Early Warning System

IFC-37664

GTSF Tiendas Comercial Mexicana

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Quick Facts

Countries	Mexico
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	B
Voting Date	2010-09-21
Borrower	COMERCIAL CITY FRESKO S.DE R.L.DE CV
Sectors	Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 20.00 million
Project Cost (USD)	$ 30.00 million

Project Description

From the IFC:

This project is proposed under the Global Trade Supplier Finance program (GTSF) approved by the IFC Board on September 21, 2010. Under GTSF, IFC provides short-term financing to suppliers in emerging markets selling to large companies on open account terms.

Under this project, IFC will provide financing to Soriana's suppliers based primarily in Mexico to support them in providing goods or services to the stores that were formerly owned by Comerci. The project is expected to reach 700 Suppliers, the large majority of which will be SMEs.

In supplier financing programs of this nature, IFC's due diligence approach is to assess environmental and social (E&S) risks at supplier level by reviewing buyers' management system and procedures, especially as related to managing E&S performance of their Suppliers.This GTSF line is proposed in the context of Soriana's acquisition of a group of stores owned by Comerci who is an existing GTSF Client. Therefore this ESRS is linked to and based on the initial assessment of Comerci which was disclosed in 2012 and is available here:
ifcextapps.ifc.org/ifcext/spiwebsite1.nsf/78e3b305216fcdba85257a8b0075079d/4c4471cbb46174dc852579a7006c4a30?opendocument

This is a Category B project according to IFC's Policy on Environmental and Social Sustainability because a limited number of specific environmental and social impacts may result that can be avoided or mitigated by adhering to generally recognized performance standards, guidelines or design criteria. The environmental and social impacts that are expected to occur among Soriana's suppliers are those related primarily to production, manufacturing and distribution of food products (both processed and raw products), household goods, health and beauty products, and apparel items among others. Production of raw material, depending on the foodstuff, and the size and characteristics of the farm, commonly involves issues of labor and working conditions, pollution from fertilizers and pesticides, and management of agricultural waste. Food processing and household goods manufacturing may also involve issues pertaining to labor and working conditions including occupational health and safety, pollution prevention and resource management. A key issue for food production and distribution is also food safety, including traceability.

Investment Description

- International Finance Corporation (IFC)

In 2012 IFC provided Controladora Comercial Mexicana (Comerci) with a GTSF-line of $30 million (Project # 31999). However, 70% of Comerci was acquired by Soriana and Soriana intended to continue Comerci's existing GTSF line whereby this will be split into two i.e., $10 million will be retained by Comerci, and $20 million will be acquired and used by Soriana. IFC previously assessed the GTSF line for Comerci and this project was disclosed on 17 February 2012. This project focuses specifically on Soriana and the provision of the $20 million GTSF line to this company.

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/

Other Related Projects

- IFC-28723 Global Trade Supplier Finance