

Central American Bank for Economic Integration

Type of Engagement: Annual Review

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Introduction

In May 2022, Central American Bank for Economic Integration (CABEI) issued its sixth social bond¹ in the Australian market (the “2022 Australian Second Social Bond”) to finance the projects related to ensuring the access to essential services and affordable basic infrastructure. In 2023, CABEI engaged Sustainalytics to review the projects financed with proceeds from the 2022 Australian Second Social Bond and provide an assessment as to whether the projects met the use of proceeds criteria and the reporting commitments outlined in the (2020) CABEI Social Bond Framework (the “Framework”).² Sustainalytics provided a second-party opinion on the Framework in January 2021.³

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the 2022 Australian Second Social Bond based on whether the projects:

1. Met 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	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.	<ul style="list-style-type: none"> • Number of hospitals, clinics and other healthcare facilities built/upgraded. • Annual amount of non-patented medicines and vaccines produced and distributed. • Number of patients reached
Affordable Basic Infrastructure-Disaster Prevention and Economic Recovery	Proceeds under this category should be destined to prevent impacts caused by natural disasters and support economic activities in municipalities affected by natural and human disasters or health emergencies.	<ul style="list-style-type: none"> • Vital infrastructures recovered after disasters. • Refuges built • Estimated number of jobs supported.

¹ The 2022 Australian Social Bond raised USD 35.89 million.

² CABEI “Social Bond Framework”, (2020), at:

https://www.bcie.org/fileadmin/bcie/espanol/archivos/novedades/publicaciones/institucionales/Final_SBF_CABEI_FINAL.pdf

³ BCEI, “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

		<ul style="list-style-type: none"> Affected population benefited from recovery interventions
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Issuer's Responsibility

CABEL is responsible for providing accurate information and documentation relating to the details of the funded projects, including description of projects, amounts allocated and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from 2022 Australian Second Social Bond issuance. The work undertaken as part of this engagement included collection of documentation from CABEL and review of said documentation to assess conformance with the Social Bond 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,⁴ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects 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 2022 Australian Second Social Bond were fully allocated as of April 2023.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded with proceeds from the 2022 Australian Second Social Bond to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
Reporting Criteria	Verification of the projects funded with proceeds from the 2022 Australian Second Social Bond to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

⁴ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendix

Appendix 1: Allocation and Reported Impact by Eligibility Criteria as of April 2023

Use of Proceeds Category	Project Description	Location	Social Impact Reported by Eligibility Criteria	Allocation (USD million)
Access to Essential Services – Health Systems Development	Provide financial resources to Costa Rica for the purchase and application of the vaccines to immunize its population against COVID-19.	Costa Rica	<ul style="list-style-type: none"> Number of vaccination centers: 105 Number of vaccines distributed against Covid-19: 7,411,275 Number of patients vaccinated against Covid-19: 3,705,638 	33.65
Affordable Basic Infrastructure – Disaster Prevention and Economic Recovery	Contribute to the improvement of the living conditions and security of the families and indigenous communities of the Municipality of Puerto Cabezas in the Autonomous Region of the North Caribbean Coast (RACCN) that were affected by Hurricane Félix, through the construction and rehabilitation of basic community infrastructure that can serve as a shelter in emergencies or natural disasters.	Nicaragua	<ul style="list-style-type: none"> Number of facilities enabled for emergency response and care: 11 Number of basic health facilities restored after disasters: 2 Number of drinking-water facilities restored after disasters: 5 Number of estimated number of jobs supported: 555 Number of affected population benefited from recovery interventions: 33,528 	2.24
Total Net Proceeds Allocated (USD million)				35.89
Total Net Proceeds Raised (USD million)				35.89
Percentage of Allocation Achieved				100%

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