

Environmental and Social Review Summary (“ESRS”)

Ueno Bank S.A. - Ueno MSMEs and Financial Inclusion Partnership / 14731-01 – Paraguay

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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 through desk research, conversations with the client, and an extensive review of the client’s existing environmental and social management system and policies. The client’s policies, including the Environmental and Social Management System (“ESMS”) updated in 2021, align with the requirements of IIC Invest’s Sustainability Policy.
- 2. Environmental and Social Categorization and Rationale.** The proposed operation is classified as an FI-2 per IIC’s Sustainability Policy. Sub-Investments to be supported will be primarily in the commerce and services sectors, while a far smaller percentage will be directed at productive agriculture, livestock, and agroindustry borrowers. The average sub-loan will be US\$20,000 and roughly one-year tenor. Category A sub-projects, per IDB Invest’s definition, will be excluded from the Fund’s financing.

Based on an analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach, the project is considered Paris Agreement aligned.
- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this projects are associated with the Financial Institution’s (“FI’s”) capacity to identify and manage the E&S risks associated with its lending activities. Ueno’s capacity in this respect is considered high based on its membership to the Mesa de Finanzas Sostenible and the relatively strong commitment at the sector level to E&S management. The ESHS impacts and risks associated with loans to SMEs in the bank’s dominant sectors are likely to be minimal to moderate in nature.
- 4. Mitigation Measures.** Ueno is a recent member to the Mesa de Finanzas Sostenible, an industry roundtable, and has adopted good-practice guides in the agricultural, cattle and agroindustry sectors. The bank established a portfolio wide ESMS in 2022, which guides the application of requirements, due diligence procedures, development of action plans, and monitoring plans. The client consistently evaluates operations against local law, visits higher-risk clients for due diligence, and applies action plans when needed. Legal and illegal deforestation is monitored through various satellite monitoring applications. Ueno will be required to ensure that all loans supported comply with IDB Invest’s Exclusion List, applicable E&S local laws, Ueno’s existing ESMS, and for higher risk operations, the International Finance Corporation (“IFC”) Performance Standards. The client will be prohibited from any legal deforestation with IDB Invest’s use of proceeds.

5. **Environmental and Social Action Plan (“ESAP”).** N/A

Task	Description	Timeline
Zero deforestation	The client will be prohibited from undertaking any legal deforestation with IDB Invest’s use of proceeds, and will consistently monitor for illegal deforestation within its portfolio of productive sector clients.	From first disbursement

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.