



SUSTAINABILITY REPORT 2020





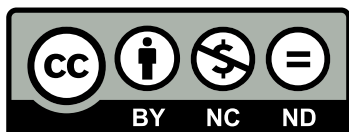
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At the Inter-American Development Bank (IDB), we work to improve lives in Latin America and the Caribbean.

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. Today we are the leading source of development financing for Latin America and the Caribbean. We provide loans, grants, guarantees, and technical assistance, and we conduct extensive research. We maintain a strong commitment to achieving measurable results and the highest standards of integrity, transparency, and accountability.

The IDB's current focus areas include three development challenges—social inclusion and equality, productivity and innovation, and economic integration—and three crosscutting issues—gender equality and diversity, climate change and environmental sustainability, and institutional capacity and the rule of law. In 2020, the IDB approved 82 sovereign-guaranteed-loan projects, totaling more than US\$12.6 billion. Disbursements for sovereign-guaranteed loans totaled US\$13.4 billion in 2020. At the end of 2020, the approved value of the IDB's project portfolio in execution stood at US\$59.1 billion.

The IDB Group is composed of two separate legal entities: the IDB and the Inter-American Investment Corporation (IIC), which was rebranded as IDB Invest in 2017. The IDB Lab is a trust fund administered by the IDB and serves a unique function as the IDB Group's innovation laboratory. This report pertains to the IDB.

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 identifying and preparing new projects and in executing and evaluating ongoing work. We also have offices in Madrid and Tokyo to facilitate work with European and Asian governments, firms, and nongovernmental organizations (NGOs) interested in the development of Latin America and the Caribbean.

STAFF

The IDB Group has more than 3,200 employees, including staff and consultants. Approximately one-third of our employees are posted in Latin America and the Caribbean to foster close cooperation with clients and partners. The IDB is committed to gender equality, diversity, and inclusion in our projects and in our internal talent-management practices. 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.

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, among other things, 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. It approves country and sector strategies, operational policies, loans, technical cooperation, guarantees, 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 (for countries, for sectors and knowledge, and for finance and administration). Each country's voting power is determined by its contributions to the Ordinary Capital, the IDB's main source of lending. At the IDB, borrowing members have majority voting power (just over 50% of the vote).

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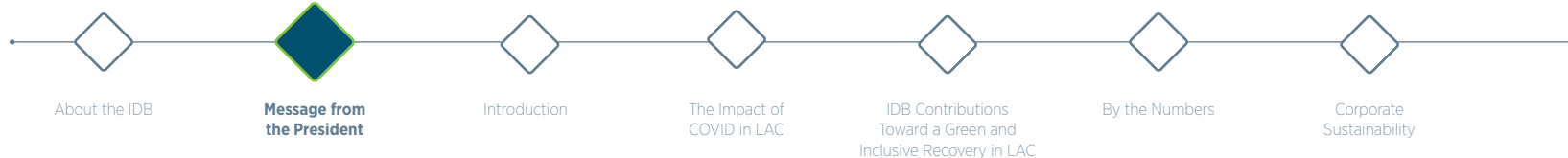
I am pleased to present the IDB's 2020 Sustainability Report, my first as president of this great institution. This year, our report has taken on a new urgency as it explores how we can help our countries ensure that economic and social recovery from the current economic crisis is both green and inclusive. If recovery is to be sustainable, there is simply no alternative.

While COVID-19 created unprecedented challenges around the world in 2020, it hit the countries of Latin America and the Caribbean with particular force. With only 8% of the world's population, our region mourned nearly 30% of total deaths. The IMF estimated a regional economic contraction of about 8% last year, far more than the 4% expected globally.

The crisis reminded us just how fragile we are. In the face of daunting challenges, we saw countless displays of resilience and fortitude, and we started to take stock of how to care for each other and our planet. Likewise, at the IDB, we have seen extraordinary demand from our borrowing-member countries for support in fostering a sustainable and inclusive recovery. Indeed, we must work to make this moment an inflection point on the way to a more resilient and responsible future.

The IDB has partnered with countries to finance and advise on sustainable development for more than 60 years. In 2020, we applied our experience to help the region balance the primacy of crisis response with the need to invest in long-term socioeconomic goals. In doing so, we took a series of actions to improve the sustainability of our projects. Our new **Environmental and Social Policy Framework** sets ambitious standards, and our **Mainstreaming Action Plan for Environmental and Social Sustainability** will improve how we address these dimensions as we pursue development objectives.





In November, Hurricanes Eta and Iota devastated Central America, compounding the effects of the pandemic. The IDB is drawing on its disaster-recovery experience and using contingent financial instruments to mount a holistic and agile response, in coordination with other multilateral organizations. The need for investment in climate-resilient infrastructure, climate change mitigation, and low-carbon growth could not be more critical than it is right now, across the Americas.

Innovative approaches will also be key. An example is the initiative we are structuring to foster socially and environmentally sustainable and inclusive development models in the Amazon region.

We are also leading by example. Our offices have been carbon neutral since 2007, and we are looking for opportunities to sustain the reductions in travel- and commute-related emissions we unexpectedly had in 2020. As we work to promote gender equality in Latin America and the Caribbean, our Economic Dividends for Gender Equality (EDGE) certification recognizes our commitment at home. We will continue to strive for a work environment that is inclusive and fair, cultivating the contribution of employees regardless of gender, race, sexual orientation, and disability status.

Mauricio J. Claver-Carone

President

Inter-American
Development Bank

At the IDB, we recognize the breadth and complexity of the challenges ahead. The answer is bold, strategic action—on the part of our 26 member countries and on the part of the Bank itself. With vision, perseverance, and hard work together, I am optimistic that we can emerge from this crisis stronger, healthier, and better prepared for what the future will bring.



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Long-term economic growth and the reduction of poverty and inequality in Latin America and the Caribbean depend on development that is economically, financially, environmentally, socially, and institutionally sustainable.

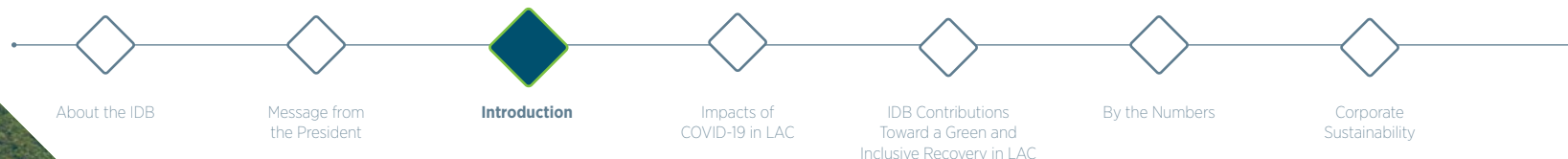
We at the IDB are committed to maximizing the positive outcomes of our work, and sustainability has long been a core element of that work. Our institutional strategy reinforces the critical role sustainability plays in the region's development, building on the IDB's goals to reduce poverty and inequality and achieve sustainable growth. Efforts to secure a capital increase for the IDB will include improving environmental sustainability and disaster preparedness.

In our annual *Sustainability Report*, we share our approach to sustainability and showcase projects and publications the IDB financed and worked on with partners to contribute to the region's sustainable development. A new theme is selected for the report each year. Our 2020 theme is making the recovery green and inclusive. This includes our work on digitalization, inclusive and sustainable infrastructure, and developing next-generation skills and jobs for all. We also take a closer look at Costa Rica's groundbreaking decarbonization efforts. We share key figures on the greenhouse gas (GHG) footprint of our lending portfolio, the climate finance we provide, disaster and climate change risk in our projects, and the application of our environmental and social policies, including risk trends for the IDB's portfolio. We close the main report with information about our corporate sustainability,

looking at efforts to reduce our direct footprint where we live and work. In addition, this report includes a Global Reporting Initiative (GRI) annex. The GRI sets global standards for sustainability reporting, relying on best practices for reporting on a range of economic, environmental, and social impacts (Box 1).

BOX 1. GLOBAL REPORTING INITIATIVE (GRI)

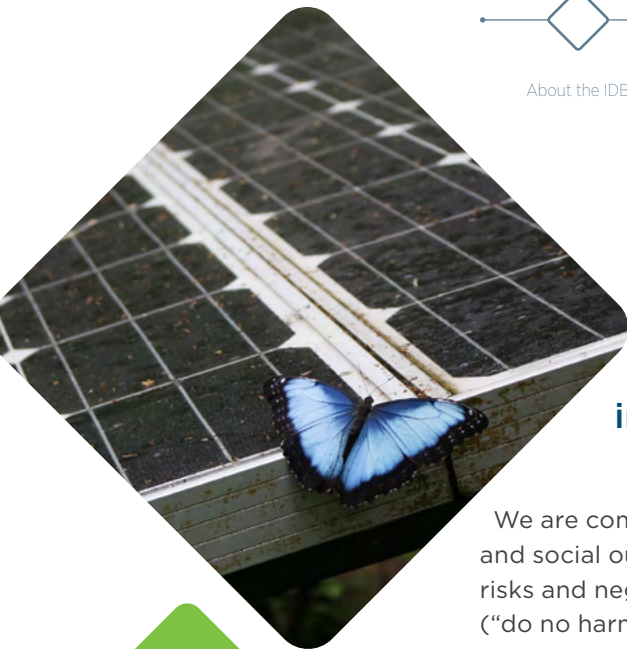
We prepared the IDB's fifth GRI annex as a supplement to this report. The annex uses standardized indicators to report on both corporate and operational topics. The following material topics are included in the annex: active ownership; anticorruption and ethics; biodiversity; climate resilience; employment and labor relations; energy; engagement and coordination; feedback mechanisms; financial inclusion; gender equality and diversity; 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. We plan to reassess the list of material topics in 2021.



KEY MILESTONES IN 2020

Key sustainability milestones we achieved in 2020 include:

1. The IDB's Board of Executive Directors approved a new **Environmental and Social Policy Framework** (ESPF), which will take effect in 2021. The ESPF sets ambitious new standards to help the IDB's clients tackle environmental and social issues. An exclusion list now identifies activities the IDB will not finance because they could adversely affect people and the environment or because they are inconsistent with the IDB's commitment to addressing climate change and promoting environmental and social sustainability (see page [13](#)).
2. The IDB established a new **Environmental and Social Risk Management Unit** in the Risk Management Office. This unit provides environmental and social risk oversight of the IDB-financed portfolio and quality assurance services throughout the project cycle, with special attention to high- and substantial-risk projects. It also manages and reports on the environmental and social risks of the IDB's portfolio (see page [16](#)).
3. The IDB approved its **Mainstreaming Action Plan for Environmental and Social Sustainability 2021-2022**, which will improve how we consider environmental and social sustainability in our operational and analytical work and facilitate implementation of the mainstreaming directives of the IDB's environmental and social policies. It will bring together our action plans for climate change, gender, and diversity, as well as future action plans for disaster risk management, natural capital, and biodiversity.
4. The IDB Group approved its **Climate Change Action Plan 2021-2025**, which presents actions aimed at helping countries and clients achieve low-carbon and climate-resilient development. Future climate action at the IDB will be affected by the COVID-19 pandemic in unforeseeable ways, so this plan includes a menu of possible interventions to provide flexibility in how we support countries. In addition, through [NDC Invest](#), we supported nine countries to develop long-term climate strategies in 2020.
5. The IDB approved its **Gender Action Plan 2020-2021**, which includes actions for women's economic opportunities and productivity, women's human capital development, violence against women and girls, sexual and reproductive health, gendered adaptation of public services, institutional capacity to address gender equality, women's leadership and participation, gender-specific responses to the COVID-19 pandemic and economic recovery, and masculinities and the inclusion of boys and men.
6. The **Corporate Results Framework 2020-2023** took effect, including key indicators for monitoring social and environmental sustainability (see page [12](#)).
7. The IDB issued a record volume of Sustainable Development Bonds in 2020—equivalent to US\$8.2 billion across eight different currencies, including Australian dollars, Brazilian reais, British pounds, Canadian dollars, Indian rupees, Indonesian rupiahs, Mexican pesos, and U.S. dollars.



OUR INTEGRATED APPROACH TO SUSTAINABILITY

At the IDB, we have embraced sustainability as a core element of our work in Latin America and the Caribbean.

We are committed to maximizing the positive environmental and social outcomes of our work (“do good”) while minimizing risks and negative impacts on people and the environment (“do no harm”). We take an ambitious, integrated approach to sustainability, considering it at all levels—in our governance, strategies, policies, and projects. Our approach also requires shared commitment and responsibility across the organization.

SUSTAINABILITY IN OUR GOVERNANCE

Our approach to sustainability is guided by our shareholders’ interests and commitments on the global stage, including the Sustainable Development Goals (SDGs), Paris Agreement on Climate Change, Convention on the Elimination of All Forms of Discrimination against Women, United Nations Declaration on the Rights of Indigenous Peoples, International Labour Organization Convention 169, United Nations Convention of the Rights of Persons with Disabilities, Sendai Framework for Disaster Risk Reduction, United Nations Convention on Biological Diversity, New York Declaration on Forests, and Bonn Challenge.

Our [Board of Executive Directors](#) has oversight over the full spectrum of sustainability issues. It has responsibility for considering and approving all strategies, adopting

administrative and operational policies, approving projects,¹ and examining the financial statements, among other issues.

IDB management regularly informs the Board of Executive Directors and its committees (Box 2) of progress on sustainability issues, including through annual reports (e.g., the *Sustainability Report* and the *Development Effectiveness Overview*), internal reports (e.g., the quarterly Financial Risk Report includes a section on environmental and social risk and performance in the IDB’s portfolio), progress briefings on various action plans (e.g., gender, diversity, and climate change), ad hoc technical briefings on specific issues at the request of directors, and project-specific completion reports.



¹ The Board of Executive Directors has authorized the IDB president, or any such representative as the president may designate, to approve for up to US\$3 million individual technical cooperation projects and nonreimbursable investment projects financed with donor resources under IDB management.

BOX 2. STANDING COMMITTEES OF THE IDB BOARD OF EXECUTIVE DIRECTORS

Audit Committee: Assists the Board in overseeing the Bank's financial reporting, risk-management and internal- control processes, internal and external audit functions, activities promoting institutional integrity in matters involving prohibited practices, and policies and activities (fiduciary aspects).

Budget and Financial Policies Committee: Oversees management's administrative and capital budgets and reviews policies that have a bearing on the Bank's financial position.

Organization, Human Resources, and Board Matters Committee: Reviews proposals and makes recommendations to the Board and Bank management on issues concerning the organization of the Bank, human resources, information and communications technology, Board matters, the Board of Governors, and the IDB's annual meeting.

Policy and Evaluation Committee: Reviews newly developed Bank policies and modification to existing policies, including new lending instruments; monitors the Bank's processes in development effectiveness, evaluation, and oversight; and serves as the channel of communication between the Board and the Office of Evaluation and Oversight and the Independent Consultation and Investigation Mechanism.

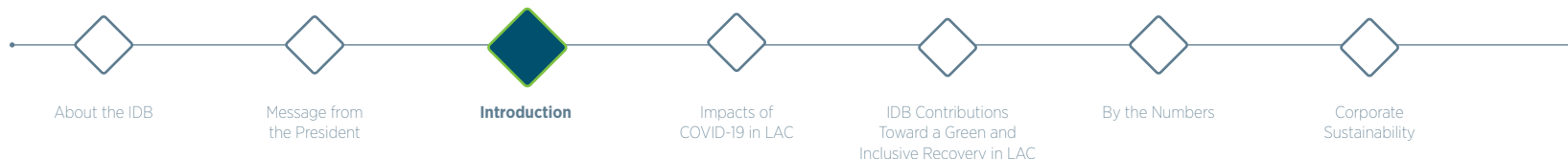
Programming Committee: Considers and recommends appropriate action to the Board on proposals, execution reports, and initiatives encompassing activities of the Bank's country and regional programming, including monitoring the loan portfolio results and outcomes, and other related areas that fall within the realm of operational mandates set forth by the Board of Governors.

SUSTAINABILITY IN OUR STRATEGY

Sustainability is the foundation of our **institutional strategy**, which reaffirms the IDB's two broad objectives: fostering sustainable growth and reducing poverty and inequality. Our institutional strategy identifies three strategic priorities: social inclusion and equality, productivity and innovation, and regional economic integration. It also commits us to accelerating progress on gender equality, diversity and inclusion, climate change and environmental sustainability, and institutional capacity and the rule of law. The Sustainable Development Goals (SDGs) informed the development of the institutional strategy. Each strategic priority is aligned with at least one of the SDGs, and all 17 SDGs are covered by the strategy (Figure 1).

FIGURE 1. OUR STRATEGIC APPROACH AND THE SDGS

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



We also align our sustainability actions with those of our borrowing-member countries through [country strategies](#), and we prepare [sector framework documents](#) to provide guidance to project teams on what the IDB seeks to accomplish in the sector.

We use our [Corporate Results Framework](#) (CRF) to monitor performance against our strategic objectives. The CRF includes indicators for the IDB’s contributions to environmental and social sustainability results in our member countries and target-driven performance indicators for managing our internal processes for guiding sustainability in our work. Table 1 presents the CRF’s key sustainability indicators.

TABLE 1. KEY SUSTAINABILITY INDICATORS IN THE CORPORATE RESULTS FRAMEWORK

| | SDGs | Baseline (Year) | Performance (Year) | Target (Year) |
|---|------|------------------|---|------------------|
| Climate finance in IDB projects (% of approved amount) | | 25% (2016–2018) | 15% (2020) See page 42 . | ≥30% (2020–2023) |
| Projects supporting gender equality (% of new approvals) | | 41% (2016–2018) | 54% (2020) See page 46 . | ≥70% (2023) |
| Projects supporting diversity (% of new approvals) | | 7% (2016– 2018) | 20% (2020) See page 46 . | ≥20% (2020–2023) |
| New country strategies considering country’s official commitments on climate (%) | | 54% (2016–2018) | n/a (none approved in 2020) | 100% (2020–2023) |
| Projects with higher environmental and social risks rated satisfactory in the implementation of mitigation measures (%) | | 81% (2016– 2018) | 90% (2020) See page 50 . | ≥84% (2023) |
| Projects with considerable disaster and climate change risk that applied risk analysis to identify resilience actions (%) | | 16% (2017– 2018) | 22% (2020) See page 45 . | 100% (2023) |
| IDB Group facilities and fleet emissions (tons of CO2 equivalent) | | 11,200 (2018) | 7,135 (2020) See page 56 . | ≥9,600 (2023) |
| Mid- and senior-level IDB staff who are women (%) | | 38% (2018) | 41% (2020) | ≥43% (2023) |



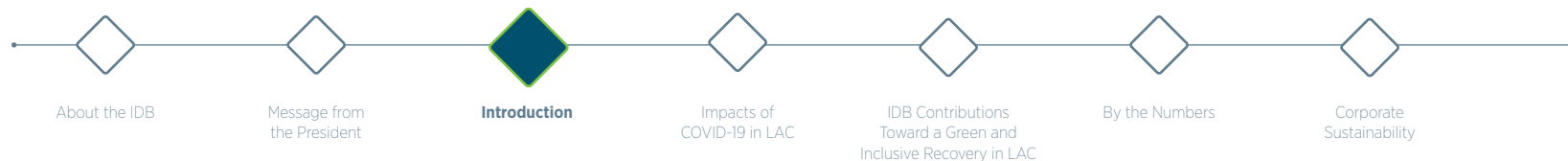
SUSTAINABILITY IN OUR POLICIES

One way we show our commitment to sustainability is through our **environmental and social policies and guidelines**, which are modeled after international best practices. We apply policies to help borrowers identify, manage, and effectively mitigate potential negative environmental and social impacts and the risks associated with investments (Figure 2). Thoughtful application of our environmental and social policies is essential to our mission of improving lives in Latin America and the Caribbean.

In September 2020, our Board of Executive Directors approved a new **Environmental and Social Policy Framework** (ESPF). The rigorous approach to developing the framework spanned 20 months and was based on an inclusive, transparent, and participatory public consultation process.

FIGURE 2. IDB ENVIRONMENTAL AND SOCIAL POLICIES





The ESPF sets 10 ambitious new standards to help our member countries tackle environmental and social issues. The ESPF:

- Elevates respect for human rights to the core of environmental and social risk management.
- Includes a dedicated standard on gender equality.
- Includes a new standard on labor and working conditions aligned with core international conventions and instruments.
- Considers risks associated with pandemics and epidemics.
- Aligns with international best practices on biodiversity protection and conservation.
- Requires borrowers to systematically assess project vulnerability to natural hazards and climate change, assess and monitor project GHG emissions where relevant, and integrate resilience measures into project design when needed.
- Stipulates when free, prior, and informed consent is required from indigenous peoples; mandates protections for African descendants and persons with disabilities; and requires consideration of race, ethnicity, age, and social conditions.
- Includes a stand-alone stakeholder engagement and information disclosure standard to obtain open, transparent, and inclusive engagement around projects.
- Explicitly excludes activities prohibited under national or international law or other legal activities that the IDB will not finance because they could adversely affect people and the environment, and activities that are inconsistent with the IDB's commitment to addressing climate change and promoting environmental and social sustainability.²

We are now entering a period of approximately one year during which we will help clients prepare to implement the new policy framework. Once this period is over, the ESPF will apply to the preparation and execution of all new IDB-financed projects. To prepare to implement the new framework, we have begun (1) adjusting and updating our internal procedures, tools, and systems, (2) drafting borrower guidelines, which will undergo an online consultation period in 2021, (3) preparing new training and knowledge materials to build capacity of IDB personnel, borrowers, and third parties, and (4) developing communication activities to raise awareness of the operational implications of the ESPF.

² Per the ESPF, the IDB will not knowingly finance, directly or indirectly through financial intermediaries, projects involved in activities that are inconsistent with the IDB's commitments to addressing the challenges of climate change and promoting environmental and social sustainability, such as (1) thermal coal mining or coal-fired power generation and associated facilities; (2) upstream oil-exploration and -development projects; and (3) upstream gas-exploration and -development projects. Under exceptional circumstances and on a case-by-case basis, consideration will be given to financing upstream gas infrastructure where there is a clear benefit in terms of energy access for poor people and where GHG emissions are minimized, projects are consistent with national goals on climate change, and risks of stranded assets are properly analyzed.

SUSTAINABILITY IN OUR PROJECT CYCLE

We take action to promote sustainability throughout our project cycle.

5. COMPLETION AND REPORTING

Teams prepare project-completion reports, including environmental and social lessons, aiming to replicate successes and avoid repeating mistakes in the future (see the [Development Effectiveness Overview](#)).

4. EXECUTION

- Project teams work closely with executing agencies, building capacity along the way, and submit two progress-monitoring reports each year.
- Our environmental and social specialists supervise 100% of high- and substantial-risk projects in execution (see page [47](#)).
- We monitor and report on environmental- and social-risk trends at the portfolio level (see page [49](#)).

3. APPROVAL

- We apply the multilateral development bank (MDB) climate finance tracking methodology to each project (see page [42](#)).
- We include environmental and social clauses in loan agreements.

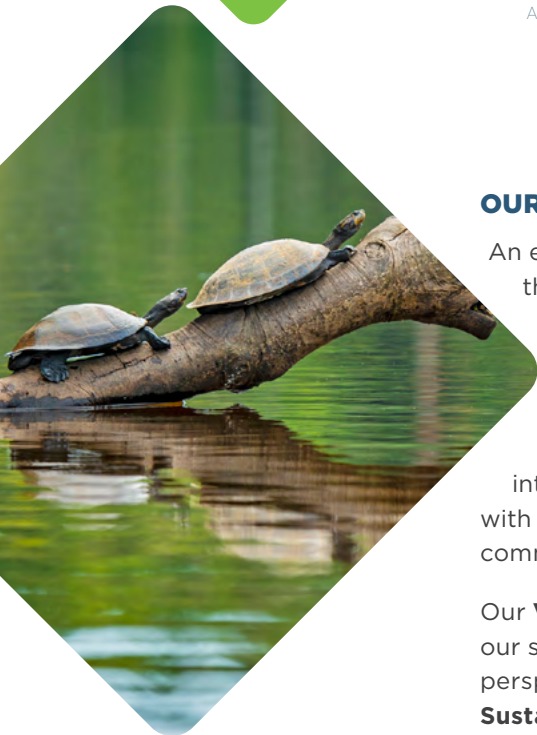
1. PROGRAMMING

- We align our sustainability actions with those of our borrowing-member countries through country strategies.
- We screen all projects for potential environmental and social risks (see page [47](#)) and scan the pipeline for opportunities for climate action.
- We apply the disaster and climate change risk assessment methodology to all sovereign-guaranteed loans to identify physical climate change risks (see page [44](#)).

2. PREPARATION

- Our environmental and social specialists classify all projects according to potential environmental and social impacts and rate them for environmental and social risk (see page [47](#)).
- The Environmental and Social Risk Management Unit provides independent quality assurance of the due diligence process and of our environmental and social solutions (see page [47](#)).
- Our climate change, gender, and diversity specialists get involved early to provide technical advice and look for sustainability opportunities.
- We support clients in preparing any additional disaster and climate change risk assessments (see page [44](#)).
- We measure the GHG footprint of our lending portfolio in gross and net terms (see page [40](#)).





OUR SHARED COMMITMENT FOR SUSTAINABILITY

An effective and impactful approach to sustainability requires shared commitment and responsibility, from the leadership of the IDB president (see page [6](#) for his message on sustainability) to technical specialists.

Our **Vice Presidency for Countries** manages relationships with our borrowing-member countries, formulates the IDB's country strategies, and supervises the project portfolio. The team works to integrate sustainability through every part of our dialogue with member countries, helping forge a strong, collective commitment.

Our **Vice Presidency for Sectors and Knowledge** sets our strategic direction on sustainability from the sector perspective. It is home to our **Climate Change and Sustainable Development Sector**, which conducts cutting-edge research and develops projects in a variety of thematic areas, including sustainable cities, rural development, climate change, tourism, forestry, and biodiversity. It is also home to our **Gender and Diversity Division**, which advances equal opportunities for men and women and greater inclusion of African descendants, indigenous peoples, and other vulnerable populations. These teams also collaborate with other sectors to consider sustainability needs across the portfolio.

Our **Environmental and Social Solutions Unit** ensures that all IDB projects comply with the Bank's social and environmental policies. Staff from the unit participate in teams for all Category A and B projects.³

In 2020, the IDB created the **Environmental and Social Risk Management Unit** in the Risk Management Office. This new unit provides environmental and social risk oversight of the IDB-financed portfolio and quality assurance services throughout the project cycle, with special attention to high- and substantial-risk projects. It also manages and reports on the environmental and social risks of the IDB's portfolio (see page [47](#)).

Our **Office of Outreach and Partnerships** is responsible for collaborating with international donors and mobilizing resources for sustainability in the region.

Our **Finance Department** is responsible for mobilizing and administering the Bank's financial resources (assets and liabilities) and for managing the Bank's liquidity, accounting and financial records, and relations with [investors](#). Since 2019, we have used an internal environment, social, and governance sustainability framework to ensure that treasury investments follow quality industry practices.

Our **Human Resources Department** works to attract a diverse workforce and foster an inclusive work environment. The IDB is EDGE (Economic Dividends for Gender Equality) certified at the Assess level, which recognizes our commitment to transforming our culture and reshaping our strategies to continuously improve gender equality in our workplace.

3 As defined in the IDB's 2006 [Environmental and Social Safeguards Compliance Policy](#).

We promote sustainability through our **Corporate Sustainability Program**, which leads the effort to reduce the corporate environmental footprint of the IDB Group (see page [55](#)).

The IDB also collaborates extensively on sustainability issues with **IDB Invest**, the private-sector arm of the IDB Group, and **IDB Lab**, a platform that mobilizes capital, knowledge, and connections for innovation in Latin America and the Caribbean.

The **Independent Consultation and Investigation Mechanism** (known as MICI, based on its Spanish acronym) and other oversight bodies play important roles in ensuring that sustainability is given due consideration. Individuals who believe they have been or may potentially be harmed by an IDB-financed project due to the failure of the IDB to comply with relevant operational policies may communicate their concerns directly to the IDB through MICI. MICI prepares its own [annual report](#).

This structure positions the IDB to integrate sustainability into everything we do. Further information on the IDB's structure, roles, and responsibilities can be found on our [website](#).



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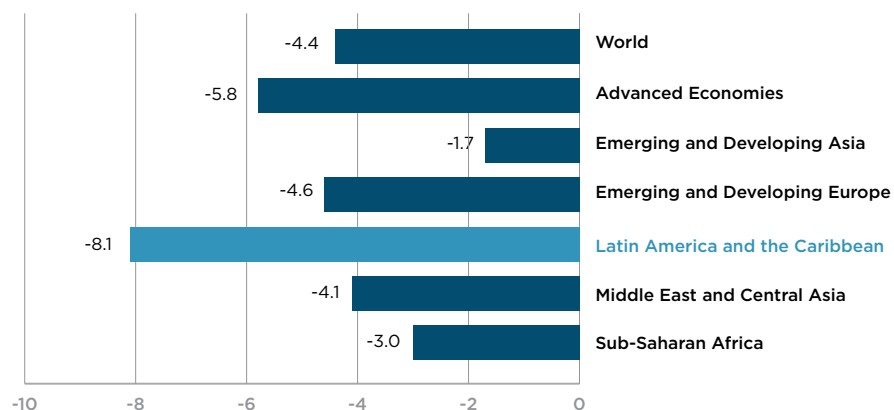
The COVID-19 crisis profoundly affected all aspects of our lives in 2020, particularly shocking our health systems and economies. As discussed below, evidence is already emerging that some groups, notably the poor, have been disproportionately affected, with long-term consequences.

Women's participation in the workforce is backsliding. Indigenous peoples, African descendants, and persons with disabilities are being disproportionately affected. We also expect that the temporary dip in GHG emissions will be insignificant for combatting climate change. Given the linkages between our climate, environment, and health, the world needs to take a deeper look at social and environmental sustainability as it shifts to recovery efforts to build a more resilient future.

While only about 8% of the world population lives in the region, nearly 30% of reported COVID-19 deaths have occurred there. In 2020, there were more than 16 million cases of COVID-19 in Latin America and the Caribbean, and more than half a million deaths were attributed to the virus. The number of cases and the fatality rates varied across countries. Health impacts in the region go beyond the direct effects of the virus—with hospitals and other care centers full, many people have delayed or avoided routine and emergency healthcare and have faced significant mental stress.

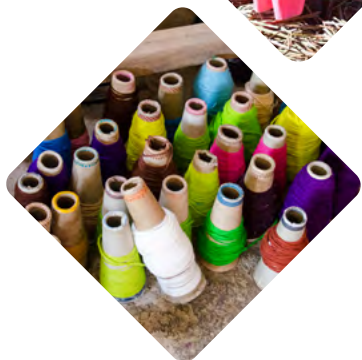
The economic impacts of the crisis have been especially challenging in Latin America and the Caribbean. Recent International Monetary Fund (IMF) reports indicate economic activity in the region is expected to have contracted by 8.1% in 2020, well above the expected global contraction at 4.4% (IMF) (Figure 3). Latin America and the Caribbean was also the most affected region in the world in terms of lost hours of work between the first and second quarters of 2020 (ILO 2020). Data from the [IDB COVID-19 Labor Market Observatory](#) show that in the first half of 2020, more than 30 million jobs were lost, recovering to about 16 million jobs lost by the end of the year. Many countries in the region have high rates of labor market informality.

FIGURE 3. PERCENTAGE CHANGE IN OUTPUT (YEAR OVER YEAR) IN 2020 (IMF)





High rates of labor market informality in the region have exacerbated adverse economic and health effects of the pandemic. Many informal workers live without access to safety nets, making it difficult to design programs that reach and provide adequate assistance to these workers (Sullivan, Beittel, and Meyer). Therefore, many workers were forced to make difficult tradeoffs between income and health. The informal nature of work, paired with densely populated living conditions and weak institutional capacity, likely hampered the effectiveness of lockdowns in the region (Bakker, Gonçalves, and Rodriguez).



Beyond affecting regions of the world differently, the crisis is having a disproportionate impact on certain groups. In a region with already troubling levels of inequality, this could further hinder economic development for years to come. The pandemic has been decidedly regressive, with negative economic impacts concentrated among those with lower incomes prior to the pandemic (Bottan, Hoffmann, and Vera-Cossio). Available data indicate that job loss has been disproportionate among young people, people with lower levels of formal education (who tend to work in sectors relatively more affected by containment measures), and women (who may have a stronger presence in heavily affected sectors and who withdrew in greater numbers from the labor market to manage additional responsibilities related to care work) (ECLAC and ILO). Before the crisis, 43% of the indigenous population in Latin America was already poor—more than twice the proportion of non-indigenous peoples (World Bank).

Indigenous peoples around the world are among the most vulnerable in terms of health due to inadequate nutrition, sanitation, access to clean water, and medical services (including widespread discrimination in healthcare settings), but with infections not being recorded by ethnicity, very little data is available on rates of infections among indigenous peoples and African descendants in the region (UNDESA). In addition, the crisis is affecting persons with disabilities in different ways. For those living in group residences, social-distancing options are limited, which increases their vulnerability to the virus. Many persons with disabilities already had a weak position in the labor market that is likely to be even weaker during the recovery. Students with disabilities also face special challenges in the context of the pandemic (ECLAC). It is essential that these groups are effectively included in economic and social recovery plans.

Informality and inequality are among the issues making Latin America and the Caribbean particularly susceptible to the social and economic impacts of the pandemic, and—left unresolved—they will increase the region's vulnerability to climate change (Saget, Vogt-Schilb, and Luu). In the first six months of 2020, globally, an estimated 8.8% less carbon dioxide was emitted than during the same period in 2019. Yet, even if emissions were to remain at these historically low levels, the effect on long-term CO₂ concentration in the atmosphere would be negligible (Liu, Ciais, and Deng). The only viable strategy for stabilizing the climate is to reduce the carbon intensity of the global economy, which requires structural changes in the energy production and consumption systems (Liu, Ciais, and Deng). The COVID-19 crisis has also further highlighted the links between our climate, environment, biodiversity, and health. For example,

land-use changes and climate change have been shown to increase the probability of zoonotic disease transfer from original wildlife hosts to humans and livestock (Gibb, Redding, and Chin), and air pollution worsens the effects of respiratory diseases (WHO).

In past economic crises, fiscal constraints led to reduced capital spending, particularly public investment in infrastructure. Post-COVID-19, the region will need to boost inclusive economic growth through greater regional integration, more robust resistance to climate change, and less environmental degradation. This development vision requires investing in infrastructure that enables modernization and expansion of services (Serebrisky, Brichetti, and Blackman). A green recovery makes sense from an economic perspective—renewable electricity generation and energy-efficiency-enhancing investments are more job-intensive than the generation of electricity from fossil fuels and that climate change mitigation will result in substantial output gains in the second half of the century (IMF). Recent work from the International Energy Agency presents a plan to simultaneously grow the economy, create jobs, and put emissions into structural decline (IEA). Information on the region's progress shifting to renewable energy can be found on the [Energy Hub](#).

Additional information on the situation in Latin America and the Caribbean can be found on our [COVID-19 information hub](#).

As this report is being prepared, much of the world is entering a second phase of lockdowns due to new spikes in virus infection. But hope is emerging that as vaccines become vaccinations, the world can turn its attention toward a recovery that is green and inclusive.



IDB CONTRIBUTIONS TOWARD A **GREEN AND INCLUSIVE RECOVERY** IN LAC



In 2020, we saw strong demand for policy-based loans and investments that provide short-term liquidity to governments and the financial sector.

To support countries in 2020, our immediate response to the pandemic has centered around four areas: public health, vulnerable populations, the productivity sector and employment, and public policy and fiscal management. Beyond these immediate response measures, we have also focused on how our projects and research can contribute to a green and inclusive recovery in the region. For information on the Bank's operational response to COVID-19 across sectors, view our [dashboard](#).

Complementing these efforts to support healthcare and economic recovery, the IDB is also [mobilizing US\\$1 billion to help countries acquire and distribute COVID-19 vaccines](#) in Latin America and the Caribbean.

In this part of the report, we share examples of our projects and research to reach everyone using the power of digitalization, to build inclusive and sustainable infrastructure, and to develop next-generation skills and jobs for all. We also explore Costa Rica's decarbonization efforts. A committee of IDB employees with an interest in sustainability selected the projects and publications featured in the report from among those submitted following an IDB-wide call for proposals.



REACHING EVERYONE USING THE POWER OF DIGITALIZATION

The sudden need to halt our physical movements due to COVID-19 rapidly accelerated our use of online tools. But the digital world is not equally available to all. In 12 countries of the region, on average, 81% of households in the highest income quintile have an internet connection, while just 38% of households in the lowest do (ECLAC). Digital connectivity in rural areas is still very low. In 2019, 95% of rural households in the region (almost 120 million people) did not have internet access (Trendov, Varas, and Zeng). These access gaps can further exacerbate inequalities. In this section, we share examples of projects and publications that focus on vulnerable groups' need for telemedicine in Argentina, using technology to reduce violence against women in the region, improving the way students learn mathematics, and how existing technology can be adapted to slow the spread of COVID-19.





Meeting the Urgent Need for Telemedicine in Argentina



Project: Immediate Public Health Response Project in the Context of the COVID-19 Pandemic to Contain, Control, and Mitigate Its Effect in Health Service Provision in Argentina

Country: Argentina

Year Approved: 2020

IDB Amount: US\$470 million

The COVID-19 crisis has led to a global explosion in telemedicine, and this project comes just in time to contribute to strengthening telemedicine-care modalities in Argentina. Specifically targeting vulnerable populations, it aims to reduce morbidity and mortality from COVID-19 as well as mitigate the indirect health effects of the pandemic.

Argentina's custom digital platform is secure and scalable and has enabled the diversification of services available through telemedicine. Key mechanisms for continuous improvement were created, including patient- and user-satisfaction surveys and processes to close identified quality gaps. The IDB's support is key for implementing strategic long-term improvement plans for digital health tools.

In 2020, the number of public health offices participating in the national telemedicine network in Argentina more than doubled, from just over 300 to nearly 800, with a corresponding increase in the number of medical professionals, technicians, and administrators using the network. These increases translated to a quintupling of care instances provided through telemedicine. Beyond primary care, the network allows specialized services and second-opinion consultations between health professionals. Telemedicine services can help close equity gaps—30% of the offices where the model was implemented are in rural areas with limited access to specialized medicine.

More information about the program can be found [here](#).



Using Technology to Reduce Violence Against Women



Project: Leveraging Technology to Strengthen the Prevention and Treatment of Violence Against Women

Country: Regional

Year Approved: 2020

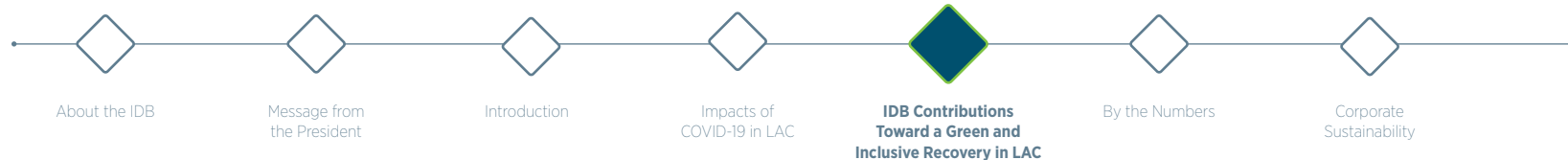
IDB Amount: US\$935,000, with funding from the Agence Française de Développement

Governments the world over put isolation orders in place to prevent the spread of COVID-19. While containment measures have been effective in reducing mobility and the spread of the disease, they have also led to an increase in violence against women—what many have referred to as a silent epidemic. Fear of the virus coupled with the stress of lost income has increased tension and conflict in many families. For women living with violent partners, confinement has meant greater isolation from the people and resources that can help them. Emerging data indicate that violence against women, especially domestic violence, has been intensifying during the pandemic.

The project uses technology to reduce the barriers women face in seeking support to protect themselves against violence and expands the coverage and improves the quality of services offered to survivors. The project will integrate information systems to ensure records are centralized, accessible remotely, and confidential. It will strengthen the capacity of emergency services to assess the risk level and share that information with those responding to calls. It will expand service channels to include digital platforms, chats, WhatsApp, or SMS.

The project also supports the prevention of violence against women by developing programs aimed at men. An innovative **intervention** based on behavioral science has been shown to promote positive masculinity among young men, challenging gender norms that lead to violence. The project will adapt the program to urban areas of Peru and pilot it there.

Finally, given that this is an emerging area of work with scarce evidence globally (and even less for Latin America and the Caribbean), the project will evaluate the interventions and document good practices.



Improving Mathematics Learning



Publication: *Learning Mathematics in the XXIst Century: Adding Technology to the Equation*

Year: 2020

The early 21st century has witnessed an explosion of technological changes that have revolutionized the way we travel, shop, interact, and play. Technology can also transform education by boosting motivation, personalizing instruction, facilitating teamwork, enabling feedback, and allowing real-time monitoring. However, a gap exists between the potential impact of technology and the actual results of public initiatives.

During the COVID-19 pandemic, 95% of students in Latin America and the Caribbean have not been attending school. This missed classroom time has negative consequences for the educational outcomes of millions of students and may have important long-term implications. Students attending public schools may be especially affected given the difficulty governments have had in quickly establishing support for learning from home.

Against this backdrop, this book describes best practices and provides policy recommendations for how governments can leverage technology to effectively support learning among students. Drawing on lessons from psychology, education, and economics, the book can serve as a reference for policy makers who want to make the promise of technology in

education a reality for all students in the region. The rigorous evidence supporting best practices, the promising models, and the lessons in the book will help governments seeking to reduce the expected negative educational impacts of the COVID-19 pandemic.

Applying Technology to Slow the Spread of COVID-19



Initiative: *Distancia2*, part of the *Innovation Mainstreaming in the Transportation Sector* project

Year: 2020

Many new applications for existing technologies have emerged during the COVID-19 crisis. The IDB has developed Distancia2, a platform that leverages video infrastructure already available in many cities and combines it with artificial intelligence to mitigate the risk of infection in crowded areas. Distancia2 uses algorithms to detect people and estimate the distance between them. When the distance is less than the target for social distancing, an alarm goes off. The platform has a dashboard of metrics defined by the city (e.g., percentage of people less than 2 meters apart) to provide information that can inform decisions in real time. Cities in Argentina, Bolivia, Brazil, Colombia, Ecuador, El Salvador, and Peru are using the platform.

INCLUSIVE AND SUSTAINABLE INFRASTRUCTURE

Infrastructure is an engine for inclusive growth and is crucial to the delivery of services—it provides energy, transportation, water, sanitation, and communication services for increasingly urbanized populations. Infrastructure assets are long-lived, making it all the more important that they be environmentally and socially sustainable. Post-COVID-19, the region will need to boost inclusive economic growth through greater regional integration, more robust resistance to climate change, and less environmental degradation. This development vision requires investing in infrastructure that enables modernization and expansion of services (Serebrisky, Brichetti, and Blackman).

In this section, we share examples of projects and publications that focus on the energy transition in the Bahamas, access to public transportation for persons with disabilities, and the role public transportation plays in women's employment in Peru.

Energy Transition in the Bahamas



Project: Reconstruction with Resilience in the Energy Sector in the Bahamas

Country: *The Bahamas*

Year Approved: *2020*

IDB Amount: *US\$80 million*

Currently, renewable energy makes up less than 1% of the Bahamas' entire energy matrix. This project marks the beginning of the Bahamas' energy transition. It will support the government to rehabilitate critical energy infrastructure and restore electricity service on islands heavily affected by Hurricane Dorian, while integrating resilient renewable energy across the Family Islands, allowing 3,700 clients to regain their electricity service. Through the introduction of solar-powered microgrids, a program for small-scale rooftop renewable-energy generation, and utility-scale solar projects (Figure 4), this project will help the country avoid generating more than 25,000 tons of CO₂ per year.

The immediate rehabilitation of Abaco and East Grand Bahama and the solarization work in Family Islands will offer vulnerable communities safe and reliable electric service, employment opportunities in the construction sector, and training for installing and maintaining solar equipment. A qualitative disaster and climate change risk analysis and a risk-management plan will be prepared for the rehabilitation of energy infrastructure to increase its resilience and sustainability.



Furthermore, the project was designed to accelerate the ecosystem for renewable energy alongside the appropriate conditions for private investments. It will provide the legal and operational support to establish a renewable-energy entity, support the development of a modern regulatory framework, and develop the ecosystem of local contractors to establish a steady supply of local services via workshops and skills-training modules for both the public and private sectors.

FIGURE 4. SOLAR PANELS AWAITING INSTALLATION



Transportation for All



Publication: [Accessibility and Inclusion in Transportation: Analysis from Cities in Latin America](#)

Year: 2020

Eighty-five million people in Latin America and the Caribbean are living with a disability. Disabilities can affect employment opportunities, community integration, and mobility, among other aspects of life. Public transportation systems can fill a key role in creating more-inclusive environments. This series of publications targets improving the conditions of public transportation for disabled residents of cities in the region.

The analysis characterizes the travel experience of people with different user profiles in the systems, including people with disabilities, to identify opportunities to improve accessibility. The approach relies on gathering qualitative observations—from the direct experience of the disabled rider and from designated interviewers monitoring the journeys—into a customer-journey map. The systematization of the information from the maps makes it possible to identify design gaps in the systems that are limiting universal accessibility.

Thus far, the analysis has been completed in [Bogota, Colombia](#) (available in Spanish only), [Curitiba, Brazil](#) (available in Spanish and Portuguese only), [Medellin, Colombia](#) (available in Spanish only), and [Santiago, Chile](#) (available in Spanish only).



Connecting to Economic Opportunity



Publication: *Connecting to Economic Opportunity: The Role of Public Transportation in Promoting Women's Employment in Lima*

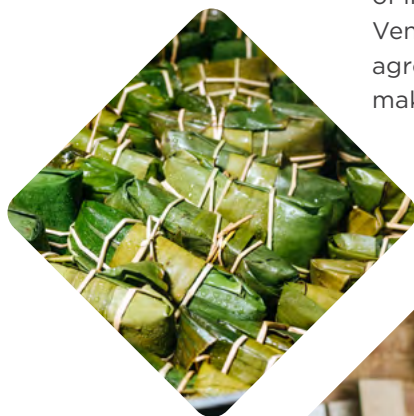
Year: 2018

Limited access to safe transportation is one of the greatest challenges women in developing countries face in participating in the labor force. This paper quantifies the causal impacts of improved bus rapid transit and elevated light rail on women's employment outcomes in the metropolitan region of Lima, Perú. We found large gains in employment and earnings per hour among women (and not for men) due to these investments. Most of the gains are due to expanding the number of women employed, and the employment does not appear to be of higher quality than for comparison groups. We also found evidence of an increase in women's use of public transportation. Overall, these findings suggest that infrastructure investments that make it more convenient and safer for women to use public transportation can lead to important labor market impacts for women living near the improved infrastructure.



NEXT-GENERATION SKILLS AND JOBS FOR ALL

If the post-COVID recovery is to be green and inclusive, people will need the right skills to access the jobs it has to offer. In this section, we share examples of projects and research that are helping people in the Caribbean gain skills to access the green economy, providing female entrepreneurs in Honduras with business development services, supporting small and medium enterprises (SMEs) in the Bahamas, supporting the recovery from the pandemic of indigenous coffee producers in Panama, supporting Venezuelan migrants during the pandemic, developing agroforestry value chains in Guatemala, and guiding policy makers to create jobs in a net-zero-emissions economy.



Help Wanted to Make Green Energy a Reality



Project: *Skills to Access the Green Economy through Technical and Vocational Education and Training in the Caribbean*

Country: Belize

Year Approved: 2020

IDB Amount: US\$600,000

Caribbean countries are highly committed to mitigating climate change and are working to increase the share of electricity generated from renewable energy sources and to lower energy consumption through energy efficiency. These efforts have great potential to positively affect economic growth. However, the expansion of renewable energy and incorporation of energy-efficiency measures is limited by a lack of qualified professionals in the region. English-speaking Caribbean countries will need about 27,000 renewable-energy and energy-efficiency professionals in the next decade to fulfill current national renewable-energy targets and more than 175,000 to fully switch to renewable-energy. Some institutions in the region have developed courses that can respond to this labor market demand, but these initiatives are not systematized. The English-speaking Caribbean needs an institution to serve as a hub for technical and vocational training in renewable energy.

Belize has pledged to have 85% of its electricity from renewable sources by 2030 and to implement energy-efficiency measures. To reach this goal, the country will need 1,700 renewable-energy professionals over the next



decade to install and service renewable-energy installations. Therefore, the government is investing in technical and vocational education and training (TVET) for renewable energy. These efforts contribute to shifting the focus of TVET from preparing for basic trade jobs toward preparing for quality jobs with career-development opportunities.

This project will develop a strategy to close the skills gap in renewable energies in Belize by upgrading TVET to advance training. The renewable-energy TVET training will remain embedded within the Belizean public education system as part of the course offerings of the Belize City's Institute for Technical and Vocational Education and Training. Belize aspires to become a regional laboratory for training methodologies for renewable-energy professionals, and the project includes a knowledge-sharing platform and a community of practice.

The project will be implemented in cooperation with some of the top green-energy companies of the country, such as Go Green Ltd. and Solar Energy Solutions Belize. This relationship with the private sector will help align the course with market demands and with international standards and practices.



Business Development for Women Entrepreneurs



Project: Business Development Services and Favorable Environment for Women Entrepreneurs in Honduras

Country: Honduras

Year Approved: 2019

IDB Amount: US\$2.9 million

This project contributes to the growth of small and medium enterprises (SMEs) led by women in Honduras. First, it provides business development services specializing in the needs of women-led companies, including training, digitalization, and business advisory services coordinated by Ciudad Mujer. It also promotes a favorable and safe environment for businesswomen. Second, it helps prevent gender-based violence toward female entrepreneurs through a safe enterprise strategy based in behavioral science. By promoting growth of SMEs, the project is supporting access to quality jobs in sectors where women are underrepresented.

An assessment of security and gender-based violence as barriers for women-led business development and growth in Honduras has been completed, and it shows that intimate-partner violence, organized crime, sexual harassment, work-place violence, and gender discrimination affect women entrepreneurs and constrain their business activities and growth opportunities. To protect themselves against this violence, women have developed many strategies, including seeking support from social and family networks and institutional programs. The approaches women take to



reduce the risk of violence include moving their businesses to more secure areas, avoiding the use of outdoor advertising on the premises, limiting new clients to those referred by existing clients and acquaintances, and hiring private security and video surveillance services. Special emphasis was given to digitalization in 2020 so the SMEs can continue to operate despite social distancing and quarantine orders. By building business-digitalization skills, the project is supporting women-led businesses in adapting to the context of the COVID-19 pandemic.

Boosting Resilient and Inclusive Growth in the Bahamas



Project: Boosting Resilient and Inclusive Growth in the Bahamas

Country: The Bahamas

Year Approved: 2020

IDB Amount: US\$200 million

Micro, small, and medium enterprises (MSMEs) have been extremely hard hit by COVID-19 lockdowns. This project is working to promote competitiveness and environmental resilience in the Bahamas through a series of institutional and legal reforms. It takes an innovative approach to bringing together activities for private-sector-led growth with activities for modernizing the institutions in charge of protecting the environment.

The project supported business-continuity programs for firms affected by COVID-19 and provided technology

solutions to reduce the cost of doing business. It also established a new legal, regulatory, and institutional framework to improve environmental resilience, including creating a new Ministry of the Environment and strengthening institutions related to the conservation of marine resources. Nature-based solutions were used to build coastal resilience with new marine protected areas. The work also introduced environmental aspects into private-sector activities (e.g., banning single-use plastic and introducing environmental impact assessment procedures and sustainable procurement practices). Finally, the project promoted the blue economy by introducing legislation on the proper management of marine resources and establishing an interdepartmental coordination group. Coordination and consultation among various stakeholders proved pivotal to enabling the reforms.





Post-COVID-19 Economic Recovery for Indigenous Coffee Producers



Project: Post-COVID-19 Economic Recovery for Indigenous Coffee Producers

Country: Panama

Year Approved: 2020

IDB Amount: US\$600,000, with funding from the Japan Poverty Reduction Program

While culturally rich, the indigenous peoples of Panama face poverty levels four times higher than the national average (82% and 21%, respectively). Indigenous territories receive less public investment than non-indigenous ones, with a public-investment disparity of 1:1.8. Furthermore, most investment in indigenous territories is directed toward social issues, and little or no investment is directed toward productive activities or infrastructure, which hinders economic development.

Agriculture represents the main economic activity of indigenous peoples, but those peoples receive, on average, very low sales prices for their products. Due to territorial isolation, many of these small producers depend on intermediaries, who appropriate much of the profits. In addition, the quality of their products is lower than larger-scale farmers' in many cases. Indigenous agriculture practices can also be less productive due to a lack of technical knowledge about how to effectively manage new challenges, such as land degradation, pests and emerging diseases, and climate change.

The Ngäbe and Buglé peoples, who live in the provinces of Chiriquí and Bocas del Toro, high-altitude areas suitable for Arabica coffee production and where 61% of Panamanian coffee is produced, have the highest levels of poverty in the country. They lack the knowledge, infrastructure, and equipment necessary to produce, transform, and store a quality product and thus obtain favorable prices. They also do not have the business skills necessary to participate fairly in the national and international market. In the low-altitude areas where Robusta coffee is produced, one of the main problems is the lack of infrastructure for milling and drying the coffee near the indigenous communities. This reduces local opportunities to add value and increases transportation costs, consequently reducing the price paid to producers.

These production and income challenges, as well as other vulnerabilities, have been exacerbated by the COVID-19 crisis. Indigenous peoples have closed entry to and exit from their communities and territories and have suspended tourism and the exchange of goods, which has severely diminished income-generating activities. Without income, communities are severely limited in their ability to access food, education, health, communication, and other basic needs.

The project aims to increase the income of indigenous coffee producers in the post-COVID-19 economic-recovery context: first, by strengthening coffee production through sustainable and climate-resilient Guna, Embera, Wounaan, and Ngäbe agroforestry systems, and second, by improving processing and sales of coffee through a novel indigenous-private-sector partnership. An indigenous-owned NGO will execute the project, in coordination with Café Durán, the main coffee distributor in the country.

This project will finance technical assistance and the purchase of equipment and materials for the start-up of productive pilot projects for coffee with agroforestry systems in three producer areas: Hato Ratón with Ngäbe-Buglé communities that produce Arabica coffee, and Metiti and Arimae, for Guna and Emberá-Wounaan producers of Robusta coffee. Indigenous producers from 10 communities will be trained in a culturally relevant way through workshops and videos, including on improving agricultural sustainability, climate-resilient agricultural practices, revitalization of traditional agricultural knowledge, indigenous economies, soil restoration, and how to process and sell coffee for the national market. In addition, the project will finance equipment and materials for six indigenous producers to build small-scale, low-cost processing and storage centers at the community and regional levels. Finally, the project will develop agreements to be signed between the coffee producers and Café Durán that will guarantee a minimum purchase price for the coffee produced based on established quality parameters.



Agroforestry Value Chains



Project: Sustainable Forest Management Loan and Grant

Country: Guatemala

Year Approved: 2020

IDB Amount: US\$8.4 million loan and US\$750,000 grant

Agroforestry and silvopastoral practices can recover tree cover in productive landscapes, generating key ecosystem services. They can minimize some key drivers of deforestation, directly reducing GHG emissions associated with land-use change. They can also diversify agricultural production, which improves farmers' resilience to diverse shocks, including climate change, market fluctuations, pest infestations, and disease outbreaks.

This project will enhance the national Forest Incentives Program by strengthening and expanding efficient and sustainable production and commercialization models. The project will promote agroforestry and silvopastoral practices among 9,000 small producers and improve market access for 400 forestry and agricultural and silvopastoral SMEs. It will also create employment opportunities for populations in mostly rural nearby territories, particularly for women and indigenous peoples.

This project is also contributing to bringing in US\$52.5 million in results-based payments from the Carbon Fund for reducing deforestation.

Furthermore, the project is expected to support Guatemala's financial sector in leveraging at least US\$10 million to facilitate access to credit and financial products for the forestry and agroforestry sectors in Guatemala. This will promote competitive and sustainable landscapes (forestry and agroforestry systems, recovery silvopastoral systems, and forest concessions) through a Green Guarantees fund.



Jobs in a Net-Zero-Emissions Future



Publication: *Jobs in a Net-Zero-Emissions Future in Latin America and the Caribbean*

Year: 2020

This book was jointly written and published with the International Labour Organization (ILO) as a guide for policy makers to creating good jobs and ensuring a just transition to net-zero emissions as countries recover from the social and economic impacts of the pandemic.

The same challenges for decent employment that have made Latin America and the Caribbean so vulnerable to COVID-19 (e.g., high levels of informality) also make it vulnerable to the effects of climate change (e.g., heat waves). Around 15 million net new jobs can be created in LAC by 2030 if countries strengthen their climate plans and embrace the goal of reaching net-zero carbon emissions by 2050 (Figure 5). The book emphasizes the need for a just transition that combines environmental, economic, and social development objectives, which means:

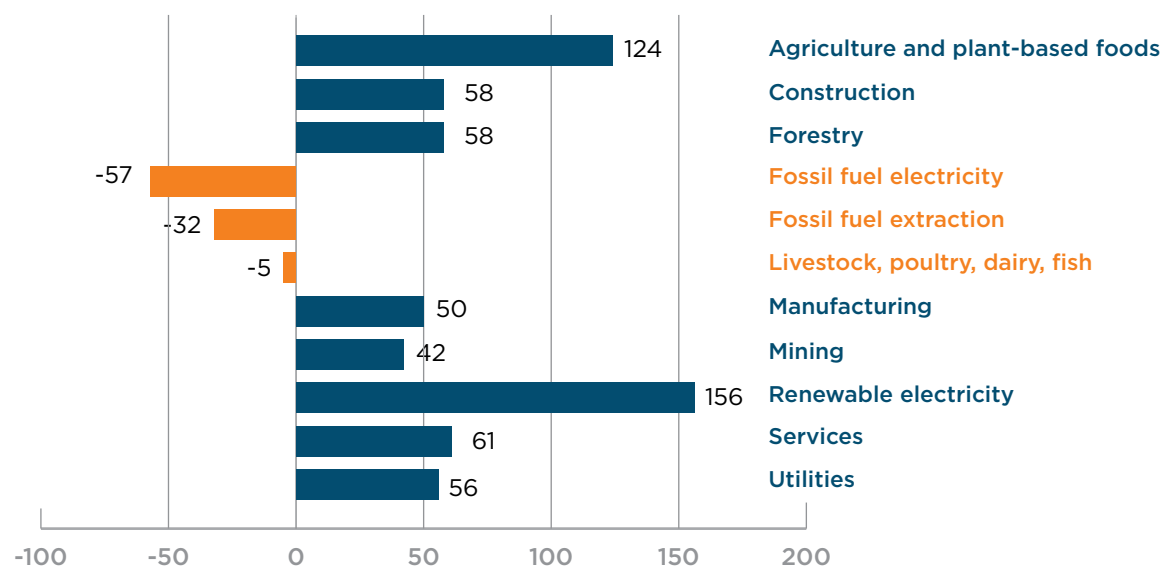
- Helping workers and communities cope with the negative effects of downsizing polluting activities. For instance, workers and communities that depend on fossil fuel extraction, such as the 4,000 coal power plant workers affected by Chile's plan to phase out coal by 2040, should receive social protection, retraining, and public investments to help create new employment opportunities.

- Identifying sectors that need to grow to support the transition to net-zero emissions and ensure decent working conditions. For instance, plant-based agriculture is poised to grow in a net-zero economy. Government regulations should ensure employers provide agricultural workers with appropriate health and organizational safety measures such as access to shade and breaks.
- Giving workers and marginalized communities a voice in decision-making processes related to work in new green sectors. Including them as well as unions, employers, and sector ministries when preparing climate change plans is key.

The book also compiles examples of projects and initiatives in the region that provide lessons about what has worked and not worked in the transition thus far, including in power generation, sustainable transportation, agriculture, waste management, and ecotourism. The IDB and the ILO are now discussing pilot projects to jointly support the just transition in Colombia, Ecuador, and Chile.



FIGURE 5. PROJECTED EMPLOYMENT GAINS AND LOSSES BY SECTOR AS OF 2030 IN THE DECARBONIZATION SCENARIO, RELATIVE TO 2014 (PERCENTAGE OF JOBS IN 2014, ALL OF LATIN AMERICA AND THE CARIBBEAN)



SPOTLIGHT ON COSTA RICA

To limit the global temperature rise to 2°C, countries must reach net-zero emissions by 2050. Getting to net-zero emissions will require a complete transformation of the economy. But, far from being a drag on development, decarbonization is an opportunity for a sustainable post-COVID recovery and can also address preexisting socioeconomic inequities. To avoid stranding assets and to ease acceptance for the transition to a net-zero emissions economy, a long-term perspective is essential.

Costa Rica is a leader in decarbonization in Latin America and the Caribbean. Here, we examine some of the IDB's support of the country's decarbonization effort, including a study of the costs and benefits of decarbonization, a study of managing fiscal impacts of the transition, educating rural students on sustainable agriculture practices, and, finally, financing to help the government remove regulatory barriers to profitable green-growth solutions in the private sector.



Benefits and Costs of Decarbonizing Costa Rica's Economy



Publication: *The Benefits and Costs of Decarbonizing Costa Rica's Economy*

Year: 2020

This study is among the first globally to break down the net-zero emissions goal into a list of concrete steps for each sector (e.g., promoting public transportation and agroforestry), to analyze the costs and benefits of each measure, and to demonstrate that they amount to net economic benefits. This study found that implementing Costa Rica's decarbonization plan will bring net benefits of US\$41 billion to the country—through energy savings, lives saved from reduced road accidents, time saved thanks to less road congestion, and improved ecosystem services and agriculture yields, among other benefits.

President Alvarado of Costa Rica participated in the launch of the study and emphasized that far from being a drag on economic growth, decarbonization is a development path that can be part of a sustainable post-COVID recovery. Applying the decarbonization concept to specific sectors is a powerful tool for engaging sector ministries and creating ownership for specific policy roadmaps and implementation processes. This work has helped build domestic tools and capacity for evaluating decarbonization strategies that will be used to support the update of Costa Rica's Nationally Determined Contributions (the country's formal international commitment).

The approach demonstrated by this study is already being replicated in other countries interested in analyzing the long-term economic implications of decarbonizing, including **Chile, Colombia, and Peru**.

Phasing Out Gasoline in Costa Rica



Publication: *Policy Options for Managing the Fiscal Impact of Decarbonizing Transportation in Costa Rica (available in Spanish only)*

Year: *Forthcoming*

This study assists the Ministry of Finance of Costa Rica with anticipating and managing the fiscal impacts of decarbonizing the transportation sector. It demonstrates that shifting to a green economy need not drain public coffers and that, on the contrary, the financial benefits of decarbonization are an opportunity to improve fiscal sustainability.

Costa Rica has committed to phasing out gasoline consumption by 2050, but today, it relies on gasoline-consumption taxes for 10% of its fiscal revenues. This study shows options for phasing out gasoline and diesel taxes while maintaining an affordable transportation system for users and operators. The government can adjust fiscal policy to distribute the financial benefits of a better transportation system across users, operators, and the government. Adjustments to current taxes on vehicle importation, acquisition, and ownership and the introduction of other

taxes (e.g., on electricity consumption for electromobility) can allow the country to decarbonize transportation while avoiding the fiscal impact of doing so.

To ensure the study is relevant in the local context and is well accepted, the policy options considered in it were discussed with stakeholders in a variety of ministries, including finance, planning, energy, transportation, and the central bank. The policy options are now set to be included as part of a future policy-based programmatic loan on fiscal issues.





Education for Agriculture



Project: Pertinence of Natural Science and Environmental Secondary Education in Rural Agricultural Communities

Country: Costa Rica

Year Approved: 2020

IDB Amount: US\$1.2 million, including funding from the Japan Poverty Reduction Program

In Latin America and the Caribbean, 125 million people (almost a third of the region's population) live in rural areas, and rural activities are central to most economies in the region. Yet, rural youth often lack opportunities to develop the skills they need for work and life. Access to secondary education is more limited in rural than in urban areas, and the rural-urban gap is clearly visible in students' learning. The rural-urban learning gap in Costa Rica is 47.9 points on the 2018 PISA (Programme for International Student Assessment) reading exam, equivalent to more than a year of school (IDB). The rural-urban gap is even more visible in students' transitions to higher levels of education. In Central American countries, even rural students who outperform their urban peers on PISA are less likely to complete a university degree.

A variety of causes are at play. An often overlooked cause is the use of curricula, textbooks, and pedagogical materials that have an urban bias and seldom focus on the skills needed to excel in rural life (Gasperini and Maguire). Specifically, little emphasis is given to teaching students about topics that are relevant for agricultural activities, the

primary work in rural areas. The schooling experience of students who decide to work in agriculture seldom provides them with the content, knowledge, and skills that could help them improve farm productivity. In many cases, this ultimately leads to low income and food insecurity.

Agriculture in Central America is already facing tough challenges from climate change, and the COVID-19 crisis is expected to amplify problems in the sector. Additional technical training and knowledge would equip youth with the skills they need to adopt new technologies and inputs that would boost agricultural profitability.

This project is developing and testing a hybrid education model for pertinent natural science and environmental secondary education (combining face-to-face and virtual instruction) in rural agricultural areas that includes two different approaches to teacher training. One version trains teachers only on the new content, and the other adds pedagogical support. The model covers agricultural, biological, and environmental sciences and is being piloted at rural secondary schools in the provinces with the highest level of poverty in Costa Rica, Limon and Punta Arenas.

This project is expected to benefit some of the most vulnerable people in Costa Rica through access to better work opportunities in the agriculture sector while also helping them adapt to climate change and improve agricultural sustainability.



Costa Rica's National Decarbonization Plan



Project: Toward a Green Economy: Support for Costa Rica's Decarbonization Plan

Country: Costa Rica

Year Approved: 2020

IDB Amount: US\$230 million

This policy-based program shows how long-term climate strategies (called for in the Paris Agreement) can also enable a green post-COVID recovery. It helps Costa Rica remove regulatory barriers that are preventing the private sector from deploying green-growth solutions at a profit, especially in the agriculture, transportation, and energy sectors. It is also improving government efficiency and coordination by facilitating the development of consistent strategies for promoting green growth by different line ministries.

Costa Rica's National Decarbonization Plan offers a country-wide strategy to get to net-zero emissions by 2050. It serves as a basis for the development plans of many line ministries and is a key element in the efforts of the Ministries of Planning and Finance to coordinate intersectoral public policy. Importantly, it provides a systematic and cohesive framework with more than 70 targets from 35 government agencies and line ministries. These include regulatory actions (e.g., establishing rules for setting the electricity price at electric vehicle charging stations), investments (notably, enabling public transportation), and studies

(e.g., assessing options to update a scheme for paying for ecosystem services). In effect, the plan transforms the lofty decarbonization goal into a set of short-term practical steps for each sector. The result is government regulations working together to promote green growth.

The plan also helps Costa Rica's development partners focus support where it can have the most impact. This IDB policy-based loan combined expertise in energy, transportation, land-use, and climate governance and was co-financed with the Agence Française de Développement. The two banks lent US\$380 million to the government (providing the government with liquidity to face the economic impacts of COVID-19) and more than US\$8 million in nonrefundable grants to support the implementation of the plan.

The program is serving as an example of how multilateral development banks can successfully operationalize their support of implementing the Paris Agreement and a green recovery.



BY THE NUMBERS

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By the Numbers

Corporate Sustainability

In this part, we present progress on key indicators of the sustainability of our projects, including GHG emissions, climate finance, disaster and climate change risks, financing for gender and diversity actions, and environmental and social safeguards, including risk trends.

GHG EMISSIONS

Both our current Environmental and Social Safeguards Compliance Policy and our new

Environmental and Social Policy Framework commit us to calculating gross (or absolute) emissions from IDB-financed projects that may generate significant amounts of GHG emissions. We work with our member countries and clients to incorporate GHG emission-reduction technologies into project designs. For selected projects, we also calculate net (or relative to a business-as-usual scenario) GHG emissions. These estimates improve our ability to estimate a project's impact on GHG emissions, identify possible transition risks, and understand how a project can contribute to a country's decarbonization efforts.

For both gross GHG emissions and net emissions reductions, we follow the guidelines set in the International Financial Institution Framework for a Harmonized Approach to Greenhouse Gas Accounting. The Environmental and Social Solutions Unit, the Climate Change Division, and project teams apply a common set of tools to collect relevant project data and quantify GHG emissions. In 2020, we revamped some of these tools and built a new GHG intranet site where our teams can find models, manuals, case studies, and other resources to improve their knowledge of GHG emissions.

The pandemic shifted the composition of the IDB's portfolio dramatically in 2020 away from infrastructure, resulting in fewer projects that required estimates of GHG emissions.

Gross Emissions Reductions

Our Environmental and Social Solutions Unit estimates gross GHG emissions at the project level as part of the project-assessment process. This analysis focuses on investment loans with potentially medium, high, or substantial environmental or social impact (i.e., projects that have an environmental and social impact classification of Category A or B as defined in the IDB's Environmental and Social Safeguards Compliance Policy). All Category A or B projects that include greenfield expansion or infrastructure projects are selected for a detailed gross GHG emissions assessment. These projects typically involve large infrastructure works in the energy, transportation, urban, and water and sanitation sectors. The assessment includes emissions from construction and operation, focusing on a project's scope 1 and scope 2 emissions (Box 3).⁴

⁴ Emissions from projects are estimated as the annual emissions expected to be produced during a representative year over an assumed 20-year project lifetime.

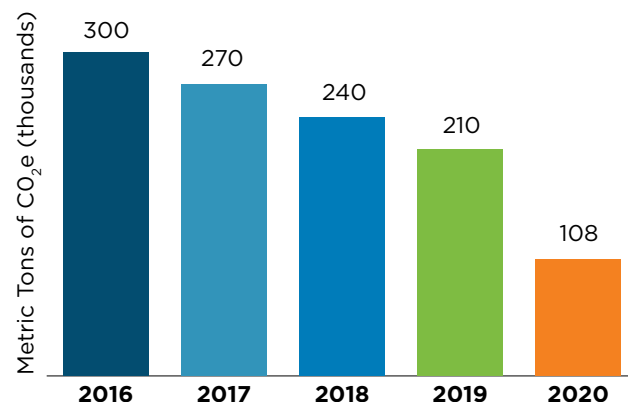
BOX 3. DEFINING SCOPE

- **Scope 1: direct emissions**
- **Scope 2: energy indirect emissions**
- **Scope 3: other indirect emissions**

In 2020, gross GHG emissions were reported for 13 greenfield and expansion projects, generating an estimated 108,000 metric tons of carbon dioxide equivalent, or CO₂e (Figure 6).

Under the new policy framework, the Environmental and Social Solutions Unit is working to make the GHG estimates earlier in the project cycle to allow the information to serve as part of due diligence.

FIGURE 6. IDB GROSS GHG EMISSIONS, 2016–2020



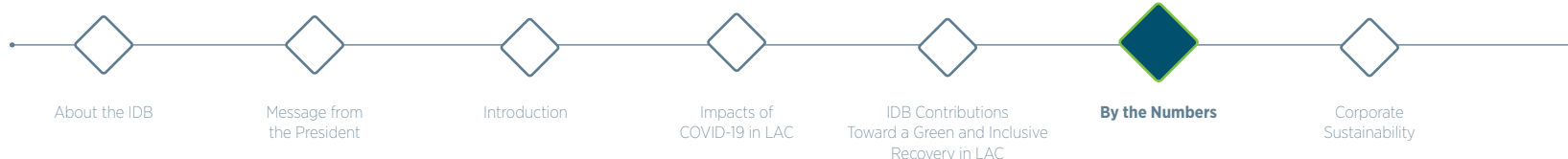
Net Emissions Reductions

Net emissions reductions compare the gross GHG emissions from a project with the gross GHG emissions that would have occurred in a reference scenario, defined as either a scenario absent any intervention or an alternative scenario that reflects the most likely alternative means of achieving the same project outcomes or level of service. Our project teams, with the assistance of the Climate Change Division, estimate GHG emissions reductions for investment loans that contribute to the IDB’s climate mitigation finance. For most projects, the estimate covers scope 1 and scope 2 emissions. Scope 3 emissions are also included for projects where changes in emissions are concentrated in a scope 3 source—for example, public transportation projects intended to replace private transportation or centralized wastewater systems intended to replace household systems.

In 2020, we assessed emissions reductions for 13 investment projects and two credit lines, totaling about 365,000 tons of CO₂e per year during the projects’ lifetimes.

In the energy sector, we supported the Bahamas’ resilient reconstruction effort (see page 26), investments in solar systems and hydroelectricity in Honduras, and the upgrade of the interconnection power lines between Paraguay, Argentina, and Brazil, with expected reductions in line losses.

In the water and sanitation sector, we supported the refurbishing and expansion of the existing wastewater treatment system in the metropolitan area of Asuncion, which will lead to a reduction in methane and nitrous oxide emissions while also improving resilience.



In Guatemala, we financed a groundbreaking project that combines support for sustainable forest management practices and for owners of SMEs whose livelihoods depend on harvesting timber and nontimber forest products (see page [33](#)).

We also financed investments in upgrading and revitalizing urban areas in Trinidad and Tobago, energy-efficient health centers in Panama, and resource-efficient school buildings in Colombia, Guyana, and El Salvador.

In Colombia and Paraguay, we financed projects that, through streamlining and digitizing public services, will reduce the number of in-person interactions and related travel and, thus, GHG emissions.

Finally, through credit lines to SMEs, we supported investments in energy efficiency in Colombia and in electric buses and taxis in Ecuador.

CLIMATE FINANCE

Significant levels of finance are needed to fulfill the commitments made in the Paris Agreement in 2015. Recognizing this, the IDB's Board of Governors endorsed the goal of doubling our climate finance to 30% of approvals in 2020, subject to demand from our borrowing countries and clients and to access to external sources of concessional financing.⁵

Eight of the largest MDBs apply a common methodology to track climate finance in projects financed with their own resources and the external resources they manage. "Climate finance" refers here to the financial resources MDBs commit to development projects and the components that enable activities that mitigate climate change and adaptation to climate change in developing and emerging economies. In mid-2020, the MDB working group released its [ninth joint annual report](#), with detailed information on 2019 and a full description of the applied common methodology.

In a year marked by challenges, climate finance was no exception. The IDB established four rapid-response project prototypes to provide much-needed urgent support to countries to deal with the COVID-19 emergency.⁶ This meant there was a sudden shift in the sector composition of new approvals toward social and fiscal sectors and an emphasis on policy-based lending to provide fast liquidity, which limited opportunities for climate finance. Climate finance has traditionally been concentrated in the infrastructure, sustainable urban development, and agriculture sectors. In 2020, the IDB financed nearly US\$2.0 billion in activities

⁵ Climate Change Goal of the IDB and the IIC (Resolution AG-6/16 and CII/AG-2/16, approved on April 10, 2016).

⁶ (1) Immediate Public Health Response, (2) Support for Vulnerable Populations Affected by Coronavirus, (3) Global Credit Program for Safeguarding the Productive Fabric and Employment, and (4) Program to Strengthen Public Policy and Fiscal Management in Response to the Health and Economic Crisis.

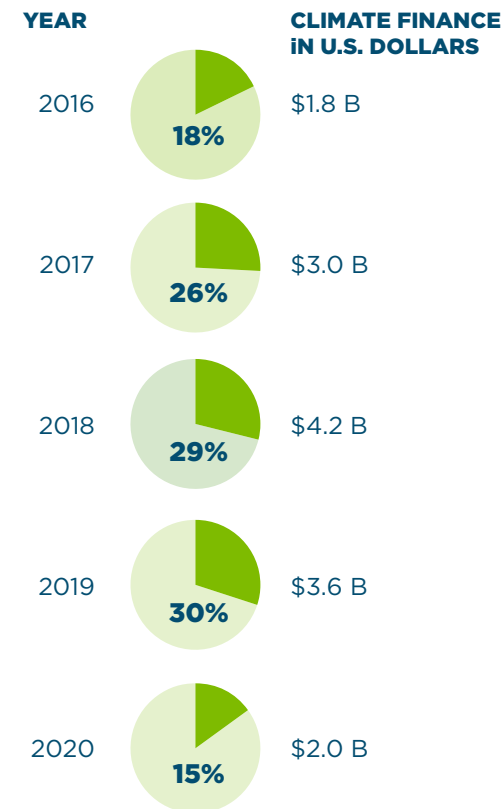
related to climate change that benefit Latin America and the Caribbean—through loans, grants, technical cooperation, guarantees, and equity investments—accounting for 15% of total IDB annual approvals (Figure 7). Climate finance volume is expected to rebound as countries move away from emergency response and toward sustainable recovery.^{7,8}

“Climate-mitigation finance” (US\$1.1 billion) refers to efforts to reduce or capture GHG emission to lessen the risks of climate change. Mitigation finance is primarily associated with renewable energy, energy efficiency, urban mobility, mass transportation, forestry, and green buildings.

“Climate-adaptation finance” (US\$714 million) refers to the resources that finance the change processes aimed at lowering the current and expected risks or vulnerability posed by climate change. Such finance is identified in projects that explicitly define a context of climate vulnerability, intend to reduce such vulnerability, and allocate resources to specific vulnerability-reduction tasks. Adaptation finance in 2020 focused mainly on disaster risk management and preparedness, resilient infrastructure, and coastal zone and water supply management.

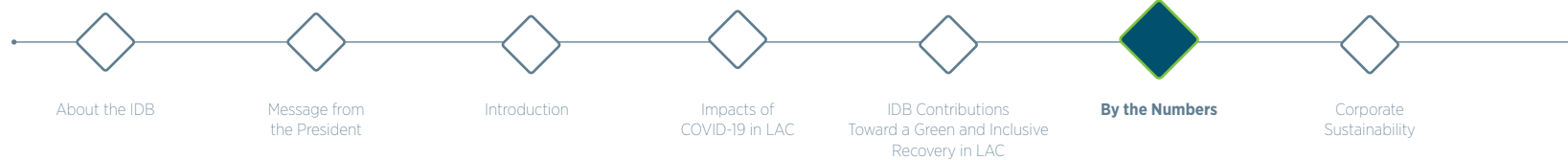
In 2020, the IDB provided additional climate finance through a few projects that benefit mitigation and adaptation simultaneously. Dual-benefit climate finance accounted for US\$160 million in 2020.

FIGURE 7. IDB CLIMATE FINANCE 2016-2020



⁷ If COVID-19-related approved amounts are excluded, IDB climate finance reached 30% of annual approvals.

⁸ Climate finance for the entire IDB Group (IDB, IDB Lab, and IDB Invest) in 2020 was US\$3.9 billion (19% of total IDB Group annual approvals).



DISASTER AND CLIMATE CHANGE RISK

The IDB is committed to assessing disaster and climate change risk and identifying opportunities for resilience and adaptation measures in the projects it finances. Our [Disaster and Climate Change Risk Assessment Methodology](#) (DCCRA methodology) takes a phased approach that allocates resources commensurate with project risk. The methodology is organized around five steps: (1) classify hazard exposure, (2) revise classification based on criticality and vulnerability, (3) conduct a simplified qualitative analysis, (4) conduct a qualitative analysis, and (5) conduct a quantitative analysis, grouped into three phases.

The methodology provides practical guidance to project teams, executing agencies, technical experts, and external consulting and design firms about how to integrate disaster and climate change risk considerations into projects in a meaningful and relevant way. Ignoring the potential impact of future climate conditions puts investments at risk, but it is also possible to overengineer solutions and apply costly or inappropriate mitigation measures. Given the inherent uncertainty of climate change impacts, the methodology focuses on low-regrets solutions (i.e., solutions likely to minimize costs and achieve co-benefits that will be valuable even if the future climate differs from the central trend of model predictions).

The methodology is applied to loans and investment grants classified as Category A or B under the IDB's 2006 [Environmental and Social Safeguards Compliance Policy](#).⁹

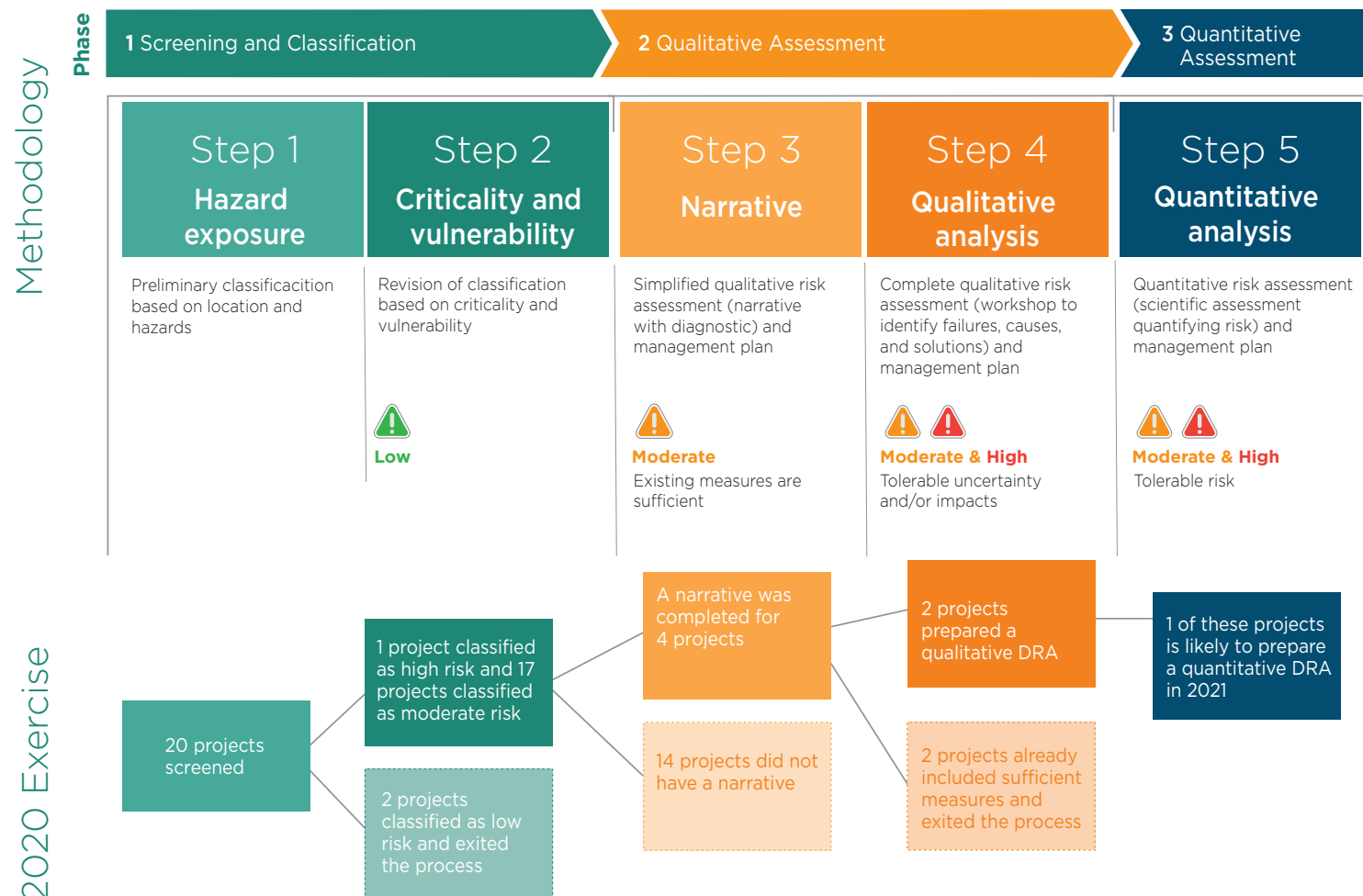
We have committed to reporting annually on *projects with considerable disaster and climate change risk that applied risk analysis to identify resilience actions* in our Corporate Results Framework.¹⁰ Our target by the end of 2023 is for 100% of high- and moderate-risk projects to complete Step 3 of the DCCRA methodology. In 2020, 22% of those projects completed Step 3. Of the 20 Category B projects approved in 2020, one was classified as high risk, 17 as moderate risk, and two as low risk for disaster and climate change. The process ultimately led to the preparation of a narrative (Step 3) or a Disaster Risk Assessment (DRA) (Step 4 or 5) for four projects in 2020 (Figure 8). Going forward, additional resources are planned to further consider disaster and climate change risks in projects and ensure project resilience. The DRA is not required prior to approval because the preparation sometimes depends on detailed designs available only during implementation.

In 2020, the Environmental and Social Risk Management Unit analyzed a sample of 30 projects and found that 40% had been under classified for disaster and climate risk. Under classification can lead to missed opportunities to address risks during project preparation and ultimately result in increased vulnerability and risk in the portfolio of IDB-financed projects. The Environmental and Social Risk Management Unit recommended strengthening training and building technical capacity to improve classification and due diligence.

⁹ Disaster and climate change risk is also part of the new ESPF.

¹⁰ Calculated by dividing the number of projects approved in the year with a high or moderate disaster and climate change risk classification that have completed Step 3 of the DCCRA methodology by the total number of projects approved in the year with that classification.

FIGURE 8. APPLICATION OF THE DCCRA METHODOLOGY



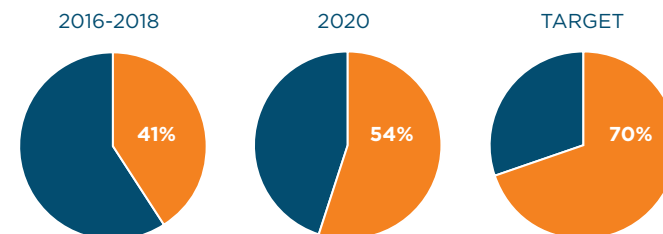
PROJECTS SUPPORTING GENDER EQUALITY AND DIVERSITY

Latin America and the Caribbean is one of the most diverse regions in the world—including different ancestries, cultures, races, sexual orientations, abilities, and languages. Unfortunately, certain groups have historically been marginalized. This marginalization affects not just those groups but the entire region. We must recognize that this is both a matter of rights and of achieving social and economic development. When a person is unable to fully exercise their citizenship rights and contribute to society, it impacts everyone. There is growing evidence that diversity spurs economic development (Banks and Polack; Buckup; Ashraf and Galor), improves business performance (Hunt, Prince, Dixon-Fyle, and Yee), and facilitates innovation (Hewlett, Marshall, and Sherbin; Forbes Insights).

At the IDB, we not only want to improve lives; we strive to improve *all* lives. We are committed to improving lives through gender equality, women's empowerment, and inclusion of diverse population groups across LAC, including indigenous peoples, African descendants, persons with disabilities, and people with diverse sexual orientations and gender identities.

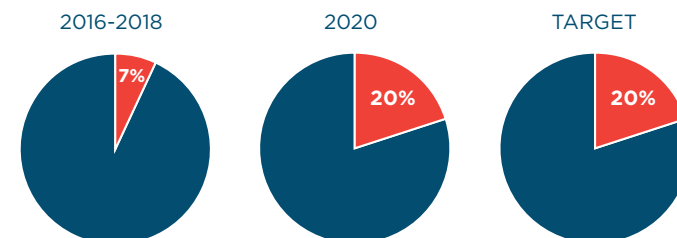
In 2020, 54% of IDB projects supported gender equality (Figure 9). Our goal is to have at least 70% of projects support gender equality by 2023. We consider projects to support gender equality if they include three elements: (1) analysis of gender gaps or issues, (2) actions to address the gaps or issues (based on evidence-based or promising approaches, when feasible), and (3) at least one gender-related results indicator in the results matrix.¹¹

FIGURE 9. PROJECTS SUPPORTING GENDER EQUALITY



In 2020, 20% of IDB projects supported diversity (Figure 10). Our goal is to have at least 20% of projects support diversity by 2023. We consider projects to support diversity if they include three elements: (1) analysis of issues affecting at least one of the following diverse populations: indigenous peoples, persons with disabilities, African descendants, and LGBTQ+ individuals, (2) actions to address diversity gaps or issues (based on evidence-based or promising approaches, when feasible), and (3) at least one diversity-related results indicator in the results matrix that measures the effect of interventions on at least one of the four diverse populations.¹²

FIGURE 10. PROJECTS SUPPORTING DIVERSITY



¹¹ Please refer to the [CRF Technical Guidance Note](#) for the complete criteria.

¹² Please refer to the [CRF Technical Guidance Note](#) for the complete criteria.

ENVIRONMENTAL AND SOCIAL POLICIES

At the IDB, we apply policies to help borrowers identify, manage, and effectively mitigate potential negative environmental and social impacts and the risks associated with investments (Figure 11). Our environmental and social policies are modeled after international best practices. In this section, we look at how we apply environmental and social policies to projects and how we manage environmental and social impacts and risks in complex projects.

In 2020, the IDB's Board of Executive Directors approved a new **Environmental and Social Policy Framework** (ESPF), which will take effect in 2021. See page [13](#).

FIGURE 11. IDB SOCIAL AND ENVIRONMENTAL POLICIES



Applying Our Environmental and Social Policies to Projects: A Risk-Based Approach

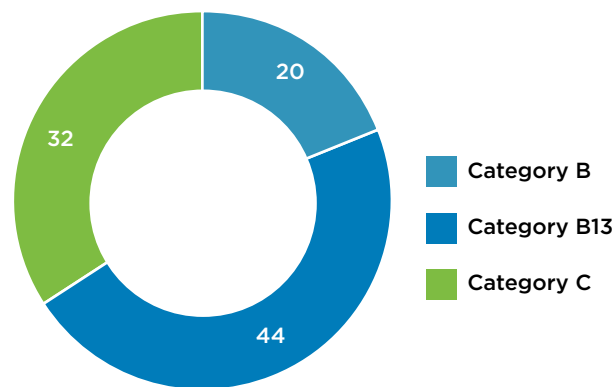
We assess and monitor environmental and social impacts and risks throughout the project cycle. We work closely with borrowers and stakeholders to manage environmental and social risks and ensure that each project complies with our safeguards and with specific national and international standards. Two teams hold principle responsibility for these actions: the Environmental and Social Solutions Unit (in the Vice-Presidency for Sectors) and the Environmental and Social Risk Management Unit (in the Office of Risk Management).

When entering the portfolio, all¹³ IDB projects are classified according to potential environmental and social impacts to establish the scope of impact assessments and public consultations. Projects are classified as Category A, significant impact; B, moderate impact; C, minimal impact; or B13, noninvestment-lending and flexible-lending instruments.¹⁴ We assign specialists from the Environmental and Social Solutions Unit to all Category A, B, and high-risk financial intermediary projects during preparation. New sovereign-guaranteed loan projects in 2020 were classified as follows (Figure 12).

¹³ Except loans of the Immediate Response Facility for Emergencies Caused by Disasters, which are exempt from the requirements of the Environment and Safeguards Compliance Policy.

¹⁴ Please refer to Section B.3, Screening and Classification, of the 2006 Environment and Safeguards Compliance Policy for more information about the categories.

FIGURE 12. CLASSIFICATION OF 2020 LOAN APPROVALS



- Category A (significant impact): 0 loans
- Category B (moderate impact): 20 loans (US\$1.5 billion), all of which received environmental and social support
- Category C (minimal impact): 32 loans (US\$3.1 billion), 15 of which received environmental and social support
- Category B13 (noninvestment lending and flexible lending instruments): 44 loans (US\$8.9 billion), 36 of which received safeguards support

In addition, we assign a dynamic Environmental and Social Risk Rating (ESRR) to projects during preparation. Projects are rated as low, moderate, substantial, or high based on four risk factors (Box 4). As projects move into implementation, we use this rating to apply a risk-based approach to environmental and social management. Specialists from our Environmental and Social Solutions Unit, many of whom are based in our country offices, supervise projects rated as high or substantial risk, while project teams supervise low- or moderate-risk projects with the unit's guidance and support. The Environmental and Social Risk Management

Unit provides independent quality assurance of impact and risk classifications, of the due diligence process, and of the quality of our environmental and social solutions for all projects in preparation. The proportion of the portfolio rated high and substantial for environmental and social risks remained relatively stable throughout the year, ending at 36% (Figure 13). During 2020, 24 new projects were rated as high or substantial risk, 16 projects had their risk rating lowered, 20 projects had their risk rating elevated, and 17 projects exited the portfolio. The main reasons for worsening risk ratings in ESRRs during 2020 were (1) increased resettlement and economic displacement, (2) lack of effective occupational, community health, and safety risk mitigation leading to accidents and fatalities in some projects, (3) changes in project design, resulting in additional economic displacement and biodiversity impacts, (4) changes in the government affecting executing agencies and low capacity to execute timely corrective action plans, and (5) COVID-19-related delays in engaging communities and increased risks in executing action plans.

BOX 4. ENVIRONMENTAL AND SOCIAL RISK FACTORS

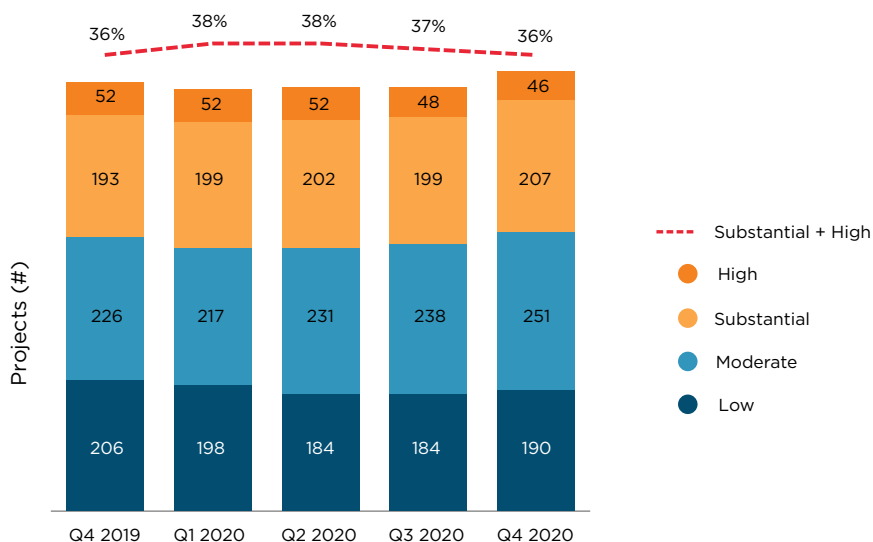
Cause: direct impacts and project footprint

Contribution: indirect and cumulative impacts; third-party actions

Context: political, social, and cultural conflicts; economic vulnerabilities

Performance: institutional capacity; political will

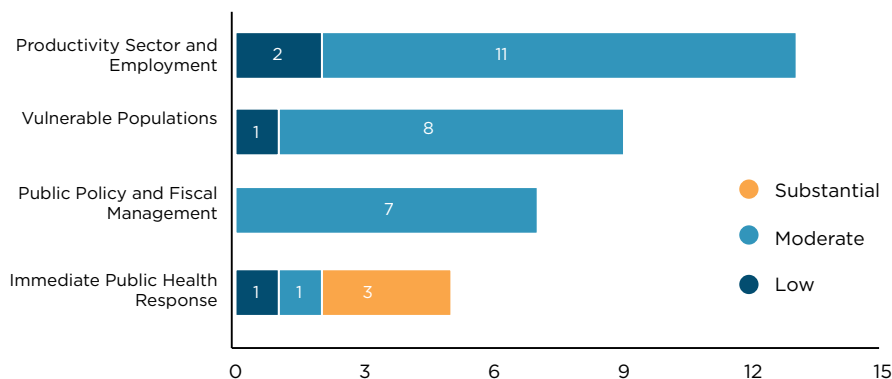
FIGURE 13. DISTRIBUTION OF ENVIRONMENTAL AND SOCIAL RISK IN THE PORTFOLIO

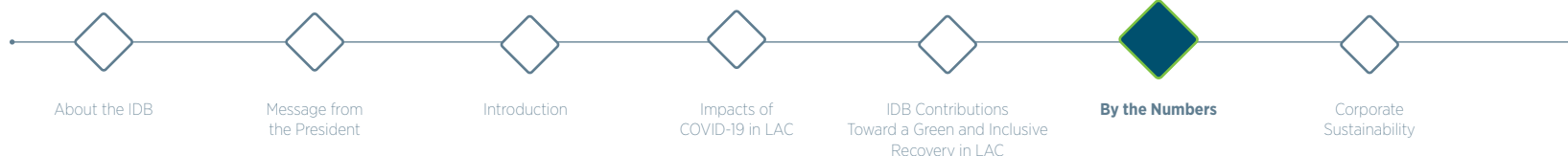


Challenges have emerged in the context of the COVID-19 crisis for maintaining adequate environmental and social supervision. We have had to rely on information provided by project executors instead of on firsthand site-visit reports. Furthermore, it is difficult to confirm impacts and risks, particularly those related to social aspects, without visiting and discussing these directly with communities affected by the project. Despite these challenges, our environmental and social specialists have continued supervising 100% of high- and substantial-risk projects in execution (more than 250). Due to COVID-19, there was a noticeable shift in compliance-verification methods toward new and innovative ones (e.g., drones, digitalization of consultations, and increased use of third-party and local expertise).

Figure 14 shows the distribution of environmental and social risk in projects dedicated to the COVID-19 response. Among these projects, 9% were rated as having substantial environmental and social risk (related to occupational health and safety, management of hazardous materials, and complex environmental and social management structures) and 79% were rated as having moderate environmental and social risk (related to excluding vulnerable people from accessing cash compensation and restricting rights such as through the curfews that are still in place in several LAC countries).

FIGURE 14. DISTRIBUTION OF ENVIRONMENTAL AND SOCIAL RISK IN NEW PROJECTS RESPONDING TO COVID-19



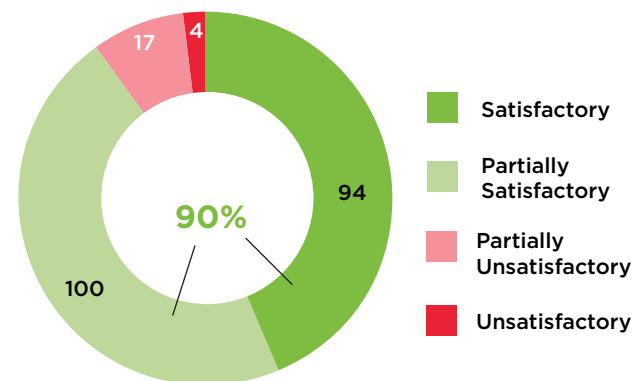


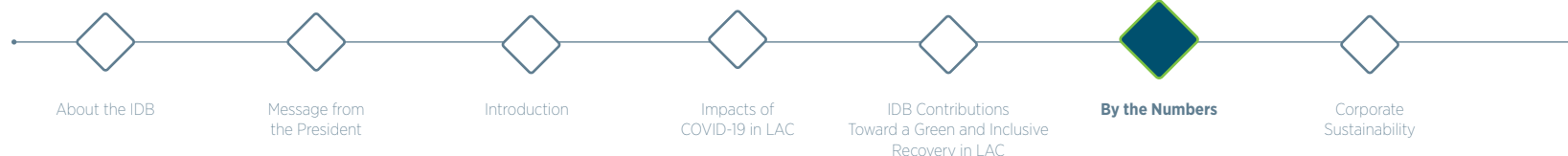
During supervision, we assign an environmental and social performance rating to all high- and substantial-risk projects to determine each project's level of compliance with our environmental and social policies.

- Satisfactory: all actions are being implemented according to commitments and standards
- Partially satisfactory: not fully consistent with commitments but has not resulted in material negative adverse impacts
- Partially unsatisfactory: prompt corrective action is required to prevent material noncompliance
- Unsatisfactory: has caused damage or there is a reasonable expectation of material noncompliance

The Environmental and Social Risk Management Unit complements project-level supervision by monitoring the environmental and social risk of the portfolio through analyzing and reporting environmental and social risk trends and dynamics and by carrying out periodic risk analyses of projects in execution. Figure 15 shows the compliance performance ratings for high- and substantial-risk projects in execution in 2020. In 2020, among high- and substantial-risk projects in execution, 90% rated satisfactory or partially satisfactory in terms of environmental and social performance (against a target of 84%). In 2020, 22 of these projects improved performance. A desk review pointed to four main factors: (1) The Environmental and Social Solutions Unit's strengthened support of higher-risk projects in execution through increased presence in the region and more frequent supervision, (2) project teams' increased attention to environmental and social risk management, (3) limited ability to verify compliance due to restrictions on in-person validation, and (4) seven projects with performance challenges exiting the portfolio.

FIGURE 15. SAFEGUARDS PERFORMANCE RATINGS 2020





Managing Environmental and Social Impacts and Risks in Our Most Complex Projects

During 2020, we invested less in large, complex infrastructure projects to focus resources on quickly disbursing COVID-19-response projects. While these are generally less complex from an environmental and social perspective, they do present new challenges for the IDB and our member countries. We did not lose sight of the importance of ensuring that all projects uphold appropriate environmental and social standards. Indeed, this is where we offer member countries a comparative advantage. Our collective expertise and support—combined with robust environmental and social standards and structured mitigation and supervision measures—aim at ensuring that all our projects are developed with resilience and long-term sustainability in mind.

No Category A projects were approved in 2020. However, 20 high- and substantial-risk projects were approved in a variety of sectors (health, social, poverty, water and sanitation, urban, and transportation). In this section, we look at a few examples of the more complex new projects approved in Argentina, the Bahamas, Ecuador, and El Salvador.

Project: Immediate Public Health Response Project in the Context of the COVID-19 Pandemic to Contain, Control, and Mitigate Its Effect in Health Service Provision in Argentina



Country: Argentina

Year Approved: 2020

IDB Amount: US\$470 million

Responding to a request from the government of Argentina, the IDB approved US\$470 million (redirected from two previously approved projects) to finance interventions that can assist in responding to the health emergency created by COVID-19. See page [23](#) for more about the project.

The main environmental and social impacts and risks are related to (1) the generation, storage, transportation, and disposal of biohazardous and domestic waste and (2) the potential for contagion among health workers and the neighboring population.

A strategic environmental and social assessment was prepared during the project preparation. Five virtual public consultations were conducted, during which attendees raised concerns related to the distribution of medical supplies, waste management at health facilities, communication about the use of personal protective equipment, and the availability of financing to fulfill the environmental and social management plans.

The IDB will confirm that the executing agency implements the environmental and social plans (directly and through contractors). These include a waste-management program that incorporates the WHO guidelines for biohazardous infectious waste management, a pollution-control program, an occupational and community health-and-safety management program for healthcare workers and others exposed to COVID-19 that is based on the WHO safety protocols, and a community communication plan that includes a complaints and grievances management mechanism.

Project: Reconstruction with Resilience in the Energy Sector in the Bahamas



Country: *The Bahamas*

Year Approved: 2020

IDB Amount: *US\$80 million*

The impacts of Hurricane Dorian, the strongest hurricane on record to hit the Bahamas, were extensive, causing an estimated US\$3.4 million in losses. This was not an isolated event, but the latest example of recurrent extreme climate events affecting the Caribbean region in recent years. In 2020, the IDB approved a US\$80 million loan to support the government's efforts to rehabilitate critical energy infrastructure and services in islands heavily affected by the hurricane while facilitating the integration of microgrid photovoltaic units in the power system. See page [26](#) for more about the project.

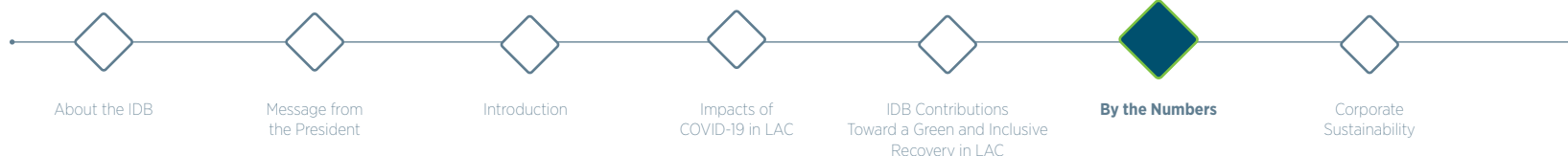
The main environmental and social impacts associated with the power-restoration activities were the unfavorable sanitary and health conditions on the islands affected by the hurricane, which were exacerbated by the COVID-19 pandemic, inadequate waste-disposal capacity, and the presence of unregistered immigrants in the area.

During project preparation, a strategic environmental and social assessment was undertaken and an environmental and social management framework was developed. For the microgrid solar plants, environmental-siting criteria were established to ensure optimal locations are chosen. The project included a focus on resilience planning and disaster

risk management, which meant certain engineering measures were incorporated into the project designs.

During a consultation meeting in early 2020, the findings of the strategic assessment and the proposed environmental and social management approach were presented to the community. The event was livestreamed through social media, and it involved around 2,600 participants, including 150 who attended in person. The main issue the community raised was related to the creation of economic opportunities for local business and the community.





Project: Sustainable Management of Underground Resources and Associated Infrastructure



Country: *Ecuador*

Year Approved: *2020*

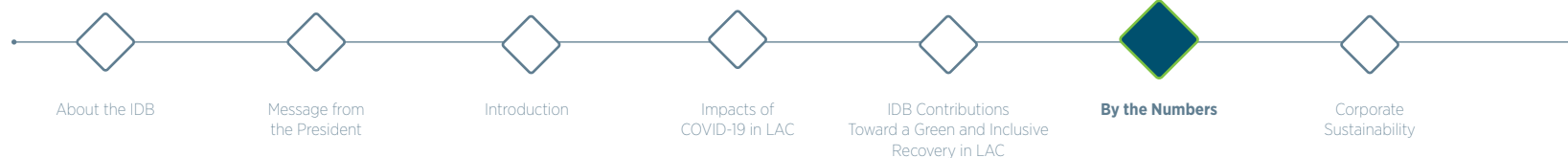
IDB Amount: *US\$78.4 million*

As part of the Ecuadorian government's Prosperity Plan 2018-2021, a vehicle for overcoming macroeconomic imbalances, the country is looking to the energy and mining sectors as key pillars for recovery. Managed strategically and responsibly, these sectors have the capacity to promote macroeconomic equilibrium and contribute to sustainable development. To that end, in 2020, the IDB approved a new loan for US\$78.4 million to boost sustainable investment in the mining and energy sectors by strengthening strategic management of the sector and promoting sustainable investment.

The project will finance the implementation of studies and activities that, from a socio-environmental standpoint, entail—or are related to potential projects that would entail—environmental and social impacts and risks that need to be appropriately managed and mitigated (e.g., all the impacts on communities, environment, and biodiversity that could be associated with large-scale energy or mining projects or even underground resource management). The project also has risks associated with a lack of institutional capacity with respect to environmental and social management.

The IDB agreed with the executing entities on the need to develop environmental and social management operating regulations (ROGAS), thus establishing the rules and standards needed to ensure that program studies and activities are carried out in accordance with IDB environmental and social policies, national regulations, and applicable international standards. The ROGAS will also include a list of eligibility criteria for studies and projects that cannot be financed, as well as technical guidance for the studies and subprojects.

The ROGAS are applied to each subcomponent, defining the environmental and social aspects that have to be considered in the pre-investment and investment phases. They define how to conduct field studies and manage the equipment and include the socio-environmental aspects for the subcomponents, meaning for developing management plans, training, and strengthening capacity. In addition, ROGAS include procedures for developing strategic socio-environmental evaluations used as guides and inputs in developing future projects, including all possible guidelines for future studies and subsequent projects.



Project: Improving Education Coverage and Quality: Birth, Growth, Learning



Country: El Salvador

Year Approved: 2020

IDB Amount: US\$100 million

Recognizing the challenges El Salvador faces in developing its human capital, the IDB worked closely with authorities to develop a new Conditional Credit Line for Investment Projects (CCLIP). The first project under the program, approved in 2020 for US\$100 million, will contribute to improving the quality and extent of education in El Salvador. Specifically, it will expand and improve the quality of early childhood services and of education for vulnerable youth and improve the effectiveness of education management. The project will improve access to water and sanitation for schools; improve structures, including mitigating seismic risks; and make outdoor recreational areas accessible, inclusive, and environmentally friendly.

The main environmental and social impacts of the project are related to the construction and rehabilitation of education infrastructure; however, these are short term and localized and can be managed with standard mitigation measures. The team identified a risk associated with the conditions of the temporary educational facilities for students while construction takes place that could pose challenges for achieving learning goals. Other project risks centered on the inadequacy of the wastewater-treatment systems in the

education centers and the management of construction and demolition waste, including removal of asbestos from existing ceiling tiles.

Due to the challenges of COVID-19, the public consultation about this project was carried out virtually. Representatives of 39 institutions and social organizations related to early childhood exchanged ideas and provided suggestions about the program through an online education platform. Indigenous organizations' representatives and people potentially affected by the work (directors of two schools, workers in the cafeterias of the education centers, and representatives of school boards) participated by phone. The main concerns raised related to the problem of gang violence, the risks for students and staff, accessibility for people with disabilities, risks related to COVID-19, safety of students during the construction and rehabilitation, and tree cutting for reforestation works and measures.

In addition to a set of standard mitigation and management plans, the program will implement a temporary relocation plan (in cases where the education center must be demolished, and students have to be temporarily relocated in other buildings) and site-specific wastewater-treatment-system plans.

CORPORATE SUSTAINABILITY

About the IDB

Message from the President

Introduction

Impacts of COVID-19 in LAC

IDB Contributions Toward a Green and Inclusive Recovery in LAC

By the Numbers

Corporate Sustainability

At the IDB, we have long been committed to conducting ourselves—both in our projects and in our offices—in ways that protect the environment and serve the communities around us.

That means empowering neighborhood communities, maximizing the potential of employees, and minimizing the environmental impact of our facilities and employee travel. The actions we take in our own work routines demonstrate that the IDB is serious about walking the talk on global environmental sustainability and social responsibility, and they set an example of stewardship for employees, investors, and stakeholders in Latin America and the Caribbean.

The IDB has a long-standing commitment to ensuring that our internal operations are environmentally sound. The Corporate Sustainability Program (CSP) works in partnership with IDB departments to reduce the corporate environmental footprint of the IDB Group. CSP measures the IDB Group's overall footprint—on carbon, energy, waste, water, and paper—to identify trends, design employee awareness and engagement programs, and develop and implement practices that contribute toward being more environmentally responsible. In this section, we present ways we advanced these goals in 2020. Further details can be found in the [GRI Annex](#) to this report.

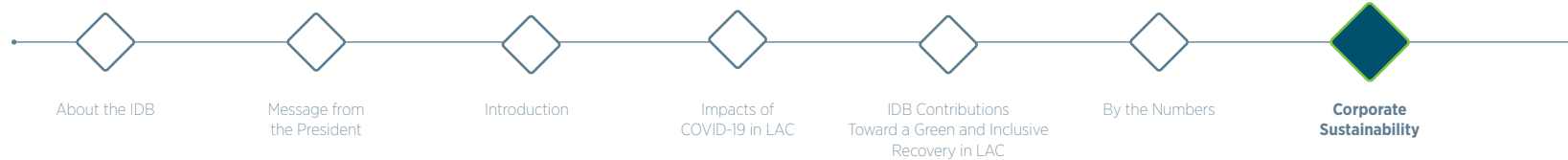
The IDB's Community Relations program seeks to build a close relationship with communities through corporate philanthropy, volunteer activities, in-kind donations, and fundraising campaigns for disaster relief.

CLIMATE CHANGE AND CARBON NEUTRALITY

Climate change is one of the most critical issues facing the world and the IDB's member countries. In some parts of Latin America and the Caribbean, it presents an existential threat.

The IDB recognizes that climate action is not just for its clients. As such, it was the first multilateral development bank to commit to carbon neutrality, beginning with measuring and offsetting GHG emissions from our 2006 Annual Meeting. Soon after, we began measuring—and committed to neutralizing—all emissions from our corporate activities (including our facilities, transportation fleet, and employee business travel) at our headquarters and country offices. In 2019, our Board of Executive Directors approved a target in our Corporate Results Framework to reduce emissions from our facilities and fleet by 14% by 2023.

The global pandemic in 2020 drastically changed the nature of our carbon footprint. Our offices were closed for much of the year, with most employees operating under a mandatory telework scenario and nearly all business travel suspended. Whereas business travel composed 56% of our 2019 footprint and facilities and fleet composed 44%, emissions from business travel and office electricity decreased 85% and 34%,



respectively, compared with 2019. These results illuminated some new opportunities to address our organizational emissions, but also some new challenges.

Although our emissions dropped drastically in 2020, we emitted 9,175 tons of CO₂e. We compensated for this through renewable-energy credits and verified emissions reductions.

The IDB invested in 14 million kilowatt hours of **Renewable Energy Credits** (RECs)—from wind energy—to cover the entire 2020 electrical usage at IDB headquarters buildings.

The IDB Group's remaining unavoidable carbon footprint is offset through a series of investments in carefully selected **Verified Emissions Reductions** from projects in Latin America and the Caribbean. In 2020, we continued our past support of three projects for this purpose. A project in Honduras strengthened the conditions for a market of ecological cookstoves in rural areas to reduce emissions and pollution from burning wood, reduce deforestation, and improve the health and livelihoods of low-income families, with special attention to women. Two projects, in Brazil and Peru, prevent deforestation by helping local communities protect 386,000 hectares of Amazonian forest and generate sustainable income from native trees, Brazil nuts, and açai.

GREEN BUILDINGS

All workplaces consume energy and other natural resources and generate waste. Even with most employees working from home for much of the year, lighting, heating, and cooling IDB offices represented 77% of the IDB's corporate carbon footprint in 2020. This represents a much higher percentage of our overall organizational footprint than in past years, due in large part to the suspension of business travel. It also highlights the energy demands of buildings,

even when they are un- or minimally occupied: security lights still need to remain on, server rooms need to be cooled, and building internal temperatures and humidity levels need to be maintained to protect surfaces from mold or other damage.

The circumstances surrounding COVID-19 also placed new energy demands on our offices. To mitigate health risks, we modified our building management practices, increasing ventilation, improving air filtration, and adjusting schedules for air-handling systems to “flush” office areas with outside air before and after building occupancy. Enhanced ventilation (which requires heating or cooling a greater volume of outside air) is especially energy intensive. We will carefully monitor the impacts of these and other maintenance adjustments.

Historically, the IDB has employed diverse strategies to reduce the energy footprint of our offices, and we continued several of them in 2020.

Environmental Certification

The IDB is committed to incorporating environmental measures into the design and construction of all its corporate facilities, and we strive to manage our buildings in the best ways possible. In 2020, the IDB's Dominican Republic office earned Platinum-level certification under the **Leadership in Energy and Environmental Design** (LEED) standards. Platinum certification is the highest level available under LEED and awarded to only a small percentage of buildings worldwide. While two of the IDB's headquarters buildings in Washington, D.C., received this honor in 2019, the IDB's Dominican Republic office is both the first country office to achieve this level of certification and the first building registered with LEED Platinum status in the country (Box 5).

BOX 5. GOING GREEN IN THE DOMINICAN REPUBLIC

The IDB's office in the Dominican Republic exemplifies our commitment to sustainability. The recently refurbished space:

- Avoided carbon emissions associated with construction ("embodied carbon") by reusing and renovating a historic building (the 1939 former U.S. Chancery) rather than building a new one.
- Has a grid-tiled roof-top solar system, capable of meeting up to 85% of the building's energy needs. The system is estimated to avoid 114 tons of carbon emissions annually and save the IDB US\$43,000 in yearly energy costs (Figure 16).
- Maximizes the use of natural light with ample glass and interior courtyards, along with numerous other strategies to reduce energy use and improve occupant productivity and well-being.
- Is located in a well-connected part of Santo Domingo with easy access to transit and infrastructure for cyclists and electric vehicles, enabling low- or zero-carbon commuting.
- Conserves water through low-flow fixtures and rainwater recycling while using green infrastructure, including plantings and permeable pavers, to reduce stormwater runoff that leads to flooding.

FIGURE 16. SOLAR PANELS AT THE IDB'S DOMINICAN REPUBLIC OFFICE



Five additional IDB offices have qualified at the Certified level under LEED standards: one each in Brazil, Panama, and Peru and two in Costa Rica, and LEED certification is being pursued for our office in Jamaica. Because buildings are a major contributor to climate change, earning certification for our offices is one way the IDB is signaling the importance of taking action.

Energy Efficiency

Lighting has traditionally been a major source of building energy use. Between 2012 and 2018, we replaced lightbulbs in all country offices with **LEDs**. Since 2014, we also replaced more than 5,200 high-use bulbs in the IDB's headquarters with LEDs, generating a cumulative savings of 2.5 million kilowatt hours through 2020. Recognizing the importance of reducing energy use even further, we conducted a detailed energy audit of our headquarters buildings, and, in 2020, the IDB Board approved a substantial investment in additional lighting replacements and other energy-efficiency measures to take place from 2021 to 2023. We also began replacing the roof on our largest headquarters building, which was necessary due to the age of the roof. The replacement will increase insulation and help reduce the loss and gain of heat and cold.

Renewable Energy

To provide carbon-free, renewable energy, several IDB country offices have on-site solar panels. Systems in the **Bahamas, Brazil, the Dominican Republic, Haiti, Jamaica, Nicaragua, and Uruguay** produced 579 megawatt hours of renewable energy in 2020 and are able to meet up to 59% of the offices' energy needs. Although COVID-19-related shutdowns slowed the project's start, the IDB began in 2020 to implement an ambitious multiyear plan to expand

solar installations in eight country offices. By investing in renewable energy for our offices, we not only do our part to mitigate climate change but are also supporting local markets for renewable energy and green buildings.

Efficient Space Design

The IDB has been pursuing a multiyear strategy to create **efficient and flexible office layouts** that maximize access to natural light, reduce the need for artificial lighting, and minimize the waste and other environmental impacts associated with construction and renovations. In recent years, projects have incorporated highly efficient LED lighting and sensors to control energy use and wireless technology for computers and mobile devices, which saves significantly on cabling and lowers energy for network access by 50%. In 2020, the IDB began revisiting office design approaches in light of the impacts of COVID-19 on office space usage.



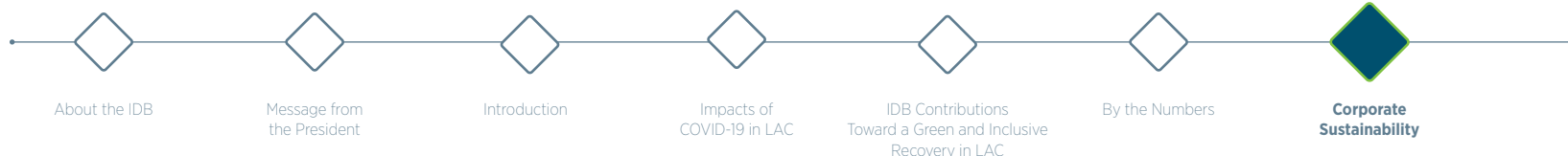
GREEN TRANSPORTATION

The transportation sector—planes, trains, buses, automobiles—is responsible for roughly 16% of global carbon emissions, and the IDB can reduce its contribution to this problem.

While a small component of the IDB’s overall carbon footprint, our **fleet of IDB vehicles** was responsible for 429 tons of carbon emissions in 2019. In part as an effort to reduce this, the IDB Board approved in 2020 funds to replace aging vehicles, and new procedures were put in place to encourage more-sustainable vehicle choices where business needs and local conditions permit.

A few IDB offices have already made the switch to greener vehicles. For example:

- Our **Argentina** office has a hybrid sedan, which averages 28 kilometers per liter in fuel efficiency and produces 40% less CO₂ than a conventional vehicle. The office also owns and loans out an e-bicycle as an alternative means to travel to local meetings, using the extensive bike route system in Buenos Aires.
- In **Costa Rica**, after realizing that the average distance traveled using the office vehicle was less than 21 kilometers, the office purchased an electric vehicle and supported the installation of a charging station. This change will save an estimated US\$2,500 per year in fuel costs and show IDB is “walking the talk” when it comes to supporting the country’s plan to decarbonize its economy by 2050.



The largest piece of the transportation industry footprint—and historically the IDB’s—is **business air travel**. Long considered an unavoidable consequence of doing business, the experience of operating virtually during COVID-19 has caused some shift in perspective. New ways of working at a distance have emerged, and new forms of virtual engagement and collaboration have been developed and embraced.

CSP is now working with colleagues across the IDB to explore specific opportunities to sustain some reduction in travel-related emissions even after the pandemic subsides.

WASTE REDUCTION

Waste is costly, contributes to climate change, pollutes ecosystems, and harms human health. As such, waste reduction is another important aspect of greening the IDB and of our work in the region. CSP aims to help the IDB Group reduce the waste we generate and divert unavoidable waste from landfills by reducing single-use products and promoting the reuse and recycling of materials. In 2019, a detailed waste audit at our Washington, D.C., headquarters revealed a waste-diversion rate of 54% and identified opportunities to divert up to 90% of waste, informing a multiyear zero-waste plan. Much of the existing progress and future opportunity lie in dining-related waste: food and packaging.

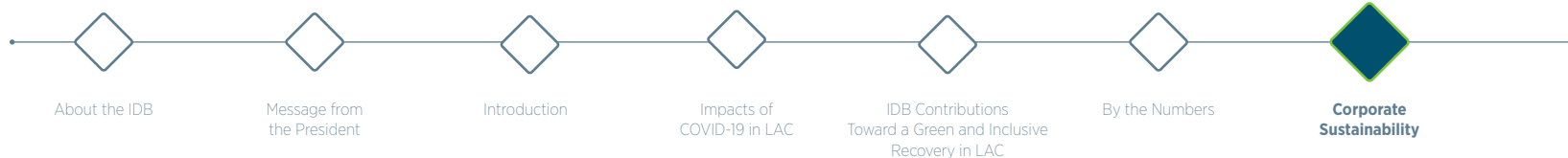
For several years, the IDB has partnered with our on-site food-service company to implement a series of measures to **reduce disposables** from our headquarters cafeteria and events, including:

- Eliminating sales of water in plastic bottles

- Supplying all new employees with reusable water bottles and coffee mugs
- Offering a coffee-discount program for reusable mugs
- Providing dishwasher-safe china, silverware, drinkware, and boxes for takeout food
- Replacing nearly all remaining disposable service items, such as utensils and soup mugs, with plant-based, compostable materials

To increase composting, more accurately separate waste, and improve recycling rates over a single-stream approach, a new **five-stream waste-collection system** was rolled out in two pilot areas in 2019. The introduction of new bins was accompanied by a significant investment in staff awareness through volunteer educators, signage, and other techniques. Changes to office cleaning and circulation protocols due to COVID-19 resulted in the decision to remove individual desk trash cans, a significant source of disposable plastic bag liners, and to expand the multi-stream collection systems throughout IDB headquarters in 2020.

The IDB has employed technology and education in a multiyear effort to **reduce paper and printing**. Where possible, default duplex settings and a print-management system that prints documents only after a user ID has been scanned have saved the IDB millions of printed pages per year, while a “Re-think Print” Award and other incentives have been offered to motivate heavy paper users to print less. From 2016 to 2018, at IDB headquarters, these efforts resulted in a 30% reduction in pages printed (from 9.8 million to 6.8 million) and in 2019, a 9% reduction from 2018 (to 6.2 million pages). In the first quarter of 2020 (before the IDB shifted to mandatory telework due to COVID-19), print volumes had decreased by another 19% compared with 2019.



EMPLOYEE ENGAGEMENT AND EDUCATION

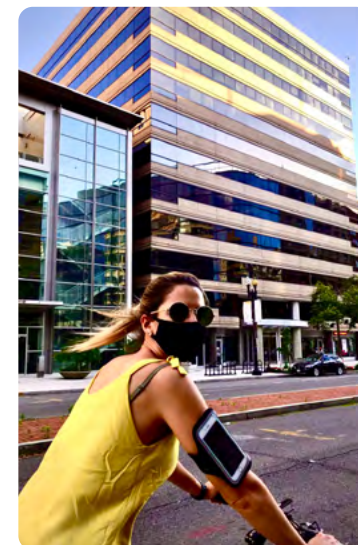
Our employees' practices at work and beyond affect the sustainability of the IDB Group and the communities we operate in. By providing ongoing education and sustainability-related events, cultivating a community of environmental champions, and managing programs to support employee-led initiatives, CSP raises the visibility of sustainability issues and fosters action. Especially in 2020—during which our employees teleworked from home for most of the year—engaging employees on sustainability issues was critical. The teleworking environment also required a change in tactics for employee engagement, to virtual formats that leveraged personal action, social media, and storytelling. Below are several examples.

To mark the 50th Anniversary of **Earth Day** in April 2020 and illuminate its current relevance, CSP joined forces with the IDB's Climate and Sustainable Development Sector to host a webinar, "What Is the Link Between the Ecological and Climate Emergencies and COVID-19?" that was attended by thousands of employees and external participants.

Although not included in our organizational carbon-footprint calculations, employee commuting is a significant contributor to climate change, and encouraging **green commuting** has benefits for human health and well-being, as well as for the environment. The 2020 pandemic gave rise to new opportunities and interest in aspects of green commuting, which we encouraged in several ways:

- IDB Group employees worldwide were encouraged to take part in a virtual **Bike-to-Work** celebration throughout the month of May. Several educational webinars were offered on cycling topics, and employees also took part in a photo contest to share their personal experiences with cycling however they were able (Figure 17).
- While teleworking reduced car commuting, employees were encouraged to take advantage of other opportunities to reduce car use in daily life. To motivate employees to enjoy the many benefits of car-free transportation such as cycling and walking, CSP promoted **Car-Free Day**, an international event in September, with a departmental car-free pledge competition and raffle prizes for employees showing off images of their creative car-free activities.

FIGURE 17. BIKE-TO-WORK CELEBRATION PHOTO CONTEST



These types of events supplement the existing IDB **facilities for bicycle commuters**, such as bike racks, showers, and lockers, and financial **incentives for transit users** at headquarters.

We also conducted a series of **activities focused on waste reduction**, an ever-more-important topic in 2020, as health concerns and local shutdowns led to a dramatic increase in packaging, takeout-food containers, single-use cleaning supplies, shipping materials, and more.

- Several departments and offices that won the Car-Free Day pledge participation challenge found ways to engage their teams in **tackling waste reduction**. Our Finance Department prevented food waste and hunger by donating 900 pounds of unsold produce from a local farm to a food bank. Our Suriname team participated in a river cleanup and collected 30 bags of trash. Our Dominican Republic team built a new recycling collection center. And our Central America team provided employees with reusable bamboo utensils to prevent single-use-plastic waste.
- In celebration of **America Recycles Day**—an annual event—CSP unveiled a recycling trivia contest and profiled several employees who engage in upcycling, composting, or replacing single-use plastics in their personal lives to inspire others to follow suit.
- As part of a CSP **e-newsletter for employees**, which launched in 2020, tips and tricks for home sustainability—such as preventing food waste—were regularly shared.

The IDB's **Green Ambassadors** program—now 100 members strong, representing all country offices and headquarters-based departments—has been pivotal, especially in 2020, in helping expand awareness of sustainability issues and initiatives among IDB colleagues, providing feedback on CSP strategies and plans, and helping ensure success of the activities mentioned above. CSP further supported this network in 2020 with additional tools for, and dedicated training on, sustainability communications.





Annually, the IDB holds a **Country Office Environmental Sustainability Competition**—to engage employees and other local stakeholders in reducing their environmental footprint using innovative approaches—and grants funds to the winning office(s) to complete the project(s) proposed. Although no new proposals were accepted in 2020 due to the pandemic, the following country offices, selected in 2019, carried out projects in 2020:

- **The Bahamas** established a self-sustaining potable water system (fed by rainwater) that repurposed underutilized office equipment, integrated new low-flow fixtures, and developed strategies to engage employees in conserving water. This approach will avoid costly and energy-intensive desalinization while increasing the office's resilience in the case of water shortages.
- **Nicaragua** implemented water-conservation and green-infrastructure measures and developed a series of tools to activate employees as agents of change toward greener practices. The project included the installation of a rainwater-capture system, garden spaces, and efficient fixtures, as well as workshops and training materials for employees and their families.

The **IDB Community Relations Program** began in 1998. It includes volunteering, donations, and corporate philanthropy.

An annual volunteer fair is held at the IDB headquarters, and, in 2020, we organized the first virtual volunteer fair, with more than 200 participants. Through the Improving Lives Grant, every year, 10 local organizations that work in the D.C. area with populations from Latin America and the Caribbean are selected to receive a donation of \$25,000 each. In 2020, the Grant Program supported more than 5,000 beneficiaries through the various recipient NGOs.

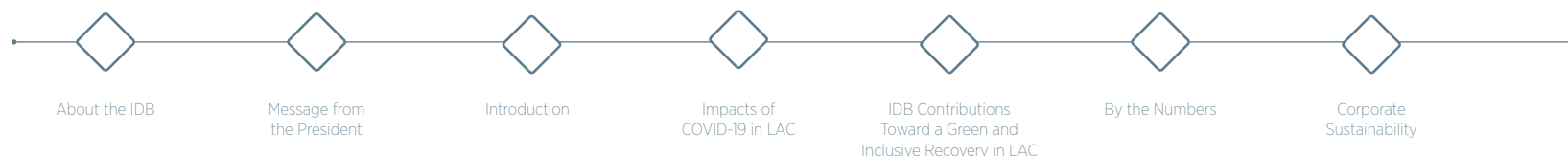
Starting with changes at home, IDB employees are showing their dedication to environmental and social sustainability.





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