Public Information Summary

Host Country(ies)
Angola

Name of Counterparty / Issuer
Kixicrédito (Angola) S.A.

Project Description
Loan portfolio guaranty with 50% coverage to increase the Guaranteed Party's ability to provide loans to individuals and micro- and small and medium enterprises (MSMEs) in the agricultural value chain in Angola, thereby stimulating economic growth.

DFC Product Type
Loan Portfolio Guaranty

DFC Investment / Insured / Equity Amount
$6,000,000

Total Project Costs
$12,000,000

U.S. Involvement
N/A

Policy Review

U.S. Economic Impact

The Project is not expected to have a negative impact on the U.S. economy.

Developmental Objectives

Angola is one of the least equal countries in the world: its Gini coefficient of 51.3 ranks it the 10th most unequal of 168 countries (World Bank data as of 2018), with most of the nation's wealth concentrated in a disproportionately small fraction of the population benefiting from the exploitation of its vast petroleum and mineral reserves. On average, Angolans have a low standard of living, especially in rural areas where 53% of the nation's population of 35 million people lives on less than $2.15 per day with significant reliance on subsistence farming.

Despite the 5% average growth per year of the agricultural sector over the past five years, Angolans still import approximately 50% of their food. Growing the agribusiness sector is a key priority of the Angolan government, however MSMEs in the agricultural sector face significant challenges in securing access to financial products that are tailored to their specific needs, for example, loans for working capital and high-quality agricultural inputs. Access to finance for women-owned/led MSMEs in the agricultural sector is especially challenging, since most female borrowers lack the necessary collateral required to secure a loan. This is problematic since agriculture is the main employment sector for women in Angola.

In response to these challenges, the Project is designed to increase access to finance for underserved borrowers in the agricultural sector, particularly women, by mitigating the credit risk of Kixicrédito's lending to MSMEs and individuals. The LPG will allow Kixicrédito, the largest microcredit organization in Angola, to increase its MSME lending in the sector, thereby boosting Angola's overall agriculture productivity by providing more working capital and high-quality agricultural inputs for MSMEs.

DFC has qualified the Project as 2X based on the Borrower's intent to meet or exceed the 2X criteria for women representation in employment and the percentage of Project proceeds allocated to 2X eligible portfolio companies. The Project is expected to allocate at least 30% of proceeds to women-owned/led SMEs in the agricultural sector. Given the Project's characteristics, it is expected to be categorized as Highly Impactful per DFC's Impact Quotient (IQ).

Environment and Social Assessment

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 ("LPGs") to financial institutions which service micro-, small- and medium-sized enterprises ("MSMEs") 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.

To ensure that the Guaranteed Party's loans are consistent with the DFC's statutory and policy requirements, the DFC LPG 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.

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 a LPG to a financial institution for the expansion of lending to individuals and to MSMEs with a particular focus on the agricultural value chain in Angola, 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.

The Guaranteed Party does not have an environmental and social policy as described in IFC PS 1, nor does it have grievance mechanisms or human resources policies that meet the threshold of IFC PS 2. The Guaranteed Party will be required to establish an environmental and social policy and provide updated human resources policies, including applicable grievance mechanisms, that meet the expectations outlined in the IFC Performance Standards and DFC's 2024 Environmental and Social Policy and Procedures.