Early Warning System

IDBI-12310-01

Mavesa

Early Warning System
Mavesa

IDBI-12310-01

Quick Facts

Countries	Ecuador
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	C
Voting Date	2018-09-21
Borrower	Maquinarias y Vehiculos S.A.
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 20.00 million
Project Cost (USD)	$ 20.00 million

Project Description

This operation consists of a secured senior loan of US$20 million to partially finance the truck and bus credit sales plan of Maquinarias y Vehiculos S.A. (Mavesa or the "Company"), in which the main beneficiaries are Ecuadoran small and medium-sized enterprises (SMEs). The resources of the IDB Group will make it possible to reduce the Company's long-term funding gap and increase the number of SMEs with access to productive assets through the direct credit offered by Mavesa, which consists of up to 70% financing of the vehicles, which may amount to as much as US$100,000 on an individual basis.

People Affected By This Project

1. Scope of IDB Invest's Environmental and Social Review

An Environmental and Social Due Diligence (ESDD) was conducted for this operation via videoconference on June 28, 2018. The Mavesa team responsible for handling environmental, health and occupational safety, human resources, and corporate social responsibility issues made a presentation and answered a questionnaire previously sent to the client.

2. Environmental and Social Classification

According to Environmental and Social Sustainability Policy, this operation is classified as a Category "C" operation since theassociatedrisks and impacts are minimal and reversible.

3. Environmental and Social Context

Mavesa is an Ecuadoran company founded in 1932, a leader in the country's automotive market with a presence in 11 cities through 19 dealers. Its main office is located in the city of Guayaquil. It provides comprehensive and personalized after-sale services such as repair shops, technical support, and replacement parts.

The Performance Standards to be triggered by this operation are as follows:

PS 1: Assessment and management of environmental and social risks and impacts

PS 2: Labor and working conditions

PS 3: Resource efficiency and pollution prevention

PS 4: Community health, safety and security

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and management of environmental and social risks and impacts

Mavesa has a Comprehensive EnvironmentalPolicyand anEnvironmental Management Planand various procedures for identifying risks, managing occupational health and safety, controlling work-related accidents, predictive and preventive maintenance, personnel training, and emergency response. Mavesa complies with national legislation which requires companies to have the capacity and tools for adequate management of environmental and social (E&S) risks.

The Company has the ISO 9001/2015 certification for its Quality Management System for the marketing and technical service of heavy vehicles, light vehicles and machines, the marketing of repair parts and tires, and chassis assembly with its motor for buses. Mavesa is in the process of obtaining ISO 45001 certification, which is expected to occur during the final quarter of 2018.

The Company has aninternal grievancemechanism for which the Organizational Development Department is responsible. However, it should be updated in accordance with the PS2; in addition, a new mechanism to address external grievances needs to be developed based on PS4 requirements.

Within its credit analysis process, Mavesa should include, for each of the loans to be granted using funds from this operation, an assessment of each client's compliance with the IDB Invest List of Excluded Activities as well as applicable national regulations.

4.2 Labor and Working Conditions

Mavesa manages its personnel internally throughInternal Work Rulesensuring compliance with the requirements of Ecuador's Labor Code. Although the Company respects freedom of association, it does not have union organizations. The Ministry of

Investment Description

- IDB Invest (IDBI)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Grupo Mavesa	Client	-

Contact Information

Client Contact Name: Juan Jose Izurieta C.
Title: Financial Manager
Phone: +593 42272600 ext. 1262
Email Address:
jizurieta@mavesaec.com.ec

Media

- Grupo Mavesa