

“I see Fundación ARU as a **strategic partner**, especially because there are few evaluation experts in Bolivia. We would really like to see a critical mass of organizations like ARU.” – Planning Director, Productive Development Bank

THE PROBLEM:



3 in 4 rural Bolivians live below the poverty line

Bolivia is among the poorest Latin American countries. One in three citizens – or over 3.3M people – lives in rural areas. Formal employment is scarce, so there is little access to credit.



Banco de Desarrollo Productivo

The Productive Development Bank (BDP) finances efforts that promote development and address **historically excluded** communities, such as rural farmers and microenterprises. Since 2007, its “Productive Individual Credit” (PIC) program has made over 20,000 loans to small producers, totaling over \$135M. 75% of these went to rural areas.

But were the PIC loans having the desired effect? Could they be more effective?

ARU’s CONTRIBUTION: Re-allocate BDP’s loans to those who benefit most

As one of few Bolivian organizations with evaluation expertise, ARU is evaluating the PIC program – BDP’s first impact evaluation. According to bank leadership, ARU was the only qualified candidate and recommended “very positive” methodological improvements.



As a result of ARU’s research, BDP is likely to re-allocate its future PIC loans to the specific types of beneficiaries that ARU identified as benefiting most, based on factors such as their industry and the size of the loans.

This evaluation also is a key step in ARU’s campaign to build a **culture of evaluation** in Bolivia. Other microfinance programs are considering evaluations and are closely watching ARU’s work in this case.

THE PROJECTED RESULT: Increased income for poor households



15K

LOANS ALLOCATED TO MORE PRODUCTIVE RECIPIENTS

\$65M

MORE INCOME EXPECTED FOR LOAN RECIPIENTS

THE RETURN ON INVESTMENT (ROI)

ARU's contributions were influential throughout the policy change process and required **an investment of only 3 person-years and around \$100K**



Understanding the portion ARU contributed toward the increased investments helps illustrate its true ROI. Experts suggest a relatively constant set of conditions for policy change that an organization like ARU might influence (see below). Tracking these conditions before and after ARU became involved provides a rough picture of the think tank's contribution – in this case, knowledgeable individuals were asked to rate the degree to which each condition existed before ARU became involved, how much its work contributed, and how much still is needed to achieve full implementation success. **Interviews with ARU and BDP led to the following estimates:**

Necessary condition for policy change	% in place before ARU	% ARU contributed	% still needed
Functioning institutions	40	25	35
Responsive, accessible supporting research	15	65	20
Feasible, specific, and flexible solution	40	50	10
Powerful champions in the key institutions		75	25
Well-planned, led, and supported campaign	40		60
Clear implementation path	50	30	20
Average	24	48	28

Using a simple average, **ARU's contribution** is just under 50%, **resulting in an ROI of roughly \$310 more income for every dollar spent by ARU.**



SOURCES AND TECHNICAL DETAILS

Fundación ARU (2012). Evaluación de impacto: Crédito Productivo Individual – mapa de influencia. La Paz, Bolivia.

The World Bank (2009). Increasing formality and productivity of Bolivian firms. Washington, DC.

The World Bank Group (2012). World Development Indicators.

Interviews with ARU and outside experts, plus additional data from ARU.

Technical details and photo credits available in a separate memo.