

Early Warning System

FMO-52286

ALCB FUND

Early Warning System
ALCB FUND

FMO-52286

Quick Facts

Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Active
Bank Risk Rating	B
Voting Date	2017-03-10
Borrower	African Local Currency Bond Fund
Sectors	Finance
Ring Fence	No Restrictions
Investment Type(s)	Loan
Investment Amount (USD)	$ 10.00 million
Loan Amount (USD)	$ 10.00 million

Project Description

FMO partners with the ALCB Fund to stimulate longer term local currency financing for microfinance institutions and other non-sovereigns in Africa, to help build capital markets on the African continent and to stimulate investment in the bond issuances by local institutional investors. Local currency bond issuers minimize the exchange rate risk associated with USD funding usually secured from international investors. Building local capital markets will increase the accessibility and affordability of local currency finance, amongst others by helping increase the amount of investment opportunities in rated bond instruments for local institutional investors. The ecosystem of local capital market service providers benefits from increased deal flow that results from the Fund's activities.

The innovative approach this Fund brings to increasing access to local currency funding for financial inclusion and broader development targets, working with partners such as KFW, fits with FMO's Strategy. At the same time, FMO contributes to SDG 1 "No Poverty" and SDG8 "Decent Work and Economic Growth" through this investment.

The innovative approach this Fund brings to increasing access to local currency funding for financial inclusion and broader development targets, working with partners such as KFW, fits with FMO's Strategy. At the same time, FMO contributes to SDG 1 "No Poverty" and SDG8 "Decent Work and Economic Growth" through this investment.

Investment Description

- Netherlands Development Finance Company (FMO)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- ALCB Fund (Financial Intermediary)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Contact Information

+27 11 507 2500
joburg-office@fmo.nl
Regent Place, 2nd Floor
Cradock Ave, Rosebank 2196
Johannesburg South Africa

ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW) . A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism.

Bank Documents

- Project Information