

 Early Warning System

IIC-12141-01

Local Currency Fund II Expansion



Quick Facts

Financial Institutions	IDB Invest (IDBI)
Bank Risk Rating	FI
Voting Date	2017-12-12
Borrower	Locfund II, L.P.
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 10.00 million



Project Description

According to IIC website, in January 2015, the IDB approved a Loan to Locfund II comprised of an A Loan of up to US\$15 million funded by IDB with its Ordinary Capital resources and up to US\$7.5 million in a Co-Loan from the China Co-Financing Fund to provide financing in local currency to microfinance institutions, contributing to reduce the MFIs' foreign exchange risk exposure and to support the expansion of their local currency lending capacity to micro- and small-sized enterprises in Latin America and the Caribbean.

As of August 2017, Locfund II has provided local currency loans to 47 MFIs that attend more than 1.3 million final clients in 13 countries of LAC. Locfund II has reached its initial targeted size. The IIC, as member of the IDB Group, will support Locfund II's expansion through a Loan of up to US\$10 million. Thus, the number of MFIs reached and final clients benefited will also increase. Locfund II expects to increase the number of MFIs' clients by 13% totalizing 241,000 final beneficiaries during its life.



Investment Description

- IDB Invest (IDBI)

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.

- [BIM Asset Management](#) (Financial Intermediary)
- [Locfund II](#) (Financial Intermediary)



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ACCOUNTABILITY MECHANISM OF IIC

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 (IIC)-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 IIC 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).