

Public Information Summary

Host Country	Nepal
Name of Borrower	NMB Bank Ltd.
Project Description	Financing to expand the Borrower's on-lending to MSMEs in Nepal.
Proposed DFC Loan	\$100,000 million, ten-year loan
All-Source Funding Total	\$125 million
Policy Review	
Developmental Objectives	<p>This Project is anticipated to have developmental impact in Nepal, through the provision of loans to MSMEs, including women-owned MSMEs, in a finance-constrained environment. Nepal has an MSME financing gap of \$3.6 billion, equivalent to 17% of GDP. These financing challenges are exacerbated by banking liquidity issues, due to trade imbalances and increased capital requirements imposed by the central bank in response to the economic impacts of the Covid-19 pandemic.</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 direct investments to banks to support the expansion of their SME portfolios 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 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</p>

	<p>because the Project involves DFC support to a bank to support its SME portfolio in Nepal, 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 armed security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.</p> <p>The Borrower has a formal Environmental and Social Management System (“ESMS”) and Human Resources policies but will require some strengthening of its forced and child labor risk assessments, worker grievance mechanisms, and to meet DFC’s requirements.</p>
--	---