

1. **Project Description.** This project aims to increase access to financing for SMEs and women in Panama by creating a holistic value proposition for female retail clients and women-owned/led SMEs. The project will be complemented by technical assistance efforts to incorporate a gender perspective in the way it targets and services its women clients. The focus sectors within the SMEs loan portfolio are commercial, construction, industrial and agrobusiness; however, the gross participation by sector within the Bank are: commercial (21%), construction (16%), industrial (6%) and agrobusiness (6%).
2. **Environmental and Social Categorization and Rationale.** This operation is classified as an FI-2 under the IIC's Environmental and Sustainability Policy. Based upon the nature of these transactions (provide medium-term funding to SMEs in the productive sectors), they are likely to be of limited to moderate indirect environmental, social, health and safety ("ESHS") and/or labor impacts and risks. Global Bank's SMEs portfolio is concentrated mainly in commerce and services, followed by a small percentage of higher risk activities in the construction, industrial and agrobusiness, economic sectors, which present risks in the form of possible air, water and soil contamination, land-use conversion, deforestation, generation of wastes, use of hazardous substances, transport-related impacts, noise and vibration, and labor impacts. However, the Project's sub-loans will not exceed the value of US\$ 1,000,00.00, and no Category A projects, according to the IDB Invest classification, will be authorized.
3. **Environmental and Social Risks and Impacts.** Sub-project environmental and social risks within the SME segment may be related to air, water and soil contamination (spills), noise and vibration, occupational health and safety, land-use change and supply chains. Since 2011, Global Bank has in place an Environmental and Social Management System ("ESMS")<sup>[1]</sup> that identifies and manages the E&S risks of its portfolio. Its ESMS includes an E&S policy, a financing exclusion list based on the E&S policy, categorization guide, several sector checklists depending on risk / sector, respective roles and responsibilities, adequate E&S risk assessment procedures, and annual visits during the monitoring period, reporting their clients E&S compliance and performance. This ESMS system is staffed and managed by a qualified team, led by a Corporate Environmental Management Section, within the Credit Administration Department, trained to manage E&S risks and impacts.
4. **Mitigation Measures.** Global Bank 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 regulation, through the evaluate, manage and monitor processes of their existing ESMS, and for those high-risk projects, based on Global Bank's categorization process within their ESMS, ensure compliance with good practice guidelines in the context of Agriculture, Livestock, and Agro-Industry on-lending, and the IDBG's environmental and social guidelines. Additionally, illegal deforestation with IDB Invest's funds will not be permitted and will be controlled and monitored through compliance with all environmental laws, specifically the Environmental Impact Assessment ("EIA") authorization and forestry permitting. Finally, Global Bank will maintain its existing External Communication or Grievance Mechanism<sup>[2]</sup> and will be required to report annually and provide monitoring reports of client activity, according to its existing ESMS.
5. **Environmental and Social Action Plan (ESAP).** There is no required E&S action plan.
6. **Contact Information**

For project inquires, including environmental and social questions related to an IDB Invest investment, please contact the client (see Investment Summary sheet) or IDB Invest via email at: [requestinformation@idbinvest.org](mailto:requestinformation@idbinvest.org). As a last resort, project affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by email - [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org) - or by calling +1 (202) 623-3952

[1] Sistema de Gestión Medioambiental y Social - Version 4.0; last updated in January 4, 2018

[2] Proceso de Quejas Medioambientales - Version 1.0; last updated in July 23, 2015.