

 Early Warning System

NDB-BRAZILCOVID

Emergency Program for Supporting Brazil's Economic Recovery from
COVID-19

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.



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Quick Facts

Countries	Brazil
Financial Institutions	New Development Bank (NDB)
Status	Approved
Bank Risk Rating	B
Voting Date	2020-12-07
Borrower	Government of Brazil
Sectors	Education and Health, Humanitarian Response
Investment Type(s)	Loan
Investment Amount (USD)	\$ 1,000.00 million
Loan Amount (USD)	\$ 1,000.00 million
Project Cost (USD)	\$ 3,500.00 million



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Project Description

As stated on the project disclosure page, the NDB's loan (Loan) is to support the recovery of the Brazilian economy by providing resources for the Government of Brazil (GoB) to capitalize the FGI-PEAC Fund that provides guarantees to participating Financial Institution (FIs) on loans provided to SMEs. FGI was created in 2010 and is managed by the Banco Nacional de Desenvolvimento Economico e Social (BNDES). FGI, in partnership with FIs, provides fast and less costly guarantees on SME loans availed from FIs. The Fund was expanded in 2020 under PEAC, as a response from the GoB to the COVID-19 impact on the economy. The Fund provides guarantees to participating FIs for 80% of the loans provided to SMEs, limited to BRL 10 million (USD 1.8 million) per SME per FI. No premium rate is charged and only minimum personal guarantees are required in accordance with the respective FIs' policies.

The Emergency Program (Program) is proposed to address the adverse economic impact of COVID-19 pandemic and enable economic recovery. Its objective is to improve SMEs' access to credit by providing guarantees to help them overcome any temporary liquidity problem, ensure the continuity of their operations, and strengthen their financial sustainability, thereby preventing significant loss of jobs.

FGI-PEAC is operational since June 2020 and eligible SMEs can obtain loans guaranteed by the fund until December 31, 2020. The GoB will utilize the Loan to partially finance its contribution to the FGI-PEAC Fund. BNDES as the Fund manager is responsible for operating the guarantees, underwriting and overall coordination of the participating FIs. BNDES will also monitor and report on the Program's performance. As of November 2020, the Fund has already provided more than USD 15 billion in guarantees. The disbursement will be in one tranche of the full Loan amount with 100% retroactive financing.



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Investment Description

- New Development Bank (NDB)

As stated by the NDB, the total cost of the Program is estimated at USD 3.50 billion. NDB will finance USD 1.00 billion or 29% of the total cost. The balance cost will be financed by the Inter-American Development Bank (a loan of USD 200 million) and GoB (USD 2.30 billion).

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 Desenvolvimento Econômico e Social BNDES](#) (Financial Intermediary)



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Private Actors Description

As stated by Bloomberg, the Banco Nacional de Desenvolvimento Economico e Social, doing business as BNDES, operates as a development bank. The Bank supports exports, technological innovation, sustainable development, public administration modernization, and financing for companies. BNDES serves customers in Brazil.



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Contact Information

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No contacts provided at the time of disclosure.

Borrower - Ministry of Finance:

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ACCESS TO INFORMATION

You can submit an information request for project information through a form at the bottom of the following webpage <https://www.ndb.int/about-us/contact-us/>. Alternatively, you can send an e-mail to info@ndb.int.

ACCOUNTABILITY MECHANISM OF NEW DEVELOPMENT BANK

The New Development Bank (NDB) does not currently have an independent accountability mechanism to accept complaints related to NDB-financed projects. The Bank does have a whistleblower mechanism that receives complaints about misconduct related to corruption, fraudulent practices and instances of money laundering in projects financed by the NDB and/or against the NDB staff members. To learn more about the whistleblower mechanism and how to file a complaint, access this webpage at: <https://www.ndb.int/about-us/whistleblowing/>.



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Bank Documents

- [Project Summary](#)



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Other Related Projects

- NDB-SOUTHAFRICACOVID Emergency Program for Supporting South Africa's Economic Recovery from COVID-19
- NDB-INDIACOVID Emergency Program for Supporting India's Economic Recovery from COVID-19
- NDB-CHINACOVID Emergency Program for Supporting China's Economic Recovery from COVID-19
- NDB-RUSSIACOVID Emergency Program for Supporting Russia's Response to COVID-19
- NDB-BRAZILCOVIDRESPONSE Emergency Program for Supporting Brazil's Response to COVID-19