

1. Project Description: The purpose of the Project is to provide financing to Banpro's "Green Financing" portfolio, giving access to finance for corporate, SMEs, and small agricultural producers to implement renewable energy technologies, energy efficiency measures, and Climate Smart Agriculture practices. 2. Environmental and Social ("E&S") Categorization and Rationale: The proposed green line is classified as an FI-2 per IIC's Sustainability Policy. While green lines can present higher E&S risk, the client has demonstrated capacity in the management of these risks. Banpro's total existing green line portfolio is valued at US\$49 million. Client's investments will focus on renewable energy installations, energy efficiency, bio-digestors, drip irrigation, and other water saving technologies, largely in the agribusiness sector. The average sub-loan will be valued around US\$2.0 million. 3. E&S Risks and Impacts: The E&S risks relate to activities undertaken on larger scale, high risk sectors including agriculture and renewable energy. These risks can relate to occupational, health and safety, water, land and air pollution, land conversion, generation of wastes, use of hazardous substances, and transport-related impacts, among others. Given the type of activities engaged by Banpro's corporate clients and some of the focus on SME credit, these risks will be low to moderate in nature. 4. Mitigation Measures/E&S Action Plan: Banpro will be required to evaluate, manage and monitor E&S risks through the application of an Environmental and Social Management System ("ESMS"). Banpro's existing ESMS was first applied in 2014 and was developed with the assistance of several Development Finance Institutions ("DFIs") partners, as well as external consultants. The ESMS includes categorization guide, several sector checklists depending on risk/sector, and respective roles and responsibilities. They currently receive DFI funding from FMO, BCIE, and recently the Global Climate Partnership Fund ("GCPF"). Under the GCPF, Banpro is required to identify climate finance investments with a minimum energy savings of 20%. In this effort, they occasionally rely on technical assistance from the Center for Cleaner Production in Managua. Under a recent DFI action plan, Banpro has placed emphasis on E&S capacity building. Through this effort, they have trained roughly 150 Banpro employees. There is no required E&S action plan.