

 Early Warning System

IFC-48333

SMTO Biomethane



Quick Facts

Countries	Brazil
Specific Location	City of São Martinho, City of Iracema, City of Santa Cruz and City of Boa Vista
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-11-14
Borrower	SAO MARTINHO S/A.
Sectors	Agriculture and Forestry, Energy
Investment Type(s)	Loan
Investment Amount (USD)	\$ 165.00 million
Project Cost (USD)	\$ 165.00 million



Project Description

The proposed IFC investment is a senior loan of up to US\$165 million to São Martinho S.A. (“SMTO” or the “Company”), a Brazilian sugar and ethanol company (<https://www.saomartinho.com.br/>), operating three sugar mills in the state of São Paulo (São Martinho, Iracema, and Santa Cruz mills) which are producing sugar, ethanol, bioenergy, and by-products, and one mill in the state of Goiás (Boa Vista mill) producing ethanol and bioenergy. IFC's use of proceeds will support the (i) construction of a biomethane plant, (ii) renewal of sugarcane plantation at Santa Cruz mill, and (iii) crop treatment related to biomethane (the “Project”). The biomethane plant will be located at the Santa Cruz mill and has already secured the environmental permit (Installation License – LI) in September 2023. The construction of the plant has not started yet. This proposed investment will support SMTO to produce renewable energy, which can be converted into ethanol and substitute diesel. This would be IFC’s third investment in SMTO since 2017. Previous investments are available at <https://disclosures.ifc.org/project-detail/ESRS/43319/sao-martinho-cogen> and <https://disclosures.ifc.org/project-detail/ESRS/37809/sao-martinho-i>. The E&S performance of SMTO’s projects in portfolio has been satisfactory. SMTO manages 350,000 hectares (ha) of sugarcane production, of which 70% (~250,000 ha) is owned or under lease and partnerships. The remaining 30% (~100,000 ha) belongs to contract growers. Specifically, the sugarcane plantation for the Santa Cruz mill comprises ~35,000 ha, and its processing capacity is currently 5.6 million metric tons of sugarcane. More than 90% of Santa Cruz's planted area is owned by SMTO.



Investment Description

- International Finance Corporation (IFC)



Contact Information

IFC

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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/>