Early Warning System

MIGA-15599

Standard Chartered Capital Optimization

Quick Facts

Countries	Ghana, Pakistan, Zambia
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Proposed
Bank Risk Rating	B
Borrower	Standard Chartered Bank plc (United Kingdom)
Sectors	Finance
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 160.00 million

Project Description

According to the Bank’s website, the project consists of guarantees for new and existing equity investments by Standard Chartered Plc (SCB or the Group) in its subsidiaries in Ghana, Pakistan and Zambia against the risk of Expropriation of Funds of mandatory reserves held at the respective host country central banks. This would enable SCB to obtain capital relief on its risk-weighted assets and use the freed-up capital to support the subsidiaries' growth. The investor has applied for a MIGA guarantee of an aggregate amount of USD160 million (USD 70 million for SCB's subsidiary in Ghana, USD 50 million for the subsidiary in Pakistan, USD 40 million for the subsidiary in Zambia) for a period of up to 3 years.

he key expected development impacts of the Project are: (i) increased lending to the private sector across various segments in Ghana, Pakistan, and Zambia including trade finance loans supporting export promotion and foreign exchange receipts, at a time when these economies face macroeconomic challenges and crowding-out conditions for the private sector; (ii) support for SMEs in Pakistan, which face significant barriers for access to credit; (iii) replication potential by international banks in Pakistan, given that this will be the first capital optimization project in the country; and (iv) support for banking sector resilience in Ghana and Zambia, which are both emerging from macroeconomic crises and undergoing sovereign debt restructuring.

Early Warning System Project Analysis

SCB offers financial products and services to corporate and SME clients and individuals. The MIGA guarantee will support trade finance and Short term corporate loans. These transactions are considered to be mostly medium risk, with potentially limited adverse E&S risks and impacts that are site-specific, reversible and can be addressed through mitigation measures. Transactions with significant adverse E&S risks and impacts will be excluded from the MIGA project. The Project is thus categorized as FI-2 in accordance with MIGA’s Policy on Environmental and Social Sustainability (2013). The main E&S risks of this Project are associated with SCB Pakistan’s ability to identify, assess, and manage the E&S risks of its financing activities and the Bank’s labor practices.

Investment Description

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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.

- Standard Chartered Bank (Financial Intermediary)

Private Actors Description

With a 172-year history, *Standard Chartered Bank* is a leading UK-based multinational bank operating in 54 markets across the world. It is listed on the London Stock Exchange and the Hong Kong Stock Exchange. Major SCB shareholders include Temasek Group, BlackRock and Vanguard Group. The company is a constituent of the FTSE 100 Index and is rated A3 (Positive) by Moody's, BBB+ (stable) by S&P, and A (stable) by Fitch.

Contact Information

No contacts available 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