

PROJECT ABTRACT

Country:	Mexico
Sector:	Financial Markets
Project Name:	Te Creemos Microfinance Securitization
Project Number:	ME-L1155
Borrower:	<i>Mexican SPV</i>
Sponsors:	<i>Te Creemos</i>
Proposed Guarantee:	MXN\$877.5 million

PROJECT OVERVIEW

The main objective of the project is to provide access to finance to the micro-lending sector in Mexico through the capital markets. Te Creemos, a Microfinance institution, will set up a securitization backed by a portfolio of micro-loans to obtain financing from institutional and impact investors in the capital markets to increase its loan origination across the low income population in Mexico.

PROJECT DESCRIPTION

IDB's contribution to the project consists in providing a partial credit guarantee for up 50% equivalent to up to MXN\$877.5 million of the outstanding balance of a micro-loan securitization of Te Creemos.

DEVELOPMENT IMPACT

IDB will be strongly contributing to impulse microfinance activity that has proven to be an effective mechanism to fight poverty, which continues to be a core challenge in the Mexican economy. With this transaction, the IDB will have a strong social impact by servicing the poorest population and will be contributing to the important challenge of banking the unbanked; that is, to expand credit and financial culture among the most needed.

IDB'S ADDITIONALITY

It is expected that with the IDB support, the securitization will be able to achieve a level of rating appealing to institutional investors. The securitization will support a greater micro-finance loan origination, consequently, increasing the access to finance to low-income communities that are often excluded of the financial sector. IDB's additionality also results from its support to Mexican capital markets by supporting the access of Te Creemos to domestic capital markets and offering institutional investors a good quality instrument.

PROJECT CONTRIBUTION TO IDB OBJECTIVES

The project is in line with the GCI-9 targeting on poverty reduction. The project will also contribute to indicator: 3.3.1 Micro/Small/Medium productive Enterprises financed. The project is in line with the county strategy by promoting alternative financing to an unregulated financial institution to increase lending to MSMEs. The project is aligned with IDB's Structured and Corporate Finance division targets in providing access to finance to 700 thousands SMEs. Finally the project is aligned with the beyondBanking program specifically in its accessBanking pillar, that seeks to promote financial inclusion strategies en Latina America and the Caribbean.