Early Warning System

IFC-47014

WCS COVID Daycoval II

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Quick Facts

Countries	Brazil
Specific Location	not applicable
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2022-06-21
Borrower	Banco Daycoval S/A.
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million
Loan Amount (USD)	$ 100.00 million
Project Cost (USD)	$ 100.00 million

Project Description

The proposed investment consists of a 1-year senior loan facility of up to US$100 million for Banco Daycoval S.A (Daycoval or the Bank) under the WCS Financial Institutions Response Envelope (FIGE). The facility will be renewable, at IFC's option, for two additional one-year periods (up to three years in total).The proposed WCS investment in Daycoval is expected to leverage on the previous WCS Project with the Bank (Project #43220) and continue supporting the Bank's working capital needs and trade related financing to Brazilian enterprises, which in turn feed an ecosystem of small and medium enterprises (SMEs) distributors and suppliers (the Project). Similar to Project #43220 and in order to further promote gender finance, 20% of the Project's proceeds will be channeled to Women-Owned SMEs.

People Affected By This Project

Through the Project, IFC will support Daycoval to increase access to finance for SMEs and WSMEs in Brazil. It is expected that this in turn will preserve jobs and enterprise growth by supporting working capital needs and trade related financing for Brazilian SMEs with a focus on women owned SMEs. In Brazil, credit penetration has been one of the most important issues in financial sector development given the structural barriers and lack of incentives for banks to service these segments. The COVID crisis has exacerbated the challenge, further tightened credit lines and hindered the growth potential of the SMEs.

Moreover, the Project will also help the financial sector increase its ability to continue to withstand shocks from the continuing devasting effects of the COVID-19 crisis and other macro vulnerabilities. Through this project, IFC is enabling Daycoval to support the working capital needs of SMEs during a time of crisis and contribute to the diversification of available financing in the market to include SMEs.

Investment Description

- International Finance Corporation (IFC)

This project intends to provide US$100 million of liquidity to Daycoval, which will then on-lend to its SME client base. It will further contribute by increasing WSMEs reach, by targeting at least 20% of the proceeds to this segment.

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 Daycoval S.A. (Financial Intermediary)

Private Actors Description

According to the IFC, Daycoval is a leading medium sized bank with a long and strong track record of providing credit to middle market companies. The Bank is a diversified financial institution offering corporate and individual loans, with a broad range of credit solutions, investments, asset management, capital market services and foreign exchange products. The Bank was ranked as the 11th largest financial institution in terms of loan portfolio as of September 2021.

Daycoval is currently owned by the Dayan family, which holds 100% of Daycoval’s capital and voting rights. The Bank is the main business of the Dayan family that has shown commitment and support to the Bank.

Contact Information

IFC

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