

Central American Bank for Economic Integration

Type of Engagement: Annual Review

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Introduction

In July 2023, the Central American Bank for Economic Integration (“CABEI”) issued the Third Blue Bond 2023 raising USD 20.49 million in the Australian market to finance and refinance the projects intended to have positive environmental impacts and contribute to the transition towards a low-carbon economy in Central America. In December 2024, CABEI engaged Sustainalytics to review the projects financed with proceeds from the Third Blue Bond 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 in the CABEI Green and Blue Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in December 2022.²

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
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 (m³) 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 water.³ Construction and upgrade of sewerage systems to improve wastewater management. Physical (thickening, dewatering) and biological (digestion, composting) treatment of sludge coming from 	<ul style="list-style-type: none"> Volume of solid sludge collected and treated/reused (tonnes/year) Installed capacity for water systems (m³/s) Volume of ballast/bilge water treated (m³)

¹ CABEI, Green and Blue Bond Framework”, (2022), at: https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/NINT_-_CABEIs_Green_and_Blue_Bond_Framework_20221201_FINAL.pdf

² Sustainalytics, “Second-Party Opinion, CABEI Green and Blue Bond Framework”, (2022), at: [https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/central-american-bank-for-economic-integration-cabei/cabei-green-and-blue-bond-framework-second-party-opinion-\(2022\)/cabei-green-and-blue-bond-framework-second-party-opinion-\(2022\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/central-american-bank-for-economic-integration-cabei/cabei-green-and-blue-bond-framework-second-party-opinion-(2022)/cabei-green-and-blue-bond-framework-second-party-opinion-(2022))

³ Investments in seawater desalination plants will be powered using eligible renewable energy projects. In addition, those projects must have in place disposal/management plans for the brine.

		<p>wastewater treatment or reuse of those sludges.</p> <ul style="list-style-type: none"> ▪ Design, construction, rehabilitation, and maintenance of wastewater treatment systems for wastewater generated in productive activities (excluding wastewater already discharged to the sewer system). 	<ul style="list-style-type: none"> • Volume of wastewater treated (m³) • Volume of solid waste managed (tons) • Number of facilities built for the prevention of discharges generated by maritime transport
	Water treatment from maritime transportation	<ul style="list-style-type: none"> ▪ Ballast and shipping vessels water treatment to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) to avoid spread of invasive alien species. ▪ Water treatment equipment and facilities for all wastewater generated from shipping and cruising vessels. ▪ To be eligible, shipping vessels served must meet low-carbon requirements by CBI. 15 Conventional vessels powered by heavy-fuel oil or marine diesel oil, as well as nuclear-powered vessels, are excluded. 	

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 Third Blue Bond 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,⁴ 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 Third Blue Bond 2023 were fully allocated as at July 2024.

⁴ 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 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
Reporting Criteria	Verification of the Nominated Expenditures 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 Reporting for the Third Blue Bond 2023

Use of Proceeds Category	Project Name	Location	Project Description	Allocated Amount (USD million)
Sustainable Water Management	Water supply project for the middle basin of the Tempisque River and coastal communities PAACUME	Costa Rica	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.	20.49
Total Allocated Amount				20.49
Total Unallocated Amount				0
Total Proceeds Raised				20.49

Appendix 2: Reported Impact

Table 4: Reported Impact for the Third Blue Bond 2023

Use of Proceeds Category	Project Name	Location	Reported Impact
Sustainable Water Management	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 hectares • New connections to the households drinking water system: 142,009 • Number of beneficiary agricultural enterprises: 32 • Beneficiaries: 500,746

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