Early Warning System

FMO-53820

BANCO DE LA PRODUCCION S.A. PRODUBA

Quick Facts

Countries	Ecuador
Financial Institutions	Netherlands Development Finance Company (FMO)
Status	Approved
Bank Risk Rating	B
Voting Date	2017-12-13
Borrower	Banco de la Produccion S.A. - Produbanco
Sectors	Finance
Ring Fence	Climate
Investment Type(s)	Loan
Investment Amount (USD)	$ 15.00 million
Loan Amount (USD)	$ 15.00 million
Project Cost (USD)	$ 15.00 million

Project Description

The USD 15 million subordinated facility will support Produbanco to strengthen its balance sheet. The USD 15 million senior loan will be used by the bank to on-lend to green projects, ranging from renewable energy solutions (i.e. solar panels) to energy efficiency projects in a broad range of sectors.

Investment Description

- Netherlands Development Finance Company (FMO)

Given its strong market position and portfolio quality, its high quality management team and its strong regional shareholder, Produbanco is an attractive partner for FMO to channel much needed liquidity into the productive sector in Ecuador. In the current macroeconomic situation in the country, providing up to 6-year to 8-year financing is highly additional. Through the senior loan, FMO contributes to its strategic goal of halving its footprint, as the projects financed with the proceeds of the loan will have a positive effect on the environment.

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.

- Banco de la Producción S.A. Produbanco (Financial Intermediary) **is owned by** Grupo Promerica (Parent Company)

Private Actor Relationship

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.

Private Actors Description

Banco de la Produccion S.A. - Produbanco (Produbanco) is a universal bank in Ecuador, owned by the Promerica financial group, a long standing client of FMO. Produbanco is the third largest bank in Ecuador with Total Assets amounting to USD 4.0 billion.

Contact Information

No contact information provided at the time of disclosure.

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