Early Warning System

IFC-41306

Progresemos V

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Quick Facts

Countries	Mexico
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	C
Voting Date	2018-09-24
Borrower	FINANCIAMIENTO PROGRESEMOS SA DE CV SOFOM ENR
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 12.50 million
Project Cost (USD)	$ 12.50 million

Project Description

The project is to extend a Mexican Peso (MXN) line of credit to continue supporting the loan portfolio growth in Financiamiento Progresemos, S.A. de C.V., SOFOM, ENR (“Progresemos” or the “Company). Through the intermediary, the project expects to reach women microentrepreneurs in Mexican frontier regions and continue to: (i) enhance microlending competitiveness of the private sector; (ii) help deepen the financial sector since a high portion of the clients served, are outside the formal financial sector; and (iii) encourage sustainable social and environmental development.

Investment Description

- International Finance Corporation (IFC)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Progresemos, S.A. de C.V., SOFOM, ENR. (Financial Intermediary)
- FINANCIAMIENTO PROGRESEMOS SA DE CV SOFOM ENR (Financial Intermediary) **is owned by** Progresemos (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

Progresemos is a non-bank multi-purpose financial institution (“SOFOM”) specializing in microfinance lending, with experience in payroll lending and starting to diversify its product base to SME lending. Through its business model based on co-financing, the Company channels it product offering through: (i) strategic partners (“SP”); (ii) branches; and (iii) payroll agents; enabling the Company to reach a higher number of clients.

Progresemos’ ownership is compromised by institutional and individual shareholders with experience in the Mexican financial sector. The largest shareholders, which collectively own 42.92% of the Company are two private equity funds managed by Kandeo. After the Kandeo funds, the next largest shareholder is Mr. Rafael Moreno Valle, with 29.01% through his wholly owned holding company, Tegasa S.A. de C.V. Progresemos’ COO, Mr. Roberto Flores Athie, holds a 6.22% stake. Mr. Moreno Valle and Mr. Flores are the Company’s founding shareholders and sponsors and together hold 35.23% of the Company.

This is IFC's fourth investment in the firm.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Kandeo	Parent Company	-
-	-	-	-	Tegasa S.A.	Parent Company	-

Contact Information

For more project information, contact:

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/