



Project Summary Information

Date of Document Updating: November 6, 2023

Project Name	CONAFIPS COVID-19 Credit Line Project
Project Number	P000435
AIIB member	Ecuador
Sector/Subsector	CRF-Finance/Liquidity
Alignment with AIIB's thematic priorities	Other CRF
Status of Financing	Approved
Objective	To promote access to finance and address the liquidity constraints of private micro, small and medium enterprises (MSMEs) in response to the COVID-19 crisis.
Project Description	<p>The Project is proposed to be supported under AIIB's COVID-19 Crisis Recovery Facility. The Project aims at increasing access to finance for productive purposes for MSMEs in the context of the COVID-19 crisis.</p> <p>The Project will comprise the following 3 components:</p> <ul style="list-style-type: none"> • Component 1 – Credit Line Intermediated by CONAFIPS to Participating Financial Intermediaries (PFIs) for on-lending to MSMEs. • Component 2 – Capitalization of Fund for Guarantees of the Popular and Solidary Economy (FOGEPS) for productive purposes. • Component 3 – Project Management. <p>Under the Project, AIIB will provide through the Borrower, short-term liquidity financing for MSMEs in the form of partial credit guarantees and/or credit lines to mitigate the impacts of the economic crisis induced by the COVID-19 pandemic.</p>
Expected Results	<p>The Project is expected to provide 7,042 loans and 1,252 guarantees to around 6,000 MSMEs during implementation. The NPL ratio is expected to remain below 0.7%.</p> <p>Indicators will be periodically measured and reported by CONAFIPS during implementation to ensure the Project is progressing in accordance with the implementation plan.</p>

	<p>There will be three direct beneficiaries of the Project, namely (i) CONAFIPS; (ii) the Participating Financial Intermediaries (PFIs); and (iii) the beneficiary MSMEs. AIIB's contribution will focus on bringing benefits to Asia by providing liquidity support to MSMEs operating in the tradable sector, either by trading directly, or by forming supply chains in sectors that trade intensively with Asia.</p>
Environmental and Social Category	FI
Environmental and Social Information	<p>AIIB's Environmental and Social Policy (ESP) applies to this on-lending credit facility. The Project is categorized as FI, because the financing structure involves the provision of funds through a Financial Intermediary (FI), whereby AIIB delegates to CONAFIPS the decision-making on using AIIB's funds towards PFIs and their sub-projects meeting the conditions to be agreed with CONAFIPS. These conditions will be outlined in the Project Operations Manual (POM) to be developed by CONAFIPS and agreed with AIIB.</p> <p>CONAFIPS has committed to adopt a risk-based approach to Environmental and Social (ES) management codified in its ESMS. This ESMS, through the POM, will screen loan proposals against the ESEL, categorize them as per their ES internal processes, conduct an ES assessment of contextual risks, and conduct monitoring of sub-loans to report to AIIB accordingly. The extent of the ES assessment by CONAFIPS of direct sub-borrowers will be proportional to the predetermined ES risk ratings for various industries.</p> <p>CONAFIPS relies on internal staff and is developing an Environmental and Social Management System (ESMS) called "Sistema de Análisis de Riesgos Ambientales y Sociales" ("SARAS") to oversee and implement the ESMS. AIIB has reviewed CONAFIPS's ESMS and has found it to be aligned with AIIB's ESP, Environmental and Social Standards (ESS), and Environmental and Social Exclusion List (ESEL). Similarly, AIIB has assessed CONAFIPS' technical capacity to implement the ESMS and the POM and has determined that CONAFIPS has the capacity to implement these instruments. Certain capacity-building measures have been agreed to strengthen environmental and social issues management, including the engagement of local consultants to provide technical assistance.</p> <p>The Project proceeds will be used for on-lending to PFIs towards MSMEs in Ecuador across sectors where intensive trade with Asia exists, as defined in the approved original project. Most of the funds are expected to be allocated for working capital purposes and land acquisition expenses will not be financed. In addition, this facility is expected to support the MSMEs, mainly in the agriculture, manufacturing and IT services, and transportation sectors. Given the environmental and social impacts of such activities are expected to be limited and the facility will provide small-sized loans with limited tenor, ES impacts are expected to be limited. All sub-loans that involve Category A or high-risk Category B activities will be</p>

	<p>excluded.</p> <p>CONAFIPS will be responsible for maintaining a comprehensive database of all ES information and assessments of sub-loans, for ensuring the PFI's appropriate screening, categorization, and assessment of their sub-loans to ultimate beneficiaries, for reviewing monitoring reports by PFIs on the ES performance of their sub-borrowers, and for reporting to AIIB on a regular basis.</p>		
Cost and Financing Plan	<p>Estimated Project Cost: USD50 million</p> <p>Of which, Component 1: USD40 million Component 2: USD9.8 million Component 3: USD0.2 million</p>		
Borrower	Corporación Nacional de Finanzas Populares y Solidarias (CONAFIPS)		
Guarantor	Republic of Ecuador		
Estimated date of loan closing (SBF)	December 31, 2024		
Contact Points:	AIIB	Borrower	Implementation Organization
Name	Manuel Cervero Bárcena	Francisco Garzon	Francisco Garzon
Title	Investment Operations Specialist - Urban	General Manager, CONAFIPS	General Manager, CONAFIPS
Email Address	manuel.barcena@aib.org	francisco.garzon@finanzaspopulares.gob.ec	francisco.garzon@finanzaspopulares.gob.ec
Date of Appraisal Decision	May 31, 2022		
Date of Financing Approval	November 25, 2020 / July 21, 2022		

Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its Environmental and Social Policy in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanisms or AIIB Management's processes.</p>
---	--

	For information on how to make submissions to the PPM, please visit: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html .
--	--