Early Warning System

IFC-32271

GTSF Homex

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	Mexico
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	B
Borrower	Desarrolladora Homex, S.A.B. de C.V.

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Project Description

PROJECT DESCRIPTION

This project is proposed under the Global Trade Supplier Finance program ("GTSF" or the "Program") approved by the IFC Board in September 2010. (Original Project Link #28723).Desarrolladora Homex ("Homex" or "the Company"), one of the two largest homebuilders in Mexico with a network of approximately 5,000 suppliers. Homex is a vertically-integrated home development company that engages in the development, construction, and sale of entry-level, middle-income, and tourism housing in Mexico, as well as entry-level housing in Brazil.The Project will establish a Supplier Finance ("SF") program and make financing available to selected suppliers of Homex, through the discounting of receivables of the suppliers payable by Homex. The SF program will have an IFC-funded, uncommitted credit line up to US$75mn. The program will be implemented through PrimeRevenue, a Supply Chain Finance platform, and its local re-seller, E-Factor Network ("EFN"), and it is expected to reach 200 Suppliers the large majority of which will be SMEs.

OVERVIEW OF IFC'S SCOPE OF REVIEW

In supplier financing programs of this nature, IFC assesses environmental and social (E&S) risk at supplier level by assessing the Buyers' systems for management of E&S performance of their Suppliers.IFC due diligence involved: (i) a review of publicly available information describing Homex's approach to suppliers, which included Homex's sustainability report, ethics code, website, and public information on Corporate Social Responsibility initiatives with suppliers in which the Company has had a significant participation; (ii) a review of internal documents provided by the Company including the procedure for selection of suppliers, contracts with sub-contractors, and assessment questionnaires for the certification of materials and suppliers; (iii) telephone interviews with Homex's team in charge of procurement, research and development and sustainability initiatives; (iv) a review of public information concerning labor, environmental and social conditions in Mexico and in the sectors where the potential suppliers of Homex operate (such as construction materials and construction companies that provide mainly labor services).

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards.PS 1 - Assessment and Management of Environmental and Social Risks and ImpactsIf IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

In this Project, potential adverse E&S impacts may arise at the level of the Suppliers. While all IFC Performance Standards are applicable to this investment, IFC's due diligence has focused on Homex's systems for management of E&S performance of their Suppliers; therefore the investment will have impacts which must be managed in a manner consistent with the Performance Standard 1.

ENVIRONMENTAL AND SOCIAL CATEGORIZATION AND RATIONALE

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Investment Description

- International Finance Corporation (IFC)

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Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

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Other Related Projects

- IFC-28723 Global Trade Supplier Finance