Early Warning System

IFC-40809

Alta Growth Capital, Mexico Fund III, L.P.

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Quick Facts

Countries	Mexico
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Borrower	ALTA GROWTH CAPITAL, MEXICO FUND III, L.P.
Sectors	Finance
Investment Type(s)	Equity
Investment Amount (USD)	$ 150.00 million
Project Cost (USD)	$ 250.00 million

Project Description

According to the International Finance Corporation (IFC), this project consists of an IFC equity commitment in Alta Growth Capital, Mexico Fund III, L.P. to drive growth, expansion, and operational efficiencies at investee level. This is because Alta takes significant minority or control stakes in its portfolio companies, and then uses the 5-7 year holding period to add value through:

(i) Building strong partnerships with investees through alignment of interest and common values

(ii) Implementing effective management teams and proper incentives

(iii) Driving growth plans by having at least two partners work on each company and implementing initiatives such as the 100 day plan

(iv) Closely monitoring investee performance

(v) Partnering with IFC to institutionalize and bolster (a) international ESG standards; (b) prudent valuation methodologies; and (c) transparent and consistent reporting standards; (vi) Being active at board and committee level

(vii) Having an active independent advisory board that provides a network of executives for investees, among others.

The IFC also expects the project to have a positive impact on competition.

Early Warning System Project Analysis

The International Finance Corporation has given the project an environmental and social category FI-2 rating which corresponds to a B rating or medium risk.

The International Finance Corporation gives the following explanation for its bank risk rating: "The Fund will invest in a diversified portfolio of growth equity and buyout investments in mid-market Mexican companies. The Fund will seek to deploy capital across its target markets and in sectors including Retail, Consumer Goods, Financial Services, Entertainment, Manufacturing and Healthcare. While the Fund could potentially invest in activities of high Environmental and Social ('E&S') risks, the general E&S risks are considered medium and mainly entail limited adverse E&S risk and impacts that are few in number, generally site-specific, largely reversible and readily addressed though appropriate mitigation measures. Therefore, this project has been classified as Category FI-2 according to IFC's Environmental and Social Review Procedure. The Fund Manager will be required to ensure compliance of the investments made with the IFC Exclusion List, Applicable national laws and regulations and the IFC Performance Standards."

Investment Description

- International Finance Corporation (IFC)

Alta is seeking to raise US$250 million in capital commitments. The proposed IFC equity commitment is up to US$15 million, not to exceed 20% of aggregate capital commitments in the fund.

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.

- Alta Growth Capital Mexico Fund, L.P. (Financial Intermediary)
- Alta Growth Capital, Mexico Fund III, L.P. (Financial Intermediary)

Private Actors Description

The International Finance Corporation describes fund managed by Alta Growth Capital Management Mexico (GP) III, L.P. as "an Ontario-based limited partnership which serves as the general partner of the Fund. Alta is managed by AGC GP Management, LLC, a Delaware limited liability company which is comprised of five investment professionals that have been working together for between 7-12 years. Alta Growth Capital, S.C. is a civil partnership established under the laws of Mexico which will provide investment advisory services to the Fund pursuant to an investment advisory agreement."

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/