

1. **Scope of the environmental and social review:** During the due diligence process, IDB Invest reviewed the potential portfolio of projects to be financed and found that most of them present low environmental and social risk. IDB Invest reviewed internal information regarding the Environmental and Social Management System, procedures, and the environmental manual of the issuer in order to evaluate its internal capacity for addressing the environmental and social risks of the projects to be financed with the bond.
2. **Environmental and Social Categorization and Rationale:** This operation is classified as an FI-3 under the IIC's Environmental and Sustainability Policy. Based upon the nature of these transactions and the financial exposure within the proposed portfolio, the business activities will predominantly have minimal or no adverse environmental, social, health and safety (ESHS) and/or labor impacts and risks.
3. **Environmental and Social Risks and Impacts:** Sub-project environmental and social risks within the micro and small companies' segment may be related to occupational health and safety, small-scale pollution (air emissions, wastewater, etc.) and supply chains. Given the type of activities financed by the issuer, these risks will be minimal or have no adverse effects. Since 2017, the issuer has been developing an Environmental and Social Management System ("ESMS") that identifies and manages the E&S risks of its portfolio. Its ESMS includes an E&S procedure, mention to excluding from financing impactful activities, respective roles and responsibilities, and technical trainings. However, still in development is the check list for compliance with Environmental and Social local law and the explicit mention to all the IDB Invest financing exclusion list. Once completed, those requirements must be formalized in an Environmental and Social Policy, applicable to all transactions by the issuer.
4. **Mitigation Measures:** The issuer will be required to ensure that the sub-loans financed with funds from the Project comply with the IDB Invest Exclusion List and applicable E&S local national laws and regulations. To better understand IDB Invest's requirements, the issuer will be required to undergo a training for E&S risk management for Financial Intermediaries.
5. **Environmental and Social Action Plan (ESAP)**

No. Task	Description	Expected Deliverable	Deadline
1	Improvement of E&S Policy and Procedures	Copy of the E&S policy and procedures	Condition precedent to first disbursement
2	Capacity Strengthening & Training of the ESMS	Reinforcement training of senior management, loan officers and credit analysts on E&S requirements under local national laws, by an experienced consultant acceptable to IDB Invest or by attending the IDB Invest's Environmental and Social Risk Management training workshop for FI or IDB E&S on-line courses[1]. Finally, for those newly hired personnel, provide an E&S training during the induction program.	Evidence in the form of at least one E&S training certificate for key senior management, loan officers or credit analysts, as well as evidence of E&S training for those newly hired personnel.

6. **Contact Information:** For inquiries and comments to IDB Invest, contact: IDB Invest's Communications Group / E-mail: [requestinformation@idbinvest.org](mailto:requestinformation@idbinvest.org)

For project inquiries, including environmental and social questions related to an IDB Invest investment, please contact the client or the IDB Invest using the contact information provided above.

As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism: Tel: +1 (202) 623-3952 / Fax: +1 (202) 312-4057 / Address: 1300 New York Ave. NW Washington, DC. USA. 20577 / E-mail: [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org)

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[1] <https://cursos.iadb.org/es?lang=es>