

 Early Warning System

IFC-49867

SGM bond



Quick Facts

Countries	Madagascar
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2024-06-27
Borrower	Societe General Madagascar
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	\$ 15.00 million
Project Cost (USD)	\$ 433.00 million



Project Description

According to the Bank's website, the proposed Project is an up to US\$15 million (in Malagasy Ariary (MGA) equiv.) investment for IFC's own account in a three-year senior unsecured bond to be issued by Societe Generale Madagasikara (SGM). SGM is an existing client of IFC under the Base of the Pyramid (BOP) Platform. The bond, which will be issued out of SGM's sustainable bond framework, will be privately placed and is expected to raise up to US\$35 million in total. The Project is processed under the BOP Platform, which is designed to support lending to micro, small and medium enterprises (MSMEs) by financial institutions (FIs) in emerging markets in response to the COVID-19 pandemic and the interrelated crises which followed. 50% of the proceeds from the bond issuance will be used to finance MSMEs while the rest will finance renewable energy projects. IFC's investment will target MSMEs only.

As part of the BOP Program, the Project will use IDA PSW's Local Currency Facility (LCF) to source local currency, as well as the Pooled First Loss Guarantee (PFLG) from IDA PSW's Blended Finance Facility (BFF).



Early Warning System Project Analysis

The Project is categorized as FI-2 according to IFC's Policy on Environmental and Social Sustainability. The proceeds of the bond will support on-lending to MSMEs in Madagascar active in sectors with minimal adverse E&S impacts such as commerce, manufacturing, services, construction, textiles, transportation and storage, agribusiness, hotels and restaurants. IFC's investment will not be used to support any coal-related activities or higher-risk activities that may include: (a) involuntary resettlement; (b) potential adverse impacts on Indigenous Peoples; (c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage; or (d) significant occupational health and safety risks. The main E&S risks and impacts of the Project derive from the Bank's capacity to maintain its management system to identify and manage the potential E&S risks and impacts associated with the sub-projects supported under this transaction. These risks are typically associated with labor and working conditions, occupational health and safety, pollution prevention and atmospheric emissions, and waste and wastewater management, among others.



Investment Description

- International Finance Corporation (IFC)

The proposed Project consists of IFC investment in an unsecured amortizing bond of up to US\$15 million (in Malagasy Ariary (MGA) equiv.), with a 3-year tenor.

The Project will be financed from IFC's own account with the support of IDA Private Sector Window, that will enable IFC to provide local currency financing to MSMEs operating in the challenging economic environment, while supporting reaching underserved lending segments in Madagascar.

The total PSW eligible program size consists of up to US\$433 million.

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.

- [Societe Generale Madagascar](#) (Financial Intermediary)



Private Actors Description

Societe General Madagascar - Present for more than 25 years in Madagascar, SGM is a subsidiary of the Societe Generale Group (the Group), a leading European financial services group and a major player in the economy for over 160 years, which supports 25 million clients every day with 126,000 staff in 65 countries. The Group entered Madagascar following the privatization of a previously state-owned bank and is engaged in offering sustainable and responsible banking services. SGM employs more than 1000 people and has a network of 70 branches across the country and offers banking services to individuals, MSMEs, corporates, and institutions (financial institutions, public entities, and NGOs).

Shareholders: The Group holds 70% of the shareholding of SGM, while the Malagasy state has a 28.5% shareholding, and 1.5% is held by employees.



Contact Information

Societe General Madagascar
Dimbiniaina Rakotojoelimaria
Responsable Financements Structurés
+261(0)20 22 206 91 (9641)
dimby.rakotojoelimaria@socgen.com
14 Rue Général Rabehevitra – BP 196 – Antaninarenina, Antananarivo 101
<https://societegenerale.mg/fr/>

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>