

Central American Bank for Economic Integration

Type of Engagement: Annual Review

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Introduction

In August 2022, the Central American Bank for Economic Integration (“CABEI”) issued the 23rd Taiwan Bond (Social), raising USD 55 million in the Taiwanese market to finance and refinance projects intended to deliver positive social outcomes. In December 2024, CABEI engaged Sustainalytics to review the projects financed with proceeds from the 23rd Social Taiwan Bond (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether CABEI complied with the reporting commitments in the CABEI Social Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in January 2021.² This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in November 2024.³

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and CABEI’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Use of Proceeds Category	Sub-Category	Eligibility Criteria	Key Performance Indicators
Access to Essential Services	Health systems development	Investments to finance operation, maintenance, improvement and development of healthcare institutions, this may include healthcare attention equipment and/or services, healthcare prevention equipment and/or services. Proceeds under this category should be destined to public healthcare institutions and/or private healthcare institutions located in municipalities with Human Development Index (HDI) below the country’s average and that offer free or subsidized healthcare	<ul style="list-style-type: none"> – Number of hospitals, clinics and other healthcare facilities built/upgraded – Number of hospital beds financed – Annual hospitalization and inpatient care capacity – Annual capacity of surgical care – Annual capacity of outpatient care – Annual amount of non-patented

¹ CABEI, “Social Bond Framework”, (2020), at: https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Final_SBF_CABEI_FINAL.pdf

² Sustainalytics, “Second-Party Opinion, CABEI Social Bond Framework”, (2021), at: https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Central_American_Bank_for_Economic_Integration_SPO_FINAL-1.pdf

³ Sustainalytics, “Annual Review, Central American Bank for Economic Integration”, (2024), at: https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/cabei-second-social-bond-taiwan-annual-review-2024.pdf?sfvrsn=a824261_1

		<p>services to vulnerable communities.</p> <p>Definitions of eligibility projects and activities:</p> <ul style="list-style-type: none"> – Financing construction, operation, maintenance, improvement and/or purchase of equipment for public hospitals and other public healthcare institutions. – Support to modernization and operational efficiency improvements of non-profit Health Philanthropic Institutions. – Financing construction, maintenance, improvement and/or purchase of equipment for private hospitals and other private healthcare institutions which provide free or subsidized access to vulnerable communities (living below poverty line, excluded and/or marginalized populations, people with disabilities, unemployed, underserved). – Financing Public-Private Partnership (PPP) and public concession operations related to public health services. – Production of non-patented medicines and vaccines developed and/or distributed by the country's public healthcare system or relate to new infectious diseases and pandemic outbreaks. – Enhance the capacity of healthcare infrastructure, institutions and health workers, to better face infectious diseases and/or pandemics. 	<p>medicines and vaccines produced and distributed</p> <ul style="list-style-type: none"> – Number of patients reached – Number of public beds/number of total beds financed (public and non-public)
Employment Generation	Micro, small and medium enterprises financing	<p>Proceeds under this category will be targeted at micro, small and medium enterprises (MSMEs) to generate employment and reduce inequalities. Productive activities should be located in areas with HDI below the country's average and/or impacted by natural disasters and/or pandemics and developed by MSMEs (including agricultural ones), according to</p>	<ul style="list-style-type: none"> – Number of financed small and micro enterprises – Estimated number of jobs created or maintained

		<p>CABEI’s definition shown in the table below.</p> <p>Definitions of eligibility projects and activities:</p> <ul style="list-style-type: none"> – Credit facilities, preferential interest rate loans, grants for planning, expansion through franchises, building new warehouses and/or small manufacturing units, purchase of machinery and equipment to increase productivity for MSMEs, particularly those in the most vulnerable sectors in the Central American region (tourism, manufacturing, agriculture, transportation, etc.), and/or regions greatly impacted by natural disasters and/or pandemics. – Long-term working capital and credit to balance cash flow and support unforeseen expenses to micro and small business. – Poverty alleviation, employment programs and other programs that contribute directly to the stimulation of sustainable economic activity. – Financing towards programs, projects or initiatives that support the preservation of employment levels in sectors of MSME’s directly or indirectly impacted by natural and human disasters or pandemics. 	
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Issuer’s Responsibility

CABEI is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from CABEI’s 23rd Taiwan Bond (Social). The work undertaken as part of this engagement included collection of documentation from CABEI and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by CABEI. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by CABEI.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. CABEL has disclosed to Sustainalytics that the proceeds from the 23rd Taiwan Bond (Social) were fully allocated as at April 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the Nominated Expenditures to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria.	None
Reporting Criteria	Verification of the Nominated Expenditures to determine if impact was reported in line with the KPIs outlined in the Framework.	CABEL reported on at least one KPI per use of proceeds category.	None

⁴ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

Appendices

Appendix 1: Allocation Reporting

Table 3: Allocation Reporting for the 23rd Taiwan Bond (Social)

Use of Proceeds Category	Sub-Category	Project Name	Location	Project Description	Allocated Amount (USD million)
Access to Essential Services	Health systems development	Support for the Implementation of the National Plan for the Introduction of the Vaccine against COVID-19 in Honduras	Honduras	Purchase of vaccines against COVID-19 for the Republic of Honduras.	33.65
Employment Generation	Micro, small, and medium enterprises financing	Program for Economic Reactivation through MSMEs in the COVID-19 Crisis and Post Crisis in Honduras	Honduras	<p>Reactivate the country's economy, affected by the COVID-19 crisis, through access to credit and guarantees, under favourable conditions, for Honduran MSMEs. Among the specific objectives of the programme are:</p> <ul style="list-style-type: none"> – Sustain jobs in MSMEs for the period affected by the COVID-19 crisis and post-crisis. – Support micro and small businesses in areas of extreme poverty through targeted access to financing and improvement of working conditions in such areas. – Reactivate the activities of MSMEs once the state of emergency measures are suspended. – Facilitate financing access for MSMEs through the creation of a complementary guarantee fund. 	21.35
Total Allocated Amount					55.00
Total Unallocated Amount					0.00
Total Proceeds Raised					55.00

Appendix 2: Reported Impact

Table 4: Reported Impact for the 23rd Taiwan Bond (Social)

Use of Proceeds Category	Sub-Categories	Project Name	Location	Reported Impact
Access to Essential Services	Health systems development	Support for the Implementation of the National Plan for the Introduction of the Vaccine against COVID19 in Honduras	Honduras	<ul style="list-style-type: none"> • Number of Vaccination centres enabled: 1,747 • Number of Vaccines distributed against COVID-19: 2,869,535 • Number of patients vaccinated against COVID-19: 1,434,768 • Annual vaccination capacity against COVID-19: 956,512 patients/year
Employment Generation	Micro, small, and medium enterprises financing	Program for Economic Reactivation through MSMEs in the COVID-19 Crisis and Post Crisis in Honduras	Honduras	<ul style="list-style-type: none"> • Number of loans to SMEs: 97,723 • Number of beneficiary enterprises: 8,661 • Number of beneficiary financial institutions: 58 • Number of beneficiary micro enterprises: 73,227 • Number of generated or preserved jobs: 94,767

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