

INTER-AMERICAN DEVELOPMENT BANK

Sustainability Report 2016





ABOUT THE IDB

We work to improve lives in Latin America and the Caribbean. Through financial and technical support for countries working to reduce poverty and inequality, we help improve health and education and advance infrastructure. Our aim is to achieve development in a sustainable, climate-friendly way. With a history dating back to 1959, today we are the leading source of development financing for Latin America and the Caribbean. We provide loans, grants, and technical assistance and we conduct extensive research. We maintain a strong commitment to achieving measurable results and the highest standards of increased integrity, transparency, and accountability.

The IDB's current focus areas include three development challenges—social inclusion and inequality, productivity and innovation, and economic integration—and three cross-cutting issues—gender equality and diversity, climate change and environmental sustainability, and institutional capacity and the rule of law.

In 2016, the IDB approved a total of 86 sovereign-guaranteed loan operations for a total financing amount of \$9.3 billion. Disbursements for sovereign-guaranteed loans totaled \$8.7 billion in 2016, \$190 million of which was under the Fund for Special Operations and \$116 million under the IDB Grant Facility.

\$9.3

billion in approvals

\$8.7

billion in
disbursements

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MESSAGE FROM THE PRESIDENT



The adoption of the Sustainable Development Goals at the UN General Assembly in late 2015 reinforced a global commitment “to shift the world onto a sustainable and resilient path” and set an ambitious agenda for the next 15 years. Throughout 2016, we at the IDB made internal adjustments and intensified support to our member countries, helping each to progress along that path in the sectors and manner most appropriate to their country context. The *Sustainability Report 2016* showcases our contributions and the benefits countries were able to achieve as a result.

This report covers the IDB’s contributions to sustainability across the organization and the region and invites you to explore the wealth of information it presents on sustainable infrastructure and cities, social sustainability, safeguards, natural capital, and climate change, as well as related adjustments to our organizational structure through the creation of the Climate Change and Sustainable Development Sector.

Sustainable infrastructure is essential to reducing global poverty through enhanced economic growth and increased resilience of communities. But how can we develop resilient infrastructure in our cities and rural areas? How can we foster sustainable transport and energy agendas? The answer could be found in public-private collaboration and innovation—two elements that will be fundamental to addressing these challenges, as examples in this report illustrate.

Infrastructure needs to be integrated into its surroundings: our cities and our environment. The New Urban Agenda, defined at UN Habitat in Quito, Ecuador, reflects the region’s need to make cities more inclusive and sustainable for all. This report presents key elements of our work with emerging cities in 2016, as well as initiatives focused on scaling sustainable urban development to metropolitan areas, while addressing urban environmental issues such as air and water quality.

Fostering natural capital management in productive sectors is a challenge of particular relevance to Latin America and the Caribbean: our region contains 40 percent of the world’s biodiversity, and many economic activities depend on biodiversity and ecosystem services. Countries in the region are also increasingly aware of the important link between natural capital and climate change, as reflected in several of the Nationally Determined Contributions (NDCs) that form the heart of the Paris Agreement on Climate Change. This report highlights the IDB’s support to countries in managing their natural capital and meeting their NDCs, as well as progress toward the IDB Group Governors’ resolution that endorses the goal of increasing the financing of climate change-related projects in Latin America and the Caribbean to 30 percent of the IDB’s and IIC’s combined total approvals by 2020, subject to demand from borrowing member countries and clients and access to external sources of concessional financing.

Sustainable development implies economic, environmental, and social sustainability. This is why social inclusion, gender equality, and diversity are cornerstones of our strategic priorities and our work, illustrated here by examples on economic inclusion and access to public services.

I hope you are as inspired by the contributions and results presented here as we at the IDB have been as we worked toward them in 2016.

Luis Alberto Moreno

President

Inter-American Development Bank

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FROM COMMITMENT TO ACTION

An ambitious new Sustainable Development Agenda took effect in 2016, including a set of new Sustainable Development Goals (SDGs) and a landmark agreement on climate change in Paris. This agenda will define how the world approaches sustainability, and other aspects of development, for the next 15 years. The year 2015 was filled with renewed global commitment to sustainability, and in 2016 we began to see the world move into action.

As the name indicates, sustainability for people and the planet is a core part of this comprehensive and universal agenda. The IDB has been a leader in engaging Latin America and the Caribbean, partnering with governments, civil society, and other multilateral development banks (MDBs) along the way (see [Figure 1](#) for some of the recent milestones). As the agenda continues to gain momentum on the ground, the IDB remains committed to supporting our member countries' efforts to translate the agenda into meaningful country-level targets, policies, programs, and projects. We're ready to provide financing—either directly or by mobilizing additional resources—and technical cooperation to help countries achieve their sustainable development aspirations. Read on to learn about what we're doing at the IDB.

Figure 1: Recent Milestones in Sustainability



3rd International Conference on Financing for Development (July 2015)



SDGs adopted (Sept 2015)



Paris Agreement on Climate Change at COP 21 (Dec 2015)



SDGs took effect (Jan 2016)



Paris Agreement opened for signature (April 2016)



Adoption of New Urban Agenda at Habitat III (Oct 2016)



Paris Agreement entered into force (Nov 2016)



Marrakesh COP 22 (Nov 2016)



Cancún COP 13 on Biodiversity (Dec 2016)

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Our Strategic Approach

Long-term economic growth and the reduction of poverty and inequality in Latin America and the Caribbean depend on development that is both environmentally sustainable and socially inclusive. At the IDB we are committed to maximizing the positive environmental and social outcomes of our work. Sustainability has long been a core element of the IDB's strategic vision. With the approval of the Ninth General Capital Increase (IDB-9) in 2010, the IDB Board of Governors endorsed an institutional strategy that reaffirmed our commitment to sustainability by establishing two overarching objectives: achieving sustainable growth and reducing poverty and inequality. As part of IDB-9, we also strengthened our social and environmental safeguards, consistent with the recommendations of an independent advisory group on sustainability and in line with international best practices.

And while some progress was made, we also recognized the need to do more. In 2016 the IDB reinforced its approach to sustainability as we implemented an update to the Institutional Strategy. The [Update to the Institutional Strategy 2010-2020: Partnering with Latin America and the Caribbean to Improve Lives](#) provides strategic direction to the IDB Group. The strategy's vision is to work in partnership with the region to increase productivity and reduce inequality in a sustainable way to ultimately transform Latin America and the Caribbean into a more inclusive and prosperous society. It identifies three main development challenges and three cross-cutting issues. As part of our core



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mandate, sustainability permeates the entire Update to the Institutional Strategy. Tackling the first challenge, *social exclusion and inequality*, is critical for establishing and maintaining a society that is socially sustainable. The second and third challenges, *low productivity and innovation* and *limited economic integration*, especially affect economic sustainability for the region. As for the issues, *gender equality and diversity* and *climate change and environmental sustainability* are both at the heart of sustainability. The final cross-cutting issue, *institutional capacity and the rule of law*, is essential too—without the right institutions in place to set the best policies for people and the planet as a whole and the mechanisms to enforce them, the agenda cannot succeed.

The 2030 Agenda informed the development of the Update to the Institutional Strategy, as the two were developed concurrently. As can be seen in [Figure 2](#), each of the Strategy's development challenges and cross-cutting themes is aligned to at least one of the 17 SDGs, and all 17 SDGs are covered by the Strategy. The Strategy also reaffirms the IDB Group's two overarching objectives of sustainable growth and the reduction of poverty and inequality—both of which are at the core of the 2030 Sustainable Development Agenda. Look for the SDG symbols throughout this report to see specific examples of how we're contributing.

We also developed a new [Corporate Results Framework](#) (CRF) to monitor the Update to the Institutional Strategy. The CRF has indicators organized into three levels: regional context, country development results, and IDB Group performance. Indicators at all three levels can be used to track our operational and corporate sustainability efforts (see [Box 1](#) for examples). Progress against the CRF indicators can be found on the CRF webpage and in the Bank's annual [Development Effectiveness Overview](#).

Box 1: Selected Indicators from the Corporate Results Framework 2016-2019

- *Reduction of emissions with support of IDB Group financing*
- *Beneficiaries of improved management and sustainable use of natural capital*
- *Installed power generation from renewable energy sources*
- *Women beneficiaries of economic empowerment initiatives*
- *Strategic alignment: climate change and environmental sustainability*
- *Strategic alignment: gender equality and diversity*
- *Operations with high environmental and social risks rated satisfactory in the implementation of mitigation measures*
- *Mid- and senior-level IDB Group staff who are women*

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Figure 2: Aligning to the SDGs








IDB Group Strategic Priorities	Sustainable Development Goals
 <p>Social Inclusion and Equality</p>	<p>1 NO POVERTY</p>  <p>2 ZERO HUNGER</p>  <p>3 GOOD HEALTH AND WELL-BEING</p>  <p>6 CLEAN WATER AND SANITATION</p>  <p>10 REDUCED INEQUALITIES</p> 
 <p>Productivity and Innovation</p>	<p>4 QUALITY EDUCATION</p>  <p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>8 DECENT WORK AND ECONOMIC GROWTH</p>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 
 <p>Economic Integration</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>17 PARTNERSHIPS FOR THE GOALS</p> 
 <p>Climate Change and Environmental Sustainability</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>  <p>13 CLIMATE ACTION</p>  <p>14 LIFE BELOW WATER</p>  <p>15 LIFE ON LAND</p> 
 <p>Gender Equality and Diversity</p>	<p>5 GENDER EQUALITY</p>  <p>10 REDUCED INEQUALITIES</p> 
 <p>Institutional Capacity and Rule of Law</p>	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 

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The IDB's Institutional Strategy continues to be complemented by sector strategies and sector framework documents that provide additional guidance and direction in specific areas of our work. In 2016, we updated seven sector framework documents. The sustainability highlights include the following:

- Agricultural and Natural Resource Management: reducing the sector's vulnerability to climate change and sustainable use of the region's natural resources
- Urban Development and Housing: expanding and enhancing urban green areas
- Transportation: promoting mitigation and adaptation measures for sustainability and supporting technology adoption for improving environmental conditions

In addition, we updated our Country Strategy Guidelines at the end of 2015 to strengthen both their preparation and their implementation. The updated guidelines established that all country strategies—and the analytical diagnostics feeding into them—should mainstream the relevant cross-cutting issues identified in the Institutional Strategy that is active at the time. Thus, all country strategies approved from 2016 onward are expected to consider climate change—in particular, mitigation and/or adaptation-related activities. Furthermore, country strategies are the principal instrument through which we align our sustainability actions with those of our borrowing member countries, taking into consideration the diverse ways that countries are incorporating sustainability into their development. The updated guidelines also strengthened the role of the relevant specialists during the country strategies preparation and implementation processes.

Box 2: Global Reporting Initiative

*The Global Reporting Initiative (GRI) sets global standards for sustainability reporting, relying on best practice for reporting on a range of economic, environmental, and social impacts. For the first time, the IDB has prepared a stand-alone **GRI annex** (in accordance with the core option) as a supplement to this report.*

In December, we held a workshop with staff from around the IDB to identify the material topics to define the content for this GRI annex. The following were identified (in alphabetic order): active ownership; anti-corruption and ethics; biodiversity; climate resilience; employment and labor relations; energy; engagement and coordination; feedback mechanisms; financial inclusion; gender equality and diversity; greenhouse gas (GHG) emissions; health and safety; human rights; indirect economic impacts; market presence; material use; monitoring and evaluation; responsible portfolio; supply chain management; training and education; waste; and water.

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Organizational Structure

We've updated our organizational structure to better reflect our approach to sustainability by creating a new sector that consolidates responsibility for the Bank's strategic direction in climate change and sustainable development. The sector fosters a regional network to develop and share knowledge in the form of cutting-edge research, lessons learned, and best practices. It will also manage our operations in the areas of forestry, biodiversity, agricultural development, tourism, sustainable cities, and climate change and will support other sectors with mainstreaming sustainability considerations as our member countries continue to demand multisectoral solutions.

Of course, this ambitious approach to sustainability requires shared commitment and responsibility throughout the IDB, from the president to technical specialists. Our updated structure maintains the environmental and social safeguards unit as separate in order to independently ensure proper compliance of all operations with the Bank's social and environmental safeguards policy. In addition, the Independent Consultation and Investigation Mechanism (MICI, from its name in Spanish) and other oversight bodies continue to play important roles in ensuring that sustainability is given due consideration at the IDB. We also practice sustainability at home through our corporate sustainability program and other mechanisms (please see the *Sustainability at Home* section on [page 50](#), for more information).

The reshaped Inter-American Investment Corporation (IIC) also began operating in 2016. The IDB will continue to collaborate extensively with the IIC, including on the topics of climate change and sustainability.

Further information on IDB structure, roles, and responsibilities is available [here](#).

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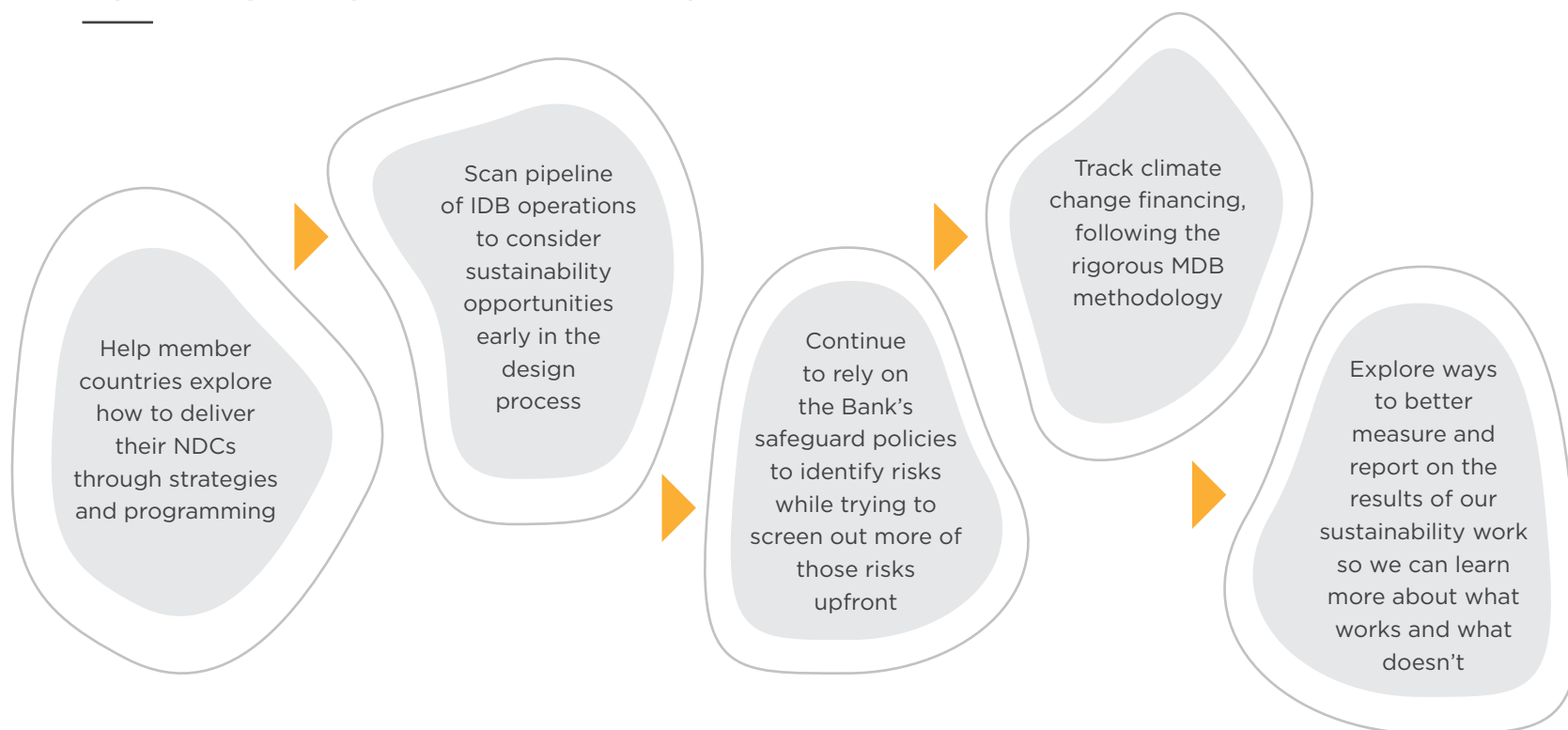
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Processes and Systems

We're reexamining processes and systems to support our renewed vision (see [Figure 3](#)).

Figure 3: Updating Our Processes and Systems



Taken together, these changes better position the IDB to focus its strategy, consolidate functions and resources to better capture synergies as we strive to achieve our vision for sustainability, and further integrate sustainability into everything we do.

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Strengthening Institutions for Sustainability

Institutions and the rule of law are a cross-cutting issue of our Update to the Institutional Strategy, and SDG 16 promotes peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable, and inclusive institutions at all levels. At the IDB we're working with our member countries to make sure they have the right mechanisms in place to make their development efforts more sustainable. The IDB is committed to strengthening our member countries' national systems for sustainability, with the intent of using these systems when designing, executing, and evaluating Bank-financed operations.

Improving the effectiveness, efficiency, and openness of governments is essential to meet the key challenges that countries in Latin American and the Caribbean face. In a technical note about improving lives through better government we identified two key work areas for leveraging government effectiveness: strengthening the evidence base for policy making and enhancing central agency functions to improve policy consistency across government. The complete technical note can be found [here](#).

As the note indicates, governments until recently were largely restricted to only reacting to operational and policy issues, but technology is now allowing government (through analytics, data mining, new systems and ideas) to anticipate issues and needs. Strategic planning, coordination, and foresight, including crisis management, are increasingly being reshaped through the opportunities that technological innovation and information management provide.

We're seeking ways to apply these types of approaches to our work in sustainability. For example, see on [page 28](#) how we're using geo-reference data in a cyclist mobility pilot project and on [page 21](#) how we're financing a state-of-the-art computer cluster that runs ocean-atmosphere coupled models to better understand climate change consequences on marine biome and climate conditions that could affect their survival and growth. As for improving policy consistency, we're actively encouraging ministries to talk to one another about sustainability issues—for example, by promoting ministry alignment to bring the infrastructure and climate change agendas together (read more in the Sustainable Infrastructure section). We're also working with governments to strengthen country systems for environmental and social management (see [page 43](#)).

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Our Sustainability Journey in 2016 and Beyond

For information about IDB's sustainability journey through the years, please visit our [Sustainability Timeline](#). Our key milestones in 2016:



Board of Governors' endorsement of goal to double our climate finance to 30 percent by 2020



Creation of new sector for Climate Change and Sustainable Development



Launch of NDC Invest



Participation in key international events contributing to the sustainability agenda: Habitat III in Quito, COP22 in Marrakesh, and COP13 in Cancún

We're proud of what we've helped our member countries to achieve so far, but we know there is a lot of work ahead of us, and we look forward to continuing the journey together. In 2017 we're especially looking forward to the following:

- Developing transversal solutions by integrating sectors and financial instruments
- Running a pilot program to systematically and rigorously evaluate IDB Group operations for disaster risk, climate change, and resilience using a new unified methodology (broad implementation is expected in 2018)
- Mainstreaming sustainable development and climate change issues into country strategies and operations
- Strategically directing climate change finance to transform economies to be low-carbon and resilient
- Convening the second Global Infrastructure Forum in April 2017, bringing together public and private partners to highlight opportunities for investment in inclusive, sustainable infrastructure

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OUR CONTRIBUTIONS AND RESULTS

The IDB provides financial and non-financial resources to governments, businesses, and civil society organizations in its 26 borrowing member countries, including loans for investment projects, policy reforms, and help in managing financial crises. We also provide technical cooperation, convene global experts, and conduct research to further the understanding of critical issues and seek solutions. In the pages that follow, we highlight some of the initiatives, operations, and research the IDB financed and worked on with our partners to contribute to the sustainability agenda in 2016.

Climate Change

We know transitioning toward a low-carbon climate-resilient economy won't be easy, but we also know we need to face those challenges now. Latin America and the Caribbean is particularly exposed to climate change impacts, and our research indicates that damages caused by the intensification of flooding, droughts, and other natural disasters will likely approach \$100 billion a year by 2050. Countries are acknowledging the importance of tackling climate change, shown clearly by the recent political momentum behind the Paris Climate Change Agreement and the 2030 Sustainable Development Agenda.

Please visit our blog, [Let's Talk About Climate Change](#).



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In Paris, the world called to align all financial flows to a pathway for low-carbon and climate-resilient development. Parties to the Paris Agreement have committed to prepare Nationally Determined Contributions (NDCs) indicating their greenhouse gas reduction targets and/or their adaptation goals. In addition, many countries have national adaptation plans that assess their vulnerability and identify measures toward resilience. Strengthening resilience to existing and future climate change impacts is key for the region—with many countries, particularly in Central America and the Caribbean, already suffering from increased frequency of severe weather events and floods. The Paris Agreement took effect in 2016, and by the close of the year the agreement had been signed by 180 countries and ratified by 118, representing 80 percent of global emissions. Please see [Figure 4](#) for the status of our member countries.

While most of these commitments won't officially start until 2020, we must begin now. Implementation will require developing investment plans that identify opportunities for specific projects and then mobilizing financing (including through the private sector) and developing country capacity to deliver them.

The IDB stands ready to provide financial and technical assistance to help countries in Latin America and the Caribbean turn the commitments made in Paris into a reality. Read on to learn about NDC Invest, a one-stop shop to help countries meet their climate plan goals, about our ambitious climate finance target, and about some of the research and operations we're investing in.

Figure 4: Paris Agreement Status

Among the Bank's member countries in Latin America and the Caribbean, 25 have signed the agreement and submitted their NDCs and 14 have ratified the agreement.



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NDC Invest

With NDC Invest, the IDB is offering a comprehensive platform to help countries implement their commitments under the Paris Agreement. With the right mix of policy assistance and financial instruments, the IDB Group can play a pivotal role in mobilizing investors to deliver the scale of investment required for sustainable infrastructure. We designed this one-stop shop to give flexible support to address the different needs and expectations of our member countries as they refine their NDCs leading to 2020, while still enabling a path toward implementation based on concrete actions. It has four elements:

NDC Programmer helps member countries integrate NDCs into national development and sector planning and identify a portfolio of potential projects. It will help assess the enabling conditions that will allow transformational change, for example analyzing policies, regulations, and sector strategies; designing transparent monitoring systems; and developing mobilization strategies and financial instruments.

To scale up investment, the **NDC Finance Mobilizer** aims to increase countries' access to concessional resources to reduce costs and manage the risks associated with the investments that are needed to meet NDC commitments.



For potential projects that require additional financial and technical assistance to get off the ground, the **NDC Pipeline Accelerator** fosters a portfolio of sustainable and bankable projects by carrying out pre-feasibility and other project preparation studies, as well as plugging upstream gaps identified.

The **NDC Market Booster** aims to correct market failures associated with private sector projects, particularly small and medium-size enterprises, by providing non-reimbursable and reimbursable grants to pilot new business and financial models.

Transforming our world into one with a low-carbon, climate-resilient economy will require intense close collaboration among stakeholders, and NDC Invest is designed to foster strategic coordination across the public and private sectors, with civil society and others, to frame a holistic approach.

We're encouraging the transition toward more sustainable development by helping to fill the climate financing and implementation gaps. To learn more about NDC Invest, please visit our [webpage](#).

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NDC INVEST IN ACTION



Chile, Brazil, Guatemala, and Mexico will be the first countries to receive support from NDC Invest. With CO₂ emissions averaging 2.95 metric tons per person, these four countries have made important commitments to target energy, industrial processes, and agriculture based on their GHG emissions inventories.

Preliminary discussions have identified priority actions that are needed to reach their respective NDC targets, including the critical first steps of coordinating stakeholders and allowing the private sector to play a leading role.

- *Chile has committed to reduce 30 percent of its CO₂ emissions per GDP unit by 2030.*
- *Brazil intends to reduce greenhouse gas emissions by 37 percent below 2005 levels in 2025.*
- *Guatemala committed to reduce its absolute emissions by 22 percent compared with 2005.*
- *Mexico is committed to reducing unconditionally 25 percent of its GHGs and short-lived climate pollutant emissions for the year 2030.*

Tracking Climate Finance to Achieve Our New Goal

Achieving the ambitious global goals set in 2015 will require substantial financing. Recognizing this, Governors at the IDB Group's 2016 annual meeting endorsed a goal to double our climate finance to 30 percent of approvals by 2020, subject to demand from our borrowing countries and clients and access to external sources of concessional financing.

MDBs have agreed upon a harmonized methodology to track climate finance in operations financed with their own resources and the external resources that they manage. MDBs have defined climate finance as “the financial resources committed by MDBs to development activities with climate change mitigation and adaptation benefits in developing and emerging economies.” Further details on the methodology and detailed MDB data can be found in the [joint MDB report on climate finance](#). In 2016, the IDB Group financed \$2.66 billion in climate change-related activities, including loans, grants, technical cooperations, guarantees, and equity investments (22 percent of total approvals). Please see [Figure 5](#) for a breakdown by sector. During 2016 Argentina, Bolivia, Brazil, Chile, and Colombia were the top five countries investing in climate action using IDB Group resources. Brazil, Chile, and Colombia invested heavily in low-carbon energy infrastructure, while Argentina and Bolivia made significant investments to improve climate resilience in agriculture and water resource management. The IDB Group mobilized an additional \$1.1 billion in co-financing from other public sources and \$310 million from private sources toward climate change-related activities.

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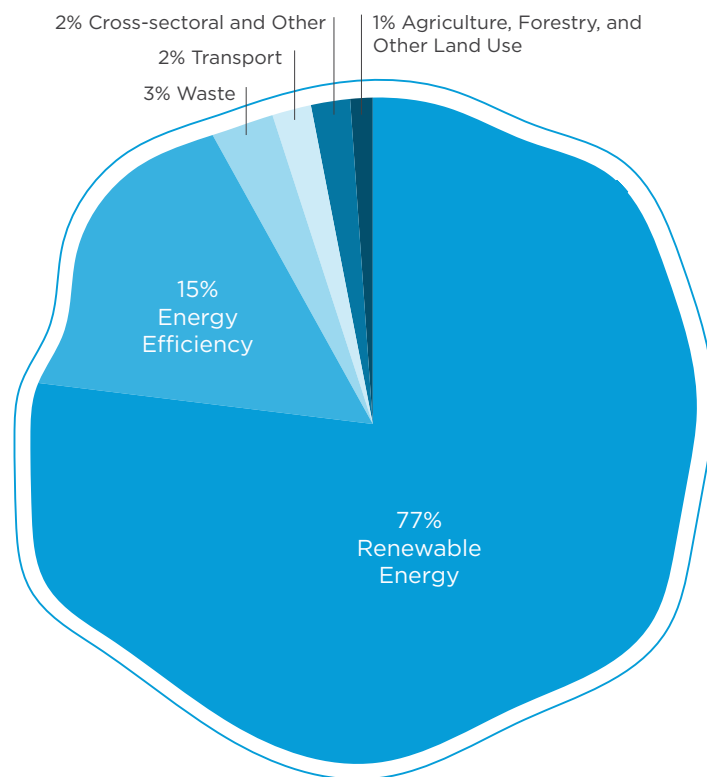
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Figure 5: IDB Group Climate Finance 2016

Mitigation (\$2.127 billion)

Climate change mitigation refers to efforts to reduce, limit, or sequester GHG emissions in order to reduce the risk of climate change. Thus *climate mitigation finance* refers to resources to adopt and deploy low-emission approaches and technologies, such as in the energy, transport, agriculture, and land use sectors.



Adaptation (\$562 million)

In this context, adaptation is a process to lower the current and expected risks or vulnerability posed by climate change. Thus *climate adaptation finance* refers to resources allocated to projects, or components thereof, that explicitly define a context of vulnerability, intend to reduce such vulnerability, and allocate resources to specific vulnerability-reduction tasks.

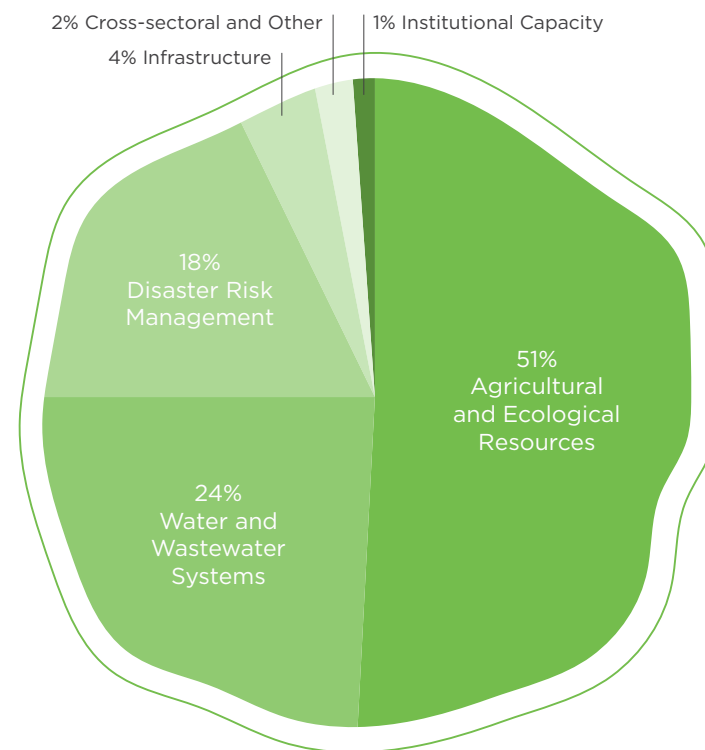


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Stranded Assets

Throughout history, technological advances and other changes have caused certain assets to lose their value faster than expected. Consider, for example, the telegraph, fax machine, and camera film. A changing climate is no different, and climate-related stranded assets are becoming increasingly common due to both the physical effects of climate change and evolving regulatory responses to it. According to Caldecott, Howarth, and McSharry, stranded assets are defined as assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities.

Given the region's high exposure to environment-related risk factors and its fossil fuel resources, this issue is particularly important in Latin America and the Caribbean. Yet little work has focused on the issue there. Aiming to raise awareness, provide a deeper understanding, and highlight opportunities for further work on stranded assets, in 2016 the IDB published a report on the issue based on an extensive review of literature and case studies, in-depth interviews, and a survey instrument. The full report, *Stranded Assets: A Climate Risk Challenge*, is available [here](#).

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Stranded Assets: A Climate Risk Challenge

Climate-related factors likely to cause stranded assets

- Environmental challenges including climate change
- Changing resource landscapes
- New government regulations
- Falling clean technology costs
- Evolving social norms and consumer behavior
- Litigation and changing statutory interpretations

Natural resource dependency and exposure to stranded assets



Fossil fuel industry

60-80 percent of publicly listed fossil fuel reserve are “unburnable” if the world is to avoid disastrous climate change



Agriculture and forestry

Environment-related risk factors could cause material asset stranding throughout the global agricultural supply chain, including natural assets



Tourism industry

Countries dependent on nature-driven tourism are also likely to be affected by climate change and could see service industry infrastructure stranded by physical changes



Human capital

Human and social stranding as a result of changing agricultural patterns and stranding of fossil fuels

Types of climate-related risks that could affect financial stability

- Physical risks: arise from weather-related events, such as floods and storms
- Transition risks: financial risks from the transition to a lower-carbon economy
- Liability risks: for insurance firms from parties who have suffered loss and damage from climate change and then seek to recover losses from others whom they believe may have been responsible

Current perspectives on risk management tools

20%

think that there is adequate information to properly analyze corporate exposure to climate change

73%

do not have (or do not know about) someone in their organization responsible for ensuring the consideration of relevant climate risks



10%

reduction in the productive capacity of natural capital could lead to a decrease of 1-4% of a nation's GDP



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ADAPTING TO CLIMATE CHANGE IN THE FISHERY SECTOR AND MARINE-COASTAL ECOSYSTEM IN PERU

Peru has the world's most productive fisheries thanks in part to the country's coastal upwelling. The Humboldt Current (HC) brings cold water rich in larvae and plankton, attracting a great variety of fish species to the country's shores. The observed and well-documented sensitivity of HC's productivity to climatic oscillations such as El Niño puts local artisanal fishers in a particularly vulnerable position. This situation is expected to worsen with climate change and other external factors like overfishing, jeopardizing the sustainability of artisanal fishing. A fishing productivity drop would have a significant impact on local economies—and in turn lead to a sharp decline in the living conditions of people in fishing communities. To combat this problem, the Peruvian government is putting new policies in place for the fishery sector, and we are helping to provide scientific evidence and strategic guidance to support the process.

To fight back against the rising vulnerability of coastal fishing communities, we need to know more about the nature and scope of climate change impacts on marine resources and coastal ecosystems, and we need to help fishers participate more effectively in supply chains and have the means and knowledge to use marine resources in a more sustainable way. Along these lines, this project is expected to contribute to increasing the adaptive capacity of local communities and the government of Peru to better respond to the impacts of climate change on coastal fisheries and associated ecosystems.

Since its approval at the end of 2013 this project has already seen significant advances:

- 27 people trained from the Instituto del Mar del Peru (IMARPE), coastal laboratories, universities, and other institutions on species profiling and ranking of key species in fisheries and aquaculture
- Vulnerability assessment (preliminary) of the artisanal fishing sector in Huacho / Chancay (Lima) and Ilo (Moquegua) carried out
- State-of-the-art computer cluster in operation at IMARPE to run ocean-atmosphere coupled models to better understand climate change consequences on marine biome and climate conditions that could affect their survival and growth
- Capacity strengthened in five artisanal fishing communities for sustainability—promoting practical concepts for collecting and processing data, creating microenterprises, and economic diversification, among others
- 25 people trained from IMARPE, coastal laboratories, the Ministries of Environment and Production, and the Department of Hydrography and Navigation in methodologies for analyzing the physical vulnerability of coastal marine areas due to climate change
- Methodological approach for developing integrated management plans for marine-coastal areas with a climate lens and its implementation through a small pilot
- Glider to report onshore/offshore oceanographic conditions
- Action Plan for the adaptation of artisanal fisheries to the impacts of climate change in two pilot sites (Ilo and Huacho)
- Environmentally friendly fishing gear installed in eight ships
- 40 small-scale fishers trained on improving sustainable harvesting processes, promoting care for the marine environment, food security, and transferring knowledge of fishing technology

For more information, please visit the [project's webpage](#).

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Sustainable Infrastructure

The infrastructure investment choices the world makes over the next 15 years will significantly affect our ability to keep temperature increase below 2°C, for the reasons that led to and are reflected in the Paris Agreement, and will determine how resilient that infrastructure is to climate change. At the IDB we're talking with countries to bring the infrastructure and climate change agendas together, because we believe that ministries must align to move toward building low-carbon climate-resilient infrastructure. Read on to learn what else we're doing to promote sustainable infrastructure practices.

We're raising awareness inside and outside the IDB by convening global actors and fostering discussions online about the reasons sustainable solutions are needed and how we can find them together. Highlights from 2016 include:

- In January, we hosted the launch of the [International Infrastructure Support System \(IISS\)](#) at our headquarters. IISS is an innovative digital project preparation platform that has gained acceptance among MDBs and public and private sector actors around the world, becoming an invaluable tool for the delivery of high-quality infrastructure projects.
- IDB President Moreno co-authored with Lord Nicholas Stern an op-ed for the Guardian in May, on [why building low-carbon and climate-resilient infrastructure is essential for reducing global poverty](#).

- The [2016 New Climate Economy Report](#) was launched at the IDB in October. This year's report uses extensive research to confirm that sustainable infrastructure investment is crucial to foster global economic growth, to deliver on the SDGs, and to cope with climate risks.
- A new phase of the cooperation program Sustainable Infrastructure and Climate Protection in Latin America and the Caribbean was agreed with the German International Cooperation Agency, thanks to the financial support of the German Ministry for Economic Cooperation and Development. The program seeks to support the Bank's efforts to mainstream sustainable infrastructure in the region technically and financially.

We're also constantly seeking to generate knowledge through our operations and research. The IDB has partnered with Mercer Investments to explore the key barriers to investment in sustainable infrastructure, especially those preventing greater engagement by institutional investors. The results of this research will be used to inform a future IDB strategy on the issue. In 2016, as part of this partnership, we launched the report [Building a Bridge to Sustainable Infrastructure: Mapping the Global initiatives that are Paving the Way](#), which urges the global community to commit to promoting sustainable infrastructure.

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To build our knowledge base, we continue evaluating the operations we finance to keep improving. Using Harvard University's Envision Methodology, we evaluated five IDB-financed infrastructure projects this year. Many lessons can be learned about what we are doing well and what we need to improve.

- **Mário Covas Rodoanel Project: Northern Section, Brazil**
- **Norte Grande Electricity Transmission Program: Northeast Section, Argentina**
- **Punta del Tigre Combined-Cycle Power Generation Project, Uruguay**
- **Serra do Mar and Atlantic Forest Mosaics System: Socio-Environmental Recovery Program, Brazil**
- **Metropolitan Quito Environmental Sanitation Program - Phase II, Ecuador**

6 CLEAN WATER AND SANITATION



IMPROVING SANITATION IN PANAMA

A \$150 million loan was approved in 2016 for a program aiming to improve sanitary conditions and reduce pollution of the urban rivers and streams of the Arraiján and Chorrera districts to the west of the Panama City. The program will increase coverage of treatment and wastewater networks, develop capacity for the management of works and the sustainability of the sector, and promote the proper functioning of the sewerage system through comprehensive environmental and health education interventions. The operation is being co-financed with the Spanish Agency for International Development Cooperation.

For more information, please visit the [project's webpage](#).

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CLEANING UP LAKE TITICACA

The extraordinary Lake Titicaca, on the border of Peru and Bolivia, has been seriously affected by activities in the area surrounding it. Increased farming and tourism have significantly contaminated the lake basin, affecting the quality of life of many people. The Katari River basin is home to 11 percent of the Bolivian population, one of the most populated and pressured basins in the country.

A \$85 million project is seeking to implement a model to manage the lake basin and increase sanitation coverage. It includes:

- *Investments for wastewater treatment, solid waste management, and sanitary landfills*
- *Institutional capacity to improve management of the Katari Basin*
- *Dissemination of best practices in ecosystem conservation and climate vulnerabilities management*

For more information, please visit the [project's webpage](#).

Understanding natural resource availability and monitoring change is fundamental for managing it, but long-term data sets do not always exist due to high costs. Satellite platforms can help countries to fill this information gap—and to more effectively monitor their natural resources—by enabling coverage of large areas over longer periods of time without requiring a large workforce.

In 2016 our safeguards unit began working with the European Space Agency (ESA) to provide financial and technical support to develop a series of case studies on remote sensing, using ESA's vast library of satellite imagery going back to 2000 and earlier. One of the case studies is focused on cleaning up the water entering the Lake Titicaca basin. High-resolution images will be used to map wetlands in the highlands around Lake Titicaca and monitor changes over time, including changes in water quality (by measuring water color) following the installation of the water treatment plants in rivers draining into the lake.

Satellite technology in IDB projects is revolutionizing the way we work, helping us make better informed decisions and be more efficient in detecting issues.

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7 AFFORDABLE AND CLEAN ENERGY



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



IMPROVING ELECTRICITY SERVICE SUSTAINABILITY IN SURINAME

In the sparsely inhabited interior of Suriname, small diesel generators provide electricity, usually covering just six hours or less a day.

The diesel most often arrives in villages via boat or airplane. Rural households are not charged for service (the government absorbs the cost of about \$2.5 million per year), and extended fuel shortages are common. Consequently, segments of the rural population tend to migrate to the city temporarily or permanently. The government considers reliable electricity to be an important factor for stabilizing demographic development of the rural areas. Unfortunately, the current approach to rural electrification is not socially, economically, or environmentally sustainable.

As part of a \$30 million loan, the IDB is financing a 500-kW solar photovoltaic power plant in the village of Atjoni. The plant will include a battery bank to guarantee reliability and a 24-hour supply. The existing diesel generator will serve only as a back-up. Once completed, the solar plant will be the second largest in the country. The project is also the government's first major tangible experience with renewable energy. It has great potential to be replicated in other villages in the interior. Atjoni plays a key role in the development of central Suriname, as it links the upstream Suriname River basin with the coastal plain. Expanded and reliable electricity is expected to bring positive socioeconomic impacts to the area, and the project includes an extensive evaluation of the impact of the formal power supply on beneficiary households. As of the end of 2016, the design for the solar plant had been finalized and work was under way, expected to be completed during the first half of 2017.

For more information, please visit the [project's webpage](#).

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Sustainable Cities

In October 2016, over 30,000 leaders from around the world gathered in Quito for the United Nations Conference on Housing and Sustainable Urban Development (Habitat III) to discuss the New Urban Agenda, a document that sets the global standards for sustainable urban development for the next two decades. According to the United Nations 70 percent of the global population will be living in cities in 2050. The IDB took an active role at the conference, using the opportunity to present our vision for cities in Latin America and the Caribbean. Our specialists spoke in / moderated a series of panels, including on urban resilience and financing urban infrastructure. In the exhibition pavilion we hosted more than 10 talks with international experts and showcased two virtual reality videos that raise awareness of some of the challenges faced by urban dwellers throughout the region. The conference helped set the stage for how we'll continue to engage on this important agenda in the years leading to 2030. Read on to learn about the work we're doing to improve lives in the region's cities through our Sustainable Cities Program and new Housing and Urban Development Division, our efforts at building knowledge, the IDB UrbanLab, and how we're using big data to help our clients better design and implement public policy.

Please visit our blog, [Cidades Sostenibles](#) and our [Urban Dashboard](#).

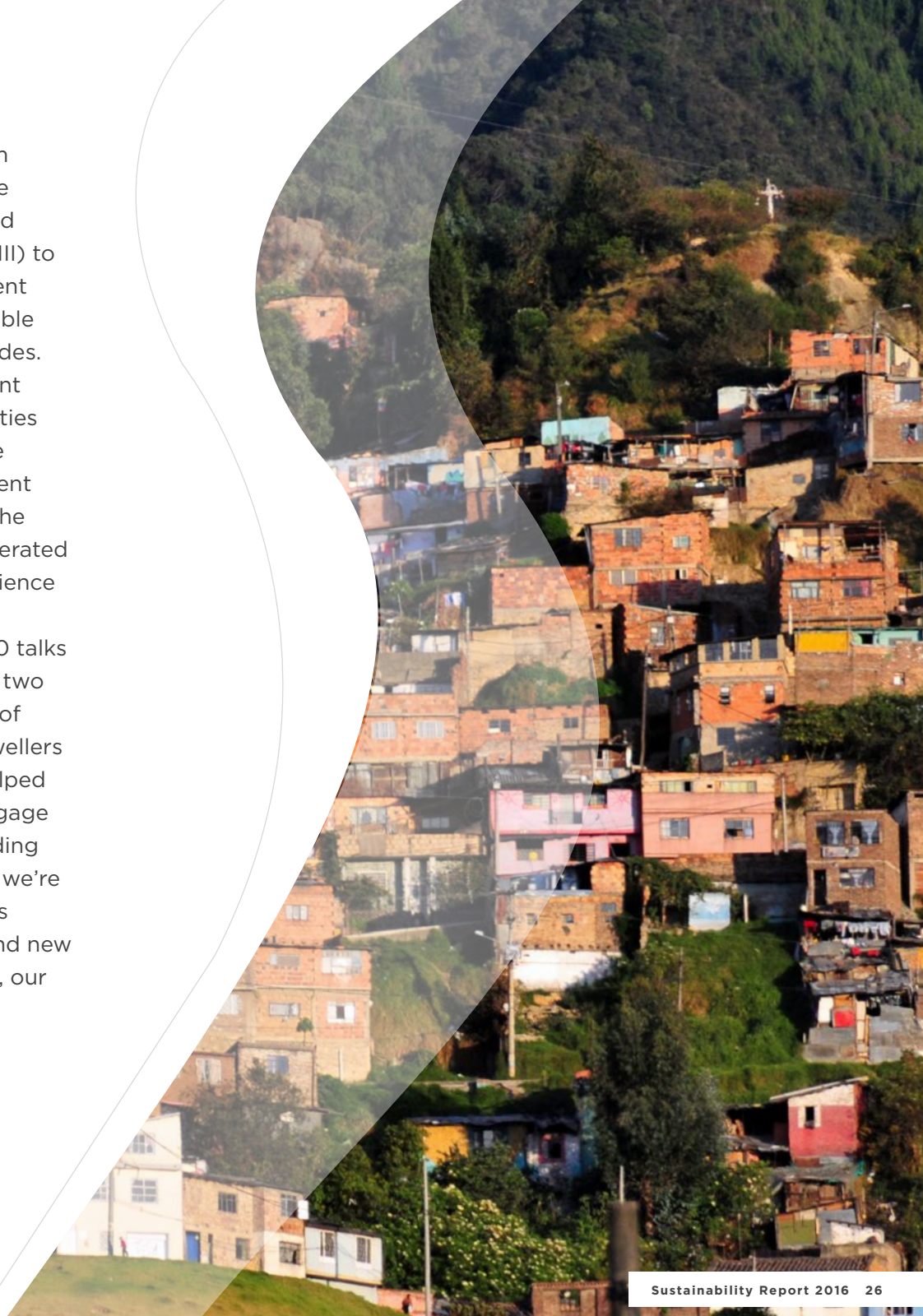


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REVITALIZING THE COLONIAL CENTER OF SANTO DOMINGO



The IDB approved a \$90 million loan to continue revitalizing the colonial center of Santo Domingo in 2016. This multisector program seeks a sustainable approach to developing this UNESCO World Heritage Site by integrating urban planning, housing, citizen security, economic development, cultural tourism, public administration, and governance.

For more information, please visit the [project's webpage](#).

Sustainable Cities Program and the New Housing and Urban Development Division

The Emerging and Sustainable Cities Initiative promotes urban sustainability in the areas of infrastructure and services and promotes environmental and fiscal sustainability by providing technical assistance to 71 cities in Latin America and the Caribbean that are now participating in the program (37 of them with completed action plans). In 2016, 16 new cities joined the program and \$4.5 million was mobilized to finance sustainable urban infrastructure. Thanks to the initiative's continued success, it has evolved into a permanent program that was incorporated into the newly created Housing and Urban Development Division (within the Climate Change and Sustainable Development Sector).



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Sustainable Urban Development Knowledge

A smart city is one that puts people at the center of development, integrates information and communications technologies into urban management, and uses these elements as tools to stimulate collaborative planning and citizen participation processes. By promoting integrated and sustainable development, smart cities become more innovative, competitive, attractive, and resilient, thus improving lives. We published a guide in 2016 for mayors, managers, consultants, entrepreneurs, and planners seeking to learn about best practices for cities to migrate from traditional management to smart management. *The Road Toward Smart Cities: Migrating from Traditional City Management to Smart City* is available [here](#).

We also developed *iA todo pedal!*, a practical tool that promotes better conditions for bicycle mobility. We want to create an environment where people of every age and income level can travel by bicycle through urban areas in a safe and enjoyable way. We launched the publication at the World Bicycle Forum in Santiago, Chile. *iA todo pedal!* is available [here](#).

IDB UrbanLab

The Emerging and Sustainable Cities Program organized the second IDB UrbanLab, a university-level urban design competition to promote innovative and sustainable solutions to issues faced by Latin American and Caribbean cities. The competition was organized with the Municipality of Santa Marta (Colombia), Findeter, and “Tras la Perla de la America” (a non-profit organization led by Colombian singer Carlos Vives). The 2016 UrbanLab addressed the

issues of Pescaito, an iconic and historic neighborhood in Santa Marta. We received 106 proposals from 13 countries and 63 universities in the region. The three finalists traveled to Washington, D.C., in November 2016 to present their ideas to a group of judges. A team from the Universidad de Buenos Aires won the competition with their proposal—titled “Pescaito, slum of opportunities”—and its members will travel to Santa Marta in early 2017 to incorporate their ideas into the city’s action plan for sustainable development.

Using Big Data for Better Urban Public Policy

We conducted a cyclist mobility pilot project in Rosario, Argentina. Forty GPS devices were distributed among “private” cyclists during a two-week period, and 150 devices were installed on the city’s public bicycles (covering 85 percent of the fleet). Based on the geo-reference data we collected, the study reached the following conclusions:

- Streets with bike lanes have significantly more bike traffic, indicating that infrastructure can induce demand. By using GIS technology statistics, heat maps, visualizations, and animations, the city can analyze and compare cyclists’ routes with current bike paths to determine the need to modify or build new ones.
- Some 2,000 bicycle accidents that occurred in the last four years were mapped as part of this study to understand accident patterns and identify the most dangerous cross-streets in the city. Preliminary data analysis carried out between 2012 and 2015 showed that as the bike lanes increased in the city, the number of accidents went down drastically.

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MAKING BELIZE CITY MORE SUSTAINABLE

In partnership with the Belize City Council and the Ministry of Local Government, vital new data were generated in 2016 that will inform future policy making. Three technical studies for Belize City were produced: a Green House Gas Inventory and Mitigation Roadmap, an Urban Footprint Analysis, and a Disaster Risk and Vulnerability Assessment. The program also produced four sector reports (on citizen security, solid waste, fiscal sustainability, and urban mobility) and funded two surveys (the first-ever origin-destination survey in Belize and the first public opinion and perception survey covering climate change, natural disasters, energy, and other topics). City-wide consultations were held to produce several more firsts for the city, including a draft Land Use Policy Framework, a neighborhood-level development plan, and a city-level brand for economic development. These endeavors have garnered the support of both the local and central governments and have built capacity at the Belize City Council. Moreover, given the importance of these studies for the Bank's future investments and the city's long-term viability, the community consultations have created awareness about sustainable development issues, and the council has mobilized citizens' support through neighborhood clean-up activities. In 2017, these products will help identify priority areas to inform an Action Plan for Belize City's sustainable development.

For more information, please visit the [project's webpage](#).

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Natural Capital

Latin America and the Caribbean is home to 40 percent of the biodiversity on Earth and to many unique ecosystems. The region's wealth of natural capital is at the core of its economic and social development. At the same time, the region's increasing population and economic growth are also partly responsible for the growing threats to environmental sustainability and the loss of natural capital. Recognizing this, the region is leading the world in biodiversity conservation. With 20 percent of its land set aside for conservation, the region far surpasses the 13 percent average achieved in other developing regions. This major achievement is thanks to the efforts of many people, including decision makers, practitioners, financiers, communities, civil society, and individuals. But further measures to halt degradation and promote sustainability are needed. Integrating biodiversity into key economic sectors is essential if we are to achieve the Aichi Biodiversity Targets. Read on to learn about our engagement at the 13th Convention on Biological Diversity, IDB's work in protecting natural capital through the BIO Program, coastal resilience in the Caribbean, and agroforestry in Haiti.

Please visit our blog, [Natural Capital](#).

13th Convention on Biological Diversity

The thirteenth meeting of the Conference of the Parties to the Convention on Biological Diversity was held in December 2016. Working with the German Development Bank KfW, the IDB organized a side event to explore development banks' perspectives on mainstreaming biodiversity in Latin America and the Caribbean, bringing together experts in tourism, energy, transport, and forestry across both the public and the private sector.

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2 ZERO HUNGER



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



DEVELOPMENT PLANNING IN THE BAHAMAS – A NATURAL CAPITAL APPROACH

The Andros Master Plan (AMP) is a comprehensive and actionable plan to guide decision making and investment over the next 25 years, developed in tandem with the Bahamas' National Development Plan (Vision 2040) using an innovative approach to mainstream natural capital. The Office of the Prime Minister considers the AMP to be a model for island multisectoral development planning, and the model is already being replicated in islands such as San Salvador.

Efforts to formulate the plan are science-based, combining ecosystem modeling (for example, the role of mangroves and reefs in coastal protection, fisheries production, and tourism value) with different development scenarios and developed through a highly participatory process to build consensus.

The AMP envisions Andros with a nature-based economy, providing balance between conservation of natural capital and sustainable development of social and economic capital. Projecting 25 years into the future to 2040, the sustainable prosperity scenario reduces by 20 percent the coastal and marine habitat at high risk and enhances the resilience of coastal settlements to storms and sea level rise by protecting more than 30 miles of coastline.

We are also preparing a complementary Integrated Coastal Zone Management program. The work resulted in the inclusion of investments in nature-based coastal protection solutions in a new loan (under preparation) that will bring about fundamental changes in policy for sustainable infrastructure in the Ministry of Works and Urban Development.

For more information about the AMP, please watch this [video](#) (available in English).

Multilateral development banks have identified biodiversity mainstreaming in key economic sectors as the next frontier for achieving biodiversity targets. Through their leadership and coordinating role within the donor community, complemented by access to trust funds and lending resources, development banks can help embed biodiversity concerns within sectors and national agendas as a critical part of sustainable development. In Latin America and the Caribbean, where natural capital is at the core of economic and social development, mainstreaming biodiversity and integrating it with measures to strengthen resilience to climate change is not merely a “best practice.” It is paramount for sustainable development.

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Biodiversity and Ecosystems Services Program

Ecosystems—such as forests, savannahs, and coastal watersheds—provide crucial services and public goods that benefit people, such as recreation, clean water and air, and the prevention of soil erosion. Healthy ecosystems and the biodiversity that they support are the foundation from which future goods and services flow to our communities and economies. IDB's Biodiversity and Ecosystems Services Program (BIO) is helping to generate knowledge on biodiversity and ecosystems by valuing and quantifying them and applying that knowledge to policies, tools, and public and private sector operations. To date the BIO Program has financed over 30 technical cooperations and leveraged \$59 million in multisectoral investment loans. Learn more about the program [here](#).



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UPSCALING SILVOPASTORAL SYSTEMS IN SOUTH AMERICA

Securing the supply of wood and timber from sustainable sources without competing for agricultural land and food production has already become a challenge in many parts of the world, and projected population growth will only exacerbate this problem. In recent decades, export-oriented industrial agriculture has become the main driver of South American land use patterns, increasing the pressure for more-efficient and intensive production systems. Specialization and intensification in the land use sector have brought economic and productive benefits at a cost—the massive destruction of ecosystems and dependence on a reduced number of export products. The IIC evaluated synergies and trade-offs of integrating livestock and timber production in silvopastoral production systems in a recently published report. Some of the key findings follow; the full report can be downloaded [here](#).

- **Earn more:** Synergies between cattle and trees mean that a combined system can produce more income than either system on its own. Comfortable cows lead to more and a higher quality of beef and milk.
- **Fight climate change:** When planted on degraded pasture land, trees sequester significant amounts of carbon dioxide. For example, a silvopastoral project in Colombia has increased carbon sequestration by about eight tons of CO₂ per hectare. Silvopastoral systems can also provide watershed and biodiversity benefits.
- **Access finance:** It is difficult for forestry companies to borrow for investments in forest plantations because of their risk profile (income appears only after mature trees are harvested). Adding cattle to the system generates revenues every year. Such cash flow gives ranchers access to finance and lets them start to pay back loans while they wait for trees to grow.
- **Make more with less:** By introducing forestry, ranchers maximize their land's yield rather than expanding the pasture area to generate more income. Given the regional challenge of continued deforestation and forest degradation, this is an important benefit.
- **Adapt to local conditions:** Silvopastoral systems can be altered to fit farmers' needs by focusing more on forestry growth or cattle productivity. Farms can emphasize timber production and plant trees more densely. To optimize for milk production, trees are planted in lower density to allow more light for the pasture but also maintain some shade for the cattle.

For more information, please visit the [project's webpage](#).

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COASTAL RESILIENCE IN THE CARIBBEAN

Communities that are heavily dependent on coastal ecosystems will suffer catastrophic effects from climate change.

>50%

population lives within 1.5 km of the coast

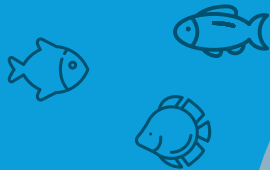


20% of the coastline is protected by its ecosystems

1 m sea level rise

right now, **75%** of all reefs are threatened

...to increase to 90% in 2030, and up to 100% by 2050



COASTAL ECOSYSTEMS

PROVIDE

\$720 million annually in protection benefits

\$49 billion in tourism to GDP in 2014, and 11% of jobs

DECREASE



winds



waves



erosion



damage

The poorest and most vulnerable populations will be seriously affected by

CLIMATE CHANGE



sea level



storms

THREATENING



infrastructures



economies



ecosystems



Engineers, environmental scientists, and economists are protecting coastlines by **incorporating nature** into design of innovative, resilient structures yielding positive results.

Coastal risk reduction always involves good ocean **science** (oceanographic surveys), combined with natural **engineering** (oyster and coral reef balls, mangrove restoration) and land use **planning**, including coastal setbacks and integrated coastal zone **management**.

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ECOTOURISM IN COSTA RICA AND BELIZE



Costa Rica has positioned itself as a leading destination in Latin America for sustainable tourism, with protected wild areas managed by the National System of Conservation Areas (SINAC) as one of the main attractions. In 2016, through an IDB-financed program, SINAC enhanced access and enjoyment at facilities in five of the country's main tourist destinations: the national parks Rincón de la Vieja, Tortuguero, Corcovado, Arenal, and Irazú. The program has:

- *Enabled access by people with physical disabilities, by adapting park infrastructure*
- *Trained more than 300 local actors from communities such as Talamanca and Los Chiles in sustainable tourism management*
- *Worked at the municipal level on tourism, environmental, and financial plans (for example, the Guatuso Tourism Planning Plan and the Environmental Situation Analysis and Action Measures for the Camaronera Gorge in Manuel Antonio—the most visited site in the country)*

For more information, please visit the [project's webpage](#).

Natural capital is the foundation of tourism in Belize. Belize's ecosystems and protected areas are at the same time home to threatened and endangered species and hotspots for visitors wishing to see unique plants and animals. An IDB technical cooperation supported an ecosystem services assessment, surveyed existing and potential demand for nature-based tourism, and provided empirical evidence for the economic viability of a prospective loan. BIO funds also supported mainstreaming disaster and climate resilience into local tourism planning to reduce vulnerability and strengthen environmental management of tourism activities, while focusing on maintaining ecosystem services and natural capital.

For more information, please visit the [project's webpage](#).



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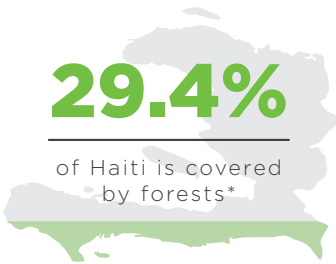
WHAT IS A CREOLE GARDEN?

Agroforestry and sustainable land management in Haiti

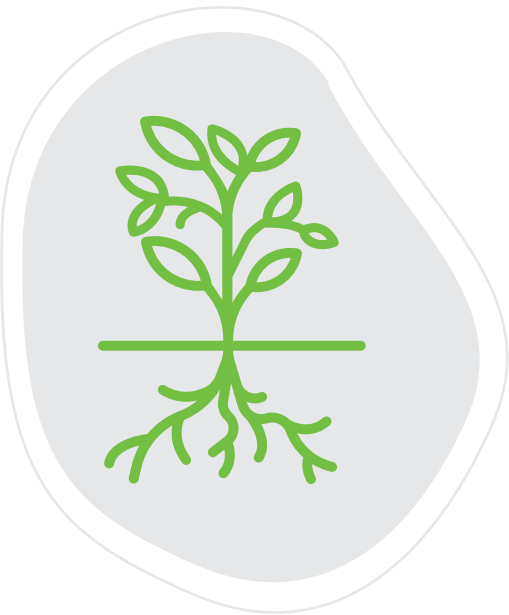
Agroforestry is an agricultural system in which annual crops are interspersed among different tree varieties such as fruit trees, coffee trees, cocoa trees, and forest trees.

ADVANTAGES

- Supports reforestation efforts
- Rehabilitates degraded soil
- Diversifies farmers' incomes



Agroforestry has always played a key role in the mountains of Haiti. Creole gardens (jaden lakou in Haitian creole) respond to farmers' needs in terms of income, food security, and wood. The prominence of jaden lakou has nevertheless declined—due in particular to increasing stress on the land resulting from food crop production and the necessary responses to short-term needs.



PROMOTING AGROFORESTRY IN HAITI

Deforestation and slash-and-burn practices strip the soil of its nutrients and its ability to retain water, resulting in soil erosion and watershed degradation. This in turn puts not just ecological systems but also agricultural productivity at risk. Agroforestry provides a viable alternative to damaging practices and allows tree cover to be maintained while boosting food production.

Through the Technology Transfer to Small Farmers program, we're using smart subsidies to enhance rural incomes and food security for agriculture producers in the Northern Region and Artibonite watershed.

For more information, please visit the [project's webpage](#).

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Social Sustainability

Women, indigenous peoples, and African descendants frequently suffer development opportunity gaps. These populations are critical actors for securing the social sustainability of the region. In Latin America and the Caribbean, aspects of race, ethnicity, and gender make escaping poverty far more difficult. We also know that when women are able to develop their full labor market potential, there can be significant macroeconomic gains in society.

Although there is less direct evidence available on the gains from eliminating racial and ethnic gaps, we know that indigenous peoples and African descendants have not seen the sharp reductions in poverty experienced in the overall population, and they are still more likely to live in poverty. Ethnic and racial gaps are striking in countries throughout the region, and closing these gaps is a key factor for social sustainability. In 2015 we saw gender equality and the inclusion of indigenous peoples and their worldviews become integral parts of the 2030 Sustainable Development Agenda. SDG Goal 5 is a stand-alone goal for gender equality, and gender and diversity are mainstreamed in 8 of the 17 SDGs. In 2016, the IDB continued to work toward a more socially sustainable future for Latin America and the Caribbean. Read on to learn about Ciudad Mujer, the Gender Parity Initiative, and how we're promoting inclusive economic development.

Please visit our blog, [¿Y Si Hablamos de Igualdad?](#)

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Ciudad Mujer

The IDB continues to promote gender equality through improved access to quality health care and prevention of violence against women, along with economic empowerment services through the expansion of effective integrated services programs like Ciudad Mujer. This successful model, which started in El Salvador with the Social Inclusion Secretary in 2011, has been expanded to include countries such as Honduras, Mexico, and Paraguay. The short-term program impact evaluation in El Salvador (available [here](#) in Spanish) shows that women who visit Ciudad Mujer centers increase the use of public services by 43 percent in a period of approximately 8–15 months compared with women who do not visit the centers (a control group), and they report that their life satisfaction has improved by 10 percent, based on 20 indicators.

Gender Parity Initiative with the World Economic Forum

In Latin America and the Caribbean, despite significant progress incorporating women into the labor force, the male-female/women-men participation gap remains one of the world's widest at 26.7 percent. Women earn 84 percent of the income made by men performing the same job, and nearly 80 percent of women take jobs in low-productivity sectors.

In December 2016 President Michelle Bachelet launched the first Gender Parity Initiative in Chile. Promoted jointly by the IDB and the World Economic Forum (WEF), the initiative is a public-private collaboration to close economic gender gaps. Its

goals include ensuring better participation of women in the labor force, reducing the wage gap between men and women, and boosting the presence of women in leadership roles. Thanks to its clear action lines, the initiative is expected to be adapted to other countries in the region. The IDB is partnering with the WEF to expand these Gender Parity Taskforces throughout Latin America and the Caribbean.

The IDB is also working directly with the WEF Global Gender Gap Report to quantify the magnitude of gender-based disparities over time and to develop a digital repository of best practices for closing gender gaps as an implementation mechanism for the private sector.

Promoting Inclusive Economic Development

The IDB, the Municipality of São Paulo, and the Instituto Ethos launched the Inclusive Public-Private Economic Development Forum in May 2016. The forum makes an important contribution to sustainable and inclusive development in Brazil by ensuring that economic development opportunities are available to African descendants, women, and other vulnerable populations through improved private sector recruitment strategies, expanded opportunities for promotion in the public and private sectors, and the diversification of leadership at participating public and private sector firms. This forum has garnered the attention of the Brazilian private sector on how to better incorporate women and African descendants into formal private sector positions.

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CIUDAD MUJER IN HONDURAS

3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



At just 47 percent in 2014, the labor force participation rate for women in Honduras is the lowest in the region (the regional average was 57.8 percent in 2014) and significantly lower than the national rate for men (86.5 percent in 2014).

Women also face high levels of gender-based violence in Honduras. Some 10.9 percent of women between the ages of 15 and 49 reported physical or sexual violence by their partner in the last 12 months. The national female homicide rate is 10.9 for every 100,000 women in 2015—the second highest in the world after only El Salvador.

Ciudad Mujer in Honduras is critical to achieving gender parity in the country. A \$20 million loan and a technical cooperation for \$460,000 were approved under the Ciudad Mujer program in Honduras in 2016. The first Ciudad Mujer Center in Honduras—focusing on improving the quality of women's lives through labor force participation, sexual and reproductive health, prevention of violence against women, care for women who suffer violence, and the prevention of adolescent pregnancy—will open in early 2017.

For more information, please visit the [project's webpage](#).

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



IMPROVING RURAL ROADS IN PARAGUAY

This \$100 million program to improve road access in rural areas includes a pilot to reduce gender gaps by encouraging women to participate in non-traditional jobs (mainly operating heavy construction machinery and maintaining transport infrastructure). The aim is to increase both women's human capital and their productivity in the sector. Highlights from 2016 include:

- *Bidding documents for civil works take gender into account with activities such as theoretical and practical training in non-traditional jobs for women and men, internships for the female employees receiving the training, gender sensitization courses for all employees, coexistence manuals, adaptation of camps to suit the needs of women, and hiring of a gender specialist to support the implementation of the activities.*
- *Exploratory visits to the works area established contact with local authorities, presented the gender action plan and the guidelines established in the bidding documents, and collected information from women interested in participating in the program.*
- *Representatives of the Ministry of Public Works and Communications, the IDB, UN Women, and road sector entrepreneurs presented the gender strategy and discussed the benefits of integrating women in non-traditional trades with the employers and other road sector representatives.*

For more information, please visit the [project's webpage](#).

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EXPLORING INCLUSION AT BRAZILIAN FIRMS

In 2016, through a technical cooperation, the IDB with the Instituto Ethos launched a study of the social, racial, ethnic, and gender profiles of the 500 largest Brazilian firms that was widely reported by the press in Brazil. The project also includes a similar publication focusing on the top 200 suppliers in the Municipality of São Paulo. Both studies highlighted significant opportunities to improve the representation of women and Afro-Brazilians.

Most Brazilians are African descendants (52 percent), and they represent a third of the population in cities like São Paulo. Yet less than 5 percent of board directors or executives and only 6.3 percent of managers are African descendants. Moreover, less than 4.3 percent of the 500 largest companies surveyed have inclusion policies for African descendants. Women are also under-represented in the workplace, making up 11 percent of board directors and less than 14 percent of managers. Although on average women have more years of schooling than men, many remain in the lowest levels of the professional hierarchy. The reports (available in Portuguese) can be found [here](#).

The year closed with the third successful São Paulo: Diverso public-private socioeconomic development forum, highlighting the role of public policy in promoting inclusion, and with a private sector forum on new guidance for incorporating gender and race considerations (with Instituto Ethos, Centro de Estudos das Relações de Trabalho e Desigualdade, the International Labour Organization, and UN Women). This work will serve as the basis for the Private Sector Forum for Racial and Gender Equality, “Fórum Empresarial para Equidade Racial e de Gênero,” which will be launched in 2017 to replicate the results of this program throughout Brazil.

For more information, please visit the [project's webpage](#).

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Safeguarding Sustainability

One of the ways we show our commitment to sustainability is through our environmental and social safeguard policies, which are modeled after international best practices. Specialists in our safeguards unit work closely with project stakeholders and Bank colleagues to identify and solve challenges that may arise in Bank-financed projects and programs. Thoughtful application of safeguard policies is essential to our mission of reducing poverty and inequality in Latin America and the Caribbean. Read on to learn how safeguards are adding development value, how we manage safeguards in complex projects, and how we're tracking the greenhouse gas footprint of our lending.

Please visit our blog, [Viva Sustainability](#).

Adding Development Value with Environmental and Social Safeguards

We apply a suite of safeguard policies and guidance to understand and mitigate potential negative environmental and social impacts and the risks associated with our investments. We implement safeguards to protect against environmental and social harm, improve the value of projects for all stakeholders, and enable clients to meet international practices and standards.

Applying Safeguards to Projects

- We assess risks that may affect project success, such as environmental and social capacity, track record, local sensitivities, or reputational risks.

Our safeguards cover:



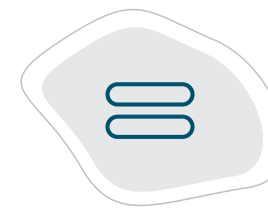
Environmental



Resettlement



Disaster Risk Management



Gender Equality



Indigenous Peoples



Access to Information

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- We assign safeguard specialists to all high-risk operations (category A and high-risk category B).
- We evaluate the adequacy of environmental and social impact assessments, management plans and procedures, and institutional arrangements for mitigating and managing impacts and risks.
- We determine additional measures to be included in the project design and operation to ensure that environmental and social impacts and risks are mitigated and managed.
- We monitor implementation and work closely with borrowers and stakeholders to ensure that each project complies with our safeguards and specific national and international standards.

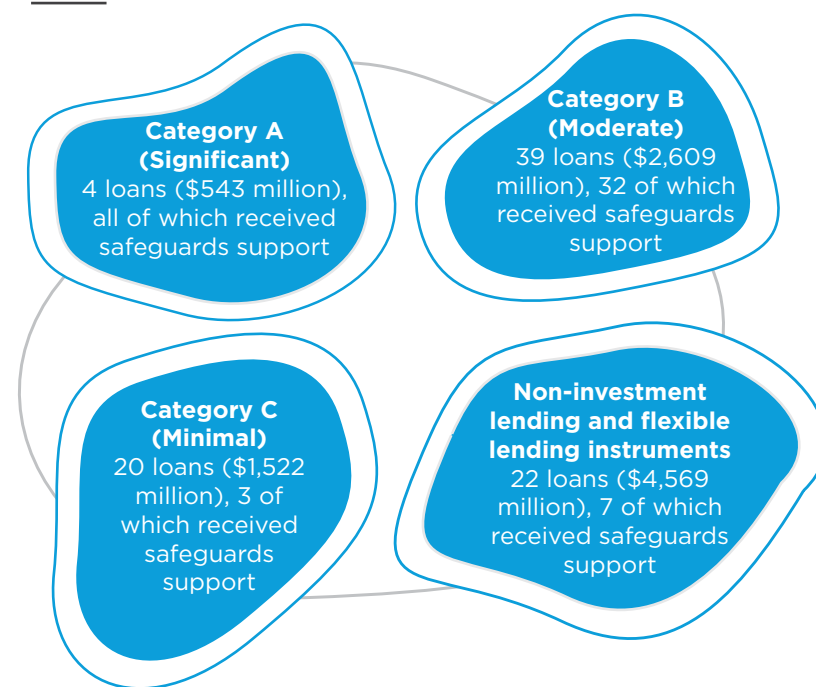
Classifying Loans

All IDB projects, except for emergency loans and grants, are classified according to their environmental and social impact. In 2016, the IDB approved 86 loans totaling \$9.3 billion, including an emergency grant to Haiti. See [Figure 6](#) for 2016 classification.

Monitoring Safeguard Performance

We track the effectiveness of our safeguards against institutional goals. Through our Corporate Results Framework, we've set a target of having 90 percent of the projects in our sovereign guarantee portfolio with high environmental and social risks rated "satisfactory" in implementation of mitigation measures by 2019. In 2016, some 82 percent of our sovereign-guaranteed projects classified as high environmental and social risk met this standard.

Figure 6: 2016 Impact Classification



Managing Concerns and Complaints

Individuals who believe they have been or may potentially be harmed by an IDB-financed operation due to the failure of the IDB to comply with relevant operational policies may raise concerns directly to the IDB through the [Independent Consultation and Investigation Mechanism](#). MICI's annual report is available [here](#).

Link Between Safeguard Policies and Sustainability

In 2016, we partnered with the Zofnass Program for Sustainable Infrastructure at Harvard University to investigate the benefits, outcomes, and effectiveness of IDB's environmental and social safeguard policies.

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Harvard's [Envision Rating System for Sustainable Infrastructure](#) was used to conduct a detailed case analysis of nine IDB-funded projects. The findings revealed several benefits of IDB safeguards, including:

- Safeguard policies are instrumental in facilitating sustainability in IDB projects.
- Sustainability performance is higher in projects where IDB was involved earlier in the project cycle.
- Safeguards enhanced national regulations and the institutional capacity of borrowing member countries to manage environmental and social impacts, and they helped sponsors implement innovative best practices.

Overall, the study found that safeguard policies provide the foundation through which interventions needed to improve quality of life and stimulate opportunities for sustainable growth are introduced into IDB-funded projects. The complete study (in English) is available [here](#).

Promoting Best Practices for Environmental Impact Assessments

In 2016, as part of our commitment to build institutional capacity among our borrowing member countries, the IDB launched a virtual course about best practices for reviewing [Environmental Impact Assessments](#) (EIAs). Twenty-five officials responsible for environmental licensing and enforcement of high-risk projects from five member countries participated in the first round of the course. Participants were given tools to carry out comprehensive reviews of EIAs, taking into consideration international best practices. The course is designed to enable the



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comparison of each EIA element against applicable standards and the communication of results to different audiences. Participants left the course with an improved grasp of the stages of the EIA process, increased understanding of the role of the reviewer, and techniques to effectively participate in the stages of the EIA review and decision-making process through an analysis of the legal, institutional, organizational, and personal context. Moving forward, the course will be offered throughout the year and translated into English.

Managing Safeguards in Our Most Complex Projects

Large-scale infrastructure development is necessary to foster growth and competition. These projects are often the most complex ones from an environmental and social perspective, but the IDB offers our member countries a comparative advantage. Our collective expertise and support—combined with robust safeguards and structured mitigation and supervision measures—aim at ensuring that complex projects are developed with resilience and long-term sustainability in mind. Our most complex projects are those that have the most significant environmental and social impacts and risks, which require additional input and evaluation. The IDB works closely with clients from beginning to end on category A and high- and moderate-risk category B projects to implement and monitor necessary environmental and social safeguard mitigation measures. In 2016, the IDB approved four category A loans, four grants that are linked to the preparation of category A loans, and one category A investment grant. In addition, the



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IDB approved a conditional credit line for investment projects (CCLIP) for Brazil's National Development Bank; the first operation under this CCLIP was categorized as FI-1, the equivalent of a high-risk operation.

- **Program to Expand Capacity and Road Safety on Integration Road Corridors (Argentina):**

In December 2016, the Bank approved a \$300 million highway infrastructure [loan](#) to help increase the economic productivity of Argentina's central region through improvements in road infrastructure, specifically in the Province of Córdoba. The project aims to improve the quality of traffic in a section of National Route No. 19 by implementing road expansions that will decrease travel times and transportation costs. An analysis of the risk of occurrence of natural disasters was carried out during the preparation phase of the operation. The design parameters of the project's hydraulic works were revised as a result of this analysis. In addition, a complementary Environmental Impact Assessment helped integrate the four studies previously carried out by the executor and updated them to include aspects previously not considered, such as cumulative impacts and risks related to natural disasters in a scenario of climate change. Public consultations were also held in addition to those previously carried out by the executor.

- **Improvement of Route PE-3N (Peru):** In December 2016, the Bank approved a [loan](#) for Improvement of a 150-km section of the "Longitudinal de la Sierra" highway in Peru, with

the key objectives of lowering vehicle operating costs and shortening travel times for users. The project has been classified as category A, given in particular the need for involuntary resettlement of people of Quechua origin and the high volume of earthmoving required. The EIA prepared includes management plans with effective measures to avoid, mitigate, and compensate identified impacts. A Compensation and Involuntary Resettlement Plan was prepared to guide the process of involuntary resettlement; an initial version prepared by the executing agency was supplemented with assistance from the Bank to ensure compliance with IDB's safeguard policies. Additional measures introduced allowed a significant reduction in the number of people affected and avoided resettlement of affected populations far from their current area of residence. See further details about the consultation process on [page 48](#).

- **Geothermal Exploration and Transmission Improvement Program Under the Nicaragua Investment Plan (Nicaragua):** The Bank is financing the exploration phase of the Volcán Cosigüina Geothermal Project in the region of Chinandega, Nicaragua, through a \$76 million [loan](#). The IDB's support will help reduce the financial risk associated with geothermal exploration in this part of Nicaragua, potentially attracting private sector support and increasing the share of renewable energy in the national electricity matrix. The IDB in collaboration with the borrower is devising a number of mitigation plans to reduce project risks. Among them, a Subterranean

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Water Study will determine the source and amount of aquifer water to be used by the project, thus minimizing impacts on surface and subsurface water used by affected communities. A Biodiversity Action Plan will restore the ecosystem function of the Volcán Cosigüina Natural Reserve through an innovative forest restoration program developed in conjunction with the government, local authorities, non-governmental organizations (NGOs), and the borrower. Finally, an Integrated Disaster Risk Management Plan will reduce the risk of natural disasters affecting both the project and communities, assuring that everyone is prepared for emergencies.

- **Road Integration Program II (Nicaragua):** In November 2016, the Bank approved a \$87 million **loan** for a road infrastructure project. The objective of the project is to contribute to economic development and the reduction of poverty in Nicaragua. The sample project, improvement of the El Comjén-Waslala road, is located within the buffer zone of the Bosawás Biosphere Reserve and the protected areas of Los Macizos de Peñas Blancas and Kuskawás. An Environmental and Social Impact Assessment covers a 1,465 sq km area to determine the indirect and cumulative impacts of new roads. Special mitigation measures include strengthening of environmental management for the conservation of the biosphere reserve, environmental education for the sustainable management of renewable natural resources, and promotion of connectivity for the ecological corridor between protected areas. These measures are aimed at minimizing habitat loss and land use change.

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- **Financing Program for Sustainable Energy (Brazil):** The first operation of the conditional credit line for productive and sustainable investment projects consists of a [loan](#) of \$750 million to the Brazilian National Development Bank (BNDES). The loan will specifically target renewable energy, primarily wind power, and energy efficiency projects in northeastern Brazil. This complex project will also seek to build capacity within BNDES in the implementation of its new Environmental and Social Management System and its new Environmental and Social Team. Together, the IDB and BNDES will work with local state agencies in northeastern Brazil to provide more consistent environmental and social management of the wind farms, particularly relating to public consultation and conducting appropriate baseline bird and bat surveys prior to construction as well as bird and bat monitoring during operations. Together we look to build a more sustainable future for renewable energy in Brazil.
- For information on other category A projects, please visit the project webpages:
 - › [Support for the Preparation of Improvement of Route PE-3N Project](#) (Peru)
 - › [Institutional Strengthening and Support for PPP Project Structuring](#) (Ecuador)
 - › [Productive Infrastructure Program III](#) (Haiti)
 - › [Improvement of Sediment Management in the Peligre Reservoir](#) (Haiti)
 - › [Roads for Integration](#) (Honduras)



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CONDUCTING CONSULTATIONS IN PERU TO IMPROVE PROJECTS

*Located in an area with a predominantly Quechua population, the **longitudinal road project in Peru** passes through 25 “comunidades campesinas” (rural communities). While the road brings important benefits to these communities, its construction also resettles at least 400 households. Given the scale of the resettlement, our policies for involuntary resettlement and for indigenous peoples required the project to reach formal agreements with affected communities prior to approval.*

The comunidades campesinas are a traditional form of social organization in the Andes—where land is mostly owned collectively—characterized by strong social cohesion and territorial control. While the communities are led by councils with rotating members, the councils’ power is limited and the general assemblies make important decisions by consensus. To respect the traditional decision-making processes, the IDB required the project to consult with each of the affected communities separately about the resettlement plan and to obtain agreements with each general assembly. Achieving this in 25 communities was a particularly challenging task.

When the IDB became involved in the project, resettlement estimates were 1,300 homes, which were to receive only monetary compensation. Given the rugged terrain in the area, many families would have been unable to reestablish their homes in their communities. A first crucial step toward obtaining agreements was to adjust the road design and improve the resettlement process, reducing the number of homes to be resettled to 520 (with a potential further reduction to 400 through the construction of by-passes around densely populated areas). Additional resettlement measures ensure that affected families can stay within their communities and avoid serious disruption to social ties and livelihoods, including building new homes and making new areas suitable for building homes.

The enhanced resettlement plan was followed by a two-step consultation process. First, preliminary meetings were held with the councils to present the improvements to the resettlement process and to prepare for the general assemblies. Step two was an intense three-week period to consult the general assemblies. The IDB and the borrower discussed the agreements and presentations beforehand to ensure they would meet safeguards policy requirements. While Spanish was the main language during community meetings, a Quechua translator was also present to facilitate full understanding by all community members. These efforts resulted in 24 of 25 communities signing minutes expressing their agreement. The general assembly of the remaining community is expected to ratify the agreement in early 2017. Obtaining this final agreement is a precondition for the IDB to start disbursing funds.

The consultations do not end there—the resettlement plan includes a series of measures to ensure continued participation of affected communities during the entire resettlement process.

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Greenhouse Gas Footprint of Our Lending Portfolio

Our Environment and Safeguards Compliance Policy commits us to calculate emissions from Bank-financed projects that generate significant amounts of GHG emissions. At the project level, calculating emissions allows us to identify high-emitting projects and projects with the potential to reduce emissions. We work with potential clients to incorporate emission savings technologies into the project design. Reporting GHG emissions at the portfolio level in a manner harmonized with other multilateral financial institutions allows us to track the trends in our portfolio and to understand the implications of our investments.

Calculating Our GHG Footprint

- 1.** Screening
 - › 36 projects were screened during preparation.
- 2.** Detailed Assessment
 - › Of the 36 projects that were screened, 33 underwent a more detailed GHG assessment.
- 3.** Calculation of emissions
 - › Of the 33 projects that underwent a more detailed assessment:
 - › 2 sustainable projects reported overall avoided emissions: an energy and lighting retrofit project in Jamaica and a renewable energy project in Barbados.
 - › 31 projects reported gross emissions.

According to these calculations, in 2016, IDB-financed greenfield and expansion projects generated the equivalent of about 310,000 metric tons of CO₂ and low carbon development projects avoided the equivalent of about 43,000 metric tons of CO₂.

GHG Assessments in Practice

Taking the example of a wind energy project, we look first at the land that will be converted and what type of ecosystem it is. We can then calculate the above-ground biomass and the carbon fraction to understand the total land use change emissions (for example, conversion of grasslands results in fewer emissions than conversion of a tropical rainforest).

We also look at whether the project includes any associated facilities such as transmission lines, which are included in the calculation of land use change, and calculate the emissions associated with the construction and transmission losses from the line. Other emissions counted include the construction of access roads, buildings, and the wind turbine towers.

The total of this calculation is the emissions generated as a result of the project. However, we also calculate the annual energy output of the wind project, which gives us the greenhouse gas reduction emissions (emissions avoided).

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SUSTAINABILITY AT HOME

At the IDB we are committed to preserving the environment in which we live and work—both in our projects and in our workplace. Our commitment includes empowering neighborhood communities, maximizing the potential of employees, and minimizing the environmental impact of our facilities (our footprint). The actions we take in our own work routines help the Bank make a greater contribution toward addressing global environmental and social responsibility issues, and they set an example of stewardship for stakeholders in Latin America and the Caribbean.

Location

The IDB is headquartered in Washington, D.C., and has offices in each of its 26 borrowing member countries. These country offices play an essential role in the identification and preparation of new projects and in the execution and evaluation of ongoing work. We also have offices in Madrid and Tokyo to facilitate work with European and Asian governments, firms, and NGOs interested in the development of Latin America and the Caribbean.

Staff

The Bank has about 2,000 staff members. Approximately one-third of our staff are posted in the region in order to foster closer cooperation with clients and partners.



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The IDB is committed to gender equality, diversity, and inclusion not only in our operations but also in our internal talent management practices. Without a doubt, a more diverse and inclusive IDB is a better IDB—better able to attract the best talent, better able to deliver effective solutions for our borrowers, and better able to meet the expectations of all our shareholders. We are proud of what we have achieved to date and excited about the prospect of achieving even more going forward. In 2016, the IDB was awarded the EDGE Assess Level Certification, recognizing our solid commitment to gender equality. EDGE assesses five areas for their certification: equal pay for equivalent work; recruitment and promotion; leadership development, training, and mentoring; flexible working arrangements; and company culture.

Governance

The IDB's highest authority is its Board of Governors, made up of representatives from each of the 48 member countries. Most governors are finance ministers or central bank presidents. The Board of Governors holds an annual meeting to approve the Bank's financial statements and make major policy and corporate decisions. The Board of Executive Directors, composed of 14 individuals representing the 48 member countries, oversees the Bank's day-to-day operations. The Board of Executive Directors approves country and sector strategies, operational policies, loans, technical cooperation, and investment grants, in accordance with its regulations and guidelines. It also sets the financial charges for Bank loans, authorizes borrowings in the capital markets, and approves the institution's administrative budget. The IDB president, elected by the Board of Governors for a five-year term, manages the Bank's operations and administration, together with an executive vice president and three vice presidents. Each country's voting power is determined by its

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contributions to the Ordinary Capital, the IDB's main source of lending. At the IDB, borrowing members have majority voting power (just over 50 percent of the vote).

Corporate Sustainability Program

In addition to promoting development in Latin America and the Caribbean that is environmentally sound, the IDB has long sought to ensure that its internal operations are sustainable. Through our Corporate Sustainability Program (CSP) we take actions to reduce our environmental footprint at the corporate level. CSP tracks the impacts of internal operations to identify potential reductions in the overall environmental footprint of the organization, to increase employee awareness, and to implement actions that help the Bank make a greater contribution toward addressing global environmental responsibility issues.

We are committed to incorporating environmental sustainability measures into the design and construction of all new and renovated corporate facilities. All IDB offices in Washington, D.C., are LEED Gold-certified, and the country offices in Peru, Costa Rica, and Panama have received the applicable LEED certification.

All workplaces consume energy and other natural resources and generate waste. Technological advances are increasingly making it possible for organizations such as the IDB to track how we use resources and in turn to implement efficiency measures that help lower consumption, such as a comprehensive recycling program that helps reduce pressure on landfills and natural resources.



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Some of the highlights of our CSP program in 2016:

- We initiated Environmental Awareness Week in November in Haiti. This new week-long program consists of a series of trainings and activities aimed at educating and challenging employees to become more environmentally conscious by engaging them in a series of activities, including presentations and panel discussions with local experts on a range of environmental topics such as waste, water, energy, and transport. The event will be held at a different country office each year. Please see [Box 3](#) for more information.
- We are working to expand our emissions reporting to include waste data and associated emissions generated by third-party contractors.
- We continue to meet our carbon neutrality commitment. Since 2007, we have been measuring and offsetting our carbon emissions. In 2016, we emitted approximately 32,000 tons of CO₂eq, and we offset the emissions through a combination of Renewable Energy Certificates and carbon credits invested in carefully selected projects in Latin America and the Caribbean.
- Rooftop solar panels producing 19.6kW of energy were installed at our office in the Bahamas. Solar panels were also installed at our Haiti office, and over 200 native plants and trees were planted to create a habitat for butterflies and birds and to reduce irrigation demands.

- To stay current with developments in corporate sustainability management and reporting and to leverage technology to improve our sustainability performance, CSP is designing and implementing new Enterprise Sustainability Reporting and Management software.
- We are working to update our Greenhouse Gas Inventory Management Plan to expand the scope of our emissions reporting and have it verified by a third party for public disclosure.

Box 3: Country Office Environmental Sustainability Competition

All country offices were invited to participate in the competition to develop creative, actionable proposals for reducing office GHG emissions. The Haiti country office submitted the winning proposal in 2016. The project there will capture rainfall to reduce office water consumption and transition to greener energy consumption through the installation of additional solar panels, LED lighting, capacitor banks, motion sensors, and heat control window filters. Starting with changes at home, staff in the Haiti office are showing their dedication to reducing the IDB's carbon footprint.

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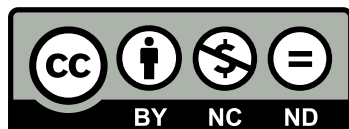
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