

Environmental and Social Review Summary (“ESRS”)

Social Bond of Gender and Inclusion – Banco Solidario / 14015-01 – Ecuador

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- 1. Scope of Environmental and Social (E&S) Review.** The proposed project seeks to support Solidario in its financing operations to microfinance borrowers in Ecuador. IDB Invest reviewed details of their approach to E&S management, its portfolio of borrowers, and had a due diligence call with the client. Solidario’s E&S management and related policies and procedures are considered consistent with the requirements of the IDB Invest’s Sustainability Policy. Solidario is a new client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** This operation is classified as low risk, a Category FI-3, given that the bank will support microfinance sub-borrowers. The average loan size to each sub-borrower will average US\$3,500 and with an average tenor of two years. Targeted sectors include commerce, services, and manufacturing, among others.
- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this project are associated with Solidario’s capacity to identify and manage the E&S risks associated with its lending activities. Solidario’s capacity in this respect is considered satisfactory and no action plan is required to enhance E&S management has been defined. The Environmental Social Health and Safety (ESHS) impacts and risks associated with loans to its portfolio borrowers are likely to be minimal in nature. A review of Solidario’s HR policies demonstrates compliance with Performance Standard 2.
- 4. Mitigation Measures.** Solidario is in the process of implementing a portfolio-wide ESMS with plans to have it in place by the end of 2022. In the development of their ESMS, they have established a list of excluded activities, an assessment tool to identify gaps / recommendations, and carried out a pilot of their tool. Notably, the screening tool developed is a phone-based application that commercial officers can use to evaluate basic E&S risks directly in interviews with the client. The tool is being applied to all new clients and to existing clients who takes a new loan. The resulting rating provides a limited set of recommendations and allows Solidario to track year-on-year performance and any changes. Under IDB Invest’s loan to Solidario, the borrower will be expected to comply with local legislation, IDB Invest’s List of Excluded Activities, apply its ESMS, and take the IDB Invest on-line training course for low risk FIs. No action plan is required.
- 5. Environmental and Social Action Plan.** N/A.
- 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. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MIICI@iadb.org, or calling +1(202) 623-3952.