Early Warning System

EBRD-41494

Schwarz Rural Regions - Kaufland Poland

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Countries	Poland
Financial Institutions	European Bank for Reconstruction and Development (EBRD)
Status	Approved
Bank Risk Rating	B
Voting Date	2010-09-29

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Project Description

PROJECT DESCRIPTION

The EBRD is considering providing loans of up to EUR200 million in aggregate to the Schwarz Group's Kaufland operations in Poland and Bulgaria and Lidl operations in Bulgaria and Romania. The proceeds will be used to finance the expansion and entry, respectively, of the two discount formats in these countries. The project will primarily finance Lidl and Kaufland stores in the more remote / rural store locations of the countries. The project is the fourth in regional co-operation to finance the Schwarz Group's strategic expansion.

TRANSITION IMPACT

The proposed project will bring new formats of modern retail and the convenience of discounter shopping to large portions of the Polish, Romanian and Bulgarian population in the more remote and rural regions. Procurement of products locally will generate strong backward linkages and encourage local producers to process according to best business practice. The project will also benefit the countries through advanced logistic systems and infrastructure as well as energy efficient construction techniques, that are closely correlated to the group's store rollout plans.

THE CLIENT

Kaufland Bulgaria EOOD and Lidl Bulgaria EOOD, companies organised and existing under the laws of Bulgaria, Lidl Romania s.r.l., a company organised and existing under the laws of Romania and Kaufland Polska Markety Sp.z.o.o., a company organised and existing under the laws of Poland.

EBRD FINANCE

Up to EUR300 million long-term loan (including syndication) to partially finance the further expansion of Kaufland in Bulgaria and Poland and the entry of Lidl in Romania and Bulgaria.

PROJECT COST

EUR440 million

ENVIRONMENTAL IMPACT

This project was categorised B under the EBRD's Environmental and Social Policy 2008. Due diligence is being focused on Kaufland and Lidl's capacity and systems to manage environment, health, safety and labour issues in the development and operation of stores. The Bank has existing loans with Kaufland in Bulgaria and Poland and has received satisfactory reporting on environment and social matters to date. Under the proposed project Kaufland and Lidl will be required to comply with the Bank's Environmental and Social Policy 2008 Performance Requirements applicable to the project (specifically PRs 1-8 and 10). The Bank will monitor the Companies' environmental and social performance for the lifetime of the loan through annual environmental and social reporting and via periodic site visits. The Companies will be required to immediately notify the Bank of any incidents or accidents likely to have an effect on the environment or worker and public safety.

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Investment Description

- European Bank for Reconstruction and Development (EBRD)

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Contact Information

ACCOUNTABILITY MECHANISM OF EBRD

The Project Complaint Mechanism (PCM) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an European Bank for Reconstruction and Development (EBRD)-financed project. If you submit a complaint to the PCM, it may assess compliance with EBRD's own policies and procedures to prevent harm to the environment or communities or it may assist you in resolving the problem that led to the complaint through a dialogue with those implementing the project. Additionally, the PCM has the authority to recommend a project be suspended in the event that harm is imminent. You can contact the PCM at pcm@ebrd.com or you can submit a complaint online using an online form, http://www.ebrd.com/eform/pcm/complaint_form?language=en. You can learn more about the PCM and how to file a complaint at http://www.ebrd.com/work-with-us/project-finance/project-complaint-mechanism.html.

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Other Related Projects

- EBRD-48346 Schwarz Sustainable Retail Regional Expansion