

Annex B – Public Information Summary

Host Country	Dominican Republic
Name of Guaranteed Party	Banco de Reservas de la Republica Dominicana
Project Description	A 10-year variable coverage loan portfolio guaranty intended to increase lending to micro, small, and medium enterprises (“MSMEs”) and other eligible borrowers in the Dominican Republic, with a focus on the underserved Southwest Region, women-owned and led businesses, and green loans.
Proposed DFC Guaranty	\$42,000,000 / 50-70% guaranty / 10-year tenor
All-Source Funding Total	\$84,000,000
Policy Review	
Developmental Objectives	<p>The Dominican Republic is the largest economy in both the Caribbean and Central America. However, areas of the country, notably its southwest border provinces, have high incidences of poverty and are generally underserved by the broader economy. Populations in this region is primarily employed by informal MSMEs connected to agriculture. Despite MSMEs accounting for more than 54% employment and contributing 38% of the Dominican Republic’s GDP, the MSME segment faces an estimated finance gap of US\$13 billion. Notably, women-owned/led MSMEs lag their MSME counterparts in economic participation and opportunity in the country. Additionally, the Dominican Republic is threatened by climate change with 40% of the population living in vulnerable conditions and at risk of falling into poverty due to climate-related impacts.</p> <p>In response to these challenges, the Project is expected to address the country’s MSME financing gap, gender disparities in access to finance, and climate risk by extending a loan portfolio guarantee to both MSME and climate-linked loans. More specifically, the Project will seek to facilitate women’s entrepreneurship with at least 50% of the guaranteed loans allocated to 2X eligible MSMEs, including those in the underserved Southwest Region of the country. Additionally, 15% of the guaranteed loans will be allocated to climate-linked loan products DFC has qualified the Project as 2X based on the Project’s intent to meet and/or exceed the 2X criteria for women representation in its leadership team and the percentage of guaranteed loans allocated to 2X eligible clients. Given the Project characteristics, the Project is categorized as Highly Impactful per DFC’s Impact Quotient (“IQ”).</p>

Environment and Social Assessment

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 loan portfolio guarantees to financial institutions who will utilize the guaranty to expand their micro, small, and medium enterprise lending 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.

To ensure that the Guaranteed Party's investments are consistent with the DFC's statutory and policy requirements, the DFC guaranty 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 Guaranteed Party 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 Guaranteed Party's MSME lending in the Dominican Republic, significant adverse impacts concerning 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 Guaranteed Party does utilize security and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered at this time.

The Guaranteed Party has an Environment and Social Management Procedures, grievance mechanisms, and human resources policies commensurate with its investment strategy that generally align with the expectations listed in the DFC's 2020 Environmental Policy and Procedures and IFC PS 1 and 2. The Guaranteed Party will be required to provide the DFC that private security are trained in accordance with IFC PS 4 requirements, including use of force and human rights awareness.