Early Warning System

IDBI-13280-01

BNCR - Social Subordinated Bond

Early Warning System

BNCR - Social Subordinated Bond

IDBI-13280-01

Quick Facts

Countries	Costa Rica
Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	A
Voting Date	2021-05-27
Borrower	Banco Nacional de Costa Rica
Sectors	Finance, Industry and Trade
Investment Amount (USD)	$ 50.00 million
Project Cost (USD)	$ 75.00 million

Project Description

The proposed transaction consists of a social subordinated bond of up to US$75 million which will be funded in up to US$50 million by IDB Invest and the rest (up to US$25 million) by other impact investors. IDB Invest will support Banco Nacional de Costa Rica ("BNCR" or the "Bank") to launch its first social bond in accordance with the Social Bond Principles issued by the International Capital Markets Association ("ICMA"). The bond aims to support the Bank in financing Small and Medium-Sized Enterprises ("SMEs"), as well as to grow its "BN Mujer" portfolio which is oriented to women-owned and women-led SMEs.

People Affected By This Project

Item

Task

Activity

Deliverable

Compliance

1

Strengthen the Environmental and Social Risk Management System (ESRS) Manual to include SMEs

Supplement ESRS: (i) extend the scope of SARAS to include SMEs (i.e., the ESRS application threshold should be adjusted to cover this asset class), (ii) including a Basicassessmentfor SMEs subloans focused on local law and E&S requirements at the national level; (iii) including the IDB-Invest and FinDev exclusion list; and (iv) reviewing ESRS Table 1 setting out the criteria used to define the inherent level of risk of an activity to include greenhouse gas emissions and supply chain risks related to each project;

Strengthened Manual of the Environmental and Social Risk Management System ("ESRS").

6 months after first disbursement

2

Strengthen the Sustainable Financing Policy

Review the Sustainable Financing Policy to include: (1) commitment to comply with the host country's environmental and social regulatory requirements; (2) comply with IDB Invest and FinDev exclusion lists; and (3) establishing that the IFC Performance Standards are on the underlying risk management standard for higher risk transactions (e.g. Expert Level).

Sustainable Financing Policy strengthened

4 months after the first disbursement

3

Evaluation of the first three medium or high E&S risk SME transactions

Banco Nacional de Costa Rica will send the first three transactions categorized with medium and/or high environmental and/or high inherent risk for review and comment by IDB Invest, in order to: (i) confirm E&S categorization; and (ii) evaluate the proposed action plan

Pilot project implementation and evaluation report

When the Bank has any of the transactions

4

Capacity building and training

The Bank, through an external consultant, will train all credit, E&S and sustainability risk personnel in the implementation of the ESRS following the IDB-Invest/FinDev exclusion list, local regulations and Performance Standards. Ensure that all new ESRS assessment and/or implementation staff receive training

Investment Description

- IDB Invest (IDBI)

The investment type was not available 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 Nacional de Costa Rica (Financial Intermediary)

Contact Information

Client contact name: Ms. Silvia Chaves Herra
Title: Director of Institutional Relations and Sustainability
Telephone: (506) 2212-2000 Ext: 2140 C
Email:
schavesh@bncr.fi.cr

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://www.iadb.org/en/access-information/information-request

ACCOUNTABILITY MECHANISM OF IDB / IDB INVEST

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IDB Invest)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IDB Invest is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at http://www.iadb.org/en/mici/mici,1752.html (in English) or http://www.iadb.org/es/mici/mici,1752.html (Spanish).