

Host Country	Colombia
Name of Borrower	Finanzauto S.A. BIC
Project Description	Direct loan to support the expansion of Finanzauto’s vehicle-finance loan portfolio to micro, small, and medium enterprises (“ MSME ”), with at least 33% of loan proceeds directed to 2X-eligible MSMEs and at least 33% to rural MSMEs (the “ Project ”).
Proposed DFC Loan	\$55,000,000 Tenor: 7 years
All-Source Funding Total	\$68,750,000
Policy Review	
Developmental Objectives	The Project is expected to have a developmental impact on Colombia’s economy through the provision of long-term vehicle financing to MSMEs. In Colombia, MSMEs generate about 67% of employment and 28% of GDP, yet they have limited access to financing for vehicles, particularly as prices rise due to inflation. The survival and growth of MSMEs in Colombia is considered essential for economic recovery from the impacts of the COVID-19 pandemic. The DFC-supported Project is expected to enable Finanzauto to promote investment in cleaner cars with a focus on rural and women-owned MSMEs.
Environment and Social Assessment	<p>Projects involving on-lending to MSMEs for the leasing/purchase of automobiles are typically screened as Category C projects under DFC’s environmental and social guidelines. Environmental, social, health, and safety impact concerns are considered minimal. Based on DFC’s due diligence, the Project’s environmental and social risks can be readily mitigated through the application of sound environmental and social management practices.</p> <p>In order to ensure that the Borrower’s investments are consistent with DFC’s statutory and policy requirements, the Project will be subject to conditions regarding the use of the DFC proceeds. DFC’s statutorily required language will be supplemented with provisions concerning the rights of association, organization and collective bargaining, minimum age of employment, prohibition against the use of forced labor, non-discrimination, hours of work, the timely payment of wages, and hazardous working conditions. Standard and supplemental contract language will be applied to all workers of the Project, including contracted workers. Additionally, the Borrower will be required to update its internal grievance mechanism.</p>

	<p>The Project has in place an environmental and social management system appropriate to the risks associated with Project activities.</p>
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