

<b>Host Country</b>	Ecuador
<b>Name of Borrower</b>	Banco de la Producción S.A.
<b>Project Description</b>	A \$200 million direct loan (the " <b>Loan</b> ") to expand the Borrower's on-lending to small and medium sized enterprises (" <b>SMEs</b> ") and women in Ecuador. The use of proceeds will be on-lent as follows: at least 30% to women-owned/women-led SMEs (" <b>2X SMEs</b> "), at least 40% to Eligible Women Retail Borrowers, at least 10% to SMEs for climate finance (" <b>Climate SMEs</b> "), with any remaining amounts to other SMEs (the " <b>Project</b> ").
<b>Proposed DFC Loan</b>	\$200,000,000 (8-year senior unsecured direct loan)
<b>All-Source Funding Total</b>	\$250,000,000
<b>Policy Review</b>	
<b>Developmental Objectives</b>	<p>In Ecuador there is a \$16 billion dollar financing gap for SME's due to the country's relatively shallow financial market. Women-owned/led SMEs in Ecuador face larger barriers to credit when compared to their male owned/led counterparts as they typically must overcome both gender norms and lack of a formal credit history. Women's access to consumer credit has also been limited for similar reasons. Ecuador's rural populations have lagged the rest of the country in terms of financial inclusion and most local financial institutions have not extended their services to these communities. Ecuador is also challenged by potential effects of climate change on sensitive ecosystems, which are critical to rural livelihoods and impact urban areas.</p> <p>In response to these challenges, the Project is expected to expand access to SME credit in Ecuador, with specific allocations to women-owned/led SMEs, climate finance loans for SMEs, and rural SMEs. In addition to extending credit to SMEs, the Project will also allocate a portion of proceeds to underwrite loans to unmarried women who would otherwise depend on male co-signers. DFC has qualified the Project as 2X based on the Borrower's intent to meet and/or exceed the 2X criteria for women representation in employment and percentage of Project proceeds allocated to 2X eligible SME clients. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC's Impact Quotient.</p>
<b>Environment and Social Assessment</b>	<b>Screening:</b>

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 Banco de la Producción S.A. will expand lending to women retail borrowers and to small-and-medium enterprises ("SMEs") focused on climate financing, women-owned and/or -led, and other SMEs in Ecuador and 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.

**Applicable Standards:**

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 assessment indicates that because the Project will use DFC support for a loan to a financial institution for the purpose of expanding SME lending in Ecuador, significant adverse impacts concerning community health and safety, 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 Borrower does utilize private security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered at this time.

**Environmental and Social Risks and Mitigation Measures:**

The Borrower has an environmental and social policy mostly aligned with IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to update aspects of its labor and environmental and social policies to fully meet the IFC Performance Standards and DFC's 2020 Environmental Policy and Procedures.