EXECUTIVE SUMMARY

Inter-American Development Bank

FINANCING OFFERINGS

Public Sector

IDB

IDB Financing Offerings

The IDB offers a variety of lending instruments and guarantees to support countries in overcoming their development challenges.

Works, goods, and services loans

These loans finance goods, public works, and services to promote social and economic development, as well as to assist countries during natural disasters or public health crises.

Policy and institutional reforms loans

These loans provide flexible financing to support policy-based reforms, institutional changes in a sector, and macroeconomic crisis mitigation to lessen the impact on the country's economy.

Guarantees

IDB guarantees help countries manage financial risks and attract private investment.

Debt and Risk Management Options

As part of its financing offerings, the IDB provides embedded financial options to help countries manage liquidity risk, interest rate volatility, currency exposure, and commodity price fluctuations, while also building resilience against natural disasters.

IDB Financing Offerings

A Snapshot

Lending Instruments and Guarantees

- Works, goods, and services loans
- Policy and institutional reforms loans
- Guarantees

Debt and Risk Management Options

- Flexible Repayment Options
- Interest Rate Conversion Options
- Currency Conversion Options
- Commodity Hedges
- Climate Resilience Debt Clause (CRDC)
- Catastrophe Protection Options

Visit the IDB Financing Offerings Platform to learn more about lending instruments, guarantees, and debt and risk management options

Works, goods, and services loans

CCF

Contingent Credit Facility for Natural Disaster and Public Health Emergencies

Provides resources for immediate response after a natural disaster or a public heath event of severe catastrophic proportions. Contingent loans are approved prior to the occurrence of an eligible event. Two modalities can be used. One covers quick onset, low probability natural hazards with predefined parametric triggers (for example, severity of an earthquake using Richter scale). The second one covers events that are not parametrized but are significant enough to cause impacts on the population and economy (such as a pandemic).

CCLIP

Conditional Credit Line for Investment Projects

Provides a credit line to finance investment loans as well as issuing guarantees that support investment projects. It is intended to support long-term sector and multisector strategic objectives in borrowing countries by providing a credit line that borrowers can draw on for individual projects.

ESP

Specific Investment Loans

Finances one or more specific projects or subprojects that are wholly defined at the time the IDB's loan is approved. This means that, by the time of the loan approval, the cost of the project, its preliminary design, and technical, financial, and economic feasibility have been estimated.

GCR

Global Credit Loans

Finances multi-sector projects granted to intermediary financial institutions (IFIs) or similar agencies in the borrowing countries to enable them to on-lend to end- borrowers (sub-borrowers) for the financing of multi-sector projects, when their size does not warrant direct IDB handling.

GOM

Multiple Works Loans

Finance groups of similar works (a sample of which are fully defined) with the following characteristics: (i) they are physically similar but independent of each other; (ii) their feasibility does not depend on the execution of any number of the works projects; and (iii) their individual size does not warrant direct IDB handling.

IRF

Immediate Response Facility for Emergencies caused by disasters

Provides rapid financial support for addressing the effects of disasters. It focuses on two key actions: (i) preventing and mitigating disasters caused by natural hazards through proactive programming at regional, national, and local levels; and (ii) responding to post-disaster impacts, including damage from technological accidents or human-induced disasters. IRF resources are restricted to funding property damage repairs needed to restore essential services to the population immediately after a disaster occurs.

LBR

Loan Based on Results

Finance the achievement of results of new or existing Government program. The LBR is an investment loan that finances the costs of activities (goods, works, and services) associated with the achievement of such results and/or institutional capacity strengthening products associated with the overall achievement of the results, and that disburses once these results and/or institutional capacity strengthening products have been achieved and independently verified.

PROPEF

Project Preparation and Execution Facility

Finances individual operations under a global line of credit. Aims to (i) strengthen the preparation of projects in the IDB's operational program; (ii) increase support to encompass financing for project start-up activities prior to the first disbursement and to lay the groundwork for institutional sustainability.

TCR

Reimbursable Technical Cooperation

Transfers technical know-how to strengthen the capacity of entities in developing countries and requires repayment like a regular investment loan. Finances pre-investment activities or other loan preparation and execution activities. The provisions pertaining to loan operations will govern reimbursable technical cooperation operations.

Policy and institutional reforms loans

PBL Policy Based Loans: multi-tranche or programmatic

Provides flexible resources to support policy reforms or institutional changes in a sector or sub-sector. There are 2 modalities, a 1) programmatic modality consisting of a series of one tranche PBLs, each of them with their individual contracts and 2) a multitranche modality with a single contract and 2 or more tranches that are disbursed upon the complitions of the policy actions agreed upon between the Bank and the country.

SDL Special Development Loan

Provide budget support to mitigate macroeconomic crises, protecting social development goals. It prevents policy reversals, supports reforms, protects social program funding, mitigates crisis effects on the poor, and facilitates SME credit access.

Guarantees

PCG Partial Credit Guarantees

Provides credit enhancement for loans, bonds, or other debt instruments by covering various risks that could lead to default. By reducing risk, PCGs help mobilize private financing for projects and government borrowing, improving terms such as longer maturities, better pricing, and improved market access.

PRG Political Risk Guarantees

Cover the risk of non-performance by the sovereign or a government-owned entity of certain contractual obligations undertaken in relation to a private party, which could ultimately trigger a debt payment default to creditors. PRGs typically cover currency convertibility and transferability, and contract frustration.

Debt and Risk Management Options

Flexible Repayment Options

Standard FFF loans carry a semiannual straight line amortization schedule. Other options include bullet repayment structures, extended grace periods, uneven amortization schedules, and shorter repayment periods.

Interest Rate Conversion Options

Borrowers can change the interest rate basis of the loan from SOFR-based to fixed or vice versa, among other options.

Currency Conversion Options

Borrowers have the ability to manage currency exposures by transforming US dollar or Local Currency (LC) denominated loans into other major currencies or other regional LCs.

Commodity Hedges

Borrowers have the ability to manage exposures to commodity prices through call or put options.

Climate Resilience Debt Clause (CRDC)

Ability to postpone loan principal payments for two years following the occurrence of an eligible natural disaster. Enables the country to redirect funds for emergency response.

Catastrophe Protection Options

Provides fast cash payouts after a predefined catastrophic event meets parametric triggers.

IDB