



# Social Recovery and Reconstruction COVID-19 Impact Report 2021

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## CABEI's institutional information

The Central American Bank for Economic Integration (“CABEI”) is the development bank of the countries in the Central American region and the financial arm of its integration and development. Established in 1960 the Bank is composed of 15 countries, Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica as founding members and later joined by Panama, the Dominican Republic and Belize as non-founding regional members and Mexico, Colombia, Argentina, Republic of China (Taiwan), Spain, Cuba and Korea as non-regional members.

CABEI's mission is to promote the economic integration and the balanced and social development of the Central American region, which includes the founding countries and the non-founding regional countries, attending and aligning itself with the interest of all its member countries.

Since its foundation, CABEI has disbursed up until year 2021 a total amount of US\$ 33.3 billion. For yearend 2021, the disbursements distribution to founding countries represent 94% and disbursements to non-founding countries represent 6%. The Bank's presence in the region has been extremely important to support economic progress, social development and regional cooperation in the context of Central American integration, to the point that from year 2004 to 2020 around 50% of the disbursements of the Multilateral Development Banks (MDB) for the region come from CABEI.

In March 2020, according to the declaration of the SICA countries in the face of the COVID-19 pandemic, an Emergency Program was approved to provide financial resources to the region to finance operations for the prevention, detection and treatment of COVID-19 and mitigation of its economic impact in these countries. This emergency program was approved for a total US\$ 3.06 billion.

In November 16th 2020 during a summit of the Central American presidents held at CABEI's headquarters in Honduras, the bank announced the approval of the *Central American Program for Resilient Reconstruction* in response to natural disaster emergencies (ETA and IOTA) for an amount of US\$2.5 billion, accessible to the Central American countries upon request. With the main purpose of adapting to climate change, these resources will be oriented to finance projects that address and prevent natural disasters, restore livelihoods, and create socioeconomic opportunities in affected communities.

## CABEI's social framework overview



Human development and social inclusion axis

Within CABEI's 2020-2024 Institutional Strategy, specifically in its third axis defined for the implementation of the institutional strategy is “*Human development and social inclusion axis*”, amongst the objectives of the strategy of CABEI is to support the efforts that lead to reduction of poverty, inequality and in a focused manner contribute to significantly reduce extreme poverty.

CABEI's social bond framework is aligned with the International Capital Market Association (ICMA) voluntary process guidelines for issuing social bonds as of June 2020. The Social Bond Principles (SBP) are aimed to promote integrity in the Social Bond market through procedures that highlight transparency, disclosure, and reporting. The SBP facilitate the tracking of funds into social projects, while simultaneously proving firsthand information on the positive results of the selected projects.

The Bank is committed to ICMA's 4 key components with a broad understanding on the guidance on the key components involved in launching a credible Social Bond as well as providing visibility to investors by promoting availability of information necessary to evaluate the positive impact of their social bond investments.

CABEI's Social Bond issuance aims therefore to redirect financial flows towards strategic sectors, including, but not limited to:


<p><b>1. Access to essential services:</b></p> <p>1.1 Health systems development 1.2 Education and vocational training and infrastructure improvement</p> <p><b>2. Employment generation:</b></p> <p>2.1 Micro, small, and medium enterprises financing</p> <p><b>3. Socioeconomic empowerment:</b></p> <p>3.1 Gender inclusion</p>	<p><b>4. Affordable basic infrastructure:</b></p> <p>4.1 Clean drinking water, sanitation, and sewages 4.2. Rural Development (electrification). 4.3 Social Housing 4.4 Disaster prevention and economic recovery</p> <p><b>5. Food security and sustainable food systems:</b></p> <p>5.1 Access to adequate food for low-income populations</p>
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CABEI's Social Bond Framework is also aligned with the efforts of the United Nations Sustainable Development Goals ("UN SDGs"). In that way, CABEI is contributing to the following SDGs: 1. No poverty, 3. Good health and well-being, 4. Quality education, 5. Gender equality, 6. Clean water and sanitation, 7. Affordable and clean energy, 8. Decent work and economic growth, 10. Reduced inequalities and 11. Sustainable cities and communities.

### Social bond eligible projects: commitments and disbursements

CABEI has established a Multidisciplinary Social Bond Working Group, which is responsible for the evaluation and selection of the eligible Social Projects to be financed through Social Bonds. CABEI intends to rely on the hard and soft skills of the analysis carried out by Environmental and Social Sustainability Office.

#### Assigned amount by refinancing and new disbursements

Category	Amount in USD	Distribution
Refinancing	\$202,816,574.11	83%
New disbursements	\$42,521,993.11	17%
<b>Total</b>	<b>\$245,338,567.22</b>	

**The Working Group’s responsibilities include the following:**

- Verifying compliance of the Eligible Social Projects with CABEI’s Social and Environmental Policy.
- Selecting the Eligible Social Projects in line with the eligibility criteria stated in the Social Bond Framework.
- Monitoring the pool of Eligible Social Projects and replacing projects that no longer satisfy eligibility criteria (i.e. divestment, cancellation, ineligibility) with new Eligible Social Projects as may be required; and
- Validating the annual Social Bond report.

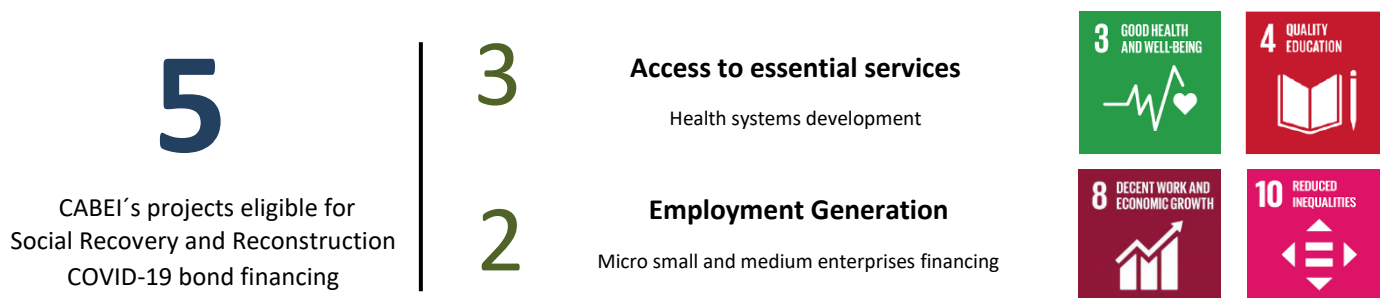
The Social Bond Working Group convenes at least once per year and includes the following relevant departments:

- Finance Department:
  - Capital Markets Division
  - Strategic Alliances and International Cooperation Division
- Environmental and Social Sustainability Office
- Private Sector Division
- Public Sector Division
- Continuous Improvement Department.



**2021 Social Bond Issuances**

CABEI issued its first Social Bond of US\$ 500 million in February 2021 in the US Benchmark market and a US\$245.3 million bond denominated “Social Recovery and Reconstruction COVID-19” in the Mexican market. For this second social bond issuance, the portfolio of eligible projects consists of five projects. The eligible projects can be classified into two of the nine existing subcategories.

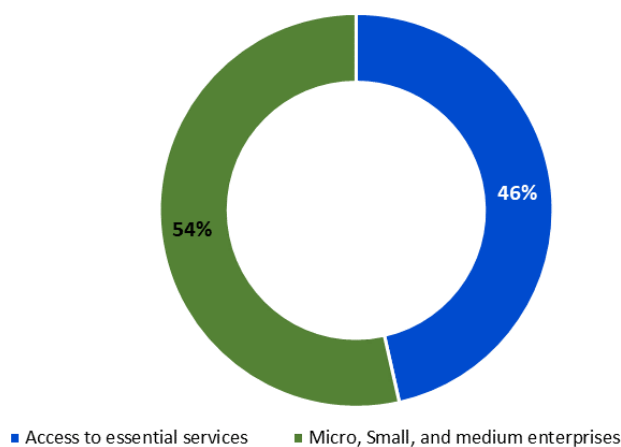
**Social bond impact report summary**



## Target populations

Category	Subcategory	Target population
<b>Access to essential services</b>	1.1.1 Health Systems Development 	Proceeds under this category should be destined to public healthcare institutions and/or private healthcare institutions located in municipalities with Human Development Index (HDI) below the country's average and that offer free or subsidized healthcare services to vulnerable communities.
<b>Employment Generation</b>	1.2.1 Micro, Small, and medium enterprises financing 	Proceeds under this category will be targeted at Micro, Small and Medium Enterprises (MSMEs) in order to generate employment and reduce inequalities. Productive activities should be located in areas with HDI below the country's average and/or impacted by natural disasters and/or pandemics and developed by MSMEs (including agricultural ones).

## Assigned amount by subcategory



Category according to CABEI's Social Bond Framework	Proceeds distribution by category (in US\$ million)	Allocated Amount (in US\$ million)	In process to be disbursed (in US\$ million)
1.1 Access to Essential Services	114.02	71.52	42.5
1.2. Micro, Small, and medium enterprises financing	131.29	131.29	Fully disbursed
<b>Total</b>		<b>202.81</b>	<b>42.52</b>

## Interpreting impacts and results

- Data reporting is based on ex ante estimated impacts, except when indicated as ex post (i.e. a project that has been completed), where results are later updated with actual data upon project completion. In this report, all projects are evaluated under ex ante estimated impacts according to its execution advance.
- Impact results may differ from baseline data as they are estimated considering assumptions that are subject to multiple internal or external conditions which ultimately will affect the project's performance.
- It is important to note that each project is independent and executed in different countries, all of which employ different methodologies to estimate impact metrics. Therefore, caution must be exercised when aiming to compare projects and their components.
- The objective of this report is to highlight social impacts of projects financed with, separated in two components: Health System Development and Education and vocational training and infrastructure improvement.
- Social bonds. Indicators that respond to each of the components have been indicated in CABEI's Social Bonds Framework. However, these projects consider a wider range of indicators. Therefore, when quantitative data is not available per what has been outlined in the Framework, other indicators have been included to showcase other beneficial impacts.

## Project Description

Project name	Description
Digital Voucher - Panama Solidario COVID-19	In response to the COVID-19 pandemic on nationwide approach, this project aims to support and provide care for vulnerable groups, as well as guarantee the purchase of food, hygiene products and medicines with the purpose of mitigating the situation of food insecurity, increasing unemployment, and the halting of income generation.
Partial Financing for compensatory economic measures implemented for the COVID-19 Emergency in El Salvador	Implementation of compensatory economic measures aimed at mitigating the impacts on the economy derived from the actions taken for the prevention and containment of the COVID-19 pandemic, grant a monetary compensation of US\$300 to people who do not have a job or permanent income, economically affected due to quarantine allowing them to buy food and basic necessities; reducing the probability that they will be forced to migrate due to the need to generate income.
Support for the Implementation of the COVID-19 Vaccination and Care Deployment Plan in Nicaragua	Acquisition of vaccines and supplies of at least 3.2 million people through the application of vaccines against COVID-19 to prevent the spread of the virus and reduce the number of infections and fatalities, which will help mitigate the negative effects on population's health and the national economy.
COVID-19 Vaccine Acquisition and Application Project	Provide financial resources to Costa Rica for the purchase and application of the vaccines to immunize its population against COVID-19 disease.
Support for the Implementation of the National Plan for the Introduction of the Vaccine against COVID-19 in Honduras	Purchase of vaccines against COVID-19 for the Republic of Honduras

## Social Impact Indicators

### Access to Essential Services

Project	Country	Output indicators		Impact indicators	
		Number of Medical equipment	Number of Vaccination centers enabled	Number of patients attended	Life expectancy
Support for the Implementation of the COVID-19 Vaccination and Care Deployment Plan in Nicaragua	Nicaragua	10,313	1,520	3,268,320	76.8
COVID-19 Vaccine Acquisition and Application Project	Costa Rica	NA	105	3,705,638	81
Support for the Implementation of the National Plan for the Introduction of the Vaccine against COVID-19 in Honduras	Honduras	NA	1,747	1,434,768	73.5

### Micro, Small, and medium enterprises financing

Project	Country	Output indicators			Outcomes indicators
		Number of people covered in emergency care	Number of people covered in risk prevention and mitigation	SMEs benefited with access to credit	Generated and preserved jobs
Digital Voucher - Panama COVID-19 Solidarity	Panama	613,152	286,848	NA	116
Partial Financing for compensatory economic measures implemented for the COVID-19 Emergency in El Salvador	El Salvador	589,596	NA	NA	NA

### Geographical distribution

Honduras: 1  
 Panama: 1  
 Costa Rica: 1  
 El Salvador: 1  
 Nicaragua: 1

