

## Public Information Summary

<b>Host Country(ies)</b>	El Salvador
<b>Name of Guaranteed Party</b>	Banco Azul de El Salvador, S.A. (El Salvador) (the “Bank”)
<b>Project Description</b>	Loan portfolio guarantee with Banco Azul to promote lending to basic small enterprises (“BSEs”) and small and medium size enterprises (“SMEs”) in El Salvador with a focus on women borrowers, in order to help them remain in the workforce, succeed as entrepreneurs, and increase their economic empowerment, thereby stimulating economic growth and improving gender equity.
<b>Proposed DFC Loan/Guaranty</b>	\$18,200,000 guaranty, tenor of 10 years.
<b>All-Source Funding Total</b>	Up to \$52,000,000
<b>Policy Review</b>	
<b>Developmental Objectives</b>	This Project is expected to have a highly developmental impact through a loan portfolio guaranty to support the issuance of SME loans in El Salvador, with an emphasis on woman-owned businesses. Salvadoran banks face multiple challenges in lending to SMEs as these businesses often have insufficient collateral, weak financial management, including incomplete financial reporting due to their participation in informal economic activities, and limited credit history. For women clients, limited credit history has a disproportionate negative impact on their ability to acquire loans. Loans guaranteed through this Project will promote inclusive economic growth.
<b>Environment and Social Assessment</b>	<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 to banks for the purposes of SME lending 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 is not required for these investments.</p> <p>To ensure that the Bank’s investments are consistent with the DFC’s statutory and policy requirements, the DFC guaranty will be subject to conditions regarding the loans to be covered by the guaranty. 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 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 SME lending in the manufacturing, trade/retail, healthcare, energy, tourism, and agricultural sectors in El Salvador, 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 bank has an Environmental and Social Risk Policy and is in the process of developing and implementing a more robust Environmental and Social Risk Management System, which the Bank will be required to provide to DFC for review once completed. The Bank has basic grievance mechanisms and human resources policies commensurate with its investment strategy but will require some strengthening regarding its environmental and social risk management policies in order to meet the DFC’s 2020 Environmental Policy and Procedures.</p>
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