

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.
2. **Environmental and Social Categorization and Rationale** The proposed operation is classified as an FI-2 per IDB Invest's Sustainability Policy. The potential environmental and social risks of the subprojects requiring support are low to moderate. Underlying loans to be supported under the credit line will focus on SMEs and low to middle income housing. Small enterprises are defined by JMMB Bank as sales oscillating between US\$120,000-160,000 and with 6 to 20 employees. Medium enterprises are those with sales between US\$670,000-3,400,000, and with 21 to 50 employees. JMMB Bank sub-loans average US\$198,133 for SMEs and are capped at US\$1 million. JMMB Bank's SME portfolio is composed primarily by the following sectors: services[1] 44%, construction 19%, distribution 15%, and personal 10%. A small percentage of JMMB Bank's portfolio is focused on mining, and transport, 3% respectively, and agriculture 1%. Tenor of the loans is on average 5 years. Category A sub-projects, per IDB's definition, will be excluded.
3. **Environmental and Social Risks and Impacts** The environmental and social risks are likely to be small to moderate. The main E&S risks of this Project are associated with JMMB Bank capacity to identify and manage the E&S risks associated with its lending activities. JMMB Bank does not have an exclusion list, an Environmental and Social Management System, nor an E&S Policy. E&S risk screening is not yet part of JMMB Bank's investment assessment. All these aspects will be required as a condition of IDB Invest's loan and are included in the action plan below.
4. **Mitigation Measures** JMMB Bank 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, local law and IFC PS (if applicable[2]). The ESMS will include an overarching policy, categorization guide, due diligence check list, legal clauses, and monitoring procedures. IFC and IDB Invest have agreed upon a common Action Plan.
5. **E&S Action Plan:**

Task	Description	Deliverable	Deadline
Exclusion List	Adopt IDB-Invest Exclusion List	JMMB Bank exclusion list	Before commitment
Designate a person responsible for E&S matters	JMMB Bank will designate a person responsible for E&S issues and ESMS implementation	Letter of designation	Before commitment
Develop an ESMS	JMMB to develop with the support of a consultant (experienced in IFC Performance Standards) an ESMS consistent with IDB Invest Sustainability Policy, and in line with IFC Performance Standard 1[3]. It will include IDB Invest's exclusion list.	ESMS document	3 months post disbursement
Capacity building	Training of senior management, loan officers and credit analysts on ESMS implementation and IFC Performance Standards ("IFC PS"). Training of new personnel.	Certificate of training completion	6 months post disbursement (annual reporting for new personnel)
Enhance labor policies	Develop labor policies according to national regulation and Performance Standard 2.	Labor policies	9 months after disbursement

Develop life and fire safety procedures	Procedures aligned with IFC Performance Standard 1.	Life and safety procedures	9 months post disbursement
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6. Contact Information. For project inquiries, including environmental and social questions related to an IDB Invest transaction, please contact the clients (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] Including: electricity, professional services, final institutions, entertainment, food and beverages

[2] In cases of higher risk sub-loans and/or where project costs exceed US\$5 million and the tenor is greater than 36 months

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