

Public Information Summary

Host Country	Colombia
Name of Borrower	Finsocial, S.A.S
Project Description	DFC will provide a loan guaranty to WorldBusiness Capital to support a loan to Finsocial, S.A.S (" <i>Finsocial</i> "), a Colombian non-bank financial institution, for the expansion of Finsocial's portfolio of microloans to pensioners and teachers in low-income and rural communities in Colombia.
Proposed DFC Loan/Guaranty	\$ 9,750,000; 10-year tenor
All-Source Funding Total	\$33,014,000
Policy Review	
Developmental Objectives	The project is expected to have a positive developmental impact by expanding the availability of credit to low-income teachers and pensioners in Colombia with a focus on women in rural areas. According to Colombia's <i>Banca de las Oportunidades</i> , the lowest income quintile of the population is severely underserved in both access to and usage of financial products with subgroups composed of rural populations and women further marginalized in the traditional financial system. The project intends to leverage state-of-the-art digital lending software to both reduce operating costs and expand its geographic reach in servicing those who lack adequate access to credit. By promoting financial inclusion, the project aligns with Colombia's National Development Plan for 2018-2022.
Environment and Social Assessment	<p>The project has been reviewed against DFC's 2017 Environmental and Social Policy Statement ("ESPS") and has been determined to be categorically eligible. Loans to financial institutions for the purposes of microfinance 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 of those downstream investments have been pre-screened as Category C and further review and consent are not required for these investments.</p> <p>To ensure that Finsocial's investments in microfinance are consistent with DFC's statutory and policy requirements, the DFC-guaranteed loans made to the Borrower 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 Management System ("ESMS") that meets the 2012 IFC Performance Standards. Under DFC's ESPS, 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</p>

2012 International Finance Corporation's Performance Standard ("PS") 1 and 2. A desk-review based due diligence assessment indicates that because the project involves microfinance, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated, and therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.

The Borrower has developed and implemented an ESMS that it represents is aligned with ISO 14001:2015 principles. The Borrower has a process to review applications for financial and basic environmental and social risks as it relates to microfinance, restricted activity list, human resources policies and procedures, internal and external grievance mechanisms, and an ESMS that is applicable to all employees.