

Public Information Summary

Host Country	Ghana
Name of Guaranteed Party	Absa Bank Ghana Ltd.
Project Description	Loan portfolio guaranty to support lending to small and medium enterprises (SMEs) and rural community banks operating in agricultural value chains in Ghana. Guaranty will provide higher coverage to lending supporting agricultural value chains in northern Ghana, which experiences higher rates of poverty and malnutrition.
Proposed DFC Guaranty	\$10,000,000
All-Source Funding Total	\$20,000,000
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in Ghana by addressing the country’s small and medium enterprise (SME) finance gap. According to the SME Finance Forum, Ghanaian SMEs face a financing gap of almost \$4.8 billion. Agriculture is estimated to contribute from 30 to 45% of Ghana’s labor force and represents 54% of GDP, yet the Bank of Ghana reported that the sector attracted only 4.6% of all loans disbursed. Efforts to expand agricultural financing have been hampered by various collateral, guarantor, and bureaucratic requirements. The Project Company expects to address some of these challenges by targeting loans to SMEs, including rural enterprises in northern Ghana. USAID expects to support the Project by connecting Absa to rural and community banks to help increase financing to underserved SMEs.
Environment and Social Assessment	<p>The Project has been reviewed against the DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loan portfolio guaranties for the expansion of lending to micro, small, and medium enterprises (“MSMEs”) are screened as a Category C for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as Category C and further review and consent is not required for these investments.</p> <p>To ensure that the Guaranteed Party’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to</p>

	<p>the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.</p> <p>Under the DFC’s ESPP, the Guaranteed Party is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation’s Performance Standard (“PS”) 1 and 2. A desk-review based due diligence assessment indicates that because the Project will use DFC support for the expansion of its MSME lending portfolio in Ghana, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Guaranteed Party does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are not triggered at this time.</p> <p>The Guaranteed Party has an environmental and social policy, human resources policies, and grievance mechanisms commensurate to the environmental and social risks associated with its investment strategy and generally aligns with the DFC’s requirements as found within the ESPP. However, the Guaranteed Party will be required to provide evidence that its private security receive training in accordance with IFC PS 4, specifically as it relates to human rights and use of force as a condition to receipt of DFC support.</p>
--	--