

1. **Scope of Environmental and Social Review.** The environmental and social review of the proposed transaction was carried out through desk research, a visit to Promerica's offices in San Jose, and an extensive review and audit of the client's existing environmental and social management system. Promerica is an existing IDB Invest client with strong environmental and social management capacity and policies.
2. **Environmental and Social Categorization and Rationale.** The proposed operation is classified as an FI-2 per IDB Invest's Sustainability Policy. Underlying loans to be supported under the credit line will focus on SMEs. The sub-loans average US\$350,000. Category A sub-projects, per IDB Invest's definition, will be excluded.
3. **Environmental and Social (E&S) Risks and Impacts.** The main E&S risks of this projects are associated with the Financial Institution's (FI) 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 DFIs (see Mitigation Measures). The Environmental Social Health and Safety (ESHS) impacts and risks associated with loans to SMEs are likely to be moderate in nature. Promerica's SME portfolio is concentrated in commerce (16%) and services (13%) with moderate exposure to medium risk sectors in agribusiness (8%), tourism (8%), and transport (5%).
4. **Mitigation Measures.** Promerica will be required to ensure that all loans supported under the loan comply with IDB Invest's Exclusion List, applicable E&S local laws, and the bank's existing Environmental and Social Management System (ESMS). In cases of higher risk sub-loans where project costs exceed US\$10 million and the tenor is greater than 36 months, Promerica will apply the only the triggered IFC Performance Standards. Through a loan with another DFI, Promerica is strengthening its E&S Management with a focus on higher risk operations and training of commercial teams. IDB Invest has defined with Promerica a TC focused on green and climate aspects of its portfolio.
5. **Environmental and Social Action Plan**

Task	Description	Deadline
ESMS Policy Update	Inclusion of IFC PS framework in E&S Policy for relevant transactions (Project Finance and Project Related Corporate Loans, total projects size USD $\geq$ 10m / $\geq$ 36 months' tenor).	July 31st, 2019
Capacity Training and Strengthening	Training of senior management, loan officers and credit analysts on IFC Performance Standards ("IFC PS") by consultant experienced with IFC PS.	6 months post disbursement
ESMS Procedures Update	Develop enhanced E&S procedures that incorporate tools, templates and checklists for an improved E&S review, management and monitoring of potential risks	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](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.