

1. **Scope of Environmental and Social Review** : The environmental and social review of this transaction was carried out through desk review, and an extensive assessment and analysis of the envisaged Fund’s environmental and social policies and procedures.
2. **Environmental and Social Categorization and Rationale:** The sub-projects to be supported are expected to have moderate to high E&S impacts and risks as the Fund will be financing infrastructure and energy projects. Therefore, the transaction was categorized as FI-1 per the IIC Environmental and Social Sustainability Policy. Each individual investment is expected to average \$50M in size with an average tenor of 17 years.
3. **Environmental and Social Risks and Impacts:** The Fund’s target sectors include energy, transportation, water & sanitation and social infrastructure. The main E&S risks of this project are associated with the Fund’s capacity to identify and manage the E&S risks associated with its financing activities. The potential environmental, social, health and safety risks associated with its main financing activities are likely to be i.e. biodiversity impacts, resettlement, pollution, noise, fragmentation of habitats, waste, emissions, etc. The Fund will be required to have in place an Environmental and Social Management System (ESMS) to identify and manage the E&S risks of its portfolio. The current ESMS of the Fund was developed to establish E&S risk management procedures based on the Fund’s parent company’s business areas. However, the system of the Fund will require an update to include adequate E&S procedures in compliance with IIC Sustainability Policy. The Fund Manager has assigned a qualified team to manage E&S risks and impacts for the Fund’s portfolio.
4. **Mitigation Measures:** The Fund will be required to adopt and implement policies requiring its operations to comply with IDB Invest’s Exclusion List, applicable E&S local laws, and the IDB Invest Environmental and Social Guidelines, including the IFC Performance Standards. If the Fund intends to invest in Category A projects, it shall co-finance all those subprojects with IDB Invest. The Fund would have the ability to finance with or without IDB Invest other eligible infrastructure projects. The Fund or the Fund Manager, as defined in the By-Laws, will also be required to hire external consultants to support its internal E&S team. The Fund Manager’s staff will be required to undergo a comprehensive Fund-tailored training directed to its E&S and Investment staff focusing on the requirements of the ESMS, the implementation of IFC Performance Standards, and the various roles and responsibilities. The Fund will implement a grievance mechanism following IFC Performance Standard 1 to review inquiries or complaints from any interested party regarding the E&S risks and impacts of their operations.
5. **Environmental and Social Action Plan**

Task	Action	Product	Completion date
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E&S Management	<p>The Fund shall adopt and comply with IDB Invest Exclusion list.</p> <p>The Fund shall comply with National Environmental and Social Laws and regulations. The Fund Manager shall strengthen its ESMS to assess and require subprojects to mitigate risks and impacts in line with IFC Performance Standards (PS). The ESMS should include: i) an Environmental and Social Policy, ii) Internal organizational capacity and competency, iii) Environmental and Social due diligence processes /procedures to identify risks and impacts of subprojects, iv) monitoring and review of portfolio, v) External communication mechanism and vi) emergency preparedness and response.</p> <p>The ESMS should indicate that the Fund shall co-finance with IDB Invest all subprojects classified as category A, and will finance with our without IDB Invest other eligible infrastructure projects, classified as category B or C.</p>	Upgraded ESMS	Before closing
Capacity building and training	<p>Maintain at least one person with environmental or social experience and background to oversee the implementation of the ESMS and designated as the E&S Officer.</p> <p>Undertake a comprehensive training for its E&S and investment staff on the requirements of its ESMS, the implementation of IFC performance standards (PS) and the various roles and responsibilities. Ensure that all new personnel receive the same training.</p> <p>The Fund or the Fund Manager will be required to hire external consultants to support its internal E&S team as described in the E&S Annex of the Fund's By-Laws.</p>	Proof of E&S trainings	Before closing and every time new personnel are incorporated.
External Communication Mechanism	<p>Implement a grievance mechanism following IFC Performance Standard 1 to receive, register and process external complaints related to the Fund's projects.</p>	Grievance Mechanism	Before closing
Reporting	<p>Submit to IDB Invest:</p> <ul style="list-style-type: none"> • Available information to confirm pre-categorization (ESIA, Licenses, environmental studies, etc) at an early stage • E&S Due Diligence report conducted prior to the approval of the investment committee of the relevant financing • Annual E&S monitoring report 		For every subproject For every subproject Annual

6. Contact Information: For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact IDB Invest using the email requestinformation@idbinvest.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 MICI@iadb.org, or calling +1(202) 623-3952.