

FONDECO, Fondo de Desarrollo Comunal

Microfinance and village banking for local communities



Fondo de Desarrollo Comunal (FONDECO) is a development financial institution providing financial services to micro and small entrepreneurs and agricultural workers in the rural and semi-urban areas of Bolivia.

Since being founded in 1995, FONDECO has offered micro loans on an individual basis and through a 'village banking' methodology. Village banking is a system whereby a group of people in one location together take out a loan, which is then divided among its members. The members of the group each have their specific roles and responsibilities for the management of the group and its loan, such as treasurer, president and secretary, in addition to paying back their own parts of the loan. The group is supported by the loan officer.

FONDECO also offers other services, such as the payment of utilities and money transfers. With the new Financial and Services Law (new banking law) implemented at the end of 2013, FONDECO will now be able to apply to the financial regulator for a licence to collect public deposits.

FONDECO embraced the Client Protection Principles in 2010; in 2013, it started preparing to use the 'Progress out of Poverty Index' tool as standard practice to determine the income level of prospective clients.

In 2012, Oikocredit carried out a capacity building project with FONDECO to improve FONDECO's risk management system in the run-up to becoming a regulated financial entity.

Partner info

FACTS	
Sector	Financial services
Website	www.fondeco.org

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