



# Partnering for Impact and Scale

**2023 PARTNERSHIP REPORT**



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A circular portrait of a middle-aged man with glasses, wearing a dark suit, white shirt, and patterned tie. The background of the portrait is a light gray with a subtle pattern of concentric white circles.

# A Message from the President

As we look to deepen our work to improve lives in Latin America and the Caribbean (LAC), our region is faced with a triple challenge. Rising social demands — people are impatient for change, a lack of fiscal resources to meet those demands; and low growth, which makes it harder to generate resources.

Add to that the increasingly frequent impact of climate change and you could see why some may have pessimistic outlook on our region.

While the region faces the triple challenge, it also has great potential to help solve some of our biggest shared global challenges. LAC is at a potential inflection point in its history. For decades, LAC has been viewed through the lens of its needs — its need for financing, its need to reduce debt. But today, the world also needs LAC. That's because of the region's potential to being part of the solution to global challenges like climate change and poverty and hunger.

With the right reforms and investment, the region could be at the center of the effort to protect the world's biodiversity, provide it with clean energy, and alleviate global food insecurity. So, the question is how can we at the IDB, as the partner of the region and bridge between LAC and the world, help the region seize these opportunities?

To ensure that the region can live up to this potential, there also needs to be an inflection point at the IDB for us to have more impact and more scale.

In Punta Cana, our Board of Governors approved three historic transformations that will increase the impact and scale of the results we achieve for LAC and beyond.

These transformations include:

- “IDBStrategy+” — the new Institutional Strategy for the IDB Group, which serves as a roadmap for comprehensive reforms, upgraded lending tools and programs, and measurable objectives for greater effectiveness.
- “IDBInvest+” — the new vision, industry-leading business model, and \$3.5 billion capital increase for IDB Invest.
- “IDBLab+” — the new vision, business model and up to \$400 million in additional resources for IDB Lab.

Together, these three transformations will allow the IDB Group to increase its lending capacity by around \$110 billion over 10 years. It will also allow to triple our climate finance over the next 10 years. But more important than the amount of dollars available to finance is the impact that these resources provide, in terms of development indicators, as poverty, climate change or productivity growth.

Yet, even a transformed IDB can't do it alone. To make faster progress towards the Sustainable Development Goals and help our region overcome the triple challenge and achieve its potential, strong partnerships are crucial. They are especially important because LAC is facing a significant financing gap that hinders the achievement of the SDGs by 2030.

That's why since the creation of our Office of Outreach and Partnerships in 2008, we have continuously connected with over 550 partners from the public sector, private sector, global and corporate foundations, and academia from across the world, mobilizing over \$67 billion towards LAC's development needs.

In this report, the IDB describes areas of work that we have been exploring with our partners and will continue to emphasize. These areas of collaboration fall into five buckets:



## 1 Balance Sheet Optimization

In the first bucket of balance sheet optimization, partners have helped us optimize our balance sheet. As many of you know, the IDB is at the forefront of implementing the G20's Capital Adequacy Framework recommendations to optimize our capital efficiency and significantly increase our operational capacity through initiatives like Exposure Exchange Agreements, such as the ones we have made with AfD, Adb, IRBD, and the OPEC fund. Another example of balance sheet optimization is with our partners from the Swedish International Development Cooperation Agency (Sida), we have been pioneering the use of guarantees for MDBs since 2021, increasing our lending capacity and unlocking funds for climate projects.

## 2 Innovative Financial Instruments

We're also using innovative financial instruments to mobilize private capital and offer incentives for impact. In the category of mobilizing private capital, we facilitated the world's largest debt-for-nature conversion in Ecuador alongside the US Development Finance Corporation, with estimates suggesting lifetime savings exceeding \$1 billion.

An example of the IDB using financial innovations to offer incentives for impact is our IDB CLIMA program, which provides up to \$1 billion in loans for 10 projects, making the IDB the first MDB to reward countries for achieving nature and climate objectives.

### 3 Trust Funds

Additionally, our collaboration with partners through grant resources, specifically trust funds, has enabled us to jointly promote sustainable development in the region. It has allowed us to provide support to countries in the region with early-stage technical assistance for low-carbon and climate-resilient projects by mobilizing public and private investments aligned with the SDGs and nationally determined contributions (NDCs) to the Paris Agreement. One notable example is the NDC Pipeline Accelerator Multi-Donor Trust Fund, which has received over \$25 million from donors.

We have also received strong support from other partners across the globe through the use of country trust funds. One example includes working with our Asian partners such as Korea and Japan through the Korean and Japanese Trust Funds. Another example is our work with the United Kingdom Sustainable Infrastructure Programme (UKSIP), which combines blended finance and grants to promote sustainable infrastructure projects in LAC. Finally, we work with international partners on regional programs including One Caribbean, America en el Centro, Rotas de integracao, as well as our Amazonia Forever Program.

### 4 Partnerships with Private Sector and Foundations

The IDB is also partnering with the private sector and foundations to drive productivity and innovation. For instance, our Amazonia Forever program has an emerging network of private partners. As one example, we partnered with the Einstein Institute to bring digital health solutions to the region to prevent transmissible diseases. We're setting up the Amazon Finance Network consisting of commercial banks and private finance institutions to promote sustainable development under the pillars of Amazonia Forever.

### 5 Working as a System with MDBs

The last bucket of collaboration is working as a system with MDBs. As the current chair of the MDB Heads Group, we are committed to strengthening collaboration and improving our work as a system. Not any system: a system that puts its clients first, that can deliver more impact on a larger scale.

Let me tell you that the momentum is building. MDBs are working more than ever, individually, improving their own institutions and, collectively, reforming the way we work together. Unprecedentedly, MDB's just published a Viewpoint Note, detailing our agreements and key concrete deliverables for joint and coordinated actions in 2024 and beyond.

Working as a system, for our clients, with concrete deliverables, is powerful. It has impact.

With your support, we have been laying a solid foundation for making the IDB Group, as well as the whole system that you belong to, more impactful, allowing us to help solve global challenges, ignite a development turning point, and improve lives.

Sincerely,

Ilan Goldfajn  
President, Inter-American Development Bank



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# Introducing the IDB Group

The IDB Group is the leading source of development finance for Latin America and the Caribbean. It helps improve lives by providing financial solutions and development expertise to public- and private-sector clients. The Group comprises the IDB, which has worked with governments for more than 60 years; IDB Invest, which serves the private sector; and IDB Lab, which tests innovative ways to enable more inclusive growth.

## About the IDB

The Inter-American Development Bank is devoted to improving lives. Established in 1959, the IDB is a leading source of long-term financing for economic, social and institutional development in Latin America and the Caribbean. The IDB also conducts cutting-edge research and provides policy advice, technical assistance and training to public- and private-sector clients throughout the region. **Take our virtual tour.**

## About IDB Invest

IDB Invest, a member of the Inter-American Development Bank Group, is a multilateral development bank committed to promoting the economic development of its member countries in Latin America and the Caribbean through the private sector. IDB Invest finances sustainable companies and projects to achieve financial results and maximize economic, social, and environmental development in the region. With a portfolio of \$16.3 billion in assets under management and over 390 clients in 25 countries, IDB Invest provides innovative financial solutions and advisory services that meet the needs of its clients in a variety of industries. **[www.idbinvest.org](http://www.idbinvest.org)**

## About IDB Lab

IDB Lab is the innovation and venture capital arm of the Inter-American Development Bank Group, the leading source of financing for improving lives in Latin America and the Caribbean. IDB Lab drives innovation with a focus on technology and entrepreneurship, mobilizing resources to propel early-stage solutions with the potential to transform the lives of vulnerable populations across 26 countries in the region. **[www.idblab.org](http://www.idblab.org)**



# Executive Summary

In 2023, the IDB continued to work with a wide range of partners to address the region's vulnerabilities and unlock its potential to foster transformative social and economic progress while actively combating climate change. The key areas of focus for the IDB in 2023 were reducing poverty and inequality by investing in human capital, addressing climate change, strengthening resilience, bolstering sustainable growth through infrastructure investment, empowering the private sector, and promoting regional integration.

Chapter 1 covers the Bank's active, agenda-setting role on the international stage to promote ways in which the region, with the right reforms, can be a source of solutions to shared global challenges. It demonstrates that the Bank is uniquely positioned to serve as a bridge between diverse actors worldwide, spanning the public, private, academic, and philanthropic sectors to help realize this potential.

Chapter 2 highlights the power of co-financing with partners such as the European Investment Bank, the French Development Agency (with whom we have had five years of collaboration on co-financing), the Ministry of Economy and Finance of Korea (with whom we expanded our co-financing agreement by \$1 billion to address critical development needs), and the Japan International Cooperation Agency (with whom we have co-financed projects since 2011 in quality infrastructure, resilience against natural disasters, and universal health coverage, among others).

Chapter 3 addresses the topic of climate change, particularly highlighting the development of innovative financial instruments to mobilize resources for sustainable development. This includes our collaboration with the U.S. Development Finance Corporation to advance in Ecuador the world's largest debt-for-nature swap, which will allow the country to yield more than \$320 million in savings for conservation activities,





as well as the launch of IDB CLIMA, a financing tool that rewards results on nature and climate, a first among MDBs.

Chapter 4 covers our work with a wide range of partners in Amazonia Forever and IDB regional programs that aim to accelerate the sustainable, inclusive, and resilient development of the Amazon region by focusing on prioritizing local communities, combating deforestation, promoting bioeconomy and the creative economy, encouraging sustainable infrastructure and cities, enhancing connectivity, and fostering sustainable low-carbon practices in agriculture, livestock, and forestry.

Chapter 5 highlights the launch of One Caribbean, a flagship program designed to foster sustainable development in the region. Comprising four pillars — climate adaptation, disaster-risk management and resilience, citizen and business security, sustainable development through private sector engagement, and food security.

Chapter 6 emphasizes our work on social issues, including education and health, among others.

Finally, Chapter 7 focuses on our efforts in regional integration, with a special emphasis on the launch of BID for the Americas, a new program aimed at nurturing business opportunities and strengthening economic ties between LAC countries and key global partners.

Overall, the 2023 Partnership Report showcases the IDB's renewed commitment to delivering impact and improving lives by harnessing knowledge, scaling up financing, promoting development through the private sector, and maximizing synergies internally and with our peers in the multilateral system.

# 2023 Timeline

Amid a growing climate crisis and increasing development challenges, the IDB Group's global presence expands

## JANUARY

The journey began at the Annual Meeting of the World Economic Forum in Davos, Switzerland, where IDB President Ilan Goldfajn engaged in bilateral meetings and discussions on financial instruments, sustainable infrastructure, gender equality, the Amazon, and digitalization.

## MARCH

During the *United Nations 2023 Water Conference* in New York in **March**, President Goldfajn addressed regional water challenges in his speech at the UN General Assembly Hall. The IDB, along with partners **FEMSA Foundation, One Drop Foundation**, and the **Stockholm International Water Institute**, coordinated two hybrid events.

## JUNE

In **June**, the IDB co-organized the *15th International Economic Forum on LAC* in France. President Goldfajn emphasized the importance of partnerships for advancing sustainable development, alongside the **Organisation for Economic Co-operation and Development (OECD)** Secretary-General and the **French Development Agency (AFD)** CEO, as well as other public and private sector leaders from Latin America and the Caribbean (LAC) and the **European Union (EU)**.

Also in **June**, IDB leaders participated in multiple events during the *Summit for a New Global Financing Pact* in Paris, where they advocated for collaboration among multilateral institutions to a renewed international financial system, creating the conditions for a financing breakthrough to support countries in reducing poverty while combating climate change and preserving biodiversity.

## JULY

In **July**, under the Spanish Presidency of the EU Council, the IDB played a leading role in the *EU-CELAC Summit* by co-organizing, with the **European Commission (EC)** and **CAF-Development Bank of Latin America and the Caribbean**, the *EU-LAC Business Round Table* in Brussels.

## SEPTEMBER

In **September**, the IDB played a key role in the European Union's informal ministerial meeting on economic and financial affairs (ECOFIN) in Santiago de Compostela, Spain. President Goldfajn participated in high-level panels and co-chaired a donor meeting, highlighting progress in the IDB Group's *Amazon Forever* regional program.

Also in September, the IDB hosted the first Latin America edition of the *Finance in Common Summit (FICS)*, in Cartagena, Colombia, alongside the **Latin American Association of Development Financing Institutions (ALIDE)**, Colombia's business development bank **Bancoldex**, and in partnership with the **European Investment Bank (EIB)**, **AFD**, and Italy's **Cassa Depositi e Prestiti (CdP)**. The summit mobilized Public Development Banks and crucial stakeholders globally.

## OCTOBER

In **October**, the IDB and the **Ministry of Economy and Finance of Korea** co-hosted the *first Korea-LAC Innovation and Trade Forum* in Mexico City to reinforce collaboration in the private sector between Korea and LAC countries.

## NOVEMBER

In **November**, the IDB Group collaborated with the **United States** government to organize the *Americas Partnership — IDB Responsible Investment Forum*. This marked a historic milestone with commitments to address migration challenges, establish the *Americas Partnership Platform*, and contribute to the IDB's *Biodiversity and Nature-Based Solutions Grant Facility*.

In the same month, the IDB Group participated in the **United Nations Climate Change Conference (COP28)**, demonstrating unwavering commitment to climate action with key announcements and strategic agreements.

If the final months of 2023, the IDB Group attained leadership positions in both the Heads of Multilateral Development Banks (MDBs) and the Heads of Regional Development Banks (RDBs) groups for 2024, setting the stage for a historic opportunity, especially as Brazil prepared to assume the G20 presidency.



## CHAPTER 1

# Strategic Partnerships Take Center Stage

In 2023, the IDB took a proactive role in promoting how the region, with the right reforms, could offer solutions for shared global challenges, showcasing its unique position as a bridge between diverse actors worldwide. This involved strengthening strategic partnerships with fellow Multilateral Development Banks, International Financial Institutions, and development agencies.

## Fostering Closer Collaboration with the World Bank

To accelerate sustainable development in LAC, the IDB and the **World Bank Group** formalized an enhanced collaboration that focuses on addressing deforestation in the Amazon, building Caribbean resilience to disasters, and bridging the digital gap in education across the region.

In the Amazon region, the banks agreed to leverage their combined expertise to assist countries in transitioning to net-zero deforestation, seeking to improve livelihoods and preserve the ecosystem through innovative financial instruments. In the Caribbean, the agreement offers increased support for disaster risk financing strategies, as well for its implementation programs.

In addition, IDB Invest and the World Bank's Multilateral Investment Guarantee Agency (MIGA) agreed to collaborate on mitigating political risk in the region, while working

alongside the **International Finance Corporation (IFC)** to attract more private sector investment.

Prior to establishing this collaboration through a Memorandum of Understanding (MoU), the IDB and the World Bank had already committed to accelerating the digital transformation of education systems in LAC. Going forward, this new investment of \$512 million will seek to enhance connectivity, provide devices, and develop digital skills for more than 3.5 million students, 350,000 teachers, and 12,000 schools across 16 countries in the region.

In 2023, IDB President Ilan Goldfajn made joint visits to Peru and Jamaica with his World Bank counterpart, President Ajay Banga. This marked the first time that the presidents of both institutions embarked on a joint visit, emphasizing the strength and importance of their collaborative efforts.

## With BIS, Using Technology to Drive Financial Inclusion

On the occasion of the European Union's informal ministerial meeting on economic and financial affairs (Ecofin) in Santiago de Compostela, Spain, the IDB and the **Bank for International Settlements (BIS)** formalized a partnership to explore and develop technology that will help to modernize LAC's financial systems and make them more inclusive. The agreement also involves leveraging the IDB's strong regional relationships to deliver technical assistance and training to regional authorities.

The first project, known as the *Fully Scalable Settlement Engine (FuSSE)*, is now underway, offering central banks open-source technology to enhance payment systems, securities clearing, and settlement processes. This technology will also facilitate and enhance payment systems and respond to the banks' needs in various markets, such as securities clearing and settlement. With a modular format, the tool will give each central bank the flexibility to choose which elements to implement. The IDB's experience in public policy and institutional capacity will be an important part of the collaboration, accompanying the development of technology.

*In the framework of the partnership between the IDB and BIS, Luxembourg made its first-ever contribution to the IDB in the form of a Project Specific Grant (PSG) of €1 million to support the Bank's agenda for inclusive financial markets.*

## Promoting Climate Reforms and Private Sector Mobilization with the IMF

In 2023, the IDB and the **International Monetary Fund (IMF)** partnered to promote climate reforms and private finance in LAC. The joint commitments encompassed the structuring of *Resiliency and Sustainability Facility (RSF)* loans using a country platform approach, macro surveillance for countries, and the establishment of a facility dedicated to green and resilient infrastructure projects. The overarching goal is to accelerate climate financing through a combination of diverse mechanisms, policy reforms, and capacity development.

The IDB, working in tandem with the IMF, will play a pivotal role in crafting and implementing RSF-supported reforms for Barbados, Jamaica, and Costa Rica, while also initiating collaborative efforts in Paraguay.

In Barbados, Jamaica, and Costa Rica, the initiative focuses on strengthening project preparation support to attract private investment in public-private partnerships (PPPs) for resilient infrastructure. This coordinated effort, in conjunction with other partners such as the **European Investment Bank (EIB)** and the **Green Climate Fund (GCF)**, aims to enhance government capacity and expertise in PPPs so that they can actively contribute to the advancement of resilient infrastructure projects in the region.

## Strengthening Ties with the CDB to Address Upcoming Development Challenges

Highlighting key areas for future joint efforts, the IDB, IDB Invest, and the **Caribbean Development Bank (CDB)** signed an Addendum to their 2020 Mutual Cooperation Agreement. The Addendum includes areas such as climate change-resilient physical and digital infrastructure, project preparation and execution in priority areas, private sector productivity and development, and exposure exchange agreements and other financial products.

The Addendum, which accompanies a new Action Plan, underscores collaborative actions and partnership activities aimed at addressing

upcoming development challenges in the Caribbean. This initiative is aligned with the IDB's *One Caribbean* program, a new regional flagship program focusing on high-impact interventions that comprises four key pillars (see page 41):

1. Climate adaptation, disaster risk management and resilience
2. Citizen and business security
3. Sustainable development through private sector engagement
4. Food security





## Enhancing Cooperation and Financing for Critical Infrastructure Projects with DFC

During the *Americas Partnership for Economic Prosperity (APEP) Leaders' Summit* in Washington DC, IDB Invest and the **U.S. International Development Finance Corporation (DFC)** launched a platform to enhance their cooperation and financing for high-quality critical infrastructure and other strategic economic sectors in LAC.

This initiative, which is aimed at streamlining financing processes, provides clients with a seamless structure to unlock increased investments and attract more private capital. The platform, through greater information-sharing and coordination, addresses the growing demand for financing high-quality infrastructure. It facilitates collaboration on due diligence and engagement with clients, as well as potential co-investment opportunities. Additionally, the platform empowers the institutions to work together more effectively in sourcing new projects.

## Boosting Sustainability Investments in Barbados

Following the *Summit for a New Global Financing Pact* in Paris in July, the IDB, the **World Bank Group**, the **CAF-Development Bank of Latin America**, the **European Investment Bank (EIB)**, and the **Green Climate Fund (GCF)** joined a coalition led by the **Government of Barbados** to boost sustainability investments.

The coalition will also support efforts to secure affordable long-term loans for resilient infrastructure, advocate for public-private partnerships, and promote non-debt investments in nature and social capital. This collaboration will help Barbados transition to net-zero and enhance its climate resilience while managing its public debt.

The **European Commission** announced in November 2023 that, together with the EIB, it will be matching the IDB's guarantee of €140 million to Barbados to execute a debt-for-climate swap aiming at the upgrading of Barbados' climate-resilient infrastructure for clean water.

In April, the IDB Group and the **Japan Bank for International Cooperation (JBIC)** signed a new MoU to strengthen their longstanding partnership and seek further opportunities for collaboration. The agreement reaffirms the partners' commitment to work in areas such as sustainability, infrastructure, and resilient supply-chains.



## Driving Sustainable Development through the *Spanish General Cooperation Fund*

**Spain** has replenished its single-donor trust fund, the IDB-managed *Spanish General Cooperation Fund*, with a total of €35.5 million. The fund serves as a core component of the longstanding partnership between Spain and the IDB, channeling critical resources to development projects that contribute to sustainable development in LAC.

Since its inception more than two decades ago, the fund has financed technical cooperation operations in various areas including digital transformation, migration, infrastructure, regional integration, sustainable tourism, private-sector development, and urban development, as well as projects aimed at advancing the modernization of the state and digital administration.





## Promoting Closer Collaboration with Korea

IDB President Ilan Goldfajn's inaugural visit to the **Republic of Korea** in September paved the way for elevated cooperation between the IDB Group and its longtime partner.

During the visit, he became the first MDB president to address the *World Knowledge Forum*, one of Asia's largest and most prestigious conferences, where he discussed the challenges and opportunities facing Korea's partnership with LAC countries.

The following month, this new phase of cooperation was evident in Mexico City, where the IDB and the **Ministry of Economy and Finance of Korea (MOEF)** co-hosted their first private cooperation event, the *Korea-LAC Innovation and Trade Forum*, signaling an expansion of private collaboration between Korea and the LAC region. The forum brought together 650 leaders from both public and

private sectors, representing Korea and 19 countries from the region, to promote increased trade and investment opportunities and foster cross-regional private sector collaboration. At the event, the IDB signed MoUs with **Korea Exchange (KRX)** and **Seoul Guarantee Insurance (SGI)**, expanding its efforts to promote cooperation in capital markets.

Additionally, Korea has played a key role as a strategic partner of the IDB in advancing projects for digital governance, cybersecurity, and disaster management in LAC countries. In November, the IDB and the **Ministry of Interior and Security of the Republic of Korea (MOIS)** renewed for the fifth time their collaboration that was established in 2010, underscoring the enduring nature of a partnership that delivers valuable technical and financial advice in areas such as digital government, cybersecurity, public sector innovation, and government asset management.

Also in 2023, the IDB and the **Korean Capacity Fund (KPC)** together made significant strides in enhancing public procurement systems across the region. These included digital transformation to enhance government services in Bolivia and Peru, launching e-catalogues in Mexico City, and creating strategic plans in Guatemala. Three key events complemented the MoU signed between **Korea's Public Procurement Service** and the IDB's Vice President for Sectors: a capacity-building seminar in Korea, an international public procurement workshop, and the *Public Procurement as an Engine of Development Forum* in Bogota, Colombia. These efforts led to the approval of new technical assistance projects, highlighting a commitment to improving the region's procurement landscape.

The *Korea Fund for Private Sector Development and Innovation (KPS)* at IDB Invest supported the *Korea Tech Immersion Program* in May 2023, contributing to the digital transformation of the manufacturing and agribusiness industry in LAC. Companies from the region visited leading Korean tech firms, such as Samsung SDS and Naver, to explore potential partnerships.



## CHAPTER 2

# The Power of Co-financing

In collaboration with our partners, the IDB pools financial resources, shares the risks involved, and combines knowledge and technical expertise for planning and implementing development programs. This section highlights the Bank's co-financing initiatives with partners such as the European Investment Bank (EIB), the French Development Agency (AFD), the Ministry of Economy and Finance of Korea (MOEF), and the Japan International Cooperation Agency (JICA).



## With EIB, Fostering Regional Power Trade and Agro-industrial Productivity

In 2023, the **European Investment Bank (EIB)** co-financed €125 million to strengthen regional electricity integration between Ecuador and Peru, and to promote the sustainable development of the electricity sector in those countries. The project will improve power supply security in both countries and optimize

market cost structures while fostering regional power trade. It will also support the connection of Peru's electrical grid with future renewable energy generation facilities in Ecuador, thereby helping mitigate climate change while developing competitive and secure energy.

The EIB also co-financed €150 million for the *Provincial Agricultural Services Program V - PROSAP V* in Argentina. The objective of the program is to help improve productivity, marketing, and value-add in Argentine agro-industrial production, with a focus on adaptation to climate change.

In partnership with the IDB, the **KfW Development Bank of Germany** contributed €250 million to advance sustainable development in both Chile and Colombia. This support underscores dedication to fostering equality and equity policies, especially for women and diverse populations. Specific objectives include strengthening regulatory frameworks and policies to ensure a life free of violence for women and the LGBTIQ+ population, supporting measures that integrate gender and sexual diversity approaches, and aiding in the design and implementation of the National Care System.



## Celebrating Five Years of Successful Co-financing with AFD

In 2023, the **French Development Agency (AFD)** joined the IDB in co-financing two projects in the Dominican Republic, investing \$125.6 million to combat climate change and to promote sustainable investments. AFD also contributed \$610,000 to support gender and education initiatives across the region.

In addition, PROPARCO, a subsidiary of the AFD Group focusing on private sector development, joined IDB Invest in financing projects, including one aimed at improving sanitation access in the metropolitan area of São Paulo — to which PROPARCO contributed \$185.3 million.

In the past five years, the 2018 co-financing agreement between the IDB and AFD has resulted in joint financing of projects across 15 LAC countries and amounting to \$6.3 billion, with AFD contributing \$2.6 billion.



## Expanding Co-financing by \$1 billion with Korea to Address Critical Development Needs

In 2023, the **Ministry of Economy and Finance of Korea (MOEF)** and the IDB renewed and expanded the *Korea Infrastructure Development Co-Financing Facility for Latin America and the Caribbean (KIF)* for an additional \$1 billion, its largest-ever replenishment and far exceeding the cumulative sum of all previous phases. The KIF has grown from \$100 million in 2015 to \$1.9 billion in 2023, while making a significant contribution to bridging the region's infrastructure gap.

This expansion allows the IDB to make additional resources available for critical areas such as infrastructure, energy, the social sector, and technology. In 2023, \$150 million was earmarked by the MOEF to fuel the *Ecuador Energy Transition Program* (\$50 million) and the *Bolivia Rural Electrification Program* (\$100 million).

Meanwhile, IDB Invest strengthened its co-financing with the **Export-Import Bank of Korea (KEXIM)** and the **Korea Development Bank (KDB)** through the *Trading Finance Facilitation Program (TFFP)*, which was renewed in March 2023. Under this program, KDB utilized a \$10 million credit guarantee from IDB Invest to support the Dominican Republic's *Banco de Reservas* in importing Korean vehicles into the country, and \$5 million to Multibank in Panama for importing manufactured goods and apparel from Asia and the Americas.

## Strengthening Collaboration with Japan's JICA

In 2023, the collaboration between the IDB Group and the **Japan International Cooperation Agency (JICA)** under the *Cooperation for Economic Recovery and Social Inclusion (CORE)* agreement continued to thrive.

Notably, IDB Invest and JICA jointly invested equity in **dr.consulta**, a Brazilian health-tech company providing primary care to low and middle-income individuals. Additionally, IDB Lab, supported by approximately 30 percent funding from Japan, continued working with JICA on the *Transformational Start-Ups' Business Acceleration* for the SDGs (TSUBASA) program. This initiative aims to encourage Japanese startups to introduce innovative solutions in LAC to tackle social challenges.

Established in 2011 as *Co-Financing for Renewable Energy and Energy Efficiency*, the CORE agreement has expanded, with JICA pledging more than \$2.3 billion to the region for quality infrastructure, resilience against natural disasters, and universal health coverage.

A toucan bird with a large, colorful beak is perched on a branch. The bird has dark feathers on its head and neck, with a yellow patch around its eye. Its beak is black with a yellow and red tip. The background is a blurred green forest. A dotted line extends from the top of the page down to the bird's eye.

## CHAPTER 3

# Partnerships for Climate Action

The IDB Group strengthens partnerships with borrowing countries, subnational entities, and private partners to help the region achieve a net-zero emissions, resilient, and nature-positive future by 2050 — all in alignment with the Paris Agreement. The Banks prioritizes biodiversity, natural capital, and climate action, integrating them into investments across sectors and regions. Additionally, it works to position the region as a nature powerhouse, aiming for a transition to a nature-positive status, as demonstrated by the initiatives highlighted in this chapter.

## FROM FINANCING TO SCALING TO IMPACT:

*IDB's innovative financial mechanisms to help countries deliver on their climate ambitions*



## Supporting The World's Largest "Debt-For-Nature" Swap in Ecuador

**An historic transaction and a significant milestone for the IDB in its strategy to deploy innovative financing instruments to mobilize resources for sustainable development**

A key challenge in addressing the climate and biodiversity crisis is centered on the fact that countries most vulnerable to climate change — and the associated loss of natural biodiversity — are often those least able to afford investment to strengthen

resilience because their budgets are burdened by existing debt. In response, the IDB and the **U.S. Development Finance Corporation (DFC)** have partnered in advancing debt-for-nature swaps to help countries lower their debt load in exchange for their commitment to preserve critical and globally-important areas.

The outcome of this collaboration has been what is now the world's largest debt-for-nature transaction completed globally — a debt conversion in Ecuador — empowering the country to allocate resources for long-term marine conservation in the Galápagos Islands, thereby promoting greater sustainability and enhancing the quality of life for Ecuadorians.

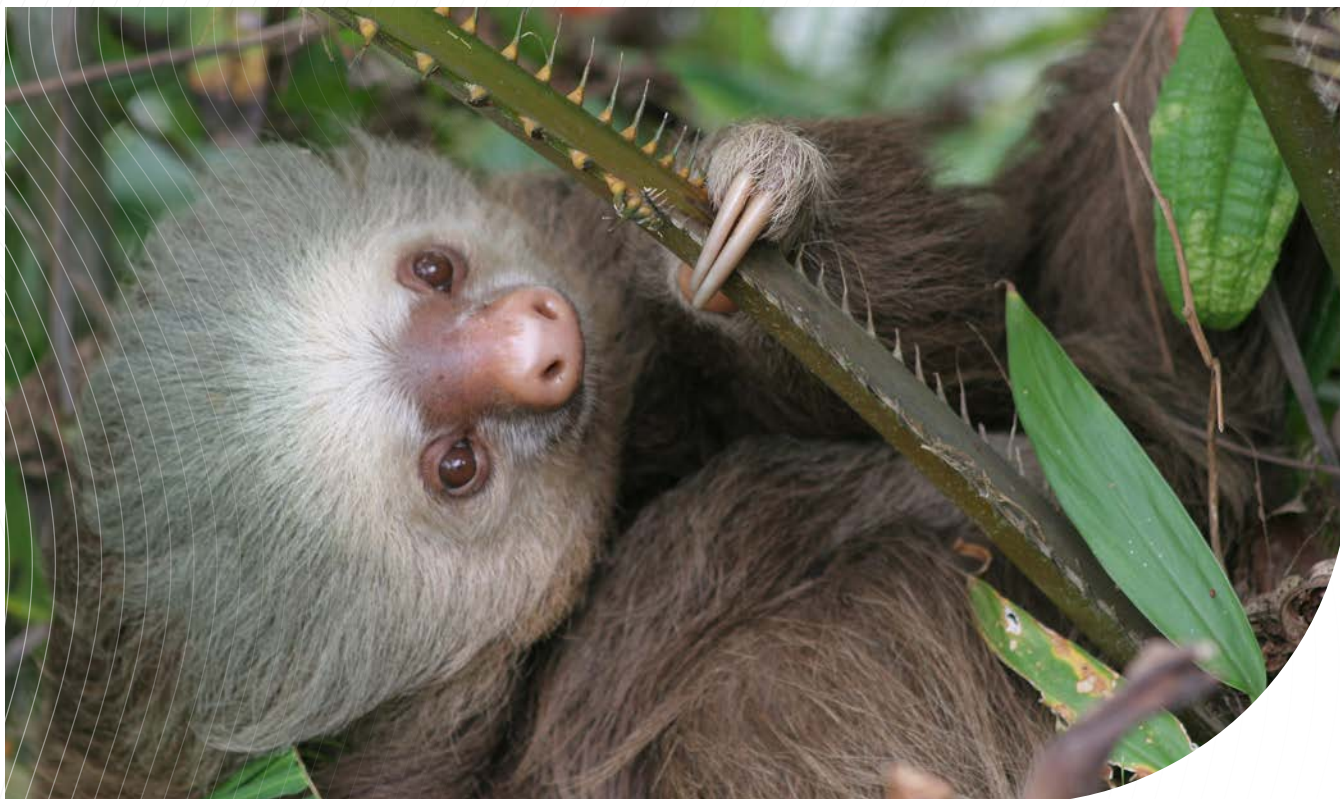
The transaction involved an \$85 million IDB guarantee and \$656 million political-risk insurance from DFC, enabling Ecuador to restructure existing public debt under more favorable terms. This restructuring will generate lifetime savings exceeding \$1.126 billion. Additionally, the IDB supported Ecuador in implementing institutional strengthening policies for environmental and public debt management.

These funds are being used to establish the *Galápagos Life Fund*, financing conservation efforts over the next 18 years in both the *Galápagos Marine Reserve* and the *Reserva Marina Hermandad* that was established in 2022.

*Debt-for-nature transactions offer debt relief in return for a government's commitment to make investments in climate protection by preserving carbon sinks or protecting forests, reefs or other natural areas.*

The *Reserva Marina Hermandad*, spanning 60,000 square kilometers of ocean between the Galápagos Marine Reserve and the Costa Rican maritime border northwest of the Galápagos Islands, forms a corridor of transnational protected areas vital for threatened shark species. The Galápagos Marine Reserve, with 13 large islands in a 40 nautical mile area, harbors more than 3,500 species, a quarter of which are marine organisms that are unique to the local area, as well as 24 species of mammals, two of which are found only in the Galápagos. Beyond its intrinsic value, the natural capital of these reserves is crucial for key economic sectors in Ecuador, such as tourism and artisanal fishing.

## INNOVATIVE FINANCE TO ACHIEVE CLIMATE AMBITIONS



### First Among MDB's: IDB Creates a New Financing Tool that Rewards Results on Nature and Climate

To align financial incentives with climate actions and outcomes, in 2023 the IDB launched the *Biodiversity and Climate-Linked Mechanism for Ambition (IDB CLIMA)*. Under this initiative, which is now in its pilot phase, when nature and climate objectives of selected loan project are met and verified, the borrower gets a rebate in the form of a grant amounting to 5 percent of the loan's face value.

To be eligible for this program, the loan project must include financing to strengthen the capacity of national systems for environmental measurement, reporting, and verification (MRV). Strengthening these systems is essential for LAC countries to access green and thematic debt markets, which they need in order to mobilize capital at the scale required to adequately tackle sustainability challenges.

The pilot phase provides up to \$1 billion in loans for 10 projects, making IDB the first MDB to reward countries for achieving nature and climate objectives.

**The first 10 countries participating in IDB CLIMA are Barbados, Belize, Brazil, Chile, Colombia, the Dominican Republic, Ecuador, Paraguay, Suriname, and Uruguay.**



## With Germany, Creating a New Facility to Support Climate Action in LAC's Public Development Banks

In 2023, **Germany's Federal Ministry for Economic Affairs and Climate Action (BMWK)** committed €20 million in grants for the creation of the *Latin America and the Caribbean Facility for Greening Public Development Banks and the Financial Sector*. This initiative will assist public development banks in the region in assessing portfolios, incorporating climate and socioenvironmental risks into decision-making, promoting green lending, and facilitating access to climate and capital markets finance.

The facility, aligned with the Paris Agreement objectives, includes mechanisms such as issuing green bonds and implementing sustainability-linked fund structures. It also introduces a performance-based payments mechanism to incentivize banks to align with the Paris Agreement, expecting to leverage more than \$1 billion and benefit members of the *Green Coalition* launched at the Amazon Summit in 2023.

In 2023, **BMWK** committed €15 million to support an IDB technical cooperation project to support long-term climate resilience and low-carbon development in Peru's water, energy, and transportation sectors. The initiative will help the country implement adaptation and mitigation pilots in those critical sectors and in alignment with national climate goals.

Through the generation of vital information, provision of technical training, and piloting of financing mechanisms, the project will directly influence the implementation of national and regional policies. It will leverage public and private funding for sustainable measures. By showcasing a science-based methodology, it will seek to empower stakeholders to replicate and expand these efforts, advancing climate resilience and sustainable development in the region.



## Collaborating with MDBs and Other Partners to Boost Investments in Climate Action

At COP28, key partners including **France, Japan, Spain,** and the **United Kingdom** — along with **Brazil** in its role as G20 Presidency and the United Nations (UN) and the IMF — pledged support for the **African Development Bank Group (AfDB)** and IDB's proposal to channel special drawing rights (SDRs) through MDBs.

The idea is to structure a SDR-denominated hybrid capital instrument that can therefore be accounted for as equity on the AfDB's and IDB's balance sheets. This enables the MDBs to multiply the channeled SDRs by at least four times their original value for new loans while preserving their reserve asset status, at zero cost to taxpayers. This is crucial for advancing the climate agenda and boosting investments in climate mitigation and adaptation across member countries.

*This innovative mechanism essentially transforms Special Drawing Rights from static foreign reserve assets into dynamic lending instruments to meet the challenges of financing a global climate response.*

## INNOVATIVE FINANCE TO ACHIEVE CLIMATE AMBITIONS

# Partnering to Scale Up Green Bond Markets

In September, during the *Finance in Common (FiCS) 2023 Summit* in Cartagena, Colombia, the IDB formalized three partnerships to develop green bond markets in LAC.

Initially, working with the **KfW Development Bank of Germany** and the **German Federal Ministry for Economic Cooperation and Development (BMZ)**, the IDB established a *Green Bond Partnership (GBP)* and committed to providing €2 million to finance initiatives aimed at promoting standards, best practices, and financial instruments to enhance green bond market development in the region.

In addition, the IDB and IDB Invest joined forces with six other development organizations to bolster green bond markets in emerging economies through the *Global Green Bond Initiative (GGBI)* led by the **European Commission (EC)**. This initiative, supported by the **European Investment Bank (EIB)**, the **European Bank for Reconstruction and Development (EBRD)**, **Cassa Depositi e Prestiti (CDP)**, the **Spanish Agency for International Development Cooperation (AECID)**, and KfW, endorses the IDB's *Green Bond Transparency Platform* as a fundamental reporting platform for green bond outcomes in other regions. The IDB is the main regional partner for the GGBI in LAC and will support the development of green capital markets, with the EC contributing €3 million to the IDB to support the effort.

Lastly, to expand the global reach of the *Green Bond Transparency Platform*, the IDB, together with the EIB, AFD, KfW, and AECID, pledged in a joint declaration to enhance transparency in green bond markets and advocate for the platform's adoption by countries beyond LAC.

In a separate MoU, the AECID pledged a contribution of €2 million to the IDB and the **World Bank** for technical assistance to develop and implement the *Amazonia Bonds Roadmap*.



## Joining Forces with other MDBs to Boost Innovative Finance for Nature and Climate

At COP28, a coalition comprising the **Agence Française de Développement (AFD)**, the **Asian Development Bank (ADB)**, the **African Development Bank (AfDB)**, the **European Investment Bank (EIB)**, the **Green Climate Fund (GCF)**, the **Global Environment Facility (GEF)**, the **U.S. International Development Finance Corporation (DFC)**, and the IDB announced a global initiative to enhance financial instruments for sustainable climate and nature-linked sovereign financing. The joint declaration emphasizes diverse financial solutions to mobilize private sector capital through credit enhancement instruments like debt swaps and green or sustainability-linked bonds. The IDB and DFC will lead a task force within the coalition to monitor progress in increasing the effectiveness, efficiency, affordability, accessibility, availability, and scalability of these credit enhancement features.

## Partnering with MDBs to Promote Nature-Positive Finance

The IDB and other MDBs at COP28 published a set of [common principles](#) to track nature-positive finance and to facilitate the creation of screening and tracking systems that quantify the volume of finance going to nature-positive activities from direct and indirect activities.

This represented a further commitment by the IDB to promoting sustainable and just development by prioritizing funding for national projects that have a positive impact on nature and biodiversity. That commitment includes further efforts to integrate considerations for nature across the Bank and with countries, and throughout the broad range of political, economic, social, and investment decision-making processes.

*The IDB and the **European Investment Bank (EIB)** are co-chairing the MDB Nature Heads Group, which plays an instrumental role in driving forward collective efforts to address biodiversity loss and promote nature-positive finance on workstreams related to nature.*

- Signatories to the common principles for tracking nature-positive finance:
- Asian Development Bank (ADB)
  - African Development Bank (AfDB)
  - Asian Infrastructure Investment Bank (AIIB)
  - Caribbean Development Bank (CDB)
  - European Bank for Reconstruction and Development (EBRD)
  - European Investment Bank (EIB)
  - Inter-American Development Bank (IDB)
  - IDB Invest
  - Islamic Development Bank (IsDB)
  - World Bank Group

## Partnering with Development Institutions to Promote Ocean Conservation

In 2023, the IDB joined forces with public development banks and development institutions — including **AFD, ADB, EBRD, EIB**, the **CAF-Development Bank of Latin America and the Caribbean**, the **KfW Development Bank of Germany** and the **West African Development Bank (BOAD)** — to collaborate on a Blue Finance Roadmap for urgent action on ocean protection and sustainable use. The roadmap aims to enhance coordination, support marine biodiversity, and promote a sustainable blue economy. The declaration underscores the importance of adhering to the “do no harm” principle and advocates for a proactive approach to “doing maximum good.”



## Partnering with the *UK Blue Carbon Fund* to Improve Mangrove Restoration in Suriname

In 2023, the IDB-managed *UK Blue Carbon Fund* approved a technical cooperation project aimed at improving mangrove management in Suriname by applying an evidence-based approach in the Bigi Pan wetland (one of the most important mangroves sites in the country and a vital carbon sink). This project will guide future conservation and restoration efforts, enhancing the governance of these ecosystems and promoting sustainable livelihoods. It will support government entities and local partners in providing technical and financial resources to strengthen governance arrangements such as institutions, policies, and strategies. It will also help build local capacities around mangrove management and deploy evidence-based plans and strategies. This operation will be executed by the **Anton de Kom University of Suriname (AdeKUS)**.

*In 2019, the IDB, with support from the **United Kingdom's Department for Environment, Food and Rural Affairs (DEFRA)**, established the UK Blue Carbon Fund to finance projects that will help reduce climate change's negative impacts while increasing carbon sequestration.*

With the support of the IDB, LAC has been at the forefront of accessing concessional finance resources from the **Climate Investment Funds (CIF)**. In 2023, Colombia, Brazil, and Costa Rica became the world's first countries to deliver Renewable Energy Integration Investment Plans accessing almost \$180 million in CIF financial resources.

The IDB and the other MDBs joined forces in 2023 to launch the *Long-term Decarbonization Strategies (LTS)* program to finance strategies and key instruments toward the decarbonization of countries around the world. For its part, the IDB has already secured an initial contribution from **Germany**.

Highlighting the urgent need for global decarbonization, the IDB and partner regional institutions and business associations — such as the **Latin American Steel Association (ALACERO)**, the **Inter-American Cement Federation (FICEM)**, **LAC Clean Hydrogen Action**, and the **Latin American Energy Organization (OLADE)** — jointly endorsed the *Decarbonizing LAC* declaration for heavy industry. Additionally, the IDB introduced *CertHiLAC*, a certification system designed for clean and low-carbon hydrogen production in Latin America and the Caribbean.



## Turning Natural Capital into a New Investment Asset with the Government of France

The IDB launched the *NCL Fund* in 2018 with a contribution of \$23.4 million from **France**. The fund currently aims to combat deforestation and regenerate forests in LAC, encourage the transition to sustainable agriculture, preserve biodiversity, and promote transboundary cooperation in the region.

In 2023, the *NCL Fund* announced \$2.9 million for a project in Central America that will support the development of policies, regulations, and tools that promote the transition towards sustainable agriculture. Another \$3 million will go to the *NaturaTech LAC* program, which is committed to assisting countries in the region to achieve their Global Biodiversity Framework Goals and their commitments under the Paris Agreement, by accelerating the adoption of new technologies for effective forestry and agroforestry, promoting sustainable agriculture practices and biobased value chains, fostering impactful blue economy initiatives, and driving tech innovation for nature-positive urban development.

*Over the years, the IDB and the France NCL Fund have deployed approximately \$17 million and leveraged more than \$50 million for projects across the LAC region.*

## Expanding the Scope of an IDB/UK Partnership to Address Climate Financing Needs in LAC

The IDB Group and the **Government of the United Kingdom** agreed in 2023 to extend their collaboration through a new phase of the *UK Sustainable Infrastructure Program (UK SIP)*. This phase addresses climate financing needs in LAC, focusing on reducing emissions, adapting to climate change, ensuring infrastructure and communities are resilient, and investing in cost-effective nature-based solutions.

The new phase of UK SIP includes small and island countries in the Caribbean basin and Central America, collaborating with existing partner countries Brazil, Colombia, Mexico, and Peru. The program provides technical cooperation support for policy development, market infrastructure, and investable projects, along with concessional resources for blended finance to mobilize private investment in climate action.



In 2023, the **United Kingdom** joined IDB Invest as its newest member country. The UK's admission underscores its dedication to enhancing economic and social development in LAC through private sector initiatives. In 2017, the IDB, IDB Invest, and the UK collaborated to establish the *UK Sustainable Infrastructure Program (UK SIP)*, a trust fund aimed at mobilizing private sector investments to promote climate action through sustainable low-carbon infrastructure projects in the region.



## Advancing Nature-Based Solutions with Canada

With an eye toward boosting the adoption of nature-based solutions (NBS) in LAC, the **Government of Canada** in 2023 embarked on a new collaboration with the IDB by funding a CA\$5 million program to address biodiversity loss and climate change. The program will seek to integrate biodiversity and ecosystem services, increase private-sector investment, and enhance national budget allocations. Importantly, it will incorporate a gender-responsive approach, acknowledging that the impacts of climate change can exacerbate existing gender inequalities.

The project will support a minimum of four countries and work directly with 250 beneficiary organizations representing governments, the private sector, and civil society.



## Partnering with the U.S. on Biodiversity Protection and Nature-Based Solutions

In November, at the *Americas Partnership for Economic Prosperity (APEP) Leaders' Summit* in Washington, President Biden announced a collaboration between the **U.S. government** and the IDB to create the *Americas Partnership Fund for Nature*. This initiative aims to catalyze investment in the Western Hemisphere's vast natural capital and unlock nature-based solutions.

The fund's overall goals are to reduce greenhouse gas emissions, protect ecosystems, boost job creation and prosperity, and safeguard lives and livelihoods from the impacts of climate change. It will support partner countries in LAC with technical cooperation to mainstream climate, biodiversity, natural capital, and NBS into economic development plans and investments.

Additionally in 2023, the U.S. government contributed \$10 million to the IDB's *Biodiversity and Nature-Based Solutions Grant Facility*, an initiative fully aligned with the priorities of countries in LAC, which hold approximately 40 percent of the world's biodiversity. This contribution helps address global challenges, provides cost-effective CO2 mitigation, and supports climate resilience, conservation, and restoration goals.

The IDB and the **Caribbean Shipping Association (CSA)** in 2023 signed an MoU to collaborate on decarbonizing the shipping industry in LAC. The three-year agreement aims to enhance economic and social development in the region by focusing on research, technical and operational matters, capacity-building activities, and the creation of alliances to support the shift towards decarbonization of shipping and port services. At the same time, the new partnership also seeks to improve the efficiency of maritime transport activities and services.

## With the EU, Helping Entrepreneurs Become Climate Accelerators

IDB Lab, in partnership with **EIT Climate-KIC**, a climate innovation initiative and knowledge community co-financed by the **European Union**, have launched a two-year program with funding from the multilateral **Clean Technology Fund (CTF)** to strengthen the capacity of LAC Enterprise Support Organizations (ESOs) to accelerate climate technology solutions.

Twenty-eight ESOs were selected to participate in the first phase of the program, which entails bi-weekly workshops, mentoring sessions, and the utilization of an open-source toolkit, enabling ESOs to establish their own *ClimAccelerator*, LAC's first. During the second phase of the program, starting in 2024, two or three ESOs will be selected from the cohort to receive targeted mentoring and support to implement their respective *ClimAccelerators*, with a goal of accelerating up to 100 climate tech startup companies. The program will also enable IDB Lab and Climate KIC to join other partners in fostering an LAC climate innovation and entrepreneurship ecosystem that is aligned with IDB Lab's *Green Entrepreneurship Engine* mandate.

*ClimAccelerators provide startup enterprises with the professional resources, knowledge, network and funding they need to successfully kickstart and scale their climate solutions.*



## Joining Forces with *Latimpacto* to Help Fight Climate Change

IDB Lab and **Latimpacto** have partnered to bolster solutions that mitigate greenhouse gas emissions in LAC. With an initial funding of \$3.8 million, supplemented by contributions from private and strategic partners, the collaboration aims to reduce approximately 6.2 million tons of carbon dioxide within its fifth year. Additionally, it seeks to support between 400 and 500 entrepreneurs and startups developing decarbonization solutions. While the alliance has a particular focus on the Amazon region, it also extends its efforts to other regions.

*Latimpacto is a network of more than 200 impact-driven investors that provide human, intellectual, and financial capital across the continuum of capital in LAC. Its objective is to help them maximize their impact through innovative knowledge and to orchestrate partnerships and collaborations that enable a more strategic deployment of capital.*





## Accelerating Emissions Mitigation with the Global Methane Hub

In 2023, the IDB and the **Global Methane Hub**, an organization dedicated to reducing methane emissions in energy, agricultural, and waste sectors, formalized a \$3.5 million contribution to IDB's technical cooperation initiative called *Too Good to Waste: Initiative to mitigate methane emissions from waste in LAC*. The program helps IDB's borrowing member countries implement projects to achieve the methane reduction goals of the Global Methane Pledge.

In LAC, the waste sector generates approximately 230 million tons of municipal solid waste annually, with only a small fraction being recycled and a significant portion improperly disposed of, resulting in substantial emissions of methane, a potent greenhouse gas. Given that the waste sector is the second-largest producer of methane after energy and agriculture, addressing methane emissions from waste is crucial in mitigating climate change.

The Global Methane Pledge was launched at COP26 by the European Union and the United States. Signatories agree to take voluntary actions to contribute to a collective effort to reduce global methane emissions by at least 30 percent from 2020 levels by the end of the decade.

In September, the *Regional Climate Change Platform of the Ministries of Economy and Finance of Latin America and the Caribbean*, supported by funding from **Germany's Federal Ministry for Economic Affairs and Climate Action (BMWK)**, convened its second high-level meeting in Santiago, Chile. During the meeting, the ministries of the region adopted, for the first time, a joint declaration affirming their commitment to aligning their fiscal policies and strategies to promote the transition toward low-carbon and climate-resilient economies. They also approved a work plan focused on debt management, green financing, fiscal incentives, and public expenditure. With the IDB serving as its technical secretariat, the regional platform has established itself as the primary forum where high-level and technical teams discuss, prioritize, and collaborate on the green fiscal policy agenda for LAC.



## Celebrating Five Years of Supporting Sustainable Cities in LAC

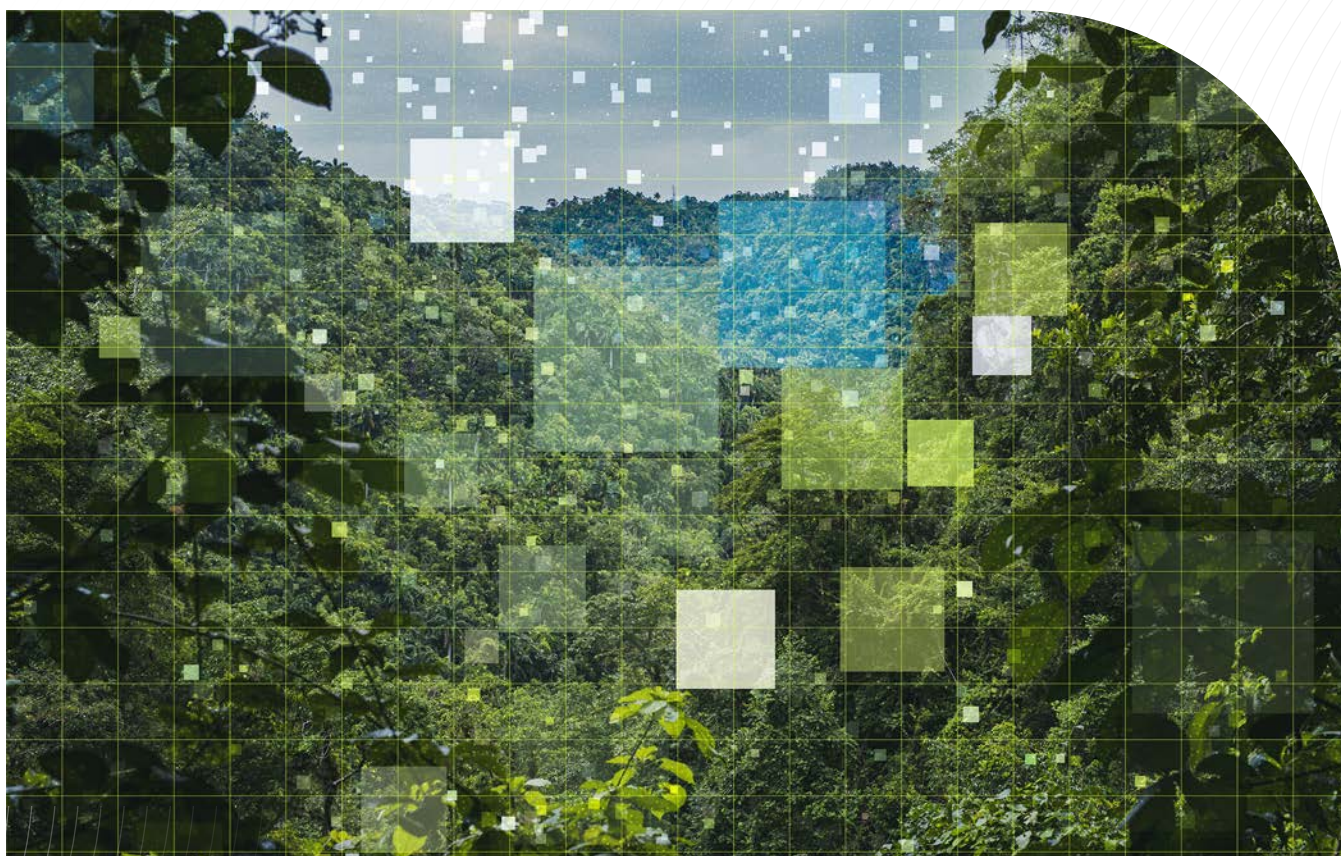
The IDB's *Multi-donor Fund for the Development of Sustainable Cities (CIT Fund)* was created in 2019 — with the support of **Austria** and **Switzerland**, and **Korea** joining the following year — to foster sustainable, inclusive, resilient, and equitable urban development in the region.

The fund supports efforts to enhance formulation and implementation of sustainable and bankable projects while promoting transformative actions of urban development through innovation and experimentation. It also works to create opportunities and spaces for mayors and other decision-makers to interact and exchange knowledge and best practices.

Additionally, the CIT Fund conducts evidence-based research to provide state-of-the-art studies on emerging urban issues. Its technical cooperation programs have contributed to emerging topics such as mobility and city form, green infrastructure and resilient design, energy-efficient and bioclimatic buildings, and infrastructure. They have also addressed slum improvements and services, smart cities initiatives, data and new financing tools, and participatory planning and organizational innovation.

Since its inception, the CIT Fund has allocated \$7.5 million in contributions from Austria, Switzerland, and Korea to 24 regional and country-specific technical cooperations, supporting national and local governments from 10 countries.

In October, **Korea's Ministry of Land, Infrastructure, and Transport (MOLIT)** reaffirmed its commitment to urban sustainability by pledging an additional \$1.12 million to the IDB's *Multi-donor Fund for the Development of Sustainable Cities*, more than doubling Korea's total support to \$2.4 million. The primary aim of the fund is to foster sustainable, inclusive, and resilient urban development. Other donors to the fund include the governments of **Austria** and **Switzerland**.



To continue supporting countries in meeting their Nationally Determined Contributions (NDCs), the IDB has renewed its accreditation as a **Green Climate Fund (GCF)** partner. This renewal enables the IDB to continue channeling GCF resources to LAC with the aim of creating carbon-neutral and climate-resilient economies. Recently-approved programs included the *Amazon Bioeconomy* and the *E-Mobility for Sustainable Cities* in LAC.

## Moonshots for Development Leveraging AI for Climate Resilience

At the end of the year, IDB Lab and *Moonshots for Development (M4D)*, a partnership among the innovation labs of international financial institutions, launched the *AI for Climate Resilience in Rural Areas Open Innovation Challenge*, a joint effort to scout and scale AI-driven technologies that empower rural communities and help them adapt to climate change and build their resilience.

The initiative — sponsored by the **Asian Development Bank (ADB)** and the **International Fund for Agricultural Development (IFAD)** in partnership with *CGIAR Accelerate for Impact Platform (A4IP)*, the *Technology and Innovation Lab* of the **World Bank Group**, and the **World Food Programme (WFP) Innovation Accelerator** — is an effort to identify and scale AI-driven technologies to empower rural communities and help them adapt to climate change and build their resilience.

The challenge competition is aimed at encouraging responsible and ethical use of AI. The four winning teams received financing from M4D and from IDB Lab to further develop their solutions. They also received mentoring and technical support on the ethical and responsible use of AI through the IDB's *fAIRLAC* initiative.



## CHAPTER 4

# Amazonia Forever

The IDB's *Amazonia Forever* initiative aims to scale up financing, share strategic knowledge for decision-makers, and enhance regional coordination to accelerate the sustainable, inclusive, and resilient development of the Amazon region. The initiatives outlined in this chapter prioritize placing people and nature at the center of their approach, illustrating that the IDB serves as the ideal conduit for donors and partners to coordinate efforts for the Amazon region.

# Amazonia Forever

## Boosting Coordination in the Amazon Region

In 2023, the IDB launched *Amazonia Forever*, a comprehensive program aimed at accelerating the sustainable, inclusive, and resilient development of the Amazon region.

Endorsed by the IDB's governors from Amazon countries, *Amazonia Forever* focuses on scaling up financing, sharing strategic knowledge among decision-makers, and enhancing regional coordination. The program adopts a three-fold approach: an online platform to map financial resources, a project preparation facility to develop investment plans, and a network of finance and planning ministers to oversee progress and results.

*Amazonia Forever* incorporates a platform designed to map existing financial resources

dedicated to the Amazon region from Amazon countries and other donors, facilitating new financing and informing policy and investment decisions. Additionally, it is supporting the development of investment plans for Amazonian territories and scaling up the IDB's financing with \$2 billion in new projects in the pipeline in 2023. Further, the program aims to enable and support initiatives led by other institutions, networks, and alliances that could benefit from the IDB's financial instruments, knowledge, and regional mandate.

To date, the initiative's partners are **Germany, the Netherlands, Switzerland, United Kingdom, Spain, Israel, AWEX of Belgium, Italy, Sweden**, and the **Green Climate Fund (GCF)**.

*Amazonia Forever* focuses on prioritizing local communities, combating deforestation, promoting bioeconomy and the creative economy, encouraging sustainable infrastructure and cities, enhancing connectivity, and fostering sustainable low-carbon practices in agriculture, livestock, and forestry. Additionally, it targets cross-cutting areas of action such as women, indigenous peoples, Afro-descendants, and local communities, as well as climate resilience, biodiversity conservation, forest preservation, institutional capacity-building, and the rule of law.

## With Sweden, Innovating to Support Amazonia Forever

For years, the IDB and the **Swedish International Development Cooperation Agency (Sida)** have been innovating in the use of credit-substitution guarantees to strengthen capital adequacy and boost lending capacity. In 2021, the IDB and Sida announced a second guarantee that will increase the IDB's lending capacity for the *Amazonia Forever* program by \$460 million, providing almost \$2 for every dollar of guarantee. This follows a \$100 million transaction with Sida in 2021 that leveraged a 1:3 ratio, unlocking funds for development projects in Bolivia, Colombia, and Guatemala.

*Instead of lending donor-contributed funds on a one-to-one basis, credit-substitution guarantees enable the IDB to negotiate with the donor to guarantee a larger amount and assume a higher portion of the risk in return for specifying how the funds will be used, thereby enabling the IDB to use its balance sheet to increase lending to borrowing countries.*



## Partnering with the UK and Italy for Sustainable Development of the Amazon Basin

In 2023, the **United Kingdom** and **Italy** signed on with the IDB's *Amazon Bioeconomy and Forest Management Multi-donor Trust Fund (AMDTF)*, joining with **Germany, the Netherlands, and Switzerland** to support the fund's efforts to advance Amazon-positive value chains in the region. The UK's £4.7 million contribution accompanied a joint statement it signed with the IDB to promote the sustainable development of the Amazon basin, with a focus on reducing pressure on forest ecosystems, scaling up financial solutions to reduce deforestation, and empowering land users themselves to undertake nature-positive approaches.

Italy's contribution of €5 million to *AMDTF* in December at COP28 reinforced the longstanding collaboration between the IDB Group and the country's **Ministry of Environment & Energy Security (MASE)**. It is further evidence of Italy's dedication to environmental protection and sustainable development of the Amazon region and its people.



## With Spain, Leading Innovative Finance in the Amazon Region

**Spain's AECID** pledged €2 million to support the *Amazonia Bonds* initiative led by the IDB and the **World Bank**.

Announced jointly in 2023, *Amazonia Bonds* is an innovative capital markets solution to fund a regional sustainable development program for the Amazon region, focusing on Brazil, Colombia, Ecuador, and Peru. This contribution will focus on building institutional and technical capacity for potential issuers engaging with investors, standards setters, and regulators.

The groundbreaking initiative aims to develop a methodological framework, address institutional capacity gaps, and provide training for market participants, thus creating a roadmap for Amazon bond issuance.

## Working with Brazilian Financial Institutions to Mobilize Resources for Protection of the Amazon Region

To directly support the bioeconomy pillar of the *Amazonia Forever* program, **Banco do Brasil** and the IDB have established a \$250 million financing program, part of a *Conditional Credit Line for Investment Projects (CCLIP)* initiative that will make up to \$1 billion available to finance bioeconomy and sustainable infrastructure initiatives in Brazil's Amazonian states, with an emphasis on connectivity and renewable energy sources.

The program includes two components: supporting the development of bio-enterprises and rural producers in the Amazon's bioeconomy value chains, and financing projects that generate renewable energy and enhance connectivity in urban, rural, and forested areas.

The goal is to accelerate the energy transition and reduce electricity transmission bottlenecks, particularly in rural and forested regions, by replacing fossil fuel sources with solar energy. Additionally, the program offers technical support from the IDB to train local stakeholders in the preparation and enhancement of bioeconomy projects.

Meanwhile, as part of the *Amazon Forever* program, the IDB and the **Brazilian Development Bank (BNDES)** have launched *PRO-AMAZÔNIA*, an initiative to provide \$750 million in IDB loans, with an additional \$150 million from BNDES, to support micro, small, and medium enterprises (MSMEs) and entrepreneurs in the Amazon region.

This financing aims to modernize, expand, and innovate businesses in the Amazon region while promoting sustainable practices. The program will help local MSMEs expand their use of new and sustainable technologies and boost innovative value chains, thereby contributing to regional economic dynamism in addition to environmental protection.

Mobilized by the IDB and BNDES, development banks from Amazon basin countries in 2023 launched the *Green Coalition*. This initiative focuses on collaborative sustainable development for the Amazon region, including financial support for projects, innovative solutions combining public and private resources, and technical cooperation to enhance local capacities. The coalition aims to promote climate-positive economic alternatives, job creation, and infrastructure development.



## A Network to Mobilize Private Investments in the Amazon

During COP 28, as part of the broader partnership between the IDB Group and the **World Bank Group** to drive stronger results for the Amazon region, IDB Invest and the **International Finance Corporation (IFC)** announced the launch of the *Amazon Finance*

*Network*. This program aims to increase investment and mobilize capital to the region. Comprising 24 founding signatories, the network's objective is to reduce poverty and inequality by supporting projects that enhance access to finance and create employment opportunities through sustainable financing for MSMEs.

## Promoting Bio-businesses in the Amazon Region with Conexsus, GCF, and Impact Hub Manaus

During the *Brazil Investment Forum* in November, IDB Lab launched two initiatives in the Amazon region as part of the *Amazonia Forever* program.

The first, in partnership with **Conexsus** and the **Green Climate Fund (GCF)**, aims to boost revenues for community-based bio-businesses through networks, capacity building, and innovative solutions, with a total investment of \$7.2 million. The first program includes the *Amazonia BioBuilders* challenge, which seeks to support innovative bio-businesses in the Amazon region in their efforts to overcome technical, financial and knowledge barriers. The challenge targets small and medium-sized startup enterprises and NGOs with expertise in bioeconomy, entrepreneurship, and/or innovation, and particularly those with ready-to-implement solutions (innovations that

can demonstrate successful deployment of a prototype Minimum Viable Product or MVP).

The second initiative, in partnership with **Impact Hub Manaus** and the *Amazon Bioeconomy and Forest Management Multi-donor Fund (AMDTF)*, will include a \$1.6 million investment to strengthen local bioeconomy SMEs with Bioeconomy Ecosystem Hubs, which aim to boost local bioeconomy businesses through programs that strengthen training, advance local networking, and create mechanisms for replicating and adopting this model as public policy.

Both projects have core mobilization resources. The partnership with Conexsus is funded by the GCF and Impact Hub Manaus is funded by the AMDTF, which is supported by the governments of **Germany, Italy, the Netherlands, Switzerland, and the UK.**



## Establishing an Alliance for Sustainable Cities in the Amazon Region

At the *Amazon Presidential Summit* in August, the IDB led a series of high-level policy dialogues that resulted in the creation of the *Amazon Cities Forum*. The forum is a network of local Amazonian national and subnational governments, municipal associations, civil society, academics, multilateral organizations, and donors that together will co-create a sustainable development agenda for cities in the Amazon region.

As a permanent institutional space for the mobilization and coordination of local authorities of the Amazon Cooperation Treaty Organization (ACTO) member countries, the *Amazon Cities Forum* will convene, advocate, and prioritize the urban agenda in the region. Besides co-directing its launch, the IDB committed to providing technical and financial support during 2024 and 2025 to ensure its functioning and institutionalization leading up to COP30.



## Investing in Sustainable Businesses in the Ecuadorian Amazon Region

In 2023, the IDB and Ecuador's **National Corporation of Popular and Solidarity Finance (CONAFIPS)**, a public bank that finances savings and credit cooperatives and mutuels, announced a joint project to increase access to credit and investment in resilient, low-carbon bio-businesses in the Ecuadorian Amazon. The operation combines different IDB financial instruments, including loans and non-reimbursable resources for investment and technical assistance within the GCF Amazon Bioeconomy program.

CONAFIPS will channel the credit through savings and loan cooperatives in the region with a goal of reaching 1,800 bio-businesses, with 30 percent of the portfolio reserved for women beneficiaries.

### Supporting Inclusive Development in the Bioeconomy

As part of *Amazonia Forever* program, the IDB in 2023 launched a project facility to support indigenous, Afro-descendant, and traditional communities' organizations in the Amazon basin as they work to strengthen their local economies by participating in the bioeconomy.

Working with **Coordinadora de Organizaciones Indígenas de la Amazonia (COICA)**, the longstanding umbrella organization of local indigenous organizations, the IDB's initiative aims to contribute to conservation and inclusive development by strengthening the capabilities of organizations to design and execute projects directly, with no intermediaries, and increasing direct financing to help them improve their management and resource mobilization capabilities.

In alliance with COICA, the IDB will create an exclusive fund for indigenous organizations to finance their projects, along with technical advice to help them come to fruition.



## CHAPTER 5

# A Growing and Sustainable Caribbean

Caribbean countries face significant vulnerability to climate change, including rising sea levels, threats to agriculture and biodiversity, and increasingly severe hurricanes and tropical storms. The IDB prioritizes sustainable development in the Caribbean through high-impact interventions, alignment with regional priorities, utilization of expertise from across the IDB Group, and innovative financing to attract donor interest and mobilize resources.



## Promoting Integration and Climate Resilience Through *One Caribbean*

The island countries of the Caribbean face heightened vulnerability to climate change, including rising sea levels, threats to agriculture and biodiversity, and intensified hurricanes and tropical storms. At COP28, the IDB unveiled *One Caribbean*, a flagship program designed to foster sustainable development in the region. Comprising four pillars — climate adaptation, disaster-risk management and resilience; citizen and business security; sustainable development through private-sector engagement; and food security — the program aims to bolster integration and resilience across the region. It proposes establishing a project preparation facility and a strategy for partnerships and resource mobilization, with financial innovation at its core. Additionally, *One Caribbean* seeks to generate investment analyses to inform national infrastructure investment plans.

## Catalyzing the European Commission's LACIF Investments for Health in the Caribbean

The **European Commission (EC)**, through the *Latin America and Caribbean Investment Facility (LACIF)*, made impactful contributions in IDB operations in 2023. In Barbados, *LACIF* financed with \$4.4 million a digital transformation initiative at Queen Elizabeth's Hospital, the country's primary acute care medical facility. These investments underscore a commitment to advancing digital innovation across the region as part of the *EU-LAC Global Gateway Investment Agenda*, which highlights potential investment projects to help address the wider region's infrastructure needs.



## Promoting Resilient Infrastructure in the Caribbean with Key Partners

Together with the **CCRIF SPC** (formerly the Caribbean Catastrophe Risk Insurance Facility), the **UK Government**, the **Climate Investment Funds (CIFs)**, the **Caribbean Development Bank (CDB)**, and **The Coca Cola Foundation**, the IDB led the creation of the *Caribbean Water Utility Insurance Company Segregated Portfolio (CWUIC SP)* to improve disaster response and recovery of water utilities in the Caribbean, a region extremely vulnerable to natural disasters. The *CWUIC SP* aims to become a center for disaster risk management and financing, covering emergency response, parametric insurance, and resilience.



## Launching a Data-Sharing Platform for Caribbean Water Utilities

In collaboration with **H2bid, Inc.** and **AURSI**, the IDB in 2023 launched a data-sharing platform within a virtual community for Caribbean water utilities. The platform connects utilities across sectors, facilitating access to replacement parts, encouraging technology discovery, sharing technical information, promoting best practices,

and reducing waste. The initiative also enhances collaboration during climate-related disasters and addresses supply chain challenges. Seven utilities participated in the pilot, exploring the potential expansion to include a pooled procurement program for cost savings.





## CHAPTER 6

# Social Issues

Through a multisectoral approach, the IDB addresses social protection and human capital challenges — from education to food security, health, and gender equality — as demonstrated in this chapter. Based on the conviction that investing in people is the most effective way to improve lives and overcome development challenges, this section presents the results of a variety of impactful and innovative partnerships.



## Enhancing the Region's Health Care Systems with PAHO and the World Bank

In 2023, the IDB joined the **Pan American Health Organization (PAHO)** and the **World Bank** in launching the *Alliance for Primary Health Care in the Americas*, a collaborative effort that seeks to enhance investment, innovation, and policy implementation to transform health systems across the region, with a specific focus on primary health care.

The objective of this initiative is to accelerate collective and coordinated action among LAC countries. Before the COVID-19 pandemic, it was estimated that one-third of the population in the Americas faced unmet healthcare needs, underscoring disparities in healthcare delivery and access.

The inaugural meeting of the *Economic and Health Dialogue of the Americas (EHA)* took place in Panama City, Panama, in March 2023. The gathering brought together ministerial and vice-ministerial representatives from 16 countries across the Americas. With a focus on strengthening public health systems and protecting economies, the inaugural EHA meeting underscored a shared commitment to coordination and cooperation in addressing the intersection of health and the economy in the aftermath of the COVID-19 pandemic. EHA is a country-driven initiative with the support of a Technical Working Group integrated by the IDB, **PAHO** and **the Organization of American States (OAS)**. Currently, the United States and Panama serve as co-chairs and each workstream is co-led by two countries in the region.

In January, the Health Working Group of the **Americas Business Dialogue (ABD)** and the IDB collaborated on a report addressing digital health challenges in LAC and emphasizing the need for new laws, data protection policies, and investments in interoperability. The report stresses the role of public-private partnerships in accelerating digital health transformation and improving healthcare outcomes.



## Advancing Primary Healthcare with WHO and fellow MDBs

During the *Summit for a New Global Financing Pact* in Paris, the IDB, alongside the **African Development Bank Group (AfDB)**, the **European Investment Bank (EIB)**, the **Islamic Development Bank (IsDB)**, and the **World Health Organization (WHO)**, unveiled the *Health Impact Investment Platform*. With an initial fund of €1.5 billion, the platform's objective is to enhance primary healthcare services in low-income countries (LICs) and lower-middle-income countries (LMICs). The IDB's efforts will be centered on extending the initiative's reach into LAC, aligning health strategies in the region to address the urgent need for increased healthcare spending and pandemic preparedness.

## Joining Forces with CARPHA to Upgrade Pandemic Preparedness

IN 2023, the IDB and the **Caribbean Public Health Agency (CARPHA)** agreed to collaborate on a technical cooperation initiative aimed at reducing the public health impact of pandemics through prevention, preparedness, and response. This initiative was selected by the G-20's *Pandemic Fund*, which since 2022 has provided non-repayable resources for preparedness investments against future pandemics in regions and countries with medium or low incomes.

CARPHA, a beneficiary of the *Pandemic Fund*, serves as the technical partner for this regional initiative while the IDB, acting as an implementing agency, will contribute an additional \$140,000 to the project's financing and provide guidance and supervision.

In 2023, the *Strengthening Pandemic Prevention, Preparedness, and Response (PPR) in Paraguay* project, co-led by the IDB in partnership with **Food and Agriculture Organization of the United Nations (FAO)**, **UNICEF**, and the **World Health Organization (WHO)**, received an \$11 million grant from the *Pandemic Fund*. This initiative addresses Paraguay's unique challenges, including its status as a landlocked country with porous borders and a vulnerable ecosystem threatened by climate change. With a focus on a One Health approach, the project aims to enhance disease surveillance, strengthen laboratory systems, and promote cross-sectoral collaboration to combat infectious diseases and mitigate the impacts of pandemics.



In 2023, a \$3 million technical cooperation program from the Korea Private Sector Development and Innovation Fund (KPS) enabled the IDB to assist ESSALUD, Peru's public health insurance plan, and *ProInversión*, the country's private investment promotion agency, in structuring a Public-Private Partnerships (PPP) scheme for two specialized hospitals in Piura and Chimbote. These hospitals will benefit more than 1.6 million residents in the northern region of the country.



## Assisting Belize in Achieving Malaria-Free Status

Through years of concerted effort and partnership between the **Government of Belize** and the *Regional Malaria Elimination Initiative (RMEI)* — which is supported by the IDB, **PAHO**, donors, and technical allies — Belize successfully attained malaria-free status in 2023. Facilitated by the IDB and financed by the **Bill & Melinda Gates Foundation**, the **Global Fund**, the **Carlos Slim Foundation**, and nine Mesoamerican nations, the *RMEI* plays a pivotal role in combating malaria and safeguarding vulnerable populations.

In 2023, Belize received contributions from the IDB and the **Global Partnership for Education (GPE)** to initiate the *Skills for the Future Program*. This joint effort is designed to prepare Belize's workforce for the fourth industrial revolution while advancing inclusive education. The program's objectives include enhancing foundational learning, addressing skill gaps, and establishing science, technology, engineering, arts, and mathematics (STEAM) laboratories in six high schools.

## With Israel, Boosting Innovation to Strengthen Water, Sanitation, and Energy Sectors

In 2023, the IDB and the **Government of Israel** partnered to enhance innovation within water, sanitation, and energy companies. Recognizing the need for innovative solutions to drive social and economic development, the partners launched *Ideas into Action 2023*, an initiative connecting service providers in water, sanitation, or energy sectors with innovative solutions to address management and process challenges. The selected applicants receive technical and business support from the IDB and Israel to implement their pilot projects.

*Ideas into Action 2023* is part of Source of Innovation, an alliance funded by longtime IDB partners, including the **Government of Switzerland**, the **FEMSA Foundation**, the **Government of Spain**, and the **Government of Korea**.

## Supporting Food Security in Haiti and Honduras with GAFSP

Through its continued support and collaboration with the IDB, the **Global Agriculture and Food Security Program (GAFSP)** is committed to bolstering food security in Haiti and Honduras.

In Haiti in 2023, GAFSP's additional financing of \$7 million to the *Rural Productivity and Connectivity Program with a Territorial Approach (Papair)* will extend technological advancements to 6,500 farmers, ultimately benefiting more than 16,500 people in that country.

Similarly, in Honduras, GAFSP's contribution of \$2.13 million through IDB Lab to *Red COMAL*, a network of small-scale farmers, cooperatives, and community microfinance associations, will bolster climate resilience and food security for approximately 900 small producers in the western part of the country.





## Addressing School Student Safety Challenges with UNICEF, FIA Foundation and iRAP

The lack of safe road infrastructure for pedestrians and cyclists and the absence of reliable public and school transportation options often poses risks to girls, boys, and teenagers during their daily commutes to and from school. To address this problem in LAC, in 2023 the IDB partnered with **UNICEF**, the **FIA Foundation**, and the **Road Assessment Programme (iRAP)** to launch the *Regional School Mobility Policy Lab*. The initiative will run for three years, benefiting pupils in Argentina, Brazil, Colombia, the Dominican Republic, and Peru. It aims to support the design, adoption, evaluation, and financial sustainability of safe, sustainable, and inclusive student transportation programs.

Traffic incidents constitute the third leading cause of death among children ages 5 to 14 and the fourth among young adults.

In its first donation to an MDB, the **Government of Croatia** signed a €5 million agreement with the IDB to promote extended school days in LAC. The pact focuses on enhancing education in the region by assisting countries in designing and implementing extended school-day policies. It aims to enrich learning opportunities, facilitate data-driven decision-making, and encourage innovative pedagogical strategies to address ongoing educational challenges in the region.



## With UNEP, Boosting the Circular Economy

In partnership with the **United Nations Environment Programme (UNEP)**, the IDB in 2023 launched the first open data platform on solid waste management and circular economy in LAC. The *Solid Waste and Circular Economy Hub* provides evidence of the sector's evolution, its links with the Sustainable Development Goals, and its role in climate change mitigation and adaptation.

Through the Hub, the IDB supports countries in their digital transformation for designing and implementing effective public policies and innovative solid waste management models in the information age. It serves as a regional meeting point for improving collection and use of data, fostering dialogue, and facilitating collaboration between countries.



## With Meta, Helping Communities Leverage AR/VR for Social Good

In March 2023, IDB Lab and **Meta** announced 10 community organizations selected as grantees for the *Metaverse Communities Challenge*, which aims to deepen the understanding of how people explore and build metaverse communities while contributing to positive social and economic impacts for underserved populations throughout LAC.

The selected communities are leveraging the ethics of augmented reality and virtual reality to address key issues such as health, education, job creation, female entrepreneurship, culture, and urban accessibility. They have demonstrated a strong community presence, impactful solutions, and effective use of augmented reality, virtual reality, and mixed reality applications to advance their missions.

Each selected community received awards including a set of online training sessions, business coaching from experts, and a \$10,000 grant from Meta.

As described by Meta, *“the metaverse is the next evolution in social connection and the successor to the mobile internet. Like the internet, the metaverse will help you connect with people when you aren’t physically in the same place and get us even closer to that feeling of being together in person.”*

# Expanding *fAIr LAC+* Platform for Responsible AI

In 2023, the IDB and IDB Lab launched *fAIr LAC+*, a new phase of their artificial intelligence (AI) initiative aimed at supporting LAC countries in the responsible utilization of AI technologies.

With the recent establishment of the **Americas Business Dialogue (ABD)** Task Force on Artificial Intelligence — chaired by **Microsoft, Salesforce**, the **Latin American Internet Association (ALAI)**, and **Google** — *fAIr LAC+* is further bolstered by the perspective and collective experience of prominent industry stakeholders.

This renewed initiative focuses on developing specialized tools for entrepreneurs and investors, co-creating AI risk assessments and algorithmic impact assessments and audits with the industry, as well as seals and certifications of compliance, particularly in transparency areas. Moreover, *fAIr LAC+* aims to enhance the skills of entrepreneurs and their teams through acceleration programs, ensuring the maximization of technology usage while simultaneously mitigating risks associated with discrimination, lack of transparency, underperformance, model errors, and inclusivity issues.

The initiative has garnered significant support from prominent partners in the tech industry, including **AWS, Google, Microsoft, Meta**, and **Globant**, alongside entrepreneurial support organizations and innovation agencies such as **Magical, Cubo, iNNpulsA, IDRC, USAID, IFAD**, and the **World Bank**. It also benefits from collaboration with renowned universities like **Georgetown University, Johns Hopkins University, Tec de Monterrey, Universidad de los Andes, Universidad Politécnica de Madrid, Universidad Adolfo Ibáñez**, and **PUC Chile**.



In 2023, the **Korea Research Institute for Vocational Education and Training (KRIVET)** joined the IDB's *21st Century Skills Coalition in Latin America and the Caribbean*, contributing its expertise in technical and vocational education to enhance learning and foster job creation in the region. Led by the IDB, the coalition is an open, multi-sector partnership advocating for innovative education and training policies in the Bank's borrowing member countries. The collaboration with KRIVET is facilitating the exchange of information regarding career and education policies and programs that could be tailored to countries in the LAC region.

The IDB and Spain's **Museo Nacional del Prado** together launched the online course "Museums in the Digital Transformation" to train professionals from museums and cultural institutions across LAC. During the seven-week course, participants learned cutting-edge technology strategies used by the museum, such as digitizing collections, managing visitors, and leveraging social media. This partnership reflected a commitment to innovative approaches in the region's creative and cultural industries.

## Promoting Growth of Women Entrepreneurs in STEM with Google and AVP

The *WeXchange Women STEMpreneurs Competition 2023* was one of the highlights of the IDB Lab Forum 2023. This competition is a key component of *WeXchange*, an IDB Lab initiative aimed at supporting the growth of women entrepreneurs in the tech sector across the region.

In collaboration with **Google** and the venture capital fund **AVP**, the competition provided participating entrepreneurs access to Google for Startups' micro-acceleration program. The 15 selected entrepreneurs presented their businesses to venture capital investors and key players in the innovation ecosystem. With the support of the *Women Entrepreneurs Financing Initiatives (We-Fi)*, a multi-donor partnership to address obstacles facing women entrepreneurs, the *WeXchange* platform facilitates connections between entrepreneurs and investors, as well as access to training and mentoring.



At the *2023 Americas Partnership — IDB Responsible Investment Forum* in November, the **Government of Canada** committed CA\$3 million to IDB Lab for an entrepreneurial accelerator specifically targeting women. The objective is to generate opportunities for women entrepreneurs in marginalized communities and to foster a more equitable entrepreneurial environment. This contribution underscores Canada's dedication to fostering economic growth and inclusivity in LAC, aligning with IDB Lab's mission of promoting early-stage entrepreneurial innovations in underserved areas.

## With Spain, Strengthening LAC's Startups

IN 2023, IDB Lab joined with Spain's **ICEX-Invest** and **Endeavor** to launch the second edition of the *SPAIN-LATAM SCALE-UP* program, which is aimed at a selection of LAC startups and scale-ups that are seeking to expand their operations in Spain as a gateway to the European market. A total of 17 tech startups from Argentina, Brazil, Chile, Costa Rica, Colombia, Mexico, and Peru were selected among 360 applicants to participate in the immersion program to build networks and connections, while creating business opportunities with the main actors in the Spanish entrepreneurship ecosystem, including public institutions, venture capital funds, corporations, and other startups. The program was organized in collaboration with leading actors including **Google Campus, South Summit, Wayra, Startup Valencia, Beaz Bizkaya, Barcelona Activa, and Tech Barcelona.**



## Building Bridges for Entrepreneurial Talent



IDB, IDB Lab and the **City of Madrid** launched the second cohort of *Puentes de Talento*, a program to promote the exchange of innovation and entrepreneurship talent with an eye toward building connections between the city government and countries across LAC and Europe. The program seeks to find the best scientific and entrepreneurial talent among people age 25 to 35 to participate in an immersion program in Madrid and provides six months of remote coaching. In 2023, 10 young entrepreneurs were selected to participate in the eight-week program in Madrid.

In 2023, IDB Lab's *WorkerTech* initiative for independent workers and the informal sector in El Salvador received \$1.5 million in technical cooperation funding from the **European Commission (EC)**. Additionally, the EC made a significant contribution of \$6 million to El Salvador, complementing the IDB's *Social Digital Connectivity Program*, which aims to expand broadband access and promote resilient digital infrastructure.

**Switzerland's State Secretariat for Economic Affairs (SECO)** contributed \$6 million in 2023 to a joint effort with IDB to scale up results-based finance interventions through social impact bonds in Peru and Colombia. The objective is to drive greater resource efficiency, development effectiveness, and improved social and environmental outcomes and innovation in Latin America by providing access to expertise and catalytic funding for the next generation of outcomes-based financing projects in the region.



## CHAPTER 7

# Regional Integration

The IDB aims to enhance its convening power as LAC's primary development bank with an extensive presence in the region, actively promoting productive integration and improved integration of physical and digital infrastructure. As demonstrated in this chapter, the IDB is achieving this by strengthening infrastructure integration, fostering productive diversification in regional and global value chains, and developing regional approaches to support the provision of regional and global public goods.





## Strengthening Ties with Global Partners through *BID for the Americas*

The year 2023 saw the introduction of *BID for the Americas*, a new program aimed at nurturing business opportunities and strengthening economic ties between LAC countries and key global partners.

Built on three main pillars — public procurement, trade and investment, and financing — the initiative leverages cutting-edge technologies and financial instruments to connect the global community with the vast potential of the region.

In November, the initiative successfully hosted its inaugural *US Roadshow* in Miami, featuring 10 technical meetings with key stakeholders across Miami and Florida. Attendees included prominent organizations such as the City of Miami Mayor, Miami-Dade County Mayor, Miami-Dade Beacon Council members, and officials from Miami International Airport and other organizations.

The event also included two business networking luncheons. The first, held on November 28th, focused on early-stage

technology and startups, with more than 40 participants. The second, on November 29th, welcomed local and federal leaders, chambers of commerce, senior business figures, and representatives from academia, with over 85 participants.

The roadshow generated significant interest among stakeholders, leading to numerous follow-up actions and collaborations. For example, *BID for the Americas* established a collaboration with CAMACOL, the largest Hispanic business organization in Florida, to foster cross-dissemination of events and knowledge with and between their members, potentially involving them in energy and infrastructure deals in LAC.

The platform also secured an invitation from the Miami-Dade International Trade Consortium to participate in the *Interamerican Conference of Mayors and Local Authorities* in February 2024, where the IDB Housing and Urban Development Division has confirmed its participation to represent the IDB Group.

Further, *BID for the Americas* is exploring opportunities with *Select Florida*, a partnership of businesses, government leaders, and economic development partners, to integrate the organization as a local partner, and to explore potential leads with the Florida Venture Capital Program through IDB Lab. *BID for the Americas* also held meetings with board members at Florida International University and the Beacon Council, which is the official economic development organization for Miami-Dade County, and engaged with local companies interested in business investment in LAC. *BID for the Americas* is also exploring bilateral procurement opportunities with Miami-Dade's Small Business Development Agency to facilitate access for LAC firms to Miami-Dade procurement opportunities and *vice versa* for Miami-based companies in LAC.

*BID for the Americas* is a platform to enhance IDB partners' presence in LAC, fostering collaboration among government agencies, corporations, foundations, think tanks, and universities worldwide, and encouraging the pooling of resources and expertise for mutual growth and development.

## Going Global: Promoting Partnership Approaches and Private Sector Opportunities

In July, global public and private partners attended the IDB's *PPP Americas 2023* in Panama, the most important forum on Public-Private Partnerships in LAC. Participants explored the latest trends in PPPs in the region and discussed ways to close the infrastructure gap through sustainable, resilient, and socially impactful projects. On the occasion of this forum, **Switzerland Global Enterprise (S-GE)** organized a private sector mission to Latin America, showcasing business opportunities in the region for infrastructure companies.

During the year, the IDB organized a number of events to showcase business opportunities for global private companies. These included sectorial and procurement seminars with several global public and private partners in Slovenia, Belgium, Italy, Finland, and Switzerland, among others.



## Strengthening SMEs with the ICC

In 2023, the IDB's *ConnectAmericas* collaboration with the **International Chamber of Commerce (ICC)** fostered several initiatives, including *Semana Comex* (International Trade Week) and "*lacceleradora*" (AI Accelerator), two free virtual training programs for SMEs. With ICC's assistance in content creation, speaker provision, and dissemination through their Centres of Entrepreneurship (CoEs) and Chambers of Commerce, the events attracted more than 10,000 participants from across Latin America and the Caribbean.

Additionally, the two partners developed the *Incoterms Price Calculator*, an educational tool aimed at helping exporters understand and apply international commercial terms rules and calculate export prices in different markets. ICC's contribution included granting *ConnectAmericas* permission to use the Incoterms trademark, logos, and definitions and assisting in dissemination. Further, *ConnectAmericas* initiated discussions with the ICC to develop a White Label for ICC Global, an initiative that aims to expand the *ConnectAmericas* business community and generate more opportunities for SMEs in LAC.

*The IDB's ConnectAmericas is the largest business community in the Americas, a social network for businesses dedicated to promoting foreign trade and international investment. It seeks to help SMEs strengthen their businesses by providing them access to communities of clients, suppliers, and investors in the region and all over the world. ConnectAmericas was created with the support of **Google, DHL, Sealand, Meta, and Mastercard.***



## Bridging *ConnectAmericas*' Network with Google's Expertise for a New Digitally-Empowered International Trade

In 2023, **Google** reaffirmed its commitment with *ConnectAmericas* by providing funds to empower small and medium-sized enterprises in LAC through digitization. A key component of this collaboration is the development of a Massive Online Open Course (MOOC) titled "International Trade with Artificial Intelligence and Digital Tools for SMEs," which will be available in both Spanish and Portuguese. Covering a wide array of topics including e-commerce, logistics, and Google's suite of tools, the MOOC is slated for release in early 2024.

During the year, Google also participated in *ConnectAmericas*' SME training cycle on Artificial Intelligence, which attracted more than 6,000 participants.

The IDB has collaborates with the **World Trade Organization (WTO)** on the *Aid for Trade Initiative* and other efforts to help the LAC countries increase their participation in international trade. For its part, the IDB fosters multilateral cooperation with WTO member countries, promotes the work carried out with LAC countries, and identifies best practices that can contribute to the region's goal to increase sustainable and inclusive trade.

The IDB supports LAC countries that are members of Asia-Pacific Economic Cooperation Forum (APEC), most recently Chile and Peru, in hosting APEC conferences and events. The IDB also brings to APEC the LAC region's position on topics such as trade facilitation, regulatory convergence, and sustainable and inclusive trade. The Bank also contributes to the generation of knowledge products, such as analyses of the economic share and impact of LAC members in the APEC region.



## The Central American Digital Trade Platform (PDCC)

Central America's longstanding trade and competitiveness strategy continues to center on development of a regional trade facilitation agenda to optimize border procedures, encourage exports and imports, and reduce the costs associated with cross-border trade operations. Amid the growing need to incorporate digital technologies in trade operations to strengthen customs processes, a key pillar of the strategy is the *Central American Digital Trade Platform* (PDCC for its Spanish acronym), which is being developed by the **Central American Economic Integration Secretariat (SIECA)** and financed by a contribution from the **European Union** that is administered by the IDB.

Through this innovative regional platform, traders will be able to export to, import from, and/or transit through Central America's six countries by uploading all the paperwork only once and in digital format, as opposed to having to submit documentary requirements at every border crossing, as is the case today.

At the end of the first stage of the project (in 2022), a total of 71 different functionalities had been included that cover almost the full range of border controls, from customs clearance, risk management, the origin of goods, and sanitary and phytosanitary controls to migratory processes.

With abiding financial support from the EU, the IDB and SIECA are working with the six countries on the project's second phase, which includes connecting the national platforms to the new PDCC.

## THE IDB'S NON-TRADITIONAL PARTNERS



The IDB has actively cultivated partnerships with universities, fostering knowledge exchange and educational initiatives. A notable example is the **University of Cambridge**, where in 2023 the *Cambridge Centre for Alternative Finance (CCAF)* at Cambridge Judge Business School collaborated with the IDB in 2023 to publish the “Cryptoasset Ecosystem in Latin America and the Caribbean (LAC)” report, offering valuable insights into the region's cryptoasset ecosystem from both private and public sectors.

The IDB's dedication to education is evident through its expanded training program, *BIDAcademy*, which has forged new partnerships, including one with the **Red de Universidades Jesuitas de América Latina (AUSJAL)**, and strengthened collaborations with institutions like **SciencesPo University**. Further, the IDB maintains partnerships with prestigious universities globally, including **Johns Hopkins University, Georgetown University, Oxford University, Sophia University, Waseda University** in Japan, **Universidad ORT Uruguay**, and the **University of the West Indies**.

In May, the IDB and **Sophia University** signed an agreement on a university-sponsored internship program that will facilitate talented young people from Japan to work as interns at the Bank.

*BIDAcademy Knowledge Week* continues to be a flagship event for the Bank. In 2023 it featured 91 speakers and garnered substantial engagement, attracting daily averages of 190 in-person attendees and 14,000 virtual attendees. This event sets a benchmark for understanding the priorities, challenges, innovations, and solutions in LAC, influencing not only the region's future but also the global landscape. Involving 20 universities, think tanks, and learning partners from Europe, Asia, the U.S., and LAC as "Dissemination Partners," *Knowledge Week* reflects a collaborative effort to promote knowledge-sharing and address key regional issues.

# Trust Funds

## Making an Impact Together

In 2023, multi-donor trust funds played a key role in driving sustainable development forward in LAC. These IDB-administered funds are made possible through the support of many partners. Some of these are featured below.



### AgroLAC 2025 Multi-donor Trust Fund

promotes sustainable agriculture to enhance food security and reduce poverty, with a focus on trade and access to markets, increased productivity, and agri-environmental planning. *Canada, Colombia, Dow*



**Compete Caribbean Partnership Facility** helps firms in the Caribbean grow, innovate, and enter new sectors and markets, while nurturing a private sector ecosystem conducive to growth. *Canada, Caribbean Development Bank, United Kingdom*



### The Amazon Bioeconomy and Forest Management Fund

seeks to protect the Amazon by promoting resilient and diverse landscapes, Amazon-positive value chains, and sustainability in commodity supply chains. It also features a strong focus on empowering Indigenous Peoples and Local Communities. *Germany, Italy, the Netherlands, Switzerland, United Kingdom*



**Development Fund for the Ecuador-Colombia Border Integration Zone** promotes integration and improves quality of life in border communities in Ecuador and Colombia. *Colombia, Ecuador*



**Multi-donor AquaFund** addresses water supply and sanitation challenges with the aim of guaranteeing universal access. *Austria, Spain, Switzerland, PepsiCo Foundation*



**Development Fund for the Colombia-Peru Border Integration Zone** promotes integration and improves quality of life in border communities in Colombia and Peru. *Colombia, Peru*



### Multi-donor Fund for Citizen Security

strengthens the capacity of countries to manage and evaluate public policies to enhance citizen security. *Canada, Switzerland*



### Multi-donor Disaster Prevention Trust Fund

helps countries manage risks related to natural hazards by reducing vulnerability, and preventing and mitigating disasters. *Canada, Japan, Korea, Spain*



**Early Childhood Development Innovation Fund** improves cognitive, language, motor, and socio-emotional outcomes for vulnerable children ages 0-5, with a focus on scale, knowledge generation, and innovation. *FEMSA Foundation, Open Society Foundations, Fundação Maria Cecília Souto Vidigal (in Brazil), Porticus (in Brazil and Colombia)*



**Multi-donor Fund for the Development of Sustainable Cities** promotes sustainable, inclusive, and resilient urban development. *Austria, Korea, Switzerland*



**Multi-Donor Fund for the Transformation of Technical and Vocational Education and Training** transforms technical and vocational education in LAC. *Germany, Switzerland*



**Gender and Diversity Multi-donor Fund** drives equitable and culturally appropriate development by fostering gender equality, combating discrimination, and supporting development with identity. *Austria, Canada, Denmark, Norway, Sweden, United Kingdom*



**Malaria Elimination Blending Facility** finances and executes malaria elimination plans. *Bill & Melinda Gates Foundation, Carlos Slim Foundation, the Global Fund*



**NDC Pipeline Accelerator Multi-donor Trust Fund** plans, designs, and prepares marketable infrastructure projects and aligns investments with the Paris Climate Agreement. *Austria, Finland, the Netherlands, Nordic Development Fund, Sweden*



**Multi-donor Regional Integration Fund** implements the IDB's integration strategy in the areas of "software," or regulations and policy frameworks and "hardware," or physical integration. *Canada, Chile, Colombia*



**Sustainable Colombia Facility** addresses post-conflict and sustainable development challenges in Colombia, with emphasis on rural development, climate change, environmental sustainability, and inequality. *Norway, Sweden, Switzerland*



**Sustainable Energy and Climate Change Multi-donor Trust Fund** invests in renewable energy and energy efficient technologies, expands access to carbon finance, and mainstreams climate considerations across sectors. *Austria, Finland, Germany, Italy, Japan, Spain, Switzerland, United Kingdom*



**Transparency Fund** strengthens the institutional capacity of countries to enhance transparency and prevent and control corruption. *Canada, Italy, Norway, Sweden, Mastercard*

# Financials

In 2023, effective management of financial resources remained pivotal for the IDB's partnerships. The Bank continued to prioritize the efficient use of partner resources to support its operations. This involved ensuring quality resource management and providing transparent reporting to donors on the impact of their support.

The following pages provide details on the significant contributions made by partners in 2023, including approvals and resources received for donor trust funds and project-specific grants.

## 2023 Concessional & Grant Financing Approvals by Instrument Type (in US\$ millions)

Instrument Type	Amount
Externally Funded Contractual (EFC)	4
Equity Investments (EQU)	20
Investment Grant (IGR)	99
Reimbursable Donor Financing - Loans (LON)	416
Technical Cooperation (TCP)	297
Guarantees (GUA)	2
<b>Total</b>	<b>\$838</b>

## 2023 Concessional & Grant Financing Approvals by Fund Type (in US\$ millions)

Fund Type	Amount
Single Donor Trust Fund (SDF)	356
Multi-donor Trust Fund (MDF)	35
Project Specific Grant (PSG)	87
Financial Intermediary Funds (FIF)	251
OC Strategic Development Programs	109
<b>Total</b>	<b>\$838</b>

## 2023 Approvals by Beneficiary Country (in US\$ millions)

Country	Amount
Argentina	7
Barbados	7
Bahamas	2
Belize	7
Bolivia	108
Brazil	163
Chile	6
Colombia	29
Costa Rica	4
Dominican Republic	7
Ecuador	125
El Salvador	14
Guatemala	14
Guyana	11
Haiti	42
Honduras	17
Jamaica	11
Mexico	11
Nicaragua	4
Peru	30
Panama	34
Paraguay	6
Regional	157
Suriname	10
Trinidad & Tobago	4
Uruguay	5
Venezuela	3
<b>Total</b>	<b>\$838</b>



**2023 Credited Contributions to Donor Trust Funds by Donor Country and Partner Institution**  
(in US\$ millions)

<b>Donor Country</b>	<b>Partner</b>	<b>Amount</b>
Canada	Global Affairs Canada	2.25
China	Peoples Bank of China	61.31
Colombia	Ministerio de Relaciones Exteriores de Colombia	2.00
Finland	Ministry for Foreign Affairs of Finland	54.03
Germany	Federal Ministry for Economic Cooperation and Development of Germany	0.15
	Federal Ministry for the Environment, Nature Conservation and Nuclear Safety	10.57
Italy	Ministry of Environment and Energy Secur	5.46
Multilateral Organization	The Green Climate Fund	44.63
	The World Bank	83.22
Japan	Ministry of Finance of Japan (MOF)	14.05
Mexico	Instituto Carlos Slim de la Salud	3.80
Netherlands	Ministry of Foreign Affairs	3.30
New Zealand	Ministry for Primary Industries	0.03
Peru	Ministerio de Relaciones Exteriores del Peru	2.00
Republic of Korea	Ministry of Economy and Finance	78.08
	Ministry of Land, Infrastructure and Transport of Korea	0.38
Switzerland	State Secretariat for Economic Affairs (SECO)	2.18
United Kingdom	Department for Business, Energy & Industrial Strategy (BEIS)	1.24
	Department of Environment, Food and Rural Affairs (DEFRA)	1.58
	Foreign Commonwealth & Development Office (FCDO)	13.76
USA	Bill & Melinda Gates Foundation	16.50
	Rockefeller Foundation	10.00
<b>Total</b>		<b>\$410.52</b>

### 2023 Knowledge Partnerships through Mobilizing Talent, Expertise and Technology

Name of Organization	Country	Modality	Total Number
Federal Ministry of Finance of Austria (BMF)	AU - Austria	APO	1
Global Affairs Canada (GAC)	CA - Canada	PEC	1
Agencia Francesa de Desarrollo (AFD)	FR - France	Secondee	1
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	GE - Germany	Secondee	1
Federal Ministry for Economic Affairs and Climate Action (BMWK)	GE - Germany	EFC	1
Federal Ministry for Economic Cooperation and Development (BMZ)	GE - Germany	APO	1
Instituto Español de Comercio Exterior (ICEX)	ES - Spain	Intern	4
Ministry of Finance of Israel (MOF)	IS - Israel	EFC	6
Ministry of Foreign Affairs of Italy	IT - Italy	APO	4
Japan International Cooperation Agency (JICA)	JP - Japan	Secondee	2
Waseda University	JP - Japan	Intern	3
Export-Import Bank of Korea (KEXIM)	KR - Korea	Secondee	3
Korea Expressway Corporation (KEC)	KR - Korea	Secondee	1
Korea Ministry of Environment (MOE)	KR - Korea	EFC	1
Korea Trade-Investment Promotion Agency (KOTRA)	KR - Korea	Secondee	1
Ministry of Economy and Finance of Korea (MOEF)	KR - Korea	EFC	1
Ministry of Health and Welfare (MOHW)	KR - Korea	EFC	1
Ministry of the Interior and Safety (MOIS)	KR - Korea	Secondee	1
Ministry of Land, Infrastructure and Transport of Korea (MOLIT)	KR - Korea	EFC	1
Ministry of Personnel Management (MPM)	KR - Korea	EFC	1
Ministry of Science and ICT (MSIT)	KR - Korea	EFC	1
Ministry of Trade, Industry and Energy of the Republic of Korea (MOTIE)	KR - Korea	EFC	1
Statistics Korea (KOSTAT)	KR - Korea	EFC	1

The list includes the active contracts between January and December 2023 for IDB employees recruited and funded, when applicable, by the agreements for secondment, sponsored internship, Associated Professional Officer (APO), and Externally Funded Consultant (EFC) funded through the project specific grant (PSG).

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