

Environmental and social due diligence summary

Issuer	PRASAC Microfinance Institution PLC (“PRASAC”)
Use of CGIF’s guarantee	CGIF’s guarantee will be used solely to finance microfinance/lending activities, for liquidity management, and for asset-liability management.
Countries of operations	Cambodia
Categorisation	Financial Intermediary - High

Environmental and social management system	PRASAC has enhanced its existing environmental and social management system (ESMS) to achieve compliance with CGIF’s Environmental and Social Safeguards (ESS). The screening procedure has been updated to include consideration of involuntary resettlement (IR) and Indigenous Peoples (IP) impacts.
Screening and identification of risks	Due to the existing low value and use of loans in the PRASAC’s current retail lending portfolio, the environmental and social risk is deemed to be low. However, the proposed expansion into micro, small and medium-sized enterprise (MSME) business lending presents higher environmental and social risks; enhancements to the ESMS in the form of IR and IP impacts screening have been included to enable adequate identification and mitigation of such risks.
Institutional capacity, commitment and development	PRASAC has assigned the responsibility of the implementation of its ESMS to an ESMS Officer reporting to the Executive Committee and supported by two ESMS Point Persons. ESMS-related training incorporates programs on topics covering CGIF’s ESS requirements, local and national laws and regulations, screening, categorization and review processes, and monitoring and reporting of ESMS implementation. CGIF will continue to monitor PRASAC’s capacity to confirm if ESMS enhancements are effectively implemented for the MSME portfolio.
Stakeholder communication, participation and consultation and monitoring and reporting	<p>PRASAC’s primary stakeholders are individuals and MSMEs in Cambodia’s rural and semi-urban areas. PRASAC is implementing a grievance redress mechanism for internal and external feedback. The external mechanism has been disclosed on the website of PRASAC intended for its clients, and for clients of clients. The internal procedure is shared with employees at the time of recruitment, and this procedure is intended for all relevant staff including contractors and consultants.</p> <p>PRASAC has enhanced annual reporting of its environmental and social performance in its Annual Report disclosed in its website which now includes monitoring of</p>

	ESMS implementation. PRASAC will be required to submit an annual Environmental and Social Safeguards Performance Report (ESSPR) to CGIF throughout the tenor of the bond.
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