# Annual Report 2010

## Inter-American Development Bank


The Year in Review

IDB

# FINANCIAL SUMMARY 2006–2010

## ORDINARY CAPITAL

*(In millions of U.S. dollars)*

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Operational Highlights | | | | | |
| Loans and Guarantees Approved[1,2] | $12,136 | $15,278 | $11,085 | $ 8,577 | $ 5,632 |
| Loan Disbursements | 10,341 | 11,424 | 7,149 | 6,725 | 6,088 |
| Loan Repayments | 5,598 | 4,542 | 4,740 | 5,265 | 8,615 |
| Balance Sheet Data | | | | | |
| Cash and Investments–Net, After Swaps | $16,585 | $20,204 | $16,371 | $16,301 | $16,051 |
| Loans Outstanding | 63,007 | 58,049 | 51,173 | 47,954 | 45,932 |
| Undisbursed Portion of Approved Loans | 22,357 | 21,555 | 19,820 | 16,428 | 16,080 |
| Total Assets | 87,217 | 84,006 | 72,510 | 69,907 | 66,475 |
| Borrowings Outstanding, After Swaps | 57,874 | 57,697 | 47,779 | 45,036 | 43,550 |
| Equity | 20,960 | 20,674 | 19,444 | 20,353 | 19,808 |
| Income Statement Data | | | | | |
| Loan Income, After Swaps | $ 1,830 | $ 2,002 | $ 2,355 | $ 2,436 | $ 2,466 |
| Investment Income (Loss) | 624 | 831 | (973) | 487 | 619 |
| Borrowing Expenses, After Swaps | 550 | 951 | 1,764 | 2,135 | 2,070 |
| Operating Income (Loss) | 1,252 | 1,294 | (972) | 283 | 627 |
| Ratio | | | | | |
| Total Equity[3] to Loans Ratio | 33.4% | 34.2% | 35.3% | 40.2% | 40.8% |

## FUND FOR SPECIAL OPERATIONS

*(In millions of U.S. dollars)*

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| Operational Highlights | | | | | |
| Loans and Guarantees Approved | $ 297 | $ 228 | $ 138 | $ 152 | $ 605 |
| Loan Disbursements | 398 | 414 | 415 | 393 | 398 |
| Loan Repayments | 214 | 220 | 229 | 275 | 290 |
| Balance Sheet Data | | | | | |
| Cash and Investment | $ 1,413 | $ 1,410 | $ 1,355 | $ 1,565 | $ 1,592 |
| Loans Outstanding, Net[4] | 4,004 | 4,317 | 4,101 | 3,966 | 3,733 |
| Undisbursed Portion of Approved Loans | 1,038 | 1,290 | 1,502 | 1,783 | 2,229 |
| Total Assets | 6,112 | 6,449 | 6,289 | 6,305 | 6,148 |
| Fund Balance | 5,346 | 5,907 | 5,786 | 5,878 | 5,758 |
| Income Statement Data | | | | | |
| Loan Income | $ 74 | $ 83 | $ 91 | $ 90 | $ 152 |
| Technical Cooperation Expense | 24 | 23 | 33 | 23 | 19 |
| Debt Relief Expense | 484 | (3) | — | — | 3,306 |
| General Reserve Transfers | 364 | 122 | 50 | 50 | 61 |
| Net Income (Loss) | (792) | (14) | (72) | 9 | (3,267) |

[1] Excludes guarantees issued under the Trade Finance Facilitation Program (TFFP).
[2] In 2009, includes $800 million in cancelled loan approvals.
[3] "Total equity" is defined as paid-in capital stock, retained earnings and the allowances for loan and guarantee losses minus borrowing countries' local currency cash balances, net receivable from members (but not net payable to members), and the cumulative effects of net fair value adjustments on non-trading portfolios.
[4] From 2006 to 2008, net of allowance for debt relief.

## Letter of Transmittal

As required under the By-laws of the Inter-American Development Bank, the Board of Executive Directors hereby submits to the Board of Governors the Annual Report of the Bank for 2010. The two-volume report contains a review of the Bank's operations in 2010 (loans, guarantees, and grants) and, in a separate volume, Management's Discussion and Analysis: Ordinary Capital, and the financial statements of the Bank.

February 25, 2011

A Partner for Latin America and the Caribbean

# Annual Report **2010**

## The Year in Review

## About the IDB Group

The IDB Group is composed of the Inter-American Development Bank (IDB), the Inter-American Investment Corporation (IIC) and the Multilateral Investment Fund (MIF).

The IDB, the oldest and largest regional multilateral development bank, is the main source of multilateral financing for economic, social, and institutional development in Latin America and the Caribbean.

The IIC focuses on support for small and medium-sized businesses, while the MIF promotes private-sector growth through grants and investments.

IDB Group loans and grants help finance development projects and support strategies in key areas such as poverty reduction; expanding growth; promotion of sustainable energy and mitigation of climate change impact; increased investment in water and sanitation, infrastructure and education; and private-sector development.

By the end of 2010, the IDB had approved $197 billion in loans and guarantees to finance projects with investments totaling over $420 billion, as well as $4.1 billion in grants and contingent-recovery technical cooperation financing.

The IDB obtains its own financial resources from its 48 member countries, borrowings on the financial markets, and trust funds that it administers, and through cofinancing ventures. The IDB's debt rating is AAA, the highest available.

The IDB is headquartered in Washington, D.C. and has Country Offices in all 26 of its member countries in Latin America and the Caribbean, as well as in Paris and Tokyo.

## Member Countries

| | | | | | |
|---|---|---|---|---|---|
| Argentina | Canada | Ecuador | Honduras | Nicaragua | Suriname |
| Austria | Chile | El Salvador | Israel | Norway | Sweden |
| Bahamas | China | Finland | Italy | Panama | Switzerland |
| Barbados | Colombia | France | Jamaica | Paraguay | Trinidad and Tobago |
| Belgium | Costa Rica | Germany | Japan | Peru | United Kingdom |
| Belize | Croatia | Guatemala | Korea, Republic of | Portugal | United States |
| Bolivia | Denmark | Guyana | Mexico | Slovenia | Uruguay |
| Brazil | Dominican Republic | Haiti | Netherlands | Spain | Venezuela |

**Note:** This is the first of two volumes that constitute the Annual Report of the Inter-American Development Bank. The complete Management's Discussion and Analysis and audited financial statements are published in a separate volume as the *IDB Annual Report: Financial Statements.* The Annual Report is also available on the Bank's website at **www.iadb.org**.

**ON THE COVER:**

**An IDB loan funds upgrades to make the Metropolitano public transportation system in Lima more accessible, efficient, affordable, safe, and environmentally sustainable. The system operates on the basis of a public-private partnership between the City of Lima, private bus operators, and other firms.**

*Photo:* Santiago Galdós Gago, PROTRANSPORTE





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After the earthquake in Haiti, the IDB acted quickly to provide temporary structures and school kits to get teachers and children back into the classroom.

# MESSAGE FROM THE PRESIDENT

The year 2010 was marked by significant events in Latin America and the Caribbean and profound changes in the Bank. Gross Domestic Product in the Region increased almost 6 percent in 2010, recovering ground lost in 2009 and consolidating the gains of previous years.

The Region made a remarkable recovery from the crisis. Our countries were able to adopt countercyclical programs which limited the social impact of the recession. In contrast to what happened elsewhere in the world, the impact on the financial sector was marginal and exchange emergencies, so typical in the past, were conspicuous by their absence. As a result, there were no surprises when it came to meeting public debt commitments, and financing channels were quickly restored.


**President Luis Alberto Moreno with Maya women from Guatemala's Lake Atitlán region**

The year also reminded us of the vulnerability of our Region to the forces of nature. The tragedy of Haiti and the magnitude of natural disasters experienced by several of our countries—Chile, Colombia, Ecuador, Guatemala, and Venezuela, among others—revealed the urgent need for the Region to be better prepared to manage disasters and adapt to climate change.

Looking forward, the social and economic outlook for the Region is very promising. The short-term growth forecast for Latin America and the Caribbean predicts a higher rate than for developed economies, and there are internal and external conditions that give us reason for optimism in the medium term.

However, challenges remain. To meet them and to keep up with the needs of the Region, the Bank has continued to strengthen its technical and financial capacity. Last July, the Governors of the Bank approved the terms and conditions of the Ninth General Capital Increase (IDB-9), which will strengthen the Bank's financial capacity, renew its strategic vision, and define a comprehensive reform program which, together with the reforms already implemented, will consolidate our position as a stronger, more effective, and more efficient institution.

With the vision of the Governors, the dedication of the Board, the commitment of Management, and the talent of our technical team, we made significant progress in 2010 in the direction set out by IDB-9. This institutional progress and commitment are reflected, inter alia, in approval of the capital adequacy policy and application of the new comprehensive income management model, start of the work on results-based budgeting for 2011, approval of a new framework for risk management in the Bank, the allocation of the resources of the Fund for Special Operations for the next two years, adoption of a mechanism for concessional finance for the eligible countries of the Eastern Caribbean through the Caribbean Development Bank, extension of the liquidity facility to the Inter-American Investment Corporation to strengthen its lending capacity for small and medium-sized enterprises, design of the Development Effectiveness Framework, the methodologies for assessing sovereign and non-sovereign operations, the strengthening of the Independent Consultation and Investigation Mechanism, the new policy on access to information, beginning the agenda of financial and technical support for Haiti, and implementing the Action Plan of the Anti-Corruption Framework.

We also made progress on the groundwork for achieving financing goals, defining priority sectoral strategies, and defining the development strategy for the private sector and for non-sovereign guaranteed operations. We prepared and approved the operational policy on gender equality, and made headway with defining a methodology for analysis of macroeconomic sustainability as part of the annual programming exercises. We are laying the operational basis for implementing the policy on access to information, and continuing to strengthen mechanisms to safeguard ethics and institutional integrity.

Aside from this agenda, the Bank continued operating at top speed to ensure a strong program of support for the countries of the Region. In 2010 we achieved a record number of operations approved with 170 new projects. In terms of volume of funds, we approved $12.7 billion. For the 19 smaller economies we approved $4.2 billion, about 33 percent of total approvals. The results were also satisfactory in terms of disbursements, with a total of $10.9 billion through the end of the year. Net lending flows to the Region reached a volume of $5.1 billion.

Haiti deserves special mention for the magnitude of its needs and the Bank's commitment to the country. Thanks to the efforts of several of our donors, we very quickly obtained advance contributions of $236 million to the FSO, which enabled the Bank to convert the balance of loans to be disbursed to Haiti into grants, and repay Haiti's entire debt of $484 million. This financial effort was accompanied by solid technical work and support for the reconstruction effort led by the Government of Haiti. In 2010 we approved $251 million in financing from the IDB Grant Facility, more than three times the average of the previous three years. When grants from all sources are included, the total reached $352 million. Disbursements amounted to $177 million, significantly above the average level of the previous five years. The technical cooperation portfolio grew by over 50 percent. Beyond numbers, the actions of our technical teams have been crucial in sectors such as education, transport, energy, water and sanitation, and finance, reflecting the intensity of our commitment to Haiti.

We view with satisfaction the results achieved. Looking to the future we have a demanding agenda before us and a great responsibility to the Region. We are committed to strengthening our support for the smaller and less developed countries and providing exceptional support to Haiti. We also have ambitious financing targets for supporting reduction of poverty and inequality, improving management of climate change, promoting environmental sustainability and adopting sources of sustainable energy, supporting regional integration, and stimulating the private sector's contribution to regional development, along with an important agenda of institutional strengthening.

Consolidation of the Ninth General Capital Increase will allow us, in line with the aims we have set ourselves, to be a Bank better prepared to accompany the Region at a time when challenges remain, but when great economic expansion and social dynamism are already evident. Our actions in 2011 and the coming years will be crucial for achieving this.

**Luis Alberto Moreno**
President
Inter-American Development Bank

## THE BOARD OF EXECUTIVE DIRECTORS

**Board Members [from left, front row] Manuel Coronel Novoa, Eugenio Díaz-Bonilla, Vinita Watson, Mattia Adani, Alex Foxley, Yasusuke Tsukagoshi, Muriel Alfonseca, Hugo Cáceres, Marc-Olivier Strauss-Kahn, Gustavo Arnavat [from left, back row], Adina Bastidas, Roberto Prieto Uribe, Sérgio Portugal, Martín Bès, José Carlos Miranda, Xavier Santillán, Marcelo Bisogno, Carmen María Madriz, Ulrike Metzer, Gerry Duffy, Richard Bernal, Juan Valdivia, Antonio De Roux, Cecilia Ramos, Kurt Mukesh Anthony Kisto, Peter Cameron, Orla Bakdal**

The IDB shareholders—its 48 member countries—are represented by the Board of Governors, the highest decision-making authority of the Bank. The Governors delegate many of their powers to the Board of Executive Directors, whose 14 members they elect or appoint for three-year terms. Executive Directors for the United States and Canada represent their own countries; all others represent groups of countries. The Board of Executive Directors also includes 14 Alternates, who have full power to act when their principals are absent.

The Board of Executive Directors is responsible for day-to-day oversight of the Bank's operations. It establishes the institution's policies, approves projects, sets interest rates for Bank loans, authorizes borrowings in the capital market, and approves the institution's administrative budget. The work of the Board of Executive Directors is guided by the Regulations of the Board of Executive Directors and the Code of Ethics for Executive Directors. The agendas and minutes of the meetings of the Board of Executive Directors and its standing committees are public documents.

The Program of Rural Agricultural Services (PROSAP) in Argentina will support sustainable improvements to rural economic infrastructure and institutional capacity and promote private investment.

# THE IDB IN 2010

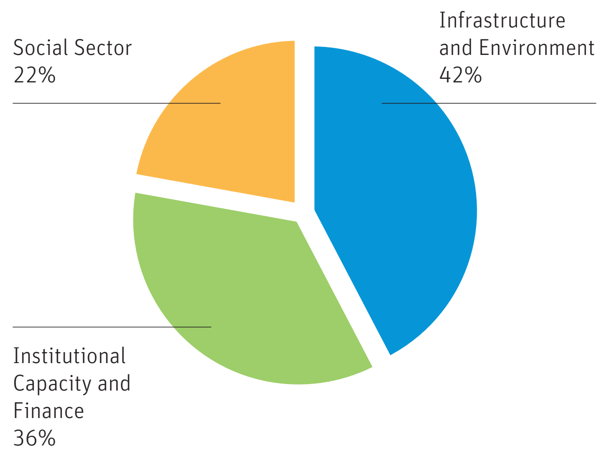
A year that began with devastation on an unprecedented scale in Haiti ended with signs of hope, both there and elsewhere in the Region. Economic growth for the Region was estimated at 5.7 percent, a large swing from the aggregate decline of 1.7 percent in 2009. The year was also a turning point for the Bank. The Board of Governors, during the Annual Meeting in March, approved the Cancun Declaration, paving the way for an agreement on the Ninth General Capital Increase in the Resources of the Bank (IDB-9). This landmark agreement has three main components as described in the *Report on the Ninth General Increase in the Resources of the Inter-American Development Bank* approved by the Governors in July: an increase in the Ordinary Capital (OC) of the Bank; a $479 million increase for the Fund for Special Operations (FSO), which enabled cancellation of Haiti's debt to the Bank and allocation of funds to Haiti for the next 10 years; and, lastly, establishment of a reform agenda, which—combined with those already under way—will improve institutional efficiency and effectiveness and position the Bank in the vanguard of multilateral organizations in areas such as governance, financial management, sustainability, and development effectiveness.

The capital increase, described in detail later in this report, is the Bank's first in 16 years, and at $70 billion, its largest ever.

The Bank approved the unprecedented figure of 170 projects in 2010. The volume of loans, guarantees, and operations financed by the IDB Grant Facility, which totaled $12.7 billion, was the second largest in 50 years of operations, only surpassed by the total of the previous year, when the Bank supported the countercyclical strategy of the countries of the Region to overcome the crisis. Of the total lending for 2010, 33 percent went to the smaller and relatively poorer Group C and D countries, as against 24 percent in 2009. Continuing the recent trend, the 2010 lending program was considerably above pre-crisis levels. Whereas loan approvals for the period 2001–2005 had averaged $6.4 billion, they averaged nearly $11 billion for 2006–2010. Loan disbursements during the year totaled $10.8 billion, a figure again second only to the mark achieved in 2009. Projects approved during the year were also characterized by their variety—in terms of economic sectors, the use of financial instruments, and partnerships with other organizations.

Grant financing approvals, including investment grants, totaled $570.8 million. When financing from the Social Entrepreneurship Program and the IDB Grant Facility are included, the total reaches a record level of $830.1 million. By year's end the number of grant funding sources was greater than at any time in the Bank's history.

**Figure 1. Operations by Sector, 2010**




In the path followed by the Bank during the year, important progress was made in the move toward greater efficiency and effectiveness. Fundamental institutional reforms already in motion made significant headway, and new ones were started. In this process, the diligence of Bank staff was critical, both at Headquarters and in the country offices, along with the unprecedented activity of the standing and ad hoc committees of the Board of Executive Directors. Among other tasks, in early 2010 implementation began of the new integrated system of capital adequacy and portfolio analysis, which includes elements related to financial projections and asset and liability management. The new policy of asset and liability management will improve stability and increase returns on the equity portfolio. The Bank also adopted an Income Management Model, a long-term financial plan, and a framework for results-based budgeting. At the end of the year, the Board reached agreement on a new allocation of funds for 2011–2012 for countries eligible to access the FSO.

In the areas of management and integrity, the year was characterized by a range of important policy changes and strengthening of safeguards. The new Independent Consultation and Investigation Mechanism (ICIM) was declared effective by the Executive Board in September, and the necessary tasks carried out to implement it and guarantee its institu-

**Executive Vice President Julie T. Katzman at Foromic**

tionalized and efficient operation. In May the new Access to Information Policy was approved; it came into effect on January 1, 2011. This policy expands the volume of information available for public access regarding the activities of the Executive Board and the Bank's projects. With the Action Plan against Corruption, implemented by Management, the Sanctions Committee was reconfigured. This body will act in cases involving allegations of fraud and corruption in projects financed by the Bank. Four of the seven members of the Committee are from outside the Bank. In July, the Bank signed a cooperation agreement with the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, and the World Bank Group on reciprocal disqualification of companies and individuals that commit offenses in any of these institutions.

The Bank continued to provide intellectual leadership among development policy-makers ranging from public officials to academics to civil society organizations. Foromic, the Region's premier annual conference on lending for microenterprise development, was held in Montevideo. The forum, organized by the Bank's Multilateral Investment Fund (MIF), acknowledged the vitality of the microcredit sector even during the Region's economic downturn. In the month of November alone, the Bank hosted or helped sponsor 33 major events, ranging from conferences on climate change finance, education, and trade to the regional policy dialogue on community participation in social service delivery and the tenth annual IDB-Civil Society Meeting in Quito.

Throughout the year the Bank worked diligently in its core mission, collaborating with its borrowing member countries in addressing the Region's development agenda—focusing resources and technical expertise on assisting the neediest and most vulnerable. Following the earthquakes in Haiti and Chile and other natural disasters, the Bank approved country-specific relief and reconstruction operations. For the longer term, the Board approved the replenishment of the Disaster Prevention Fund from the Bank's Ordinary Capital, to be complemented by additional contributions to the Multi-Donor Disaster Prevention Trust Fund. More broadly, the year also saw the approval of important projects in such antipoverty sectors as prenatal healthcare and early childhood education, and continued support for initiatives to reduce inequality, ranging from conditional cash transfer (CCT) projects to participation in the new Global Agriculture and Food Security Program (GAFSP), a multilateral fund that by December had attracted pledges of nearly $900 million. Social investment fund lending, rising to $1.4 billion, accounted for 11 percent of lending for the year.

There was both continuity and change in the upper ranks of Bank management during the year. In October, following his reelection in June, Luis Alberto Moreno began his second five-year term as president of the Bank. In December, the Board of Executive Directors approved the appointment of Julie T. Katzman as Executive Vice President.

# GENERAL CAPITAL INCREASE

On July 21, 2010, the Board of Governors of the Bank approved the *Report on the Ninth General Increase in the Resources of the IDB*. The IDB-9 Report sets the strategic direction for the Bank for the years to come, and defines the results framework under which the institution's performance will be measured. With the IDB-9, the Governors also agreed to vote on a Proposed Resolution that would provide for a general increase of the Bank's Ordinary Capital resources in the amount of $70 billion that would be subscribed to by the Bank's members over a five-year period, starting in 2011. Of this amount, $1.7 billion would be in the form of paid-in ordinary capital stock and the remainder would be in the form of callable ordinary capital stock. Governors also agreed to vote on a Proposed Resolution that would provide for an increase in the resources of the FSO, consisting of an additional $479 million of new contribution quotas to be paid by the Bank's members in one or in five equal annual installments, starting in 2011, and allowing for advance contributions. As of December 31, 2010, advance contributions in the amount of $236 million had been received. Votes on the Proposed Resolutions must be received by October 31, 2011, or such later date as the Board of Executive Directors shall determine. If the Proposed Resolutions are approved, the Bank will receive the largest increase in resources in the institution's history, ensuring the sustainability of the Bank's concessional window until 2020, while allowing the Bank to provide an unprecedented level of support to Haiti for the next 10 years.

The approval of the terms and conditions of IDB-9 was preceded by a thorough discussion by the Bank's Governors on the emerging challenges faced by the Region, and how they will shape the landscape of development in the years to come. The Bank's Institutional Strategy, reflected in IDB-9, is framed by the challenges that will be at the cornerstone of development in the Region: reduce poverty and inequality, and achieve sustainable growth. To reduce poverty and inequality, the Bank will need to expand from traditional social programs that aim to redistribute income, to ones that acknowledge the inequities in access to services and productive employment in the Region; this expansion will be essential to address the structural causes of poverty. Sustainable growth must balance the broadening of the Region's economic base with the challenges posed by climate change and the demand for sustainable sources of energy. Addressing these two challenges are at the center of the Bank's sector priorities for the coming years.

IDB-9 also focuses on two strategic goals that build on the Bank's comparative advantages and mission: to address the special needs of the small and vulnerable countries, and to promote development through the private sector. The needs of small and vulnerable countries require that the Bank be able to provide effective solutions to the most pressing development challenges facing the Region. These countries need the Bank to offer support—under pricing and repayment conditions consistent with debt sustainability frameworks, taking into account their absorptive capacity and the susceptibility of their economies to stagnation and volatility—that is country-focused and effective. Promoting development through the private sector requires integrating non-sovereign lending fully into the Bank's strategic framework, recognizing the role of the private sector in generating robust growth and creating jobs, both of which elements are needed to address poverty and inequality effectively.

Since the approval of the terms and conditions of IDB-9, the Bank has been actively engaged in delivering on the commitments set forth by the Governors in the IDB-9 Report's Better Bank Agenda, and implementing elements of the Bank's new Institutional Strategy. On the former, during 2010, the Bank approved a new Access to Information Policy, began the implementation of a results-based budget methodology for the 2011 budget, and issued its first Long-term Financial Plan. Among other initiatives, the Report also provided for an increase in the limits for non-sovereign guaranteed (NSG) lending, development of a methodology for analyzing macroeconomic sustainability, review of the recommendations of the Independent Advisory Group on Sustainability, and support for the Caribbean Development Bank. Management also began the preparation of a number of strategy documents corresponding to the Institutional Strategy's sector priorities as defined in the IDB-9 Report: *Social policy for equity and productivity; Institutions for growth and social welfare; Competitive regional and global international integration;* and *Protect the environment, respond to climate change, promote renewable energy, and ensure food security*. In the first quarter of 2011, sector strategies on environment and climate change, social policy, institutions, and integration will be delivered to the Board of Executive Directors for approval. Work also began on an integrated strategy on private-sector development. As the year ended, the review of the Development Effectiveness Matrix was nearing completion, and as of January 1, an evaluability threshold for all Bank operations had been implemented.

The Porce III hydroelectric plant, financed by the IDB, was inaugurated in 2010. It will sustainably add 650 megawatts to Colombia's energy matrix.

# PRIORITY AREAS

## Environment, Sustainable Energy, and Climate Change

The IDB-9 capital increase solidifies the Bank's commitment to environmental sustainability and to progress on climate change and sustainable energy. The capital increase follows an unprecedented period of reform and renovation, and builds upon key initiatives in the areas of water and sanitation, climate change, and sustainable energy, and on key partnerships for sustainability, particularly with the Global Environment Facility (GEF). As a result the Bank has significantly increased investments in projects that target environmental improvement (sanitation, solid waste management, pollution abatement), support climate change mitigation and adaptation measures, and promote conservation of biodiversity and the sustainable use of natural resources.

In addition, an Independent Advisory Group on Sustainability was convened to provide advice and recommendations to the IDB on the experience of the Bank with the implementation of the Environment and Safeguards Compliance Policy and the achievement of its objectives.

The Bank continued to play an active role in the global community's efforts to set policy and mobilize new sources of financing for climate change and environmental sustainability. Consolidating this role, in 2010, the IDB submitted its climate change strategy (CCS), the Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy, to a 90-day public consultation with civil society and the private sector, and held several consultation sessions with key regional stakeholders. The CCS is a cornerstone of the IDB's goal to allocate 25 percent of its lending to climate change, environmental sustainability, and sustainable energy (including renewable energy).

The Bank also acquired new tools to help safeguard the projects it finances: two new climate change guidelines for investments in cement manufacturing, and another for landfill projects, adding to guidelines prepared in 2009 for coal-fired power plants.

IDB loans in projects that target environmental sustainability, climate change, and sustainable energy have increased from 6.2 percent of lending in 2006 to 27.6 percent in 2010 ($3.6 billion in 42 loan operations). In addition the Bank continued to provide funding through technical cooperation (TC) grants, funds, and partnerships to support this important area.

Noteworthy in 2010, in partnership with the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) the Bank financed eight country studies and one regional Central American study on the economic impact of climate change. These studies are articulated with policy-based loans that strengthen ministerial institutional capacities to enable a mainstreamed approach to climate change through national planning processes. In 2010 the IDB approved climate-change-specific policy-based loans for Guatemala, Mexico, and Peru (totaling $675 million). The Guatemala program is the first in the highly vulnerable Mesoamerican region, and enables parallel financing with international cooperation agencies by providing for a debt-swap-funded adaptation fund of €10 million.

**The IDB's sustainable development program in the semi-urban Mata region in Brazil includes protection and recovery of portions of the Atlantic Forest.**

In 2010, the IDB significantly stepped up its funding for adaptation-oriented TC and focused its assistance on mitigation through activities in energy efficiency and carbon finance, the latter by supporting private and public institutions' access to carbon markets. Likewise, an updated 2010 version of the Biofuels Sustainability Scorecard is today a recognized international instrument through the IDB's partnership with the Roundtable on Sustainable Biofuels and the Global Bio-Energy Partnership. In 2010, the IDB also began laying the groundwork for its Emerging Sustainable Cities program, which will promote sustainable and integrated urban development in the Region's mid-sized cities. Additionally, the Bank made advances in the development of an initiative focused on environmentally sustainable transport.

The year was also important for the Bank's partnership with the GEF. During 2010, the IDB increased the value of its GEF-funded portfolio by 70 percent over 2009, including six projects approved by the Board in areas of energy efficiency, renewable energy, marine and coastal biodiversity, watershed management, and land degradation. These approvals represent a total investment of $17.1 million in GEF funds, with counterpart funding of $87.7 million.

## Institutional Capacity

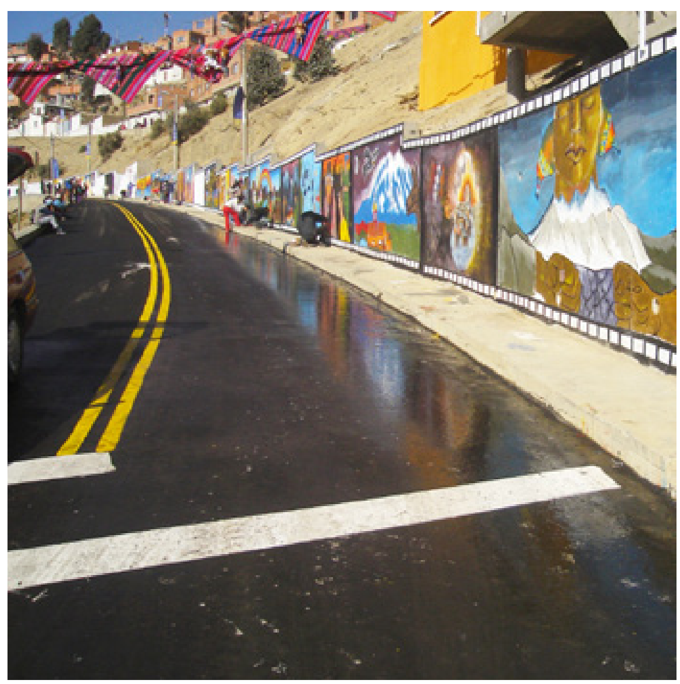
The Board of Governors' mandate regarding *Institutions for growth and social welfare* was a directive to continue and deepen the Bank's operational program in areas ranging from financial services (lending for small businesses through second-tier facilities) to fiscal efficiency (including efforts to strengthen decentralization within countries) to citizens' security (modernization of justice). In preparing to vary its operational program still further in areas such as reform for credit markets, tax policy, and support for countries' anticorruption efforts, the IDB in 2010 emphasized a number of important initiatives with new partners, including collaboration with the European Commission's Latin American Investment Facility, and work on road safety with the FIA Foundation.

In approving a $3.7 million dollar grant, the Bank sought to help the Haitian government launch a technology platform to provide the country with capacity to manage information and resources in the reconstruction effort. The program, cofinanced by Microsoft Corporation and Infusion Development, will improve the security of communications, hosting critical information systems and recovering key databases lost in the earthquake.

The Institutional Capacity Strengthening Thematic Fund (ICSF), which began executing in 2010 and is funded by an allocation of $75 million donated by China, has improved the capacity of the IDB to support initiatives in the public sector; in 2010, the Bank approved 36 operations from nine different Bank departments, funded with $16.8 million from the ICSF.

In 2010, the Bank promoted innovation in public management, through strategic alliances with other multilateral institutions including (i) the Latin American Public Treasury Network (RETEPAL), a joint effort with the IMF and World Bank, and (ii) the e-GP Community of Practice, a joint initiative of the Multilateral Development Bank (MDB) Working Group (the IDB, World Bank, Asian Development Bank, African Development Bank, and the United Nations Commission on International Trade Law [UNCITRAL]) on electronic government procurement.

The IDB approved a $100 million policy-based loan to support Trinidad and Tobago's efforts in this area, the first operation



**The IDB's housing policy support program was a pioneering effort in supporting neighborhood improvement, benefiting some 25,000 families in more than 100 of Bolivia's poorest neighborhoods.**

of its kind specifically geared towards improving public capital expenditure management. The IDB also approved a $20 million investment loan that will help Peru increase its efficiency in public administration. In the area of citizen security, the IDB approved a $5 million loan to help reduce juvenile crime in Belize by enhancing the government's ability to devise and implement public safety policies. In the area of registries, a $78 million loan was approved to improve births registration and citizens' identification with the creation of new documentation centers that will help virtually all Ecuadoreans to have ID cards within a four-year period.

Throughout the year the Bank has continued to support DataGov, an innovative portal that provides access to the majority of publicly available governance indicators to monitor progress in this area in the Region.

The Action Plan to combat corruption and enhance transparency strengthens the Bank's work in anticorruption at the country, sector, and institutional levels. The main results of the year included (i) technical advice to more than 15 TC grants and two lending operations; (ii) compilation of an Institutional Anticorruption Framework Effectiveness Index; and (iii) sector-oriented methodologies for preventing corruption in the energy, citizen security, and financial sectors. The Anticorruption Activities Trust Fund (AAF) as of December had funded eight TC projects for a total of $2.5 million.

A profile of the new sector strategy ordered by the IDB-9 Report, *Institutions for growth and social welfare*, was discussed with civil society organizations in Quito, with consideration by the Board anticipated during the first quarter of 2011.

## Social Policy

As defined in the IDB-9 Report, the priority that the Bank will assign to *Social policy for equity and productivity* will require it to move more aggressively into a large number of operational areas, including preventive health protocols, closing gaps in education and health indicators for indigenous women, continuing to emphasize the transition from school to work, and expanding social security to workers in the informal economy. Programs in these areas will complement work in which the Bank is already engaged—in subsectors such as preschool education, nutrition, the creation of social safety nets for Afro-descendant and indigenous communities, and temporary employment programs.

**Haiti carried out a vast child immunization campaign in November, an effort supported by a $5.5 million IDB grant.**

In 2010, in the Social Sector, the Bank was involved on nearly all of these fronts, approving 27 loans and 77 TCs for a total of $2.8 billion and $37.7 million respectively, and executing more than 130 Knowledge and Capacity Products (KCPs) worth $2.3 million. KCPs, in the form of studies and conferences, addressed issues such as early childhood development, school-to-work transition, pension systems, regional innovation, and chronic disease.

In **health**, the Bank approved five operations for a total of $238 million, including loans to Ecuador and three Central American countries—El Salvador, Guatemala, and Honduras. In June, the Bank announced the establishment of the *Salud Mesoamérica 2015* fund, a $150 million public-private partnership to improve the health of women and children in Central America's poorest populations. The Initiative includes a "performance tranche" conditional on the achievement of development goals.

The Bank also approved a $35 million loan to support Urban Solidarity Communities, an integrated poverty-reduction intervention targeting the poorest urban communities in El Salvador. The program exploits synergies among investments in health, nutrition, early childhood development, and at-risk youth. In the labor market sector the Bank approved the $20 million Program to Support Employment in Bolivia, toward the implementation of comprehensive systems and instruments for labor market training, intermediation, and assessment

**A loan from the IDB supplied laptops to every student and teacher in Uruguay's grammar schools. In the next phase, the program will implement training, systems, and support platforms for teachers and schools.**

through personal, internet, and telephone services. The program includes an impact evaluation based on a random sample of beneficiaries.

In Haiti, the Bank also approved a grant of $15 million, complemented by an additional $5 million from the Government of Spain, to control the outbreak of cholera through prevention, treatment, and sanitation activities in communities.

In November, the IDB approved the Operational Policy on Gender Equality in Development, which renews the Bank's commitment to support gender equality in its member countries. When the policy enters into effect in 2011, it will join the Bank's Indigenous Peoples Policy as a centerpiece of the IDB's gender and diversity policy framework. Both policies commit the Bank to advance operational mainstreaming and direct investments in these thematic areas. They also establish safeguards to help mitigate the risk of exclusion and adverse social impacts in Bank operations.

Noteworthy examples of projects that mainstreamed gender issues in 2010 were in the areas of social protection and health (e.g., the program Improved Access and Quality of Health and Nutrition Services). The IDB also approved a $10 million loan to *MiBanco* in Peru that will directly benefit female entrepreneurs, and initiated the design of the new loan, *Ciudad Mujer*, for El Salvador. To bolster its operational work on gender equality, the IDB prepared a Bank-wide Gender Action Plan for Operations that will be approved in early 2011.

The Bank also approved several loans, within and outside the social sector, that mainstream **diversity** issues, including, for example, the Water and Sanitation Program for Rural and Indigenous Communities, and the Families in Action CCT Program II, that will benefit indigenous and Afro-Colombian families in Colombia. The Bank also continued to execute its direct investment loans for the integrated development of indigenous peoples in Chile and Honduras.

In **education** the Bank registered a record operational year, approving 10 loans, 12 grants for individual countries, and three grants for regional projects in the education sector, totaling $920 million. Two initiatives stand out as flagship projects of the year. First, the Bank responded immediately to the earthquake in Haiti, reformulating an operation to provide temporary structures and school kits to get children and teachers back into the classroom. The Bank also partnered with Haiti's Ministry of Education and Professional Training and the Presidential Commission on Education to develop an overall plan for reorganizing the education sector. The Bank will be a major partner in supporting this plan, and has committed $250 million in grants, $50 million of which was approved in 2010. Second, as part of a program to support equity in education in Argentina, a previously Bank-financed mathematics and natural science pilot is being brought to national scale. This program represents the gold standard of how Bank operations should develop: first design, implement, and evaluate pilot interventions, and then scale up models that prove cost effective.

In addition, the Bank has continued conducting research on innovative solutions to persistent policy problems in the education sector. Its Numeracy Initiative focused on implementing policies to help children reach their full potential in mathematics and the natural sciences. A seminar, "An Even Start: Numeracy Education in LAC," took place at Bank Headquarters in Washington, DC, attended by 60 education and evaluation specialists from the public and private sectors of 11 countries.

In **science, technology, and innovation** (STI), lending levels continued to increase, with new loans approved to support innovation and technological development in Argentina ($250 million) and Colombia ($25 million); both loans are part of larger, long-term financial and technical assistance programs that could lead to up to $700 million and $250 million in lending, respectively, over the next five to ten years. At the same time, the Bank continued to expand its technical assistance and capacity-building programs in line with its three strategic areas: firm innovation; institution-building and human capital; and inclusive technologies, with a particular focus on high-speed connectivity.

The Bank also continued to advance its knowledge leadership in STI through new research and dialogue on innovation and technology policy in the Region and the publication of new knowledge products: a new Compendium of STI Indicators in LAC; studies on innovation and productivity; and a policy document on "The Imperative of Innovation," specially prepared for the EU-LAC Summit of Presidents and Heads of State in Madrid.

## Infrastructure

The IDB has a 50-year record of providing sovereign guaranteed (SG) and NSG financing for projects that support access to high-quality infrastructure to improve the competitiveness of individual countries and the Region as a whole. Support is provided through loans to public or private entities, with or without sovereign guarantees. The IDB also provides analytical support and intellectual leadership to help countries find innovative solutions to their infrastructure needs. All told, the IDB approved $5.4 billion in 2010 in loans for infrastructure, including water and sanitation and the Sustainable Energy and Climate Change Initiative (SECCI).

During 2010, the IDB developed a diverse program to assist client countries in their **transportation** needs. Sixteen operations were approved, totaling more than $1.6 billion in IDB lending, with a focus on highway improvements, port expansion, and urban transport projects to foster economic growth and social development. In addition, the Bank has consolidated its leadership in road safety, logistics, and sustainable transport. Knowledge generated from the study of road safety has been translated into actual actions and investments, and a portfolio of projects was developed for logistics and sustainable transport.

In the **energy** sector, the IDB continues its leading role promoting renewable energy and energy efficiency in the Region by financing cleaner and more sustainable energy matrices in LAC countries. The IDB-9 will allow the Bank to double its lending for clean and sustainable energy projects. The IDB's commitment to promote "sustainable energy for all" includes also new initiatives like the creation in 2010 of an Energy Innovation Center to serve as a knowledge hub for various renewable energy centers throughout the Region.

In **agriculture**, the IDB continued to work in the provision of agricultural public goods and services to lay the foundations for sustainable and more inclusive development of rural areas, complemented with support for specific investments such as irrigation and incentive programs to accelerate the rate of productivity growth. The IDB also consolidated its leadership role in the areas of tourism, environment and conservation, and disaster risk management. In 2010, the IDB initiated sector dialogues in several countries, based on the most recent application of the disaster risk management indicators and the country risk profiles developed in 2009. In several countries, these sector dialogues resulted in loan programs aimed at reducing vulnerability to future disasters. The IDB also provided technical assistance in the post-disaster needs assessment carried out after the earthquake that hit Haiti in January, and also supported the Chilean government in the institutional strengthening that followed the earthquake in that country in February.

To increase access to **water and sanitation** services in the Region, the IDB launched its Water and Sanitation Initiative in 2007, with special financial products to support solutions tailored to each country's needs. By year-end 2010, the Bank pro-


**A TC grant from the IDB supports pre-investment studies necessary to improve select road segments of the Pacific Corridor, a highway crossing seven countries from Mexico to Panama.**

vided nearly $4.9 billion in loans and more than $39 million in technical assistance. It has approved projects that have benefited 146 cities as part of the 100 Cities program, and 2,600 rural communities as part of the 3,000 Rural Communities program. The Bank has also assisted 31 priority microwatersheds under the Water Defenders program, and supported 92 water and sanitation operators under its Efficient and Transparent Utilities program.

In 2010, the IDB approved $1.1 billion in loans and investment grants, and more than $15.9 million in TC funding for water and sanitation projects. The IDB also leveraged a variety of partnerships with donors and organizations, such as the Spanish Government, through its Cooperation Fund for Water and Sanitation in Latin America and the Caribbean, and the Austrian Government. Thanks to the strategic partnership with the Spanish Government, the IDB received more than $500 million to invest in water and sanitation projects especially in rural and peri-urban areas. In 2010 the Bank approved 10 projects with Spanish funding for $232.1 million. Additionally, the Bank continued financing technical assistance and project preparation through the AquaFund (24 TC operations for almost $11 million), and continued developing the Water Operator Partnership program with the United Nations.

**Many IDB water and sanitation projects in Ecuador have focused on small communites, such as this plant in Tixán, Chimborazo. In 2010, the Spanish Cooperation Fund for Water and the IDB combined to approve a program to benfit rural areas.**

## Integration

Competitive regional and global international integration is one of the sector priorities identified in IDB-9, which also establishes a target of 15 percent of annual lending in the area of regional cooperation and integration. This target should be reached by the end of 2015. In 2010, the IDB continued to support integration within the Region through the provision of loans, technical assistance, and capacity-building activities. The Bank provided extensive technical support to key regional initiatives (both related to the “software” and “hardware” of integration) such as the Initiative for the Regional Integration of South America (IIRSA), Mesoamerican Plan (PM), *Arco del Pacifico Latinoamericano* (ARCO), and Pathways to Prosperity in the Americas, among others. The IDB’s work on behalf of regional integration initiatives has been complemented by its support for global initiatives to strengthen the Region’s participation in the global economy, such as the World Trade Organization’s (WTO) Aid-for-Trade initiative. The Aid-for-Trade Strategic Thematic Fund, which became fully operational in 2010, should help address the scarcity of official development assistance directed toward Latin America and the Caribbean compared with assistance to other regions such as Asia and Africa.

The Bank continued its support of policy dialogues on regional integration and cooperation, serving for a third consecutive year as Technical Secretariat of the Annual Meeting of the Finance Ministers of the Americas and the Caribbean (RFM). This support also included the preparation of the joint IDB/World Bank/ECLAC *Bridging Integration Gaps* Policy Discussion Brief presented at the Lima RFM Ministerial in June. Additionally there were two regional policy dialogues of the Trade and Integration Network this year involving Central America, Panama, and the Dominican Republic, one addressing the potential of free trade agreements for high-technology exports, and a second on trade facilitation.

The Bank approved 12 additional projects through its innovative Regional Public Goods program. This program, designed to promote collective action among three or more countries as a means of addressing transnational challenges or opportunities, currently has a portfolio of 74 projects, some of them already being mainstreamed into the borrowing countries’ public policies.

The Bank approved several loans and TC projects to support LAC's regional integration agenda. Among others, an innovative loan operation for port expansion and the modernization of customs in Puerto Cortés, Honduras, a transit point for cargo within Honduras and to Nicaragua and Costa Rica. This project is intended to serve as a model for future trade facilitation and integration projects in other regional ports. Also, a pre-investment loan of $15.6 million was approved for Bolivia, for a study of the integration of the road and rail infrastructure. Finally, the loan for the Central American Integrated System of Electrical Connection continues with additional financing of $4.5 million.

The Bank has continued to produce high-quality knowledge products to support the regional integration agenda, launching in 2010 the new INTradeBID Trade and Integration information portal (**www.iadb.org/int/INTradeBID**). Other technical advisory services were provided using the Bank's computable general equilibrium (CGE) databases and models, which now have the capacity to model more complex areas of the integration agenda such as intraregional transport costs, migrations, and regional distributional issues. This type of support was complemented by extensive programs of capacity building in a wide range of issues: rules of origin, technical standards, Fair Trade Alliance (FTA) and WTO disciplines, and sustainable infrastructure corridors. Finally, the Bank published two major reports in the area of international trade and integration: *India: Latin America's Next Big Thing?* and *Odyssey in International Markets: An Assessment of the Effectiveness of Export Promotion in Latin America and the Caribbean*.

**A MIF TC grant supports the promotion of productive value chains for small enterprises such as Brazil nut harvesting in protected natural areas in Peru.**

## Private Sector Development

### *Structured and Corporate Financing*

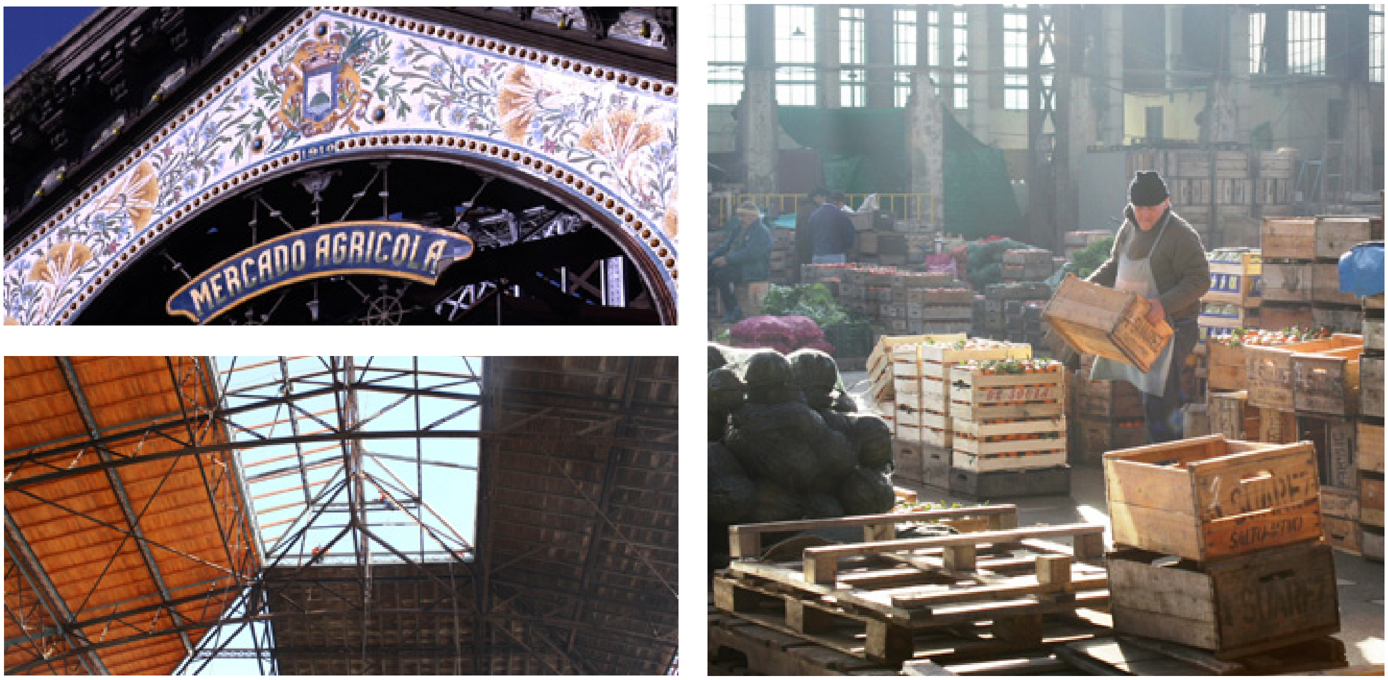
In 2010, the Structured and Corporate Finance (SCF) Department focused on those operations with the highest developmental impact, giving special attention to projects addressing climate change, promoting energy efficiency, expanding financial services, and improving utilities. SCF counted aggregate approvals in 2010 of 21 projects totaling $823 million, of which 50 percent were in the smaller and more vulnerable of the Bank's borrowing countries. Disbursements to year-end 2010 totaled $444 million.

The financial markets division focused on increasing access to socially inclusive finance, extending home ownership through housing finance, and supporting businesses that drive job creation. The division promoted the use of existing lines and direct trade finance loans. China Export-Import Bank (China EXIM), Agricultural Bank of China, and China Minsheng Banking Corp. Ltd. joined the Bank's Trade Finance Facility Program (TFFP) during 2010.

The infrastructure division continued its origination of greenfield projects in renewable energy around the Region, as well as the expansion of access to modern infrastructure services.

Projects under the heading of Industries and Services tackled new agribusiness and biofuels opportunities across multiple countries, as well as potential investments in fuel alternatives. Other initiatives include potential ethanol projects, knowledge- and capacity-building opportunities related to biodiesel, and tourism.

As part of its mandate to mobilize private capital into private projects, in 2010 SCF successfully engaged leading social impact investors who were trying to enter the Latin American and Caribbean market; SCF thereby took a leadership role among multilateral development banks in this growing and socially responsible financial market.




**A technical cooperation grant from MIF contributes to the modernization of the Montevideo Agricultural Market and to revitalizing the surrounding neighborhood.**

Looking forward, SCF's strategic focus will target (i) improving people's lives through access to socially inclusive finance, (ii) addressing climate change, and (iii) meeting the financial needs of small to medium-sized enterprises (SMEs). As well, SCF will be enhancing knowledge management to ensure that development effectiveness feeds back into new operations.

## *Multilateral Investment Fund*

During 2010, the Multilateral Investment Fund (MIF) approved a total of $116 million to finance 102 projects, which included 89 non-reimbursable TCs and a combination of investments and non-reimbursable resources for 13 other projects. The volume was $82 million for non-reimbursable resources and $34 million for investments. The total amount mobilized for these projects, including counterpart contributions to leverage these initiatives, was over $360 million. Almost half of all projects and resources approved in 2010 for national programs benefited countries in groups C and D, the smaller and more vulnerable economies. This represents a significant increase in MIF financing for these countries. Countries from groups C and D also benefited from most of the regional projects approved in 2010. At the end of 2010, the MIF had 676 projects (746 operations) under its administration, which represents $753 million in financing for the institution.

The Social Entrepreneurship Program approved 15 projects for a total of $11 million, of which $2.5 million was administered by the General Cooperation Fund of Spain. These loan and non-reimbursable TC projects improve access to financial services and markets for small low-income producers and rural populations through value chains and alternative energy. Three-quarters of the projects approved in 2010 under this program benefited the smaller and more vulnerable economies.

## *Opportunities for the Majority*

Opportunities for the Majority (OMJ) promotes and finances innovative business solutions for low-income individuals and communities through projects designed to improve quality of life and access to basic goods and services. In 2010, nine OMJ projects ($45.4 million) were approved, consisting of NSG loans and partial credit guarantees, showing continued growth since OMJ´s launch in 2007. It now has a portfolio of 21 projects ($142 million) spread throughout 11 countries.

In order to amplify the impact of its operations, in 2010 OMJ, in coordination with the Syndications unit of SCF, raised $58.7 million in syndicated B-loans and co-loans for its projects, primarily by bringing in private impact investors such as Calvert Foundation, Blue Orchard S.A., and Oikocredit.

In addition to the operations it finances, OMJ continues to provide leadership in this new investing space through its outreach and knowledge-sharing efforts, which include hosting the annual Strategic Partners Dialogue to advance market-based solutions for low-income communities, and making frequent presentations at international business seminars. OMJ also hosts a dedicated website at **www.majoritymarkets.org**.

### *Inter-American Investment Corporation*

The Inter-American Investment Corporation (IIC) promotes the economic development of member Latin American and Caribbean countries by financing private enterprises. The IIC began operations in 1989 and focuses on supporting small and medium-sized companies that have difficulty accessing medium- and long-term financing.

In 2010, the IIC approved 49 projects, through which it channeled a total of $1.8 billion to SMEs in the Region ($374.7 million from the IIC plus $1.4 billion from other sources mobilized by the IIC). IIC income in 2010 totaled $60.3 million. Capital gains, dividends, and other income from its equity investment portfolio totaled $1.9 million for the year. Total administrative expenses were $28.7 million, producing a net profit of $12.5 million, compared with $5.2 million in 2009. There were 78 disbursements for the year, totaling $350 million.

In 2010, the IIC decided to group all its technical assistance offerings under the FINPYME brand. (FINPYME, a program to help SMEs—PyME is the Spanish acronym—has helped more than 500 companies since its launch in 2006.) Diagnostic reviews, direct assistance, ethics workshops, family business management, and export assistance programs, as well as GREENPYME, the IIC's tool for improving SME energy efficiency, are all becoming increasingly important.

For more detailed information on the IIC's operations, see its 2010 Annual Report, which is published separately. For general information on the IIC and for data on its operations, visit its website at **http://www.iic.int/**.

# OTHER KEY AREAS

## Development Effectiveness

In 2010, as part of the Development Effectiveness Framework, the Development Effectiveness Matrix (DEM) for Country Strategies was implemented. This matrix will allow the Bank to ensure that country-level results are measured and monitored. In addition, a review of the DEM for SG and NSG operations was launched and will be completed by February of 2011. This review is a commitment of IDB-9 to establish an evaluability threshold for all Bank operations.

To increase the Bank´s capacity to demonstrate the results of its interventions, the Bank's internal evaluation unit has provided support to the design of evaluation plans for approximately 80 projects. As well, the Bank has organized several courses to build capacity in impact evaluation both internally, with sector-specific content, and externally for counterparts in Argentina, Brazil, Costa Rica, the Dominican Republic, El Salvador, Guyana, and Honduras.

In March of 2010, the 2008–2009 Development Effectiveness Overview (DEO) was presented as the Bank´s corporate report on the effectiveness of its work. The DEO reported


**The IIC's Small Business Revolving Line assisted the Costa Rican firm Productos Ujarras with a loan to increase plant capacity to meet growing local and international demand for its tropical fruit products.**

**The IDB's Program of Support Services to Rural Markets in Peru provides business information and training to improve rural producers' access to local and international markets.**

progress in the implementation of the Development Effectiveness Framework. The DEO also reported on evidence of the effectiveness of the development interventions financed by the Bank in order of institutional priority, as set forth in IDB-9. The DEO for 2010 will be published for the Bank's Annual Meeting of the Board of Governors in Calgary, Canada in March of 2011.

To enhance the Bank's performance in monitoring, in 2010 a sample of 187 SG projects was selected for analysis of the completeness and quality of information entered in their respective Progress Monitoring Reports (PMRs) in five of the instrument's seven categories. The analysis showed that the completeness of information of the PMRs improved between March and September of 2010, with the median score for this attribute increasing from 53 percent in March to 87 percent in September. In 2011, work will focus on ensuring that this improvement is more widespread so that aggregated project progress can be reported, particularly for the outputs specified in the Results Framework.

## Risk Management

During 2010, the Bank focused on the execution of several elements of its strategy to enhance its risk management capabilities.

In the area of *credit risk*, the Credit Risk Classification System was reviewed by an external rating agency with the view of identifying potential enhancements and validating its methodology. In addition, new prudential NSG concentration limits were established to complement the revised ceiling applicable to NSG operations as set forth in IDB-9, to prevent any undue risk concentration.

In the area of *strategic risk*, the Capital Adequacy Policy was approved by the Board of Executive Directors in 2010. The policy defines the amount of capital necessary both to maintain the Bank's AAA credit rating and to sustain lending during downturns. It includes assessments for market and credit risk in the Bank's lending and treasury operations, and for operational risk. A new Asset-Liability Management (ALM) Policy was approved by the Board of Executive Directors in 2010. The policy provides a comprehensive review of aspects of ALM.

In *treasury risk*, the implementation of the Bank's Investment Guidelines was completed. These include more stringent constraints on portfolio concentration, rating, maturity, and term duration. In addition, a comprehensive review of the methodology for setting issuer and counterparty limits was enacted, responding to the need for prudent bank aggregate lines.

Implementation of the Integrated Capital Adequacy Policy and Portfolio Analytics system continued during the year. It includes the capital adequacy model, a portfolio analytics element, financial forecasting, and an asset and liability management component.

In the *operational risk* area, the Bank developed a framework to support the consistent and coordinated assessment and management of operational risks, enabling a common definition and introducing preventive elements. Also in 2010, the Bank developed a risk management classification which analyzes the key risks facing the institution and creates an inventory of activities and tools for their monitoring and supervision.

## Audit, Oversight, and Evaluation

In 2010, the ***Office of the Executive Auditor*** (AUG) continued to provide value-added internal auditing services to the IDB Group through a systematic and disciplined approach that evaluates and improves risk management, control, and governance processes.

At the operational level, the Executive Auditor conducted three functional audits: a review of project supervision processes in two sectoral divisions, an analysis of the consultant contracting process in country offices, and, for the first time, an audit of the environmental and social safeguards process. The Executive Auditor also studied the control and supervision environment of projects in six country offices and the Credit Risk Rating System of NSG operations.

In the basic strategic and non-operational areas, the Executive Auditor conducted audits of general controls on information technology, procurement and contracting, capital markets, institutional governance, human resources, and travel expenses. As part of the Bank's annual process of reporting on the effectiveness of internal controls on financial reporting, the Executive Auditor continued performing tests on the Bank's general controls, on certain key controls of business processes, and on controls related to information technology.

The recommendations of the Executive Auditor to Management have resulted in the strengthening of policies, procedures, controls on applications, and allocation of funds in critical areas.

AUG follows the International Standards for the Professional Practice of Internal Auditing, and has developed an internal Quality Assurance and Improvement Program to ensure continuous improvements to AUG's processes, procedures, and tools. To comply with the Standards, AUG underwent an external quality assessment in late 2010. AUG received the top rating from the Institute of Internal Auditors, which reads "AUG generally conforms to the Standards, Definition of Internal Auditing, and Code of Ethics." AUG will continue to offer best-in-class auditing to the IDB Group.

This year marked the tenth anniversary of the creation of the independent ***Office of Evaluation and Oversight (OVE)***, that reports directly to the Board of Executive Directors of the Bank. Since its creation, OVE has carried out a comprehensive work program built around five thematic areas: (i) Oversight, (ii) Country Program Evaluation, (iii) Sector, Thematic, and Ex-Post Evaluation, (iv) Policy and Instrument Evaluation, and (v) Evaluation Capacity Development.

*Oversight Studies* involve the systematic review of those Bank systems and processes that have been designed to provide data on the results of Bank operations. In 2010, OVE conducted its third review of the evaluability of the universe of projects approved that year. This work focuses on whether projects are designed at the outset to collect information which will allow a clear statement, on conclusion of the project, regarding results achieved.

OVE is required to conduct *Country Program Evaluations* in advance of Management's preparation of each new country strategy document, a process that had usually coincided with the countries' political cycles. During 2010, due to the confluence of elections in the Region, OVE completed a large number of Country Program Evaluations (10) which have contributed to the development of new Bank strategies for these countries.

*Sector, Thematic, and Ex-Post Evaluations* build upon one of the Bank's principal comparative advantages: the fact that it works on similar issues across many countries. During 2010, OVE conducted studies on primary roads, housing, information technology in education, safeguards in energy projects, competitiveness, social investment funds, citizen security, justice, early childhood development, multicultural education, water and health, and CCTs.

*Policy and Instrument Evaluations* assess the effectiveness of the Bank's explicit guidance, approaches, and priorities. An important subset of policies is the one defining distinct instruments available to support development in the Region. In 2004, the Board's budget committee requested that OVE con-

**An IDB line of credit and loan are improving physical infrastructure and enabling residents to acquire titles to their homes in low-income neighborhoods in Argentina.**

duct evaluations of budget "initiatives" as a subset of its work on policies and instruments. In 2010, OVE assessed the country studies initiative and the instruments for managing TC.

*Evaluation Capacity Development* was established as a priority by the Governors, who urged the Bank not only to strengthen its own evaluation capacity, but also to "promote and support in-country capacity-building and facilitate cooperation in evaluation activities with other development agencies." As a result of decisions taken by the Board of Executive Directors, primary responsibility for supporting countries in evaluation capacity development has been assumed by Management rather than OVE. PRODEV, a management initiative providing TC support, has been the principal mechanism through which country evaluation capacity has been strengthened by the Bank.

As described in more detail below, the Board approved the new Independent Consultation and Investigation Mechanism, which became operational in September.

## Integrity

To promote an environment of integrity in the IDB Group and in its activities, the Office of Institutional Integrity (OII) is the unit responsible for detecting, investigating, and preventing acts of prohibited practices in activities financed by the IDB Group. The Office also supports project teams in NSG operations in order to minimize risk to integrity and reputation.

In 2010, OII became an independent office within the Bank. During the year, it worked on implementation of relevant recommendations of the Report on the IDB Anti-Corruption Framework, based on analysis by an outside group headed by Richard Thornburgh, former U.S. Attorney General, and Jorge Santistevan de Noriega, former Ombudsman of Peru.

In 2010, OII investigated 219 cases (including 139 new cases and 80 pending from previous years). Upon completion of an initial review process, OII makes a recommendation to the Oversight Committee on Fraud and Corruption (OCFC). In 2010, a total of 154 cases were referred to the OCFC. Of these, 59 were closed because the allegation was found not to have been related to an activity of the Bank, was not related to a possible prohibited practice, or the evidence provided was not credible. Of the 23 cases in which the allegation was considered justified, 69 percent involved investigations of fraud, 18 percent involved corruption, and 13 percent were related to collusion or coercion.

In 2010, OII received requests for consultations from Bank staff, clients, and the general public on measures to prevent or mitigate risks of fraud or corruption, as well as requests for assistance with interpreting the IDB Group rules against corruption.

OII continued to work with other multilateral development banks in harmonizing integrity policies and addressing best practices. In addition, OII participated in discussions about anticorruption, alongside national law enforcement agencies, international financial institutions, and regional and global organizations.

## Public Consultation and Civil Society

More strategy- and operational-policy-level public consultations were undertaken in 2010 than in any other single year in the Bank's history. The year began with consultations under way on the General Capital Increase, the proposal to establish Civil Society Consultation Groups (ConSOCs) throughout the Region, the draft operational policy on Gender Equality, and the Independent Consultation and Investigation Mechanism (ICIM). Soon afterwards, Management was authorized to consult drafts of the Access to Information Policy and the Environment and Climate Change Strategy. At the end of the year, first-phase consultations were started for the IDB-9 strategies on *Institutions for growth and social welfare, Social policies for equity and productivity*, and *Competitive regional and global international integration* described above in the Priority Areas section. In all instances, consultations were designed to consist of two phases: the first primarily web-based and typically lasting 30 days, and the second involving distribution of the full draft text of a document accompanied by the convening of face-to-face meetings, generally in the Region and often involving the ConSOCs. In November, the Bank hosted the ninth in a series of consultations on the Camisea Gas Project in Peru.

The tenth Annual IDB-Civil Society Meeting, presided over by the Vice President for Countries, Roberto Vellutini, and held in Quito in November, drew more than 150 participants from 26 countries. Agenda topics were based on the results of a participatory survey and included education, youth, gender, integration, and climate change, among others. A post-event survey showed that 98 percent of participants considered the topics discussed to be relevant to civil society organizations in the Region, and 89 percent felt their relationship with the IDB had improved as a result of the event.

As noted above, the ConSOCs, initially developed in 2009, were formally launched in 2010. By August, ConSOCs were up and running in each of the IDB's 26 country offices. The ConSOCs are the main platform for ongoing dialogue, consultation, and information exchange between the IDB and local CSOs. There are more than 350 participating civil society organiza-

**Transforming their traditional gender roles, the Ngobe Buglé women of Northern Panama created an association in order to increase the income of their community.**

tions that focus on critical issues including education, youth, gender, indigenous people, Afro-descendants, citizen participation, and environment, among others.

## Independent Consultation and Investigation Mechanism

In September 2010 the new Independent Consultation and Investigation Mechanism (ICIM) came into force as part of reforms of the Agenda for a Better Bank, and after an extensive consultation process with civil society. ICIM provides a forum for dealing with the claims of communities or individuals who have been or could be adversely affected by operations financed by the Bank. ICIM also monitors compliance with IDB environmental and social policies.

The ICIM process takes place in two stages: a first stage of consultation or problem solving, and a second stage of verification of compliance. The process includes a Project Ombudsperson who looks at claims, and a panel of experts which investigates compliance with IDB policies.

ICIM operates independently of IDB Management, which designs and oversees project execution. ICIM activities are reported to the public and the Board of Executive Directors, which oversees Bank operations. As a result, ICIM is paving the way for a more open dialogue with civil society, offering both IDB and civil society a means of reviewing the impact of operations financed by the institution in its member countries, and becomes a partner in the development process.

## Human Resources

In 2010 the Bank implemented the Career Management Model and launched the Human Resources Service Center in Costa Rica. In addition, priority was given to consultation within Management and with the Board on the development of the Human Capital Strategy to be implemented in 2011–2015, and on initiatives for diversity and inclusion.

During the year, efforts focused on implementing the Career Management Model, which offers a more flexible and integrated approach for efficiently managing Bank staff and a firmer link between employees' contributions and opportunities for career advancement. The model introduced a number of breakthrough improvements in the career management of Bank staff: (i) integration of local and international employees in the same career model, with uniform job descriptions and requirements; (ii) uniform policies and guidelines for promotions and professional development; (iii) widening of the range of grades for technical functions to facilitate flexibility and meet changing institutional needs. The Career Management Model introduced more flexible and consistent mechanisms to attract, retain, and assign staff to fulfill the Bank's mission.

In July 2010 the Human Resources Service Center in San Jose, Costa Rica, opened, to serve as a single access point for all human resource services available to Bank employees. The Center, which is the first IDB institutional infrastructure in the Region, provided training to staff from country offices in 2010, strengthening their institutional capacity and helping the Bank to improve its service to member countries. More programs will be organized in 2011, including sessions for staff at headquarters.

To harmonize human capital management with the new framework established by the IDB-9 institutional strategy, the Human Resources Department will prepare the IDB Human Capital Strategy.

Focusing on initiatives for diversity and inclusion, the Human Resources Department promoted recruitment of women, Afro-descendants, indigenous people, and people of nationalities underrepresented in the Bank.

## Knowledge and Learning

The implementation of the knowledge and learning agenda, led by the Knowledge and Learning department (KNL), has focused on the development of capacities among the Bank's staff and partners in borrowing member countries and on the expansion of knowledge-sharing opportunities. These are available in face-to-face and online learning events and courses, communities of practice, and portals that facilitate access to information vital to the Bank's business, such as the Felipe Herrera Library's new "InfoGuides" offering one-stop access to a complete portfolio of information resources on a particular topic, in a user-friendly and customized format.

To make the Bank's knowledge products easily accessible and more visible, KNL has led the development of **brik**, the Bank's Repository of Institutional Knowledge, which will be launched in early 2011. This tool leverages updated technologies and improved metadata, consolidating access via a single web-based, user-friendly interface.

Seeking a greater alignment of learning programs with the strategic goals of IDB-9 and institutional priorities, during 2010 knowledge and learning activities oriented to the Bank's staff were concentrated in programs that (i) maximize the effectiveness and impact of Bank interventions (e.g., sector weeks that integrate staff and clients, project evaluation); (ii) improve Bank functioning (e.g., fiduciary reform courses); and (iii) invest in staff core competencies for enhanced performance (e.g., workshops on negotiations and conflict management).

Among knowledge and learning activities geared to stakeholders in the region, the highlights of the year included (i) the development of training programs based on the Bank's flagship documents (e.g., the Development in the Americas Report on productivity); (ii) strengthening and diversifying content in the Bank's e-learning platform to allow extensive dissemination of the Bank's knowledge production to new audiences (e.g., online course on development and fiscal policy); and (iii) alignment with institutional priorities supporting the dissemination of KCPs in key development areas (e.g., early childhood training program).

## TABLE I • CONSOLIDATED ADMINISTRATIVE EXPENSES

*(In thousands of U.S. dollars)*

| Category | 2008 Actual | 2009 Actual | 2010 Actual |
|---|---|---|---|
| Board of Governors | $ 2,952.9 | $ 4,046.0 | $ 3,313.2 |
| Board of Executive Directors | 19,340.5 | 19,172.2 | 20,044.4 |
| Office of Evaluation and Oversight | 8,194.8 | 7,171.7 | 7,085.0 |
| Headquarters and Country Offices | 437,217.7 | 482,762.3 | 524,234.3 |
| **Total Gross Administrative Expenses[1,2,3,4,5]** | **467,705.9** | **513,152.2** | **554,676.9** |
| Reimbursement from Funds in Administration and IIC | (4,018.1) | (4,038.1) | (4,146.1) |
| MIF and INTAL Reimbursements, Administrative Income | (7,230.4) | (5,198.1) | (5,811.1) |
| **Total Net Administrative Expenses** | **456,457.4** | **503,916.0** | **544,719.7** |
| Capital Expenses | 27,256.7 | 25,889.4 | 41,940.0 |
| **Total Net Administrative and Capital Expenses** | **$483,714.1** | **$529,805.4** | **$586,659.7** |

[1] Excludes depreciation of $19.8 million, $20.7 million, and $22.6 million in 2008, 2009, and 2010, respectively.
[2] Excludes a decrease in prepaid post-retirement benefit costs of $12.2 million in 2008; includes an increase in prepaid post-retirement benefit costs of $9.0 million and $2.6 million in 2009 and 2010, respectively.
[3] Excludes $4.0 million in expenses in 2009, related to prior years.
[4] When applicable, excludes $5.6 million, $14.2 million, and $2.4 million in realignment expenses, the Inter-American Culture and Development Foundation, the IDB's 50th anniversary, and noncapitalized capital projects expenditures in 2008, 2009, and 2010, respectively.
[5] Includes prepaid expenses of $3.7 million, $5.5 million, and $2.2 million in 2008, 2009, and 2010, respectively.

## TABLE II • INTER-AMERICAN DEVELOPMENT BANK STAFF SALARY STRUCTURE (WASHINGTON, D.C.) AS OF DECEMBER 31, 2010

*(In U.S. dollars)*

| Grade | Representative Job Titles | Minimum | Maximum | Staff at Grade Level (%) | Average Salary/Grade | Average Benefits[1] |
|---|---|---|---|---|---|---|
| 12 | Administrative Support | 36,912 | 59,060 | 0.5 | 46,096 | 18,899 |
| 11 | Assistant | 41,109 | 65,775 | 3.6 | 49,819 | 20,426 |
| 10 | Administrative Coordinator | 47,188 | 75,501 | 5.7 | 64,859 | 26,592 |
| 9 | Senior Assistant/Analyst | 58,522 | 87,783 | 3.6 | 73,030 | 29,943 |
| 8 | Senior Analyst/Senior Administrative Coordinator | 66,054 | 99,081 | 4.0 | 80,895 | 33,167 |
| 7 | Associate | 75,301 | 112,951 | 5.7 | 85,510 | 35,059 |
| 6 | Senior Associate | 84,755 | 127,132 | 11.1 | 94,270 | 38,651 |
| 5 | Specialist | 94,914 | 142,371 | 16.0 | 106,552 | 43,686 |
| 4 | Senior Specialist | 104,178 | 166,684 | 18.6 | 123,585 | 50,670 |
| 3 | Lead Specialist | 118,403 | 189,446 | 16.7 | 148,517 | 60,892 |
| 2 | Unit Chief/Principal Specialist | 141,875 | 212,812 | 6.4 | 179,926 | 73,770 |
| 1 | Division Chief | 162,106 | 235,054 | 3.6 | 201,149 | 82,471 |
| R | Country Representative | 162,106 | 250,218 | 1.4 | 198,500 | 81,385 |
| E5 | Sector Manager | 200,174 | 250,218 | 1.3 | 231,001 | 94,711 |
| E4 | Head of Independent Office | 225,353 | 281,691 | 0.2 | 265,286 | 108,767 |
| E3 | General Manager | 256,004 | 320,005 | 1.0 | 295,428 | 121,126 |
| E2 | Vice President | 274,358 | 329,229 | 0.3 | 308,028 | 126,291 |
| E1 | Executive Vice President | 292,257 | 349,157 | 0.1 | 349,157 | 143,154 |
| P | President | | 416,303[2] | 0.1 | 416,303 | 170,684 |

[1] Includes annual leave; medical, life and disability insurance; accrued termination benefits; and other non-salary benefits.
[2] Does not include Executive Allowance of $74,505.

Focused teacher training and improved infrastructure and educational materials will help make basic education more equitable under the Dominican Republic's Equity Enhancement Basic Education Program.

# THE YEAR'S OPERATIONS

## Loans and Guarantees

The 2010 loans and guarantees approved by the Bank and cumulative totals, as of December 31, 2010, less cancellations, came from the following sources:

- Ordinary Capital: 162 loans for $12.1 billion and 4 guarantees for $61 million brought the cumulative total of loans to 2,386 for $174.4 billion and the cumulative number of guarantees to 18 totaling $1.8 billion.
- Fund for Special Operations (FSO): 31 loans totaling $297 million brought the cumulative total of loans to 1,290 for $19.1 billion.
- Other Funds: There was one loan approved for $30 million in 2010. Cumulative loan totals were 218 for $1.8 billion.

## Total Cost of Projects

The $12.5 billion in Bank loans and guarantees approved in 2010 will help finance projects involving a total investment of approximately $17.7 billion. The Bank's loans cover only a part of the total cost of the projects being carried out by the borrowing countries, which supply the majority of the balance.

## Disbursements

The Bank's disbursements on approved loans amounted to $10.8 billion in 2010, compared with $11.9 billion in 2009. As of December 31, 2010, cumulative disbursements, including exchange adjustments, totaled $171.9 billion, or 88 percent of the loan amounts approved by the Bank. The 2010 disbursements and cumulative totals as of December 31, 2010, by source include:

- Ordinary Capital: $10.3 billion, bringing the cumulative total to $152.1 billion.
- Fund for Special Operations: $398 million, bringing the cumulative total to $18 billion.
- Other Funds: $34 million, bringing the cumulative total from funds administered by the Bank to $1.8 billion.

**Figure 2. Lending, 2001–2010**
*(In millions of U.S. dollars)*

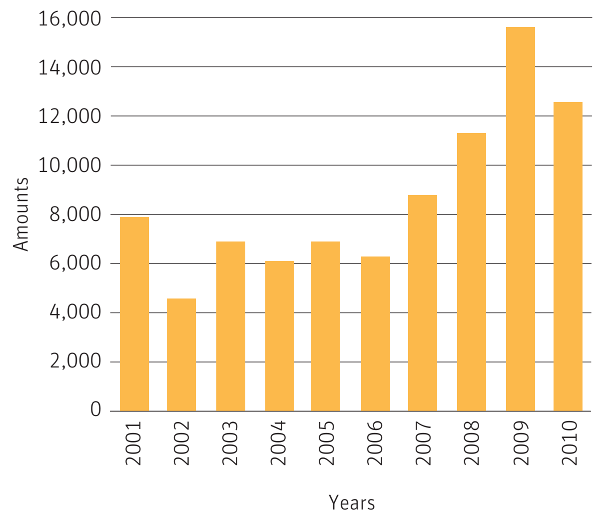
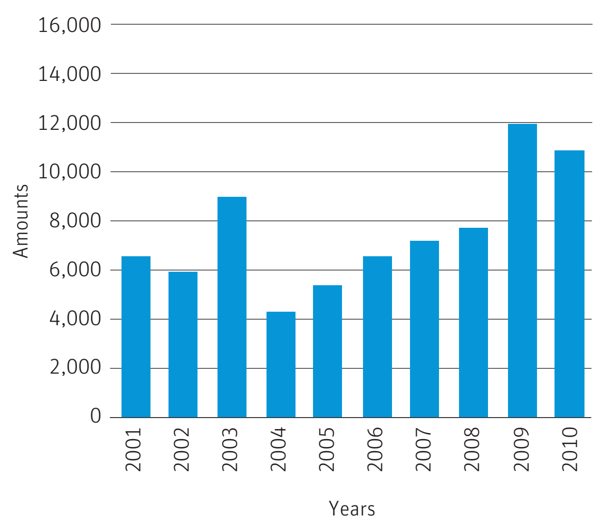



**Figure 3. Disbursements, 2001–2010**
*(In millions of U.S. dollars)*




## Repayments

Loan repayments amounted to $5.8 billion in 2010. Cumulative repayments as of December 31, 2010, were $99.3 billion. Repayments received by the Bank during the year, and cumulative as of December 31, 2010, were as follows:

- Ordinary Capital: $5.6 billion, bringing the cumulative total, before repayments to participants, to $88.9 billion.
- Fund for Special Operations: $214 million, for a cumulative total of $8.7 billion.
- Other Funds: $5 million, bringing the cumulative total to $1.7 billion.

Information on IDB Projects is available at **www.iadb.org/projects**.

## TABLE III • DISTRIBUTION OF OPERATIONS BY SECTOR[1,2,3]

*(In millions of U.S. dollars)*

| Sector | Amount | % | Number of projects |
|---|---|---|---|
| **Infrastructure and Environment** | **$ 5,360.1** | **42.2** | **73** |
| Agriculture and Rural Development | 406.9 | 3.2 | 6 |
| Energy | 1,127.9 | 8.9 | 14 |
| Environmental Protection and Natural Disasters | 952.5 | 7.5 | 11 |
| Tourism | 412.6 | 3.2 | 8 |
| Transportation | 1,603.0 | 12.6 | 17 |
| Water and Sanitation | 857.2 | 6.7 | 17 |
| **Institutional Capacity and Finance** | **4,494.9** | **35.4** | **64** |
| Capital Markets | 1,033.1 | 8.1 | 15 |
| Industry | 10.0 | 0.1 | 1 |
| Multisector Credit and Preinvestment | 13.0 | 0.1 | 2 |
| Private Sector Development | 250.0 | 2.0 | 6 |
| Reform/Modernization of the State | 2,737.6 | 21.5 | 28 |
| Urban Development and Housing | 451.2 | 3.6 | 12 |
| **Integration and Trade** | **45.0** | **0.4** | **4** |
| Trade | 45.0 | 0.4 | 4 |
| **Social Sector** | **2,805.2** | **22.1** | **29** |
| Education | 916.7 | 7.2 | 12 |
| Health | 237.5 | 1.9 | 5 |
| Science and Technology | 225.0 | 1.8 | 2 |
| Social Investment | 1,426.0 | 11.2 | 10 |
| **TOTAL** | **$12,705.1** | | **170** |

[1] Includes loans, guarantees, and operations financed by the IDB Grant Facility.
[2] Excludes the Project Preparation and Execution Facility and the Clean Technology Fund.
[3] Totals may not add up due to rounding.

## TABLE IV • YEARLY (2010) AND CUMULATIVE (1961–2010) LENDING AND DISBURSEMENTS[1,2,3]

*(In millions of U.S. dollars)*

| | TOTAL COST OF PROJECTS | | LOANS AND GUARANTEES APPROVED[4] | | | | | DISBURSEMENTS | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total Amount | | Total Amount | | Ordinary Capital | Fund for Special Operations | Funds in Administration | Total Amount | | Ordinary Capital | Fund for Special Operations | Funds in Administration |
| Country | 2010 | 1961–2010 | 2010 | 1961–2010 | 1961–2010 | 1961–2010 | 1961–2010 | 2010 | 1961–2010 | 1961–2010 | 1961–2010 | 1961–2010 |
| Argentina | $ 1,401.8 | $ 55,446.6 | $ 1,165.4 | $ 30,052.9 | $ 29,358.8 | $ 644.9 | $ 49.2 | $ 1,463.3 | $ 25,928.0 | $ 25,233.9 | $ 644.9 | $ 49.2 |
| Bahamas | – | 789.5 | – | 494.6 | 492.6 | – | 2.0 | 32.8 | 418.4 | 416.4 | – | 2.0 |
| Barbados | 97.0 | 927.9 | 85.0 | 624.7 | 563.9 | 41.8 | 19.0 | 49.9 | 457.2 | 396.4 | 41.8 | 19.0 |
| Belize | 15.2 | 243.1 | 10.0 | 174.1 | 174.1 | – | – | 5.7 | 129.2 | 129.2 | – | – |
| Bolivia | 204.0 | 6,771.7 | 200.8 | 4,380.8 | 1,754.4 | 2,554.2 | 72.2 | 158.6 | 3,781.7 | 1,452.0 | 2,257.5 | 72.2 |
| Brazil | 4,684.3 | 113,220.7 | 2,260.2 | 39,899.4 | 38,208.8 | 1,556.0 | 134.6 | 2,008.2 | 34,560.5 | 32,869.9 | 1,556.0 | 134.6 |
| Chile | 101.9 | 15,229.6 | 68.9 | 6,555.0 | 6,303.8 | 206.2 | 45.0 | 27.0 | 6,081.4 | 5,830.2 | 206.2 | 45.0 |
| Colombia | 1,606.0 | 31,170.2 | 685.0 | 17,359.0 | 16,523.5 | 768.6 | 66.9 | 653.1 | 16,126.9 | 15,291.4 | 768.6 | 66.9 |
| Costa Rica | 349.8 | 6,104.5 | 92.1 | 3,490.1 | 2,981.5 | 371.1 | 137.5 | 55.7 | 2,726.3 | 2,217.7 | 371.1 | 137.5 |
| Dominican Republic | 353.3 | 5,765.2 | 335.0 | 4,201.9 | 3,356.9 | 755.7 | 89.3 | 457.4 | 3,712.3 | 2,867.3 | 755.7 | 89.3 |
| Ecuador | 620.5 | 10,444.7 | 510.2 | 6,251.1 | 5,156.9 | 999.3 | 94.9 | 185.9 | 5,234.7 | 4,148.4 | 991.4 | 94.9 |
| El Salvador | 458.7 | 6,226.3 | 435.0 | 4,294.0 | 3,339.6 | 807.2 | 147.2 | 115.5 | 3,928.0 | 2,973.6 | 807.2 | 147.2 |
| Guatemala | 355.0 | 6,017.1 | 305.0 | 4,470.9 | 3,670.7 | 730.2 | 70.0 | 384.2 | 3,626.6 | 2,855.1 | 701.5 | 70.0 |
| Guyana | 39.0 | 1,415.2 | 36.6 | 1,217.8 | 199.7 | 1,011.2 | 6.9 | 60.2 | 1,046.7 | 152.2 | 887.6 | 6.9 |
| Haiti | – | 1,774.4 | – | 1,163.6 | – | 1,157.3 | 6.3 | 42.4 | 1,163.6 | – | 1,157.3 | 6.3 |
| Honduras | 452.2 | 5,374.9 | 353.3 | 3,554.1 | 1,065.6 | 2,422.9 | 65.6 | 162.9 | 2,873.1 | 688.6 | 2,118.7 | 65.8 |
| Jamaica | 630.0 | 3,881.4 | 630.0 | 2,926.2 | 2,552.7 | 174.6 | 198.9 | 626.4 | 2,724.2 | 2,350.7 | 174.6 | 198.9 |
| Mexico | 3,106.8 | 60,256.5 | 3,040.1 | 28,847.2 | 28,200.0 | 559.0 | 88.2 | 2,316.9 | 25,740.3 | 25,093.1 | 559.0 | 88.2 |
| Nicaragua | 393.1 | 4,507.9 | 210.2 | 3,064.4 | 596.1 | 2,399.8 | 68.5 | 154.8 | 2,634.1 | 397.1 | 2,169.3 | 67.7 |
| Panama | 382.4 | 12,517.0 | 340.0 | 3,824.7 | 3,486.2 | 296.8 | 41.7 | 307.2 | 2,856.5 | 2,518.0 | 296.8 | 41.7 |
| Paraguay | 174.5 | 3,761.0 | 170.4 | 2,842.9 | 2,150.4 | 680.2 | 12.3 | 240.2 | 2,329.0 | 1,680.8 | 635.9 | 12.3 |
| Peru | 345.7 | 21,256.6 | 341.0 | 9,815.6 | 9,154.0 | 440.5 | 221.1 | 478.3 | 9,312.6 | 8,651.0 | 440.5 | 221.1 |
| Suriname | 12.5 | 331.3 | 12.0 | 216.5 | 210.1 | 6.4 | – | 27.7 | 137.9 | 135.7 | 2.2 | – |
| Trinidad and Tobago | 150.0 | 1,924.2 | 140.0 | 1,362.3 | 1,306.5 | 30.6 | 25.2 | 143.0 | 1,219.9 | 1,164.1 | 30.6 | 25.2 |
| Uruguay | 159.0 | 6,671.5 | 88.0 | 5,211.9 | 5,065.8 | 104.3 | 41.8 | 54.3 | 4,726.2 | 4,580.1 | 104.3 | 41.8 |
| Venezuela | 1,584.8 | 18,986.0 | 890.0 | 7,092.7 | 6,918.4 | 101.4 | 72.9 | 549.2 | 5,456.8 | 5,282.5 | 101.4 | 72.9 |
| Regional | 60.0 | 19,394.3 | 60.0 | 3,637.0 | 3,388.9 | 233.9 | 14.2 | 12.2 | 2,933.1 | 2,685.0 | 234.0 | 14.1 |
| **TOTAL** | **$17,737.6** | **$420,409.4** | **$12,464.2** | **$197,025.4** | **$176,179.9** | **$19,054.1** | **$1,791.4** | **$10,773.0** | **$171,865.2** | **$152,060.4** | **$18,014.1** | **$1,790.7** |

[1] Cumulative amounts are after cancellations and exchange adjustments. Totals may not add up due to rounding.
[2] Detail includes non-sovereign-guaranteed loans, net of participations, and guarantees, as applicable.
[3] Does not include the IDB Grant Facility.
[4] Excludes lines of credit approved and guarantees issued under the Trade Finance Facilitation Program (TFFP).

## TABLE V • STATEMENT OF APPROVED OPERATIONS (ABOVE $5 MILLION)[1], 2010

*(In millions of U.S. dollars)*

| Country | Project | Fund | Amount |
|---|---|---|---|
| Argentina | Program to Support the Policy on Improving Equity in Education – PROMEDU II | OC | 492.5 |
| | Technological Innovation Program II | OC | 200.0 |
| | Water and Sanitation Program for Urban and Suburban Centers (PAyS) | OC | 200.0 |
| | Strengthening the Agricultural Innovation System | OC | 170.0 |
| | Development Program for Metropolitan Areas Outside the Capital | OC | 40.0 |
| | Banco de Galicia y Buenos Aires S.A. Sustainable Financing Facility | OC | 30.0 |
| | Productive and Tourism Infrastructure Program for the Province of Río Negro | OC | 30.0 |
| Barbados | Support for Sustainable Energy Framework for Barbados (SEFB) I | OC | 45.0 |
| | Coastal Risk Assessment and Management Program | OC | 30.0 |
| | Sustainable Energy Investment Program | OC | 10.0 |
| Belize | Community Action for Public Safety | OC | 5.0 |
| | Integrated Water and Sanitation Programme for the Placencia Peninsula | OC | 5.0 |
| Bolivia | Rural Electrification Program | OC | 42.0 |
| | Drainage in the Cities of La Paz and El Alto | OC | 21.0 |
| | Effectiveness in Public Administration Support Program II | OC | 21.0 |
| | Rural Electrification Program | FSO | 18.0 |
| | Fiscal Policy and Decentralization Support Program | OC | 14.0 |
| | National Community Tourism Program | OC | 14.0 |
| | Program to Support Employment | OC | 14.0 |
| | Preinvestment Program for Strategic Transportation Projects | OC | 11.1 |
| | Drainage in the Cities of La Paz and El Alto | FSO | 9.0 |
| | Effectiveness in Public Administration Support Program II | FSO | 9.0 |
| | Fiscal Policy and Decentralization Support Program | FSO | 6.0 |
| | National Community Tourism Program | FSO | 6.0 |
| | Program to Support Employment | FSO | 6.0 |
| Brazil | São Paulo Metro Line 5 (Purple Line) Extension Project | OC | 481.0 |
| | Highway Improvement Program for the State of Espírito Santo III | OC | 175.0 |
| | Serra do Mar and Atlantic Forest Mosaics System Socioenvironmental Recovery Program | OC | 162.5 |
| | PRODETUR-Ceará: National Tourism Development Program | OC | 150.0 |
| | Rio de Janeiro Low-Income Neighborhood Urban Development Program – Stage III | OC | 150.0 |
| | Minas Gerais Development Partnership Program III | OC | 137.0 |
| | PROFISCO-São Paulo: Fiscal and Financial Management and Integration Support Program | OC | 120.0 |
| | Tietê Várzea Program | OC | 115.7 |
| | PRODETUR Nacional-Rio de Janeiro: National Tourism Development Program | OC | 112.0 |
| | Embraport Project | OC | 100.0 |
| | Development Program for the Southwest Region of the State of Tocantins | OC | 99.0 |
| | São José dos Campos Urban Structuring Program | OC | 85.7 |
| | PRODETUR Nacional-Pernambuco: National Tourism Program | OC | 75.0 |
| | PROFISCO: Fiscal Management Strengthening Project in the State of Rio Grande do Sul | OC | 60.0 |
| | Delba Vessel – Phase II[2] | OC | 35.0 |
| | Banco Sofisa Lending Facility[2] | OC | 25.0 |
| | Brazilian Securities Mortgage Instruments Warehouse Facility | OC | 25.0 |
| | PROFISCO: Fiscal Management Modernization Program in the State of Rio de Janeiro | OC | 19.8 |
| | PROFISCO: Fiscal Management Development and Improvement Project in the State of Piauí | OC | 17.0 |
| | PROFISCO-Mato Grosso: Finance Administration Development Program | OC | 15.0 |
| | PROCIDADES-ITAJAÍ: *Viva Cidade* Urban Development and Mobility Program | OC | 13.2 |
| | PROFISCO: Project to Support Fiscal Management Strengthening in the State of Maranhão | OC | 13.2 |
| | PROFISCO: Fiscal Management Modernization Program in the State of Mato Grosso do Sul | OC | 12.0 |
| | ATE III Transmission Capacity Expansion Project | OC | 11.2 |

(*continued on next page*)

**TABLE V • STATEMENT OF APPROVED OPERATIONS (ABOVE $5 MILLION)[1], 2010** (*continued*)
*(In millions of U.S. dollars)*

| Country | Project | Fund | Amount |
|---|---|---|---|
| | Bahia Environmental Development Program | OC | 10.0 |
| | Banco Indusval – TFFP Direct Financing Facility[2] | OC | 10.0 |
| | Mundo Vox Tenda | OC | 10.0 |
| | PROCIDADES: Integrated Development Program for the Municipality of Passo Fundo (PRODIN) | OC | 9.8 |
| | PROFISCO-Rondônia: Tax, Financial, and Property Administration Modernization Project | OC | 6.2 |
| | BicBanco TFFP Loan – Second Disbursement[2] | OC | 5.0 |
| Chile | Tourism Development Program | OC | 31.6 |
| | Program to Strengthen CONAF's Management Capacity | OC | 10.0 |
| | Program to Support Public Transport Reform | OC | 10.0 |
| | Sector Program to Strengthen Early Childhood Education | OC | 10.0 |
| | Judicial Reform Support Program | OC | 5.1 |
| Colombia | Expansion of the *Familias en Acción* Conditional Cash Transfer Program – Phase II | OC | 220.0 |
| | Program to Consolidate Subnational Fiscal Responsibility | OC | 200.0 |
| | El Dorado International Airport | OC | 165.0 |
| | FINDETER – Lending Program for Public Service Providers II | OC | 75.0 |
| | Strengthen the National Science, Technology, and Innovation System – Phase I | OC | 25.0 |
| Costa Rica | Water and Sanitation Program | OC | 73.0 |
| | Banco Promérica Financing Facility | OC | 15.0 |
| Dominican Republic | Program to Support Competitiveness Policy II | OC | 110.0 |
| | Support for the Social Protection Program – Phase II | OC | 100.0 |
| | Support for the Ten-Year Education Plan | OC | 50.0 |
| | INAPA Water and Sanitation Investment Program | OC | 35.0 |
| | Program to Support Subsidies for Innovation in Agricultural Technology | OC | 30.0 |
| | Program to Support Competitiveness Policy II | OC | 10.0 |
| Ecuador | Support for the Extension of Social Protection and Comprehensive Health Care | OC | 100.0 |
| | National System for Rural Land Information and Management and Technology Infrastructure | OC | 90.0 |
| | Modernization of the National Civil Registration, Identification, and Documentation System | OC | 78.0 |
| | National Infrastructure Program for Universal, Equitable, and Quality Education | OC | 75.0 |
| | Support for the Transmission Program | OC | 64.7 |
| | Modernization of Pumping Stations on the Esmeraldas-Quito Multiproduct Pipeline | OC | 58.0 |
| | Rural Sanitation and Water Infrastructure Program | OC | 30.0 |
| | La Internacional S.A. | OC | 10.0 |
| El Salvador | Fiscal Strengthening Program | OC | 200.0 |
| | Program for Housing and Comprehensive Improvements for Informal Urban Neighborhoods – Phase II | OC | 70.0 |
| | Integrated Health Program | OC | 60.0 |
| | Support for Urban Solidarity Communities | OC | 35.0 |
| | Rural Roads for Development Program | OC | 35.0 |
| | Rural Water and Sanitation Program | OC | 20.0 |
| | Financing for Municipal Market Modernization | OC | 10.0 |
| | Legislative Branch Modernization II | OC | 5.0 |
| Guatemala | Climate Change Agenda Support Program | OC | 213.2 |
| | Climate Change Agenda Support Program | OC | 29.4 |
| | Improved Access and Quality of Health and Nutrition Services – Phase I | OC | 28.0 |
| | G&T Continental – TFFP Direct Financing Facility[2] | OC | 20.0 |
| | Climate Change Agenda Support Program | FSO | 7.4 |
| | Improved Access and Quality of Health and Nutrition Services – Phase I | FSO | 7.0 |
| Guyana | East Bank Demerara Four Lane Extension | FSO | 10.0 |
| | East Bank Demerara Four Lane Extension | OC | 10.0 |

(*continued on next page*)

## TABLE V • STATEMENT OF APPROVED OPERATIONS (ABOVE $5 MILLION)[1], 2010 *(continued)*

*(In millions of U.S. dollars)*

| Country | Project | Fund | Amount |
|---|---|---|---|
| Haiti | Fiscal Sustainability II | GRF | 50.0 |
| | Support for Reconfiguration of the Education Sector | GRF | 50.0 |
| | Support for the Shelter Sector Response Plan | GRF | 30.0 |
| | Transportation Sector Development Support Program | GRF | 29.0 |
| | Rehabilitation of Road Infrastructure for Integration of the Territory[3] | GRF | 25.0 |
| | Program to Establish a Partial Credit Guarantee Fund for Enterprise Development | GRF | 20.0 |
| | Emergency Response for the Containment of Cholera | GRF | 15.0 |
| | Port-au-Prince Water and Sanitation Project | GRF | 15.0 |
| | Rehabilitation of the Electricity Distribution System in Port-au-Prince | GRF | 14.0 |
| Honduras | Puerto Cortés Expansion and Modernization Program | OC | 94.5 |
| | Puerto Cortés Expansion and Modernization Program | FSO | 40.5 |
| | Comprehensive Social Safety Net Support Program – Second Operation | OC | 38.5 |
| | Fiscal Reform Support Program | OC | 32.1 |
| | Program to Strengthen the Financial Security Network and Improve Access to Financing | OC | 28.0 |
| | Central District Public Transportation Project (Tegucigalpa-Comayagüela) | OC | 21.0 |
| | Strengthen Decentralized Management and Supply of Health Services | OC | 19.3 |
| | Comprehensive Social Safety Net Support Program – Second Operation | FSO | 16.5 |
| | Fiscal Reform Support Program | FSO | 13.7 |
| | Program to Strengthen the Financial Security Network and Improve Access to Financing | FSO | 12.0 |
| | Banco Ficohsa Sustainable Facility | OC | 10.0 |
| | Central District Public Transportation Project (Tegucigalpa-Comayagüela) | FSO | 9.0 |
| | Strengthen Decentralized Management and Supply of Health Services | FSO | 8.3 |
| | Puerto Cortés Customs Modernization | OC | 7.0 |
| Jamaica | Fiscal Consolidation Programme | OC | 200.0 |
| | Fiscal Consolidation Programme II | OC | 200.0 |
| | Competitiveness Enhancement Programme II | OC | 60.0 |
| | Public Sector Financial and Performance Management Programme II | OC | 60.0 |
| | Human Capital Protection Programme | OC | 50.0 |
| | Support for Education Sector Reform II | OC | 30.0 |
| | Agricultural Competitiveness Programme | OC | 15.0 |
| | Support for Education Sector Reform II | OC | 15.0 |
| Mexico | Program to Support the Consolidation of Fiscal Sustainability | OC | 1,000.0 |
| | Strengthening the Oportunidades Human Development Program III | OC | 800.0 |
| | Third Credit Program for Mortgage Market Development | OC | 500.0 |
| | Climate Change Agenda Support Program III | OC | 400.0 |
| | Macquarie Mexican Infrastructure Fund | OC | 150.0 |
| | Community Education Program – Phase II: Social Equity Builders | OC | 100.0 |
| | Crédito Real, S.A. de C.V., SFOM, ENR | OC | 43.6 |
| | Eurus Wind Project | CTF | 30.0 |
| | Leasing Operations de México, S. de R.L. de C.V. | OC | 9.5 |
| | Equity Investment in the Alta Ventures Mexico Fund | MIF | 5.0 |
| Nicaragua | San Jacinto-Tizate Geothermal Power Project | OC | 40.0 |
| | Program to Support Fiscal Management Improvement and Social Expenditure Reform III | FSO | 21.3 |
| | Program to Support Fiscal Management Improvement and Social Expenditure Reform III | OC | 21.3 |
| | National Sustainable Electrification and Renewable Energy Program (PNESER) | FSO | 15.3 |
| | National Sustainable Electrification and Renewable Energy Program (PNESER) | OC | 15.3 |
| | Water Supply Program for Managua | FSO | 15.0 |
| | Water Supply Program for Managua | OC | 15.0 |
| | Transportation Sector Support Program I | FSO | 10.1 |

(*continued on next page*)

**TABLE V • STATEMENT OF APPROVED OPERATIONS (ABOVE $5 MILLION)[1], 2010** *(continued)*
*(In millions of U.S. dollars)*

| Country | Project | Fund | Amount |
|---|---|---|---|
| | Transportation Sector Support Program I | OC | 10.1 |
| | Comprehensive Child Care Program (PAININ) – Phase IV | FSO | 6.3 |
| | Comprehensive Child Care Program (PAININ) – Phase IV | OC | 6.3 |
| | Environmental Program for Disaster Risk and Climate Change Management | FSO | 5.0 |
| | Environmental Program for Disaster Risk and Climate Change Management | OC | 5.0 |
| | National Tourism Program | FSO | 5.0 |
| | National Tourism Program | OC | 5.0 |
| | Public Sector Financial Management System Modernization Project | FSO | 5.0 |
| | Public Sector Financial Management System Modernization Project | OC | 5.0 |
| Panama | Program to Strengthen Fiscal Policy and Tax Equity | OC | 200.0 |
| | Multiphase Road Infrastructure Program to Enhance Competitiveness II | OC | 70.0 |
| | IDAAN Water and Sanitation Investment Program – Phase I | OC | 40.0 |
| | Educational Facilities and Learning Quality | OC | 30.0 |
| Paraguay | Downtown Redevelopment and Modernization of Metropolitan Public Transport and Government Offices | OC | 62.4 |
| | Downtown Redevelopment and Modernization of Metropolitan Public Transport and Government Offices | OC | 47.0 |
| | Banco Continental Lending Facility[2] | OC | 25.0 |
| | Downtown Redevelopment and Modernization of Metropolitan Public Transport and Government Offices | FSO | 15.6 |
| | National Tourism Program | OC | 10.0 |
| Peru | Social Sector Reform Program II | OC | 100.0 |
| | Program to Enhance Productivity and Competitiveness I | OC | 50.0 |
| | Second-Generation Sanitation Sector Reform Program I | OC | 50.0 |
| | Development of a New Sustainable Energy Matrix Program II | OC | 25.0 |
| | Program to Reduce Vulnerability to Disasters I | OC | 25.0 |
| | Climate Change Agenda Support Program | OC | 25.0 |
| | Water Resources Reform Program III | OC | 25.0 |
| | Modernization of the Public Financial Administration System | OC | 20.0 |
| | Support for the Social Sector Reforms Program | OC | 6.0 |
| | CMAC Sullana | OC | 5.0 |
| | Program to Improve Productivity and Competitiveness | OC | 5.0 |
| Suriname | Water Supply Infrastructure Rehabilitation | OC | 12.0 |
| Trinidad and Tobago | Public Expenditure Management Program I | OC | 100.0 |
| | Neighborhood Upgrading Program | OC | 40.0 |
| Uruguay | Secondary and Technical Education and Teacher Training Support Program | OC | 48.0 |
| | National Strategy for Children and Adolescents (ENIA) Support Program | OC | 40.0 |
| Venezuela | Rehabilitation of Units 1–6 of Powerhouse I of the Simón Bolívar Hydroelectric Plant | OC | 700.0 |
| | Program to Strengthen National Capacity for Integrated Solid Waste Management | OC | 140.0 |
| | Water Consumption Efficiency Program (PRAC) | OC | 50.0 |
| Regional | CIFI Financing Facility | OC | 60.0 |
| | CoreCo Central America I Investment Fund | MIF | 5.5 |
| | MicroCarbon Development Fund | MIF | 5.0 |

Key: OC, Ordinary Capital; FSO, Fund for Special Operations; MIF, Multilateral Investment Fund; GRF, IDB Grant Facility; CTF, Clean Technology Fund

[1] Does not include authorized lines of credit under the Trade Finance Facilitation Program (TFFP).
[2] Complemented by a "B" loan syndication.
[3] Increase in operation approved in 2007.

## Grant Financing

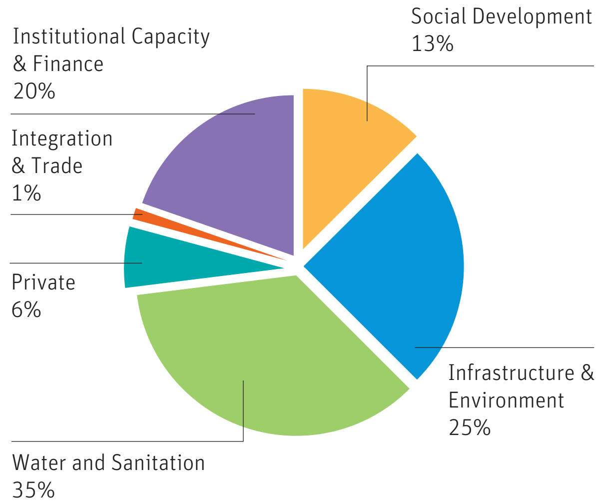
In 2010 the Bank continued its focus on knowledge- and capacity-building products, to reflect their growing importance in the Bank's development work.

The Bank continued to achieve greater efficiencies by consolidating three forms of grants into a single financing instrument: Project-Specific Grants (PSGs). PSGs streamlined and simplified operational and financial management procedures, and established standard negotiating agreements with donors.

The variety of grant instruments (including technical cooperation, knowledge and capacity products, developmental grants, and investment grants), funding sources (public, private, project-specific grants, single- and multi-donor, tied, and untied funds) and types of governance structures (public-private partnerships, and trust funds such as the Spanish Fund for Water and Sanitation) increased throughout the year. The new instruments reflected greater cooperation and support by donors.

Grant financing approvals, including investment grants, totaled $570.8 million. When financing from the Social Entrepreneurship Program and the IDB Grant Facility are included, the total reached a record level of $830.1 million. The trend toward larger average size continues; in 2010 the average size increased by 27 percent over the previous year. Disbursements in 2010 for grant financing grew nearly 20 percent over 2009.

**Figure 4. Grant Financing by Sector, 2010**
*(Percentage of total amount)*




Note: Includes Social Entrepreneurship Program financing, TCs, special programs, and project-specific and other grants. Excludes MIF operations.

## Trust Funds

In 2010 the IDB approved one trust fund and obtained access to three new World Bank funds. Two were directed to Haiti: the UNASUR fund, expected to raise up to $100 million in donations (a total of $6.56 million has been received from Peru and Ecuador), and the Haiti Reconstruction Fund, a facility managed by the World Bank which the IDB will access as an implementing agency. Two other approved facilities managed by the World Bank are (i) the Global Agriculture and Food Security Program Trust Fund (GAFSP), a multilateral mechanism with approximately $879 million to expand support to poor countries in alleviating poverty, improving rural livelihoods, and improving food security; and (ii) the Clean Technology Fund one of two funds under the Climate Investment Funds, with approximately $2.1 billion received by the Trustee, for accelerating and expanding investment in clean technologies in line with countries' national goals and sustainable development–related objectives.

Other funds negotiated in 2010 but not yet approved are the Neglected Tropical Infectious Diseases Multidonor Trust Fund, an initiative in partnership with Sabin Vaccine Institute/Global Network for Neglected Tropical Diseases, and the Pan-American Health Organization; the Reimbursable Concessional Funding from Spain for climate change and rural development with approximately €100 million, and the Framework Agreement with the European Commission (EC) which includes grants to cofinance programs and projects, contributions to trust funds, and other contributions. This framework agreement is not a commitment to provide resources; however, it does establish a pre-negotiated set of terms and conditions for future contributions from the EC.

During the year the Bank approved six operations with resources from the Global Environment Facility (GEF) in areas of marine and coastal biodiversity, watershed management, land degradation, energy efficiency, and renewable energy. The IDB–GEF projects are helping to finance the environmental agenda in more than 16 countries.

One particularly innovative operation, funded with resources from the Korea Poverty Reduction Fund, was the *Mundo Vox Tenda* project, a TC grant that promotes the growth and economic sustainability of the trade of low-income food services microentrepreneurs in the state of São Paulo, Brazil, by organizing and implementing a business training program specifically tailored for them. This project will train a minimum of 7,000 low-income entrepreneurs in financial literacy, good business practices, and related topics.

**TABLE VI • GRANT FINANCING BY COUNTRY**[1]
*(In thousands of U.S. dollars)*

| Country | 2010 | 1961–2010 |
|---|---|---|
| Argentina | $ 5,344 | $ 89,071 |
| Bahamas | 1,912 | 26,066 |
| Barbados | 2,588 | 25,206 |
| Belize | 2,794 | 14,713 |
| Bolivia | 12,560 | 194,542 |
| Brazil | 24,686 | 253,536 |
| Chile | 7,458 | 33,396 |
| Colombia | 14,385 | 111,210 |
| Costa Rica | 26,866 | 91,100 |
| Dominican Republic | 37,604 | 105,313 |
| Ecuador | 31,488 | 128,849 |
| El Salvador | 25,636 | 99,643 |
| Guatemala | 4,908 | 149,527 |
| Guyana | 2,872 | 71,062 |
| Haiti | 351,958 | 750,310 |
| Honduras | 10,099 | 118,421 |
| Jamaica | 4,528 | 52,799 |
| Mexico | 8,636 | 66,369 |
| Nicaragua | 8,393 | 110,837 |
| Panama | 1,718 | 87,929 |
| Paraguay | 47,617 | 164,652 |
| Peru | 82,551 | 139,710 |
| Suriname | 2,028 | 40,134 |
| Trinidad and Tobago | 866 | 23,518 |
| Uruguay | 10,553 | 55,159 |
| Venezuela | 765 | 14,021 |
| Regional | 99,307 | 1,110,610 |
| **TOTAL** | **$830,120** | **$4,127,703** |

[1] Includes Social Entrepreneurship Program financing, TCs, special programs, and project-specific and other grants. Excludes MIF operations. PSG and Social Entrepreneurship Program financing amounts were added for previous years.

## Cofinancing

The Bank intensified its effective resource mobilization efforts through cofinancing initiatives in 2010, promoting the expansion of the Bank's Ordinary Capital lending capacity and supporting the IDB-9 replenishment. The Bank has signed 26 Memoranda of Understanding with new and existing cofinancing counterparts from the private and public sectors throughout three continents, including China EXIM, the Japan International Cooperation Agency (JICA), the OPEC Fund for International Development (OFID), and the European Commission Latin American Investment Facility (LAIF) which provides technical assistance and investment grants to programs and projects that are cofinanced by European and Latin American financial institutions. Further efforts to expand existing cofinancing partnerships were made with institutions such as Japan Bank for International Cooperation (JBIC), Export-Import Bank of Korea (KEXIM), the *Kreditanstalt für Wiederaufbau and Deutsche Gesellschaft* (KfW), and other multilateral and bilateral development banks.

In addition to traditional cofinancing with bilateral and multilateral development agencies, the Bank focused on expanding its partnership platforms to connect a wide range of nontraditional private partners, including PepsiCo, the Coca-Cola Company, and Microsoft Corporation, among others, to propose innovative, well-structured, and defined development. The collaboration between the Coca-Cola Company and the IDB focused on economic diversification and poverty reduction in rural areas in Haiti via the development of the value chain for mangoes. The Coca-Cola Company is donating all of the profits from its Odwalla "Mango-Tango: Haiti Hope" juice drink to support Haitian mango farmers, with a MIF counterpart financing.

## TABLE VII • COFINANCING IN 2010[1]

*(In millions of U.S. dollars)*

| Cofinancier | Amount |
|---|---|
| ACCIÓN International | $ 0.03 |
| Administración de Relaciones Institucionales y Comunidad | 0.03 |
| Andean Development Corporation (CAF) | 125.03 |
| BAC Costa Rica | 3.00 |
| Banco do Brasil | 0.01 |
| BancoEstado of Chile | 6.40 |
| Banco General | 20.00 |
| Banco Internacional del Perú S.A.A. (Interbank) | 25.00 |
| Banco Nacional de Comercio Exterior, S.N.C. (Bancomext) | 22.50 |
| Banco de la República Oriental del Uruguay (BROU) | 0.15 |
| Banco Vivienda | 18.00 |
| Bank of Tokyo—Mitsubishi, UFJ, Ltd. | 0.03 |
| Blue Orchard | 4.53 |
| Brazilian Micro and Small Business Support Service (SEBRAE) | 0.07 |
| Canadian International Development Agency (CIDA) | 27.82 |
| Central American Bank for Economic Integration (CABEI) | 82.60 |
| CIFI | 15.90 |
| Citibank | 0.04 |
| Coca-Cola Company | 4.61 |
| Deutsche Bank | 0.01 |
| Deutsche Investitions- und Entwicklungsgesellschaft (DEG) | 125.90 |
| European Investment Bank (EIB) | 70.00 |
| Export-Import Bank of the United States (Ex-Im Bank) | 162.00 |
| FACESSO | 0.01 |
| Fundación Femsa AC | 0.14 |
| Fundación Social | 0.20 |
| Habitat for Humanity International | 2.21 |
| ICO | 35.00 |
| Incofin CVSO | 0.01 |
| Inter-American Investment Corporation (IIC) | 6.81 |
| International Finance Corporation (IFC) | 161.30 |
| Japan International Cooperation Agency (JICA) | 50.00 |
| KfW Development Bank | 0.03 |
| Korean Institute for Public Finance | 0.57 |
| Latin America Investment Facility (EC) | 9.70 |
| Microsoft Corporation | 1.25 |
| Ministry of Economy and Finance of Uruguay | 0.15 |
| Ministry of Finance of Costa Rica | 0.04 |
| Ministry of Strategy and Finance of Korea | 0.20 |
| Nacional Financiera (Nafin) | 22.50 |
| Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden (FMO) | 55.50 |
| Nordic Development Fund (NDF) | 8.75 |
| Oesterreichische Entwicklungsbank (OeEB) | 15.10 |
| OPEC Fund for International Development (OFID) | 19.00 |
| Overseas Private Investment Corporation (OPIC) | 6.80 |
| PepsiCo | 0.12 |
| Personas-Alered S.A. | 0.16 |
| Proparco | 62.90 |
| Republic of Korea – KERIS | 0.01 |
| responsAbility | 0.02 |
| S.A. BIO NV | 0.01 |
| Sumitomo Mitsui Banking Corporation (SMBC) | 0.04 |
| U.K. Department for International Development (DFID) | 17.18 |
| Un Techo para mi País | 3.50 |
| U.S. Agency for International Development (USAID) | 0.10 |
| Western Union | 0.01 |
| **TOTAL COFINANCING IN 2010** | **$1,192.97** |

[1] This list represents funds committed by donors in 2010 and funds received for Bank-sponsored fora. Includes parallel and joint cofinancing.

## TABLE VIII • ACTIVE FUNDS IN ADMINISTRATION, 2010

| Country/Institution | Name | Cumulative contributions[1] (US$ millions equivalent) |
|---|---|---|
| Austria | Multidonor AquaFund | 1.0 |
| | Opportunities for the Majority | 1.2 |
| Austria, Canada, and Norway | Multidonor Gender and Diversity Fund | 5.2 |
| Austria, Finland, Germany, Italy, Japan, United Kingdom, and Spain | Sustainable Energy and Climate Change Initiative Multidonor Trust Fund | 27.9 |
| Canada | IDB-Canada Trade Fund | 4.7 |
| Canada, Japan, Republic of Korea, and Spain | Multidonor Disaster Prevention Trust Fund | 9.1 |
| Canada, United Kingdom, and Switzerland | Aid for Trade | 10.6 |
| Chile | Chilean Trust Fund for Supporting Technological Innovation in Central America | 0.8 |
| China | Institutional Capacity Strengthening Thematic Fund | 75.0 |
| Denmark | Danish Trust Fund for Consulting Services | 2.8 |
| Finland | Knowledge Economy Fund | 3.9 |
| | Finnish Technical Assistance Program | 4.8 |
| France | French Technical Cooperation Fund for Consultancy and Training Activities | 19.4 |
| Gates Foundation and Carlos Slim Institute | Mesoamerican Health Facility | 31.9 |
| Italy | Italian Trust Fund for Consulting Firms and Specialized Institutions | 13.9 |
| | Italian Trust Fund for MIF Project Preparation | 3.3 |
| | Italian Trust Fund for Microenterprise Development | 8.8 |
| | Italian Trust Fund for Information and Communication Technology for Development | 7.0 |
| | Italian Trust Fund for Regional Competitiveness | 6.0 |
| Japan | Japan Special Fund | 243.5 |
| | Japanese Trust Fund for Consultancy Services | 43.8 |
| Korea, Republic of | Knowledge Partnership Fund for Technology and Innovation | 50.0 |
| | Korean Poverty Reduction Fund | 47.5 |
| Netherlands | IDB-Netherlands Water Partnership Program (INWAP) | 10.0 |
| Norway | Anticorruption Activities Fund | 4.9 |
| | Norwegian Trust Fund for Consulting Services | 1.0 |
| Portugal | Portuguese Technical Cooperation Fund | 4.0 |
| Spain | Spanish Cooperation Fund for Water and Sanitation | 553.4 |
| | Spanish Trust Fund for the Social Entrepreneurship Program | 7.5 |
| | Spanish General Cooperation Fund | 57.9 |
| Sweden | Swedish Trust Fund for Consulting Services | 3.1 |
| Switzerland | Swiss Technical Cooperation Fund for Consulting Services and Training Activities | 5.1 |
| World Bank (trustee) | Haiti Reconstruction Fund (HRF) | 12.5 |
| | Clean Technology Fund (CTF) | 54.2 |
| | IDB/Global Environment Facility Trust Fund | 69.2 |
| Regional | Indigenous Peoples' Fund | 20.9 |
| | Regional Fund for Agricultural Technology (FONTAGRO) | 65.6 |
| | Donor Resources for Haiti (DHR) | 6.6 |

[1] Amounts reflect cumulative contributions and not the current fund availability. Uses historical exchange rates. Considers inter-fund transfers.

A credit line for comprehensive transportation improvements in Ecuador funds road safety enhancements, maintenance, and the construction of an additional bridge over the Babahoyo River.

# FINANCIAL HIGHLIGHTS

## Ordinary Capital

During 2010, the Bank approved 162 loans for $12.1 billion from the Ordinary Capital resources compared to 147 loans for $15.3 billion in 2009. Although the Bank lending operations decreased from their 2009 record levels, they were still higher than their 2007 pre-crisis levels, in line with the Bank's commitment to increase lending to the region. Also, disbursements totaled $10.3 billion, compared to $11.4 billion disbursed in 2009. Undisbursed loans increased to $22.4 billion at year-end 2010 from $21.6 billion at year-end 2009.

In 2010, the Bank's portfolio of non-sovereign-guaranteed loans increased slightly to $3.2 billion at year-end, compared to $3.1 billion at December 31, 2009. At the end of 2010, 6.1 percent of the outstanding loans and guarantees exposure was non-sovereign-guaranteed compared to 6.6 percent at the end of the prior year.

The non-sovereign guarantee exposure decreased $163 million to $671 million compared to $834 million the previous year. The Bank approved four non-trade-related guarantees without a sovereign counter-guarantee for $61 million in 2010, as compared to one for $10 million in 2009. Also, under the Trade Finance Facilitation Program, the Bank issued 131 guarantees for a total of $239 million, compared to 105 guarantees for a total of $187 million issued in 2009.

Since the Bank's inception, there have been no write-offs in the sovereign-guaranteed loan portfolio, which, as of December 31, 2010, represented 95 percent of the $63 billion in loans outstanding. As of that date, all loans in the portfolio were performing. Non-sovereign guaranteed loans with outstanding balances of $140 million were classified as impaired at December 31, 2010. Allowances for loan and guarantee losses amounted to $172 million, compared to $148 million in 2009.

The Bank issued bonds in 2010 for a total face amount of $13.7 billion equivalent (2009— $17.9 billion) and proceeds of $11.8 billion equivalent (2009—$16.2 billion) with an average life of 5.3 years (2009—4.6 years). The decrease in borrowings was due, primarily, to lower net loan disbursements (disbursements net of collections) of $2.1 billion as well as a positive impact on the Bank's liquidity levels of the conversion of $3.0 billion of non-borrowing members' currency holdings subject to maintenance of value to United States dollars.

Borrowings raised in any given year are used for general operations, including loan disbursements and refinancing of maturing debt. During the year, the Bank launched four strategic benchmark global bonds denominated in United States dollars with three-, five-, seven- and ten-year maturities for a combined amount of $6.5 billion; these bond issues met with success, taking advantage of favorable market conditions at the time and strong demand from Asia, Europe, and the Americas. The Bank transacted other bonds denominated in Australian dollars, Indian rupees, Indonesian rupiahs, New Zealand dollars, South African rand, Turkish liras, United States dollars, and certain borrowing member country currencies, as noted below.

Bonds denominated in borrowing member country currencies totaled $733 million (2009—$303 million), composed of Brazilian reais $707 million, Mexican pesos $16 million and Colombian pesos $10 million (2009—Brazilian reais $246 million, Costa Rican colones $15 million and Mexican pesos $42 million). Bonds denominated in currencies from borrowing member countries are issued on the basis of cost-effectiveness for the Bank, and their issuance contributes, in part, to the development of local capital markets and expands the effective foreign demand for local currencies.

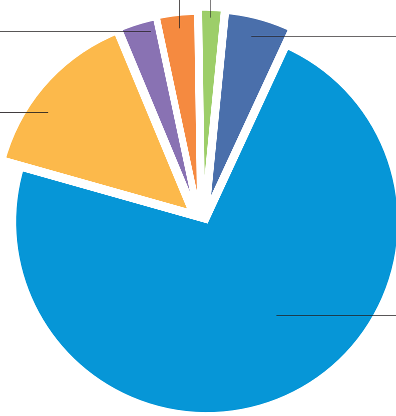
Figure 5 shows the Bank's debt issues during 2010 by currency. All new fixed rate borrowings were initially swapped into United States dollars at floating rates. Tables IX and X provide more details on these borrowings, as well as outstanding borrowings by currency, before swaps and mark-to-market adjustments, as of December 31, 2010.

The Bank continued to be rated AAA/Aaa by the major rating agencies in 2010, as it has been since it was first rated.

Operating Income for 2010 was $1,252 million, compared to $1,294 million in 2009. The total equity-to-loans ratio decreased to 33.4 percent from 34.2 percent in 2009, as a result of an increase in loans outstanding and net guarantee exposure of $4.8 billion, partially offset by an increase in the total equity, as defined, of $1.2 billion. "Total equity" is defined as paid-in capital stock, Retained earnings and the allowances for loan and guarantee losses, minus borrowing countries' local currency cash balances, net receivable from members (but not net payable to members) and the cumulative effects of net fair value adjustments on non-trading portfolios.

During 2010, the Board of Executive Directors continued to uphold the same level of loan charges, at a 0.95 percent lending spread, a 0.25 percent credit commission, and no supervision and inspection fee.

**Figure 5.** Borrowings Issued in 2010, before Swaps




## Fund for Special Operations

In 2010, the Bank approved 31 parallel loans for a total of $901 million, composed of $297 million and $604 million from the resources of the Fund for Special Operations (FSO) and the Ordinary Capital, respectively (2009—24 loans totaling $716 million, composed of $228 million from the FSO and $488 million from the Ordinary Capital). As of December 31, 2010, outstanding loans amounted to $4.0 billion (2009—$4.3 billion) and were fully performing. FSO operations generated Income before technical cooperation, debt relief and Board of Governors approved transfers of $80 million compared to $128 million in 2009.

During 2010, the Board of Governors approved general reserve transfers from the FSO to the IDB Grant Facility (GRF) to provide grant resources to Haiti of $364 million (2009—$122 million). See Ninth General Increase in the Bank's Resources (IDB-9) under Significant Developments in 2010, below, for further information.

## The IDB Grant Facility

The GRF was created in 2007 for the purpose of making grants appropriate for dealing with special circumstances arising in specific countries (currently only Haiti) or with respect to specific projects. Up to December 31, 2009, the GRF was fully funded by general reserve transfers from the FSO. As part of the Ninth General Increase in the Bank's Resources, the Board of Governors may approve, on an annual basis, income transfers of Ordinary Capital income to the GRF beginning in 2010 and through 2020. During 2010, the Bank approved income transfers from the Ordinary Capital in the amount of $72 million and general reserve transfers from the FSO of $364 million. The Bank also approved grants to Haiti from the GRF, including converted undisbursed loan balances from the FSO of $144 million, for $395 million (2009—$122 million).

## Significant Developments in 2010

### *Ninth General Increase in the Bank's Resources (IDB-9)*

On July 21, 2010, the Board of Governors agreed to vote on a Proposed Resolution that would provide for the Ninth General Increase in the Bank's Ordinary Capital Resources in the amount of $70.0 billion that would be subscribed to by the Bank's members over a five-year period, starting in 2011. Of this amount, $1.7 billion would be in the form of paid-in ordinary capital stock and the remainder would be in the form of callable ordinary capital stock. In addition, the Board of Governors agreed to vote on a Proposed Resolution that would provide for an increase in the resources of the FSO, consisting of an additional $479 million (in net present value terms) of new contribution quotas to be paid by the Bank's members in one installment (i.e., their share of the $479 million) or in five equal annual installments of their share of the undiscounted amount

## TABLE IX • BORROWINGS[1], FISCAL YEAR 2010

*(Amounts in millions)*

| Type | Issue | Amount | Amount (US$ equiv.) |
|---|---|---|---|
| Australian dollars | Adjustable, due 2013[2] | 112 | $ 99 |
| | 5.50%, due 2013 | 500 | 452 |
| | 5.38%, due 2014 | 750 | 688 |
| | 6.00%, due 2016 | 300 | 251 |
| | 6.50%, due 2019 | 525 | 479 |
| Brazilian reais | 7.03%, due 2012 | 15 | 8 |
| | 9.00%, due 2012 | 185 | 101 |
| | 9.10%, due 2012 | 8 | 4 |
| | 8.20%, due 2013 | 14 | 8 |
| | 9.50%, due 2013 | 150 | 82 |
| | 7.20%, due 2014 | 377 | 220 |
| | 8.00%, due 2014 | 22 | 12 |
| | 8.12%, due 2014 | 279 | 154 |
| | 8.30%, due 2014 | 14 | 8 |
| | 9.50%, due 2014 | 175 | 96 |
| | 8.10%, due 2015 | 19 | 11 |
| | 7.85%, due 2016 | 4 | 2 |
| Colombian pesos | 3.35%, due 2015[3] | 19,300 | 10 |
| Indian rupees | 2.50%, due 2013 | 10,860 | 238 |
| | 2.63%, due 2013 | 470 | 10 |
| | 3.00%, due 2014 | 2,000 | 43 |
| | 4.75%, due 2014[3] | 6,000 | 133 |
| Indonesian rupiahs | 6.00%, due 2013 | 150,000 | 17 |
| | 6.00%, due 2013 | 250,000 | 28 |
| | 6.50%, due 2014 | 408,000 | 45 |
| | 0.00%, due 2015 | 2,800,000 | 312 |
| Mexican pesos | 8.00%, due 2016 | 200 | 16 |
| New Zealand dollars | 6.00%, due 2017 | 50 | 36 |
| South African rand | 7.00%, due 2013 | 146 | 19 |
| | 7.02%, due 2013 | 321 | 43 |

(*continued on next page*)

**TABLE IX • BORROWINGS[1], FISCAL YEAR 2010** *(continued)*
*(Amounts in millions)*

| Type | Issue | Amount | Amount (US$ equiv.) |
|---|---|---|---|
| Turkish new liras | 0.50%, due 2015 | 235 | 148 |
| United States dollars | 0.34%, due 2011 | 100 | 100 |
| | 0.36%, due 2011 | 200 | 200 |
| | 1.13%, due 2012 | 500 | 500 |
| | 1.75%, due 2012 | 125 | 125 |
| | Adjustable, due 2013[4] | 100 | 100 |
| | 1.63%, due 2013 | 1,000 | 1,000 |
| | Adjustable, due 2014[5] | 100 | 100 |
| | 2.25%, due 2015 | 2,250 | 2,250 |
| | 2.38%, due 2017 | 1,750 | 1,750 |
| | 3.88%, due 2020 | 1,500 | 1,500 |
| | 0.00%, due 2040[6] | 2,320 | 2,320 |
| **TOTAL BORROWINGS** | | | **$13,719** |

[1] Medium- and long-term borrowings at face value, before swaps.
[2] Three-month AUD-BBR-BBSW, plus 0.045%.
[3] Bond negotiated in December 2010, but settled in January 2011.
[4] Three-month USD LIBOR, minus 0.06%.
[5] Three-month USD LIBOR, plus 0.45%.
[6] Zero-coupon borrowings with call options by the issuer, in accordance with a timetable.

of the $479 million, established at $517.3 million, starting in 2011. Subscriptions to the Bank's Ordinary Capital and contributions to the FSO would be made in United States dollars. Votes on the aforementioned Proposed Resolutions must be received by October 31, 2011, or such later date as the Board of Executive Directors shall determine. As part of the IDB-9, on July 21, 2010, the Board of Governors also approved a number of measures to assist Haiti, which included (i) income transfers from the Ordinary Capital, (ii) additional general reserve transfers from the FSO, and (iii) effective upon the receipt of advance contributions to the FSO by the Bank's members as part of the proposed increase in the resources of the FSO, the full cancellation of Haiti's debt to the FSO and the transfer of all undisbursed loan balances from the FSO to the GRF and the subsequent conversion to non-reimbursable grants.

As part of the IDB-9, the Board of Governors approved the replacement of the ceiling on non-sovereign-guaranteed operations with a risk-equity measure, such that risk capital requirements for such operations cannot exceed 20 percent of total equity calculated in accordance with the Bank's capital adequacy policy.

## *Performance and Exposure of Liquid Investments Portfolio*

During 2010 many market indices and economic indicators continued to show signs of moderate improvement although turning increasingly mixed as the year progressed. The Bank recognized $396 million of mark-to-market gains in its trading investments portfolio (2009—$528 million). These investment gains substantially relate to the $3.0 billion asset-backed and mortgage-backed securities portion of the portfolio. However, liquidity for this portion of the portfolio remains limited and valuations continue to be highly discounted. While there has been some downward ratings migration, as of December 31, 2010, 38.4 percent of this portion of the portfolio was still rated AAA (2009—56.1 percent), 77.9 percent was rated investment grade (2009—85.4 percent), and except for $0.5 million in 2009 and $2.1 million in 2010 of principal losses, the portfolio continues to perform. During 2010, the Bank's holdings of these securities were reduced by repayments at par of $1,012 million (2009—$753 million). The Bank realized losses of $18 million in 2010, relative to purchase price, compared to $32 million in 2009.

The exposure of the whole investment portfolio amounted to $16.4 billion at December 31, 2010 compared to $20.0 billion at December 31, 2009. The quality of the overall portfolio continues to be high, as 79.0 percent of the credit exposure is rated AAA and AA (2009—75.3 percent), 11.6 percent carry the highest short term ratings (A1+) (2009—13.3 percent), 4.0 percent is rated A (2009—7.2 percent), and 5.4 percent is rated below A/A1+ (2009—4.2 percent).

The investment portfolios of the FSO, the Intermediate Financing Facility Account, and other funds under the Bank's administration of approximately $2.9 billion at December 31, 2010, which included asset-backed and mortgage-backed securities of $270 million, generated net mark-to-market gains of $19 million during the year (2009—$90 million).

## Other Developments

There were other important developments during 2010. These relate to the matters discussed below; for more detailed information refer to the Management's Discussion & Analysis: Ordinary Capital in the IDB Annual Report 2010: Financial Statements.

***Conversion of Single Currency Facility (SCF) and Currency Pooling System (CPS) Loans to LIBOR Based Loans:*** Effective August 1, 2010, the Bank executed the second phase of the conversion of SCF- and CPS-adjustable rate products to USD LIBOR-based loans (the Conversion Offer) approved by the Board of Executive Directors in 2009. With this second execution, the Bank completed its Conversion Offer, which resulted in total loan conversions of $32.0 billion as follows: $3.0 billion of CPS to USD LIBOR-based rate, $6.7 billion of CPS to USD fixed-base cost rate, $1.9 billion of SCF to USD LIBOR-based rate, and $20.4 billion of SCF to fixed-base cost rate.

***New Capital Adequacy Framework:*** In 2010, the Bank adopted a new capital adequacy framework that consists of a revised policy on capital adequacy and new systems that support the determination of capital requirements for credit and market risk in both its lending and treasury operations. In addition, the policy includes capital requirements for operational risk.

***New Asset and Liability Management Policy:*** On July 28, 2010, the Board of Executive Directors approved a new policy for asset/liability management. The new policy, among others, provides rules for the active management of equity duration and for limiting the bunching of debt redemptions within any 12-month period. In December 2010, asset/liability management swaps with a notional amount of $5.5 billion were carried out to maintain the equity duration within policy limits.

As part of the new asset/liability management policy, the Board of Executive Directors approved the conversion of non-USD equity to United States dollars. Subsequently, on December 1, 2010, the Board of Executive Directors approved the conversion to United States dollars of substantially all the Ordinary Capital's non-borrowing member currency holdings subject to maintenance of value, which were invested in the

**TABLE X • OUTSTANDING BORROWINGS[1] BY CURRENCY AS OF DECEMBER 31, 2010**
*(In millions of U.S. dollars)*

| Currency | Amount |
|---|---|
| Australian dollars | $ 8,754 |
| Brazilian reais | 1,147 |
| British pounds sterling | 945 |
| Canadian dollars | 4,245 |
| Chilean pesos | 50 |
| Colombian pesos | 58 |
| Costa Rican colones | 52 |
| Euro | 1,397 |
| Hong Kong dollars | 96 |
| Indian rupees | 306 |
| Indonesian rupiahs | 797 |
| Japanese yen | 1,271 |
| Mexican pesos | 1,134 |
| New Zealand dollars | 1,907 |
| Peruvian new soles | 116 |
| Russian rubles | 37 |
| South African rand | 336 |
| Swiss francs | 696 |
| Turkish new liras | 349 |
| United States dollars | 37,431 |
| **TOTAL** | **$61,124** |

[1] Medium- and long-term borrowings net of unamortized discounts (before swaps and mark-to-market adjustments).

## TABLE XI • STATEMENT OF LOANS OUTSTANDING AS OF DECEMBER 31, 2010

*(In millions of U.S. dollars)*

| Member in whose territory loans have been made | Ordinary Capital: Sovereign-guaranteed | Ordinary Capital: Non-sovereign-guaranteed | Ordinary Capital: Subtotal | Fund for Special Operations[1] | Total |
|---|---|---|---|---|---|
| Argentina | $10,149 | $ 105 | $10,254 | $ 71 | $10,325 |
| Bahamas | 130 | – | 130 | – | 130 |
| Barbados | 184 | – | 184 | 6 | 190 |
| Belize | 104 | – | 104 | – | 104 |
| Bolivia | 150 | 57 | 207 | 476 | 683 |
| Brazil | 14,480 | 1,255 | 15,735 | 167 | 15,902 |
| Chile | 612 | 21 | 633 | – | 633 |
| Colombia | 6,438 | 111 | 6,549 | 68 | 6,617 |
| Costa Rica | 278 | 177 | 455 | 29 | 484 |
| Dominican Republic | 1,757 | 31 | 1,788 | 274 | 2,062 |
| Ecuador | 1,671 | 104 | 1,775 | 407 | 2,182 |
| El Salvador | 1,628 | 50 | 1,678 | 362 | 2,040 |
| Guatemala | 1,772 | 69 | 1,841 | 290 | 2,131 |
| Guyana | 21 | – | 21 | 296 | 317 |
| Honduras | 91 | 9 | 91 | 494 | 585 |
| Jamaica | 1,269 | – | 1,278 | 23 | 1,301 |
| Mexico | 8,918 | 131 | 9,049 | 4 | 9,053 |
| Nicaragua | 134 | 6 | 140 | 678 | 818 |
| Panama | 1,256 | 80 | 1,336 | 13 | 1,349 |
| Paraguay | 848 | 25 | 873 | 261 | 1,134 |
| Peru | 3,294 | 654 | 3,948 | 21 | 3,969 |
| Suriname | 89 | 4 | 93 | 1 | 94 |
| Trinidad and Tobago | 473 | – | 473 | 6 | 479 |
| Uruguay | 1,962 | – | 1,962 | 7 | 1,969 |
| Venezuela | 1,870 | – | 1,870 | – | 1,870 |
| Regional | 205 | 235 | 440 | 50 | 490 |
| Inter-American Investment Corporation | – | 100 | 100 | – | 100 |
| **TOTAL** | **$59,783** | **$3,224** | **$63,007** | **$4,004** | **$67,011** |

[1] Excludes loan participations sold to the Social Progress Trust Fund for a total of $27 million, including $3 million to Costa Rica, $5 million to the Dominican Republic, $5 million to Ecuador, $8 million to El Salvador, $3 million to Guatemala, $2 million to Panama, and $1 million to Paraguay.

Held-to-Maturity (HTM) investment portfolio. The implementation of this decision required the sale or transfer of securities from the HTM portfolio, thus triggering the discontinuation of the accounting for this portfolio at amortized cost and the immediate recognition of investment gains of $54 million.

***Income Management Model:*** As part of the IDB-9, the Board of Governors approved an Income Management Model (IMM) for the Ordinary Capital, which was implemented through the Long Term Financial Plan and is utilized in making annual decisions related to uses of Ordinary Capital income. With the approval of the IMM, the Board of Governors also established a minimum level of loan charges for sovereign-guaranteed loans such that the income generated by these charges (adjusting for 90 percent of the income from the Bank's non-sovereign-guaranteed operations) cover 90 percent of the Ordinary Capital's administrative expenses.

Copies of the basic financial statements of the Ordinary Capital, the FSO, the IFF and the GRF appear on pages 44–51. The full set of financial statements, including the Management's Discussion and Analysis, the external auditors' opinions and the financial statements and related notes, are presented in the IDB Annual Report 2010: Financial Statements.

## TABLE XII • SUBSCRIPTIONS TO CAPITAL STOCK, CONTRIBUTION QUOTAS, AND VOTING POWER AS OF DECEMBER 31, 2010[1]

*(In millions of U.S. dollars)*

| Member Countries | Ordinary Capital Subscribed Capital Stock Paid-in | Callable | Total | Percent of Total Number of Votes[2] | FSO Contribution Quotas |
|---|---|---|---|---|---|
| **Regional developing members** | | | | | |
| Argentina | $ 465.1 | $ 10,393.8 | $ 10,858.9 | 10.751 | $ 505.4 |
| Bahamas | 11.6 | 198.3 | 209.9 | 0.209 | 10.6 |
| Barbados | 5.6 | 124.3 | 129.9 | 0.130 | 1.8 |
| Belize | 7.2 | 103.5 | 110.7 | 0.111 | 7.6 |
| Bolivia | 37.3 | 834.4 | 871.7 | 0.865 | 51.1 |
| Brazil | 465.1 | 10,393.8 | 10,858.9 | 10.751 | 544.4 |
| Chile | 127.7 | 2,853.9 | 2,981.6 | 2.953 | 157.7 |
| Colombia | 127.7 | 2,853.9 | 2,981.6 | 2.953 | 153.7 |
| Costa Rica | 18.7 | 417.1 | 435.7 | 0.433 | 23.4 |
| Dominican Republic | 24.9 | 556.8 | 581.7 | 0.577 | 33.9 |
| Ecuador | 24.9 | 556.8 | 581.7 | 0.577 | 30.3 |
| El Salvador | 18.7 | 417.1 | 435.7 | 0.433 | 21.4 |
| Guatemala | 24.9 | 556.8 | 581.7 | 0.577 | 32.8 |
| Guyana | 7.8 | 153.8 | 161.6 | 0.162 | 8.7 |
| Haiti | 18.7 | 417.1 | 435.7 | 0.433 | 22.9 |
| Honduras | 18.7 | 417.1 | 435.7 | 0.433 | 27.8 |
| Jamaica | 24.9 | 556.8 | 581.7 | 0.577 | 28.8 |
| Mexico | 299.0 | 6,681.3 | 6,980.3 | 6.912 | 329.0 |
| Nicaragua | 18.7 | 417.1 | 435.7 | 0.433 | 25.4 |
| Panama | 18.7 | 417.1 | 435.7 | 0.433 | 25.4 |
| Paraguay | 18.7 | 417.1 | 435.7 | 0.433 | 27.9 |
| Peru | 62.3 | 1,390.7 | 1,453.0 | 1.440 | 79.8 |
| Suriname | 5.7 | 82.9 | 88.6 | 0.089 | 6.3 |
| Trinidad and Tobago | 18.7 | 417.1 | 435.7 | 0.433 | 20.9 |
| Uruguay | 49.9 | 1,114.3 | 1,164.2 | 1.154 | 55.9 |
| Venezuela | 249.3 | 5,568.5 | 5,817.8 | 5.761 | 315.3 |
| **Total regional developing members** | **2,170.5** | **48,311.4** | **50,481.1** | **50.015** | **2,548.2** |
| **Canada[3]** | **173.7** | **7,906.1** | **8,079.8** | **4.001** | **326.3** |
| **United States** | **1,303.0** | **29,006.7** | **30,309.7** | **30.006** | **5,043.0** |
| **Nonregional members** | | | | | |
| Austria | 6.9 | 153.7 | 160.6 | 0.161 | 20.0 |
| Belgium | 14.2 | 316.8 | 331.0 | 0.329 | 42.5 |
| China | 0.1 | 2.1 | 2.2 | 0.004 | 125.0 |
| Croatia | 2.1 | 46.4 | 48.5 | 0.050 | 5.9 |
| Denmark | 7.3 | 163.4 | 170.8 | 0.171 | 20.0 |
| Finland | 6.9 | 153.7 | 160.6 | 0.161 | 19.0 |
| France | 82.3 | 1,831.4 | 1,913.7 | 1.896 | 221.1 |
| Germany | 82.3 | 1,831.4 | 1,913.7 | 1.896 | 230.0 |
| Israel | 6.8 | 151.5 | 158.3 | 0.158 | 18.0 |
| Italy | 82.3 | 1,831.4 | 1,913.7 | 1.896 | 215.7 |
| Japan | 217.1 | 4,833.2 | 5,050.3 | 5.001 | 591.9 |
| Korea, Republic of | 0.1 | 2.1 | 2.2 | 0.004 | — |
| Netherlands | 14.6 | 325.6 | 340.3 | 0.338 | 36.9 |
| Norway | 7.3 | 163.4 | 170.8 | 0.171 | 20.0 |
| Portugal | 2.3 | 51.7 | 54.0 | 0.055 | 7.8 |
| Slovenia | 1.3 | 28.1 | 29.4 | 0.031 | 3.4 |
| Spain | 82.3 | 1,831.4 | 1,913.7 | 1.896 | 226.4 |
| Sweden | 14.1 | 314.8 | 328.9 | 0.327 | 40.1 |
| Switzerland | 20.4 | 454.2 | 474.7 | 0.471 | 63.4 |
| United Kingdom | 41.8 | 929.9 | 971.7 | 0.964 | 175.3 |
| **Total nonregional members** | **692.5** | **15,416.5** | **16,109.0** | **15.979** | **2,082.4** |
| **GRAND TOTAL** | **$ 4,339** | **$ 100,641** | **$ 104,980** | **100.000** | **$ 10,000** |

[1] Data are rounded; detail may not sum exactly to subtotals and grand total because of rounding.

[2] Each member country's voting power is the same in making decisions concerning the operations of the Ordinary Capital and the FSO. Except where otherwise expressly provided in the Agreement Establishing the Bank, all matters are decided by a majority of the total voting power of the member countries.

[3] The Ordinary Capital's subscribed capital stock includes 334,887 nonvoting temporary callable shares with a par value of $4,039.9 million. These shares are excluded from the calculation of the voting power.

ORDINARY CAPITAL
INTER-AMERICAN DEVELOPMENT BANK

## BALANCE SHEET

*Expressed in millions of United States dollars*

| | December 31, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Cash and investments** | | | | |
| Cash—Notes C and W | $ 242 | | $ 242 | |
| Investments—Notes D, K, L and W | | | | |
| Trading—Appendix I-1 | 16,356 | | 16,304 | |
| Held-to-maturity | — | $16,598 | 3,810 | $20,356 |
| **Loans outstanding—Notes E, T and W, Appendixes I-2 and I-3** | 63,007 | | 58,049 | |
| Allowance for loan losses | (145) | 62,862 | (116) | 57,933 |
| **Accrued interest and other charges** | | | | |
| On investments | 38 | | 64 | |
| On loans | 480 | | 496 | |
| On swaps, net | 347 | 865 | 335 | 895 |
| **Receivable from members—Note G** | | | | |
| Non-negotiable, non-interest-bearing obligations: | | | | |
| Demand notes | 90 | | 95 | |
| Term notes | 236 | | 252 | |
| Amounts required to maintain value of currency holdings | 52 | 378 | 54 | 401 |
| **Currency and interest rate swaps—Notes K, L and W** | | | | |
| Investments—trading—Appendix I-1 | 7 | | — | |
| Loans | 38 | | 248 | |
| Borrowings—Appendix I-4 | 5,887 | 5,932 | 3,647 | 3,895 |
| **Other assets** | | | | |
| Postretirement benefit assets—Note S | 163 | | 173 | |
| Receivable for investment securities sold | 48 | | — | |
| Property, net—Note H | 324 | | 306 | |
| Miscellaneous | 47 | 582 | 47 | 526 |
| **Total assets** | | $87,217 | | $84,006 |
| **LIABILITIES AND EQUITY** | | | | |
| **Liabilities** | | | | |
| Borrowings—Notes I, J, L and W, Appendix I-4 | | | | |
| Short-term | $ 30 | | $ 1,908 | |
| Medium- and long-term: | | | | |
| Measured at fair value | 52,846 | | 45,493 | |
| Measured at amortized cost | 10,077 | $62,953 | 12,906 | $60,307 |
| Currency and interest rate swaps—Notes K, L and W | | | | |
| Investments—trading—Appendix I-1 | 55 | | 11 | |
| Loans | 693 | | 171 | |
| Borrowings—Appendix I-4 | 808 | | 1,037 | |
| Other | 72 | 1,628 | — | 1,219 |
| Payable for investment securities purchased and cash collateral received | | 13 | | 141 |
| Postretirement benefit liabilities—Note S | | 74 | | 68 |
| Due to IDB Grant Facility | | 72 | | — |
| Amounts payable to maintain value of currency holdings—Note G | | 535 | | 556 |
| Accrued interest on borrowings | | 555 | | 622 |
| Accounts payable and accrued expenses | | 427 | | 419 |
| **Total liabilities** | | 66,257 | | 63,332 |
| **Equity** | | | | |
| Capital stock—Note O, Appendixes I-5 and I-6 | | | | |
| Subscribed 8,702,335 shares | 104,980 | | 104,980 | |
| Less callable portion | (100,641) | | (100,641) | |
| Paid-in capital stock | 4,339 | | 4,339 | |
| Retained earnings—Note P | 15,771 | | 15,441 | |
| Accumulated other comprehensive income—Note Q | 850 | 20,960 | 894 | 20,674 |
| **Total liabilities and equity** | | $87,217 | | $84,006 |

ORDINARY CAPITAL
INTER-AMERICAN DEVELOPMENT BANK

## STATEMENT OF INCOME AND RETAINED EARNINGS

*Expressed in millions of United States dollars*

| | Years ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Income (loss)** | | | |
| Loans | | | |
| Interest, after swaps—Notes E and K | **$ 1,764** | $ 1,934 | $ 2,301 |
| Other loan income | **66** | 68 | 54 |
| | **1,830** | 2,002 | 2,355 |
| Investments—Note K | | | |
| Interest | **178** | 303 | 632 |
| Net gains (losses) | **446** | 528 | (1,605) |
| Other interest income—Note K | **7** | — | — |
| Other | **21** | 15 | 11 |
| Total income | **2,482** | 2,848 | 1,393 |
| **Expenses** | | | |
| Borrowing expenses | | | |
| Interest, after swaps—Notes I, J, K and L | **523** | 929 | 1,740 |
| Borrowing issue costs | **27** | 24 | 28 |
| Debt repurchase costs (income) | **—** | (2) | (4) |
| | **550** | 951 | 1,764 |
| Provision (credit) for loan and guarantee losses—Note F | **24** | (21) | 93 |
| Administrative expenses—Note B | **573** | 530 | 439 |
| Special programs | **83** | 94 | 69 |
| Total expenses | **1,230** | 1,554 | 2,365 |
| **Income (loss) before Net fair value adjustments on non-trading portfolios and Board of Governors approved transfers** | **1,252** | 1,294 | (972) |
| **Net fair value adjustments on non-trading portfolios—Notes I, J, K and R** | **(850)** | (500) | 950 |
| **Board of Governors approved transfers—Note N** | **(72)** | — | — |
| **Net income (loss)** | **330** | 794 | (22) |
| **Retained earnings, beginning of year** | **15,441** | 14,647 | 14,576 |
| **Cumulative effect of fair value option** | **—** | — | 93 |
| **Retained earnings, end of year** | **$15,771** | $15,441 | $14,647 |

## STATEMENT OF COMPREHENSIVE INCOME

*Expressed in millions of United States dollars*

| | Years ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Net income (loss)** | **$330** | $ 794 | $ (22) |
| **Other comprehensive income (loss)—Note Q** | | | |
| Translation adjustments | **(25)** | (72) | 396 |
| Recognition of changes in Postretirement benefit assets/liabilities—Note S | **(19)** | 506 | (1,371) |
| Reclassification to income—cash flow hedges | **—** | 2 | (4) |
| Total other comprehensive income (loss) | **(44)** | 436 | (979) |
| **Comprehensive income (loss)** | **$286** | $1,230 | $(1,001) |

ORDINARY CAPITAL
INTER-AMERICAN DEVELOPMENT BANK

## STATEMENT OF CASH FLOWS

*Expressed in millions of United States dollars*

| | Years ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Cash flows from lending and investing activities** | | | |
| Lending: | | | |
| Loan disbursements (net of participations) | **$(10,341)** | $(11,424) | $ (7,149) |
| Loan collections (net of participations) | **5,598** | 4,542 | 4,740 |
| Net cash used in lending activities | **(4,743)** | (6,882) | (2,409) |
| Gross purchases of held-to-maturity investments | **(4,409)** | (4,232) | (3,287) |
| Gross proceeds from maturities or sale of held-to-maturity investments | **7,373** | 4,253 | 3,299 |
| Purchase of property | **(33)** | (21) | (22) |
| Miscellaneous assets and liabilities | **(30)** | (8) | (4) |
| Net cash used in lending and investing activities | **(1,842)** | (6,890) | (2,423) |
| **Cash flows from financing activities** | | | |
| Medium- and long-term borrowings: | | | |
| Proceeds from issuance | **11,726** | 16,181 | 10,793 |
| Repayments | **(9,998)** | (6,086) | (8,321) |
| Short-term borrowings: | | | |
| Proceeds from issuance | **469** | 2,571 | 11,588 |
| Repayments | **(2,349)** | (3,752) | (10,707) |
| Cash collateral received | **12** | 1 | — |
| Collections of receivable from members | **30** | 3 | 5 |
| Net cash provided by (used in) financing activities | **(110)** | 8,918 | 3,358 |
| **Cash flows from operating activities** | | | |
| Gross purchases of trading investments | **(31,865)** | (33,542) | (14,210) |
| Gross proceeds from sale or maturity of trading investments | **32,691** | 30,475 | 12,259 |
| Loan income collections, after swaps | **1,864** | 2,152 | 2,412 |
| Interest and other costs of borrowings, after swaps | **(373)** | (1,009) | (1,415) |
| Income from investments | **251** | 305 | 568 |
| Other income | **21** | 15 | 11 |
| Administrative expenses | **(574)** | (446) | (431) |
| Special programs | **(55)** | (38) | (20) |
| Net cash provided by (used in) operating activities | **1,960** | (2,088) | (826) |
| **Effect of exchange rate fluctuations on cash** | **(8)** | 1 | (8) |
| **Net increase (decrease) in Cash** | **—** | (59) | 101 |
| **Cash, beginning of year** | **242** | 301 | 200 |
| **Cash, end of year** | **$ 242** | $ 242 | $ 301 |

FUND FOR SPECIAL OPERATIONS
INTER-AMERICAN DEVELOPMENT BANK

# BALANCE SHEET

*Expressed in millions of United States dollars*

| | December 31, | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| **ASSETS** | | | | |
| **Cash and investments** | | | | |
| Cash—Note C | **$ 400** | | $ 369 | |
| Investments—Notes D, E and Appendix II-1 | **1,013** | **$1,413** | 1,041 | $1,410 |
| **Loans outstanding—Note F and Appendix II-2** | | **4,004** | | 4,317 |
| **Accrued interest and other charges on loans** | | **18** | | 20 |
| **Receivable from members—Note H** | | | | |
| Non-negotiable, non-interest-bearing obligations: | | | | |
| Demand notes | **454** | | 458 | |
| Term notes | **133** | | 146 | |
| Amounts required to maintain value of currency holdings | **89** | **676** | 98 | 702 |
| **Other assets** | | **1** | | — |
| **Total assets** | | **$6,112** | | $6,449 |
| **LIABILITIES AND FUND BALANCE** | | | | |
| **Liabilities** | | | | |
| Accounts payable and accrued expenses | **$ 4** | | $ 4 | |
| Undisbursed technical cooperation projects and other financings—Note I | **86** | | 89 | |
| Due to IDB Grant Facility—Note J | **384** | | 154 | |
| Amounts payable to maintain value of currency holdings—Note H | **292** | **$ 766** | 295 | $542 |
| **Fund balance** | | | | |
| Contribution quotas authorized and subscribed—Note K and Appendix II-3 | **10,000** | | 9,762 | |
| General reserve (deficit)—Note L | **(4,758)** | | (3,966) | |
| Accumulated translation adjustments—Note M | **104** | **5,346** | 111 | 5,907 |
| **Total liabilities and fund balance** | | **$6,112** | | $6,449 |

FUND FOR SPECIAL OPERATIONS
INTER-AMERICAN DEVELOPMENT BANK

## STATEMENT OF INCOME AND GENERAL RESERVE (DEFICIT)

*Expressed in millions of United States dollars*

| | Years ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Income (loss)** | | | |
| Loans | | | |
| Interest | **$ 69** | $ 75 | $ 80 |
| Other loan income | **5** | 8 | 11 |
| | **74** | 83 | 91 |
| Investments—Note D | **17** | 57 | (18) |
| Total income | **91** | 140 | 73 |
| **Expenses** | | | |
| Administrative expenses—Note B | **11** | 12 | 62 |
| Total expenses | **11** | 12 | 62 |
| **Income before technical cooperation, debt relief, and Board of Governors approved transfers** | **80** | 128 | 11 |
| **Technical cooperation expense** | **24** | 23 | 33 |
| **Debt relief expense—Note G** | **484** | (3) | — |
| **Board of Governors approved transfers to IDB Grant Facility—Note L** | **364** | 122 | 50 |
| **Net loss** | **(792)** | (14) | (72) |
| **General reserve (deficit), beginning of year** | **(3,966)** | (3,952) | (3,880) |
| **General reserve (deficit), end of year** | **$(4,758)** | $(3,966) | $(3,952) |

## STATEMENT OF COMPREHENSIVE INCOME

*Expressed in millions of United States dollars*

| | Years ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Net loss** | **$(792)** | $(14) | $(72) |
| **Translation adjustments—Note M** | **(7)** | 9 | (16) |
| **Comprehensive loss** | **$(799)** | $ (5) | $(88) |

FUND FOR SPECIAL OPERATIONS
INTER-AMERICAN DEVELOPMENT BANK

## STATEMENT OF CASH FLOWS

*Expressed in millions of United States dollars*

| | Years ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Cash flows from lending activities** | | | |
| Loan disbursements | **$ (398)** | $(414) | $(415) |
| Loan collections | **214** | 220 | 229 |
| Loan participations, net | **(4)** | (2) | (5) |
| Net cash used in lending activities | **(188)** | (196) | (191) |
| **Cash flows from financing activities** | | | |
| Collections of receivable from members | **30** | 49 | 22 |
| Contribution quotas from members | **236** | 125 | — |
| Return of contribution quotas to members | **—** | — | (1) |
| Net cash provided by financing activities | **266** | 174 | 21 |
| **Cash flows from operating activities** | | | |
| Gross purchases of investments | **(1,847)** | (886) | (586) |
| Gross proceeds from sale or maturity of investments | **1,867** | 872 | 730 |
| Loan income collections | **74** | 80 | 91 |
| Income from investments | **19** | 31 | 23 |
| Administrative expenses | **(10)** | (13) | (63) |
| Technical cooperation and other financings | **(26)** | (25) | (27) |
| Cash transfers to the IDB Grant Facility | **(134)** | (41) | (15) |
| Net cash provided by (used in) operating activities | **(57)** | 18 | 153 |
| **Effect of exchange rate fluctuations on Cash** | **10** | 8 | 8 |
| **Net increase (decrease) in Cash** | **31** | 4 | (9) |
| **Cash, beginning of year** | **369** | 365 | 374 |
| **Cash, end of year** | **$ 400** | $ 369 | $ 365 |

INTERMEDIATE FINANCING FACILITY ACCOUNT
INTER-AMERICAN DEVELOPMENT BANK

## BALANCE SHEET

*Expressed in millions of United States dollars*

| | December 31, 2010 | December 31, 2009 |
|---|---|---|
| **ASSETS** | | |
| **Cash** | **$ —** | $ 1 |
| **Investments—Notes C, D and Appendix III-1** | **200** | 227 |
| **Total assets** | **$200** | $228 |
| **LIABILITIES AND FUND BALANCE** | | |
| **Liabilities:** | | |
| **Due to Ordinary Capital** | **$ 7** | $ 7 |
| **Fund balance** | **193** | 221 |
| **Total liabilities and fund balance** | **$200** | $228 |

## STATEMENT OF CHANGES IN FUND BALANCE

*Expressed in millions of United States dollars*

| | Years ended December 31, 2010 | 2009 | 2008 |
|---|---|---|---|
| **Additions** | | | |
| Income from investments—Note C | **$ 5** | $ 12 | $ — |
| Total additions | **5** | 12 | — |
| **Deductions** | | | |
| Loss from investments—Note C | **—** | — | 7 |
| Interest paid on behalf of Ordinary Capital borrowers | **33** | 39 | 50 |
| Total deductions | **33** | 39 | 57 |
| **Change in fund balance** | **(28)** | (27) | (57) |
| **Fund balance, beginning of year** | **221** | 248 | 305 |
| **Fund balance, end of year** | **$193** | $221 | $248 |

## STATEMENT OF CASH FLOWS

*Expressed in millions of United States dollars*

| | Years ended December 31, 2010 | 2009 | 2008 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Income from investments | **$ 4** | $ 1 | $ 3 |
| Interest paid on behalf of Ordinary Capital borrowers | **(33)** | (35) | (47) |
| Net decrease in investments | **28** | 34 | 43 |
| **Net cash used in operating activities and net decrease in cash** | **(1)** | — | (1) |
| **Cash, beginning of year** | **1** | 1 | 2 |
| **Cash, end of year** | **$ —** | $ 1 | $ 1 |

IDB GRANT FACILITY
INTER-AMERICAN DEVELOPMENT BANK

## BALANCE SHEET

*Expressed in millions of United States dollars*

| | December 31, | |
|---|---|---|
| | **2010** | **2009** |
| **ASSETS** | | |
| **Due from Fund for Special Operations** | **$384** | $154 |
| **Due from Ordinary Capital** | **72** | — |
| **Total assets** | **$456** | $154 |
| | | |
| **LIABILITIES AND FUND BALANCE** | | |
| **Liabilities:** | | |
| **Undisbursed grants—Note D** | **$415** | $154 |
| **Fund balance** | **41** | — |
| **Total liabilities and fund balance** | **$456** | $154 |

## STATEMENT OF CHANGES IN FUND BALANCE

*Expressed in millions of United States dollars*

| | Years ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Additions** | | | |
| Transfers from Fund for Special Operations | **$364** | $122 | $ 50 |
| Transfers from Ordinary Capital | **72** | — | — |
| **Total additions** | **436** | 122 | 50 |
| | | | |
| **Deductions** | | | |
| Grants | **395** | 122 | 50 |
| **Change in fund balance** | **41** | — | — |
| **Fund balance, beginning of year** | **—** | — | — |
| **Fund balance, end of year** | **$ 41** | $ — | $ — |

## STATEMENT OF CASH FLOWS

*Expressed in millions of United States dollars*

| | Years ended December 31, | | |
|---|---|---|---|
| | **2010** | **2009** | **2008** |
| **Cash flows from operating activities** | | | |
| Cash transfers from Fund for Special Operations | **$134** | $ 41 | $ 15 |
| Grant disbursements | **(134)** | (41) | (15) |
| **Net cash flows from operating activities** | **—** | — | — |
| | | | |
| **Cash, beginning of year** | **—** | — | — |
| **Cash, end of year** | **$ —** | $ — | $ — |

## GOVERNORS AND ALTERNATE GOVERNORS

| Country | Governor | Alternate Governor |
|---|---|---|
| ARGENTINA | Amado Boudou | Mercedes Marcó del Pont |
| AUSTRIA | Josef Pröll | Edith Frauwallner |
| BAHAMAS | Zhivargo S. Laing | Ehurd Cunningham |
| BARBADOS | Christopher Peter Sinckler | Grantley W. Smith |
| BELGIUM | Didier Reynders | Franciscus Godts |
| BELIZE | Dean Barrow | Joseph Waight |
| BOLIVIA | Elba Viviana Caro Hinojosa | Luis Alberto Arce Catacora |
| BRAZIL | Paulo Bernardo Silva | Carlos Augusto Vidotto |
| CANADA | Lawrence Cannon | James Haley |
| CHILE | Felipe Larraín | |
| CHINA | Zhou Xiaochuan | Yi Gang |
| COLOMBIA | Juan Carlos Echeverry Garzón | Hernando José Gómez Restrepo |
| COSTA RICA | Fernando Herrero Acosta | Rodrigo Bolaños Zamora |
| CROATIA | Ivan Suker | Zdravko Maric |
| DENMARK | Susan Ulbæk | Lars Bredal |
| DOMINICAN REPUBLIC | Vicente Ignacio Bengoa Albizu | Juan Temístocles Montás |
| ECUADOR | Patricio Rivera Yánez | Katiuska King Mantilla |
| EL SALVADOR | Alexander Ernesto Segovia Cáceres | Carlos Enrique Cáceres Chávez |
| FINLAND | Ritva Koukku-Ronde | Jorma Julin |
| FRANCE | Christine Lagarde | Ramón Fernández |
| GERMANY | Gudrun Kopp | Rolf Wenzel |
| GUATEMALA | Alfredo Del Cid Pinillos | Edgar Baltazar Barquín Durán |
| GUYANA | Bharrat Jagdeo | Ashni Singh |
| HAITI | Ronald Baudin | Jean-Max Bellerive |
| HONDURAS | William Chong Wong | María Elena Mondragón Ordóñez |
| ISRAEL | Stanley Fischer | Oded Brook |
| ITALY | Giulio Tremonti | Mario Draghi |
| JAMAICA | Audley Shaw | Wesley Hughes |
| JAPAN | Yoshihiko Noda | Masaaki Shirakawa |
| KOREA, REPUBLIC OF | Jeung-Hyun Yoon | Choongsoo Kim |
| MEXICO | Ernesto Cordero-Arroyo | José Antonio Meade Kuribreña |
| NETHERLANDS | Ben Knapen | Yoka Brandt |
| NICARAGUA | Alberto José Guevara Obregón | Antenor Rosales Bolaños |
| NORWAY | Ingrid Fiskaa | Henrik Harboe |
| PANAMA | Alberto Vallarino Clément | Frank De Lima Gercich |
| PARAGUAY | Dionisio Borda | Manuel Vidal Caballero Giménez |
| PERU | Ismael Alberto Benavides Ferreyros | Luis Miguel Castilla Rubio |
| PORTUGAL | Fernando Teixeira dos Santos | Carlos Costa Pina |
| SLOVENIA | Franc Krizanic | Mitja Mavko |
| SPAIN | Elena Salgado | José Manuel Campa Fernández |
| SURINAME | Gillmore Hoefdraad | Wonnie Boedhoe |
| SWEDEN | Jan Knutsson | Anders Bengtcén |
| SWITZERLAND | Beatrice Maser Mallor | Roger Denzer |
| TRINIDAD AND TOBAGO | Winston Dookeran | Mary King |
| UNITED KINGDOM | Andrew Mitchell | Alan Duncan |
| UNITED STATES | Timothy F. Geithner | Robert D. Hormats |
| URUGUAY | Fernando Lorenzo | Pedro Buonomo |
| VENEZUELA | Jorge A. Giordani C. | Alí Rodríguez Araque |

As of December 31, 2010

## EXECUTIVE DIRECTORS AND ALTERNATE EXECUTIVE DIRECTORS

| | | Number of votes | Percentage of voting power |
|---|---|---|---|
| Mattia Adani, **ITALY**<br>Ulrike Metzger (Alternate), **GERMANY** | **Elected by:**<br>Belgium, China, Germany, Israel, Italy, Netherlands, Switzerland | 426,523 | 5.092 |
| Gustavo Arnavat, **UNITED STATES**<br>Vacant (Alternate), **UNITED STATES** | **Appointed by:**<br>United States | 2,512,664 | 30.006 |
| Adina Bastidas, **VENEZUELA**<br>Antonio De Roux (Alternate), **PANAMA** | **Elected by:**<br>Panama, Venezuela | 518,658 | 6.194 |
| Richard Bernal, **JAMAICA**<br>Vacant (Alternate) | **Elected by:**<br>Bahamas, Barbados, Guyana, Jamaica, Trinidad and Tobago | 126,574 | 1.511 |
| Hugo Rafael Cáceres, **PARAGUAY**<br>Marcelo Bisogno (Alternate), **URUGUAY** | **Elected by:**<br>Bolivia, Paraguay, Uruguay | 205,291 | 2.452 |
| Manuel Coronel Novoa, **NICARAGUA**<br>Carmen María Madríz (Alternate)<br>**COSTA RICA** | **Elected by:**<br>Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua | 202,692 | 2.420 |
| Eugenio Díaz-Bonilla, **ARGENTINA**<br>Martín Bès (Alternate), **ARGENTINA** | **Elected by:**<br>Argentina, Haiti | 936,545 | 11.184 |
| Alejandro Foxley Tapia, **CHILE**<br>Xavier Eduardo Santillán (Alternate)<br>**ECUADOR** | **Elected by:**<br>Chile, Ecuador | 295,653 | 3.530 |
| José Carlos Miranda, **BRAZIL**<br>Sérgio Portugal (Alternate), **BRAZIL** | **Elected by:**<br>Brazil, Suriname | 907,766 | 10.840 |
| Cecilia Ramos Ávila, **MEXICO**<br>Muriel Alfonseca (Alternate)<br>**DOMINICAN REPUBLIC** | **Elected by:**<br>Dominican Republic, Mexico | 627,122 | 7.489 |
| Marc-Olivier Strauss-Kahn, **FRANCE**<br>Orla Bakdal (Alternate), **DENMARK** | **Elected by:**<br>Austria, Denmark, Finland, France, Norway, Spain, Sweden | 400,427 | 4.783 |
| Yasusuke Tsukagoshi, **JAPAN**<br>Gerry Duffy (Alternate), **UNITED KINGDOM** | **Elected by:**<br>Croatia, Japan, Korea, Republic of, Portugal, Slovenia, United Kingdom | 511,113 | 6.105 |
| Juan Valdivia Romero, **PERU**<br>Roberto Prieto Uribe (Alternate)<br>**COLOMBIA** | **Elected by:**<br>Colombia, Peru | 367,878 | 4.393 |
| Vinita Watson, **CANADA**<br>Peter Cameron (Alternate), **CANADA** | **Elected by:**<br>Canada | 335,022 | 4.001 |
| **TOTAL** | | **8,373,928** | **100.00*** |

**Office of Evaluation and Oversight**
Stephen A. Quick, Director
Sixto Felipe Aquino, Deputy Director

As of December 31, 2010
* The total may not add up due to rounding.

## CHANNELS OF COMMUNICATION AND DEPOSITORIES

| Member Country | Channel of Communication | Depository |
|---|---|---|
| ARGENTINA | Ministerio de Economía | Banco Central de la República Argentina |
| AUSTRIA | Federal Ministry of Finance | Österreichische Nationalbank |
| BAHAMAS | Ministry of Finance | Central Bank of The Bahamas |
| BARBADOS | Ministry of Economic Development | Central Bank of Barbados |
| BELGIUM | Ministère des Finances | Banque Nationale de Belgique |
| BELIZE | Ministry of Finance | Central Bank of Belize |
| BOLIVIA | Ministerio de Planificación del Desarrollo | Banco Central de Bolivia |
| BRAZIL | Ministério do Planejamento, Orçamento e Gestão | Banco Central do Brasil |
| CANADA | International Financial Institutions, Multilateral Programs Branch, Canadian International Development Agency | Bank of Canada |
| CHILE | Ministerio de Hacienda | Banco Central de Chile |
| CHINA | People's Bank of China | People's Bank of China |
| COLOMBIA | Ministerio de Hacienda y Crédito Público | Banco de la República |
| COSTA RICA | Ministerio de Hacienda | Banco Central de Costa Rica |
| CROATIA | Ministry of Finance | National Bank of Croatia |
| DENMARK | Danish International Development Agency (DANIDA) | Danmarks Nationalbank |
| DOMINICAN REPUBLIC | Banco Central de la República Dominicana | Banco Central de la República Dominicana |
| ECUADOR | Ministerio de Economía y Finanzas | Banco Central del Ecuador |
| EL SALVADOR | Secretaría Técnica de la Presidencia | Banco Central de Reserva de El Salvador |
| FINLAND | Ministry for Foreign Affairs | Bank of Finland |
| FRANCE | Ministère de l'Économie, des finances et de l'industrie | Banque de France |
| GERMANY | Federal Ministry for Economic Cooperation and Development | Deutsche Bundesbank |
| GUATEMALA | Banco de Guatemala | Banco de Guatemala |
| GUYANA | Ministry of Finance | Bank of Guyana |
| HAITI | Banque de la République d'Haïti | Banque de la République d'Haïti |
| HONDURAS | Banco Central de Honduras | Banco Central de Honduras |
| ISRAEL | Bank of Israel | Bank of Israel |
| ITALY | Ministry of the Economy and Finance | Banca d'Italia |
| JAMAICA | Ministry of Finance and Planning | Bank of Jamaica |
| JAPAN | Ministry of Finance | Bank of Japan |
| KOREA, REPUBLIC OF | Ministry of Strategy and Finance | Bank of Korea |
| MEXICO | Secretaría de Hacienda y Crédito Público | Banco de México |
| NETHERLANDS | Ministry of Finance | De Nederlandsche Bank N.V. |
| NICARAGUA | Ministerio de Hacienda y Crédito Público | Banco Central de Nicaragua |
| NORWAY | Royal Norwegian Ministry of Foreign Affairs | Bank of Norway |
| PANAMA | Ministerio de Economía y Finanzas | Banco Nacional de Panamá |
| PARAGUAY | Banco Central del Paraguay | Banco Central del Paraguay |
| PERU | Banco Central de Reserva del Perú | Banco Central de Reserva del Perú |
| PORTUGAL | Ministério das Finanças e da Administração Pública | Banco de Portugal |
| SLOVENIA | Ministry of Finance | Bank of Slovenia |
| SPAIN | Subdirección General de Instituciones Financieras Multilaterales, Ministerio de Economía | Banco de España |
| SURINAME | Central Bank van Suriname | Central Bank van Suriname |
| SWEDEN | Ministry for Foreign Affairs, Department for International Development Co-operation | Sveriges Riksbank |
| SWITZERLAND | Office fédéral des affaires économiques extérieures | Banque Nationale Suisse |
| TRINIDAD AND TOBAGO | Central Bank of Trinidad and Tobago | Central Bank of Trinidad and Tobago |
| UNITED KINGDOM | Department for International Development | Bank of England |
| UNITED STATES | Treasury Department | Federal Reserve Bank of New York |
| URUGUAY | Ministerio de Economía y Finanzas | Banco Central del Uruguay |
| VENEZUELA | Ministerio de Planificación y Desarrollo | Banco Central de Venezuela |

As of December 31, 2010

## PRINCIPAL OFFICERS

| | |
|---|---|
| **President** | Luis Alberto Moreno |
| **Executive Vice President** | Julie T. Katzman |
| **Vice President for Countries** | Roberto Vellutini |
| **Vice President for Sectors and Knowledge** | Santiago Levy Algazi |
| **Vice President for Finance and Administration** | Jaime Alberto Sujoy |
| **Vice President for Private Sector and Non-Sovereign Guaranteed Operations** | Steven J. Puig |
| **General Manager and Chief Economist a.i., Department of Research and Chief Economist** | Eduardo Lora |
| **General Manager, Country Department — Southern Cone** | Carlos Hurtado López |
| **General Manager, Country Department — Andean Group** | Alicia S. Ritchie |
| **General Manager, Country Department — Central America, Mexico, Panama, and the Dominican Republic** | Gina Montiel |
| **General Manager, Country Department — Caribbean** | Gerard S. Johnson |
| **General Manager, Country Department — Haiti** | José Agustín Aguerre |
| **Secretary** | Germán Quintana |
| **General Counsel** | James Spinner |
| **Chief of Staff, Office of the Presidency** | Luis Alberto Giorgio |
| **Chief Advisor to the Executive Vice President** | |
| **General Manager and Chief Financial Officer, Finance Department** | Edward Bartholomew |
| **General Manager and Chief Development Effectiveness Officer, Office of Strategic Planning and Development Effectiveness** | Luis Estanislao Echebarría |
| **General Manager, Budget and Administrative Services Department** | John R. Hauge |
| **General Manager, Structured and Corporate Finance Department** | Hans Schulz |
| **General Manager, Human Resources Department** | Guillermo Miranda |
| **General Manager and Chief Information Officer, Information Technology Department** | Simon Gauthier |
| **General Manager a.i., Office of the Multilateral Investment Fund** | Julie T. Katzman |
| **Executive Auditor** | Alan N. Siegfried |
| **Advisor, Office of External Relations** | George de Lama |
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| **Sector Manager, Social Sector** | Kei Kawabata |
| **Sector Manager, Institutional Capacity and Finance Sector** | Mario Marcel Cullell |
| **Sector Manager, Integration and Trade Sector** | Antoni Estevadeordal |
| **Sector Manager, Knowledge and Learning Sector** | Graciela Schamis |
| **Sector Manager, Opportunities for the Majority Sector** | Luiz Ros |
| **Advisor, Office of Outreach and Partnerships** | Bernardo Guillamón |
| **Advisor, Office of Risk Management** | Fernando Yñigo-Peralta |
| **Chief, Office of Institutional Integrity** | Brigida Benítez |

As of December 31, 2010

## COUNTRY OFFICES AND REPRESENTATIVES

**ARGENTINA, José Luis Lupo**
Calle Esmeralda 130, pisos 19 y 20
(Casilla de correo 181, Sucursal 1)
Buenos Aires Tel: 4320-1800

**BAHAMAS, Oscar E. Spencer**
IDB House, East Bay Street
(P.O. Box N-3743)
Nassau Tel: 396-7800

**BARBADOS, Anneke Jessen**
Maple Manor, Hastings
(P.O. Box 402)
Christ Church Tel: 227-8500

**BELIZE, Caroline L. Clarke**
1024 Newtown Barracks
101 1st floor
Marina Towers Building
(P.O. Box 1853)
Belize City Tel: 221-5300

**BOLIVIA, Baudouin Duquesne**
Edificio "BISA", piso 5
Avda. 16 de Julio, 1628
(Casilla 5872)
La Paz Tel: 217-7700

**BRAZIL, Fernando Carrillo-Flórez**
Setor de Embaixadas Norte
Quadra 802 Conjunto F
Lote 39 - Asa Norte
70.800-400 Brasília, D.F.Tel: 3317-4200

**CHILE, Eddy Linares a.i.**
Avda. Pedro de Valdivia 0193, piso 11
(Casilla 16611)
Correo 9 (Providencia)
Santiago Tel: 431-3700

**COLOMBIA, Javier León**
Carrera 7, N 71-21
Torre B, piso 19
Edificio Bancafe
Bogotá Tel: 325-7000

**COSTA RICA, Fernando Quevedo**
Edificio Centro Colón, piso 12
Paseo Colón, entre calles 38 y 40
San José Tel: 2523-3300

**DOMINICAN REPUBLIC**
**Manuel Labrado**
Calle Luis F. Thomen esq. Winston Churchill
Torre BHD, piso 10
(Apartado postal 1386)
Santo Domingo Tel: 562-6400

**ECUADOR, Carlos N. Melo**
Avda. 12 de Octubre N24-528 y Cordero
Ed. World Trade Center - Torre II, piso 9
(Apartado postal 17-07-9041)
Quito Tel: 299-6900

**EL SALVADOR**
**María Carmenza McLean**
Edificio World Trade Center, piso 4
89 Avda. Norte y Calle El Mirador
San Salvador Tel: 2233-8900

**GUATEMALA, Juan José Taccone**
3era Avenida 13-78, Zona 10
Torre Citigroup – Nivel 10
(Apartado postal 935)
Guatemala Tel: 2327-4300

**GUYANA, Marco Carlo Nicolá**
47 High Street, Kingston
(P.O. Box 10867)
Georgetown Tel: 225-7951

**HAITI, Eduardo Marques Almeida**
Banque interaméricaine de développement
Bourdon 389
(Boîte postale 1321)
Port-au-Prince Tel: 812-5000

**HONDURAS, Miguel Manzi**
Colonia Lomas del Guijarro Sur
Primera Calle
(Apartado postal 3180)
Tegucigalpa Tel: 290-3500

**JAMAICA, Julian A. Belgrave a.i.**
40-46 Knutsford Blvd., 6th floor
(P.O. Box 429)
Kingston 10 Tel: 764-0815

**MEXICO, Ellis J. Juan**
Avda. Paseo de la Reforma 222, piso 11
Colonia Juárez
Delegación Cuauhtémoc
06600 México, D.F. Tel: 9138-6200

**NICARAGUA**
**Mirna Liévano de Marques**
Edificio BID
Km. 4-1/2 Carretera a Masaya
(Apartado postal 2512)
Managua Tel: 264-9080

**PANAMA, Marcelo G. Antinori**
Avda. Samuel Lewis, Obarrio
Torre HSBC, piso 14
(Apartado postal 0816-02900)
Panamá 5 Tel: 206-0900

**PARAGUAY, Hugo Flórez Timorán**
Calle Quesada esq. Legión Civil Extranjera
(Casilla 1209)
Asunción Tel: 616-2000

**PERU, Fidel Jaramillo**
Paseo de la República 3245, piso 14
San Isidro, Lima Tel: 215-7800

**SURINAME, Ancile E. Brewster**
Peter Bruneslaan 2-4
Paramaribo Tel: 52-1201

**TRINIDAD AND TOBAGO**
**Iwan P. Sewberath Misser**
17 Alexandra Street, St. Clair
(P.O. Box 68)
Port of Spain Tel: 822-6400

**URUGUAY, Tracy A. Betts**
Rincón 640 esq. Bartolomé Mitre
(Casilla de correo 5029)
11000 Montevideo Tel: 915-4330

**VENEZUELA, Joel Branski**
Edificio Central Federal, piso 3
Avda. Venezuela, El Rosal
Caracas 1060 Tel: 955-2900

**INSTITUTE FOR THE INTEGRATION OF LATIN AMERICA AND THE CARIBBEAN**
**Ricardo R. Carciofi**
Calle Esmeralda 130, pisos 16 y 17
(Casilla de correo 181, Sucursal 1)
Buenos Aires Tel: 4323-2350

**OFFICE IN ASIA**
**Tashihisa Ueda**
Fukoku Seimei Building 16-F
2-2-2 Uchisaiwaicho, Chiyoda-ku
Tokyo 100-0011, JapanTel: 3591-0461

**OFFICE IN EUROPE**
**Carlos M. Jarque**
Banque interaméricaine de développement
66, Avenue d'Iéna
75116 Paris, France Tel: 40-69-31-00

As of December 31, 2010

## TABLE XIII • TEN YEARS OF IDB OPERATIONS, 2001–2010

*(In millions of U.S. dollars)*

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|
| **CAPITAL** | | | | | | | | | | |
| **Subscriptions (End of Year)** | | | | | | | | | | |
| Ordinary Capital | 100,959 | 100,951 | 100,951 | 100,951 | 100,953 | 100,953 | 100,953 | 100,938 | 104,980 | 104,980 |
| Fund for Special Operations | 9,636 | 9,636 | 9,636 | 9,637 | 9,639 | 9,639 | 9,640 | 9,636 | 9,762 | 10,000 |
| Other Funds[1] | 2,728 | 2,769 | 2,938 | 3,026 | 3,078 | 2,772 | 3,274 | 3,422 | 4,162 | 4,459 |
| **Total** | **113,323** | **113,356** | **113,525** | **113,614** | **113,670** | **113,364** | **113,867** | **113,996** | **118,904** | **119,439** |
| **BORROWINGS[2]** | | | | | | | | | | |
| Outstanding (End of Year) | 42,161 | 46,859 | 48,112 | 46,190 | 43,999 | 43,959 | 44,854 | 44,624 | 57,641 | 61,124 |
| Gross Annual Borrowings | 7,097 | 9,340 | 9,109 | 4,710 | 4,937 | 5,419 | 6,089 | 11,069 | 17,886 | 13,719 |
| **OPERATIONS** | | | | | | | | | | |
| **Loans and Guarantees Approved (Cumulative)[3]** | | | | | | | | | | |
| Ordinary Capital[4] | 93,518 | 100,834 | 110,436 | 116,799 | 117,804 | 124,580 | 135,006 | 148,991 | 162,533 | 176,180 |
| Fund for Special Operations | 15,328 | 15,774 | 16,652 | 17,391 | 17,486 | 18,257 | 18,525 | 18,519 | 18,870 | 19,054 |
| Other Funds | 1,719 | 1,736 | 1,769 | 1,747 | 1,743 | 1,751 | 1,772 | 1,755 | 1,768 | 1,791 |
| **Total** | **110,565** | **118,344** | **128,857** | **135,937** | **137,033** | **144,588** | **155,303** | **169,265** | **183,171** | **197,025** |
| **Loans and Guarantees Approved (Annual)** | | | | | | | | | | |
| Ordinary Capital[4,5] | 7,411 | 4,143 | 6,232 | 5,468 | 6,448 | 5,632 | 8,577 | 11,085 | 15,278 | 12,136 |
| Fund for Special Operations | 443 | 406 | 578 | 552 | 410 | 605 | 152 | 138 | 228 | 297 |
| Other Funds | – | – | – | – | – | 2 | 6 | 3 | 1 | 31 |
| **Total** | **7,854** | **4,549** | **6,810** | **6,020** | **6,858** | **6,239** | **8,735** | **11,226** | **15,507** | **12,464** |
| **Loan Disbursements (Annual)[6]** | | | | | | | | | | |
| Ordinary Capital[4] | 6,037 | 5,522 | 8,416 | 3,768 | 4,899 | 6,088 | 6,725 | 7,149 | 11,424 | 10,341 |
| Fund for Special Operations | 422 | 313 | 486 | 463 | 424 | 398 | 393 | 415 | 414 | 398 |
| Other Funds | – | 2 | – | 1 | 5 | 3 | 6 | 44 | 13 | 34 |
| **Total** | **6,459** | **5,837** | **8,902** | **4,232** | **5,328** | **6,489** | **7,124** | **7,608** | **11,851** | **10,773** |
| **Loan Repayments (Annual)[6]** | | | | | | | | | | |
| Ordinary Capital | 1,926 | 4,106 | 7,279 | 5,199 | 5,224 | 8,615 | 5,265 | 4,740 | 4,542 | 5,598 |
| Fund for Special Operations | 268 | 256 | 296 | 294 | 301 | 290 | 275 | 229 | 220 | 214 |
| Other Funds | 14 | 13 | 12 | 9 | 5 | 3 | 4 | 4 | 5 | 5 |
| **Total** | **2,208** | **4,375** | **7,587** | **5,502** | **5,530** | **8,908** | **5,544** | **4,973** | **4,767** | **5,817** |
| **Loans Outstanding** | | | | | | | | | | |
| Ordinary Capital | 44,951 | 47,958 | 50,655 | 49,842 | 48,135 | 45,932 | 47,954 | 51,173 | 58,049 | 63,007 |
| Fund for Special Operations | 6,047 | 6,198 | 6,670 | 6,971 | 6,878 | 3,733 | 3,966 | 4,101 | 4,317 | 4,004 |
| Other Funds | 133 | 118 | 104 | 98 | 94 | 94 | 96 | 126 | 135 | 156 |
| **Total** | **51,131** | **54,274** | **57,429** | **56,911** | **55,107** | **49,759** | **52,016** | **55,400** | **62,501** | **67,167** |
| **Grant Financing Operations Approved (Annual)[7]** | | | | | | | | | | |
| Ordinary Capital | – | – | – | – | 12 | 34 | 37 | 68 | 94 | 86 |
| Fund for Special Operations | 39 | 36 | 30 | 36 | 36 | 28 | 34 | 43 | 33 | 36 |
| IDB Grant Facility[8] | – | – | – | – | – | – | 50 | 50 | 122 | 251 |
| Other Funds | 46 | 45 | 47 | 39 | 57 | 53 | 92 | 109 | 283 | 457 |
| **Total** | **85** | **81** | **77** | **75** | **105** | **115** | **213** | **270** | **532** | **830** |
| **Multilateral Investment Fund Operations Approved (Annual)[9]** | **90** | **99** | **69** | **116** | **114** | **125** | **135** | **178** | **119** | **122** |
| **ADMINISTRATION** | | | | | | | | | | |
| **Administrative Expenses** | | | | | | | | | | |
| **Total – All Bank Funds** | **355** | **376** | **386** | **404** | **473** | **507** | **564** | **501** | **542** | **584** |

[1] Includes the Multilateral Investment Fund. Excludes terminated funds.
[2] Medium- and long-term borrowings net of unamortized discounts (before swaps and mark-to-market adjustments).
[3] Net of cancellations. Includes exchange adjustments.
[4] Net of non-sovereign-guaranteed loan participations. Includes Project Preparation and Execution Facility.
[5] In 2009, includes $800 million in cancelled loan approvals.
[6] Based on original amounts in U.S. dollar equivalent.
[7] Includes Social Entrepreneurship Program financing, technical cooperations, special programs, project-specific and other grants. Excludes Multilateral Investment Fund operations, which are presented separately.
[8] In 2010, excludes $144 million in undisbursed loan balances that were transferred from the Fund for Special Operations and converted into grants.
[9] Includes technical cooperations, loans, and equity investments. Also includes increases in already-existing operations.

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Design: Dolores Subiza
English Editor: Kia Penso
Editorial Assistants: Cathy Conkling-Shaker and Norma Rivera

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