Early Warning System

DFC-2021-NATIONALDEVELO

National Development Bank PLC

Quick Facts

Countries	Sri Lanka
Financial Institutions	US International Development Finance Corporation (DFC)
Status	Active
Bank Risk Rating	C
Borrower	National Development Bank PLC
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 75.00 million
Loan Amount (USD)	$ 75.00 million
Project Cost (USD)	$ 93.75 million

Project Description

According to DFC documents, the project seeks to prove financing to expand the Borrower’s on-lending to MSMEs in Sri Lanka with a focus on 2X-eligible enterprises .The Project is expected to have a highly developmental impact on the economy of Sri Lanka through the provision of financial services to MSMEs. The Sri Lankan economy is heavily dependent on the health of MSMEs as they account for 52% of the country’s GDP and employ over 75% of the labor force. Yet, MSMEs often lack access to capital, as the current financing gap stands at over $17.1 billion. The limited access to financing is further compounded by the economic fallout caused by the Covid-19 Pandemic, which resulted in the economy contracting by 4.6% in 2020. In addition, through the expansion of lending, the Project is expected to support the Borrower’s creation of over 50 new formal jobs, in a country where an estimated 70% of the population works in the informal sector.

ENVIRONMENT AND SOCIAL INFORMATION

The Project has been reviewed against DFC’s 2020 Environmental and Social Policies and Procedures (“ESPP”) and has been determined to be categorically eligible. Loans for the purposes of MSME lending are screened as Category C projects for the purpose of environmental and social assessment in accordance with DFC’s ESPP. These downstreaminvestments are expected to result in minimal adverse environmental and social impacts. Therefore, all of those downstream investments have been pre-screened as Category C and further review and consent is not required for these investments.

To ensure that the Borrower investments are consistent with 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.

Investment Description

- US International Development Finance Corporation (DFC)

Contact Information

Contact information not provided during the time of disclosure

ACCESS TO INFORMATION

Unlike many other development finance institutions, DFC does not currently have an access to information policy.

Under the United States Freedom of Information Act (FOIA), DFC is obliged to respond to reasonably formulated requests for Agency records. However, DFC may apply exemptions from release to certain types of information and may charge fees in responding to requests. DFC has a designated FOIA officer who is trained in how to respond to requests and implement the law. You can learn more about filing a FOIA request at: https://www.dfc.gov/foia

ACCOUNTABILITY MECHANISM OF THE UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION (DFC)

The Office of Accountability is an independent office that addresses complaints about environmental or social issues related to DFC-supported projects. The office provides communities an opportunity to have concerns independently reviewed and addressed. If you submit a complaint to the Office of Accountability, it may assist you by either seeking to address your problems by facilitating a problem solving dialogue between you and those implementing the project and/or investigating whether the DFC complied with its policies to prevent environmental, social, human rights, and labor harms.

You can find more information about the Office of Accountability at: https://www.dfc.gov/who-we-are/office-accountability

Bank Documents

- Project Disclosure [Original Source]