

***Vision Banco* - Habitat for Humanity's Improved Housing Program for Low-income Families in Urban Paraguay**

Borrower. *Vision Banco* is the leader in the microfinance sector in Paraguay. It has the second largest branch network after *Banco Nacional de Fomento* in Paraguay, but when measured by assets size, it ranked sixth among the 14 banks that are operating in the financial system of Paraguay. The loan portfolio of *Vision Banco* is mainly concentrated in microfinance, followed by consumer personal loans. The current target client is concentrated in the segment of micro entrepreneurs and wage-earners. *Vision Banco's* market position is relatively strong due to its well diversified portfolio and geographic segmentation of clients. Currently, *Vision Banco* has more than 139,601 clients and 54 offices in Paraguay.

The Project. The project's objective is to improve the housing conditions of low income micro-entrepreneurs and wage-earners in urban Paraguay through an innovative package of access to credit and technical assistance, specifically for home improvements or expansions. In an effort to accomplish this objective, the IDB is exploring to provide a partial credit guarantee of up to US\$3 million from the OMJ Facility to *Vision Banco S.A.E.C.A.*, a leading commercial bank in Paraguay specialized in microfinance, who will be able to borrow from a local bank in order to leverage the financial resources, in local currency, for the new housing credit line.

Through a collaborative partnership with Habitat for Humanity ("Habitat") and the government's *Agencia Financiera de Desarrollo* (AFD), *Vision Banco* has developed the first specialized financial product in Paraguay to serve the needs of this population that currently do not have access to formal credit for housing construction, improvements or expansions. The project's innovation lies on leveraging the experience of Habitat to provide screening, technical assistance and financial literacy to the beneficiaries. Furthermore, by mobilizing private resources, the project will make a positive impact on the availability of funding which is currently unavailable for this type of client.

This project is consistent with the OMJ Initiative because: (i) it seeks to improve the housing conditions through access to credit for low-income people who currently do not have access to this type of financial product; (ii) the business model includes a partnership with an NGO to provide technical assistance to the beneficiaries; and (iii) it has the potential to be scaled and replicated by other financial institutions specialized in microfinance in Paraguay or in any other country in the region.