

1. **Overview of Scope of IDB Invest E&S Review** The environmental and social review of the proposed transaction was carried out through desk review, phone calls with the client, and a review of documentation from previous transactions. Pacífico is an existent IDB Invest client. On-lending risks are generally considered low. The client is developing an updated Environmental and Social Management System (“ESMS”) adapted to changes in National Regulations. It has initiated this work stemming from a previous Development Finance Institution loan and will complete it with the assistance of a consultant.
2. **Environmental and Social Categorization and Rationale** The proposed operation is classified as an FI-2 per IDB Invest’s Sustainability Policy. Sub-loans average US\$ 49,400 and are primarily directed to real state (19,0%), transport (15%), services (17,6%) and commerce (14.3%). A small percentage of their portfolio is focused on agriculture, livestock, hunting and forestry (4.3%). Category A sub-projects, per IDB’s definition, do not feature under this on-lending program.
3. **Environmental and Social Risks and Impacts** The environmental and social risks are likely to be minimal to moderate. Given the targeted sectors, agriculture present potential though limited risks given the small on-lending size. The principle risk and impacts will relate to labor-specific issues, use of pesticides, and possible land management concerns.
4. **Mitigation Measures** Pacífico will be required to evaluate, manage and monitor environmental and social risks through the application of an Environmental and Social Management System (ESMS), which will include application of an exclusion list and local law. The ESMS will include an overarching policy, categorization guide, due diligence check list, legal clauses, and monitoring procedures. Pacífico has initiated an analysis of its portfolio. Pacífico has hired and will retain an E&S manager to oversee operation of the ESMS and individual sub-loan screening. On July 2019, Pacífico created a Sustainability Unit at management level, under the General Management Department on Administration and Human Capital. The newly created Unit is in charge of evaluating environmental and social risk in all its transactions as well as creating products for capital markets to contribute to sustainable finance. The Sustainability Unit is developing a General Sustainability Policy, which first draft is under review by General Management.
5. **E&S Action Plan:**

Task	Description	Deliverable	Deadline
Hiring of external consultant	Pacífico to hire an external consultant to assist in developing and implementing ESMS with focus given to risks present in the productive sector.	Consultant’s contract	One month after first disbursement
Development of ESMS	Pacífico to develop ESMS consistent with IDB Invest Policy, and in line with IFC Performance Standard 1[1]. Including IDB’s exclusion list and any exclusion list from a third party required by the IDB-Invest.	ESMS document	6 months post disbursement

6. Contact Information For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or 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.

[1]

https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_policy_interpretationnote-fi