

Host Country	Ecuador
Name of Borrower	Banco D-MIRO S.A.
Project Description	Expansion of Banco D-MIRO S.A.'s (the " Borrower ") loan portfolio to microenterprises and 2X Eligible Enterprises (the " Project ").
Proposed DFC Loan	\$10,000,000
All-Source Funding Total	\$12,500,000
Policy Review	
Developmental Objectives	The Project is expected to have a highly developmental impact in Ecuador through the provision of financial services to microenterprises. Despite their importance to the Ecuadorian economy, microenterprises lack the necessary access to financing. In Ecuador, the microfinance financing gap is estimated at \$2.2 billion, with a specific gap of women micro-entrepreneurs estimated at \$266 million. In addition, Ecuador's commercial capitol, Guayaquil, has been one of the hardest-hit areas of COVID-19 in Latin America with a poverty rate of 14% and the highest rate of ¹ Over the next five years, DFC funding will support an estimated 28,000 microentrepreneurs in Guayaquil.
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. 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 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 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.</p> <p>Under the DFC's ESPP, the Borrower is required to comply with applicable local and national laws and regulations related to</p>

¹ <https://www.aljazeera.com/features/2020/5/27/coronavirus-pandemic-exposes-inequality-in-ecuadors-guayaquil>

	<p>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 MSME lending in Ecuador, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>The Borrower has an Environmental and Social Risk Management Policy, external grievance mechanisms, and human resources policies commensurate with its investment strategy, but will require some strengthening regarding its Environmental and Social risk and Human Resources policies in order to meet the DFC’s 2020 Environmental Policy and Procedures.</p>
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