



Growing Inclusive Markets

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CASE STUDY

Latin America & the Caribbean • Mexico / United States

Construmex: Facilitating Remote Housing Investments for US-based Mexican Migrants

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Sector • Construction
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Summary

Construmex is one of CEMEX's vanguard social initiatives. It was launched following the company's experience resulting from *Patrimonio Hoy*, a preceding low-income market and socially minded business initiative. Since its inception in 2001, Construmex has helped more than 14,000 Mexican migrants in the United States improve, build or buy a house for themselves or their families in Mexico. By playing an intermediary role between the Mexican migrant in the US and their designated contact or beneficiary in Mexico, Construmex helps to increase the resource efficiency and effectiveness of the intended housing investment. This case examines Construmex's challenges and innovations serving low-income markets, as well as the variety of partnerships necessary for successful commercial transactions that are opened in one country and closed in another.

“Our social initiatives, such as Construmex and Patrimonio Hoy, allow us to establish a missing link: a direct relation with our low income clients. They've always purchased our products indirectly through retailers, subject to differentiated services given to the small volume of their individual purchases. Thanks to these initiatives we engage with them, creating value for the community, for our value chain small and medium distributors, as well as for the company”.

– Héctor Ureta. Social Solutions Director, CEMEX in Mexico

Remittances Fail to Advance Housing Investments

During the last few decades, migration has been a central concern on the Mexico-US foreign affairs agenda. According to the Pew Hispanic Center, more than six out of ten Hispanic immigrants in the US are of Mexican origin, totaling approximately 20 million. Of these, about half are first or second generation, meaning that either they or their parents were born in Mexico. Against this backdrop, Mexico is placed as the world's largest recipient of remittances; Mexico received US\$21.8 billion in 2005.¹ Second only to oil exports, remittances are a major source of foreign currency for Mexico.

Contrary to several other Latin American countries where migrants are predominantly from middle-class families, 61 percent of the Mexican households receiving remittances are located in the bottom 20 percent income level. Of Mexican-US migrants, 78 percent are illegal, 53 percent are out of the health insurance system and about 60 percent work in the delivery of various services (see some socio-economic indicators of migrants in Appendix A). Five Mexican states (Zacatecas, Michoacán, Guanajuato, Nayarit and Durango) have been identified by the Mexican government as having particularly high migration rates based on the fact that ten percent to 13 percent of families in those states receive remittances.

¹ World Bank (2007)



Despite Mexico's high rate of remittances, the resources transferred have showed a trivial impact in terms of poverty reduction according to a 2006 World Bank study.² A significant housing shortage is one aspect of Mexican poverty, with a need for more than 2.1 million new homes in 2005 and another 4.3 million existing units in bad condition. This deficit left more than 25 million people living with inadequate shelter.³

Informal processes of self-construction dominate low-income housing markets⁴, which often results in low quality and unsafe homes (see information on the quality of housing for the Mexican States with high migration rates in Appendix B). While some Mexican sources estimate that between nine percent and 16 percent of remittances are invested in housing, the World Bank research concluded that remittances have not fostered savings nor investments to improve housing conditions for the poor. In fact, the saving rates of the Mexican remittance recipients turned out to be lower when compared to non-recipients in similar income ranges.

CEMEX's Ongoing Social Enterprise Initiative: From Patrimonio Hoy to Construmex

CEMEX, a centennial company of Mexican origin, is a global provider of building solutions. It produces, distributes and markets cement, ready-mix concrete, aggregates and other related building materials and services. CEMEX has operations in more than 50 countries and employs more than 50,000 people. It is one of the top three cement producers globally and the largest in ready-mix concrete production.⁵



Construrama, retailer

CEMEX operations in Mexico are one of the most important for the company. Mexican operations accounted for 21 percent of CEMEX' total sales and 25 percent of assets in 2005. Its distribution network spans over 5,000 points of sale throughout the country, including more than 2,000 certified distributors, including small and medium-sized retailers from urban and rural areas.⁶

² According to the World Bank research, remittances reduced poverty headcounts in 6 out of 11 countries for which data was available. Mexico was among the exceptions.

³ CONAFOVI (2005). The estimate considers an average of 4 persons per home.

⁴ Ashoka (2006)

⁵ More information on CEMEX is available at: www.cemex.com

⁶ These 2,000 certified retailers were the local distributors participating in Construmex.



The Mexican cement market is predominantly comprised of small scale sales for the self-construction, low-income segment; this group represents about 40 percent of the total national demand of cement with annual sales of US\$500-600 million.

The low-income Mexican market segment was considered by CEMEX as highly complex due to the following factors:

- Fragmented and small scale nature of its purchases;
- Wide geographical spread in rural and urban areas alike;
- Length of the distribution chains serving its clients; and
- Inaccurate or non-existent commercial information.

Nonetheless, the commercial potential of this segment was widely recognized because it accounted for a significant portion of CEMEX total cement sales in Mexico in the form of millions of micro-purchases. Furthermore, the low-income market segment was also very attractive to the company due to its higher stability in the face of macroeconomic crises.⁷

Traditionally, low-income clients in Mexico were served by CEMEX indirectly by small local retailers. However, since the late 1990s, CEMEX has developed several ways of directly engaging with them (as described below), although the actual delivery of construction materials remains with local distributors.

Patrimonio Hoy (PH) was a pioneering effort by CEMEX to engage commercially with low-income urban Mexican markets. Conceived in 1998, this program promotes organization of low-income families into cells, allowing them access to micro-loans for self-construction projects. Located in some of the most disadvantaged areas of the country, PH makes possible a timely supply of construction materials through its network of local distributors. It offers technical assistance on design, space optimization, building methods and use of construction materials to reduce waste and save time. Through this model, PH has helped reduce construction periods in more than 60 percent of the projects undertaken and fostered savings of up to 35 percent for customers. These achievements were a matter of international pride for the company. In 2006, PH was selected for the “World Business Award in Support of the Millennium Development Goals” by the International Chamber of Commerce, the United Nations Development Program and the International Business Leaders Forum.⁸ By 2005, PH had benefited more than 128,000 families in 19 states and 45 cities in Mexico.⁹

The experience from PH paved the way for the development of Construmex in 2001. In its early stages, this new business initiative aimed to attract remittances from US-based Mexicans who dreamed of building or improving their houses, or those of their families, back

⁷ During the 1994-1995 Mexican economic crises, CEMEX Mexico experienced a considerable drop in the sales for the formal sector of up to 50%. In contrast, the sales in the informal or self-construction sector were reduced by only 10 to 20% (Prahalad, 2006).

⁸ <http://www.iblf.org/docs/news/WBAwinners.pdf>

⁹ CEMEX (2005).



in their Mexican hometowns. Official estimates offered an unclear picture of the extent to which remittances were destined to cover housing needs, as they ranged from one percent to 16 percent of the total.¹⁰ However, anecdotal stories about remittances sent with the purpose of housing investment but used by beneficiaries for consumption were common. CEMEX identified an opportunity to provide migrants with greater certainty of the investment of their remittance, as well as a more effective way of sending their money through a “cash to asset” model. Héctor Ureta, Social Solutions Director of CEMEX in Mexico, sees Construmex as “*a kind of travel agency selling in the USA goods and services that are delivered in Mexico.*”

In developing Construmex, CEMEX took advantage of several aspects of PH. First, it transferred the idea of providing low-income clients with technical assistance from experts, in order to help them construct a home that would be durable, safe and require minimal maintenance. The underlying strategy was to educate and make low-income clients aware of the overall benefits of investing in long-lasting housing. Second, Construmex made use of the PH database of building-methods in different regions of Mexico, which outlined the various quantities of cement required for construction. This information facilitated timely and accurate budgeting of the construction of a house in any part of Mexico and the quantification of required materials per room. Lastly, PH and Construmex shared the same distribution network of small and medium local retailers who were able to deliver materials to Construmex customers’ hometowns. Through its network of distributors, CEMEX was able to provide low-income markets in Mexico with tailor-made building solutions.

Early Challenges in Serving US-Based Mexican Migrants

Despite having access to the low-income market platform developed for PH, in the US Construmex faced a new, and hence unknown, market segment. At the outset, the Construmex team thought the endeavor would be relatively simple and were confident in their approach. Luis Enrique Martinez, Construmex Manager at the time, explained, “*We thought: we are CEMEX, it will be easy. There are many Mexicans in the USA and they are earning money, so we will open our doors and they will practically come to us.*” In reality, they underestimated the effort required to enter the new market.

The Construmex team had to recognize that they had limited information on the US market’s preferences. They needed to gather data on the needs and key attributes of their intended clients. Another challenge lay in the relatively low level of trust in commercial ventures from migrants who had previously been the victim of abuse and fraud by commercial opportunists. Some migrants had been taken advantage of from the moment they decided to leave Mexico when they were asked to pay high fees in USD to cross the border under degrading conditions. Also, once they were established in the US, many migrants suffered abuse from

¹⁰ 2006 estimates from the “Comisión Nacional de Fomento a la Vivienda” (CONAFOVI) and “Sociedad Hipotecaria Nacional” (SHN).



shops that delivered lower quality products to Mexico than the migrant purchased in the US. This made the development of trust a key aspect for Construmex's strategic positioning. Furthermore, Construmex discovered that its initial assumption that migrants had liquid cash available for housing investment was out of proportion. In fact, migrants were faced with financial restrictions that gradually made clear the need for financing mechanisms. Lastly, the company identified an initial rejection to the value proposition of Construmex from migrants' relatives in Mexico who in some cases were the intended beneficiaries. This had to do with the relatives' perceptions that their freedom to spend the money received discretionarily would be taken away. Besides, they feared a possible halt of remittances. For example, one of Construmex client's intended beneficiaries violently demanded the local distributor give him the equivalent money in cash instead of the construction materials ordered by his relatives in the US.

Construmex

Construmex was conceived and planned by CEMEX Commercial Vice-Presidency (VP) in Mexico. Its goal was to serve a new low-income market segment, US-based Mexican migrants, creating value for the CEMEX distribution network by connecting distant clients that wanted to invest in Mexican housing with local construction material distributors. Its initial model was one of "cash to asset" by which migrants could order and pay in the US for the construction materials that would be delivered in Mexico. There was no minimum purchase per transaction, and clients had free and unlimited access to guidance from CEMEX employed Mexican architects. Since 2001, Construmex's value proposition has evolved towards a wider spectrum of services and tailor-made building solutions, and certain restrictions were established. In addition, the initiative was transferred from the Commercial VP to the new Social Solutions Unit of the Institutional Relations and Communication VP. The following section explores the Construmex approach to early challenges, as well as the main components of its operational model.

Innovations in the Midst of Challenges

LACK OF INFORMATION AND COLLABORATIVE MARKET RESEARCH

Construmex soon realized that it was not the same to serve low-income clients in Mexico compared to those in the US, because the latter tended to approach commercial transactions such as this with suspicion and extreme caution. Therefore, there was a clear need to gain knowledge about migrants' needs and aspirations. Construmex established partnerships with Mexican Consulates in some major US cities to conduct market research including surveys, interviews and focus groups. The research was also useful to the Consulates for monitoring its service satisfaction levels. In exchange, Construmex provided the Consulates with customer service training or donations for the restoration or improvement of Consulate premises and facilities.



LOW TRUST LEVELS AND GRASSROOTS ALLIANCES

To tackle the lack of trust in the realm of commercial transactions with Mexican migrants, Construmex developed a service with a Mexican flavor. The company hired personnel of Mexican origin, dynamic salesmen and architects familiar with building practices of different regions in Mexico. Some members of the Construmex staff had even gone through the migration experience themselves and were especially sensitive to clients' needs. Construmex also developed a number of strategic partnerships to build their brand and, in turn, client trust.



Promotion event in Mexico

In partnership with Migrant Clubs, such as those of the Mexican states of Jalisco, Michoacán and Zacatecas, Construmex sponsored and helped coordinate social, cultural and sports events, as well as taking part in their monthly meetings. Construmex also assisted Migrants Clubs in the development of infrastructure projects directed to migrant communities in Mexico. While this grassroots approach did not deliver instant or massive sales, it was fundamental in constructing credibility,

legitimacy, trust and in positioning the brand and its slogan “*Házla paisano*” (translation: “*You can do it, compatriot!*”) in the various sponsored events.

Construmex also partnered with the Mexican government and was endorsed by the Mexican Ministry for Social Development (SEDESOL, which stands for “Secretaría para el Desarrollo Social” in Spanish) as an authorized channel for donations from Migrant Clubs. This was part of the SEDESOL Social Development “3 x 1 Program,” in which every peso that migrants donate for community infrastructure projects in their hometowns was matched by three additional pesos from the governments at the Federal, State and Municipal levels.

INSUFFICIENT RESOURCES AND THE DEVELOPMENT OF CREDIT SCHEMES

Construmex' initial aim of attracting large amounts of money from well-earning migrants who wanted to invest in housing was difficult to realize. In the majority of cases, migrants' families needed remittances to cover daily basic needs. In response, Construmex changed its approach in two complementary ways. First, it shifted its objective from attracting a share of the remittances sent to Mexico to competing for resources spent or saved in the US. Second, it developed credit schemes for the sale of construction materials and houses, offering loans and mortgages instead of merely channeling present income investments. This evolution also helped to deal with the initial rejection from migrants' relatives in Mexico as mentioned earlier, because relatives realized that Construmex would not take away cash sent previously for consumption purposes, but it could add to the previously sent funding through credit.



Business Model

PORTFOLIO OF GOODS AND SERVICES

CEMEX offered its standard products to low-income markets, including much more than cement. Construmex remotely sold more than 200 products available through local distributors' shops (see an example of a list of available products in Appendix C). It also provided technical assistance from experienced Mexican architects tailored to the clients' needs. In late 2005, Construmex diversified its services by also facilitating the acquisition of houses from real estate firms in Mexican territory under attractive credit schemes.

LOCATIONS

In 2001, Construmex opened its first sales office in Los Angeles. By 2006, there were six additional sales offices located in Chicago, Houston, Santa Ana, San Fernando, Lynwood and Atlanta. The administrative office, as well as the call center from which calls and inquiries from clients and beneficiaries alike are answered, is located in Guadalajara, Mexico.

PRICE STRUCTURE

At first, Construmex charged a one dollar commission in an attempt to attract the greatest possible number of clients. Small orders, ranging from US\$20 to \$50, were readily accepted in order to build an initial customer base. Clients could ask architects for as many blueprints as they wanted and reject them without cost. However, over time, Construmex established a minimum for retail orders and began to charge several commissions to clients, distributors and real estate firms. A US\$150 fee, taken into account as part of the first installment, was charged when a client first applied for credit and there was a US\$5 fee for each cash transaction. Distributors were charged a commission per transaction and agreed to sell construction materials at current Mexican market prices as set out in the sales office online system. Real estate firms were also charged commissions per sale. Interest rates on loans for Construmex products ranged from 12 percent to 24 percent over periods of six, 12 and 29 months.¹¹ For house sales, loans ranged from interest rates of 11.5 percent to 14 percent over periods of 10 to 15 years (see Appendix D for a comparison of Construmex' credit conditions with those of other companies serving migrants). Initial customer qualification criteria differed between the retail and the credit alternatives as outlined in Table 1.

Table 1: Qualification Criteria for Construmex customers

Scheme	Criteria
Retail orders	Minimum of US\$100 per transaction.
Credit	Applicants must provide - US\$150 for application fee and part of the first monthly payment - Official identification (Driver's license, Passport, Consulate Card, Mexican

¹¹ These loans required down payments of five monthly installments before the construction materials were delivered. Hence, the 29 month credit lasted for exactly two years after the down payment was paid.



	<p>Electoral ID, Military ID)</p> <ul style="list-style-type: none">- Proof of address in the U.S. (telephone or electricity invoice)- Proof of income or expenses for the last two months (U.S. tax payments accepted)- Signature of promissory note- ID and proof of address of a relative or friend in Mexico for endorsement, signature of a promissory note for 29 month loans (which makes the Mexican recipient a co-signatory to the loan) and reception of materials
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In addition, Construmex developed savings plans which allowed its clients to buy and save in the form of construction materials certificates until they had saved enough for what they intended to build. These had to be of US\$100 minimum and were valid at the exchange rate current on the date the purchase, while they did not generate any interest rate gains (see Appendix E for a comparison of Construmex exchange rate and commission with that of some Money Transfer Offices).

COMMERCIAL PARTNERSHIPS

Besides the strategic collaborations developed with Mexican Consulates, Migrant Clubs and SEDESOL, Construmex established several commercial partnerships. First, it established an agreement with DOLEX, one of the largest remittances transfer operators in the US, to facilitate its clients' payments in more than 800 points of sale. Second, it collaborated closely with a distribution network of more than 2,000 small and medium local retailers through which they could deliver construction materials near to the clients' construction sites in more than 1,200 locations in Mexico. Also, Construmex formed agreements with some of the largest and most prestigious real estate firms in Mexico to offer clients a diverse selection of housing alternatives in different regions of the country.

VALUE GENERATION

From 2001 to 2005, profit making was not at the center of the Construmex model, since its main goal was to generate value for CEMEX key institutional clients. That is, Construmex facilitated sales by linking small and medium size construction materials distributors and real estate firms to distant clients. In 2006, profit making was declared mandatory for the program with the goal of breaking even at the end of 2007.

Development Outcomes: Enhanced Efficiency and Effectiveness of Housing Investments

Through its services, Construmex helps migrants to make the most out of their housing investments by providing them with mechanisms to exert a greater control on the final destination of their money, offering professional assistance for the design of high quality homes, and making possible resource efficiencies in terms of money and time savings. In addition, it helps groups of migrants, through formal and informal Migrant Clubs and Associations in the USA, to more efficiently channel donation resources for community infrastructure projects in Mexico.



CONTROL ON THE FINAL DESTINATION OF INVESTMENT

Stories of migrant's relatives spending the remittances intended for the construction of better housing on other items abound. One of Construmex' promoters recalled a case of a migrant who, after ten years of sending remittances to his wife with the intention of building a better house and receiving pictures of the supposed progress, realized that no construction had ever taken place. Through its services, Construmex supports migrants to build houses that, in many cases, they would have only dreamed of, and the company helps to increase their savings in the form of housing investments.

BETTER HOUSING

Together with the improved quality of housing conditions, other benefits such as increased safety and durability due to better design and planning are enjoyed by Construmex customers. Better housing results in higher self-esteem and national pride for migrants and their relatives. For low-income families, a house represents much more than a shelter. It represents improved health through protection from weather and improved sanitation, security against theft, as well as a sense of identity, confidence and an increased ability to plan for the future. These benefits are evident in José's family in Michoacán.



When José left for the US, his wife Laura and their two daughters stayed in a plywood and corrugated metal single-room house; they owned the land, but constantly suffered because of flooding and cold. On one occasion, the water levels in their house reached about three feet, and they lost all their furniture and belongings. José heard about Construmex through friends, almost at the same time Laura heard about it from neighbors in Mexico. José began to send construction materials in the form of cash-to-asset transactions by acquiring certificates in Los Angeles for construction materials, which

would then be delivered to his wife in Morelia, Michoacán. Later, he applied for two credits of US\$2,400 and US\$2,600 over periods of six and 12 months, respectively. A Mexican architect from Construmex designed the blueprint for the house. After each payment, Jose received a reference number which he communicated telephonically to his wife in Mexico, allowing her to order the materials directly from the nearest local distributor. Simultaneously, Construmex staff ordered the material from the distributor, providing him with the reference number and name of the intended beneficiary. After two years, during which Laura's relatives worked on-site as bricklayers, a three-bedroom home with two full bathrooms, a living room and kitchen was 50% complete. In addition, the foundation of what would later become a garage service center and the source of family income when Jose returned from the US was built. These achievements fostered and inspired feelings of hope and confidence in the family's future.

By the end of 2006, more than 67,000 migrants had contacted Construmex, and over 18,000 orders had been placed for the delivery of construction materials. From 2002 to 2006, Construmex generated US\$12.2 million from construction materials' sales. Since late 2005, a total of 200 houses had been sold. About 23 percent of Construmex clients were women.



SAVINGS AND OTHER POSITIVE IMPACTS

Traditionally, remittances are sent through money transfer operators that charge high fees, offer exchange rates below market value and risk theft when the money is collected in Mexican money transfer operators' offices. As mentioned previously, it is estimated that between one percent to 16 percent of the remittances sent to Mexico were invested in housing. Furthermore, it is estimated that it takes a poor family about 16 years to build a four-room house, or about four years to construct a room.¹² Usually, this happens because of significant waste of construction materials due to erroneous estimations. In the case of PH, the savings in time for clients ranged from 60 percent to 70 percent; in costs, clients saved up to 35 percent. The savings accrued to Construmex clients in terms of the money transfer costs and exchange rate surplus are considerable (see Appendix E).



Parents of migrants

Better building planning translates into future savings due to lower home maintenance costs. Also, the client benefits from the development of a credit history in the US. There is also a positive impact generated for the construction industry in general, particularly for small and medium sized local distributors and community construction workers.

EFFICIENT TRANSFER OF COMMUNITY DONATIONS

Construmex is a legitimate and authorized vehicle for channeling donations collected by Migrant Clubs for community infrastructure projects, as well as for reconstruction efforts in the aftermath of natural disasters occurring in migrants' hometowns. Since the Mexican Ministry accepts transfers of construction materials from Construmex for Social Development (SEDESOL) as in-kind donations with a monetary value as part of the 3x1 Program mentioned earlier, migrants are able to transfer materials directly to their communities of origin, instead of sending cash donations. Construmex offered Migrants Clubs its cash to asset transfer services with the same commissions and preferential exchange rates offered to regular clients. With this, it helped Clubs to simplify the donations' administrative processes and lower the risk of corruption besides the positive implications for CEMEX in terms of leveraging public resources at the Federal, State and Municipal levels.

Current Challenges

Six years after its launch, Construmex is working towards the consolidation of its business model. The first years were considered an adequate period of incubation. The main challenge in 2006 was scaling up and attaining financial sustainability. The company was confident that

¹² Prahalad (2006).



the initiative would break even in 2007 and become profitable by 2010. Some of the key challenges for Construmex leaders in 2006 were learning how to engage CEMEX salespersons and local distributors to be more proactive partners and promoters of Construmex in Mexican communities that were characterized by high migration rates. Also, a need to extend word of mouth marketing among migrant's families in Mexico was identified. For Construmex, there was still no quantitative evidence of the extent of savings in terms of time and construction materials devoted to building since a cost-efficient way of providing guidance and supervision in the field had yet to be developed.¹³

Future Scalability and Replication Prospects

According to Ashoka, although many innovative housing approaches are cost-effective, reaching a scale to serve a large number of beneficiaries is still difficult. In the case of Patrimonio Hoy, replication efforts are underway in six Latin American countries: Colombia, Venezuela, Nicaragua, Costa Rica, Panama and Dominican Republic. Similarly, Construmex envisions the possibility of offering its services to migrants in the US from other Latin American or Asian countries. Another possibility includes setting up offices in other countries with high immigration rates. According to Héctor Ureta, replication would be simpler in relation to the sale of houses because offering construction materials for multiple countries entails greater complexity due to the variety of local building methods and would require hiring promoters and architects from different nationalities. Several other private and public actors offer home mortgages in the US for Mexican migrants regardless their legal status. No other company offers remote sales of construction materials. Besides the potential for scaling-up Construmex, CEMEX is engaged in a continuous search for new socially-minded and sustainable “base of the pyramid” initiatives in Mexico such as the most recent “Productive Self-Employment Centers”¹⁴ which are specially designed for participation by women as key actors in improving family living and housing standards.

Some of the challenges implied in any future replication efforts include the following:

- The fact that Mexican migrants recognize CEMEX' product brands had helped Construmex to create trust. This might not be the case in other markets in which the company has a lower market share.
- Construmex leverages the strong and consolidated CEMEX distribution network. This would be a pre-requisite for serving migrants from other countries, and it might not be in place in all the countries with potential for replication.

¹³ For PH, it was easy to provide assistance to projects because communities are organized in groups. In the case of Construmex, however, clients (migrants) are from many different states and communities which makes it hard to provide the same sort of service.

¹⁴ “Centros productivos de autoempleo” in Spanish. More information on this program is available in the Responsible Competitiveness Report 2005 of CEMEX in Mexico.



Conclusion

Construmex addresses at least three of the components of housing solutions for low-income populations: the affordability and accessibility of construction materials, design skills, and access to financing.¹⁵ It also acts as a financial intermediary for the remote sale of houses in almost any region of Mexico. This case reveals that there is considerable potential for cross-sector value generation between low-income markets and the private sector. The poor can benefit from market initiatives that provide them with more efficient and effective alternatives for saving, investing and improving their living standards. Companies can open up new market segments and create a positive economic impact for others that are part of its value chain. Trust development and the establishment of key partnerships are essential elements to endure and succeed in this type of endeavor.

¹⁵ According to Ashoka (2006), the other components are: land with secure tenure, electricity, water and sewer and livelihood opportunities (jobs, schools, clinics and shops).



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Interviews

A total of 19 personal interviews conducted during the last quarter of 2006:

Construmex and CEMEX Staff

Héctor Ureta, Social Solutions Director

Luis Enrique Martínez, Manager Construmex

Lucas Sánchez, Manager Call Center

Ricardo Mejía, Advisor Call Center

Ramón Cárdenas, Manager in LA

Gustavo Sánchez, Manager of Credits

Jennifer Manson, Salesperson in Jalisco

Strategic Partners

Rubén Beltrán, Mexican Consul of Mexico in LA

Benjamín Maya, Constructora GEO Real State Firm

Salvador García and Juan Orozco, Migrants Associations

Rodolfo García Becerra, Mayor of Poncitlán Jalisco

Distributors

Victor Gutiérrez, Construrama in Tonalá Jalisco

Los Cepillos, retailer in Poncitlán Jalisco

Clients

Given their legal status in the USA, their names cannot be shared.

Beneficiaries

Teresa Jimenez y Alfredo Romero, El Platanar Jalisco

Laura Lilia García Pérez, Morelia



Appendix A: Socio-Economic Indicators for US-Based Mexican Migrants (2003)

Without Citizenship (Illegal)	78.2%	
Economic Participation Rate	<i>Total</i>	69.1%
	<i>- Employed</i>	62.4%
	<i>- Unemployed</i>	6.7%
Without Health Insurance	52.6%	
Annual Income in USD	<i>Less than \$10,000</i>	15%
	<i>From \$10,000 to \$19,000</i>	39.9%
	<i>From \$20,000 to \$29,000</i>	24.3%
	<i>From \$30,000 to \$39,000</i>	10.7%
	<i>More than \$40,000</i>	10.1%
Occupation by Sectors	<i>Primary Sector</i>	4.4%
	<i>Secondary Sector</i>	35.8%
	<i>Tertiary Sector</i>	59.8%
Years of School	<i>Completed 4th grade</i>	12%
	<i>From 5th to 8th grade</i>	28.5%
	<i>From 9th to 11th grade</i>	20.5%
	<i>12th or more</i>	38.9%

Source: Consejo Nacional de Población (CONAPO), 2003.



Appendix B: Remittances and Quality of Housing in Mexican States With Very High and High Migration Rates (2000)

Mexican State	% Families Receiving Remittances	Houses With Concrete Floors	Houses With Roofs of Durable Materials	Houses With Walls of Durable Materials
Zacatecas*	13.03%	91.4 %	74.9 %	51.4 %
Michoacán*	11.37%	81.9 %	55.4 %	69.5 %
Guanajuato*	9.20%	90%	71.4%	88.3%
Nayarit*	9.64%	88.2%	67.3%	85%
Durango*	9.70%	87.7%	70%	56%
Aguascalientes	6.69%	97%	94.3%	88.6%
Jalisco	7.70%	93.35	85.2%	87.7%
Colima	7.34%	88.5%	61.1%	90.3%
SLP	8.20%	78.3%	66.9%	70.2%
Morelos	6.44%	86.7%	67.1%	83.2%
Guerrero	7.86	63.5%	36.8%	51.3%
Hidalgo	5.06%	82%	62%	82.7%

Source: 2006 “Censo de Población y Vivienda” INEGI and estimates of the CONAPO based on a 10% simple of the XII Censo General de Población y Vivienda-“Geografía de la migración México-Estados Unidos”.

* States with “very high” migration rates according to the Mexican Government.



Appendix C: Example List of Construction Materials Available Through Local Distributors in Mexico

Wire	Hollow brick or thick partition
Wire rod	Steel rebar
Sand	Building Tools
Blocks	Hydraulic installations
Lime	Sanitary installations
Reinforced steel column	Electric materials
Cement	Bathroom and toilet furniture
Concrete	Tile adhesive
Gravel	Paint
Steel mesh	Gypsum or plaster
Stone	Other aggregates

Appendix D: Comparison of Construmex Interest Rates With Similar Loans Issued by Different Institutions

Loans

	La Curacao *	Construmex
Annual interest rate	28.99% on average	12%, 18% and 24%
Period	Variable, up to 24 months	6, 12, 29 months

* Shop selling electro domestics in the USA to be delivered in Mexico.

Mortgages

	Su Casita *	Construmex
Annual interest rate	14%	11.5% to 14%
Down payment	10% as the minimum	12.50%
Period	5, 10, 15 or 20 years	7, 10 or 15 years

* Mexican financial intermediary, SOFOL (Sociedad Financiera de Objeto Limitado) providing low income mortgages to Mexican migrants.

Source: Data as of January 25 of 2007, provided by CEMEX's Mexican operations.



**Appendix E: Comparison of Construmex; and Money Transfer Offices;
 Exchange Rates and Commissions (in USD)**

	Money Gram		Western Union		Construmex	
	1,000	2,000	1,000	2,000	1,000	2,000
Sum	1,000	2,000	1,000	2,000	1,000	2,000
Commissions	9.99	40	14.99	40	5	5
Exchange rate (MXP/USD)	10.81	10.81	10.7	10.7	10.97	10.97

Source: Data as of January 25 of 2007, provided by CEMEX's Mexican operations.



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The information presented in this case study has been reviewed and signed-off by the company to ensure its accuracy. The views expressed in the case study are the ones of the author and do not necessarily reflect those of the UN, UNDP or their Member States.

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