

Public Information Summary

Host Country	Bosnia and Herzegovina
Name Guaranteed Party	ProCredit Bank d.d. Sarajevo
Project Description	Single-Bank, multi-borrower unfunded guaranty to expand access to credit to Bosnian diaspora start-ups and MSMEs who otherwise would be largely excluded by the Bosnian financial system. This is a co-guaranty along with the Swedish International Development Cooperation Agency (Sida).
Proposed DFC Guaranty	\$5,180,000 guaranty, tenor of 7 years
All-Source Funding Total	\$14,000,000
Policy Review	
U.S. Economic Impact	None
Developmental Objectives	The Project is expected to have a highly developmental impact on Bosnia-Herzegovina, an upper-middle income country, through the expansion of the Project Company’s MSME portfolio, focused exclusively on lending to the country’s large diaspora community. Bosnia Herzegovina’s diaspora population has a large stock of business expertise and valuable international connections; however, diaspora investors have been identified as lacking the local collateral and/or documentation required by standard Bosnia-Herzegovina bank underwriting guidelines. As a result, potential diaspora businesses have a difficult time obtaining financing for their Bosnia-Herzegovina ventures. This project pairs with the Swedish International Development Cooperation Agency (SIDA) to provide a Loan Portfolio Guaranty program to help enable ProCredit Bank to overcome these underwriting hurdles and extend loans to otherwise viable diaspora SME investments. Loans made through The Project are paired with business advisory services and other Technical Assistance and grants to eligible early-stage diaspora SMEs offered by USAID and SIDA.
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 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 of those downstream investments have been pre-screened as Category C 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 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. 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 lending to micro, small, and medium enterprises ("MSMEs") in Bosnia-Herzegovina in the sectors of manufacturing, communications, and agriculture, 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. 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, but will require some strengthening regarding its environmental and social risk management policies in order to meet the DFC's 2020 Environmental Policy and Procedures.