

Public Information Summary

Host Country	Ukraine
Name of Guaranteed Party	Joint Stock Company Joint Stock Bank “LVIV”
Project Description	Ten-year, 80% coverage Loan Portfolio Guaranty (“LPG”) to support bank lending to micro-, small-, and medium-sized enterprises (“MSMEs”) in seven oblasts of western Ukraine. At least 20% of the loans under DFC coverage must be made to small businesses operating across the agricultural value chain in Ukraine (the “Project”).
Proposed DFC Guaranty	10-year, \$40,000,000 loan portfolio guaranty
All-Source Funding Total	\$50,000,000
Policy Review	
Developmental Objectives	<p>The pre-war MSME finance gap in Ukraine was estimated at \$33 billion, equivalent to 36% of GDP and nearly five times the available volume of MSME financing. MSMEs are facing added challenges due to the war, including physical damages, obtaining financial support and insurance, and facilitating international partnerships. Access to finance for rural and agricultural MSMEs is particularly challenging. Since Russia’s invasion, the agricultural sector has struggled with access to affordable finance and the low profitability of two of its most important crops, grain and oilseeds, due to export constraints.</p> <p>To address these challenges, the Project is expected to have a positive development impact in Ukraine by de-risking the Guaranteed Party’s MSME lending, increasing access to finance for MSMEs through a local commercial lender and thus also supporting the stabilization of the domestic economy. The Guaranteed Party intends to allocate 53% of the proceeds of the DFC-supported Project to rural MSMEs and 28% of the proceeds to women-owned/led MSMEs. This will increase much-needed liquidity and reach critical, yet underserved, segments of the economy. Given the Project’s characteristics, it is categorized as Exceptionally Impactful per DFC’s Impact Quotient (IQ).</p>
Environment and Social Assessment	The Project has been reviewed against the DFC’s 2024 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loan portfolio guaranties to financial institutions in support of MSME lending 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.

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 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 to expand lending to MSMEs in Ukraine, 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 use private security and therefore, aspects of IFC PS 4 Community Health, Safety, and Security are triggered.

The Guaranteed Party has a basic Environmental and Social risk policy ("ESP") that is comprised of grievance mechanisms, environmental and social risk identification and mitigation procedures, and human resources policies commensurate with its investment strategy and generally aligns with the DFC's 2024 Environmental Policy and Procedures. However, the Guaranteed Party will be required to update various aspects of its nondiscrimination policy, grievance mechanisms, monitoring procedures and provide evidence that its privately contracted security is trained in accordance with principles described in IFC PS 4 prior to effectiveness of the guaranty.