Early Warning System

IADB-RG-L1144

Pago46: Revolutionazing Payments for Vulnerable Populations in Times of COVID-19

Pago46: Revolutionazing Payments for Vulnerable Populations in Times of COVID-19

Quick Facts

Financial Institutions	Inter-American Development Bank (IADB)
Status	Active
Bank Risk Rating	C
Voting Date	2020-07-30
Borrower	Regional
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 0.60 million
Project Cost (USD)	$ 0.70 million

Project Description

The project objective is to improve the ability of the region's consumers to access products and services available through digital platforms, by supporting the consolidation of an innovative payments solution that brings together cash and digital transactions and also generates additional income opportunities in the gig economy.

To achieve this, the project will provide crisis response financing to Pago46 under the Emergency Financing Line for Startups and Scaleups (LIFESS) Line of Activity, to help this startup cope with the effects of COVID-19 and carry on its business, while it completes its capital raising efforts. Pago46 is a regional startup offering an innovative on-demand cash-to-digital payments solution that delivers payment services to last mile clients. Pago46's solution is innovative in two ways: (i) it allows unbanked or underbanked consumers to pay with cash for goods and services being offered digitally, right from the place where the consumers are located and with minimized contact with the payment collection agent or the merchant; (ii) it takes advantage of LAC's growing gig economy market to mobilize a massive network of Pago46 mobile "agents" to facilitate the transactions. This activity also creates additional income opportunities for the agents, who often come from lower socio-economic class themselves. IDB Lab's contribution of up to US$600,000 will consist of a bridge financing, structured as a senior loan with an option to convert into Pago46's equity stock, at a future capitalization round. IDB Lab's financing will be used by Pago46's as working capital to fund its operations and to generate improvements in the company software, applications and technology related to its payment products and services in its current countries of operation and to expand services to Ecuador. As a result, this project is expected to benefit consumers and users of Pago46 payment services in Argentina, Chile, Mexico and, potentially, Ecuador to gain access to the digital economy and small businesses and gig economy workers to benefit from additional income opportunities, as Pago46 agents.

Investment Description

- Inter-American Development Bank (IADB)

Contact Information

ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).