

Environmental and Social Review Summary (“ESRS”)

Atlantic Bank / 11834-02 - Belize

Original language of the document: English

1. **Scope of Environmental and Social Review.** The environmental and social (“E&S”) review of the proposed transaction was carried out through desk research and a client web-conferencing call. Atlantic Bank has previously received financing under Trade Finance Facilitation Program (“TFFP”) lines with IDB Invest and will formalize its E&S management.
2. **Environmental and Social Categorization and Rationale.** The proposed project is classified as an FI-2 per IDB Invest’s Environmental and Social Sustainability Policy. Investments to be supported will be primarily in tourism, with some financing in the agriculture sector. Lending will be focused within Micro, Small and Medium Enterprises (“MSMEs”) and corporate businesses in Belize, and sub-loans are expected to average around US\$3,000, with maximum sizes of up to US\$500,000. Category A sub-projects, per IDB Invest’s definition, will be excluded.
3. **Environmental and Social Risks and Impacts.** The main E&S risks of this Project are associated with the Bank’s capacity to identify and manage the Environmental, Social, Health and Safety (“ESHS”) impacts and risks associated with its on-lending activities. While loans for working capital to commerce and service lines are likely to present low E&S risks, on-lending to other productive sectors, such as lending for corporate/project finance related activities may present more moderate risks. Atlantic Bank will be expected to conduct oversight on identifying any issues found in investments and apply best practices in mitigating and managing these.

Mitigation Measures. Atlantic Bank’s loan approval process includes compliance with all national regulatory approvals prior to disbursement. The Bank currently has a Chief Risk Officer and Senior Relationship Officers dedicated to the Bank’s Tourism and Agriculture portfolios. In addition, the Bank also develops Environmental Compliance Action Plans with borrowers, where actions are addressed before loan financing is implemented. Credit and Risk Department staff also periodically receive training from the United Nations Environment Program Finance Initiative (“UNEP FI”) on Environmental and Social Risk Analysis (“ESRA”). The Bank currently employs 457 staff, of which 211 males (46%) and 246 (54%) are females. Of these, 15 women are in management positions, which accounts for 6% of staff in this role. Atlantic Bank has a Code of Conduct and Policy and a Human Resources (“HR”) Policy which includes anti-harassment and anti-discrimination compliance requirements for staff.

Atlantic Bank will formalize and update its E&S management satisfactory to IDB Invest. The E&S system will be consistent with the International Finance Corporation (“IFC”) Performance Standard 1 in its application to Financial Institutions (“FIs”), and will include

an E&S policy, and procedures for: (i) identification and screening; (ii) evaluation and scope/categorization; (iii) control (legal clauses); and (iv) monitoring (as needed), in line with local Environmental, Health and Safety (“EHS”) requirements. The Bank will also delegate a staff member to oversee and manage this process. For investments in agriculture, Atlantic Bank will not provide loans greater than US\$250,000, and tenors greater than 18 months.

Atlantic Bank will be required to ensure that all investments comply with IDB Invest’s Exclusion List, applicable E&S local laws, and that E&S management is consistent with the requirements of IDB Invest’s Sustainability Policy. The Bank will be expected to formalize its internal grievance mechanism and submit an annual Environmental and Social Compliance Report. See below for a list of actions defined under this transaction.

4. Environmental and Social Action Plan

Activity	Description	Compliance Indicator	Timeline
Formalization of E&S management and update.	Atlantic Bank will be required to formalize and update its Bank-wide E&S management system consistent with local laws and IDB Invest requirements, and will delegate a staff member to oversee and manage this process.	Formalized E&S system.	9 months post disbursement.
Formalize the internal grievance mechanism.	Atlantic Bank will formalize its internal grievance mechanism (and incorporate it into their HR Policy).	HR Policy with internal grievance mechanism.	3 months post disbursement.

5. Contact Information For project inquiries, including E&S questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email divulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MIICI@iadb.org, or calling +1(202) 623-3952.