Early Warning System

IFC-40637

Altum Capital

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Quick Facts

Countries	Mexico
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2018-04-16
Borrower	ALTUM CP, S.A.P.I. DE C.V. SOFOM E.N.R.
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 51.00 million
Loan Amount (USD)	$ 51.00 million
Project Cost (USD)	$ 51.00 million

Project Description

According to the International Finance Corporation, the project consists of tow senior secured loans to Altum and Lynx. The project will:

(i) offer alternative sources of long-term financing to non-bank financial institutions Non-Bank Financial Institutions (NBFI) which will on-lend to Micro, Small and Medium-Sized Enterprises

(ii) result in an increase in competitive pressures that affect the market by improving the operating standards of NBFIs

(iii) promote greater deepening of the local capital market through replicable instruments such as Capital Development Certificates (CKDs per their Spanish acronym) and private debt funds.

Early Warning System Project Analysis

The International Finance Corporation has put this project in the environmental and social category FI-2 which corresponds to a bank risk rating of B or medium risk.

The IFC offers the following explanation for its risk rating: "The proposed investment will support two debt funds providing direct loans to Micro, Small, and Medium-Sized Enterprises (MSMEs) as well as loans to financial institutions on-lending to MSMEs and housing. Given the Fund's investment strategy, the E&S impacts of its portfolio are considered to be medium and therefore this project has been categorized as FI-2 according to the IFC's Sustainability Policy. As part of the IFC project, the Fund will be required to assess the potential investments against the IFC Exclusion List, host country laws and the applicable provisions of the 2012 Performance Standards."

Investment Description

- International Finance Corporation (IFC)

The proposed International Finance Corporation (IFC) investment from IFC's own account is in the form of two 3-year senior secured loans for a total of up to MXN 950 million (US$51 million) to AltumCP and Lynx.

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.

- Altum Capital Management (Financial Intermediary)
- Legorreta Gómez y Asociados, S.R.L. (Financial Intermediary)
- ALTUM CP (Financial Intermediary) **is owned by** Legorreta Gómez y Asociados (LG&A) (Parent Company)
- ALTUM CP, S.A.P.I. DE C.V. SOFOM E.N.R. (Financial Intermediary) **is owned by** Legorreta Gómez y Asociados (LG&A) (Parent Company)
- S.A.P.I. DE C.V. SOFOM E.N.R. (Financial Intermediary) **is owned by** Legorreta Gómez y Asociados (LG&A) (Parent Company)

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.

Private Actors Description

According to the International Finance Corporation, LG&A, the Fund Manager, was founded in 2014 by a group of banking and financial sector professionals with the purpose of developing a senior secured strategy into an asset class for private and institutional investors.

LG&A launched the Altum Fund in 2014 with the purpose of providing debt to: (i) non-bank financial institutions (“NBFIs”), who in turn, on-lend to micro, small, and medium size enterprises (“MSMEs”) and individuals in Mexico; and (ii) medium size enterprises.

Altum’s current investors are local and foreign individuals and institutional investors.

Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/