

AgroCapital, Bolivia

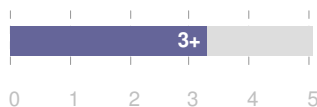
The AgroCapital Foundation was set up in Jan.92 under the legal entity of a non-profit foundation. Till 1994, its activities were clearly oriented to attend the agricultural sector, and to this date, it is extending its range of services to include micro-entrepreneurs with economic activity in the rural and urban sectors. Among its objectives, AgroCapital is looking to contribute to the development of the Bolivian society; therefore it has defined its institutional mission as "Responsible financial services accessible to all." In Dec.09, the institution attended to 21,479 clients through its network of 17 agencies. AgroCapital offers three loan products, two under the individual methodology and one of community banking.

Social Performance Rating

January 2010

Overall, AgroCapital's Social Performance is rated **"3-"**

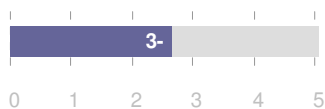
Social Performance Management 3+	Financial Inclusion 3-	Client Protection & Ethical Finance 2+	Human Resources Policy 3-	Social Change **
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Indicators	Dec. 2009
Intent to have an impact	Convincing
Risk of Mission Drift	Medium

Social performance management

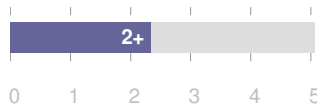
- The definition process of the social mission was participative and involved different aspects of social business responsibility and social performance, with a clear intent to achieve a positive impact.
- The mission has been included in the decision-making process, although the generation of relevant information and the monitoring process need to be enhanced. On another hand, the risk of mission drift happens to be medium depending on the concretization of a possible merging with a Bolivian banking institution.



Indicators	Dec. 2009
% Clients in provinces <5 MFIs	21,3%
% Women clients	69,6%
% Rural clients	38,2%
% Clients with social collaterals	61,2%
% Retention	n.a.

Financial inclusion

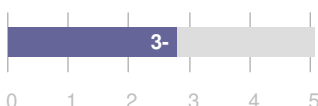
- The criteria for the selection of the target clientele are basic and objectives are not clearly defined yet. AgroCapital is a small size institution that reaches 1.2% of the Bolivian households from which 25.6% find themselves below the national poverty line (PPI survey).
- The range of financial services is limited and with few innovations compared to its competitors; however, the amounts, rates, and terms are flexible enough to meet the target market.
- The cost of the services is competitive and lower than the non-regulated competition; the same is true of transaction costs.



Indicators	Dec. 2009
% Loans checked /credit bureau	100%
% Clients with micro-insurance	33%
% Clients bearing FX risk	30%
Effective Interest Rate (EIR)	24,3%
Portfolio Yield	23,4%
% Clients visited by non-operational staff	n.a.

Client protection & ethical finance

- The institution has sufficient procedures in place to ensure an effective and transparent communication with the clients regarding the loan conditions, the protection of the client's credit information and the fixation of responsible prices.
- Although the protection policies against over-indebtedness have moved forward, their impact is reduced due to the high FX risk borne by the client, which is not balanced by any compensation measures.
- In some agencies, the collection practices show deviations from the practices promoted by the local regulation and the good practices in microfinance.
- The ethical behavior of the staff and the financial ethics are considered in the code of ethics which is adequately communicated to the employees; however, its level of recollection and the mechanisms put in place to ensure its fulfillment are still limited.



Indicators	Dec. 2009
Staff Turnover	24.3%
Traffic accidents per LO	16.9%
Yearly salary increase/inflation	33%
% Women in staff	41.9%
% Women in board and management staff	20%
% Staff receiving >2 training days	83.3%

Human resources policy

- The policies implemented for the Human Resources (HR) management comply with the legal norms. Furthermore, AgroCapital is trying to prevent any behavior of discrimination, and the equality of rights is both part of the institutional philosophy and the HR management.
- The salary scales are competitive and cover the cost of life. Nevertheless, there are important breaches in the fixation of the professional and business staff remunerations, especially for the loan officers (LO) of the community banks (CB).
- Positive mechanisms have been implemented to protect the employees, to improve the working environment and to include the staff in the decision-making process. However, the efforts are still in its infancy, and many actions require more effective activities.

Education, Health, Basic Services	* * * * *
Gender Equality and Women Empowerment	* * * * *
Fight vs. Unemployment	* * * * *
Democracy & Human Rights	* * * * *
End Poverty	* * * * *
Environment Sustainability	* * * * *

Social change

- The institution does not have gender objectives but the high number of women clients allowed covering indirectly this area of social change. However, these efforts are not supported by specific non-financial services.
- A pilot technical training has been conducted for the rural sector customers, in alliance with another institution, but its coverage is still limited, and its long-term implementation has not been decided yet.
- At internal level, environment sustainability policies have been developed, including the reasonable use of resources and trainings to sensitize the staff on the protection of the environment.

AgroCapital Profile

Financial Services

Credit Services: 21,479 active borrowers.

- Microcredit (54.8%), Commercial Credit (34.4%) and CB (10.8%) - Distribution by portfolio amount.
- Average Credit: 1,217 USD (62% of GDP per capita).
- Average EIR: 24.3%.
- Credit Life insurance: offered to 6,970 clients. Covers the balance of the debt in case of decease.
- Money Transfer Services: developed in alliance with the companies Money Gram and Alante Financial. In Dec.09, 2112 operations have been attended.

Non Financial Services

	Awareness Raising	Training	Services
Business Development	✓	✗	✗
Education, Health and Basic Services	✗	✗	✗
Women Empowerment	✓	✗	✗
Democracy & Human Rights	✗	✗	✗
Environment	✓	✗	✗

Country Profile

Indicators	Bolivia	LAC
Demography*		
Urban population (%)	66.5%	79.2%
Health*		
Life expectancy at birth	65	73
Mortality rate (<5) per 1,000 births	57%	26%
Education*		
Adult literacy rate (%)	90.7%	91.2%
Combined school enrolment ratio (%)	61.6%	n.a.
Gender*		
Parliament seats held by women (%)	15.0%	n.a.
Poverty lines*		
Population below 1\$/day (%)	19.6%	n.a.
Population below 2\$/day (%)	30.3%	22.2%
Gini index	58.2%	52%
HDI*	0.729	0.821
Rank out of 177 countries	113	n.a.
2000-2006 progress	0	n.a.
Economy (2009)		
Economic growth (%) (f)	6.0%	n.a.
Inflation (%)	3.5%	n.a.

Source: * Human Development Report 2007, PNUD. ** World Bank indicators (2007). *** World Economic Outlook database, April 2010.

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