

Public Information Summary

Commercial Bank of Ceylon PLC

Host Country(ies)	Sri Lanka
Name(s) of Borrower(s)/Guaranteed Party(ies)	Commercial Bank of Ceylon PLC
Project Description	Financing to expand the Borrower’s on-lending to micro-, small- and medium-sized enterprises (“MSMEs”) in Sri Lanka with a focus on 2X-eligible enterprises (the “Project”).
Proposed DFC Loan/Guaranty	\$100 million
All-Source Funding Total	\$125 million
Policy Review	
Developmental Objectives	<p>The Project is expected to have a highly developmental impact on the economy of Sri Lanka through the provision of financial services to MSMEs, which play a key role Sri Lanka’s economy, accounting for 52% of the country’s GDP and providing 45% of total employment. The SME Finance Forum indicates that Sri Lankan MSMEs face a financing gap of over \$17 billion. This issue is further compounded by the economic fallout caused by the COVID-19 pandemic, which slowed growth by 3.6% in 2020. In addition, the Borrower will dedicate a portion of funding to support loans to women-owned and women-led businesses. The UN Entity for Gender Equality and the Empowerment of Women reports that COVID-19 disproportionately affected female-headed households in Sri Lanka, which comprise over 25% of homes. Women’s labor force participation is less than half (32.5%) compared with same-aged men (72.4%), and though women own almost a quarter of the country’s MSMEs, they face a financing gap of over \$695 million.</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 loans for the purpose 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.</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</p>

	<p>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 significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, 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 to protect physical assets and therefore applicable sections of IFC PS 4, Community, Health, Safety, and Security are triggered.</p> <p>The Borrower has an Environmental and Social Policy (“ESP”) and an Environmental and Social Management System (“ESMS”) that includes environmental and social risk identification and mitigation procedures and grievance mechanisms commensurate with its investment strategy; however, the Borrower will be required to provide important updates in its ESMS, human resources policies, and security management and training to be in alignment with IFC Performance Standards.</p>
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