Early Warning System

MIGA-15258

Cross Border Facility Platform

Quick Facts

Countries	Brazil
Specific Location	Uninformed
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Proposed
Bank Risk Rating	U
Voting Date	2024-06-15
Borrower	Banco Santander S.A.
Sectors	Agriculture and Forestry, Communications, Education and Health, Energy, Finance, Industry and Trade
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 826.50 million
Project Cost (USD)	$ 826.50 million

Project Description

As stated by the MIGA, this summary covers an application made by Banco Santander S.A. (Santander) of Spain for its USD denominated cross-border loans from Madrid to its corporate clients in Brazil. MIGA intends to cover the risk of Transfer Restriction and Inconvertibility (TR) and will work with Santander to develop a master coverage that will allow Santander to receive a capital relief from such TR cover, in accordance with Spanish banking rules and regulations.

The MIGA-guaranteed loans will be used by Brazilian corporates to support projects in the following areas: food & nutrition security, digital services, water & sanitation, affordable & reliable sustainable energy, urban connectivity, health, and inclusion.

The Project is expected to facilitate cross border investments in Brazil to increased access to finance toward Brazilian corporates in support of an array of highly developmental activities contributing to targeted developmental outcomes.

The proposed Project is consistent with Brazil's Country Partnership Framework (CPF) for FY18-23 under Focus Area 2, Private sector investment and productivity growth, and under Focus Area 3 -inclusive and sustainable development- given the proposed key priority areas eligible[1].Furthermore, the Project is intended to fully align with theGlobal Challenge Programs (GCPs).

The Project is also aligned with MIGA's FY24-26 Strategy and Business Outlook under its strategic focus of ensuring inclusive growth with an intended focus to direct use of proceeds toward projects preliminarily defined as (i) aligned with CPF and (ii) aligned with MIGA strategic areas of climate and/or gender.

As of December 2023, Santander's cross-border portfolio in Brazil included loans to mid-sized and large corporate clients in sectors such as telecommunications, oil & gas and mining, consumer goods, crop production and automobiles. The bank has no exposure to activities on the MIGA Exclusion List within cross-border loan portfolio. The bank also has no exposure to coal-related activities; the MIGA portfolio will not include coal-related activities or oil and gas activities.

[1]A new CPF for Brazil is currently under consideration.

Early Warning System Project Analysis

The MIGA assigned the general risk category 'FI' to the project.

The main E&S aspects of this project relate to Santander's ability to identify, assess, and manage the E&S risks and impacts associated with its lending activities and the management of labor matters by Santander. MIGA analyzed Santander's cross-border portfolio for types of transactions, industry sectors, and exposure to MIGA's Exclusion List. MIGA also analyzed Santander's E&S risk management procedures and emergency preparedness procedures in line with the requirements of Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts (PS1), and the Santander's labor practices in line with the requirements of Performance Standard 2: Labor and Working Conditions (PS2).

The MIGA requirements for applying the Performance Standards differ from the Equator Principles requirements. For the purposes of the MIGA guarantee, Santander will be required to assess cross-border transactions against: (i) the MIGA Exclusion List; (ii) applicable E&S laws and regulations in Brazil; and (iii) the Performance Standards (for eligible loans in line with MIGA's requirements).

For the proposed guarantee, Santander will be required to report annually to MIGA regarding its cross-border portfolio, the implementation of the E&S procedures as well as labor practices.

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 Santander SA (Financial Intermediary)

Private Actors Description

As stated by Bloomberg, Banco Santander S.A. attracts deposits and offers retail, commercial and private banking, and asset management services. The Bank offers consumer credit, mortgage loans, lease financing, factoring, mutual funds, pension funds, insurance, commercial credit, investment banking services, structured finance, and advice on mergers and acquisitions.

Contact Information

No project contacts 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/

Community Documents

- Letter of concern - Sinergia Animal and IAP - 20May24

Campaign Documents

- Banktrack: Banco Santander
- Business and Human Rights Resource Center: Santander