



SUSTAINABILITY REPORT 2014

Inter-American Development Bank



ABOUT THE IDB

The Inter-American Development Bank (IDB) is the main source of multilateral financing for Latin America and the Caribbean. Since it began operations in 1961, the IDB has provided almost US\$246 billion in loans and guarantees to countries in the region for projects to reduce poverty, raise standards of living, spur economic growth, protect natural resources, foster integration and trade, and reach other agreed goals. Approvals of loans, guarantees, and operations of the IDB Grant Facility in 2014 totaled US\$13.8 billion, of which US\$13.2 billion was financed with funds of the Bank, and Bank disbursements on approved loans amounted to US\$10.2 billion.

HOW WE ARE GOVERNED

The IDB is a global partnership of 48 member countries in which the 26 borrowing countries of Latin America and the Caribbean hold the majority of shares. The Bank's 22 non-borrowing members in North America, Europe, the Middle East, and East Asia provide resources and technical expertise. The voting authority of each member corresponds to its subscriptions to shares in the Bank's ordinary capital. The IDB holds a credit rating of AAA/aaa, the highest available.

The IDB's highest authority is its Board of Governors. Each member country is represented on the IDB Board of Governors. Most of its members are finance ministers or central bank presidents. The Board holds an annual meeting to approve the Bank's financial statements and review major policy decisions. The Board delegates oversight of day-to-day Bank operations to the Board of Executive Directors—14 individuals representing the 48 member countries—which approves country and sector strategies, operational policies, and loans.

The Board also sets conditions for Bank loans, authorizes borrowings in the capital markets, and approves the institution's administrative budget. The IDB president, elected by the Board of Governors for a five-year term, manages the Bank's operations and administration together with an executive vice president and four vice presidents.

Other IDB affiliates are the Multilateral Investment Fund, which fosters private sector growth through grants and investments, and the Inter-American Investment Corporation, which supports small and medium-sized businesses.

IDB PEOPLE AND LOCATIONS

The IDB's 1,967 employees are located at its Washington, D.C., headquarters, in country offices throughout Latin America and the Caribbean, and in offices in Tokyo and Madrid. Approximately 68 percent of IDB staff are nationals of the Bank's borrowing countries. Women account for approximately 51 percent of the Bank's total staff. The IDB promotes diversity and inclusion via a series of progressive human resources policies and practices.

ABOUT THIS REPORT

This Sustainability Report details sustainability progress and performance of the IDB against our commitments throughout the 2014 fiscal year.

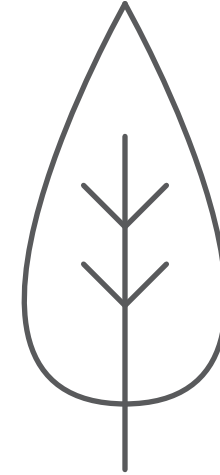
GLOBAL REPORTING INITIATIVE

The Sustainability Report is accompanied by a Global Reporting Initiative (GRI) report. The goal of the IDB GRI report is to capture and disclose valuable environmental, social, and economic information and data from this Sustainability Report—as well as from other flagship Bank reports (The Annual Report, Development Effectiveness Report), the IDB website, and the Bank's Corporate Environmental and Social Program—in a comprehensive manner [↗](#).

IDB BONDS: A SUSTAINABLE INVESTMENT OPTION

The IDB uses the resources it raises in capital markets to support programs that promote development and economic growth while respecting and protecting the environment. As a result, non-financial agencies have rated IDB's bonds as a strong alternative for institutions with sustainable and socially responsible investment strategies. We have an Oekom Research sustainable investment rating of "Prime" and Sustainalytics responsible investment rating of 73 (third out of 80 in the Financial Sector). Both agencies' ratings consider environmental, social, and governance aspects of our work.

[↗](#) For additional online content or links to other sections of the report, click this symbol located throughout the report.



SUSTAINABILITY REPORT 2014



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Coordination: Natasha Ward, Janine Ferretti, Emanuella Maria Fernandes, Joaquin Espinoza

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A MESSAGE FROM OUR PRESIDENT

Sustainability lies at the heart of our work. This is because we have a responsibility to our region's future and because sustainability makes our projects better. It improves lives and ensures that our region retains its competitive advantage.

Nowhere is this more evident than in the field of infrastructure. Latin America and the Caribbean need more roads, better ports and airports, and more-efficient management of its goods. Indeed, infrastructure is more critical than ever to ensure the region's competitiveness, economic growth, and integration. Better infrastructure is key to tackling poverty and promoting inclusive growth. Yet infrastructure projects that fail to take into account environmental and social objectives can lead to conflicts and ultimately fail to deliver the development benefits envisioned. The good news is that over the last 10 years there has been more effort to find innovative ways to meet infrastructure demands while managing environmental and social risks.

In 2014 we focused our attention on what we need to do to address this challenge and to implement a new sustainable infrastructure strategy and vision—one that sees a shift from infrastructure being a fixed asset to infrastructure that is planned, built, and maintained as a service for people. This is particularly important given that in 2014 some 38 percent of our approvals were focused on infrastructure. Just as important as the quantity of spending, however, is the quality of infrastructure spending. Infrastructure investments need to be sustainable: fiscally, economically, socially, and environmentally.

Reflecting this new vision, the Bank is working with countries and investors to implement sustainable infrastructure projects, engaging expertise from a wide range of disciplines. In Chaglla in Peru, for example, we are working with the private sector to forge a model for sustainable hydropower. And in Campo Grande in Brazil, IDB interventions are helping transform the urban

landscape with new green spaces. In addition, in 2014 the Infrastructure 360 Award—an initiative of the IDB in partnership with the Harvard Zofnass Program—recognized three infrastructure projects in the region that demonstrated efforts to integrate sustainability into planning, design, construction, and operation of private sector and public-private partnership infrastructure projects.

One of the Bank's strategic priorities is to protect the environment, respond to climate change, and promote renewable energy. Our work program in 2014 reflects our commitment to expand investments in this regard. We exceeded our target for financing projects that support climate change initiatives, sustainable energy, and environmental sustainability. One-third of our loans in the year, totaling US\$4.4 billion—a significant increase over 2013—went toward new projects such as adaptation and financing for climate resilience in Jamaica, an urban development program in the city of Londrina in Brazil, as well as private sector investments in solar energy in Chile, wind energy in Uruguay, and a public-private partnership to expand mass transit in Peru's capital. We are committed to maintaining a focus on integrating sustainability values into infrastructure projects, not only through our lending, but also through the technical expertise and knowledge that the IDB and its public and private sector partners bring to the Region.

As a result of our total sustainability lending over the last three years, we have helped more than 2.7 million people gain access to improved, low-carbon public transportation, and more than 3 million farmers to gain access to improved agricultural services and investments.

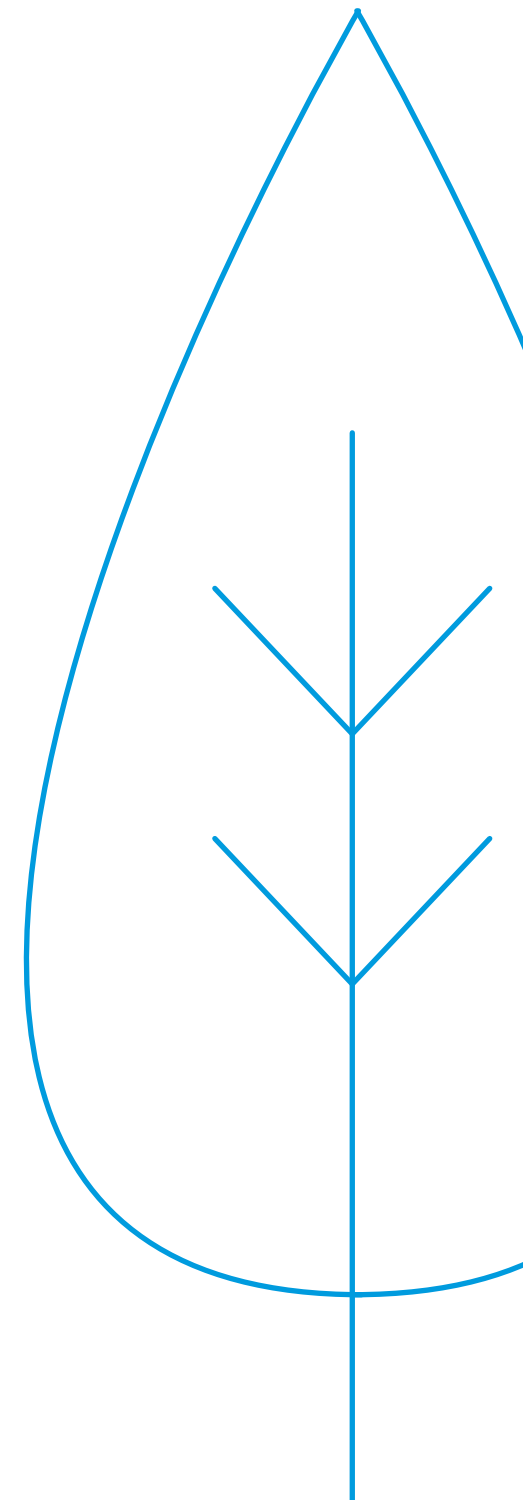
Since 2012 we have approved 28 loans that are contributing to improved management of protected areas and 10 climate change pilot loan projects, including two in 2014 in Mexico—a US\$50 million green bond for small and medium-size enterprises and a risk transfer program to explore geothermal projects—that are bringing innovative climate financing solutions to our region.

We also continued to innovate through special initiatives that support our sustainability agenda. In particular, we are expanding our work through the Emerging and Sustainable Cities Initiative and the Biodiversity and Ecosystem Program. During the year we also made strides in including gender and diversity concerns in all sectors of our work. Notably we increased the number of projects approved with gender related results and sex-disaggregated indicators, allowing us to better ensure that the benefits of our work are felt by all, irrespective of sex, race or ethnicity.

The results from our region are promising. The number of countries with planning capacity for climate change mitigation and adaptation has grown from 3 in 2009 to 17 today, carbon dioxide emissions per dollar of gross domestic product are slowly being reduced, and the proportion of terrestrial and marine areas protected has increased since 2009.

The region's economic progress over the last decade has been remarkable. However, we must remain mindful of the need to balance our countries' emerging development challenges with environmentally and socially sustainable solutions, innovations and knowledge to support the Region's transformation into a more inclusive and prosperous society. To do so we will continue to support and strengthen our governments' sustainability and climate change agendas, and harness the power of the private sector as an engine of change, introducing new ideas and adapting to the region's evolving development needs. I thank our member countries and the IDB staff for their unfaltering commitment to this transformation.

Luis Alberto Moreno
President
Inter-American Development Bank



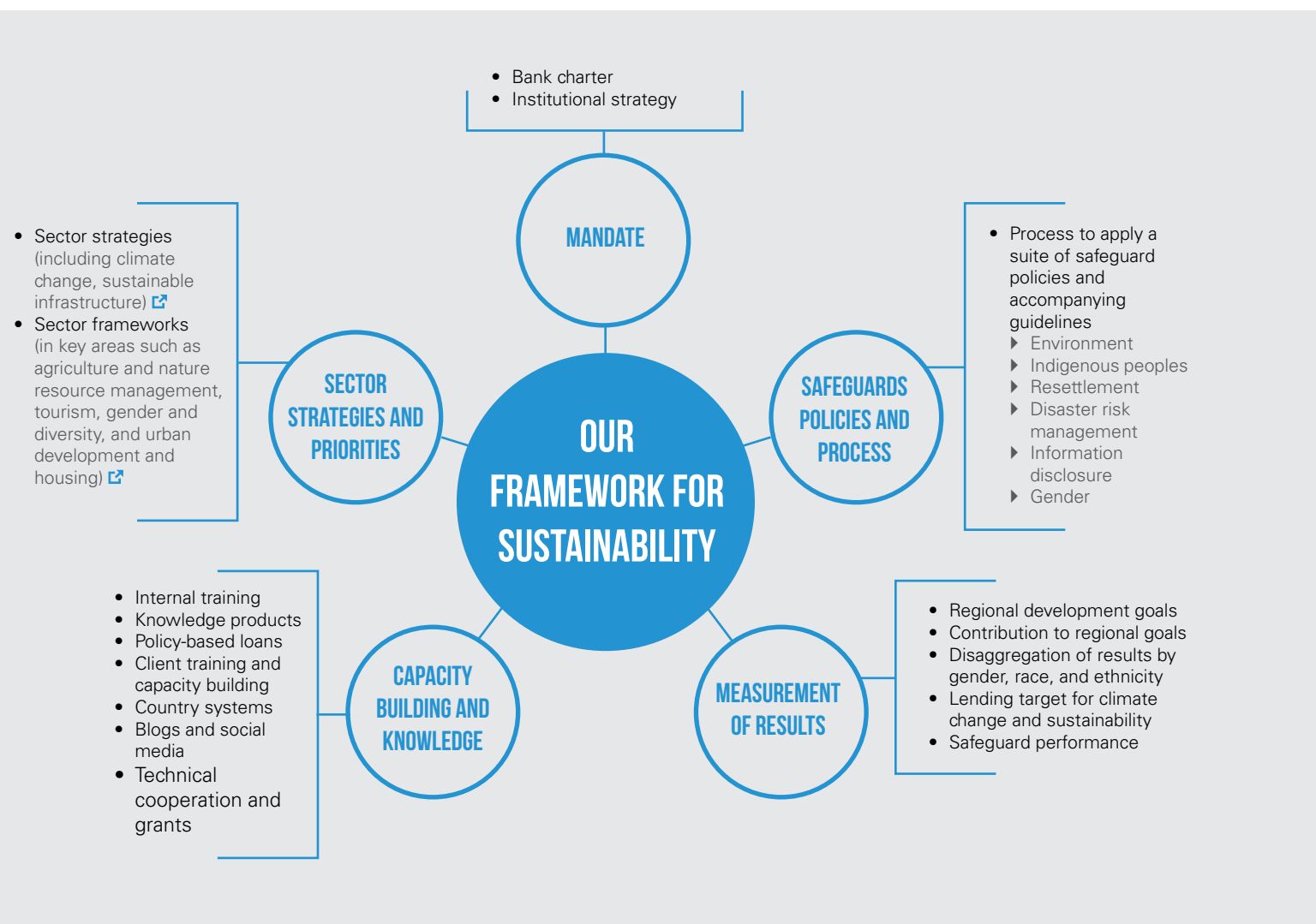


 OUR FRAMEWORK FOR SUSTAINABILITY

Long-term economic growth and the reduction of poverty and inequality in Latin America and the Caribbean depend on development that is both socially inclusive and environmentally sustainable.

Recognizing this, at the IDB we have made a commitment to *maximizing positive environmental and social outcomes of our work while minimizing risks and negative impacts to people and natural capital.*

The IDB's Sustainability Framework stems from its charter and funding mandate to reduce poverty and inequality and to achieve sustainable growth among its borrowing member countries in Latin America and the Caribbean. To meet these mandates, we have put in place strategies and priorities to guide our support and lending portfolio, along with a robust safeguards system. In addition, the Bank tracks measurable results, adherence to lending targets, and the effectiveness of its safeguards. We also emphasize knowledge and capacity building—essential components to ensure sustainability.



Mandate for Sustainability

The mandate of the Bank is to foster the economic and social development of the IDB's borrowing member countries in Latin America and the Caribbean. In 2010, the IDB Board of Governors agreed to terms and conditions for an increase in the Bank's ordinary capital. This Ninth General Capital Increase (GCI-9) set out two overarching objectives: reducing poverty and inequality and achieving sustainable growth. Alongside these objectives are two strategic goals: addressing the special needs of less-developed and smaller countries and fostering development through the private sector.

Sector Priorities and Strategies

The overarching objectives of reducing poverty and inequality and achieving sustainable growth are broken into five sector priorities for the Bank, each of which is guided by a sector strategy:

- Social policy for equity and productivity.
- Infrastructure for competitiveness and social welfare.
- Institutions for growth and social welfare.
- Competitive regional and global international integration.
- Protect the environment, respond to climate change, promote renewable energy, and ensure food security.

To complement these priorities, guide our work, and help achieve our mandate, objectives, and goals, the Bank has developed five corresponding sector strategies and a series of Sector Framework Documents (SFDs) that provide additional guidance and direction in the context of specific subsectors of our work.

Taken together, the sector strategies and SFDs help us maximize the opportunities for environmental and social sustainability in our investments. In practice, this means a focus on more projects that increase the climate resilience of water systems, coastal and marine ecosystems, forests, and agriculture and that have the largest potential for reducing greenhouse gases (GHGs), such as the promotion of smart and sustainable infrastructure. This requires both financial and technical investments in new and efficient renewable energy solutions, the expansion of mass transit and environmentally sustainable road infrastructure systems, new wastewater infrastructure, resilience projects for urban and rural settlements in vulnerable coastal areas, cleaner and more-efficient industrial and agricultural production, and progressive policies and governance structures that will help ensure long-term environmental and social sustainability. It also involves ensuring that projects benefit women and men equally, as well as groups that may historically have been marginalized.

Safeguard Policies and Processes

Seeking environmentally sustainable solutions to infrastructure development and financing climate change adaptation and mitigation initiatives is only part of the sustainability equation. Biodiversity impacts, involuntary resettlement, health and safety

concerns, gender equality, and a range of other variables—many of which may not appear on a traditional spreadsheet but that can radically alter the long-term cost-effectiveness of development efforts—are inextricably linked with the long-term environmental and social viability of sustainability and inform the overall efficacy of any project. With this in mind, the Bank assesses and monitors projects across its portfolio to identify and mitigate potential environmental and/or associated social risks and impacts and to ensure maximum economic value.

The IDB's suite of safeguard policies and guidelines support sustainability through a two-pronged approach:

- Mainstream environmental and social concerns. Encourage borrowing members and developers to include environmental and social aspects as central considerations in all project activities.
- Minimize negative impacts by applying safeguards. Identify, monitor, and mitigate issues that arise throughout a project's lifecycle.

Knowledge and Capacity Building

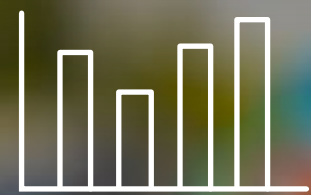
The Bank integrates state-of-the-art knowledge and best practices in sustainability into its operations. In addition to internal training, the Bank develops training and learning activities for strategic partners and clients in the region. We also promote knowledge alliances and exchanges within the Bank and with development partners. The IDB is committed to strengthening its clients' national systems for safeguards, in line with efforts by other multilateral financial institutions, with the intent of using these systems when designing, executing, and evaluating Bank-financed operations.

Measurement of Results

The IDB Corporate Results Framework, established as part of GCI-9, tracks performance from 2012 through 2015 on a broad set of indicators, including our contribution to regional development goals, sustainability and safeguard performance, lending volumes, and efficiency.

Who is Responsible for Sustainability?

In short, achieving our sustainability objectives and targets requires shared commitment and responsibility across the Bank. Responsibility for achieving the Bank's sustainability mission lies with the president, supported by the executive vice president, four vice presidents, and managers and specialists in the different programming, operational, and technical areas of the institution. The Bank's Independent Consultation and Investigation Mechanism and the oversight body, the Office of Evaluation—both of which report to the Board—play important roles in ensuring that sustainability is given due consideration. Further information on the Bank's structure, roles, and responsibilities is available online.



INVESTING IN SUSTAINABILITY

Guided by sector priorities and strategies, the IDB provides support to the region through a balanced combination of investment loans, policy-based loans, grants, special programs and initiatives, and knowledge products that target or incorporate environmental and social sustainability outcomes. Critical to these are our strategies on sustainable infrastructure and on climate change and renewable energy, which are further supported by specific sector guidance. Taken together, these help maximize the opportunities for environmental and social sustainability in our investments. In practice, this means a focus on projects that increase the climate resilience of water systems, coastal and marine ecosystems, forests, and agriculture and that have the largest potential for reducing greenhouse gases, such as the promotion of smart and sustainable infrastructure.

It also involves ensuring that projects benefit women and men equally, as well as groups that may historically have been marginalized. This requires both financial and technical investments in new and efficient renewable energy solutions, the expansion of mass transit and environmentally sustainable road infrastructure systems, new wastewater infrastructure, resilience projects for urban and rural settlements in vulnerable coastal areas, cleaner and more-efficient industrial and agricultural production, and progressive policies and governance structures that will help ensure long-term sustainability. We also provide financing and assistance to specifically target marginalized groups throughout the region.



LEARN MORE

- ▶ Investing in Sustainability & Climate Change
- ▶ The IDB and Sustainable Infrastructure
- ▶ The IDB and Sustainable Cities
- ▶ The IDB and Climate Change
- ▶ The IDB and Biodiversity
- ▶ The IDB and Gender and Diversity
- ▶ Our Sustainability Investments

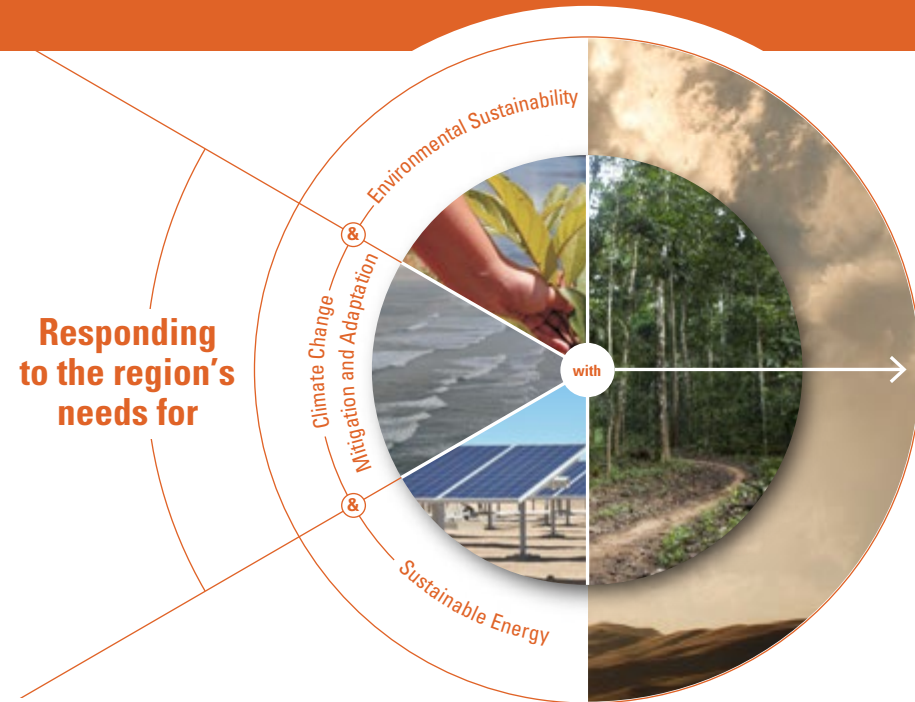


OUR STORIES

- ▶ Peru: Chaglla—A Model for Sustainable Hydropower?
- ▶ Guatemala: Quetzaltenango: “The Clean City”
- ▶ Brazil: Toward a More Sustainable City: Viva Campo Grande!
- ▶ Regional: Helping Finance Ministers Think about Climate
- ▶ Honduras: Fueling a Clean-Tech Revolution
- ▶ Belize: Welcome to Belize!
- ▶ Dominican Republic: How Does Your Coral Garden Grow?
- ▶ Regional: Working with Indigenous Communities on Climate Change

INVESTING IN SUSTAINABILITY & CLIMATE CHANGE

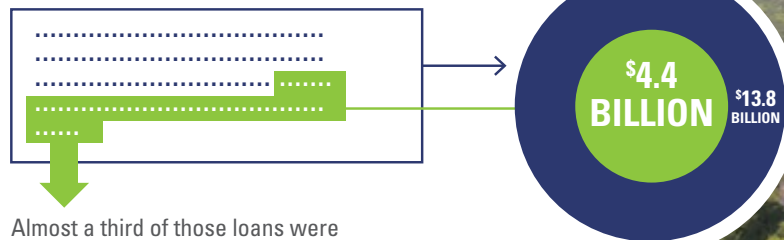
Charting our progress towards sustainability in Latin America and the Caribbean includes:



- Investment loans
- Policy-based loans
- Grants
- Initiatives
- Special programs
- Knowledge products

We made PROGRESS IN 2014

Total lending:
\$13.8 BILLION
THROUGH 168 LOANS



Almost a third of those loans were invested in projects targeting **CLIMATE CHANGE MITIGATION AND ADAPTATION, SUSTAINABLE ENERGY AND ENVIRONMENTAL SUSTAINABILITY.**

| Projects |
|---|
| that REDUCE THE VULNERABILITY OR INCREASE THE RESILIENCE OF HUMAN AND NATURAL SYSTEMS with respect to climate change and increased climate variability |
| contributing to STABILIZING GHG EMISSIONS AND PROTECTING / ENHANCING GHG SINKS |
| contributing to INCREASING ACCESS TO RENEWABLE ENERGY, SUPPORTING SUPPLY, AND REDUCING PRICE RISK |
| contributing to ENSURING QUALITY, ECONOMIC EFFICIENCY AND RENEWABLE ENERGY SERVICES |
| contributing to CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY |
| contributing to REDUCING POLLUTION |

ACHIEVING GOALS

As of 2014, we are on target to reach all 4 of our institutional lending program targets for 2015.

- ✓ Small and Vulnerable Countries
- ✓ Poverty Reduction and Equity Enhancement
- ✓ Lending to support regional cooperation and integration

Lending to support climate change initiatives, sustainable energy and environmental sustainability

IDB invests in a wide range of DEVELOPMENT PROJECTS THAT INCLUDE:

| | | | | | | |
|---|-------------------------------|--|---|---|-------------------------------------|--|
| Renewable Energy Wind Farms, Solar, Hydro | Energy Efficiency | Environmental Governance and Climate Policy | Wastewater Treatment Plants | Smart and Sustainable Infrastructure | Mass Transit | Urban Regeneration and Resilience |
| | Cleaner Production | Climate Adaptation in Agriculture | Green Lines for Financial Institutions | Sustainable Tourism | Disaster Risk Management | |

We made ADVANCES IN 2014 TO MEET THESE OBJECTIVES

| | | | |
|--|--|---|---|
| BIODIVERSITY AND ECOSYSTEMS SERVICES PROGRAM <i>10 projects approved for \$3.8 million</i> | EMERGING AND SUSTAINABLE CITIES INITIATIVE <i>40 participating cities 28 million beneficiaries</i> | CLIMATE INVESTMENT FUNDS <i>\$99.6 million through small grants, loans, and special funding</i> | PROGRESS MADE IN SETTING UP NEW INITIATIVE |
|--|--|---|---|

We measure our contribution to SUSTAINABILITY IN THE REGION

| | | | | |
|--|--|---|--|--|
| 13,060 PEOPLE were given access to improved low carbon, public transportation | 66,870 FARMERS were given access to agricultural services and investments | 72% OF IDB SUPPORTED POWER GENERATION came from low carbon sources | 2 INNOVATIVE CLIMATE CHANGE PILOT PROJECTS in traditional development sectors | 8 LOANS contributing to improved management of terrestrial and marine protected areas |
|--|--|---|--|--|



WE MONITOR REGIONAL DEVELOPMENT OUTCOMES BY TRACKING THE REGION'S PROGRESS ON LONG-TERM DEVELOPMENT CHALLENGES

We track REGIONAL PROGRESS TO SUSTAINABILITY

| | | | |
|--|---|---------------------------------------|--|
| COUNTRIES WITH PLANNING CAPACITY FOR CLIMATE CHANGE MITIGATION AND ADAPTION | GREATER AREA OF TERRESTRIAL AND MARINE AREAS PROTECTED | CO2 EMISSIONS PER US \$GDP | ANNUAL REPORTED ECONOMIC DAMAGES FROM NATURAL DISASTERS |
|--|---|---------------------------------------|--|

THE IDB AND SUSTAINABLE INFRASTRUCTURE



Infrastructure is widely recognized as a key pillar of development. Its appropriate provision and proper administration stimulate economic growth, productivity, and competitiveness. At the same time, infrastructure is essential for improving the quality of life and the inclusiveness of societies.

As the population and the economies in the region grow, demands for adequate, equitable, high-quality, sustainable, and climate-friendly infrastructure increase. But the infrastructure and services provided need to respond to the joint challenges that countries face: rapid urbanization; limited access to basic water, electricity, and sanitation services; regional and global integration; natural disasters; and the need to address climate change adaptation and mitigation.

In other words, the region needs to conceive sustainable infrastructure solutions that ensure sustainability in the most comprehensive sense—not only addressing environmental concerns but also taking into account social and fiscal considerations.

THE FOCUS IN 2014

Our work focused on two main building blocks to consolidate our efforts on sustainable infrastructure: developing a strategic and unified Bank-wide vision and incorporating the principles of sustainable infrastructure into our operations.

We are forging a shared vision of what sustainable infrastructure means for the Bank. Such a common vision entails an agreed strategy not only to integrate sustainable infrastructure principles in all projects but also to design concrete mechanisms that measure progress and compliance throughout the project cycle, so as to identify areas for improvement and ensure additionality over the long term.

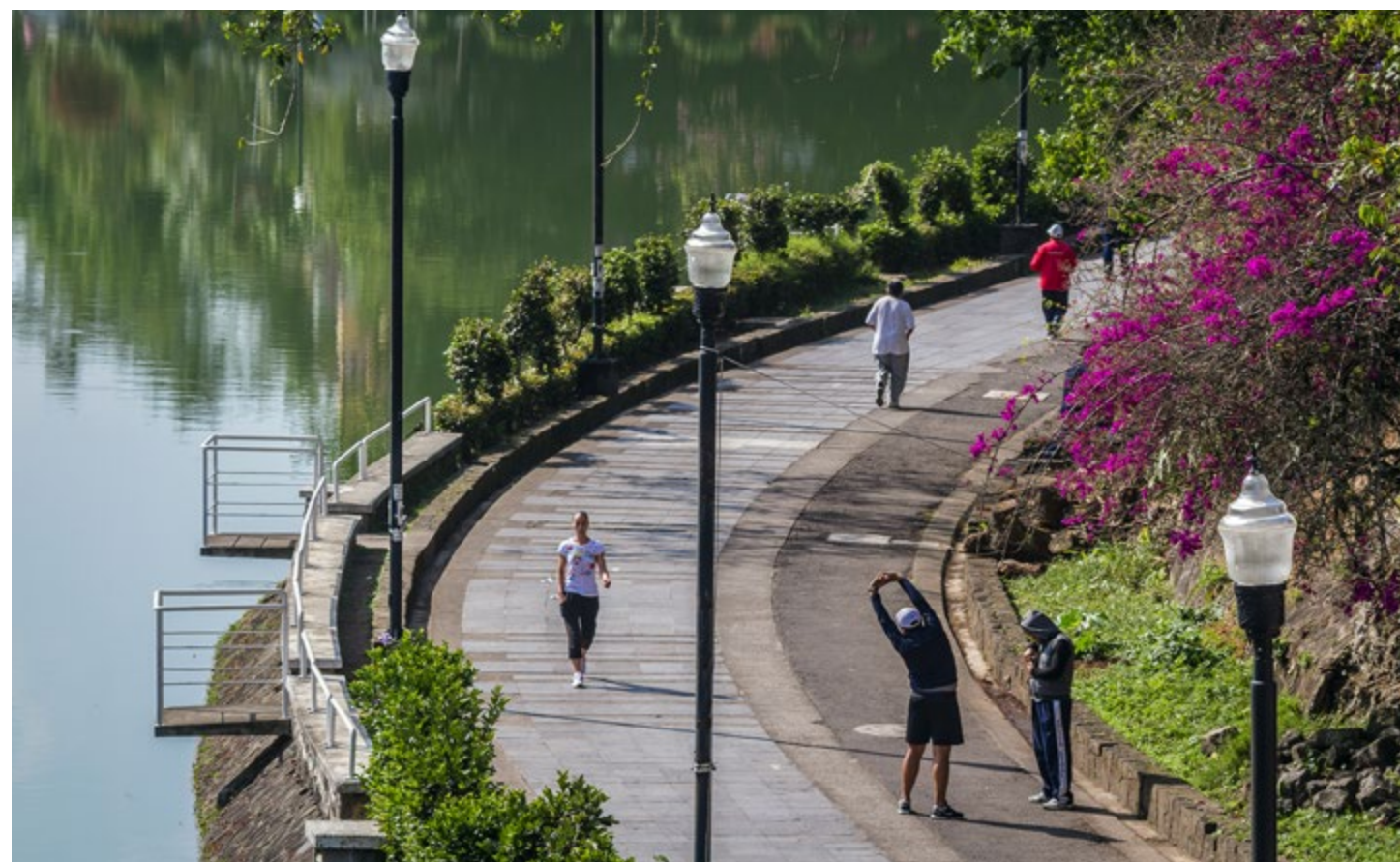
Implementing a vision for sustainable infrastructure will require change. The change includes effectively communicating such a vision to all stakeholders, improving integration and teamwork across sectors to deliver the vision, and implementing and disseminating examples of sustainable infrastructure to show the way forward.

We are using our extensive experience as leverage to fully incorporate sustainability principles into infrastructure operations. The Bank is a key strategic partner for member countries and has historically played an important role in the

region's major infrastructure developments. As such, a range of mechanisms—including initiatives, programs, and projects—are available for countries looking to incorporate sustainability in infrastructure investments.

The Bank lends large sums to infrastructure—more than US\$5 billion annually, about 50 percent of its portfolio—focusing on ensuring quality services that provide lasting benefits for all while preserving the planet's limited resources. During 2014 the Bank continued to support the region with sustainable and innovative solutions to meet the growing demands for energy and transportation, to manage water resources and sanitation, and to build infrastructure that plans for and reduces vulnerability related to climate change and natural disasters, particularly in the region's growing cities.

In addition, we made advances in implementing special programs and initiatives. The Emerging and Sustainable Cities Initiative (ESCI) [↗](#), Biodiversity and Ecosystem Services Program [↗](#), Infrastructure 360° Awards [↗](#), AquaRating [↗](#), Sustainable Transport, Agrimonitor, Energy Innovation Center [↗](#), and greenovators [↗](#) are all examples of how the IDB's public and private sector efforts are further integrating sustainability principles into the core of our business.



FIVE THINGS TO KNOW ABOUT OUR WORK ON SUSTAINABLE INFRASTRUCTURE IN 2014

1 We are promoting the adoption of a Bank-wide sustainable infrastructure vision.

The Bank's Sustainable Infrastructure for Competitive and Inclusive Growth Strategy [↗](#) acts as our guide—making sure that our work focuses on promoting good-quality services by using infrastructure that is properly planned to assure environmental, social, and fiscal sustainability.

2 We are mainstreaming sustainability in infrastructure operations.

In 2014, most infrastructure operations included tangible sustainability components. In rural Paraguay, more than 10,000 households received access to potable water, providing new development opportunities to women [↗](#). Rural electrification in Panama provided service to more than 10,000 households, 107 schools, and 21 health centers, raising the country's electricity coverage to approximately 81 percent [↗](#). The IDB is supporting sustainable tourism on Haiti's southern coast, providing income-generating opportunities for low-income residents [↗](#). And access to road networks in the Brazilian coasts will increase the region's port productivity and expand access opportunities to new markets while ensuring economic sustainability [↗](#).

3 We are incorporating a multisectoral view in our infrastructure work.

The Bank is shifting its way of doing business from a strictly loan-focused approach to a strategic, comprehensive,

innovative, and multisectoral solutions approach. In 2014, the IDB provided US\$2,341 million in loans to countries in the region for multisectoral projects. Similarly, by the end of 2014 the Emerging and Sustainable Cities Initiative [↗](#) had helped 40 intermediate cities identify infrastructure projects to improve their environmental, urban, and fiscal sustainability. These efforts affected over 40 million people in the region positively.

4 We are promoting sustainability in the private sector.

In 2014 the Infrastructure 360° Private Sector Infrastructure Sustainability Award [↗](#) was granted for the first time to recognize infrastructure projects that reflect outstanding sustainability practices in the region. In particular, winning projects demonstrate efforts to integrate climate and environment in addition to social impact management, governance, and innovation. The 2014 winners were Metro Lima Line 1 in Peru [↗](#), Los Cocos Wind Farm in the Dominican Republic [↗](#), and Aura Solar I Photovoltaic Plant in Mexico [↗](#).

5 We believe that knowledge and dissemination are a priority.

The IDB is taking a step forward in understanding how the region can close its infrastructure gap in a sustainable manner. We have assessed different approaches to implementing sustainable infrastructure projects, analyzed in that context what we have done in the past, and are conducting strategic thinking on how we should move forward to meet the region's challenges [↗](#).

THE NUMBERS

IDB LOAN INVESTMENTS IN INFRASTRUCTURE IN 2014:

 15 transport projects approved (US\$2,355 million)

 11 water and wastewater projects approved (US\$1,138 million)

 17 energy projects approved (US\$1,110 million)

 2 sustainable tourism infrastructure projects approved (US\$84 million)

IDB INFRASTRUCTURE PORTFOLIO IN EXECUTION IN 2014:

 45 energy projects (US\$4,503 million)

 93 transport projects (US\$12,260 million)

 86 water and sanitation projects (US\$8,333 million)



LEARN MORE:

- ▶ IDB strategy: Sustainable Infrastructure for Competitiveness and Inclusive Growth [↗](#)
- ▶ IDB website: Emerging and Sustainable Cities Initiative [↗](#)
- ▶ Video: Transport and Mobility (only available in Spanish) [↗](#)
- ▶ Video: Saving Lives with Sustainable Transport [↗](#)
- ▶ Blog: Moviliblog: Sustainable Transport [↗](#)
- ▶ Blog: What do We Mean by Sustainable Infrastructure? [↗](#)
- ▶ Sustainability Report Story: Peru: Chaglla – A Model for Sustainable Hydropower? [↗](#)

THE IDB AND SUSTAINABLE CITIES



Latin America and the Caribbean is the second most urbanized region on the planet, after Europe. It has gone from a 64 percent urbanization rate in 1980 to 82 percent in 2014. If this growth trend continues, approximately 90 percent of the region's population will be living in cities by 2050. This rapid pace of urbanization creates daunting challenges for municipalities and shapes their ability to effectively manage their citizens' quality of life. In addition, climate change poses an unprecedented challenge to our cities, many of which are located in coastal areas—vulnerable to hurricanes, flooding, and other natural disasters.

Recognizing these challenges, the IDB is committed to sustainable urban development [▣](#). Guided by the Urban Development and Housing Sector Framework, the Bank prioritizes work in medium-size and large cities, promoting urban sustainability in four main areas—urban infrastructure and services, housing, urban habitat, and urban governance—through the provision of loans, technical assistance, and grants.

In recent years the Bank has also strengthened its focus on the needs of emerging cities in the region. Now in its fourth year, the IDB's Emerging and Sustainable Cities Initiative [▣](#) is working in 40 intermediate urban centers—those with populations of 100,000 to 2 million—helping to identify the path to long-term sustainability.

THE FOCUS IN 2014

The cornerstone of the Bank's support to the governments of our region to ensure sustainable urban development is the provision of loans, grants and technical assistance. In 2014 we continued to support our cities, in particular focusing on regeneration of degraded areas, improvement of informal neighborhoods, environmental emergency planning, and prevention and response in order to reduce vulnerability to natural and/or human-made disasters. Critical to this is an ongoing effort to ensure citizen participation and promote activities to ensure that our interventions remain economically sustainable.

Within this context, we approved a new loan in 2014 under the Bank's PROCIDADES Program for the city of Londrina in Brazil to promote sustainable urban development through environmental reclamation of degraded areas along the banks of its rivers and streams, improvement of urban mobility, and strengthening of the local government's fiscal and urban management. As a result, the city expects to see increases in property values due to environmental and transportation improvements and in the green space per resident. The Bank has invested over US\$500 million in 22 cities under the PROCIDADES Program since 2006.

In 2014, the Bank also approved a new multisector loan in the city of Barranquilla, which, among other objectives, will give people better access to green spaces and increase environmental emergency prevention and response. This project illustrates the successes of the ESCI, which continued to ramp up its activities during the year, incorporating 14 new cities into the program. With ESCI's support, each city—Barranquilla and another 39 currently

participating in the initiative—develops an Action Plan that lays out strategies and projects validated by a public opinion survey, an economic impact study, a climate change assessment, and a multisectoral analysis. These studies determine the vulnerability of the city to natural and human-made disasters and also develop urban growth scenarios that help prevent carbon-intensive urban sprawl. The Action Plan establishes a detailed budget, which helps the city to mobilize its own resources or determine other financing sources. In the case of Barranquilla, this included seeking an IDB loan to help implement some of the priority actions identified.

Twenty-four out of 40 cities in the program had completed Action Plans by the end of 2014, each identifying priority actions and establishing a budget for their implementation within an established timeframe. When taken together, these actions will involve US\$2,230.6 million of financing for sustainable urban investments from a wide variety of investors, including development institutions such as the IDB as well as other public and private sector partners. For example, as a result of the Action Plan for Port of Spain (Trinidad and Tobago), the city is in the process of designing a multiphase investment program centered on the urban revitalization of the city, which will require financing from multiple investment sources. And in Quetzaltenango, Guatemala, solid waste management was identified as an area for priority intervention, and a detailed action plan for solid waste is under development as a result.

To download studies and Action Plans, visit ESCI's [Urban Dashboard](#).



FIVE THINGS TO KNOW ABOUT OUR CITIES WORK IN 2014

1 We provide loans to the countries of our region for sustainable urban development.

In 2014 we approved three new loans focused on addressing the challenges of sustainability and urban development. When added to the previous four years, we have invested over US\$2 billion throughout eight countries in our region, tackling issues such as neighborhood upgrading, land use, and restoration of urban heritage.

2 We continue to see growth in the demand for IDB support to our emerging cities.

In 2014, some 14 cities were added to the Bank's Emerging and Sustainable Cities Initiative, bringing the total to 40.

3 We are part of the global dialogue and exchange of best practices.

In 2014 the IDB participated in the World Urban Forum in Colombia convened by UN-Habitat. The Forum facilitates the flow of knowledge and financial resources needed to help cities become more resilient to climate change, natural disasters, and other systemic shocks and stresses, including the socioeconomic challenges associated with the rapid urbanization. Additionally, the IDB has developed a broad communications platform that enables workshops, forums, and international events.

4 We understand that climate change poses an unprecedented challenge to our cities.

Through our loan programs, grants, and special programs we are seeking ways to mainstream climate change mitigation and adaptation into the development agendas of our cities. This represents a widespread challenge in our region: to date, 80 percent of the cities that have completed an Action Plan as a result of the ESCI identified climate change and vulnerability as priority areas for intervention.

5 We value our urban cultural heritage.

Over the last 10 years the Bank has provided resources to ensure the recovery and protection of cultural and historical assets throughout the region in, among other cities, Bogota (Colombia), Valparaiso (Chile), Quito (Ecuador), Veracruz (Mexico), and Lima (Peru) through a combination of urban development and tourism-focused loans and grants.

THE NUMBERS



US\$226 million of lending in 2014, through three projects to government agencies targeting sustainable development in our cities



US\$2.2 billion of IDB funds in execution, through 33 projects focused on urban development



40 cities participating in the Emerging and Sustainable Cities Initiative



- ▶ Sustainability Report Story: Guatemala: Quetzaltenango: the clean city
- ▶ Sustainability Report Story: Brazil: Towards a sustainable city: viva Campo Grande!
- ▶ IDB website: Urban Development and Housing

- ▶ IDB website: Sustainable Cities
- ▶ Blog: Emerging Cities
- ▶ Blog: Urbe & Orbe

THE IDB AND CLIMATE CHANGE



Our region is particularly vulnerable to climate change, with an estimated annual cost of US\$100 billion or 2.2 percent of the region's gross domestic product by 2050. Latin America and the Caribbean is particularly exposed to the observed and projected effects of climate change because of its geographic location, distribution of population and infrastructure, and reliance on fragile natural resources for economic activities and livelihoods.

Climate change is affecting "business as usual," posing a challenge, but it also gives us an opportunity to innovate. Whether the outcome is to encourage more people to take action through community engagement or to increase a country's energy security by diversifying the energy matrix, innovation serves as a positive force for change.

Recognizing this need, the IDB contributes to the region in the form of loans, grants, technical support, and knowledge creation.

THE FOCUS IN 2014

Our work in 2014 focused on three main building blocks for climate action: new technologies, changing financing schemes, and developing policy frameworks in the countries of our region that allow all these options to take root.

We are supporting the expansion of new technologies. If anything will characterize the twenty-first century, it is the birth and spread of technologies with enormous disruptive effect. The advances of the digital world have transformed the way we consume, learn, and relate. It has also created new business opportunities. Technology in the field of climate change is no exception. We are supporting the reduction of CO₂ emissions in Mexico's social housing project [☑](#), as well as hybrid and electric buses in Colombia [☑](#). We are also using the latest genetic sequencing technology to further climate-smart, climate-resilient agricultural development [☑](#), as well as insuring the coverage of strategic crops in Bolivia by developing dedicated financing lines for rural communities to undertake climate-resilient investments. In 2014 the IDB supported an integrated suite of cutting-edge watershed modeling tools [☑](#) and a tool for the quantitative evaluation of agricultural policies [☑](#) that will help our region to deal more effectively with the challenges of climate change.

We are promoting a variety of sustainable financing schemes. You need more than ideas and new technologies to innovate;

you also need access to financial resources. In addition to mobilizing international financing, we also support new forms of private funding and promote business opportunities that strive for a sustainable development model that is low in carbon and resilient to climate change. For example, we are collaborating with National Development Banks to enhance their role in climate change finance by structuring development financing schemes to scale up private investments for mitigation strategies.

We are encouraging countries to mainstream climate change considerations into their policies. Public policy can change how states invest available resources, update the regulatory framework in which businesses operate, and influence the decision-making process of citizens. Integrating greenhouse gas reduction measures and climate change management into public policy enhances the development opportunities in our region. To that end, the IDB also promotes the exchange of information between governments, ensuring that the most efficient practices can be replicated throughout the region. At present, three countries in the region have laws on climate change (Brazil, Guatemala, and Mexico), while others have adopted national strategies for low-carbon development. In the case of Mexico, for example, the inclusion of mitigation and adaptation objectives into the national development plan is enabling public funding for climate-related programs.



FIVE THINGS TO KNOW ABOUT OUR CLIMATE CHANGE WORK IN 2014

1 We are delivering on our sustainability lending commitments.

In 2014, 33 percent of IDB's lending supported climate change initiatives, sustainable energy, and environmental sustainability (our institutional target is 25 percent by 2015). Of these, 35 projects (US\$2.6 billion and 19 percent of the Bank's lending for the year) specifically targeted or included climate change mitigation and/or adaptation components.

2 We are regional knowledge leaders on climate change.

We published a series of studies [☑](#) in 2014, among them *ClimateScope2014* [☑](#), *Agriculture and Future Climate in Latin America and the Caribbean* [☑](#), and *"Guarantees for Green Markets: Potential and Challenges"* [☑](#). Our specialists are sought by international media and regularly participate in high-level discussions and events. Our blog is the leading source of information about climate change and sustainability for Spanish speakers in the region [☑](#).

3 We are pioneering green finance in the region.

The IDB is supporting the development of Green Bonds [☑](#) in the region with a rotating credit line, approved in 2014, of up to US\$50 million in eight years that will finance clean energy and energy efficiency projects and that includes guarantees from both the IDB and the Clean Technology Fund.

4 We are innovating, and we have been recognized by the UNFCCC.

The IDB's Multilateral Investment Fund EcoMicro program has been awarded a 2014 Lighthouse Activity/Momentum for Change award. It was recognized as a global example of how to build the capacity of the region's microfinance institutions in order to develop and offer financial products that help clients address climate change [☑](#).

5 We are climate-proofing infrastructure projects.

Our activities range from the creation and update of building codes for climate-resilient infrastructure in El Salvador [☑](#) to helping develop climate adaptation studies and policies designed to protect critical infrastructure and services in the transport sector [☑](#).

THE NUMBERS



53 loans

(US\$4.4 billion) approved that support climate change initiatives, sustainable energy (including hydro), and environmental sustainability



One climate change and sustainability investment loan

(US\$10 million)



US\$99.6 million

additional investments through small grants, loans, and special funding for climate change mitigation and adaptation



13,060 people

given access to improved public low-carbon transportation system



72 % of power generation capacity from low-carbon sources over total generation capacity funded by IDB



Two new climate change pilot projects approved in traditional development sectors



LEARN MORE:

- ▶ Publication: *Innovations LIVE: effective solutions to climate change in Latin America and the Caribbean* [☑](#)
- ▶ Sustainability Report Story: *Helping finance ministers think about climate change* [☑](#)
- ▶ Sustainability Report Story: *Fueling a clean-tech revolution* [☑](#)
- ▶ Blog: *Let's talk about climate change* [☑](#)

THE IDB AND BIODIVERSITY



As the region grows economically, it faces new challenges related to balancing increasing demand for resources with the need to protect and manage natural resources within the context of a changing climate. Critical in this context is the understanding that sustainable land and forest management can contribute to mitigating climate change while at the same time improving the livelihoods of rural populations, particularly indigenous groups and ethnic minorities. It is also important to recognize the region's natural capital as a unique competitive advantage that, when combined with its human capital, holds promise for sustained growth and social equality.

We are involved in activities that improve the management of protected areas, strengthen environmental institutions, generate income opportunities for communities in a way that helps them sustain their neighboring ecosystems, manage coastal and marine resources, and support climate change and disaster risk management initiatives in critical watersheds. The Bank's Biodiversity and Ecosystems Services Program, "BIO," integrates biodiversity and ecosystem into decision making by attributing a value to it.

Ecosystems—like forests, savannahs, and coastal watersheds—provide crucial services that benefit people, such as recreation, clean water and air, and prevention of soil erosion. Healthy ecosystems and the biodiversity that they support are the foundation from which future services flow to our communities and economies. By valuing and quantifying them, these ecosystem services become visible in their economic dimension as important input for communities and economic activities or cities and infrastructure. Thus they become part of the investment calculation in key economic sectors in both public and private sector operations.

THE FOCUS IN 2014

In 2014 the Bank continued its focus on supporting environmental and natural resource management projects, as well as integrating environmental values into key economic sectors, particularly infrastructure. In addition to approving seven new loans for environmental and disaster risk management projects, we continued to monitor more than 46 projects in various stages of development (operational and in planning).

We provided additional resources during the year through grants, special programs, initiatives (including BIO and the Forest Investment Program), partnerships (such as with the Global Environment Facility, the GEF), and knowledge programs to support our program of work. In particular, we focused our attention in 2014 on promoting private sector innovation in environment protection and on the further rollout of the BIO Program.

In its second year, the BIO Program has financed 10 new operations, including a grant project in Belize to assess the economic value of nature-based and cultural tourism assets and their sustainable management. Another program approved in the year will build capacity to monitor, evaluate, assess, and restore coastal natural capital through the establishment of a Caribbean Coastal Capital Center of Excellence in collaboration with the University of West Indies.

Recognizing the challenges involved in ensuring that the environment and biodiversity are mainstreamed into the core of our work, the Bank kicked off the process of developing a new sector Framework for Environment and Biodiversity that will be finalized in 2015.



FIVE THINGS TO KNOW ABOUT OUR BIODIVERSITY WORK IN 2014

1 We are supporting the recovery of ecosystem services.

US\$31 million of GEF funds were approved for the conservation of biodiversity and promotion of sustainable management practices in the Atlantic Forest in Brazil. The project will help with the recovery of ecosystem services, particularly through the provision of regulating services such as biological carbon sequestration and water conservation.

2 We are reaching out to the private sector.

The IDB and GEF established a US\$5 million Climate-Smart Agriculture Fund in 2014 to catalyze private sector investments in sustainable agriculture, forestry, and rangeland systems in the face of climate change. And through the BIO Program we began working on projects, including using forest for cattle herding in Uruguay, cocoa cultivation in Honduras, and greening of palm oil plantations in Ecuador.

3 We are supporting sustainable fisheries and agriculture.

In 2014, the Bank approved a new US\$30 million loan to the Argentine Ministry of Agriculture, Livestock, and Fisheries to contribute to the sustainable management of fisheries through activities. It will improve capacities for research, planning, administration, and oversight in the management of marine fishery resources, using an ecosystem approach, and will support the development of aquaculture.

4 We are assessing the contributions of ecosystem services.

In 2014, the IDB BIO Program began implementing a spatial analysis tool that places values on ecosystem services in Andros, the largest island in the archipelago of The Bahamas. The analysis focuses on the contribution of ecosystem services to productive sectors (tourism, fisheries) and basic services (coastal protection, water). Policy makers assess trade-offs between different development scenarios for the island in order to ensure that its natural capital is mainstreamed in the design and implementation of development strategies.

5 We are helping governments plan for sustainable tourism.

A new grant of US\$36 million was approved in 2014 to foster tourism around Haitian historic, cultural, and natural resources along the country's southern coastline that will leverage the country's natural capital to create jobs for the region's low-income residents. The grant will help the government implement a well-planned tourism program featuring a combination of infrastructure development, job training, and government capacity building.

THE NUMBERS



US\$208 million
through seven new environmental and disaster risk management loans



US\$3.8 million
through 10 grants under the IDB BIO Program.



US\$4.6 million
through four Multilateral Investment Fund (MIF) grants under Access to Basic Services and Green Growth



Eight
newly approved loans with components contributing to improved management of protected areas



TWO
newly approved GEF grants which include biodiversity components



- ▶ IDB website: Environment
- ▶ IDB website: Biodiversity and Ecosystem Services Program

- ▶ Sustainability Report story: Welcome to Belize!
- ▶ Sustainability Report story: How Does Your Coral Garden Grow?

THE IDB AND GENDER AND DIVERSITY



Despite important social and economic gains, large gaps remain between women, indigenous peoples, Afro-descendants, and the rest of society in Latin America and the Caribbean.

Gender inequalities still constitute barriers to economic development in the region. The most visible evidence of these obstacles is violence against women, which affects millions of women in the region. But gender inequalities are present in other areas as well: women's labor force participation rates, for example, continue to lag men's, and women on average earn only 80 percent of what men earn.

Closing the gaps between African descendants and others in the population is also a key challenge.

THE FOCUS IN 2014

Our work in 2014 focused on mainstreaming a series of critical themes, including violence against women, women’s leadership and economic empowerment, gender equality, and closing the gap between Afro-descendants and others, as well as continuing to ensure that we safeguard against negative gender and diversity impacts in the projects we support.

We are committed to promoting gender equality because it has intrinsic value and because investing in women and girls generates benefits for the development processes. The IDB was among the first multilateral financial institutions to incorporate gender perspectives into its safeguarding processes, introducing mechanisms to ensure that the Bank’s operations do not have a negative impact on gender equality. These beliefs are reflected in the 2010 Operational Policy on Gender Equality, along with the Gender Action Plan (2014–2016). A 2014 review found that the number of loans approved each year with gender-related results went from 27 percent in 2013 to 36 percent in 2014, with significant increases in the inclusion of gender issues in infrastructure projects.

For example, in Paraguay we are ensuring women’s participation in the construction and maintenance of roads, with a specific gender strategy with contractors and public works supervisors, the development of training courses, and skills building among local women. We are also providing targeted grant resources from the Gender and Diversity Fund, with nine new projects approved in 2014. Projects include support to the Ministry of Justice of Bolivia to implement its new Law Against Gender Based Violence, studies for the new system to include a strong intercultural component, and the design and implementation of a “women’s center” under the Ciudad Mujer Program in Mexico.



We are working to increase diversity through the integration of issues affecting African descendants and indigenous peoples in public policies, programs, and projects, focusing primarily on social and economic empowerment and raising awareness about the impact of social exclusion based on race and ethnicity. Race mainstreaming seeks to integrate Afro-descendant communities by improving the quality of data and indicators to upgrade the design, implementation, monitoring, and evaluation of IDB operations. We also promote the empowerment of diverse communities through projects such as the Farm Terrace Program, which is analyzing traditional methods of farming, irrigation, and productivity in Andean countries, and the COICA (Climate Change and Indigenous Peoples of the Amazon) partnership, which on completion in 2014 had trained more than 1,000 indigenous leaders from more than 400 communities throughout the Amazon basin on climate change, REDD+, and indigenous rights.

We seek to safeguard gender and diversity by conducting financial operations so as to identify and address adverse impacts and the risk of gender and/or race-based exclusion, by including women and diverse communities in consultation processes, and by complying with applicable legislation relating to gender and racial equality. In 2014 we focused on increasing our gender safeguard expertise through dedicated specialists, training, screening, and support in the implementation of a gender focus and activities in ongoing projects.

FIVE THINGS TO KNOW ABOUT OUR GENDER AND DIVERSITY WORK IN 2014

1 We are improving gender and diversity mainstreaming in our loans.

IDB public sector loans with gender-related results increased, reaching 36 percent in 2014 compared with 27 percent in 2013 and surpassing the target of 30 percent for the 2014–2016 period. All private sector projects included sex-disaggregated indicators, compared with 85 percent in 2013. Diversity components have been mainstreamed into over 10 percent of our public sector loans, almost double that of 2013.

2 We are tackling complex labor issues in the region.

During 2014 we continued to provide support for the environmental and social management programs accompanying the Haitian industrial park in Caracol. As part of grant resources disbursed, and as a result of consultations conducted with female employees at the park, a series of actions was developed to promote compliance with national and international labor standards and to improve the work environment of the largely female workforce.

3 We are knowledge leaders for gender and diversity.

In 2014 we produced seven new technical papers, including Women in Science and Technology, Violence against Women in the Legal System, and Finance for Rural Women. We launched a new blog, Let’s Talk about Equality, which has become a leading source of information and discussion on gender and diversity issues in the region.

4 We are replicating results throughout the region.

In 2014 we undertook an impact assessment of the IDB Ciudad Mujer loan that was approved in 2011, which demonstrated that more than 1.5 million individual services had been provided to women through comprehensive health centers in five departments in El Salvador. As a result of these successes, we approved grant resources in 2014 to support the design of a center providing integrated services in Guerrero, Mexico.

5 We are learning “what works” to help women entrepreneurs gain access to markets.

In 2014 we completed an evaluation of a US\$7.4 million Strengthening Women’s Entrepreneurship project in Peru, which included the Salta Program (short trainings for 100,000 women) and the Goldman Sachs 10,000 Women Certificate Program (tailor-made training for over 700 women on developing micro-businesses). The Salta Program has led to fewer women using informal credit sources; 80 percent of participants began to separate their household and business finances, and 70 percent started preparing growth strategies for their businesses. The 10,000 Women Certificate Program is showing early results in the modification of behaviors, resulting in positive business outcomes, including an increase in employees, salaries, and sales.

THE NUMBERS



38 public sector loans approved included gender-related results



33 private sector loans approved included sex-disaggregated indicators



US\$14.35 million through 25 grants and small loans for gender equality and women’s empowerment approved



16 public sector loans approved with mainstreamed diversity components



US\$71.8 million through 45 grants and small loans targeted diversity issues



34 of the 169 loans approved triggered the gender safeguards policy



179,304 indigenous individuals received targeted anti-poverty programs (7% of total beneficiaries)



- ▶ IDB website: Gender and Diversity
- ▶ MIF website: Women’s Economic Empowerment
- ▶ Blog: Let’s Talk about Equality (only available in Spanish)

- ▶ Video: Closing the Gender Gap (only available in Spanish)
- ▶ Video: Women Entrepreneurship Banking
- ▶ Sustainability Report story: Working with Indigenous Communities on Climate Change

NEW ENVIRONMENT AND CLIMATE INVESTMENTS IN 2014

In 2014 we approved over US\$4 billion in lending, as well as additional non-reimbursable grant resources, to projects targeting environmental sustainability and climate change mitigation and adaptation. Here are just some of the projects that we expect to result in positive changes in our region in the years to come.



A Green financing in Brazil.

A new partnership with Banco Pine is expected to promote environmentally friendly investments in Brazil, making available much-needed private sector funding in the renewable energy and biofuels sectors, complementing the country's objective to reshape its energy matrix and advance its voluntary GHG reduction targets [↗](#).

B Improving resilience to climate change in El Salvador.

This project will support the implementation of the National Climate Change Strategy of El Salvador, which is part of the many efforts of the country to reduce vulnerability to climate change impacts, focusing on improving local capacity, developing national environmental indicators, and undertaking a zoning exercise to reduce vulnerability [↗](#).

C Watershed-level waste system in Guatemala.

This new project aims to create an integrated and sustainable system for water for the entire watershed of Lake Atitlán, developing an environmental awareness campaign to reach the indigenous population, creating community enterprises to manage provision of basic services, and establishing a value chain for recycling and organics [↗](#).

D Surveying rare fish in Guyana.

A study approved and completed during the year by the IDB at the request of the government of Guyana looked at the distribution and abundance of the rare *Characidium amaila* fish in a series of rivers and streams associated with the planned Amaila Falls hydroelectric project in order to ascertain the severity of impacts associated with the project [↗](#).

E Regional mechanism for climate protection in public infrastructure.

A new IDB grant will support the consolidation of a regional information and communication platform for risk management in Central America and the creation of a comprehensive mechanism to support the processes of information, communication, and training in risk management [↗](#).

F Exploring geothermal energy in Mexico.

This new loan program will apply innovative financing schemes, such as guarantees and insurance mechanisms, to reduce the risks associated with the exploration of geothermal energy in Mexico, bringing up to 300 megawatts of clean sustainable energy online with an estimated reduction of 1.1 million tons of CO₂ per year [↗](#).

G Harnessing the Chilean sun.

In 2014 the Bank supported five new private sector solar projects in Chile, starting with a US\$66 million loan to the Crucero Solar plant, which will have a peak capacity of 72.8 megawatts and will reduce the region's dependence on imported fossil fuels [↗](#).

H Green bonds in Mexico.

The Bank launched a US\$50 million warehousing credit line to originate and warehouse a pool of energy efficiency loans from Mexican small and medium-size enterprises, along with up to a US\$25 million partial credit guarantee for the subsequent securitization of the pool of energy efficiency loans [↗](#).

I An ecosystem approach to fisheries in Argentina.

This US\$30 million loan to the Argentine Ministry of Agriculture, Livestock, and Fisheries will contribute to the sustainable management of fishery resources through activities to improve capacities for research, planning, administration, monitoring, and oversight in the management of marine fishery resources, based on an ecosystem approach, and will support the development of aquaculture [↗](#).

J Helping coffee farmers in Nicaragua.

A new facility will help channel US\$30 million to coffee farmers to improve the productivity of over 5,000 hectares of coffee plantations, complemented by grant resources to help adapt to the effects of climate change [↗](#).

K Sustainable urban mobility in Costa Rica.

This grant will support the development of activities that have a transformative impact in helping San José move toward a low-carbon development path, through a concerted effort to improve land use management, transport planning, and implementation of an integrated public transport network in the San José Metropolitan Area [↗](#).

L A framework for disaster risk management, Venezuela.

With new grant resources, the IDB will support Venezuelan authorities with the implementation of the Socio-Natural and Anthropogenic Law and development of a disaster risk management program [↗](#).

M Low-carbon urban mobility for large Brazilian cities.

This IDB-Global Environment Facility project will help develop sustainable mobility planning knowledge and technical tools that will integrate climate change considerations into urban transportation projects in major cities, in order to contribute to Brazil's commitment to reduce greenhouse gas emissions by 2020 [↗](#).

N Ecosystem-based development for Andros Island, The Bahamas.

A new grant will help determine the value of ecosystem services in Andros based on their contribution to productive sectors (tourism, fisheries) and basic services (coastal protection, water), thus providing important information for policy makers and development scenarios [↗](#).

O Planning for a sustainable Panama City.

With funds from the Bank's Emerging and Sustainable Cities Initiative, Panama City will develop an action plan to identify projects that contribute to improving sustainability in environmental, urban, fiscal, and governance dimensions [↗](#).

P Improving sanitation conditions in Paraguay.

A US\$110 million loan program will reduce pollution in the Bay of Asunción and San Lorenzo Creek and will improve the sanitation and environmental situation of 300,000 people living in the basins of urban creeks that empty into the bay and the city of San Lorenzo [↗](#).

CHAGLLA — A MODEL FOR SUSTAINABLE HYDROPOWER?



Construction of a 456-megawatt hydroelectric plant in Peru provides a model for sustainable hydropower principally due to its design and location, which minimize some of the more serious environmental impacts that typically arise from hydroelectric projects.

Demand for electricity in Peru has been growing. Energy generation has also increased, but the increase has been mainly driven by thermal generation. In 2011 the IDB approved a loan to help finance construction of a 456-megawatt hydroelectric plant in the department of Huánuco. This plant will be the second largest hydroelectric facility in the country and will help rebalance the energy generation mix toward hydropower.

The project provides a model for sustainable hydropower principally due to its design and location, which minimize some of the more serious environmental impacts that typically arise from hydroelectric projects. The model factors include a comparatively small overall footprint (that is, the flooded area and the length of river affected); a rapid turnover time for the reservoir, meaning water quality downstream will not be substantially affected and greenhouse gas emissions from the reservoir will be negligible; and minimal negative impacts on local communities (no one lives in the immediate vicinity of the project).

Although the dam has reduced negative environmental and social impacts and produces positive benefits, it will still affect aquatic habitats. The construction of the dam will turn a free-flowing river into a 17-kilometer-long lake and will reduce water flow in the river between the dam and the powerhouse. As is usual in hydropower projects, these changes to the river have a significant impact on habitats that support important aquatic communities. The location of the project and these impacts on aquatic habitats create an extra challenge: the fast-flowing and highly turbulent Piedmont rivers of the Andes are home to some very special fish, some of which are new to scientists.

Recognizing these challenges, the IDB provided additional support to the project's sponsor—Empresa de Generacion Huallaga, a Peruvian subsidiary of the Odebrecht Group—to undertake baseline studies. These identified four new species about which almost nothing is known: two torrent catfish (*Astroblepus*) and two rubber nose catfish (*Chaetostoma*). Accordingly, the project has devised an interesting and innovative approach to mitigating the negative impacts in the Huallaga River. The approach is fivefold: detailed ecological studies of the fish species; use of this information to design downstream flows to keep tributaries connected for these fish; protection of the tributaries to ensure their long-term conservation; fish rescue and relocation; and, last, conservation of a tributary outside the project area as an aquatic offset for residual impacts in the main channel of the river. The aquatic offset and protected tributaries are intended to make sure that the fish species and the habitats they depend on are conserved over the long term.

Considerable progress has been made toward sustainability in hydroelectric projects supported by the IDB, including Chaglla. The complex issues posed by the growth of hydropower in the region as a whole will demand increased attention to planning, development, and management at the river basin, regional, and country scale. This is the next frontier of hydropower sustainability.

THE NUMBERS

US\$150 MILLION

IDB loan

US\$1.2 BILLION

total project cost

SECOND LARGEST

hydroelectric project in Peru

2,545 GIGAWATT-HOURS

annual energy production (15% of projected national demand for 2016)

467,000 TONS

CO₂ avoided

FOUR

"new to science" species of fish identified



▶ IDB project: [Chaglla Hydroelectric Power Project](#)

▶ Blog post: [Is There Such a Thing as the "Perfect" Hydropower Dam?](#) by Graham Watkins

QUETZALTENANGO: “THE CLEAN CITY”



Poor management of solid waste in Quetzaltenango, Guatemala, has many negative environmental and health consequences. As part of IDB’s Emerging and Sustainable Cities Initiative, and in cooperation with the Multilateral Investment Fund, a new Action Plan on solid waste management focuses on service improvements and the integrated management of solid waste.

Quetzaltenango and its metropolitan area are Guatemala’s main development center outside of Guatemala City. Since 2013, the IDB through the Emerging and Sustainable Cities Initiative has been working with the city to identify its most urgent sustainability challenges. Launched in October 2014, Quetzaltenango’s Action Plan points out the city’s poor solid waste management as a priority area of intervention.

In partnership with the Multilateral Investment Fund, a detailed diagnosis was carried out in the city. The analysis revealed the serious deficiencies in the waste management system. The collection service is not mechanized or differentiated. Residues are not treated or separated for recycling (the total informal recycling rate is estimated at 15 percent). The city’s waste is currently disposed of in a dump that does not meet the best international technical standards of a sanitary landfill. The dump has no lixiviate treatment or gas capture system. This situation is worsened by residents who deposit their waste into streams and ditches. Most of city’s sanitary waste is also discharged into watercourses, polluting rivers such as the Río Seco, which acts as a natural drainage route as it passes throughout the city.

Poor management of solid waste has had many negative consequences: loss of the river’s regulating function during the rainy period, the clogging of pontoons and linkage pipes, and heavy water pollution that results in bad smells, the proliferation of pests (insects and rodents), and risks to people’s health. Downriver, these problems have been a determining factor in the increasing number and intensity of floods in densely populated neighborhoods, which on occasion has meant that water has risen to four meters above the level of the

land. For Mayor Jorge Barrientos Pellecer, “the single most important factor increasing the vulnerability of our city is the risk of flooding from our urban rivers. Vulnerability analyses included in the Quetzaltenango Action Plan clearly illustrate this situation. Improvements in the solid waste management system will greatly reduce such risks.”

Based on these findings, and as a result of the joint work between the municipality and ESCI, a specific Action Plan on solid waste management was proposed: La Ciudad Limpia (The Clean City). This plan is expected to be implemented over 12 years. During the first phase, actions will focus on service improvement such as coverage expansion, closure of the existing dump, and biogas and lixiviates control. The second phase will aim to improve the integrated management of solid waste in Quetzaltenango and its associated municipalities at the stages of collection, separation, treatment and recycling, and disposal. For this phase, the MIF will collaborate in structuring a concession scheme for 20 years. A skilled and internationally experienced company will be responsible for financing, constructing, equipping, and operating the sanitary landfill.

Quetzaltenango is one of 40 urban centers in Latin America and the Caribbean that is participating in IDB’s Emerging and Sustainable Cities Initiative, which is helping cities to understand sustainability challenges and plan ways to address them.

THE NUMBERS

US\$1.1 MILLION

IDB grant to support the Quetzaltenango Action Plan

90%

of the city’s population benefit from regular municipal collection of solid waste

200 TONS

of waste deposited at the municipal dump site

15%

of solid waste separated and classified for recycling

5%

of solid waste composted

US\$178 MILLION

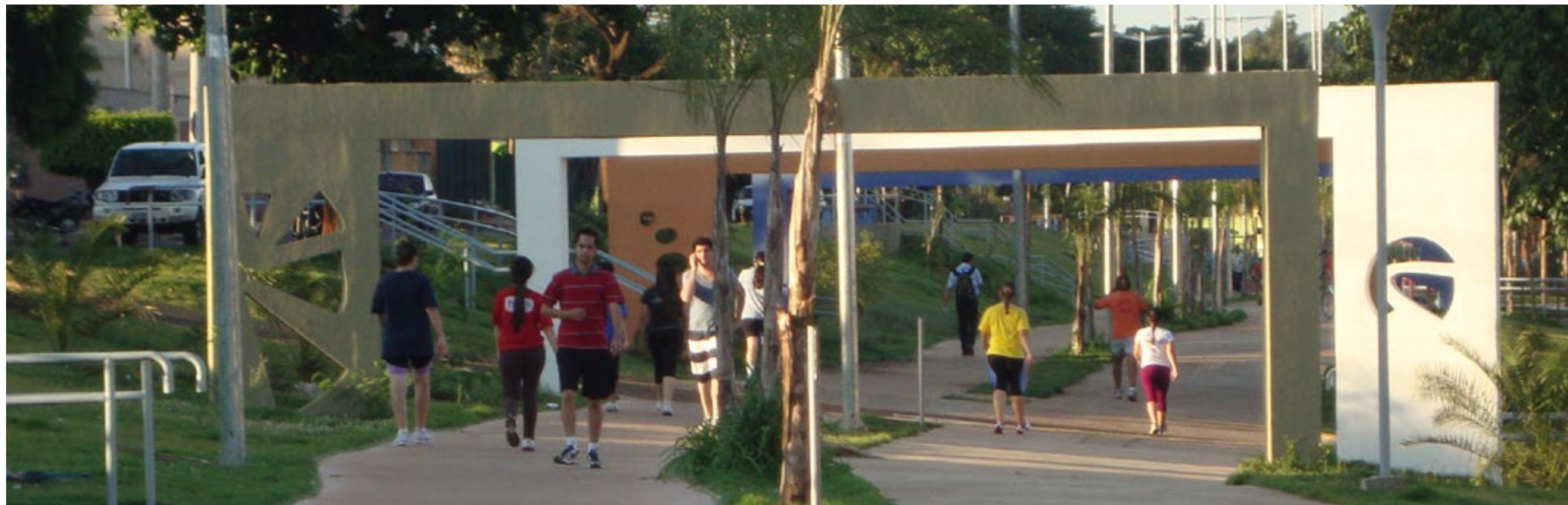
forecasted budget for the “Clean City” Program



LEARN MORE:

- ▶ IDB project: [Implementation of the ESCI in a Regular City in Guatemala \(Quetzaltenango\)](#)
- ▶ IDB website: [The Emerging and Sustainable Cities Initiative](#)
- ▶ Publication: [Quetzaltenango Action Plan](#)

TOWARD A MORE SUSTAINABLE CITY: VIVA CAMPO GRANDE!



In a multi sectoral development program in Campo Grande, Brazil, the Bank has helped upgrade a downtown urban area from a physical, environmental, economic, and social perspective—creating new linkages between sustainability and quality of life for residents.

Medium-sized cities in Brazil have recently experienced greater economic and population growth than other cities, with accompanying pressures on their infrastructure. On average these are growing at an annual rate of 16 percent, whereas larger and smaller cities (those above 2 million or below 100,000) are growing at a rate of 10–11 percent).

Building on the Bank’s experience with larger municipalities, in 2006 the PROCIDADES facility was approved for US\$800 million, targeting integrated urban development projects for medium-sized municipalities. Since the creation of the facility, 22 projects have been approved for over US\$500 million, 3 of which have been completed.

One of these projects—the integrated urban development program in Campo Grande—Viva Campo Grande—has demonstrated how environmental and social sustainability values can be successfully integrated into urban mobility and the revitalization of an urban area. The Municipality of Campo Grande (the state capital of Mato Grosso do Sul) has made positive and creative use of a deactivated railroad right-of-way that penetrates into the heart of the central city, transforming it into a place where city residents can become fit, practice physical skills, and learn new things. The area had previously become a hub of crime and drug use, which was contributing to progressive degradation and devaluation of part of the traditional central city. It also represented a physical barrier between the downtown and adjacent residential areas.

The Orla Morena, as the old railroad is known locally, was restored for historical heritage purposes, and it now forms the centerpiece of a new linear park that has a 2.5-kilometer landscaped pedestrian walkway, bike and skate paths, leisure areas, event spaces, and shops. The park has allowed greater linkages among local communities, boosting physical activity and improving public health and safety in addition to providing new options for connection to the city center. An initial public consultation and participation process allowed residents to promote the idea of the park, and now that process supports

park governance in partnership with the municipality. Residents of the Orla Morena neighborhoods created a “Friends of the Orla Association” that oversees use of the park and organizes cultural and recreational events. This ensures that the area stays alive and safe, in addition to strengthening the sense of community and citizenship.

At the program level, the Bank developed and implemented a Socio-Environmental Manual for PROCIDADES to ensure that all projects are elaborated and executed according to its sustainability standards. The manual, used by both Bank staff and Brazilian officials, also includes technical guidelines and instructions on socio-environmental management of urban development projects, as well as contextual and institutional information about environmental legislation and permitting in Brazil. A 2014 review of good practices related to environmental and social management in multisectoral urban development projects in Brazil [found](#) that the manual, among other practices, contributed to the overall success of the program.

As part of the Emerging and Sustainable Cities Initiative [the](#), the Bank is also working hand in hand with five emerging Brazilian cities: Florianopolis, Goiânia, João Pessoa, Palmas, and Vitoria. To date, Goiania and João Pessoa have completed the assessment process and developed an action plan that focuses on the three pillars of the program: environmental sustainability and climate change, comprehensive urban development, and fiscal sustainability and good governance.

THE NUMBERS

US\$500 MILLION

approved to date under PROCIDADES facility

22

projects

3

projects completed

US\$19.3 MILLION

IDB loan for Campo Grande project (total project cost US\$38.8 million)

5 BRAZILIAN CITIES

participating in the IDB Emerging and Sustainable Cities Initiative



- ▶ IDB Project: [PROCIDADES Campo Grande](#)
- ▶ Publication: [IDB Experiences with the Program in IDBs Office of Evaluation and Oversight 2014 Evaluation of PROCIDADES](#)
- ▶ Publication: [Environmental and Social Management in Urban Development Projects, in the 2014 Good Practice Study of PROCIDADES](#)

HELPING FINANCE MINISTERS THINK ABOUT CLIMATE



Ministers of Finance and Planning are recognizing future challenges other than financial crises, including the fiscal impacts of any future climate crises, and they are taking them into account in their decision making.

Low-carbon and resilient policies require a new way of doing business—and the success of these policy choices and their implementation rely heavily on budgetary allocations. But understanding fiscal policy, the budget process, and its relationship to climate policy implementation has been largely overlooked.

Since 2009 the IDB realized that this missing link might help change the direction of climate policy in the region. Using the Regional Policy Dialogue [as a starting point](#) for future work in the region, the IDB designed a series of technical assistances that foster increased capacity in modeling climate change and public finances, calculating costs and future fiscal contingencies, and quantifying current expenditures to respond to fiscal impacts of any future climate crises. At the same time, the IDB has been involved in a network of Ministries of Finance to share experiences and lessons learned on how to react to future impacts of climate change in terms of lost revenue as well as increased expenditures.

As a result of this work, the governments of Guatemala, El Salvador, Nicaragua, and Peru, among others, have created designated units within their Ministries of Finance to overview climate impacts on their budgets, to analyze the mechanisms for including climate considerations in national public investment systems, and to identify possible international climate financing that could be channeled to their countries. In Colombia, the Ministry of Finance and the National Planning Department are working jointly as part of their national climate system SISCLIMA (Sistema Nacional de Cambio Climático) to adopt different fiscal and financial instruments, such as a designated National Climate Fund, that can improve adaptation to climate impacts while reducing global greenhouse gas emissions from deforestation and land degradation, among other sources.

Taking this work to the next level, the IDB has supported the design of workshops for public officials to better assess the impacts of climate in their portfolios, to generate tools for evaluating public investments, and to analyze the feasibility of adopting fiscal policies such as green subsidies or a carbon tax that could enable investments in low-carbon and resilient technologies. In Brazil, 600 Finance Ministry workers from the federal and state levels were trained on the possible impacts of climate change in an innovative course that is going to become regional so that other countries can adopt it for their subnational-level governments. In Nicaragua, members of 13 different ministries received a detailed training on the lessons learned from ongoing experiences in the country, focusing on disaster risk management, and the possible ways to extend those lessons to adaptation to climate change.

The importance of this work is captured in a statement by Alexander Martinez Montero, Sub-director in Colombia’s National Department, during the Colombian Climate Finance Event in November 2014: “Colombia’s Climate Finance Committee is leading a paradigm shift in the way we face the climate change challenge. One of the things we’re doing is working towards the inclusion of climate considerations in the core of our economic model and we have a very strong partner to advance that front which is the IDB.”

Internationally, the Green Growth Best Practice publication [recognized this line of work](#) as an important part of the enabling conditions that can help countries move toward green economies.

THE NUMBERS

9 COUNTRIES

Supported through program

6 WORKSHOPS

Involving participants from 19 Ministries

1 E-LEARNING PLATFORM

with 4 online courses in Brazil (200 hours of classes)

1 GRADUATE COURSE

in Nicaragua

8 PUBLICATIONS

8 VIDEOS



- ▶ [Blog: Let's Talk about Climate Change](#)
- ▶ [IDB website: Climate Change](#)

FUELING A CLEAN-TECH REVOLUTION



The IDB, in partnership with the Nordic Development Fund, is helping fuel a clean-tech revolution throughout Central America by working with companies to implement clean energy projects and focus on climate change adaptation plans.

The IDB's Energy Efficiency and Renewable Energy Financing Facility (EEFF) is a broad initiative established with the support of the Nordic Development Fund (NDF) to offer grants and small loans to companies to identify opportunities and invest in reducing their energy use or generating their own energy from renewable sources. Through an innovative loan guarantee program, the IDB and NDF are helping overcome cost and risk barriers to implementation and are leveraging additional funds through the private sector.

The IDB and NDF have developed a robust partnership that is particularly focused on adaptation to climate change; they are currently working together on 19 projects worth a total of 49 million euros throughout the region. In addition, NDF is a key contributor to the Emerging and Sustainable Cities Initiative, providing US\$2.8 million to finance climate change adaptation and mitigation action plans for mid-size cities in Bolivia, Honduras, and Nicaragua. The fund has also financed numerous technical studies with the Bank, including a recently concluded selection of case studies [on](#) adaptation to climate change in the water and sanitation sector in Honduras and Nicaragua. That study is helping pave the way for new national and local policies and planning processes and for future investments directed at increasing adaptive capacity in water resources management in communities in Central America.

In San Pedro Sula, Honduras—the most important industrial center in the country—the IDB and NDF are helping fuel a clean-tech revolution. In 2013, the Embotelladora de Sula bottling plant implemented a small solar energy pilot project and is now getting ready to install the first and largest rooftop photovoltaic (PV) system in Central America, with 3 megawatts of capacity, with the support of the IDB [on](#). The hope is that this project will not only save energy and money but will demonstrate the value of solar energy to other companies.

Solar energy promises to be a good investment for the company, which runs 24/7, bottling the complete line of PepsiCo products as well as its own brands of fruit nectars and purified water. Once complete, the PV panels will cover 1,800 square meters of roof and meet about 20 percent of the plant's electricity needs. That will not only generate considerable savings, it will help the company better manage energy price fluctuations and frequent grid power interruptions, which are currently mitigated with expensive diesel fuel backup systems. In addition to electricity being expensive, the unpredictability of future prices makes budgeting difficult.

In recent years, Embotelladora de Sula's parent company, Grupo Corinsa, has moved to reduce the plant's negative environmental impact in other ways, such as replacing bunker fuel with liquefied petroleum gas for some needs. As part of the EEFF, a detailed energy audit is helping determine steps the company can take to improve energy efficiency and work toward ISO 50001 certification—an internationally recognized energy management standard. In addition to the solar project, it plans to update its lighting and air conditioning and enhance the efficiency of its industrial processes.

"I think this will have a positive impact," said Ramzy Munir Massu, who is in charge of the company's solar project. "More companies are going to join up and it will have an economic impact in terms of investment for the country."

THE NUMBERS

19 NDF-IDB PROJECTS

in operation (49.1million euros) including 3 in Honduras, 5 in Nicaragua, 2 in Bolivia

11 ENERGY AUDITS

undertaken in Honduras

30 ENGINEERING STUDIES

of innovative technology applications for sectors including: agricultural, textiles and airports

US\$80 MILLION +

in financially viable investments identified, with potential for over 1 million tons in GHG reductions

1 SOLAR ROOFTOP PROJECT

in Honduras will generate over 50,000 tons of GHG reductions (the largest of its kind in Latin America)



- ▶ [Interview with IDB EVP Julie Katzman: IDB-NDF—A Partnership That Goes Beyond Co-financing](#)
- ▶ [Blog post: A Green Revolution under the Central American Sun: Solar Energy in Honduras by Hans Schulz](#)

WELCOME TO BELIZE!



Photo credit: San Pedro Sun

The National Sustainable Tourism Master Plan in Belize recognizes that sound conservation and management of the country's natural capital and cultural heritage make economic sense in view of the overall national objectives of maintaining the competitiveness of the tourism sector and increasing its contribution to the national economy.

Tourism is the most important economic base for the small nation of Belize, where annual tourist arrival numbers outnumber the local population of 350,000 people by three to one. Tourism directly accounts for 14 percent of the country's gross domestic product and employs an estimated 12 percent of the direct labor force. In addition to many archaeological sites, Belize has a network of land and marine protected areas that offer opportunities for diving, wildlife observation, bird watching, hiking, and other recreational activities.

Recognizing that sound conservation and management of Belize's natural capital make economic sense, the government partnered with the IDB in 2008 to develop a sustainable tourism program that would contribute to national economic growth in an environmentally and socially responsible way. The focus of the program was twofold: to invest in new and upgraded infrastructure focused on overnight tourist destinations (versus cruise ship tourism) and to strengthen local capacity for sustainable tourism planning and management. Other grant resources are providing support to micro enterprises and are involving ethnic groups such as the Maya and Garifuna in the growing tourism economy.

One of the biggest successes has been the government's development and approval of a National Sustainable Tourism Master Plan (NSTMP) that at its core establishes "cultural and nature-based" tourism throughout the country. The NSTMP identifies close to 100 tourism assets—49 percent of these are ecotourism natural attractions (national parks, caves, wildlife and marine sanctuaries) and 45 percent are cultural attractions (Mayan heritage sites). In key tourism destinations, the program is building infrastructure, such as visitor centers, to support growing visitor arrivals in tourist hubs and less accessible destinations, as well as critical infrastructure (sewerage and waste water disposal, drainage, and so on).

New welcome centers in protected areas and Mayan archeological sites have been completed, including one in the Bacalar Chico National Park and Marine Reserve in February 2014 that added a new ecological and educational center with lodging facilities. This area—which spans more than 60 square kilometers of land and ocean—is home to a fragile salt marsh ecosystem, seven Mayan sites, mangroves, and a reef. The area expects to see an increase in eco-adventure and eco-educational tourism.

The facilities have been constructed using green technology and green building design, including roof-mounted solar technology, water-efficient bathroom facilities, rainwater harvesting, and an innovative waste separation and compost system. The structures were designed with consideration of the site's surrounding terrain and natural features.

The new center will focus on ways to increase visits by researchers, students, and tourists to the area through educational programs that teach about the resource management and conservation goals of the park and reserve through the development and implementation of a sustainable tourism assessment and business plan.

The opening of the Bacalar Chico Welcome Center comes hot on the heels of the new Cayo Welcome Center that was inaugurated less than a year earlier, also as part of the IDB's financing for the NSTMP. This center provides a hub of information for visitors on the region's strong cultural history and Mayan sites.

THE NUMBERS

US\$14.68 MILLION
total project cost

971,527 TOURIST
arrivals (2013)

10.7% INCREASE
in overnight arrivals (2011–2012)

16.6% INCREASE
in visitors to Mayan heritage sites (2011–2012)

19.6%
expected annual growth rate in tourism receipts (2020)

27+%
of national territory of Belize under protected status



- ▶ [IDB Project: Sustainable Tourism Program](#)
- ▶ [Blog post: Welcome to Belize's Cayo District by Ishmael Quiroz](#)

HOW DOES YOUR CORAL GARDEN GROW?



The IDB and local partners in the Dominican Republic are showing how heightened awareness of the value of healthy coral reefs and the direct involvement of the tourism industry and associated communities in tourism areas can successfully contribute to the rehabilitation of the local marine ecosystem.

The Dominican Republic is home to some of the most breathtaking beaches on Earth and to incredibly rich marine ecosystems. Coral reefs provide habitats for fish, protect beaches from erosion, and create recreational and tourism opportunities. But this valuable natural resource is in grave danger. The reefs are threatened by overfishing, agriculture, coastal development, and climate change. Staghorn coral populations, a major Caribbean reef building species, have declined more than 98 percent in the last four decades.

To confront these threats, the Punta Cana Ecological Foundation, with support from the IDB through the Multilateral Investment Fund, is leading the way with an innovative coral conservation and restoration program. The project—winner of the Ashoka Changemakers and National Geographic Geotourism Challenge 2010: Places on the Edge—Saving Coastal and Freshwater Destinations—proposes solutions that could be easily replicated in other tourism destinations in Latin America and the Caribbean [↗](#). The project supports IDB’s goal to not only improve tourism for economic reasons but also promote training and sustainability within the industry that will in turn teach best practices on how to adapt to climate change, how to engage communities with their local governments, and how to provide long-term value for the country.

As part of the project, surviving coral fragments are collected from the wild and grown in underwater nurseries and then transplanted to local reefs. The corals are attached to frames in these nurseries in parts of the ocean that have better water quality. Country-wide, the foundation and its collaborators have created 12 coral nurseries, with 4 more in development. In addition, the Ecological Foundation has created the PADI Coral First Aid specialty dive certification, a course designed to involve local fishers and tourists in coral restoration efforts. Nurseries provide a safe haven for the corals to flourish, and

then different methods taught in the course are used to replant them back on the reef. More than 1,665 meters of coral tissue are being grown at the Punta Cana nursery alone, and countrywide over 44 restoration outplant sites have been established, with more than 35 of those in Punta Cana. The long-term goal of the project is not only to restore the corals and the habitat for fish and invertebrates but to enhance the tourism and fishing industries for the country.

“It is incredibly rewarding to see corals that were once struggling to survive now thriving in our restoration sites. More importantly, we are teaching others how to replicate our success,” notes Jake Kheel, environmental director at the Punta Cana Ecological Foundation.

Notably, the project has resulted in an extensive collaborative effort to promote coral gardening among a wide range of organizations that play a vital role in the local tourism industry, including local and international NGOs (FUNDEMAR, the Dominican Institute for Development, Reef Check Foundation, and Counterpart International), the government agency CODOPESCA (the Aquaculture and Fisheries Advisory Council of the Dominican Republic), a local hotel services provider association, and the tourism giant Club Med. In 2014, tour operator Connect Travel joined in, becoming the first operator to show interest in including Coral First Aid Snorkeling as part of the tourism services it offers.

THE NUMBERS

US\$1.05 MILLION
total project cost

36 LOCAL PEOPLE
trained as coral gardeners and guides

500+ LOCAL STUDENTS
educated on the importance of marine conservation

1 BEST PRACTICE MANUAL
on coral garden management prepared

1 PADI CORAL FIRST AID
specialty dive certification launched

1,665 METERS
of coral tissue grown at the Punta Cana coral nursery

44 CORAL RESTORATION
sites established

1 NEW MARINE
protected area (some 64km²) co-managed with the Punta Cana Ecological Foundation

10 INTERNSHIPS
offered to young professionals



- ▶ [MIF Project: Supporting Reef Conservation by Promoting Coral Garden Tourism](#) [↗](#)
- ▶ [Video: Where Have All the Corals Gone?](#) [↗](#)
- ▶ [Blog post: I Live for the Sea by Sheilly Núñez](#) [↗](#)

WORKING WITH INDIGENOUS COMMUNITIES ON CLIMATE CHANGE



In a pilot project in partnership with COICA, 1,000 leaders from indigenous communities shared their traditional knowledge and received training on projects to reduce the impacts of climate change.

Indigenous peoples are particularly vulnerable to the effects of climate change: they have an intimate connection to their land, which meets important spiritual and economic needs. Moreover, historical legacies of social exclusion and poverty put them at even greater risk when it comes to coping with natural disasters and environmental impacts.

To address this challenge, the IDB undertook a pilot project in partnership with the Coordinadora de las Organizaciones Indígenas de la Cuenca Amazónica (COICA) —a federation of indigenous groups in Latin America. The program, which ended in 2014, aimed to build COICA's capacity on these issues as well as to bring indigenous leaders into the development of plans on climate change. Some 1,000 leaders from 84 indigenous groups in Peru, Ecuador, Brazil, and Colombia received training on how to reduce emissions from deforestation and forest degradation, indigenous rights, and international and national legal frameworks on climate change and biodiversity. The program also helped local indigenous communities understand and take advantage of mechanisms being designed by The United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries.

The initiative can be a model for engagement with indigenous communities, including hiring indigenous consultants, many of whom are leaders in their communities. These individuals shared their traditional knowledge on socio-culturally appropriate instruments for COICA's involvement with indigenous communities. Also they facilitated dialogue

with the project team so that climate change projects include human and social values as well as technical considerations. The program also improved participants' computer literacy and provided training in technical, fiduciary, and administrative management of projects. Finally, the initiative brought community leaders to international meetings and conferences, helping them to make their case with relevant policy makers and to improve their links with other indigenous communities.

Working with international indigenous organizations such as COICA on projects is an important step toward more meaningful participation and inclusion of indigenous peoples. The IDB has reaffirmed its commitment, through the Indigenous Peoples Policy and Strategy approved in 2006, to promote development with identity of indigenous peoples in the region. This term refers to the right to identity, through the strengthening of indigenous peoples in accordance with their worldview and governance structures while promoting the sustainable and sound management of natural resources.

THE NUMBERS

1,000 INDIGENOUS
leaders trained

418 COMMUNITIES AND 84
INDIGENOUS GROUPS
represented from Peru, Ecuador, Brazil,
and Colombia

5 YOUNG INDIGENOUS
LEADERS TRAINED
participating in international
conferences on climate change in
United States, Peru, Uruguay, and
Costa Rica

1 PILOT PROJECT
to gather input for REDD+ activities in
an area of 900,000 hectares of tropical
rainforest and cloud forest, home to 33
indigenous groups



- ▶ [IDB Gender and Diversity: Climate Change and Indigenous Peoples of the Amazon](#)
- ▶ [IDB Project: Climate Change and Indigenous Peoples of the Amazon](#)



SAFEGUARDING SUSTAINABILITY

Seeking environmentally sustainable solutions to infrastructure development and financing climate change adaptation and mitigation initiatives is only part of the sustainability equation. Biodiversity impacts, involuntary resettlement, health and safety concerns, gender equality, and a range of other variables—many of which may not appear on a traditional spreadsheet but which can radically alter the long-term cost-effectiveness of development efforts—are inextricably linked with the long-term environmental and social viability of sustainability and inform the overall efficacy of any project.

We know that investing in and protecting our natural and social capital improves the quality of life for residents. Therefore it is incumbent on the Bank and our partners to understand and mitigate potential negative environmental and social impacts and risks associated with our investments. We do this through the application of a suite of safeguard policies and guidance. Safeguards are the measures the IDB puts in place to protect against environmental and social harm and to uphold best international practices and standards, thereby improving the value of the projects to local communities, governments, and investors alike.

LEARN MORE

- ▶ Adding Development Value with Environmental and Social Safeguards
- ▶ Safeguards in Our Most Complex Projects
- ▶ Our Accountability Mechanism
- ▶ Calculating Our Greenhouse Gas Footprint in Our Lending Portfolio and at Home

OUR STORIES

- ▶ Haiti: Planning Pays Off: Smoother Roads to Resettlement
- ▶ Uruguay: Winds of Change in Uruguay
- ▶ Guyana: Waste Not, Want Not: The Birth of the Georgetown Recyclers
- ▶ Jamaica: New Highway Puts Biodiversity Education in the Fast Lane
- ▶ Regional: Financial Intermediaries Catalyze Green Growth in Latin America
- ▶ Colombia: A Road through the Forest

ADDING DEVELOPMENT VALUE WITH ENVIRONMENTAL AND SOCIAL SAFEGUARDS

We implement SAFEGUARDS IN ORDER TO

- protect against ENVIRONMENTAL AND SOCIAL HARM
- Improve value of PROJECTS FOR ALL STAKEHOLDERS
- Enable clients to meet INTERNATIONAL PRACTICES AND STANDARDS

What do IDB SAFEGUARDS COVER?



In 2014
Total lending for approved projects:
\$ 13.8 BILLION THROUGH 168 LOANS

| Impact classification | Amount of loans | # of loans |
|-----------------------|--------------------|------------|
| A | \$ 1,566.5 million | 9 |
| B | \$ 4,569.3 million | 55 |
| C | \$ 780.1 million | 23 |
| FI | \$ 6,936.1 million | 81 |

42 of these projects were classified as **high risk**

How do IDB SAFEGUARDS WORK IN PROJECTS?

CLASSIFYING IMPACT

according to potential negative environmental, social, health, safety and labor impacts



ASSESSING RISK

that may affect the success of the project, such as environmental and social capacity, trackrecord, local sensitivities or reputational risks

EVALUATING THE ADEQUACY OF

environmental and social impact assessments, management plans and procedures, and institutional arrangements for mitigating and managing impacts and risks

DETERMINING ADDITIONAL MEASURES

to be included in the project design and operation to ensure that environmental and social impacts and risks are mitigated and managed

MONITORING IMPLEMENTATION

and working closely with Borrowers and Stakeholders to ensure that each project complies with IDB safeguards as well as specific national and international standards

We track key SAFEGUARD ISSUES IN HIGH-RISK PROJECTS



We monitor SAFEGUARD PERFORMANCE

IDB tracks the effectiveness of its safeguards against institutional goals

Our target by 2015
85%
of projects in our portfolio



with high environmental and social risks to rate "satisfactory" in implementation of mitigation measures

IDB Projects with the PUBLIC SECTOR with sovereign guarantee



IDB Projects with the PRIVATE SECTOR non-sovereign guarantee



IDB SAFEGUARDS ADD LONG-TERM DEVELOPMENT VALUE

Bypassing costly FUTURE DELAYS

WE DO THIS BY

REDUCING COSTS THROUGH IMPROVED ENVIRONMENTAL, HEALTH, AND SAFETY PERFORMANCE

- Fewer accidents
- Fewer fines
- Fewer lost workdays

INCREASING REVENUE WHILE GAINING MARKET SHARE THROUGH

- Environmentally and socially sound products and services

Managing IMPACTS & RISKS

GUARDING AGAINST

- Unforeseen risks (e.g., strikes/protests)
- Costly environmental cleanups
- Loss of investor and public confidence due to unfavorable media attention

MEETING AND/OR EXCEEDING GLOBAL BENCHMARKS IN ENVIRONMENTAL AND SOCIAL PERFORMANCE

We manage SAFEGUARD CONCERNS AND COMPLAINTS

Projects must meet safeguard standards on all levels ...



IF THESE STANDARDS ARE NOT MET, WE HELP DEVELOP A COURSE OF ACTION THAT MAY INCLUDE:
Modification of the design. - Inclusion of mitigation measures in legal agreements

IF OUR REVIEW REVEALS SERIOUS PROBLEMS WITHOUT REASONABLE REMEDIES:
IDB puts financing on hold. - Project is re-worked to resolve specific issues.

Persons potentially affected by IDB financing may also raise concerns directly to IDB through the independent consultation and investigation mechanism

Environmental and social impacts, as well as risks, cannot be eliminated altogether through mitigation, management, and sometimes compensation, IDB can offer additional support to help safeguard these important projects

SAFEGUARDS IN OUR MOST COMPLEX PROJECTS

Large-scale infrastructure development is necessary to foster growth and competition in a demanding economy. These projects are often the most complex from an environmental and social perspective, but the IDB offers our member countries a comparative advantage. Our collective expertise and support—combined with robust safeguards and structured mitigation and management measures—aim at ensuring that complex projects are developed with resilience and long-term sustainability in mind.

In 2014, the IDB approved nine loans for eight Category A projects. Our most complex projects are those that have the most significant environmental and social impacts and risks, which by definition require additional input and evaluation. The IDB works closely with clients from beginning to end on Category A and high-risk Category B projects to implement and monitor necessary environmental and social safeguard mitigation measures.



A Environmental sanitation program, Argentina.

The IDB approved a US\$230 million loan to restore the environmental quality of the Reconquista River Basin, focusing on investments to increase water, sewerage, and wastewater treatment coverage for people living in health risk areas and to improve solid waste management. As a result, an estimated 1,500 people will be resettled. The Bank is working with the implementing agencies on a robust resettlement plan to manage and mitigate risks. It is expected that resettled families will see considerable improvements in their living conditions [↗](#).

B Sanitation for Nova Estrada watershed, Brazil.

A new loan for US\$125 million will add to the PROMABEN program on reducing flood risk and improving water quality and urban drainage management in Belem. Informal settlements along the banks of drainage channels are so dense that the channels are completely blocked; inhabitants are subject to recurrent flooding and vulnerable to diseases. Mitigation measures such as compensation and/or training for affected informal businesses, income generation activities, and the relocation of affected families into formal housing blocks are being implemented. It is expected that financed interventions will produce positive social and environmental impacts on the quality of life and the well-being of the beneficiaries [↗](#).

C State-of-the-art Klabin pulp mill, Brazil.

IDB financing of US\$150 million will support the design, development, construction, and operation of a new eucalyptus/pine plantation-based pulp mill and associated facilities. The key potential negative risks and impacts during construction include the influx of temporary workers, municipalities' incapacity to absorb and manage the additional pressure on social and physical infrastructure, the health and safety of workers, and an increase in traffic on local roadways generated by construction vehicles. There are also potential negative environmental impacts related to the scale of construction for the mill, which entails soil excavation and leveling and the generation of solid waste. Once operating, the key impacts include emissions affecting water and air quality, urban sprawl, and increased risk of industrial accidents. The IDB is requiring a strong environmental and social management plan and system for the mill and its associated facilities [↗](#).

D The Caracol Industrial Park (PIC), Haiti.

With US\$55 million of resources, the IDB in collaboration with the U.S. government continues to provide support for basic infrastructure, industrial facilities, operations, and complementary investments required for the expansion and operation of the PIC in northeast Haiti. The main potential impacts and risks are related to uncontrolled development surrounding the park; direct and indirect ecological degradation of the mangrove, sea grass, and coral reef ecosystems in Caracol Bay; delays in implementation of mitigation measures; and cumulative impacts in the Northern Corridor due to poorly managed population influx and economic development. The Bank continues to work on implementation of environmental, social, health and safety, and labor management plans on these impacts and risks. The Bank also supported the Ministry of Environment's declaration of the Three Bays National Park, provided support to the Comité Interministériel d'Aménagement du Territoire with the preparation of a Northern Regional Master Plan, and facilitated establishment of a Northern Regional Planning Authority. The PIC has generated 5,329 jobs to date and is expected to stimulate private investment in one of the poorest areas of Haiti [↗](#).

E Manzanillo Port and Logistics Facility, Mexico.

The IDB approved US\$90 million for the design, construction, operation, and maintenance of a new greenfield container and logistics facility in the state of Colima in western Mexico. The main impact associated with the new port was the removal of the natural vegetation (including 15.7 hectares of mangrove) by the port authority prior to the Bank's involvement. As part of the project's compensation measures, mangrove reforestation already initiated for 75 hectares in coordination with local stakeholders in nearby conservation areas will be completed. In addition, noise barriers and forest buffer strips are being put in to avoid the port's noise and visual pollution. An extensive climate adaptation study has also been undertaken [↗](#).

F Atlantic Coast Road Connectivity Project, Nicaragua.

With a US\$61.5 million loan the IDB is supporting improvements to the quality of transportation services and the country's national and international integration. Principally, a 46-kilometer stretch of road between Naciones Unidas and San Francisco will be widened and paved. Since this road is within the Biosphere Reserve of southeast Nicaragua, the Cerro Silva Natural Reserve, and the Bluefields Bay RAMSAR wetland, the project was classified as Category A, resulting in requirements to mitigate and manage potential negative impacts in the protected areas. Construction impacts related to dust, noise, vibration, soil compaction, waste generation, and pressure on indigenous territories and protected areas have led to population migration. The project is assessing the extent of this migration, as well as changes in land use and livelihoods, establishing control mechanisms to prevent illegal harvesting of wildlife and timber [↗](#).

G Lima Metro expansion, Peru.

A package of loans for US\$750 million will facilitate expansion of Lima's Metro. The construction of 35 kilometers of underground lines in the metropolitan area is a complex activity due to the risks inherent in the excavation of tunnels and stations and in building such infrastructures in dense urban areas. Key potential impacts and risks include increased noise and vibration, interaction with cultural sites, interferences with public services, the obstruction of access roads, the need for resettlement, and impacts on livelihoods. Plans to manage these include a resettlement action plan, archeological monitoring plan, cultural management plan, traffic management plan, and communication plan. Positive impacts expected include increased productivity, shorter commutes, and a reduction in noise, emissions, and traffic accidents [↗](#).

H Road improvement, rural Paraguay.

A newly approved loan for US\$105 million will help finance the paving of 90 kilometers of road between San Juan Nepomuceno and Road Number 6 in the south of Paraguay. While much of the project will improve an existing road that is located in converted areas, there is still a potential for significant indirect impacts on natural habitats, particularly grasslands and savannahs, and on the remnants of the Atlantic Forest eco-region. An estimated 50 hectares of habitat will be converted along the right-of-way of the road. The project includes a series of measures to avoid, minimize, and offset negative impacts, such as wildlife crossings, biological monitoring and changing land use, reforestation and forest restoration in ecological corridors, and consolidation of the surrounding protected areas [↗](#).

OUR ACCOUNTABILITY MECHANISM



For 20 years the Bank has provided a space where people potentially affected by an IDB-financed operation due to potential non-compliance of the relevant operational policies have the opportunity to have their concerns addressed. From its inception, this accountability function has been continuously improved:

- 1994 – The Independent Investigation Mechanism was created.
- 2010 – A reinforced mechanism emerged as part of the Better Bank Agenda: the Independent Consultation and Investigation Mechanism (MICI, from its acronym in Spanish).
- 2014 – After a process of revision and public consultation, the Board of Executive Directors approved the new MICI Policy on December 17th.

The new MICI Policy provides a more accountable structure, a simplified process, and more-timely outcomes. It also clarifies the mandate of the mechanism by reinforcing its last-resort nature, focusing its aim on policy compliance.

This new milestone was reached after intensive analysis by external consultants and the Board, with strong feedback from the public.

CASES WITH SIGNIFICANT OUTCOMES IN 2014

Consultation Phase

- **Habitar Brasil:** Following conclusion of a dialogue process between the affected families and the municipal government of São Jose dos Campos, an agreement was reached in 2014 that provided a housing solution for the requesters. The MICI started monitoring implementation of the terms of the agreement as requested by the parties [↗](#).
- **Sao José dos Campos Urban Structuring Program:** The dialogue was ongoing during 2014 [↗](#).
- **Multiphase Development Infrastructure Program—Support Production in Entre Ríos:** The MICI was able to verify progress on most of the activities included in the terms of the agreement through a site visit in 2014. Particularly important for progress has been the commitment and good will of all parties involved [↗](#).

Compliance Review Phase

- **Panama Canal Expansion Program:** This investigation was ongoing during 2014 [↗](#).
- **Mareña Renovables Wind Project:** The Board approved the Panel’s recommendation to proceed with an investigation [↗](#).
- **Santa Barbara-Rurrenabaque Northern Corridor Highway Improvement Program:** The Panel recommended proceeding with an investigation, but the Board of Executive Directors did not accept the recommendation on the basis that the project raised in the request is not financed by the Bank and is therefore outside the mandate of the MICI [↗](#).
- **Serra do Mar and Atlantic Forest Mosaics System Socio-environmental Recovery Program:** The Board of Executive Directors approved the Panel’s recommendation not to proceed with this process, and the case was closed in 2014 [↗](#).

MICI’S SNAPSHOT IN 2014

By the end of 2014, the MICI had managed **17 requests: 10 carried over** from previous years and **7 new ones**. At year end, **7 remained active** in the portfolio, **7 had been closed**, and **3 were not registered** due to the requesters opting out or because the issues were not within the MICI’s mandate.



FIVE THINGS TO KNOW ABOUT THE NEW MICI POLICY

1 Who can file a request

Any group of two or more people residing in the country where a Bank-financed operation is being implemented can file a request.

A request can also be filed by a representative, even if residing in another country, providing the individual indicates the persons on whose behalf he or she is acting and provides written evidence of the authority to represent them.

2 Scope of work

The MICI scope covers all Bank-financed operations as of the date they are approved.

The MICI applies to all relevant Operational Policies, including those approved after the MICI Policy entered into effect. Special note is made of the following Operational Policies:

- Access to Information (OP-102)
- Environment and Safeguards Compliance (OP-703)
- Disaster Risk Management (OP-704)
- Public Utilities (OP-708)
- Involuntary Resettlement (OP-710)
- Gender Equality in Development (OP-761)
- Indigenous Peoples (OP-765)

3 Options open to requesters

Based on the approach that best addresses their concerns, requesters may choose:

The Consultation Phase, which provides an opportunity for the parties to address the issues raised in a voluntary, flexible, and collaborative manner.

The Compliance Review Phase, which offers an investigative process related



to the issues raised in the request to establish whether the Bank has failed to comply with any relevant Operational Policies and whether that has caused harm to the requesters.

Both phases, in which case the process will be sequential, beginning with the Consultation Phase.

4 What the MICI does not cover

- Considerations of ethics, fraud, corruption, procurement, or non-operational matters.
- Allegations related to operations that have not yet been approved or where requesters have not in good faith asked Bank management to address the issue.
- Issues or matters under arbitral or judicial review in an IDB member country.
- Allegations filed 24 months after the last disbursement of the relevant Bank-financed operation.

5 Confidentiality

The identity of requesters will be kept confidential by the MICI if they so request, due to fear of retaliation. Anonymous requests cannot be accepted, however.

Confidentiality is guided by the Access to Information Policy of the Bank.



▶ [Information on the Policy and requests managed by the MICI ↗](#)

PLANNING PAYS OFF: SMOOTHER ROADS TO RESETTLEMENT



In Haiti, the Bank’s support to road infrastructure is carried out on the condition of strict resettlement policies, ensuring that improved road connections nationally do not cause unnecessary harm at the local level.

The need to develop basic transportation infrastructure in Haiti, particularly roads, is a primary concern of both the government of Haiti and the IDB. Haiti has approximately 85 percent fewer paved roads than other countries in the Caribbean. Haitian government has placed road development at the top of its development agenda, and the IDB has prioritized support accordingly that is also in line with its own overarching goal of improving access to basic services. New or expanded roads can also have a detrimental effect on local people due to the loss of land, crops, homes, cultural sites, and livelihoods.

As part of the IDB financing of the rehabilitation of the Ennery-Plaisance road, located in the north of Haiti, the critical first step was to conduct comprehensive environmental and social studies. A team of local and international resettlement specialists and surveyors carried out a door-to-door survey to identify property that was at risk of expropriation and to inform and consult affected community members. Once the resettlement team had the results of the surveys and field visits, they worked hand in hand with the engineering team throughout the design process to ensure that those results were reflected in the road design.

For example, the team—consisting of both engineers and resettlement specialists—agreed on a particularly important design modification to use the existing right-of-way in the town of Plaisance rather than widening the road, as originally designed. Resettlement impacts were consequently reduced from an originally anticipated 150 dwellings down to 70. Furthermore, most of these properties would be only partly affected, and the residents would not need to be physically resettled in new locations. The relocation of a cemetery in Plaisance was also completely avoided in the new design. Taking into account the livelihoods of neighboring communities, the revised plans also added more parking space and roadside stalls to

accommodate both road traffic and roadside vendors, as an alternative to the bustling, unorganized roadside market that often led to traffic jams. After the final revisions were implemented, the number of affected people was reduced from 800 to 501, of whom only 58 had to be permanently physically resettled.

Early consultation with affected people, close cooperation between road engineers and resettlement specialists, strong oversight by IDB and government officials, and free and open communication among all parties showed that it is possible to minimize negative impacts on local livelihoods in the Ennery-Plaisance road rehabilitation project. The experience gained in the early development of a comprehensive and clear resettlement plan will be used as a model for future road developments in Haiti that are under consideration for IDB finance, such as the Plaisance–Camp Coq and Camp Coq–Vaudreuil roads.

Given the challenges related to resettlement and loss of livelihoods related to these projects and the need for long-term sustainable infrastructure development in the country, the IDB is working with the Haitian authorities to provide hands-on training sessions for government officials and senior decision makers.

THE NUMBERS

US\$50 MILLION
total project cost

22 KM
of road

150 TO 70
reduction in dwellings
to be relocated

800 TO 501
reduction in affected people from



- ▶ [IDB project: Support for the Transport Sector in Haiti III: Ennery-Plaisance](#)
- ▶ [Blog post: Haiti: Getting Resettlement Right by France Francois](#)

WINDS OF CHANGE IN URUGUAY



IDB intervention in wind power in Uruguay is not only contributing to the country's goal of increasing clean energy generation capacity by 15 percent by 2015, it is also helping the government establish new environmental standards for wind power development.

Although Uruguay relies heavily on hydropower for its electricity, recent droughts have left reservoirs dangerously low and hydropower facilities struggling to meet demand. To help, the government has turned to the private sector to kick-start the development of other renewable energy technologies, primarily wind and solar.

Almost everyone in Uruguay has access to electricity; in 2012, nearly 98 percent of all households were connected to the grid. About 42 percent of the country's energy is supplied by hydroelectric power. But in times of low rainfall the country must get more of its electricity from fossil fuels—a costlier and less predictable source that also increases the country's carbon footprint. Given a limited ability to pass higher energy costs along to final users, the government enacted a power-saving plan to restrict energy consumption and avoid shortages. But even with this plan in place, domestic demand grew by nearly 2.6 percent in 2012 and is expected to increase by an average of 3.5 percent a year through 2033. This makes the need for additional generation capacity even more urgent.

In 2012 the IDB approved a loan to finance construction of one of the largest wind farms in Uruguay: El Palmatir. The farm—which went into operation in May 2014, generating 50 megawatts—joins 15 others in operation throughout the country, together contributing 339 megawatts of clean energy to the power grid. After just four months of operation, Palmatir had already avoided emissions of more than 30,500 tons of CO₂ equivalent, exceeding project expectations.

Efforts to ensure that the project was aligned with IDB standards and international best practices led to adjustments to deal with noise pollution and “flickering”—an unavoidable visual effect generated as rotating turbine blades interrupt sunlight and cast intermittent shadows on surrounding areas. One turbine was relocated, which had the immediate effect of reducing the project's overall impact on its neighbors.

To bolster initial environmental studies, the IDB and the company also took a second look at issues related to the migratory flight patterns of birds and bats. Detailed studies over a full year confirmed that no critical (or endangered) species should be affected by the Palmatir wind farm. Based on this experience, the national environmental agency, DINAMA, is now requiring that all wind projects conduct a year of studies as part of their environmental assessment process.

The IDB also worked with the project managers to find new ways of consulting with area residents. Although this consultation process did not reveal any major concerns, it did help build community support by increasing understanding of the wind farm's benefits.

This first IDB intervention in wind power in Uruguay is contributing to the country's goal of increasing clean energy generation capacity by 15 percent by 2015. It is also helping the government establish new environmental standards for wind power development for the national electricity utility and DINAMA. The project has demonstrated the value of integrating environmental and social concerns in infrastructure development for subsequent wind farm projects—an important advance, given that another 21 wind farms are currently in the planning stage or under construction in Uruguay.

THE NUMBERS

US\$143.6 MILLION

total project cost

50 MEGAWATTS

of energy generation capacity

90,000 TONS

of CO₂ equivalent emissions avoided annually

1 OF 16

operating wind farms in Uruguay (339 megawatts)

21 WIND FARMS

in planning/construction will add 1,336 megawatts of clean energy to the grid



- ▶ IDB project: [Palmatir Wind Power Project](#)
- ▶ Blog post: [Winds of Change by Steven Collins \(forthcoming\)](#)
- ▶ Sustainable Infrastructure 360 [Palmatir Case Study](#)
- ▶ Reference: [Wind projects in Uruguay](#)

WASTE NOT, WANT NOT: THE BIRTH OF THE GEORGETOWN RECYCLERS



The Georgetown Solid Waste Program, which helped build the Haags Bosch Sanitary Landfill, has become a mechanism for improving the livelihoods, working conditions, and social status of informal recyclers who have formed GT Recyclers, now a model for “waste pickers” elsewhere.

For many years the Le Repentir solid waste site in Georgetown, Guyana, was an uncontrolled dumpsite that created critical public health and safety hazards for the local environment and community. It was also the workplace of scores of “waste pickers,” people who—in extraordinarily poor sanitary conditions and with a powerful social stigma—sorted through the mountains of waste in search of items for sale or reuse. Most of them worked individually and often in fierce competition with each other.

Recognizing the consequences of years of improper solid waste management, the Guyanese government, with support from a US\$18 million IDB loan, initiated a program to close Le Repentir and several smaller dumpsites in the greater Georgetown area and to build a new sanitary landfill that would receive waste collected from 15 surrounding districts. The Haags Bosch Sanitary Landfill began operating in 2011, and Le Repentir was closed. Some 86 eligible recyclers moved to the new site. They have maintained their incomes and now have access to protective gear, sanitary facilities, kitchen and dining areas, regular health checkups, and health and safety training.

At first the recyclers were not interested in any form of collective organization. But they soon developed a sense of ownership in the new landfill and of the ability to influence the project. Faced with increased transport costs to the new site, they proposed the provision of individual bicycles. The bikes were purchased and delivered in a ceremony that included the Mayor and a Minister. A Recyclers Management Committee was elected and began to take initiatives. A collective bank account was opened, and monthly dues were instituted. The name GT Recyclers was agreed upon and legally registered.

By July 2014, the Guyana Total Recyclers Cooperative was launched in a ceremony that included three Ministers. GT Recyclers were publicly praised as a model to be replicated throughout Guyana. In September, GT Recyclers began to sell materials directly to formal recycling companies without intermediaries. A business plan is currently under preparation, including the purchase of machinery and a vehicle, and a new sorting facility is planned. And in November, the GT Recyclers methodology was shared with a group of recyclers in Belize who are just starting to get organized.

This small project component, originally intended to mitigate livelihood impacts on a project-affected group, has now become widely recognized as the most successful part of the project. Today GT Recyclers has become the face of recycling in Guyana—a recognized model for other parts of the country and other countries in the region. At the same time, the success of this initiative is promoting public awareness and easing social stigma for the people working at Haags Bosch.

THE NUMBERS

US\$20.5 MILLION
total project cost

400 TONS
Haags Bosch Sanitary Landfill
capacity per day

60
beneficiaries of the recycling
cooperative

US\$ 18 MILLION
IDB loan



- ▶ IDB project: [Georgetown Solid Waste Program](#)
- ▶ Blog post: [GT Recyclers: The New Face of Recycling in Guyana](#) by Peter Cohen (forthcoming)
- ▶ Video: [Recycling and Carnivals in Guyana](#)
- ▶ [The Regional Initiative for Inclusive Recycling](#)

NEW HIGHWAY PUTS BIODIVERSITY EDUCATION IN THE FAST LANE



An innovative partnership between the sponsors of a highway project, local nonprofit organizations, and the IDB has resulted in the opening of a Biodiversity Centre in a local school in southern Jamaica, training the next generation of leaders on long-term conservation issues affecting the country.

Chandler’s Pen Primary and Junior High School is no ordinary school. Located in the Parish of Clarendon in southern Jamaica, the school has a new Biodiversity Centre on its grounds. With the help of education officers from the Institute of Jamaica (IOJ), the Natural History Museum of Jamaica (NHMJ), and the IDB, the school has set up an Environmental Club with its own biodiversity curriculum.

Students in grades one through nine are challenged in hands-on activities such as bird watching, tree labeling, and recycling—which teaches them about a range of biodiversity-related issues through do-it-yourself projects. The students are also taking field trips to local biodiversity hot spots. In addition, the Centre is building up its data library and specimen displays with samples gathered and collected by students with help from IOJ from the Clarendon area.

The Centre was established in a partnership between the NHMJ and IOJ with the support of Transjamaican Highway Ltd. The initiative was one of a broader suite of environmental and social measures implemented as part of the financing package by the IDB and other international lenders to help build 17 kilometers of interurban highway in southern Jamaica. These measures also included a mangrove regrowth plan, solar lighting for the road, and the construction of the country’s first “noise walls” to protect nearby communities from road noise. The Biodiversity Centre was conceived as an innovative way to mitigate the impacts of the road on the local environment (the road runs alongside a mixed-use protected area) by educating a new generation about the importance of long-term biodiversity conservation.

A future goal of the Centre is to extend both the accessibility of its resources and the program itself to other schools and local communities in the area. In July 2014, the school hosted a Biodiversity Awareness Resource Workshop. Thirty-three teachers from 19 other schools, along with special guests, came together to discuss how to expand the Biodiversity Programme throughout the area. The Programme’s leaders also hope that the biodiversity curriculum they have developed will ultimately be adopted into the national curriculum in Jamaica—and one day more broadly throughout the CARICOM countries.

Chandler’s Pen Vice Principal Lorna Thomas commented: “The Programme has been successful on a number of levels. The children enjoy learning about the importance of biodiversity conservation, and as our future leaders this is so important for our country. But an unexpected outcome has been seeing how the children are teaching their families and friends about the importance of looking after the natural environment. We hope to see the Programme continue to grow and expand to other schools in the area.”

A new library and computer laboratory have been constructed, and the school is working closely with the Negril Education Environment Trust, a nonprofit organization that provides computers and books for schools across the island.

THE NUMBERS

US\$340.1 MILLION
total project cost for the highway

35 CHILDREN
engaged in program

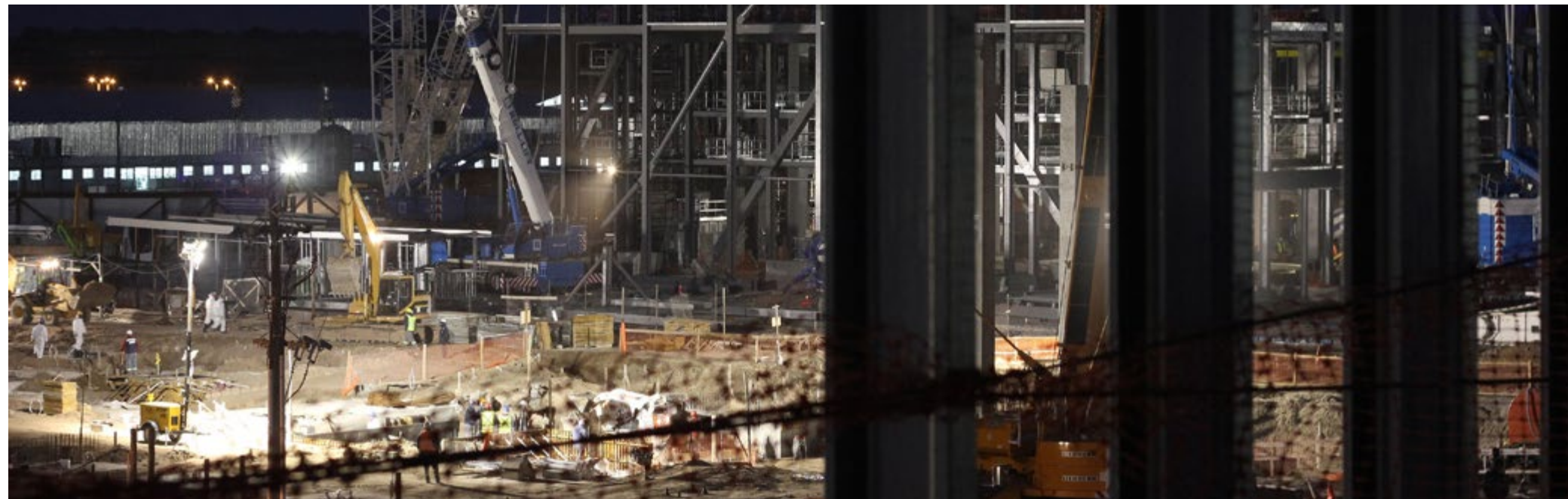
20 LOCAL SCHOOLS
engaged

36 EDUCATORS
engaged



- ▶ IDB project: [TransJamaican Highway Project](#)
- ▶ Blog post: [Putting Biodiversity Education in the Fast Lane in Jamaica](#) by Natasha Ward

FINANCIAL INTERMEDIARIES CATALYZE GREEN GROWTH IN LATIN AMERICA



IDB's funding of Itau's Regional Green Line is preventing 52,000 tons of GHG emissions. As green climate finance builds momentum under the auspices of the UNFCCC, IDB's efforts to pilot innovative financing mechanisms through financial intermediaries provide illustrative results of "green growth" opportunities throughout Latin America.

As governments respond to calls to take urgent action on climate change, one critical effort has been to dedicate funds to green growth and climate finance—funds that can specifically target innovative and low-carbon solutions. To aid this, in 2009 the IDB created "green" credit lines for financial intermediaries (FIs). The IDB recognized that FIs have a multiplier effect and could use IDB's capital to leverage additional finance for projects ranging from renewable energy to sustainable transportation.

In 2012, the IDB approved its 16th Green Line, providing US\$100 million to Banco Itau from its own resources and another US\$100 million from commercial lenders. With an aim of targeting regional opportunities throughout South America, Itau had a sophisticated understanding of green market opportunities and an ability to structure and execute complex financial transactions.

"Through the combination of Itau's geographical presence, experience, and ability to deliver transactions in the region with the structured loan provided by IDB, we are fostering new clean energy projects in different places in Latin America," says Candido Bracher, CEO of Itau BBA. "Itau has been at the forefront of responsible investment. We were the first Latin American bank to join the Dow Jones Sustainability Index in 1999, and in 2011 we were selected as the FT/IFC Sustainable Bank of the Year. Our decision to pursue a Green Line with IDB in 2012 was core to our strategy. Its performance has surpassed expectations," added the executive.

Two years in, Itau has invested more than US\$276 million from the IDB and others in 12 projects across Brazil, Peru, and Chile. Through these investments largely in wind projects—and to a lesser extent in other renewable energy projects—Itau has brought

nearly 300 megawatts (MW) of clean energy online. Wind power has been a focus in eight of the projects financed, generating 221.4 MW of electricity via 82 turbines. These investments in the north of Brazil are strategic in meeting that government's goal to derive 11.5 percent of its electricity from wind power by 2023 and to hedge against the effects of a drought on the country's hydropower supply, currently providing 67 percent of electricity produced. More broadly, these investments are addressing regional concerns related to the impacts of climate change, energy dependence, and environmental pollution.

With support from the IDB, Itau is also piloting the use of IDB's Greenhouse Gas Calculator. The tool is a first among multilateral development banks to measure GHG emissions and savings during both construction and operations. It calculates net savings based on country grid and capacity factor assumptions, and it can be applied across six subsectors. The IDB has used the tool for all direct lending operations since 2010, and through its work with Itau and this Green Line it has piloted the Calculator's use through FI on-lending. Aggregating the results of the first 12 Itau operations, Itau's Green Line is preventing 52,000 tons of greenhouse emissions (measured in carbon dioxide equivalent) from entering the atmosphere each year. This is equivalent to removing nearly 11,000 cars from the road. For Equator Principles banks such as Itau, which report GHG emissions generated for large projects financed, reporting on avoided GHG as a result of smaller "green" projects is another way of demonstrating the value of their lending products.

THE NUMBERS

US\$200 MILLION
total investment in the Facility

US\$100 MILLION
IDB investment

12
"green" projects financed

US\$276 MILLION
total value of "green" facility (IDB, Itau, and commercial lenders)

296 MW
total energy capacity generated

52,000 TONS
Annual emissions avoided of CO_{2eq}



- ▶ IDB project: [Banco Itau Regional Green Line](#)
- ▶ Blog post: [Measuring Climate Progress Ton by Ton](#) by Colin McKee (forthcoming)

A ROAD THROUGH THE FOREST



During the construction phase of a complex road project, IDB used an adaptive management approach to prompt and support the Colombian road agency to reevaluate its systems and designs to address a series of environmental and social issues effectively, building country and institutional capacity for environmental and social management of future transport projects.

Colombia relies heavily on its roads for both passenger and freight transportation. At the same time, the country's location means that it plays an important role in regional infrastructure integration. But while more than half of Colombia's primary road network is in good condition, sections of some roads suffer from poor repair and from inadequate design and capacity specifications.

The road between San Francisco and Mocoa in the southern Colombian province of Putumayo is an example of a road in need of repair. Built in the 1930s, it has long stretches of single-lane unpaved areas passing through dense cloud forest, making it both slow and dangerous. In 2009, the IDB extended a US\$53 million loan to the National Institute of Roads (INVIAS) to build a 46-kilometer bypass road. The new road will improve the physical and economic integration of southern Colombia with its neighbors and with the main production and consumption centers in the rest of the country. It is expected to cut in half both the accident rate and the travel time from San Francisco to Mocoa.

While a new bypass was considered desirable from engineering and environmental perspectives, it presented some complex challenges to INVIAS and the IDB. The new road runs through the Upper Mocoa River Forest Reserve and skirts some of the Camino Real, an ancient overland route used by Andean and Amazonian indigenous peoples for generations. So US\$11 million was used for environmental and social management measures for the construction and operation of the road, to ensure that best international practices were followed.

Notably, this included compensating for biodiversity lost as a result of road construction. It also enhanced management of adjacent areas and the connectivity of areas with conservation interest by expanding the reserve and adding an "Integrated Management District" surrounding Mocoa, where productive land uses would be allowed under sustainable production management systems. Toward this goal, the original reserve has been formalized in the land registry, and biodiversity, land tenure, and social and land use studies and consultations are under way to define the expansion areas and their classification.

The project also includes the development and implementation of a robust environmental and social management plan and system that would guide the work of all parties involved in the road construction. However, as the initial construction began just outside the River Forest Reserve in 2012, significant concerns were raised about the ability of the system in place to implement the management plans to effectively address the environmental challenges presented by the difficult terrain and unexpected geological structure. The project developers decided to take a step back and to review and strengthen management systems and plans before construction work moved into the protected area.

As a result of the review—which revealed the need for improvements and, in some cases, design modifications—INVIAS has significantly improved its environmental and social management systems and is currently implementing processes and specifications to ensure proper management and accountability in five key construction management areas: erosion, drainage control, and slope stabilization; criteria for the opening and restoration of access roads; worker health and safety; a registry for non-conformities, corrective actions, and their closure; and environmental and social indicators to monitor progress. The road design was also revised to avoid some of the risks encountered during construction, among other factors. As part of the process of improving management for this road, INVIAS built internal capacity on these issues and is now reviewing how to improve its overall environmental management systems and plans for future road projects.

THE NUMBERS

US\$203 MILLION
total project cost

US\$53 MILLION
IDB investment

45.6 KILOMETERS
Pasto-Mocoa bypass

66,856 HECTARES
biodiversity offset: existing protected area expanding from 34,600 hectares



▶ IDB project: Colombia- San Francisco-Mocoa Alternate Road Construction Project-Phase I

CALCULATING OUR GREENHOUSE GAS FOOTPRINT IN OUR LENDING PORTFOLIO & AT HOME

What is the GHG FOOTPRINT OF IDB'S LENDING IN LATIN AMERICA AND THE CARIBBEAN?

IDB calculates annual greenhouse gas (GHG) emissions

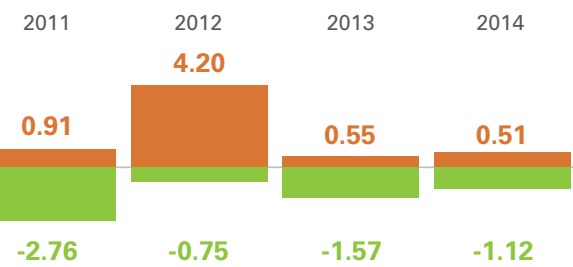
AVOIDED NET EMISSIONS

GENERATED GROSS EMISSIONS

In 2014, as a result of the projects financed by the IDB

Emissions avoided

from low-carbon development projects



millions of tonnes of CO₂ equivalent (tCO₂eq)

Emissions generated

from greenfield and expansion projects

What steps do we take to CALCULATE THE GHG FOOTPRINT OF ITS LENDING?

1 SCREENING PROCESS

58 UNDERWENT SCREENING DURING THEIR PREPARATION PHASE

Other sectors are considered to have low/no GHG emissions impact

2 DETAILED ASSESSMENT

Of the 58 projects screened:

41 UNDERWENT A MORE DETAILED GREENHOUSE GAS ASSESSMENT

3 CALCULATION OF AVOIDED EMISSIONS

Of the 41 projects:

9 RENEWABLE ENERGY PROJECTS REPORTED OVERALL AVOIDED EMISSIONS

Two adjacent WIND POWER PROJECTS IN NAZCA PERU, TOGETHER REPRESENTED 38% OF THESE EMISSIONS SAVINGS

totaling: -1.12 million tCO₂eq

4 CALCULATION OF GROSS EMISSIONS

Of the 41 projects:

34 PROJECTS REPORTED GROSS EMISSIONS, WITH 1 PROJECT ACCOUNTING FOR NEARLY 2/3 OF 2014 EMISSIONS

AN INTEGRATED SOLID WASTE MANAGEMENT PROGRAM IN MENDOZA, ARGENTINA

totaling: 0.51 million tCO₂eq

What about the IDB's GHG FOOTPRINT IN ITS HQ AND COUNTRY OFFICES?

Through our internal corporate environmental and social responsibility program, we are committed to calculating, reducing and offsetting our GHG footprint

Our corporate GHG footprint in 2014



Our per capita GHG footprint in 2014



Total IDB emissions in tCO₂eq

| Scope | Description | Value | Percentage |
|---------|--|--------|------------|
| Scope 1 | Direct Emissions (vehicles, fuels, etc) | 1,195 | 3% |
| Scope 2 | Indirect Emissions (purchased electricity) | 11,859 | 39% |
| Scope 3 | Optional Emissions (corporate travel) | 19,664 | 58% |

IDB recognizes that simply MEASURING AND REPORTING GHG EMISSIONS IS NOT ENOUGH

We've noted a rise in our absolute GHG emissions over the past five years, and significantly in 2014

The increase in 2014 was due to:

- Increase in corporate travel by 6.8% compared to 2013
- Updated emission factors
- Inclusion of the diesel generators used in country offices
- Changes in the methodology for commuting
- Increase in vehicles usage and reporting in country offices

The process of conducting an internal audit to review calculations and per capita carbon emissions has begun

- CAPITAL IMPROVEMENTS PLAN
- ENERGY EFFICIENCY UPGRADES
- GHG REDUCTION TARGETS
- ENERGY EFFICIENCY UPGRADES in country offices

REDUCTION
Initiatives and Efforts

OFFSETTING
Initiatives

This includes:

PURCHASE OF RENEWABLE ENERGY CERTIFICATES for Scope 2 emissions

INVESTMENT IN CARBON OFFSET PROJECTS in Latin America and the Caribbean for Scope 1 and Scope 3 emissions



SUSTAINABILITY AT HOME

At the IDB we are committed to preserving the environment in which we live and work, both in our projects and in our offices. Our commitment includes empowering neighborhood communities, maximizing the potential of employees, and minimizing the environmental impact of our facilities (our footprint).

Through our internal corporate responsibility program, we are committed to calculating, reducing, and offsetting our carbon footprint and to increasing staff awareness about the environment.

Our Solidarity Program provides support to members of the Latino and Caribbean communities both in Washington, D.C., and in the region.

And internally we have progressive human resources policies and practices to ensure a diverse, inclusive, and happy workplace.



LEARN MORE

- ▶ Corporate Social Responsibility at the IDB
- ▶ Our Carbon Footprint

CORPORATE SOCIAL RESPONSIBILITY

The Bank's Corporate Environmental and Social Responsibility (CSR) Program plays a vital role in ensuring that our daily activities are conducted in ways that are environmentally sound. Through the program we calculate, reduce, and offset our carbon and environmental footprint, and we emphasize the importance of creating staff awareness. In addition, we continue to place an emphasis on supporting our local communities both through our CSR Program and through the IDB Solidarity Program.

NO IMPACT!

In 2014, the CSR Program carried out several initiatives to raise environmental awareness and to foster long-term behavioral change in our everyday activities. The No Impact Week (NIW) challenge at IDB's headquarters and Argentine office set an example to our staff, and to our communities, of the steps we can all take to reduce our environmental footprint individually and collectively.

Supported by the No Impact Week organization, over 500 employees at IDB's headquarters participated in activities in October, including presentations and panel discussions with local experts from the District of Columbia's Department of the Environment, American University, and EMBARQ on a range of environmental topics such as waste, water, energy, and transport. Exhibits and interactive activities provided

practical advice on how to recycle and to calculate a personal carbon footprint. Children participated by creating artwork from recycled materials, and our local community was engaged by the transformation of public parking spaces outside IDB's offices into green areas. Employees also participated in volunteer activities organized by IDB Solidarity at Martha's Table and Wangari Gardens.

In Argentina, NIW ran in November with over 50 participants. Presentations were made on the waste management program in Buenos Aires, safe cycling in the city, and the benefits of eating local and organic food. Volunteers planted fruit trees in Lujan in collaboration with two NGOs: Plantarse, which raises awareness about climate change, and Aldea Infantiles SOS, which places orphaned children with a family. The fruit trees were planted on the property of Aldea Infantiles SOS to provide additional food sources for the children.

Both No Impact Weeks were successful in raising environmental awareness and challenging employees to make lifestyle changes. Participants reported that the events had heightened their awareness of individual actions and challenged them to do more to reduce their daily impact on the environment. The greatest challenge is to incorporate the lessons learned from the events into 2015 and beyond in our work environment and our own communities.

FIVE THINGS TO KNOW ABOUT OUR CSR WORK IN 2014

1 We have an established CSR Program.

The program is focused on measuring, monitoring, and reporting on the Bank's environmental footprint, on raising staff awareness through educational activities and events, and on contributing to our local community through volunteer service both at headquarters and in our country offices.

2 We have been "carbon-neutral" since 2007.

Our annual carbon footprint in 2014 was [[29,000]] tons CO_{2eq}, which was offset through a combination of Renewable Energy Certificates and carbon credits from a reforestation project in Nicaragua.

3 We have extensive volunteer and awareness programs.

Our employees in Washington, D.C., and throughout the region are engaged in community service. In 2014 the Bank's Solidarity Program mobilized 1,375 volunteers and ran a series of campaigns, drives, and community projects, including campaigns to promote awareness of breast cancer and HIV/AIDS.

4 We partner with over 50 local community-based organizations.

We work with other groups to promote community development initiatives for low-income Latino and Caribbean communities, such as education, health, and economic development initiatives. In 2014, through the IDB Solidarity Program, we provided over US\$300,000 in small community grants to 34 organizations, as well as toy, food, and equipment donations. This included the donation of specialized equipment to a

waste collection and recycling cooperative, VERDECOOP in Costa de Sauipe, the location of the Bank's annual meeting.

5 We embrace diversity and inclusion in our own workplace.

We have in place a series of progressive human resources policies and practices. Women account for nearly 51 percent of the Bank's total staff. The IDB invests in career development and work-life initiatives to better attract, support, and retain talented women. These include a focus on women in the Bank-wide mentoring program; the Emerging Women Leaders Program—which focuses on accelerating the growth of mid-level women; and the Working Mama Program, a group coaching program to support women in managing their professional and personal roles. In addition, the Bank has a policy to provide pregnant and lactating women with greater flexibility regarding work-related travel as well as options to continue breastfeeding upon return to work.

WE SUPPORT OUR LOCAL COMMUNITIES

The IDB promotes community development initiatives for low-income Latino and Caribbean communities in the Washington, D.C., area and in the countries where we operate through partnerships with local organizations, grants, volunteerism, and donations.

GRANTS IN 2014



Over US\$300,000 awarded



34 organizations

VOLUNTEERISM IN 2014



1,375 volunteers mobilized



3 Solidarity Awards



\$91,269 donated



4 campaigns and drives coordinated 7 departmental community projects



4,968 toys donated



80 boxes of food donated

EQUIPMENT DONATION IN 2014



79 computers



2 pieces of heavy machinery—Annual Meeting of the Boards of Governors, Costa de Sauipe, Brazil



2,215 pieces of furniture, office equipment, and general items



36 organizations

TRAINING IN 2014



in collaboration with Multicultural Community Services and the international law firm Baker and McKenzie, offered two workshops to train community interpreters on new technology in their field and to provide pro-bono legal support to local organizations to raise their institutional capacity



100 individuals trained

OUR CARBON FOOTPRINT

The IDB has made a commitment to measure and report on the GHG emissions produced from its internal activities at its headquarters in Washington, D.C., and its 28 country offices. To do this, the Bank undertakes an annual GHG inventory process measuring direct emissions (energy and fuel consumption), indirect emissions (electricity), and other indirect emissions (mission travel and employee commuting).

Our 2014 carbon footprint was 32,718 tons of CO₂eq. Although absolute carbon emissions have increased since 2010 by 20.6 percent, emissions per capita across Bank staff have dropped by 6.5 percent during that same time frame. See page 73 for the detailed carbon footprint.

Recognizing that simply measuring and reporting GHG emissions is not enough, the IDB has implemented energy efficiency measures over the past five years, in particular targeting indirect emissions. A closer review of our emissions from electricity in 2014 showed that we have successfully reduced these by 8 percent during this time, demonstrating the effectiveness of several major projects.

In 2014 our headquarters office was recertified by the U.S. Green Building Council as Gold Level under the Leadership in Energy and Environmental Design (LEED) standard. Since the initial certifications in 2012, continuous efforts have been made to increase the Bank's

LEED scores for recertification. We have achieved this primarily through focused energy and water efficiency programs.

We have also implemented a series of energy efficiency upgrades throughout our country offices. For example, in 2014 our Peru office achieved LEED certification in the Commercial Interiors category as the result of an intensive two-year process of design and construction data review and monitoring. As with all new country offices, the project to replace the office in Peru provided an opportunity to build out an environmentally responsible and sustainable facility. The Bank previously obtained LEED certification for the country office in Costa Rica, and the certification process is under way in Panama. The Commercial Interiors category applies to office space within condominium-type buildings. These certifications demonstrate that our efforts to design, construct, and operate our facilities efficiently and sustainably are producing results and reducing the environmental impact of the Bank's corporate operations and facilities. This reflects the Bank's commitment to sustainability at all levels of the organization.

Additionally, the Bank purchases Renewable Energy Certificates for 100 percent of its energy use at headquarters and offsets any unavoidable emissions through investments in carbon offset projects in our region. We also purchase carbon credits to offset the impacts of our Annual Meeting.

We continued our focus on environmental education and awareness for our staff, including ways in which individuals as well as the Bank as a whole can reduce footprints as part of the Bank's wider Corporate Environmental and Social Responsibility Program.

THE FOCUS IN 2015

The focus for 2015 will be to strengthen actions toward reducing emissions, particularly indirect and optional emissions, but we will also continue to offset unavoidable emissions. Greater emphasis will be placed on raising employee awareness on how to reduce electricity use through an "Every watt matters" campaign. Recognizing that emissions from corporate travel represent over 50 percent of our footprint, we will continue to review steps we can take to ensure that travel is effective and efficient. We are also exploring opportunities to reduce emissions produced from employees' commutes to headquarters through the establishment of an IDB Mobility Program to encourage use of alternative forms of transportation—specifically, public transit, carpooling, and biking.



MEET CARLOS, A BENEFICIARY OF IDB'S CARBON OFFSET PROGRAM

Farmer: Carlos Emilio Martinez Betanco
Community: Santa Rosa-Somoto, Madriz, Nicaragua

Carlos and his wife Miriam run a family farm dedicated to agriculture and raising livestock in Santa Rosa. They joined the project in 2014, along with various other members of their community. Combining their family labor and hired help from within the community, they have been able to reforest a portion of their farm.

Like many other smallholder farmers, Carlos sees the project as having a very positive impact on his family and his community. It provides them with economic stability, improves the value of the land, and helps to cover some expenses, particularly during hard economic times.

He hopes that the project will have a very long life span and that other farmers will be able to establish additional plantations in the future. He sees how the project has brought benefits to smallholder farmers like him and to the community where he lives, as well as to the environment.

IDB OFFSET PROJECTS

9 years

166,731 tCO₂eq

of carbon credits purchased



12 projects in 9 countries

2014

24,000 tCO₂eq



CommuniTree Carbon Program

CommuniTree generates carbon credits from a smallholder reforestation initiative in the northwest of Nicaragua

What are the benefits?

- Improved livelihoods for up to 290 families
- US\$633,280 (equivalent to 658 annual salaries) paid to the community
- More than 300 seasonal and 25 full-time jobs created
- Increased employment for women
- Adaptation to climate change for the participants
- Enhanced watershed protection, biodiversity, and soil restoration



Inter-American Development Bank
1300 New York Avenue, N.W.
Washington D.C. 20577, USA
Tel: (202) 623-1000
www.iadb.org