

## SUMMARY OF THE PROJECT IN DESIGN \* (\*)

### Marco: Unlocking economic growth through trade financing.

<b>PITCH ELIGIBILITY DATE</b>		<b>COUNTRY(IES)</b>
08/17/2023		Ecuador; México; Peru; Uruguay
<b>ALIGNED WITH COUNTRY STRATEGY?</b>		
Yes		
<b>PARTNER(S)</b>		
Marco		
<b>PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT</b>		
FI-2 (**)		
<b>TOTAL BUDGET</b>	<b>IDB Lab</b>	<b>LOCAL COUNTERPART AND COFINANCING</b>
	US 1,350,000	
<b>DESCRIPTION</b>		

**The problem:** Latin America's export industry faces a \$350 billion trade finance financing gap, hindering small and medium-sized enterprises (MSMEs) from accessing suitable financing solutions due to outdated risk analysis, lack of specialized financing products, inflexible procedures, foreign exchange challenges, and limited legal compliance capabilities, especially for women-led businesses.

**The solution:** Marco Financial is a tech-enabled trade-finance platform that offers fast and easy international trade financing products (factoring, asset-based loans, etc) to small and mid-sized exporters in Latin America, addressing the financing gap with tailored products, automated risk analysis, and streamlined processes.

**The beneficiaries:** The beneficiaries of Marco's project are MSMEs operating in the export and trade vertical in Latin America, including women-led businesses. The platform empowers them by providing access to working capital, fostering growth, and improving their competitiveness in the global market. These companies are often excluded from traditional financing products. This is proved by the fact that around 38% of Marco's clients were previously rejected from loan applications, and 24.71% are considered microbusinesses with some countries going up to ~94% of its portfolio being MSMEs.

**The partner:** Marco's mission aligns strongly to that of IDB Lab's due to its focus on MSMEs, its successful track record in lending to debtors, its strong management team - with several years of experience in the exporting industry, and its potential for fostering gender equality and diversity in the workplace.

**The IDB Lab's contribution:** IDB Lab will contribute US\$1,350,000 for its direct equity strategy. IDB Lab's investment in Marco Financial will support the growth and expansion of its operations, help improve impact measurement and outreach efforts, facilitate regional connections, and potentially complement IDB Invest's trade financing facility and other efforts in the future.

\*The information mentioned in this document is indicative and may be altered throughout the project cycle prior to approval. This document does not guarantee approval of the project.

\*\*The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.