

ORGANISATION NAME:

BBVA MICROFINANCE FOUNDATION



The Foundation is a non-profit institution, created by the BBVA Group as part of its corporate social responsibility, focusing on financial inclusion.

Its mission is to promote the economic and social development of disadvantaged people through financial inclusion.

Its activity is the management and consolidation of a group of sustainable microfinance institutions and contributing to initiatives that help the development of the microfinance sector.





***1.** Majority stakeholder in micro-finance institutions providing Responsible Finance for productive use.

***2:** Microfinance sector: good governance, appropriate regulations, training and social measurement.

The BBVA Microfinance Foundation is built on responsible finance principles, strict compliance with legal regulations, good practices, creation of long-term value for all its shareholders and has developed strong partnerships with relevant international and national actors to multiply its social impact.

In 2007, BBVA launched the BBVA Microfinance Foundation with the know-how of a global financial institution with more than 150 years

of banking experience with the aim of serving vulnerable people in a fully philanthropic way.

“We are working towards a better future for disadvantaged people. We cannot afford to be inefficient”, Javier M. Flores Moreno, the Foundation’s CEO said. “The Foundation’s activity in Latin America supports the productive development of more than 1.6 million underprivileged people today, in addition to all its work underpinning the transformation of the microfinance sector”.

The Foundation has developed strategic partnerships with organisations such as the International Finance Corporation, the Inter-American Development Bank, the CAF Development Bank, the Spanish Secretary for International

Cooperation, local NGOs and Latin American universities.

With regards to the UN, the Foundation has partnered with the United Nations agency for Gender Equality and Empowerment of Women (UN Women) with the objective to increase the quality of life of low-income women entrepreneurs. This agreement is the result of the shared conviction of both institutions about the importance of the role of women in the economy and as pivotal figures in reducing poverty: their outstanding potential for entrepreneurship is a driver of prosperity and wellbeing for their families and for the social development of their communities. The Foundation has a strong commitment to closing the gender gap in financial inclusion: 61% of its clients are women, of which 89% are economically vulnerable.

In Colombia, the Foundation has partnered with the United Nations Environment Programme on a project to mitigate climate change effects for low-income producers. It also partnered in Panama with the UN High Commissioner for Refugees to increase access to credit for refugees and with the World Health Organisation to inform its clients about the Five Keys to Safer Food.

SUPPORTING THE SDGS

The following are two illustrative examples of initiatives that are supporting the SDGs.

Microfinance Institutions in Latin America

Partners: International Finance Corporation (World Bank), Banco de Desarrollo Económico para Puerto Rico, Oikocredit, Incofin, ResponsAbility, Corporación Mundial de la Mujer Colombia, Corporación Mundial de la Mujer Medellín, Adopem NGO, Servicios Educativos, Promoción y Apoyo Rural, Hogar de Cristo

The BBVA Microfinance Foundation has consolidated a group of sustainable microfinance regulated entities in Latin America in which it holds a majority stake. It keeps its focus on reaching and serving entrepreneurs who face higher barriers when accessing the financial system, through Responsible Finance for productive activities. It also provides comprehensive and continuous support to clients. A total of 85% are economically vulnerable. Their average daily per capita income is less than US\$4.

Since its creation, the Foundation has delivered more than 6.5 billion dollars in productive loans through its group of eight financial institutions in Colombia, Peru, Dominican Republic, Chile, Panama, Argentina and Puerto Rico. In June 2015, it served 1,625,790 clients and had 7,795 employees.

The Foundation partners with development-focused global organisations as well as local not-for-profit institutions that help strengthen the capabilities of its MFIs. These partners complement the knowledge that BBVA brings to the table, accelerating the overall learning process.

By the end of 2014, its clients' businesses sales grew at an average annual rate of 25% and their profits grew 38% per year. This suggests that its clients improve their efficiency in time. On the other hand, 30% percent of its clients who were initially classified as poor moved out of poverty after two years.

Microfinance Sector Development

Partners: The Inter-American Development Bank, Ibero-American universities, financial institutions associations, Bancoldex

The BBVA Microfinance Foundation actively works on the development of the microfinance sector through good corporate governance, human capital training, promoting appropriate regulations and social impact measurement.

The Foundation has created a standard corporate governance code and guide, available for free on its website, which can be applied by any MFI. It also organizes training sessions for MFI board members in Latin American countries, in partnership with local bank associations and savings groups, and works on developing affordable human capital training along with universities.

The Foundation publishes "Progreso", a quarterly newsletter on legal developments in the microfinance sector that targets main players and policy makers. The legal framework and the structures of governance are a determining factor in the social performance of these organisations. This publication attempts to report on trends that influence the evolution of this framework, to facilitate the debate.

The Foundation publishes "Measuring What Really Matters", an annual development report that includes dynamic multidimensional poverty measurement. It contributes to the discussion on social impact measurement in microfinance. The Foundation's CEO said "We feel proud of our pioneer social measurement system that supports the management on its decision making and is a benchmark for the sector."