

Public Information Summary

Host Country	Serbia
Name of Guaranteed Party	NLB Komercijalna Banka a.d. Beograd
Project Description	Loan portfolio guaranty with 60% coverage to increase lending to eligible small and medium-sized enterprises, with a focus on the agricultural and energy efficiency sectors and women owned businesses, especially in the underserved regions of Serbia.
Proposed DFC Guaranty	14-year \$48 million loan portfolio guaranty
All-Source Funding Total	\$80 million
Policy Review	
Developmental Objectives	<p>Small and Medium Enterprises (SMEs), the 99% of enterprises responsible for 59% of Serbia's GDP, face an estimated finance gap of \$7.5 billion, with access to finance a particularly acute challenge for the rural agricultural sector and for women-owned/led SMEs. The Serbian government has identified SME support as a key development priority across multiple policies and initiatives over the past decade.</p> <p>In response to this challenge, the Project is expected to have a positive development impact in Serbia by de-risking lending to smaller SMEs which struggle to meet traditional collateral requirements for a major local commercial bank. The Project will contribute to DFC's commitment to support SME lending in the region under the 2020 Washington Agreements, advancing the Serbian government's Recovery and Development Investment Program and Rural and Agricultural Development Strategy, 2014-2024. The Bank has set targets to reach women-owned/led and agricultural sector SMEs with DFC's support. DFC has qualified the Project as 2X based on the leadership and financial intermediaries criteria. Given the Project's characteristics, it is categorized as Highly Impactful under DFC's Impact Quotient ("IQ").</p>
Environment and Social Assessment	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 on-lending to SMEs in agriculture and energy efficiency 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-

	<p>screened as low risk and further review and consent is not required for these investments.</p> <p>To ensure that the Guaranteed Party's on-lending activities 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 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 based due diligence assessment indicates that because the Project will use DFC support for the expansion of lending through a financial intermediary for the purpose of expanding SME loans for agriculture and energy efficiency 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, 5, 6, 7, and 8 are not triggered at this time. The Guaranteed Party does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.</p> <p>The Guaranteed Party has an environmental and social management policy and system as described in IFC PS 1, grievance mechanisms, and human resources policies commensurate with its investment strategy. The Guaranteed represents through the policies which constitute the ESMS, it is fully aligned with the DFC 2020 Environmental Policy and Procedures.</p>
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