

Public Information Summary

Host Country(ies)	Rwanda
Name(s) of Borrower(s)/Guaranteed Party(ies)	Bank of Kigali Plc
Project Description	Loan portfolio guaranty with 50% coverage to increase Bank of Kigali's ability to provide loans to SMEs in Rwanda, including, but not exclusively, in the agricultural value chain, thereby stimulating economic growth.
Proposed DFC Loan/Guaranty	\$20,000,000
All-Source Funding Total	\$40,000,000
Policy Review	
Developmental Objectives	Rwanda is a low-income country located in a region of sub-Saharan Africa characterized by periods of social unrest. Rwanda's economy is driven in part by an agricultural sector that accounts for approximately one third of GDP and more than two thirds of employment. SMEs, especially those connected to the agriculture value chain, have traditionally been underserved by the formal financial sector and face a financing gap of approximately \$1.3 billion. Women are disproportionately represented in both the agricultural and informal sectors of the economy, with women-owned/led enterprises representing only 6% of SMEs. In response to these challenges, the Project will have a positive development impact in Rwanda by increasing access to finance for the country's SMEs with a focus on those operating in the agriculture value chain, including enterprises that are women-owned/led. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC's Impact Quotient ("IQ").
Environment and Social Assessment	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 on-lending to SMEs in industry agnostic sectors which includes retail trade, agriculture, and education 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>To ensure that the Guaranteed Party's on-lending activities 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 based due diligence assessment indicates that because the Project will use DFC support for the expansion of lending through a financial intermediary for the purpose of expanding SME agricultural loans in Rwanda, 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 Borrower does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.</p> <p>The Guaranteed Party has an environmental and social management system as described in IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to provide evidence the E&S policy has been implemented to manage E&S risks which adequacy ensures a process and mechanism to evaluate and categorize on-lending portfolios and provide a process to consider GHG emissions aligned with DFC's 2020 Environmental Policy and Procedures. The Guaranteed Party must also provide evidence privately hired security is trained in accordance with IFC PS4 and curriculum includes human rights awareness and use of force.</p>
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