Early Warning System

FMO-51737

BANCO PROMERICA S.A. (EL SALVADOR)

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Quick Facts

Countries	El Salvador
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	B
Voting Date	2017-05-30
Borrower	Banco Promerica, S.A.
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 10.00 million
Project Cost (USD)	$ 20.00 million

Project Description

FROM FMO:

Banco Promerica, S.A. is a medium size commercial bank in El Salvador. It lends to both consumers and SMEs/mid-corporates (50/50). The bank is part of Grupo Promerica, a regional banking group operating in 9 countries across Latin America and the Caribbean.

FMO provides this financing in order to support the access to finance for SMEs as well as to encourage lending to sustainable clients and projects by Banco Promerica. The facility is the fourth (after Produbanco Ecuador, Promerica Costa Rica and Promerica Guatemala) of a series of SME/green line projects with the Promerica Group, aimed to support the development of the banks' green lending capabilities. Technical assistance was also provided to the bank in order to identify business opportunities, train staff and support specified product development. The transaction is fully in line with FMO's strategy to double our impact and halve our footprint.

Investment Description

- Netherlands Development Finance Company (FMO)

The up to USD 20 million 10-year facility consists of: i) a USD 10 mln tranche to be on-lent to SMEs; ii) a USD 10 mln tranche to be on-lent to green projects and clients (in line with FMO's green eligibility criteria), of which USD 5 mln is committed and the remaining USD 5 mln is provided on an uncommitted basis. This structure allows the bank to build up its green loan book step-by-step, and request activation of the uncommitted part once it has gained some experience.

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.

- Promerica Financial Group (Financial Intermediary) **is owned by** Grupo Promerica (Parent Company)
- Promerica Financial Group (Financial Intermediary) **is owned by** Terabank (Parent Company)

Private Actor Relationship

FMO NV

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Contact Information

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ACCOUNTABILITY MECHANISM OF FMO

Communities who believe they will be negatively affected by a project funded by the Dutch Development Bank (FMO) may be able to file a complaint with the Independent Complaints Mechanism, which is the joint independent accountability mechanism of the Dutch Development Bank (FMO) and the German Investment Corporation (KfW) . A complaint can be filed in writing, by email, post, or online. The complaint can be filed in English or any other language of the complainant. The Independent Complaints Mechanism is comprised of a three-member Independent Expert Panel and it can provide either problem-solving, compliance review or both, in either order. Additional information about this accountability mechanism, including a guide and template for filing a complaint, can be found at: https://www.fmo.nl/independent-complaints-mechanism