

Public Information Summary

Host Country	Iraq
Name of Borrower	National Bank of Iraq
Project Description	\$50 million senior loan to National Bank of Iraq for on-lending to small and medium-sized enterprises
Proposed DFC Loan	\$50,000,000 over five years
All-Source Funding Total	\$85,000,000
Policy Review	
Developmental Objectives	<p>The Project is expected to have a positive developmental impact in Iraq by increasing lending to small and medium sized enterprises (SMEs). SMEs in Iraq account for over 90% of private sector employment, yet they face a finance gap of \$37.93 billion. Barriers to SME financing include difficult registration and collateral requirements, which the Project will help address through innovative products streamlining the loan process and reducing the need for physical collateral. DFC's support is expected to expand access to SME financing in Iraq with an emphasis on first-time borrowers.</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 loans to financial institutions who will use the loan to on-lend to small and medium enterprises 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. 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</p>

	<p>assessment indicates that because the Project will use DFC support for the expansion of SME on lending in Iraq, 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 armed security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered. The Borrower has several basic policies and procedures with some components of an Environmental and Social Policy. It does have human resources policies generally commensurate with its investment strategy. However, it will require updating and strengthening of these procedures and policies to meet the expectations listed in the DFC's 2020 Environmental Policy and Procedures and IFC PS 1 and 2.</p>
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