

## PROJECT SUMMARY

### COLOMBIA

#### **ALIATU: FINANCIAL INCLUSION OF MICROENTERPRISES AND SMALL BUSINESSES IN COLOMBIA (CO-L1279)**

In Latin America and the Caribbean, micro, small, and medium-sized enterprises (MSMEs) account for 99.5% of the region's businesses, 60% of the employed population, and 25% of gross domestic product (GDP).<sup>1</sup> Despite their social and economic contribution, MSMEs tend to remain small and are significantly less productive than large enterprises. One of the main reasons is the great difficulty they have in accessing finance. MSMEs in Colombia are no exception and face challenges with respect to cash flow management, compliance with formal financing requirements, and the limited number of financial products that suit their needs.

Within the MSME space, this project focuses on microenterprises and small businesses (MSBs). The overall objective of the proposed loan is to improve access for Colombian MSBs to loans tailored to their business needs and available via digital means. The purpose is to contribute to the expansion of [Aliatu](#), a Zinobe SME CREDITS S.A.S. ([Zinobe](#)) alternative loan product, that makes it possible for MSBs without a credit history in traditional sectors, such as construction, to obtain financing. IDB Lab resources will be used to increase Aliatu's impact in segments of high economic vulnerability, including women MSB owners.

[Zinobe](#) is a leading developer of financial inclusion products in the Colombian fintech sector. It is among the oldest companies of Colombia's fintech ecosystem, having successfully closed its series A round in 2018, led by [QED Investors](#). In 2022, Zinobe announced its merger with [Mexarrend](#), a Mexican financial company, to create [Tangelo Latam](#)<sup>2</sup> with the aim of accelerating financial inclusion in Latin America and the Caribbean.

IDB Lab will issue a US\$1.5 million loan to Zinobe to: (i) provide loans to Colombian MSBs operating in the very low and low income strata; and (ii) conduct specific productive credit campaigns for MSB owners. The IDB Lab funds will be supplemented with US\$9.5 million of debt that the company is raising.

As a direct result of the project funding, Aliatu, by the end of the project, is expected to have reached at least 3,900 MSBs in Colombia and to have launched campaigns focused on women-led MSBs to reach more than 1,400 clients.

The project is of potential interest to IDB Invest, as it could become a client in the medium term, either through investment, financing of a debt fund, or a direct loan.

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<sup>1</sup> Inter-American Development Bank. MSME Financing Instruments in Latin America and the Caribbean During COVID-19.

<sup>2</sup> Upon completion of the merger (expected by year-end 2022), Zinobe SME CREDITS S.A.S. will become a subsidiary of Tangelo Latam.