

Public Information Summary

Host Country	Republic of Kosovo
Name of Guaranteed Party	Kosovo Credit Guarantee Fund (“KCGF”)
Project Description	A loan portfolio guaranty with KCGF to catalyze lending by local financial institutions to MSMEs investing in Kosovo’s renewable energy sector.
Proposed DFC Loan/Guaranty	\$7,500,000, 19- year tenor
All-Source Funding Total	\$30,000,000 loan portfolio guaranty
Policy Review	
Developmental Objectives	<p>This project is expected to have a highly developmental impact through guaranties to support downstream lending to MSMEs in the energy sector. Kosovo’s electricity sector has been identified as one of the primary constraints to the country’s economic growth by USAID and the Millennium Challenge Corporation. Despite the Government of Kosovo’s reforms in the power sector, including attempts to diversify away from coal-fired electricity, the amount of private sector participation in the electricity market is still limited due to financial, technical, and regulatory barriers. This transaction is intended to address financial barriers by incentivizing commercial banks to lend to renewable energy independent power providers by serving as a collateral substitute</p>
Environment and Social Assessment	<p>The project has been reviewed against DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loan portfolio guaranties to banks for the expansion of lending to micro, small, and medium-sized enterprises (“MSME”) are screened as Category 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 Category C and further review and consent is not required for these investments.</p> <p>To ensure that the Guaranteed Party’s investments are consistent with 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 that meets the 2012 IFC Performance Standards.</p>

	<p>Under 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 Standards 1 and 2. A desk-based due diligence assessment indicates that because the project will use DFC support to provide a loan portfolio guaranty to qualifying financial institutions who lend to MSMEs in Kosovo, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p>
--	---

