Early Warning System

IFC-44610

E-buses Chile

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Quick Facts

Countries	Chile
Specific Location	Santiago
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	SUMINISTRADORA DE BUSES K CUATRO SPA
Sectors	Infrastructure, Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 304.00 million
Loan Amount (USD)	$ 304.00 million
Project Cost (USD)	$ 391.00 million

Project Description

The proposed investment consists of a senior loan of up to US$304 million composed of a US$120 million IFC A loan and parallel loans of US$184 million that will support the world’s largest e-mobility urban public transport fleet outside of China. It entails the procurement of up to 992 electric buses (“E-buses”) for use in the Santiago metropolitan area in Chile (the “Project”). The E-buses will operate under 14-year bus supply leasing contracts with Chile’s Ministry of Transport and Telecommunications (“MTT”). The MTT awarded these contracts through a competitive bid as part of the ongoing fleet renewal and expansion tender for the Red Metropolitana de Movilidad (the “Red”) – Santiago’s public transit system.

IFC's proposed investment is US$120 million A Loan and a US$184 million parallel/B loan to fund the procurement of up to 992 electric buses (E-buses) for use in the public transit system, the Red Metropolitana de Movilidad, of the Santiago metropolitan area in Chile (the Project).A special purpose vehicle (“SPV”) called Suministradora de Buses K Cuatro (the Company), a subsidiary of Grupo Kaufmann (Kaufmann) and Enel X Chile (Enel and together the Sponsors),will own the E-buses, manufactured by Foton Motor Company (Foton), a leading Chinese manufacturer. Foton uses batteries from CATL, which is today the world's largest EV battery company. The total project cost is estimated at US$460 million. The E-buses will operate under 14-year bus supply contracts to be awarded as part of the ongoing fleet renewal, and expansion tender carried out by Chile's Ministry of Transportation and Telecommunications (MTT). This tender was held in the context of a restructuring of the operating model for public bus transportation in Chile, wherein separate contracts are awarded for (i) the supply of buses and (ii) their operation and maintenance. IFC's proposed investment in the company is for the supply of E-buses only. The bus supply contract requires the supplier (i.e., the company) to ensure the E-buses meet the specifications established during the tendering process, train the operator's maintenance staff and drivers, and develop a maintenance plan, which will be implemented by the bus operator. The bus supply contract also requires the bus supplier to replace the batteries once they no longer comply with the minimum range specification. Furthermore, the supplier must provide warranties for the buses supplied, and within the framework of these warranties, must carry out diagnoses and repairs requested by the operator. The operator may also request additional spare parts, diagnostics, and repairs from the supplier. Finally, the supplier must overhaul each bus in year seven or when it reaches half the mileage associated with its useful life. When requested by the MTT, the supplier must remove the buses at the end of the contract term or at the end of their useful life. In this case, the supplier must manage their final disposal or destruction in an authorized place. The project will reduce Santiago's mass transit system's carbon footprint by replacing diesel buses with E-buses. Reducing carbon emissions is a national priority for Chile under the commitment to the Paris Agreement; the project supports the National Electromobility Strategy's goal of 100% of sales of light and medium vehicles, 100% of sales of public transport vehicles (buses, taxis and collective taxis) and 100% of sales of large mobile machinery to be zero-emission by 2035.

Investment Description

- International Finance Corporation (IFC)

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

Bank Documents

- Environmental and Social Review Summary (ESRS)

Other Related Projects

- IDBI-13434-01 E-Buses Chile