Social Bond 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. The organization is composed of 15 countries. It was established in 1960 by 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 2020 a total amount of US$ 31.2 billion. For the closing of year 2020, the disbursements distribution to founding countries represent 69% and disbursements to non-founding countries represent 31%. 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 2018 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

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 though 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 with 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:

1. Access to essential services:
   1.1 Health systems development
   1.2 Education and vocational training and infrastructure improvement

2. Employment generation:
   2.1 Micro, small and medium enterprises financing

3. Socioeconomic empowerment:
   3.1 Gender inclusion

4. Affordable basic infrastructure:
   4.1 Clean drinking water, sanitation, and sewages
   4.2. Rural Development (electrification).
   4.3 Social Housing
   4.4 Disaster prevention and economic recovery

5. Food security and sustainable food systems:
   5.1 Access to adequate food for low-income populations

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refinancing</td>
<td>131,940,834.80</td>
<td>26%</td>
</tr>
<tr>
<td>New disbursements</td>
<td>368,059,165.20</td>
<td>74%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>500,000,000.00</strong></td>
<td></td>
</tr>
</tbody>
</table>
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 Issuance

CABEI issued its first Social Bond of US$ 500 million. The Social Bond portfolio of eligible projects consists of 7 projects. In this first issuance, the eligible projects can be classified in two of the nine existing subcomponents.

Social bond impact report summary

7 CABEI’s projects eligible for social bond financing

4 Health system development

3 Education and vocational training and infrastructure improvement
## Target populations

<table>
<thead>
<tr>
<th>Category</th>
<th>Subcategory</th>
<th>Target population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Essential Services</td>
<td>1.1.1 Health Systems Development</td>
<td>Public or private Health care Institutions located in municipalities with Human Development Index (HDI) below the country’s average and that offer free or subsidized health care services to vulnerable communities.</td>
</tr>
<tr>
<td></td>
<td>1.1.2 Education and vocational training and infrastructure improvement.</td>
<td>Public or private system institutions in municipalities with HDI below and that offer free or subsidized educational services to vulnerable communities.</td>
</tr>
</tbody>
</table>

### Assigned amount by subcategory

![Circle chart showing the distribution of assigned amounts by subcategory.](chart)

- **Health systems development** (31%)
- **Education and vocational training and infrastructure improvement** (69%)

<table>
<thead>
<tr>
<th>Component</th>
<th>Proceeds distribution by category* (in US$ million)</th>
<th>Allocated Amount** (in US$ million)</th>
<th>In process to be disbursed** (in US$ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health systems development</td>
<td>345.2</td>
<td>82.4</td>
<td>262.7</td>
</tr>
<tr>
<td>Education and vocational training and infrastructure improvement</td>
<td>154.8</td>
<td>7.7</td>
<td>147.2</td>
</tr>
</tbody>
</table>

*Information as of January 31st, 2021
**Information as of December 31st, 2021
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 CABI’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

<table>
<thead>
<tr>
<th>Project number</th>
<th>Project name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2128</td>
<td>Hospital Infrastructure and Equipment Renewal Program</td>
<td>The Hospital Infrastructure and Equipment Renewal Program consists of investments in three hospitals: a) Dr. Rafael Angel Calderón Hospital (proposed the design, construction and equipment of a new Tower of hospitalization services, with 239 additional beds, which will also include the transfer of radiology and medical imaging services, surgery, General Medicine, Gynecology, Obstetrics, Delivery Rooms Neonatology and Oncology b) La Anexión Hospital (construction of a new building for the hospitalization service, which will also house the services of medicine generates, obstetrics and gynecology, pediatrics, neonatology and the administrative area) and c) the Monsignor Sanabria Hospital (construction of a completely new building, as well as acquisition of equipment).</td>
</tr>
<tr>
<td>2193</td>
<td>Health results management project for the care of the elderly population in Argentina.</td>
<td>The overall objective of the Project is to improve the quality of life of the eldest adult and other priority populations of Argentina, through the improvement of the care management of the National Institute of Social Services for Retirees and Pensioners (INSSJP, for its acronym in spanish) in the health care of its affiliates. Among the main specific objectives of the project are: Develop and improve the performance of family doctors through the implementation of a result management system that pays off the follow-up of Clinical Practice Guides and the continuous training of family doctors. Modernize health information systems and the implementation of the Electronic Clinical History for monitoring the performance of healthcare providers and improving the health situation of patients. Expand knowledge about the population in charge of INSSJP and the impact on changing the management model by results.</td>
</tr>
<tr>
<td>2206</td>
<td>Design, Construction and Equipment of the facilities of the Gorgas Memorial Institute.</td>
<td>The Project consists of the financing of the construction and partial equipment of the new campus of the Gorgas Memorial Institute for Health Studies summing up to US$ 70 million, including specialized technical supervision and unforeseen and escalations. The complete project consists of 7 buildings; specifically, with CABEI’s resources G1 Laboratory 1, Warehouse and Transport buildings would be built and equipped; G4, which respond to the Administration, Auditorium, Training Rooms, Occupational Clinic and Lodging; and the G6 that responds to the Security building.</td>
</tr>
<tr>
<td>2258</td>
<td>Health Infrastructure Strengthening Program for Penitentiary Units and Border Health Units</td>
<td>The Programme is aimed to contribute public health care capacity, based on improving health infrastructure in prison complexes and border units, taking into consideration the gender perspective. The Program includes: Strengthen health infrastructure and equipment in federal prison complexes. Strengthen health infrastructure and equipment in provincial prison complexes. Strengthen health infrastructure and equipment in border health units.</td>
</tr>
<tr>
<td>2239</td>
<td>Support for middle Education Program</td>
<td>The Middle Education Support Program consists of improving the infrastructure of public middle schools nationwide, with an emphasis on areas of greatest urban and rural poverty levels and training teachers and students with skills in entrepreneurship methodology. The Program will strengthen the middle education sector by improving the education infrastructure of 105 middle schools, providing technical education equipment in 294 vocational workshops, 105 computer workshops, natural science laboratories and training to middle-educated teachers.</td>
</tr>
<tr>
<td>2069</td>
<td>Social inclusion project for tertiary education</td>
<td>The project consists of the need to accompany the increase in the number of students with the improvement of the University’s capacities in terms of infrastructure, equipment, production and accommodation. In view of the needs identified, the Project includes nine initiatives, as listed below: 1. Construction and equipping housing building for women 2. Construction and equipping dairy processing plant 3. Construction of wastewater treatment system 4. Remodeling and equipping meat plant 5. Remodeling and equipping processing fruits and vegetables plant. 6. Construction and equipping drinking water plant 7. Construction and equipping grain and cereal plant 8. Irrigation controls for 10 hectares 9. Construction and equipping poultry farm</td>
</tr>
<tr>
<td>2256</td>
<td>My New School Program</td>
<td>The program called Mi Nueva Escuela, is developed in the context of the strategic program of the Government of the Republic of El Salvador that proposes redesigning educational facilities in its infrastructure to achieve a positive impact on the learning of children and young people, providing them with accessibility to education, the use of technological tools and promoting ideal conditions to implement a complementary educational agenda. The program envisages the reconstruction and remodeling of the infrastructure of at least 186 schools in their entirety and the provision of technological equipment in all schools. The student population benefited amounts to 55,401 students per year, of whom 7,666 belong to kindergarten, 29,147 attend primary school, 14,642 belong to secondary school and 3,946 are in high school.</td>
</tr>
</tbody>
</table>
### Social Impact Indicators

#### Health systems development sub-category

<table>
<thead>
<tr>
<th>Program/Project</th>
<th>Project Number</th>
<th>Country</th>
<th>Number of hospitals, clinics and other healthcare facilities built/upgrade.</th>
<th>Hospitals, clinics and other healthcare facilities built/upgrade. (m²)</th>
<th>Number of hospital equipment bought/replaced.</th>
<th>Health workers trained.</th>
<th>Annual capacity of surgical care.</th>
<th>New or upgraded medical specialties added.</th>
<th>Hospital beds Capacity (measured)</th>
<th>Number of patients served Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Hospital Infrastructure and Equipment Renewal Program</td>
<td>2128</td>
<td>Costa Rica</td>
<td>3</td>
<td>79,393</td>
<td>N/D</td>
<td>N/A</td>
<td>N/D</td>
<td>N/D</td>
<td>604</td>
<td>1,570,000</td>
</tr>
<tr>
<td>2. Health results management project for the care of the elderly population in Argentina.</td>
<td>2193</td>
<td>Argentina</td>
<td>3</td>
<td>10,039</td>
<td>36</td>
<td>4</td>
<td>4,600</td>
<td>16</td>
<td>41</td>
<td>395,822</td>
</tr>
<tr>
<td>3. Design, Construction and Equipment of the facilities of the Gorgas Memorial Institute.</td>
<td>2206</td>
<td>Panamá</td>
<td>1</td>
<td>18,055</td>
<td>41</td>
<td>N/D</td>
<td>N/A</td>
<td>1</td>
<td>N/A</td>
<td>40,000</td>
</tr>
<tr>
<td>4. Health Infrastructure Strengthening Program for Penitentiary Units and Border Health Units</td>
<td>2258</td>
<td>Argentina</td>
<td>43</td>
<td>14,895</td>
<td>2,200</td>
<td>N/D</td>
<td>N/D</td>
<td>3</td>
<td>740</td>
<td>N/D</td>
</tr>
</tbody>
</table>

#### Education and vocational training and infrastructure improvement sub-category

<table>
<thead>
<tr>
<th>Program/Project</th>
<th>Project Number</th>
<th>Country</th>
<th>Number of facilities built (classrooms, laboratories, libraries, among others).</th>
<th>Number of facilities upgraded (classrooms, laboratories, libraries, among others). (m²)</th>
<th>Facilities built (classrooms, laboratories, libraries, among others).</th>
<th>Facilities upgraded (classrooms, laboratories, libraries, among others). (m²)</th>
<th>Number of educational equipment bought/replaced (electronic devices, laboratory equipment, textbooks, teaching materials, etc.)</th>
<th>Number of Beneficiaries (students, teacher, others)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Support for middle Education Program</td>
<td>2239</td>
<td>Honduras</td>
<td>98</td>
<td>1,980</td>
<td>5,488</td>
<td>200,648</td>
<td>399</td>
<td>100,439</td>
</tr>
<tr>
<td>6. Social inclusion project for tertiary education</td>
<td>2069</td>
<td>Honduras</td>
<td>9</td>
<td>N/D</td>
<td>5,273</td>
<td>N/D</td>
<td>498</td>
<td>2,122</td>
</tr>
<tr>
<td>7. My New School Program</td>
<td>2256</td>
<td>El Salvador</td>
<td>413</td>
<td>1,175</td>
<td>41,309</td>
<td>131,178</td>
<td>186</td>
<td>56,830</td>
</tr>
</tbody>
</table>
Geographical distribution

El Salvador: 1
Honduras: 2
Argentina: 2
Costa Rica: 1
Panama: 1

Health System Development

Education and vocational training and infrastructure improvement