

Public Information Summary

Host Country	El Salvador
Name of Borrower	Flexiplan, S.A. de C.V.
Project Description	The Project supports informal but economically active borrowers at the base of the pyramid by improving their access to finance for motorcycles used for transportation and income producing activities.
Proposed DFC Loan/Guaranty	\$6,000,000, 6-year direct loan
All-Source Funding Total	\$6,000,000
Policy Review	
Developmental Objectives	<p>The Project is expected to have a positive impact in El Salvador by expanding access to credit to low-income and rural individuals. Access to financial services is a significant challenge in El Salvador, where the majority of the population is unbanked or has limited access to credit. According to the World Bank Global Financial Inclusion Database, less than 11% of the population reported borrowing any money from a financial institution or using a mobile money account in the past year. The Company uses a digital platform that enables faster loan approval times and incorporates alternative data points in its credit decision-making process to reach customers that are unbanked, lack a credit history, or have low credit scores. Given the Project characteristics, the Project is categorized as Impactful per DFC’s Impact Quotient (“IQ”).</p>
Environment and Social Assessment	<p>Screening: MFI Applicable Standards: IFC PS and The DFC ESPP Env Assessment: Category FI-C Social Assessment: Category FI-C Additional Required Mitigation Measures:</p> <p>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 unsecured loans to Financial Institutions for FinTech services providing vehicle financing to expand motorbike market availability are screened as a Financial Intermediary C (FI-C) for environmental and social assessment. The downstream lending is expected to result in minimal adverse environmental and social impacts. Therefore, all downstream financing</p>

has been pre-screened as Category ‘C’ and further review and consent is not required for these transactions.

To ensure that the Borrower’s investments are consistent with the DFC’s statutory and policy requirements, the DFC loan 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”) and an internal Grievance Mechanism that meets the 2012 IFC Performance Standards.

Under the DFC’s ESPP, the Borrower 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-based due diligence assessment indicates that because the Project will use DFC support for MFI on-lending in El Salvador, significant adverse impacts concerning community health and safety, 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 Borrower does utilize private, contracted security forces and therefore, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.

The Borrower does not have an environmental and social policy as described in IFC PS 1, but does have partially aligned grievance mechanisms, and human resources policies generally commensurate with its product and lending strategy. As such, the Borrower will be required to provide for DFC’s review and approval an environmental and social policy that includes an appointed responsible individual for its management, reporting, and implementation, and a process or methodology for the consideration of GHG emissions in accordance with the DFC’s 2020 Environmental Policy and Procedures. The Borrower will also be required to provide a contractor management plan including security guard requirements commensurate with the scale of the employment relationship in accordance with IFC PS4. Lastly, the Borrower must update the existing internal grievance mechanism to provide an anonymous pathway for submission as required by the IFC Performance Standards.