

 Early Warning System

IFC-42684

DCM Fondo Esperanza Social Bond



Quick Facts

Countries	Chile
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	C
Voting Date	2020-01-10
Borrower	FONDO ESPERANZA SPA
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 10.00 million
Loan Amount (USD)	\$ 10.00 million



Project Description

The proposed investment (the “Project”) consists of an IFC anchor investment of up to US\$10 million equivalent in local currency in an up to US\$20 million total issuance for Fondo Esperanza SpA. (the “Company” or “FE”), as part of the Company’s first commercial paper program (the “Program”) in the local capital market in Chile (the “Country”). IFC would subscribe a longer dated 2-year tranche to mobilize the remaining US\$10 million from other local investors expected to invest in a shorter renewable tranche. The Project will help expand the Company’s microfinance portfolio to low-income microentrepreneurs, currently underserved by the traditional banking sector.



People Affected By This Project

The most significant expected project outcome is increased access to finance for microentrepreneurs from underserved segments in Chile. In addition, IFC anticipates that the Project has the potential to promote greater inclusiveness via demonstration and replication channels.



Investment Description

- International Finance Corporation (IFC)

According to the IFC, IFC's proposed investment consists of a subscription of unsecured securities in the form of social commercial papers for up to US\$10 million equivalent in local currency.

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.

- [Fondo Esperanza](#) (Financial Intermediary)



Private Actors Description

According to the IFC, Fondo Esperanza is a non-banking financial institution with more than 16 years of experience focusing on social development by supporting entrepreneurs from vulnerable sectors. It offers an integral microfinance service consisting of productive microcredits, microinsurance, mandatory trainings and strengthening of support networks. The Company is owned by Fundación de Microfinanzas BBVA with 51% of the capital and Hogar de Cristo with the remaining 49%.



Contact Information

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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/>