

Early Warning System

IDBI-13150-01

AlphaCredit

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Quick Facts

Countries	Colombia
Financial Institutions	IDB Invest (IDBI)
Status	Active
Bank Risk Rating	C
Voting Date	2020-05-11
Borrower	Alpha Capital, S.A.S. (“AlphaCredit”)
Sectors	Education and Health, Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 40.00 million
Project Cost (USD)	$ 40.00 million

Project Description

"The Project is aimed at providing Colombian company Alpha Capital, S.A.S. (“AlphaCredit”) with financing for an equivalent of up to US$ 40 million in Colombian pesos with a 5-year tenor and two years of grace and quarterly amortization. The transaction will be guaranteed by the Mexico-based company Alpha Holding, S.A. de C.V. The proceeds of the Project will be used to support AlphaCredit grow their credit line for the self-employed and pensioners in the healthcare and education sectors, etc. They are also meant to support their small- and medium-sized enterprise (“SMEs”) portfolio in Colombia. IDB Invest will support the Project with technical assistance to identify service additionalities".

Early Warning System Project Analysis

E&S category according to the bank: FI-3

People Affected By This Project

1. Scope of the Environmental and Social Review. The environmental and social ("E&S") review of the proposed transaction involved a desk review of the client's information and portfolio as well as telephone calls with the E&S team. IDB Invest reviewed the Company's internal organization, policies, code of conduct and ethics, and stakeholders in order to assess their ability to manage the E&S risks of the loans to be granted by AlphaCredit. This transaction will help expand the SME portfolio in Colombia, as well as go on supporting the self-employed and pensioners with middle- and lower-income levels.

2. Environmental and Social Categorization and Rationale. The proposed transaction is classified as IF-3 as per IDB Invest's Sustainability Policy. The intended transactions have low risk and the proceeds will be used for loans in COPs that break down per product type as follows: less than US$ 1 million for salary advances and personal loans; US$ 17.5 million for consumption; US$ 259 million for leases, and US$ 420 million for working capital. Working capital loans for SMEs are mainly for wholesalers (over 50%), followed by mass media companies (19.2%), telephone and accessories sellers (15.4%), and computers and accessories sellers (14.8%), which jointly account for 1% of the overall portfolio in Colombia.

Loan beneficiaries will be channeled through the Colombian platforms "Bontu" or "Vive App," which offer financial solutions for self-employed workers, such as Uber and Cabify drivers, and micro-businesses using Amazon to sell their products. This transaction also seeks to promote the following products in Colombia: (i) working capital for self-employed professionals (taxi drivers, hairdressers, etc.), (ii) working capital for micro-, small and mid-sized businesses through an agreement with Amazon to manage their sales, and (iii) credit for pensioners (financial inclusion) mainly to cover their medical expenses.

3. E&S Risks and Impacts. The main E&S risks of this Project are associated with the financial institution's capacity to identify and manage the E&S risks associated with its lending activities. The potential risks linked with the main lending activities include the efficient use of resources (water, energy, materials), the creation of emissions, the generation of waste, child labor and legal noncompliance.

Due to the pandemic, AlphaCredit's exclusion list was reviewed to include new sectors with increased risks, such as utilities, trade, food and beverage. Customer service is managed through the Company's contact center, which deals with the customers' queries and questions across channels (websites, e-mail, chat, telephone and social media). They have a dedicated telemarketing team for this. Complaints handling is monitored, and information about the number of complaints received, the resolution rate and the response time is consolidated; customer satisfaction surveys are also performed, and branches have signs with the contact information.

Finally, AlphaCredit maintains internal practices to reduce the use of resources (paper), as well as workers' grievance mechanism, a code of conduct in the website, and an ethics committee. Internal controls are in place and work conditions are safeguarded. The grievance mechanism is managed by Deloitte, which prepares reports addressed to the ethics committee, maintains the related documents and ensures transparency.

4. Mitigation Measures. As part of the loan assessment process, the Compliance area identifies whether the loan-receiving activities involve the environment; if so, the clients are required to comply with the applicable country and sector-specific regulations. AlphaCredit has also implemented financial education programs to educate their clients on the risks of being overindebted and to make sure they do not get exposed to it. The program involves informative material and webinars with financial tips and information about how to use a loan, how to apply for one, how to manage it, how to grow sales for SMEs, etc.

AlphaCredit will be required to ensure that all supported loans comply with IDB Invest's Exclusion List and applicable E&S local laws. To enable the Borrower to understand IDB Invest's requirements better, AlphaCredit will be required to complete IDB Invest's online training course on Environmental and Social Risk Management.

Investment Description

- IDB Invest (IDBI)

Private Actors Description

The company ALPHA CAPITAL SAS is located in BOGOTA and its postal address is CARRERA 14 94 81, BOGOTA, BOGOTA. ALPHA CAPITAL SAS is incorporated as a SIMPLIFIED COMPANY BY SHARES.

The activity to which the company ALPHA CAPITAL SAS is engaged is Portfolio purchase or factoring activities.The latest update of The data of the company ALPHA CAPITAL SAS has been on September 26, 2020.

Commercial information of ALPHA CAPITAL SAS
Sales registered during 2019 have been increasing compared to the previous year. The results of the company during 2019 have been decreasing compared to the previous year. Assets registered during 2019 have been increasing compared to the previous year.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Alpha Capital SAS	Buyer	-

Contact Information

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ACCOUNTABILITY MECHANISM OF IDB / IDB INVEST

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IDB Invest)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IDB Invest is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).

Bank Documents

- ENVIRONMENTAL AND SOCIAL REVIEW