

Central American Bank for Economic Integration

Type of Engagement: Annual Review

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Introduction

In February 2021, the Central American Bank for Economic Integration (CABEI) issued the US Social Bond 2021 raising USD 500 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 US Social Bond 2021 (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and complied with the reporting commitments in the CABEI Social Bond Framework (the “Framework”).¹ Sustainalytics provided a Second-Party Opinion on the Framework in January 2021.²

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
Access to Essential Services	Health Systems Development	<p>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.</p> <p>Definitions of eligible projects and activities:</p> <ul style="list-style-type: none"> • Financing construction, operation, maintenance, improvement and/or purchase of equipment for public hospitals and other public healthcare institutions • Support to modernization and operational efficiency improvements of non-profit Health Philanthropic Institutions • Financing construction, maintenance, improvement and/or purchase of equipment for private hospitals and other private healthcare institutions which provide free 	<ul style="list-style-type: none"> • Number of hospitals, clinics and other healthcare facilities built/upgraded • Number of hospital beds financed • Annual hospitalization and inpatient care capacity • Annual capacity of surgical care

¹ CABEI, “CABEI Social Bond Framework”, (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

		<p>or subsidized access to vulnerable communities (living below poverty line, excluded and/or marginalized populations, people with disabilities, unemployed, underserved)</p> <ul style="list-style-type: none"> • Financing Public-Private Partnership (PPP) and public concession operations related to public health services • 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 • Enhance the capacity of healthcare infrastructure, institutions and health workers, to better face infectious diseases and/or pandemics 	<ul style="list-style-type: none"> • Annual capacity of surgical care • Annual amount of non-patented medicines and vaccines produced and distributed • Number of patients reached • Number of public beds/number of total beds financed (public and non-public)
	<p>Education and Vocational Training and Infrastructure Improvement</p>	<p>Investments, projects and programs 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 eligible projects and activities:</p> <ul style="list-style-type: none"> • Construction, refurbishment and/or expansion of nursery, as well as primary and early childhood public education units. • Construction, refurbishment and ampliation expansion of public schools • Construction, refurbishment and expansion of public universities or tertiary education facilities • Construction, refurbishment and expansion of supporting facilities and equipment in public educational institutions, such as sports and arts facilities • 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 • Scholarship programme initiatives for underserved population, assuring access to quality education and development • Technical training for teachers and staff to improve the supply of qualified staff 	<ul style="list-style-type: none"> • Number of schools and other education facilities supported (constructed, upgraded or connected to the internet) • Number of electronic devices for educational use purchased – PCs, chrome books and tablets • Number of training and experimentation spaces in technologies for teachers created • Number of spaces dedicated to students for pedagogical use of technology implemented and/or modernized • Number of students reached • Number of public facilities/number of total education facilities financed

Food Security and Sustainable Food Systems	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"> • 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 • Food security and enhanced nutrition projects and programs targeted towards the most vulnerable population 	<ul style="list-style-type: none"> • Food Produced • Irrigated agricultural area • Population with access to adequate food
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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 the US Social Bond 2021. 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,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. CABEL has disclosed to Sustainalytics that the proceeds from the US Social Bond 2021 were fully allocated as of July 2024.

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 2: 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 Reporting

Table 3: Allocation Reporting for US Social Bond 2021

Use of Proceeds Category	Sub-Category	Project Name	Country	Project Description	Allocated Amount (USD million)
Access to Essential Services	Health Systems Development	Hospital Infrastructure and Equipment Renewal Programme	Costa Rica	<p>The Hospital Infrastructure and Equipment Renewal Program consists of investments in three hospitals:</p> <p>a) Dr. Rafael Angel Calderón Hospital: Proposed the design, construction and equipment of a new tower of hospitalization services, with 239 additional beds, which will also include the transfer of radiology and medical imaging services, surgery, general medicine, gynecology, obstetrics, delivery rooms neonatology and oncology;</p> <p>b) La Anexión Hospital: Construction of a new building for the hospitalization service, which will also house the services of medicine generates, obstetrics and gynecology, pediatrics, neonatology and administrative area;</p> <p>c) the Monsignor Sanabria Hospital: Construction of a completely new building, as well as acquisition of equipment.</p>	265.16
		Design, construction, and equipment of the facilities of the Gorgas Memorial Institute	Panamá	<p>The Project consists of the financing of the construction and partial equipment of the new campus of the Gorgas Memorial Institute for Health Studies amounting to up to USD 70,000.</p> <p>The complete project consists of 7 buildings, but this operation financed with CABEI resources focuses on building G1 laboratory, warehouse and transport buildings to be built and equipped; and building G4, which responds to the administration, auditorium, training rooms, occupational clinic and lodging; and one wastewater treatment plant.</p>	70.00
		Health infrastructure strengthening programme for penitentiary units and border health units	Argentina	<p>The programme is to contribute to public healthcare capacity, based on improving health infrastructure in prison complexes and border units, taking into consideration the gender perspective. The programme provides for:</p> <ul style="list-style-type: none"> Improving health infrastructure and equipment in federal prison complexes Improving health infrastructure and equipment in provincial prison complexes Improving health infrastructure and equipment in border health units 	44.26
		Health results management project for the	Argentina	<p>The overall objective of the project is to improve the quality of life of the elderly and other priority populations of Argentina, through</p>	30.00

		care of the elderly population in Argentina		<p>the improvement of the healthcare management of the National Institute of Social Services for Retirees and Pensioners (INSSJP) affiliates.</p> <p>Among the main specific objectives of the project are:</p> <ul style="list-style-type: none"> • To develop and improve the performance of Clinical Practice Guides (GPs) through the implementation of a results management system that pays for the follow-up and the continuous training of GPs. • Modernize health information systems and the implementation of the Electronic Clinical History for monitoring the performance of healthcare providers and improving the health situation of patients. • Expand knowledge about the population in charge of INSSJP and the impact on changing the management model by results. 	
Education and Vocational Training and Infrastructure Improvement		Support for middle education programme	Honduras	<p>The Middle Education Support Program consists of improving the infrastructure of public middle schools throughout the national territory, with an emphasis on the areas of greatest urban and rural poverty and the training of teachers and students in skills and entrepreneurship methodology.</p> <p>The programme will improve the education infrastructure of 105 middle schools, providing technical education equipment in 294 vocational workshops, 105 computer workshops, natural science laboratories and training to middle education teachers.</p>	26.53
		Social inclusion project for tertiary education	Honduras	<p>The project consists of the improvement of a university's capacity in terms of infrastructure, equipment, production and accommodation. In view of the needs identified, the project includes nine initiatives, as listed below:</p> <ol style="list-style-type: none"> 1. Construction and equipment of housing building for women 2. Construction and equipment of the dairy processing plant 3. Construction of wastewater treatment system 4. Remodeling and equipment of the meat plant 5. Remodeling and equipment of the processing of fruits and vegetables plant. 6. Construction and equipment of drinking water plant 7. Construction and equipment of a grain and cereal plant 8. Irrigation controls for 10 hectares 	3.89

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				9. Construction and equipment of poultry farm	
		Programme for the Construction of Infrastructure and Rescue of Sports Venues at the National Level (PRODEPORTE)	El Salvador	Improve and modernize sports venues nationwide, through the remodeling, construction, rehabilitation and equipping of 25 sports venues, used for 44 sports disciplines, thus supporting and stimulating the individual and collective practice of sports for the prevention of violence, increased health, professionalization of athletes and recreation of the inhabitants of El Salvador, also making available to users first class sports facilities with an inclusive approach. Sports facilities are also available for the use of students from public schools.	22.47
Food Security and Sustainable Food Systems	Access to Adequate Food for Low-Income Populations	Support Programme for the National Plan Against Hunger II	Argentina	Contributing to the food security of socially vulnerable families in 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 Latin American region through the sharing of experiences and knowledge.	37.69
Total Allocated Amount (USD million)					500
Total Unallocated Amount (USD million)					0
Total Net Proceeds Raised (USD million)					500

Appendix 3: Reported Impact

Table 4: Reported Impact for the US Social Bond 2021

Use of Proceeds Category	Sub-Category	Project	Location	Impact Indicators
Access to Essential Services	Health Systems	Hospital Infrastructure and Equipment Renewal Program	Costa Rica	Healthcare facilities built/upgraded: 3 Area of healthcare facilities built/upgraded: 79,393 m ² Hospital beds: 604 Annual capacity of patient care (patients/year): 1,570,000
		Design, construction, and equipment of the facilities of the Gorgas Memorial Institute	Panamá	Healthcare facilities built/upgraded: 2 Area of healthcare facilities built/upgraded: 18,025 m ² Medical equipment bought or replaced: 41 units New or upgraded medical specialties attended: 1 Annual capacity of patient care (patients/year): 19,500
		Health infrastructure strengthening programme for penitentiary units and border health units	Argentina	Healthcare facilities built/upgraded: 43 Area of healthcare facilities built/upgraded: 14,895 m ² Medical equipment bought or replaced: 2,200 units New or upgraded medical specialties attended: 3 Hospitals beds: 740
		Health results management project for the care of the elderly population in Argentina	Argentina	Healthcare facilities built/upgraded: 3 Area of healthcare facilities built/upgraded: 10,039 m ² Medical equipment bought or replaced: 36 units New or upgraded medical specialties attended: 16 Annual surgeries: 4,650 Hospital beds: 41 Annual capacity of patient care: 395,822
	Education and Vocational Training and Infrastructure Improvement	Support for middle education programme	Honduras	Educational facilities built: 98 Area of educational facilities built: 5,488 m ² Educational facilities upgraded: 1,980 Area of educational facilities upgraded: 200,648 m ² Educational equipment bought or replaced: 399 units

				Benefitted students and teachers: 100,439 Teachers trained: 15,285
		Social inclusion project for tertiary education	Honduras	Educational facilities built: 9 Area of educational facilities built: 5,273 m ² Educational equipment bought or replaced: 498 units Benefitted students and teachers: 2,122
		Programme for the Construction of Infrastructure and Rescue of Sports Venues at the National Level (PRODEPORTE)	El Salvador	Educational facilities built: 3 Area of educational facilities built: 17,845 m ² Educational facilities upgraded: 165,626.16 m ² Beneficiary athletes: 110,190 Beneficiary students with sports facilities: 130,701
Food Security and Sustainable Food Systems	Access to Adequate Food for Low-Income Populations	Support Programme for the National Plan Against Hunger II	Argentina	Beneficiary children with disabilities: 68,187 Beneficiary pregnant women: 65,642 Beneficiary children: 3,873,972 Beneficiaries: 2,401,319

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