

<b>Host Country</b>	Mexico
<b>Name of Guaranteed Party</b>	Goldman Sachs Bank USA (“GS Bank”)
<b>Project Description</b>	DFC will provide an 80% guaranty to GS Bank for a debt facility to Red Amigo Dal, SAPI de CV, SOFOM, ENR (“Konfio”).
<b>Proposed DFC Guaranty</b>	\$340,000,000
<b>All-Source Funding Total</b>	\$385,000,000
<b>Policy Review</b>	
<b>Developmental Objectives</b>	<p>In Mexico, small and medium enterprises (“SMEs”) represent 98% of all businesses, 75% of employment and produce 50% of its GDP, yet they face an estimated \$163 billion financing gap. Women-owned/led enterprises comprise 35% of the SME segment but face significant barriers to growth, particularly as it relates to access to finance. In particular, there is significant gender bias in lending in the country and many financial institutions see women-owned/led SMEs as higher-risk clients, leading to less favorable credit terms than their counterpart SMEs.</p> <p>In response to these challenges, Konfio will lend 100% of the loan proceeds to SMEs in Mexico with at least 30% of the loan proceeds earmarked for 2X eligible SMEs. Konfio also will leverage an innovative platform to efficiently qualify clients, disburse loans, and service loans digitally. Notably, the platform eliminates gender bias by using algorithms to make lending decisions based only on applicants’ credit risk. DFC has qualified the Project as 2X based on Konfio’s intent to meet the 2X criteria for leadership and investments through financial intermediaries. Given the Project’s characteristics, it is categorized as Highly Impactful per DFC’s Impact Quotient (IQ).</p>

<b>Environment and Social Assessment</b>	<p>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. The DFC guaranty to GS Bank to increase its lending capacity to Konfio, which lends to SMEs in Mexico, is 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.</p> <p>To ensure that the Project is consistent with DFC’s statutory and policy requirements, Konfio will be subject to conditions regarding the use of proceeds of the GS Bank loan. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy (“ESP”) of Konfio that meets the 2012 IFC Performance Standards.</p> <p>Under DFC’s ESPP, Konfio 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. Significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; thus, PS 3, 5, 6, 7, and 8 are not triggered at this time.</p> <p>Konfio has environmental and social policies as described in IFC PS 1, grievance mechanisms, and human resources policies that are generally commensurate with their investment strategies. However, Konfio will be required to update its environmental and social policy and labor policy to fully align with DFC’s 2024 Environmental Policy and Procedures, including strengthening its approach to client protection.</p>
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