

Annex B – Public Information Summary

Host Country	Georgia
Name of Borrower	JSC TBC Bank, Georgia
Project Description	A direct loan to TBC Bank to expand USAID/Georgia’s priorities for SME lending throughout Georgia. The new loans will improve SME access to capital and help to mobilize an additional \$25,000,000 in new private capital. The loans will address a persistent problem of a lack of adequate access to credit as well as help to promote economic expansion and new job creation. The new lending should also help to integrate SMEs, especially rural SME’s, more fully into Georgia’s core financial sector. New lending will target borrowers in USAID/Georgia’s priority sectors, including agriculture, hospitality, food processing, sustainability, and others. A portion of the new lending will also be to SME borrowers in the 11 rural Georgian municipalities that border the Administrative Boundary Line that abuts Abkhazia and South Ossetia, which have been illegally occupied by Russia since the Russo-Georgian War of 2008. Financing will also support new lending for green projects and activities in furtherance of Georgia’s Green Taxonomy.
DFC Product Type	\$100,000,000 (one hundred million dollars), 7-year, direct loan.
Total Project Cost	\$125,000,000
Policy Review	
U.S. Economic Impact	
Developmental Objectives	The Project is expected to contribute to several Georgian government initiatives, including the SME Development Strategy 2025, the country’s Climate Strategy and Action Plan, and the NBG Green Taxonomy. The Government of Georgia has identified SME development as a key priority for driving private sector growth, job creation, and innovation and since 2014 has adopted a series of policy programs and reforms to support the sector, including the government’s SME Development Strategy 2025. ¹ In particular, the Project will support the Project Company’s climate finance aspirations. As of FY23, around \$25 million of the Project Company’s broader SME loan portfolio is considered climate finance. The deployment of an additional \$50 million in climate finance on-

¹ OECD, [Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard](#), accessed March 27, 2024.

	lending represents a significant increase in the Project Company's support for SMEs which contribute to Georgia's climate goals. ²
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 loans to financial institutions for micro, small and medium enterprise on-lending 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.</p> <p>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.</p> <p>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 a financial institution in Georgia to expand SME lending, 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 PS 4, Community Health, Safety and Security are triggered.</p> <p>The Borrower has an Environmental and Social Risk Policy, grievance mechanisms, and human resources policies commensurate with its investment strategy and that will require updating and strengthening to meet the expectations listed in the DFC's 2020 Environmental Policy and Procedures and IFC PS 1.</p>

² The NBG Green Taxonomy and DFC's Qualified Climate Finance Customer eligibility criteria are not perfectly aligned. DFC's climate team has evaluated the NBG Green Taxonomy and recommends that only those sections of the Green Taxonomy which align to DFC's eligibility criteria be considered climate finance for the purposes of DFC projects in Georgia.

