Early Warning System

MIGA-14731

Banco Nacional de Fomento de Paraguay

Quick Facts

Countries	Paraguay
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Proposed
Bank Risk Rating	U
Voting Date	2020-10-31
Borrower	Banco Nacional de Fomento
Sectors	Education and Health, Finance
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 133.00 million

Project Description

PROJECT DESCRIPTION

This summary covers an application made byBanco Nacional de Fomento (BNF)to cover a proposed lending facility to be provided to BNF by Citibank N.A. and other financial institutions yet-to-be identified.MIGA's coverage has been sought in relation to a Non-Honoring of Sovereign Financial Obligations by a State-Owned Enterprise (NHFO-SOE) guarantee for a US dollar debt financing structure of up to US$ 133 million with a tenor of up to 7 years.

The MIGA guaranteed facility will be used by BNFto finance the Economic Recovery Plan (ERP), recently announced by the Government of Paraguay (GoP). The proceeds of the MIGA-covered loan(s) will allow BNF to provide long term funding in USD to export-oriented companies operating in the productive sectors of the country (agriculture, livestock, commercial, industrial, services), as outlined by the ERP. The expected final use of the proceeds will enable export-oriented companies to finance their investment needs and liability management to recover from the negative impacts of the COVID-19 crisis.

ENVIRONMENTAL CATEGORIZATION

This Project is a Category FI-2 project according to MIGA's Policy on Environmental and Social Sustainability (2013). BNF is a state-owned bank providing universal banking services to corporations and individuals across 80 branches in Paraguay.

MIGA analyzed BNF's portfolio for types of transactions, tenor, size, industry sectors, and exposure to MIGA's Exclusion List. As of September 1, 2020, retail banking accounts for approximately 59% of BNF's total portfolio, corporate finance is about 8%, and the SME portfolio is about 33%. Corporate finance includes among others exposure to sectors such as agribusiness, manufacturing, retail & trade, and services. BNF does not have exposure to sectors on the MIGA Exclusion List, coal-related activities, extractives sectors or activities related to palm-oil. The use of proceeds of the Loan Facility will exclude high-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 environmental and social (E&S) risks of this project are associated with BNF's lending activities and its capacity to manage these risks. The applicable E&S requirements are the MIGA's Exclusion List; applicable national environmental and social laws and regulations; sector risk-screens as applicable; and the MIGA's Performance Standards.

BNF has appointed an Environmental and Social Risk Officer and has an Environmental and Social Management System in place which includes risk categorization, screening against a list of prohibited activities, and a set of sector guidelines and requirements, applicable to client activities related to for example agriculture and construction. A summary of the ESMS is publicly available on theBNF website.

There is a strategy and commitment to Corporate Social Responsibility (CSR) and BNF supports various related initiatives and associations in the field of education, health, sport, culture, and ecology. In addition, BNF has a process to receive and respond to external communication regarding BNF's operations and business activities.

BNF has a set of policies related to human resources reflecting national requirements, including conditions of employment and compensation, working time, benefits and performance management, talent management, redundancy policy (which covers retrenchment), non- discrimination, grievance redress, provisions for the employees' organizations and a worker's grievance mechanism.

BNF has a Business Continuity Plan and an Emergency Response and Evacuation Plan in place. These documents cover emergency response procedures, crisis management and business recovery protocols for the critical business processes, internal/external notification, requirements for training and drills and the requirements for auditing of the business continuity

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Guarantee for a US dollar debt financing structure of up to US$ 133 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.

- Banco Nacional de Fomento de Paraguay (Financial Intermediary)

Private Actors Description

De acuerdo con la página oficial del banco, el Banco Nacional de Fomento, en su labor de institución financiera del estado, orientado a impulsar el desarrollo económico y social del país, a través de servicios bancarios y financieros, se compromete a desarrollar, implementar, evaluar y mejorar continuamente su sistema de control interno, bajo los componentes y principios de la NRM-MECIP:2015, a cumplir los requisitos legales, regulatorios y demás disposiciones aplicables y a fomentar en su plantel humano una gestión Ética y transparente, a fin de contribuir al logro de su misión y objetivos institucionales y la satisfacción de su grupo de interés.

Contact Information

No contact information provided at the time of disclosure.

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.miga.org/contact/access_to_information

You can also request general information about MIGA and for information on guarantees by emailing: migainquiry@worldbank.org

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