



CAPCEM

Micro, small, and medium enterprises (MSMEs) are responsible for generating 85% of the jobs in Bolivia. **CAPCEM (Capital para el Crecimiento Empresarial)** is a social enterprise that provides much-needed financing to urban and semi-urban MSMEs that have proven business models but limited growth opportunities. The company, which began as an initiative of the SOLyDES Foundation, offers MSMEs innovative short-term financing solutions that are aligned with the MSMEs' production cycles and allow for flexible repayment schedules based on their sales. By helping these MSMEs expand, CAPCEM contributes to the economic development of the small-scale farmers who supply them by creating direct employment and generating income at the base of the economic pyramid.



CAPCEM's Social Impact

CAPCEM's services help MSMEs take advantage of market opportunities, grow sales, and increase incomes to their workers and suppliers. GBF's investment of \$250,000 has been used for expanding CAPCEM's loan portfolio. By Q2 2010, CAPCEM had already \$4.2M in loans disbursed, about 70% more than last year, while experiencing a decrease in the percentage of portfolio at risk. These transactions are estimated to have benefited more than 3,000 people directly and indirectly.

In 2008, CAPCEM initiated a social impact measurement system that measures the results and social impacts of CAPCEM's investments, and incorporates a client-feedback process with the goal of evaluation and improving client services. In this process, CAPCEM's investment officers are responsible for setting benchmarks and collecting the information from clients in the beginning and at the end of each transaction to measure both the efficiency and the effectiveness of the CAPCEM intervention. CAPCEM is one of the few local organizations in the Andean region to begin such evaluations and incorporate findings into management goals and strategic planning for the company.

Social Metrics	2010 Q2
Number of MSMEs (CAPCEM's clients)	355
Number of Employees at MSMEs	1,827
Number of farmers/suppliers	3,436
Incremental Income to MSMEs (As a result of CAPCEM investment)	\$4,780,581
Total Number of Beneficiaries (Jobs created by MSMEs or their suppliers)	5,263

Partnership with GBF

The **Grassroots Business Fund (GBF)** is invested in CAPCEM to help the organization grow its portfolio, enabling the company to reach out to more MSMEs across Bolivia. GBF also aims to be a long-term strategic partner by both helping CAPCEM scale up, and by assisting CAPCEM's capability to provide capacity building services to its clients.

Social Return on Investment

For every \$1 invested in CAPCEM, \$11 in social - economic impact is generated to its client enterprises. This \$11 does not include the ripple effects of more vibrant enterprises and more available formal sector jobs on communities.

GBF is supporting CAPCEM in the development of a technical assistance fund called MiPyMe as well as a platform for these services called PISCO (Intermediation Platform for Knowledge Services).



MiPyMe will provide funding to subsidize the cost of high quality, customized capacity building services for entrepreneurs who would otherwise be unable to afford them. PISCO, the online platform, will coordinate the supply of and demand for these services.

This project began in June of 2009 when GBF provided an MBA consultant to assist CAPCEM in developing the technical assistance platform. Implementation of the technical assistance program is on schedule. The MBA consultant financed by GBF has formed and structured MIPyME Bolivia to support technical assistance and technological development to MSMEs. Currently, MIPyME Bolivia already has a portfolio of products and services, has defined its administrative structure and implemented an accounting system, and defined its organizational structure. GBF and CAPCEM are now in the process of preparing project proposals, reports and information sources in order to launch MIPyME as soon as possible.

In addition, in the summer of 2010, GBF will invest into another organization that began under the SOLyDES umbrella called the **IES Foundation**. This investment will fund a Bridge Facility that will provide capital to CAPCEM businesses looking for long-term investment capital for expansion, thus filling a gap between CAPCEM's financial offerings and those of commercial banks.

