

Public Information Summary

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| Host Country | Bosnia and Herzegovina |
| Name of Guaranteed Party | ProCredit Bank d.d. Sarajevo |
| Project Description | A loan portfolio guaranty supporting ProCredit’s SME lending in Bosnia and Herzegovina with a focus on Bosnian diaspora-owned SMEs and/or diaspora-linked SMEs. |
| Proposed DFC Guaranty | 10-year, \$7,500,000 loan portfolio guaranty |
| All-Source Funding Total | \$15,000,000 |
| Policy Review | |
| Developmental Objectives | <p>The Project is expected to have a positive development impact in Bosnia and Herzegovina (BiH) by helping to address the country’s small and medium enterprise (“SME”) financing gap, which is estimated to be \$775 million, equivalent to 5% of GDP. More specifically, the Project will seek to stimulate economic growth in BiH by allocating 100% of proceeds to SMEs that are either owned or otherwise linked to the country’s diaspora communities located outside of BiH. In addition, the Project will seek to empower women entrepreneurship by allocating 16% of Project proceeds to women-owned/led SMES and contribute to BiH’s climate goals by supporting the Borrower’s portfolio of loans to SMEs seeking to make investments in renewable energy, energy efficiency, and other climate-linked activities.</p> |
| 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 loans to financial institutions for the expansion of on-lending to Micro, Small, and Medium Enterprises (“MSMEs”) in Bosnia and Herzegovina across various sectors including but not limited to agriculture, trade, and transportation are screened as a Financial Intermediary C (FI-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 low risk 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> |

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| | <p>transaction relate to 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 SME on-lending to various sectors in Bosnia and Herzegovina, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>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, and is considered adequate to meet DFC’s 2020 Environmental Policy and Procedures.</p> |
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