

# Central American Bank for Economic Integration

**Type of Engagement:** Annual Review

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## Introduction

In 2022, the Central American Bank for Economic Integration (“CABEI” or the “Bank”) issued its fourth green bond in the European market (the “2022 Euro Green Bond”) and raised USD 24.73 million to finance or refinance projects contributing to sustainable water management. In January 2025, CABEI engaged Sustainalytics to review the projects financed or refinanced with proceeds from the 2022 Euro Green 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 Green Bond Framework 2019 (the “Framework”).<sup>1</sup> Sustainalytics provided a Second-Party Opinion on the Framework in September 2019.<sup>2</sup> This is Sustainalytics’ second annual review of allocation and reporting of the 2022 Euro Green Bond issued under the Framework, following a previous review in January 2024.

## 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-categories	Eligibility Criteria	Key Performance Indicators
Sustainable Water Management	Water distribution <sup>3</sup>	<ul style="list-style-type: none"> <li>• Installation or upgrade of water efficient irrigation systems</li> <li>• Construction or upgrade of sustainable infrastructure for drinking water</li> </ul>	<ul style="list-style-type: none"> <li>• Volume of water treated</li> <li>• Number of facilities built</li> <li>• Reduction in water usage (%)</li> <li>• Increase in water reuse (in m<sup>3</sup>/year)</li> </ul>
	Water treatment	<ul style="list-style-type: none"> <li>• Construction of desalination plants and other water treatment facilities to provide inhabitants with drinkable water<sup>4</sup></li> <li>• Construction and upgrade of sewerage systems to improve wastewater management</li> </ul>	

<sup>1</sup> CABEI, “Green Bond Framework 2019”, (2019), at: [https://www.bcie.org/fileadmin/bcie/espanol/archivos/inversionistas/banco\\_verde/CABEI\\_s\\_Green\\_Bond\\_Framework\\_V\\_sent\\_to\\_Sust\\_CLEAN\\_25-10-2019.pdf](https://www.bcie.org/fileadmin/bcie/espanol/archivos/inversionistas/banco_verde/CABEI_s_Green_Bond_Framework_V_sent_to_Sust_CLEAN_25-10-2019.pdf)

<sup>2</sup> Sustainalytics, “Second-Party Opinion, CABEI Green Bond Framework”, (2019), at: <https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/central-american-bank-for-economic-integration-cabei-green-bond-second-party-opinion.pdf>

<sup>3</sup> Investments in water management projects which lead to quantifiable improvements to water quality, water savings or energy savings.

<sup>4</sup> Investments in seawater desalination plants will be powered using eligible renewable energy projects.

## 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 2022 Euro Green 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>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 2022 Euro Green Bond were fully allocated as at day 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>
Use of Proceeds Criteria	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
Reporting Criteria	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 of proceeds

**Table 3: Allocation of proceeds from the 2022 Euro Green Bond**

Use of Proceeds Category	Sub-Categories	Nominated Expenditure	Description	Location	Amount Allocated (USD million)
<b>Sustainable Water Management</b>	Water distribution	Water supply project for the middle basin of the Tempisque river and coastal communities PAACUME	Construction of a reservoir and a water distribution network which includes the construction of open channels, low-pressure gravity pipelines, pumping systems and pressurized conduction and distribution networks, designed to align with the topographic conditions and specified delivery locations.	Costa Rica	22.00
	Water distribution and water treatment	Water and sanitation sector program	Expanding access to drinking water and sanitation services in multiple cities in Honduras.	Honduras	2.73
<b>Total Amount Allocated</b>					<b>24.73</b>
<b>Total Proceeds Unallocated</b>					<b>0.00</b>
<b>Total Net Proceeds Raised</b>					<b>24.73</b>

## Appendix 2: Reported Impact

**Table 4: Reported Impact from the 2022 Euro Green Bond**

Use of Proceeds Category	Sub-Categories	Nominated Expenditure	Reported Impact
<b>Sustainable Water Management</b>	Water distribution <sup>6</sup>	Water supply project for the middle basin of the Tempisque river and coastal communities PAACUME	<ul style="list-style-type: none"> <li>• Volume of water produced (m<sup>3</sup>/s): 0.01</li> <li>• Number of reservoirs built: 4</li> <li>• Irrigated area (ha): 18,800</li> <li>• Number of households with new connections to the drinking-water system: 142,009</li> <li>• Number of beneficiary agricultural enterprises: 32</li> <li>• Beneficiaries: 500,746 people</li> </ul>
	Water distribution and treatment	Water and sanitation sector program	<ul style="list-style-type: none"> <li>• Number of drinking-water treatment plants built: 6</li> <li>• Number of households with new connections to the sewerage system: 995</li> <li>• Number of households with new connections to the drinking-water system: 6,808</li> <li>• Beneficiaries: 32,419 people</li> </ul>

<sup>6</sup> CABEI has confirmed that the water supply project for the middle basin of the Tempisque River and coastal communities PAACUME project is still under implementation and is expected to be completed by end of 2029, therefore, it has reported the project's expected impact.

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