Early Warning System

# IDBI-11762-05

## BANCO PICHINCHA - Green Bond

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## Quick Facts

| | |
|---|---|
| **Countries** | Ecuador |
| **Financial Institutions** | IDB Invest (IDBI) |
| **Status** | Proposed |
| **Bank Risk Rating** | B |
| **Voting Date** | 2018-10-26 |
| **Borrower** | Banco Pichincha |
| **Sectors** | Finance |
| **Investment Amount (USD)** | $ 50.00 million |
| **Project Cost (USD)** | $ 50.00 million |

## Project Description

According to the bank, this project consists in supporting the first green bond issuance by a private sector entity in Ecuador. Banco Pichincha is issuing green bonds in the local market under a US$250 million program. The bonds will have a maturity of up to five years. The proposal of IDB Invest is to subscribe up to US$50 million and potentially mobilize up to US$50 million of co-investment.

## People Affected By This Project

1. Scope of Environmental and Social Review. The environmental and social review of the proposed transaction was carried out through desk research, and an extensive review and audit of the client's existing environmental and social management system. Banco Pichincha is an existing IDB Invest client with strong environmental and social management capacity and policies.2. Environmental and Social Categorization and Rationale. The proposed operation is classified as an FI-2 per IDB Invest's Sustainability Policy. Underlying loans to be supported through the bond issuance will be considered green and fall within the criteria as defined by the Green Bond Principles (GBP). The sub-loans will average between US$1,000 - US$10,000. Category A sub-projects, per IDB Invest's definition, will be excluded as well as projects in excess of 10MW, hydropower, and fossil fuel-related efficiency projects.3. Environmental and Social (E&S) Risks and Impacts. The main E&S risks of this projects are associated with the Financial Institution (FI) capacity to identify and manage the E&S risks associated with its lending activities. Banco Pichincha's capacity in this respect is considered high based on previous work with IDB Group and other DFIs (see Mitigation Measures). The Environmental Social Health and Saftety (ESHS) impacts and risks associated with loans to green investments are likely to be moderate in nature. Eligible investments will include renewable energy, energy efficiency, water efficiency, and green buildings.4. Mitigation Measures. Banco Pichincha will be required to ensure that all loans supported under the bond issuance comply with IDB Invest's Exclusion List, applicable E&S local laws, Banco Pichincha's existing Environmental and Social Management System (ESMS), and defined eligibility critiera. The eligibility criteria are defined and establish all conditions that potential sub-loans must meet in order to be considered green. These criteria are in line with the green bonds standards and GBP, and further reflect IDB Invest's Sustainability Policy requirements.5. Environmental and Social Action Plan. Not Required.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 emaildivulgacionpublica@iadb.org. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing tomecanismo@iadb.orgorMICI@iadb.org, or calling +1(202) 623-3952.

### Investment Description

- IDB Invest (IDBI)

Investment type not specified at the time of the snapshot

### Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Banco Pichincha C.A. (Financial Intermediary)

## Contact Information

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**Campaign Documents**

- Company Overview of Banco Pichincha C.A.