

Public Information Summary

Host Country(ies)	Guatemala
Name(s) of Borrower(s)/Guaranteed Party(ies)	Banco Internacional, S.A. (“Interbanco”)
Project Description	A loan portfolio guaranty with Interbanco to catalyze lending to SMEs including those in the Western Highlands Departments of Guatemala.
Proposed DFC Loan/Guaranty	\$15,000,000 guaranty, tenor 8 years
All-Source Funding Total	\$30,000,000
Policy Review	
Developmental Objectives	<p>The Project is expected to have a highly developmental impact on Guatemala’s economy through coverage of loans to SMEs. In Guatemala, SMEs currently employ an estimated 75% of the population, yet they face a \$13.7 billion financing gap. Guatemala’s economy is estimated to have contracted by three percent in 2020 because of the pandemic, in which SMEs were significantly affected by lockdown measures such as falling demand, bottlenecks in supply chains, and diminishing liquidity. SMEs located in economically vulnerable regions, such as the Western Highlands, are expected to be particularly impacted by COVID-19. The Guaranteed Party estimates that DFC will provide coverage to approximately 150 new loans to SMEs, a minimum of 10 percent of which will be lent to borrowers located in the Western Highlands. In order to incentivize the Guaranteed Party to increase lending to economically vulnerable regions, DFC will offer 60% coverage on loans to borrowers in the Western Highlands compared to 50% for the rest of the portfolio.</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 guaranties for banks to support their expansion of lending to 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 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 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</p>

	<p>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 to expand its small and medium enterprises (“SMEs”) portfolio across Guatemala, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Guaranteed Party does utilize privately contracted security and as such, relevant aspects of PS 4, Community Health, Safety, and Security are triggered.</p> <p>The Guaranteed Party lacks adequate environmental and social impact monitoring and reporting procedures, child and force labor risk identification and mitigation procedures, evidence of security guards receiving training as prescribed in IFC PS 4, and adequate human resources policies. Prior to receipt of support, these will require development, DFC review and acceptance, and implementation.</p>
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