Early Warning System

IFC-32777

Copeval

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Quick Facts

Countries	Chile
Specific Location	San Fernando, Chilean VI region
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	B
Voting Date	2013-08-28
Borrower	Compania Agropecuaria Copeval SA
Sectors	Agriculture and Forestry
Potential Rights Impacts	Right to Health
Investment Type(s)	Loan
Investment Amount (USD)	$ 70.00 million

Project Description

Compania Agropecuaria Copeval S.A. ("Copeval" or the"Company") is Chile's leading agricultural input distributor, reaching more than 30,000 farmers. Copeval offers a "one-stop shop" to farmers, providing agrochemicals, fertilizers, seeds, agricultural machinery, irrigation equipment, intermediation and logistics services, technical assistance and training. The proposed loan will help the Company open new branches, expand further grain storage and drying capacity; and to replace short term debt with long term debt.

The expanded operations means the company will grow from 27 to 30 stores by the end of 2013. The stores will be located throughout Chile's main agricultural regions. The Company will also continue to expand its services and distribution of inputs to farmers and agricultural SMEs (small-medium enterprises).

Copeval’s expansion will significantly increase its operational funding needs. IFC will provide a financing facility of up to US$70 million, including a securitized bond to finance increased permanent working capital needs and support Copeval’s growth efforts and further geographical reach within Chile.

The company is headquartered in San Fernando, Chilean VI region. The Company currently has 27 stores spread all throughout Chile's agricultural main areas which comprises from the III to the X region.

Early Warning System Project Analysis

RISK CATEGORIZATION

This investment is a Category B project, because IFC has determined that it will have limited adverse impacts that are few in number, site-specific, and largely reversible and readily addressed through mitigation measures. The key environmental and social issues include: (i) Copeval's ability to provide systematic and consistent management of environmental and social issues across its operations; (ii) compliance with local permits and licenses for operation, transportation and distribution of products and services; (iii) handling, storage, distribution and transportation of hazardous materials, (iv) compliance of the portfolio of products with WHO hazards class (e.g. exclusion of Ia (extremely hazardous) and Ib (highly hazardous) products) and the Food and Agriculture Organization(FAO)' International Code of conduct on the distribution and use of Pesticides; and (v) labor and working conditions, including occupational health and safety.

APPLICABLE SOCIAL AND ENVIRONMENTAL STANDARDS

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

People Affected By This Project

ENVIRONMENTAL AND HUMAN RIGHTS RISK ASSESSMENT

Right to Health

Copeval's expansion of operations will naturally mean continued large scale usage and transportation of various agrochemicals, expansion of hazardous material storage operations, expanded waste disposal operation, and increased potential for worker exposure to the aforementioned materials. Several of the agrochemicals used by Copeval are categorized by the World Health Organization as Class Ib, highly hazardous.

Investment Description

- International Finance Corporation (IFC)

Copeval's expansion will significantly increase its operational funding needs. IFC will provide a financing facility of up to US$70 million, including a securitized bond to finance increased permanent working capital needs and support Copeval's growth efforts and further geographical reach within Chile. The investment will provide structured long term financing in local currency at longer terms than usually available in the local market.

Private Actor Relationship

Copeval was established in 1956 as a cooperative and since 2003 it turned into a listed company in the Santiago Stock Exchange. Its major share holders are: Gonzalo Martino Gonzalez (23%), Ariztia Group (22%) and Hernan Bozzo (17%).

Private Actors Description

Copeval SA was founded on November 13, 1956, by a group of farmers who established it as a cooperative. Today Copeval SA is a leading player in the Chilean Agricultural industry by providing integrated supply and services for farmers. In 2003 it became a listed company in the Santiago Stock Exchange. Its major shareholders are: Gonzalo Martino Gonzalez (23%), Ariztia Group (22%) and Hernan Bozzo (17%).

Copeval currently reaches more than 30,000 farmers through its network of stores located across all Chile's agricultural regions. In addition to the products it provides to farmers, Copeval also provides a variety of technical servies and training to small farmers. They sponsor different programs that provide support such as including programs for enhancing the productivity and quality of suppliers, assistance in the implementation of quality certifications, advice in feasibility studies for the implementation of irrigation services. The training services include sessions for agricultural good practices, pesticides handling, treatment of plagues and diseases, operation and maintenance of irrigation systems and agricultural machinery. During 2012, Copeval provided assistance to about 3,900 farmers from the region of Coquimbo to Los Lagos.

Copeval SA now has a strong presence in the region of Atacama and the Lake District, with branches in the cities of Copiapo, La Serena, Ovalle, Quillota, San Felipe, Melipilla, Buin, Rancagua, San Vicente, Rengo, San Fernando, Nancagua, Santa Cruz, Curico, Talca, Linares, San Carlos, Chillin, Los Angeles, Victoria, Montreal, Los Lagos and Osorno.

On April 12, 2013, the media reported on a political scandal involving Copeval in which a Chilean government official with ties to the company awarded it a government contract worth USD $1 million for agricultural equipment that was later found to be faulty and not suitable for use.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Compañía Agropecuaria Copeval S.A.	Client	-

Contact Information

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CONSULTATION PROCESS

According to IFC, Copeval representatives interact with local authorities during the planning and operation of new branches or grain processing facilities. Given the location of the branches and distribution centers, interaction with local community is limited. There are not local requirements to disclose or consult before new branches are open. Engagement with communities in which company facilities are located is on an informal basis; however any concerns from the community are addressed through the existing integrated environmental and social management system, specifically under the communication procedures and all queries should be recorded. Copeval will publicly disclose the contents of the IFC's environmental and social review summary and will respond to concerns, and where necessary will undertake actions to address these concerns.

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/