

## Public Information Summary

<b>Host Country</b>	Nepal
<b>Name of Borrower</b>	Laxmi Bank Limited
<b>Project Description</b>	A \$5 million Loan Portfolio Guaranty to catalyze loans to micro-, small-, and medium-sized enterprises operating in the agriculture, agribusiness, and food security sectors.
<b>Proposed DFC Funding</b>	\$2.5 million, eight-year tenor
<b>All-Source Funding Total</b>	\$5 million
<b>Project Description</b>	This Project involves an eight-year \$5 million DFC Loan Portfolio Guaranty (LPG) to Laxmi Bank (“the Guaranteed Party”) that will cover up to 50% of the Guaranteed Party’s issuance of loans to micro, small, and medium enterprises (MSMEs) in the agricultural sector in Nepal (the “Project”). The LPG will cover borrowers in USAID’s Feed the Future priority districts as well as first-time MSME borrowers and women-owned and -led enterprises.
<b>Policy Review</b>	
<b>Public Developmental Summary</b>	The Project is expected to have a highly developmental impact on the economy of Nepal through the provision of loans to MSMEs in the agricultural value chain. MSMEs contribute up-to 38% of Nepal’s GDP and face an estimated financing gap of \$3.6 billion. Agribusinesses in Nepal have been particularly impacted by fluctuating demand, volatile pricing for products, and limited access to liquidity as a result of COVID-19. It is estimated that agriculture employs 66% of the population, and up-to 80% of this agricultural employment is held by women, who often work as subsistence agricultural producers with scarce access to land, capital, and assets. Nepal’s government has launched numerous initiatives in response to these challenges, including requiring commercial banks to invest at least 15% of total credit in the agriculture sector and another 15% in MSMEs. The Project will support government recovery efforts by targeting demographics underserved by commercial lending in Nepal, with an emphasis on first-time MSME borrowers in rural areas and women-owned and -led enterprises. USAID’s Feed the Future initiative is expected to provide technical assistance to the MSME borrowers in the DFC-supported portfolio.