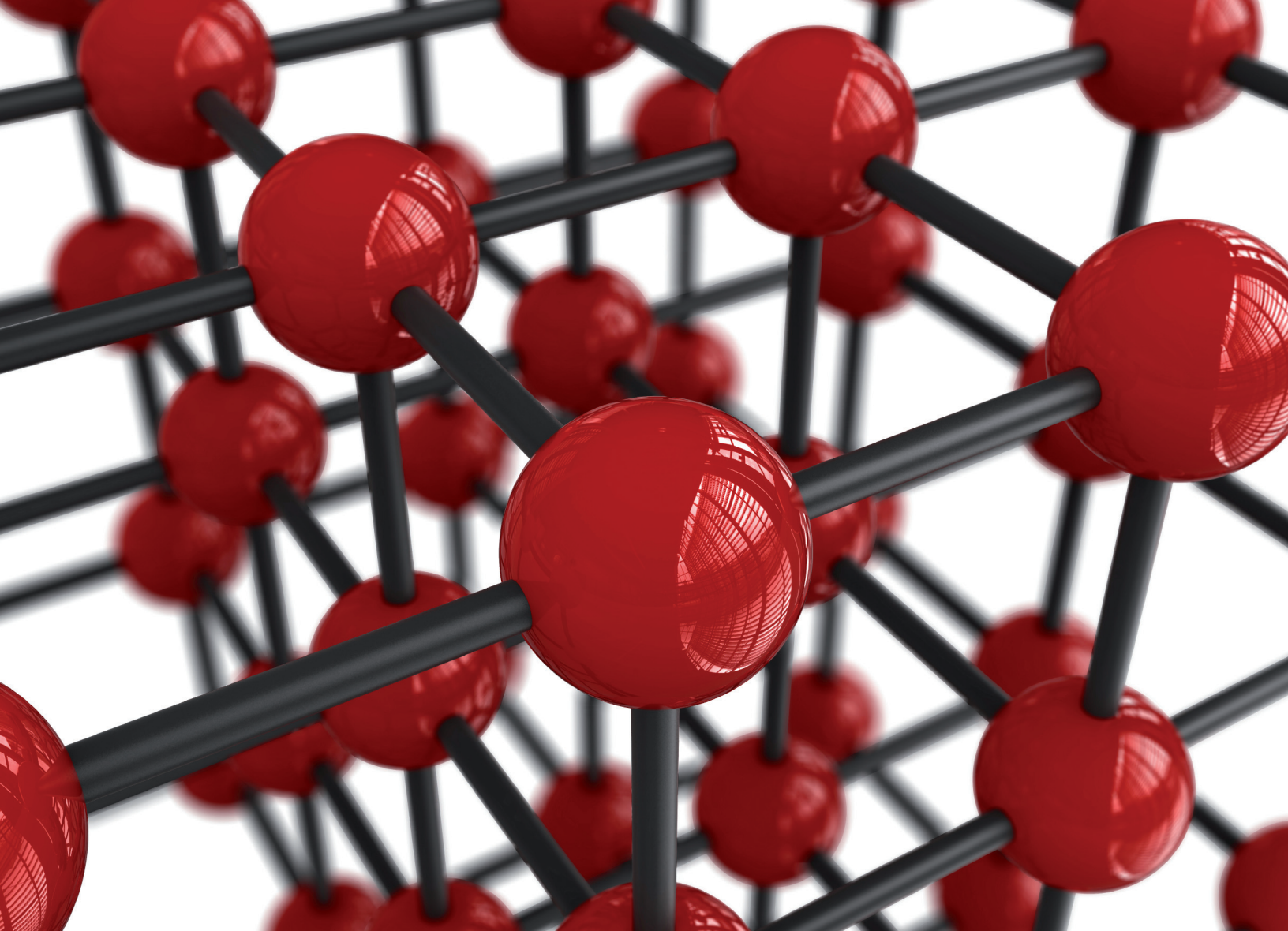




2010 ANNUAL BUSINESS REVIEW

REPORT INCLUDED AS ANNEX I IN DEVELOPMENT EFFECTIVENESS OVERVIEW 2010

ABBREVIATIONS

AFS	Audited Financial Statements
BDA	Budget and Administrative Services Department
C&D	Countries from Group C & Group D
CAN	Country Department Andean Group
CCB	Country Department Caribbean Group
CCLIP	Conditional Credit Line for Investment Projects
CID	Country Department Central America, Mexico, Panama and Dominican Republic
COF	Country Office
CPD	Country Programming Document
CSC	Country Department Southern Cone
DTF	Donor Trust Funds
DEM	Development Effectiveness Matrix
EDU	Education Division
EME	Emergency Operations
FMM	Fiscal and Municipal Management Division
FSO	Fund for Special Operations
FTE	Full Time Equivalents
GCM	Grants and Co-Financing Management Unit
GEF	Global Environment Facility
HQ	Headquarters
HRD	Human Resources Department
HRG	Haiti Response Group
ICF	Institutional Capacity and Finance Sector
IDB-8	Eighth General Capital Increase in the Resources of the Inter-American Development Bank
IDB-9	Ninth General Capital Increase of the Inter-American Development Bank
INE	Infrastructure and Environment Sector
INT	Integration and Trade Sector
INV	Investment Operations
KCP	Knowledge and Capacity Building Products
LPGS	Liquidity Program for Growth Sustainability
NFP	Non Financial Products
NPC	Non-Personnel Costs
NSG	Non-Sovereign Guaranteed
OC	Ordinary Capital
OMJ	Opportunities for the Majority Sector
OPUS	Operations Update System

PBL	Policy Based Lending
PC	Personnel Cost
PCR	Project Completion Report
PDP	Operations Procurement Office
PFM	Portfolio Monitoring Unit
PMR	Progress Monitoring Report
PRG	Programming Product
REG	Regional
RES	Department of Research and Chief Economist
RND	Environment, Rural Development Disaster Risk Management Division
SCF	Structured and Corporate Financing Department
SCL	Social Sector
SECCI	Sustainable Energy and Climate Change Initiative
SG	Sovereign Guaranteed
SMO	Strategic Monitoring Division
SPD	Office of Strategic Planning and Development Effectiveness
SPH	Social Protection and Health Division
T&L	Time and Labor System
TC	Technical Cooperation
TFFP	Regional Trade Finance Facilitation Program
VPC	Vice President for Countries
VPF	Vice President for Finance and Administration
VPP	Vice President for Private Sector and Non-Sovereign Guaranteed Operations
VPS	Vice President for Sectors and Knowledge
WSA	Water and Sanitation Division

207	Operational Program Highlights
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This document provides an analysis of the 2010 operational results for discussion and decision making purposes. This data was collected from a number of sources and is subject to adjustments and analysis as deemed appropriate by the corresponding business units sponsoring the information.

Special acknowledgement to VPC, VPS, VPF, and VPP for their support in the preparation of this report.

Project Approvals

- Lending approvals reached \$12.7b, a 19% decrease from \$15.6b in 2009. Number of operations reached 170, a 12% increase from 152 approved in 2009.

- * Fund NSG approvals reached \$0.8b, a 14% decrease from \$1b in 2009.

- * SG approvals with Ordinary Capital reached \$11.3b a 21% decrease from \$14.3b in 2009.

- * Investment approvals reached \$9b in 2010, a 21% decrease from \$11.3b in 2009.

- * Policy Based lending approvals reached \$3.7b, a 37% increase from \$2.7b in 2009.

- * Fund for Special Operations (FSO) approvals reached \$297m, a 30% increase from the \$228m approved in 2009.

- * Grant Facility approvals reached \$251m, more than double from \$122m approved in 2009.

- The number of operations that scored “satisfactory” or above in evaluability dimensions reached 98, an increase of 88% from 52 projects in 2009.

- Operations for C and D countries reached \$4.2b, a 16% decrease from \$4.9b in 2009. Number of operations reached 93, a 29% increase from 72 in 2009.

Project Disbursements

- Total disbursements reached \$10.9b, an 8% decrease from \$11.8b in 2009.

- Investment loan disbursements reached \$7.4b, a 14% decrease from \$8.6b in 2009.

- Loan disbursements from FSO and Grants amounted to \$418m, a 5% increase from \$398m in 2009.

- Disbursements for C and D countries reached \$3.4b, an increase of 5% from \$3.2b in 2009.

Portfolio Management

- There are 580 SG operations in the Bank’s portfolio, an increase of 4% from 557 in 2009 and there are 66 NSG operations, an increase of 18% from 56 in 2009. INE reached 278 operations, a 9% increase from 254 in 2009.

- The median time from legal effectiveness to First disbursement is 6.8 months and from legal effectiveness to Last disbursement is 7.4 years, an increase of 2% and 6% respectively.

- Sector disbursement profiles reveal that two years after approval ICF disbursed an average 89% of its balance, SCL an average of 88% and INE an average of 80%.

VPS Knowledge and Capacity Building Products (KCPs)

- VPS worked on 94 KCPs, a 14 % decrease from 109 KCPs in 2009.

- VPS completed 537 deliverables (86% of the 622 planned), a 46% increase from 368 deliverables (68% of the 538 planned) in 2009.

- Non personnel expenditures for KCPs reached \$14.6m, a 15% decrease from \$17.2m spent in 2009.

- Staff time reported to KCPs in 2010 reached 74.2 FTEs, a 3% decrease from 76.2 reported in 2009.

Programming Products

- Six country strategies (CSs) were approved by the Board during 2010: The Bahamas, the Dominican Republic, El Salvador, Mexico, Panama and Paraguay.

Technical Cooperation

- TC approvals reached \$198m, a 7% decrease from the \$213m approved in 2009. Number of operations reached 411, a 9% decrease from 451 in 2009.

- TC Disbursements reached \$133m, an increase of 16% from \$115m in 2009.

Operational Efficiency

- Staff time reported per approved project reached 0.89 FTEs, a 9% decrease from 0.98 in 2009.
- Time elapsed to prepare a project (from Profile to Approval) was 6 mos., a decrease from 7 mos. in 2009.
- Staff time reported to project execution per US\$ million disbursed reached 3.9 days, an 18% increase from 3.2 days in 2009.

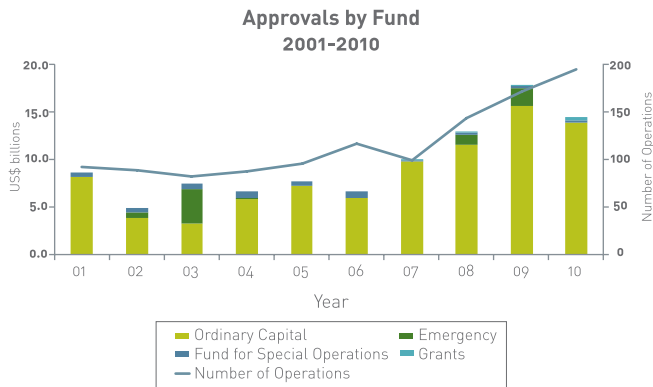
Operational Staffing and Culture

- There were 198 positions filled in 2010 out of which 138 (70%) were operational. In 2009, 180 positions were filled out of which 125 (69%) were operational.
- Of the 60 hires in Country Offices in 2010, 26 (43%) were females; for headquarters, out of the 90 hires, 41 (46%) were females. In 2009, out of the 46 hires in Country offices, 24 (52%) were females; for headquarters, out of the 91 hires, 43 (45%) were females.
- Number of SG operations prepared by Team Leaders in COF as a percent of total number of SG approvals reached 20%, a 20 percentage points decrease from 40% in 2010.
- The percentage of projects in execution with Team leaders in COFs increased from 82% in 2009 to 84% in 2010.

I. Program Strategic Alignment

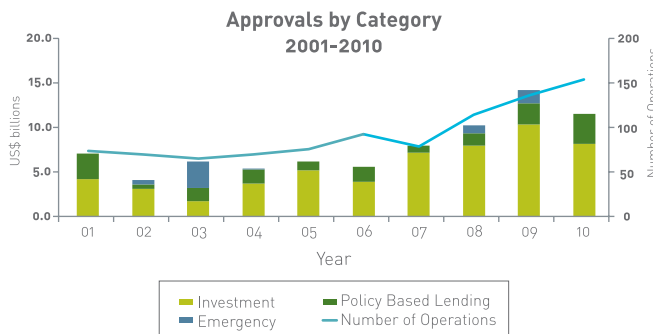
This section presents indicators for the utilization of Bank's financial resources through different instruments as well as their allocation to country groups and priority sectors. Also presents information regarding the completion of Departmental Business Plans.

1.1 LENDING (SG AND NSG)



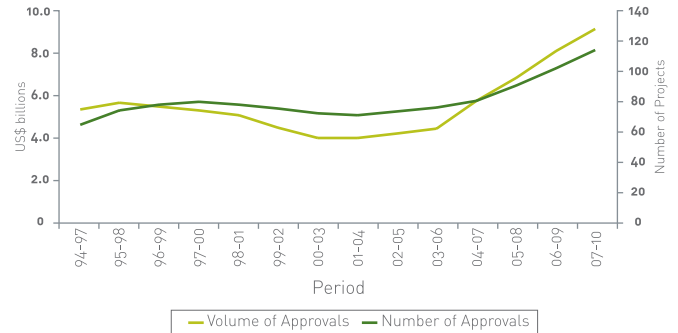
- Lending approvals reached \$12.7b, a 19% decrease from \$15.6b in 2009. Number of operations reached 170, a 12% increase from 152 approved in 2009.
- Fund for Special Operations (FSO) approvals reached \$297m, a 30% increase from the \$228m approved in 2009. Grant approvals reached \$251m, a 106% increased from the \$122m approved in 2009.

1.2 LENDING BY CATEGORY



- Investment approvals reached \$9b in 2010, a 21% decrease from \$11.3b in 2009. Policy Based lending approvals reached \$3.7b, a 37% increase from \$2.7b in 2009. There were no Emergency loan approvals, in contrast to the \$1,600m in 2009.
- Sovereign Guaranteed investment operations account for \$8.2b of investment approvals, a 21% decrease from \$10.4b in 2009.

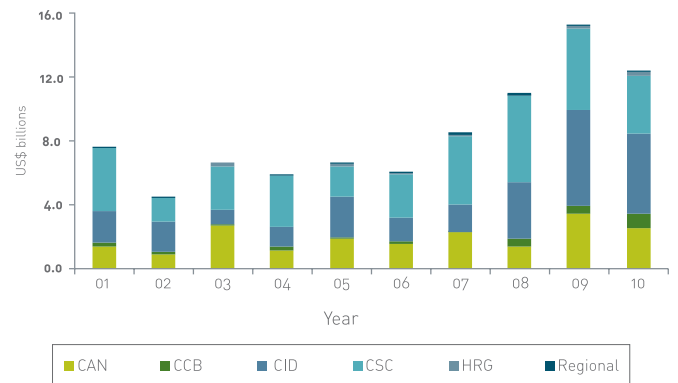
Investment Lending Growth 4 Year Moving Average



- The 4 year Average Investment Lending approvals reached \$9.3b in the 07-10 periods, a 14% increase from \$8.1b in 06-09.
- The 4 year Average Investment Lending approvals reached 115 operations in the 07-10 periods, a 14% increase from 111 in 06-09.

1.3 LENDING BY COUNTRY DEPARTMENT

Approvals by Country Department (Volume) 2001-2010 Excludes Emergency Lending



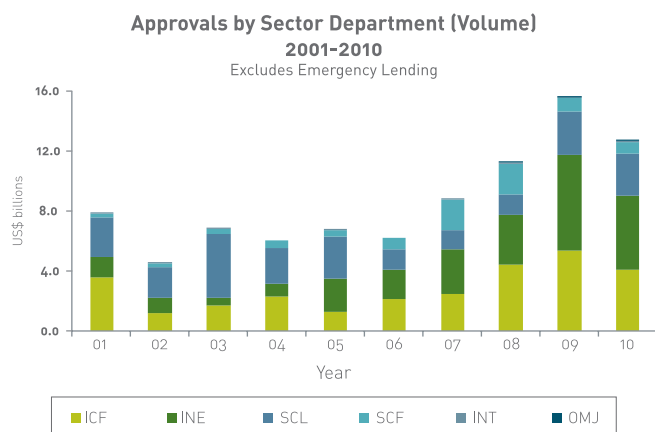
- Approvals for CAN countries reached \$2.6b, a 25% decrease from \$3.5b in 2009. Number of operations reached 38, a 19% increase from 32 in 2009.
- Approvals for CCB countries reached \$0.9b, a 56% increase from \$0.5b in 2009. Number of operations reached 17, a 42% increase from 12 in 2009.

- Approvals for CID countries reached \$5.1b, a 17% decrease from \$6.1b in 2009. Number of operations reached 54, a 15% increase from 47 in 2009.

- Approvals for CSC countries reached \$3.7b, a 29% decrease from \$5.2b in 2009. Number of operations reached 50, a 2% decrease from 51 in 2009.

- Approvals for HRG reached \$0.3b, a 106% increase from \$0.1b in 2009. Number of operations reached 10, a 67% increase from 6 in 2009.

1.4 LENDING BY SECTOR



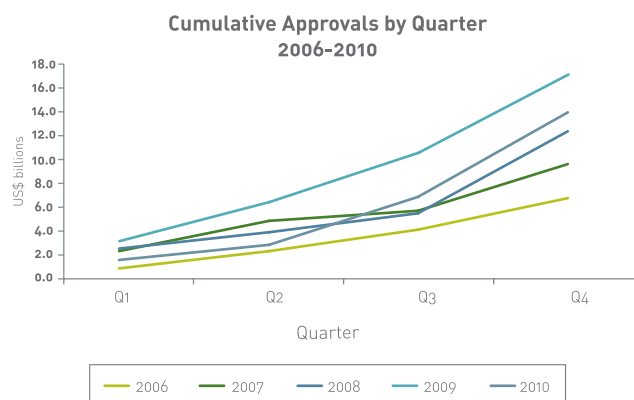
- ICF approvals reached \$4b, a 25% decrease from \$5.3b approved in 2009. Number of operations reached 45, a 5% increase from 43 in 2009.

- INE approvals reached \$4.9b, a 22% decrease from the \$6.3b approved in 2009. Number of operations reached 65, a 16% increase from 56 operations in 2009.

- SCF approvals reached \$0.8b, a 15% decrease from the \$0.9b in 2009. Number of operations reached 21, a 5% decrease from 22 in 2009.

- SCL approvals reached \$2.8b, a 4% decrease from \$2.9b in 2009. Number of operations reached 28, a 33% increase from 21 in 2009.

1.5 LENDING APPROVALS BY QUARTER

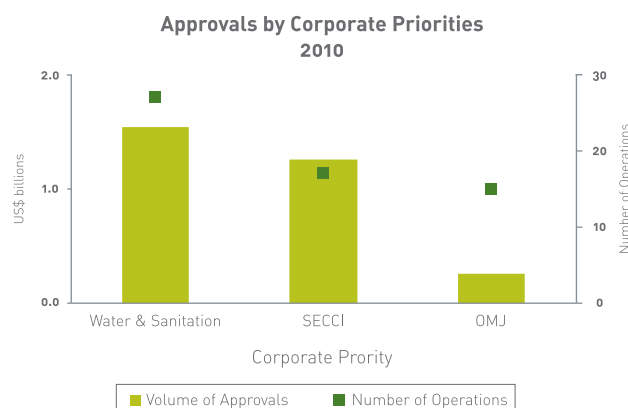


- Volume of lending approved in the last quarter of 2010 reached \$6.4b, a 9% increase from 5.9b in 2009. As a percentage of total lending, approvals in the last quarter reached 51%, 13 percentage points increase from 38% in 2009.

- Number of loan approvals in the last quarter of 2010 reached 81, a 2% decrease from 83 in 2009. As a percentage of total number of operations, approvals in the last quarter reached 48%, 8 percentage points decrease from 55% in 2009.

1.6 LENDING BY CORPORATE PRIORITIES

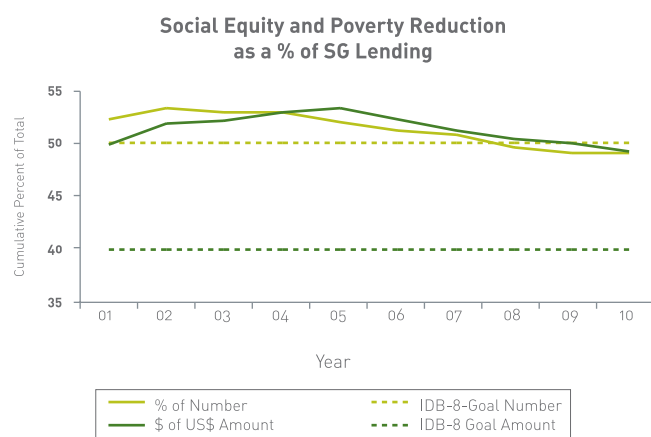
- Water and Sanitation approved \$1.5b, a 23% decrease from \$2b in 2009. Number of operations reached 27, a 35% increase from 20 in 2009.



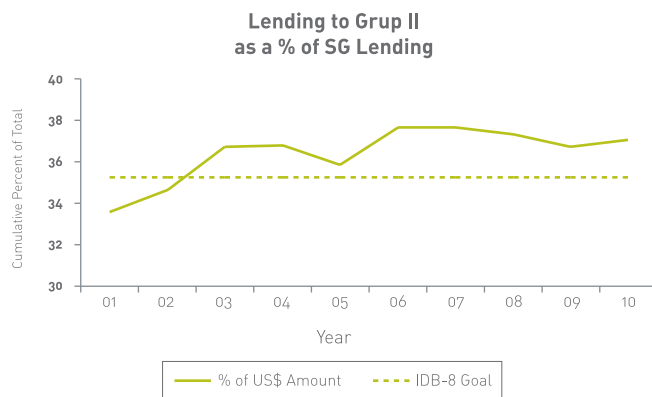
- SECCI approved \$1.2b, a 38% increase from \$0.9b in 2009. Number of operations reached 17, a 240% increase from 5 in 2009.

- OMJ initiative reached approvals for \$0.2b, from \$0.1b in 2009. Number of operations reached 15, a 36% increase from 11 in 2009.

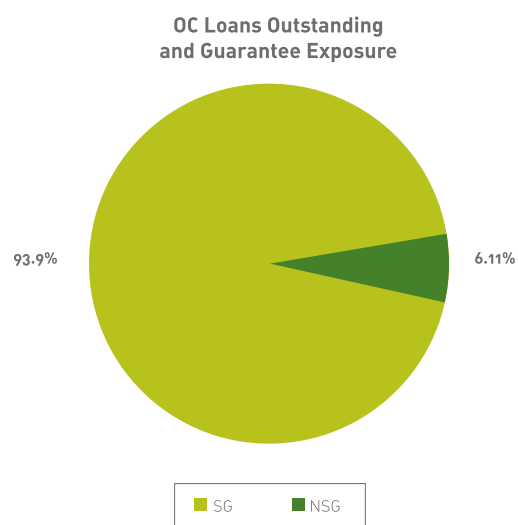
1.7 GOALS OF THE 8TH REPLENISHMENT¹



- Cumulative levels for SG volume and number of approvals for operations for Social Equity and Poverty Reduction are at 49% of volume (9 percentage points over the indicative goal of 40%) and 49% of number (one percentage point below the 50% indicative goal).



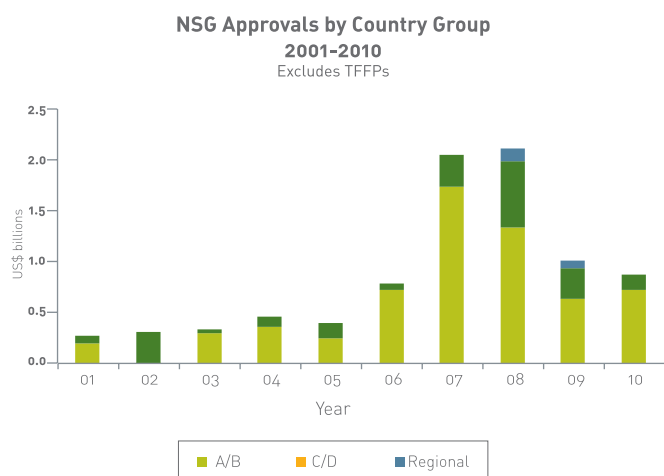
- Cumulative SG lending approvals for Group II countries remained at 37% of volume (2 percentage points above the 35% indicative goal).



- Total OC loans outstanding and guarantee exposure reached \$64b (excluding emergency loans) and includes \$3.9b of NSG operations which represent 6.11% of the total.

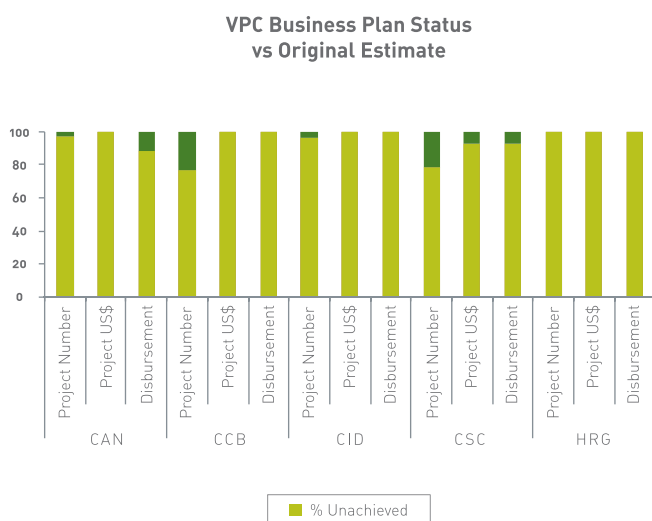
¹ As stated in the Results Framework of the IDB-9 (AB-2764), the Bank will report on IDB 8 Indicators until 2011. Starting in 2012 and beyond, IDB-9 lending indicators will be reported.

1.8 NSG LENDING TO GROUPS C & D

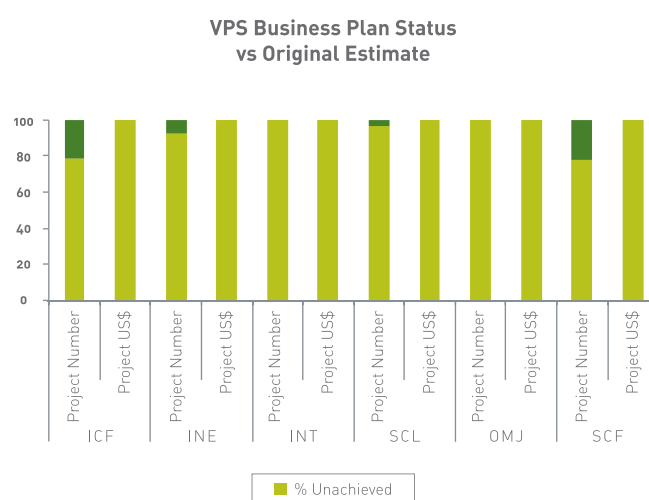


- NSG approvals for C & D countries represented 16% of total NSG volume (\$0.8b) and 32% of number of operations (31) in 2010. In 2009, 30% of total NSG volume (\$1b) and 39% of the number of operations (28) were for C&D countries in 2009.

1.9 BUSINESS PLANS EXECUTION



- By year end of Business Plan² 2010, CAN reached 89% in disbursements 100% of lending operational estimate³ volume, and 97% in number of projects; CCB reached 100% in disbursements 100% in volume, and 77% in number; CID reached 100% in disbursements, 100% in volume, and 96% in number; CSC reached 93% of disbursements, 93% of volume and 79% in number; HRG 100% in number, volume and disbursements.



- All Sectors, reached 100% of loan projects volume estimates. For number of projects, ICF reached 79%, INE 93%, INT 100%, SCL 97%, OMJ 100%, and SCF 78%.

² Business Plans are the original estimations of outputs proposed by the Bank's Units during the budget preparation exercise for the year. These estimations are used as targets in the context of this report.

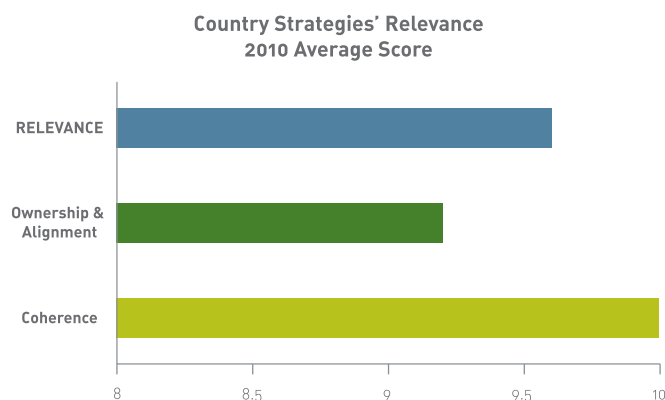
³ Country Departments and Sectors prepared estimates for loan projects (number and volume). Disbursements estimates were prepared under leadership of Country Departments.

II. Business Development

The following section presents indicators that assess Country Strategies and programming as well as Knowledge and Capacity Building Products. There are indicators about financial and human resources devoted in these activities. This section also includes Technical Cooperation program and execution indicators.

2.1 COUNTRY STRATEGIES AND DIALOGUE EFFECTIVENESS

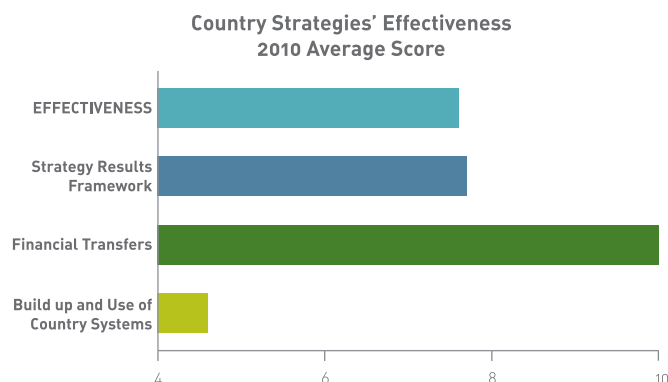
- Six country strategies (CSs) were approved by the Board during 2010: Bahamas, Dominican Republic, El Salvador, Mexico, Panama and Paraguay. All six were assessed for evaluability using the development effectiveness matrix⁴ (DEM-CS), in compliance with the Evaluation Cooperation Group Good Practice Standards for Country Strategy and Program Evaluations (ECG-GPS, 1008).



- On a scale of 1 to 10,⁵ CSs approved achieved an overall average score of 9.6 on relevance and 9.2 on ownership and alignment indicating a high consistency of CSs with Bank clients' needs and priorities. All 6 CSs received the highest score for coherence, indicating that expected results of Bank-country partnership are clearly identified and supported by an indicative mix of products.

⁴ The DEM matrix includes the core standards of relevance to measure the degree to which the CS is consistent with the needs of the country and with the government's plans and priorities; effectiveness to examine the extent to which the CS is likely to achieve its development objectives; and risks to identify issues that may negatively affect Bank assistance or the long-term sustainability of CS results.

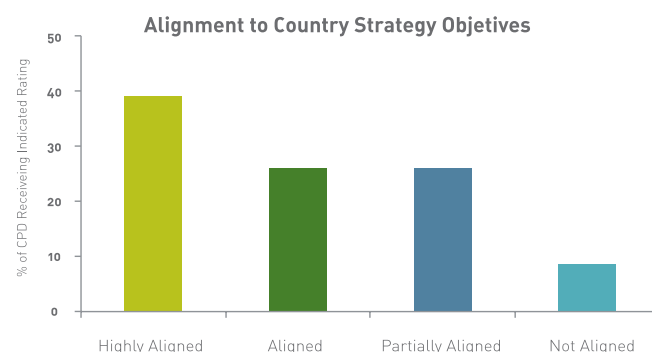
⁵ Each DEM section is scored on a 1 to 10 scale. The DEM matrix includes the core standards of relevance to measure the degree to which the CS is consistent with the needs of the country and with the government's plans and priorities; effectiveness to examine the extent to which the CS is likely to achieve its development objectives; and risks to identify issues that may negatively affect Bank assistance or the long-term sustainability of CS results.



- Overall effectiveness of CSs in 2010 reached a 7.6 average score, strategy results framework⁶ a 7.7, financial transfers⁷ a 10, and the use and build up of country systems a 4.6.

2.2 COUNTRY PROGRAMS

- In 2010, CPDs were prepared for 23 of 26 countries following the guidelines contained in the "Country Program Document" (GN-2551)⁸. All 23 were assessed by SPD using the DEM instrument⁹ specifically developed for CPDs.



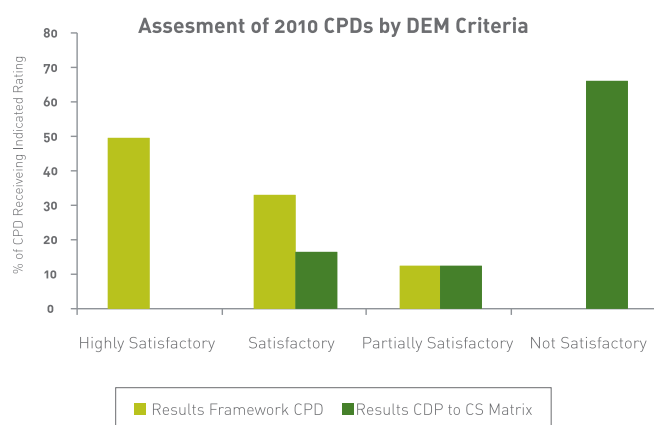
⁶ The Results Framework addresses whether an evidence-based diagnosis supports each area of Bank intervention and whether expected results and indicators are well defined.

⁷ Financial Transfers are the financing envelope estimations including high and low case scenarios and annual financial flows.

⁸ El Salvador, Haiti and the Dominican Republic were scheduled to prepare their country strategies during 2010 and therefore were not required to submit a CPD until later in the year.

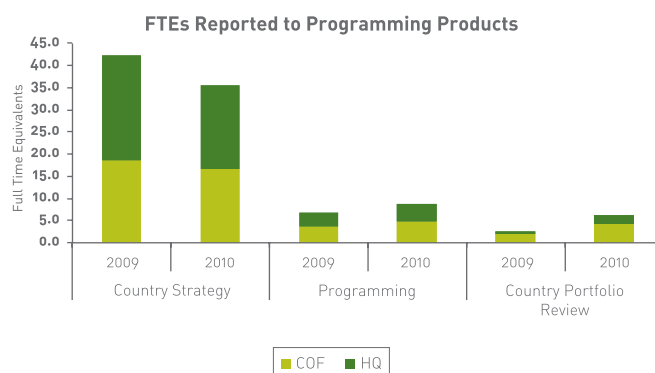
⁹ The DEM for CPDs is divided into three key criteria: (i) degree of alignment of the country program with CS objectives; (ii) the quality of the results framework (whether CPD results matrix provided clearly defined, measurable, time-bound output or outcome indicators); and (iii) extent of the link between CPD targets and CS indicators.

- 65% of CPDs obtained ratings of “Highly Aligned” or “Aligned” with CS objectives while the remaining 35% had ratings of either “Partially Aligned” or “Not Aligned”. In the majority of cases where no alignment existed, a justification for the relevance of the intervention was presented by the team.



- The analysis showed that 87% of the Results Framework CPDs had ratings of “Highly Satisfactory” or “Satisfactory”, and the results of CPD to CS matrix had 17% of “Highly Satisfactory” and “Satisfactory” ratings.

2.3 PROGRAMMING ACTIVITIES

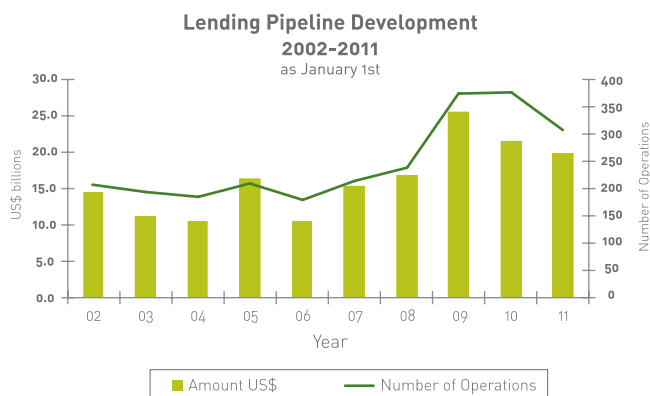


- Staff Time reported to programming and portfolio management activities reached 54.7 FTEs¹⁰ a 5% increase from 52.1 FTEs reported in 2009. Country Strategies accounted for 65% (35.6 FTEs) of the total reported to these activities.
- The 15 FTEs reported to programming and portfolio management activities are distributed as: CAN 36%, CCB 18%, CID 23%, CSC 20%, HRG 1% and Regional 3%.
- Staff time reported to Programming activities by COF reached 52% of FTEs reported to these activities, a five percentage point increase from 47% in the same period in 2009.
- Staff time reported to Customer Relationship Management¹¹ activities reached 4 FTEs, an increase of 10 times relative to the 0.4 FTEs in 2009

¹⁰ FTE – Full Time Equivalent Staff Years.

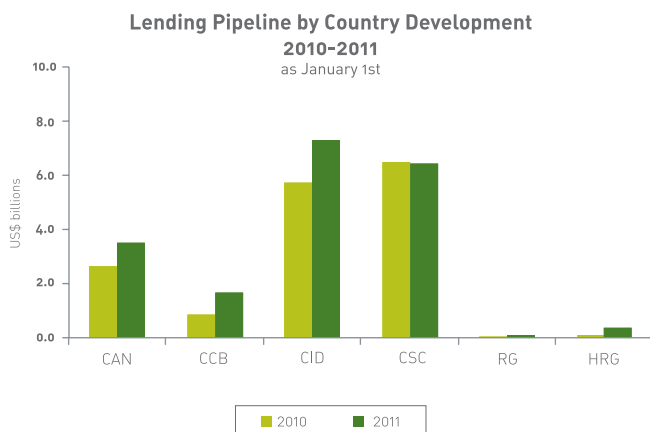
¹¹ Customer Relationship Management refers to the provision of timely, high quality services to borrowing countries, donors and other key constituencies. Manage clients' expectations under a scenario of scarcity of resources.

2.4 PIPELINE DEVELOPMENT

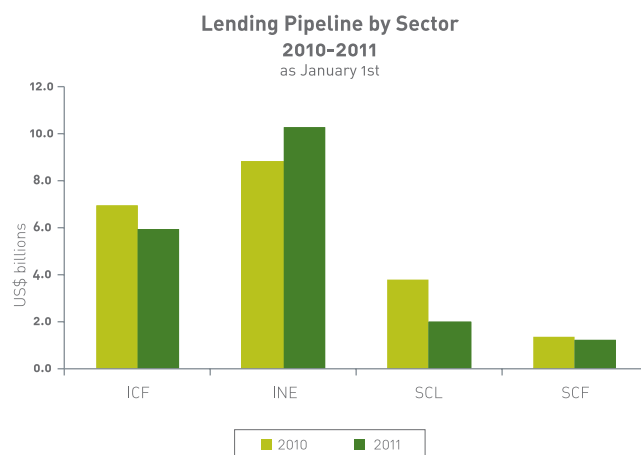


- As of January 1st 2011, the pipeline had 301 loan operations for \$19.6b, a decrease from 369 operations for \$21.1b on January 1st 2010 of 18% and 7% respectively. This included \$3.2b in Policy-based Lending (PBL), and \$16b in SG and NSG investment, a decrease from \$3.8b and \$17b on January 1st 2010.

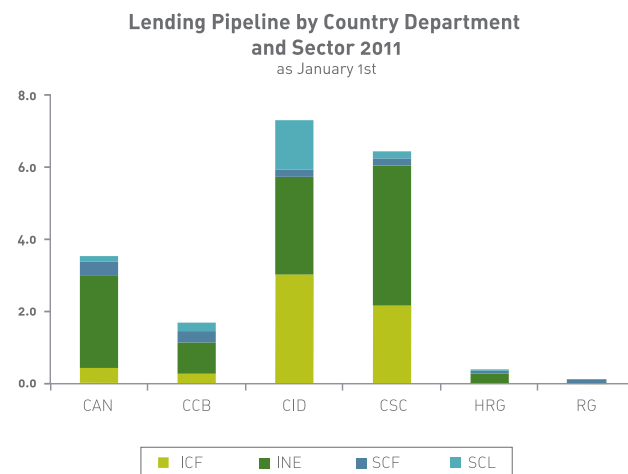
- The 2011 category "A" pipeline has 257 operations for \$14.9, an increase from 178 operations for \$9.4b in 2010. This includes \$2b in Policy-based Lending (PBL), and \$12.9b in SG and NSG investment, which represents the same level of 2009 for PBL and an increase from \$7b for SG and NSG investment.



- Lending pipeline as of January 1st 2011 for CAN amounts to \$3.5b, a 1% increase from \$3.5b in 2010; for CCB amounts to \$1.7b, a 96% increase from \$0.9b in 2010; for CID amounts to \$7.3b, a 1% decrease from \$7.3b in 2010; for CSC amounts to \$6.5b, a 24% decrease from \$8.5 in 2010 and for HRG amounts to \$0.4b, a 188% increase from \$0.1b in 2010.



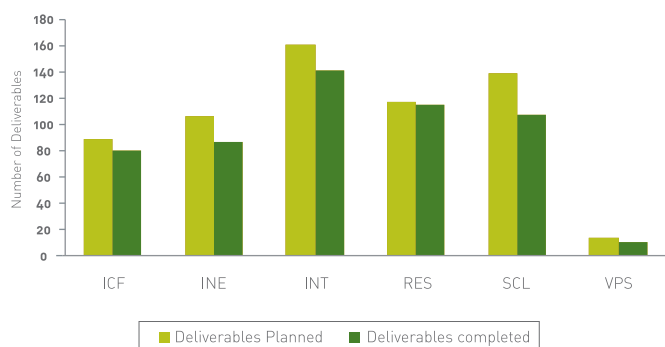
- Lending pipeline as of January 1st 2011 for ICF amounts to \$5.9b, a 15% decrease from \$6.9 in 2010; for INE amounts to \$10.3b, a 16% decrease from \$8.8b in 2010; for SCL amounts to \$2b, a 46 % decrease from \$3.8b in 2010; for SCF amounts to \$1.2b, an 8% decrease from \$1.3b in 2010 and INT amounts to \$50m, an increase of 16% from \$43m in 2010.



- Operations in pipeline based on volume, are distributed in CSC and CID (70% of pipeline), 9% for CCB, 18% for CAN, 2% for HRG and 1% Regional. For Sectors, ICF and INE account for 83% of pipeline while SCL accounts for 10% and SCF for 6%.

2.5 KNOWLEDGE AND CAPACITY BUILDING PRODUCTS¹² (KCPs)

KCPs Deliverables by Sector
Planned vs. Completed



- Sectors worked on 94 KCPs as of December 2010. ICF was responsible for 27 (29%), INE for 18 (19%), SCL for 22 (23%), RES for 16 (17%), INT for 9 (10%) and ESG and VPS for 2 (2%).

- For each KCP approved by VPS, the sectors responsible planned a number of deliverables¹³ to be completed in 2010. As of December 2010, Sectors completed 537 (86%) deliverables of 622 planned.

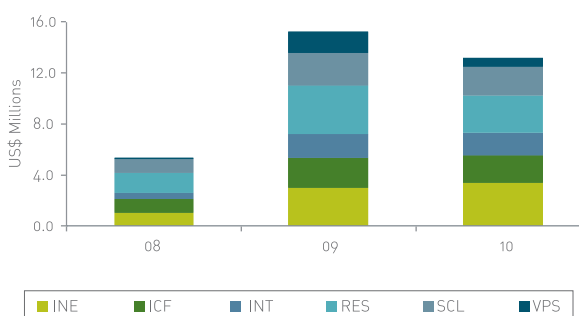
- RES and INT completed 254 (47%) deliverables of 276 planned, ICF, INE and SCL completed 273 (82%) of 332 deliverables estimated.

Resources to Knowledge Products
2006-2010



- Non personnel expenditures for KCPs reached \$14.6m, a 15% decrease from \$17.2m spent in 2009.
- Staff time reported to KCPs in 2010 reached 74.2 FTEs, a 3% decrease from 76.2 reported in 2009.

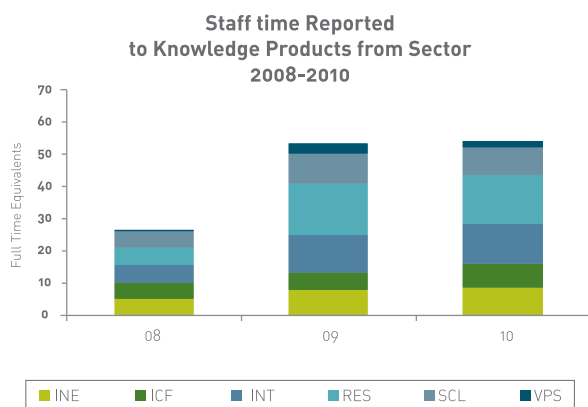
Non Personnel Costs
to Knowledge Products from Sector
2008-2010



- Execution of Non personnel resources (consultants and travel) by VPS to the KCP program in 2010 reached \$13.2m, a 14% decrease from \$15.3m in 2009. By sector, ICF reached \$2.2m, INE \$3.4m, INT \$1.7m, RES \$2.9m and SCL \$2.2m.

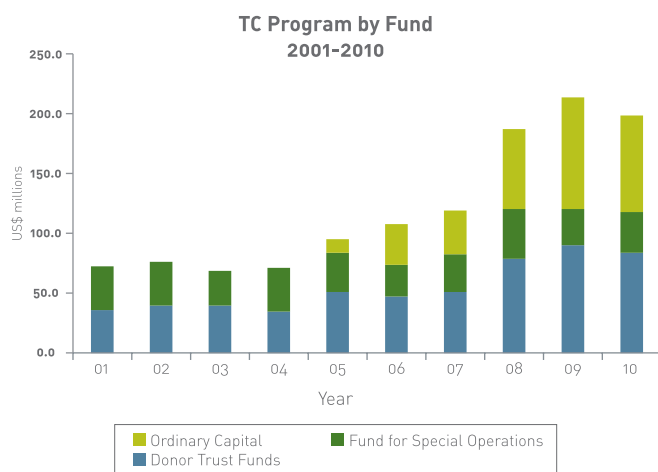
¹² In previous years, Country and Sector knowledge was generated mainly through independent research papers, studies, notes and seminars. 2009 was the first year of implementation of Knowledge and Capacity Building Products through a programmatic approach.

¹³ KCP deliverables are intermediate outputs such as sector studies and notes, seminars, technical networks, and databases, among others.



- Staff time reported by VPS to the KCP program in 2010 reached 61.8 FTEs, compared with 60.9 FTEs in 2009. By sector, ICF reached 8.6 FTEs, INE 9.9 FTEs, INT 14.1 FTEs, RES 17.2 FTEs, and SCL 9.5 FTEs.

2.6 TECHNICAL COOPERATION PROGRAM



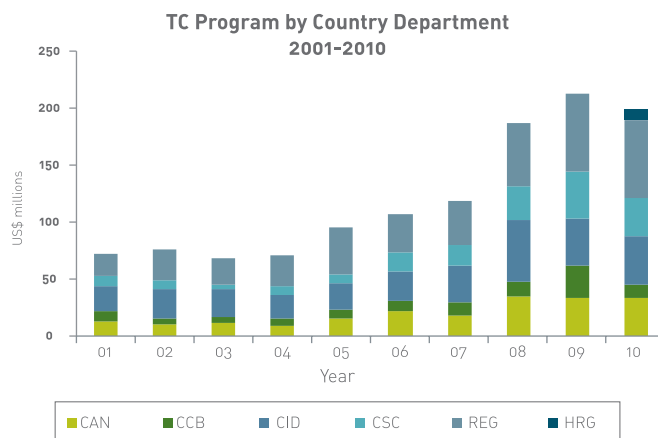
- TC approvals reached \$198m, a 7% decrease from the \$213m approved in 2009. Number of operations reached 411, a 9% decrease from 451 in 2009. Average size of TCs approved reached \$481K, a 2% increase from \$472K in 2009.

- TC financed with FSO approvals reached \$34m, a 14% increase from \$29.9m in 2009. Number of operations reached 87, a 22% decrease from 111 in 2009. Average size of FSO TCs was \$390K, a 45% increase from 270K in 2009.

- TC financed Donor Trust Funds (DTF) approvals reached \$83.9m, a 7% decrease from \$90.1m in 2009. Number of operations reached 181, a 10% decrease from 200 in 2009. Average size of DTF TCs was \$443K, a 2% decrease from \$451K in 2009.

- Investment Grant Operations¹⁴ financed by the Spanish Fund for Water and Sanitation amount to \$272.8m in 11 operations, 97% of the available \$281m of the Fund.

- Special programs financed with Ordinary Capital (OC) approvals reached \$83.9m, a 10% decrease from \$93m in 2009. Number of operations reached 143, a 2% increase from 140 in 2009. Average size of OC TCs was \$587k, a 12% decrease from \$664k in 2009.

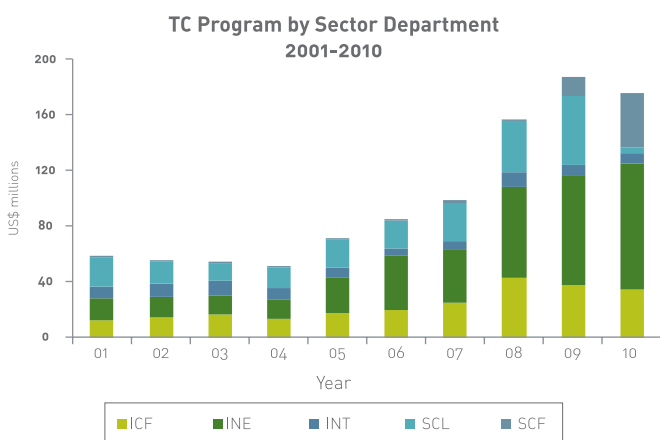


- TC approvals for CAN countries reached \$32.9 m, a 0.3% decrease from \$33m in 2009; for CCB countries, approvals reached \$12.3m, a 22% decrease from \$15.7m in 2009; for CID countries, approvals reached \$42m, a 2% increase from \$41.3m in 2009; for CSC countries, approvals reached \$33.5m, a 20% decrease from \$41.9 in 2009, and HRG approvals reached \$8.4m, a decrease of 35% from \$12.9m in 2009.

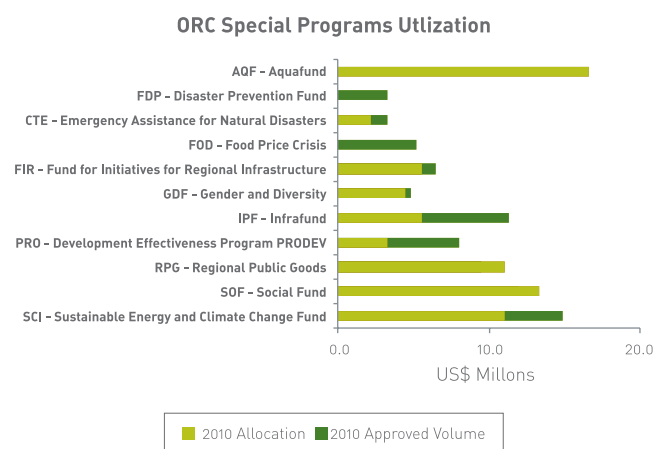
¹⁴ Investment Grant Operations are those that finance investments on a non-reimbursable basis, either complementary to technical cooperation or as stand-alone contributions, consistent with the objective of the DTF. The eligible investment activities may include works, goods, equipment, and related services (transportation, insurance, etc.) and pilot projects in areas contemplated by the DTF instrument, as well as consulting services required for such investments.

- TC Regional approvals reached \$69m, a 1% increase from \$68.2m in 2009.

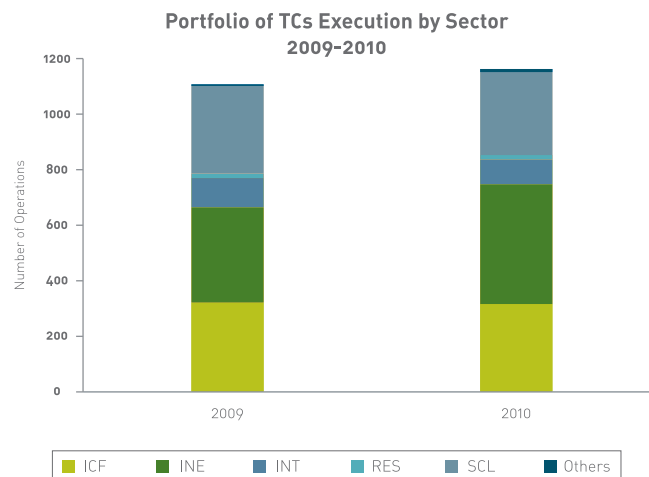
- CAN countries account for \$33m (17%) of TC approvals in 2010; CCB countries for \$12m (6%), CID countries for \$42m (21%), CSC countries for \$34m (17%), HRG for \$8.4m (4%) and Regional for \$69m (35%).



- Approvals in 2010 for ICF reached \$34.6m, an 8% decrease from \$37.6m in 2009; for INE, approvals reached \$90.1m from \$78.9m in 2009; for INT, approvals reached \$8.2m, an 11% increase from \$7.4m in 2009; for SCL approvals reached \$3.5m from \$49.2m in 2009; and for SCF, approvals reached \$38.9m, a 181% increase from \$13.8m in 2009.

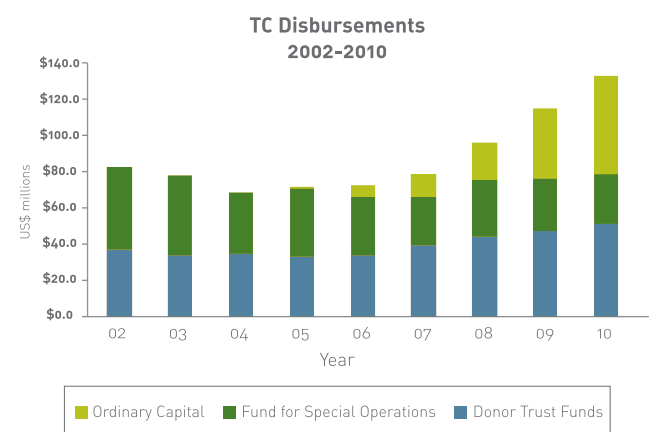


- Approvals under special programs financed with Ordinary Capital (OC) reached \$83.9m, 66% of the \$128m available in 2010 which included \$55.7m of carryover from 2009. In 2009, these programs reached approvals of \$90m, 61% of the \$149 available that year.



- TC Portfolio under responsibility of Sectors reached 1,161 operations, a 5% increase from 1,107 in 2009.

- The ICF TC portfolio reached 319 operations, a 1% decrease from 323 in 2009; INE reached 427 operations, a 25% increase from 342 in 2009; and SCL reached 300 operations, a 5% decrease from 315 in 2009.



- Disbursements of TCs financed with Fund for Special Operations (FSO) reached \$27.8, a 5% decrease from \$29.2m in 2009.

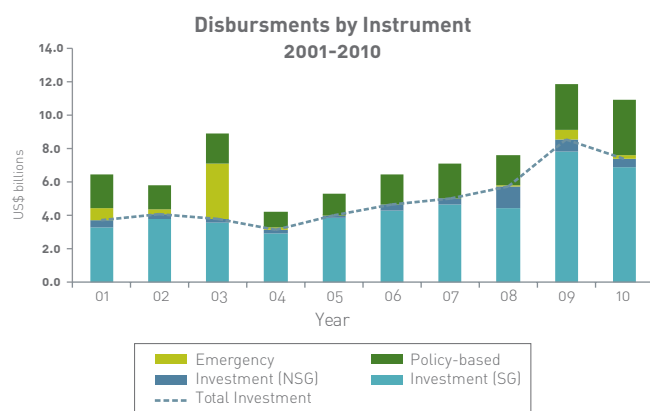
- Disbursements of TCs financed with Donor Trust Funds (DTF) reached \$51m, an 8% increase from \$47.1m in 2009.

- Disbursements of TCs financed through Special Programs of Ordinary Capital (OC) reached \$54.1m, a 40% increase from \$38.7m in 2009.

III. Program Delivery

The following set of indicators measure portfolio distribution among the different units as well as the overall status of the operations. There are indicators for Portfolio management and Disbursements.

3.1 DISBURSEMENTS



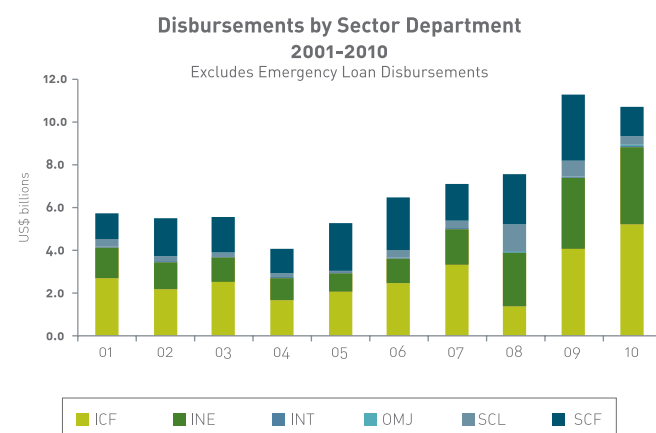
- Total disbursements¹⁵ reached \$10.9b, an 8% decrease from \$11.8b in 2009.

- Investment loan disbursements reached \$7.4b, a 14% decrease from \$8.6b in 2009.

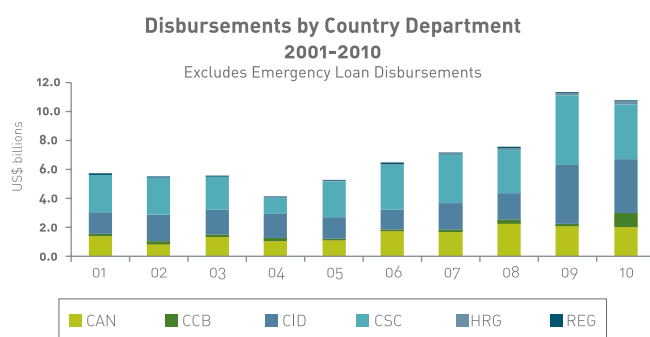
- Policy Based loans disbursements reached \$3.3b, a 21% increase from \$2.7b in 2009.

- Emergency Loans disbursements reached \$0.2b, a 63% decrease from \$0.5b in 2009.

- Disbursements to CAN countries reached \$2.02b, a 1% decrease from \$2.05b in 2009; to CCB countries reached \$0.9b, a 201% increase from \$0.3b in 2009; to CID countries reached \$3.9b, a 13% decrease from \$4.5b in 2009; and to CSC countries reached \$3.7b, a 21% decrease from \$4.8b in 2009.

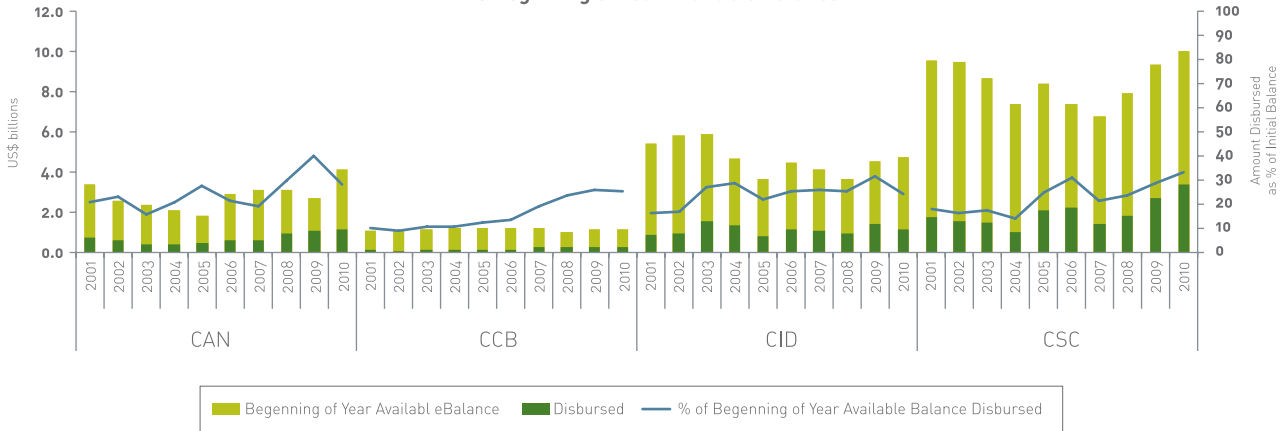


- ICF disbursements reached \$5.3b, a 17% increase from \$4.6b in 2009; INE disbursements reached \$3.6b, a 9% increase from \$3.3b in 2009; SCL disbursements reached \$1.3b, a 56% decrease from \$3b in 2009; and SCF disbursements reached \$0.5b, a 42% decrease from \$0.8b in 2009.



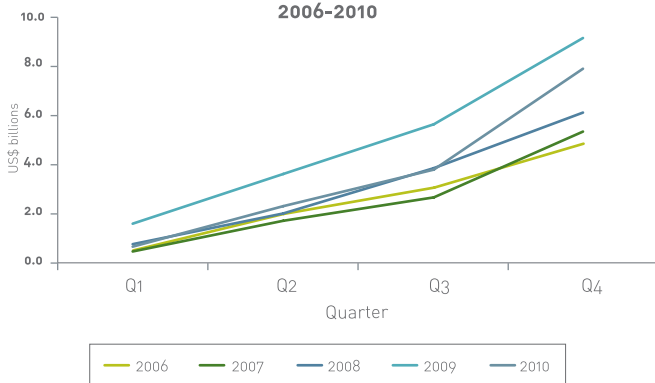
¹⁵ Included Emergency loans disbursements (LPGS and Fiscal) for \$37m in 2008 and \$548m in 2009.

**SG Investment Disbursements
vs Beginning of Year Available Balance**

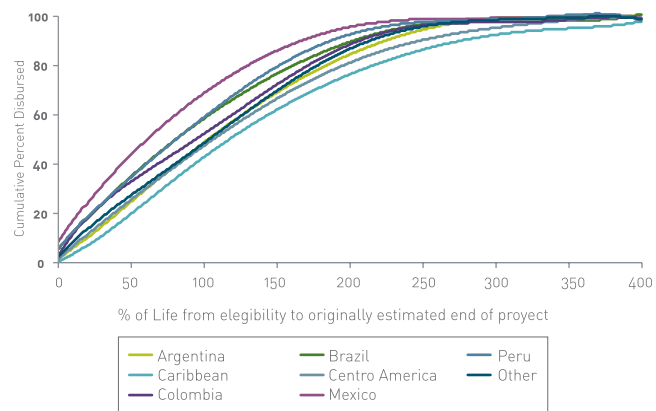


- Disbursements trends as a percentage of beginning of year balance for eligible investment projects are similar among country departments in recent years, with CSC reaching a 14% year-on-year average increase, CCB 13%, CAN 9% and CID an 8%.

**Cumulative Investment Disbursements by Quarter
2006-2010**



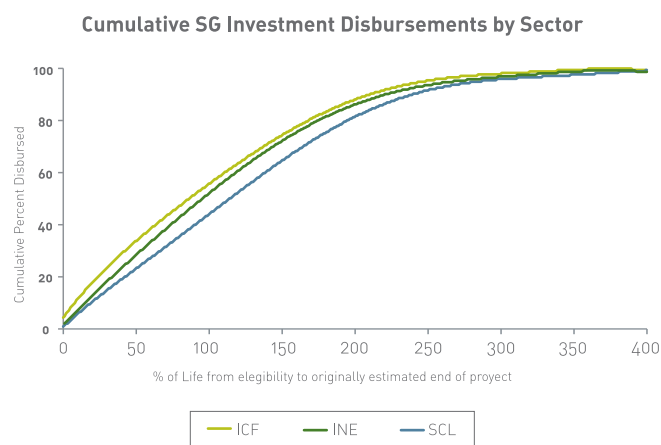
Cumulative SG Investment Disbursements by Country



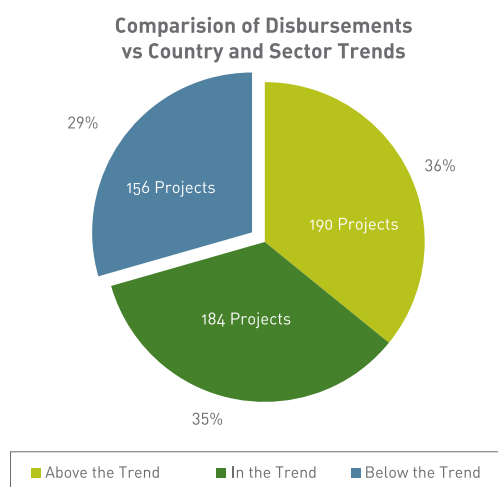
- Investment loan disbursements in the last quarter reached \$3.8b, a 17% increase from \$3.3 in 2009.
- Investment loan disbursements in the last quarter represented 52% of total investment disbursements. In 2009, disbursement concentration for this type of loans in the last quarter was 38%.

- Country disbursement profiles¹⁶ reveal that two years after approval Mexico disbursed 98% of its balances, Peru, Brazil and Colombia disbursed 90%, 89% and 93% respectively. All other countries average 49% of its available balance disbursed by the end of the fourth year.

¹⁶ Disbursement Profile of a Country is based on the average of the amount disbursed per project in the portfolio. The number of months is calculated from date of approval. The universe of projects for the profile shown, are the investment operations with Sovereign Guarantee that have closed between 1996 and 2010.



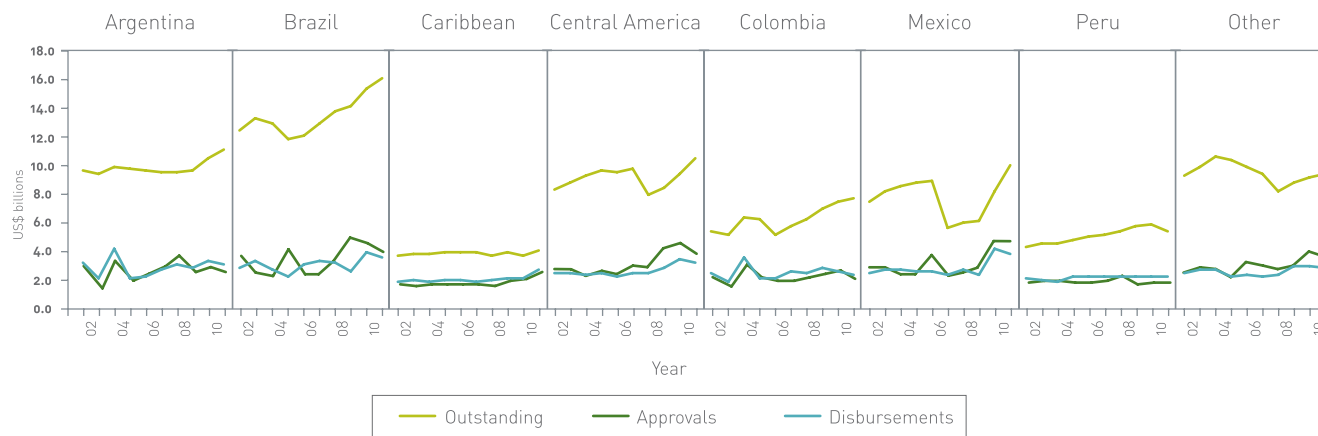
- Sector disbursement trends reveal that in twice the original projected timeframe; ICF disbursed an average 89% of its balance, SCL an average of 88% and INE an average of 80%.



- In 2010, 374 operations currently disbursing are above or within the sector and country historical trends¹⁷. The disbursement of each of these operations included in this group falls above or within the expected range of disbursement based on half-a- standard deviation of its corresponding country and sector.

¹⁷ The historical disbursement trends were individually calculated for countries and sectors based on available data beginning in 1996 to current date. In the analysis presented, each project was compared against its corresponding country and sector disbursement behavior model; which included a disbursement range based on a half-a-standard deviation.

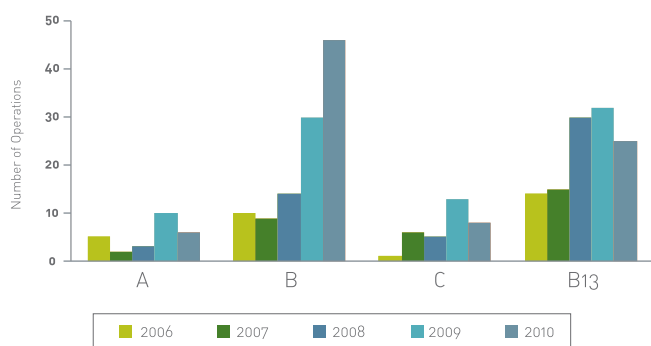
IDB's Outstanding. Approvals and Disbursements by Country



- Outstanding balances in Bank's borrowing countries show an increasing trend, particularly since 2006, with the exception of the Caribbean that remains steady.
- Mexico has recovered its outstanding portfolio and approvals after repayments made in 2006. In 2010, Argentina, Brazil, and Colombia reached their highest levels of outstanding balances since 2001.

3.2 ENVIRONMENTAL AND SOCIAL SAFEGUARDS

ESG's participation in approved operations per category 2006-2010



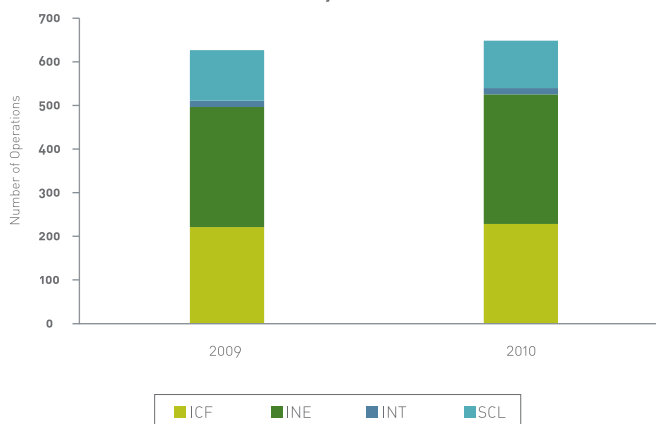
- The number of loan operations that had assistance from an Environmental and Social Safeguards specialist from ESG reached 85 in 2010, the same level as 2009. Category A operations reached 6, a decrease of 40 % from 10 in 2009; B operations reached 46, an increase of 53% from 30 in 2009, C operations reached 8, a decrease of 40% from 13 and B13 operations reached 25, a decrease of 22% from 32 in 2009.

3.3 PORTFOLIO MANAGEMENT

The following paragraphs assess the distribution of the portfolio among the different Sector Departments and selected measures so assess the time elapsed from approval to First and last Disbursements. Indicators below also address portfolio management instruments such as the Audited Financial Statements (AFS) and the Project Completion Reports (PCR).

3.3.1 DISTRIBUTION BY SECTOR

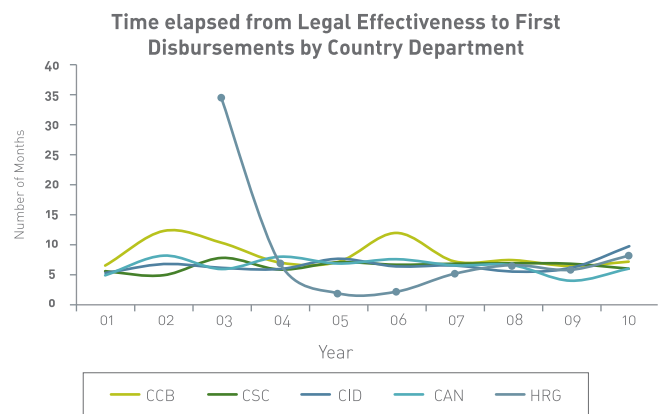
Portfolio of Loans in Execution by Sector 2009-2010



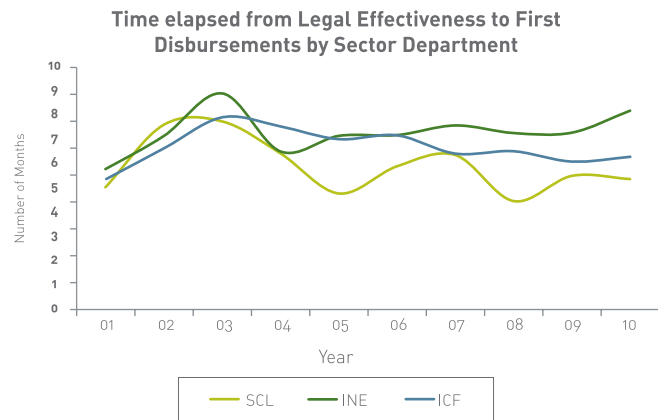
- The number of operations in the SG portfolio under responsibility of VPS reached 580 projects, 4% increase from 557 in 2009.

- The ICF portfolio reached 190 operations, a 3% decrease from 196 in 2009; INE reached 278 operations, a 9% increase from 254 in 2009; and SCL reached 100 operations, a 5% increase from 95 in 2009.

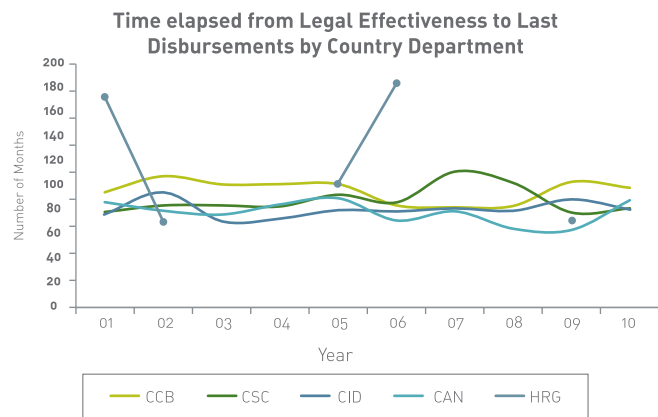
3.3.2 TIME ELAPSED FROM LEGAL EFFECTIVENESS TO FIRST AND LAST DISBURSEMENTS



- Median time elapsed from legal effectiveness to first disbursement for operations which performed a first disbursement in 2010 for CAN countries reached 6 months, a 50% increase from 4 months in 2009; for CCB countries, time elapsed reached 7.2 months, an 11% increase from 6.5 months in 2009; for CID countries, time elapsed reached 10 months, a 56% increase from 6.4 months in 2009; for CSC countries, time elapsed reached 6 months, a 12% decrease from 6.8 months in 2009; in Haiti, time elapsed reached 8.2 months, a 41% increase from 5.8 months in 2009.



- Median time elapsed from legal effectiveness to first disbursement for operations which performed a first disbursement in 2010 for ICF operations reached 6.3 months, a 3% increase from 6.1 months in 2009; for INE operations, time elapsed reached 8.2 months, a 12% increase from 7.3 months in 2009; for SCL operations, time elapsed reached 5.4 months, a 2% decrease from 5.5 months in 2009; for INT operations, time elapsed reached 7.3 months and there were no operations that reach this stage in 2009.



- Median elapsed from legal effectiveness to last disbursement for operations which completed disbursements in 2010 for CAN countries reached 7.4 years, a 38% increase from 5.4 years in 2009; for CCB countries, time elapsed reached 8.3 years, a 5% decrease from 8.7 years in 2009; for CID countries, time elapsed reached 6.7 years, a 10% decrease from 7.4 months in 2009; for CSC countries, time elapsed reached 6.9 months, a 4% increase from 6.6 years in 2010; in Haiti, there were no operations closing in 2010.

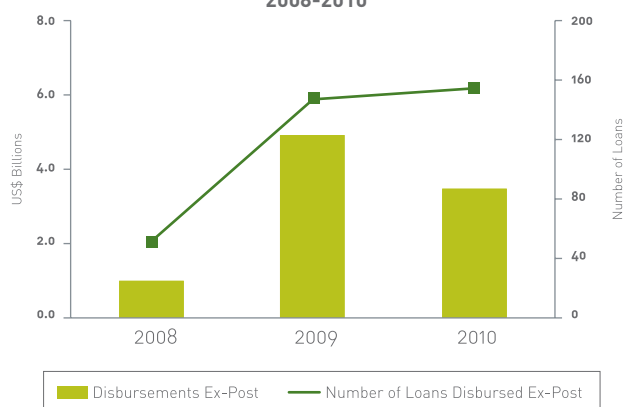
Time elapsed from Legal Effectiveness to Last Disbursements by Sector Department



- Median time elapsed from legal effectiveness to last disbursement for operations which completed disbursements in 2010 for ICF operations reached 6.8 years, a 10% increase from 6.2 years in 2009; for INE operations, time elapsed reached 7.6 years, a 2% increase from 7.4 years in 2009; for SCL operations, time elapsed reached 6.6 years, a 13% decrease from 7.5 years in 2009; for INT, there were no operations closing in 2010 compared to 7.7 years of time elapsed in 2009.

3.3.3 EX-POST REVIEW OF DISBURSEMENTS

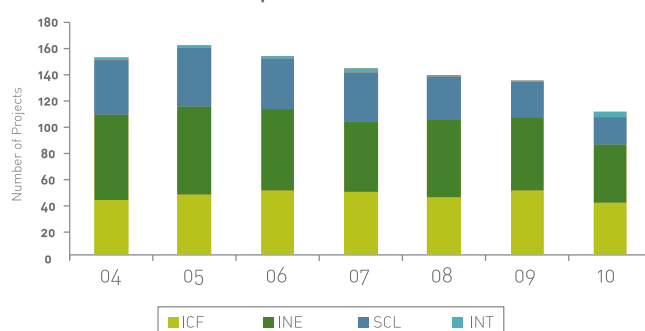
Disbursements Reviewed Ex-Post 2008-2010



- The amount of disbursements reviewed *ex-post* from investment SG operations reached \$4.1b, a 29% decrease from \$5.8b in 2009.
- The number of loans that disbursed with *ex-post* review reached 184 in 2010, a 5% increase from 175 in 2009.

3.3.4 LAST DISBURSEMENTS EXTENSIONS

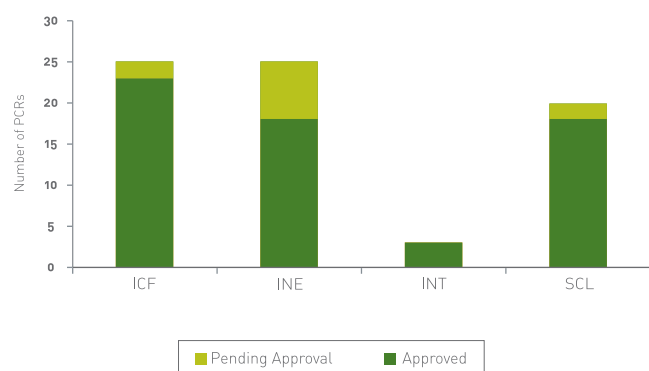
SG Investment Projects with 24+ Months Extensions



- The number of SG investment projects with extensions of 24 months or more from its original last disbursement date reached 114, an 18% decrease from 139 in 2009.
- The \$1b available balance of these operations represents 4% of the portfolio's total available balance. In 2009 the reported available balance was \$1.3b representing 7% of the portfolio's total available balance.

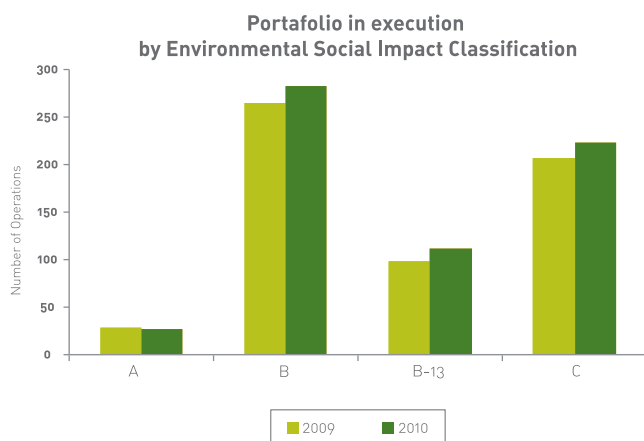
3.3.5 PCRs

PCR Completion Status for Projects Closed in 2009



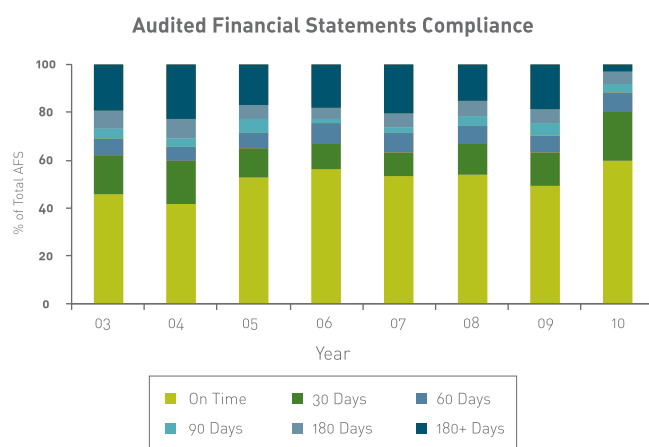
- There are 73 projects that required the preparation and approval of a PCR before July 30th 2010¹⁸ of which 62 were approved achieving an 85% completion rate.

¹⁸ The PCR completion cycle reports at the end of year's first half, on operations completed the year before.

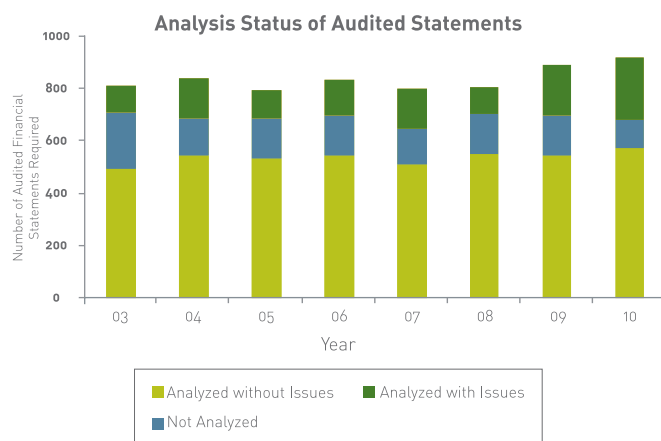


- 27 operations in execution for \$4.7b have been assigned the “A” Environmental and Social Impact risk classification. 28 operations in execution for \$5b in 2009 were assigned the same rating.
- 283 operations in execution for \$20.5b have been assigned the “B” Environmental and Social Impact risk classification. 265 operations in execution for \$17.8b in 2009 were assigned the same rating.

3.3.6 AUDITED FINANCIAL STATEMENT



- AFS delivered on time as a percentage of AFS required reached 60%, an increase from 50% in 2009.

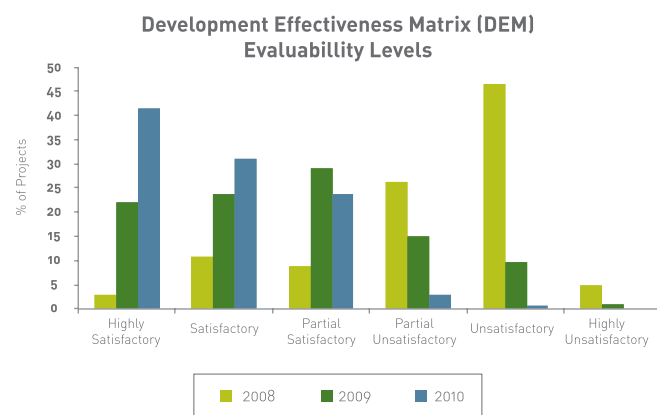


- In 2010, 679 (74%) of the 918 AFS expected were analyzed by auditors. This analysis resulted in 572 (84%) AFS with no issues, an increase from 78% of 2009.

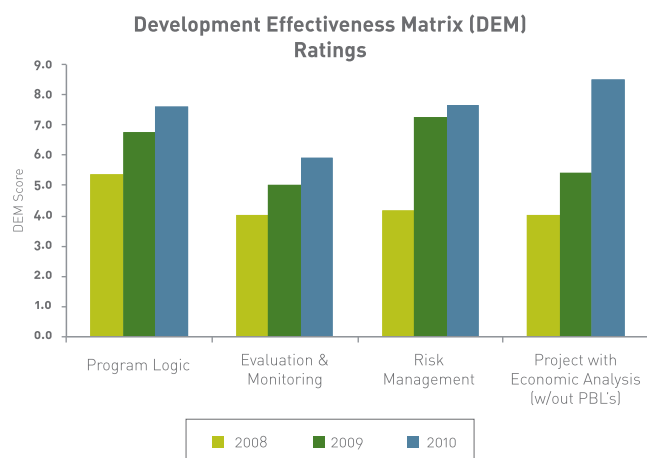
3.4 DEVELOPMENT EFFECTIVENESS

This section presents indicators from Development Effectiveness Matrix (DEM) and the implementation of the Progress Monitoring Report (PMR).

3.4.1 DEVELOPMENT EFFECTIVENESS MATRIX



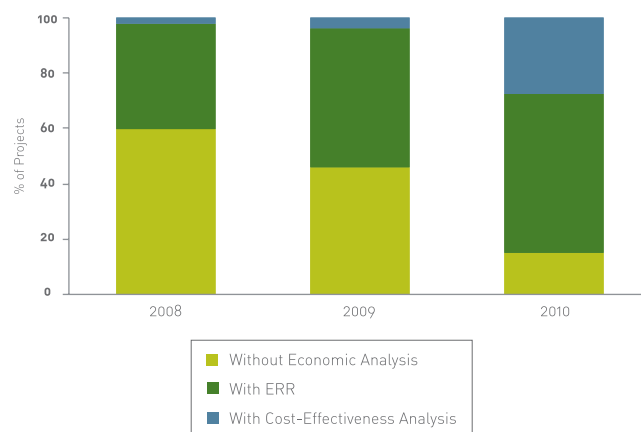
- The number of operations that scored “satisfactory” or above in evaluability dimensions reached 98, an increase of 88% from 52 projects in 2009.
- The number of operations that scored satisfactory or above in evaluability dimensions as a percent of total projects assessed was 73% compared to 46% in 2009.



- Average DEM ratings at entry improved in all dimensions from 2009 to 2010. Program Logic scored 7.6, a 12% improvement from 6.7 in 2009; evaluation and monitoring scored 5.9, an 18% improvement from 5 in 2009; Economic performance scored 8.5, a 57% improvement from 5.4 in 2009; and risk management scored 7.7, a 6% improvement from 7.3 in 2009.

Economic Rate of Return Analysis 2008-2009

Excludes PBL and Emergency Operations



- The number of SG operations assessed in 2010 (excluding PBL and Emergency) that had an Economic Rate of Return Analysis reached 61, a 27% increase from 48 in 2009. The number of operations with a Cost-Effectiveness Analysis reached 30, a 650% increase from 4 in 2009.

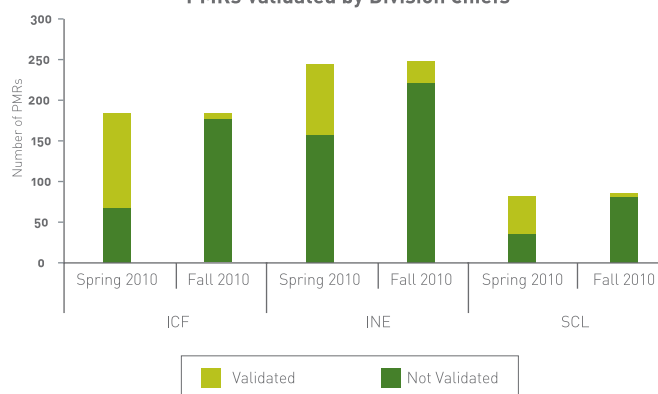
Ex-Ante Impact Evaluation 2008-2010



- The number of SG operations assessed in 2010 with planned impact evaluation reached 37, a 185% increase from 13 in 2009.

3.4.2 PROGRESS MONITORING REPORT¹⁹

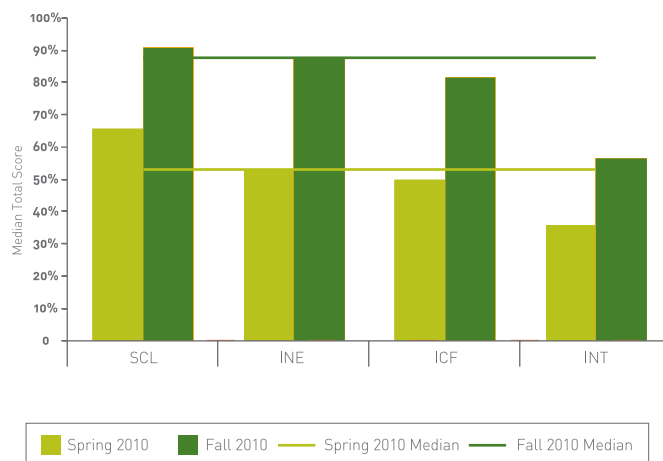
PMRs Validated by Division Chiefs



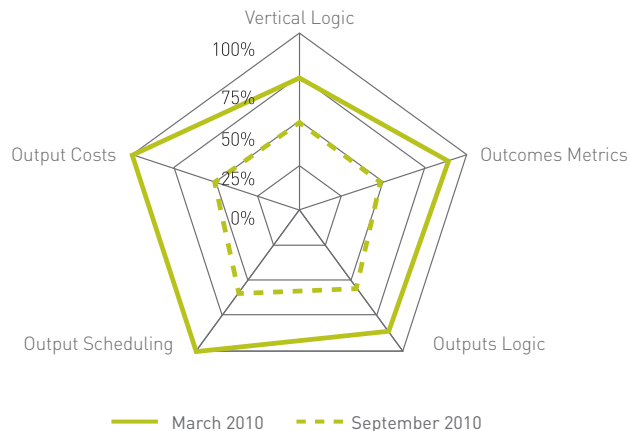
- By the end of the PMR cycle closing at the end of 2010, 93% (492 of 528) of the PMRs were validated by Division Chiefs compared to 49% (270 operations of 552) validated in the prior cycle Q1/10.

¹⁹ The Bank will be monitoring and reporting on the portfolio status based on the Performance Index (PI) as of the second semester of 2011.

PMRs Checklist Median Score by Sector



Total Reviewed PMRs (187 Projects)



- The contents of the PMR improved in the cycle closing at the end of 2010. The median PMR checklist²⁰ score in reached 87% for SG portfolio under 10% disbursed compared to 53% in the prior cycle (Q1/10).

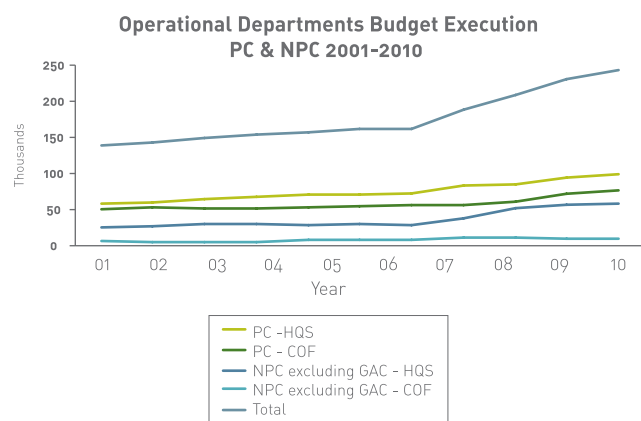
- The average score for all 5 dimensions of the checklist for the group of projects with less than 10% disbursed improved to 89% at the end of 2010 from around 50% in the Q1/10 cycle.

²⁰ PMR content for SG portfolio under 10% disbursed (188 projects) was reviewed by SPD using a checklist based on the DEM program logic and monitoring sections. The checklist consists of questions in 5 dimensions, including: evaluation logic, metrics, monitoring logic, output scheduling and output financial programming. The review applied the checklist to data that was entered into the system.

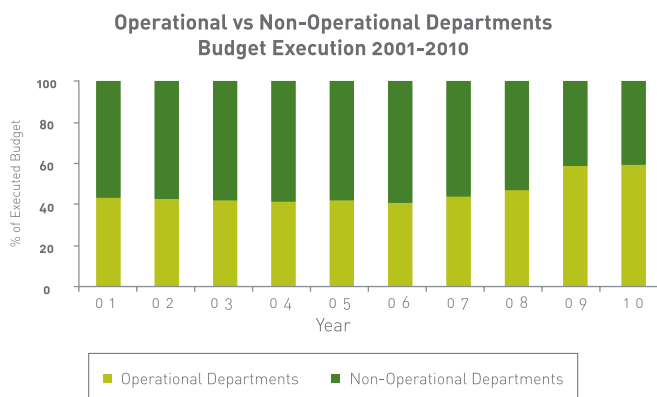
IV. Operational Efficiency

The following indicators measure operational budget execution as well as how resources are allocated and used in operational activities, in particular loan project preparation and execution.

4.1 OPERATIONAL BUDGET EXECUTION

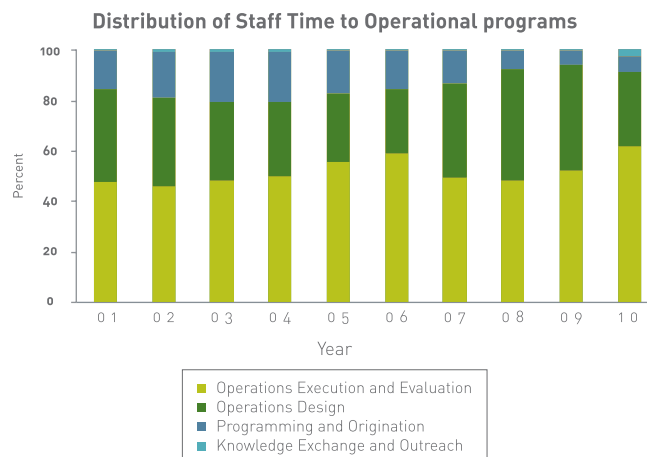


- Personnel Costs expenses for operational departments reached \$164.4m, 13% increased from \$145.4m in 2009.
- Non-Personnel Cost²¹ (NPC) expenses for operational Departments reached \$68.8m, a 5% increase from \$65.5m in 2009.



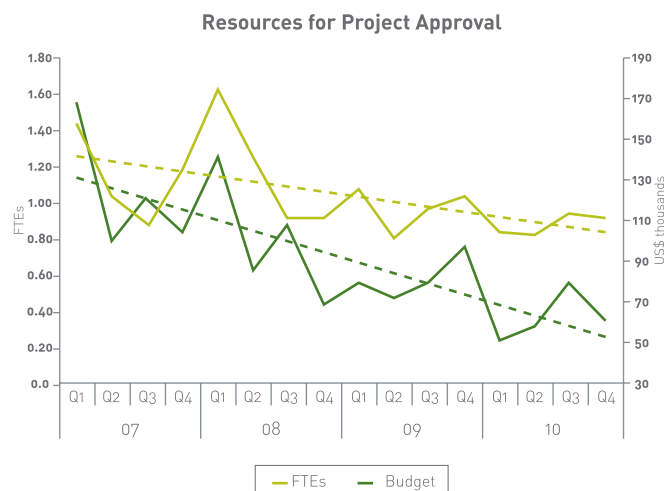
- Operational department's executed budget reached \$258.7m, a 5% increase from \$246m in 2009.
- Operational department's executed budget as a percentage of total administrative budget was maintained at 59%.

4.2 TIME REPORTED BY PROGRAM GROUP



- Staff time reported to operational programs²² reached 731 FTEs, a 1% increase from 724 in 2009.
- Staff time reported to execution and evaluation of operations reached 449 FTEs, a 19% increase from 377 in 2009.
- Staff time reported to operation's design and Programming and Origination reached 217 FTEs, a 28% decrease from 303 in 2009.

4.3 PROJECT EFFICIENCY

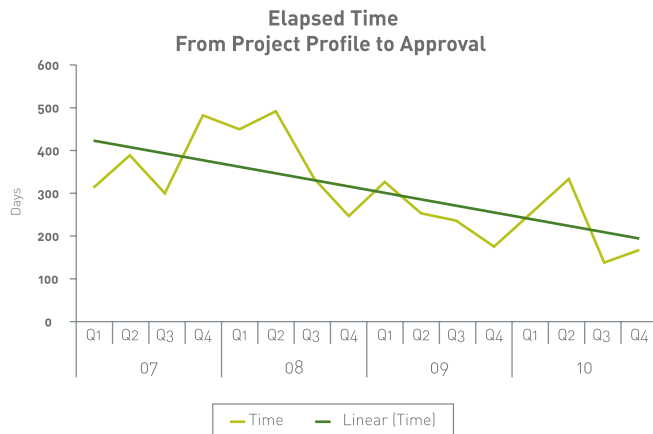


²¹ Excludes general administrative costs.

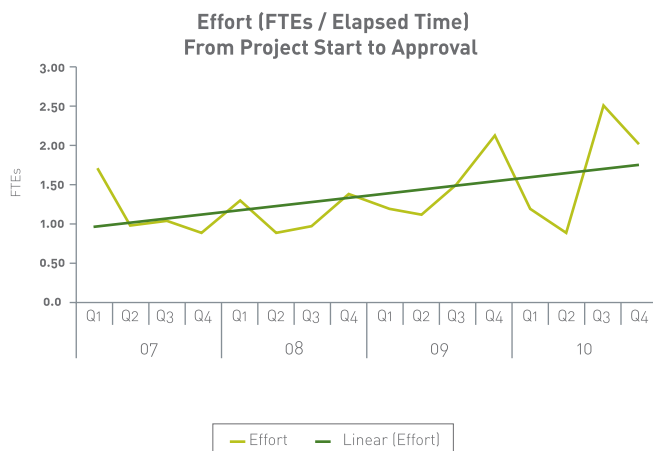
²² (Programming and origination, operations design, execution and evaluation and operational knowledge exchange and Outreach).

- Total cost per approved project reached \$63K, a 29% decrease from \$90k in 2009.

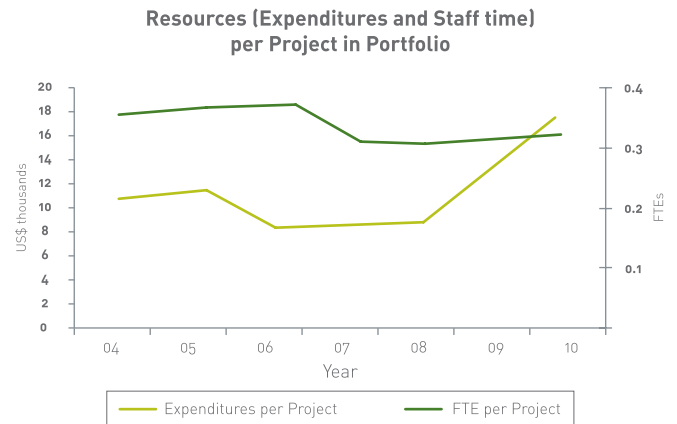
- Staff time reported per approved project reached 0.89 FTEs, a 9% decrease from 0.98 in 2009.



- Time elapsed to prepare a project (from Project Profile to Approval) approved in 2010 was 6 months, a decrease from 7 months in 2009.



- The ratio between staff time reported and preparation elapsed time (effort), reached 1.7 in 2010, a 2% decrease from 1.73 in 2009.



- Staff time reported per project in the portfolio in execution reached 0.32 FTEs, a 4% increase from 0.31 in 2009.

- Expenditures per project in the portfolio in execution reached \$17.3K, a 37% increase from US\$12.7 in 2009.

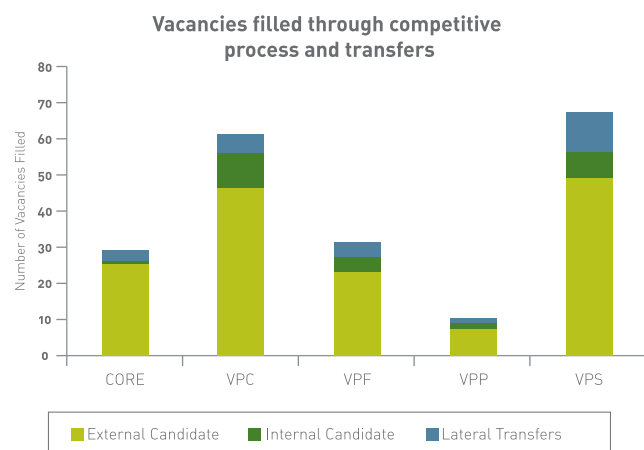


- Staff time reported to project execution per US\$ million disbursed reached 3.9 days, an 18% increase from 3.2 days in 2009.

V. Staffing and Culture

Indicators in the following section assess the staff hiring process, Country Offices strengthening, cross sector collaboration within VPS and learning activities.

5.1 VACANCIES AND NEW HIRES



- Positions filled reached 198 out of which 138 (70%) were operational (VPS, VPC, VPP). In 2009, 180 positions were filled out of which 125 (69%) were operational.

- Positions filled with external candidates reached 150 (76%) out of which 67 (45%) were female. In 2009, 137 (76%) positions were filled with external candidates of which 67 (49%) were female.

- The remaining 48 positions (24%) were filled internally of which 24 were through lateral transfer. In 2009, 43 positions (24%) were filled internally, out of which 33 were through lateral transfer.

- Out of the 60 hires in Country Offices in 2010, 26 (43%) were females; for headquarters, out of the 90 hires, 41 (46%) were females. In 2009, out of the 46 hires in Country offices, 24 (52%) were females; for headquarters, out of the 91 hires, 43 (45%) were females.

5.2 COF STRENGTHENING

Flow of COF Professional Staff

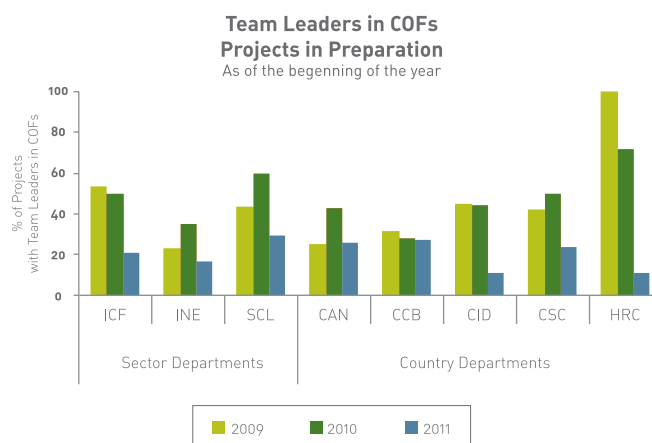
On Board 12/31/09	405
Terminations	-38
Net Transfers	12
External Hires	52
Promotions from Administratives to Professionals	5
On Board 12/31/10	436
Net Changes	31
Variances	35

- Net change of professional staff in COFs by December 31st, 2010 was an increase of 31 (8% from the beginning of the year). In 2009, net change was an increase of 22 (6% from beginning of year).

- Of the 150 external professional staff hires, 60 (40%) were for COFs of which 40 (67%) were national professionals and 20 (33%) internationals. In 2009, of the 137 external professional staff hires, 40 (30%) were for COFs of which 32 (51%) were national professionals and 40 were internationals.

- By year's end 2010, VPC professional staff on board in COF increased with respect to 2009 by 5, VPS by 7. By year's end 2009, VPC increased with respect to 2008 by 17, VPS by 1 and VPP by 2, and VPF by 3.

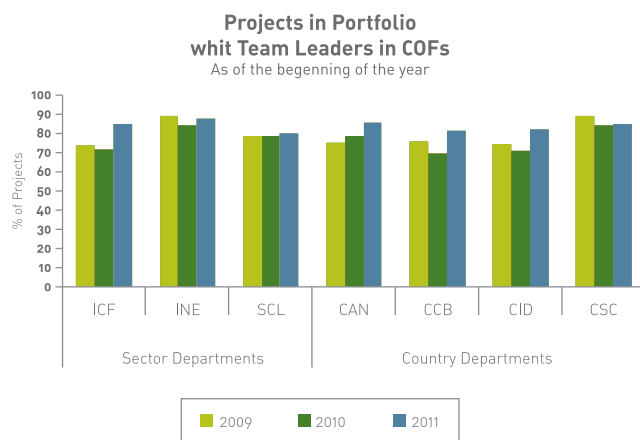
5.2.1 TEAM LEADERS IN COFs



- Number of SG operations prepared by Team leaders in COF reached 37, a 39% decrease from 61 in 2009.

- Number of SG operations prepared by Team Leaders in COF as a percent of total number or SG approvals reached 20% at the beginning of 2011, a 25 percentage points decrease from 45% at the beginning of 2010.

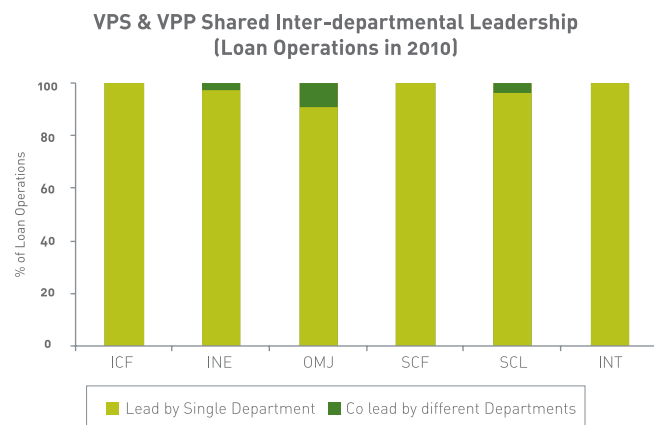
- Two divisions have 40% or more of their operations in preparation by team leaders in COFs (SPH and WSA) and one country (Guyana) have 50% or more of operations in preparation by team leaders in COFs.



- The percentage of projects in execution with Team leaders in COFs increased from 82% at the beginning of 2010 to 84% at the beginning of 2011.

- The percentage of total staff time reported by COFs in operation's execution related activities reached 66%, 1 percentage point decrease from 67% in 2009.

5.3 CROSS SECTOR COLLABORATION



- OMJ co-leads with shared responsibility 9.1% of its projects program with other Departments, SCL coleads 3.4%, and INE co-leads 2.9%.

- ICF, SCF, and INT have sole responsibility of 72 operations.

5.4 KNOWLEDGE AND LEARNING

- Staff received an average of 8.2 days of K&L activities per FTE reported in 2010, a 17.2% decrease from 9.9 days in 2009. Time to these activities represented 3.5% of Bank's total reported time.

- Staff Learning Activities were offered to 11,683 Bank participants, a 40.6% increase from the 8,438 registered in 2009. Time reported to these activities reached 74.6 FTEs, a 5% decrease from 78.5 FTEs in 2009.

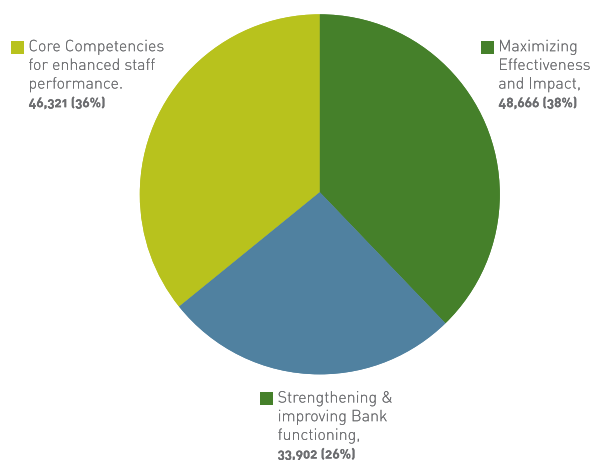
- In 2010, 69% of the participants were professionals, a 2 percentage points decrease from 71% in 2009. 26% of the participants were from Country Offices, same level as 2009.

- In 2010, 1,661 professional staff, 263 administrative staff and 874 consultants or Research assistants participated in at least one K&L activity²³.

²³ For these activities, 86% of internal participants who responded to KNL surveys indicated that the knowledge and skills attained would enhance their performance and productivity. Participants rated quality of learning activities with an average of 4.3 on a five-point scale.

- On average, a professional staff member participated in 5 K&L activities; administrative staff in 4, and consultants or research assistants in 3.

2010 Staff K&L Hours Delivered



- In 2010, 2,410 external participants from the region participated in learning activities for a total of 70,852 hours²⁴. 38% in face-to-face and 62% in e-learning activities.
- By year end 2010, there were 31 active communities of practice, facilitating knowledge sharing among 2,157 persons. Four knowledge portals (excluding visits to <http://knl> and <http://lib>) were visited by 2,882 persons, who made a total of 7,581 visits.
- Technical services delivered by the Felipe Herrera Library amounted to: 3,973 Selective Dissemination Information Alerts, 134 Catalog-in-Publications; 22 bibliographic research notes, and 4,443 Library and Inter-library Loans, among other services.

²⁴ For these activities, 97% of participants who responded to the evaluation survey indicated that the knowledge and skills attained would enhance their productivity and performance. Those participants rated the quality of the course with an average 4.3 on a five-point scale.

