

1. Project Description: The objective of the IIC Loan is to finance the expansion of the Bancamia portfolio to provide increased access to finance for small producers and microentrepreneurs in Colombia. With this loan, Bancamia will be able to provide loans including for investments that require longer tenors, such as loans to rural producers to facilitate investment in new machinery, improve agricultural production techniques, and/or invest in ecosystem based climate adaptation measures. 2. Environmental and Social Categorization and Rationale: This is a category FI-3 Project according to the IIC's Environmental and Social Sustainability Policy because of the low risk of the subprojects in the financial intermediary's current or future portfolio and the subprojects' amount (average US\$1,200). 3. Environmental and Social Risks and Impacts: The portfolio risk to be financed includes financial exposure to microfinance activities, which predominantly have low environmental and social impacts including, but not limited to: (i) environmental: water, soil and air pollution, waste management, and agrochemicals; (ii) OHS (occupational health and safety) risks such as: gas releases, chemical hazards and fire; and (iii) community issues such as health, safety and stakeholder engagement. 4. Mitigation Measures/E&S Action Plan: Bancamía currently implements a Sustainability Manual, which is committed with national law, ISO 2600/2010, Pacto Global, UNEP-FI, Protocolo Verde, Global Reporting Initiative, Mix Market, and Smart Campaign. It also includes an environmental, social and economic policy and a List of Excluded Activities. Bancamía will be required to ensure that activities financed with IIC funds are not found on the IIC's list of excluded activities and that they comply with domestic environmental and occupational safety standards. In addition, Bancamía will be required to submit annual environmental reports to the IIC indicating the progress made and problems encountered in the implementation of its ESMS. To enable the borrower to better understand the IIC's requirements, Bancamía will be required to attend the IIC's environmental training workshop for financial intermediaries or another similar course approved by the IIC.