

## PROJECT ABSTRACT

### **BANCO DAVIVIENDA COSTA RICA GREEN LINE PARTNERSHIP**

CR-L1078

The proposed Green Line provides targeted support for environmentally sustainable initiatives in Costa Rica by partnering with Banco Davivienda Costa Rica (“Davivienda”). In coordination, SCF and OMJ will contribute to financing the expansion in Davivienda’s portfolio of “green projects” in various sectors, including housing targeting the Base of the Pyramid (BoP).

The Project consists of a senior unsecured A Loan for up to US\$35 million to Davivienda, with a maturity of up to six years, with a two-year grace period; of which US\$25 million, the “SCF funds” will target commercial clients; while US\$10 million, the “OMJ funds” will be allocated towards sustainable social housing for BoP clients. The A Loan could be complemented by a B Loan financed by commercial investors in an amount to be determined based on market conditions and the needs of the client, which is currently estimated at approximately US\$10 million.

The Project contributes to IDB’s Country Strategy for Costa Rica (2011-2014, GN-2575), which sought to promote interventions that were aimed at lessening the impact of economic activities, such as energy and transportation, on climate change. The Project is also expected to be aligned with the new IDB Country Strategy for Costa Rica. The Loan is directly aligned with the sector priority of the Ninth General Capital Increase (GCI-9) in the “Resources of the IDB,” to protect the environment, respond to climate change and promote renewable energy. Additionally, it is consistent with the IDB’s “Strategy for Climate Change Action” as it will assist Costa Rica to develop and finance environmentally sustainable projects.

The partnership will contribute towards with SCF vision target of supporting climate friendly investments of US\$12 billion by 2015. Finally, the project is expected to contribute to SCF’s beyond Banking goals to promote the reduction of FIs indirect carbon footprint by helping them expand their green products offered to their clients. This project is also aligned with OMJ objectives because: (i) provides access to financing to an underserved market, (ii) addresses a key need such as housing in a sustainable way and (iii) will have a significant demonstration effect to motivate other financial institutions, cooperatives, and mutual associations to focus their efforts on serving the BoP with innovative solutions.