

1. **Scope of the Environmental and Social Review:** The environmental and social analysis (ESA) of the proposed transaction consisted of a documentation review and a telephone interview with the risk team. BPGT is an existing client since 2016.
2. **Environmental and Social Categorization and Rationale:** The proposed transaction is classified as FI-2 under IDB Invest's Sustainability Policy. The potential risks of the subprojects requiring support are low to moderate. The funding granted will be 80% for SMEs and at least 20% for green projects. On average, the sub loans will amount to US\$1 million and could reach US\$3 million (in the case of green projects). In 2Q2019, the portfolio's four main sectors are: commercial 36%, services 19%, real estate 18% and manufacturing 18%. The portfolio for agriculture, livestock, forestry and fishing is only 4%. It is estimated that green loans will be intended for manufacturing and commercial purposes, with resource efficiency components. As part of the use of the Project's funds, BPGT will not be able to finance projects: (i) category A (high-risk); (ii) hydroelectric, and (iii) that are in the sectors stipulated in IDB Invest's exclusion list.
3. **Environmental and Social Risks and Impacts:** The environmental and social risks (E&S) of this transaction are related to BPGT's capacity to assess and manage the risks associated with its investments. Promerica Financial Corporation has an Environmental and Social Management System (ESMS) that is applied to all loans over US\$250,000. In Guatemala, the ESMS was implemented in 2016 and covers approximately 80% of its portfolio. BPGT's ESMS has an exclusion list and assesses the level of due diligence of its loans according to the E&S risk category. Level III Due Diligence is the most detailed and exhaustive level of assessment. It consists of an environmental and social risk categorization form, a general questionnaire for the collection of environmental and social data, a sectoral questionnaire and an environmental and social analysis section in the financial report. Projects categorized as level II and III require a site visit and all projects are reviewed once a year.
4. **Mitigation Measures:** In corporate green loan transactions, IDB Invest requires the contracting of an external consultant to assist in the analysis and implementation of the mitigation hierarchy for the identified risks and the implementation of the IFC Performance Standards. The funding granted by BPGT must comply with IDB Invest's Exclusion list, applicable E&S local and national laws and when applicable, the IFC Standards. In order for BPGT personnel to better understand IDB Invest requirements, those responsible for the supervision and implementation of the ESMS should attend IDB Invest's Environmental and Social Risk Management training for financial intermediaries
5. **Environmental and Social Action Plan (ESAP):**

No.	TASK	ACTION	PRODUCT	COMPLETION DATE
1	Strengthen existing policies to ensure the implementation of PS 1 <a href="#">[1]</a>	<p>Together with an independent consultant, improve the ESMS by following the International Finance Corporation’s (IFC) Performance Standard 1 guidelines, strengthening its procedures to assess its projects in relation to the Performance Standards. Particularly its E&amp;S policy, description of its organizational capacity, external communication procedure, among others.</p> <p>The ESMS should indicate that in projects categorized as having a moderate-high risk or project terms lasting over 36 months or over a total cost of US\$10 million, BPGT will require the implementation of the IFC’s Performance Standards and the contracting of an external consultant to assist in the assessment and mitigation of environmental and social risk.</p>	Strengthened Environmental and Social Management System (ESMS). Proof of personnel training.	6 months after the first disbursement.
2	Assessment of the first three green and cooperate loan transactions	<p>Together with an independent consultant, implement the ESMS in selected clients/projects. BPGT will send the first three transactions to IDB Invest for review and feedback, in order to: (i) confirm E&amp;S categorization and (ii) assess the proposed action plan.</p>	Report on the implementation and assessment of pilot projects.	When the first three transactions are ready.
3	Capacity building and training	<p>Together with an external consultant experienced in the implementation of the PS, develop a training plan focused on the Performance Standards. Ensure that all new personnel receive the same training.</p>	E&S training certificate for the personnel responsible for implementing the ESMS, as well as proof of E&S training for new personnel.	9 months after the first disbursement and every time new personnel responsible for implementing the ESMS is incorporated, to be communicated in the Annual Report.

**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](mailto: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](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.

---

[1] Interpretive note for Financial Intermediaries. November 2018

<https://www.ifc.org/wps/wcm/connect/38d1a68049ddf966af3cbfda80c2ddf3/FI+Interpretation+Note+November+2018.pdf?MOD=AJPERES>