Early Warning System

IFC-44278

WCS CR Banpais

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Quick Facts

Countries	Honduras
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Voting Date	2022-06-27
Borrower	Banco del Pais S.A.
Sectors	Finance, Industry and Trade, Technical Cooperation
Ring Fence	Small & Medium Enterprises, Women
Investment Type(s)	Loan
Investment Amount (USD)	$ 60.00 million
Loan Amount (USD)	$ 60.00 million

Project Description

The proposed investment consists of a senior loan of up to US$60 million to Banco del Pais, S.A. (BANPAIS or the Bank) in Honduras under the FIG COVID-19 Emergency Response WCS Envelope (WCS Envelope). The proposed WCS loan consists of a one-year senior loan facility, renewable for up to two additional years, to support the Bank's working capital lending program to Honduran small and medium enterprises ("SMEs") and women-owned SMEs ("WSMEs").

IFC will provide expertise in improving the E&S Standards for BANPAIS and potentially capacity building in developing its value proposition for WSME and women clients.

Early Warning System Project Analysis

The proposed Project will support BANPAIS' SME financing, focusing on low to medium risk sub-projects and has been categorized as FI-2 according to the IFC's Sustainability Framework. The main E&S risks inherent in the Project derive from BANPAIS' capacity to identify, assess, and manage risks associated with its SME portfolio, primarily composed of construction and real estate, agribusiness, manufacturing as well as wholesale and retail trade activities. These risks typically include occupational health and safety issues, labor and working conditions, child and forced labor, waste and wastewater management, land tenure, resource efficiency, pollution prevention, and impacts to vulnerable communities and biodiversity. The Project will not support higher risk E&S sub-projects and activities involving (a) involuntary resettlement; (b) adverse impacts on indigenous peoples; (c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage; (d) substantial occupational health and safety risks; (e) the conversion or degradation of natural habitats as defined by IFC PS 6 – "Biodiversity Conservation and Sustainable Management of Living Natural Resources"; or (f) category A or coal-related sub-projects. IFC's applicable requirements for this Project will be the IFC Exclusion List and relevant host country E&S laws and regulations.

People Affected By This Project

The project is expected to have a development impact in terms of increased access to working capital credit for SMEs and WSMEs in Honduras. The Facility is supporting BanPais' clients' capacity to sustain operations during an acute shock, supporting the private sector economic recovery process and shortening the time it will take for the most vulnerable to return to their traditional income-earning opportunities.

More than two years after the first COVID-19 infections, the pandemic continues to affect firms in a variety of ways, hindering a sustained recovery. Moreover, Honduras and the northern part of the country where BanPais operates were severely affected in 2020 not only by the COVID-19 pandemic but by the impact of hurricanes Eta and Iota, exacerbating the country’s intrinsic vulnerabilities. A return to pre-COVID-19 economic activity necessitates access to finance for SMEs to sustain and grow operations and economic activity.

The proposed investment will provide working capital to the Bank focusing the proceeds on the SME segment, facilitating loans to this segment and helping reduce the SME finance gap in the country.

Investment Description

- International Finance Corporation (IFC)

The proposed investment consists of a one-year, renewable senior loan of up to US$60 million to BANPAIS under the WCS Envelope, with the funds being on-lent to the Bank’s SME and WSME clients.

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 del Pais, S.A. (Banpais) (Client)

Private Actor Relationship

BANPAIS is majority owned by Bicapital Corporation, the holding company of Bicapital Group and owner of Banco Industrial, the largest bank in Guatemala. Bicapital Group is one of the leading banking groups in Central America, with operations in 5 countries in addition to Honduras.

Private Actors Description

Bicapital Corporation

Bicapital Groups

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
Banco del Pais, S.A. (Banpais)	Subsidiary	-	owns	Banco Industrial Guatemala	Parent Company	Finance

Contact Information

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

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