

Public Information Summary

Host Country	Ghana
Name of Guaranteed Party	Opportunity International Savings and Loans Ltd.
Project Description	Loan portfolio guaranty to support lending to micro, small, and medium enterprises (MSMEs) and individuals working in agricultural value chains in Ghana. The 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	\$2,500,000
All-Source Funding Total	Up to \$5,000,000
Policy Review	
Developmental Objectives	The Project is expected to have a positive development impact in Ghana by addressing the country’s financing and financial literacy gap among agricultural microenterprises and smallholder farmers. According to the SME Finance Forum, Ghanaian MSMEs face a financing gap of over \$5 billion, of which microfinance is estimated to represent \$202.7 million. Agriculture is estimated to contribute from 30 - 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 seeks to address some of these challenges by targeting microfinance loans to smallholder farmers and women-owned and -led enterprises in northern Ghana, with trainings on agricultural practices offered through a partnership with Opportunity International.
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 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 portfolio guaranty will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this</p>

transaction relate to the need for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.

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 lending to MSME’s in rural Ghana in the sectors of agriculture, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, 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 contracted but unarmed private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered at this time.

The Guaranteed Party has a basic environmental and social management system (“ESMS”) that is comprised of grievance mechanisms, environmental and social risk identification and mitigation procedures, and human resources policies commensurate with its investment strategy, but will require some strengthening regarding its environmental and social risk management policies to meet the DFC’s 2020 Environmental Policy and Procedures. The Guaranteed Party will be required to update their Environment and Social Risk Management Policy to include a designated responsible individual for the management of E&S risks and policy enforcement, an updated policy addressing the prohibition and risk management for Child and Forced Labor, an adequately enumerated Non-Discrimination policy, and evidence of adherence to IFC PS 4 regarding use of contracted security.