

Public Information Summary- Banco Financiera Comercial Hondureña S.A.

Host Country(ies)

Honduras

Name of Counterparty

Banco Financiera Comercial Hondureña S.A.

Project Description

The creation of a \$312.5 million portfolio of loans to eligible SMEs in Honduras with specific focus on women-owned and -led businesses and the bottom third of businesses by size. The Loan will be co-lent alongside a loan from Citibank N.A.

DFC Product Type

Debt Financing

DFC Investment

\$230,000,000

Total Project Costs

\$312,500,000

U.S. Involvement

Citibank 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

In Honduras, small and medium enterprises (SMEs), including microenterprises, are the country's primary driver of economic development and productivity as they account for 60% of Honduras' GDP and 70% of employment. Women-owned/led SMEs disproportionately face access to finance constraints as they often operate in the informal economy and lack sufficient collateral.

In response to these challenges, the Project will contribute to financial inclusion and women's economic empowerment in Honduras by allocating all project proceeds to SMEs, including specific allocations to smaller sized SMEs and 2X eligible enterprises, across a variety of sectors including services, trade, agriculture, construction, real estate, hospitality, manufacturing, and transportation. With a specific allocation of loans to women-owned/led SMEs, the Project is aligned to the 2X criteria for leadership and investments through financial intermediaries. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC's Impact Quotient.

Environment and Social Assessment

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 loans to financial institutions for the expansion of on-lending to small and medium-sized enterprises ("SMEs") 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 Borrower's loans are consistent with the DFC's statutory and policy requirements, the DFC loan 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.

Applicable Standards:

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-review based due diligence assessment indicates that because the Project will use DFC support for on-lending to SMEs for improved access to financing especially of women-owned and women-led SMEs and the smallest of local SMEs in Honduras, 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 Borrower does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.

Environmental and Social Risk and Mitigation:

The Borrower has an Environmental and Social Policy, grievance mechanisms, and human resources policies that generally align with the expectations listed in the DFC's 2024 ESPP and IFC PS 1 and 2. The Borrower will be required to provide updates to its ESP, human resources policies, and code of conduct to fully align with DFC's expectations as a condition of receipt of DFC support.