

## Public Information Summary – Banco Rio SAECA

---

### Host Country

Paraguay

---

### Name of Counterparty

Banco Rio S.A.E.C.A.

---

### Project Description

Onlending to SMEs with at least 30% of DFC Loan proceeds earmarked for women-owned or women-led SMEs.

---

### DFC Product Type

Debt Financing

---

### DFC Investment

\$70,000,000

---

### Total Project Costs

\$87,500,000

---

### U.S. Involvement

N/A

---

### Policy Review

#### Developmental Objectives

In Paraguay, SMEs represent 95% of businesses and provide 70% of all jobs, yet SMEs face a financing gap of nearly \$4 billion. Despite their importance, they face significant challenges securing credit, especially long-term credit from the local banking sector. Women-owned/led SMEs face additional challenges in the country where women's economic participation and opportunity lags to that found in most counterpart countries of the greater Latin America and Caribbean region. Additionally, over half of Paraguayans live in rural areas, and while urban poverty decreased in recent years, rural poverty increased over the same period, reaching more than a 12% gap in poverty rates between the two groups as of 2021.

In response to these development challenges, the Project is expected to have a positive development impact in Paraguay by providing critical financing to SMEs, with at least 30% of on-lending targeted to women-owned/-led SMEs and an estimated 17% to be provided to rural borrowers. The Project will provide longer tenor loans, which are uncommon in the Paraguayan market for SME finance, and is aligned to the 2X criteria for leadership and investments through financial intermediaries. Given the Project's characteristics, it is categorized as Impactful per DFC's Impact Quotient.

## **Environment and Social Assessment**

The Project has been reviewed against the DFC's 2024 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC senior unsecured direct corporate loans to financial institutions who will utilize the loan to expand their small, and medium enterprise 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 of those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments.

To ensure that the Bank'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 Bank 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 the expansion of the Bank's SME lending in Paraguay, significant adverse impacts concerning 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 Bank does utilize private security and as such, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.

The Bank has a basic environmental and social policy, grievance mechanisms, and human resources policies that generally align with the expectations listed in the DFC's 2024 Environmental Policy and Procedures and IFC PS 1 and 2. The Bank will be required to provide updates to its Environmental and Social Policy regarding GHG emission tracking, child and forced labor risk assessments, and provide updates to its Human Resources Policy to align with DFC's expectations as a condition of receipt of DFC support.