2016 ANNUAL BUSINESS REVIEW

IDB

CONTENTS

Introduction

As mandated by IDB-9, the Office of Strategic Planning and Development Effectiveness (SPD) periodically reports on a set of indicators that allows Management to monitor the Bank's progress in achieving its corporate results. This forms part of a broader effort to enhance the Bank's accountability and transparency while reducing information asymmetries throughout the organization in order to move closer to evidence-based decision making. One of these reports is the Annual Business Review, which includes information on loan approvals and disbursements, portfolio performance and efficiency indicators, progress on strategic targets, staff and resource management, and other data crucial to results-based management.

As a result of our 2015 survey, the contents of the ABR have been targeted to better reflect the needs of the Bank's management teams. Country-level information is visible using the source data from each graph. Graphs are self-explanatory, requiring less narrative. For internal users, source data can be easily downloaded with a simple click on any graph, and used to drill down to specific projects. In addition, by creating user-friendly graphs in-house, we have reduced production costs.

As always, we'd like to hear from you. Please share your opinions with us about the ABR and ideas for continued improvement. You can email us at any time directly to QBR@IADB.ORG.

About this ABR:

- This document focuses on information related to Sovereign-Guaranteed (SG) loans, unless otherwise specified. Please note that given the consolidation of IDB's private sector windows, except for the Multilateral Investment Fund (MIF), into the Inter-American Investment Corporation (IIC) in January 2016, care should be used in comparing data prior to 2016.
- The Board of Executive Directors approved the creation of a new sector, Climate Change and Sustainable Development (CSD), under the Vice Presidency for Sectors and Knowledge (VPS), effective May 1, 2016.
- Using December 31st, 2016 as the cut-off date, operational and budget resources data were compiled from the Bank's Enterprise Data Warehouse and other internal sources. The remaining information was contributed separately by individual departments. All data was subject to adjustments and analysis as deemed appropriate by the corresponding business units.
- Due to rounding, percentages may not always appear to add up to 100%.

Special thanks to VPC, VPF, VPS, ORP, KNL, HRD and RMG for their contributions to this report. Human Resources (Chapter IV) data was provided by HRD and Knowledge and Learning (Chapter V) data was provided by KNL.

I. PROGRAM EXECUTION

LOAN DISBURSEMENTS	LOAN PORTFOLIO	TECHNICAL COOPERATION (TC) DISBURSEMENTS
$8.7b in disbursements for SG projects, **113%** of **$7.7b** projected for 2016; 4% decrease from $9.1b in 2015.	**608** SG loan projects in portfolio in execution with **$52.9b** in volume; 19 project decrease from 627 SG ($51.8b) in 2015.	**$192m** in TC disbursements; No change from 192m in 2015.
$5.3b in disbursements from Investment loan projects, **102%** of **$5.2b** projected for 2016; 2% decrease from $5.4b in 2015.	**21** SG projects legally effective, pending eligibility (**3%** of SG portfolio in execution); 24% increase from 17 operations, 3% of SG portfolio in execution in 2015 (627).	**$105m** in TC OC Strategic Development Program disbursements; 2% decrease from $108m in 2015.
$3.3b in disbursements from Policy-Based loans, 132**%** of **$2.5b** projected for 2016; 2% decrease from $3.32b in 2015.		**$86m** in disbursements for TCs of Funds Under Administration with Donor-Trust Funds; 6% increase from $81m in 2015.

II. PROGRAM STRATEGIC ALIGNMENT

LOAN APPROVALS AND DEVELOPMENT EFFECTIVENESS

$9.3b in **86** SG loan projects, **3%** over the **$9.0b** projection in the final LTFP;[1] 2% increase over $9.0b in 83 SG approvals in 2015

$6.0b in **72** SG Investment loan projects, **3%** over the **$5.8b** projection in the LTFP;
11% increase over $5.4b (63 approvals) in 2015

$3.3b in **14** Policy-Based Loan (PBL) projects, **3%** over the **$3.2b** projection in the LTFP;
10% decrease from $3.6b in 20 PBL approvals in 2015

$108m average size of SG loan projects;
1% decrease from $109m in 2015

$3.2b in **28** multiple-booked projects, **32%** of total approvals and **35%** of total volume;
3% increase from $3.1b (33 approvals) as of 2015.

100% of approved SG loan projects were evaluable (56%) or highly evaluable (44%);
100% of approved projects were evaluable (37%) or highly evaluable (63%) in 2015.

III. BUSINESS DEVELOPMENT

PROGRAMMING AND KNOWLEDGE PRODUCTS

6 Country Strategies programmed for approval in 2016, **5** approved;

72 ESW products with 409 deliverables planned for 2016; 372 deliverables (91%) completed
2% decrease from 385 deliverables completed in 2015.

$163m in **355** VPS & VPC Technical Cooperation Operation approvals;
4% decrease from $170m in 85 in 2015.

[1] FN-700-4, Long-Term Financial Projections Ordinary Capital 2016: Final Document – Revised (December 2015).

IV. RESOURCE MANAGEMENT

V. KNOWLEDGE & LEARNING

BUDGET	HUMAN RESOURCES	PARTICIPANTS AND PRODUCTS
99% of approved budget ($500m) executed by VPs and Strategic Core as of 2016; 3% increase from 96% in 2015($549m). The approved budget decreased by $50m between 2015 and 2016, in part due to the merge-out of the private sector to the IIC.	**281** Bank-wide vacancies filled as of 2016, **149** vacancies remain; 173 vacancies filled and 167 vacancies remained in 2015.	**4,445** unique participants enrolled in at least one learning program; 5% increase from 4,253 unique participants in 2015.
58% of the budget was executed by the operational departments ($294m). 2 percentage points decrease from 60% in 2015, continuing the downward trend of the last 5 years.	**38%** of positions grades four and above filled by women; 1 percentage point increase from 37% in 2015.	**8,682** IDB Knowledge products were available in BRIK[2]; yielding an average of **187** visits per publication 15% increase from 7,527 products (136 visits each) in 2015
1.0 FTE per project reported to preparation; 3% decrease from 1.03 in 2015.	**38%** of Professional Staff based in COF; Same as in 2015.	**30** blogs at the end of 2016; 25% increase from 24 blogs in 2015.

[2] Bank Repository of Institutional Knowledge (http://brik.iadb.org/)

IV. EXTERNAL FEEDBACK SYSTEM

OVERALL PARTNER SATISFACTION	RESPONSE RATE	MOST IMPORTANT ATTRIBUTES
91% of external partners reported being "satisfied" (46%) or "very satisfied" (45%) with the IDB's delivery of services for SG loan operations; 2 percentage points decrease from 93% in 2015.	**53%** response rate for SG loan operations; Increased number of surveyed partners; 675 responses for 2016 versus 269 responses in 2015 (151% increase in response volume)	The top **5** attributes for the EFS 2016 are: • Flexibility to accommodate changes to the project. • Strengthening institutional capacity of the Executing Agency. • Deep understanding of the country's priorities. • Technical expertise. • Deep understanding of the project context.
89% of external partners reported being "satisfied" (41%) or "very satisfied" (48%) with the IDB's delivery of services for TC operations; 1 percentage point decrease from 90% in 2015	**57%** response rate for TC operations; 1 percentage point decrease from 58% in 2015	

2016 ANNUAL
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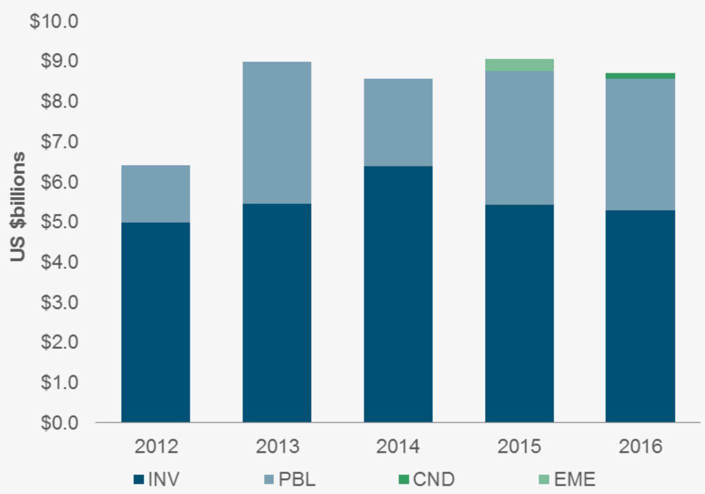
CHAPTER I

EXECUTION



SOVEREIGN-GUARANTEED LOAN DISBURSEMENTS

1.1 Total SG Loan Disbursements

Bank's disbursements reached $8.7b, 113% of the projected[3] $7.7b for the year:

- 4% decrease from $9.1b in 2015.

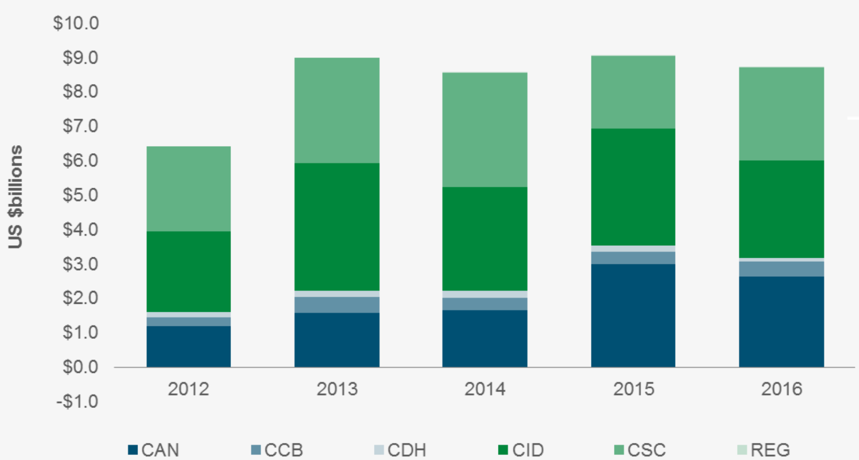
Investment loan disbursements reached $5.3b, 102% of the projected $5.2b for the year.

- 2% decrease from $5.4b during in 2015.

Policy Based Loan disbursements reached $3.3b, 132% of the projected $2.5b for the year.

- 2% decrease from $3.32b in 2015.

Loan disbursements from Contingent facilities for natural disasters (CND) reached $160m.



BY COUNTRY DEPARTMENT

1.2 SG Loan Disbursements by Country Department

CAN disbursements reached $2.6b.

- 12% decrease from $3.0b in 2015.

CCB disbursements reached $430m.

- 24% increase from $346m in 2015.

CID disbursements reached $2.8b.

- 17% decrease from $3.4b in 2015.

CSC disbursements reached $2.7b.

- 28% increase from $2.1b in 2015.

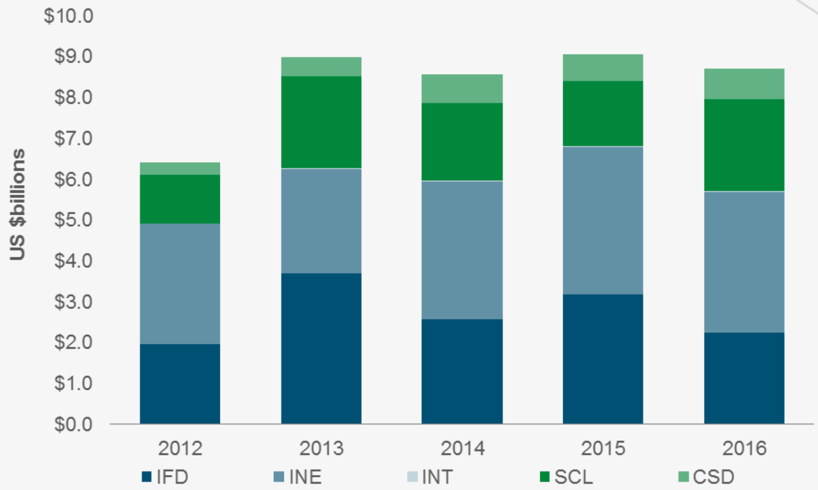
CDH disbursements reached $116m.

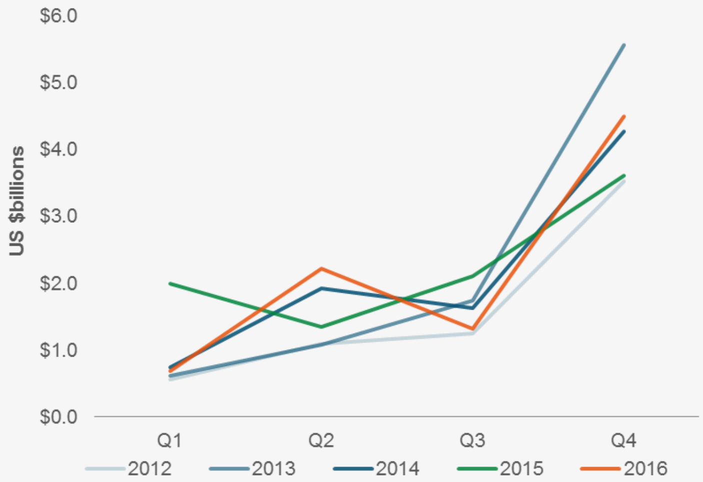
- 38% decrease from $188m in 2015.

Regional disbursements reached $1.9m.

- 19% decrease from $2.3m in 2015.

[3] The Disbursement Baseline Projection of $7.7 billion (and its instrument subtotals), corresponds to the Actual Disbursements for January and February plus the Disbursement Projections reported at 02/29/2016 for March through December. This figure is different from the amount reported in the Long-Term Financial Plan (LTFP), which is calculated with a different methodology.





BY SECTOR

1.3 Loan Disbursements by Sector

IFD disbursements reached $2.3b.

- 29% decrease from $3.2b in 2015.

INE disbursements reached $3.4b.

- 5% decrease from $3.6b in 2015.

SCL disbursements reached $2.3b.

- 18% increase from $1.6b in 2015.

INT disbursements reached $28.6m.

- 2% increase from $28.1m in 2015.

CSD disbursements reached $755m.[4]

- 18% increase from $642m in 2015.

1.4 Cumulative SG Investment Disbursements by Quarter

Investment loan disbursements in the last quarter (2016 Q4) reached $4.5b

- 25% increase from $3.6b in 2015
- Represented 51% of total investment disbursements, 17 percentage points decrease from 68% in the last quarter of 2015

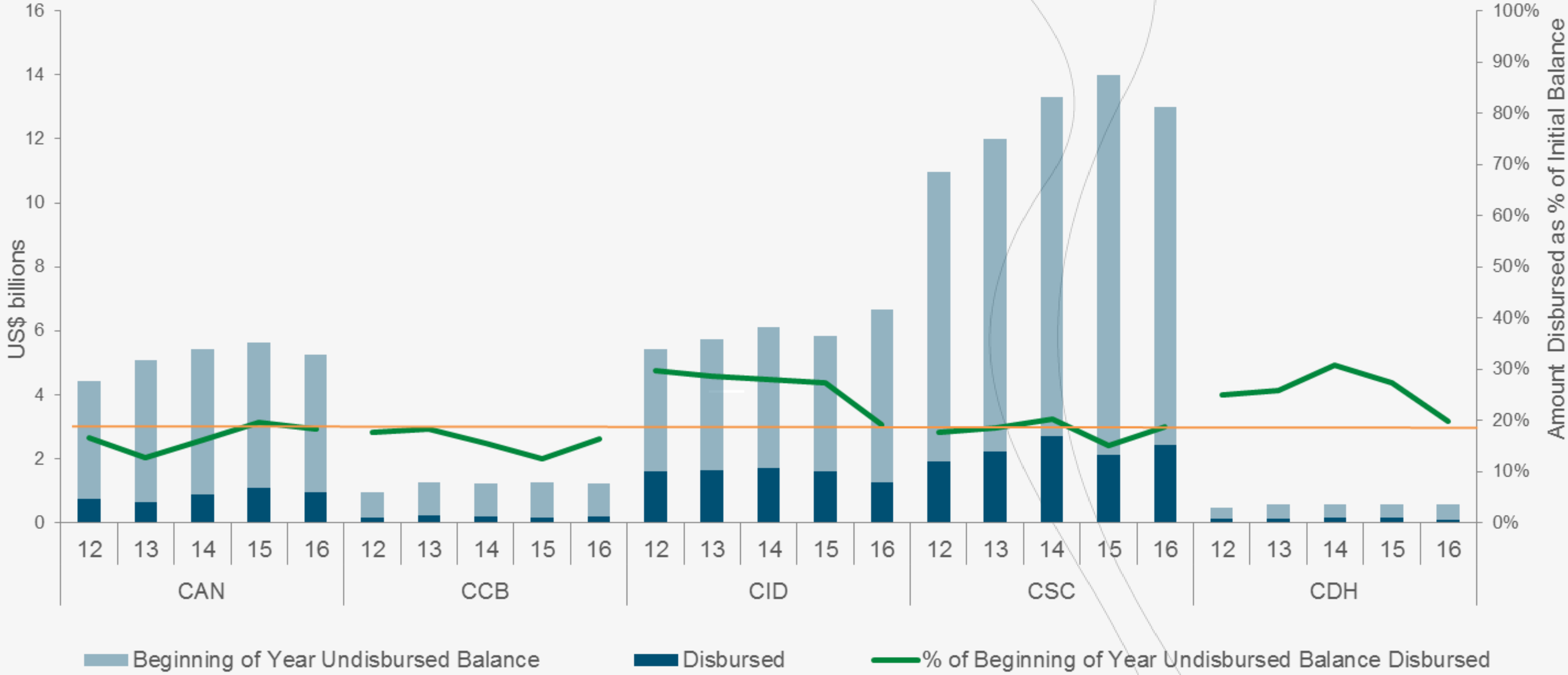
[4] The Climate Change and Sustainable Development Sector (CSD) was created in 2016. CSD portfolio includes new approvals and operations transferred from IFD and INE portfolios.

BEGINNING OF THE YEAR UNDISBURSED BALANCE

1.5 SG Investment Disbursements vs. Beginning of Year Undisbursed Balance

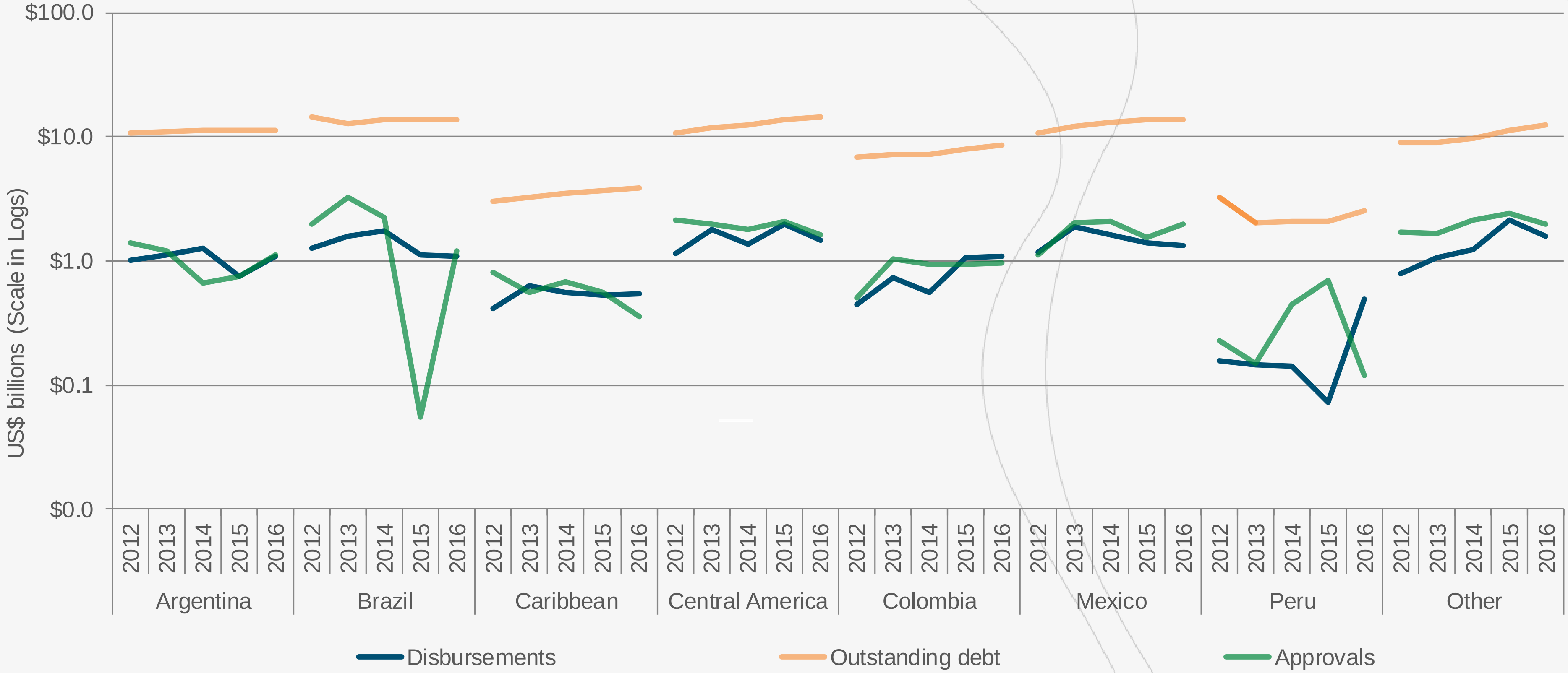
Disbursement as a percentage of beginning of year balance for SG investment projects was 18.6% in 2016:

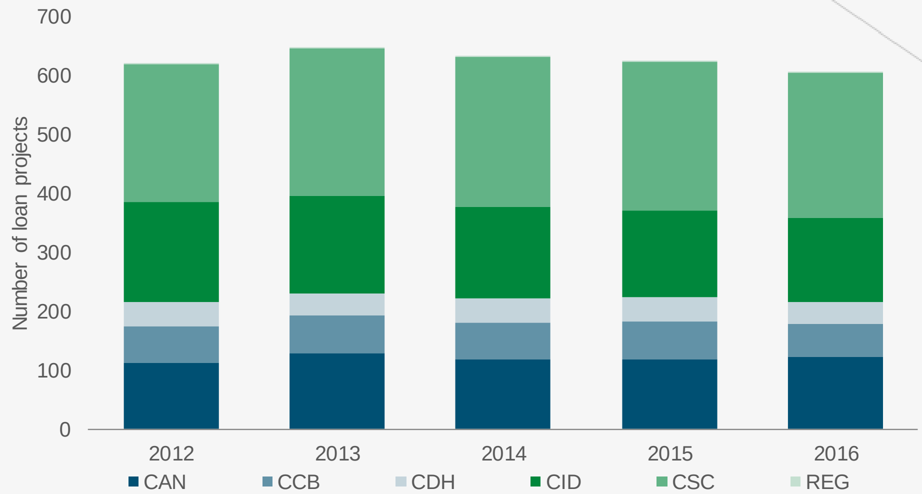
- **0.1** percentage points decrease from 18.7% in 2015.
- The current average for the last 5 years across the Bank is **19.7%.**
- Five-year averages by Country Group: 26.7% for CID, 25.8% for CDH, 16.7% for CAN, 18.1% for CSC, and 16.2% for CCB.

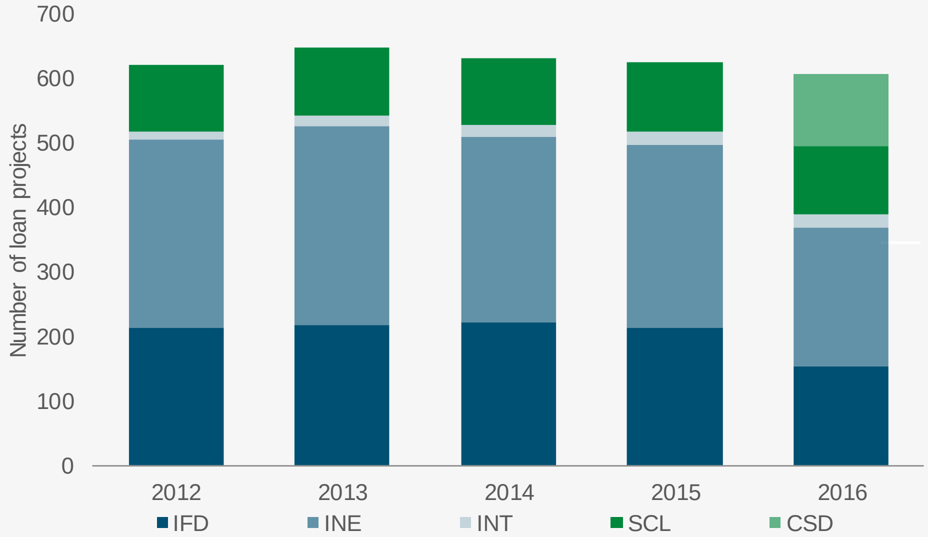


1.6 IDB's SG Outstanding Debt, Approvals and Disbursements by Country

- Outstanding balances in the Bank's borrowing countries show an increasing trend for most countries.
- The upward trend is steeper among Central America, excluding Mexico, and Caribbean countries.







SG LOAN PORTFOLIO IN EXECUTION[5]

1.7 By Region Department

As of December 31, 2016, there were 608 SG projects in the portfolio in execution representing $51.4b in volume:

- 3% decrease from 627 in 2015

IFD portfolio reached 214 operations

- 3% decrease from 221 in 2014

INE portfolio reached 284 operations

- 2% decrease from 289 in 2014

SCL portfolio reached 108 operations

- 4% increase from 104 in 2014

INT portfolio reached 21 operations

- 11% increase from 19 in 2014

1.8 By Sector

IFD portfolio reached 214 operations

- 3% decrease from 221 in 2014

INE portfolio reached 284 operations

- 2% decrease from 289 in 2014

SCL portfolio reached 108 operations

- 4% increase from 104 in 2014

INT portfolio reached 21 operations

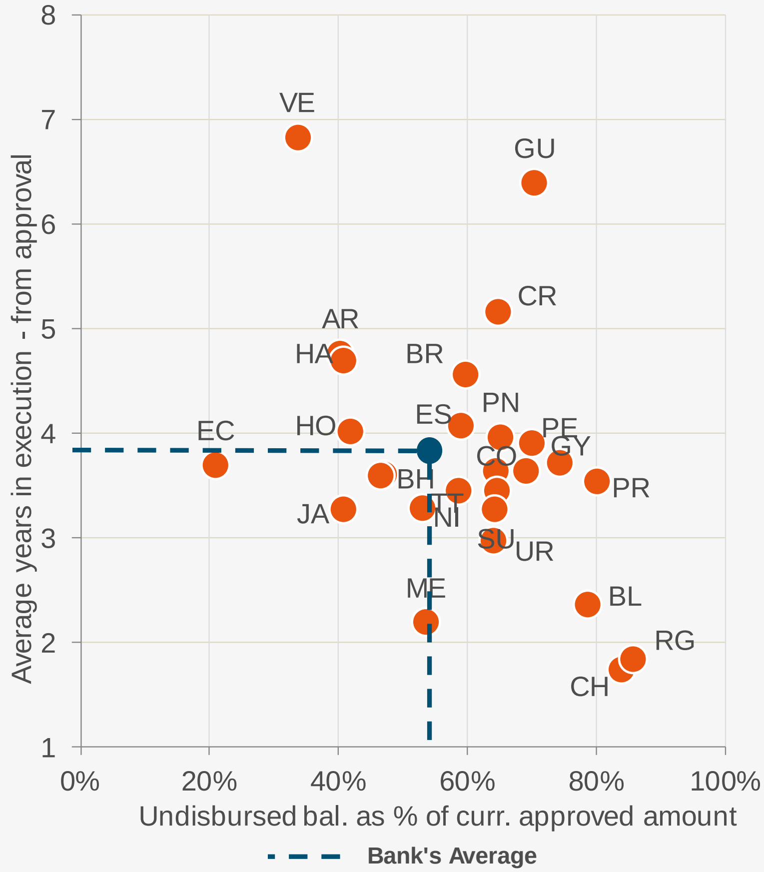
- 11% increase from 19 in 2014[6]

[5] Includes operations financed by GRF.
[6] The Climate Change and Sustainable Development Sector (CSD) was created in 2016. CSD portfolio includes new approvals and operations transferred from IFD and INE portfolios.

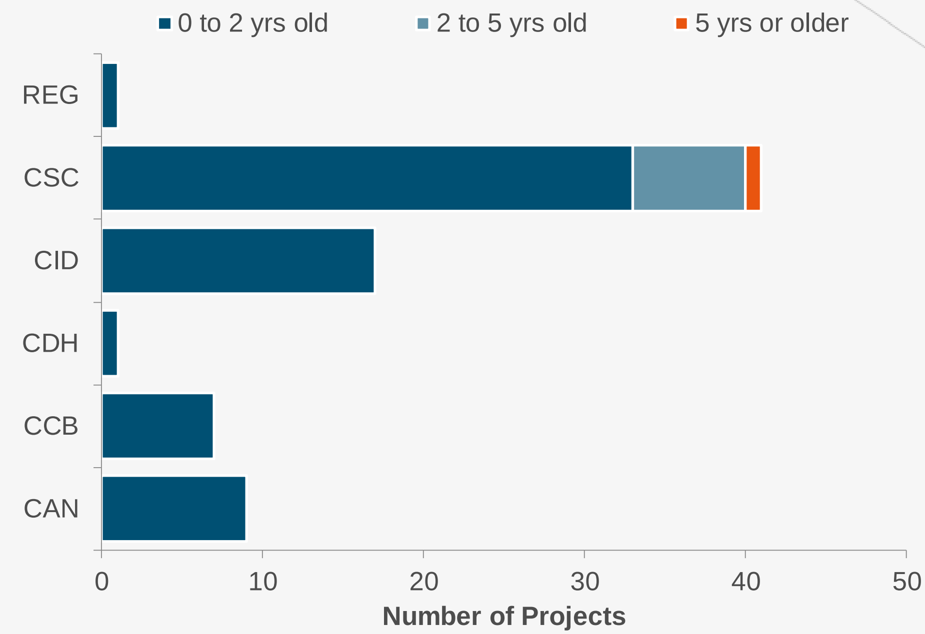
SG LOAN PROJECT PORTFOLIO BY COUNTRY

1.9 Number, approved amount, undisbursed balance and age of the SG portfolio

- Outstanding loan balance represents 55% of the original approved amount, 1 percentage point decrease from 56% in 2015.
- The average age, years in execution since approval, of the portfolio reached 3.9 years, 4% increase from 3.8 years in 2015.



Country	Number	Current Approved $M	Undisbursed Balance $M	Und. Bal. / Cur. Appr.	Average Years in Execution
Argentina	59	9,743	3,931	40%	4.8
Barbados	9	191	132	69%	3.6
Bahamas	9	298	141	47%	3.6
Belize	5	72	57	79%	2.4
Bolivia	36	2,138	1,380	65%	3.6
Brazil	107	11,959	7,151	60%	4.6
Chile	11	723	606	84%	1.7
Colombia	27	2,119	1,368	65%	3.4
Costa Rica	11	1,786	1,158	65%	5.2
Dominican Republic	16	1,179	493	42%	4.0
Ecuador	32	3,176	669	21%	3.7
El Salvador	16	870	513	59%	4.1
Guatemala	15	964	679	70%	6.4
Guyana	14	261	183	70%	3.9
Haiti	38	1,202	491	41%	4.7
Honduras	20	902	421	47%	3.6
Jamaica	9	363	148	41%	3.3
Mexico	22	5,572	2,991	54%	2.2
Nicaragua	23	1,060	623	59%	3.4
Peru	23	1,336	993	74%	3.7
Panama	15	873	570	65%	4.0
Paraguay	30	1,417	1,136	80%	3.5
Regional	3	80	69	86%	1.8
Suriname	6	105	68	64%	3.3
Trinidad and Tobago	9	670	356	53%	3.3
Uruguay	39	2,540	1,629	64%	3.0
Venezuela	4	1,350	456	34%	6.8
All	**608**	**52,948**	**28,410**	**54%**	**3.9**



	0 to 2 yrs old			2 to 5 yrs old			5 yrs or older		
	Cur. Appr. M$	Num.	%	Cur. Appr. M$	Num.	%	Cur. Appr. M$	Num.	%
CAN	946	9	100%	0	0	0%	0	0	0%
CCB	114	7	100%	0	0	0%	0	0	0%
CDH	20	1	100%	0	0	0%	0	0	0%
CID	2,275	17	100%	0	0	0%	0	0	0%
CSC	3,430	33	80%	444	7	17%	50	1	2%
REG	40	1	100%	0	0	0%	0	0	0%
Total	6,825	68	89%	444	7	9%	50	1	1%

SG LOAN PORTFOLIO PENDING SIGNATURE

1.10 SG Portfolio Pending Signature by Country Department and Approval Year

76 SG operations are pending signature[7], representing $7.3b in volume, of which:

- 1 was approved before 2011 (5 years old or more).
- 7 were approved between 2012 and 2014 (2 to 5 years old).
- 68 were approved between 2015 and 2016 (0 to 2 years old).

- CID & CSC countries accounted for 76% (58) of the total number of SG loan operations pending signature (76)

[7] Excludes operations pending ratification.

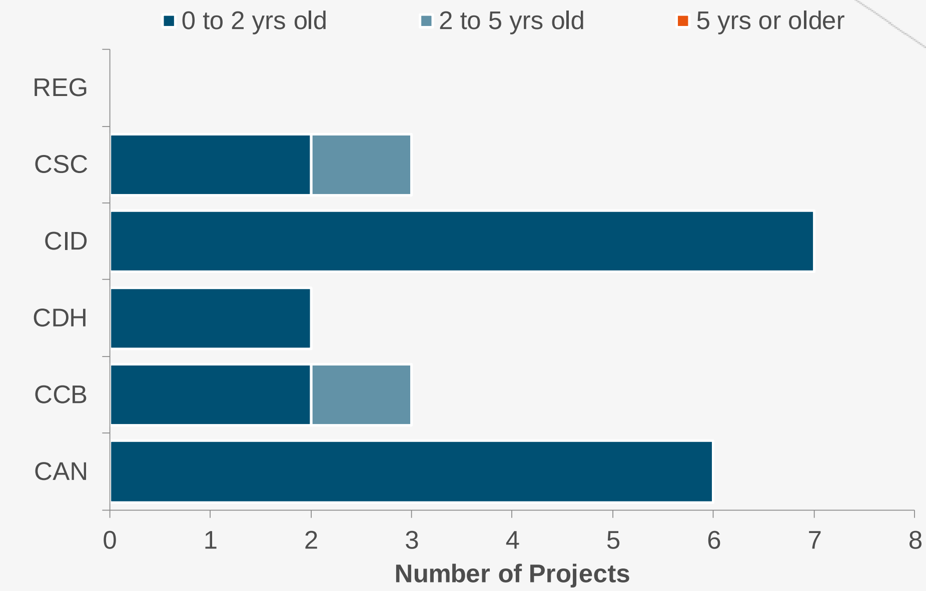
LOAN PORTFOLIO PENDING ELIGIBITLITY

1.11 SG Operations Legally Effective, Pending Eligibility by Country Department and Approval Year

21 SG operations with legal effectiveness are pending eligibility, representing 3% of the total SG portfolio (608 operations), of which:

- 2 were approved between 2012 and 2014 (2 to 5 years old)
- 19 were approved between 2015 and 2016 (0 to 2 years old)

- CID countries accounted for 33% (7) and CAN countries for 29% (6) of the total portfolio pending eligibility (21).



	0 to 2 yrs old			2 to 5 yrs old			5 yrs or older		
	Cur. Appr. M$	Num.	%	Cur. Appr. M$	Num.	%	Cur. Appr. M$	Num.	%
CAN	247	6	100%	0	0	0%	0	0	0%
CCB	88	2	67%	15	1	33%	0	0	0%
CDH	106	2	100%	0	0	0%	0	0	0%
CID	625	7	100%	0	0	0%	0	0	0%
CSC	290	2	67%	14	1	33%	0	0	0%
REG	0	0	0%	0	0	0%	0	0	0%
Total	1,357	19	90%	29	2	10%	0	0	0%

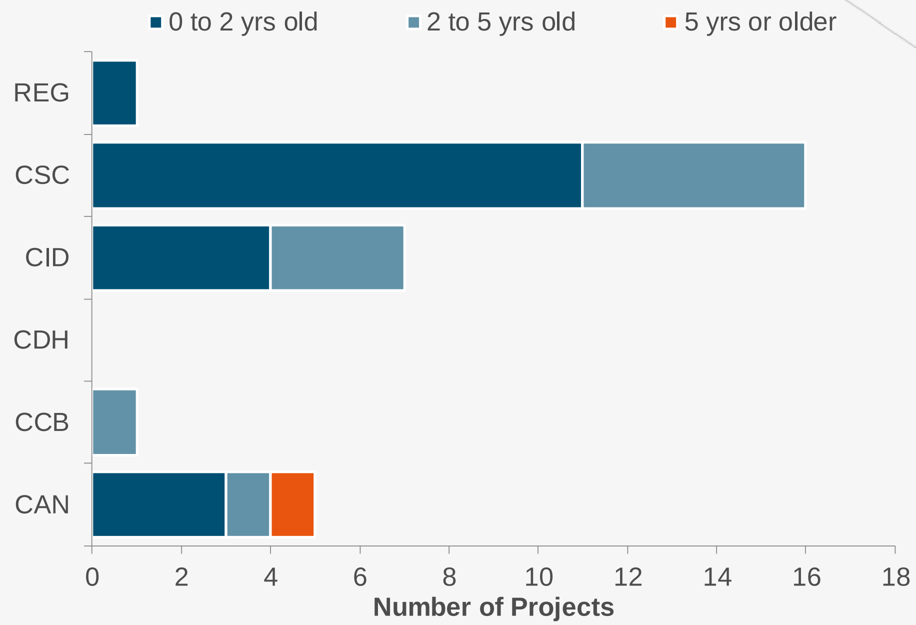
LOAN PORTFOLIO PENDING FIRST DISBURSEMENT

1.12 Number of SG Operations Pending First Disbursement by Country Department and Approval Year

30 SG eligible operations are pending first disbursement representing 5% of the total SG portfolio in execution (608 operations), of which:

- 1 was approved on or before the year 2011 (5 years or older)
- 10 were approved between 2011 and 2014 (2 to 5 years old)
- 19 were approved between 2015 and 2016 (0 to 2 years old)

- CSC countries accounted for 53% (16) of the portfolio pending first disbursement (30)



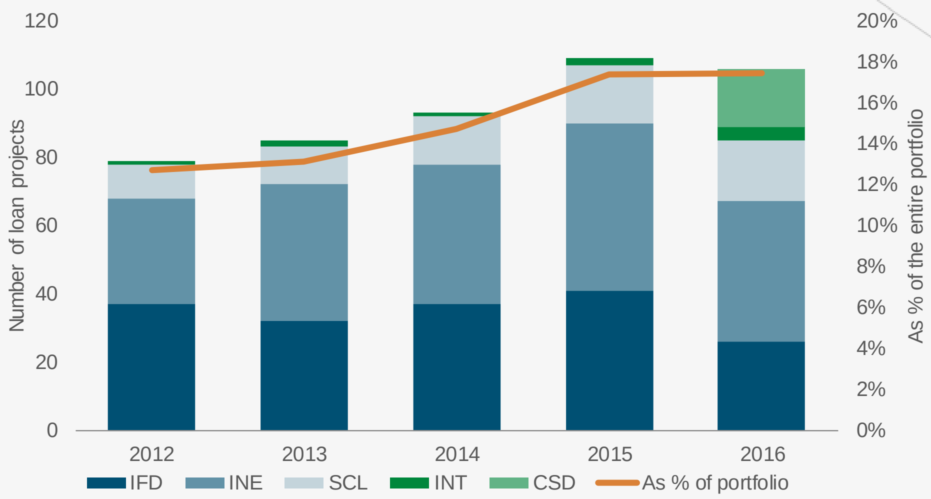
	0 to 2 yrs old			2 to 5 yrs old			5 yrs or older		
	Cur. Appr. M$	Num.	%	Cur. Appr. M$	Num.	%	Cur. Appr. M$	Num.	%
CAN	258.6	3	60%	47.0	1	20%	60.0	1	20%
CCB	0.0	0	0%	33.0	1	100%	0.0	0	0%
CDH	0.0	0	0%	0.0	0	0%	0.0	0	0%
CID	375.0	4	57%	240.8	3	43%	0.0	0	0%
CSC	979.0	11	69%	460.7	5	31%	0.0	0	0%
REG	20.0	1	100%	0.0	0	0%	0.0	0	0%
Total	1,633	19	63%	782	10	33%	60.0	1	3%

LAST DISBURSEMENT EXTENSIONS

1.13 SG Investment Projects Extended 24+ Months

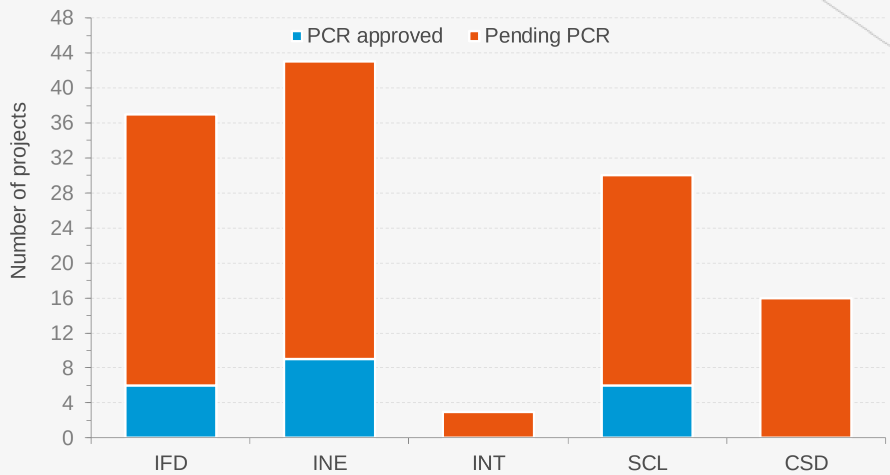
106 SG investment projects have extensions of 24 months or more from the original last disbursement date, representing $2.3b of undisbursed balance

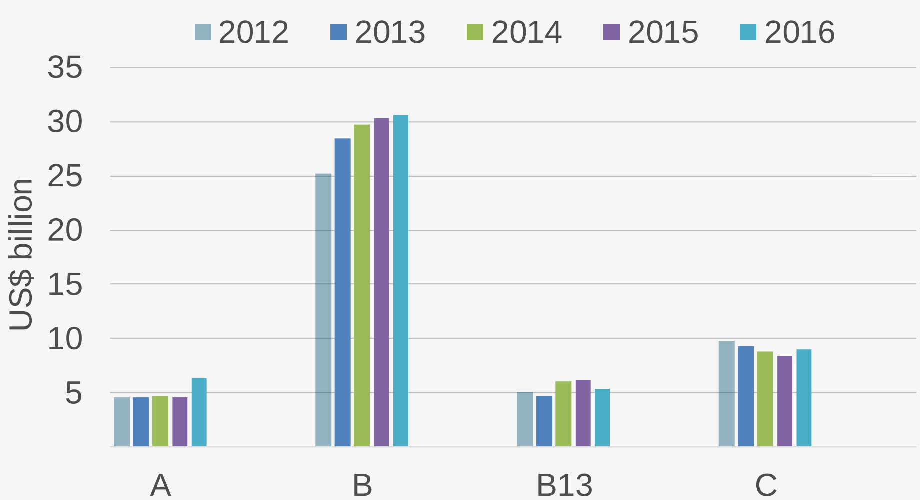
- 3% decrease from 109 in 2015
- Undisbursed balance of these operations represents 8% of the portfolio's total undisbursed balance, 1 percentage point increase from 7% in 2015.



Number of loan projects

Year	IFD	INE	SCL	INT	CSD	Total	As % of portfolio
2012	37	31	10	1		79	12.7%
2013	32	40	11	2		85	13.1%
2014	37	41	14	1		93	14.7%
2015	41	49	17	2		109	17.4%
2016	26	41	18	4	17	106	17.4%
Change 2015/2016	-37%	-16%	6%	100%	N/A	-3%	0.0%





PROJECT COMPLETION REPORTS

1.14 PCR Status for Projects Fully Disbursed in 2015

129 projects that completed disbursements during 2015[8] required a Project Completion Report[9]

As of December 31, 2016:

- **16%** (21) were processed and approved by VPS: IFD (6), INE (9), INT (0), SCL (6) and CSD (0)

ENVIRONMENTAL AND SOCIAL IMPACT

1.15 SG Portfolio by Environmental and Social Impact

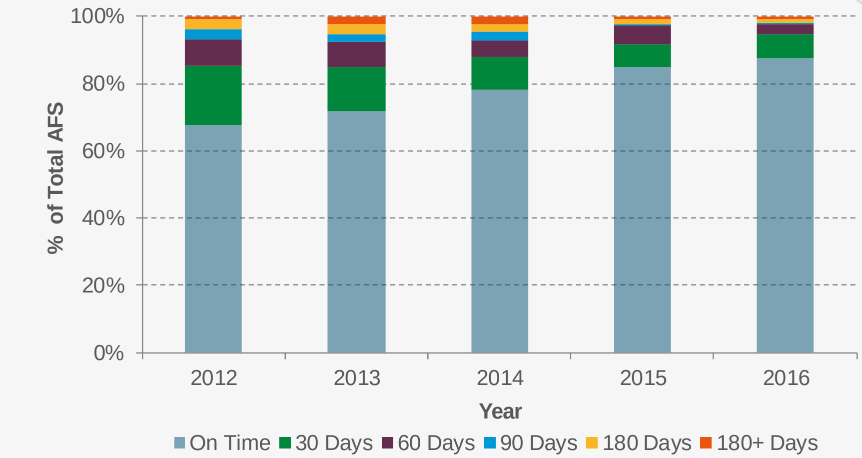
36 operations in execution for $6.3b have been assigned an “A” Environmental and Social Impact risk classification

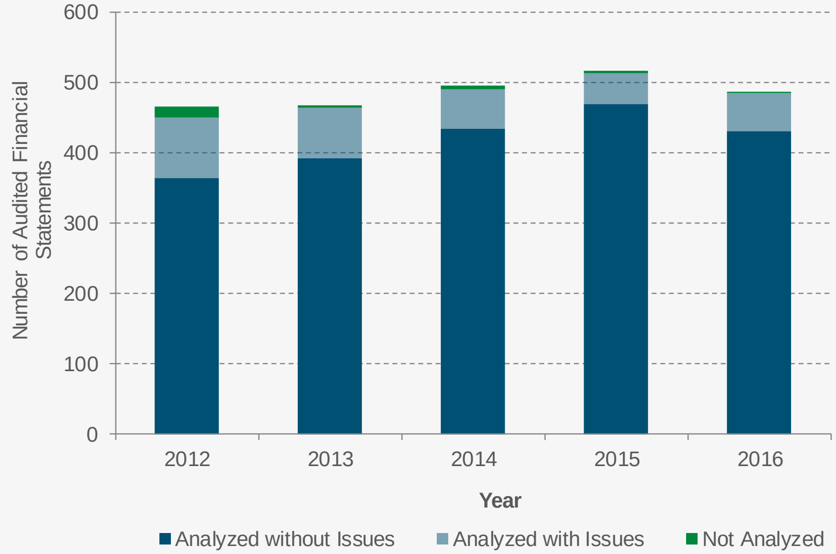
- 6% of the entire portfolio as of December 31, 2016 (608), 2 percentage points increase from 4% in 2015.

320 operations in execution for $30.6b have been assigned a “B” Environmental and Social Impact risk classification

- 55% of the entire portfolio in execution as of December 31, 2016 (608), one percentage point decrease from 54% in 2015.

[8] PCR is not required if the operation was cancelled without any disbursement, the PCR was waived (signed memorandum required), the project is not the last operation of a multi-phase or PBP series, the project is a supplementary or part of another project that required PCR
[9] All PCRs were required to be approved by June 30, 2016 based on new guidelines.





AUDITED FINANCIAL STATEMENTS[10]

1.16 Audited Financial Statements Compliance

88% of Audited Financial Statements (AFS) were delivered on time (by April 30 deadline)

- 2 percentage points increase from 85% in 2015.
- 10 percentage points increase from 78% in 2014.

1.17 Analysis Status of Audited Financial Statements

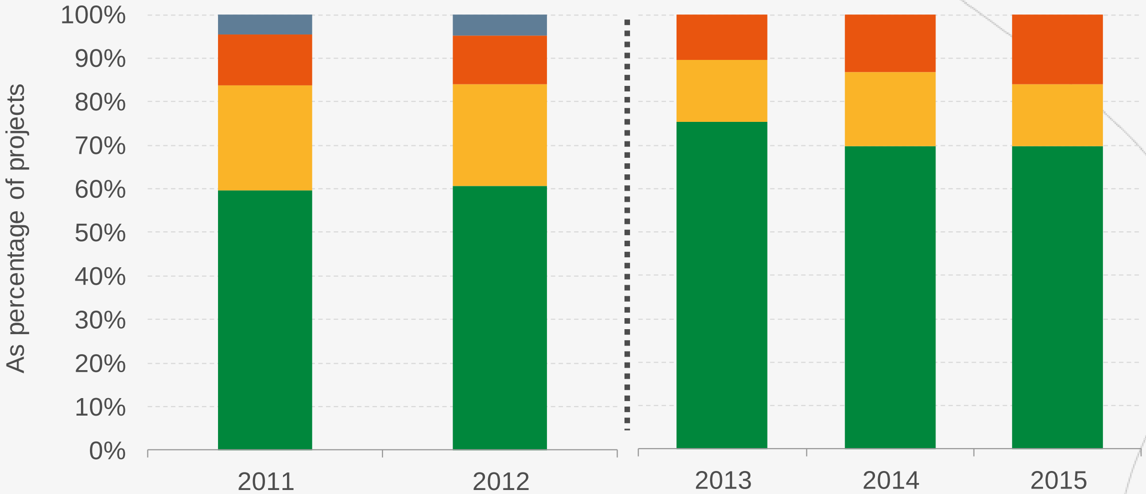
486 (98%) of the 488 expected AFS were analyzed by auditors.
Of the 486 AFS analyzed, 89% (431) were without issues.

- **3** percentage points decrease from 92% in 2015.

[10] "Year" refers to AFS delivered during that year, corresponding to the previous fiscal year.

PROGRESS MONITORING REPORT (PMR)

The PMR is the monitoring instrument of the Development Effectiveness Framework (DEF). The current methodology was approved by the Operational Policy Committee in November 2013. The **SG active portfolio of the Bank** as of December 31, 2015 comprised **649** SG loan and investment grant operations that had to report and classify their performance during the March 2016 PMR cycle.



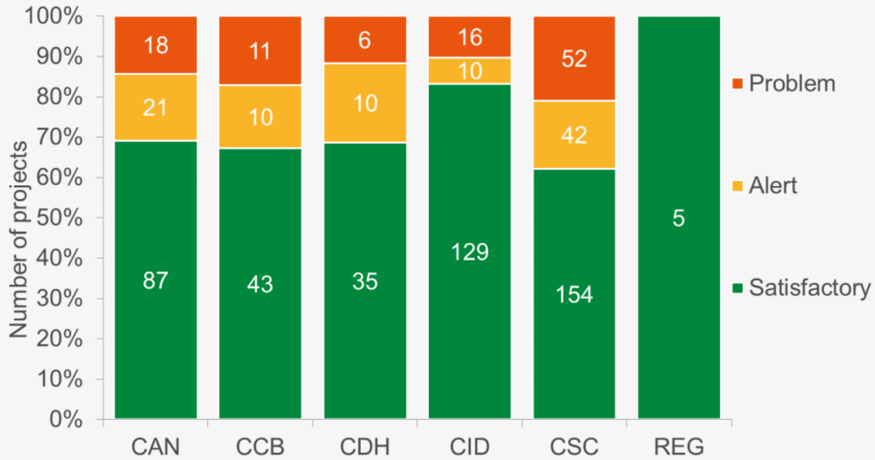
		Old methodology				Current methodology		
		Satisfactory	Alert	Problem	Outlier	Satisfactory	Alert	Problem
2011	Cycle 2012	59.6%	24.1%	11.7%	4.6%			
2012	Cycle 2013	60.6%	23.4%	11.1%	4.9%			
2013	Cycle 2014					75.4%	14.4%	10.3%
2014	Cycle 2015					69.8%	17.0%	13.1%
2015	Cycle 2016					69.8%	14.3%	15.9%
% Change (2015-2014)						0.0%	-2.7%	2.7%

1.18 Status of Portfolio

Of the **649 active operations** with a PMR in 2015 (Cycle March 2016)

- 69% (453) of the SG portfolio operations were classified as "Satisfactory".[11] Same as in 2014.
- 14% (93) were classified as "Alert". 3 percentage points decrease from 17% in 2014.
- 16% (103) were classified as "Problem". 3 percentage points increase from 13% in 2014.

[11] The analysis was based on the Performance Index (PI) calculated in March 2016 for 649 operations that required a PMR.

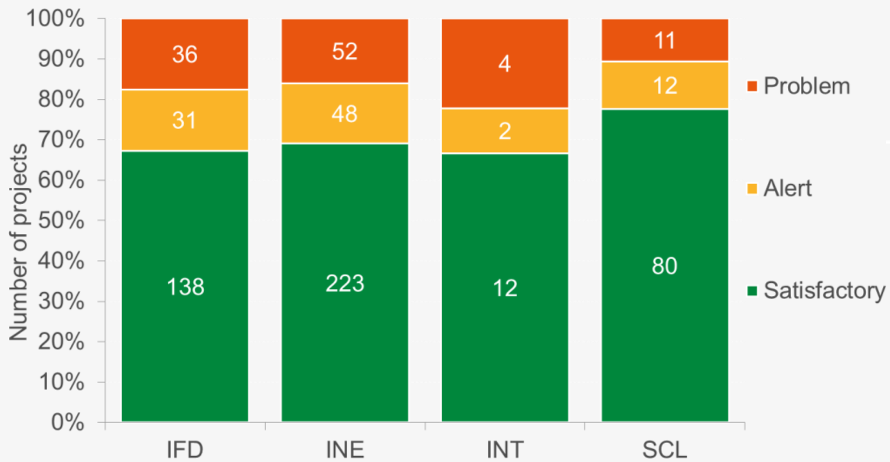


BY DEPARTMENT

1.19 Performance Index classification

In 2015, the PMR system identified as Satisfactory:

- 69% (87 of 126) CAN projects.
- 83% (129 of 155) of CID projects.
- 62% (154 of 248) of CSC projects.
- 67% (43 of 64) of CCB projects.
- 69% (35 of 51) of CDH projects.
- 100% (5 of 5) of REG projects.



BY SECTOR

1.20 Performance Index classification

In 2015, the PMR system identified as Satisfactory:

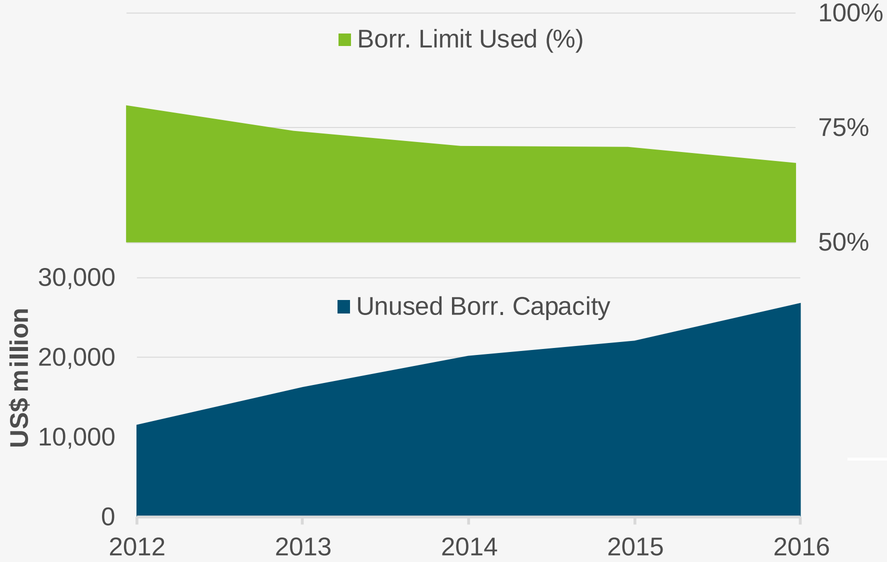
- 67% (138 of 205) of IFD projects.
- 69% (223 of 323) of INE projects.
- 67% (12 of 18) of INT projects.
- 78% (80 of 103) of SCL projects.

IDB ORDINARY CAPITAL – BORROWING CAPACITY AND LENDING CREDIT CONCENTRATION

The Bank manages loan credit risk by maintaining limits on lending capacity, allocating adequate capital to cover unexpected changes in the loan portfolio, and by maintaining policies for managing non-performing loans.

1.21 Borrowing capacity

- Net Borrowings is the amount of borrowings (after swaps), plus gross guarantee exposure, less qualified liquid assets including special reserve assets. (*)
- Non-borrowing countries: Borrowing Policy Limit = callable capital of non-borrowing countries –Includes temporary callable capital of Canada. (**)

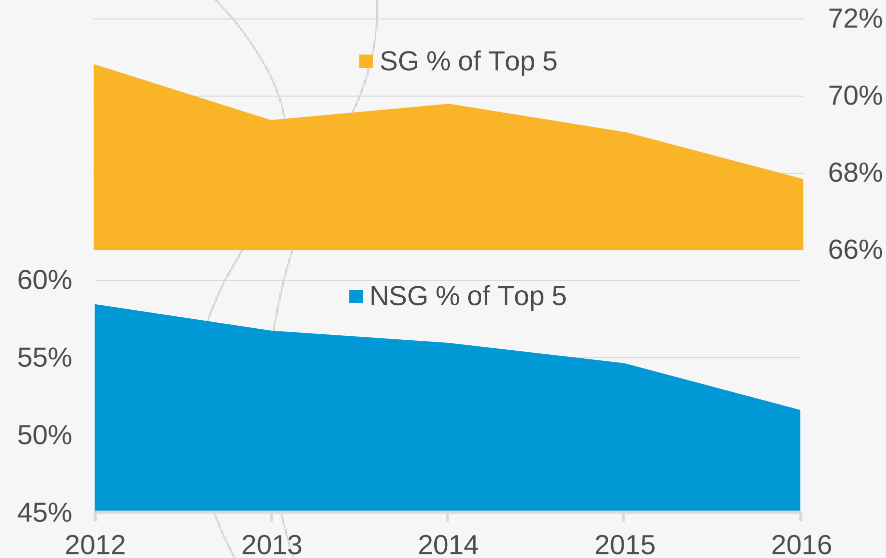


All in US$ million

Year	Net Borrowings*	Callable Capital **	Borr. Limit Used (%)	Unused Borr. Capacity	Change
2012	46,302	57,884	80%	11,582	4,406
2013	47,203	63,439	74%	16,236	4,654
2014	49,882	70,095	71%	20,213	3,977
2015	53,499	75,601	71%	22,102	1,888
2016	55,548	82,429	67%	26,881	4,779
Change %	4%	9%	-3%	22%	

1.22 Concentration – The top 5 countries in 2016:

- SG: Brazil 17.1%, Mexico 16.9%, Argentina 14.0%, Colombia 10.6% & Ecuador 4.2% After exposure-exchange agreements (EEA).[12]
- NSG: Brazil 16.9%, Peru 9.4%, Mexico 8.9%, Costa Rica 8.5%, & Panama 8.0%.

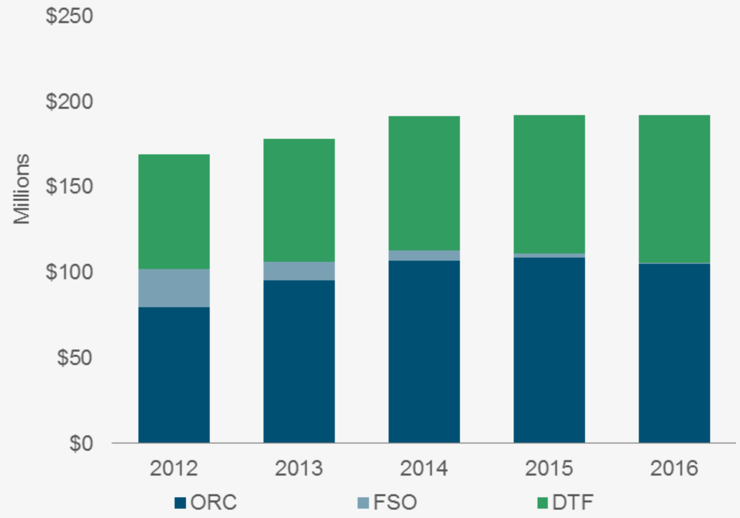


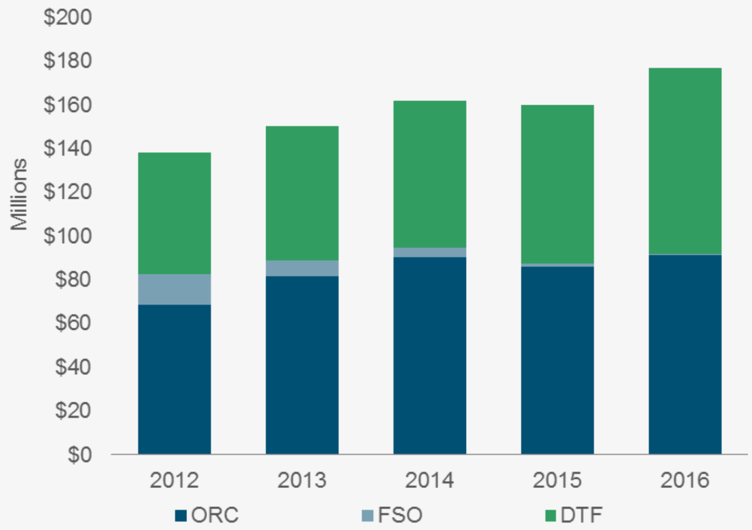
All in US$ million

Year	All SG Outstanding	SG % of Top 5	All NSG Outstanding	NSG % of Top 5
2012	64,817	71%	4,365	58%
2013	65,369	69%	6,037	57%
2014	68,674	70%	6,028	56%
2015	72,765	69%	5,999	55%
2016	76,081	68%	5,979	52%
Change %	4.6%	-1.7%	-0.3%	-5.5%

12 For more details see Resolution DE-133/15.

TECHNICAL COOPERATIONS





DISBURSEMENTS

1.23 Technical Cooperation Disbursements

Total TC Disbursements reached $191.7m

- The same amount as in 2015

Those financed through **Ordinary Capital (OC)** Strategic Development Programs[13] reached $104.8m

- 2% decrease from $108.4m in 2015
- 55% of total TC disbursements in 2016

Those financed through the **Fund for Special Operations (FSO)** reached $0.5m from legacy operations. No new TC approvals using FSO funds have been made in the last 5 years.

- 77% decrease from $2.2m in 2015
- Less than 1% of total TC disbursements in 2016

Those financed with **Donor Trust Funds (DTF)** reached $86.4m

- 6% increase from $81.1m in 2015
- 45% of total TC disbursements in 2016

1.24 VPS Technical Cooperation Disbursements

VPS TC Disbursements reached $176.8m

- 11% increase from $159.8m in 2015

Those financed through **Ordinary Capital (OC) Strategic Development Programs** reached $91m

- 6% increase from $85.8m in 2015
- 51% of VPS TC disbursements in 2016

Those financed through the Fund for Special Operations (FSO) reached $0.5m

- 62% decrease from $1.4m in 2015
- Less than 1% of VPS TC disbursements in 2016

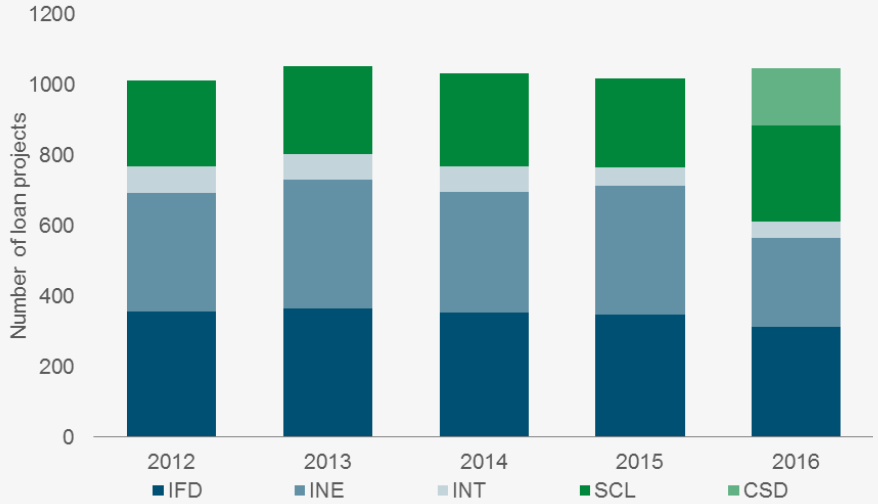
Those financed with **Donor Trust Funds (DTF)** reached $85.3m

- 18% increase from $72.6m in 2015
- 48% of VPS TC disbursements in 2016

[13] Per Resolution DE-180/15, the Ordinary Capital Special Programs/Grants were renamed Ordinary Capital Strategic Development Programs as of January 1, 2016

TC PORTFOLIO IN EXECUTION

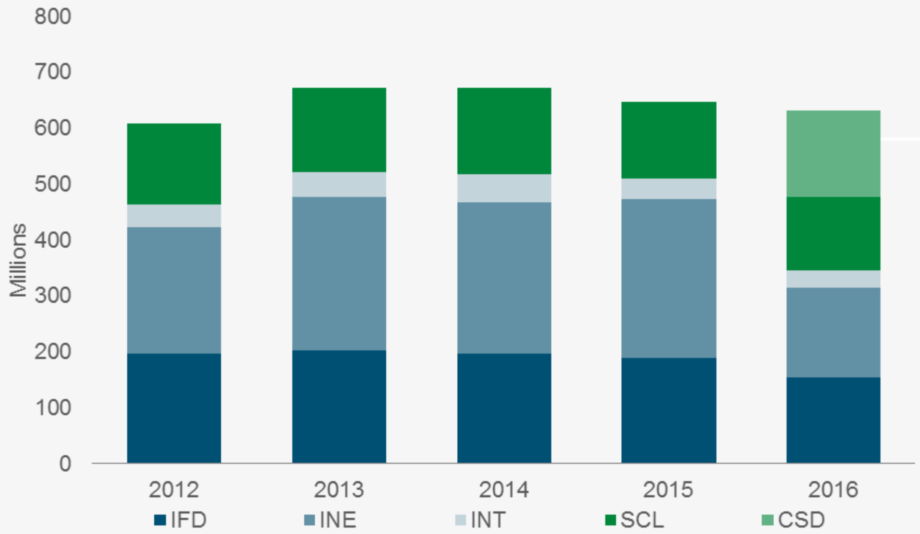
1.25 TC Operations under VPS supervision by Sector and Approval Year



TC operations under VPS supervision reached 1,046 operations:

- 313 operations in IFD, 10% decrease from 347 in 2015.
- 252 operations in INE, 31% decrease from 365 in 2015.
- 46 operations in INT, 10% decrease from 51 in 2015.
- 272 operations in SCL, 7% increase from 254 in 2015.
- 163 operations in CSD, department created in 2016.

1.26 TC Operations volume under VPS supervision by Sector and Approval Year



TC operations under VPS supervision reached $631.4m in volume.

- $154.3m in IFD, 18% decrease from $187.6m in 2015.
- $160.1m in INE, 44% decrease from $284.9m in 2015.
- $30.4m in INT, 18% decrease from $36.9m in 2015.
- $131.7m in SCL, 4% decrease from $137.6m in 2015.
- $154.8m in CSD, department created in 2016.

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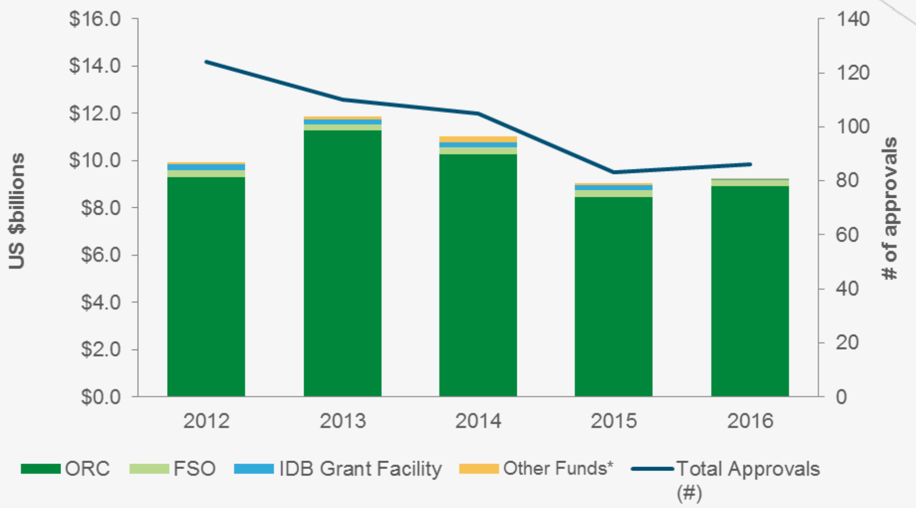
CHAPTER II

STRATEGIC ALIGNMENT



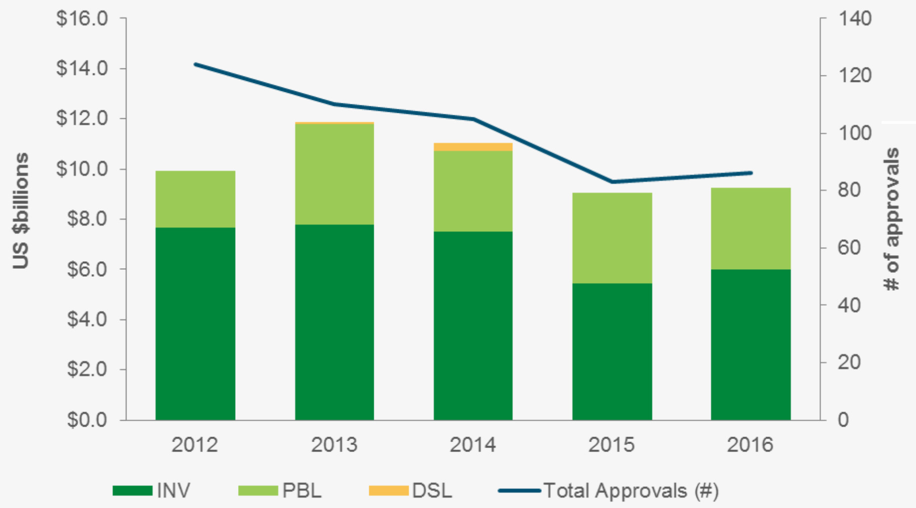
LOAN APPROVALS[14]

2.1 SG Approvals by Fund

SG approvals reached $9.3b in 86 operations

- 2% increase from $9.0b in 2015
- 4% increase from 83 projects approved in 2015
- The average operations size was **$108m**, a 1% decrease from $109m in 2015
- **Ordinary Capital (OC)** approvals reached **$8.9b**, a 5% increase from $8.5b in 2015
- **Fund for Special Operations (FSO)** approvals reached **$247m**, a 12% decrease from $282m in 2015
- **IDB Grant Facility (GRF)** approvals reached **$20m**, an 89% decrease from $190m in 2015.

* "Other Funds" represent Funds under Administration by the IDB, such as the Clean Technology Fund, Strategic Climate Fund, and the China Co-financing Fund.



BY INSTRUMENT

2.2 SG Approvals by Instrument

Investment loan approvals reached $6.0b in 72 operations

- 11% increase from $5.4b in 2015
- 14% increase from 63 operations in 2015

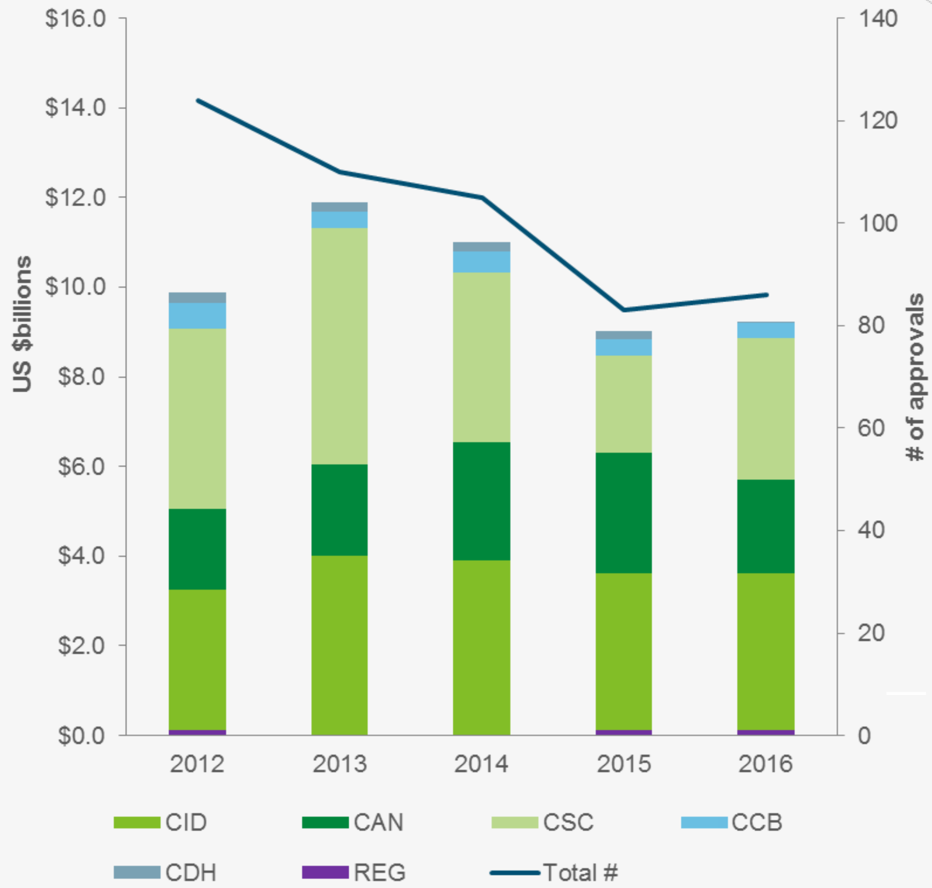
Policy Based Loan approvals reached $3.3b in 14 operations

- 10% decrease from $3.6b in 2015
- 30% decrease from 20 operations in 2015

There were no operations of **Contingent Credit line for Sustainable Development** approved

- The last such approval was in 2014 for $300m.

[14] 2016 SG approvals do not include EC-L1216, an Investment loan (INV) of the modality Contingent Loan for Natural Disaster (CND), which was approved on April 19, 2016 for $160 million from the Ordinary Capital Fund (ORC).



BY COUNTRY GROUP

2.3 SG Approvals by Country Group

CAN reached $2.1b in 19 operations
- 22% decrease from $2.7b in 2015
- 12% increase from 17 operations in 2015

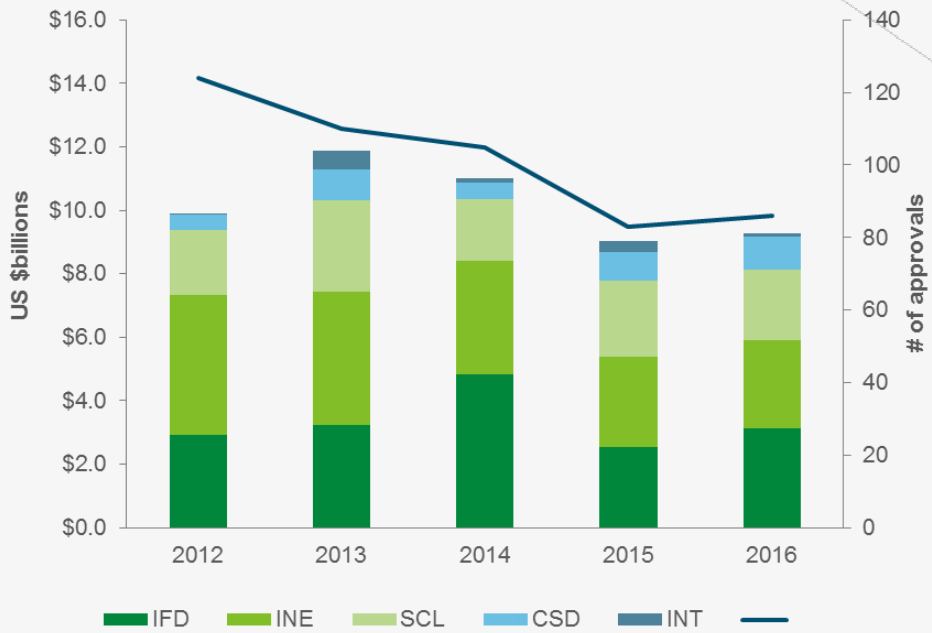
CCB reached $334m in 10 operations
- 8% decrease from $362m in 2015
- Same number of operations as 2015

CID reached $3.6b in 23 operations
- Same volume as 2015
- 23% decrease from 30 operations in 2015

CSC reached $3.2b in 32 operations
- 46% increase from $2.2b in 2015
- 60% increase from 20 operations in 2015

CDH reached $20m in 1 operation
- 89% decrease from $190m in 2015
- 80% decrease from 5 operations in 2015

Regional operations reached $40m in 1 operation
- 100% increase from $20m in 2015
- Same number of operations as 2015



BY SECTOR

2.4 SG Approvals by Sector

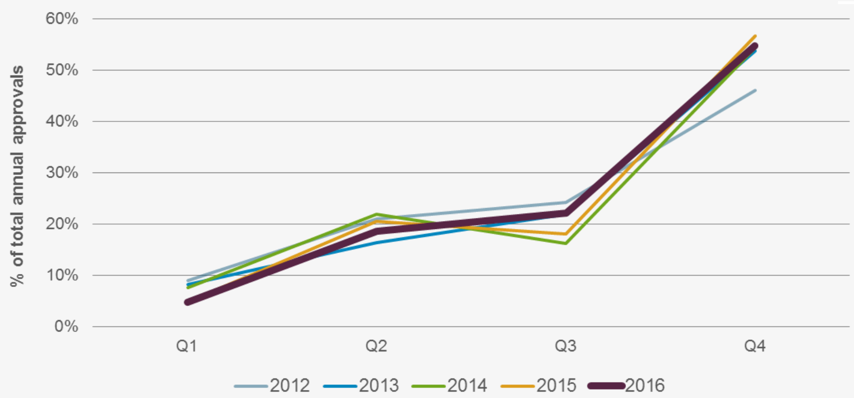
IFD approvals reached $3.1b in 23 operations
- 23% increase from $2.5b in 2015
- 5% increase from 23 operations in 2015

INE approvals reached $2.8b in 27 operations
- 2% decrease from $2.8b in 2015
- 4% decrease from 28 operations in 2015

SCL approvals reached $2.4b in 18 operations
- 7% decrease from $2.4b in 2015
- No change from 18 operations in 2015

INT approvals reached $83.6m in 2 operations
- 76% decrease from $347m in 2015
- 50% decrease from 4 operations in 2015

CSD approvals reached $1.1b in 16 operations
- 17% increase from $901m in 2015
- 45% increase from 11 operations in 2015



CUMULATIVE LENDING APPROVALS

2.5 Cumulative Lending Approvals by Quarter

47 projects for $4.8b were approved during the last quarter of 2016
- Same volume and number as 2015

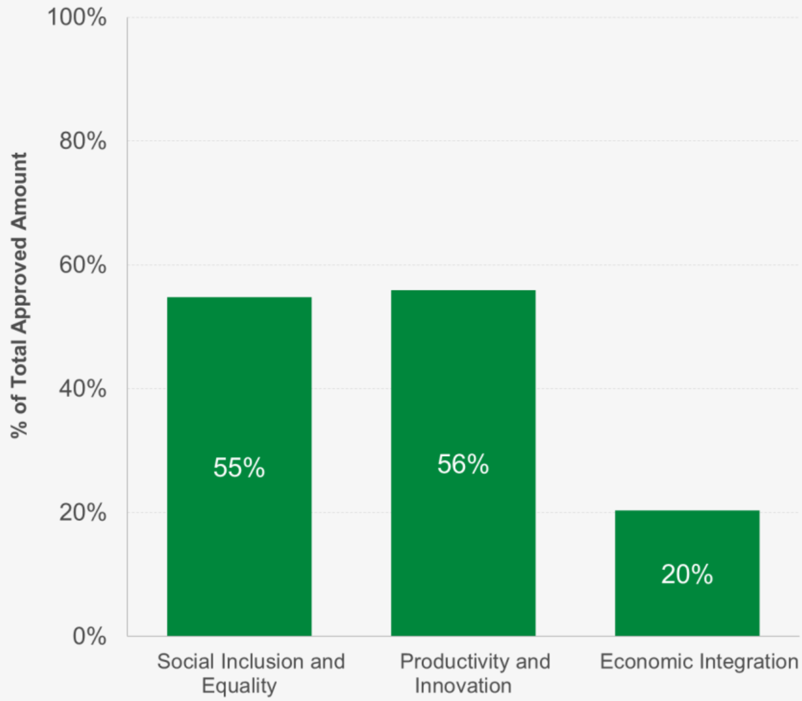
As a percentage of the total number of projects approved:
- Number of approvals in Q4 2016 reached 55%, a 2-percentage point decrease from 57% in 2015

CRF STRATEGIC ALIGNMENT

- According to the CRF Technical Guidance: "Strategic alignment will be justified by a connection between the operation's expected results and the challenge(s) and/or cross-cutting theme(s). The justification must provide a clear argument on how the vertical logic and theory of change of the operation connects with the corresponding UIS challenge or cross-cutting theme.
- The justification must also identify an indicator from the operation's results matrix (this may be any indicator - CRF or not) that relates to the corresponding challenge or cross-cutting theme. The indicator used to justify strategic alignment may be at any level – output, outcome, or impact. In the case of SG loan operations, the indicator must be included in the results matrix of the operation."

DEVELOPMENT CHALLENGES

2.6 Approvals aligned to the Update to the Institutional Strategy 2016-2019, by Challenge



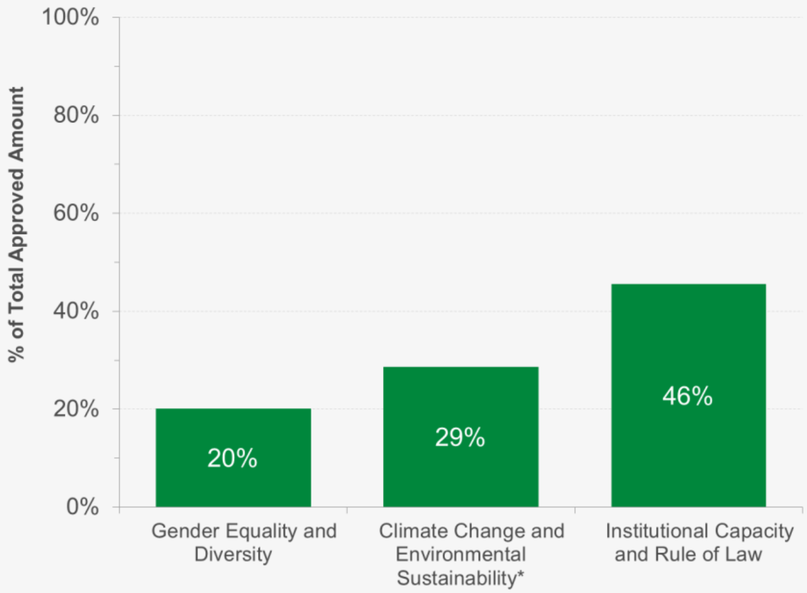
Of the 86 SG loans approved in 2016, totaling $9.3b:

- 55% was strategically aligned to the Challenge "Social Inclusion and Equality" ($5.1b in 48 operations).
- 56% was strategically aligned to the Challenge "Productivity and Innovation" ($5.2b in 45 operations).
- 20% was strategically aligned to the Challenge "Economic Integration" ($1.9b in 20 operations).

In addition, 99% of operations were aligned with at least one challenge or cross-cutting theme.

CROSS-CUTTING THEMES

2.7 Approvals strategically aligned to the Update to the Institutional Strategy 2016-2019, by Cross-Cutting Theme



Of the 86 SG loans approved in 2016, totaling $9.3b:

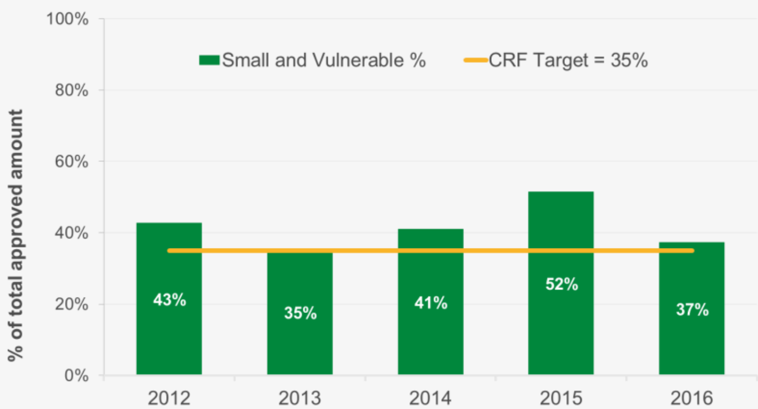
- 20% was strategically aligned to the Cross-Cutting Theme "Gender Equality and Diversity" ($1.9b in 22 operations).
- 29% was strategically aligned to the Cross-Cutting Theme "Climate Change and Environmental Sustainability" ($2.7b in 39 operations).
- 46% was strategically aligned to the Cross-Cutting Theme "Institutional Capacity and Rule of Law" ($4.2b in 40 operations).

In addition, 99% of operations were aligned with at least one challenge or cross-cutting theme.

*Note that the value for "Climate Change and Environmental Sustainability" is under review and may be adjusted. For the "Climate Change" portion, the IDB follows the joint MDB approach for measuring climate finance.

SMALL AND VULNERABLE COUNTRIES

2.8 Lending to Small and Vulnerable Countries[15]



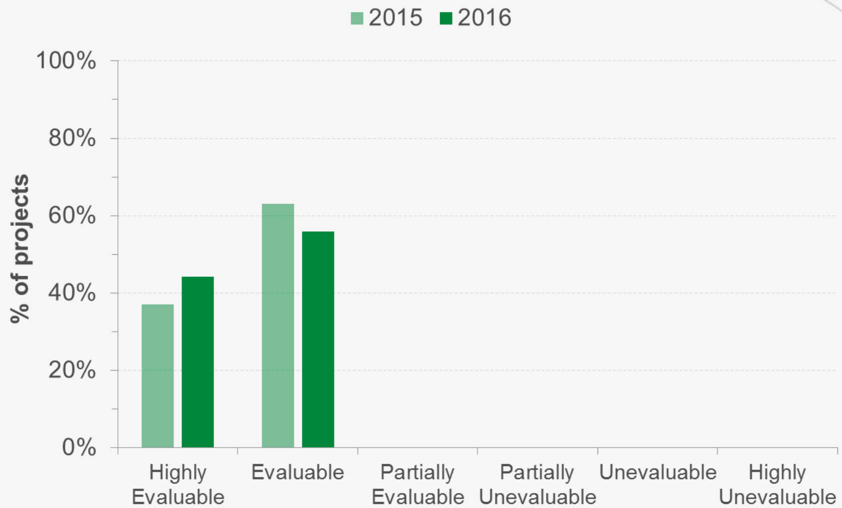
Lending to small and vulnerable countries represented 37% ($3.5b) of the total approval amount for SG loans, corresponding to 53 out of 86 approvals.

- 26% less volume lending than in 2015.

[15] Small and vulnerable countries include types "C" and "D" countries: Barbados, Bahamas, Costa Rica, Jamaica, Panama, Suriname, Trinidad and Tobago, Uruguay, Belize, Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Nicaragua, and Paraguay.

DEVELOPMENT EFFECTIVENESS – DEM

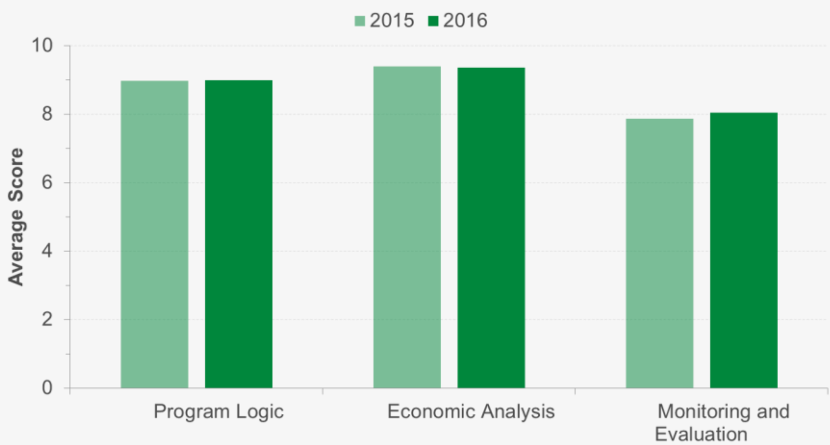
2.9 Development Effectiveness Matrix Evaluability Levels



According to the DEM[16], out of 86 SG projects approved in 2016, **44%** were considered “Highly Evaluable” and **56%** “Evaluable” of the 86 SG loan operations approved in 2016.

- In 2015, 37% of SG loan operations (30) were approved with **“Highly Evaluable”** score and 63% (51) approved with **“Evaluable”** score.

2.10 Development Effectiveness Matrix Ratings

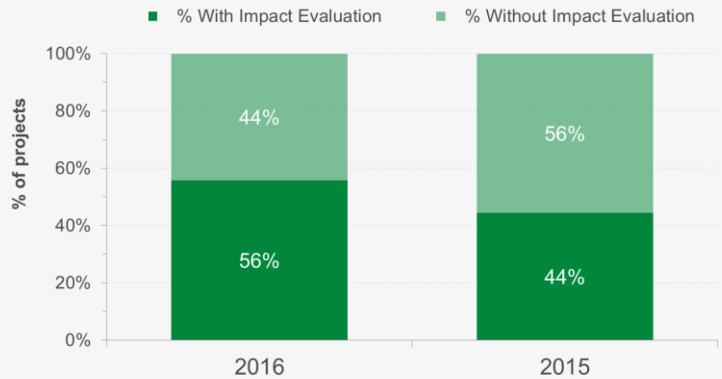


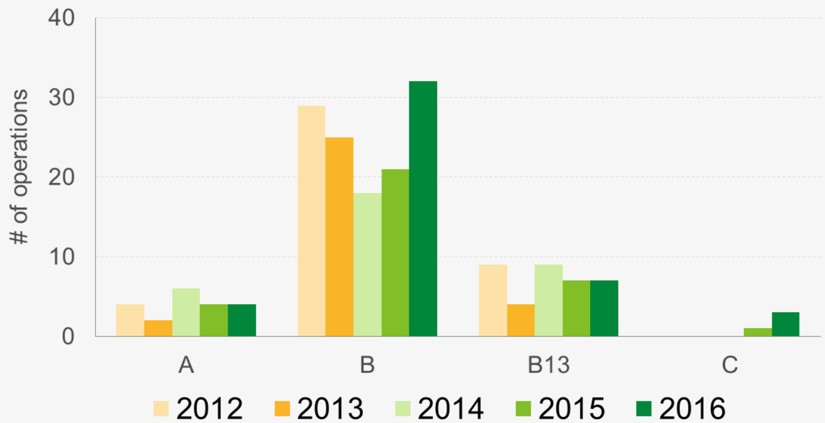
Average DEM scores* at entry in 2016 for SG loan operations:

- **Program Logic** scored **9.0** points, same as in 2015
- Operations with **Economic Analysis** reached **9.4** points, same as in 2015
- **Monitoring and Evaluation** scored **8.0** points, a slight increase from 7.9 in 2014

*Maximum score for each area is 10 points.

[16] The Development Effectiveness Matrix (DEM) is a checklist of information requirements that should be included in the Proposal for Operational Development (POD) and its mandatory annexes to ensure that the Bank can measure the achievement of outputs and results of the operations it finances.





*Projects that do not receive an ESG class include Investment loans of the modality IRF (Immediate Response Facility for Emergencies) and of the modality CND (Contingent Loan for Natural Disasters).

DEVELOPMENT EFFECTIVENESS – DEM

2.11 Ex-Ante Impact Evaluation

Approved operations with an Impact Evaluation reached 56%.

- 12 percentage point increase from 44% in 2015.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS

2.12 Environmental and Social Safeguards in Approved Operations Per Category[17]

82% of all SG operations considered to have high environmental and social risks have been rated satisfactory in the implementation of mitigation measures.[18]

Loan operations that had assistance from an Environmental and Social Safeguards Specialist from ESG reached 46

- 39% increase from 33 in 2015

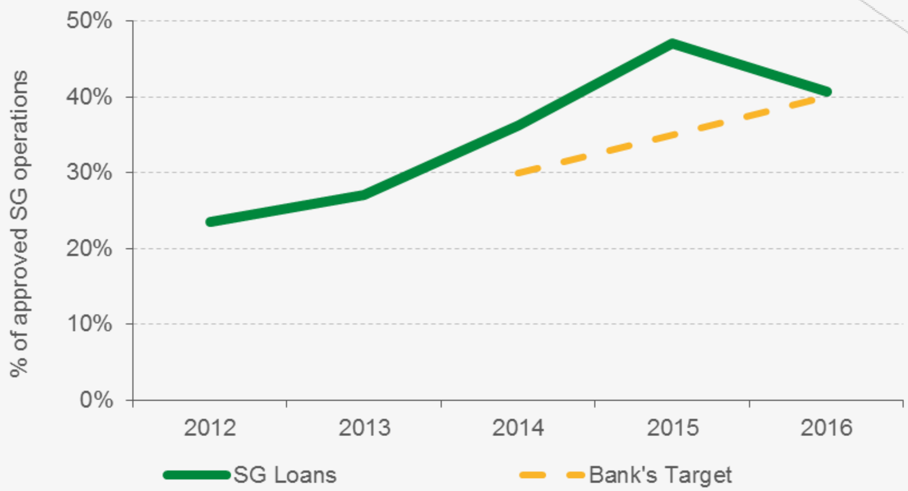
- **Category A** operations with Specialist assistance reached 4
    - Same number of Cat. A operations as 2015
- **Category B** operations with Specialist assistance reached 32
    - 52% increase in Cat. B operations from 21 in 2015
- **Category C** operations with Specialist assistance reached 3
    - 300% increase in Cat. C operations from 1 in 2015
- **Category B13** operations with Specialist assistance reached 7
    - Same number of Cat. B13 operations as 2015

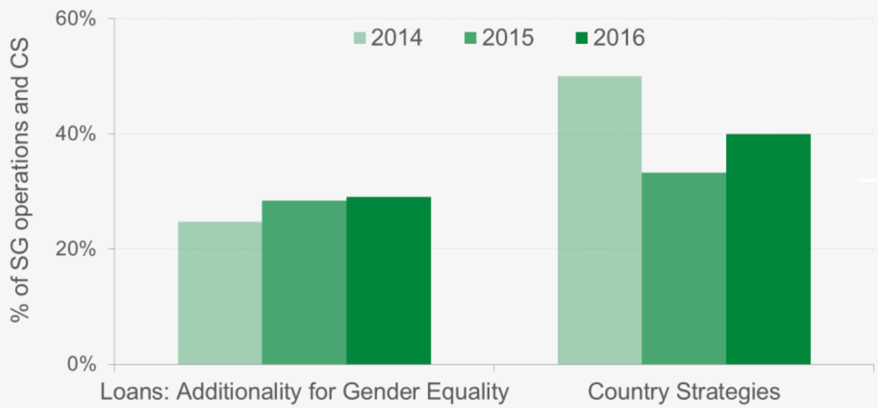
---

[17] Values provided by ESG department for 2012-2016 corresponds only to SG operations with assistance from an Environmental and Social Safeguards Specialist from ESG

[18] See the IDB's Environment and Safeguards Compliance Policy (2006). Environmental and Social Safeguard (ESG) classifications are as follows:

A: Operations likely to cause significant negative impacts, or have profound implications
B: Operations Likely to cause mostly local and short-term negative impacts
B13: Uncategorized Directive
C: Operations likely to cause minimal or no negative impacts





GENDER AND DIVERSITY

2.13 Gender Related Results in SG Loan Result Matrices

Approved SG operations with gender-related results in their results matrix reached 41%[19]:

- 1 percentage point above the Bank's 2016 target (40%) set in the updated Gender Action Plan.[20]
- 6 percentage-point decrease from 47% in 2015

2.14 SG Projects and Country Strategies: Promoting Gender Equality and Disaggregating Indicators

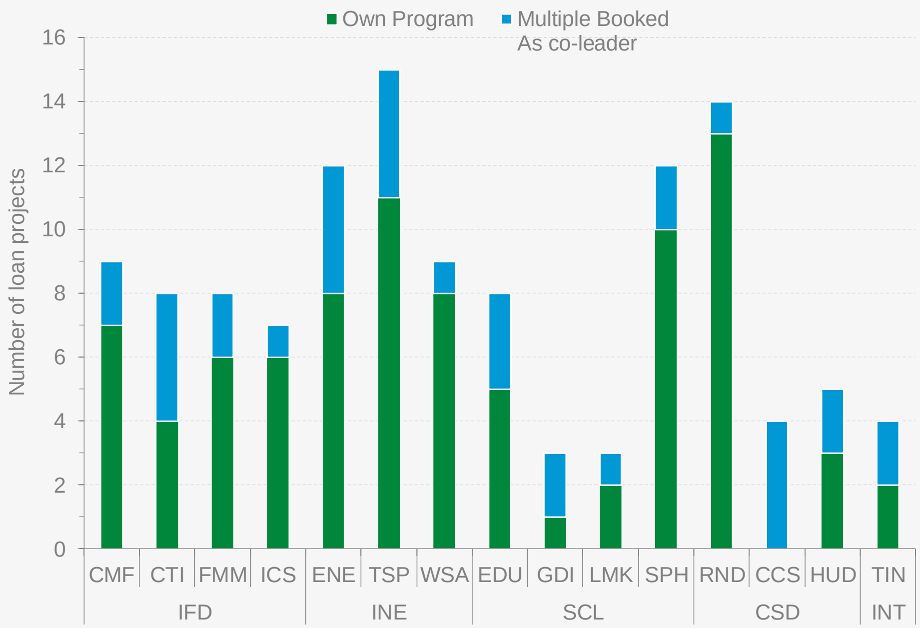
From the Development Effectiveness Matrixes (DEM) of SG operations and Country Strategies Result Matrices:

- **29%** of loan approvals (25 of 86) in 2015 were flagged as promoting IDB gender equality (additionally), a 1 percentage point increase from 28% in 2015.
- **40%** of Country Strategies (2 of 5) approved in 2016 included one or more gender or diversity related indicator in their result matrix, a 7 percentage point increase from 2015.

[19] Based on new Methodology - Gender Action Plan 2014-2016, GN-2531-14, June 2014.
[20] Detailed results are forthcoming in the Progress Report on the Implementation of the Gender Policy and Gender Action Plan for Operations: 2014-2016, to be released in April 2017.

MULTIPLE BOOKINGS

2.15 Approvals Including Multiple Bookings

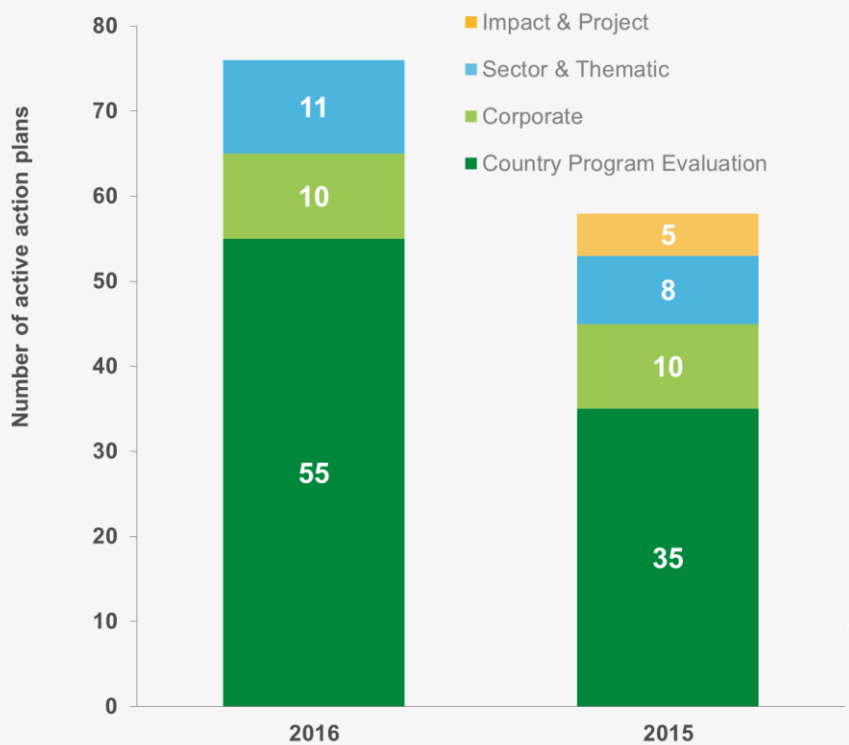


- Multiple-Booked unique operations[21] reached 28 operations for US$3.2b. They represent 33% and 35% of the 2016 approvals in number and volume, respectively.
- Own program and multiple-booked equivalent approvals reached 121 operations for $13.2b.

Dept.	Div.	Own Program		Multiple Booked As co-leader		Total	
		#	$M	#	$M	#	$M
IFD	CMF	7	1,659.3	2	140.0	9	1,799.3
	CTI	4	119.0	4	830.0	8	949.0
	FMM	6	1,125.0	2	225.0	8	1,350.0
	ICS	6	209.0	1	250.0	7	459.0
INE	ENE	8	548.4	4	899.3	12	1,447.6
	TSP	11	1,392.0	4	290.0	15	1,682.0
	WSA	8	837.3	1	80.0	9	917.3
SCL	EDU	5	510.8	3	580.0	8	1,090.8
	GDI	1	20.0	2	92.5	3	112.5
	LMK	2	65.0	1	50.0	3	115.0
	SPH	10	1,641.5	2	206.0	12	1,847.5
CSD	RND	13	733.2	1	90.0	14	823.2
	CCS			4	144.3	4	144.3
	HUD	3	320.0	2	36.0	5	356.0
INT	TIN	2	83.6	2	49.0	4	132.6
Total		**86**	**9,264.1**	**35**	**3,962.0**	**121**	**13,226.1**

[21] Multiple booked operations are projects led in cooperation by two or more Team Leaders from different Divisions. Multiple booking supports multi-sectoriality, one of the six guiding principles of the Update to the Institutional Strategy.

EVALUATION RECOMMENDATION TRACKING SYSTEM (ReTS)[22]



2.16 Board-Endorsed Recommendations Tracked in the ReTS (by Evaluation Category)

- As of December 31st, 2016, a cumulative total of 115 recommendations stemming from 25 evaluations have been or are being implemented by Management and tracked in the ReTS, since March 2013.
- The 76 active action plans currently tracked in the ReTS are distributed among the following evaluation categories: Country Program Evaluations (72%), Sector and Thematic Evaluations (15%), Corporate Evaluations (13%), and Impact and Project Evaluations (0%).
- In 2016, OVE completed 8 evaluations that were submitted to the consideration of the Board of Executive Directors. The 8 evaluations included a total of 39 recommendations. Of these, all 39 were endorsed by the Board, requiring follow-up actions by Management.
- Of the 76 action plans currently tracked in the ReTS as of the end of the year, 66 (87%) are in progress while 10 (13%) are past due.
- 18 evaluations were active in the ReTS as of December 31, 2016

[22]The Evaluation Recommendation Tracking System (ReTS) was launched by the Bank in 2013 to facilitate the monitoring of recommendations stemming from the evaluation work of the Office of Evaluation and Oversight (OVE). The system requires that Management develop concrete action plans to implement all Board-endorsed recommendations and track their progress, to strengthen the Bank's accountability as well as its ability to systematically apply lessons learned to its future activities. The protocol governing the process and the system was recently updated and approved by the Board of Executive Directors in December 2016 (GN-2707-7).

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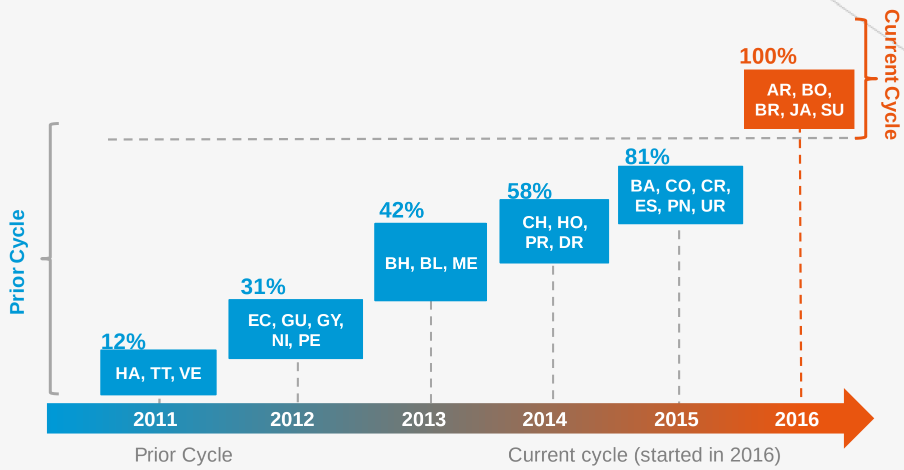
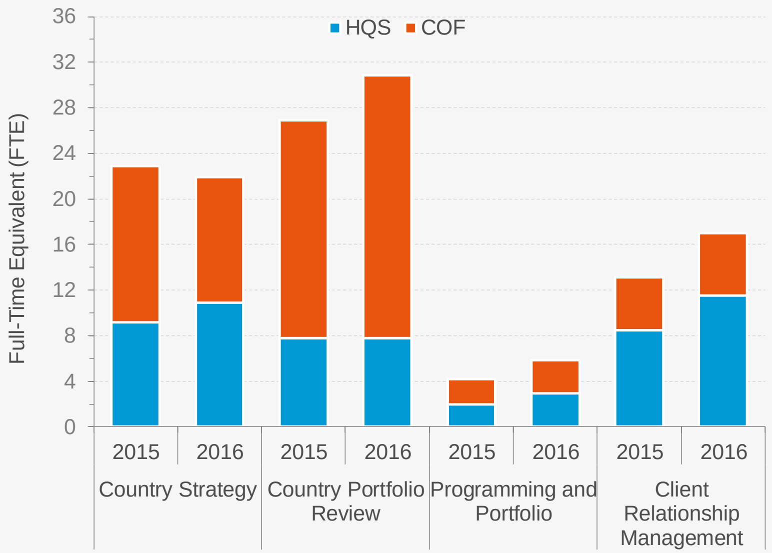
BUSINESS DEVELOPMENT





COUNTRY POLICY DIALOGUE

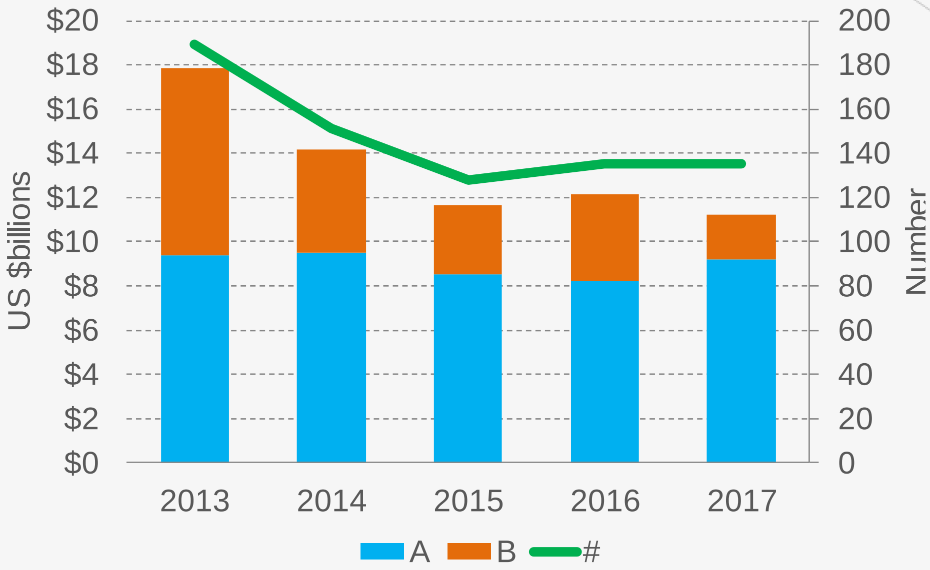
3.1 Results-based Country Strategies

- **Five** Country Strategies were approved by the Board in 2016: Argentina, Bolivia, Brazil, Jamaica, and Suriname. One Country Strategy planned for 2016 (Trinidad & Tobago) was deferred.
- Based on the validated Development Effectiveness Matrix for Country Strategies, in terms of **strategic alignment**, the objectives of the approved Country Strategies are consistent with the countries' development challenges and priorities. (**100%** of alignment.)
- In terms of **effectiveness**,[23] all five Country Strategies were based on high quality country diagnostics. Each of the Country Strategies identified strategic objectives that respond to the challenges and opportunities identified in the corresponding sector diagnostics.
- **26** Country Program Documents were prepared in 2016 Q4 and are expected to be approved by the Board in 2017 Q1.

3.2 Staff Time Reported to Programming Products

- Staff Time reported to strategy, programming and portfolio management activities reached **75.6 FTEs**[24]
  - 13% increase from 67.1 FTEs reported in 2015
- Country Strategies accounted for 29% (21.9 FTEs).
- Country Portfolio Reviews and Programming and Portfolio activities accounted for 49% (36.7 FTEs).
- Client Relationship Management[25] activities accounted for 23% (17.0 FTEs).
- **56%** of time reported to these activities originated from the **COFs:**
  - 3 percentage points decrease from 59% in 2015.

[23] The evaluation summary of the Development Effectiveness Matrices is included as an annex in the approved Country Strategy documents (GN-2812, GN-2832, GN-2829 , GN-2828 , GN-2838 and GN-2836).
[24] FTE – Full Time Equivalent Staff Years.
[25] Customer Relationship Management refers to the provision of timely, high quality services to borrowing countries, donors and other key constituencies. Manage client expectations under a scenario of scarcity of resources.



All amounts in USD million unless otherwise specified

	A		B		Total	
Year	$US Mil	#	$US Mil	#	$US Mil	#
2012	9,410	132	5,577.8	63	14,988.2	195
2013	9,362	109	8,496.3	80	17,858.8	189
2014	9,492	94	4,676.6	57	14,168.5	151
2015	8,533	94	3,098.3	34	11,631.2	128
2016	8,238	102	3,905.3	33	12,143.4	135
2017	9,178	109	2,057.3	26	11,234.9	135

SG LOAN PIPELINE DEVELOPEMENT

3.3 Operations Pipeline Development

As of January 1, 2017, the entire **pipeline for 2017**[26] contained **135** operations for **$11.2b**

- Same as on January 1, 2016.
- 7% decrease from $12.1b on January 1, 2016.

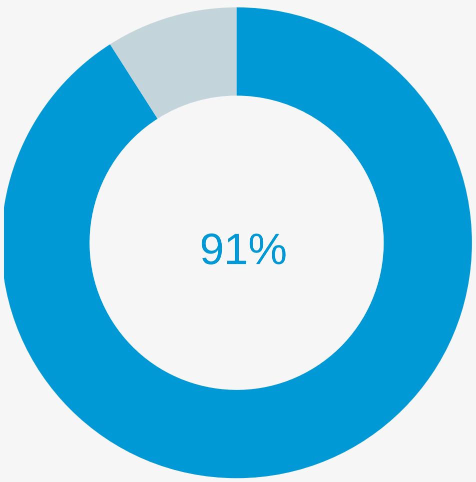
The 2017 category **pipeline "A"** contains **109** projects for **$9.2b**

- 7% increase from 102 operations at the beginning of 2016.
- 11% increase from $8.2b at the beginning of 2016.

[26] Project pipeline includes projects categorized as A and B unless specifically noted.

VPS ECONOMIC & SECTOR WORK (ESW) AND CORPORATE INPUT PRODUCTS (CIP)

3.4 ESW Deliverables Completed as % of total planned



Deliverables completed in 2016

372

Deliverables planned for 2016

409

Deliverables completed in 2015

385

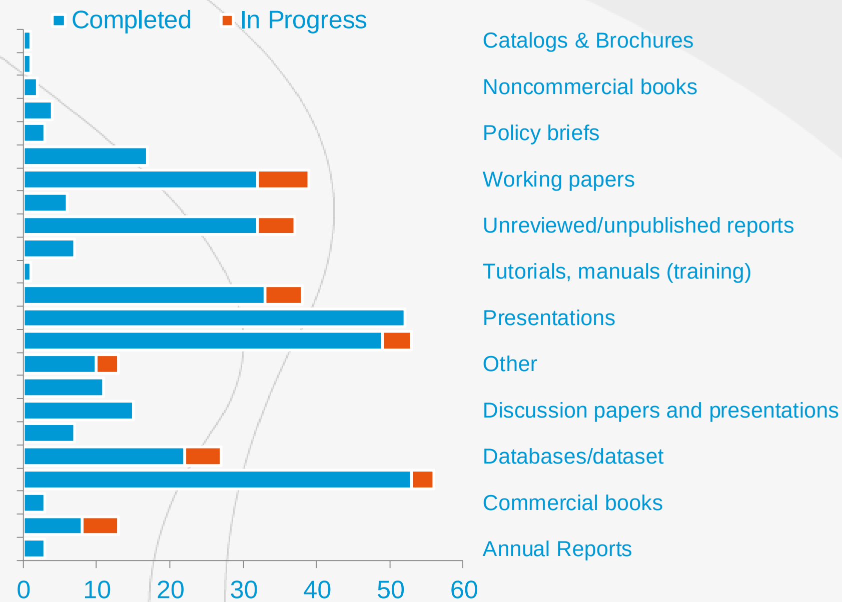
91%
of the 425 planned for 2015

ESW products for 2016

72

CIP for 2016

43

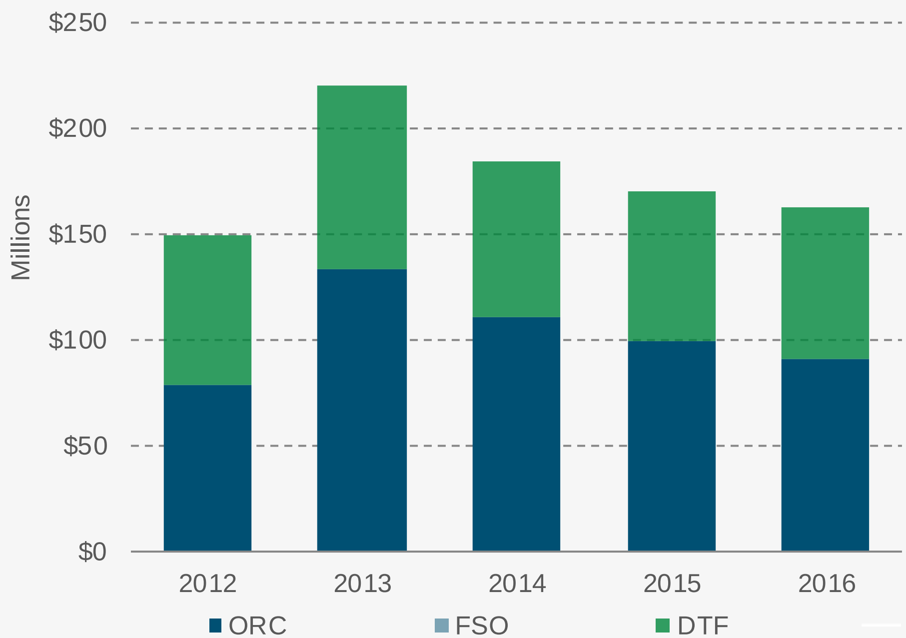


ESW products by Priority Area and Department

		INE	RES	SCL	INT	VPS	IFD	KNL	CSD	Total 2016 Q4	Total 2015 Q4	% Change 2016/2015
Social Policy for Equity and Productivity		0	2	12	0	1	2	0	0	17	20	-15%
Institutions for Growth and Societal Welfare		1	2	1	0	0	9	0	2	15	23	-35%
Competitive Regional and International Integration		0	0	0	5	0	0	0	0	5	8	-38%
Infrastructure for Competitveness and Social Welfare		3	0	0	0	0	0	0	2	5	3	67%
Protecting the Environment and responding the Climate Change		1	0	0	0	0	0	0	3	4	4	0%
Other		4	12	4	2	1	2	1	0	26	21	24%
Total		**9**	**16**	**17**	**7**	**2**	**13**	**1**	**7**	**72**	79	**-9%**
Effort Reported to ESW products	FTEs	0.8	9.1	3.0	8.1	0.4	2.2	0.1	0.7	**24.5**	26.1	-6%
Budget allocated to ESW products	US$ M	$2.1	$2.6	$2.2	$2.9	$0.3	$2.1			**$12.1**	$11.8	2%
	Actual US$ M	$0.2	$1.0	$1.0	$1.2	$0.1	$0.3			**$3.9**	$3.1	24%
	Committed US$ M	$0.7	$0.6	$0.5	$0.8	$0.1	$0.4			**$3.2**	$2.7	16%
	Actual and Commitments as % of Budget allocated	46%	61%	70%	68%	98%	35%			**58%**	**49%**	18%

VPS & VPC TECHNICAL COOPERATION OPERATIONS PROGRAM

3.5 TC Program by Fund



All amounts in US$ million

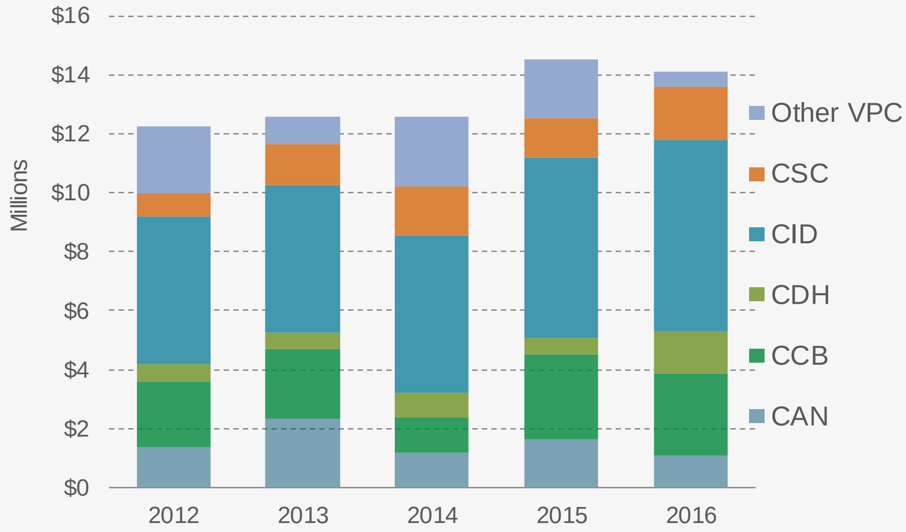
Year	ORC	FSO	DTF	Total Approved Amount
2012	78.5	0.0	71.1	149.7
2013	133.1	0.0	87.0	220.1
2014	110.8	0.0	73.3	184.1
2015	99.6	0.0	70.2	169.8
2016	90.3	0.0	72.1	162.5
Change 2015/2016	-9%	N/A	3%	-4%

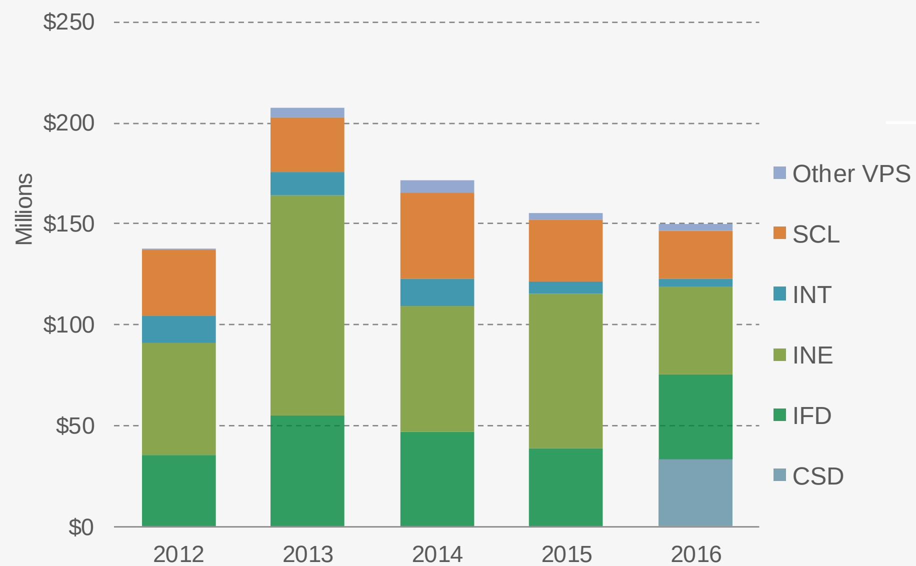
Technical Cooperation approvals reached **355** operations for **$162.5m**

- 4% decrease from the $169.8m approved in 2015.
- 7% decrease from 380 operations in 2015.
- Average size of TCs approved reached $458K, a 2% increase from $447K in 2015.

Donor Trust Funds (**DTF**) financed TC approvals reached **117** operations for **$72.1m**

- 3% increase from $70.2m in 2015.
- Same as 117 operations in 2015.





TC OPERATIONS PROGRAM BY SECTOR

3.6 TC Program by Responsible Country Department

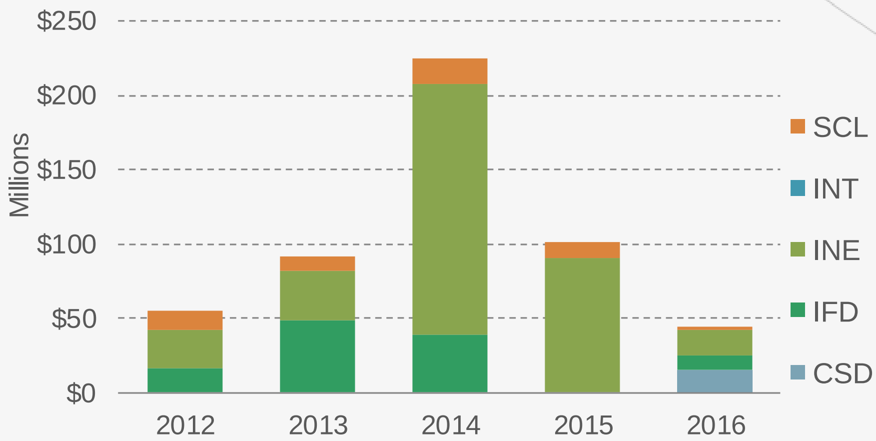
Country department TC approvals reached **$14.1m** in **45** operations.

- 3% decrease from $14.5m in 46 operations in 2015.

3.7 TC Program by Responsible Sector

Sector TC approvals reached **$149.8m** in 310 operations.

- 4% decrease from $155.3m in 334 operations in 2015.

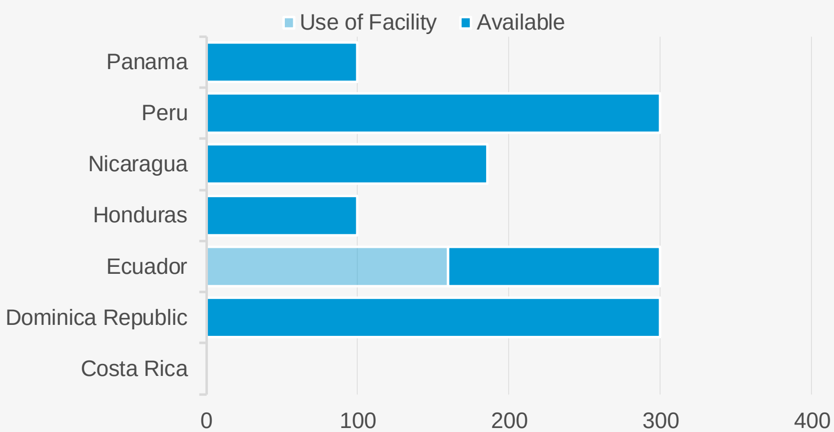


INVESTMENT GRANTS (VPS)

3.8 Investment Grants (IGR)

Investment Grant approvals reached **$44.1m** in **8** operations

- 56% decrease from $100.9m in 2015.
- 33% decrease from 12 operations approved in 2015.



All in US$ million

	Dates			Approved		Use of	
	Approval	Eligibility	Expiration	Original	Current	Facility	Available
Costa Rica	Dec-12	Cancelled		100.0	0.0		
Dominica Republic	Nov-09	Aug-11	Dec-20	100.0	300.0	0.0	300.0
Ecuador	Dec-14	Sep-15	Jun-20	100.0	300.0	160.0	140.0
Honduras	Nov-11	Mar-13	Dec-17	100.0	100.0	0.0	100.0
Nicaragua	Nov-13	Jun-14	Mar-19	186.0	186.0	0.0	186.0
Peru	Dec-13	Oct-14	Jan-19	300.0	300.0	0.0	300.0
Panama	Feb-12	Oct-12	May-17	100.0	100.0	0.0	100.0
			Total	**986.0**	**1,286.0**	**160.0**	**1,126.0**

FACILITIES

3.9 Contingent Credit Facility for Natural Disaster Emergencies (CCF)

Total amount reached **$1.3b** in **6** countries

- 88% available of the amount available.
- 12% ($160m) utilized in Ecuador in 2016.

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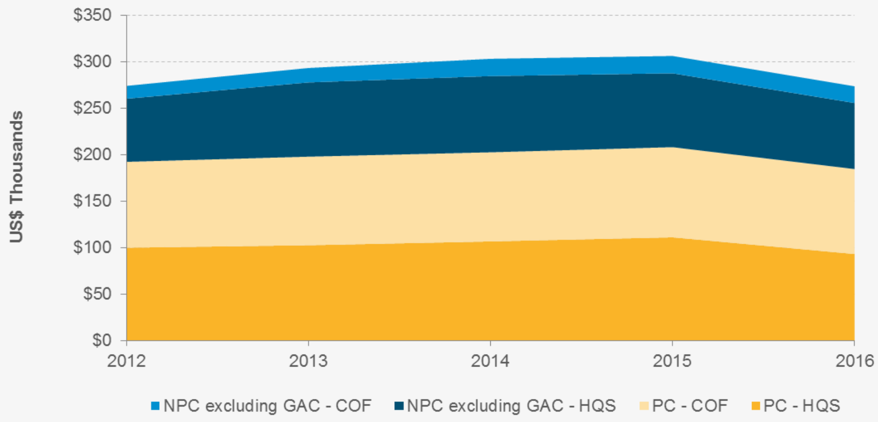
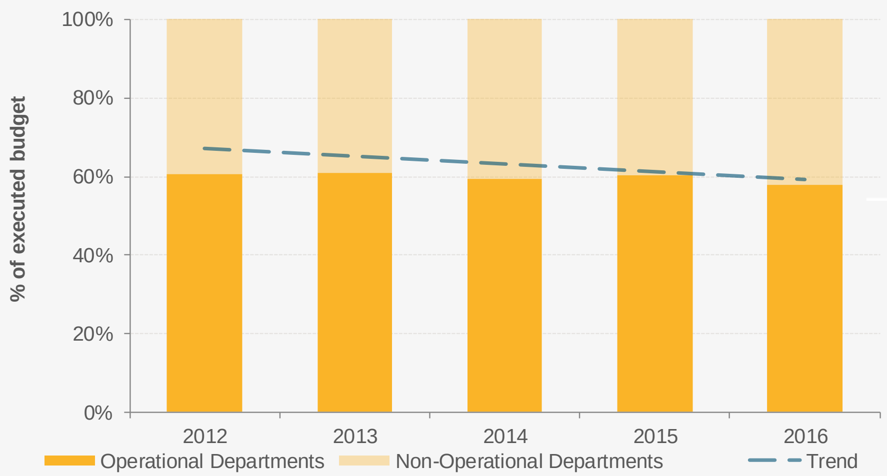
CHAPTER IV

RESOURCE MANAGEMENT





A. OPERATIONAL EFFICIENCY

RESOURCES (PC, NPC & FTES)

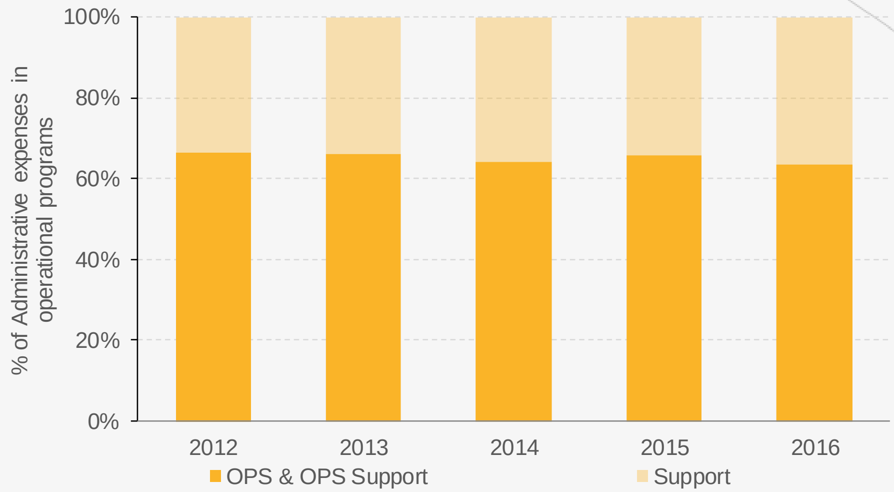
4.1 Operational Departments Budget Execution PC and NPC

- Personnel Costs (PC) expenses for operational departments reached $185m
  - 11% decrease from $208m in 2015. Part of the decrease is due to the merge-out of the private sector of the IDB to the IIC.
- Non-Personnel Cost[27] (NPC) expenses for operational departments reached $89m.
  - 9% decrease from $98m in 2015.

4.2 Operational vs. Non-Operational Department Budget Execution

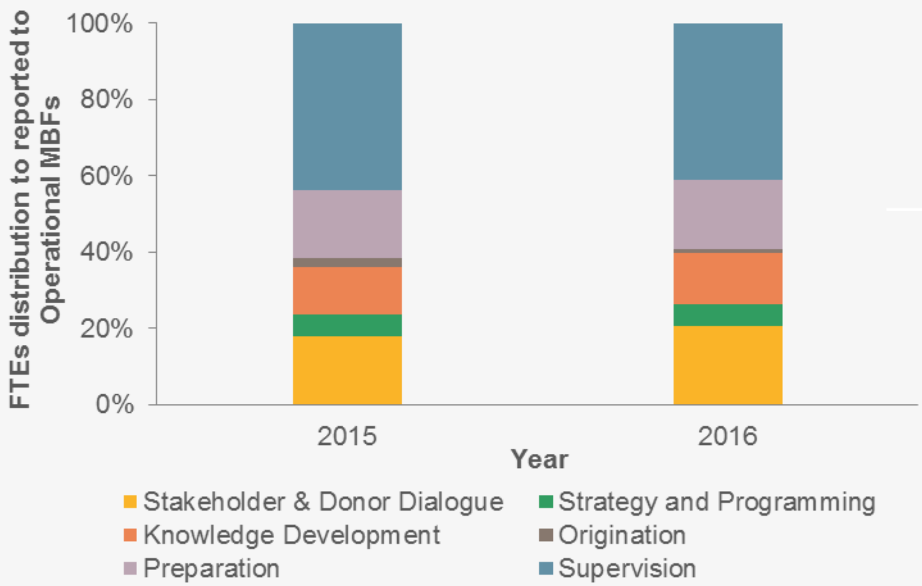
- Operational and non-operational expenses reached $508m, 6% decreased from $542m in 2015. Part of the decrease is due to the merge-out of the private sector of the IDB to the IIC.
- Operational departments executed budget as a percentage of total administrative budget shows a decreasing trend. It was 58% ($293.5m) in 2016.
  - Two percentage points decrease from 60% ($327.6m) in 2015.

[27] Excludes general administrative costs.



4.3 Percentage of administrative expenses in operational programs

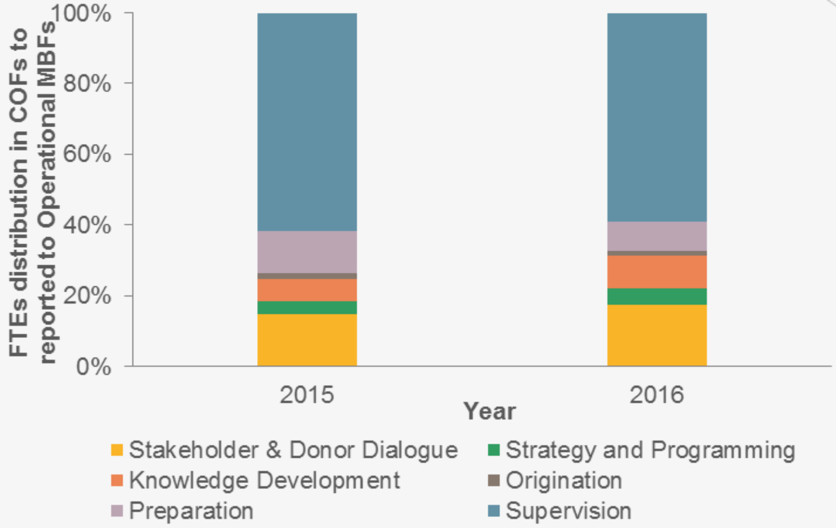
- Operational and operational support programs reached 63% ($322.0m)
  - 3 percentage points decrease from 66% in 2015



4.4 Distribution of staff time reported to Operational Main Business Functions

- Staff time reported to supervision[28] of operations reached 398 FTEs.
- Staff time reported to preparation of operations reached 176 FTEs.
- Staff time reported to origination activities reached 9 FTEs.
- Staff time reported to knowledge development reached 129 FTEs.
- Staff time reported to strategy and programming reached 58 FTEs.
- Staff time reported to stakeholder & donor dialogue reached 198 FTEs.

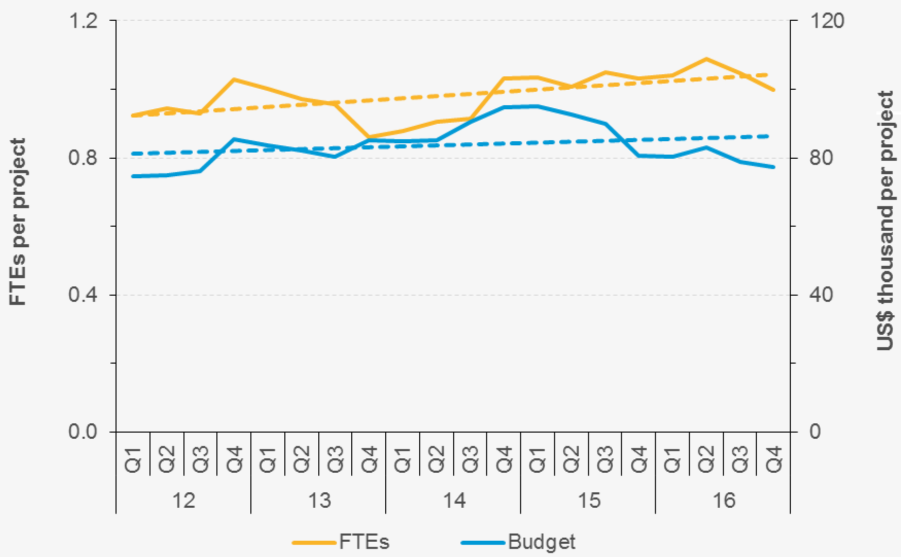
[28] Excludes time reported by the Office of Evaluation and Oversight (OVE).



4.5 Distribution of COFs staff time reported to Operational Main Business Functions

Staff time reported to supervision of operations reached 133 FTEs

- Staff time reported to preparation of operations reached 18 FTEs
- Staff time reported to origination activities reached 3 FTEs
- Staff time reported to Knowledge development reached 20 FTEs
- Staff time reported to strategy and programming reached 11 FTEs
- Staff time reported to stakeholder & donor dialogue reached 39 FTEs



PROJECT EFFICIENCY

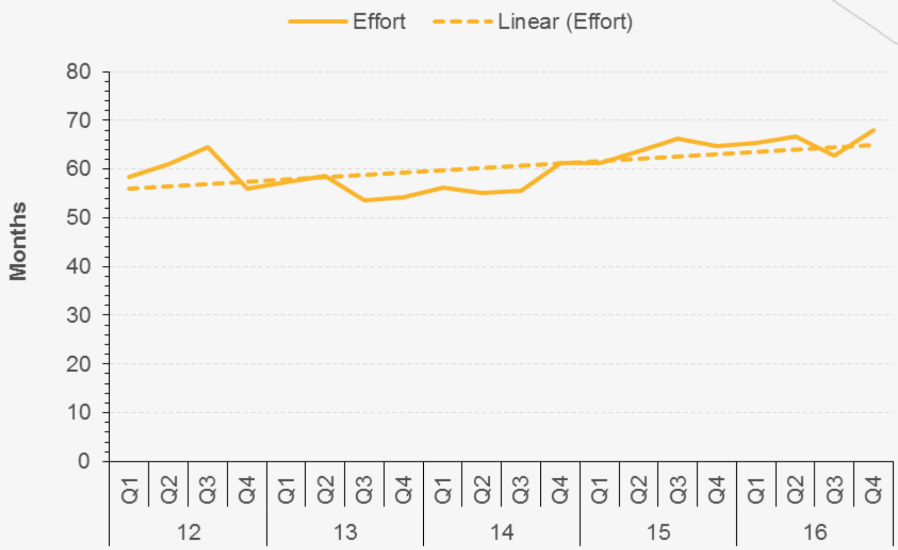
4.6 Resources for Project Approval

Staff time reported to project preparation reached 1.00 FTEs per project.

- 3% decrease from 1.03 FTEs per project approved in 2015.

NPC reached an average of $77.4K per project approved

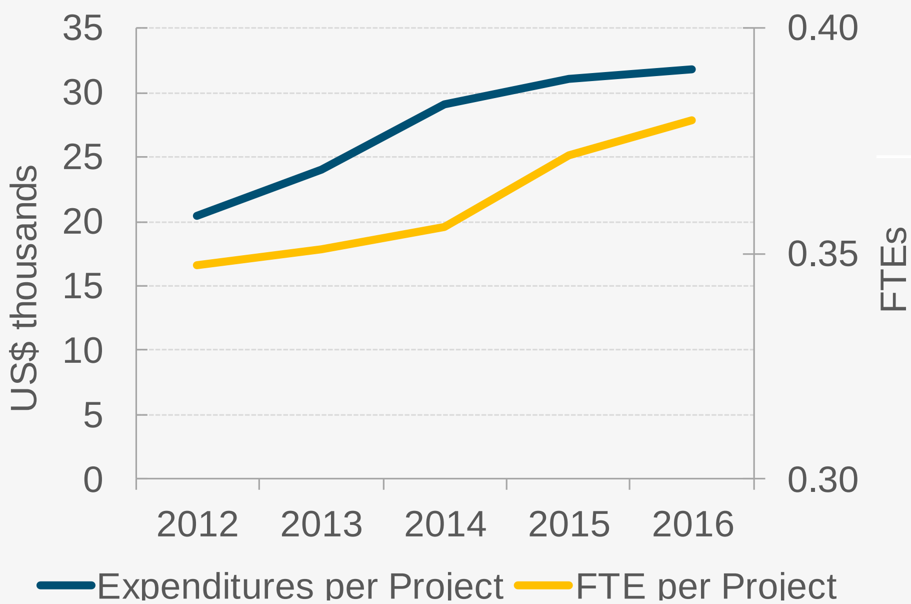
- 4% decrease from **$80.7K** in 2015



4.7 Effort (FTEs/Elapsed Time)

The ratio between staff time reported and preparation elapsed time (Effort), reached 68.0 in 2016

- 5% increase from 64.7 in 2014.



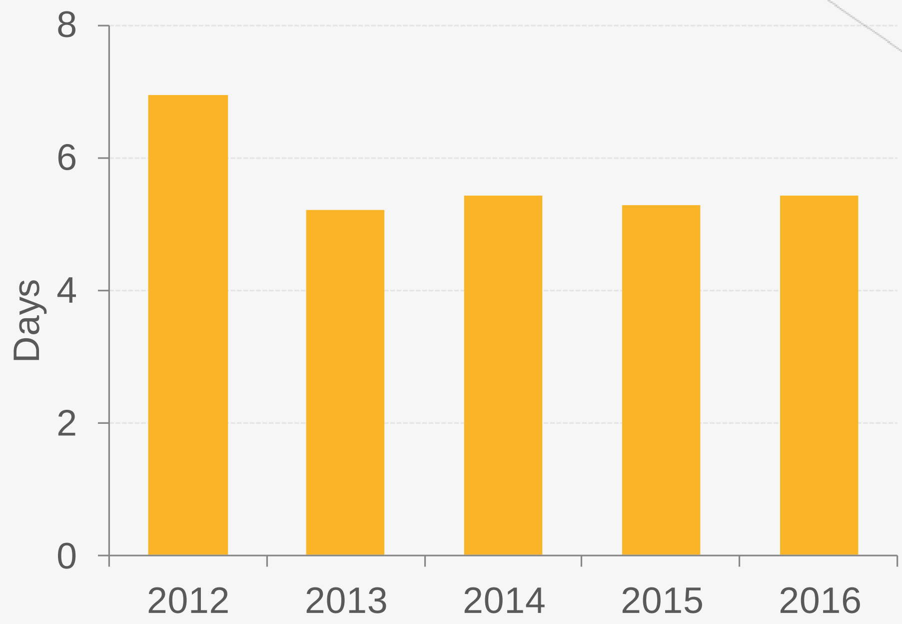
4.8 Resources (Expenditures and Staff Time) per Project in Portfolio

Staff time reported per project in the portfolio in execution reached 0.247 FTEs

- 33% decrease from 0.372 in 2015

NPC expenditures per project in the portfolio in execution reached $19.4k

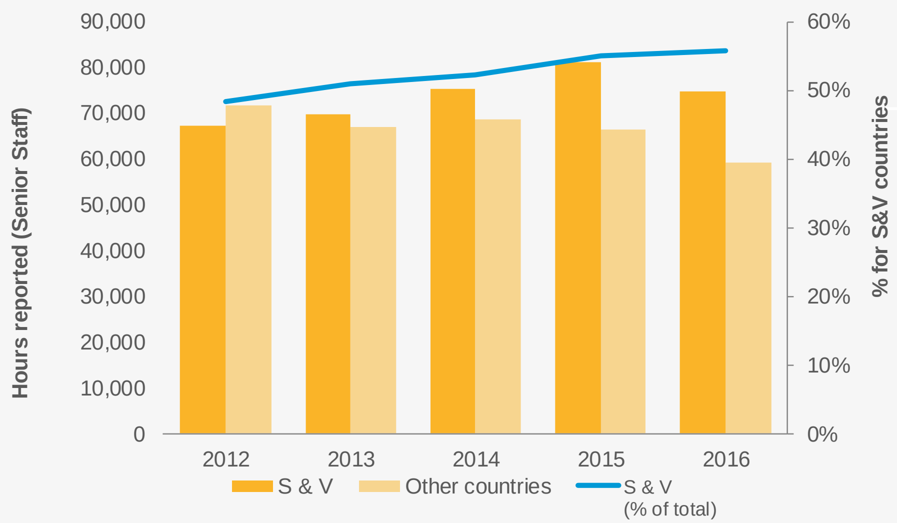
- Same value as in 2015



4.9 Staff Time Reported to Project Execution per US$ Million Disbursed

Staff time reported to project execution per US$ million disbursed reached 3.5 days.

- 33% decrease from 5.3 days in 2015.

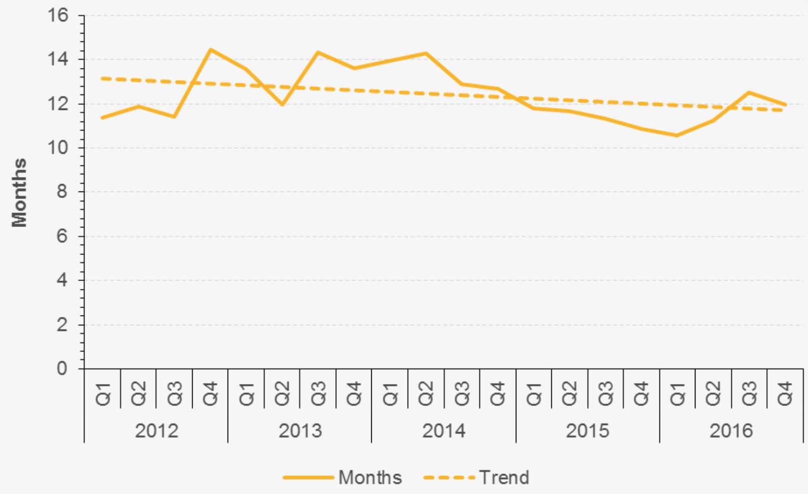


4.10 Senior Staff Time reported to Small & Vulnerable Countries

- Senior Staff time reported to S&V countries show an upward trend.
- Senior Staff time reported to S&V countries reached 75k hours (56% of total) in 2016.
- 8% decrease from 81k hours (55% of total) in 2015.

CYCLE TIMES (EFFICIENCY)[29]

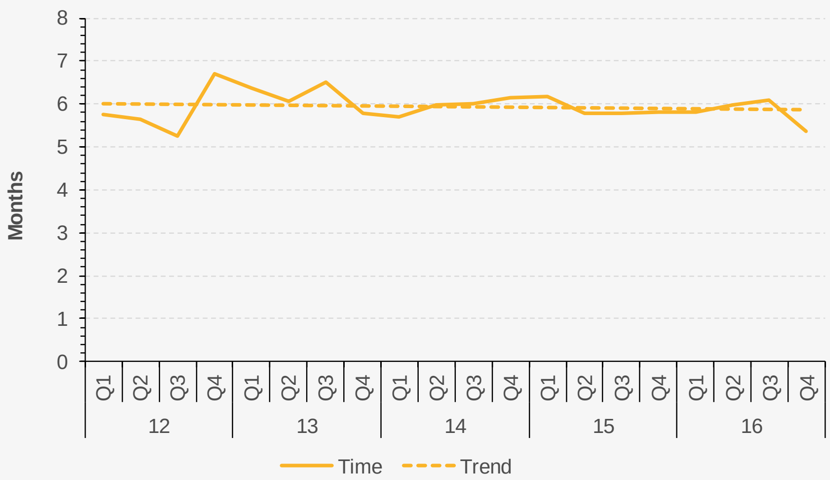
4.11 Time Elapsed from Start to Approval



Time elapsed from Start to Approval[30] for SG investment operations reached 11.9 months in 2016.

- 10% increase from 10.9 months in same period in 2015.

4.12 Time Elapsed from Project Profile to Approval for SG Operations

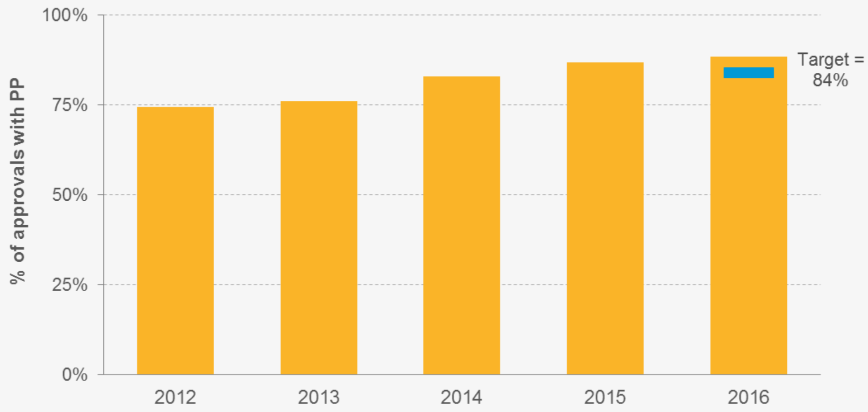


Time elapsed to prepare a project (from Profile to Approval) for SG operations reached 5.4 months

- 8% decrease from 5.8 months in same period in 2015.

[29] For this graph and the following four, Time elapsed is calculated with a four-quarter moving average.
[30] Time calculated as number of calendar days from registered Start date to approval. Start date is auto-calculated based on the number of hours reported to the operation by team member and the first milestone completed in the life cycle of the project.

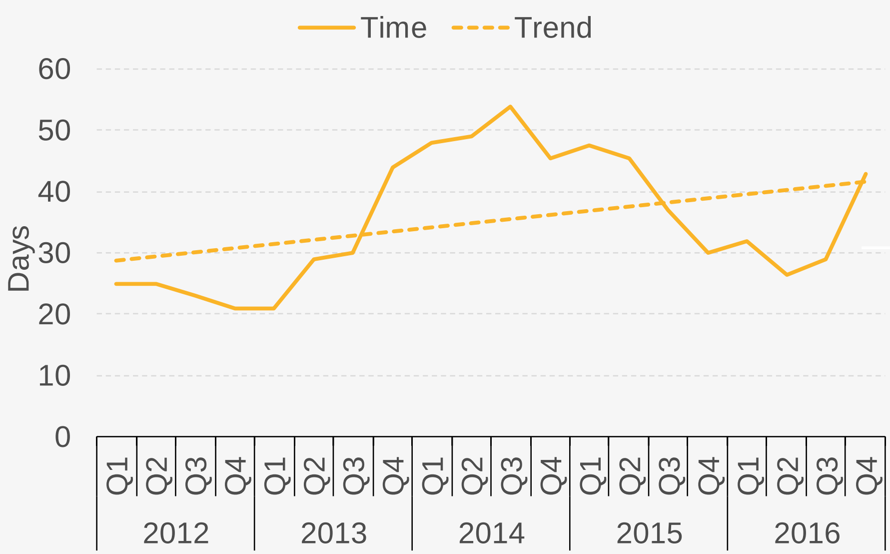
4.13 SG Loan projects meeting target preparation time



The percentage of SG project with project profile (PP) meeting preparation time reached 88% in 2016, 4 percentage points above the CRF target.

- 1% percentage point increase from 87% in 2015.

4.14 Time Elapsed from Eligibility to First Disbursement for SG Investment Operations

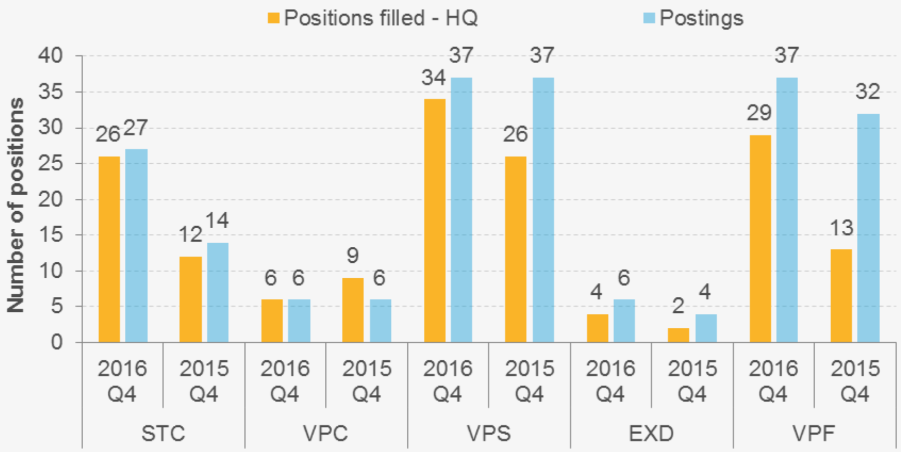


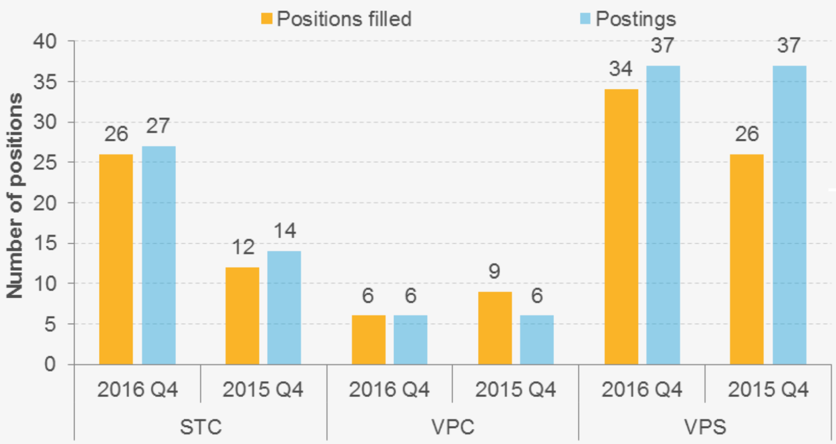
Time elapsed from eligibility to first disbursement[31] for SG investment operations reached 43 days.

- 43% increase from 30 days in 2015.

[31] Only operations that actually disbursed

HUMAN RESOURCES





VACANCIES AND NEW HIRES

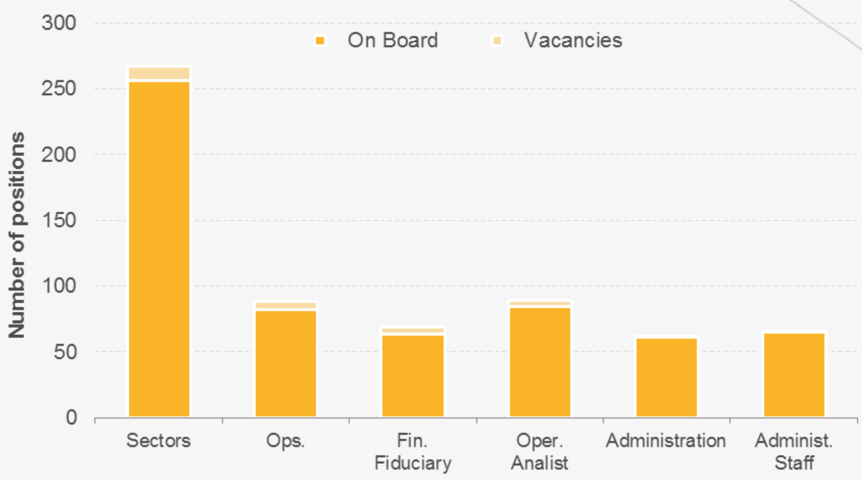
4.15 Status of Positions Posted

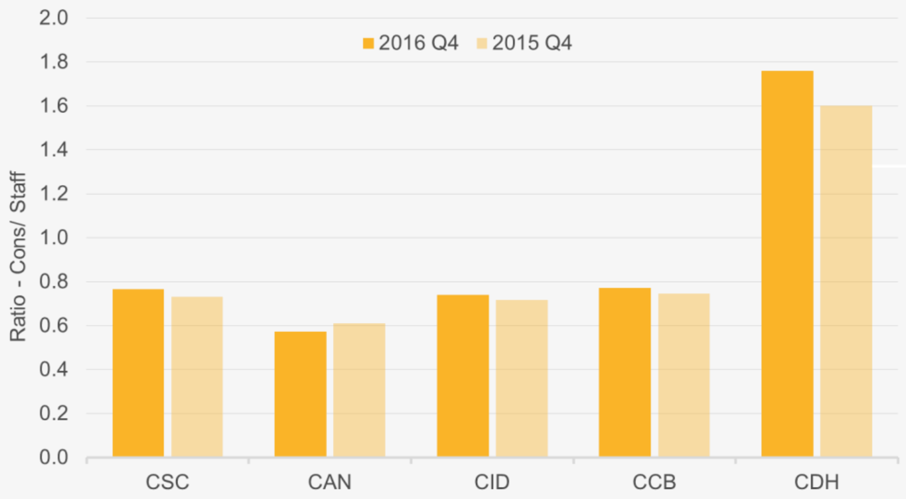
- 281 Bankwide vacancies filled in 2016, 149 vacancies remain unfilled (includes 18 vacant positions allocated in the Central Pool – SRE/VAC).[32]
- 73 (49%) of vacancies filled were for Operational Vice-Presidencies (VPS and VPC).
- 140 (49.8%) of the filled positions went to external candidates. 141 positions were filled by transfers (46 by concurso, 95 by lateral transfer). Of the 140 external hires, 68 (48.6%) were female.
- 142 (87%) positions to be filled were posted as international positions.

4.16 Status of Positions Posted and Filled in the COFs

- Net number of professional[33] staff on-board in the COFs decreased by 2.
- Strategic Core (STC), VPC, VPF and VPS professional staff on board in the COFs remained the same, while VPP decreased by 2.
- Of the 9 external hires of professionals in the COFs during this period, 8 were national and 1 was international.
- Local professional staff in the COFs increased by 1.
- 10 (24%) of VPS professional vacancies in 2016 are assigned to the COFs.

[32] Board approved Positions: 151 vacancies remain unfilled
[33] Professional Staff: Grades 9 and above (Bankwide).





COF STRENGTHENING

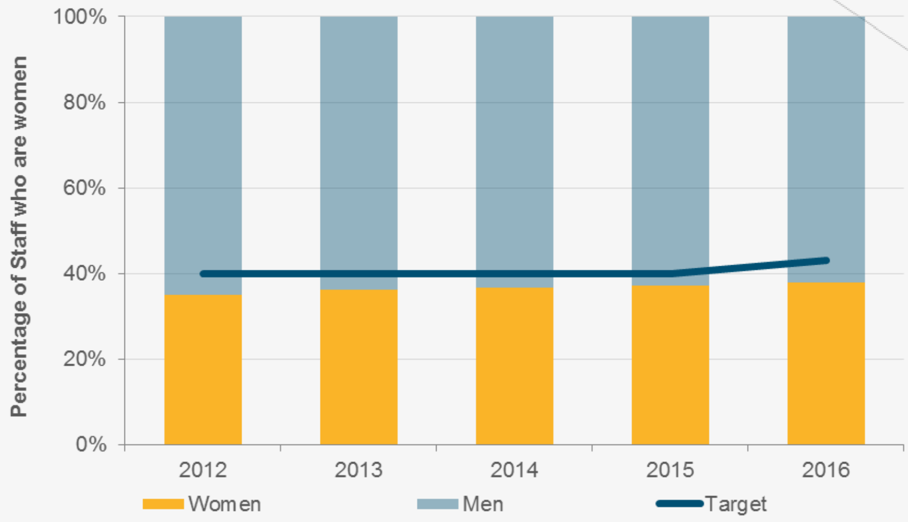
4.17 Country Office Staff Composition[34]

- 38% of professional staff on-board in VPS is in the COFs. 36% of VPS professional staff on-board in the COFs is local.
- 5 of the 28 vacant positions in COFs in VPC are for Operations Analysts (local professionals – Grades 9 to 6). All 19 VPC vacancies are for professional staff.

4.18 Number of Professional Staff and Consultants (Excluding Firms)

- As of December 31, 2016, there were 399 active consultants in the COFs with contracts over 150 days.
  - equivalent to 506.5 FTEs
  - 1% decrease from 404 (equivalent to 477 FTEs) for the same period in 2015
- There are 636 active DTCs on board across the Bank
  - 21% decrease from 807 DTCs as of Q4 2015
  - 447 are in HQ, 142 in the COFs and 1 in ORP/EUR

[34] Sectors: VPS, MIF. Ops.: Rep, Ops, Econ.



EXECUTIVE AND MANAGERIAL WOMEN

4.19 Percentage of Professional and Executive Staff who are Women, Grade Four and Above

Women in grades four and above reached 38%

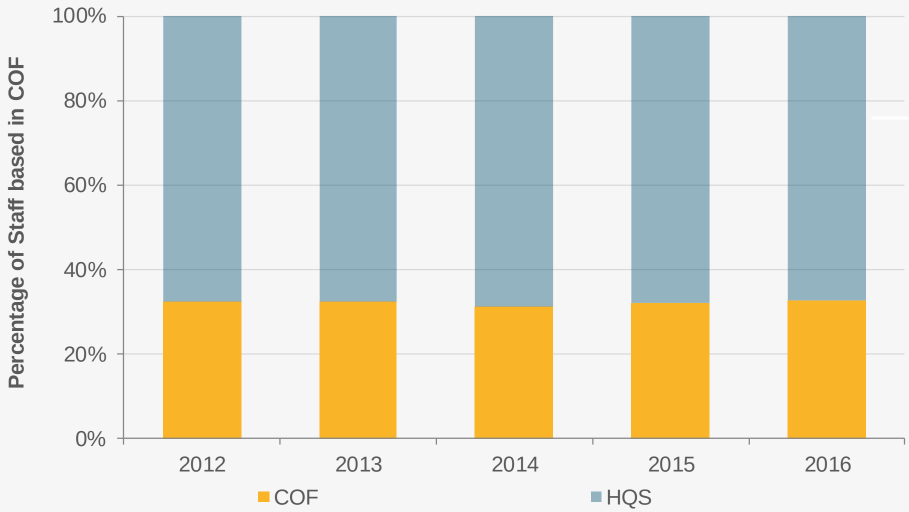
- One percentage point increase from 37% in 2015
- 2 percentage points increase from 35% in 2012
- The **2019 CRF** target is 43%.

Women in executive and representative positions reached 34%

- 3 percentage point increase from 31% in 2015
- The **2019 CRF** target is 38%.

Female professional staff in the COFs reached 44%

- Same percentage as in 2015



STAFF COMPOSITION

4.20 Percentage of Professional Staff Based in the COFs

Professional Staff in the COFs reached 33%

- One percentage point increase from 32% in 2015
- One percentage points increase from 32% in 2012

Staff from C&D countries account for 40% of staff from all borrowing member countries

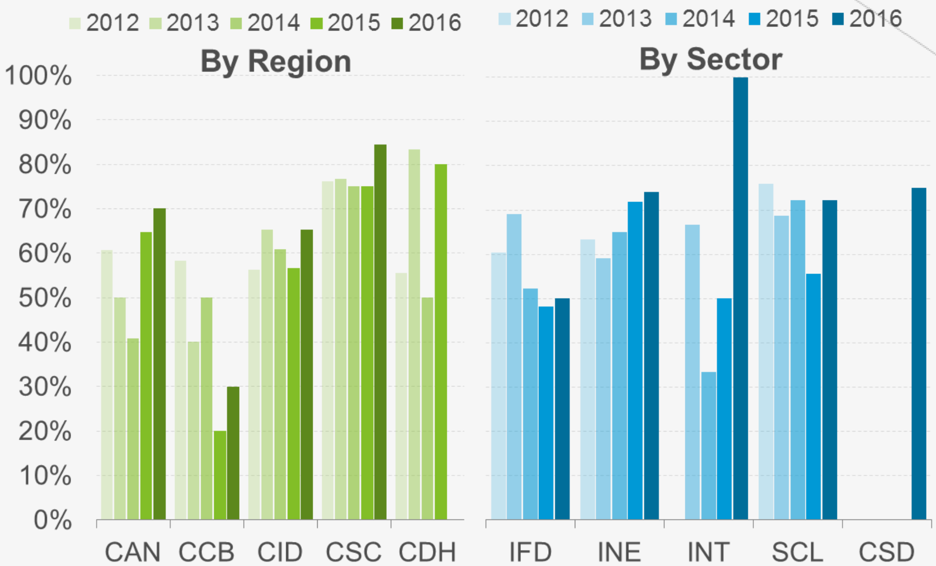
- Same percentage as in 2015

Staff from borrowing member countries account for 68% of all staff

- One percentage point increase from 67% in 2015

TEAM LEADERS

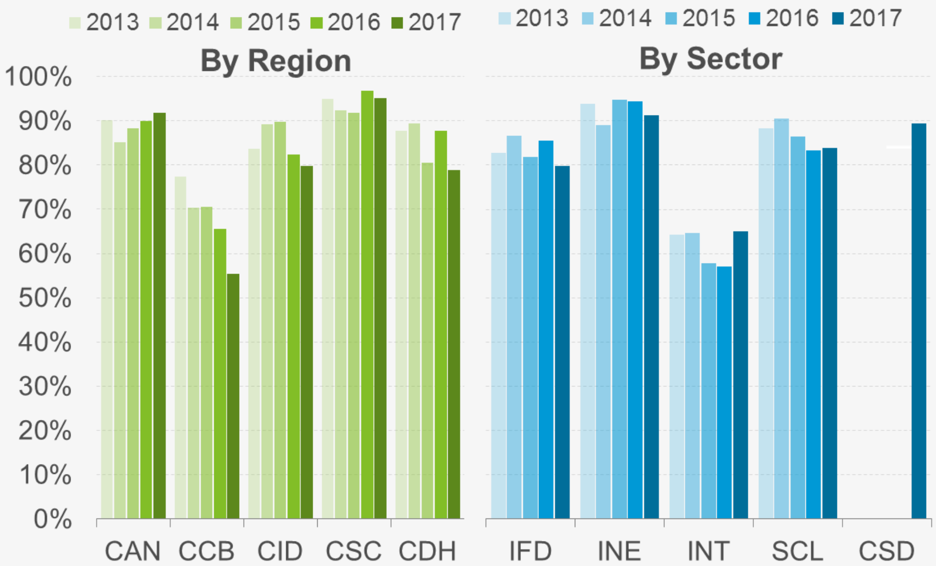
4.21 Projects Approved with Team Leaders in the COFs



Number of SG loan operations prepared by Team Leaders in COF as a percentage of total number of SG approvals reached 68% for 2016

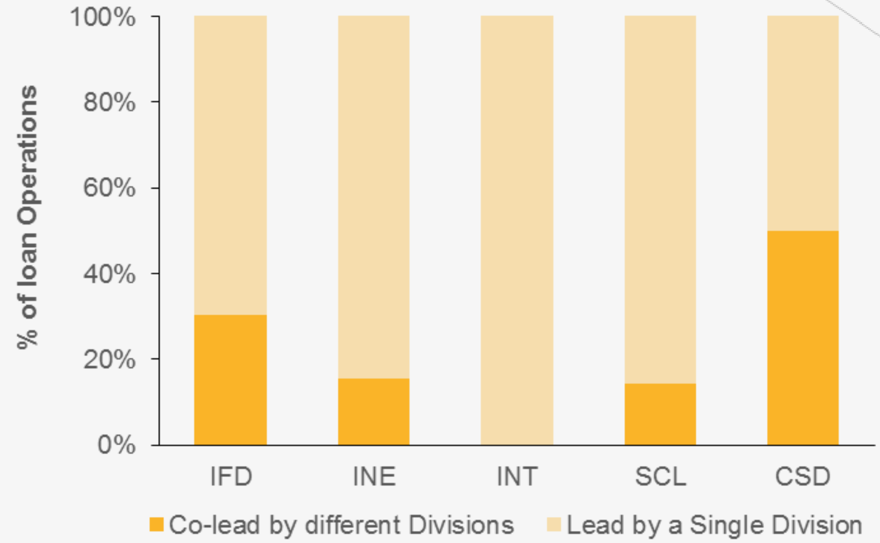
- 9 percentage point increase from 59% in 2015.

4.22 Projects in Execution with Team Leaders in COFs



86% of Team Leaders for projects in execution are located in the COFs

- 2 percentage point decrease from 88% at the beginning of 2016

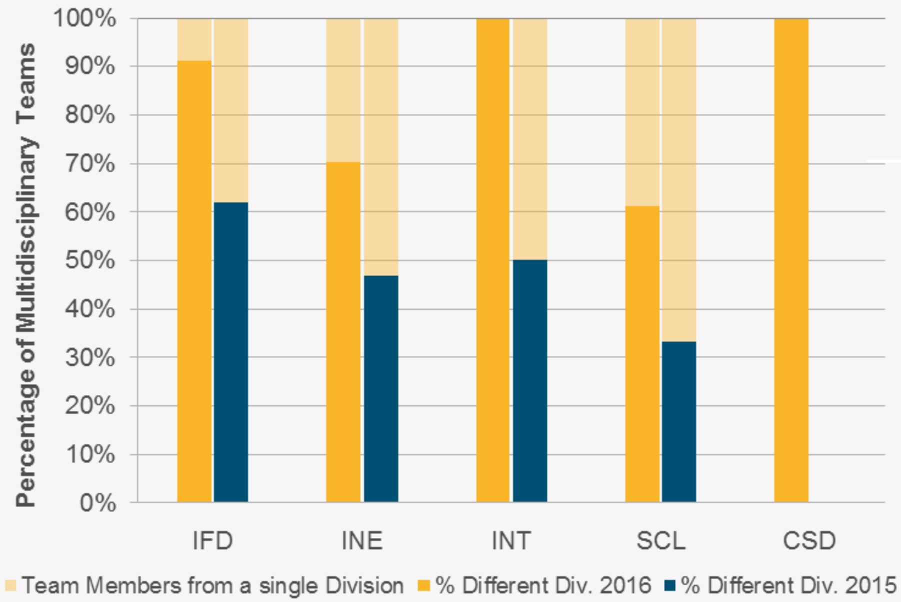


COLLABORATION

4.23 Projects Approved with Co-Leadership from Different Divisions

The percentage of SG operations with Team Leaders that belong to different divisions reached 40%

- 14% decrease from 26% in 2015



4.24 Multidisciplinary Team Compositions (Loan Operations)

- The number of operations approved with registered specialists from different Divisions as team members reached 69, 80% of the total operations approved.
- For IFD, 21 (91%) operations had members from different divisions; for INE 19 (70%), INT 2 (100%), SCL 11 (61%) and CSD 16 (100%).

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CHAPTER V

KNOWLEDGE & LEARNING

PROGRAM EXECUTION

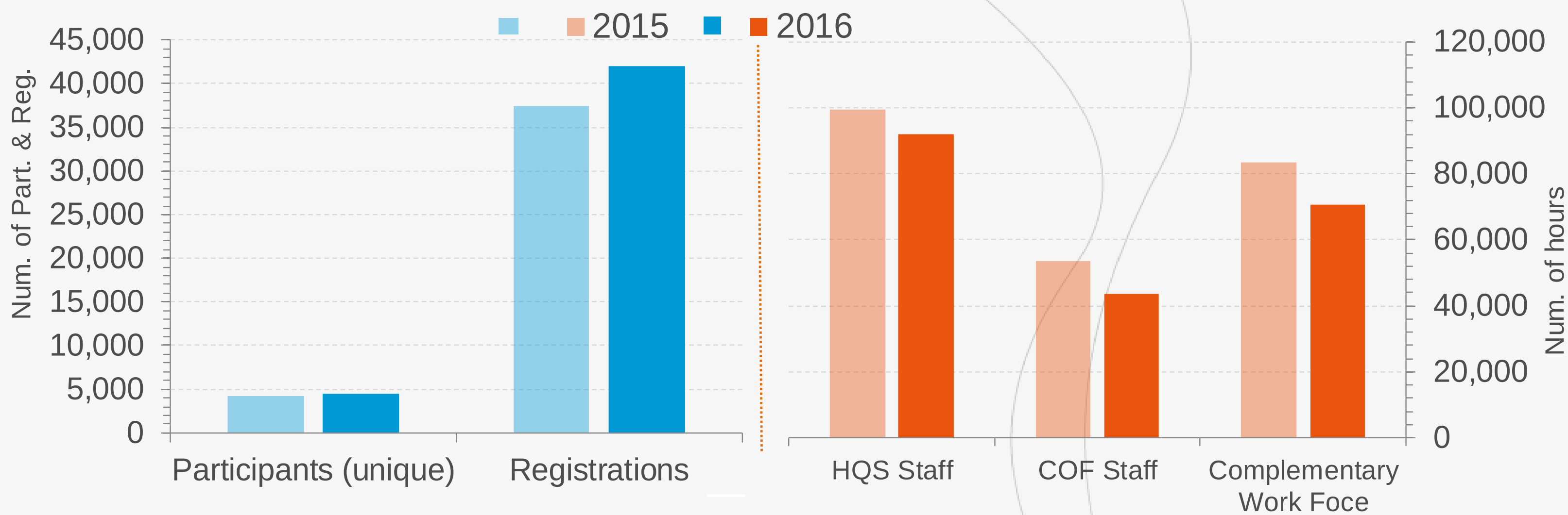
5.1 Registrations and unique participants

In 2016, **4,445** unique participants enrolled in at least one training program

- 5% increase from 4.253 participants at the beginning of 2015

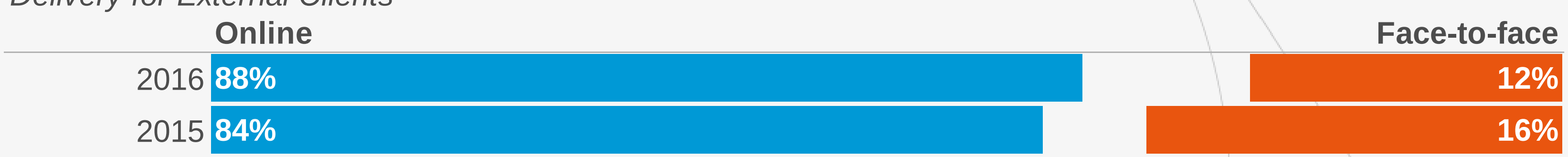
206,255 participant hours where reported in the KNL System from **41,970** registrations:

- 13% decrease from 236,286 participant hours in 2015



	Participants (unique)	Registrations	Hours: All Staff	HQS Staff	COF Staff	Complementary Work Foce	Total Hours
2016	4,445	41,970	135,765	92,015	43,750	70,490	206,255
2015	4,253	37,467	152,937	99,546	53,391	83,349	236,286
% Change (2016/2015)	5%	12%	-11%	-8%	-18%	-15%	-13%

Delivery for External Clients

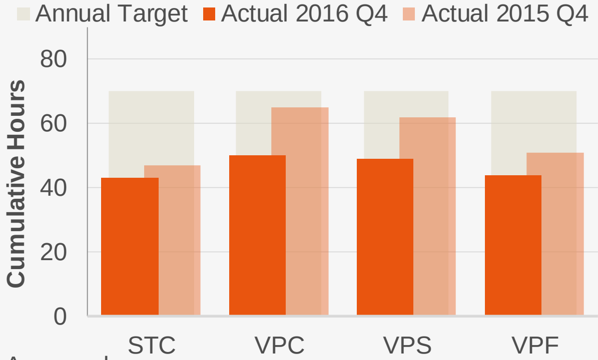


A. LEARNING ACTIVITIES – INTERNAL CLIENTS

5.2 Average KNL Hours per Participant

Bank staff reported an average number of 46 hours to K&L activities, 65% of the indicative target for the year (70 hours):

- VPC reported 50 hours, 71% of the indicative target.
- VPS reported 49 hours, 70% of the indicative target.
- VPF reported 44 hours, 63% of the indicative target.
- STC reported 43 hours, 61% of the indicative target.



Average hours

Dept.	Actual 2016 Q4	Actual 2015 Q4	Annual Target	% Change 2016/15
STC	43	47	70	-9% ↓
VPC	50	65	70	-23% ↓
VPS	49	62	70	-21% ↓
VPF	44	51	70	-14% ↓

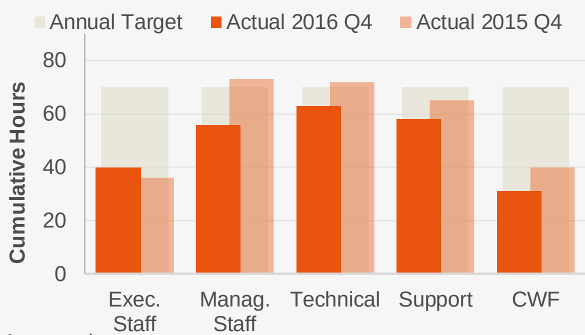
5.3 Average Training Hours per Participant

Bank wide, the average of hours reported to training activities was 50 hours, 71% of the indicative target for the year (70 hours).

- Executive reported 40 hours, 57% of the indicative target.
- Managerial reported 56 hours, 80% of the indicative target.
- Technical reported 63 hours, 90% of the indicative target.
- Support reported 58 hours, 83% of the indicative target.

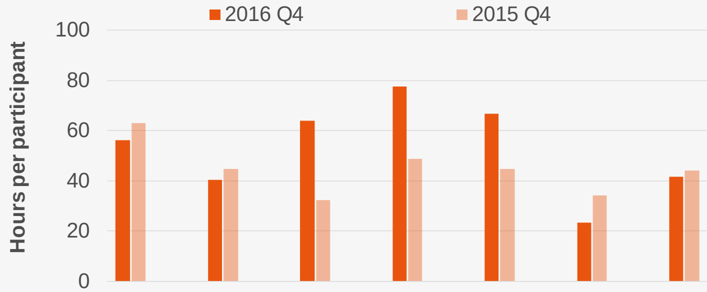
By location:

- HQ reported 46 hours, 66% of the indicative target.
- COF reported 46 hours, 66% of the indicative target.



Average hours

By track and Location	Actual 2016 Q4	Actual 2015 Q4	Annual Target	% Change 2016/15
Exec. Staff	40	36	70	11% ↑
Manag. Staff	56	73	70	-23% ↓
Technical	63	72	70	-13% ↓
Support	58	65	70	-11% ↓
CWF	31	40	70	-23% ↓
HQS	46	55	70	-16% ↓
COF	46	57	70	-19% ↓



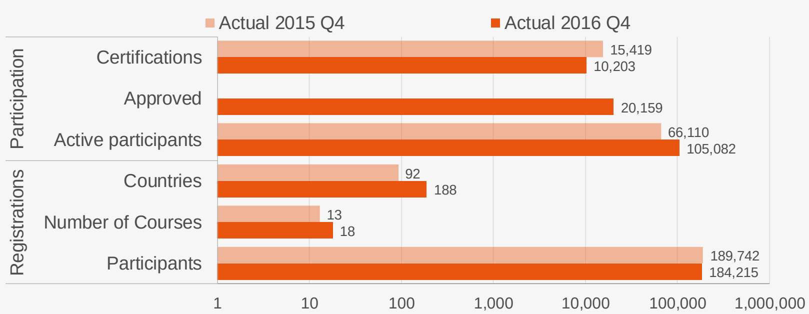
	CAN	CCB	CDH	CID	CSC	Other	Total
2016 Q4							
Participants	760	249	85	1,215	969	4,370	7,648
Hours	42,707	10,013	5,431	94,268	64,562	101,266	318,247
Hours/Part.	56.2	40.2	63.9	77.6	66.6	23.2	41.6
2015 Q4							
Participants	1,076	281	67	1,163	1,806	2,632	7,025
Hours	67,800	12,557	2,170	56,787	80,781	89,669	309,764
Hours/Part.	63.0	44.7	32.4	48.8	44.7	34.1	44.1
% Change, 2016/2015							
Participants	-29% ↓	-11% ↓	27% ↑	4% ↑	-46% ↓	66% ↑	9% ↑
Hours	-37% ↓	-20% ↓	150% ↑	66% ↑	-20% ↓	13% ↑	3% ↑
Hours/Part.	-11% ↓	-10% ↓	97% ↑	59% ↑	49% ↑	-32% ↓	-6% ↓

B. CAPACITY BUILDING ACTIVITIES – EXERNAL CLIENTS

5.4 External Client Participation in KNL Activities

3,278 registered participants from the Region, representing 43% of 7,648 total registered participants (or 68% of 318.247 total hours of training):

- 25% decrease from 4,393 registered participants from the Region in 2015

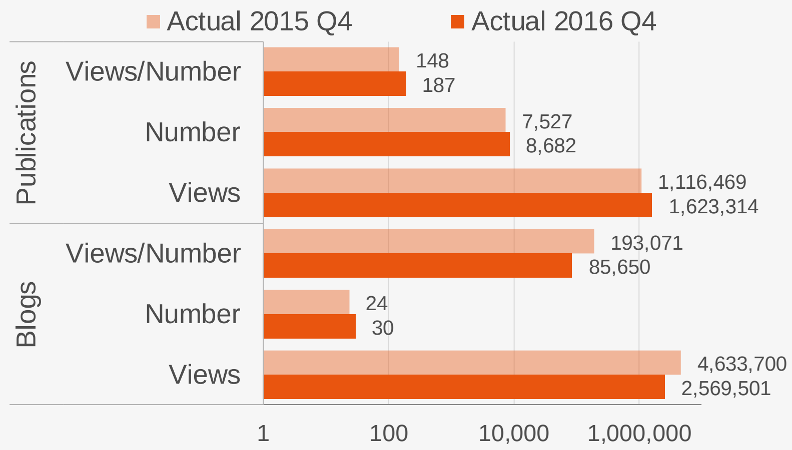


Concluded courses		Actual 2016 Q4	Actual 2015 Q4	% Change 2016/15
Registrations	Participants	184,215	189,742	-3% ↓
	Number of Courses	18	13	38% ↑
	Countries	188	92	104% ↑
Participation	Active participants	105,082	66,110	59% ↑
	Approved	20,159	NA	
	Certifications	10,203	15,419	-34% ↓

5.5 Massive Open Online Courses

18 MOOCs (Massive Open Online Courses) offered through IDBx platform, registered 184,215 enrollments:

- 3% decrease from 189,742 enrollments in 2015.



		Actual 2016 Q4	Actual 2015 Q4	% Change 2016/15	
Blogs	Views	2,569,501	4,633,700	-45%	↓
	Number	30	24	25%	↑
	Views/Number	85,650	193,071	-56%	↓
Publications	Views	1,623,314	1,116,469	45%	↑
	Number	8,682	7,527	15%	↑
	Views/Number	187	148	26%	↑

DISSEMINATION AND COMMUNICATION

5.6 Number of Views per Dissemination Tool

A total of 8,682 IDB Knowledge products were available in BRIK:

- 15% increase from 7,527 knowledge products in 2015

- Total visits to these publications were 1.6 million yielding an average of **187** visits per publication
- At the end of 2016, there were **30 Blogs** with more than **2.6** million views

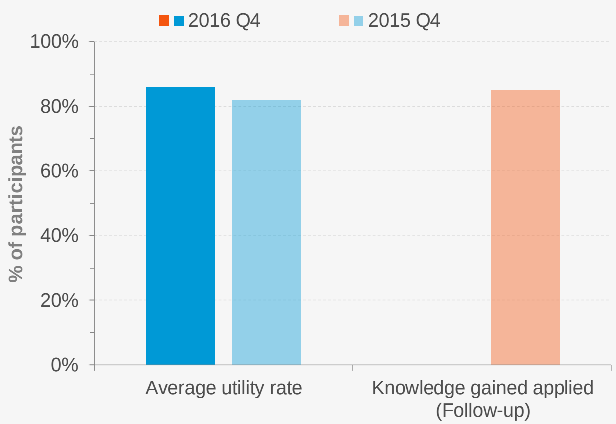
http://blogs.iadb.org/
http://blogs.iadb.org/abierto-al-publico/

EVALUATION ACTIVITIES FOR EXTERNAL CLIENTS

5.7 Evaluations

In 2016, KNL performed 576 level 1 evaluations with:

- An average response rate of **63%**
- An average utility rate of **86%**
- A Quality Index rate of **4** on a 5-point scale



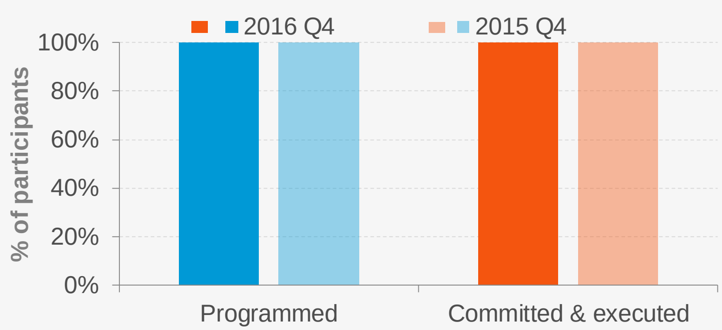
	2016 Q4	2015 Q4	% Change 2016/2015
Internal events			
Evaluated events (number)	576	312	85%
Response rate	63%	73%	-10%
Average composite quality index	4.0	4.0	0%
Average utility rate	86%	82%	4%
Knowledge gained applied (Follow-up)	n/a	85%	n/a

BUDGET PROGRAMMING AND EXECUTION

5.8 Budget

Of the total resources assigned to the K&L Fund ($7.7m) and Info fund ($1.8m), 100% were programed and executed.

- 7% increase from $7.2m assigned in 2015.



All in US$ million

	2016 Q4	2015 Q4	% Change
K&L Fund	7.7	7.2	7%
InfoFund	1.8	1.5	20%
Programmed	100%	100%	0%
Committed & executed	100%	100%	0%

2016 ANNUAL
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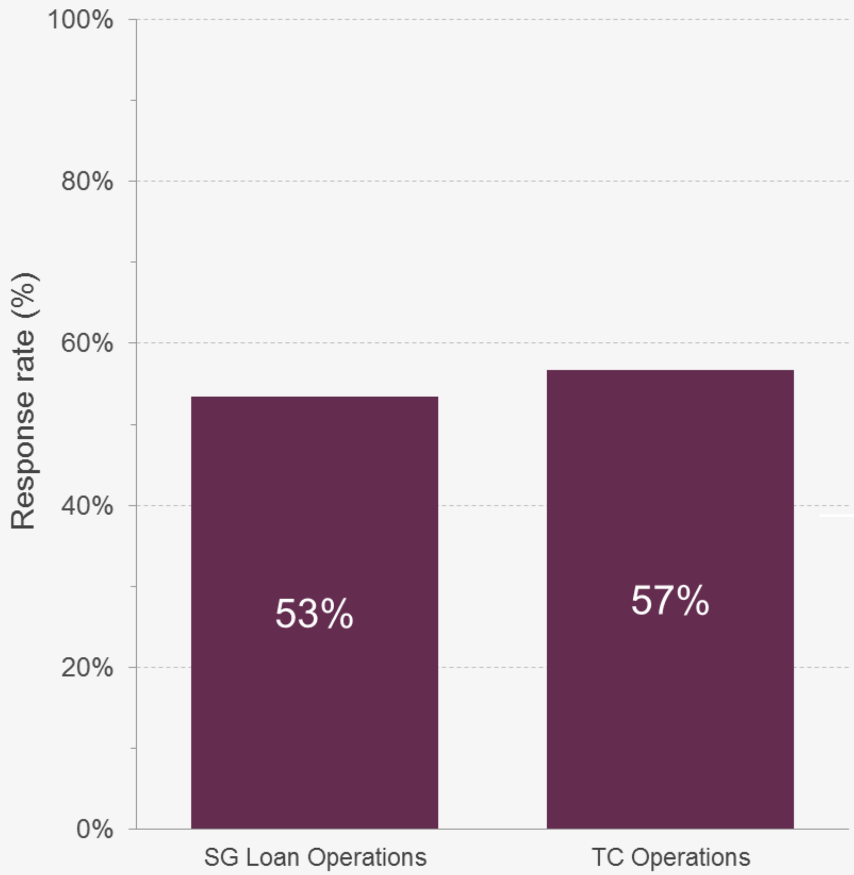
REVIEW

CHAPTER VI

EXTERNAL FEEDBACK SYSTEM

EXTERNAL FEEDBACK SYSTEM

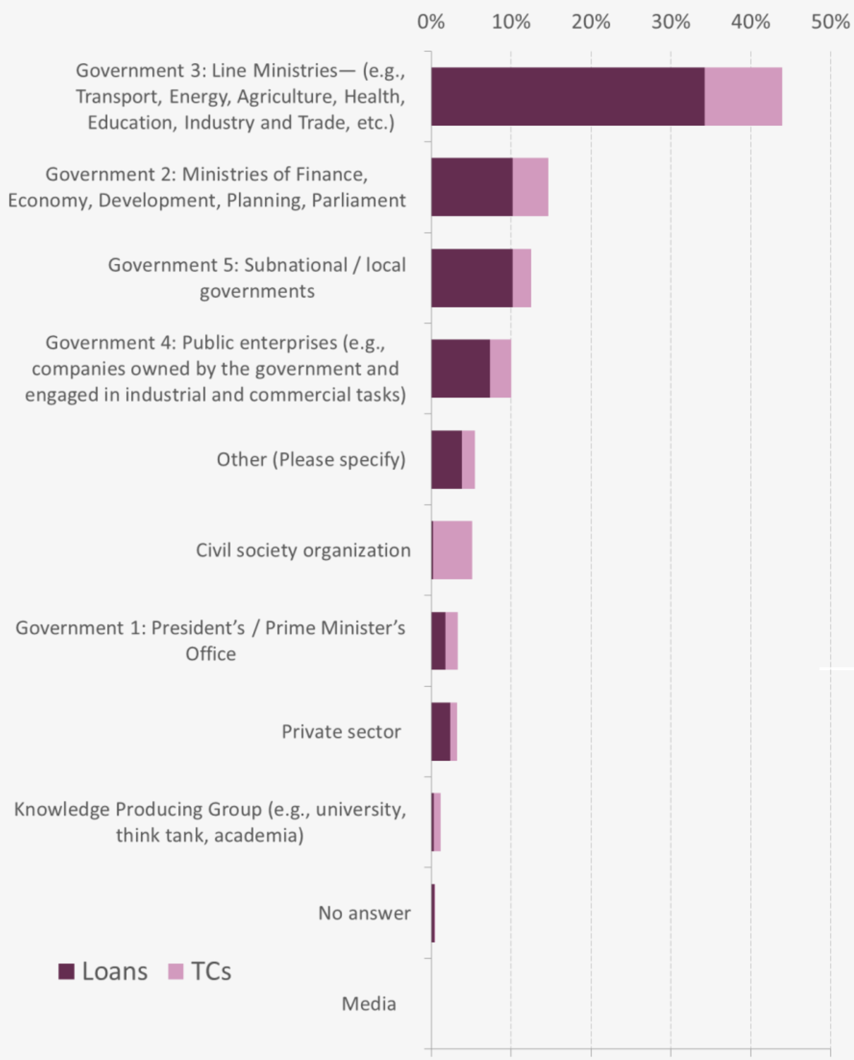
- Using online surveys, the EFS captures external partner perceptions of the Bank's products and services and how these products are delivered. The EFS is based on the customer experience management concept that proposes a continuous measurement of external partner perceptions.
- This report includes the 2016 partner satisfaction results for the SG loan and TC operation surveys. The Quarterly Business Review Report (QBR) for the second quarter, to be published in July 2017, will include the partner satisfaction results for the 2016 Programming, Country Strategy, and Civil Society surveys.
- The 2016 EFS Public Report will be published during the first half of 2017. To access the 2015 EFS Report, follow this link.



6.1 Response Rate

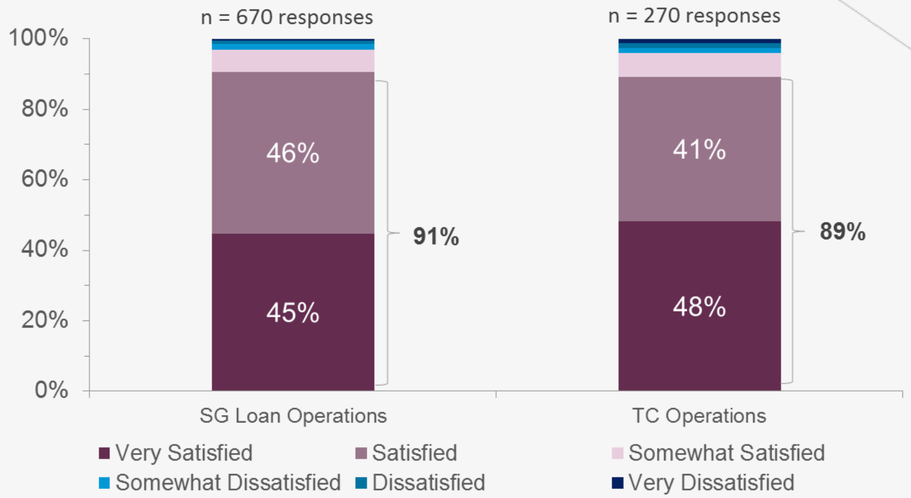
In 2016, external partners completed 950 online surveys of SG loans and TC operations, representing a 54% response rate.

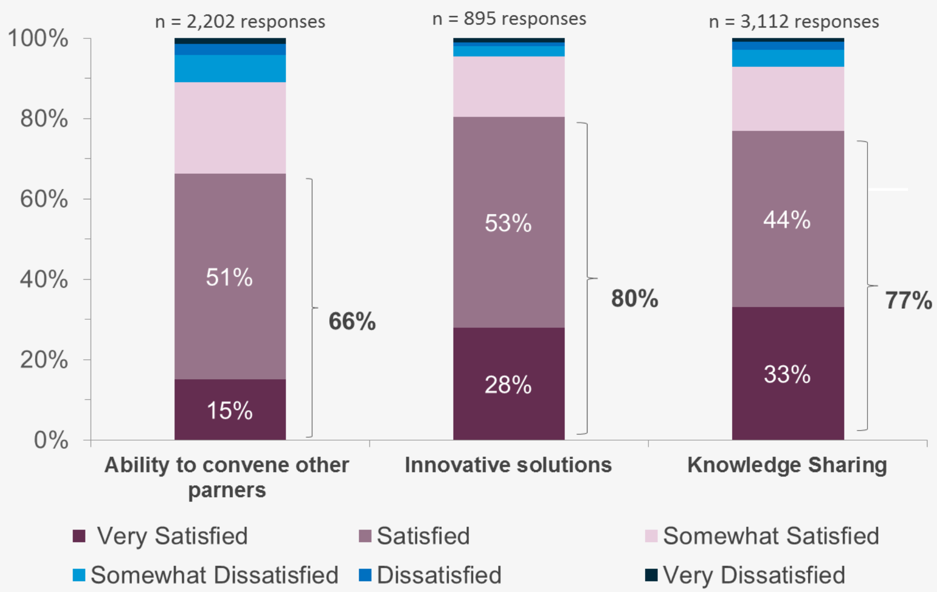
- 55% increase in the number of surveyed partners: 950 responses in 2016 versus 612 responses received in 2015 for SG loans and TC operations



6.2 Respondents Profile

- Survey respondents include the main counterparts involved in the preparation and execution of SG loan and TC operations, representing various government ministries, subnational governments, public enterprises, civil society organizations, private sector organizations, and knowledge producing groups in borrowing member countries.
    - 84% from governmental institutions
    - 5% from civil society organizations
    - 3% from private sector organizations
    - 7% from other groups
- By gender:
    - For SG loan operations, 42% of respondents were women
    - For TC operations, 48% of respondents were women





6.3 Overall Partner Satisfaction

Partners' satisfaction with IDB delivery of services for loans and TCs:

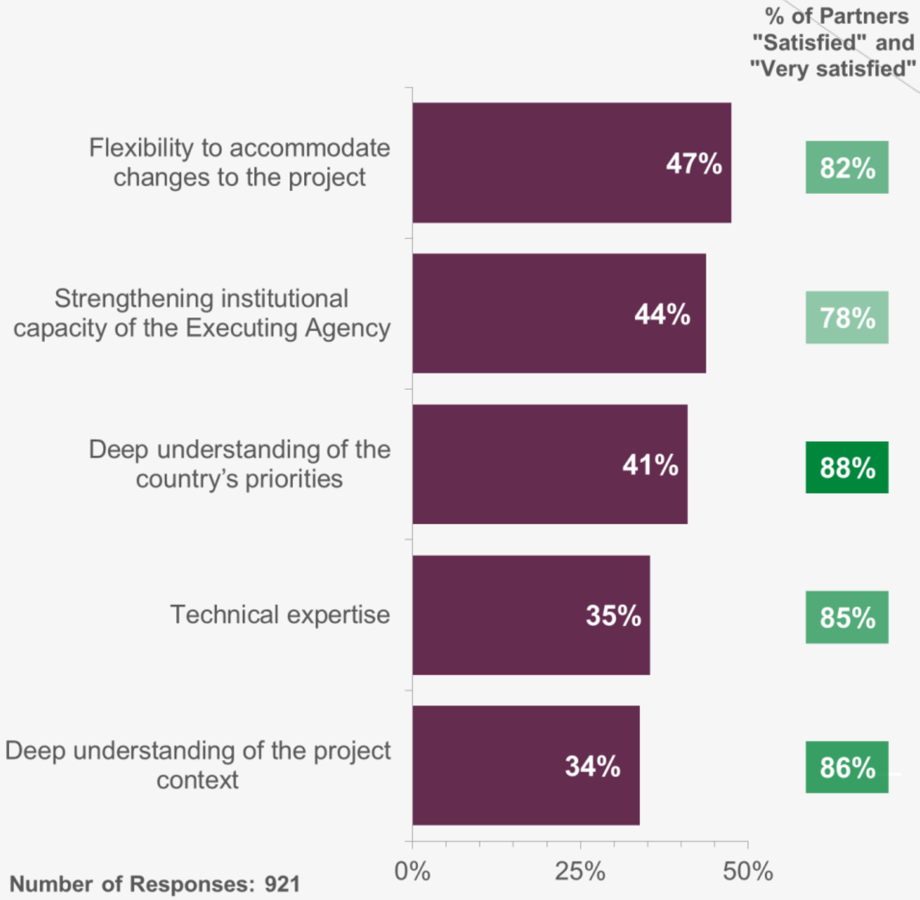
- 91% for SG loan operations, 2 percentage point decrease from 93% in 2015
- 89% for TC operations, 1 percentage point decrease from 90% in 2015

6.4 Partner Satisfaction for Key CRF Indicators

The 2016-2019 Corporate Results Framework (CRF) tracks key aspects of IDBG's performance as reported by Partners.

In 2016 SG loans and TCs surveys answered the following about IDB's ability to:

- "IDBG's ability to convene other partners"
  - **66%** of respondents were "very satisfied" or "satisfied"
- "Providing **innovative solutions** throughout the project cycle"
  - **80%** of respondents were "very satisfied" or "satisfied"
- "IDBG's knowledge sharing"
  - **77%** of respondents were "very satisfied" or "satisfied"



6.5 Top five selected partner expectations

In 2016, surveyed partners identified the five most important attributes they consider in the selection of a development institution to work for. These are the following:

- Flexibility to accommodate changes to the project (47%)
- Strengthening institutional capacity of the Executing Agency (44%)
- Deep understanding of the country's priorities (41%)
- Technical Expertise (35%)
- Deep understanding of the project context (34%)

Partners rated the performance of the IDBG on 25 attributes. About 8 of every 10 partners reported to be "satisfied" or "very satisfied" with the performance of the IDBG on the attributes partners identified as most important in their selection of a development institution to work with.

Abbreviations

AFS	Audited Financial Statements
BDA	Budget and Administrative Services Department
C&D	Countries from Group C & Group D
CAN	Country Department Andean Group (Colombia, Peru, Venezuela, Bolivia and Ecuador)
CCB	Country Department Caribbean Group (Jamaica, Trinidad and Tobago, Suriname, Guyana, Barbados and Bahamas)
CCF	Contingent Credit Facility for Natural Disasters
CCLIP	Conditional Credit Line for Investment Projects
CID	Country Department Central America (Guatemala, Belize, El Salvador, Honduras, Nicaragua, Costa Rica), Mexico, Panama and Dominican Republic
COF	Country Office
CPD	Country Programming Document
CND	Contingent Loan for Natural Disasters
CSC	Country Department Southern Cone (Argentina, Brazil, Chile, Uruguay and Paraguay)
CSD	Climate Change and Sustainable Development Sector
CRF	Corporate Results Framework 2016-2019
DTF	Donor Trust Funds
DEM	Development Effectiveness Matrix
EDU	Education Division
EME	Financial Emergency Loans
EFS	External Feedback System
ESW	Economic and Sector Work
FSO	Fund for Special Operations
FTE	Full Time Equivalents
FMM	Fiscal and Municipal Management Division
FOB	Funds of the Bank (ORC, FSO, GRF)
FUA	Funds under Administration
GCM	Grants and Co-Financing Management Unit
GEF	Global Environment Fund
GRF	IDB Grant Facility
HQS	Headquarters
HRD	Human Resources Department
HRG	Haiti Response Group
ICF	Institutional Capacity and Finance Sector
IDB-9	9th General Capital Increase
IIC	Inter-American Investment Corporation
INE	Infrastructure and Environment Sector
INT	Integration and Trade Sector
IFD	Institutions for Development
INV	Investment Operations
KCP	Knowledge and Capacity Building Products
KNL	Knowledge and Learning Sector
NFP	Non-Financial Products
LPGS	Liquidity Program for Growth Sustainability
LTFP	Long-Term Financial Plan
NPC	Non-Personnel Costs
NSG	Non-Sovereign Guaranteed
ORC	Ordinary Capital
OLB	Outstanding Loan Balance
OMJ	Opportunities for the Majority Sector
OPUS	Operations Update System
ORP	Office of Outreach and Partnerships
PBL	Policy Based Lending
PC	Personnel Cost
PCR	Project Completion Report
PDP	Operations Procurement Office
PFM	Portfolio Monitoring Unit
PI	Performance Index
PMR	Progress Monitoring Report
PRG	Programming Product
REG	Regional
RES	Department of Research and Chief Economist
CRF	Corporate Result Framework
RMG	Office of Risk Management
RND	Environment, Rural Development Disaster Risk Management Division
SCF	Structured and Corporate Finance Department
SCL	Social Sector
SECCI	Sustainable Energy and Climate Change Initiative
SG	Sovereign Guaranteed
SMO	Strategy Monitoring Division
SPD	Office of Strategic Planning and Development Effectiveness
SPH	Social Protection and Health Division
STC	Strategic Core
T&L	Time and Labor System
TC	Technical Cooperation
TFFP	Trade Finance Facilitation Program
VPC	Vice Presidency for Countries
VPF	Vice Presidency for Finance and Administration
VPP	Vice Presidency for Private Sector and Non-Sovereign Guaranteed Operations
VPS	Vice President for Sectors and Knowledge
WSA	Water and Sanitation Division
AR	Argentina
BA	Barbados
BH	Bahamas, The
BL	Belize
BO	Bolivia
BR	Brazil
CH	Chile
CO	Colombia
CR	Costa Rica
DR	Dominican Republic
EC	Ecuador
ES	El Salvador
GU	Guatemala
GY	Guyana
HA	Haiti
HO	Honduras
JA	Jamaica
ME	Mexico
NI	Nicaragua
PE	Peru
PN	Panama
PR	Paraguay
SU	Suriname
TT	Trinidad and Tobago
UR	Uruguay
VE	Venezuela, Rep. Bol.
RG	Regional