

1. Project Description: The Loan is directed at reducing the housing deficit in Costa Rica by supporting mortgage financing to Coopeservidores's current and new members. The proposed financing complements the social housing program already in place in Costa Rica by benefiting households acquiring homes which potentially qualify under the program.

The Project consists of a senior loan for approximately US\$50 million, comprised of an up to US\$30 million A-Loan, an up to US\$10 million Co-Loan, and an approximately US\$10 million B-Loan to be syndicated among international financial institutions. The financing will benefit Coopeservidores with an expected tenor of up to 6 years, which is longer tenor than those typically available from commercial lenders, thus improving the institution's asset-liability maturity matching; as well as mobilizing resources from additional sources, thus providing more competitively and diversified funding.

2. Environmental and Social Categorization and Rationale: This is a category FI-3 project according to the IIC's Environmental and Social Sustainability Policy because the subprojects in the financial intermediary's current or future portfolio are considered low risk.

3. Environmental and Social Risks and Impacts: The portfolio risk to be financed includes financial exposure to mortgages, which predominantly have low environmental and social impacts including, but not limited to: i) environmental: contaminated land, areas at high risk to natural hazards, near important or sensitive environmental areas; (ii) social: potential discrimination and barriers for an equitable process providing the mortgages; and (iii) properties located on sites of archeological, cultural or historical value. Coopeservidores does not currently have a procedure to assess the environmental and social impacts and risks of its clients; however, it is committed to develop an Environmental and Social Management System (ESMS) following IIC Sustainability Policy. Coopeservidores has developed a Human Resources Policy, a Manual for Staff Competence, a Health and Safety Manual for Suppliers and a Procedures Manual to reduce consumption of water, energy, fossil fuels and GHG.

4. Mitigation Measures/E&S Action Plan: Coopeservidores will be required to develop an ESMS with a component to ensure that activities financed with IIC funds are not found on the IIC's list of excluded activities and that they comply with domestic environmental, occupational health, safety, and labor standards. In addition, Coopeservidores will be required to submit annual environmental reports to the IIC indicating the progress made and problems encountered in the implementation of its ESMS. To enable the borrower to better understand the IIC's requirements, Coopeservidores will be required to attend the IIC's environmental training workshop for financial intermediaries or another similar course approved by the IIC.