

Central American Bank for Economic Integration

Type of Engagement: Annual Review

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Introduction

In June 2022, the Central American Bank for Economic Integration (“CABEI”) issued the Swiss Green Bond 2022 raising USD 158.58 million in the Swiss market to finance and refinance projects intended to provide positive environmental impacts and contribute to the transition towards a low-carbon economy. In December 2024, CABEI engaged Sustainalytics to review the projects financed with proceeds from the Swiss Green 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 Green Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in September 2019.² This is Sustainalytics’ second annual review of allocation and reporting of the instruments issued under the Framework, following a previous review in February 2023.³

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	<ul style="list-style-type: none"> – Installation or upgrade of water efficient irrigation systems – Construction or upgrade of sustainable infrastructure for drinking water 	<ul style="list-style-type: none"> – Volume of water treated – Number of facilities built
	Water treatment	<ul style="list-style-type: none"> – Construction of desalination plants and other water treatment facilities to provide inhabitants with drinkable water⁴ – Construction and upgrade of sewerage systems to improve wastewater management. 	

¹ CABEI, “Green Bond Framework”, (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

² Sustainalytics, “Second-Party Opinion, CABEI Social Bond Framework”, (2019), 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-green-bond-framework-second-party-opinion/central-american-bank-for-economic-integration-cabei-green-bond-second-party-opinion-pdf>

³ Sustainalytics, “Annual Review, Central American Bank for Economic Integration”, (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-annual-review-\(2023\)/central-american-bank-for-economic-integration-green-bond-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-annual-review-(2023)/central-american-bank-for-economic-integration-green-bond-annual-review-(2023))

⁴ Investments in seawater desalination plants will be powered using eligible renewable energy projects.

Renewable Energy	Hydropower	<p>Investments in renewable energy production including equipment, development, manufacturing, construction, operation, distribution and maintenance from sources including:</p> <ul style="list-style-type: none"> – Small run-of-river hydro plants (under 25 MW), as well as the maintenance, refurbishment or repowering of existing hydro facilities Investments into new transmission lines with >85% of energy dedicated in the distribution and transmission of renewable energy 	<ul style="list-style-type: none"> – Installed capacity (GW or MW) – Power energy production (MWh)
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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 CABEI's Swiss Green 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,⁵ 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 Swiss Green Bond 2022 were fully allocated as at April 2023.

⁵ 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 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of 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
Reporting Criteria	Verification of Nominated Expenditures 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 Reporting

Table 3: Allocation of Proceeds from the Swiss Green Bond 2022

Use of Proceeds Category	Project Name	Project Description	Location	Allocated Amount (USD million)
Sustainable Water Management	Supply Program for the San José Metropolitan Area and Urban Aqueducts II & Sanitary Sewerage Juanito Mora de Puntarenas	Contribute to social welfare and quality of life, through access to drinking water supply and sanitation services in 14 urban areas in the provinces of San José, Alajuela, Cartago, Puntarenas, and Guanacaste through the rational use of natural resources.	Costa Rica	13.97
	Supply Program for the San José Metropolitan Area, Urban Aqueducts and Sanitary Sewerage of Puerto Viejo de Limón	Improvement in the quality of water service and in the generation and provision/distribution of water supply, through replacement of distribution networks, rehabilitation, and improvements in drinking water treatment plants.	Costa Rica	17.02
	Water supply project for the middle basin of the Tempisque River and coastal communities PAACUME	Increase the availability of water on the right bank of the Tempisque River, through the construction of infrastructure works, as adaptation measures to climate change for a better use of water, stimulating the socioeconomic development of the region.	Costa Rica	92.12
Renewable Energy	Larreynaga hydroelectric	Design and construction and start-up of a 17.3 MW run-off-river Hydroelectric Power Station in Nicaragua to increase 2.5% the production of renewable energy, diversifying the national energy matrix and achieving annual savings for the country by reducing oil imports for the generation of electricity.	Nicaragua	20.57
	Rehabilitation and Modernization of the Central America and Santa Bárbara Hydroelectric Plants	Rehabilitation and modernization of the two hydroelectric plants to maintain and improve the efficiency of the mechanical equipment, the energy generation indicator (installed capacity of 100 MW) and extend the generation time of renewable electricity in 25 more years. At the date of approval of the project, the plants had already been operating for more than 40 years. T	Nicaragua	14.90
Total Amount Allocated				158.58
Total Proceeds Unallocated				0.00
Total Proceeds Raised				158.58

Appendix 2: Reported Impact

Table 4: Reported Impact for the Swiss Green Bond 2022

Use of Proceeds Category	Project Name	Location	Environmental Impact Reported
Sustainable Water Management	Supply Program for the San José Metropolitan Area and urban aqueducts II & sanitary sewerage Juanito Mora de Puntarenas	Costa Rica	<ul style="list-style-type: none"> • Volume of water produced: 2.27 m³/s • Volume of wastewater treated: 0.08 m³/s • Number of reservoirs built: 23 • Number of drinking-water treatment plants built: 2 • Number of drinking-water treatment plants upgraded: 1 • Number of wastewater treatment plants built: 1 • New connections to the sewerage system: 35,000 households • Beneficiaries: 146,112 people
	Supply Program for the San José Metropolitan Area, urban aqueducts and sanitary sewerage of Puerto Viejo de Limón	Costa Rica	<ul style="list-style-type: none"> • New connections to the drinking-water system: 181,753 households • Volume of water produced: 4.60 m³/s • Number of reservoirs built: 6 • Number of drinking-water treatment plants built: 3 • Number of wastewater treatment plants built: 1 • Beneficiaries: 418,725 people
	Water supply project for the middle basin of the Tempisque River and coastal communities PAACUME	Costa Rica	<ul style="list-style-type: none"> • Volume of water produced: 0.01 m³/s • Number of reservoirs built: 4 • Irrigated area: 18,800.00 hectares • New connections to the drinking-water system: 142,009 households • Number of beneficiary agricultural enterprises: 32 • Beneficiaries: 500,746 people
Renewable Energy	Larreynaga hydroelectric	Nicaragua	<ul style="list-style-type: none"> • Installed capacity: 17.30 MW • Annual power energy production: 50.96 GWh • New connections to the grid: 63,557 households • Avoided GHG emissions: 16,063.20 tCO₂e/year
	Rehabilitation and modernization of the Central America and Santa Bárbara hydroelectric plants	Nicaragua	<ul style="list-style-type: none"> • Installed capacity: 100.00 MW • Annual power energy production: 375.30 GWh

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