

# Central American Bank for Economic Integration

**Type of Engagement:** Annual Review

**Date:** 24 December 2024

**Engagement Team:**

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

Kajal Chaubey, [kajal.chaubey@morningstar.com](mailto:kajal.chaubey@morningstar.com)

## Introduction

In June 2021, the Central American Bank for Economic Integration (“CABEI”) issued its second Social Recovery and Reconstruction COVID-19 Bond raising USD 245.34 million in the Mexican market to finance and refinance projects intended to have positive environmental and social impacts and contribute to the transition towards a low-carbon economy in Latin America. In December 2024, CABEI engaged Sustainalytics to review the projects financed with proceeds from the Social Recovery and Reconstruction COVID-19 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 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 2022.<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	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. Definitions of eligible projects and activities: <ul style="list-style-type: none"> <li>• Financing construction, operation, maintenance, improvement and/or</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 outpatient care</li> <li>• Annual amount of non-patented</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 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](https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Central_American_Bank_for_Economic_Integration_PO_FINAL-1.pdf)

<sup>3</sup> Sustainalytics, “Annual Review, Central American Bank for Economic Integration”, (2022), 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-social-bond-annual-review-\(2022-2\)/central-american-bank-for-economic-integration-social-bond-annual-review-\(2022-2\)](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-social-bond-annual-review-(2022-2)/central-american-bank-for-economic-integration-social-bond-annual-review-(2022-2))

		<p>purchase of equipment for public hospitals and other public healthcare institutions.</p> <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>medicines and vaccines 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>
<b>Employment Generation</b>	Micro, small, and medium enterprises financing	<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). Definitions of eligible projects and activities:</p> <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 programs and other programs that contribute directly to the stimulation of sustainable economic activity.</li> <li>• Financing towards programs, projects or initiatives that support the preservation of employment levels in sectors of MSMEs directly or indirectly</li> </ul>	<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>

		impacted by natural and human disasters or pandemics.	
<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 programs 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

CABEL 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 CABEL’s Social Recovery and Reconstruction Covid-19 Bond. The work undertaken as part of this engagement included collection of documentation from CABEL and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by CABEL. 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 CABEL.

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>4</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. CABEL has disclosed to Sustainalytics that the proceeds from the Social Recovery and Reconstruction COVID-19 Bond were fully allocated as at July 2024.

## 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 Expenditures 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 the Nominated Expenditures to determine if impact was reported in line with the KPIs outlined in the Framework.	CABEL reported on at least one KPI per use of proceeds category.	None

---

<sup>4</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 Recovery and Reconstruction COVID-19 Bond**

Use of Proceeds Category	Sub-Category	Project Name	Location	Project Description	Allocated Amount (USD million)
<b>Access to Essential Services<sup>5</sup></b>	Health systems development	Support for the Implementation of the COVID-19 Vaccination and Care Deployment Plan in Nicaragua	Nicaragua	Acquisition of vaccines and supplies for at least 3.2 million people through the application of vaccines against COVID-19 to prevent the spread of the virus and reduce the number of infections and fatalities.	24.09
		COVID-19 Vaccine Acquisition and Application Project	Costa Rica	Provide financial resources to Costa Rica for the purchase and application of the vaccines to immunize its population against COVID-19.	46.35
		Support for the Implementation of the National Plan for the Introduction of the Vaccine against COVID19 in Honduras	Honduras	Purchase of vaccines against COVID-19 for the Republic of Honduras.	1.35
<b>Employment Generation</b>	Poverty alleviation, employment programs and other programs that contribute directly to the stimulation of sustainable economic activity	Digital Voucher - Panama COVID-19 Solidarity	Panama	In response to the COVID-19 pandemic as a nationwide approach, this project aims to support and provide care for vulnerable groups, as well as guarantee the purchase of food, hygiene products and medicines with the purpose of mitigating the situation of food insecurity, increasing unemployment and the halting of income generation.	106.49
		Partial Financing for compensatory economic measures implemented for the COVID-19	El Salvador	Implementation of compensatory economic measures aimed at mitigating the impacts on the economy derived by actions taken for the prevention and	24.80

<sup>5</sup> CABEI has communicated to Sustainalytics that the Social Recovery and Reconstruction COVID-19 Bond matured on 21 July 2024, but the USD 42.26 million from project 2278- "Access to essential services" was not disbursed by then. To meet compliance requirements, CABEI reallocated the amount to project 2322- "Access to adequate food for low-income populations".

		Emergency in El Salvador		containment of the COVID-19 pandemic, granting monetary compensation of USD 300 million to people who do not have a job or permanent income and are economically affected due to quarantine, allowing them to buy food and basic necessities.	
<b>Food Security and Sustainable Food Systems</b>	Access to adequate food for low-income populations	Support Program for the National Plan Against Hunger II	Argentina	Contributing to the food security of socially vulnerable families in the Republic of Argentina complements the resources dedicated to the Food Benefit of the Food Security and Sovereignty Axis. This is part of the National Plan "Argentina against Hunger" which aims to provide food assistance to socially vulnerable groups, including children, adolescents, pregnant women, and people with disabilities. Additionally, it supports the enhancement of food and nutritional security policies in the Central American region through the sharing of experiences and knowledge.	42.26
<b>Total Allocated Amount (USD million)</b>					<b>245.34</b>
<b>Total Proceeds Raised (USD million)</b>					<b>245.34</b>
<b>Total Unallocated Amount (USD million)</b>					<b>0</b>

## Appendix 2: Reported Impact

**Table 4: Reported Impact for the Social Recovery and Reconstruction COVID-19 Bond**

Use of Proceeds Category	Sub-Category	Project Name	Location	Reported Impact
<b>Access to Essential Services</b>	Health systems development	Support for the Implementation of the COVID-19 Vaccination and Care Deployment Plan in Nicaragua	Nicaragua	<ul style="list-style-type: none"> <li>Number of vaccination centres enabled: 1,011</li> <li>Vaccines doses distributed against COVID-19: 6,536,640</li> <li>Number of Patients vaccinated against COVID-19: 3,268,320</li> <li>Number of units of medical equipment bought or replaced: 10,313</li> <li>Annual vaccination capacity against COVID-19 (patients/year): 3,268,320</li> </ul>
		COVID-19 Vaccine Acquisition and Application Project	Costa Rica	<ul style="list-style-type: none"> <li>Number of Vaccination centres enabled: 105</li> <li>Vaccines doses distributed against COVID-19: 7,411,275</li> <li>Number of patients vaccinated against COVID-19: 3,705,638</li> </ul>
		Support for the Implementation of the National Plan for the Introduction of the Vaccine against COVID-19 in Honduras	Honduras	<ul style="list-style-type: none"> <li>Number of vaccination centres enabled: 1,747</li> <li>Vaccines doses distributed against COVID-19: 2,869,535</li> <li>Number of patients vaccinated against COVID-19: 1,434,768</li> <li>Annual vaccination capacity against COVID-19 (patients/year): 956,512</li> </ul>
<b>Employment Generation</b>	Poverty alleviation, employment programs and other programs that contribute directly to the stimulation of sustainable	Digital Voucher - Panama COVID-19 Solidarity	Panama	<ul style="list-style-type: none"> <li>Number of people covered in risk prevention and mitigation: 286,848</li> <li>Beneficiaries of emergency care: 613,152</li> <li>Number of jobs generated or preserved jobs: 116</li> </ul>
		Partial Financing for compensatory economic measures implemented for	El Salvador	<ul style="list-style-type: none"> <li>Number of jobs generated or preserved jobs: 368</li> <li>Number of beneficiaries of emergency care: 560,961</li> </ul>

	economic activity	the COVID-19 Emergency in El Salvador		
<b>Food Security and Sustainable Food Systems</b>	Access to adequate food for low-income populations	Support Program for the National Plan Against Hunger II	Argentina	<ul style="list-style-type: none"> <li>• Number of beneficiary children with disabilities: 68,187</li> <li>• Number of beneficiary pregnant women: 65,642</li> <li>• Number of beneficiary children: 3,873,972</li> <li>• Number of beneficiaries families: 2,401,319</li> </ul>

## Disclaimer

**Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved.**

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, and may be made available to third parties only in the form and format disclosed by Sustainalytics. They are not directed to, or intended for distribution to or use by India-based clients or users and their distribution to Indian resident individuals or entities is not permitted.

They are provided for informational purposes only and (1) shall not be considered as being a statement, representation, warranty or argument either in favor or against the truthfulness, reliability or completeness of any facts or statements that the issuer has made available to Sustainalytics for the purpose of this deliverable, in light of the circumstances under which such facts or statements have been presented; (2) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (3) do not constitute investment advice, financial advice, or a prospectus, nor represent an "expert opinion" or "negative assurance letter" as these terms are commonly understood or defined by any applicable legislation; (4) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (5) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; (6) are not a substitute for professional advice; (7) past performance is no guarantee of future results; (8) have not been submitted to, nor received approval from, any relevant regulatory body; (9) have not and cannot be incorporated into any offering disclosure, unless otherwise agreed in writing.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose Sustainalytics has not independently verified any such information or data. The deliverables are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics does not undertake any obligation to update or revise any of the statements in the deliverable to reflect events, circumstances, changes in expectations which may occur after the date of the opinion or any statements included in the opinion. Neither Sustainalytics/Morningstar nor their content providers accept any liability from the use of the information, data or opinions contained herein or for actions of third parties in respect to this information, in any manner whatsoever, except where explicitly required by law. Sustainalytics does not assume any responsibility shall the bond default. Any reference to content providers' names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information, visit [Governance Documents](#) or contact [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring compliance with its commitments, for their implementation and monitoring.

# About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds, which incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).

