

Public Information Summary

Host Country	The Philippines
Names of Insured Parties	Capital Sisters International, Inc.
Project Description	Loan to the Center for Agriculture and Rural Development, Inc., a microfinance institution lending to female borrowers in the Philippines.
Investment Amount	\$500,000
Investment Type	Debt
Insurance Amount	\$475,000
Total Project Costs	\$500,000
U.S. Involvement	Capital Sisters International, Inc., a U.S. 501(c)(3) Non-profit
Foreign Enterprise	The Center for Agriculture and Rural Development, Inc.
Policy Review	
Developmental Objectives	<p>Micro, small, and medium enterprises (“MSMEs”) in the Philippines contribute to 40% of the country’s GDP and employ more than 60% of the population, yet they face several credit constraints. Weak information infrastructure and limited risk appetites have discouraged existing banks from courting MSME clients given the perceived high risk and low profitability of the segment. MSMEs in the Philippines face a financing gap of over \$221.8 billion, of which microenterprises represent \$49.5 billion. Women-owned and led enterprises face additional constraints, including the lack of a land title, collateral, stable income, financial documents, and unfamiliarity with paperwork and procedures. Rural MSMEs also face financial constraints due to the limited concentration of banking outlets and strict collateral requirements.</p> <p>In addressing these challenges, the Project is expected to have a positive impact in the Philippines by expanding microfinance lending to women-owned/led microenterprises in rural areas. DFC has also qualified the Project as 2X based on the undertaking to meet and/or exceed the 2X criteria for women’s representation in leadership and the percentage of women-owned/led enterprises that will receive financing as result of DFC’s support. Given the Project characteristics, the Project is categorized as Exceptionally Impactful per DFC’s Impact Quotient.</p>
Environment and Social Assessment	<p>The Project has been reviewed against DFC’s 2020 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC political risk coverage for financial intermediaries that support Microfinance Institutions 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.</p>

	<p>To ensure that the Insured’s investments are consistent with DFC’s statutory and policy requirements, the DFC insurance coverage 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.</p> <p>Under the DFC’s ESPP, the Insured 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 the expansion of the Insured’s MFI support, significant adverse impacts concerning biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>The Guaranteed Party has an Environment and Social Management Procedures, grievance mechanisms, and human resources policies commensurate with its investment strategy but will require updating and strengthening to meet the expectations listed in the DFC’s 2020 Environmental Policy and Procedures and IFC PS 1 and 2.</p>
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