Board of Directors Notational Vote
Monday, October 28, 2024

Public information summaries for the below listed projects to be considered by the Board of Directors is found below.

Notational Vote Items

I. **PROJECT APPROVALS**
   a. V.tal Rede Neutra De Telecomunicacoes S.A.
   b. Sudameris Bank, S.A.E.C.A.
   c. Banco Financiera Comercial Hondureña S.A.
   d. Southeast Asia Commercial Joint Stock Bank

Host Country

Brazil

Name of Counterparty

V.tal Rede Neutra De Telecomunicacoes S.A. ("V.tal")

Deutsche Bank A.G. or another replacement beneficiary acceptable to DFC ("Deutsche Bank")

Project Description

DFC will support the Brazilian digital infrastructure company, V.tal, by (i) co-lending with IDB and other DFIs in a $500 million facility and (ii) providing an 80% guaranty to Deutsche Bank or another acceptable party for the purchase of debentures issued by V.tal, funding capital expenditures ("CAPEX") related to the expansion and improvement of V.tal's fiber network across Brazil (the "Project").

DFC Product Type

Debt Financing

Unfunded Guaranty

DFC Investment

DFC Loan: $150 million

DFC Guaranty: $480 million

Total Project Costs

$1.64 billion

Policy Review

U.S. Economic Impact

No material U.S. effects issues.

Developmental Objectives

Access to reliable, high-speed internet is a challenge for millions of Brazilian households. Approximately 6 million households, 7.5% of the population, did not access the internet in 2023, and 13% of households lacked access to fixed broadband. Internet access is unevenly distributed across regions and income groups in Brazil, reflecting high, persistent income inequality. In addition, low-income populations typically experience lower internet speeds, especially on fixed networks.

In response to these challenges, the Project is expected to have a positive development impact in Brazil by supporting digital infrastructure expansion, specifically the expansion and improvement of V.tal's fiber network across the country. The Project is expected to enable more than 1.6 million new Fiber To The Home (FTTH) connections by the end of 2028, deepening broadband penetration in Brazil. Approximately 47% of FTTH end users are expected to be low-income households. In addition to increasing the number of homes connected, the Project is expected to connect 4,000 schools to the fiber network, benefitting more than 500,000 students and contributing to human capital development throughout Brazil. Given the Project's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient (IQ).

Environment and Social Assessment

Screening: The Project has been reviewed against DFC's environmental and social policies and determined to be categorically eligible. The Project has been screened as Category B because it involves the expansion of telecom operations by enhancing existing telecommunication infrastructure, which have the potential to result in limited environmental and social (E&S) impacts that can be mitigated to acceptable levels by adopting good E&S management practices. Key issues of concern include the need for: (a) strong and effective environmental and social management systems; (b) safety in the workplace (especially when working at elevated locations); (c) a strong labor management system; (d) adequate oversight and management of contractors; (e) pollution prevention mainly related to waste management practices and hazardous materials management; and (f) stakeholder engagement and external grievance mechanism.

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's (IFC) 2012 Performance Standards (PS):

PS1: Assessment and Management of Environmental and Social Risks and Impacts;

PS2: Labor and Working Conditions;

PS3: Resource Efficiency and Pollution Prevention; and

PS4: Community Health, Safety, and Security.

The Project involves the expansion of existing operations by enhancing existing telecom infrastructure through ordinary course of business investments, new leases, right of use and equivalent agreements. Enhanced telecom infrastructure is expected not to be deployed in known indigenous people, cultural properties, nor biological resources which are of conservation concern and therefore, PS 5, 6, 7, and 8 (Land Acquisition and Involuntary Resettlement; Biodiversity Conservation and Sustainable Management of Living Natural Resources; Indigenous Peoples; and Cultural Heritage) should not be triggered by the Project.

In accordance with PS 3, IFC's General Environmental, Health, and Safety (EHS) Guidelines and EHS Guidelines for Telecommunications are also applicable to the Project.

Environmental and Social Risks and Mitigation Measures: The Borrower has been developing an Environmental and Social Management System (ESMS) which provides a comprehensive approach to managing environmental and social risks in compliance with the IFC's Performance Standards. The Borrower has performed an environmental and social (E&S) review of its operations and identified the risks associated with its telecom operations. The ESMS will be used to manage the identified environmental risks to acceptable levels. The Borrower's organizational capacity, training, monitoring, and reporting are all adequate to manage the environmental and safety risks to acceptable levels and are being augmented as the Project progresses.

Solid waste and wastewater management practices are acceptable and involve recycling of wastes and discharge of wastewaters to the municipal sewerage network. Solid wastes that are not recycled will be sent to the municipal landfills. Small quantities of fuel and lubricants used at the Project facilities will also be properly managed in compliance with the local regulations and IFC's EHS Guidelines. In addition, adequate occupational health and safety (OHS), fire prevention and control, and other safety measures will also be put in place. The gaps in the borrowers ESMS, including the guidance and requirements regarding security and human rights, and the Stakeholder Engagement Plan and Grievance Mechanisms, will also be developed and implemented.

The Borrower is expected to continue implementing its ESMS and monitor the environmental and social performance of its operations. In addition, the Borrower is expected to manage its telecom operations in accordance with IFC's 2012 Performance Standards and EHS General and Telecommunications Guidelines.

Host Country

Paraguay

Name of Counterparty

Sudameris Bank, S.A.E.C.A.

Project Description

DFC financing to support on-lending to small and medium enterprises ("SMEs") with 30% of the proceeds earmarked for women-owned or women-led SMEs in Paraguay.

DFC Product Type

Debt Financing

DFC Investment Amount

$180,000,000

Total Project Costs

$250,000,000

U.S. Involvement

JPMorgan Chase, 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 Paraguay, SMEs represent 95% of businesses and provide 70% of all jobs, yet SMEs face a financing gap of nearly $4 billion. Despite their importance, they face significant challenges securing credit, especially long-term credit from the local banking sector. Women-owned/led SMEs face additional challenges in the country where women's economic participation and opportunity lags that found in most counterpart countries of the greater Latin America and Caribbean region. Additionally, over half of Paraguayans live in rural areas, and while urban poverty decreased in recent years, rural poverty increased over the same period, reaching more than a 12% gap in poverty rates between the two groups as of 2021.

In response to these development challenges, the Project is expected to have a positive development impact in Paraguay by providing critical financing to SMEs, with a specific focus on women- owned/-led SMEs and rural borrowers. The Project will provide longer tenor loans, which are uncommon in the Paraguayan market for SME finance and is aligned to 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.

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 lending to small- and medium-enterprises ("SME") 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.

Under the DFC's 2024 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 in various sectors including women-owned and women-led businesses in Paraguay, 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.

The Borrower does have a partially aligned environmental and social policy as described in IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to provide updates to align with DFC's 2024 ESPP.

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.

Host Country

Vietnam

Name of Counterparty

Southeast Asia Commercial Joint Stock Bank

Project Description

Follow-on direct loan of up to $100 million (the "**Tranche II Loan**") to the Borrower to expand the Borrower's on-lending program to small- and medium-sized enterprises ("**SMEs**") and individual borrowers. The Borrower will on-lend at least 30% of the Tranche II Loan proceeds to SMEs, at least 10% women-owned/women-led SMEs and at least 10% to Qualified Climate Finance Customers.[1]

DFC Product Type

Debt Financing

DFC Investment

$100,000,000

Total Project Costs

$125,000,000

U.S. Involvement (If not applicable, put N/A)

N/A

Insurance Specific (If not applicable, put N/A)

Private Insurer Participation

N/A

Investment Type

N/A

Foreign Enterprise

N/A

Fund Specific (If not applicable, put N/A)

Fund Manager

N/A

[1] Qualified Climate Finance Customers are borrowers of DFC-supported financial institutions who receive financing for end uses compatible with U.S. government approved climate change mitigation, adaptation and/or sustainable landscape activities.

Equity Specific (If not applicable, put N/A)

Grants Assessment

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

Limited access to financing for both individuals and SMEs is a barrier to sustainable economic development and poverty reduction in Vietnam. Approximately 11% of the Vietnamese population reports borrowing money from a formal financial institution or mobile money account compared to 37% across the greater East Asia and Pacific region. Women in Vietnam report lower rates of both account ownership and access to financing than men. SMEs, despite accounting for more than 90% of Vietnam's private sector and employing over 50% of the country's workforce, have an unmet financing demand of approximately $21.7 billion, or 12% of GDP. Women-owned/-led SMEs disproportionately face access to finance constraints due to operating mostly in the informal economy and lack of access to collateral. Climate change is yet another factor impacting Vietnam's economic growth, and disruptions to the economy are expected to become more pronounced in the future with increasing variability in temperatures and sea level rise.

In response to these challenges, the Project is expected to have a positive development impact in Vietnam by increasing access to finance and supporting the economic empowerment of individuals and SMEs, including women borrowers and women-owned/led SMEs. The Project will also support Vietnam's transition to more sustainable technologies with specific proceeds allocated to enterprises engaged in climate mitigation and/or adaptation activities, including energy efficiency improvements, green buildings, and green transportation. 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 lending to small- and medium-sized enterprises ("SMEs"), individual borrowers, and corporates are screened as a Financial Intermediary B (FI-B) 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.

Applicable Standards:

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 Management System ("ESMS") 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 SMEs, individual borrowers, and corporates, including in climate finance, energy efficiency, retail, etc. in Vietnam, 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 at this time.

Environmental and Social Risk and Mitigation:

The Borrower does have an environmental and social policy as described in IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to update its Environmental and Social Management System and labor policies to fully comply DFC's 2024 Environmental Policy and Procedures.