

Annex B – Public Information Summary

Host Country(ies)	Serbia
Name(s) of Borrower(s)/Guaranteed Party(ies)	Addiko a.d. Beograd
Project Description	Loan portfolio guaranty intended to increase lending to micro, small, and medium enterprises in Serbia, with a focus on the agricultural sector, underserved regions, and women-owned businesses.
Proposed DFC Loan/Guaranty	\$30,000,000 / 60% guaranty / tenor 12 years
All-Source Funding Total	\$50,000,000
Policy Review	
Developmental Objectives	<p>This Project is anticipated to have a highly developmental impact in Serbia by providing lending opportunities to MSMEs, including those in the agriculture sector, which face major constraints to their competitiveness. The Project will allow Addiko Bank to expand lending to MSMEs, with tenors longer than what the bank is currently able to provide. Among the largest challenges for Serbia's MSMEs is the financing gap that is estimated to be over \$10 billion, ranking the country among the top 15% of countries in the size of financing gap as a percentage of GDP. In addition, agriculture has been identified as a key area with a need for increased competitiveness in Serbia, and through this Project, the bank will issue a minimum of 30% of loans to the agriculture sector. USAID will work with the bank to source MSME lending opportunities and will support borrowers with technical assistance through USAID-Serbia's current and follow-on projects.</p>
Environment and Social Assessment	<p>The Project has been reviewed against the DFC's 2020 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC loan portfolio guaranties for the expansion of lending to micro, small, and medium enterprises are screened as a Category 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 Category C and further review and consent is not required for these investments.</p> <p>To ensure that the Guaranteed Party's investments are consistent with the DFC's statutory and policy requirements, the DFC loan portfolio guaranty will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need</p>

	<p>for an Environmental and Social Policy (“ESP”) that meets the 2012 IFC Performance Standards.</p> <p>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 supporting the expansion of its on-lending to Micro, Small, and Medium Enterprises (“MSMEs”) in Serbia, 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.</p> <p>The Guaranteed Party has an environmental and social management policy (“ESP”), human resources policies and grievance mechanisms that generally aligns with the DFC’s expectations. However, it will be required to provide an updated ESP that strengthens its forced and child labor policies, GHG tracking and reporting, and a worker grievance mechanism aligned with IFC PS 2.</p>
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