

1 Focus on Mexico

Economic Strengthening of Women

The United Mexican States covers a vast area (1,972,550 km²) and a large population of over 126 million people.

The country has witnessed a robust Human Development Index (HDI) evolution over the past 30 years, nonetheless the GNI progression has stagnated. Poverty remains a multidimension phenomenon: extreme poverty has declined over the past 25 years, still poverty head count is slightly higher than the regional peers.¹ Income disparities between and within Mexican states are significant, where the household disposable income in northern regions can be three times higher than southern one.²

Additionally, while education is widespread, access to basic health services, especially for vulnerable women, remain a challenge that has been further exacerbated by the impact of the COVID-19 pandemic.

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In light of the disparity faced in the country, LMDF has defined a specific strategy that strives to direct its intervention to those microfinance institutions mainly located in the most vulnerable and poverty affected regions as Chiapas and Oaxaca.

Since 2018, we have disbursed a total MXN

145m (approx. EUR 6.5m) to three different institutions:

- **SOFIPA:** The MFI was created in 2004 as a savings and credit cooperative by the initiative of a group of young entrepreneurs engaged on the fight against unemployment and youth migration to the USA. Besides financing, they also offer services like life insurance, financial education sessions and various initiatives towards communities;
- **CONSERVA:** This MFI focuses on displaced indigenous women affected by the armed conflict in the Selva Locandona area, in Chiapas.
- **Avanza Sólido:** For over 12 years, the institution has specialised in granting microcredits to rural and urban clients with a specific focus on women. As a microfinance institution, Avanza Sólido also promotes responsible and inclusive finance through non-financial services.

In this edition of our annual report, we decided to present the microfinance institution Avanza Sólido in more detail and interviewed the Chairman of the MFI, Mr Oscar Cruz Torres.

¹ IMF

² OECD

2 4 Questions to

Oscar Cruz Torres, Chairman of Avanza
Sólido in Mexico



Could you briefly introduce us to Avanza Sólido and the context of financial inclusion in which it is operating?

We are a microfinance institution with a gender focus specialised in granting microcredits for rural and urban areas. For over 12 years, we have worked to promote responsible and inclusive finance through our non-financial services, to impact women and their families by strengthening skills to reduce inequality gaps.

[...] 90.5% of the companies in Chiapas are micro and small companies, which face a series of obstacles to access financing, such as the lack of guarantees, ignorance of the procedures and requirements to access credit.

Chiapas is one of the poorest states in Mexico, facing a context of poor financial inclusion that limits the economic and social development of its inhabitants. In the business sphere, 90.5% of the companies in Chiapas are micro and small companies, which face a series of obstacles to access financing, such as the lack of guarantees, ignorance of the procedures and requirements to access credit. In addition, many of these companies are located in rural areas, which makes it even more difficult for them to access financial services.

Given this situation, various strategies have been implemented to promote financial inclusion in Chiapas. One of them is the opening of branches in rural areas, which

has allowed greater access to financial services for the population. In addition, microcredit programs have been promoted for local entrepreneurs and training in financial education has been provided as well.

Also, we have innovated in the measurement of the integral growth of our clients, through the implementation of the tool known as "Semáforo Avanzamos Contigo" which is a methodology emanating from the "Fundación Paraguaya". This allows us to know the multidimensional poverty of our clients and accompany them in their process of overcoming poverty.

Most of your clients are women in rural areas. What motivated you to work so intensively with them and what financial and non-financial products do you offer?

Our main motivation was to witness the many challenges they face. Most of our portfolio is composed of women from the southeast of Mexico. These areas concentrate the highest density in the state of Chiapas, where 85% of households are headed by women with an average of 3 children. Among its main challenges are gender violence and the lack of access to a professional education that is reflected in the level of schooling that are around secondary education. Most of them



Avanza Sólido has different programs benefitting their clients to strengthen the economy of women and their families // LMDF

have are on average 35 to 45 years old, the reason why they also face unemployment with a probability rate of more than 51% not to be hired in a formal job. The main reason to undertake is the need and this determines that your source of income comes from your own business. A large part of this portfolio is also categorised as unique because they had the need to boost their business but the difficulty in accessing formal banking prevented them from having access to traditional financial products.

Our financial products are oriented towards the fulfilment of our social mission, strengthening the economic autonomy of women, through three products: individual credit, group credit and a house improvement credit.

Additionally, within our non-financial products we have the “Avanza tu Salud” program which is dedicated to health, the Economic Strengthening of Women and Avanza Verde which promotes care for the environment and its link to food health.


Could you explain how the “Economic Strengthening

of Women” and “Avanza tu Salud” programs work?

The Women's Economic Strengthening Program was created with the objective of strengthening the economy of women and their families, through training and digitalisation of their enterprises. This program is composed of the following axes:

Financial Education Talks: A training mechanism that seeks to promote the economic development of women through the acquisition of management knowledge and financial skills. We also have “Social Ambassadors” within indigenous communities we rely on, to support us in translating into the mother tongue.

Digitisation Seminars: These seminars are composed of three synchronous editions and have as objective to reduce the inequality gap in digital issues. These are developed consecutively once a year. The first edition is focused on creating a business image, on basic finance and marketing. The second one focuses on the management of business social networks and the use of payment gateways. The last one seeks to be the last impulse so that our clients can make the transition to the world of digital commerce,



focusing on the use of digital design tools, creation of a digital strategy and online sales platform. These trainings are given by women and each seminar includes at least one talk on the prevention of gender violence.

For us, the "Avanza tu Salud" program is a comprehensive program designed to promote the prevention of non-contagious diseases and improve access to medical care in remote communities. Our objective is to guarantee a better quality of life in the communities and this program allows us to offer preventive health services.

One of the main strategies implemented by this program are the medical units, which consist of health professionals who travel to remote and difficult-to-reach communities with a medical team. These units provide general consultations, dental consultations and basic medicines, glucose and blood pressure measurement. In addition, they inform about the prevention of degenerative diseases and good eating habits.

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The program also focuses on sexual health through the promotion of contraception to contribute to family planning and prevent unwanted pregnancies. Through information campaigns and free distribution of contraceptive methods, we seek to empower women so that they can make informed decisions about their reproductive health.

We also recognise the value of maternal health. This is why we provide training and support to traditional midwives, fostering the integration of their knowledge and skills with modern medical practices. In this way, we seek to ensure that pregnant women in remote communities have access to quality and safe prenatal care.

What are the development goals of your institution for the next few years?

We wish to expand our geographic reach to more low-income rural and urban communities that face difficulties in accessing financial services by establishing new branches. This strengthens the digitisation of our services to improve operational efficiency, expand access to financial services, make the processes of request and management more efficient, and offer a better customer experience to provide more services adapted to the needs of customers. This contributes to the strengthening of the impact and effectiveness of the company in the microfinance sector.

In terms of social impact, our objective is to continue innovating through our non-financial products to continue to tackle the challenges arising from the context of multidimensional poverty in which we operate. We consider the empowerment of women, investment in health and the implementation of environmental adaptation and mitigation strategies as central axes of our actions, promoting the development of rural communities and advancing towards a more sustainable world.

Translated to English by LMDF



Our aim is to expand our geographic reach to more low-income rural and urban communities // Avanza Sólido