

 Early Warning System

MIGA-15234

Banco do Brasil No-Till Farming



Quick Facts

Countries	Brazil
Specific Location	Uninformed
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Proposed
Bank Risk Rating	FI
Borrower	Banco do Brasil
Sectors	Agriculture and Forestry, Finance
Investment Type(s)	Guarantee
Investment Amount (USD)	\$ 1,200.00 million
Project Cost (USD)	\$ 1,200.00 million



Project Description

PROJECT DESCRIPTION

This summary covers an application made to cover a proposed commercial lending facility of US\$800 million to Banco do Brasil S.A. (BdB) to be provided by : JPMorgan Chase Bank, NA., Standard Chartered Bank, HSBC Bank plc, and Credit Agricole CIB, and other lender(s) 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 up to US\$1,200 million and a tenor of up to 10 years.

The MIGA-guaranteed loan will be used to support BdB's local lending operations for Micro, Small and Medium (MSME) farmers engaged in no-till agriculture, which is considered a climate-smart agricultural practice offering carbon sequestration and climate resilience benefits. Hence, BdB will provide timely and flexible funding of up to US\$2.0 million to no-till farmers with annual revenues below US\$3.0 million to ensure that they have access to the necessary funding for their annual harvesting requirements.

DEVELOPMENT IMPACT

The Project is expected to contribute to increased access to finance toward MSME farmers in support of sustainable agriculture, i.e. no-till farming. Furthermore, the Project has potential demonstration effects associated with the adoption of sustainable agricultural practices by a leading state bank in Brazil, further reinforcing the urgency to accelerate the country's pathway to net-zero and leveraging private capital through the banking system as a key entry point to climate transition.

The proposed Project aligns with the World Bank Group's Climate Action Plan 2021-2025 (CCAP, 2021) and the Roadmap for Climate Action in Latin America and the Caribbean 2021-2026 that supports green, resilient and inclusive development. The Project is consistent with Brazil's Country Partnership Framework (CPF) for FY18-2320 which is structured across three focus areas: (i) Fiscal consolidation and government effectiveness, (ii) Private sector investment and productivity growth, and (iii) Inclusive and sustainable development. The Project is particularly aligned with focus area 2 as it contemplates the reduction of barriers to improve the mobilization of private financing for trade, as well as increased access to finance to MSMEs. The Project is also aligned with the WBG's Green Resilient and Inclusive Development framework (GRID) approach through its contributions to sustainability and resilience to climate shocks.

The proposed Project is also aligned with MIGA's FY24-26 Strategy and Business Outlook under its strategic focus of ensuring inclusive growth as it is expected to support underserved groups, specifically MSME farmers. In addition, the Project has the potential to help address the global challenges of climate change and deforestation in Brazil by supplying financing for climate related activities.

ENVIRONMENTAL CATEGORIZATION

Banco do Brasil provides retail, MSME, and corporate finance services to clients in Brazil. The MIGA project will support lending to MSMEs in the agriculture sector, specifically no-till farming. MSME transactions are typically considered low to medium-risk transactions, with environmental and social (E&S) risks and impacts that can be addressed through mitigation measures. Additional considerations, commensurate to the size of MSMEs, for harmful child labor, forced labor, use of pesticides, biodiversity loss and impacts on indigenous peoples associated with agriculture will be assessed for this Project. This Project has thus been categorized as FI-2 in accordance with MIGA's Policy on Environmental and Social Sustainability (2013).

The main E&S aspects of this Project relate to BdB's ability to identify, assess, and manage the E&S risks and impacts associated with its lending activities and the management of labor matters. MIGA analyzed BdB's portfolio for types of transactions, tenor, size, industry sectors, and exposure to MIGA's Exclusion List. MIGA also analyzed BdB's E&S risk management procedures for lending activities in line with the requirements of Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts (PS1). and BdB's labor practices in line with the requirements



Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

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 do Brasil](#) (Financial Intermediary)



Private Actors Description

According to MIGA, Banco do Brasil provides retail, MSME, and corporate finance services to clients in Brazil.



Contact Information

MIGA

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/>



Campaign Documents

- [Banktrack: Banco do Brasil](#)
- [Business and Human Rights Resource Center: Banco do Brasil](#)