

Public Information Summary

Host Country(ies)	Peru
Name(s) of Borrower(s)/Guaranteed Party(ies)	Cooperativa de Ahorro y Crédito Abaco
Project Description	Loan portfolio guaranty to promote lending to micro, small- and medium-scale agriculture enterprises such as agricultural producers, agricultural associations, agricultural producer cooperatives or agricultural enterprises in the Peruvian Amazon and selected underserved municipalities.
Proposed DFC Loan/Guaranty	\$5,000,000 guaranty; tenor of 10 years
All-Source Funding Total	\$10,000,000
Policy Review	
Developmental Objectives	The guaranty is expected to have a highly developmental impact in Peru by complimenting a grant from USAID’s Catalyze program to cover an include the Guaranteed Party’s move towards supporting agricultural entities. This includes SMEs, producer associations and cooperatives, and micro, small and medium enterprises across the Peruvian Amazon. The Project will strengthen borrowers participating in licit agricultural value chains. This is fully aligned with USAID/Peru’s Development Objective 1 which aims to expand economic and social development in post-eradication regions to sustain coca reductions.
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 including what is considered eligible under climate finance. The primary environmental and social issues identified in this 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 to make loans to small- and medium-scale agricultural producers (“SMEs”), producer associations and cooperatives, and micro, small and medium enterprises (“MSMEs”) across the Peruvian Amazon, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, 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 lacks a basic Environmental and Social risk policy (“ESP”) that aligns with the DFC’s 2020 Environmental Policy and Procedures. The Guaranteed Party will be required to provide a formal Environmental and Social Risk Policy as described in IFC PS 1, update various aspects of its nondiscrimination policy, grievance mechanisms, GHG accounting, and forced and child labor policies prior to effectiveness of the guaranty.</p>
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