

# Central American Bank for Economic Integration

**Type of Engagement:** Annual Review

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## Introduction

In January 2023 the Central American Bank for Economic Integration (“CABEI” or the “Issuer”) issued the CABEI & Dai-ichi Frontier Life Education Bond 2023 (the “2023 Social Bond”) to finance projects related to educational and vocational training. In July 2024, CABEI engaged Sustainalytics to review the projects financed with proceeds from the 2023 Social Bond (the “Nominated Projects”) and provide an assessment as to whether it meets the use of proceeds criteria and the reporting commitments outlined in the CABEI Social Bond Framework (the “Framework”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in January 2021.<sup>2</sup>

## Evaluation Criteria

Sustainalytics evaluated the Nominated Projects 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	Eligibility Criteria	Key Performance Indicators
<p><b>Access to Essential Services - Education and Vocational Training and Infrastructure Improvement</b></p>	<p>Investments, projects and programs focused on enhancing the infrastructure and capacity of buildings for educational facilities, as well as technical training for teachers and staff. Proceeds under this category should be destined to the public system and/or private institutions in municipalities with HDI below the country’s average and that offer free or subsidized educational services to vulnerable communities.</p> <p>Eligible projects may include:</p> <ol style="list-style-type: none"> <li>i. Construction, refurbishment and/or expansion of nursery, as well as primary and early childhood public education units.</li> <li>ii. Construction, refurbishment and ampliation expansion of public schools.</li> <li>iii. Construction, refurbishment and expansion of public universities or tertiary education facilities.</li> </ol>	<ol style="list-style-type: none"> <li>i. Number of schools and other education facilities supported (constructed, upgraded, or connected to the internet)</li> <li>ii. Number of electronic devices for educational use purchased – PCs, chrome books and tablets</li> <li>iii. Number of training and experimentation spaces in technologies for teachers created</li> <li>iv. Number of spaces dedicated to students for pedagogical use of technology implemented and/or modernized</li> </ol>

<sup>1</sup> CABEI, “Social Bond Framework”, (2020), at:

[https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Final\\_SBF\\_CABEI\\_FINAL.pdf](https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Final_SBF_CABEI_FINAL.pdf)

<sup>2</sup> Sustainalytics, “Second-Party Opinion, CABEI”, (2021), at:

[https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Central\\_American\\_Bank\\_for\\_Economic\\_Integration\\_S\\_PO\\_FINAL-1.pdf](https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Central_American_Bank_for_Economic_Integration_S_PO_FINAL-1.pdf)

	<ul style="list-style-type: none"> <li>iv. Construction, refurbishment and expansion of supporting facilities and equipment in public educational institutions, such as sports and arts facilities.</li> <li>v. Construction, refurbishment and expansion of private primary, secondary or tertiary education facilities in municipalities with HDI below the country's average and that offers free or subsidized educational services to vulnerable communities.</li> <li>vi. Scholarship program initiatives for underserved population, assuring access to quality education and development.</li> <li>vii. Technical training for teachers and staff to improve the supply of qualified staff.</li> </ul>	<ul style="list-style-type: none"> <li>v. Number of students reached</li> <li>vi. Number of public facilities/numbers of total education facilities financed</li> </ul>
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### Issuer's Responsibility

CABEI is responsible for providing accurate information and documentation relating to the details of the funded projects, including descriptions of projects, amounts allocated and project 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 2023 Social Bond. 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,<sup>3</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Projects does not conform with the use of proceeds criteria and reporting commitments in the Framework. CABEI has disclosed to Sustainalytics that the proceeds from the 2023 Social Bond were fully allocated as of April 2023.

<sup>3</sup> 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.

## Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
<b>Use of Proceeds Criteria</b>	Verification of the Nominated Projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The project reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the Nominated Projects to determine if impact was reported in line with the KPIs outlined in the Framework.	The project reviewed reported on at least one KPI per use of proceeds category.	None

## Appendix

In 2023, CABEI issued the 2023 Social Bond and raised USD 50 million, 100% of the net proceeds have been allocated to the Nominated Project described in the tables below.

**Table 3: Allocation of proceeds from the 2023 Social Bond**

Use of Proceeds Category	Project Description	Location	Net Proceeds Allocated (USD million)	Net Proceed Allocated (%)
<b>Access to Essential Services - Education and Vocational Training and Infrastructure Improvement</b>	My New School Program - The program is part of the strategic initiative by the Government of El Salvador aimed at redesigning educational facilities to improve the learning experience for children and young people. It focuses on making education accessible, incorporating technological tools, and fostering optimal conditions for implementing a complementary educational agenda. The plan includes completely rebuilding and remodeling at least 186 schools and providing technological equipment to all the targeted schools.	El Salvador	50	100
<b>Total</b>			<b>50</b>	<b>100</b>

**Table 4: Estimated Impact from the 2023 Social Bond<sup>4</sup>**

Use of Proceeds Category	Project	Location	Estimated Impact
<b>Access to Essential Services - Education and Vocational Training and Infrastructure Improvement</b>	My New School Program	El Salvador	Beneficiaries: 56,830 students and teachers Number of educational facilities built: 413 Number of educational facilities upgraded: 1,175 Area of educational facilities built: 41,309 m <sup>2</sup> Area of educational facilities upgraded: 131,178 m <sup>2</sup> Educational equipment bought/replaced <sup>5</sup> : 186 devices/materials

<sup>4</sup> CABEI has informed Sustainalytics that estimated impact is reported as the projects are under implementation.

<sup>5</sup> Educational equipment includes electronic devices, laboratory equipment, textbooks, teaching materials, etc.

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