

Early Warning System

IFC-39665

BUH Haiti

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Quick Facts

Countries	Haiti
Financial Institutions	International Finance Corporation (IFC)
Status	Hold
Bank Risk Rating	B
Voting Date	2018-06-25
Borrower	BANQUE DE L'UNION HAITIENNE S.A.
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 10.00 million
Loan Amount (USD)	$ 5.00 million
Project Cost (USD)	$ 10.00 million

Project Description

According to the International Finance Corporation (IFC), the project hopes to address the credit gap in Haiti which the Small and Medium Enterprise (SME) Finance forum estimates amounts to almost US$2.5 billion, with 49% of Micro-, Small, and Medium Enterprises reporting that they are under or unserved by financial institutions.

The specific objectives of this project are twofold:

1. Institutional capacity building and strengthening of the financial system in Haiti by supporting a promising financial intermediary through an investment and advisory program focusing on improving risk management, corporate governace, and SME lending practices
2. Support the growth of the productive sectors of the Haitian economy by expanding and increasing access to finance to serced and underserved businesses, focusing on SMEs.

The IFC will play several roles in the project to accomplish their stated goals:

1. Local currency funding: the IFC will provide a 4-year senior loan in local currency to support SMEs.
2. Mobilisation: the IFC will help the Banque de l'Union Haitienne address the need for long-term funding to support its growth strategy in SME lending by mobilising a portion of the total project size.
3. Technical/Industry expertise: the IFC will share its global expertise, international best practices and knowledge in SME banking and risk management with the Banque de l'Union Haitienne.

Early Warning System Project Analysis

The bank has rated this project FI-2 which corresponds to a B rating or medium risk.

Investment Description

- International Finance Corporation (IFC)

The project will be supported by the Global Small and Medium Enterprise (SME) Finance Facility which is a partnership with the UK Department for International Development and the Government of the Netherlands.

The total project cost is up to US$10 million equivalent, with up to US$5 million for IFC's own account and up to US$5 million from mobilized funds. At the time of writing it remained unclear where the mobilized funds would come from.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- BANQUE DE L'UNION HAITIENNE S.A. (Financial Intermediary)
- BANQUE DE L'UNION HAITIENNE S.A. (Financial Intermediary) **is owned by** Banque de l'Union Haitienne (BUH) (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

Banque de l'Union Haitienne (BUH) is headquartered in Port-au-Prince, Haiti. The Bank operates with a network of 14 branches in 6 provinces across the country.

Banque de l'Union Haitienne was established in 1973 as the first private commercial bank in Haiti. The Bank has been under the oversight of the Central Bank since 2006 due to weak asset quality and performance and in 2013, a controlling stake was acquired by a consortium of investors led by the leading insurance company in Haiti, AIC. BUH’s largest shareholders are AIC (20%), Deeb Group (9%), Hinoto S.A. (7.8%) and Handal Group (7.8%).

Contact Information

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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/