

Public Information Summary

Host Country(ies)	Bosnia and Herzegovina (“Bosnia” or “BiH”)
Name(s) of Borrower(s)/Guaranteed Party(ies)	Sparkasse Banka (“Sparkasse”)
Project Description	Loan Portfolio Guaranty to promote access to finance for Diaspora linked and for green MSMEs in Bosnia and Herzegovina (the “Project”).
DFC Product Type	\$5.0 million, 8-year loan portfolio guaranty.
Total Project Cost	\$10.0 million
Policy Review	
U.S. Economic Impact	This Project is expected to have a neutral impact on the U.S. economy.
Developmental Objectives	<p>The MSME financing gap in Bosnia and Herzegovina (BiH) is estimated to be \$775 million, or 5% of GDP. The Bosnian diaspora, numbering 2 million people and making it one of the largest in the world, contributes significantly through remittances but faces challenges in securing formal bank financing in BiH due to a lack of local credit history and collateral.</p> <p>The Project will address these challenges by enabling the Borrower to lend to MSMEs that are either owned or otherwise linked to the country’s diaspora communities located outside of BiH. In addition, the Project will seek to empower women entrepreneurs by allocating 30% of Project proceeds to women-owned/led MSMEs and contribute to BiH’s climate goals by allocating 10% of Project proceeds to MSMEs seeking to make investments in renewable energy, energy efficiency, and other climate-linked activities. The Borrower is also expected to on-lend 45% of the DFC-supported portfolio to MSMEs located in rural areas of the country. Given the Project’s characteristics, it is categorized as Impactful per DFC’s Impact Quotient (“IQ”).</p>
Environment and Social Assessment	<p>Screening: 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 for the expansion of their small and medium size enterprise loan portfolio (“SME”) are screened as a Financial Intermediary C (FI-C) for environmental and social</p>

	<p>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>Applicable Standards: To ensure that the Guaranteed Party’s portfolio is 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 Borrower 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 to o expand its small and medium size enterprise loan portfolio in Bosnia and Herzegovina (the “Project”), 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 may utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.</p> <p>Environmental and Social Risk and Mitigation: The Guaranteed Party does not have an environmental and social policy 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 DFC for approval evidence it has adequate environmental and social policies and procedures, and human resources polices in accordance with DFC’s 2024 Environmental Policy and Procedures.</p>
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