

# Central American Bank for Economic Integration

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## Introduction

In January 2023, the Central American Bank for Economic Integration (CABEI) issued the Social Bond Taiwan 2023, raising USD 130 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 Social Bond Taiwan 2023 (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 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 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
<b>Access to Essential Services</b>	Education and Vocational Training and Infrastructure Improvement	<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 eligibility 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> </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 tablet</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</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\\_PO\\_FINAL-1.pdf](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"> <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>	<p>implemented and/or modernized</p> <ul style="list-style-type: none"> <li>• Number of students reached</li> <li>• Number of public facilities/number of total education facilities financed</li> </ul>
<b>Affordable Basic Infrastructure</b>	Rural Development (electrification)	<p>Financing of projects and programmes in general for rural electrification and connectivity, with a particular focus and attention to the underserved areas, rural communities and vulnerable populations, as well as communities impacted by natural or human disasters and/or pandemics.</p> <p>Definitions of eligible projects and activities:</p> <p>Creation, expansion and/or maintenance of public access for electrical interconnectivity in rural areas</p>	<ul style="list-style-type: none"> <li>• Installed capacity of rural electrification projects</li> <li>• New population with access to energy</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>

## 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 Social Bond Taiwan 2023. 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 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 Social Bond Taiwan 2023 were fully allocated as of July 2024.

## 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>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.

## Appendices

### Appendix 1: Allocation Reporting

**Table 3: Allocation Reporting for the Social Bond Taiwan 2023**

Use of Proceeds Category	Sub-Category	Project	Country	Project Description	Allocated Amount (USD million)
<b>Access to Essential Services</b>	Education and Vocational Training and Infrastructure Improvement	My New School Programme	El Salvador	The programme is developed in the context of the strategic programme of the Government of the Republic of El Salvador that proposes redesigning educational facilities in its infrastructure to achieve a positive impact on the learning of children and young people.	15.71
<b>Affordable Basic Infrastructure</b>	Rural Development (electrification)	National Sustainable Electrification and Renewable Energy Programme for Nicaragua (PNESER) - Component B	Nicaragua	Increase national electricity coverage through rural electrification and to improve the quality of electricity service in urban settlements.	6.91
		Extension of the PNESER Programme - Section C	Nicaragua	Increase national electricity coverage through rural electrification and to improve the quality of electricity service in urban settlements.	85.69
<b>Food Security and Sustainable Food Systems</b>	Access to Adequate Food for Low-Income Populations	Sustainable Rural Development Programme for the Southern Region (EMPRENDESUR)	Honduras	This programme aims to strengthen food security and increase production, employment, and income for rural families. In addition, the programme aims to promote rural development by supporting business linkages, access to rural financial services, and community spatial planning activities.	10.00
		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.	11.69
<b>Total Allocated Amount (USD million)</b>					<b>130</b>
<b>Total Unallocated Amount (USD million)</b>					<b>0</b>
<b>Total Net Proceeds Raised (USD million)</b>					<b>130</b>

## Appendix 2: Reported Impact

**Table 4: Reported Impact for the Social Bond Taiwan 2023**

Use of Proceeds Category	Sub-Category	Project	Location	Impact
Access to Essential Services	Education and Vocational Training and Infrastructure Improvement	My New School Project	El Salvador	<ul style="list-style-type: none"> <li>i. Educational facilities built: 413</li> <li>ii. Area of educational facilities built: 41,309 m<sup>2</sup></li> <li>iii. Educational facilities upgraded: 1,175</li> <li>iv. Area of educational facilities upgraded: 131,178 m<sup>2</sup></li> <li>v. Educational equipment bought/replaced: 186 units</li> <li>vi. Beneficiaries (students and teachers): 56,830 people</li> </ul>
Affordable Basic Infrastructure	Rural Development (electrification)	National Sustainable Electrification and Renewable Energy Programme for Nicaragua (PNESER) - Component B	Nicaragua	<ul style="list-style-type: none"> <li>i. Electric distribution lines: 3,465 km</li> <li>ii. New connections to the grid: 114,050 households</li> <li>iii. Beneficiaries: 114,050 families</li> <li>iv. Annual reduction of non-technical losses: 62,088 MWh/year</li> </ul>
		Extension of the PNESER Programme - Section C	Nicaragua	<ul style="list-style-type: none"> <li>i. Electric distribution lines: 2,725 km</li> <li>ii. New connections to the grid: 20,193 households</li> <li>iii. Beneficiaries: 191,120 families</li> <li>iv. Annual reduction of non-technical losses: 19,291 MWh/year</li> <li>v. Annual reduction of GHG emissions: 527 tCO<sub>2</sub>/year</li> </ul>
Food Security and Sustainable Food Systems	Access to Adequate Food for Low-Income Populations	Sustainable Rural Development Programme for the Southern Region (EMPRENDESUR)	Honduras	<ul style="list-style-type: none"> <li>i. Beneficiaries: 40,000 families</li> <li>ii. Agricultural jobs generated and/or preserved: 1,950</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 people</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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