

Annual Report Year 2

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Cover Photograph

RFI activities. Photographs courtesy of USAID's Rural Finance initiative, implemented by Chemonics International.

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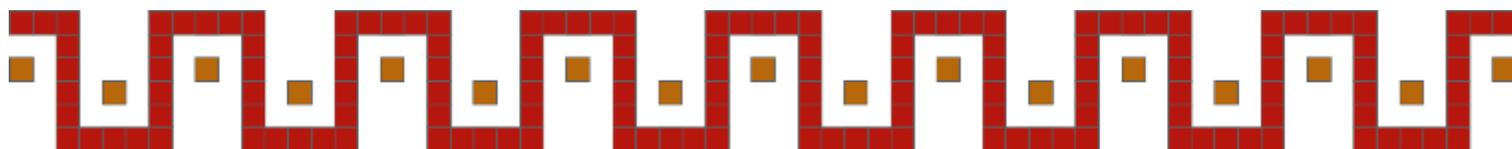


Table of Contents

Overview.....	5
I. Results and Performance	8
II. Reduction of Barriers that Prevent Rural Financial Inclusion	11
III. Accomplishments by Partner Institution	20
IV. Grants.....	41
V. Other Accomplishments.....	45
VI. Annexes.....	47

Acronyms

AFP	Asociación de Fundaciones Petroleras
Alta Consejería	Alta Consejería para el Posconflicto, Derechos Humanos y Seguridad
APS	Annual Program Statement
Asomicrofinanzas	Asociación Colombiana de Instituciones Microfinancieras
BC	Banking Correspondent
BdO	Banca de las Oportunidades
CDLO	Community Development and Licit Opportunities
CELI N/S	Consolidation and Enhanced Livelihood Initiative – Northern and Southern Regions
COMFANDI	Caja de Compensación Familiar del Valle del Cauca
Corpoica	Corporación Colombiana de Investigación Agropecuaria
DCA	Development Credit Authority
Emprender	Organismo Cooperativo Microempresarial de Colombia
FENALCO	Federación Nacional de Comerciantes
FI	Financial Intermediary
FY	Fiscal Year
GLAC	Grupo Local de Ahorro y Crédito
GVP	Gender and Vulnerable Populations
IOM	International Organization for Migration
IPA	Inclusion for Peace Activity
LGBTI	Lesbian, Gay, Bisexual, Transgender, and Intersex
LRDP	Land and Rural Development Project
MEbA	Microfinance for Ecosystem-based-Adaptation to Climate Change
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
MSME	Micro, Small, and Medium-Sized Enterprise
NGO	Non-Government Organization
PAR	Program of Alliances for Reconciliation
PMA	Producer Market Alliances
PO	Purchase Order
POF	Purchase Order Finance
PPP	Public Private Partnership
RFI	Rural Finance Initiative
RIO	USAID's Reconciliation and Inclusion Office
SENA	Servicio Nacional de Aprendizaje
Superfinanciera	Superintendencia Financiera de Colombia
Supersolidaria	Superintendencia de la Economía Solidaria
TA	Technical Assistance
UNODC	United Nations Office on Drugs and Crime
USAID	United States Agency for International Development
VCF	Value Chain Finance

Overview

The Rural Finance Initiative (RFI or “the Initiative”) is committed to removing barriers of risks, costs, and information, to help women, indigenous, Afro-Colombian, and other rural families to access finance. These efforts ultimately seek to boost economic growth and break the mutually reinforcing cycles of inequality and conflict. To this end, RFI provides technical assistance to financial intermediaries in the provision of market-based rural financial services to micro, small and medium-sized enterprises. This Annual Report outlines main achievements during Year 2, or Fiscal Year 2017, from October 2016 – September 2017.

By the Initiative’s close in 2020, RFI will have 200,000 new rural clients – more than 50% of them women – connected to formal financial services and accessing US\$500 million in new loans, savings, insurance, and other financial products. During Year 2, the Initiative made important progress towards these ambitious goals by partnering with 13 financial intermediaries (FIs), as well as finance sector associations, value chain partners, communities, media, Colombian government stakeholders, and other USAID projects. Thanks to these partnerships, since project inception, with RFI assistance FIs have reached more than 190,000 clients with more than US \$160 million in financial services in all 197 target municipalities – many of which previously lacked FIs other than the government’s Banco Agrario. To do so, RFI helped FIs open 24 new branch offices and 17 banking correspondents in seven economic corridors: Montes de Maria (Bolívar and Sucre), Bajo Cauca Antioqueño - Sur de Córdoba, Sur del Tolima, Cauca – Valle del Cauca, Caquetá, Meta, and Tumaco. Main results and indicators are seen in Figure 1 below for seven partner FIs. Results for the remaining FIs are under internal review by RFI, as noted in Section II.

Leveraging Colombian expertise and resources. Year 2 saw RFI engage two new Colombian implementing partners via subcontracts for providing technical assistance to banks, Emprender and Asociación de Fundaciones Petroleras (AFP), which have proven key to achieving results. Since inception in August 2015, RFI has co-developed Work Plans for rural financial services expansion and awarded Incentive Grants of approximately US\$1.6 million to 12 partner FIs, leveraging US\$8.1 million and exceeding the contract’s 1:3 leverage target for Incentive Grants. Likewise, during Year 2 RFI awarded one Challenge Grant and received USAID approval for seven additional awards, for a total of approximately US\$1.2 million in Challenge Grants, setting the stage to test mobile technology and other innovations designed to expand rural finance.

Promoting access to finance to support Colombia’s peace process. Year 2 saw Colombia’s historic peace accords become a reality. RFI helped USAID promote the Colombian government’s financial inclusion commitments in the peace accords in several ways. Colombia’s High Commissioner for Post-Conflict requested and RFI shared best practices for financial products and channels to target the re-integration process, including victims and demobilized armed actors. The Initiative also took RIO officials to visit small enterprises that are accessing financial services through RFI partner Interactuar. The visit would allow RIO possibly to replicate Interactuar’s innovative model of Local Savings and Loan Groups (GLACs) referring their members to the FI for loans. Likewise, RFI helped partner Bancompartir develop a successful loan program tailored for conflict victims in Montes de Maria, to be replicated in other regions in Year 3. The peace accords also emphasize the importance of agricultural and value chain finance, noted next.

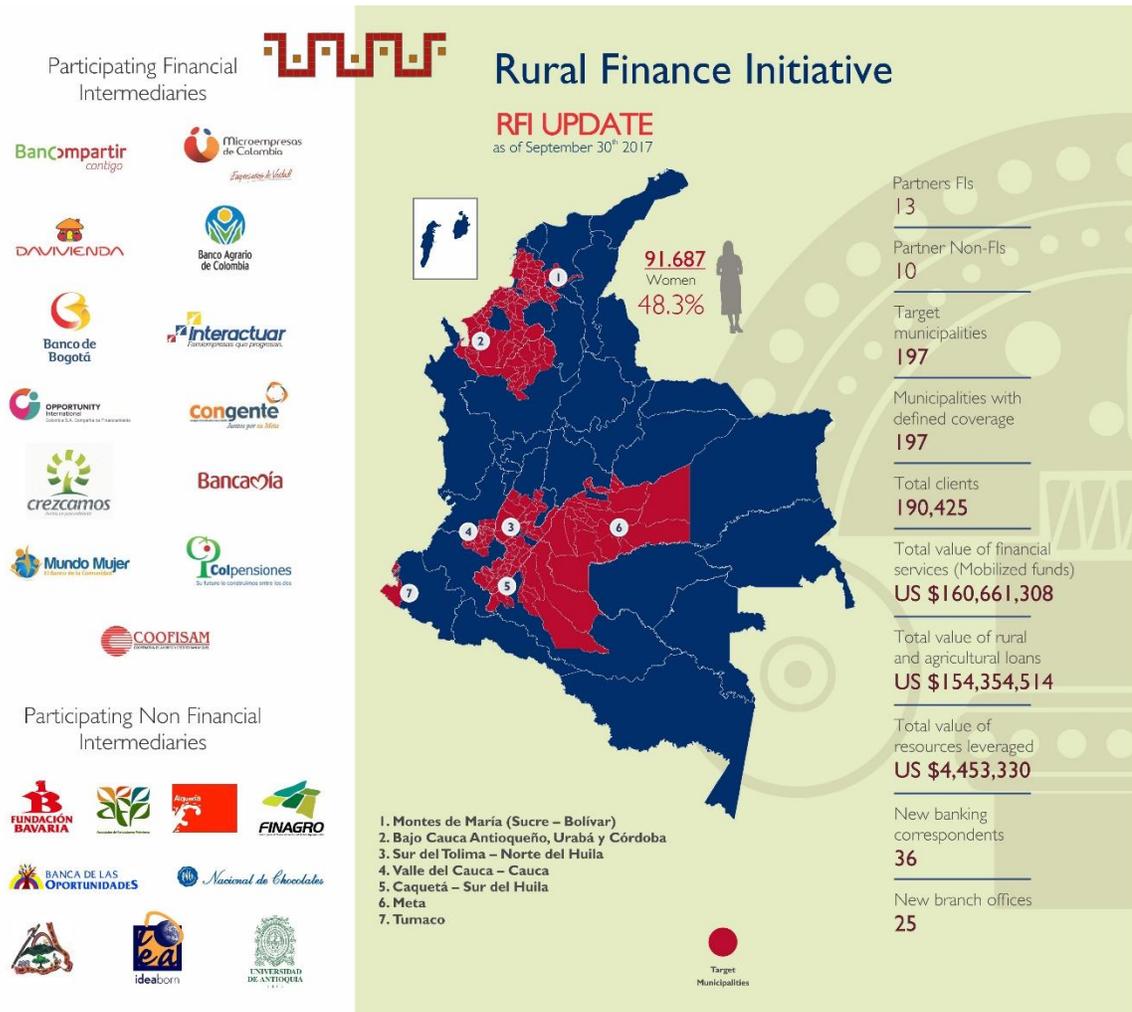
Testing value chain finance. During Year 2 RFI helped nine FIs, 40 producer groups, and buyers, pilot value chain finance (VCF), developing a model for further testing and scale-up in Year 3. RFI worked with Bancamía, Banco Davivienda, Banco de Bogotá, Bancompartir, Congente, Coofisam, Crezcamos, Interactuar, and Opportunity in value chains such as cacao, coffee, dairy, and honey to

respond to producer group applications for more than US\$1.1 million in finance. During this process, RFI identified important challenges and best practices to be incorporated into the VCF model on the FI supply side (including lack of rural service delivery channels) as well as the producer demand side (including need for business development services to improve management and bankability). As a result, RFI currently promotes using short-term VCF loans first to build experience and confidence between FI and clients, before moving to long-term loans—supported by business development services for clients.

Removing barriers to help women and vulnerable groups access finance. At RFI inception, women and vulnerable groups faced many additional barriers to accessing finance when compared to rural clients as a whole. By the end of Year 2, RFI worked with multiple FI partners to make adjustments in their policies and procedures, which made good business sense for the bank while increasing access. For example, some RFI partner FIs have eliminated the requirement for the husband's signature on a loan, so that women can now access credit more easily—thereby gaining additional business for the bank in a win-win. On the supply side, RFI has also helped FIs expand channels to reach women and other clients by opening new banking correspondents in remote communities. To help FIs better understand their rural clients, RFI has provided technical assistance to FIs in developing communications and outreach plans. On the demand side, RFI has also helped previously unbanked and underbanked clients construct their credit history for the first time and provided financial education to help vulnerable groups make sound financial decisions.

Supporting government financial inclusion initiatives. An efficient rural financial system depends upon a supportive policy environment. To this end, RFI seeks to enhance rural financial inclusion by supporting Colombian government initiatives. In this context, RFI worked with Banca de las Oportunidades (BdO), FINAGRO, the Bank Superintendency, and Bank of the Republic to promote financial inclusion. For example, RFI launched a mini-website for financial services and inclusion information hosted within the BdO website, for broad information dissemination to the government, donor, and private financial sector. RFI also worked with FINAGRO to define a joint agenda for Year 3 implementation, including designing and implementing a platform to bundle small producer loan applicants based on risk profile and geography, launching a public auction for FIs to bid on the bundled loans.

Figure 1. Rural Finance Initiative – Year 2 results



I. Results and Performance

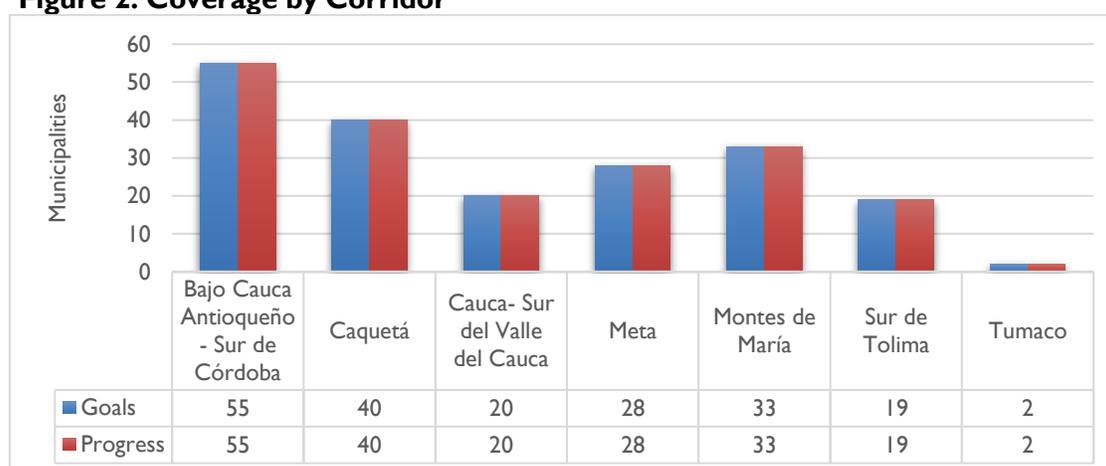
This section lays out the Initiative's performance throughout Year 2. Annex 3 provides detailed information on performance of each RFI indicator as defined in the performance management plan.

Cumulative Performance

Cumulative Performance shows that the Initiative reports operations in 197-target municipalities, hereby bringing the geographic coverage in the seven corridors to 100%.

Figure 1 below shows the current level of coverage by corridor, where Goal corresponds to the total number of target municipalities by corridor and Progress corresponds to the number of municipalities reached with financial services supported by RFI assistance.

Figure 2. Coverage by Corridor



Source: Data provided by partner FIs to RFI

Figure 2 below shows a breakdown of the cumulative coverage by corridor and gender. According to the figures, RFI has been able to expand financial services to a total of 190.425 clients. Out of this total, 91.687 (48.3%) are women, thereby almost reaching the Initiative's target of 50% female participation.

Figure 2. Cumulative Total – Clients by Corridor*

CORRIDOR	Women	Men	Enterprise	Undefined	Total
BAJO CAUCA ANTIOQUEÑO - SUR DE CÓRDOBA	34,806	35,648	13	182	70,649
CAQUETÁ	20,347	26,000	99	136	46,582
META	7,364	6,896	1	47	14,308
MONTES DE MARÍA	9,839	11,564	3	82	21,488
NORTE DEL CAUCA- SUR DEL VALLE DEL CAUCA	10,030	8,981	5	107	19,123
SUR DE TOLIMA	7,059	6,815	8	70	13,952
TUMACO	2,242	2,049	7	25	4,323
TOTAL	91,687	97,953	136	649	190,425

Source: Data provided by partner FIs to RFI. *This table include operations from seven (7) financial intermediaries: Banco Agrario, Coofisam, Interactuar, Microempresas de Colombia, Bancompartir, Banco Mundo Mujer, and Bancamia

During Year 2, RFI partners provided three types of financial services: loans, savings and insurance. These products combined have been able to increase the number of financial services clients in all seven corridors by a total of 190,425 clients, and a consolidated portfolio of US\$160,661,307.7 Figure 3 below, shows a breakdown by service, with 99,133 credit clients (52.06%) with a portfolio amounting to US\$154,354,514 (96.07%). Savings represents 37,018 clients (19.44%) with a portfolio of US\$4,555,216 (2.84%). Insurance represents 54,274 clients (28.50%) and a total portfolio of US\$160.661.307 (100%).

The total financial services portfolio to date is US\$160,661,307.7, exceeding the Year 2 target by 352%

Figures include new savings clients, but do not include savings amounts. FIs are consolidating the deposits of savings customers on a quarterly basis, in order to add the required information of the indicator RFI-03. This information is expected to be added in the next reports. (Just Coofisam reported savings amounts for Annual Report)

Figure 3. Total Cumulative – Financial Services Provided by Type and Location

CORREDOR	Loans		Savings		Insurances		Total	
	Clients	USD	Clients	USD	Clients	USD	Clients	USD
BAJO CAUCA ANTIOQUEÑO - SUR DE CÓRDOBA	35,490	46,431,781	14,553	-	20,573	631,960	70,616	47,063,742
CAQUETÁ	22,262	42,682,758	14,566	4,542,569	9,753	421,787	46,581	47,647,113
META	7,879	14,720,167	1,006	-	5,423	146,377	14,308	14,866,544
MONTES DE MARÍA	11,029	13,979,580	2,765	-	7,727	214,498	21,521	14,194,078
NORTE DEL CAUCA- SUR DEL VALLE DEL CAUCA	10,489	14,489,226	2,254	-	6,380	209,783	19,123	14,699,010
SUR DE TOLIMA	9,191	17,719,909	1,538	12,647	3,224	78,021	13,953	17,810,578
TUMACO	2,793	4,331,093	336	-	1,194	49,149	4,323	4,380,243
TOTAL	99,133	154,354,514	37,018	4,555,216	54,274	1,751,576	190,425	160,661,307

Source: Data provided by partner FIs to RFI *This table include operations from seven (7) financial intermediaries: Banco Agrario, Coofisam, Interactuar, Microempresas, Bancompartir, Mundo Mujer y Bancamia

As detailed in Annex 3, this Annual Report reports data from Seven (7) financial intermediaries which has been reviewed and validated by RFI and entered into USAID/Colombia's MONITOR M&E system (Banco Agrario, Coofisam, Interactuar, Microempresas, Bancompartir, Mundo Mujer y Bancamia).

Data from an additional six (6) financial intermediaries is pending adjustment and review and will be included in future quarterly reports. (Opportunity, Crezcamos, Congente, Banco de Bogotá, Banco Davivienda y Colpensiones).

Year 2 Q4 Performance

This quarter, the Initiative reports operations from four (4) financial intermediaries: Banco Agrario, Coofisam, Microempresas de Colombia, and Interactuar.

As mentioned before, RFI will not report non-validated data from other participating FIs for this period. However, non-reporting FIs show cumulative data currently reported in MONITOR.

As aforementioned, these Four (4) FIs reported this quarter, are currently serving 195 target municipalities (99%), totaling 18,157 new clients. Out this total, 8,480 (46.7%) are women (Figure 4)

Figure 4. Year 2 Q4 – Clients by Corridor*

CORRIDOR	Women	Men	Enterprise	Undefined	Total
BAJO CAUCA ANTIOQUEÑO - SUR DE CÓRDOBA	3.687	3.412	4	182	7.285
CAQUETÁ	2.347	3.003	32	136	5.518
META	486	485	1	47	1.019
MONTES DE MARÍA	512	587	1	82	1.182
NORTE DEL CAUCA- SUR DEL VALLE DEL CAUCA	566	586	1	107	1.260
SUR DE TOLIMA	759	828	3	70	1.660
TUMACO	123	84	1	25	233
TOTAL	8.480	8.985	43	649	18.157

Source: Data provided by partner FIs to RFI. *This table include operations from Four (4) financial intermediaries: Banco Agrario, Coofisam, Microempresas de Colombia, and Interactuar (reported this quarter).

Figure 5. FY17 Q4 – Financial Services Provided by Type and Location

CORRIDOR	Loans		Savings		Insurances		Total	
	Clients	Value USD	Clients	Value USD	Clients	Value USD	Clients	Value USD
BAJO CAUCA ANTIOQUEÑO - SUR DE CÓRDOBA	4,858	8,569,722	1,482	-	921	29,918	7,261	29,918
CAQUETÁ	3,010	8,851,814	2,190	889,616	318	44,440	5,518	44,440
META	1,019	2,652,154	-	-	-	-	1,019	-
MONTES DE MARÍA	1,117	1,950,568	-	-	89	916	1,206	916
NORTE DEL CAUCA- SUR DEL VALLE DEL CAUCA	1,260	2,375,552	-	-	-	-	1,260	-
SUR DE TOLIMA	1,422	3,807,420	179	8,820	59	1,317	1,660	1,317
TUMACO	233	571,458	-	-	-	-	233	-
TOTAL	12,919	28,778,689	3,851	898,436	1,387	76,591	18,157	76,591

Source: Data provided by partner FIs to RFI. *This table include operations from Four (4) financial intermediaries: Banco Agrario, Coofisam, Microempresas de Colombia, and Interactuar (reported this quarter).

II. Reduction of Barriers that Prevent Rural Financial Inclusion

RFI is committed to removing barriers of risks, costs, and information, to help women, indigenous, Afro-Colombian, and other rural families to access finance services. A primary strategy has been to identify and remove existing barriers among partner financial institutions. Hereby, IFR secures access of marginalized populations to formal financial services in large numbers and in the long run. Figure 6 below, summarizes some of the barriers identified, the Initiative response to remove them.

Figure 6: Identified Barriers and RFI Response

Barrier	RFI Response
Women required the husband's signature to apply for a loan.	<ul style="list-style-type: none"> Remove the husband's signature as requirement. Many FIs, in fact, now require the wife's signature authorizing the husband to pledge the family assets as collateral.
Most women and youth do not have commercial assets on their name to pledge as collateral for a loan.	<ul style="list-style-type: none"> Commercial assets are replaced with guarantors, business & home assets, savings group guarantees, promissory notes and other forms of innovative collateral. Promotion of trust-groups and other group lending mechanisms, whereby members guarantee each other's loans.
Land is required as collateral for agricultural loans. Women do not have land in their names.	<ul style="list-style-type: none"> Rural landless women can access credit even with rented land or land without proper ownership title. Land title is replaced with innovative forms of collateral, as cited before.
Women have seen their credit history affected by the armed conflict.	<ul style="list-style-type: none"> Product design for rebuilding credit history: FIs start with short terms and small amounts that grow as the client rebuilds his/her credit history with the FI.
Little business experience of youth and young women, limits access to loans for start-up enterprises.	<ul style="list-style-type: none"> Years in operation requirement has been dropped from two years up to as low as 3 months. Start-ups are usually accompanied by TA and training. Minimum age requirement for access has been reduced to 18 years, thereby facilitating access to for youth and young women many of them already single mothers. Changes in the credit relational model by establishing staff incentives based on targets for recruiting new customers. Afro-Colombian, indigenous, LGBTI, women and youth have largely benefitted from these incentives thereby creating sustainable financial inclusion. Promote group lending mechanisms that successfully manage risks for start ups
Afro-Colombians and indigenous groups are perceived as high-risk clients.	<ul style="list-style-type: none"> Work with financial institutions to strengthen risk management as opposed to risk avoidance. Involved community leaders in the client selection process. Implement guarantee funds to cover a maximum of 50% of first loans to clients perceived as high risk.
Social/ cultural characteristics of indigenous communities make their relationship with financial institutions complex.	<ul style="list-style-type: none"> Work with indigenous population to strengthen their credit management and profitability. Develop strategies within their Autonomous Government, to reach a larger number of clients and therefore cover more of the indigenous population with financial services.

Source: RFI

Other key strategies towards removing barriers during Year 2 include: 1. Develop inter-institutional synergies, 2. Pilot value chain finance, 3. Help FIs develop communications plans, and 4. Implement activities related to Gender and Vulnerable Populations (GVP).

1. Develop inter-institutional synergies

During Year 2, the Initiative implemented joint actions with multiple stakeholders, including in the Colombian government, private banking sector associations, USAID programs, and media outlets. As outlined in the RFI Year 3 Work Plan, the Initiative will build on these synergies going forward.

Colombian government agencies.

- *Alta Consejería para el Posconflicto, Derechos Humanos y Seguridad.* In order to advance in the post-conflict agenda and to fulfill government commitments made to the Fuerzas Armadas Revolucionarias de Colombia (FARC) in the peace accords, during FY17, the *Alta Consejería* asked for an overview of RFI and the role of financial intermediaries in this context. The Initiative shared with the *Alta Consejería* lessons learned based on experiences with small producers and VCF, victims and demobilized people, provided financial product recommendations that best fit the entire reintegration process, and also highlighted the importance of having adequate delivery channels to increase rural access to financial services.
- *Banco de la República.* In Year 1, the Initiative helped Banco de la República and Universidad de Ibagué carry out the study Rural Financial Inclusion: Sur de Tolima Case Study. In Year 2, RFI provided support to print and disseminate the study among key stakeholders including: Asobancaria, Asomicrofinanzas, Banca de las Oportunidades, Colpensiones, the Financial Superintendency, FINAGRO, the Ministry of Finance, and the Ministry of Technology, among others. The book will allow the financial sector understand from a demand perspective existing barriers to accessing financial services, in order to design appropriate products to address needs of rural client historically excluded from formal lending practices due to previous lack of information and armed conflict.
- *Superintendencia Financiera.* The Superfinanciera plays a key role in the provision of financial services in post-conflict areas of interest and Colombia's Fast Track government agenda to implement key aspects of the peace accords, including reconstruction of credit history to access loans, and insurance among others. In Year 2, RFI identified opportunities for future interventions in collaboration with the Superintendencia to overcome barriers 1) barriers to the development and implementation of SEDPES, including the need to increase the ceilings for electronic accounts, and 2) barriers to the development of digital ecosystems for cashless banking, such as electronic signatures and facial recognition, in rural areas that hinder technology innovations in the provision of financial services.
- *Supertendencia de la Economía Solidaria.* During FY17, the Initiative met with the Supersolidaria to discuss an impasse for financial cooperatives, such as partner FIs Coofisam and Congente, where regulatory barriers impede their efforts to expand coverage to rural municipalities through BCs. As a result, most cooperatives have taken the more expensive option of establishing small branch offices in order to meet the demand for services and reduce the transaction costs to clients. For this purpose, RFI and the Supersolidaria made progress towards developing a Memorandum of Understanding (MoU) that seeks to facilitate the cooperatives to open new banking correspondents.

Private financial sector stakeholders and media

- Asomicrofinanzas.** The Initiative detected one major barrier that prevents Colombia from having mobile wallet services on a massive scale or having a favorable environment where electronic money boosts economic activity in rural areas. This barrier is the fact that the country lacks a platform that enables banks to carry out inter-bank transactions in real time at very low cost. To this end, the Initiative has discussed with Asomicrofinanzas the possibility of implementing a pilot with some of its member microfinance organizations in order to reduce cost and time for inter-bank transactions by implementing an inter-bank switch for low cost transactions. The pilot would be financed via Challenge Grants funds and will be carried out in close coordination with other relevant stakeholders like Asobancaria and Banco de la República. The objective is creating a demonstration effect in the banking sector on potential savings in cash management as well as the costs, quality, and expansion in the provision of products and services (e.g. remittances, savings, utility payments, public transportation, and tuition, among others.).



RFI partner institutions including Banco Agrario, Banco de la República, and Comcacaot participate in Asomicrofinanzas 8th congress: Retos y Desafíos de la Industria Microfinanciera.

Photo: RFI.

- Colombian media.** The Initiative facilitated attendance of major media outlets at openings of new FI branches and to interview beneficiaries. This resulted in seven published stories about RFI and partner financial intermediaries' expansion of services in underserved regions (two in El Tiempo, two in El Espectador, and three in Semana). The Initiative has defined future activities with El Tiempo, since the journal supports a campaign called No es hora de callar, which seeks to raise awareness on gender-based violence, also supported by the U.S. Department of State. The Initiative will work with No es hora de callar to promote inclusive financial services in RFI territories, such as Tumaco, where RFI intends to help partner Bancompartir replicate a special loan for conflict victims successfully piloted in Montes de Maria.
- COMFANDI.** After the Caja de Compensación Familiar del Valle del Cauca (COMFANDI) expressed to USAID/Washington its desire to offer its portfolio of services to complement USAID's operations in Colombia, RFI explored the following three areas for assisting COMFANDI, to be defined early in Year 3: i) explore the possibility of implementing VCF pilots with their suppliers; ii) explore the possibility of designing a business strengthening program for producer associations and small and medium enterprises (SMES), seeking to provide financial knowledge so that they can meet FI requirements in order to access financial services; and iii) explore the possibility of participating in RFI's Challenge Grants.

USAID Programs

- Development Credit Authority.** In Year 2 Q3, RFI's partner Coofisam had its DCA request approved by USAID. This approval increases up to ten the number of RFI partners in having the guarantee: Bancamia, Banco de Bogotá, Banco Davivienda, Banco Mundo Mujer, Bancompartir, Coofisam, Congente, Crezcamos, Interactuar, and Microempresas de Colombia.

Furthermore, the Initiative will continue encouraging partner FIs that have DCA guarantee in using it to further expand their coverage in RFI areas.

- *Reconciliation and Inclusion Office.* Both parties discussed the possibility of applying RFI methodologies to RIO’s programs that are working with vulnerable populations first in territories where both RFI and RIO’s programs coincide and later in other areas in Colombia. To start activities and share some of RFI’s results, in September 2017 the Initiative organized a field trip to Valencia (Cordoba) for RIO with the double purpose of visiting several “Minimarkets 2x3 for Peace” in the city of Monteria, as well as some small businesses in the municipality of Valencia that have benefitted from Interactuar’s innovative methodology implemented with RFI support in conjunction with Fundación Vivir Mejor, a local women’s association. By the end of the visit, USAID’s Alliances for Reconciliation (PAR) program and RFI identified possible synergies in order to replicate the referral model implemented by Interactuar with RFI-supported GLACs.
- *Other USAID programs.* Throughout Year 2, the Initiative has engaged other USAID programs including Community Development and Licit Opportunities (CDLO), Consolidation and Enhanced Livelihood Initiative (CELI N/S), Inclusion for Peace Activity (IPA), Land and Rural Development Project (LRDP), Producers to Markets Alliance (PMA), and Program of Alliances for Reconciliation (PAR). By doing so, the Initiative hopes to have a coordinated work with other USAID programs in the field. Furthermore, RFI has shared lessons learned and sought ways in which these programs can assist the Initiative in delivering assistance to producer associations in order to improve their business management skills. Additionally, the Initiative has transferred the GLACs methodology to these programs so that they can promote financial inclusion with their own beneficiaries to increase RFI impact.

2. Develop and implement viable value chain financing service options

Value chain finance (VCF) refers to financial products and services that flow to or through any point in a value chain, sharing risk and return among different actors in the value chain, such as a large buyer and small producer. This offers increased access to financial services to the small producer, who the FI may not see as a good risk when taken alone (see box). Most RFI Work Plans with partner FIs contain a section that includes implementation of VCF pilots. This section outlines Year 2 progress on developing VCF pilots followed by lessons learned in the process.

During Year 2, the Initiative visited a total of 109 different producer associations to determine the viability of their participating in VCF pilots. Out of this number, RFI determined that 69 of them are not viable due to lack of capacity or lack of markets. The remaining 40 viable associations were paired with the partner FI that best fits their financial needs and other selection criteria: FI presence in the pilot area, and client history between the association and the potential FI. Furthermore, in Year 2 and with 5 participating FIs, the Initiative started implementing initial pilots with 10 associations, where all of them have been awarded VCF loans by FIs thanks to RFI technical assistance, and four other associations have their loans approved and are pending disbursement. 26

VCF Key Lessons Learned for short-term and long-term loans:

Loans should be short-term, before moving to a long-term loan, for the following reasons:

- Know current status of specific value chain actors to determine if they require targeted TA to strengthen capacity.
- Improve income levels in the short term.
- Build trust between FIs and the lead organization or channel.

Provide long-term financing and investment options while:

- Maintaining open information channels.
- Providing credit options to other actors involved within the value chain to share risk.
- Reviewing investment plan and process investment capital.

applications are being reviewed by FIs. Figures 7 and 8 below show a breakdown of associations by region and their current status.

Figure 7. Associations Identified for VCF Pilots in FY17

Corridor	Visited Associations	Viable	Non – viable	Disbursed	Approved but pending to be disbursed	Under Review
Montes de Maria	9	1	8	1	-	-
Bajo Cauca Antioqueño – Sur de Córdoba	12	7	5	1	1	5
Sur del Tolima	27	14	13	5	-	9
Valle del Cauca – Cauca	10	3	7	1	2	-
Caquetá	41	12	29	1	1	10
Meta	6	2	4	-	-	2
Tumaco	4	1	3	1	-	-
TOTAL	109	40	69	10	4	26

Source: RFI

Figure 8. VCF Pilots in Implementation

Corridor	Municipality	Association	Number of Members in Association	Product	Financial Intermediary	Value of Requested Credit (COP)	Status
Montes de Maria	El Carmen de Bolívar (Bolívar)	COOAPOMIEL	40	Honey	Opportunity	30.000.000 (US\$ 10,140)	Disbursed
Sur del Tolima	Planadas (Tolima)	Café Macizo	111	Coffee	Banco Agrario	45.000.000 (US\$ 15,224)	Disbursed
Tumaco	Tumaco (Tumaco)	Comcacaot	1500	Cocoa	Banco Agrario	50.000.000 (US\$ 16,915)	Disbursed
Caquetá	Paujil (Caquetá)	Lácteos Santa Rosa	500	Dairy	Banco de Bogotá	200.000.000 (US\$ 67,662)	Disbursed
Valle del Cauca – Cauca	Santander de Quilichao (Cauca)	Asociación de Mujeres La Esperanza	26	Coffee	Banco de Bogotá	7.000.000 (US\$ 2,368)	Disbursed
Sur del Tolima	Planadas (Tolima)	ASOTBILBAO	37	Coffee	Banco de Bogotá	30.000.000 (US\$ 10,140)	Disbursed
Bajo Cauca Antioqueño – Sur de Córdoba	Anorí (Antioquia)	ASPROQUEMA	164	Dairy	Banco Agrario	20.000.000 (US\$ 6,766)	Disbursed
Sur del Tolima	Planadas (Tolima)	ACEDGA	71	Coffee	Banco Agrario	30.000.000 (US\$ 10,140)	Disbursed
Sur del Tolima	Planadas (Tolima)	ASOPAP	46	Coffee	Coofisam	20.000.000 (US\$ 6,766)	Disbursed
Sur del Tolima	Planadas (Tolima)	AGPROCEM	60	Coffee	Banco Agrario	30.000.000 (US\$ 10,140)	Disbursed
Valle del Cauca – Cauca	Popayán (Cauca)	Federación Campesina F.C.	650	Coffee	Banco Agrario	250.000.000 (US\$ 84,577)	Approved
Bajo Cauca Antioqueño – Sur de Córdoba	Santa Rosa de Osos (Antioquia)	Lácteos del Norte		Dairy	Banco de Bogotá	2.500.000.000 (US\$ 845,771)	Approved
Caquetá	El Pital (Huila)	COOAGROBRISAS	115	Coffee	Coofisam	80.000.000 (US\$ 27,065)	Approved
Valle del Cauca – Cauca	Santander de Quilichao (Cauca)	ASOAGRONORCA	42	Pineapples	Davivienda	35.000.000 (US\$ 11,841)	Approved

Source: RFI

USD values were calculated using the Year 2 average exchange rate (01/08/2016 until 30/09/2017) of COP \$2.955,88.

During this process, RFI provided assistance to associations for them to learn about having proper financial records and build experience to apply for larger loans over time. In the end, this learning experience for both can result in a positive ripple effect as the FIs gain experience and scale VCF interventions for more clients. While implementing the pilots, RFI identified various lessons learned and challenges that must be overcome in order properly to implement the VCF model with participating FIs and interested producer associations, including the following:

Challenges for Financial Intermediaries:

- *Financing short-term activities as a first option:* It is best to start by financing short-term activities. This allows both sides to get to know each other better and gain trust: associations want larger loans whereas intermediaries want to know if they will re-pay them. For example, it is best to finance existing harvests. Growers know how much production they will get in return. Banks can see the harvest and at the same time learn the crop cycle and its role within the value chain.
- *Credit and risk departments are reluctant to finance this model:* Inside financial intermediaries, credit and risk departments are reluctant to implement VCF mechanisms. Since it is a learning process, RFI has constantly addressed all departments involved, trying to simplify and facilitate the introduction of this innovative concept at the interior of participating FIs. For the same reason, RFI encourages participating FIs to start by financing short-term activities, noted above.
- *Lack of adequate channels to expedite transactional operations in rural areas:* FIs do not possess proper channels for rural operations, causing bank and client to rely on cash. RFI has encouraged FIs to reduce the use of cash by improving their current use of channels and to participate in the Challenge Grants in order to find innovative ways to solve this issue.
- *Lack of leadership and coordination for the processing of credit operations:* Larger FIs such as Banco Agrario, Banco de Bogota, and Davivienda, have a harder time when determining the department that will ultimately authorize a VCF loan. This is not the case for smaller FIs like Congente or Coofisam. For this reason, RFI has suggested that larger FIs assign someone to oversee VCF pilots across departments. Regardless of the size of the intermediary, offering this type of loan is something new that must be adapted to by all departments involved such as commercial, credit, and risk.

Challenges for Producer Associations:

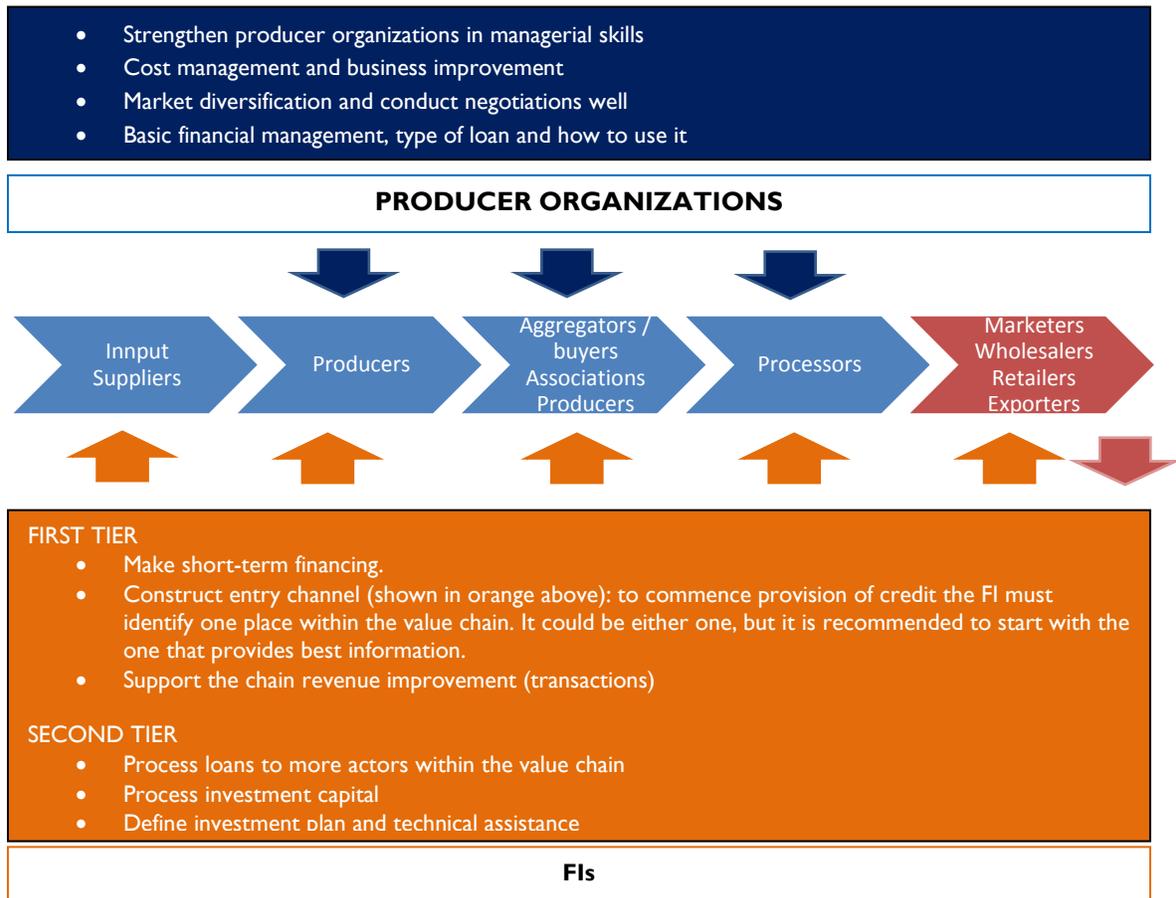
- *Lack of proper documentation:* The Initiative has been advocating for FIs to use purchase orders presented by associations as part of the credit risk assessment process. However, some of the associations do not have this document. The Initiative will design a checklist to be handed both to participating FIs and interested associations so they know all documents that need to be presented. For the credit application validation process to begin, both parties need to be properly informed about the necessary documentation required, in order to avoid delays.
- *Weak accounting structure to deal with credit assessment:* When requesting loans, producer associations do not know for what purpose they will use them nor which repayment options are best. Furthermore, associations like the Comercializadora Campesina de Cacao de Tumaco (Comcacaot), who already have an approved loan, have internal issues like poor financial accountability and lack of financial literacy that prevent them from having their financial records up-to-date. Therefore, RFI provided technical assistance to interested associations so that they do not have their loan applications rejected. RFI has also recommended that financial services

provided by FIs, should also be accompanied with the provision of technical assistance and financial education to producer associations. This would represent a win-win for both sides: FIs could cultivate a viable client base, and the producer associations could strengthen their financial skills to access finance and improve their business results.

- *Cost management:* Associations do not know exactly their own costs of production. RFI advised them that these costs also vary depending on the type of association: producer, processor or marketer. To address this issue, RFI has done detailed exercises with participating FIs to show them how to fund each of these actors within the value chain.
- *Market diversification:* Associations are in some cases dependent on a single buyer. The Initiative has encouraged them to seek new buyers in the region in order to diversify their sources of sales income, making them a better risk for the FI.

These lessons learned from Colombia along with best practices from VCF in other countries inform the model for VCF laid out in Figure 9 below.

Figure 9. Proposed VCF Model for RFI Economic Corridors

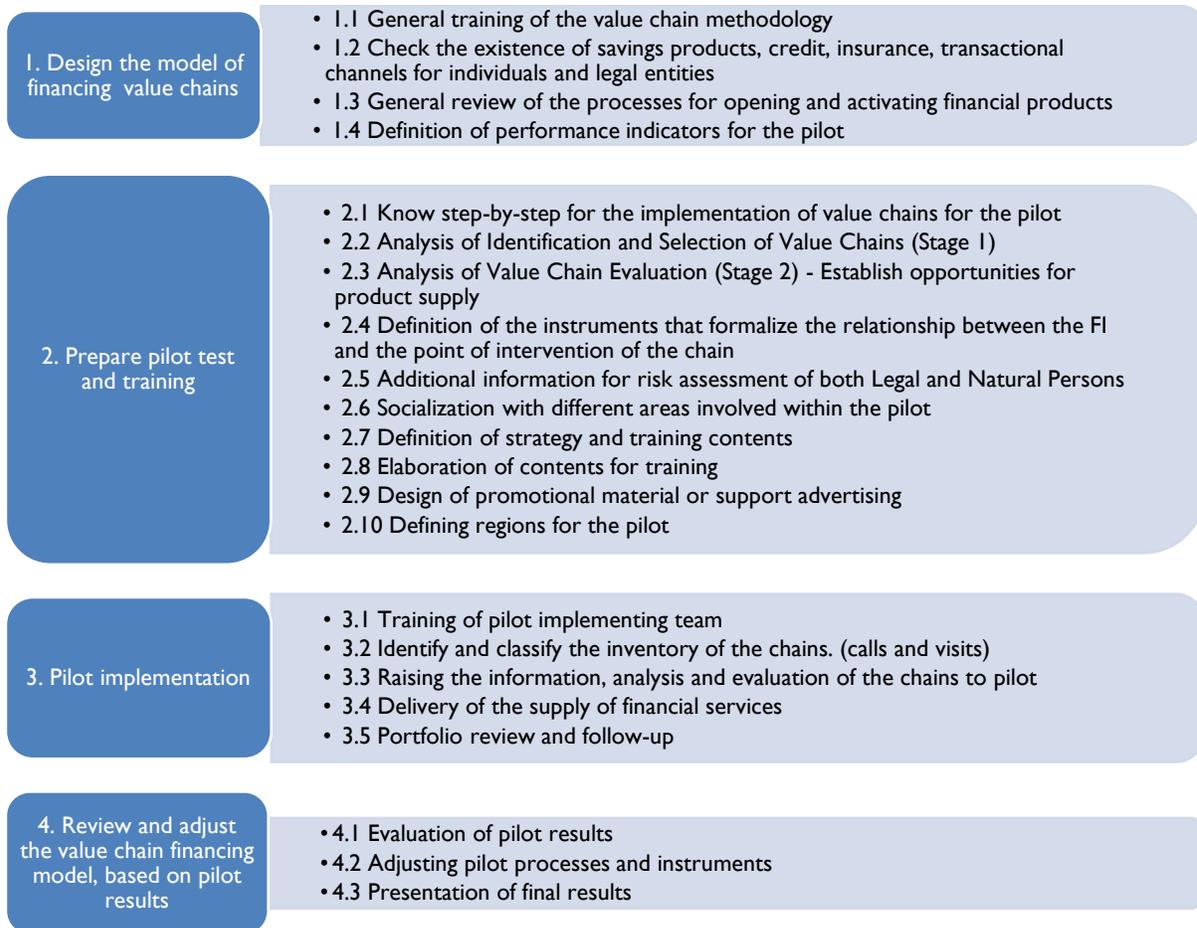


Source: RFI

To address these challenges, in Year 2 the Initiative started structuring tailored VCF models with participating partners Bancamia, Banco Davivienda, Banco de Bogotá, Bancompartir, Congente, Coofisam, Crezcamos, Interactuar, and Opportunity. In order to properly transfer the suggested

model with interested partners, the Initiative is providing training sessions aimed for different departments within each FI, in order to define, promote coordination, and gain buy-in, which sets the stage for testing the new VCF model in Year 3 (See figure 10 below). In Year 2, the Initiative also prepared for an international consultancy for Year 3 Q1, that seeks to: i) Review and complement the current methodology designed by RFI; ii) Define the scope to carry out an effective business strengthening to complement financial services; iii) Define the way for the private sector to promote / pay / offer the required business strengthening services; iv) 4. Define the model to carry out financing options of new plantings or extension of current plantings; and v) 5. Review new instruments to complement financial services to producers.

Figure 10. Schedule of activities to transfer the VCF model with participating FIs



During Year 2 while implementing VCF pilots with participating FIs, the Initiative continued activities with some existing partners and engaged new ones. For example, RFI identified opportunities to help the *United Nations Office on Drugs and Crime (UNODC)* with their producer group strengthening program by incorporating financial institution loan requirements, such as having a business plan. Likewise, RFI identified potential Year 3 VCF opportunities with buyers such as the multinational beverage corporation Unilever and the Colombian rice growers' association Fedearroz.

3. Develop and implement communication plans with participating FIs

As part of the objectives defined in the respective Work Plans with partner financial intermediaries, in Year 2 RFI developed Communication Plans for six partners including Congente, Coofisam, Crezcamos Interactuar, Microempresas de Colombia, and Opportunity. The plans include specific communication deliverables and actions for participating FIs in order to promote their new products or financial services provided as well as their expansion across RFI's seven economic corridors.

These actions seek to position participating FIs among the community and further facilitate the completion of targets for new clients and value of financial services. Communication Plans are designed to generate institutional capacity within the communication and marketing teams of participating FIs. In Year 3 the Initiative will finish elaborating the plans for remaining intermediaries including Bancamia, Banco Mundo Mujer, Banco de Bogotá, Banco Davivienda, and Bancompartir, as well as guide FIs on implementing these plans throughout the entire year, expecting that FIs can replicate actions independently from Year 4 onwards.

4. Develop GVP Activities

RFI's Gender and Vulnerable Populations (GVP) strategy seeks to reduce economic disparity by providing women, ethnic minorities, and other vulnerable populations increased access to financial services. In order to fully achieve the strategy's objectives, in Year 2 the Initiative advanced in the implementation of GVP-related topics with four of its partners.

- *Congente*. The financial cooperative is a key partner since it allows RFI to perform women's financial empowerment activities in Meta. During Year 2, the Initiative met with Congente, UNWomen and the Meta Governor's Office to discuss implementation of a new a credit product and a campaign to prevent violence against women. Furthermore, this year RFI and Congente also formulated a financial inclusion strategy from the perspective of gender and vulnerable populations that will focus on three pillars: i) Pilots on financial inclusion, savings, and credit with vulnerable population in the municipalities of La Macarena and Uribe in Meta; ii) Differential customer service for vulnerable population; and iii) Strengthen Conahorritos, special spaces dedicated for children inside Congente's branches. The strategy will be implemented in Year 3.
- *Interactuar*. In Year 1, RFI helped Interactuar partner with two women's associations that implement GLACs with their members, Mujeres de Corazón from Valdivia (Antioquia) and Vivir Mejor from Valencia (Córdoba) to facilitate access to credit, technical assistance programs, and other services offered by Interactuar. This includes allowing the associations to originate loans on Interactuar's behalf. In Year 2 thanks to this innovative methodology, Interactuar disbursed a total of 257 new loans to members of Vivir Mejor. Interactuar will continue implementing this innovative approach throughout Year 3 with RFI support.
- *Narrar Para Vivir*. See Section III. Accomplishments by Partner Institution, Non – Financial Intermediaries, Civil Society Organizations below.
- *NASA Community Project*. See Section III. Accomplishments by Partner Institution, Non – Financial Intermediaries, Civil Society Organizations below.

III. Accomplishments by Partner Institution

During Year 2, RFI worked with 13 FIs and nine non-FIs, with their accomplishments outlined below.

Financial Intermediaries



Bancamía in figures	
Starting date	02/05/2017
Ending date	02/05/2018
Grant awarded (USD)	\$71,631
Committed leveraged funds (USD)	\$2,065,783
Corridors	7
Number of municipalities served	180
Number of clients served	42,925
Total value of financial services (USD)	\$11,960,399
Loans (USD)	\$11,262,575
Savings (USD)	Under revision
Insurance (USD)	\$697,924

I. **Bancamía:** Bancamía brings almost 30 years' experience in promoting financial inclusion. Year 2 accomplishments included:

i) *Expansion Plan.* Bancamía opened a total of one branch office and two BCs.

ii) *Adjusting the current use of banking correspondents.* After finalizing an assessment of the current use of banking correspondents and its sales and operational models, the Bank started BC pilots in Q4. These pilots are being implemented in RFI municipalities of Arjona (Bolívar), Corozal (Sucre), Lórica (Córdoba) and San Onofre (Sucre), and seek to test the use of BCs as an efficient sales channel.

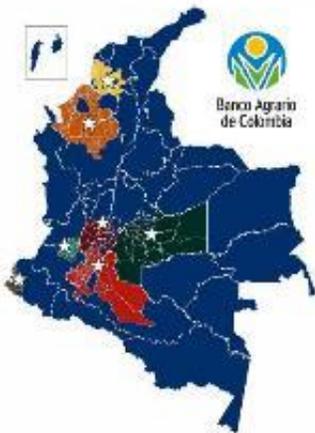


Opening ceremony of Bancamía's new branch office in Planadas (Tolima).

Photo: RFI.

iii) *Assessment of the current use of other key topics.* During Year 2, RFI helped Bancamía's review rural and agricultural loans, savings, micro-insurance, and financial education. RFI is currently reviewing the results with Bancamía in order to incorporate necessary changes in their products. As part of the adjustment process, in Q4 the Bank carried out a market survey with both customers and non-customers, in order to determine the need and opportunities for improvement of financial products offered by different departments like delivery channels, insurance, savings, and credit among others. To this end, 400 clients were surveyed across 20 RFI municipalities, and four different focus groups were created in the same municipalities where the BCs pilots are taking place (Arjona (Bolívar), Corozal (Sucre), Lórica (Córdoba) and San Onofre (Sucre)), where a total of 20 persons participated.

- iv) *VCF Model*. As discussed in Section II, in Year 2 the Initiative worked with Bancamia to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.
- v) *Challenge Grants*. In Year 2, Bancamia defined its idea to participate in RFI's innovation fund: develop a digital platform to offer financial services. This platform will contain economic, productive and environmental information to establish relationships between customers and their productive and commercial activities. RFI expects to receive a formal application for review and approval in Year 3 Q1



Banco Agrario in figures	
Corridors	7
Number of municipalities served	197
Number of clients served	44,177
Total value of financial services (USD)	\$97,763,485
Loans (USD)	\$97,763,485
Savings (USD)	Under revision
Insurance (USD)	Under revision

2. **Banco Agrario:** The Bank is playing a key role in helping the Colombian government to fulfill commitments in the peace accords. For the Initiative, the Bank is of utmost importance given its extensive presence in RFI municipalities and its mandate to serve the rural poor. Activities carried out during Year 2 were oriented to develop and adjust products and services to meet peace accords requirements, and the Bank's needs for building a more commercial, multiservice image. Some activities can be summarized as follows:

- i) *Reconstruction of credit history*. Defined by the Bank as an important product for post-conflict rural areas, RFI worked extensively with the Microfinance Division on developing credit policies and procedures and defining the client profile that would qualify for this new product. This product will provide small, scale-up loans, to producers as well as victims of conflict-ridden areas who, forced to abandon their homes, developed bad credit history. To build an accurate profile, Banco Agrario provided samples from their database to better understand clients qualified as "ineligible" due to their poor rating. The Initiative will pilot this product in Year 3 Q2.
- ii) *ASAGRO, microcredit and community banking*. Throughout Year 2 Q1Q2, the Initiative provide technical assistance to the Bank in reviewing their agricultural advisor's (*asesor agrario* in Spanish – ASAGRO), microcredit and community banking products (under the Microfinance Division). Specifically, RFI recommended adjustments of the community banking product to post-conflict scenarios such as the proliferation of business start-ups. RFI also provided recommendations on the need to count with full-time coordinators and Asagro/microcredit officers in Tumaco.
- iii) *VCF Model*. Throughout Year 2, the Initiative and Banco Agrario implemented five initial VCF pilots in Tumaco, Sur de Tolima, and Bajo Cauca Antioqueño, and one additional

credit loan has also been approved to start activities. Furthermore, as discussed in Section II, in Year 2 the Initiative worked with Banco Agrario to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.

- iv) *Financial education model.* In Year 2 Q2, RFI reviewed current Bank's financial education modules in order to adjust them to better serve the needs faced by rural producers and associations. During Q4, Banco Agrario and the Initiative worked on defining a second phase in financial education that will aim at promoting savings and a better repayment culture among clients. The institution seeks to position itself as a bank that provides, not only credit, but a full array of financial services to its clients.
- v) *Phase II Work Plan.* During Year2 Q3/Q4, Banco Agrario and RFI worked together in preparing a new Work Plan that laid out the main activities for RFI Year 3. Some highlights are summarized as follows:



Banco Agrario awarding credit loan to Cafe del Macizo in Planadas (Tolima). This is the Bank's second awarded loan under the VCF model implemented with RFI support.

Photo: RFI.

- *Boost savings.* The Initiative will conduct an assessment in Year 3 Q1 to identify needed steps to strengthen the Bank's savings product and determine the reasons behind current inactive accounts. Results will be used to develop a commercial strategy for deposit mobilization through savings accounts nationwide.
- *New insurance products.* The Initiative will conduct an assessment in Year 3 Q1 to identify new insurance products to address the needs of low income families and producers.
- *Improve delivery channels.* In Year 3 Q2. The Initiative will design and implement a commercial strategy to improve performance of current delivery channels such as branch offices and BCs.



Banco Davivienda in figures	
Starting date	23/08/2016
Ending date	22/08/2017
Grant awarded (USD)	\$245,611
Committed leveraged funds (USD)	\$765,823
Corridors	
Number of municipalities served	
Number of clients served	
Total value of financial services (USD)	Under revision
Loans (USD)	
Savings (USD)	
Insurance (USD)	

3. **Banco Davivienda:** In Year 2 the Initiative provided TA in four main areas. Overall, RFI expects the Bank should be able to reach at least 80 target municipalities thanks to its wide array of improved services.

- i) *Rural Microcredit Pilot.* The Bank wants to leverage its vast presence across the country and start serving the rural poor. To this end, Davivienda is interested in creating a new microcredit division. With technical and financial support from RFI, this year 15 new loan officers were hired to implement a pilot in the target municipalities of Chaparral, Espinal and Ortega (Tolima), along with Garzón, La Plata and Palermo (Huila). The pilot focuses on serving a market segment that had not been reached by Davivienda, to which the Bank will now offer rural loans from COP \$1 million up to COP \$10 million pesos (approximately USD \$340 up to USD \$3,400) and agriculture loans from COP \$1 million up to COP \$6 million (approximately USD \$340 up to USD \$2,000). Furthermore, the Initiative has encouraged Davivienda in using the DCA guarantee while implementing this pilot.



Jorge Rojas, Commercial Vice-president of Davivienda during first microentrepreneur meeting in Espinal (Tolima), where the Bank explained its new microcredit loans.

Photo: RFI.

The pilot started in Q2 and by the end of Year 2, Davivienda had approved a total of 803 loans applications that represent COP \$1,219 million (approximately US\$420,000). RFI will continue supervising operations during Year 3.

- ii) *Restructure the Bank's agriculture portfolio.* The Initiative finalized reviewing and adjusting the existing agriculture credit policy manual. Within the revised manual, the Bank decided to incorporate the risk assessment procedures that are also used with the rural microcredit pilot, since it could be adapted as a mechanism to reduce time and costs when processing small producers' loan applications.
- iii) *VCF Model.* In Year 2, the Initiative and Davivienda found a viable association to start a VCF pilot in Valle del Cauca, where the loan was approved to start activities. Furthermore, as

discussed in Section II, in Year 2 the Initiative worked with Banco Davivienda to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.

- iv) *Challenge Grants.* By the end of Year 2 the Bank had three ideas to participate in the innovation fund. One of them was approved in Q4. (See section IV Grants below for details).

The two remaining ideas are expected to be presented in Year 3: a) offer an electronic wallet where people can have a programmed savings scheme and insurance in order to put some money aside from the savings accounts; and b) offer insurance products (for household goods, bicycle theft, bicycle accidents, life insurance, and pet insurance among others).



Banco de Bogotá in figures	
Starting date	01/09/2016
Ending date	31/08/2016
Grant awarded (USD)	\$239,123
Committed leveraged funds (USD)	\$861,151
Corridors	
Number of municipalities served	
Number of clients served	
Total value of financial services (USD)	Under revision
Loans (USD)	
Savings (USD)	
Insurance (USD)	

4. **Banco de Bogotá:** The Bank is currently present in 61 RFI municipalities across all 7 corridors, and is committed to promote financial inclusion by expanding its current coverage into rural areas of Colombia.

In Year 2, the Bank successfully completed Phase I milestone activities contemplated in their two-year Work Plan and Incentive Grant, including an assessment of their microcredit policies, an assessment of their tarjeta cafetera inteligente, and the implementation of initial VCF pilots. In Year 3 the Initiative will continue providing TA in the following key topics:

- i) *Assessment and pilot of the current microcredit product.* In Year 2 the Initiative finalized the assessment of the Bank's microcredit policies and the development of a new credit manual. To test their effectiveness, in Year 2 Q3 the Bank started a pilot in their main office of Villavicencio, which finalized in July with good results that show an increase from 4.6 to 7 loans disbursed per loan advisor. The pilot is being replicated in Medellin, between August and October 2017, where primary results also show positive results: an increase from 3.5 to 7 loans disbursed per loan advisor. In Year 3 Q1, the Initiative will discuss with the Bank the necessity of implementing an additional pilot in Cali and neighboring areas prior expanding its implementation in RFI municipalities.
- ii) *Design new products.* In Year 2, the Initiative assisted the Bank with the enhancement of their tarjeta cafetera inteligente or "coffee grower smart card," a card that currently works both as an ID and debit card among member coffee growers of the Federación Nacional

de Cafeteros. To this end, between Q3-Q4 RFI delivered an assessment to help determine the current use of the card. Results show that out of a total of 469,667 cards, 80% are active, 17% have not been claimed, and the remaining 3% present anomalies in use or were canceled. It was also detected that the people take between 1-3 months in activating their cards. In Year 3 Q1, the Initiative will discuss with the Bank possible ways to improve these indicators in order to increase the card's usage and decrease activation times.

The assessment also provided an important result that changes Banco de Bogotá's perception from the coffee-growers: they are good customers. The Bank had the perception that coffee-growers had bad payment habits. The Bank had a project with them between June 2009 and December 2011, where coffee-growers were handed credits to renovate their plantations. The study's result show that past due portfolio is at 33% (including write-offs). However, when calculating the percentage of overdue loans over the amount disbursed, the study shows that it is 5.5%, which is a fairly acceptable range. Therefore, this result allows the Initiative to change the Bank's initial perception concerning coffee-growers.

- iii) *Expand financial services to small and medium businesses in rural areas.* In Year 2, the Bank expressed its interest in continuing to expand its services across rural areas via microcredit I and II options, targeted for small and medium enterprises. The Initiative will assist the Bank in determining key in branch offices to monitor use of these credit products to define adjustments needed.



Banco de Bogotá with its bus that functions as a mobile agency visiting potential clients in Cauca.

Photo: RFI.

- iv) *VCF Pilots.* Throughout Year 2, the Initiative and Banco de Bogotá implemented initial VCF pilots in Caquetá, Sur de Tolima, and Valle del Cauca, and one additional loan was also approved to start activities next year. Furthermore, as discussed in Section II, in Year 2 the Initiative worked with Banco de Bogotá to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.
- v) *Challenge Grants.* In Year 2 Q3, the Initiative approved the Bank's application to participate in the innovation fund. (See section IV Grants below for details).



Banco Mundo Mujer in figures	
Starting date	15/03/2017
Ending date	14/03/2018
Grant awarded (USD)	\$74,138
Committed leveraged funds (USD)	\$1,291,282
Corridors	7
Number of municipalities served	151
Number of clients served	45,011
Total value of financial services (USD)	\$12,977,724
Loans (USD)	\$12,422,148
Savings (USD)	Under revision
Insurance (USD)	\$555,576

5. **Banco Mundo Mujer:** On March 2017, the Initiative and Bancamia started implementing joint activities included within their two-year Work Plan. In Year 3, the Initiative will continue providing TA in five key areas:

- i) *Assessment on key topics.* Banco Mundo Mujer Popayán's Work Plan includes the revision of key topics like savings, credits, banking correspondents, insurance, and financial education. The revision consists in running a three-step assessment that



Training session with members of Banco Mundo Mujer's board of directors.

Photo: RFI.

includes: a) evaluation of management indicators; b) assessment of the commercial, incentive, operational, and product models, among others; and, c) determine opportunities for improvement by adjusting or designing necessary products, manuals and policies.

During Year 2 Q3-Q4, the Initiative finalized the assessment for three key topics (savings, credit, and insurance) and is currently assisting the Bank in adjusting their respective procedures, products, and manuals. In Year 3 Q1 the Bank will define the municipalities to test changes on these topics via pilots until Q2. Similarly, after finalizing the assessment of the current use of banking correspondents and its commercial and operational models, in Q1 the Bank will also define the municipalities to test changes on this topic via pilots.

Concerning financial education, the Initiative will deliver the assessment in Q1. The study seeks to determine the current status of the financial education model used by the Bank in order to define the necessary adjustments to later implement the revised model in rural areas. If feasible, the study will be carried out simultaneously with the above-mentioned pilots. Additionally, in FY17 Q4, the Bank mentioned a new topic it might be interested to

utilize in RFI municipalities: remittances. To this end, the Initiative will study the viability of this topic in FY18 Q1.

- ii) *Challenge Grants*. In Year 2 Q4, the Bank merged its two separate ideas to participate in the innovation fund. The Bank seeks to provide its current BCs with tablets and printers in order to perform transactions in real time and provide its customers with a ticket to confirm the operations. Simultaneously, the Bank will introduce a software to increase its efficiency in rural operations by monitoring the location of each credit advisor, geolocating the position of existing clients, and collection management. Banco Mundo Mujer submitted its proposal in Q4. After evaluating the proposal, the Initiative returned it for minor adjustments and expects a revised version in Year 3 Q1.



Bancompartir in figures		
	Phase One	Phase Two
Starting date	30/03/2016	10/11//2017
Ending date	29/06/2017	11/10/2018
Grant awarded (USD)	\$163,075	\$176.574
Committed leveraged funds (USD)	\$639,475	\$1.567.244
Corridors	7	
Number of municipalities served	144	
Number of clients served	9,907	
Total value of financial services (USD)	\$8,292,596	
Loans (USD)	\$8,145,218	
Savings (USD)	Under revision	
Insurance (USD)	\$147,381	

6. ***Bancompartir:*** RFI started collaboration early in FY16 as a result of synergies between Bancompartir and CELI N/S. In FY17, Bancompartir successfully completed Phase I milestone activities of the two-year Work Plan and Incentive Grant, including the opening of three new branch offices and 17 new BCs, and the implementation of a new product for victims in Montes de Maria.



Opening ceremony of Bancompartir's new branch office in Montelibano (Córdoba).

Photo: RFI.

In Q4, the Initiative finalized the revision of Phase II activities, which were also presented and approved by USAID. During Year 3, the Initiative will focus in providing TA in the following key topics:

- i) *Expansion Plan*. Throughout Year 3, the Initiative will continue supporting the Bank in opening four additional branch offices and 15 new BCs.

- ii) *Improve risk profile.* One of the Bank's priorities is to improve its risk profile by reducing the past due portfolio indicator, improving the sales teams' productivity levels, and increasing access to business indicators.

To this end, in Year 2 Q2 the Initiative began implementing pilots with previously established branch offices in the municipalities of Lorica (Cordoba) and Magangué (Bolívar). The objective of this pilot is to test whether the TA provided by the Initiative had successfully reduced loan default rates and improved origination and productivity procedures. Preliminary results show that the Bank still needs further assistance on these topics. The Initiative will continue monitoring these branches as well as replicating the exercise in other offices that also show low indicators. The Initiative will focus on training staff members in having a better commercial and risk profiles among potential clients in order to improve current origination procedures.

- iii) *Implementation of special financial products for victims.* In Year 2 Bancompartir tested the provision of a special loan for victims in Montes de María. For this purpose, the Initiative supported the Bank in signing a MoU with victims' association Narrar Para Vivir. This agreement allowed the Bank to study potential clients within the association.

Throughout Year 2, Bancompartir was able to award and disburse a total of eight new loans. Given that the product has not had the expected reception within the association, the Initiative suggested using another program from the Bank's portfolio called *Soy Líder* (I am a leader). The program consists in training women, who are also leaders within their communities, can identify and refer potential clients to the Bank. In return, for every loan that is awarded, these women receive a small success fee. The purpose of introducing this program is to give more visibility of the special loan for victims in Montes de María before replicating in other RFI corridors, where women will have an incentive to share this product among other community leaders hoping to find potential clients.

- iv) *VCF Model.* As discussed in Section II, in Year 2 the Initiative worked with Bancompartir to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.
- v) *Challenge Grants.* In Year 2 Q4, the Initiative approved Bancompartir's application to participate in the innovation fund. (See section IV Grants below for details).

Furthermore, by the end of Year 2, the Bank continued elaborating the grant concept paper for the second idea that consists in introducing an innovative savings mechanism. To improve the proposal, Bancompartir is including the lessons learned from their visit to Coofisam in June 2017, where the Bank was eager to learn the on-site collection mechanism implemented by the financial cooperative. By learning this methodology, Bancompartir wants to be the first bank capable of having on-site savings collection mechanisms, allowing them to serve more customers, boost savings levels, and increase the usage of the savings products within their portfolio. The Bank wants to test this idea at their new office of Montelibano (Córdoba), opened with financial support from RFI. The Initiative expects to receive and approve this idea next quarter.



Colpensiones in figures	
Starting date	25/08/2017
Ending date	24/08/2018
Grant awarded (USD)	\$79,505
Committed leveraged funds (USD)	\$399,107
Corridors	
Number of municipalities served	
Number of clients served	
Total value of financial services (USD)	Under revision
Loans (USD)	
Savings (USD)	
Insurance (USD)	

7. **Colpensiones:** In Year 2 Q4, Colpensiones' Work Plan was signed to formally start joint activities. The Initiative and its partner advanced on the following topics:

i) *Expansion of Beneficios Económicos Periódicos (Periodic Economic Benefits, BEPs in Spanish).*

To assist Colpensiones expand their BEPs program, which earmarks government money to match a percentage of personal pension contributions, in Year 2 Q3 the Initiative introduced its partner with local association Fundación Vivir Mejor in Valencia (Cordoba), which also works together with RFI partner Interactuar. In this case given the advantage that the foundation has previous savings experience with GLACs, participants can better understand the importance of saving for old age. This would allow Colpensiones to better introduce its program among members.



Members from Vivir Mejor were trained in the BEPs methodology.

Photo: RFI.

In order to motivate Vivir Mejor to promote the BEPs program among its members by identifying and referring potential clients to Colpensiones, for every successful affiliation, the association receives a small success fee. In Q4 Colpensiones started activities with Vivir Mejor by training members with methodology to become the BEPs advisors. The training consisted in an initial virtual course, where successful candidates continued to the second face-to-face training. In total, 11 members from Vivir Mejor were trained in the BEPs methodology. This training allowed Colpensiones to start BEPs pilots in September in the municipalities of Tierralta and Valencia (Córdoba). Initially, the new advisors are capturing clients' information manually. In Year 3 Q1, the Initiative expects to provide them with cell-phones allowing the advisors to capture new customers' information and renew existing clients faster. Furthermore, to continue implementing BEPs pilots, the Initiative is assisting Colpensiones in identifying other potential associations in RFI territories including Antioquia and Tolima.

ii) *On-site collection mechanism.* The Initiative identified that one of the greatest challenges for implementing the BEPs program is the collection mechanism for savings. To solve this issue, the

Initiative is looking for assistance with its FI partners in order to provide Colpensiones with viable options to have a solid collection mechanism.



Congente in figures	
Starting date	19/07/2016
Ending date	18/07/2017
Grant awarded (USD)	\$141,324
Committed leveraged funds (USD)	\$343,925
Corridors	
Number of municipalities served	
Number of clients served	
Total value of financial services (USD)	Under revision
Loans (USD)	
Savings (USD)	
Insurance (USD)	

8. **Congente:** In July 2017, the cooperative successfully completed Phase I milestone activities contemplated in their two-year Work Plan and Incentive Grant, including strengthening the promotion and origination of new loans as well as the recovery of past-due portfolio, developing actions with vulnerable populations, and opening seven new branch offices.

In Year 2 Q4 the Initiative revised second-phase activities that include the following:

i) *Expansion Plan.* The Initiative expects to continue providing support to Congente in their expansion plan in Meta corridor, which includes opening four new branch offices. Additionally, each opening contemplates hiring two loan advisors.

ii) *Revise the credit policy manual.* In Year 3 Q1, the Initiative will revise and update the cooperative's credit policy manual. Once the cooperative has a revised version of the manual, it will test the changes done via pilots in RFI municipalities. The Initiative expects the pilot will take place in Year Q3-Q4.



Opening ceremony of Congente's new Branch office in Uribe (Meta).

Photo: RFI.

iii) *Strengthen the credit, insurance, and savings commercial models.* In Year 3 Q1, the Initiative will start a diagnosis on the cooperative's commercial models on credit, insurance and savings. The revision consists of running a three-step assessment that includes: a) evaluation of management indicators; b) assessment of the commercial model; and, c) determine opportunities for improvement by adjusting or designing necessary products, manuals and policies. The Initiative expects to have the preliminary results of the assessment by December 2017 to continue adjusting the commercial models.

- iv) *Liquidity risk.* In FY18 Q1, the Initiative will propose to the cooperative to introduction of policies within their risk area to mitigate their liquidity risk. Congente requested to include this activity since they do not possess structured policies or a manual on this subject.
- v) *Enhance the saving groups' methodology.* In FY18 Q2, the Initiative expects to begin reviewing the cooperative's saving groups' methodology. The purpose of this review is to study the viability of offering other financial products like credit and insurance to active members of the savings groups. Most of the members are low-income persons, many of them women, and the cooperative has special interest in promoting financial services within women.
- vi) *VCF Model.* As discussed in Section II, in Year 2 the Initiative worked with Congente to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.
- vii) *Challenge Grants.* In Year 2 Q4, the Initiative approved the Cooperative's application to participate in the innovation fund. (See section IV Grants below for details).



Coofisam in figures	
Starting date	02/11/2016
Ending date	01/11/2017
Grant awarded (USD)	\$105,992
Committed leveraged funds (USD)	\$328,430
Corridors	2
Number of municipalities served	16
Total value of financial services (USD)	\$13,523,642
Loans	\$8,768,239
Savings	\$4,555,216
Insurance	\$200,188

9. **Coofisam:** In Year 2, with technical and financial support from RFI, the Huila-based Cooperativa de Ahorro y Crédito San Miguel (Coofisam) opened two new branch offices and eleven BCs in different target municipalities. Expansion into Caquetá is very important for RFI given the large indigenous population in the region and the prevalent lack of financial services, due in part to Colombia's armed conflict.

Other major accomplishments made during this year include:

- i) *Best practices with DCA.* In Q3, the Cooperative received USAID approval of their DCA application. Since Coofisam is new to the DCA, the



Opening ceremony of Coofisam's new Branch office in Planadas (Tolima).

Photo: RFI.

Initiative invited Bancompartir to share their experiences with using the guarantee. (See section V. Other Accomplishments for details).

- ii) *Revision of credit policies and procedures manuals.* The Initiative supported the development of a new manual introducing changes and suggestions to current credit policies. RFI expects the manual to will be validated, approved and implemented in Year 3 Q1.
- iii) *VCF Model.* Throughout FY17, the Initiative and Coofisam implemented one initial VCF pilot in Sur del Tolima, and one additional loan has also been approved to start activities. Furthermore, as discussed in Section II, in Year 2 the Initiative worked with Coofisam to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.
- iv) *Challenge Grants.* In Year 2 Q4, the Initiative approved Coofisam's application to participate in the innovation fund. (See section IV Grants below for details).



Crezcamos in figures	
Starting date	22/09/2016
Ending date	21/09/2017
Grant awarded (USD)	\$103,686
Committed leveraged funds (USD)	\$451,129
Corridors	
Number of municipalities served	
Number of clients served	
Total value of financial services (USD)	Under revision
Loans (USD)	
Savings (USD)	
Insurance (USD)	

10. **Crezcamos:** In Year 2, with technical and financial support from RFI, Crezcamos opened six new branch offices.

Other major accomplishments made during this year include:

- i) *Revision of credit policies and procedures manuals.* In Q2, RFI finalized reviewing Crezcamos' manuals and also provided some recommendations to modify them in order to reduce credit risk. To complement these activities, during Q3 the Initiative carried out a risk profile analysis within different areas to further



Opening ceremony of Crezcamos new Branch office in Puerto Lopez (Meta).

Photo: RFI.

reduce credit risk. Moreover, during Q4 the Initiative helped in organizing a sales coaching session to increase the sales team's effectiveness.

- ii) *VCF Model*. As discussed in Section II, in Year 2 the Initiative worked with Crezcamos Bancamia to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.
- iii) *Challenge Grants*. This year, Crezcamos defined its idea to participate in the innovation fund: develop a mobile ecosystem based in digital transactions. This idea consists of creating a side company specialized in digital transactions, following Colombia's regulation as stated in Law 1735 of 2014. Since Crezcamos' legal status impedes them from collecting deposits from clients, creating this new side company would allow them to increase their portfolio of services by: creating electronic savings accounts, handling money transfers and remittances as well as public service payments, and establishing banking correspondents, among other services. Crezcamos submitted its grant application in Q4. After evaluating the application, the Initiative returned it for minor adjustments and expects a revised version in Year 3 Q1.



Interactuar in figures		
	Phase One	Phase Two
Starting date	30/06/2016	10/25/2017
Ending date	29/06/2017	24/10/2018
Grant awarded (USD)	\$181,744	\$158.144
Committed leveraged funds (USD)	\$442,830	\$490.109
Corridors	2	
Number of municipalities served	56	
Number of clients served	12,510	
Total value of financial services (USD)	\$6,115,282	
Loans (USD)	\$5,967,620	
Savings (USD)	Under revision	
Insurance (USD)	\$147,662	

- II. **Interactuar**: The corporation focuses on promoting entrepreneurship and serving vulnerable populations like women heads of household and youth through the provision of training, TA and financing. In Year 2, Interactuar successfully completed Phase I milestone activities contemplated in their two-year Work Plan and Incentive Grant including the opening of two new branch offices.

Other major accomplishments made during this year include:

- i) *Innovative approach on the promotion of opportunities to access finance through third parties* In Year 2 the Initiative focused on developing a new methodology to enable small associations to act on their behalf and award loans. For this purpose, Interactuar signed MoUs with two women's associations (Mujeres de Corazón from Valdivia (Antioquia) and Vivir Mejor from Valencia



Opening ceremony of Interactuar's new Branch office in Tierralta (Córdoba).

Photo: RFI.

(Córdoba)) in late 2016. These agreements seek to continue the process of banking the unbanked (and under-banked) with members of the GLACs coordinated by these two organizations, by delivering and facilitating access to credit, technical assistance programs, and other services offered by Interactuar. By the end of Q4, Interactuar had awarded a total of 257 loans. Given the good results obtained using this methodology, Interactuar is interested in replicating this methodology throughout Year 3.

- ii) *Replicate the customer service model for small producers.* In Year 2 Q1, the Initiative introduced to its partner the cocoa producers' association called Asociación de Productores de Cacao de Caceres (Aproaca), to start a customer service model for small producers. The difference regarding the VCF model is that in this case the association is not accessing a loan on its own, but instead referring some of its members to Interactuar. Aproaca's referral of members in good standing gives Interactuar the confidence to award loans to producers who otherwise might not qualify. By the end of Year 2, Interactuar had awarded a total of 40 loan requests.
- iii) *VCF Model.* As discussed in Section II, in Year 2 the Initiative worked with Interactuar to advance in the elaboration of the VCF model for further testing and scale-up in Year 3.
- iv) *Challenge Grants.* Interactuar's idea to participate in the innovation fund consists in introducing improved technology to facilitate and expedite loan procedures. The Initiative expects to receive a formal proposal in Year 3 Q1.



Microempresas de Colombia in figures		
	Phase One	Phase Two
Starting date	01/04/2016	10/04/2017
Ending date	30/05/2017	03/10/2018
Grant awarded (USD)	\$77,133	\$90.503
Committed leveraged funds (USD)	\$205,524	\$291.296
Corridors	1	
Number of municipalities served	37	
Number of clients served	18,595	
Total value of financial services (USD)	\$10,028,176	
Loans (USD)	\$10,025,230	
Savings (USD)	Under revision	
Insurance (USD)	\$2,946	

12. **Microempresas de Colombia:** In Year 2, the Antioquia-based cooperative Microempresas de Colombia successfully completed Phase I milestone activities contemplated in their two-year Work Plan, including the opening of one new branch office and six new BCs.

Other major accomplishments made during this year include:

- i) *Improve risk profile.* In Year 2 the Initiative reviewed credit policies and procedures, including passive products and the credit advisors' incentives to improve their current performance. In Year 3 the Initiative will continue overseeing proper use of the revised credit policy manual, which includes changes in the advisors' incentive scheme. Furthermore, to complement these adjustments, the Initiative expects to provide additional TA on savings products to improve their indicators and increase the number of active users.

ii) *TA feedback pilot with existing offices.* In Year 2 the Initiative implemented pilots with three previously established branch offices in the municipalities of Cauca, Santa Rosa de Osos, and Zaragoza (Antioquia). The objective of the pilots was to test whether the TA provided by the Initiative had reduced loan default rates and improved origination and productivity procedures.



Opening ceremony of Microempresas de Colombia's new Branch office in Ituango (Antioquia).

Photo: RFI.

To continue verifying the effectiveness of provided TA, the Initiative will continue monitoring these offices and replicate pilots in other offices across RFI municipalities. Implemented pilots during Year 3 will focus in supervising credit indicators and start monitoring savings indicators.

iii) *Gender and Vulnerable Populations.* In year 3 Microempresas wants to work with women. To this end, since FY17 Microempresas has reached out to the Asociación Municipal de Mujeres de Cauca (ASOMUCA), a women's association based in Cauca (Antioquia) that unites 15 smaller organizations, in order to implement activities with vulnerable populations groups. To start activities, in Year 3 Q1 the Initiative will assist Microempresas in reviewing their rural inclusion program called Semilla Cooperativa (cooperative seed).

iv) *Challenge Grants.* In Year 2 Q4, the Initiative approved Microempresas de Colombia's application to participate in the innovation fund. (See section IV Grants below for details).



Opportunity in figures		
	Phase One	Phase Two
Starting date	13/05/2016	10/04/2017
Ending date	31/05/2017	03/10/2018
Grant awarded (USD)	\$122,242	\$105.290
Committed leveraged funds (USD)	\$336,544	\$370.740
Corridors		
Number of municipalities served		
Number of clients served		
Total value of financial services (USD)	Under revision	
Loans (USD)		
Savings (USD)		
Insurance (USD)		

13. **Opportunity:** In Year 2, RFI's partner successfully completed first-year milestone activities contemplated in their two-year Work Plan, including the opening of two new branch offices and the creation of 23 new GLACs. These groups have the purpose of promoting savings,

discouraging the use of informal daily pay-as-you-go credit systems, and strengthening good financial education practices within communities, starting from adolescence.

Other major accomplishments made during this year include:

i) *Review of individual credit line.* Throughout Year 2 the Initiative provided assistance in the tailoring process of an individual credit line for rural populations, which included a detailed revision of this product's policy manual. The revised manual is included in Phase II.

ii) *VCF Model.* Throughout FY17, the Initiative and Opportunity implemented one initial VCF pilot in Montes de Maria, and one additional loan has also been approved to start activities. Furthermore, the Initiative expects to finalize transferring the VCF methodology in Year 3 Q1-Q2 in order to advance in the implementation of new pilots to test the new model.



Women victims of the armed conflict in Montes de Maria meet to save money as part of their GLAC's activities with Opportunity.

Photo: RFI.

14. **Banco W:** In Year 2 the Initiative signed a MoU and persistently tried elaborating a Work Plan with Banco W (previously known as Banco WWB) but never reached an agreement. However, many other renown banks in Colombia, such as Bancolombia, have shown interest in partnering with RFI. In Year 3 the Initiative will continue exploring the possibility of partnering with another financial intermediary in order to have a total of 14 partner FIs.

Non-Financial Intermediaries

Colombian government agencies.

1. **Banca de las Oportunidades**: In Year 2 Q3, the Initiative finalized the process for updating BdO's website, one of the two activities delineated within the MoU the RFI signed with BdO. The renovated website (www.bancadelasoportunidades.gov.co) is the final product of an RFI diagnosis that addresses the current need for information, knowledge and interest groups, which Banca de las Oportunidades wants to target. In order to serve the audience's needs, the new website was designed as a best practices platform that will be used to disseminate public and private processes implemented to fulfill the national government's commitment to attain financial inclusion in Colombia, as well as to highlight activities and results achieved by Banca de las Oportunidades throughout its 10 years of existence.

The second activity contemplated within the MoU is the documentation of best practices of financial inclusion in Colombia. To this end, the Initiative has been supporting BdO since July, where one out of four documents was finalized in Q4. RFI expects to conclude the documentation of the three additional documents in Year 3 Q1-Q2. Considering that both have common interests and the activities within the MoU are almost complete, the Initiative and BdO agreed to meet more often throughout Year 3 in order to decide upon new activities that can be implemented together in order to avoid duplicating efforts and instead to progress together in support of attaining higher financial inclusion in rural areas across Colombia.

2. **FINAGRO**: Like many government agencies, the Fondo para el Financiamiento del Sector Agropecuario (FINAGRO) has prioritized the post-conflict agenda. A key activity for the institution under this agenda is developing new and/or adjusting existing lines of credit to address the financing needs of small producers. To this end, FINAGRO is modifying current by-laws and regulations that have long prevented financing to un-regulated microfinance NGOs and cooperatives. The resulting changes will enable FINAGRO to finance a large number un-regulated institutions that serve small producers.

As a complement to these activities, during Year 2, the Initiative prepared and submitted a preliminary Work Plan in order to define joint activities for Year 3 with FINAGRO, where RFI will provide TA in three main areas: i) Design a platform to filter basic loan applications directly submitted by small producers, where the platform seeks to bundle applicants by risk profile in three or four groups, ranging for low- risk to high-risk, and geographic location; ii) Implement the new platform and develop a model for a public auction of the bundles among interested FIs; and iii) in view of FINAGRO's renewed emphasis on reaching the small producer, RFI will continue supporting activities aimed toward reducing transaction costs to clients.



Screenshot of Banca de las Oportunidades' updated website

Private sector

1. ***Alquería:*** Alquería seeks to scale-up value chain finance among its providers. A major barrier identified is that milk producers lack access to credit for the acquisition of cows and improved technology. As a result, they are unable to obtain price premiums paid by Alquería for high-quality milk and expand production.

During Year 2, USAID's LRDP program created a public-private partnership (PPP) in Meta seeking to promote and strengthen the dairy industry in this region. Participating actors in the PPP are: the governor's office from Meta, local mayor's offices from the municipalities of El Dorado, Fuente de Oro, Granada, Lejanías, and Puerto Lleras, the *Corporación Colombiana de Investigación Agropecuaria (Corpoica* – Colombian Corporation for agricultural research), Alquería, National Training Service (Servicio Nacional de Aprendizaje – SENA), seven dairy associations, and RFI. Within this PPP, the role of RFI is the promotion of financial services. The Initiative expects to use this PPP as leverage to define concrete actions with Alquería. To this end, the Initiative expects to have a new meeting in Granada (Meta) next October 2017.

2. ***Compañía Nacional de Chocolates:*** Many cocoa organizations buy directly from smaller producers but often lack financial resources to buy the level of production required. Nacional de Chocolates seeks to expand cash advances to individual producers and liquidity to associations, enabling them to meet purchase orders.

Throughout Year 2 the Initiative was in contact with Nacional de Chocolates to define the implementation of VCF pilots with some of its cocoa-growers' associations. In June 2017, Nacional de Chocolates shared with RFI a list of six potential associations to start pilots. To this end the Initiative and the chocolate company met again in August, where RFI explained the VCF methodology implemented with partner FIs. The Initiative is waiting for Nacional de Chocolates to define the next steps in order to start developing joint activities.

3. ***Fundación Bavaria:*** In the beginning of Year 2, Fundación Bavaria included Tumaco as a target territory for the expansion of their Tiendas de Paz program: executed by Prosperidad Social in collaboration with Fundación Bavaria and Corporación Interactuar, the program seeks to improve the well-being of victims of Colombia's armed conflict by strengthening the communities' entrepreneurial, social, and productive capacities. At this moment, the Initiative recommended Comcacaot as a potential beneficiary for the following reasons: the excellent credit management they have had with Banco Agrario for the implementation of other RFI related activities; their outstanding participation in the Commercial Microfinance Management Diploma offered by the Universidad de Antioquia in collaboration with Bancompartir, Colombia Responde and RFI; as well as the commercial impact the association has in cocoa growers' communities in the Pacific region of Colombia.

After an initial assessment and verification, Tiendaz de Paz program determined that Comcacao was a suitable partner and met the requirements. Subsequently, the necessary arrangements for the opening of the Tienda de Paz del Río Chagüí began. This new Tienda will allow the inhabitants of neighboring villages of Chajal, Guadual, Las Sirenas, Pácora, and Las Mercedes to have access to a continuous supply of products, preventing people from having to travel to Tumaco to buy food and other goods for their homes, a trip which involves taking a 5-6 hour round-trip boat ride.

The Tienda de Paz del Río Chagüí, which expects to serve approximately 600 beneficiaries (120 direct and 480 indirect), is different from all the other Tiendas as it is located where a cocoa collection center operates. This will allow members of Comcacao to arrive with their merchandise to be weighed and sold directly, facilitating the exchange of products. Additionally, Comcacao will be in charge of supplying the Tienda and of collecting the cocoa gathered in the collection center with its own boats. This mechanism allows the Tienda to be self-sustainable, since Comcacao will supervise all aspects of the store, including administration, supply, and consumption by its members. RFI intends to turn this Tienda into a banking correspondent in the medium term. This possibility would facilitate business between community members and the financial entities present in the municipality of Tumaco. To this end, the Initiative will continue discussing this idea with Fundación Bavaria in Year 3.



First clients visiting the new Tienda de Paz del Río Chagüí,

Photo: RFI.

4. ***Fundación Ideaborn:*** In Year 2, RFI and Fundación Ideaborn developed joint Work Plan to be implemented in one potential RFI municipality, either San Jacinto (Bolívar) or Ovejas (Sucre). In the selected municipality, the idea is to start in early Year 3 Q1 a three-month pilot where the Foundation will be in charge of providing institutional strengthening workshops to local authorities and communities that seek to prepare municipalities to welcome FIs, build a good relationship between FIs and the community, and optimize local resources for economic and social development projects – in support of an enabling environment for financial services.

Educational institutions

Universidad de Antioquia: In Year 2, with RFI support, the university successfully completed the second microfinance certificate course, in which 40 persons were enrolled. The 12-week program took place in Montelíbano (Córdoba) after receiving support from municipal officials to host the training sessions. This course was organized by RFI in collaboration with Colombia Responde, Bancompartir and Universidad de Antioquia, aimed to train a second cohort of local youth as potential credit advisors, to be hired by local FIs. This generates local employment while making the region more attractive for FI expansion, since finding qualified personnel can be a barrier to entry. Furthermore, in Q4 the university expressed its interest to participate in the innovation fund. To this end, the Initiative will assist the university in preparing a proposal to participate in the Challenge Grants in Year 3 Q1.

Civil society organizations

1. **Narrar Para Vivir:** With RFI support, Bancompartir started offering its new credit line to Narrar Para Vivir members, who are victims of the conflict. To do so, the Bank has given free assistance to interested beneficiaries in confirming their financial history against their official record with credit risk agencies, in order to prevent and report identify theft common in the region. In Year 2, Bancompartir awarded and disbursed eight new loans. In order to increase the number of clients benefitting from this special credit line, the Bank also started implementing a program called *Soy Líder* (I am a leader) to train women community leaders to identify and refer potential clients to the Bank. In return, for every loan that is awarded, these women receive a small success fee. To this end, Bancompartir trained two members from Narrar Para Vivir.
2. **NASA Community Project:** Since Year 1, RFI has worked with the NASA Community Project – an indigenous association located in the Cauca region comprising the townships of San Francisco, Tacueyo, and Toribio. During Year 2, RFI and the indigenous association progressed in two main areas: i) update the community’s revolving funds’ policy manual and validate its approval with all townships; and ii) determine that the existing software tool is not appropriate and approve the acquisition of a new software tool via Challenge Grants (See Grants section below for details).



Bancompartir handing out its special product for victims to the first beneficiary in Montes de Maria.

Photo: RFI.

IV. Grants

RFI's grants seek to extend the frontier of formal financial services to rural areas using the principle of profitability, sustainability and replicability by helping to reduce risk and remove barriers to entry. To do so, RFI uses two mechanisms. Incentive Grants are used to reduce the cost of entry barriers for FIs to service rural clients, while Challenge Grants are used to test and scale innovations in financial services. For Incentive Grants, RFI has a 1:30 leverage target by which the Initiative must leverage \$3 for each \$1 contributed by USAID. Challenge Grants have a 1:1 leverage target by which the grantee must leverage 50% of grant resources.

Incentive Grants

As noted in Section III., RFI has 13 core FI partners. To help these partners expand financial services in rural areas, RFI developed a Work Plan with each FI outlining products, services, channels, targets (e.g. clients and value of loans) and RFI technical assistance and grants. Most FI Work Plans contemplate Incentive Grants. In Year 2, RFI has awarded US\$1,605,204 and committed leveraged funds amounted to US\$8,131,003, shown in Figure 11. These grants, combined with RFI technical assistance to the partner FIs, served as the motor to generate many of the results in new clients and financial services portfolio discussed in Sections II. Performance.

Figure 11. FY17 Incentive Grants and Leverage Breakdown*- Phase I

	Partner FI	Status	Starting Date	Ending Date	Grant Awarded (USD)	Committed Leveraged Funds (USD)
1	Bancompartir	Finalized	30/03/2016	29/06/2017	\$163,075	\$639,475
2	Microempresas de Colombia	Finalized	01/04/2016	30/05/2017	\$77,133	\$205,524
3	Opportunity	Finalized	13/05/2016	31/05/2017	\$122,242	\$336,544
4	Interactuar	Finalized	30/06/2016	29/06/2017	\$181,744	\$442,830
5	Davivienda	In implementation	23/08/2016	22/08/2017	\$245,611	\$765,823
6	Congente	In implementation	19/07/2016	18/07/2017	\$141,324	\$343,925
7	Banco de Bogotá	In implementation	01/09/2016	31/08/2017	\$239,123	\$861,151
8	Crezcamos	In implementation	22/09/2016	21/09/2017	\$103,686	\$451,129
9	Coofisam	In implementation	02/11/2016	01/11/2017	\$105,992	\$328,430
10	Bancamia	In implementation	02/05/2017	02/05/2018	\$71,631	\$2,065,783
11	Banco Mundo Mujer	In implementation	15/03/2017	14/03/2018	\$74,138	\$1,291,282
12	Colpensiones	In implementation	25/08/2017	24/08/2018	\$79,505	\$399,107
TOTAL					\$1,605,204	\$8,131,003

* The grants have a minimum leverage ratio of 1:3

Furthermore, after successfully completing Phase I activities contemplated in their respective Work Plans, RFI awarded four new grants to FIs for implementing Phase II activities, shown in Figure 12 below:

Figure 12. Incentive Grants and Leverage Breakdown* – Phase II

	Partner FI	Status	Starting Date	Ending Date	Grant Awarded (USD)	Committed Leveraged Funds (USD)
1	Microempresas de Colombia	Approved	10/04/2017	03/10/2018	\$90.503	\$291.296
2	Opportunity	Approved	10/04/2017	03/10/2018	\$105.290	\$370.740
3	Bancompartir	Approved	10/11/2017	11/10/2018	\$176.574	\$1.567.244
4	Interactuar	Approved	10/25/2017	24/10/2018	\$158.144.	\$490.109
TOTAL					\$530.511	\$2.719.389

* The grants have a minimum leverage ratio of 1:3

Challenge Grants

Challenge Grants are designed to test and scale innovations in financial products, services, methodologies and technologies with the potential to expand outreach to vulnerable population groups in rural, isolated municipalities. During Year 1, RFI launched two annual program statements (APS) of \$1 million each for Challenge grants: 1) Open only to RFI's 13 partner FIs, for innovation projects already identified that can quickly generate results; and 2) Open to all kinds of entities interested in testing financial services innovations (e.g. NGOs, universities, technology and other firms, civil society organizations).

To generate interest in the Challenge Grants, RFI made proactive efforts to engage potential grantees by broadly disseminating the open APS through organizations such as Colciencias, Ministry of Technology (MinTIC), Banca de las Oportunidades, and trade association Asomicrofinanzas. RFI also held a bidders' conference to provide information to interested bidders, attended by 27 organizations. Finally, RFI hired a technical specialist to help all interested applicants develop sound applications responsive to the terms of the APS, since initially RFI received concept papers proposing innovations that were not responsive to the Initiative's goals of expanding rural financial services. RFI anticipates extending both APS through 2018 to allow for awarding additional Challenge Grants.

1. Closed APS Issued to Partner FIs

In Year 2 (Q4) RFI awarded one Challenge grant to partner FI Banco de Bogotá under the first APS. In fourth quarter of Year 2, RFI also received approval from USAID for six new grants, to be awarded early in Year 3. This brought the total of Challenge grants approved by USAID in Year 2 to US\$1,140,957. The grants awarded commit a total of US\$1,392,950 in leverage, exceeding the 1:1 leverage requirement, shown in Figure 13 below.

Figure 13. Leverage Breakdown for Challenge Grants to Partner FIs*

	Partner FI	Status	Starting Date	Ending Date	Grant Awarded (USD)	Committed Leveraged Funds (USD)
1	Banco de Bogotá	In implementation	01/06/2017	30/09/2018	\$ 147,252	\$ 188,015
2	Coofisam	Approved by USAID	20/10/17	19/10/2018	\$ 157,724	\$ 190,714
3	Microempresas de Colombia	Approved by USAID	20/10/17	19/10/2018	\$ 189,171	\$ 211,937
4	Banca Davivienda	Approved by USAID	To be defined		\$ 249,457	\$ 298,374
5	Bancompartir				\$ 186,475	\$ 251,428
6	Congente				\$ 210,878	\$ 252,482
TOTAL					\$ 1,140,957	\$ 1,392,950

* The grants have a minimum leverage ratio of 1:1

The six grants in Figure 13 above include testing or scale-up of an innovative technology or method designed to expand rural financial services:

Banco Davivienda: Approved by USAID in September 2017, this grant will adapt several software solutions to enhance the existing services provided through Daviplata, the Bank's mobile wallet. This will include small loans to compete directly with loan sharks prevalent in rural areas. Applicants need not be existing Daviplata customers and will be able to easily submit a loan application through their cellphones. Once approved, the loan will be disbursed to the cell phone.

Banco de Bogotá: Awarded in June 2017, this grant introduces a truck that functions as a mobile agency to support the Bank's Ruta de Inclusion Financiera, a bus that already operates as a mobile agency. The Bank is committed in expanding its presence in isolated areas, and the truck is a vehicle more capable of traveling across rural Colombia's rough terrain. This new mobile agency will serve 36 rural municipalities prioritized by RFI. Initial services include: promotion and processing of loan applications, opening savings accounts, support existing banking correspondents and other products, including financial education.

Bancompartir: Approved by USAID in September 2017, this grant will introduce mobile devices to capture client information on-site. This will allow the Bank to efficiently authorize loan requests in rural areas.

Congente. Approved by USAID in September 2017, this grant will bring financial services to the municipalities of La Macarena and Uribe in Meta, by providing mobile devices to the cooperative's loan advisors. Additionally, the Initiative will also assist Congente in purchasing communication antennas in Year 3 Q1. Due to their geographical location, these municipalities do not have proper communication infrastructure and acquiring the antennas will allow Congente implement and use adequately the mobile devices.

Coofisam: Approved by USAID in September 2017, this grant will adapt software for smartphones and tablets to allow loan officers to capture information from the client on-site and then send this data to the server of Coofisam in real time, reducing transaction time and cost for the FI and rural client.

Microempresas de Colombia. Approved by USAID in September 2017, this grant will bring financial services to difficult-to-access rural zones with disperse populations, by opening banking correspondents in villages ("veredas"). These new banking correspondents will complement roving

credit officials that periodically visit these areas, who under the grant will use mobile technology devices to facilitate transactions, including loan payments, savings deposits, transfers, credit approval and disbursement for small loans, online loan requests for larger loans.

2. Open APS

Under the second APS open to all kinds of entities, the Initiative received 45 applications, 38 of which RFI evaluated and rejected for non-responsiveness to the terms of the APS, including: the ideas presented did not reflect innovation, projects did not comply with leverage requirements, the implementation areas differ from RFI target municipalities, and lack of replicability. The remaining seven concept papers and their status are shown in Figure 14 below. (See Annex 7 for details).

Figure 14. Competition process

	Applicant	Status
1	INSUCO	Proposal is pending revision by internal committee
2	Universidad de Ibagué	
3	Corporación Acción por Caldas - Actuar Microempresas	Proposal reviewed and sent back for adjustments
4	Sotracauca	
5	Movilred	
6	Vivir Mejor	Approved by internal committee
7	NASA Community Project	

NASA Community Project: RFI assessed NASA's existing revolving fund software and as a result the community decided to buy a new one. To this end, the Initiative helped the association apply for an RFI Challenge Grants to purchase an improved software for the three townships, in order to better manage their funds. USAID approved the grant application in Q4 (US\$ 54,619 USAID/RFI contribution and the community will leverage US\$ 17,113). Additionally, the community not only wants to buy the software, but also be able to teach its members how to use the revised manual. Therefore, the manual will also incorporate a new section for designing the financial education model.

USAID Regulation Workshops: During the process of developing grant applications as well as during the implementation process, the Initiative has provided orientation and guidance on USAID regulations and procedures to advance the execution of projects funded under the innovation fund.

Furthermore, throughout Year 2 RFI continued conducting the pre-award survey with all prospective Challenge Grants participants. This study allows the Initiative to understand each participant's financial and management capacity to comply with USAID regulations and proper funds management, and to provide the grantee additional orientation as necessary.

V. Other Accomplishments

Local Partners

In Year 1 the Initiative launched a competitive Request for Proposals (RFP) to local subcontractors to serve as implementing partners, resulting in the selection of Fundación de Asociaciones Petroleras (AFP) and Emprender, were selected. Together, the two selected organizations allowed RFI to have a local partner present in all seven economic corridors. A breakdown by corridor and funds awarded for implementation of activities is presented below.

Figure 15. Local Partners – Funds Awarded by Corridor

Corridor	AFP (Awarded USD)	AFP (Executed USD*)	Emprender (Awarded USD)	Emprender (Executed USD*)
Montes de Maria	218,182	172,330	-	-
Bajo Cauca Antioqueño – Sur de Córdoba	-	-	327,273	148,695
Sur del Tolima – Norte del Huila	-	-	181,818	65,373
Valle del Cauca – Cauca	-	-	263,636	81,153
Caquetá – Sur del Tolima	218,182	180,538	-	-
Meta	163,636	119,022	-	-
Tumaco	-	-	127,273	29,270
TOTAL	600,000	471,890	900,000	324,490

Source: RFI. *Executed USD values were calculated using executed values in pesos and converted using the Year 2 average exchange rate (01/08/2016 until 30/09/2017) of COP \$2.955,88.

Throughout Year 2, local partners assisted RFI in having a pool of short-term consultants to provide on-demand technical assistance to participating financial intermediaries. The subcontractor's consultants provide TA on subjects that include: agricultural credit, rural credit, savings, MSME credit, insurance, and channels among others. To this end, AFP has been responsible for hiring and managing 51 consultancy services, and Emprender has been responsible for 34.

Furthermore, over the course of the working relationship, RFI has sought to build the subcontractors' capacity to perform financial services' consulting. To this end, RFI signed an MoU with AFP in June 2017 to strengthen AFP's member organizations by increasing local capacity so they can replicate the Initiative's methodologies within their own geographic areas of intervention.

Exchange Visits: Throughout Year 2, the Initiative continued aiding participating organizations through its exchange visit program that started in 2016.

Coofisam and Interactuar. In September 2016, Coofisam visited Interactuar to learn about their entrepreneurship-financing model. The cooperative wants to offer a financing scheme for rural entrepreneurship to its clients across Huila, Tolima, and Caquetá. In return, in November 2016 (FY17 Q1), Interactuar visited Coofisam to learn about their on-site collection mechanism used for directly collecting money from their urban or rural associates right at their homes or places of work. The visit was realized with the objective of analyzing the pertinence and feasibility of applying this methodology in areas of Antioquia and Córdoba where Interactuar is present.

Best practices with DCA. Since Bancompartir is one of the pioneer users of DCA in Colombia, the Initiative invited the Bank to share its experiences with Coofisam. The cooperative had its DCA request approved by USAID in Year 2 Q3 and wanted to better understand how to properly use the guarantee in RFI municipalities. To this end, the Initiative organized in June 2017 an exchange visit between Coofisam Bancompartir. This visit had the double purpose of: i) make Coofisam

understand the easiness of using the DCA guarantee; and, ii) learn from Coofisam their on-site collection mechanism to enhance the Bank's application to participate in the innovation fund.

Crezcamos and its experimental farm. In FY17 Q3 the Initiative requested Crezcamos to host an open-day session in its experimental farm located in the municipality of El Playon (Santander) This event took place on August 2017, where the Initiative invited other USAID CORs to learn about what Crezcamos has attained here. Since 2013, Crezcamos has been working together with the National Training Service (Servicio Nacional de Aprendizaje – SENA) in the implementation of the *Microfinance for Ecosystem-based-Adaptation to Climate Change* (MEbA) project. The project aims to strengthen the production capacities of agricultural producers in order to make them less vulnerable against climatic risks. In FY18 Q1 the Initiative will monitor if other USAID programs are interested in replicating the MEbA project in their territories.

Reconciliation and Inclusion Office. In Year 2 both parties discussed the possibility of applying RFI methodologies to RIO's programs that are working with vulnerable populations in territories where both RFI and RIO's programs coincide. This transfer of knowledge could later be expanded into other relevant areas in Colombia. To start activities and share some of RFI's results, in September 2017 the Initiative organized a field trip to Valencia (Cordoba) for RIO with the double purpose of visiting several "Minimarkets 2x3 for Peace" in the city of Monteria, as well as some small businesses in the municipality of Valencia that have benefitted from Interactuar's innovative methodology implemented with RFI support in conjunction with Fundación Vivir Mejor, a local women's association:

- The Minimarket 2x3 for Peace is a project implemented by the Government of Colombia through its Victims Unit, with support from the Servicio Nacional de Aprendizaje (SENA - National Learning Service), the United States Agency for International Development (USAID), and the International Organization for Migration (IOM), as well as important private companies and the participation of Federación Nacional de Comerciantes (FENALCO - National Federation of Merchants). The project consists of small, neighborhood stores whose owners are victims of the conflict and/or demobilized persons in the process of reintegration. Once the stores are open, FENALCO is in charge of providing managerial support, so that new entrepreneurs can build capacity in areas such as administration, accounting, marketing, point of sale customer care and supplier relationships.
- Interactuar, with support from RFI, developed a new methodology to enable small associations to act on their behalf to award loans. For this purpose, Interactuar signed a memorandum of understanding (MoU) with Fundación Vivir Mejor in Valencia (Cordoba), in late 2016. This agreement seeks to continue the process of banking the unbanked by facilitating access to credit for members of GLACs (local savings groups) that are managed by the association. The advantage of this strategy is that members from the savings groups vouch for others in order to access small loans. This new referral channel has allowed small business owners from urban and rural areas in the south of Cordoba to access credit options offered by Interactuar.

By the end of the visit, possible synergies were detected by USAID's Alliances for Reconciliation (PAR) program and RFI in order to replicate the referral model implemented by Interactuar. The first GLACs that will continue the bankarization process in a joint effort between RFI and PAR are expected to commence in FY18 Q1 in target municipalities in Bajo Cauca Sur de Cordoba and Meta corridors. Furthermore, RFI will analyze the possibility of some Minimarkets becoming banking correspondents for some of the 13 partner financial intermediaries with which RFI has an existing partnership.

VI. Annexes

Annex I: RFI Target Municipalities by Economic Corridor

Economic Corridor	Comprised Departments	Comprised Municipalities	Number of Municipalities	
Montes de María	Bolívar	Arjona, Cicuco, Córdoba, El Carmen de Bolívar, El Guamo, Magangué, Mahates, Maria la Baja, Mompós, San Jacinto, San Juan Nepomuceno, Talagüa Nuevo, Turbaco, Turbana, Zambrano	15	33
	Magdalena	Plato, Santa Ana	2	
	Sucre	Betulia, Buenavista, Chalan, Coloso, Corozal, El Roble, Galeras, Los Palmitos, Morroa, Ovejas, Palmito, Sampués, San Onofre, San Pedro, Sincé, Tolúviejo.	16	
Bajo Cauca Antioqueño - Sur de Córdoba	Antioquia	Angostura, Anorí, Apartadó, Arboletes, Briceño, Cáceres, Campamento, Carepa, Caucasia, Chigorodó, El Bagre, Ituango, Mutatá, Nechí, Necoclí, San Andrés de Cuerquía, San José de La Montaña, San Juan de Urabá, San Pedro de Urabá, Santa Rosa de Osos, Tarazá, Toledo, Turbo, Valdivia, Yarumal, Zaragoza	26	55
	Córdoba	Ayapel, Buenavista, Canalete, Cereté, Chimá, Chinú, Ciénaga de Oro, Cotorra, La Apartada, Loricá, Los Córdoba, Momil, Moñitos, Montelíbano, Planetaria, Pueblo Nuevo, Puerto Escondido, Puerto Libertador, Purísima, Sahagún, San Andrés de Sotavento, San Antero, San Bernardo del Viento, San Carlos, San José de Ure, San Pelayo, Tierralta, Tuchín, Valencia	29	
Sur del Tolima	Huila	Aipe, Baraya, Colombia, Tello, Villavieja	5	19
	Tolima	Ataco, Chaparral, Coyaima, Espinal, Guamo, Natagaima, Ortega, Planadas, Prado, Purificación, Rioblanco, Roncesvalles, Saldaña, San Antonio	14	
Cauca - Sur del Valle del Cauca	Cauca	Buenos Aires, Caldono, Caloto, Corinto, Guachené, Jambaló, Miranda, Morales, Padilla, Piendamó, Puerto Tejada, Santander de Quilichao, Silvia, Suárez, Toribio, Villa Rica	16	20
	Valle del Cauca	Candelaria, Florida, Jamundí, Pradera	4	
Caquetá	Caquetá	Belén de los Andaquíes, Cartagena del Chaira, El Doncello, La Montañita, Morelia, Paujil, Puerto Rico, San José del Fragua, San Vicente del Caguán	9	40
	Huila	Acevedo, Agrado, Algeciras, Altamira, Campoalegre, Elías, Garzón, Gigante, Guadalupe, Hobo, Iquira, Isnos, La Argentina, La Plata, Nátaga, Oporapa, Paicol, Palermo, Palestina, Pital, Pitalito, Rivera, Saladoblanco, San Agustín, Santa María, Suaza, Tarqui, Teruel, Tesalia, Timaná, Yaguará	31	
Meta	Meta	Acacías, Barranca de Upía, Cabuyaro, Castilla la Nueva, Cubarral, Cumaral, El Calvario, El Castillo, El Dorado, Fuente de Oro, Granada, Guamal, La Macarena, Lejanías, Mapiripán, Mesetas, Puerto Concordia, Puerto Gaitán, Puerto Lleras, Puerto López, Puerto Rico, Restrepo, San Carlos de Guaroa, San Juan de Arama, San Juanito, San Martín, Uribe, Vista Hermosa	28	28
Tumaco	Nariño	Francisco Pizarro, Tumaco	2	2

Annex 2: Matrix Goals FY17

ACTIVITY (Differentiated approach indicated with a diamond □)	IMPLEMENTATION PERIOD				ADVANCEMENTS	COMMENTS																																				
	FY17				FY17																																					
	Q1	Q2	Q3	Q4	Q4																																					
Component I: Improved Financial Intermediation																																										
FIs and clients engaged to introduce and access rural financial services																																										
Consolidate a work relationship between RFI and local partners (train, support, build capacity, implementation and monitor)						<p>In Q1 the Initiative successfully signed contracts to provide targeted technical assistance to participating FIs with two local implementing partners: Asociación de Fundaciones Petroleras (AFP) and Organismo Cooperativo Microempresarial de Colombia – Emprender</p> <p>In Q3, the Initiative signed a MoU with AFP, seeking to strengthen AFP's organizations by increasing local capacity so they can replicate the Initiative's methodologies within AFP's areas of intervention.</p> <p>Throughout FY17, local partners assisted RFI in having a pool of short-term consultants to provide on-demand technical assistance to different participating financial intermediaries. The consultant provides TA on subjects that include: agricultural credit, rural credit, savings, MSME credit, insurance, and channels among others. To this end, AFP has been responsible for hiring and managing 51 consultancy services, and Emprender has been responsible for 34.</p>																																				
Annual Evaluation of Local Partners						Annual evaluation for Local Partners Will be carried out in Year 3.																																				
Select remaining FI partner (x1)						In Year 2 the Initiative signed a MoU and persistently tried elaborating a Work Plan with Banco W (previously known as Banco WWB) but never reached an agreement. However, many other renown banks in Colombia, such as Bancolombia, have shown interest in partnering with RFI. In Year 3 the Initiative will continue exploring the possibility of partnering with another financial intermediary in order to have a total of 14 partner FIs.																																				
Develop a Work Plan with remaining FI and support market segmentation (4 FIs)						<p>In Year 2, the Initiative started implementing four Phase I Work Plans (Bancamia, Banco Mundo Mujer, Coofisam and Colpensiones.</p> <p>Similarly, this year four additional Phase I Work Plans finalized (Bancompartir, Microempresas de Colombia, Opportunity, and Interactuar), and second-phase plans were already approved by USAID.</p> <p>The Initiative is currently revising the Work Plans with remaining partners (Banco Davivienda, Banco de Bogota, Crezcamos, and Congente). Work Plans are being updated to keep them aligned with FIs' current priorities and their own strategic plans.</p>																																				
□ Deliver specialized on-the-job training to FI loan officers and managers. Identify credit officers or trainers for training-of-trainers (ToT) and deliver ToT in the field (x 200 people trained)					554	<p>Throughout Year 2 RFI trained a total of 544 people from the following participating FIs:</p> <table border="1"> <thead> <tr> <th>Entity</th> <th>Q1</th> <th>Q2</th> <th>Q3</th> <th>Q4</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Bancamia</td> <td>3</td> <td></td> <td>27</td> <td>13</td> <td>43</td> </tr> <tr> <td>Banco Agrario</td> <td>16</td> <td></td> <td></td> <td></td> <td>16</td> </tr> <tr> <td>Banco Davivienda</td> <td>11</td> <td></td> <td>21</td> <td></td> <td>32</td> </tr> <tr> <td>Banco de Bogota</td> <td>9</td> <td></td> <td>102</td> <td></td> <td>111</td> </tr> <tr> <td>Banco Mundo Mujer</td> <td>7</td> <td></td> <td></td> <td></td> <td>7</td> </tr> </tbody> </table>	Entity	Q1	Q2	Q3	Q4	TOTAL	Bancamia	3		27	13	43	Banco Agrario	16				16	Banco Davivienda	11		21		32	Banco de Bogota	9		102		111	Banco Mundo Mujer	7				7
Entity	Q1	Q2	Q3	Q4	TOTAL																																					
Bancamia	3		27	13	43																																					
Banco Agrario	16				16																																					
Banco Davivienda	11		21		32																																					
Banco de Bogota	9		102		111																																					
Banco Mundo Mujer	7				7																																					

						Bancompartir	67		5		72
						Congente	13				13
						Coofisam	28		24		52
						Interactuar	32				32
						Microempresas de Colombia	63				63
						Opportunity	96		9		105
						Universidad de Ibagué	8				8
						TOTAL	353	0	188	13	554
Generate competitive products and make FIs compete against the informal sector						Throughout Year 2 the Initiative provided TA to continue strengthening participating FIs' portfolio to offer adequate services to vulnerable population.					
Form specialized teams to strengthen each FI						Throughout Year 2 the Initiative provided TA and workshops to strengthen teams within participating FIs.					
<i>Provide TA on Credit and Savings Products to FIs</i>											
1. Use appropriate risk management methods						In Year 2 the Initiative continued implementing a savings strategy with Bancamía and implementing the savings strategy with Banco Mundo Mujer Popayán, Congente, and Coofisam.					
2. Develop appropriate and innovative products											
3. Boost savings deposit volumes											
Provide TA on Financial Delivery Channels											
1. Expand channels					41	Throughout Year 2, RFI supported the opening of 41 new delivery channels: 17 new BCs and 24 new branch offices. See Annex 4 for details.					
2. Expand mobile solutions					6	In Year 2, a total of 6 innovative ideas to expand mobile solutions were approved (See Challenge Grants for details) In Q3 Banco de Bogotá's idea was approved. In Q4 ideas from Coofisam, Microempresas de Colombia, Banco Davivienda, Bancompartir, and Congente were also approved.					
3. Incorporate local associations						In Year 2, RFI incorporated a total of 10 new local associations to implement initial VCF pilots. Additionally, there are four additional credits that are pending to be disbursed. Furthermore, the Initiative continues supporting Bancompartir and Interactuar implement activities with local women's associations.					
Provide TA on Other Products - Leverage value chain opportunities											
1. Develop VCF pilots					10	In Year 2, RFI incorporated a total of 10 new local associations to implement initial VCF pilots. Additionally, there are four additional credits that are pending to be disbursed.					
2. Implement training pilots during					9	In Year 2, the Initiative started structuring tailored VCF models with participating partners Bancamia, Bancompartir, Banco de Bogotá, Coofisam, Crezcamos, Interactuar, Congente, Davivienda, and Opportunity.					
3. Scale-up to more corridors						There are 10 VCF pilots being implemented in six of RFI's implementing corridors: Bajo Cauca Antioqueño–Sur de Cordoba (x1), Caquetá (x1), Cauca–Valle de Cauca (x1), Montes de Maria (x1), Sur del Tolima (x5), and Tumaco (x1). The only missing corridor is Meta. Four additional credits are pending to be disbursed, further expanding VCF pilots into: Bajo Cauca Antioqueño–Sur de Cordoba (x2), Caquetá (x1), and Cauca–Valle del Cauca (x1).					

4. Review high-risk profile value chains					26	VCF model is being reviewed to incorporate detected weaknesses within interested associations for the implementation of value chains. RFI recommends participating FIs on how to evaluate and mitigate potential associations or look for collaterals to reduce losses. There are currently 26 credit applications being reviewed.
<i>Provide TA on Other Products - Develop insurance products:</i>						
1. Explore new insurance products						RFI wants to bring in a consultant to share experiences from other parts of the world and help strengthen customer insurance solutions in rural areas. Furthermore, the Initiative started a diagnosis with Bancamia and Coofisam, and will begin the same study with Banco Mundo Mujer Popayán.
2. Explore insurances opportunities by region / producers' groups						
3. Placement of insurance products						
<i>Provide TA on Financial Education</i>						
1. Promote a better understanding of the products					6	In Year 2, RFI elaborated a total of 6 communication plans: Congente, Coofisam, and Crezcamos (Q3) and Interactuar, Microempresas and Opportunity (Q4). Furthermore, the Initiative started the elaboration process with: Bancamia, Banco Davivienda, Banco de Bogotá, Banco Mundo Mujer Popayán, and Bancompartir.
2. Get customers to understand how to access products						
3. Motivate FIs to better understand their clients.						
Assess alternatives for DCA suitability, making recommendations to USAID for additional DCA partners						In Year 2 Q3, USAID/DCA approved application requests submitted by Coofisam to access the guarantee. Since Bancompartir is one of the pioneer users of DCA in Colombia, the Initiative invited the Bank to share its experiences with Coofisam. Coofisam had its DCA request approved and wants to better understand how to properly use the guarantee in RFI municipalities.
Provide existing and new DCA partner lenders with technical assistance and feedback					9	In Year 2, the Initiative provided TA to all participating FIs who currently have DCA: Bancamia, Banco Davivienda, Banco de Bogotá, Banco Mundo Mujer, Bancompartir, Congente, Crezcamos, Interactuar, and Microempresas de Colombia.
Component 2: Reduced Barriers to Rural Financial Services						
PFI Capacity Strengthened in New Products, Technologies, and Best Practices						
Incentive Grants Implemented to Reduce Barriers to Entry						
<input type="checkbox"/> Within each FI's Work Plan, identify those activities appropriate for support via Incentive Grants					12	In Year 2, the Initiative had 12 Works Plans in implementation. All of them include activities to be supported via the Incentive Grants
Evaluate and award grants based on activities proposed in each FI's Work Plan						
Sign Incentive Grants (for a total of up to 14 grantees FIs)					4	In Year 2, four Work Plans were approved by their respective legal offices and officially started activities: Coofisam (Q1), Bancamia and Banco Mundo Mujer Popayán (Q3), and Colpensiones (Q4).
Offer workshops to participating FIs (USAID's regulations, monitoring and evaluation, leveraged resources, targets and milestones)						

Close-up incentive grant agreements					4	In Year 2 Q3 four partners' Work Plans finalized: Bancompartir, Microempresas de Colombia, Opportunity and Interactuar.
Prepare 2 nd stage FIs Work Plans						During Q3 - Q4, the Initiative drafted Phase II Work Plans for these FIs, as well as reviewing Work Plans with all remaining FIs in accordance with their new priorities.
Evaluate and award grants based on activities proposed in each FI's 2 nd stage Work Plan					4	In Year 2 Q4 USAID approved Phase II Work Plans of Bancompartir, Microempresas de Colombia, Opportunity, and Interactuar. All of them include activities to be supported via the Incentive Grants.
Sign Incentive Grants (2 nd stage)						New Incentive Grants will be signed in Year 3.
<input type="checkbox"/> Provide grant oversight and completion of set targets					12	In Year 2, RFI provided grant oversight to all 12 Work Plans in execution.
Challenge Grants Implemented to Test and Scale Innovation – APS Open to everyone						
Create and train Internal Evaluation Committee, review merit review criteria						In Year 2 Q1, RFI created an Internal Evaluation Committee for the evaluation of received proposals applying to the Challenge Grants.
<input type="checkbox"/> Getting to Grants training conducted for applicants, including proof of concept criteria and differentiated design to target women and vulnerable group clients						Throughout Year 2, RFI responded to all e-mail received concerning the open APS. Additionally, RFI held several face-to-face meetings with interested proponents. All responses and meetings aimed to explain the scope of the APS and how to correct previously submitted proposals.
Review concept papers received and select applicants qualified for second round (Cohort 1)					45	Throughout Year 2, RFI Evaluation Committee received and reviewed a total of 45 applications. Out of this total number, 37 of them have been turned down for different reasons of non-responsiveness. The remaining eight are as follow: three proponents continue developing their idea, four have been returned to improve its technical content, and one has been approved.
Evaluate full proposals for second round (Cohort 1)						
Review responsibility determination and legal viability, and submit successful applications to USAID for approval					1	So far, NASA Community are the only applicant that has resubmitted a full proposal. Their application was approved in Q4.
Sign Challenge Grants (Cohort 1)						
Review concept papers received and select applicants qualified for second round (Cohort 2)						
Evaluate full proposals for second round (Cohort 2)						
Review responsibility determination and legal viability, and submit successful applications to USAID for approval						
Sign Challenge Grants (Cohort 2)						
Review concept papers received and select applicants qualified for second round (Cohort 3)						
<input type="checkbox"/> Provide grant oversight and completion of set targets						
Adjust, redesign and launch 2 nd APS						
Challenge Grants Implemented to Test and Scale Innovation – APS Open to FIs working with RFI						

Evaluate full proposals received					6	In Year 2, a total of 6 innovative ideas to expand mobile solutions were approved (See Challenge Grants for details) In Q3 Banco de Bogotá's idea was approved. In Q4 ideas from Coofisam, Microempresas de Colombia, Banco Davivienda, Bancompartir, and Congente were also approved.
Finalize grants and submit successful applications to USAID for approval. Sign Challenge Grants						
Technical assistance provided for design, testing, and scaling of innovative products and technologies						This quarter RFI responded to all e-mail received concerning the open APS. Additionally, RFI held several face-to-face meetings with interested proponents. All responses and meetings aimed to explain the scope of the APS and how to correct previously submitted proposals.
<input type="checkbox"/> Provide grant oversight and completion of set targets						RFI expects that all six approved Challenged Grants start activities in Year 3 Q1
Component 3: Modernized Financial Environment						
Policy and Regulatory Adjustments Enacted						
Support FINAGRO in disseminating their new financing instrument – microfinance fund - for unregulated entities.						In Year 2, to formalize its partnership, RFI submitted a Work Plan proposal to FINAGRO. The Initiative expects to have a revised plan in Year 3 Q1.
Support FINAGRO to implement their new operating model for regulated entities among participating FIs						
Support FINAGRO to perform a study on available agricultural insurance in both national and foreign markets.						
Provide FINAGRO with participating FIs' feedback on FINAGRO's products and services.						
Support Banco de la República to perform a study concerning the current state of financial inclusion in Tolima, in order to characterize and demonstrate the effects of financial exclusion and the challenges faced by the financial sector.						In Year 2, RFI published 500 copies of the study on the current state of financial inclusion in Tolima.
Work with FIs present in the study's area to offer financial services, and in the medium-term revise and adjust their products and services considering the study's results.					5	In Year 2, the Initiative worked with five participating FIs already present in the study's intervention area by revising and adjusting their portfolio: Bancamia, Banco Agrario, Banco de Bogotá, Banco Davivienda, and Coofisam.
Support Colpensiones in strengthening their promotion and placement process of BEPS.						In Year 2 Q4 Colpensiones' Work Plan was signed and approved by its legal office to officially start its implementation.
Continue supervision of necessary procedures with the Financial Superintendency to recognize the DCA as an "ideal guarantee" (garantía idónea)						In Year 2 Q1, the US Ambassador in Colombia announced during an event organized by Banco de la República and RFI, that the DCA had been approved in Colombia.

<input type="checkbox"/> Support the NASA Community develop their Work Plan						During Year 2, RFI and the indigenous association progressed in two main areas: i) update the community's revolving funds' policy manual and validate its approval with all townships; and ii) determine that the existing software tool is not appropriate and approve the acquisition of a new software tool via Challenge Grants
Component 4: Learning, Knowledge Management, and Communications						
Develop and submit recurring contractual deliverables:						
• Quarterly and Annual Reports					4	During Year 2, RFI duly submitted three Quarterly Reports and one Annual Report
• Quarterly Financial Reports					4	During Year 2, RFI duly submitted four Quarterly Financial Reports
• Accruals					4	During Year 2, RFI duly submitted four Accruals
• Bi-monthly Bulletin					6	During Year 2, RFI duly submitted six bi-monthly reports: Sept-Oct, Nov-Dec, Jan-Feb, Mar-Apr, May-June and July-Aug.
• COR Meetings					15	Throughout Year 2, the Initiative held 15 COR meetings: <ul style="list-style-type: none"> • October 18, 2016 • November 21, 2016, • December 1, 2016 • December 18, 2016. • January 12, 2017 • February 1, 2017 • March 8, 2017 • March 28, 2017 • April 26, 2017 • May 11, 2017 • June 30, 2017 • July 17, 2017 • August 11. 2017 • August 30, 2017 • September 22, 2017
• Rolling Schedule of Events					24	Throughout Year 2, RFI duly submitted 24 schedules of events, sent every two weeks (15 th and 30 th of each month).
Evidence Generated Through Fieldwork and Research						
<input type="checkbox"/> Facilitate exchange visits in Colombia to share best practices:					4	Throughout Year 2 the Initiative organized four exchange visits (See Section V Other Accomplishments for details): <ol style="list-style-type: none"> 1. Coofisam and Interactuar 2. Best practices with DCA 3. Crezcamos and its experimental farm 4. Visit with RIO
Promote partnerships with academic institutions to implement financial education programs						In Year 2 the Initiative supported the completion of the second microfinance diploma with Universidad de Antioquia. Furthermore, in Q4, the university expressed its interest to participate in the innovation fund. On the other hand, the Initiative held various meetings with professors from the Universidad Nacional in Bogotá to promote the Challenge Grants. RFI will resume dialogues with them in Q4 after the university resumes activities after summer vacations in order to advance in the possibility of them submitting a formal application to participate in the innovation fund.

Lessons Learned and Best Practices Disseminated						
□BdO's new and improved website is launched						In Year 2, the Initiative finalized the renovation process of BdO's website. The official launch took place in July 2017.
Place RFI stories in Colombian media (1 high-profile national media, 3 local)					20	<p>Throughout Year 2, the Initiative placed a total of 20 stories in Colombia media:</p> <ul style="list-style-type: none"> • Q1: 7 • Q2: 0 • Q3: 5 • Q4: 8 <p>Furthermore, RFI has defined future activities with El Tiempo, since the journal supports a campaign called No es hora de callar, which seeks to raise awareness on gender-based violence, also supported by the U.S. Department of State.</p>
Document best practices, success stories and/or exchange visits in BdO's website					14	<p>Throughout Year 2, the Initiative documented a total of 14 four stories on best practices, success stories and/or exchange visits:</p> <ul style="list-style-type: none"> • Q1: 1 • Q2: 1 • Q3: 5 • Q4: 7
Communications to Support Technical Implementation						
Develop communication plans with participating FIs and support implementation					6	<p>In Year 2, RFI elaborated a total of 6 communication plans: Congente, Coofisam, and Crezcamos (Q3) and Interactuar, Microempresas and Opportunity (Q4).</p> <p>Furthermore, the Initiative started the elaboration process with: Bancamia, Banco Davivienda, Banco de Bogotá, Banco Mundo Mujer Popayán, and Bancompartir.</p>
Develop promotional materials for at least two financial products					18	<p>In Year 2, RFI developed a total of 18 promotional materials for financial products.</p> <ul style="list-style-type: none"> • Q1: 3 • Q2: 8 • Q3: 4 • Q4: 3
Develop or improve existing financial education materials for local communities						<p>In Year 3 Q1 the Initiative will start developing educational materials with each participating FI following the financial education methodology suggested by RFI.</p> <p>Additionally, the Initiative will start implementing joint financial education activities with the NASA Community as part of their Challenge Grants.</p>

Annex 3: Year 2 Target Achievements

No.	Indicator Description	Unidad	LOP Goal	2017 (AWP target)	Cumm.FY 16	(Q1 2017)	(Q2 2017)	(Q3 2017)	(Q4 2017)	Cumm.FY 17	% Cumm. 2017	Total Cummulative	% Total Goal
RFI 01	Total number of clients	Number	200.000	25.000	23.978	29.027	59.130	60.133	18.157	166.447	666%	190.425	95%
RFI 02	Number of active clients	Number	112.500	21.000	24.473	53.323	111.680	168.909	185.695	185.695	884%	185.695	165%
RFI N03	Total value of financial services	\$ USD	500.000.000	37.500.000	28.699.539,2	28.055.496,4	36.846.578,1	37.305.978	29.753.716,2	131.961.768,5	352%	160.661.307,7	32%
RFI 04	Value of rural and agricultural loans (*)	\$ USD	450.000.000	33.750.000	27.689.268,3	26.582.664,4	35.244.438,0	36.059.455	28.778.689,1	126.665.246,0	375%	154.354.514,3	34%
RFI 05	Outstanding portfolio (*)	\$ USD	210.000.000	39.000.000	27.014.362,1	50.925.119,6	84.099.283,0	108.660.237	137.697.647,5	137.697.647,5	353%	137.697.647,5	66%
RFI 06	Portfolio at risk	Percent	5%	7%	0,14%	0,49%	1,26%	2%	2,82%	2,82%	2,82%	2,82%	2,82%
RFI 07	Percentage of women	Percent	50%	50%	49,8%	48,4%	48,9%	50%	48,3%	48,3%	48,3%	48,3%	48%
RFI 08	Value of resources leveraged	\$ USD	11.000.000	2.750.000	492.847,0	729.674,0	1.211.758,0	1.195.944,0	823.107,0	3.960.483,0	144%	4.453.330,0	40%
RFI 09	Number of gender and social mechanisms,	Number	10	2	0	0	0	3	0	3	150%	3	30%
RFI 10	Number of adjustments	Number	5	1	1	0	0	0	0	0	0%	1	20%
RFI 11	Number of communication pieces	Number	20	5	6	6	2	8	0	16	320%	22	110%
RFI 12	Value of mobilized funds (Ym)	\$ COP	0	0	83.012.066.794	84.208.572.520	106.313.431.767	113.682.505.990	85.991.512.746	390.196.023.023	0%	473.208.089.817	0%
RFI 13	Value of USAID investments linked to mobilized funds (Xm)	\$ COP	0	0	504.537.753	925.084.351	640.097.509	1.359.089.582	1.191.502.534	4.115.773.976	0%	4.620.311.729	0%
RFI 14	Value Of Leverage Funds (Yl)	\$ COP	0	0	\$1.508.860.254	\$2.262.473.447	\$3.684.516.396	\$3.585.890.752	\$2.387.010.350	\$11.919.890.945	0%	\$13.428.751.199	0%
RFI 15	Value Of USAID Investments Linked To Leverage Funds (Xl)	\$ COP	0	0	\$504.537.753	\$904.093.775	\$540.759.475	\$973.581.784	\$521.230.452	\$2.939.665.486	0%	\$3.444.203.239	0%

Between October and November 2017, participating FIs have been submitting to RFI their revised data, incrementing the indicators reported as of September 30, 2017. The following table is an updated table with reported data as of November 30th, 2017. Figures in this table also show an increase when compared to figures currently reported in MONITOR.

No.	Indicator Description	Unidad	LOP Goal	2017 (AWP target)	Cumm.FY 16	(Q1 2017)	(Q2 2017)	(Q3 2017)	(Q4 2017)	Cumm.FY 17	% Cumm.2017	Total Cumulative	% Total Goal
RFI-01	Total number of clients	Number	200.000	25.000	25.205	30.227	59.530	60.217	19.902	169.876	680%	195.081	98%
RFI-02	Number of active clients	Number	112.500	21.000	23.646	51.140	114.200	171.404	188.668	188.668	898%	188.668	168%
RFI-03	Total value of financial services	\$ USD	\$ 500.000.000	\$ 37.500.000	29.323.113,4	28.690.132,3	37.233.325,1	38.158.492,1	31.110.314,1	135.192.263,7	357%	\$ 164.515.377	33%
RFI-04	Value of rural and agricultural loans (*)	\$ USD	\$ 450.000.000	\$ 33.750.000	28.273.557,4	27.207.702,0	35.588.646,9	36.595.552,4	30.101.962,2	129.493.863,6	380%	\$ 157.767.421	35%
RFI-05	Outstanding portfolio (*)	\$ USD	\$ 210.000.000	\$ 39.000.000	27.549.444,7	51.965.347,1	85.392.692,5	110.565.413,9	137.984.621,8	137.984.621,8	347%	\$ 137.984.622	66%
RFI-06	Portfolio at risk	Percent	5%	7%	0,14%	0,47%	1,29%	2,0%	3,07%	3,07%	3,07%	3,07%	3,07%
RFI-07	Percentage of women	Percent	50%	50%	50,4%	49,0%	48,6%	48,58%	48,56%	48,56%	48,6%	48,6%	49%
RFI-08	Value of resources leveraged	\$ USD	11.000.000	2.750.000	492.847	729.674,0	1.211.758,0	1.195.944,0	823.107,0	3.960.483	0%	\$ 4.453.330	40%
RFI-09	Number of gender and social mechanisms,	Number	10	2	0	0	0	3	0	3	150%	3	30%
RFI-10	Number of adjustments	Number	5	1	1	0	0	0	0	0	0%	1	20%
RFI-11	Number of communication pieces	Number	20	5	6	6	2	8	0	16	320%	22	110%
RFI-12 (Ym)	Value of mobilized funds (Ym)	\$ COP	0	0	83.012.066.794	84.208.572.520	106.313.431.767	113.682.505.990	85.991.512.746	390.196.023.023	0%	473.208.089.817	0%
RFI-13 (Xm)	Value of USAID investments linked to mobilized funds (Xm)	\$ COP	0	0	504.537.753	925.084.351	640.097.509	1.359.089.582	1.191.502.534	4.115.773.976	0%	4.620.311.729	0%
RFI-14 (Xm)	Value Of Leverage Funds (YI)	\$ COP	0	0	1.508.860.254	2.262.473.447	3.684.516.396	3.585.890.752	2.387.010.350	11.919.890.945	0%	13.428.751.199	0%
RFI-15 (Xm)	Value Of USAID Investments Linked To Leverage Funds (XI)	\$ COP	0	0	504.537.753	904.093.775	540.759.475	973.581.784	521.230.452	2.939.665.486	0%	3.444.203.239	0%

Annex 4: New Openings during Year 2

FI	Type	Municipality	Departament	Corridor	Date	Quarter
Microempresas de Colombia	Branch office	Ituango	Antioquia	Bajo Cauca Antioqueño - Sur de Cordoba	04/10/2016	Q1
Bancompartir	Branch office	El Carmen de Bolívar	Bolívar	Montes de Maria	06/10/2016	Q1
Interactuar	Branch office	Tarazá	Antioquia	Bajo Cauca Antioqueño - Sur de Cordoba	12/10/2016	Q1
Bancompartir	Branch office	Montelíbano	Córdoba	Bajo Cauca Antioqueño - Sur de Cordoba	13/10/2016	Q1
Crezcamos	Branch office a	Arjona	Bolívar	Montes de Maria	14/10/2016	Q1
Bancompartir	Branch office	Tumaco	Nariño	Tumaco	20/10/2016	Q1
Congente	Branch office	Puerto Rico	Meta	Meta	27/10/2016	Q1
Interactuar	Branch office	Tierralta	Cordoba	Bajo Cauca Antioqueño - Sur de Cordoba	02/11/2016	Q1
Microempresas de Colombia	Banking correspondent	Valencia	Cordoba	Bajo Cauca Antioqueño - Sur de Cordoba	15/11/2016	Q1
Coofisam	Banking correspondent	Pitalito	Huila	Caquetá	24/11/2016	Q1
Bancompartir	Banking correspondent	San Juan Nepomuceno	Bolívar	Montes de Maria	26/11/2016	Q1
Bancompartir	Banking correspondent	Caucasia	Antioquia	Bajo Cauca Antioqueño - Sur de Cordoba	26/11/2016	Q1
Coofisam	Banking correspondent	Acevedo	Huila	Caquetá	11/12/2016	Q1
Microempresas de Colombia	Banking correspondent	Buenavista	Sucre	Montes de Maria	15/12/2016	Q1
Coofisam	Banking correspondent	Isnos	Huila	Caquetá	16/12/2016	Q1
Bancamia	Banking correspondent	Canalete	Cordoba	Montes de Maria	21/12/2016	Q1
Bancamia	Banking correspondent	Planadas	Tolima	Sur del Tolima	22/12/2016	Q1
Coofisam	Banking correspondent	Palestina	Huila	Caquetá	08/01/2017	Q2
Congente	Branch office	Lejanías	Meta	Meta	17/01/2017	Q2
Coofisam	Banking correspondent	San Agustín	Huila	Caquetá	06/02/2017	Q2
Coofisam	Banking correspondent	Paicol	Huila	Caquetá	19/02/2017	Q2
Coofisam	Banking correspondent	Tesalia	Huila	Caquetá	25/02/2017	Q2
Coofisam	Branch office	Espinal	Tolima	Sur del Tolima	11/03/2017	Q2
Coofisam	Banking correspondent	Tello	Huila	Sur del Tolima	18/03/2017	Q2
Congente	Branch office	Cumaral	Meta	Meta	21/03/2017	Q2

Congente	Branch office	Restrepo	Meta	Meta	20/04/2017	Q3
Congente	Branch office	La Macarena	Meta	Meta	29/04/2017	Q3
Crezcamos	Branch office	Puerto Lopez	Meta	Meta	30/04/2017	Q3
Crezcamos	Branch office	Puerto Gaitán	Meta	Meta	30/04/2017	Q3
Opportunity	Branch office	El Carmen de Bolívar	Bolívar	Montes de Maria	05/05/2017	Q3
Coofisam	Banking correspondent	Guamo	Tolima	Sur del Tolima	11/05/2017	Q3
Coofisam	Banking correspondent	Saldaña	Tolima	Sur del Tolima	12/05/2017	Q3
Coofisam	Branch office	Planadas	Tolima	Sur del Tolima	14/05/2017	Q3
Coofisam	Banking correspondent	Oporapa	Huila	Caquetá	14/05/2017	Q3
Bancamia	Branch office	Planadas	Tolima	Sur del Tolima	15/05/2017	Q3
Crezcamos	Branch office	Sincé	Sucre	Montes de Maria	15/05/2017	Q3
Congente	Branch office	Uribe	Meta	Meta	27/06/2017	Q3
Opportunity	Branch office	Caucasia	Antioquia	Bajo Cauca Antioqueño - Sur de Cordoba	13/07/2017	Q4
Crezcamos	Branch office	Sampués	Sucre	Montes de Maria	19/08/2017	Q4
Crezcamos	Branch office	Mompós	Bolívar	Montes de Maria	15/09/2017	Q4
Microempresas de Colombia	Branch office	Chigorodó	Antioquia	Bajo Cauca Antioqueño - Sur de Cordoba	29/09/2017	Q4

Annex 5: FY17 RFI Financial Information Summary

Colombia Rural Finance Initiative													
Contract No. AID-514-C-15-00002													
Financial information summary													
Contract ceiling: \$22,670,554													
Obligated amount: \$13,003,337													
Non-LOC obligated amount: \$9,003,337													
LOC obligated amount: \$4,000,000													
Budget item	Total projected Life of Project	Invoice Through June 2017	FY 2017 – Q4				Total invoiced through Sept 2017	FY 2018 – Q1				Total (invoiced + projected through Q1 2018)	Total remaining
			Jul-17	ago-17	sep-17	Subtotal		oct-17	nov-17	dic-17	Subtotal		
			Actuals	Actuals	Actuals	Q4		Projected	Projected	Projected	Q1		
Operational and Technical Expenses	\$15,670,554	\$4,479,709	\$318,455	\$303,716	\$299,597	\$921,767	\$5,401,476	\$345,537	\$327,587	\$373,331	\$1,046,456	\$6,447,932	\$9,222,622
Grants	\$7,000,000	\$857,722	\$0	\$118,511	\$62,656	\$181,167	\$1,038,889	\$302,846	\$156,653	\$343,384	\$802,883	\$1,841,772	\$5,158,228
Total	\$22,670,554	\$5,337,430	\$318,455	\$422,226	\$362,253	\$1,102,934	\$6,440,365	\$648,384	\$484,240	\$716,715	\$1,849,339	\$8,289,703	\$14,380,851

Annex 6: Success Story



Asociación de Mujeres La Esperanza

Coffee from the northern Cauca region in Colombia for the rest of the world



Asociación Mujeres de la Esperanza's main buyers are the Federación Nacional de Cafeteros de Colombia, Federación Campesina del Cauca, and Starbucks coffee.

Photo: RFI

Several kilometers away from the Panamerican highway, which snakes through the valleys and mountains of western Colombia, you can find the village of San Isidro next to the Santander de Quilichao municipality in the Cauca region. This area, which for several decades suffered from Colombia's armed conflict, is now an important agricultural breadbasket for the country and home to one of the world's best coffees.

Almost thirty years ago, back in 1988, when this region was in the middle of the most difficult times of the armed conflict Asociación de Mujeres La Esperanza (the Association of Women of Hope) was created. At first, only 13 women coffee-growers formed the association. They joined efforts to improve their quality of life and increasing the productivity of their land, hoping to sell their coffee domestically and for export. Today, this association has grown to 32 members including both men and women, many of them descendants of the founders. Among their main buyers are the Federación Nacional de Cafeteros de Colombia, Federación Campesina del Cauca, and Starbucks coffee.

In recent years, the association has been supported by USAID's Colombia Responde Program as well as other Colombian government entities, where they have provided technical assistance and technology to increase coffee productivity and quality. However, in the last two years the association faced financial shortfalls, where lack of capital stymied cash-flow and growth. Additional financial resources would enable them to perform key business activities during the harvest season, including purchasing coffee from their members, and paying for transportation costs and worker wages.

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In April 2017, the association reached out to USAID's Rural Finance Initiative (RFI or "the Initiative") and requested assistance to access credit. Before introducing the association to one of its partner financial intermediaries, the Initiative studied the association's financial documentation to avoid a rejected loan application and help the association access credit. RFI's initial assessment determined that the association required capacity building. To this end, RFI provided business development workshops to address the association's weaknesses: poor financial accountability, lack of management skills, and low financial literacy, which impeded them from having sound, up-to-date financial records. One possible explanation for this situation, is that association has never had access to credit before and therefore has never been obliged to have their documentation in order.



Members from the Asociación de Mujeres La Esperanza sharing their lessons learned after receiving business development workshops from RFI and having their first loan approved by Banco de Bogotá.

Photo: RFI

Once they got their documentation in order thanks to the support provided by RFI, the association submitted their loan application to RFI partner Banco de Bogotá. In particular, the association was interested in becoming clients since this bank offers a product called *tarjeta cafetera inteligente* or "coffee grower smart card," a card that currently works both as an ID and debit card for member coffee growers of the Federación Nacional de Cafeteros across Colombia. All members

from the Asociación de Mujeres La Esperanza already held this card. After reviewing the association's documentation and visiting their facilities, in August 2017, the bank approved their first loan application ever for a total of COP \$ 7,000,000 (approximately US\$2,350). This loan allowed the Asociación de Mujeres La Esperanza to do many things: renegotiate more favorable conditions on how they sold their coffee to buyers, buy all coffee from their producers which creates stability and loyalty to the association, and increasing the income of producer families.

The association is already eager to submit a new loan application for the new coffee harvest expected to take place in April 2018, and hopes the bank will also provide credit directly to the association's individual members, since they each hold their *tarjeta cafetera inteligente*. To support successful loan applications next year, the association has been duly paying the monthly installments on the first loan, and they have even saved money to pay in advance, hoping to establish a trust relationship with the bank. The association members are expecting to have a strategic ally in Banco de Bogotá and hope to successfully continue selling excellent coffee and improving their quality of life as the founders intended.



Members from the Asociación de Mujeres La Esperanza receive VCF workshops from RFI and Banco de Bogotá explain the advantages of the *tarjeta cafetera inteligente*.

Photo: RFI

Annex 7: Open APS – Competition Process Details

Proponent		Submission Date	RFI Response Date	Status	Objective	Evaluation Result
1	CORPORACION MEDIOS DE VIDA Y MICROFINANZAS - VITAL	26-Sep-16	11-Oct-16	Not Approved	Increase the effectiveness in the access of new users to financial entities by organizing and linking the demand (rural communities) through a participatory methodology that integrates GLACS' participants with neighbors and relative. Total Estimated Value: COP \$503,390,000. RFI contribution COP \$249,390,000. Leveraged resources COP \$254,000,000.	<ul style="list-style-type: none"> • The proposal does not present an innovation factor to increase financial services in rural areas • The goal of 3,000 clients in a year is small in relation to investment • Goals do not talk about the scope of financial services but only about number of benefited people. Goals do not mention number of accounts, number of insurances, number of loans, nor mobilized value of services. • The proposed cost is to cover mainly payroll • There are doubts about the sustainability of the project over time
2	AGROFUTURO - PROYECTOS AGROPECUARIOS DE COLOMBIA S.A.S.	16-Nov-16	22-Nov-16	Not Approved	Increase the use of the Croper.co platform in Urabá Antioqueño region for the efficient purchase of agricultural inputs, encouraging access to financial services. Total Estimated Value: COP \$405,580,000. IFR contribution COP \$202,790,000. Leveraged resources COP \$202,790,000.	<ul style="list-style-type: none"> • The proposal does not present an innovation factor that allows for the strengthening of financial services in rural areas • Taking into account that the platform is already implemented, the proposed investment is high • The articulation with the financial system is not clearly identified • The objective of the proposal is to massify a purely commercial application

3	FUNDACION PAN AMAB	22-Oct-16	31-Oct-16	Not Approved	<p>Comprehensive research on agricultural issues and productivity levels that allow the recovery of the social fabric and the agro-industrial strengthening. Total Estimated Value: COP \$560,000,000. RFI contribution COP \$500,000,000. Leveraged resources COP \$60,000,000</p>	<ul style="list-style-type: none"> • The proposed geographical coverage of Pizarro (Chocó) is not within RFI target municipalities. • According to the donor's guidelines, RFI is looking for proposals that support the offer of financial services, rather than demand. • The required leverage of 1: 1 is not reached, RFI COP \$500,000,000, PAN AMAB COP \$83,764,000, Municipality of Pizarro COP \$184,000,000 (total leverage COP \$267,764,000); this means that the leverage contributed by the Foundation and the Municipality should be at least COP \$500,000,000.
4	AGRICAPITAL	4-Nov-16	28-Dec-16	Not Approved	<p>Ecosystem Financing: Pilot project for the implementation of a new financing model for agricultural value chains. Total Estimated Value: COP \$1,153,000,000. RFI contribution COP \$245,000,000. Leveraged Agricapital COP \$488,000,000. Other leveraged resources COP \$420,000,000.</p>	<ul style="list-style-type: none"> • The proposal does not present an innovation factor that allows for the strengthening of financial services in rural areas • The scope of technical assistance is not presented clearly • The proposed geographical coverage is not clear, nor if it applies in RFI target municipalities.
5	PARALIFE	9-Nov-16	14-Dec-16	Not Approved	<p>Develop an exclusive Financial Protection program for Colombian women. The product is adjusted to women's' needs, to the priorities in their lives and to the risks to which they are exposed, especially in the conflict zones in which they find themselves. Having access to this product would prevent them from falling into poverty traps that would not allow them nor their families from fulfilling their dreams and having adequate standards of living.</p>	<p>RFI submitted on March 13, 2017, new questions regarding an adjusted version sent by Paralife on March 10, 2017. To this day Paralife has not replied nor sent a new proposal to participate.</p>

6	CONEXRED S.A.	25-Nov-16	26-Dec-16	Not Approved	<p>Increase businesses' revenue by having Internet connection and the adoption of technological tools to allow a unified and controlled way to handle cash, inventories, purchase orders, etc. Total Estimated Value: COP \$999,920,000. RFI contribution COP \$499,930,000. Leveraged resources COP \$499,990,000.</p>	<ul style="list-style-type: none"> The proposal is not aligned with RFI 's objectives of strengthening the provision of financial services in rural areas.
7	REDEPAGOS S.A.S.	26-Nov-16	28-Dec-16	Not Approved	<p>Implement an integrated micro and nano loan solutions to help shopkeepers to efficiently and securely control their clients' portfolios. Carry out the design, development and implementation of a program for the placement of nano and micro loans of merchants in the rural area of the Caquetá corridor. The program minimizes the procedures for consultation, validation and approval, thus allowing vulnerable population to access loans by only presenting their identification document to cover their needs. Total Estimated Value: COP \$923,630,000. RFI contribution COP \$461,680,000. Leveraged resources COP \$461,950,000.</p>	<ul style="list-style-type: none"> The proposal does not present an innovation factor that allows for the strengthening of financial services in rural areas It is not clear why it would be interesting for the shopkeepers or warehouses to access this technology or incur in costs for acquiring them.

8	CIRCULO NARANJA S.A.S.	13-Dec-16	14-Dec-16	Not Approved	Design and validate the conceptual use of technological tools to democratize access to financial resources and multiply the potential of obtaining loans in rural areas. Total Estimated Value: COP \$469,557,000. RFI contribution COP \$423,157,000. Leveraged resources COP \$46,400,000.	<ul style="list-style-type: none"> • The proposal does not meet the level of required leveraged funds • Does not present enough information to establish if it can work and if it contributes to financial services
9	CORPORACION SOCIAL Y CULTURAL CARLOS DE LA PALMA	7-Jan-17	12-Jan-17	Not Approved	The proposed project is called: "POETRY AS AN INSTRUMENT FOR PEACE", which aims to create a new social culture that guarantees healthy forms of coexistence. Total Estimated Value: COP \$500,000,000. RFI contribution COP \$500,000,000. Leveraged resources are not mentioned.	<ul style="list-style-type: none"> • RFI's objective is to reduce barriers that impede rural population from accessing financial services. For this reason, the proposed project, which is of cultural nature, is outside our objective. • The required leverage, which must be of 1: 1 ratio is not specified. This means that for every COP contributed by RFI, the proponent must provide the same amount in leveraged resources.
10	HOWARD ARBOLEDA	7-Jan-17	12-Jan-17	Not Approved	Rural and sustainable development in Sanquianga, an area affected by the armed conflict in the Department of Nariño to reduce poverty and inequality through environmental peace.	<ul style="list-style-type: none"> • RFI's objective is to reduce barriers for the population to access financial services. For this reason, the proposed project, which is of an environmental nature, is outside our objective.
11	FUNDACION TRANSFORMAND O MENTES	9-Jan-17	12-Jan-17	Not Approved	Develop formative spaces that involve cultural, playful and musical activities seek to influence levels of consciousness in children and young people to strengthen their ethnic identity and stay in the territory, identifying the risks and affectations that the armed conflict generates, such as bonding, recruitment, sexual violence, gender violence and forced displacement. Total Estimated Value: COP \$50,897,000. RFI contribution	<ul style="list-style-type: none"> • RFI's objective is to reduce barriers for the population to access financial services; for this reason, the Project that you propose to us that is cultural and social nature, is outside our objective.

					COP \$50,207,000. Leveraged resources COP \$690,000.	
12	FUDEHUCOGUA ORGANIZACIÓN NO GUBERNAMENTAL SIN ANIMO DE LUCRO	11-Jan-17	12-Jan-17	Not Approved	Train women in their rights and give them technical training and entrepreneurship, they will receive technical, practical and business training to carry out the operation of an autonomous agricultural enterprise, a plantation of 120 hectares of castor and a bio-oil extraction plant. Total Estimated Value: COP \$545,400,000. RFI contribution COP \$495,600,000. Leveraged resources COP \$49,800,000.	<ul style="list-style-type: none"> • RFI's objective is to reduce barriers for the population to access financial services; For this reason, the proposed project, which is social and environmental nature, is outside our objective. • The required leveraged resources ratio of 1: 1 is not achieved

13	CORPORACION FONDO DE APOYO DE EMPRESAS ASOCIATIVAS "CORFAS"	26-Jan-17	21-Apr-17	Not Approved	<p>Apply, adjust and disseminate a mobile application through which a new line of financial services for populations located in the rural sector will be developed, to which Corfas will attend, through the use of Information Technologies to make the application for credit thanks to said mobile application, which allows you to request a credit in 10 municipalities and get a response no later than two days after the request. Total Estimated Value: COP \$256,000,000. RFI contribution COP \$128,000,000. Leveraged resources COP \$128,000,000.</p>	<ul style="list-style-type: none"> • The proposal does not present an innovation factor that allows for the strengthening of financial services in rural areas • The idea presented by the Corporation to make microcredit through mobile devices is interesting; however, technically it is not considered viable
14	CORPORACION CEA	7-Mar-17	22-Jun-17	Not Approved	<p>Develop a conceptual, practical and operational model that encourages the massification and coverage of financial portfolios in support of micro, small and medium-sized rural enterprises, which improve their access and coverage, through the creation of innovative and innovative tools that improve the population coverage and reduce transactional and operational costs, the above with the aim of generating an adequate insertion of the rural population in the financial dynamics offered in the Colombian market. Total Estimated Value: COP \$727,500,000. RFI contribution COP \$363,750,000. Leveraged resources COP \$363,750,000.</p>	<ul style="list-style-type: none"> • The information collection stage contemplated is not considered necessary in time and amount required • The proposal does not present an innovation factor • The funds for the operational stage are not exposed • The role of CEA is not clear, and it does not seem necessary for Comfenalco to implement the activity referred to in the proposal. • The proposal refers to subsidized credit rates, which goes against the sustainability principles on which the Call is based

15	MOVILRED	4-Apr-17	25-Jul-17	Under Revision	Develop a mobile wallet through which the most pressing financial needs of the Colombian rural population are met. Total Estimated Value: COP \$832,000,000. RFI contribution COP \$398,000,000. Leveraged resources COP \$434,000,000.	Proposal reviewed and sent back for adjustments
16	CORPORACION PARA EL MANEJO SOSTENIBLE DE LOS BOSQUES "MAS BOSQUES"	7-Apr-17	27-Apr-17	Not Approved	Expansion of the payment scheme for environmental services (PSA) BanCO2 in Valle del Cauca as a financial inclusion strategy in the communities of Candelaria, Florida, Prairie and Jamundi, affected by the armed conflict, using the Savings tool as a payment mechanism the Hand of Bancolombia. Total Estimated Value: COP \$823,640,000. RFI contribution COP \$367,800,000. Leveraged resources MasBosques COP \$73,263,000. Other leveraged resources COP \$382,577,000.	The proposal does not present an innovation factor that allows to enhance financial services in rural areas, this requirement is essential for the consideration of the proposals
17	DTC ASOCIADOS SAS	11-Apr-17	16-Jun-17	Not Approved	To satisfy the credit needs of formal and / or non-formal entrepreneurs, in consequence to reduce the existing gap between the urban and rural population, through the placement of money in the modality of microcredit, through the mobile network of a telephone operator with national presence. Total Estimated Value: COP \$1,000,000,000. RFI contribution COP \$500,000,000. Leveraged resources COP \$500,000,000.	Despite considering the conceptual document sent by the proponent is of interest for the development of the activity "Microcredits through the Mobile Network to Achieve Sustainability and Self-Formation", the organization was created less than two (2) years, minimum time required to grant a donation.

18	SOTRACAUCA S.A.	17-Apr-17	15-May-17	Under Revision	Implement a social inclusion model in rural finance to facilitate and expand access to the use of financial services of rural and vulnerable communities in four municipalities of the Department of Cauca, from the design, development and testing of the integration of technology information and communication, financial training programs and transportation services through Sotracaucá. Total Estimated Value: COP \$855,705,655. RFI contribution COP \$425,050,000. Leveraged resources COP \$430,655,655.	Proposal reviewed and sent back for adjustments
19	ASOCIACION DE FLORICULTORES DEL CENTRO DEL CAUCA ASOFLOLICCA	19-May-17	16-Jun-17	Not Approved	To develop a comprehensive and sustainable financial system for the entire value chain of producers and marketers of flowers, it is expected to have the CIRCULATING CAPITAL to purchase flowers from all partners and make the cash payment. Total Estimated Value: COP \$999,995,055. RFI contribution COP \$499,995,000. Leveraged resources COP \$500,000,000.	<ul style="list-style-type: none"> The proposal does not present a required innovation factor

20	CORPORACION JUSTICIA Y DIGNIDAD	27-May-17	21-Jun-17	Not Approved	Train and accompany the peasants and indigenous people of the municipalities identified in the topics of entrepreneurship, financial education, formulation and management of rural family and community business units in order to formulate their projects and establish a public and private institutional relationship for the financing of them. Total Estimated Value: COP \$110,000,000. RFI contribution COP \$100,000,000. Leveraged resources COP \$10,000,000.	<ul style="list-style-type: none"> • The proposed activity does not respond to the objective of the RFI Program, which seeks to promote innovative and concrete financial services at the rural level, such as disbursements, deposits or activities that lead to creating an environment for these services to materialize. • It does not comply with the level of leverage required, which must be 1 to 1 for each peso contributed by the Program, as established in the terms of reference.
21	RESGUARDO INDIGENA PAEZ DE CORINTO	31-May-17	6-Jun-17	Not Approved	"Promotion of Collectives Mingueros for the articulation of the Rural Commercialization of the indigenous communities of the Paez de Corinto reservation, Corinto Municipality, Cauca - Colombia. Total Estimated Value: COP \$480,210,000. RFI contribution COP \$452,760,000. Leveraged resources COP \$27,450,000.	<ul style="list-style-type: none"> • Does not apply to the call. Sending mail Your proposal does not respond to our requirement to finance the management of Financial Services at the rural level "
22	FUNDACION VIVIR MEJOR	2-Jun-17	15-Jun-17	Under Adjustments	Design / Acquire software that facilitates the efficient administration of information of the Local Savings and Credit GROUPS as a basis for providing financial and non-financial services, offered by the Viivr Mejor Professional Women's Foundation Total Estimated Value: COP \$217,019,520. RFI contribution COP \$138,350,000. Leveraged resources COP \$78,669,520	Proposal reviewed and sent back for adjustments

23	MAGALLANES TECH S.A.S.	6-Jun-17	16-Jun-17	Not Approved	Implementation of Digital Banking services for users of Savings and Credit Institutions (Financial Intermediaries), Cooperatives, Mutualists and Micro Financial Institutions in Colombia through the digital payment platform ii-money. Total Estimated Value: COP \$772,000,000. RFI contribution COP \$358,000,000. Leveraged resources Other Sources \$120,000,000 Leveraged resources COP \$294,000,000.	It was suggested to look for an allied Partner or Entity and re-submit a new proposal to participate again in the process.
24	M.O. TEC + MOVILRED	12-Jun-17	15-Aug-17	Not Approved	Develop a credit platform based on an innovative system of credit scoring (Credit scoring), aimed at micro and small businesses in rural areas. Total Estimated Value: COP \$923,800,000. RFI contribution COP \$459,540,000. Leveraged resources COP \$464,260,000.	<ul style="list-style-type: none"> • The proposal shows that the generation of consumer credit can be promoted, there is no control over this. Rural Finance is not allowed to promote consumer credit in any of its forms and its proposal does not guarantee that credit is always productive. • Credit history is not generated in the Risk Central that can be used for subsequent customer banking • It is not perceived in the proposed impact of rural penetration, understanding that it applies to existing customers in the zones and not with a process to expand this number of clients.
25	MERCADOS EN LINEA SAS	16-Jun-17	16-Aug-17	Not Approved	Sinba - Inclusion system for unbanked" "Sinba can work on the direct generation of credit to the end user or as a platform that integrates the banking correspondent that integrates it with its financial entity. Sinba is a facilitator in the generation of credit facing the user, the generator and each actor involved in the process. Total Estimated Value: COP \$2,625,435,167. RFI contribution COP \$424.955.167. Leveraged resources COP \$2.200480.000.	<ul style="list-style-type: none"> • In the leverage cannot include The Sinba System that is already in operation • You are asked to find a Partner or Allied Entity and re-submit the proposal

26	COOPERATIVA MULTIACTIVA INDIGENA - SIROYAT	25-Jun-17	29-Jul-17	Not Approved	Strengthening of the Financial Fund for the economic, social, environmental and cultural recovery" FRESAC "of the indigenous peoples Total Estimated Value: COP \$606,000,000. RFI contribution COP \$500,000,000. Leveraged resources COP \$106,000,000.	<ul style="list-style-type: none"> • RFI's objective is to reduce barriers for the population to access financial services; For this reason, the proposed project, which is of social and environmental nature, is outside our objective. • The required leverage of 1: 1 is not achieved
27	GULUNGO COLOMBIA S.A.S.	25-Jun-17	25-Jun-17	Not Approved	Online loans for micro and small businesses. Total Estimated Value: COP \$640,000,000. RFI contribution COP \$320,000,000. Leveraged resources COP \$320,000,000.	<ul style="list-style-type: none"> • The organization was created less than two (2) years ago, the minimum time required to grant a donation.
28	ASOCIACIÓN DE CAMPESINOS PRODUCTORES DE CAÑA PANELERA - ASOCAMPA	26-Jun-17	19-Jul-17	Not Approved	"Strengthening the productive activity of 30 families of small agricultural producers (Caña panelera). Total Estimated Value: COP \$269,975,000. RFI contribution COP \$45,375,000. Proposed leveraged resources \$224,600,000.	<ul style="list-style-type: none"> • RFI's objective is to reduce barriers for the population to access financial services. For this reason, the proposed project, which is of a productive nature, is outside our objective.
29	ALCALDIA DE BAJO BAUDO	29-Jun-17	18-Jul-17	Not Approved	Strengthen food production and replace illicit activities, from the implementation of mixed gardens, as an alternative development, in the Community Councils of Villa Maria, Siviru, Piliza, Usaraga, Concosta, Pizarro, Virudo, San Agustín de Terrón, Pavasa and Cuevita in the Department of Choco. Total Estimated Value: COP \$2,800,000,000.	<ul style="list-style-type: none"> • RFI's objective is to reduce barriers for the population to access financial services. For this reason, the proposed project, which is of a productive nature, is outside our objective.

30	CONSEJO COMUNITARIO DE COMUNIDADES NEGRAS DE LA CUENCA DE LOS RIOS ACANDISECO, EL CEDRO Y JUANCHO "COCOMASECO"	30-Jun-17	19-Jul-17	Not Approved	Implementation and promotion of post-harvest production and management of achiote crops in an agroforestry arrangement with plantain, and sugar cane, with producers belonging to the Community Council of black communities of the Acandiseco, El Cedro and Juancho rivers basin. Total Estimated Value: COP \$700,000,000 Estimated Value RFI COP \$450,000,000 Leveraged resources COP \$250,000,000.	<ul style="list-style-type: none"> RFI's objective is to reduce barriers for the population to access financial services. For this reason, the proposed project, which is of a productive nature, is outside our objective.
31	COOPERATIVA DE AHORRO Y CREDITO CREAM "COOCREAM"	17-Jul-17	25-Jul-17	Not Approved	Contribute to the development of the economy of the associated families, through financial and social inclusion, in the territories of influence of the CREAM Savings and Credit Cooperative - SEMILLA COOPERATIVA". Total Estimated Value: COP \$1,068,811,400. RFI COP \$500,000,000 contribution Leveraged resources COOCREAM COP \$425,811,400 Leveraging CREAM COP \$143,000,000.	<ul style="list-style-type: none"> The innovative element was not identified in the proposal A strengthening of the Cooperative Seed Groups is proposed, but at the moment this already exists
32	MOVILRED - FASE II	14-Jul-17	25-Jul-17	Under Adjustments	Develop a mobile wallet through which the most pressing financial needs of the Colombian rural population are met. Total Estimated Value: US \$398,678. RFI contribution US \$150,339. Leveraged resources USD 248,339.	Pending adjustments of phase one. (See proponent number 15 - MOVILRED).

33	ASOCIACIÓN DE CABILDOS INDÍGENAS DE TORIBÍO, TACUEYO Y SAN FRANCISCO "PROYECTO NASA"	4-Aug-17	22-Aug-17	Approved by internal committee	Strengthening of the Revolving Funds of the indigenous councils of Toribio, Tacueyó and San Francisco of the Nasa community. Estimated Value Total COP \$211.609.185. RFI Contribution \$161.126.000. Leveraged resources COP \$50,483,185.	Approved by internal committee
34	FUNDACION NATURALEZA HUMANA Y DEL MEDIO PROYECTADA AL SIGLO XXI "NAHUMBRO"	7-Jan-17	23-Aug-17	Not Approved	Establish at least 60 units of natural, ecological gardens, a small-scale agriculture, sustainable and friendly with the natural environment, which, in turn, provides the necessary biodiverse food for family nuclei, in patios and lots of homes that are related to the educational institutions, to satisfy, in principle, food security with biodiversity Total estimated value: COP \$348,385,831. RFI contribution COP \$148,385,831. Leveraged resources COP \$200,000,000.	<ul style="list-style-type: none"> RFI's objective is to reduce barriers for the population to access financial services. For this reason, the proposed project, which is of a productive nature, is outside our objective.
35	CORPORACION ACTUAR POR CALDAS - "ACTUAR MICROEMPRESAS"	10-Aug-17	25-Aug-17	Under Adjustments	Design and implementation of efficient financial services in rural populations with priority to young women, through the creation of Virtual Identity of microentrepreneurs, allowing the viability of credits electronically, with flexibility of collections and disbursements in the territory. total: COP \$844,050,000. RFI contribution COP \$419,700,000. Leveraged resources COP \$424,350,000.	Proposal reviewed and sent back for adjustments

36	LEDDO PTE. LTDA	9-Aug-17	25-Aug-17	Not Approved	<p>Evaluation of credit risk and identity verification of people online for vulnerable populations without credit history through alternative information such as social networks, email and cell phone value Total estimated: COP \$736,000,000. RFI contribution COP \$497,000,000 Leveraged resources COP \$239,000,000.</p>	<ul style="list-style-type: none"> • The proposal does not meet the requirement of the terms of reference related to the budget - leverage 1: 1. • It does not show what the support would be in time, it does not show what Lenddo's strategy will be to maintain itself after the RFI intervention / contribution. • In the LEDDDO PTE. Proposal, LTDA should present a "partner" with whom it will test the Model. • This proposal is comparing a consumer portfolio model with a productive credit model. The approval estimate is based on a consumer portfolio product and a productive credit product. (These two models should not be compared). • How do you identify that just Facebook users are unbanked customers? • The proposal does not explain how digital authentication will be validated by email and social networks and how to sustain that this is valid for Colombian regulation to make credit commitments. • How is it controlled that the user of Facebook is really the person he claims to be, how to avoid the impersonation of information or false profiles. • The proposal shows that Lenddo will do a pre-filter, if the person is viable, he sends it to the financial institution as a potential client and finally it is the bank that decides whether to make the credit or not. (support for origination), but it does not explain how it can be guaranteed that the bank will not deny the requests that the Lenddo platform has pre-selected. • Technically as they have estimated that 45% of the adult population with a Facebook account make a credit request? (History of the company? Experience in other countries, has the cultural situation of Colombia been taken into account?).
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37	SERVIRADAR S.A.S.	15-Aug-17	23-Aug-17	Not Approved	Develop a financial inclusion platform that allows the banking of the rural population: make very low-cost transactions with credit history and with a view to scaling up to more specialized financial services. Total Estimated Value: COP \$936,000,000. RFI contribution COP \$478,000,000. Estimated leveraged resources COP \$458,000,000.	<ul style="list-style-type: none"> • The organization was created less than two (2) years ago, the minimum time required to grant a donation.
38	FUNDACIÓN ICDL COLOMBIA	15-Aug-17	23-Aug-17	Not Approved	Generate a culture of sustainable rural enterprise development by closing digital gaps and recognizing the operation and use of financial products in 100 women with productive units, direct participants and more than 500 indirect participants, from the municipalities of Granada, Guamal and Castilla la Nueva in the department of Meta Total estimated value: COP \$727,433,662. RFI contribution COP \$363,716,831. Leveraged resources COP \$363,716,831.	<ul style="list-style-type: none"> • The proposal does not show an impact on the effective promotion of financial services that RFI seeks to promote in rural areas. • It is not a self-sustaining model • It is not evident what the cost / benefit of this proposal would be; that is, how a project of more than 700 million will really impact, if the beneficiaries will be only 100 women trained in financial education.

39	CORPORACIÓN SOCIAL PARA EL DESARROLLO - CORSODE	15-Aug-17	23-Aug-17	Not Approved	<p>Generate a culture of sustainable rural enterprise development based on the closing of digital gaps under international standards and recognition of the operation and use of financial products in 100 women with productive units, direct participants and more than 500 indirect participants, from the municipalities of San Juan Nepomuceno, San Jacinto and Carmen de Bolívar in the department of Bolívar. Total Estimated Value: COP \$727,433,662. RFI contribution COP \$363,716,831. Leveraged resources COP \$363,716,831.</p>	<ul style="list-style-type: none"> • The proposal does not show an impact on the effective promotion of financial services that RFI seeks to promote in rural areas. • It is not a self-sustaining model • It is not evident what the cost / benefit of this proposal would be; that is, how a project of more than 700 million will really impact, if the beneficiaries will be only 100 women trained in financial education.
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40	ALTIC INTERPRISE S.A.S.	15-Aug-17	23-Aug-17	Not Approved	<p>Develop a specialized technological platform for the agricultural sector that facilitates and improves the process of requesting and analyzing credit with financial entities, as well as making it efficient the process of structuring economic studies of feasibility of productive projects this relates to a better evaluation of projects by organizations that provide grants, financial resources or seed capital has said sector and with the above improve the scoring of qualification of productive projects , reduce the cost of credit management, improve the credit management process. Total Estimated Value: COP \$178,617,558. RFI contribution COP \$89,308,779. Leveraged resources COP \$89,308,779.</p>	<ul style="list-style-type: none"> • The organization was created less than two (2) years ago, the minimum time required to grant a donation.
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41	CORPORACION RED DE CONSEJOS COMUNITARIOS DEL PACIFICO SUR "RECOMPAS"	15-Aug-17	23-Aug-17	Not Approved	To implement a technique complementary to the semi-intensive marine shrimp production systems with the purpose of increasing their production capacity and improving the financial income of a group of rural artisanal growers in the municipality of Tumaco department of Nariño. Total Estimated Value: COP \$3,110,078,000. RFI contribution COP \$1,176,968,000. Estimated leveraged resources COP \$1933,100,000.	<ul style="list-style-type: none"> The activity proposed by your organization does not meet the objective of the Rural Finance Initiative, which seeks to reduce barriers for the population to access financial services, we regret to inform you that this cannot be taken into account.
42	MINKA COLOMBIA S.A.S.	15-Aug-17	29-Aug-17	Not Approved	To build an innovative solution of payments and interbank transfers of low amount that allows to diminish the invisible barriers for the financial services to the communities marginalized, encouraging economic growth and innovation in the selected areas, thus contributing to the fulfillment of objectives 5, 8, 10 and 11 of sustainable development proposed by the UN. Total Estimated Value: COP \$648,529,000. RFI contribution COP \$310,529,000. Leveraged resources COP \$338,000,000.	<ul style="list-style-type: none"> Being a new entity with only 7 months of creation, RFI had to discard the proposal. RFI encourages the proponent to ally themselves with another entity to resubmit a new proposal.

43	FEDERACION NACIONAL DE PRODUCTORES DE TABACO - FEDETABACO	4-Sep-17	20-Sep-17	Not Approved	Interactivity 360o Rural financial education system with technological tools, Software developed by Orey Consulting which allows the development of training workshops through the use of 360° glasses. Total Estimated Value: COP \$448,900,000. RFI contribution COP \$224,450,000. Leveraged resources COP \$224,450,000.	<ul style="list-style-type: none"> The idea was not considered by the Evaluation Committee due to the specific restriction by the United States Government not to co-finance activities that encourage farming tobacco.
44	INSUCO COLOMBIA SAS	8-Sep-17		Proposal is pending revision by internal committee	Design a model to articulate Corporate Social Responsibility (CSR) programs and rural finance, which promotes financial inclusion and access to credit for vulnerable people in the Rural Finance Initiative (RFI) corridors, in order to strengthen local productive initiatives. Total Estimated Value: COP \$174,236,400. RFI contribution COP \$87,117,282. Leveraged resources COP \$87,119,118.	NA
45	UNIVERSIDAD DE IBAGUE	26-Sep-17		Proposal is pending revision by internal committee	Implement a model of financial innovation in the pilot phase, oriented towards access to microcredits, reducing barriers to rural financial services, especially to small producers and traders in five municipalities of the Southern Corridor of Tolima. Total Estimated Value: COP \$99,303,339. RFI contribution COP \$499,387,187. Leverage COP \$499,916,152.	NA