

# Central American Bank for Economic Integration

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**Engagement Team:**

Akshay Chandrapure, [akshay.chandrapure@morningstar.com](mailto:akshay.chandrapure@morningstar.com)

Vipula Pandita, [vipula.pandita@morningstar.com](mailto:vipula.pandita@morningstar.com)

## Introduction

In May 2022, the Central American Bank for Economic Integration (CABEI) issued the Australian Social Bond 2022, raising USD 76.30 million to finance and refinance projects intended to deliver positive social outcomes. In October 2024, CABEI engaged Sustainalytics to review the projects financed with proceeds from the Australian Social Bond 2022 (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”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in January 2021.<sup>2</sup> This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in July 2023.<sup>3</sup>

## 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	<p>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 services to vulnerable communities.</p> <p>Definitions of eligible projects and activities:</p> <ul style="list-style-type: none"> <li>• Financing construction, operation, maintenance, improvement and/or purchase of equipment for public hospitals and other public healthcare institutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of hospitals, clinics and other healthcare facilities built/upgraded</li> <li>• Number of hospital beds financed</li> <li>• Annual hospitalization and inpatient care capacity</li> <li>• Annual capacity of surgical care</li> <li>• Annual capacity of surgical care</li> <li>• Annual amount of non-patented medicines and vaccines</li> </ul>

<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\\_SPO\\_FINAL-1.pdf](https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Central_American_Bank_for_Economic_Integration_SPO_FINAL-1.pdf)

<sup>3</sup> Sustainalytics, “CABEI Annual Review”, (2023), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/central-american-bank-for-economic-integration-cabei/central-american-bank-for-economic-integration-australian-second-social-bond-2022-annual-review-\(2023\)/central-american-bank-for-economic-integration-australian-second-social-bond-2022-annual-review-\(2023\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/central-american-bank-for-economic-integration-cabei/central-american-bank-for-economic-integration-australian-second-social-bond-2022-annual-review-(2023)/central-american-bank-for-economic-integration-australian-second-social-bond-2022-annual-review-(2023))

		<ul style="list-style-type: none"> <li>• Support to modernization and operational efficiency improvements of non-profit Health Philanthropic Institutions.</li> <li>• 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).</li> <li>• Financing Public-Private Partnership (PPP) and public concession operations related to public health services.</li> <li>• 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.</li> <li>• Enhance the capacity of healthcare infrastructure, institutions and health workers, to better face infectious diseases and/or pandemics.</li> </ul>	<p>produced and distributed</p> <ul style="list-style-type: none"> <li>• Number of patients reached</li> <li>• Number of public beds/number of total beds financed (public and non-public)</li> </ul>
	<p>Education and Vocational Training and Infrastructure Improvement</p>	<p>Investments, projects and programmes 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>Definitions of eligible projects and activities:</p> <ul style="list-style-type: none"> <li>• Construction, refurbishment and/or expansion of nursery, as well as primary and early childhood public education units.</li> <li>• Construction, refurbishment and ampliation expansion of public schools.</li> <li>• Construction, refurbishment and expansion of public universities or tertiary education facilities</li> <li>• Construction, refurbishment and expansion of supporting facilities and equipment in public educational institutions, such as sports and arts facilities.</li> <li>• 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>• Scholarship programme initiatives for underserved population, assuring access to quality education and development.</li> <li>• Technical training for teachers and staff to improve the supply of qualified staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of schools and other education facilities supported (constructed, upgraded or connected to the internet)</li> <li>• Number of electronic devices for educational use purchased – PCs, chrome books and tablets</li> <li>• Number of training and experimentation spaces in technologies for teachers created</li> <li>• Number of spaces dedicated to students for pedagogical use of technology implemented and/or modernized</li> <li>• Number of students reached</li> <li>• Number of public facilities/number of total education facilities financed</li> </ul>
<p><b>Employment Generation</b></p>	<p>Micro, Small, and Medium Enterprises Financing</p>	<p>Proceeds under this category will be targeted at micro, small and medium enterprises (MSMEs) in order 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).</p> <p>Definitions of eligible projects and activities:</p>	<ul style="list-style-type: none"> <li>• Number of financed small and micro enterprises</li> <li>• Estimated number of jobs created or maintained</li> </ul>

## Central American Bank for Economic Integration

		<ul style="list-style-type: none"> <li>• 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.</li> <li>• Long-term working capital and credit to balance cash flow and support unforeseen expenses to micro and small business.</li> <li>• Poverty alleviation, employment programmes and other programmes that contribute directly to the stimulation of sustainable economic activity.</li> <li>• Financing towards programmes, 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.</li> </ul>	
<b>Affordable Basic Infrastructure</b>	Social Housing	<p>Supporting investments with the goal of increasing the supply of housing to people living without adequate housing, and support people living in social and economic difficulties as a result of decrease of economic activity, natural or human disasters, pandemics, etc.</p> <p>Definitions of eligible projects and activities:</p> <ul style="list-style-type: none"> <li>• Social housing projects and programmes targeted towards the most vulnerable population, and projects that support rural housing developments</li> <li>• Renovation, maintenance and improvements of social housing projects for vulnerable populations.</li> <li>• Projects under the Sustainable Housing Programmes (VIDHAS)<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Number of housing units developed</li> <li>• New population with access to social housing</li> </ul>
<b>Food Security and Sustainable Food Systems</b>	Access to Adequate Food for Low-Income Populations	<p>Investments and financing in the agricultural sector and food systems to end hunger, achieve food security and significantly enhance nutrition.</p> <p>Definitions of eligible projects and activities:</p> <ul style="list-style-type: none"> <li>• Credit facilities, preferential interest rate loans, grants for planning and/or expansion of agricultural crops, distribution of production, building of supporting facilities, purchase of machinery and equipment to increase productivity and/or reduce environmental impacts for agricultural MSMEs to promote access of vulnerable populations to food products. CABEL will promote the adoption of sustainable practices among the beneficiaries of these projects</li> <li>• Food security and enhanced nutrition projects and programmes targeted towards the most vulnerable population</li> </ul>	<ul style="list-style-type: none"> <li>• Food produced</li> <li>• Irrigated agricultural area</li> <li>• Population with access to adequate food</li> </ul>

<sup>4</sup> Available at: <https://www.bcie.org/novedades/noticias/articulo/un-potente-programa-enfocado-en-la-integracion-de-la-vivienda-y-su-entorno>  
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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 the Australian Social Bond 2022. 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>5</sup> 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. CABEI has disclosed to Sustainalytics that the proceeds from the Australian Social Bond 2022 were fully allocated as of April 2023.

## Detailed Findings

**Table 2: Detailed Findings**

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

<sup>5</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.

## Appendices

### Appendix 1: Allocation Reporting

**Table 3: Allocation Reporting for the Australian Social Bond 2022**

Use of Proceeds Category	Sub-Category	Project Name	Country	Project Description	Allocated Amount (USD million)
<b>Access to Essential Services</b>	Health Systems	Multisectoral Programme for Economic Reactivation and Social Protection (NIC-Solidarity)	Nicaragua	Support immediate care for COVID-19, care for vulnerable groups, and economic reactivation, through total or partial financing of public investment programmes and projects, productive investment, and social spending	21.56
	Education and Vocational Training and Infrastructure Improvement				18.07
<b>Employment Generation</b>	Micro, Small and Medium Enterprises Financing	Programme for Economic Reactivation through MSMEs in the COVID19 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 favorable conditions, for Honduran MSMEs. Among the specific objectives of the Programme are:</p> <ul style="list-style-type: none"> <li>i) Sustain jobs in MSMEs for the period affected by the COVID-19 crisis and post-crisis;</li> <li>ii) Support micro and small businesses in areas of extreme poverty through targeted access to financing and improvement of working conditions in such areas;</li> <li>iii) Reactivate the activities of MSMEs once the State of Emergency measures are suspended; and iv) Facilitate financing access for MSMEs through the creation of a complementary guarantee fund.</li> </ul>	12.30
<b>Affordable Basic Infrastructure</b>	Social Housing	Multisectoral Programme for Economic Reactivation and Social Protection (NIC-Solidarity)	Nicaragua	Support immediate care for COVID-19, care for vulnerable groups, and economic reactivation, through total or partial financing of public investment programmes and projects, productive investment, and social spending.	2.45

## Central American Bank for Economic Integration

<b>Food Security and Sustainable Food Systems</b>	Access to Adequate Food for Low-Income Populations	Strengthening financing for the agricultural sector with a technological and sustainable approach	Dominican Republic	Promote the offer and orientation of agricultural credit among small and medium-sized farmers to implement productive initiatives for the improvement of the population's consumption level and the productivity of the agricultural sector, as well as the commercialization of agri-food products, in conditions of competitiveness and sustainability to strengthen with it the productive chains.	3.82
		Multisectoral Programme for Economic Reactivation and Social Protection (NIC Solidarity)	Nicaragua	Support immediate care for COVID-19, care for vulnerable groups, and economic reactivation, through total or partial financing of public investment programmes and projects, productive investment, and social spending	18.10
<b>Total Allocated Amount (USD million)</b>					<b>76.30</b>
<b>Total Unallocated Amount (USD million)</b>					<b>0</b>
<b>Total Net Proceeds Raised (USD million)</b>					<b>76.30</b>

## Appendix 2: Reported Impact

Table 4: Reported Impact for the Australian Social Bond 2022

Use of Proceeds Category	Sub-Category	Project	Location	Impact Indicators
<b>Access to Essential Services</b>	Health Systems	Multisectoral Programme for Economic Reactivation and Social Protection (NIC-Solidarity)	Nicaragua	i. Healthcare facilities built/upgraded: 1
	Education and Vocational Training and Infrastructure Improvement			ii. Medical equipment bought: 6,361 iii. New or upgraded medical specialties attended: 19 iv. Hospital beds: 360
<b>Employment Generation</b>	Micro, Small and Medium Enterprises Financing	Programme for Economic Reactivation through MSMEs in the COVID19 Crisis and Post Crisis in Honduras	Honduras	i. Educational facilities built/upgraded: 12
				ii. Beneficiary students: 2,663
<b>Employment Generation</b>	Micro, Small and Medium Enterprises Financing	Programme for Economic Reactivation through MSMEs in the COVID19 Crisis and Post Crisis in Honduras	Honduras	i. Loans to SMEs: 97,723
				ii. Beneficiary enterprises: 8,661
				iii. Beneficiary financial institutions: 58
				iv. Beneficiary people: 86,788
				v. Generated and/or preserved jobs: 94,767

## Central American Bank for Economic Integration

<b>Affordable Basic Infrastructure</b>	Social Housing	Multisectoral Programme for Economic Reactivation and Social Protection (NIC-Solidarity)	Nicaragua	i. Houses built: 977
<b>Food Security and Sustainable Food Systems</b>	Access to Adequate Food for Low-Income Populations	Multisectoral Programme for Economic Reactivation and Social Protection (NIC-Solidarity)	Nicaragua	<ul style="list-style-type: none"> <li>i. Cultivated area: 41,195 ha</li> <li>ii. Irrigated area: 846 ha</li> <li>iii. Agricultural production: 82 metric tons</li> <li>iv. Small-livestock production (pig): 8,622.78 metric tons</li> <li>v. Volume of aquaculture production: 113.63 metric tons</li> <li>vi. Commercialized poultry production: 644 metric tons</li> <li>vii. Commercialized aquaculture production: 17.04 metric tons</li> <li>viii. Beneficiary agricultural enterprises: 360</li> </ul>
		Strengthening financing for the agricultural sector with a technological and sustainable approach	Dominican Republic	<ul style="list-style-type: none"> <li>i. Loans granted to agricultural SMEs: 216,431</li> <li>ii. Beneficiaries: 13,561</li> <li>iii. Reduction of annual crop losses: 372,000 metric tons</li> <li>iv. Reduction of annual post-harvest losses: 2,000 metric tons</li> <li>v. Agricultural jobs generated and/or preserved: 1,068</li> </ul>

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