Early Warning System

IFC-46229

Mavesa Ecuador

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Quick Facts

Countries	Ecuador
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	B
Borrower	SPV OF MAVESA ECUADOR
Sectors	Industry and Trade, Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 50.00 million

Project Description

Founded in 1932, Maquinaria y Vehículos S.A. (“Mavesa” or the “Company”) is a family-owned, leading distributor of specialized vehicles such as buses, heavy-weight trucks, construction equipment, and light cargo vehicles utilized in multiple industries in the Ecuadorian market. Mavesa is the local distributor of (i) global vehicle manufacturers such as Hino (Toyota trucks), Citroën, DS Automobiles, Dongfeng, ZX Auto, Skywell among others; (ii) heavy equipment and machinery producers LiuGong and Bomag (Fayat Group); and (iii) Marangoni retreaded truck tires. Additionally, the Company owns and operates a network of 33 specialized vehicle shops and service centers across 12 cities, providing full after-sales services to customers.
The proposed transaction will be structured through a synthetic securitization of the Company’s loan portfolio originated from the provision of heavy-weight vehicle financing to its clients, to support Mavesa’s 2022-2023 growth plan which has a total cost of US$50 million and includes: (i) the purchase of electric vehicles (“EV”) and necessary investments in infrastructure and capacity building for US$18 million; and (ii) US$32 million for the working capital to finance the Company’s on-lending activities and growth post-COVID recovery. The Project would be funded by an up to US$50m IFC A/B Loan and, given Mavesa’s commitment to introducing EVs in Ecuador, the proposed transaction will be structured as a Sustainability Linked Loan (“SLL”).

Early Warning System Project Analysis

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards

PS 1 - Assessment and Management of Environmental and Social Risks and Impacts
PS 2 - Labor and Working Conditions
PS 3 - Resource Efficiency and Pollution Prevention
PS 4 - Community Health, Safety and Security

- PS 5: Land Acquisition and Involuntary Resettlement: Project locations has been acquired on a willing seller willing buyer basis. According to the information provided by the company, no informal land users have been identified prior to land acquisition for new facilities and the existing facilities. As of May 2022, there have been no grievances or court cases related to the land acquisition and/or leasing. A potential land acquisition related risk is expected to be captured through the risk identification procedure.

- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources: All land lots for the Project are in urban areas and impacts on biodiversity values are not anticipated.

- PS 7: Indigenous Peoples: No indigenous peoples were identified in the areas surrounding the company's assets.

- PS 8: Cultural Heritage: The company's assets do not overlap with World Heritage Sites and there is no known cultural heritage within the vicinity that can be affected.

Investment Description

- International Finance Corporation (IFC)

Contact Information

ACCESS TO INFORMATION

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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