

Public Information Summary

Host Country	Democratic Republic of Congo (DRC)
Name of Guaranteed Party	Equity Banque Commerciale du Congo
Project Description	Loan portfolio guaranty to support lending to agriculture, renewable energy, and SMEs operating in the Kinshasa, Kasai, Haut-Uele, Ituri, North Kivu, South Kivu, Maniema, Tanganyika, Kongo Central, Lualaba, Kasai Oriental, Tshopo, Kwango, Kwilu, and/or Haut Katanga provinces of DRC. The transaction is a co-guaranty with the Swedish International Development Cooperation Agency (Sida) and is sponsored by USAID/DRC.
Proposed DFC Guaranty	\$5,000,000
All-Source Funding Total	\$20,000,000
Policy Review	
Developmental Objectives	The Project is expected to have a highly developmental impact through the support for the provision of credit to MSMEs in DRC. The majority of loans covered under this guaranty are expected to be in rural areas, which are often cut off from financial services. In addition, 40% of the portfolio will be devoted to women-owned businesses, which have limited access to capital. The Project is also expected to grow the market for renewable energy in DRC by allocating a portion of the DFC-supported portfolio to such investments.
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 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 supporting the expansion of its on-lending to Micro, Small, and Medium Enterprises (“MSMEs”) in the Democratic Republic of the Congo, 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 triggered at this time.</p> <p>The Guaranteed Party lacks an environmental and social management policy (“ESP”) as described in IFC PS 1 and required under the DFC’s ESPP. While it does have grievance mechanisms and human resources policies, it will be required to provide an ESP along with updates to its forced and child labor policies, non-discrimination and equal opportunity policy, supply chain risk analysis, and evidence that its privately contracted security is trained in accordance with principles described in IFC PS 4 prior to effectiveness of the guaranty.</p>
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