

## Company Profile: Progresemos

Progresemos is a microfinance institution that offers productive group microloans and payroll deduction loans in the rural regions of Mexico. As of 2014, the company served over 60,000 clients; 93% clients were in rural areas and 80% were women. The mission of the organization is to provide access to microcredit for productive activities to rural populations in Mexico, creating economic opportunities for entrepreneurs.



## The Challenge

The 30-day portfolio at risk (PAR) in 2014 was 4.9%, which means of the total loan portfolio 4.9% has been past due for more than 90 days. For most of the clients served, their productive activities are tied to every aspect of their life- i.e. there is little distinction between the net income of their business and the amount of funds they have to support themselves and their families. If a client cannot pay back their loan, they are unlikely to be able to pay themselves. Since most of the clientele are from rural areas, they have limited access to quality education; in particular, they have limited access to formal training related to best business practices.

## The Sustainability Innovation Grant

In October 2015, Progresemos was awarded a \$80,000 CAD Sustainability Innovation Grant (SIG) from Global Affairs Canada and managed by Mennonite Economic Development Associates (MEDA), with Progresemos contributing \$110,000 CAD. The grant contributed to the implementation of offering all clients free business training courses to every client, developed and executed by ProEmpleo, a third-party education provider, across all 26 branches. These courses focused on key areas of business management: accounting, marketing, inventory management and human resources. The business course was over 60 hours in length and was meant to equip each entrepreneur with the skills necessary to sustain and grow their business.

As training schedule timelines varied, MEDA monitored and gathered data for five pilot branches. The locations for the five pilot trainings were: Ayala (Morelos), Tulancingo (Hidalgo), Turreon (Coahuila), Papantla (Veracruz) and Oaxaca (Oaxaca). These branches served over 7,000 clients; 59 clients (17 men, 42 women) signed up and completed the extensive course.



“Having these initiatives with great allies such as MEDA and Sarona, who share our values, will create a possible and real way to change our clients’ lives.”

-Ariel González, Social Impact Manager

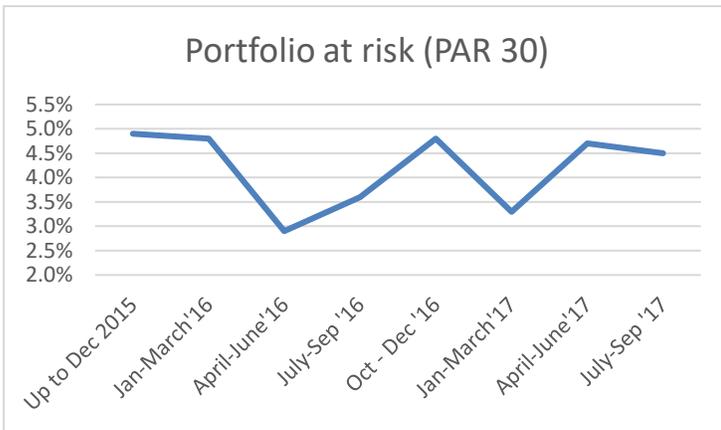
## SIG Impact

### Increased Business Performance of Company Clients

Progresemos conducted immediate post training surveys at the five pilot branches. These surveys indicated that the average month total sales of a client pre-training were \$673,301 MXN, whereas the average monthly total sales of a client post training were \$745,564 MXN. This means that the clients who took the training increased their sales by 10%. Progresemos will be conducting six-month-post training surveys that will provide information about the long-term outcomes of the business training.

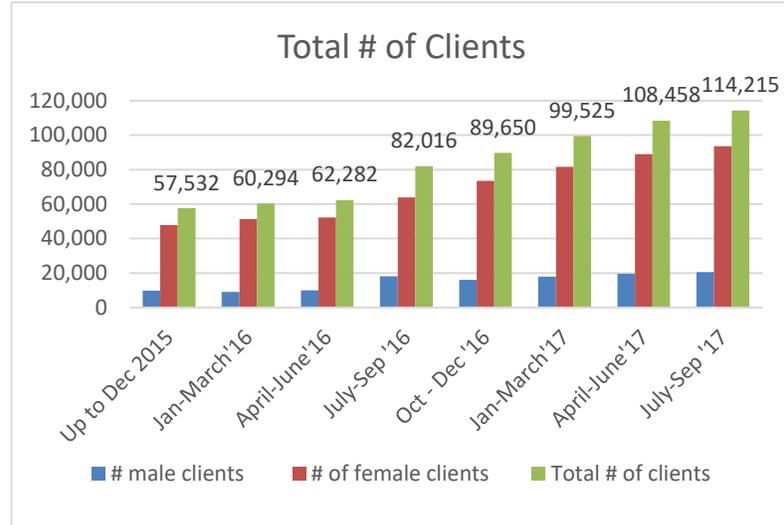
### Decreased Portfolio at Risk (PAR)

Although the portfolio at risk fluctuated (see below), it never exceeded the baseline throughout the implementation period. This showed that Progresemos is starting to make a difference by increasing their clients' ability to pay back the loans. As stated above, Progresemos will administer six-month post-training surveys to understand the training impact, including whether the training impacted the entrepreneur's ability to repay loans.



### Expanded Client Base

Throughout the grant implementation period, Progresemos expanded their market reach, increasing the number of clients served from approximately 57,000 to over 114,000 while maintaining their gender ratio of 80% female (see below). This expansion also resulted in greater income for Progresemos. From September to December 2015 Progresemos earned \$67,793,783 MXN (\$4,466,670 CAD), whereas from July to September 2017 Progresemos earned \$189,864,389 (\$12,515,165 CAD).



## Sustainability

Progresemos will continue to conduct their trainings across the remaining branch locations and plan to receive post-training data to measure how these trainings had an impact on their entrepreneurs' businesses. This project has contributed to the Sustainable Development Goals 1, No Poverty and Goal 10, Reduced Inequalities.

1 NO POVERTY



10 REDUCED INEQUALITIES



## Lessons Learned

Progresemos found it challenging to get their clients to commit to an extensive training course, even though they knew that the course would be very useful and help their business in the long run. They overcame this challenge by sending out a survey, administered by branch representatives, to understand what time and day of week would be best for the trainings. Some trainings ran every Saturday from 9am-5pm for eight weeks, whereas other trainings were Monday through Friday from 3pm-7pm for five weeks.