



# Munay

Empowerment  
for entrepreneurial  
Bolivian women

**Munay** is a Bolivian organization that offers nanocredits — average amounts of USD 300— to enterprises that meet the gender criteria set out by the 2X Challenge. Its value offer rests on the provision of customized financing with low amounts and quick access to fulfill the purpose of empowering entrepreneurial Bolivian women, contributing to closing the gender gap through financial inclusion.

## Munay

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### GEOGRAPHIC LOCATION:

Bolivia



### FOUNDATION YEAR:

2021



### INVESTOR / SILO TYPE:

Professional service firm.



### SECTOR:

Microenterprises with a gender perspective.



### CONTINUUM OF CAPITAL:

Investing with impact and impact investing.



### FINANCIAL INSTRUMENT:

Debt.



### FINAL BENEFICIARIES:

Enterprises led by women or for the benefit of women.



### MAIN PARTNERS:

- Chamber of Industry.
- Commerce and Services of Cochabamba.
- Bolivian Catholic University "San Pablo".
- Sedes Sapientiae Foundation.
- Bolivian Private University.
- VENBO.
- Empoderate Foundation.
- Applikate.
- Global Entrepreneurship Network Bolivia.
- Trabajo Empresa Foundation.
- Empleapp.



### MOTIVATION OR PROBLEM TO SOLVE:

Bridge the gender gap as an essential factor for the socioeconomic empowerment of women and the development of society.

### SDGS:



### NON-FINANCIAL SUPPORT OFFERED:

- Strategic and operational strengthening.
- Network access.



### TYPE OF FINANCING / RESOURCES INVESTED OR DONATED:

USD 37,763

(total financing operations granted). 52.5% of this financing has been allocated to working capital operations and 47.5% to investment capital.



### IMPACT:

As of September 2022, the platform had 394 ventures that meet at least one gender-lens criteria. These enterprises were founded by a total of 749 entrepreneurs of which 85% are women, they also registered employing 3113 persons, 77% of which are women.



## OVERVIEW

Despite the fact that women represent half of the world's population<sup>1</sup>, its contribution to global GDP only reaches 37%<sup>2</sup>. This asymmetric distribution is mainly explained by the gender gaps that continue to exist in the labor markets. According to data from the United Nations (UN), only 50% of the female labor force works, compared to 77% of men and receive a salary 23% lower than the male counterpart<sup>3</sup>. Currently, the wage gap between men and women is estimated at USD 172.3 trillion, which is equivalent to twice the global GDP<sup>4</sup>. Consequently, labor and wage gaps represent major barriers to economic growth. In addition, they generate a perpetuation of inequalities, as economic dependence and insufficient income are two of the main factors that affect the permanence of women in situations of violence and inequity.<sup>5</sup>

As of 2018, one of the global initiatives to address this challenge is the 2X Challenge: Financing for Women. Its main objective is to channel financial capital towards women from a comprehensive understanding of what it means to make investments in and with women. Thus, this initiative encourages both the collection of data and the measurement of the participation of women in the different aspects of a business, as well as the impact of investing in them, based on a gender lens



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- 1 World Bank (2022). Female population, % of the total. Available in: <https://datos.bancomundial.org/indicador/SP.POP.TOTL.FE.ZS>
- 2 Forbes (2021). What contribution are women making to drive economic recovery after Covid-19? Available in: <https://forbes.es/forbes-w/107134/que-contribucion-realizan-las-mujeres-para-impulsar-la-recuperacion-economica-after-covid-19/>
- 3 UN (2017). Guterres: "If women could participate in the economy on equal terms, global GDP could increase by 26%." Available in: <https://www.un.org/sustainabledevelopment/en/2017/09/guterres-if-women-could-participate-in-the-economy-in-equal-conditions-the-world-gdp-could-increase-a-26/>
- 4 Forbes (2022). Income differences between men and women is twice the World's GDP. Available in: <https://tinyurl.com/2nqllaoh>
- 5 Development Bank of Latin America (2017). The determining role of women in the economic development of Latin America. Available in: <https://www.caf.com/es/actualidad/noticias/2017/03/the-determinant-role-of-women-in-the-economic-development-of-latin-america/>

made up of five criteria: entrepreneurship, leadership, employment, consumption and investment through financial intermediaries.

In Latin America, these criteria<sup>6</sup> gave rise to the configuration of Munay, the financing initiative that aims to contribute to the socioeconomic empowerment of entrepreneurial Bolivian women. It offers nanocredits with average amounts of USD 300 to startups that meet at least one of the first four gender criteria of the 2X Challenge. The proposal is especially relevant for the Bolivian context, where the average credit granted by microfinance institutions has increased in recent years, but has been directed towards increasingly larger clients, above USD 1,800.<sup>7</sup>

Munay then arises from an analysis of capital needs not met by the traditional financial system and microfinance institutions. With the implementation of the gender approach in its investments, Munay intends to contribute to the reduction of gender gaps, considering financial inclusion as a strategic tool to accomplish this. Its value proposition rests on the provision of customized financing with low amounts, with quick access and without guarantees by the people and/or organizations to be financed, which translates into a high but controllable risk undertaken by Munay, which accompanies financing with personalized advice.

*Munay* is a Quechua word that means *want*. From this conception, the organization is perceived as a platform that promotes joint work. Thus, it is constituted as a support community. To this end, Munay has instituted the coMUNAYdad (Munay community), as a group where Bolivian women entrepreneurs with gender perspective ventures can interact with the *ñañays*<sup>8</sup>, who provide technical advice to the entrepreneurs and the Munay team itself. In this way, the coMUNAYdad fulfills the purpose of empowering entrepreneurial Bolivian women, contributing to closing the gender gap.

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<sup>6</sup> Munay integrates only the first four criteria into its business model.

<sup>7</sup> Beltrán Rodríguez, M. (2022). Microcredit aspects to consider. Available in: <https://soymunay.medium.com/aspectos-a-considerar-del-microcr%C3%A9dito-ae3f29d6fbb8>

<sup>8</sup> Term of Quechua origin that means My Sister.

Similarly, the enterprises that are part of this community undertake the *Declaration of Socially Responsible Entrepreneurship*<sup>9</sup>, as an exclusion policy that establishes that no undertaking on the platform, nor the products and/or services offered, are related to activities that harm society and the planet in any way.

Munay's business model is made up of three pillars. First, the organization offers *visibility* to entrepreneurial women through the dissemination of their products and services on their website, together with the promotion of the initiatives within the community, and the provision of other benefits, such as access to personalized support. Second, Munay provides *financing* through nanocredits tailored to the needs of entrepreneurial women, with the interest of generating a financial boost to their enterprises. Finally, the organization provides *knowledge* based on a scheme of individualized mentoring on specific topics upon demand from the entrepreneurs, thus strengthening the capacities of entrepreneurship in some of the seven areas offered: Finance, Impact, Legal, Marketing, Strategic Planning, Advice for applications and Technology.

These services are made available to entrepreneurs on the Munay website. In this way, the coMUNAYdad starts from a commitment to digitization, pursuing not only a greater scope within the potential financed entrepreneurs, but also a lower volume of fixed costs. On the coMUNAYdad platform<sup>10</sup>, Munay has established a non-inflationary digital currency called *Muni*, through which enterprises can access personalized advice<sup>11</sup>. By paying the registration fee on the platform<sup>12</sup>, they get 200 monthly munis, redeemable in up to three mentorships per month in the seven available areas.

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<sup>9</sup> Munay. Declaration of Socially Responsible Entrepreneurship. Available in: [https://www.soymunay.org/\\_files/ugd/26e50d\\_66a417ef3fcc42e099067d0915ad26f0.pdf](https://www.soymunay.org/_files/ugd/26e50d_66a417ef3fcc42e099067d0915ad26f0.pdf)

<sup>10</sup> The platform is Munay's website, in which the enterprises access: registration, selection of the *ñañay*, agenda of the mentoring sessions, tasks for the entrepreneurs, statement of results and follow-up. It is expected that in the future all credit management will be carried out from the platform.

<sup>11</sup> Each mentorship costs 65 munis.

<sup>12</sup> Registration costs USD \$5 per month or USD \$50 per year.



## INNOVATIVE FACTORS

Munay's business model is innovative, especially as a result of the implementation of an investment framework designed under gender criteria, with individual credit ratings and specialized advisory services through one-on-one mentoring.

The nanocredits offered by Munay vary between USD \$1 and USD \$500. Interest rates range between 6% and 12%, depending on two factors: the term of the nanocredit and the risk rating<sup>13</sup>. To define the credit rating, Munay has a process that consists of three parts. The first begins with diagnostic mentoring, carried out free of charge with the purpose of making a detailed analysis of the enterprise, identifying those areas that need support. Ten dimensions are evaluated: problem, solution, segmentation, competition, value proposition, income, costs and expenses, social networks, impact and team. Subsequently, if the entrepreneur wishes, she proceeds with nanocredit mentoring. The process ends with the completion of a form where information is collected on the stability of the entrepreneur, in order to identify the potential risk of financing.

The results of the mentoring and the application form are weighed equally, and based on the analysis developed by Munay's team, the cost of capital that the undertaking must assume is determined, according to the defined range of interest. By doing so, Munay gives access to financing to entrepreneurs who do not have a credit history, preparing them to receive more financing as their businesses grow.



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*"About four months ago, we financed an entrepreneur with operating capital. The cycle ended and two weeks later we were disbursing a new loan. That is the intention, that [the accompaniment] is a cycle, if we no longer cover the need for capital, it does not imply that [female entrepreneurs] stop having access to knowledge". Valeria Díaz Romero, CEO of Munay.*

<sup>13</sup> Credit scoring.

Credit rating also follows a gamification strategy in the case of new financing cycles. Based on the performance analyzed by Munay, as well as access to mentoring within the platform, the organization reconsiders, in subsequent cycles, the possibility of adjusting the previously agreed interest rate. Thus, women entrepreneurs have incentives for credit behavior adjusted to expectations and for outstanding performance in the core of their businesses, with the prospect of accessing capital at a lower cost.

In addition to this credit rating procedure, Munay assesses compliance with at least one of the first four gender criteria, adapted based on the 2X Challenge. In this way, it appraises the *entrepreneurship* assessing whether the enterprise was founded by one or more women or at least 51% of the assets are owned by one or more women; the *leadership*, valuing the representation of women in hierarchical positions; the *job*, evaluating the participation of women in the labor force and the continuous improvement in labor access for them and, finally, the *consumption*: establishing if the enterprise provides goods or services aimed at women and if they benefit them<sup>14</sup>.

The execution of this investment framework guarantees Munay its purpose of contributing to financial inclusion from the dimensions of access, use and quality. In terms of access, it ensures financing through nanocredits tailored to women entrepreneurs at an affordable price. Regarding use, entrepreneurs have personalized advice to obtain credit every time they request it. Finally, in terms of quality, nanocredits are agile, cheap and useful, as well as built taking into account the specific needs of women entrepreneurs based on the mentoring carried out.



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Specialized advisory services have been built as a mechanism to accompany financing, so that the latter generates the expected momentum. Mentorships are led by *ñañays*, who voluntarily join the community to put their knowledge at the service of women entrepreneurs. The technical advice provided by Munay provides incentives for women entrepreneurs to make good use of the money, which guarantees that the financed capital is used for the development of the enterprise, either as investment capital.

<sup>14</sup> Munay. Gender approach criteria. Available in: [https://www.soymunay.org/\\_files/ugd/26e50d\\_d4ed1bb2c7f143259a8a47df081492e5.pdf](https://www.soymunay.org/_files/ugd/26e50d_d4ed1bb2c7f143259a8a47df081492e5.pdf)

Offering specialized advice in different areas of entrepreneurship, not exhausting itself only in financial matters, represents an outstanding attraction for entrepreneurs who do not currently have financing from Munay. In fact, 9 of the 53 enterprises subscribed to the platform are there solely with the interest of accessing mentorship in one of the areas. The organization has 22 themes<sup>15</sup> on which to develop specialized mentoring, in addition to diagnostic mentoring and nanocredit. In this way, the knowledge transfer and intalled capacities stand out as one of the fundamental pillars of the business model, which also contributes to reducing the risks identified in the credit rating framework.



## LESSONS

As of June 2022, 86% of Munay-funded startups were 51% female-owned or founded by women, while 85% had at least 40% female labor participation. By August 2022, Munay has mobilized more than USD \$37,000, having registered 390 startups with a total of 150 hours of mentoring offered.

Since its foundation, Munay has been concerned with serving a market segment traditionally marginalized from access to financing, both due to low sales volume and limited credit experience. It currently addresses a set of enterprises with a high level of risk, which it tries to refine through the accompaniment of specialized mentoring in different areas.

This mapping process has allowed Munay to recognize a set of common needs, for which it is building content capsules that speed up the access of startups to specific knowledge, for example, in terms of budget modeling. With this, the organization hopes to tailor more its non-financial support.

Among the impact measures that it hopes to advance will be the contribution to dismantle the barriers to access financing faced by women entrepreneurs, especially those without a credit history. Munay's interest lies in the possibility that the credit rating methodology and the subsequent provision of financing are considered by traditional banks as part of the credit history of the financed women entrepreneurs, validating their previous experience within Munay at the time of accessing future

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<sup>15</sup> For more information on the different types of mentoring, see: <https://www.soymunay.org/descripci%C3%B3n-knowledge>



credits. To do this, Munay advances negotiations with banks, development financial institutions, multiple banking associations and other actors, to achieve acceptance of the financial system.

One of the main challenges identified has been the wide demand for nanocredits in Bolivia, a situation that persists at the regional level. Faced with this challenge, Munay hopes to expand its operations in the country and eventually scale its services to the entire region. The initial construction of the community in Bolivia has, among other things, the purpose of testing a relationship model with women entrepreneurs for future scaling in the region. The organization also hopes to consolidate the results of the first funded cohorts to subsequently open investment rounds. Added to this, Munay's commitment as a social enterprise is to reinvest at least 51% of its profits in achieving its social purpose.<sup>16</sup> In addition to access to impact investment capital to consolidate its business model, Munay hopes to develop a platform with its own code to automate credit rating, risk assessment and credit allocation processes, harmoniously incorporating all nanocredit processes, which includes payments and monitoring of installments. To do this, it will design a mobile application that speeds up access to mentoring and payments, which would allow it to expand the scope of its area of knowledge and training.

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<sup>16</sup> Munay. About Munay. Available in: <https://www.soymunay.org/sobre-munay>