Early Warning System

IDBI-12725-01

Casa Mantica - Diano Marina

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Quick Facts

Countries	Nicaragua
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	B
Voting Date	2019-11-22
Borrower	Casa Comercial Mantica, S.A. and Inmuebles Diano Marina, S.A.
Sectors	Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 20.00 million
Loan Amount (USD)	$ 20.00 million

Project Description

According to IDB Invest website, the project's scope consists of: (i) financing for expansion of the Mantica Group's supermarket chain and working capital requirements for its projected growth; (ii) financial support to improve its environmental performance by financing solar panels; and (iii) financial and nonfinancial support to improve corporate governance practices and the handling of food and plastic wastes (the "Project" as a whole). With this, IDB Invest and the Mantica Group expect to achieve the following objectives: (i) economic growth and job creation; (ii) net reduction in the carbon footprint of the new branches; and (iii) increased sustainability of the Mantica Group's business through improved corporate governance practices and better waste management.

People Affected By This Project

1. General Information and Perspectives on the Scope of the IDB Invest Environmental and Social Review

This Project consists of the expansion of branches in the "La Colonia" supermarket chain, working capital investment, and future capital expenditure. Currently, Casa Comercial Mantica, S.A. ("the Company" or "CM") and its affiliate, Inmuebles Diano Marina ("DM"), have 28 supermarkets (10 in rural areas), distributed in the departments of Esteli, Chinandega, Leon, Matagalpa, Managua, Masaya, Granada, and Carazo. With the loan from IDB Invest, an additional six branches will be built in the departments of Managua, Carazo, Rivas, Chontales, Esteli, and Las Colinas, giving the medium- and low-income socio-economic segment in those departments access to perishable goods and diversifying competition in these sectors (called "the Project").

CM is a supermarket chain under the name La Colonia that was founded in 1956 by the twin brothers Carlos and Felipe Mantica Abaunza. It is currently managed by the second generation of the Mantica Abaunza family and the third generation is already joining the business.

The company has a presence in all market segments, from the low middle class to the upper class, with branches installed in the capital of Managua and the country's interior. In addition to the supermarket chain, the company has a Distribution Chain, a Fruit and Vegetable Collection and Processing Center, Meat Deboning and Packing Center, Fast Food Production Center, and a Bakery.

CM has approximately 1,431 direct employees and 700 indirect employees. With the loan, the company will be creating about 300 new direct jobs and several more indirect jobs, bringing into the formal system various people who, due to the crisis, have lost their jobs (about 17.3% of its affiliates have lost social security) and have had to find informal employment.

As more than 50% of the company's suppliers are local, the expansion of branches will incorporate more micro and small enterprises in the value chain, generating productive chains, encouraging the development of these MSMEs, increasing their sales levels, and improving their well-being and that of their families.

In addition, the real estate affiliate DM was established in 1994, starting as a real estate company dedicated to the development of commercial buildings where the La Colonia Supermarkets have been installed. Starting in 2004, DM expanded its operations and began to build plazas and commercial centers, distribution centers and warehouses. It generates most of its income from financial operations and from leasing its buildings and some of the supermarkets' equipment. Thus, its main client is CM. It currently has more than 30,000 m2 of built space, primarily in the capital of Managua, but it also has properties in the cities of Leon, Masaya, and Granada.

The scope of the IDB Invest environmental and social review during the evaluation of CM included an analysis of the Projects' environmental permits and health licenses as well as meetings and conference calls with representatives of the co-borrowers. In addition, the IDB Invest environmental and social specialist conducted an environmental and social due diligence (ESDD) visit on May 23-24, 2019 in the city of Managua, Nicaragua, which included the following activities: (i) a meeting with company personnel; (ii) an inspection visit to model supermarkets in Managua and their surrounding areas of influence; and (iii) informal "spot" type interviews with supermarket managers and workers. Upon completion of this ESDD visit, the review of documents related to manuals, procedures, licenses and permits, and operational reports, et al. continued.

2. Environmental and Social Classification, and its Rationale

This is aCategory Bproject according to the IDB Invest Environmental and Social Sustainability Policy, in that its environmental and social (E&S) impacts and risks are generally expected to be reversible and can be mitigated with available measures using current technologies.

Investment Description

- IDB Invest (IDBI)

Contact Information

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ACCOUNTABILITY MECHANISM OF IDB INVEST

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).