

## Environmental and Social Review Summary (“ESRS”)

### Finabank / 12132-02 – Surinam

**Original language of the document:** English  
**Issuance date:** November 2021

- 1. Scope of the Environmental and Social Review** The environmental and social analysis of the proposed operation consisted of a desk review and conversations with management. Finabank has been an existing IDB Invest client since 2017 and has developed its environmental and social management system (ESMS) as a result of the first loan.
- 2. Environmental and Social Categorization and Rationale**

The proposed line of equity financing is classified as FI-2 under IDB Invest’s Sustainability Policy. The potential environmental and social risks of the subprojects requiring support are low to moderate.

Finabank’s current portfolio is exclusively in Suriname and is made up of the following major sectors: commercial 30%, construction 11%, personal lending 6%, services 5%, industry 4%, among others. The average retail size sub loan is US\$ 10,000 and is US\$150,000 in corporate lending. The maximum amount of a sub loan is US\$ 2 million, with an average tenor of 5 years. As of June 2021, Finabank’s portfolio has an exposure in upstream oil of 2.6%.

Subprojects in Category A (high-risk) and those that undertake activities listed under IDB Invest’s Exclusion List shall not be able to procure financing by IDB Invest. IDB Invest will also require that Finabank’s exposure to upstream oil in its portfolio not exceed 5% for the duration of IDB Invest equity loan.

#### **Environmental and Social Risks and Impacts**

The environmental and social risks of this transaction are related to Finabank’s capacity to assess and manage the risks associated with its loans. Finabank has a credit risk assessment system that is applied to all its transactions and covers the risk of fire, difficulties in recruiting qualified personnel, and personnel turnover. During 2020, Finabank has developed, with the aid of an external consultant and IDB Invest, an Environmental and Social Management System (ESMS) with procedures and forms for the entire portfolio. In 2021 the ESMS is expected to be approved by its Board. Finabank is in the process of developing a sustainability strategy.

Finabank has 214 employees (including 22 indirect), and of those employees, 69% are women and 31% are men. Employees are distributed among five offices: three in Paramaribo, one in Nickerie (second city) and one in Wanica, and all have fire prevention systems. Finabank has a human resources policy that includes a code of ethics and a complaints procedure.

- 3. Mitigation Measures**

Finabank will be required and is dedicated to continue to implement its Environmental and Social Management System (ESMS) to assess the E&S risk of its transactions. As part of the implementation of the ESMS, it must comply with IDB Invest’s Exclusion List, applicable E&S local and national laws, and -- in moderate-high risk operations -- the IFC Performance Standards. For Finabank personnel to better understand IDB Invest requirements, those responsible for the implementation of the ESMS should attend IDB Invest’s Environmental and Social Risk Management training for financial intermediaries.

#### 4. Environmental and Social Action Plan (ESAP)

No.	TASK	ACTION	DELIVERABLE	COMPLETION DATE
1	ESMS adoption and approval	Finabank ESMS approved by the Board	ESMS signed by the Board	1 month after financial closure
2	ESMS implementation. Review of the first three transactions	Finabank will provide detailed E&S due diligence reports of the first three transactions (prior to investment), for IDB Invest to: (i) confirm E&S categorization and level of analysis undertaken, and (ii) review the proposed action plans, if any.	E&S due diligence reports and action plans	As available
3	Capacity building and training	Annually, train personnel responsible for implementing the ESMS on E&S requirements of national laws and the implementation of IFC’s performance standards (PS). Ensure that all new personnel receive training.	Proof of Environmental and Social Risk training for employees responsible for ESMS implementation and new personnel.	Annually as part of the Annual Environmental and Social Monitoring Report
4	Socialization and Implementation of Internal grievance procedures	The grievance procedures must be disclosed to all employees, including indirect employees, in a clear and comprehensive manner.	Internal Grievance Mechanism. Evidence of implementation and socialization.	3 months after financial closure.

**5. 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](mailto: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](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.