

Central American Bank for Economic Integration

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Introduction

In 2022, the Central American Bank for Economic Integration (“CABEI” or the “Bank”) issued its eighth social bond (“2022 Mexican Second Social Bond”) and raised USD 150.86 million to finance or refinance projects aimed at improving access to essential services, and food security and sustainable food systems. In January 2025, CABEI engaged Sustainalytics to review the projects financed or refinanced with proceeds from the 2022 Mexican Second Social 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 established in the CABEI Social Bond Framework 2020 (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 October 2023.

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	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 services to vulnerable communities.	<ul style="list-style-type: none"> • Number of hospitals, clinics and other healthcare facilities built/upgraded • Number of hospital beds financed • Annual hospitalization and in patient care capacity • Annual capacity of surgical care • Annual capacity of outpatient care • Annual amount of non-patented medicines and vaccines produced and distributed (doses/year)

¹ CABEI, “Social Bond Framework 2020”, (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_PO_FINAL-1.pdf

		<ul style="list-style-type: none"> • Number of patients reached • Number of public beds or numbers of total beds financed (public and non-public) in percentage
Food Security and Sustainable Food Systems: Access to Adequate Food for Low-Income Populations	Investments and financing in the agricultural sector and food systems to end hunger, achieve food security and significantly enhance nutrition	<ul style="list-style-type: none"> • Food produced (in tonnes) • Irrigated agricultural area (hectares or km²) • Population with access to adequate food (habitants)

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 Mexican Second 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 CABEI.

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,³ 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 Mexican Second Social Bond were fully allocated as of April 2023.

³ 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 3: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
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

Appendices

Appendix 1: Allocation of proceeds

Table 3: Allocation of proceeds from the 2022 Mexican Second Social Bond

Use of Proceeds Category	Nominated Expenditure	Project Description	Location	Allocated Amount (USD million)
Access to Essential Services: Health Systems Development	Construction and equipment project of the general hospital of the western zone of Managua	This project includes construction and equipping of the New General Hospital "Dr. Fernando Velez Paiz" in the Western Zone of Managua, Nicaragua.	Nicaragua	4.11
Food Security and Sustainable Food Systems: Access to Adequate Food for Low-Income Populations	Family agriculture and rural entrepreneurship plan for food and nutrition security program	This project focuses on supporting the most vulnerable population groups by revitalizing and enhancing the agricultural sector. Its goals include strengthening food security, increasing agricultural production, creating employment opportunities, and boosting income for rural families.	El Salvador	60.00
	Regional wholesale market project of the Chorotega region	This project aims to improve the supply, distribution, and marketing systems of food products and to strengthen the productive chain by constructing, equipping, and properly managing the Regional Wholesale Market of the Chorotega Region.	Costa Rica	43.74
	Strengthening financing for the agricultural sector with a technological and sustainable approach	This project aims to promote the provision and guidance of agricultural credit for small and medium-sized farmers to support productive initiatives. This will enhance the population's consumption levels and increase the productivity of the agricultural sector. Additionally, it will facilitate the competitive and sustainable commercialization of agri-food products, thereby strengthening the entire productive chain.	Dominican Republic	43.01
Total Amount Allocated				150.86
Total Proceeds Unallocated				0
Total Net Proceeds Raised				150.86

Appendix 2: Reported Impact

Table 4: Reported Impact from the 2022 Mexican Second Social Bond

Use of Proceeds Category	Nominated Expenditure	Reported Impact
Access to Essential Services	Construction and equipment project of the general hospital of the western zone of Managua	<ul style="list-style-type: none"> • New or upgraded medical specialties attended: 17 • Healthcare facilities built or upgraded: 11 • Healthcare facilities built or upgraded (construction area): 24,231.98 m³ • Medical equipment bought or replaced: 482 units • Annual capacity of patient care: 385,440 patients/year • Annual surgeries: 20,440 • Hospital beds: 311 units
Food Security and Sustainable Food Systems: Access to Adequate Food for Low-Income Populations	Family agriculture and rural entrepreneurship plan for food and nutrition security program	<ul style="list-style-type: none"> • Generated or preserved agricultural jobs: 1,636 • Beneficiary agricultural families: 61,691 • Commercialized agricultural production – exports of coffee, cocoa, and honey for the 2014- 2018 period⁴: 382,254.90 tonnes • Agricultural production – maize, beans, sorghum, cocoa and coffee for the 2014-2018 period⁵: 9,700,269.60 tonnes
	Regional wholesale market project of the Chorotega region	<ul style="list-style-type: none"> • Building of supporting facilities for the agricultural sector (construction area of market): 55,262.80 m² • Generated or preserved agricultural jobs: 861 • Beneficiaries: 372,197 people • Beneficiary agricultural enterprises: 23 • Commercialized livestock production (beef): 877.50 tonnes/month • Commercialized agricultural production⁶: 415 tonnes/month • Commercialized aquaculture production: 42.22 tonnes/month
	Strengthening financing for the agricultural sector with a technological and sustainable approach ⁷	<ul style="list-style-type: none"> • Loans to agricultural small and medium sized enterprises: 216,43 • Beneficiaries: 13,561 people • Reduction of annual crop losses: 372,000 tonnes • Reduction of annual post-harvest losses: 2,000 tonnes • Generated or preserved agricultural jobs: 1,068

⁴ Exports for the 2014-2018 period were 358,670.9 tonnes of coffee, 14,527.0 tonnes of cocoa and 9,057.0 tonnes of honey.

⁵ Agricultural production reported under this programme for the 2014-2018 period: 7,364,976.5 tonnes of maize, 947,548.2 tonnes of beans, 14,527 tonnes of cocoa, 1,017,633.9 tonnes of sorghum, 346,527 tonnes of coffee and 9,057.0 tonnes of honey.

⁶ Agricultural production commercialized in the market includes basic grains, fruits, vegetables and herbs.

⁷ CABEI has confirmed that this project is still under implementation and is expected to be completed by July 2028, therefore, it has reported expected impact.

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