

 Early Warning System

IFC-41555

DCM Red Asset FIDC



Quick Facts

Countries	Brazil
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	B
Voting Date	2019-09-09
Borrower	REDASSET GESTAO DE RECURSOS LTDA
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 38.46 million
Loan Amount (USD)	\$ 38.46 million
Project Cost (USD)	\$ 41.00 million



Project Description

According to the IFC, the proposed project shall support the small and medium-enterprise (“SME”) lending activities of REDAsset Gestao de Recursos Ltda. in Brazil. This will be done through the acquisition of senior quotas of RED Performance FIDC NP, a debt fund managed by REDAsset.



People Affected By This Project

The most significant, expected Project-level outcome is the increased capital market funding for the underserved SME segment through the growth of a FIDC instrument that finances SMEs, as follows:

Stakeholders - Increased capital market funding opportunities for SMEs as Originators: IFC anticipates that the Project will increase access to finance for Brazilian SMEs, helping to address the SME finance gap through a capital markets solution.

Stakeholders - Increased access to finance for MSMEs as Obligors: By acquiring receivables from the originators, the Fund contributes to the financial health of the supply-chain. With more funding available, originators are better positioned to sustain its growth and the growth of its clients, the obligors.

Market Creation - Competitiveness: Beyond the Project, IFC anticipates that this investment has the potential to promote greater market competitiveness through the following aspects: (i) the structural change through the increase in alternative financing opportunities for MSMEs, and (ii) the diversification of investment opportunities in the capital markets in Brazil.



Investment Description

- International Finance Corporation (IFC)

The Project will acquire senior quotas of Red Performance amounting up to BRL160 million (approx. US\$41 million equivalent). The Fund will channel the investment to the acquisition of receivables and other credit rights from SMEs.

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.

- **RED Performance FIDC NP** (Financial Intermediary) **is owned by REDAsset Gestao de Recursos Ltda** (Subsidiary)



Private Actors Description

According to the IFC, REDAsset group was established in 1992, specializing in credit operations to SMEs in Brazil and has the following ownership structure: (i) Hai Participacoes e Empreendimentos Ltda (46%); (ii) Lavan Participacoes e Empreendimentos Ltda (46%); and (iii) the rest belonging to its managing directors (8%).



Contact Information

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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/>