

Environmental and Social Review Summary (“ESRS”) Atlantic Bank - Caribbean Partnership for MSMEs Development / 14625-01 – Belize

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction was carried out remotely through desk review, conference calls with the risk management and finance teams, as well as an assessment of the loan portfolio. Atlantic Bank Limited (“ABL” or the “Bank”) is an existing client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction is classified as FI-2, in accordance with IIC’s Environmental and Social Sustainability Policy since the E&S risks related to the sub-projects to be financed are considered moderate in nature. The financing will be exclusively to support Micro, Small, and Medium Enterprises (“MSMEs”). ABL recognizes the importance of the MSME sector to the Belizean economy and aims to further develop and expand the sector. Category A (High Risk) sub-projects, per IDB Invest’s definition, will be excluded from the transaction, as well as those sub-projects involving activities included in IDB Invest’s Exclusion List.

The transaction is considered Paris Agreement aligned based on an analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach. ABL will develop an Environmental and Social Management System (“ESMS”) to, among others, include a set of procedures to analyze climate risk in its portfolio.

- 3. Environmental and Social Risks and Impacts.** The main E&S risk of this transaction is associated with ABL’s capacity to identify and manage the E&S risks in relation with its lending activities, especially in the agribusiness and construction sectors, where risks are associated to labor and working conditions, land use changes, physical climate risks, waste generation, among others. Since the transaction will support sub-loans of the MSME segment, these risks are expected to be moderate in nature.
- 4. Mitigation Measures.** ABL’s credit review process includes verification of compliance with all national regulations. ABL does not have an ESMS in place but will develop and implement one as part of the Environmental and Social Action Plan (“ESAP”) (see section 5). The Bank has procedures in place for human resource management and a grievance mechanism available for its employees.

ABL shall develop and implement an ESMS aligned to the requirements of IIC’s Sustainability Policy. The ESMS will be developed with the support of an external consultant in coordination with IDB Invest and following the guidelines of the International Finance Corporation (“IFC”) Performance Standard (“PS”) # 1. The ESMS should include processes, procedures, guidelines, and forms; that consider E&S risk categorization, E&S risk assessment, monitoring, and the contractual E&S requirements for sub-loans, among others. ABL will designate a staff member who will act as the E&S officer to oversee and manage the ESMS developed by an external consultant. All sub-loans to be granted by ABL to the MSME segment shall comply with IDB Invest’s Exclusion List and the applicable local laws.

5. Environmental and Social Action Plan (“ESAP”):

Reference	Action	Deliverable	Completion Date
Designate an E&S Officer	Designate an E&S Officer to oversee the development and implementation of the ESMS.	i) CV of the E&S official ii) Updated organizational chart	2 months after first disbursement
Develop and implement an ESMS	Develop and implement an ESMS for the loan portfolio, in accordance with the IFC PS 1, and considering, among others, physical climate risks. The ESMS will establish the roles and responsibilities of staff members for its implementation.	Approved procedure	12 months after first disbursement
Capacity building and training	Carry out comprehensive training sessions for the personnel in charge of implementing the ESMS (including the Business and Credit Risk areas).	Training records	12 months after first disbursement
Review of the first three transactions for Midsize Enterprises	Once the ESMS implementation begins, provide the first three E&SS Due Diligence (“ESDD”) reports prepared for midsize enterprises sub-loans to verify: (i) E&S categorization; and (ii) the proposed action plan.	ESDD Report	When each ESDD report is generated

- 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 divulgacionpublica@iadb.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.