

1. Overview of Scope of BID Invest E&S Review. The environmental and social review of the proposed transaction was carried out through desk research, meetings with Banco Ciudad and their credit, risk and investment teams, and a pipeline review of potential projects. Banco Ciudad does not currently operate an Environmental and Social Management System, though will implement one with the assistance of an external consultant under this line.

2. Environmental and Social Categorization and Rationale. The proposed green line is classified as an FI-2 per IIC's Sustainability Policy. Sub-loans will average US\$5 million, and will target wind, solar, energy efficiency, biomass and mini-hydro projects. Sub-project investments could reach as high as US\$15 million, and in all instances will be syndicated through a consortium of local banks. Category A sub-projects will be excluded from IDB Invest's financing.

3. Environmental and Social Risks and Impacts. The environmental and social risks relate to the financing of greenfield projects undertaken on larger scale, and within higher risk sectors to potentially include wind and solar. These risks can relate to land conversion, biodiversity impacts, occupational, health and safety, pollution, generation of wastes, and transport-related impacts during construction, among others.

4. Measures. Banco Ciudad will be required to evaluate, manage and monitor environmental and social risks through the application of an Environmental and Social Management System ("ESMS"), developed with the support of an international consultant. The ESMS will include an overarching policy, categorization guide, green line eligibility criteria and sector checklists, and a definition of roles and responsibilities. Banco Ciudad will be required as part of its ESMS development to: (i) engage with a consultant in conducting due diligence on the first three operations after loan disbursement for which the International Finance Corporation ("IFC") Performance Standards apply; and (ii) apply the IFC Performance Standards to projects where the total project cost exceeds US\$10 million and 36-month tenor. The selected consultant will work with Banco Ciudad in adequately ensuring mitigation of any risks within the contractual requirements agreed with developers and customize the ESMS to apply the IFC Performance Standards.

5. E&S Action Plan.

Task	Description	Deadline
Board approved ESMS development plan / budget	Resolution of the Board confirming approval of ESMS development project, willingness to hire external consultant and internal E&S manager, and allocation of budget for work	Condition precedent to first disbursement
Appointment of ESMS Implementation Committee	Appointment letter of ESMS Implementation Committee (representative from different departments - credit, commercial, risk).	First month post disbursement
Hiring of E&S Manager	Ciudad will hire a technical E&S manager to oversee the implementation and operation of the ESMS, and screen all project under the green line against the IFC Performance Standards.	2 months post disbursement

Development of ESMS	Ciudad will develop an ESMS compliant with IFC Performance Standard 1, and which is capable of applying all IFC Performance Standards to investments with a project size greater than USD \$10 million and 36-month tenor. The ESMS will include a policy, categorization guide, defined roles and responsibilities, legal clauses, and management/monitoring expectations. Banco Ciudad will hire a consultant to IDB Invest's satisfaction capable of designing the required ESMS.	9 months post disbursement
Screening of three investments	Ciudad will screen with the assistance of a consultant three operations with the aim to (i) build capacity in the application of the IFC Performance Standards; (ii) identify any gaps between local legislation and the IFC Performance Standards; (iii) define action plan / legal requirements between Banco Ciudad and project sponsor; and (iv) identify possible adjustments required in the implementation of the ESMS.	On first three investments after loan disbursement
Development of green line eligibility criteria	Portfolio analysis to evaluate sectors with a high potential for green investments. Set standards for the identification of green investment, monitoring and reporting of environmental benefits.	9 months post disbursement
Training of senior management, loan officers, credit analysts, and E&S Specialists	With a focus on green lines, Banco Ciudad will (i) identify a trainer that can provide local training to senior management loan officers and credits analysts on application of the IFC Performance Standards; (ii) undertake a 2-day training for E&S specialists with select focus on 3-4 existing high-risk clients in the renewable energy, industry, or agribusiness sectors. Banco Ciudad will provide IDB Invest an agenda, and summary of the training provided.	9 months post disbursement