BANAMEX-CITI MICROFINANCE FINANCES SMALLHOLDER PRODUCERS OF SUNFLOWER SEED IN ZACATECAS, MEXICO IN A STRATEGIC ALLIANCE WITH PEPSICO

- In its initial phase, the program will make available a 5.7 million Mexican Peso financing facility for the 2013 spring-summer cycle, to offer micro loans under preferential conditions for farmers contributing to their financial inclusion.
- PepsiCo (Sabritas) will select the producers and will provide them with technical assistance in their productive process to help them comply with the company’s corporate sourcing standards and integrate them to its supply chain.
- The Inter American Development Bank will provide supplementary guarantees to potentially expand the program’s scale and outreach.

Mexico City.- Today, Banco Nacional de Mexico and Citi Microfinance, informed of its Strategic Alliance with PepsiCo (Sabritas) for the implementation of a tailor made financing program for smallholder sunflower seed producers in the State of Zacatecas, Mexico. The program is expected to be scaled with the support of partial guarantees to be provided by the Inter American Development Bank.

Through this innovative solution, Banamex will provide working capital to smallholder farmers for the production of sunflower seed. This partnership will ease access to credit - under preferential conditions - to approximately 250 producers in Zacatecas previously excluded from the formal financial sector, each holding a maximum of 15 hectares, that add up to the equivalent of 5.7 million pesos for the 2013 spring-summer cycle.

In addition, Banamex, through its Financial Education Program SABER CUENTA, will offer courses and workshops to participating producers and their families to help them get a better understanding of financial products and services and their use.

PepsiCo (Sabritas) will select the participating producers and will integrate them to its supply chain through the Sabritas “Contract Farming” program, in which the specifics of the yield are defined at harvest (volume, quality, price, date and place of delivery). In addition, Sabritas will provide them with advisory services and technical assistance throughout the production process to improve productivity levels.

It is expected that the IDB will join the partnership through its Opportunity for the Majority Program (OMJ), providing a risk sharing facility to Banamex that will enable scale and outreach expansion.

Ernesto Torres Cantu, Banamex’ CEO, said: “By joining forces with one of our premium multinational clients, Banamex is able to provide access to credit, transactional services and financial education to smallholder farmers in Mexico, who have little or no access to formal financial services. This Alliance contributes to the generation of more stable income sources for rural families, helps develop deeper and more inclusive supply chains for a global client of Citi,
and constitutes an important milestone in our efforts around financial inclusion, which is a key component of our business strategy"

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“The experience gathered in the first phase of this program, and the international footprint of the participants will allow us to potentially replicate the program in Mexico and in other countries, thus contributing to the financial inclusion and sustainability strategies of Citi and PepsiCo worldwide.”

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