

1. **Scope of Environmental and Social (“E&S”) Review.** The E&S assessment of the proposed transaction was carried out through desk review, and a conversation with the management team on credit analysis. Promerica CR is an existing IDB Invest client and has work with other multi and bilateral banks which also require an E&S screening as part of the due diligence for transactions.
2. **E&S Categorization and Rationale.** The proposed operation is classified as an FI-2 per IIC’s Sustainability Policy. The potential E&S risks of the subprojects to be under the PCG are low to moderate. Underlying loans to be supported under the PCG will focus on green loans and SMEs. Promerica’s subloans average US\$830,320 and a sub-loan for SME averages US\$492,000. Category A sub-projects, per IDB Invest’s definition, will be excluded.
3. **E&S Risks and Impacts.** The main E&S risks of this Project are associated with Promerica CR’s capacity to identify and manage the E&S risks associated with its lending activities. Promerica’s capacity in this respect is considered high based on previous work with other Development Financial Institutions (“DFIs”). The Environmental, Social, Health and Safety (“ESHS”) impacts and risks associated with loans are likely to be moderate in nature. Promerica’s portfolio is composed mainly of loans categorized as having low risk (85%), followed by medium risk (14%) and only 1% as high risk. Promerica’s portfolio is concentrated on real state (46%), commerce (19%), services (11%) with moderate exposure to medium risk sectors in agribusiness (7%), tourism (8%), transport (4%), and others (5%). More than 65% of the portfolio is SMEs. Promerica CR has an exclusion list and assess the level of depth of the due diligence (“DD”) based on an initial E&S categorization and screening. The level of DD III is the most detailed and thorough evaluation. It consists of a classification form on E&S risks, a detailed questionnaire and a sector analysis. Loans classified as II and III require a field visit. All projects are monitor annually. As a requirement for the PCG the subloans will comply with the following requirements: (i) in aggregate green loans will be between 10% to 30%; (ii) social loans will be no less than 70%; (iii) apply extended exclusion list (included in Bond’s framework); (iv) have no history of social tension/conflict; and (v) exclude all Category A projects. Any sub-loan that does not meet these criteria will be excluded from the guarantee.
4. **Mitigation Measures.** Promerica CR will be required to ensure that all loans under the PCG comply with bond’s framework requirements, IDB Invest’s Exclusion List, applicable E&S local laws, and Promerica CR’s existing Environmental and Social Management System (“ESMS”). In cases of higher risk sub-loans and/or where project costs exceed US\$10 million and the tenor is greater than 36 months, Promerica CR will apply the International Finance Corporation (“IFC”) Performance Standards. Promerica CR is strengthening its E&S Management with a focus on higher risk operations and training of commercial teams. As part of a previous transaction with the IDB Invest, Promerica CR had access to Advisory Services focused on green and climate aspects of its portfolio.
5. **Environmental and Social Action Plan**

Task	Description	Deadline
ESMS Policy Update	Inclusion of IFC Performance Standards framework in E&S Policy for relevant transactions (Project Finance and Project Related Corporate Loans, total projects size US\$ ≥ 10 million / ≥36 months’ tenor).	3 months post issuance
ESMS Procedures Update	Develop enhanced E&S proedures that incorporate tools, templates and checklists for an improved E&S review, management and monitoring of potential risks	6 months post issuance

6. Contact Information For project inquiries, including E&S 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.