

Environmental and Social Review Summary (“ESRS”) Caja Araucana - Caja La Araucana A/B Financial Inclusion Partnership / 14923-01 – Chile

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) review of the proposed transaction was conducted through desk work and calls with the client. IDB Invest reviewed Caja de Compensación de Asignación Familiar La Araucana (“Caja Araucana”) and its internal policies to assess its ability to manage the E&S risks associated with its lending operations. Caja Araucana is a non-profit organization that provides social programs and services to its members. Caja Araucana is a new client of IDB Invest.
- 2. Environmental and Social Categorization and Rationale.** The proposed transaction has been categorized as FI-3 in accordance with IIC’s Environmental and Social Sustainability Policy. The subprojects in Caja Araucana’s current and future portfolio are low risk. The subprojects that will be financed by IDB Invest focus on social credits for women workers, pensioners, and green social credits, with loans averaging US\$1,500 and an average term of 3.5 years.

Caja Araucana will not fund Category A (high risk) subprojects as defined by IDB Invest, nor those involving activities that are on IDB Invest’s Exclusion List. The Project is considered to be aligned with the Paris Agreement based on an analysis conducted in accordance with the IDB Group’s Implementation Approach for Alignment with the Paris Agreement.
- 3. Environmental and Social Risks and Impacts.** This Project’s main E&S risks relate to Caja Araucana’s ability to identify and manage the E&S risks associated with its lending activities. The E&S risks associated with transactions with sub-borrowers are low, given the intended use of funds. Caja Araucana applies a basic *Know Your Client* (“KYC”) assessment, as required by Chilean law.
- 4. Mitigation Measures.** Caja Araucana shall establish a basic Environmental & Social Management System (“ESMS”), consisting of the implementation of IDB Invest’s Exclusion List and subloan screening for compliance with applicable local laws. Moreover, Caja Araucana shall complete IDB Invest’s online E&S management course and appoint an E&S supervisor to oversee the implementation of the procedures and address the specific issues that may arise from individual subloan assessments, as required.
- 5. Environmental and Social Action Plan (“ESAP”).** N/A
- 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 MIICI@iadb.org, or calling +1(202) 623-3952.