

Early Warning System

IFC-41625

PichinchaGBandSD

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Quick Facts

Countries	Ecuador
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2018-12-10
Borrower	Banco Pichincha CA
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 50.00 million
Project Cost (USD)	$ 50.00 million

Project Description

According to the bank, the proposed investment in Banco Pichincha (“Pichincha” or “the Bank”), an existing IFC client and Ecuador’s largest bank, consists of: (i) an investment of approximately US$50 million in a green bond for IFC’s own account, as part of the Bank’s US$250 million green bonds program, for the financing of the Bank’s climate smart portfolio, and (ii) an investment of up to US$20 million in a subordinated loan for IFC’s own account, plus a US$30 million mobilization, for the financing of the Bank’s SME portfolio.The Project aims to achieve the following: (i) consolidate a commercial relationship with Pichincha, a strategic client with which IFC can further collaborate through both investment and advisory services, (ii) support the development of local capital markets and climate smart projects by subscribing resources, (iii) enhance the level of credit and financial services offered to underserved SMEs, and (iv) strengthen the Bank’s capital by providing sub-debt which qualifies as Tier II capital under local regulation.

People Affected By This Project

The Project is expected to have a significant Stakeholders impact by aiming to increase access to finance to SMEs in Ecuador, as almost 31% of SMEs are fully or partially credit constrained. The Country's SME finance gap is estimated at US$15.6 billion, which is 16% of GDP. The Project also aims to increase and foster the development of climate smart projects. Ecuador ranks 7th in CO2 emissions in LAC and has committed through the Intended Nationally Determined Contributions to reduce GHG emissions by 25%.

Additionally, the Project is expected to have a significant contribution to market creation through Integration, as the Project is anticipated to be the first green bond to be issued by a bank in Ecuador and will therefore have a demonstration effect for climate smart and sustainability-focused projects through banking institutions, further contributing to greater deepening of financial and capital markets in Ecuador.

Investment Description

- International Finance Corporation (IFC)

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.

- Banco Pichincha C.A. (Financial Intermediary)
- Banco Pichincha CA (Financial Intermediary) **is owned by** Banco Pichincha (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 Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Banco Pichincha	Investor	Finance	invests in	Aleatica SA	Client	Transport
Banco Pichincha	Investor	Finance	invests in	CVC Advisers Ltd	Parent Company	Mining
Banco Pichincha	Investor	Finance	invests in	Dinatela Xxi Sl	Parent Company	Industry and Trade
Banco Pichincha	Investor	Finance	invests in	Dulmatesa SL	Parent Company	Agriculture and Forestry
Banco Pichincha	Investor	Finance	invests in	Ercros SA	Parent Company	Industry and Trade
Banco Pichincha	Investor	Finance	invests in	Eurotransac SL	Parent Company	Transport
Banco Pichincha	Investor	Finance	invests in	Grupo Logistico Sese SL	Parent Company	Transport
Banco Pichincha	Investor	Finance	invests in	Humanitas Centros De	Parent Company	Construction
Banco Pichincha	Investor	Finance	invests in	Industry Super Holdings Pty	Parent Company	Transport
Banco Pichincha	Investor	Finance	invests in	Investindustrial SA	Parent Company	Agriculture and Forestry
Banco Pichincha	Investor	Finance	invests in	MaxamCorp Holding SL	Parent Company	Industry and Trade
Banco Pichincha	Investor	Finance	invests in	Mll Best Hotels Mgmt Sl	Parent Company	Construction
Banco Pichincha	Investor	Finance	invests in	Montes De Maria 4g Highway	Client	Transport
Banco Pichincha	Investor	Finance	invests in	Natra SA	Client	Agriculture and Forestry
Banco Pichincha	Investor	Finance	invests in	Nuestro Mundo Empresarial Sl	Parent Company	Construction
Banco Pichincha	Investor	Finance	invests in	Ortiz Construcciones y	Parent Company	Construction
Banco Pichincha	Investor	Finance	invests in	Rioja Acquisition Sarl	Client	Mining
Banco Pichincha	Investor	Finance	invests in	Sacyr SA	Parent Company	Transport
Banco Pichincha	Investor	Finance	invests in	Soltec Energias Renovables Sl	Parent Company	Energy
Banco Pichincha	Investor	Finance	invests in	Uquifa	Client	Education and Health

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Banco Pichincha	Investor	Finance	invests in	Vivimed Labs Ltd	Parent Company	Education and Health
Banco Pichincha	Investor	Finance	invests in	Vivimed Labs Spain SL	Client	Education and Health
Banco Pichincha	Investor	Finance	invests in	Volcan Cia Minera SAA	Parent Company	Mining
CVC Advisers Ltd	Parent Company	Mining	owns	Rioja Acquisition Sarl	Client	Mining
Industry Super Holdings Pty	Parent Company	Transport	owns	Aleatica SA	Client	Transport
Investindustrial SA	Parent Company	Agriculture and Forestry	owns	Natra SA	Client	Agriculture and Forestry
Sacyr SA	Parent Company	Transport	owns	Montes De Maria 4g Highway	Client	Transport
Vivimed Labs Ltd	Parent Company	Education and Health	owns	Uquifa	Client	Education and Health
Vivimed Labs Ltd	Parent Company	Education and Health	owns	Vivimed Labs Spain SL	Client	Education and Health

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/

Campaign Documents

- Company Overview of Banco Pichincha C.A.