

 Early Warning System

IFC-45182

DARP SA Cerberus



Quick Facts

Countries	Brazil, Colombia, Mexico
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2021-09-15
Borrower	CERBERUS EMERGING MARKET SPECIAL SITUATIONS FUND I, L.P.
Sectors	Finance
Investment Type(s)	Equity
Investment Amount (USD)	\$ 100.00 million
Project Cost (USD)	\$ 500.00 million



Project Description

The proposed project entails investing in Cerberus Emerging Market Special Situations Fund, L.P. (the Fund), a fund managed by Cerberus Capital Management, L.P. (Cerberus or the Manager). The Fund will invest in credit opportunities in Emerging Markets, primarily targeting stressed/distressed companies, with focus on Latin America and Caribbean (the Project).

Stakeholders impact

The Project will support the acquisition and resolution of NPLs by allowing financial institutions to offload distressed assets. In turn, this helps them to release capital, decrease liquidity needs, and reduce their costs associated with the management of these assets. As a result, this will enhance the capacity of these financial institutions to increase lending. It will also help debtors to normalize their defaulted obligations, regain access to credit, and return to actively participate in the financial system. Lastly, the Project will support stress/distress small and medium sized enterprises (SMEs) and corporates by providing credit and the much-needed liquidity to improve their financial health, continue their operations, and ultimately preserve jobs.

Market impact

The Project will contribute to further develop the Latin American distressed asset space especially in Brazil, Colombia, and Mexico. The Project will likely generate a positive demonstration effect by fostering the participation of more players to the region, which is critical to create a vibrant, well-functioning and efficient environment for distressed investing.



Investment Description

- International Finance Corporation (IFC)

The Fund has a target size of US\$500 million, of which IFC will provide an equity investment of up to US\$100 million, limited to 20% of the Fund's total capital. The remaining capital will be provided by third-party investors and the Manager, which will contribute with 5% of the Fund size, limited to US\$25 million.

Founded in 1992, Cerberus is a global alternative investment manager with US\$55 billion of asset under management as of March 31, 2021. Together with its affiliated management/general partner entities, operations companies and loan servicing companies it has over 800 employees, and 25 offices across the U.S., South America, Europe, Asia, and Africa as of April 1, 2021.

Cerberus has an established track record across different strategies, including global credit (e.g. corporate credit, direct lending, etc.), non-performing loans (NPLs), real estate and private equity.

It operates in an integrated manner, leveraging on its sourcing capabilities, detailed due diligence, and enhanced ability to operate on a worldwide basis. Cerberus is majority-owned by Stephen A. Feinberg.

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.

- [Cerberus Capital Management, L.P.](#) (Financial Intermediary) **is owned by** [Cerberus Emerging Market Special Situations Fund, L.P.](#) (Parent Company)



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Cerberus Capital Management, L.P.	Client	Finance	contracts with	International Finance Corporation (IFC)	Investor	Finance



Contact Information

Project contacts not available at the time of disclosure.

ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://disclosures.ifc.org/#/inquiries>

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

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>