include the following types:

- **Insurance with healthcare visits:** These are products that include medical coverage, such as general, pediatric, and geriatric checkups, whether over the telephone or face-to-face, analyses, mammograms, ambulances, etc. Offered by our entities in Colombia, Chile and Panama, they cost between USD 0.30 and USD 1.60 a month depending on the cover taken out.
- **Cancer insurance:** These cover the loan payment in the event of a positive diagnosis of breast, uterine or prostate cancer among others. In some cases, they include payment of a sum for the basic food basket. These products take a gendered approach and are available in Colombia, Panama, and Peru.
- **Healthcare and serious illness insurance:** Developed by Bancamía (BA) in Colombia, these provide indemnity in the event of illnesses such as Alzheimer, Parkinson, paralysis, heart attacks, COVID-19, etc. They cost between USD 1 and USD 4 a month.



**17% of our clients live in a household where at least one of its members has no health insurance, a sign of the region's precarious social protection systems**



22. IMPI results-2021. See [2021 SPR](#).



Persevering with our efforts to protect the health of our entrepreneurs, in December 2021 BA launched its *Asistencia para tu Salud* [Care for your Health] policy. Among other benefits, it provides care for COVID-19 cases, daily compensation for hospitalization due to an accident, medical, psychological, and nutritional advice over the telephone, medical land transportation, appointments with general practitioners or specialists in their practice and telephone references by specialists. The cover includes preferential rates, medical examinations (analyses), home visits by the doctor and dental services. This policy costs between USD 3 and USD 4 per month depending on the policy terms.

Meanwhile, in March 2022, Microserfin launched its cancer microinsurance policy in Panama, which protects and supports beneficiaries with immediate financial resources in the event they are diagnosed for the first time with any kind of cancer. The different policies cost between USD 0.65 and USD 3.30 a month. Clients between 18 and 70



years old can apply for this insurance, as can any member of their immediate family (partner and children). No prior medical examination is required and, furthermore, financial help for plastic surgery is offered in the case of post-cancer reconstruction.

This microinsurance was acknowledged with an honorable mention in the Women's Empowerment category in the second edition of the SDG Certificates, promoted in Panama by the government and the United Nations System.

In Chile, Fondo Esperanza has conducted qualitative research with its entrepreneurs with a view to developing a cancer insurance policy for women. The aim is to offer a product which covers diagnosis and reconstructive surgery, as well as including psychological support if necessary and preventive examinations, among other services, both highly appreciated by the women who took part in the focus groups. The product launch is expected for the first half of 2023.



# Connectivity

A third of the world's population (2.7 billion people) still don't have an internet connection.<sup>23</sup> The lack of connectivity in certain territories, the difficulties in accessing devices, its high cost or the lack of knowledge about how to use it are the main barriers that aggravate this digital divide and affect the most vulnerable above all.

One of the BBVAMF Group's commitments is to help to narrow the digital divide, promoting financial and non-financial inclusion among the most vulnerable population. That is why we have been working for years now on three core areas that, in our understanding, comprise this divide: 1) Infrastructure accessibility and tools with approach (satellite connection, TVWS<sup>24</sup>), connection prices and equipment (mobile devices, tablets, etc.); 2) Availability of digital ecosystem to the client (apps, marketplace, digital economy, education platform); and 3) Digital literacy, with particular emphasis on disadvantaged social groups (indigenous peoples), the elderly and women.

## Digital connectivity



**70 correspondents provide connectivity in remote areas of Colombia & Peru**

Financiera Confianza and Bancamía started the pilot program *Conectividad Remota* [Remote Connectivity] in 2021 to get satellite connections for remote and rural areas that had not had internet access up to that point. These areas were mostly rural communities with high levels of poverty and limited access to financial services.

In 2022 more work was done on this initiative. Bancamía has continued to sign up proprietary correspondent agents in new parts of Colombia, using satellite internet or other types of connection best suited to the conditions in the area. By year-end, agreements had been reached with 20 correspondents with an internet connection, four of whom have satellite internet and the remaining 16 local internet. As a result, over 3,450 transactions have taken place and around 140 people have benefited from internet this year.

Financiera Confianza has set itself the goal of installing 40 satellite antennas across 20 regions in Peru in zones where internet access is nil or intermittent. This will enable the institution to carry on expanding its value proposition of products, services, channels, training and, above all, to continue, exploring the possibilities created by internet access. This year 50 satellite antennas have been installed. 11,960 transactions have been completed during 2022 and 1,609 people have benefited from having an internet connection.

**One of the Group's commitments is to help to narrow the digital divide, promoting financial and non-financial inclusion among the most vulnerable**



23. <https://www.itu.int/itu-d/reports/statistics/2022/11/24/ff22-internet-use/>

24. TV White Space.





### Neida Buendía's testimony:

*"My name is Nélide Buendía Gutiérrez. I have had a very positive experience as an agent. I am happy about it. Clients are already adapting to the digital voucher. The local community and the children benefit the most from having internet because they can access information online and also virtual classes. They save money by operating with an agent because traveling to the agency's office is very expensive.*

*Since I have been an agent my business and my sales have increased, so my income is higher. Financiera Confianza supported me with the loan to increase my amount disbursed so that I can serve a higher number of clients.*

*The advantages Financiera Confianza gives me are good and it is another source of income for me to grow my business"*