

Public Information Summary

Host Country	Ukraine
Name of Guaranteed Party	JSC ProCredit Bank
Project Description	10-year loan portfolio guaranty with variable rate coverage of either 50% or 80% to support lending to small and medium-sized enterprises (“SMEs”) in Ukraine
Proposed DFC Guaranty	10-year \$28 million loan portfolio guaranty
All-Source Funding Total	Up to \$56 million
Policy Review	
Developmental Objectives	<p>The Project is expected to have a positive development impact in Ukraine by helping to address the country’s SME financing gap, which is estimated to be at least \$30 billion, equivalent to 33% of GDP. As a significant contributor to Ukrainian productivity and employment, SMEs have increasingly faced access to finance challenges since Russia’s invasion in February 2022 and are oftentimes considered too high risk for local financial institutions. The need for financing has become particularly acute for the country’s agricultural sector, which before the war produced 10% of country’s GDP but as of February 2023, has sustained an estimated \$8.7 billion in total conflict-related damage. In response to this challenge, the Project will de-risk SME lending, in particular SMEs operating in the agricultural sector, thus increasing liquidity and demonstrating to local banks as well as potential international lenders the ability of the Ukrainian financial sector to deploy capital to this critical enterprise segment of the economy.</p>
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 guarantees for financial institutions to expand their SME portfolio 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>

	<p>To ensure that the Guaranteed Party's investments are consistent with the DFC's statutory and policy requirements, the DFC 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 SME lending 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, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>The Guaranteed Party has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that meet the expectations listed in the DFC's 2020 Environmental Policy and Procedures and IFC PS 1 and 2.</p>
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