



For immediate release, Thursday, February 11, 2010

Media Contact: Elisa Murray, 206-652-8795, 206-334-9893 (cell)
emurray@globalpartnerships.org

Global Partnerships Expands Microfinance Support to Mexico

Seattle - Global Partnerships (GP), a Seattle-based nonprofit that supports microfinance programs and other sustainable poverty solutions in Latin America, announced today that it has expanded its programs to Mexico. In October 2009, GP made a loan of \$500,000 to a Mexican microfinance institution named Fundación Realidad (FRAC), a nonprofit organization that serves primarily rural women clients in 11 states.

“Although the initial loan to FRAC is relatively small, our expansion to Mexico is an important step because of the need for affordable, mission-focused microcredit in Mexico,” said Global Partnerships’ President and CEO Rick Beckett. “FRAC shares our commitment to reaching poor families with affordable credit and other services that can help them break the cycle of poverty.”

Global Partnerships’ model is to invest affordable capital and management expertise in “social enterprise” microfinance institutions (MFIs) that are financially sound, competitively strong and committed to exceptional levels of social impact. In practice, this means these MFIs focus on reaching people who have traditionally been excluded from the financial sector; and often combine microcredit with services such as business education, health education or technical assistance.

FRAC, for example, a World Vision affiliate, fits two of Global Partnerships’ investment criteria. First, the organization is bringing microcredit to underserved markets. With 17 branches in 11 states, FRAC works in some of the poorest areas in Mexico, including some that have been hit with natural disasters; and serves a client base that is 82 percent women and 87 percent rural. Second, its loans are relatively affordable, with an interest rate that is 12 percentage points lower than the Mexican microfinance industry median.

Because of the unique characteristics of the Mexican microfinance market, this emphasis on affordability is especially critical. The microfinance industry in Mexico—which developed later than in countries such as Bolivia and Nicaragua, but has experienced explosive growth in recent years—is currently dominated by one large commercial MFI, Compartamos. While Compartamos has helped expand the reach of microfinance in Mexico, the lack of competitors has contributed to keeping interest rates in the country high, about double the rates in Central and South America.

“As the Mexican microfinance industry matures, GP will look for new opportunities to invest in microfinance partners that share our commitment to social impact,” says Global Partnerships’ Rick Beckett. “Working with FRAC is an exciting first step.”

####

Founded in 1994, Global Partnerships (GP) is a Seattle-based nonprofit organization that expands opportunity for people living in poverty by investing capital and management expertise in socially motivated microfinance institutions. GP raises capital through a microfinance investment fund strategy. With staff based in Seattle and Managua, as of December 31, 2009, GP invests in 28 microfinance partner institutions in seven Latin American countries that together, serve 812,000 borrowers. Find out more at www.globalpartnerships.org.