DFC U.S. International Development Finance Corporation

Board of Directors Meeting
Wednesday, January 15, 2025, 2:00 PM
Agenda

I. **CHAIRMAN OPENS MEETING**

II. **CEO's REMARKS**

III. **PROJECT APPROVALS AND PREVIEWS**

a. Banco Industrial S.A.
b. Mongolian Mortgage Corporation
c. CW Enerji Mühendislik Ticaret ve Sanayi A. S
d. Actis (Project Blade)

IV. **ADMINISTRATIVE APPROVALS**

a. Minutes – December 5, 2024 Meeting of the Board of Directors

V. **EXECUTIVE SESSION**

VI. **CHAIRMAN ADJOURNS MEETING**

Public Information Summaries

Host Country

Guatemala

Name of Counterparty

Banco Industrial S.A. (“BI”)

Project Description

On-lending to micro-, small- and medium-sized enterprises (“MSMEs”) with a focus on women-owned businesses in Guatemala as follows: 60% to women-owned/women-led MSMEs (“2X MSMEs”), 10% to small- and medium-sized enterprises (“SMEs”) for climate finance (“Climate SMEs”), and 30% to other MSMEs, including 20% of total project cost to rural MSMEs (collectively, the “Project”).

DFC Product Type

Debt Financing

DFC Investment

$300,000,000

Total Project Costs

$375,000,000 (including a $75,000,000 capital contribution from BI).

U.S. Involvement

N/A

Policy Review

Developmental Objectives

Limited access to financing for MSMEs is a barrier to sustainable economic development and poverty reduction in Guatemala. Despite being the largest economy in Central America, Guatemala has high social inequities which have been further exacerbated by climate change. Access to finance is constrained for MSMEs, particularly for rural and women-owned/-led enterprises, due to high documentation and collateral requirements, inaccessible financing terms, and geographic barriers. The resulting $14.2 billion MSME finance gap limits economic growth and productivity gains in Guatemala.

In response to these challenges, the Project is expected to have a positive development impact in Guatemala by expanding lending to MSMEs, specifically 2X MSMEs as well as Climate SMEs. DFC has also assessed the Project for 2X alignment based on BI’s intent to meet and/or exceed the 2X criteria for women’s representation in the BI workforce and the percentage of on-lending to 2X MSMEs. Given the Project characteristics, it has been categorized as Highly Impactful per DFC’s Impact Quotient.

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 loans to financial institutions for the expansion of on-lending to MSMEs are categorized 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 direct 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.

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 MSMEs with a focus on 2X MSMEs, Climate SMEs, and rural MSMEs in Guatemala, 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. BI does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.

The Borrower does have an Environmental and Social Policy ("ESP") as described in IFC PS 1, grievance mechanisms, and human resources policies. However, the Borrower will be required to provide updates to ensure the ESP is adequately aligned with IFC PS 1 and 2 commensurate with its investment strategy; human resources policies and the worker grievance mechanism are aligned with IFC PS 2; and the Borrower is committed to client protection standards in compliance with DFC's 2024 ESPP.

Host Country

Mongolia

Name of Counterparty / Issuer

Mongolian Mortgage Corporation – SPC to be established.

Project Description

The Project is a term loan securitization financing facility to a newly established bankruptcy remote SPC in Mongolia for the purchase of a portfolio of commercial rate residential mortgages targeting underserved communities including low-and middle-income borrowers. The Project will expand home ownership in Mongolia, which has been challenged by funding costs and lack of liquidity.

DFC Product Type

Debt Financing

DFC Investment

$150,000,000

Total Project Costs

$187,500,000

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

In Mongolia, more than a quarter of the population lives below the national poverty line, and traditional nomadic herding livelihoods are declining. These factors have contributed to rapid urbanization in the country and substandard living situations in areas around cities, and especially the capital city of Ulaanbaatar. These informal living situations are unconnected to basic services like heating, sewage, and water pipes. Affordable housing and home ownership is an important tool in building wealth and combatting poverty. Women in Mongolia especially have much lower rates of home ownership than men, limiting their ability to achieve independent wealth. The Government of Mongolia has made efforts through a subsidized mortgage program to allow low- and middle-income citizens to purchase a home and move into safer and more sustainable housing. However, government intervention in the mortgage market is economically unsustainable in the long-term.

In response to these challenges, the Project will provide a market-based solution addressing the liquidity gap in the Mongolian mortgage market and support the transition from informal to formal housing by providing financing for the underwriting of commercial-rate mortgages to underbanked groups, including low and middle-income households, ger district residents, women, rural household, young families, civil servants, and first-time homebuyers. More specifically, the Project is aligned with the 2X criteria for leadership and consumption, including an allocation of minimum 50% of DFC Loan proceeds to women borrowers and co-borrowers. The Project will also support homeownership of low-income populations with a target of allocating 30% of Project proceeds to this segment. Given the Project's characteristics, it 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 direct loans to financial institutions for mortgage lending are screened as a Category FI-C for environment 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 FI-C and further review and consent is not required for these investments.

Applicable Standards:

To ensure that the Borrower's investments 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.

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 the expansion of its mortgage lending portfolio in Mongolia, 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.

Environmental and Social Risk and Mitigation:

The Borrower has an environmental and social policy as described in IFC PS 1, internal grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to provide to DFC an update to its environmental and social policy to include a methodology for the consideration of GHG emissions aligned with DFC's 2024 Environmental Policy and Procedures and a framework to categorize the E&S risks of the portfolio in accordance with IFC PS 1. In addition, DFC will require compliance with DFC's client protection standards.

Host Country

Türkiye

Name of Counterparty / Issuer

CW Enerji Mühendislik Ticaret ve Sanayi A. S. ("CW Enerji")

Project Description

A corporate direct loan for the construction of an integrated solar photovoltaic cell manufacturing facility in Antalya, Türkiye.

DFC Product Type

Debt Financing

DFC Investment / Insured / Equity Amount

Up to $210,000,000

Total Project Costs

Up to $271,420,000

U.S. Involvement

N/A

Policy Review

U.S. Economic Impact

The Project is manufacturing solar power components, used for the future assembly of PV modules. The U.S. production of modules is currently heavily reliant upon imported components to meet U.S. production needs. Any production of these components from the Project that are exported to the U.S. are therefore not expected to have a negative impact on U.S. employment, given existing reliance upon imported components.

Developmental Objectives

Currently, Türkiye relies heavily on energy imports from abroad. As a result of its dependency on imported energy, the country is extremely vulnerable to supply disruptions and price shocks. Responding to these risks, the government of Türkiye has identified the development of renewable energy and renewable energy technologies as a priority over the next ten years.

In response to these challenges, the Project will contribute to the government of Türkiye's energy goals by supporting the construction of a fully integrated PV cell production facility in order to reach a nameplate annual capacity of 2.3 gigawatts. The new facility will produce ingots, wafers, and solar PV cells. The facility will be the only one in the country to produce TOPCon cells and, once fully operational, will support over 1,200 full-time jobs of which nearly 50 percent are expected to be staffed by women. Given the Project's characteristics, it is categorized as Exceptionally Impactful per DFC's Impact Quotient ("IQ").

Environment and Social Assessment

Screening: In accordance with DFC's Environmental and Social Policy and Procedures ("ESPP"), the Project has been determined to be categorically eligible. The Project involves the development, construction and operation of a solar cell manufacturing facility in Türkiye. Projects of this nature are screened as Category B under DFC's ESPP because potential adverse environmental and social ("E&S") risks and impacts are readily mitigated to acceptable levels with good E&S management systems.

Applicable Standards:

DFC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following International Finance Corporation ("IFC") 2012 Performance Standards ("PS"):

- PS 1: Assessment and Management of Environmental and Social Risks and Impacts
- PS 2: Labor and Working Conditions
- PS 3: Resource Efficiency and Pollution Prevention
- PS 4: Community Health, Safety and Security

The Project involves the development, construction and operation of a manufacturing facility within an existing industrial park in Türkiye. As part of the Project activities, CW Enerji will demolish a pre-existing textile factory located on the Project site and replace it with new infrastructure for the solar cell production facility. As such, significant adverse impacts with respect to land acquisition, biodiversity, indigenous peoples, and cultural heritage are not anticipated. Therefore, PS 5, 6, 7, and 8 are not triggered at this time.

In addition, the Project is required to comply with the World Bank Group ("WBG") Environmental, Health, and Safety ("EHS") General Guidelines.

Environmental and Social Risk and Mitigation: The key E&S issues associated with the Project include the need for robust environmental and social management systems to mitigate risks related to Project-specific demolition, construction and operational activities.

CW Enerji will provide overall oversight of the Project construction activities and will oversee and implement the Construction Environmental and Social Management Plan ("CESMP") outlining E&S management and mitigation measures for all demolition and construction-related activities. CW Enerji will be required to develop and implement E&S management plans pertaining to waste, air quality and emissions, pollution, traffic, occupational health and safety, emergency preparedness and response, stakeholder engagement, community health and safety and chance finds in alignment with the CESMP.

CW Enerji is expected to provide operations and maintenance services and will be required to implement an Operational Environmental and Social Management Plan ("OESMP"). The OESMP commits to compliance with the IFC Performance Standards and applicable E&S laws and regulations, identifies potential risks and provides mitigation measures for water usage, energy use, air emissions, wastewater, waste, occupational health and safety, community health and safety, and labor and working conditions. The OESMP also identifies training, incident management, and reporting requirements to ensure implementation.

CW Enerji will be further required to ensure the proper training of on-site security personnel and develop and implement a Project-specific supply chain management framework to assess and mitigate risks associated with the procurement of polysilicon from the PRC. The management systems will be required to include (i) a supply chain management policy; (ii) E&S risk screening procedures for potential suppliers; and (ii) regular auditing and reporting requirements, consistent with DFC policies and procedures.

Host Country

Egypt

Name of Counterparty

A special purpose vehicle, wholly owned by Actis Long Life Infrastructure Fund, to be incorporated in Egypt (or other jurisdiction acceptable to DFC), for the purposes of the Project.

Project Description

The privatization and operation of a 580-megawatt wind power plant located in Ras Ghareb, Egypt.

DFC Product Type

Debt Financing

DFC Investment

Up to $140,000,000

Total Project Costs

To be determined

U.S. Involvement

General Atlantic Service Company, L.P.

Policy Review

U.S Economic Impact

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

Developmental Objectives

Egypt currently faces significant macroeconomic challenges including high levels of government debt which has adversely affected the country's ability to attract private capital. In response to the fiscal crisis, the Egyptian government and the International Monetary Fund (IMF) reached an agreement to increase IMF support to the country from $3 billion to $8 billion. Under the agreement, the State-Ownership Policy requires the Government of Egypt to divest of more than 30 state-owned companies which will help save the government $10 billion over the next four years.

To address these macroeconomic challenges, DFC will support Actis Long Life Infrastructure Fund (ALLIF) to acquire the Gabal El Zeit 580 MW Wind farm power plant from the New and Renewable Energy Authority of Egypt (NREA). This is slated to be the first state-owned company privatized under the IMF divestiture project, and it is expected that the project will signal to the domestic and international markets that doing business in Egypt with the Government of Egypt is financially viable. The Project will lead to operational efficiencies and an extension of the life of the asset by up to ten years, while raising the Project's environmental and social policies to international standards. This supports Egypt's energy security and counters the influence of the People's Republic of China, which has focused on investments in Egypt's power sector. Given the Project's characteristics, it is categorized as Impactful per DFC's Impact Quotient.

Environment and Social Assessment

Screening:

The Project has been reviewed in light of DFC's categorical prohibitions and was determined to be eligible. The Project is screened as Category A because large-scale wind projects are considered to have significant adverse impacts that could be diverse, irreversible, or unprecedented.

Applicable Standards:

The Project is subject to DFC's Environmental and Social Policy and Procedures ("ESPP"). Under DFC's ESPP, the Project Sponsor is required to comply with applicable national laws and regulations related to environmental and social performance. In addition, DFC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards:

PS 1: Assessment and Management of Environmental and Social Risks and Impacts;
PS 2: Labor and Working Conditions;
PS 3: Resource Efficiency and Pollution Prevention;
PS 4: Community Health, Safety and Security; and
PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Wind Plant was developed on land owned by the Government of Egypt and allocated to the New and Renewable Energy Authority (NREA) for the purpose of constructing and operating wind farms. The Project will use the land and buildings under a usufruct agreement with the government. NREA has confirmed that there are no agreements for oil and gas exploration or development on the Project site or adjacent land. There are no known Indigenous Peoples, cultural heritage sites, or inhabitants within the Project site, and no resettlement or economic displacement is anticipated or has previously occurred as a result of the Project, according to a desk-based due diligence assessment and Environmental and Social Due Diligence carried out by a third-party consultant. Therefore, PS 5, 7, and 8 are not triggered at this time.

Environmental and Social Risk and Mitigation:

Primary environmental and social issues of concern associated with the Project include the potential for impacts on resident and migrating birds, cumulative biodiversity impacts, labor management, and the need for appropriate stakeholder engagement. In 2023, Actis commissioned a third-party E&S audit, which included an E&S Action Plan (ESAP). DFC has incorporated additional E&S requirements into the ESAP based on our due diligence. DFC will require Actis to implement the ESAP and provide the completed ESAP deliverables.

Multiple ESIAs have been completed for the Project area since 2008. The Project is comprised of three sub-projects which were previously financed by different lenders, and these subprojects completed ESIAs in order to meet Government of Egypt and lender requirements. The O&M Contractor has a corporate-level ESMS, and the ESAP requires the Project to develop and implement a Project-specific ESMS, drawing on the sub-Project ESIAs, environmental approval conditions, IFC Performance Standards, and Egyptian legal requirements. The Project currently has in place a Stakeholder Engagement Plan and External Grievance Mechanism, in alignment with IFC Performance Standard 1.

The O&M Contractor has several corporate-level human resources policies that are generally aligned with the IFC PS and Egyptian labor law. The ESAP requires the Project to develop and implement Project-specific HR policies and procedures, including workplace grievance processes, that will cover workers employed through third parties and be aligned with IFC PS 2 and local labor laws and regulations. The Project will also be required to carry out an assessment of labor and welfare conditions of security guards across the Project site and take actions to address any deficiencies identified.

In addition, the Project will be required to undertake a security risk assessment and develop a Project-specific Security Management Plan.

The Project has in place an Active Turbine Management Program, including radar assisted shut down on demand, which will be implemented during the spring and autumn migration periods. The Project will also be required to carry out and implement a Biodiversity Action Plan.

Host Country

Egypt

Name of Insured Party

A holding company, wholly owned (indirectly) by Actis Long Life Infrastructure Fund (ALLIF), to be incorporated in the United Arab Emirates (or other jurisdiction acceptable to DFC).

Project Description

The privatization and operation of a 580-megawatt wind power plant located in Ras Ghareb, Egypt

DFC Product Type

Political Risk Insurance

DFC Insured Amount

Up to $300,000,000

Total Project Costs

To be determined

U.S. Involvement

General Atlantic Service Company, L.P.

Insurance Specific

Private Insurer Participation

Private Reinsurers

Investment Type

Equity

Foreign Enterprise

A special purpose vehicle, wholly owned by the Insured Investor, to be incorporated in Egypt, for the purposes of the Project.

Policy Review

U.S. Economic Impact

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

Developmental Objectives

Egypt currently faces significant macroeconomic challenges including high levels of government debt which has adversely affected the country's ability to attract private capital. In response to the fiscal crisis, the Egyptian government and the International Monetary Fund (IMF) reached an agreement to increase IMF support to the country from $3 billion to $8 billion. Under the agreement, the State-Ownership Policy requires the Government of Egypt to divest of more than 30 state-owned companies which will help save the government $10 billion over the next four years.

To address these macroeconomic challenges, DFC will support Actis Long Life Infrastructure Fund (ALLIF) to acquire the Gabal El Zeit 580 MW Wind farm power plant from the New and Renewable Energy Authority of Egypt (NREA). This is slated to be the first state-owned company privatized under the IMF divestiture project, and it is expected that the project will signal to the domestic and international markets that doing business in Egypt with the Government of Egypt is financially viable. The Project will lead to operational efficiencies and an extension of the life of the asset by up to ten years, while raising the Project's environmental and social policies to international standards. This supports Egypt's energy security and counters the influence of the People's Republic of China, which has focused on investments in Egypt's power sector. Given the Project's characteristics, it is categorized as Impactful per DFC's Impact Quotient.

Environment and Social Assessment

Screening:

The Project has been reviewed in light of DFC's categorical prohibitions and was determined to be eligible. The Project is screened as Category A because large-scale wind projects are considered to have significant adverse impacts that could be diverse, irreversible, or unprecedented.

Applicable Standards:

The Project is subject to DFC's Environmental and Social Policy and Procedures ("ESPP"). Under DFC's ESPP, the Project Sponsor is required to comply with applicable national laws and regulations related to environmental and social performance. In addition, DFC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following of the International Finance Corporation's (IFC) 2012 Performance Standards:

PS 1: Assessment and Management of Environmental and Social Risks and Impacts;

PS 2: Labor and Working Conditions;

PS 3: Resource Efficiency and Pollution Prevention;

PS 4: Community Health, Safety and Security; and

PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

The Wind Plant was developed on land owned by the Government of Egypt and allocated to the New and Renewable Energy Authority (NREA) for the purpose of constructing and operating wind farms. The Project will use the land and buildings under a usufruct agreement with the government. NREA has confirmed that there are no agreements for oil and gas exploration or development on the Project site or adjacent land. There are no known Indigenous Peoples, cultural heritage sites, or inhabitants within the Project site, and no resettlement or economic displacement is anticipated or has previously occurred as a result of the Project, according to a desk-based due diligence assessment and Environmental and Social Due Diligence carried out by a third-party consultant. Therefore, PS 5, 7, and 8 are not triggered at this time.

Environmental and Social Risk and Mitigation:

Primary environmental and social issues of concern associated with the Project include the potential for impacts on resident and migrating birds, cumulative biodiversity impacts, labor management, and the need for appropriate stakeholder engagement. In 2023, Actis commissioned a third-party E&S audit, which included an E&S Action Plan (ESAP). DFC has incorporated additional E&S requirements into the ESAP based on our due diligence. DFC will require Actis to implement the ESAP and provide the completed ESAP deliverables.

Multiple ESIAs have been completed for the Project area since 2008. The Project is comprised of three sub-projects which were previously financed by different lenders, and these subprojects completed ESIAs in order to meet Government of Egypt and lender requirements. The O&M Contractor has a corporate-level ESMS, and the ESAP requires the Project to develop and implement a Project-specific ESMS, drawing on the sub-Project ESIAs, environmental approval conditions, IFC Performance Standards, and Egyptian legal requirements. The Project currently has in place a Stakeholder Engagement Plan and External Grievance Mechanism, in alignment with IFC Performance Standard 1.

The O&M Contractor has several corporate-level human resources policies that are generally aligned with the IFC PS and Egyptian labor law. The ESAP requires the Project to develop and implement Project-specific HR policies and procedures, including workplace grievance processes, that will cover workers employed through third parties and be aligned with IFC PS 2 and local labor laws and regulations. The Project will also be required to carry out an assessment of labor and welfare conditions of security guards across the Project site and take actions to address any deficiencies identified.

In addition, the Project will be required to undertake a security risk assessment and develop a Project-specific Security Management Plan.

The Project has in place an Active Turbine Management Program, including radar assisted shut down on demand, which will be implemented during the spring and autumn migration periods. The Project will also be required to carry out and implement a Biodiversity Action Plan.