

## Environmental and Social Review Summary (“ESRS”)

### **Banco Solidario: Senior loan supporting women microenterprises in Ecuador / 15071-01 - Ecuador**

**Original language of the document:** Spanish

**Issuance date:** February 2025

- 1. Scope of Environmental and Social Review.** The environmental and social (“E&S”) review of the proposed transaction was conducted through document research, a portfolio review, and due diligence calls with the client, Banco Solidario S.A. (“Banco Solidario” or the “Bank”). Banco Solidario is an existing IDB Invest client.
- 2. Environmental and Social Categorization and Rationale.** The proposed operation is classified as FI-3 in accordance with IDB Invest’s E&S Sustainability Policy, as the associated E&S risks are considered low. The proposed operation aims to support Banco Solidario’s portfolio of microenterprises owned and/or led by women. The Bank defines microenterprises as those with annual sales of less than US\$300,000. The average subloan amount in this portfolio is US\$3,280, with an average term of 28.5 months, primarily focused on the trade (47%), services (33%), and production (20%) sectors.

Banco Solidario will not finance Category A (high-risk) sub-projects as defined by IDB Invest, nor those involving activities listed in IDB Invest’s Exclusion List. The project is considered aligned with the Paris Agreement based on an analysis conducted following the IDB Group’s Paris Alignment Implementation Approach.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of the operation are related to Banco Solidario’s ability to identify and manage the risks associated with its lending activities. Banco Solidario’s capacity in this regard is considered satisfactory; no action plan is needed to improve E&S management. The nature of the environmental, social, and health and safety impacts and risks related to the loans to borrowers in the portfolio is likely to be minimal.
- 4. Mitigation Measures.** Banco Solidario has an Environmental and Social Management System (“ESMS”) that was updated in May 2023 and is applied to its entire microcredit portfolio. The ESMS includes a list of excluded activities, an assessment tool to identify gaps, provide recommendations, and define actions for follow-up, all through a digital application. The application is accessible from mobile devices, which are used by commercial officers to assess basic E&S risks directly during client interviews. The tool is being applied to both new and existing clients who take out new loans.

Banco Solidario shall ensure that all subloans of the asset class supported by IDB Invest comply with the provisions set forth in the IDB Invest Exclusion List, applicable local environmental and social laws, and the current ESMS. Additionally, the staff responsible for supervising and implementing the ESMS must attend the IDB Invest Environmental and Social Risk Management training workshop for financial intermediaries.

5. **Environmental and Social Action Plan.** Does not apply
6. **Contact Information.** For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email [requestinformation@idbinvest.org](mailto:requestinformation@idbinvest.org). As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.