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## Sustainability Report 2023



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# ABBREVIATIONS

<b>AML/CFT</b>	anti-money laundering and countering the financing of terrorism
<b>CCAP</b>	Climate Change Action Plan
<b>CCF</b>	Contingent Credit Facility for Natural Disaster and Public Health Emergencies
<b>CCSD</b>	Colonial City of Santo Domingo
<b>CRDC</b>	climate-resilient debt clause
<b>CO<sub>2</sub>e</b>	carbon dioxide equivalent
<b>CREA</b>	Corporate Real Estate Approach
<b>CRF</b>	Corporate Results Framework
<b>CSP</b>	Corporate Sustainability Program
<b>DCCR</b>	Disaster and Climate Change Risk (DCCR)
<b>DFC</b>	U.S. Development Finance Corporation
<b>DFNC</b>	debt-for-nature conversion
<b>DEIB</b>	diversity, equity, inclusion, and belonging
<b>EDGE</b>	Economic Dividends for Gender Equality
<b>EDGE</b>	Excellence in Design for Greater Efficiencies
<b>ESG</b>	Environmental and Social Solutions Unit
<b>ESPF</b>	Environmental and Social Policy Framework
<b>ESR</b>	Environmental and Social Risk Management Unit
<b>ESRR</b>	Environmental and Social Risk Rating
<b>GH<sub>2</sub></b>	green hydrogen
<b>GHG</b>	greenhouse gas

<b>GRF</b>	IDB Grant Facility
<b>GRI</b>	Global Reporting Initiative
<b>HFC</b>	hydrofluorocarbon
<b>IDB</b>	Inter-American Development Bank
<b>IFRS</b>	International Financial Reporting Standard Foundation
<b>IIC</b>	Inter-American Investment Corporation
<b>ISSB</b>	International Sustainability Standards Board
<b>LAC</b>	Latin America and the Caribbean
<b>MDB</b>	multilateral development bank
<b>MICI</b>	Independent Consultation Investigative Mechanism
<b>MIDUVI</b>	Ecuador Ministry of Urban Development and Housing
<b>NGFS</b>	Network for Greening the Financial System
<b>NGOs</b>	nongovernmental organizations
<b>NUPDEC</b>	Community Civil Protection and Defense Center
<b>OVE</b>	Office of Evaluation and Oversight
<b>PAIA</b>	Paris Agreement Implementation Approach
<b>PPO</b>	Principal Payment Option
<b>PRBP</b>	Postretirement Benefit Plan
<b>SDG</b>	Sustainable Development Goal
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>UNESCO</b>	United Nations Educational, Scientific, and Cultural Organization





# INTRODUCTION



Long-term economic growth and the reduction of poverty and inequality in Latin America and the Caribbean (LAC) depend on development that is economically, financially, environmentally, socially, and institutionally sustainable. At the Inter-American Development Bank (IDB), we are committed to maximizing the positive outcomes of our work, and sustainability has long been a core element of our approach. Our mission is to be the partner of choice for LAC, with a commitment to addressing the region's vulnerabilities and unlocking its potential to foster transformative social and economic progress while actively combating climate change.

At the IDB, we have embraced sustainability as a core element of our work. We take an ambitious, integrated approach to sustainability, considering it in our governance, strategy, risk management, and metrics and targets. In our annual Sustainability Report, we share our approach to sustainability and showcase projects and publications we financed and prepared with partners to contribute to the region's sustainable development. We share key figures on the footprint of our lending portfolio, the sustainable finance we provide, and the application of our environmental and social policies, including risk trends for the IDB's portfolio. We close the report with information about our corporate sustainability, reviewing efforts to reduce our direct footprint where we live and work. This report covers Jan. 1-Dec. 31, 2023.

The primary objective of this report is to synthesize several internal and external reports on our sustainability, including our Annual Report, Development Effectiveness Overview, progress report for the IDB Group Climate Change Action Plan, and progress report for the Gender and Diversity Action Plan.

An effective and impactful approach to sustainability requires shared commitment and responsibility, from the oversight of our Board of Executive Directors, leadership of the IDB president, and guidance of our senior management to technical analysis from specialists (see page 9 for the president's message on sustainability). Our Board of Governors recently approved the new Institutional Strategy, which positions addressing climate change

as one of our core objectives. This strategy renews our mission to be the partner of choice for LAC, committed to addressing the region's vulnerabilities and unlocking its potential to foster transformative social and economic progress while actively combating climate change. It sets the Group's strategic direction through 2030 to bring new levels of impact and scale in the region and defines a new chapter in our history that we call IDB Impact+ (see page 80 for details).

We continue to evaluate and adjust the contents of our Sustainability Report to respond to shareholders' and investors' evolving expectations and needs for climate and other sustainability-related disclosures. Underpinning our analysis is the understanding that as a multilateral development bank (MDB) serving the public sector, to stay true to our development mission and best respond to the needs of our member countries, our role is often to embrace and manage risk, even in situations where the private sector may retreat.

In 2023, the International Financial Reporting Standard Foundation (IFRS) launched the International Sustainability Standards Board (ISSB). We note the emergence of the ISSB's standards as a global standard for comprehensive and industry-comparable disclosures of high-quality, transparent, and reliable information on sustainability. In the coming years, our intention is to adopt the IFRS standards in a manner relevant for us as an MDB.

To better capture the ongoing internal and external changes in our reporting, we are undertaking a double materiality assessment that will inform future editions of this report. As part of this transition, this edition of the report includes a new chapter providing details for selected disclosures (see page 88).





## KEY MILESTONES IN 2023



### IDB IMPACT+

For the first time, we added addressing climate change as a core institutional objective, building on our existing core goals to reduce poverty and inequality and bolster sustainable growth (page 80).



### REGIONAL APPROACH

We launched two key initiatives to support greater regional integration—Amazonian Forever and One Caribbean (page 40).



### OFFICES OF THE SPECIAL ADVISORS

The Board of Executive Directors approved the creation of the Office of the Special Advisor on Climate Change and the Office of the Special Advisor on Gender and Diversity. The new advisors were onboarded in early 2024 (page 77).



### FINANCIAL INNOVATIONS

We continue to innovate through our financial instruments to better serve our member countries. This year we launched the IDB Climate-Linked Mechanism for Ambition (IDB CLIMA, page 41), expanded approaches to debt-for-nature conversions (page 47), and continued strengthening our instruments for financial preparedness (page 24).



## ABOUT THE IDB



At the IDB, we work to improve lives in LAC. We are the region's partner of choice for long-term financing and knowledge-based solutions for social, economic, and institutional development. We are also the region's bridge to the world. Today, we are the leading source of development financing for LAC. We maintain a strong commitment to achieving measurable results and the highest standards of integrity, transparency, and accountability. Our financial resources come from our 48 member countries and from borrowing in financial markets, trust funds we administer, and co-financing ventures. The IDB's debt rating is AAA, the highest available.

The IDB Group is composed of the Inter-American Development Bank (IDB), which works through the public sector, the Inter-American Investment Corporation (IIC), which works through the private sector, and the Multilateral Investment Fund (MIF), which works with the innovation ecosystem. The IDB and the IIC (rebranded as IDB Invest) are two separate legal entities. The MIF (rebranded as the IDB Lab) is a trust fund administered by the IDB that serves as the IDB Group's innovation laboratory. This report pertains to the IDB, except where otherwise noted (e.g., some services are shared across the IDB Group and therefore reported at the group level). IDB Invest prepares its own Sustainability Report.

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 LAC.

In 2023, we approved 92 sovereign-guaranteed-loan projects, totaling \$12.7 billion. Disbursements for sovereign-guaranteed loans totaled \$10.7 billion in 2023. All amounts in this report are in U.S. dollars, except where otherwise noted.



The IDB has about 3,000 employees, including staff and consultants. About one-third of our employees are posted in LAC 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.






## MESSAGE FROM THE PRESIDENT



Welcome to the IDB's 2023 Sustainability Report, where we present our sustainability achievements.

Today, countries across Latin America and the Caribbean (LAC) face short-term obstacles and decades-old structural issues. These include what I call the “Triple Challenge”: rising social demands, fiscal constraints, and low productivity growth, which make it hard to generate the resources needed to meet social demands. The region also faces the increasingly frequent and costly impacts of climate change, crime, and violence.

The good news is that I believe the region could be at an inflection point. That's because of its potential to be part of the solution to shared global challenges. For decades, LAC has been viewed through the lens of its needs, but today, the world also needs LAC. For example, LAC is home to two-thirds of the world's lithium and 38% of its copper, which are crucial for the green transition. It has some of the largest global reserves of nickel, silicon, and rare earth metals. LAC also has the remarkable capacity to produce and export green hydrogen, which countries in Europe and Asia want to import. LAC produces enough to feed 1.3 billion people and could produce and export even more. And, as home to the Amazon rainforest, LAC is also a biodiversity superpower.



We recently approved our new Institutional Strategy, which has three mutually reinforcing core objectives: reducing poverty and inequality, addressing climate change, and bolstering sustainable growth. We are reallocating our teams to meet these challenges and continuing to develop innovative financial solutions such as results-based finance, debt-for-nature and climate conversions, climate-resilient debt clauses, and hedging approaches to reduce currency risks.

In 2023, the IDB lent a record \$7 billion in green finance. In 2023, 95% of our projects supported gender equality, and 77% supported at least one diverse population. Our green finance includes building neighborhood resilience in Brazil, protecting heritage sites from flooding in the Dominican Republic, structuring a debt-for-nature conversion, sustainable public housing in Ecuador, and promoting the blue economy in Trinidad and Tobago.



Of course, financing is important, but it is not enough. We need to make sure we focus on achieving results on the ground.

We also know we cannot do it alone. That's why we are leading the call for MDBs to reform, including working as a system. Under our presidency of heads of MDBs, we are working to develop common climate results metrics, shared biodiversity and nature principles and goals, and country platforms. Working as a system is not just an abstract concept. It allows us to maximize impact by bringing our goals, metrics, and financing together for development.

The IDB recognizes that development is complex and that we must not shy away from challenges and risks as we support our member countries to become even more sustainable. We are continuing to examine how, as an MDB, we fit into the global sustainability architecture—and what that means for how we report in a meaningful way.

Read on to learn more about our sustainability journey. Join us on the way to a more sustainable future!

## Ilan Goldfajn

President  
Inter-American Development Bank





## IN NUMBERS



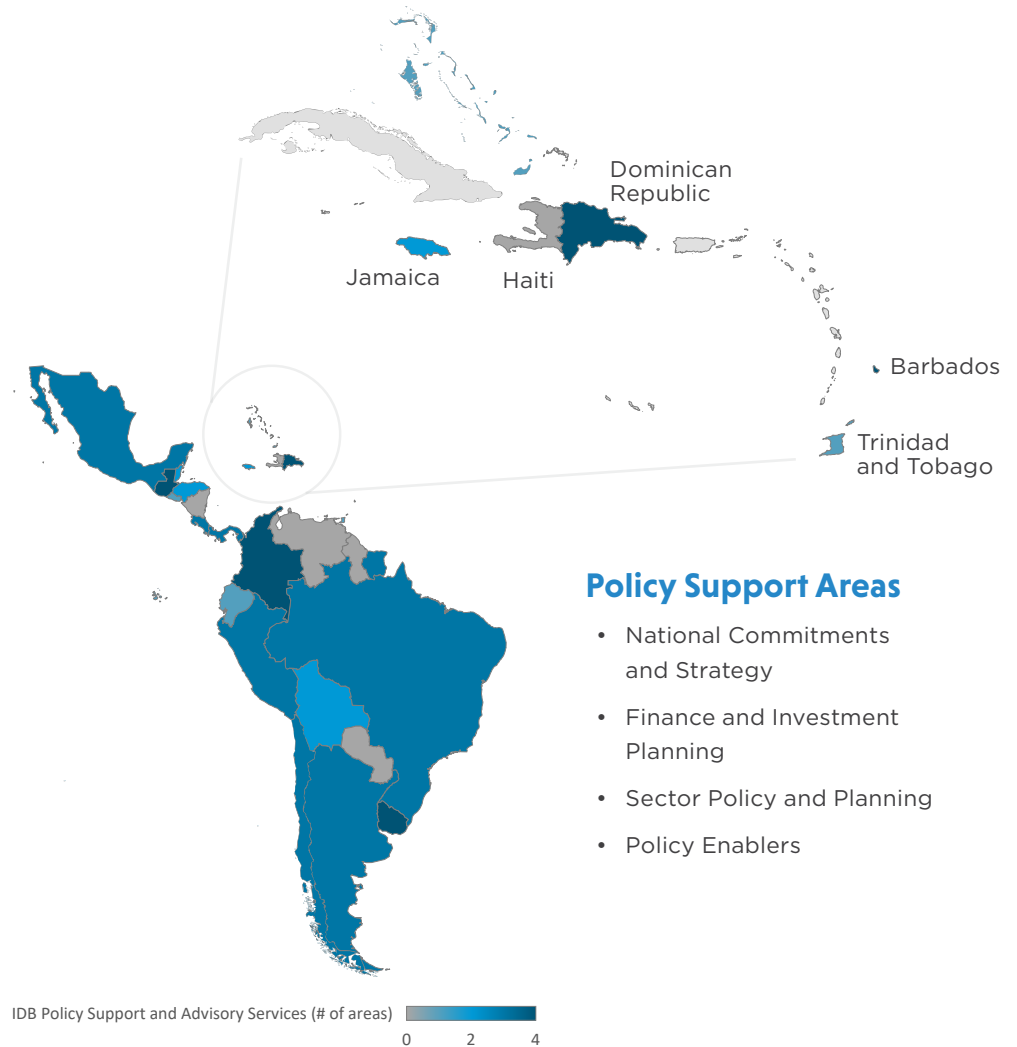
In this chapter, we present progress on quantitative aspects of the sustainability of our projects with respect to policy support, sustainable finance, disaster and climate change risk, greenhouse gas (GHG) emissions, Paris Agreement alignment, and environmental and social policies. We also describe the methodologies underlying our approach.

# CLIMATE POLICY SUPPORT

Through technical assistance and other instruments, we support member countries to develop institutional capacity on sustainability matters, particularly on climate change. Achieving a climate-resilient and net-zero economy in the region will require redirecting as much as a trillion dollars every year.<sup>1</sup> Most climate action will be financed by redirecting the everyday spending decisions of households, firms, and governments.<sup>2</sup> MDBs' most important support is thus likely to come through technical support for planning and reforms.

Under the Climate Change Action Plan (CCAP) 2021–2025, the IDB has provided climate change policy support to 21 countries, and the support for 14 of those countries has been for national commitments and strategy (Long-term Strategies and Nationally Determined Contributions) (Figure 1).

FIGURE 1. IDB CLIMATE CHANGE POLICY SUPPORT BY COUNTRY SINCE 2021



<sup>1</sup> Galindo Paliza, A., B. Hoffmann, and A. Vogt-Schilb. 2022. *How Much Will It Cost to Achieve the Climate Goals in Latin America and the Caribbean?* Washington, D.C.: IDB.

<sup>2</sup> Songwe, V., N. Stern, and A. Bhattacharya. 2022. *Finance for Climate Action: Scaling up Investment for Climate and Development*. London: Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science.



# SUSTAINABLE FINANCE

Through our loans, we provide demand-driven finance that directly supports green, climate, and gender and diversity actions. In this section, we provide an update on the volume of approvals in 2023 that support these objectives.

## GREEN FINANCE

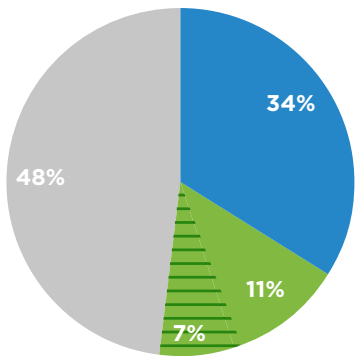
The IDB Group is scaling up investments to improve environmental quality and halt and reverse natural resource degradation. Our methodology to track green finance assesses whether projects make a positive contribution to one or more of the following objectives:

- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Strengthening environmental governance systems
- Resilience and disaster risk management
- Protection, sustainable use, and restoration of biodiversity and ecosystems
- Production of environmental goods and services

Analysis of 2023 approvals showed that combined green and climate finance totaled \$7.0 billion (52% of all IDB finance), of which \$923 million was *additional* green finance (that is, after removing financing for activities that also count toward climate finance to avoid double counting). See Figure 2 for the intersection of green finance and climate finance and Figure 3 for a breakdown of green finance at the IDB by environmental objective.

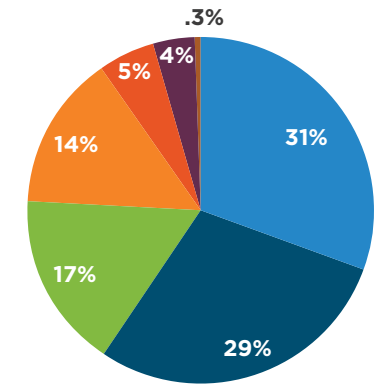


FIGURE 2. IDB GREEN AND CLIMATE FINANCE AS PERCENTAGE OF TOTAL FINANCE, 2023



- Climate Only
- Overlap Climate and Green
- Green Only
- Other Financing

FIGURE 3. IDB GREEN FINANCE BY ENVIRONMENTAL OBJECTIVE, 2023



- Water and Marine Resources
- Environmental Governance
- Resilience and Disaster Risk Management
- Biodiversity
- Circular Economy
- Pollution Prevention and Control
- Production of Environmental Goods and Services





## CLIMATE FINANCE

Significant levels of finance are needed to fulfill the commitments made in the Paris Agreement in 2015. Recognizing this, the IDB's Corporate Results Framework (CRF) 2020–2023 includes a climate-finance target of 30% of total approved volume. In 2023, the performance of managers and employees was evaluated partly on how they contributed to meeting that target (at department and division levels). Under our new Impact Framework 2024–2030, we will increase our climate change efforts and shift toward incentives based on development results.

Ten 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 and adapt to climate change in developing and emerging economies. In 2023, the MDB working group released its [12<sup>th</sup> annual joint report](#), with detailed information on 2022 and a full description of the applied common methodology.

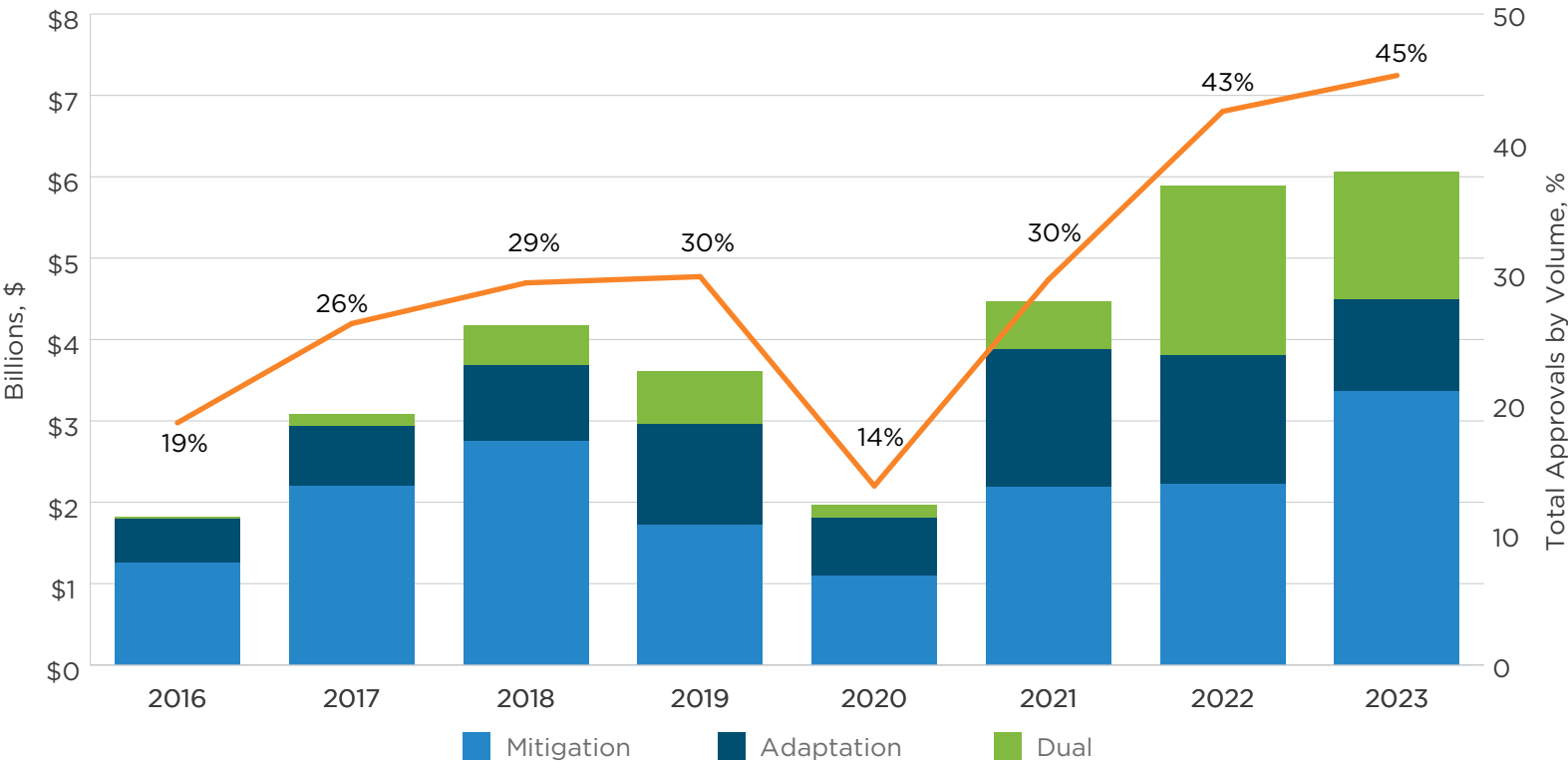
MDBs constantly strive to strengthen the methodologies and maintain their robustness as technologies and country pathways evolve. The joint methodology for tracking adaptation finance was updated in 2022, and the common principles for climate mitigation finance tracking was updated in 2023. The banks estimate mitigation finance based on a list of activities in sectors and sub-sectors that reduce GHG emissions and are compatible with low-emission development. MDBs estimate adaptation finance using a three-step approach that is context- and location-specific, granular, and conservative and captures the amounts associated with activities directly linked to vulnerability to climate change. They try as far as possible to differentiate between their usual development finance and finance provided with an explicit intent to reduce vulnerability to climate change.

In 2023, we financed a record \$6.1 billion in activities related to climate change that benefit LAC—through loans, grants, technical cooperation, guarantees, and equity investments—accounting for 45% of total IDB annual approvals (Figure 4).<sup>3</sup>

<sup>3</sup> Climate finance for the entire IDB Group (IDB, IDB Lab, and IDB Invest) in 2023 was \$8.3 billion.



FIGURE 4. IDB CLIMATE FINANCE, 2016-2023



“Climate-mitigation finance” (\$3.4 billion in 2023) refers to efforts to reduce or capture GHG emissions. Such mitigation finance is primarily associated with renewable energy, energy efficiency, urban mobility, forestry, and green buildings.

“Climate-adaptation finance” (\$1.1 billion in 2023) 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 associated with projects that explicitly define an aspect of climate vulnerability, intend to reduce such vulnerability, and allocate resources to specific vulnerability-reduction tasks.

The IDB also provides climate finance through projects that benefit mitigation and adaptation simultaneously. Dual-benefit climate finance accounted for \$1.6 billion in 2023.

In addition, given the gap in financing available to meet the SDGs, focus on the potential of mobilizing the private sector is intensifying. To help narrow the gap, MDBs, including the IDB, have been increasing investments from the private sector. In 2017, MDBs developed a joint methodology to measure total private capital mobilized via MDB activities and subsequently aligned it with the joint reporting of MDB climate finance. Based on this harmonized approach, in 2023, the IDB mobilized a record \$3.5 billion of private climate cofinancing.



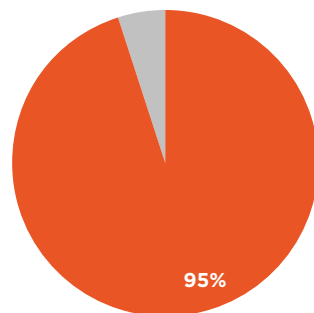
## PROJECTS SUPPORTING GENDER AND DIVERSITY

LAC 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,<sup>4</sup> improves business performance,<sup>5</sup> and facilitates innovation.<sup>6</sup>

At the IDB, we not only want to improve some 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, people with disabilities, and people with diverse sexual orientations and gender identities.

In 2023, 95% of our projects supported gender equality (Figure 5), so we reached our goal to have at least 70% of projects support gender equality by 2023 (starting from a 2016–2018 baseline of 41%). We consider a project that includes these three elements to support gender equality: (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.<sup>7</sup>

**FIGURE 5. PERCENTAGE OF ALL IDB PROJECTS APPROVED IN 2023 THAT SUPPORT GENDER EQUALITY**



4 Banks, L.M., and S. Polack. The Economic Costs of Exclusion and Gains of Inclusion of People with Disabilities: Evidence from Low- and Middle-Income Countries. London: International Centre for Evidence in Disability, 2014.

Buckup, S. The price of exclusion: the economic consequences of excluding people with disabilities from the world of work. Employment Working Paper No. 43. Geneva: International Labour Organization, 2009.

Ashraf, Q., and O. Galor. Cultural diversity, geographical isolation, and the origin of the wealth of nations. NBER Working Paper No. 17640. Cambridge: National Bureau of Economic Research, 2011.

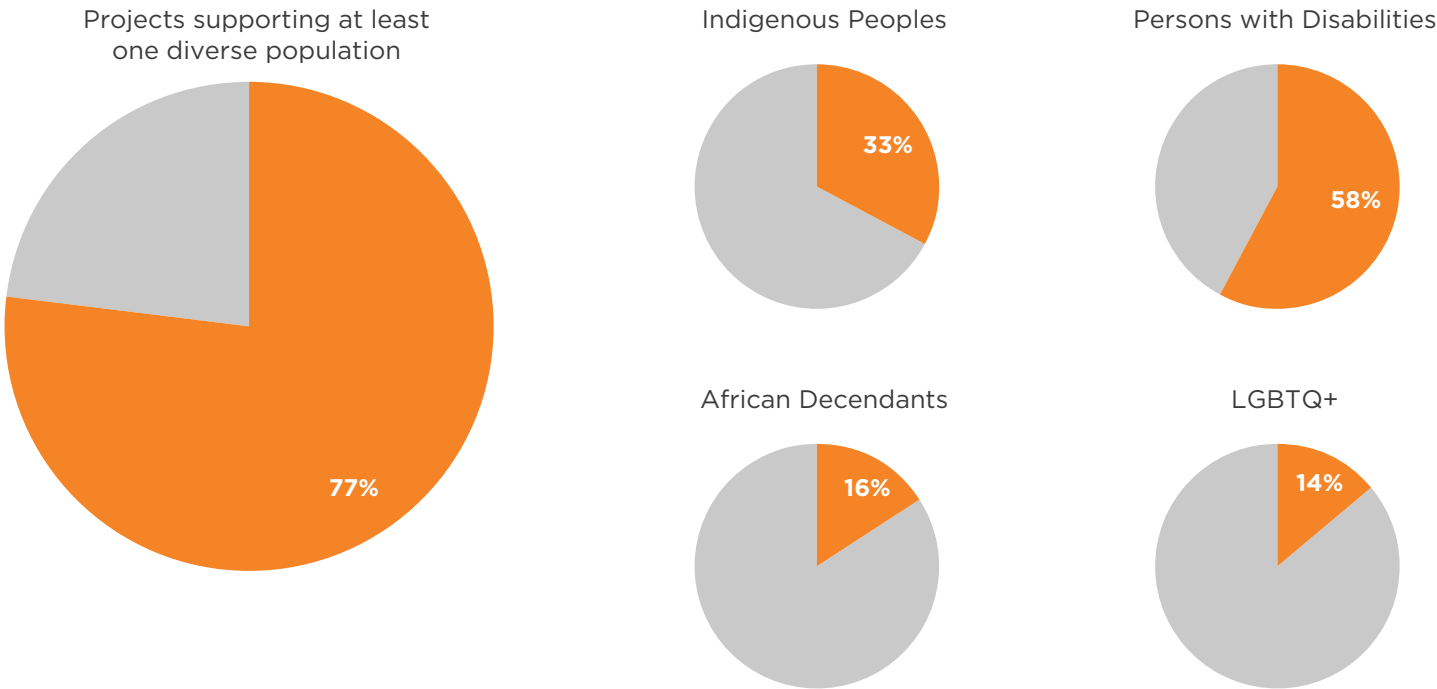
5 Hunt, V., L. Yee, S. Prince, et al. Delivering through Diversity. London: McKinsey & Company, 2018.

6 Hewlett, S.A., M. Marshall, and L. Sherbin. How diversity can drive innovation. *Harvard Business Review*. Boston: Harvard Business Publishing, 2013. Forbes Insights. Global Diversity and Inclusion: Fostering Innovation through a Diverse Workforce. New York: Forbes, 2011.

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

In 2023, 77% of IDB projects supported diversity (Figure 6). Our goal was to have at least 20% of projects support diversity between 2020 and 2023 (starting from a 2016–2018 baseline of 7%). We consider a project that includes these three elements to support diversity: (1) analysis of issues affecting at least one of the following diverse populations: Indigenous Peoples, people 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.<sup>8</sup>

FIGURE 6. PERCENTAGE OF ALL PROJECTS APPROVED IN 2023 THAT SUPPORT DIVERSITY



8 Ibid.



# PARIS AGREEMENT ALIGNMENT

By aligning projects to the goals of the Paris Agreement, we seek to help countries meet their commitments under the Paris Agreement and strengthen their climate resilience and sustainability as established in our new [Institutional Strategy](#) and [Climate Change Action Plan 2021–2025](#). As of Jan. 1, 2023, we are assessing all new projects' alignment with the goal of not obstructing the transition to low-GHG and climate-resilient pathways.

We use the MDB methodological principles to determine whether projects are aligned with the mitigation and adaptation goals of the Paris Agreement. First, for the mitigation goal, we screen projects for potential inconsistencies with national and global low-carbon development pathways and, if relevant, assess carbon lock-in and transition risks. Based on this assessment, we also propose ways to harness opportunities to support the low-carbon transition. Second, for the adaptation and resilience goal, we (1) screen for material physical climate change risk, (2) define measures to address those risks where relevant, and (3) review projects to ensure they do not create potential inconsistencies with the national or local priorities for climate-resilient pathways.

In 2023, MDBs published a consolidated version of the methodological principles for assessing Paris Agreement alignment of all instruments ([direct investment, policy-based lending, intermediated financing, and general corporate purpose financing](#)). In addition, our senior management approved the [IDB Group Paris Alignment Implementation Approach](#) (PAIA), which tailors the MDB principles to the IDB Group business model. We also published technical guidance for financial institutions, water and sanitation, agri-food systems, transportation, energy, manufacturing, the digital economy, and buildings. The application of the PAIA contributes to the technical design of projects and informs our dialogue with borrowers and clients.

In 2023, we assessed whether all IDB projects under the scope<sup>9</sup> of the PAIA were aligned with the mitigation and adaptation goals of the Paris Agreement. Among projects approved in 2023, the PAIA covered 50 of 92 sovereign-guaranteed loans (of which four were accompanied by an investment grant) and two stand-alone investment grants (for a total of 52 assessed projects). For alignment with the mitigation goal, 12 projects required a more in-depth assessment. For alignment with the adaptation goal, seven projects with a high disaster and climate change risk categorization under the [Environmental and Social Policy Framework](#) (ESPF) required climate adaptation measures to address the risk (page 18). Figures 7 and 8 present a breakdown by country department and sector, respectively. National or local adaptation planning was necessary to determine alignment in 20 projects.

<sup>9</sup> The PAIA covers investment loans, policy-based lending, guarantees, equity, and investment grants with an approved amount greater than \$3 million. In 2023, as we phased in the methodology, PAIA application was restricted to projects that had reached eligibility by Jan. 1, 2023 (meaning they had an approved project profile). As of Jan. 1, 2024, phasing in is completed, and all projects within the scope of the PAIA will apply the methodology irrespective of their eligibility date.

We continued our dialogue with civil society through an online event where we shared how we incorporated earlier feedback into our initial approach and collected further comments that will inform future revisions of the PAIA. We also continued building capacity through an online course on Paris Agreement alignment, climate finance, and green finance—reaching nearly 1,800 IDB Group employees.

In the future, the process of aligning our projects with the Paris Agreement will continue to incorporate lessons learned, encourage dialogue between the IDB and LAC countries further upstream regarding policy and programming with countries, focus on borrower and client support, and build capacity for successful implementation.

FIGURE 7. ASSESSMENT OF PROJECTS UNDER PAIA BY COUNTRY DEPARTMENT, 2023

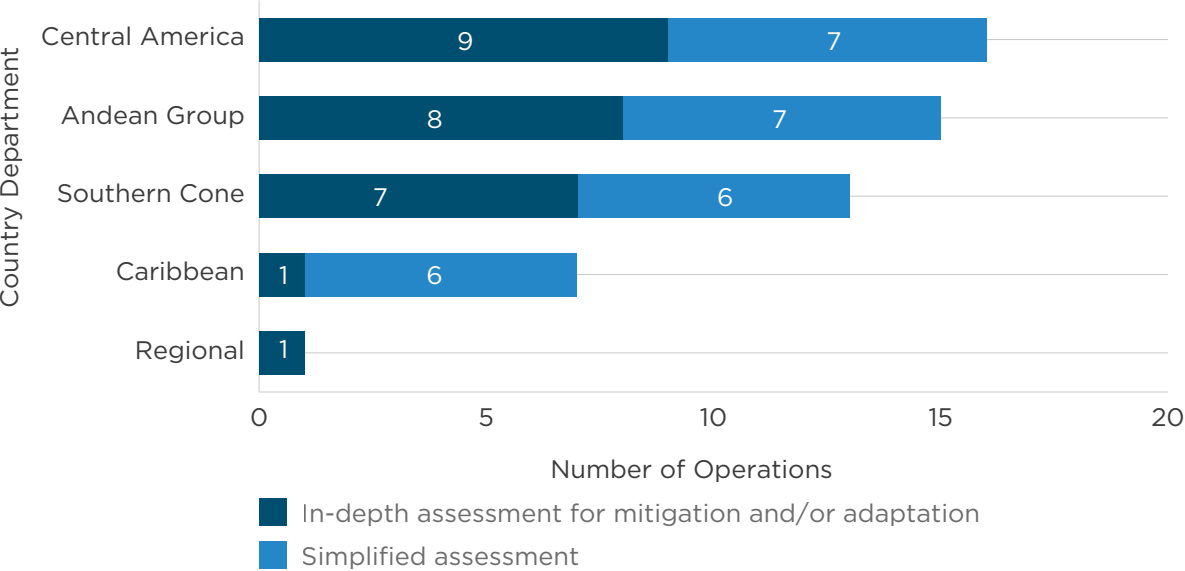
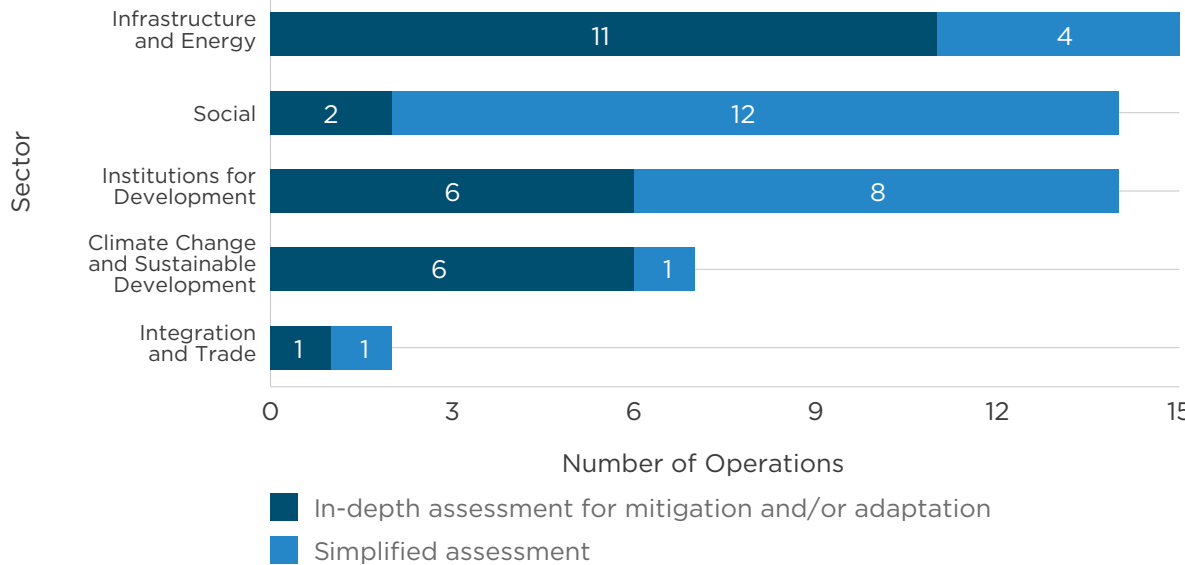


FIGURE 8. ASSESSMENT OF PROJECTS UNDER PAIA BY SECTOR, 2023

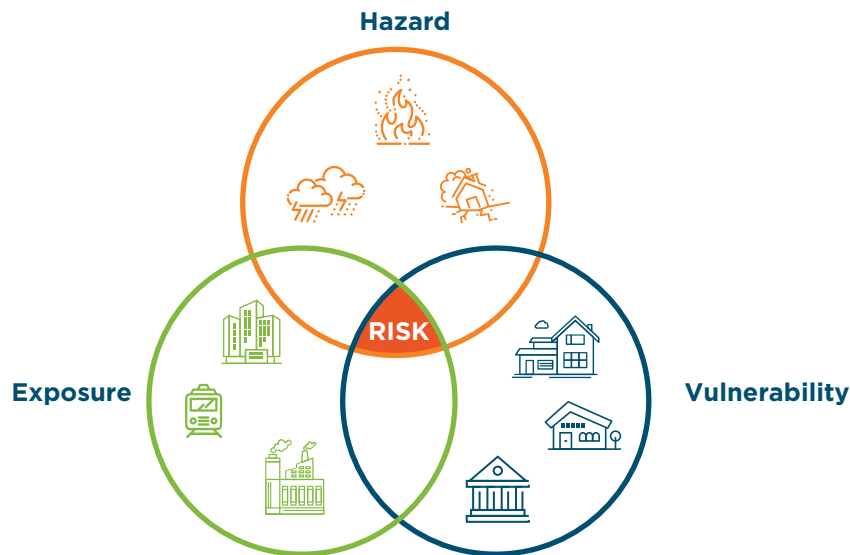


# DISASTER AND CLIMATE CHANGE RISK MANAGEMENT

We are committed to assessing disaster and climate change risk and identifying opportunities for resilience and adaptation measures in the projects we finance.<sup>10</sup> Disaster risk is at the intersection of three factors (Figure 9).

- **Hazard:** events originating in nature that pose a threat to population or property and that could thus cause damage, economic losses, injuries, or loss of life. Our approach incorporates both geophysical hazards—earthquakes, landslides, volcanic eruptions, and tsunamis—and acute and chronic climate-related hazards, including wildfires, hurricanes, floods (inland and coastal), heatwaves, drought, and sea-level rise.
- **Vulnerability:** inherent qualities that make a structure or system more likely to suffer damage when faced with a hazard. It encompasses how susceptible a project is to being affected by such risks.
- **Exposure:** coincidence in space and time of people or assets and threats posed by natural hazards.

FIGURE 9. COMPOSITION OF DISASTER AND CLIMATE CHANGE RISK



<sup>10</sup> Investing in adaptation and resilience is more cost-effective than responding to disasters. Empirical evidence shows a cost-benefit ratio of four to seven dollars per dollar invested in prevention. (Mechler, R. 2016. Reviewing estimates of the economic efficiency of disaster risk management: opportunities and limitations of using risk-based cost-benefit analysis. *Natural Hazards* 81 (3): 2121-2147. Hallegatte, S.J. Rentschler, and J. Rozenberg. 2019. Lifelines: The Resilient Infrastructure Opportunity. World Bank.)





At the project level, our [Disaster and Climate Change Risk \(DCCR\) methodology](#) takes a phased approach that allocates resources commensurate with project risk. The methodology is organized around five steps: (1) screening for natural hazard identification, (2) assessing criticality and vulnerability, (3) conducting a simplified, or narrative, qualitative analysis, (4) conducting a detailed qualitative analysis if needed, and (5) conducting a quantitative analysis if needed (Figure 10). The screening leverages a Geographic Information System platform that includes hazard maps to guide the analysis of exposure. The analysis of hydrometeorological hazards considers climate change impacts through the end of the century.

**FIGURE 10. STEPS IN THE DCCR METHODOLOGY**



The methodology includes providing practical guidance to IDB teams, executing agencies, technical experts, and external consulting and design firms on how to integrate disaster and climate change risk considerations into projects in a meaningful and relevant way. On the one hand, ignoring the potential impact of future climate conditions puts investments at risk. On the other hand, 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-regret solutions (that is, solutions likely to minimize costs and achieve benefits that will be valuable even if the future climate differs from the central trend of model predictions).

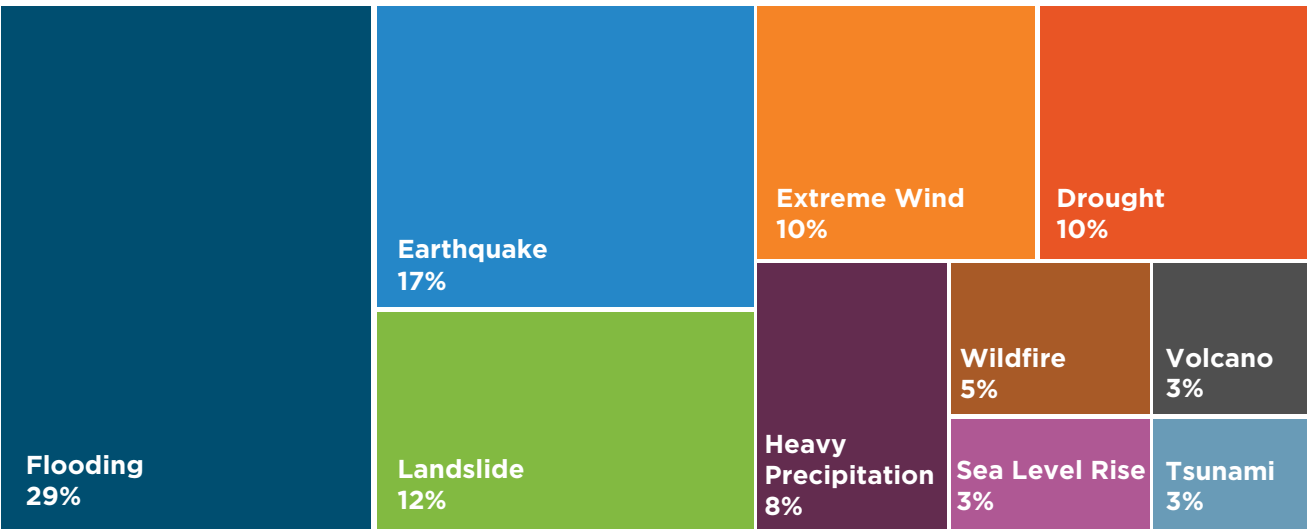
Beyond facilitating the identification and assessment of disaster and climate change risks, applying the DCCR methodology identifies resilience opportunities in all relevant projects during their identification, preparation, and implementation phases. This provides a valuable opportunity to align existing policies, procedures, and methodologies to generate tangible benefits for the IDB's member countries and beneficiaries.



As part of our environmental and social due diligence, we apply the DCCR methodology to all loans and investment grants. In our annual [Corporate Results Framework](#) (CRF), we report on projects with considerable disaster and climate change risk that applied risk analysis to identify resilience actions.<sup>11</sup> In 2023, we met our target to have 100% of high- and moderate-risk projects complete Step 3 of the DCCR methodology.

At the portfolio level at the end of 2023, 5% of projects in execution were classified as high for disaster and climate change risk, 37% were classified as moderate risk, and 41% as low risk.<sup>12</sup> High-risk projects are mainly concentrated in infrastructure programs supporting the development of energy, transport, and water and sanitation. Programs aiming at agriculture development, tourism, sustainable cities, and climate change adaptation and resilience were also identified as having high disaster and climate change risk. Figure 11 shows the hazards identified in the portfolio in execution at the end of 2023. (Hazards are identified through the DCCR screening during preparation for high- and moderate-risk projects and include acute and chronic climate change as well as geophysical hazards covered by our DCCR methodology).

FIGURE 11. HAZARDS IN THE PORTFOLIO IN EXECUTION AT THE END OF 2023



11 Calculated by dividing the number of projects approved in the year classified as Category A or B and with moderate or high disaster and climate change risk classification that have completed Step 3 of the DCCR methodology by the total number of projects approved that year with that classification.

12 A disaster and climate change risk classification is not applicable for the remaining 17% of projects in the portfolio per our Environmental and Social Policy Framework (ESPF).



# INNOVATIVE INSTRUMENTS FOR FINANCIAL PREPAREDNESS

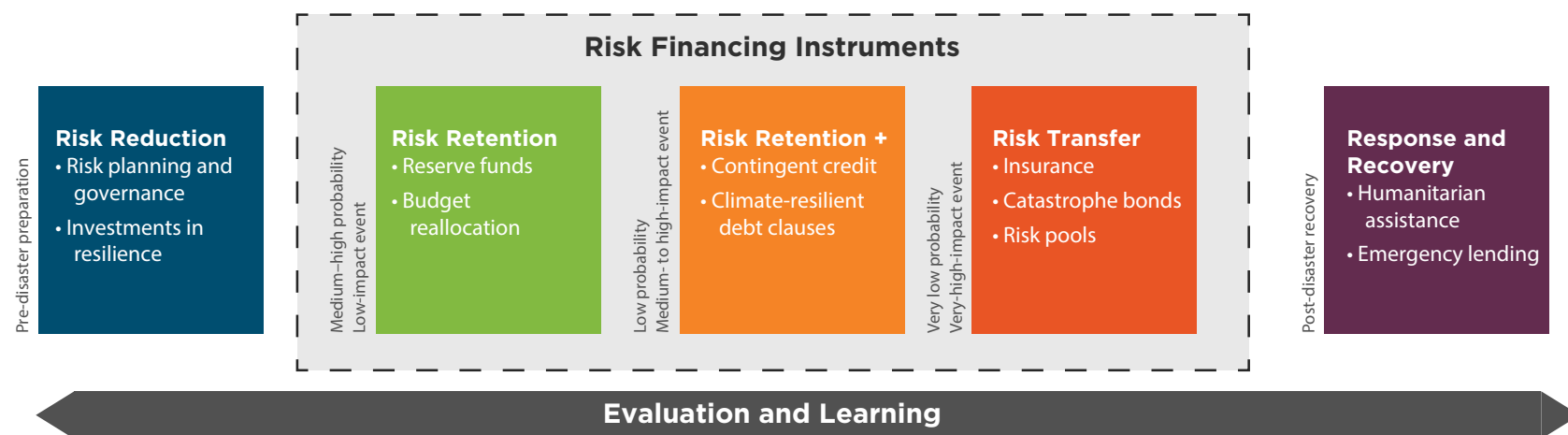
As part of our suite of instruments that support our member countries in managing disaster and physical climate change risk, we offer options that strengthen financial preparedness, including contingent loans, climate-resilient debt clauses, and catastrophe protection (Figure 12).

The IDB's **Contingent Credit Facility for Natural Disaster and Public Health Emergencies** (CCF) issues loans with strong incentives to reduce risks and improve disaster risk management. There are two modalities: (1) predefined parametric triggers (type, location, and intensity) and (2) nonparametric. Contingent loans are arranged ex-ante (that is, before the event) to provide liquidity immediately after disasters. In 2023:

- In Ecuador, we approved additional coverage of \$100 million for volcanic eruptions, tsunamis, and future pandemics and epidemics under the nonparametric modality. We also replenished the CCF parametric modality coverage to \$300 million after \$90 million was disbursed to support the country's response to the COVID-19 pandemic (the Office of Evaluation and Oversight (OVE) rated the [project](#) as highly successful). The total available CCF financing for Ecuador stands at \$400 million.
- In the Bahamas, we approved additional coverage of \$100 million for future pandemics and epidemics under the nonparametric modality. We also replenished the CCF parametric modality coverage to \$100 million, after \$76 million was disbursed to finance the country's emergency response to hurricane Dorian in 2019. The total available CCF financing for the Bahamas stands at \$200 million.
- In Jamaica, we approved a 5-year extension of the coverage of \$285 million under the CCF parametric modality.

At the end of 2023, our CCF portfolio had 15 loans totaling \$3.7 billion.

FIGURE 12. FINANCIAL PREPAREDNESS INSTRUMENTS







We also offer a **climate-resilient debt clause** (CRDC), called the **Principal Payment Option** (PPO). Through the PPO, borrowers have a one-time option to defer principal repayments for 2 years after the occurrence of an eligible natural disaster and repay those amounts in future amortization installments. The PPO provides vital financial relief in times of distress. The deferred payments allow the country to cover public expenses at its discretion. The IDB was the first MDB to offer this product, and our efforts are helping mainstream their use. In 2023, we reached \$1.3 billion worth of loans protected by this clause.

The occurrence of a catastrophe can significantly impact the fiscal accounts of sovereign borrowers, presenting significant challenges to sustainable development. Through our built-in **Catastrophe Protection Conversions**, borrowers have the ability to manage exposure to catastrophe risk. These conversions give borrowers a cost-effective, streamlined way to secure catastrophe risk-transfer instruments. We offer Catastrophe Protection Conversions in loans for single or multiple perils, and sovereign nations can tailor their protection. If a predefined catastrophic event occurs, the country receives a corresponding cash payout from the IDB. In exchange for this protection, the country pays the cost of the market instrument issued by the IDB plus an applicable fee.

Through these and other instruments, we are continually innovating to better serve our member countries.



## GHG EMISSIONS

The Paris Agreement's temperature goal implied a transition from an objective of emission reductions to an objective of reaching net-zero emissions by midcentury. In turn, this led to a change in the logic of GHG assessment. Before, the focus was on assessing the consequences of individual interventions for GHG emissions, and now, the focus is on identifying the systemic transformations needed to reach net zero. Consequently, many countries' long-term strategies follow a systemic back-casting approach.<sup>13</sup> Despite this shift in focus, we continue to assess GHG emissions at the project level to (1) identify and manage risks for emissive projects (as established in our [Environmental and Social Policy Framework](#) (ESPF)),<sup>14</sup> (2) improve project design, (3) comply with the requirements of our climate-finance tracking methodology and concessional climate funds, and (4) provide transparent information to shareholders and other stakeholders.

These estimates of GHG emissions also help us work with our member countries and clients to incorporate zero-emissions technologies into project designs and to minimize emissions where such technologies are not yet viable. They also improve our ability to identify possible transition risks and to understand how a project can contribute to a country's decarbonization efforts.<sup>15</sup> To quantify emissions, we follow the [guidelines](#) set in the International Financial Institutions' Framework for a Harmonized Approach to Greenhouse Gas Accounting. The Environmental and Social Solutions Unit, the Climate Change Division, and IDB project teams apply a set of tools to collect relevant project data and calculate GHG emissions. We continuously improve our tools and processes as we learn from our projects and interact with other MDBs and stakeholders. The sections below describe our methods for assessing projects that increase emissions ("absolute emissions") and projects that reduce emissions ("relative emissions") and summarize the resulting data for 2023.

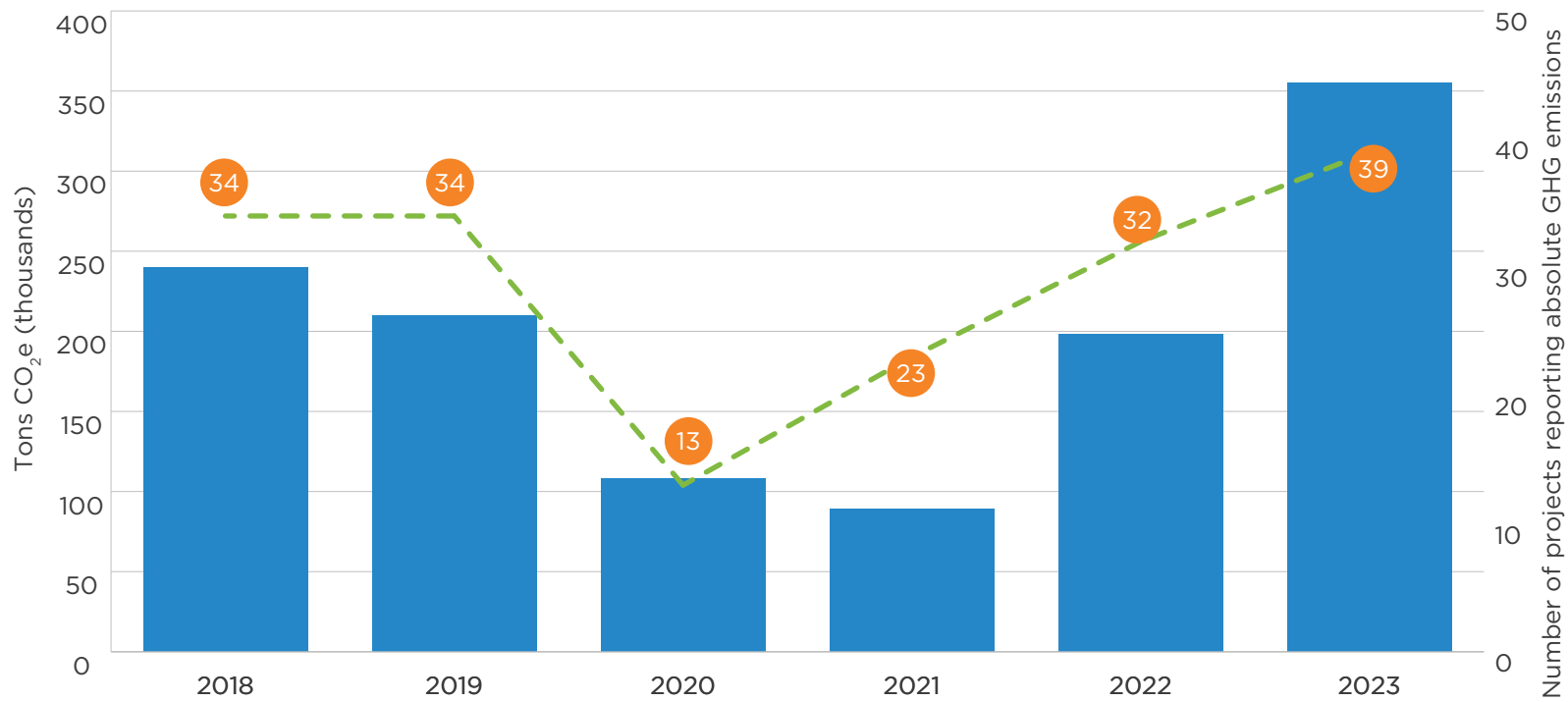
- 
- 13 Back-casting is a planning method that begins by envisioning a desired future outcome and then traces back to determine the policies and programs needed to bridge that future and the present.
- 14 [ESPF](#) standard 3, section 8: "For projects that are expected to or currently produce more than 25,000 tons of CO<sub>2</sub>e annually, the Borrower will quantify gross emissions from the project, including direct and indirect emissions associated with the project. Indirect emissions include those associated with the off-site production of energy and GHG-intensive materials used by the project, and emissions generated by project's direct users, when significant. The Borrower will quantify GHG emissions annually, in accordance with internationally recognized methodologies and good practice."
- 15 GHG emissions estimates can be used to estimate the GHG emissions intensity of IDB Group projects and to include shadow carbon pricing in economic analyses and risk whenever relevant, although the variables used to estimate GHG emissions have some uncertainty. While the IDB does not have a mandatory policy or guideline for the use of shadow carbon prices, we recommend that project teams that do include shadow carbon prices in their economic analysis use low and high estimates according to the Report of the High-Level Commission on Carbon Prices. The Office of Strategic Planning and Development Effectiveness (SPD) recommends that project economic analysis use a low and a high estimate of the carbon price starting at \$40/tCO<sub>2</sub> and \$80/tCO<sub>2</sub>, respectively, in 2020 and increasing to \$50/tCO<sub>2</sub> and \$100/tCO<sub>2</sub> by 2030. Given that the High-Level Commission report does not prescribe any specific carbon price values beyond 2030, project teams extrapolate the low and high values of carbon prices from 2030 to 2050 using the same implicit annual growth rate, 2.25%, leading to values of \$78/tCO<sub>2</sub> and \$156/tCO<sub>2</sub> by 2050.

# ABSOLUTE EMISSIONS

We estimate absolute GHG emissions at the project level ex-ante (that is, during the approval process) as part of the project-assessment process. This analysis focuses on investment loans with potentially medium or significant environmental or social impact (that is, projects with an environmental and social impact classification of Category A or B as defined in the applicable environmental and social policy). All Category A or B projects that include greenfield expansion or infrastructure projects are selected for a detailed absolute GHG emissions assessment. These projects typically involve large infrastructure works in the energy, transportation, urban, agriculture, and water and sanitation sectors. The assessment includes emissions from construction and operation of the infrastructure.

In 2023, absolute GHG emissions were assessed ex-ante for 39 greenfield and expansion projects, generating an estimated 354,731 tons of carbon dioxide equivalent, or CO<sub>2</sub>e (Figure 13).<sup>16</sup> During the first years of the COVID-19 pandemic, the number of projects reporting absolute emissions temporarily decreased.

FIGURE 13. IDB ABSOLUTE GHG EMISSIONS, 2018-2023



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



## RELATIVE EMISSIONS

Relative (net) emissions are assessed ex-ante by identifying all the relevant direct and indirect impacts of a project and comparing the GHG emissions of a scenario with the emissions that would have occurred without the project (known as using a counterfactual (or baseline) reference scenario, or consequential GHG accounting). The reference scenario is defined either as a scenario absent any intervention or as an alternative scenario that reflects the most likely alternative means of achieving the same project outcomes or level of service. In both cases, the assessment quantifies the expected marginal change in emissions caused by the project. Our project teams, with the assistance of the Climate Change Division, estimate relative GHG emissions for investment loans that contribute to the IDB's climate-mitigation finance.

In 2023, we assessed emissions reductions for 25 investment projects, a total of more than 350,000 tons of CO<sub>2</sub>e per year during the projects' lifetimes. We report on total emissions reduced in our CRF, and the complete list of projects is available on the [CRF webpage](#). The 25 projects include:

- We supported investments in access to energy in Bolivia, energy efficiency in Colombia, and modernizing a hydropower plant between Argentina and Uruguay.
- In the water and sanitation sector, we supported investments in access to, and improvement in, water and sanitation delivery in Ecuador and Peru, and solid waste management services in Ecuador.
- We backed electro-mobility projects, including the expansion of the Mi Teleférico Network in La Paz, Bolivia, and the Second Metro Line in Bogota, Colombia, along with road infrastructure programs in Brazil and Costa Rica.
- Working with public administrations in Peru and Panama, we financed projects to streamline and digitize public services. Additionally, we supported social and urban infrastructure initiatives in Argentina and Brazil.
- We promoted sustainable investments to enhance productivity in the Dominican Republic's agricultural sector, facilitated access to sustainable and inclusive credit for small and medium-sized enterprises in Colombia, developed sustainability and productivity programs in Brazil, and supported an export development program in Argentina.



# 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. Our environmental and social policies are modeled after international best practices.<sup>17</sup>

Thoughtful application of our environmental and social policies is essential to our mission of improving lives in LAC. Our ESPF modernizes many of the requirements by consolidating them into a comprehensive framework that better responds to the environmental and social challenges facing our countries. The ESPF is composed of a policy statement and 10 standards (Figure 14) that reflect the positive environmental and social outcomes of IDB-financed projects and minimize the risks and negative impacts to people and the environment. See Box 1 for information about our Environmental and Social Grievance Protocol under the ESPF.

**FIGURE 14. ENVIRONMENTAL AND SOCIAL POLICY FRAMEWORK STANDARDS**



<sup>17</sup> In 2022, the International Association for Impact Assessment awarded the IDB the Corporate Initiative Award for its new Environmental and Social Policy Framework and climate change commitments. The association also noted that the IDB has continuously promoted good practices by offering low-cost online courses to environmental and social impact assessment professionals.



The ESPF also explicitly excludes (1) activities prohibited under national or international law, (2) legal activities that the IDB will not finance because they could adversely affect people and the environment, and (3) activities that are inconsistent with the IDB's commitment to addressing climate change and promoting environmental and social sustainability.<sup>18</sup> The ESPF applies to all new IDB projects, including investment loans, investment grants, and investment guarantees. It also applies to certain policy-based loans and technical cooperation projects. Existing projects will continue to apply the IDB's safeguard policies in force at the time of the projects' approval, with the legacy policy running in parallel for an estimated 7 years.

In this section, we consider how we apply environmental and social policies to projects and how we manage environmental and social impacts and risks in complex projects.

#### BOX 1. ENVIRONMENTAL AND SOCIAL GRIEVANCE PROTOCOL UNDER THE ESPF

**People, stakeholders, and communities affected by IDB projects can submit complaints related to associated environmental and social issues through three channels:**

1. A project-level grievance mechanism operated by the executing agency or any other state-based or local grievance mechanism.
2. Direct contact with the IDB through its [Grievance Protocol](#) at [quejas@iadb.org](mailto:quejas@iadb.org), messaging or calling the IDB at +1 (202) 826-3705, or filling out an online form.
3. The Independent Consultation and Investigation Mechanism (MICI for its acronym in Spanish), a last-resort option independent of the IDB management for addressing grievances.

The IDB's Grievance Protocol was created based on ESPF requirements and has been implemented since November 2021 (when the ESPF came into effect). We prepare an [annual report](#) to disclose information about the grievances filed.

<sup>18</sup> 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.



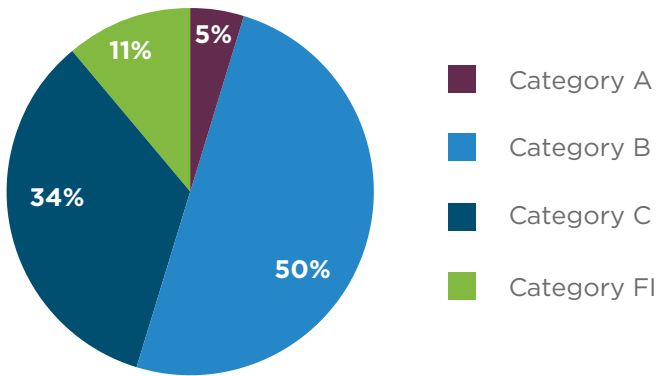
# APPLYING OUR ENVIRONMENTAL AND SOCIAL POLICIES TO PROJECTS

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 each project complies with our policy frameworks<sup>19</sup> and with specific national and international standards. Two teams hold principal responsibility for these actions: (1) the Environmental and Social Solutions Unit (ESG) in the Vice Presidency for Sectors for the first line of environmental and social management and (2) the Environmental and Social Risk Management Unit (ESR) in the Office of Risk Management for the second-line review.

When a project enters the portfolio, ESG classifies it according to its 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 FI, financial intermediary. We assign ESG specialists to all Category A and B and high-risk financial intermediary projects to directly support teams during the preparation phase. New sovereign-guaranteed loan projects in 2023 were classified as follows (Figure 15).

- **Category A** (significant impact): 4 loans (\$880 million), all of which received direct environmental and social support
- **Category B** (moderate impact): 41 loans (\$3.667 billion), all of which received direct environmental and social support
- **Category C** (minimal impact): 28 loans (\$2.055 billion), 4 of which received direct environmental and social support
- **Category FI** (financial intermediary): 9 loans (\$1.446 billion), 3 of which received direct environmental and social support

FIGURE 15. ENVIRONMENTAL AND SOCIAL IMPACT CLASSIFICATION OF 2023 LOAN APPROVALS



19 Projects comply with the policies in force at the time of their approval. Thus, new projects are under the ESPF (approved in 2020), while some projects in execution continue to follow the IDB's previous safeguards policy. The two systems are expected to run in parallel until about 2028.



In addition, our specialists assign a dynamic Environmental and Social Risk Rating (ESRR) to each project when they classify the project's environmental and social impacts. Projects are rated as low, moderate, substantial, or high based on four risk factors (Box 2). As projects move into implementation, the risk is periodically reviewed and adjusted, allowing us to use this rating to apply a risk-based approach to environmental and social management. ESR provides independent quality assurance of the impact and risk classifications, of the due diligence process, and of the quality of our environmental and social solutions for all projects during the preparation phase. The proportion of the portfolio rated high and substantial for environmental and social risks increased in 2023, ending at 43%, compared with 40% in 2022.

During the execution phase, specialists from ESG, 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. 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 and standards.

ESR, as the second line of risk management, is responsible for monitoring the environmental and social risk of the portfolio through the analysis of and reporting on environmental and social risk trends and dynamics and by carrying out periodic risk analyses of projects in execution.

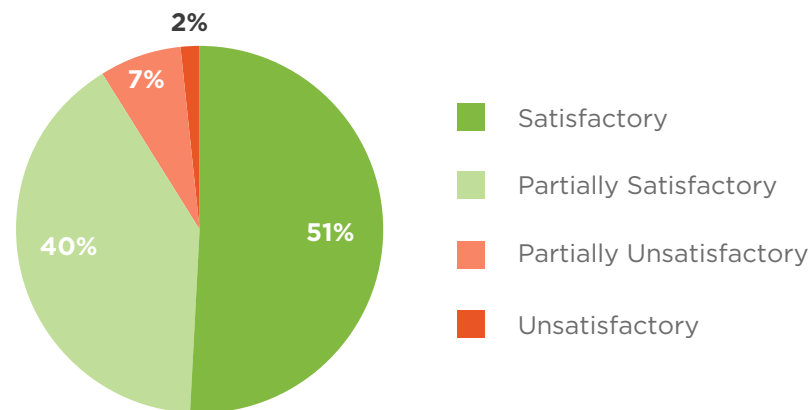
Figure 16 shows the compliance performance ratings for high- and substantial-risk projects in execution in 2023. Among those projects that year, 91% rated satisfactory or partially satisfactory in terms of environmental and social performance (against a CRF target of 84%).

- **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

## BOX 2. 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 16. ENVIRONMENTAL AND SOCIAL COMPLIANCE PERFORMANCE RATINGS FOR HIGH- AND SUBSTANTIAL-RISK PROJECTS IN EXECUTION, 2023**



We continually provide training and resources to strengthen project teams' capacity to identify and manage social and environmental risks. To date, more than 600 employees have been certified to monitor projects with low or medium environmental and social risk (29 of them in 2023). In addition, more than 4,000 users have completed the [online course](#) about our ESPF (379 of them in 2023).

## MANAGING ENVIRONMENTAL AND SOCIAL IMPACTS AND RISKS IN OUR MOST COMPLEX PROJECTS

Development projects can be environmentally and socially complex. We offer a comparative advantage to our clients by providing specific environmental and social expertise and support. Using robust safeguard frameworks and supervision processes, the IDB aims to ensure complex projects are developed with resilience and long-term sustainability in mind. In this section, we consider some examples of complex projects in Argentina, Colombia, Costa Rica, and Brazil.





# CHACO-CORRIENTES CONNECTIVITY

Argentina 2023 Approval Year

Operation

**Program to Improve Chaco-Corrientes Connectivity: New Bridge over the Paraná River—First Individual Operation**

Amount

**\$445 million (\$345 million loan from the IDB and \$100 million in country counterpart financing)**



The primary element of the connectivity project involves constructing a new Chaco-Corrientes bridge spanning the Paraná River, composed of 34.5 kilometers of new highway on an embankment, 5.6 kilometers of viaducts, and a 772-meter cable-stayed bridge. This project traverses the Chaco Wetlands Ramsar Site, encompassing a portion of the wetland complex along the eastern border of the Province of Chaco. The wetland complex includes the convergence of the Paraná River with the Paraguay River, whose extensive network of local tributaries and floodplains contributes to its designation as one of the three biomes boasting the highest biological diversity in Argentine territory.

The construction of the project in the Paraná River is anticipated to yield significant irreversible adverse effects, including alterations in land cover and land use within the Chaco Wetlands Ramsar Site, and impacts on ecosystem services, primarily stemming from soil movement

and pile-installation activities. In close collaboration with the national road agency, we supported the development of several key plans: a new Environmental and Social Management Plan; a Biodiversity Action Plan aimed at achieving a net gain in biodiversity values; and an Involuntary Resettlement and Livelihood Restoration Plan to mitigate the loss of livelihoods resulting from the partial expropriation of about 60 parcels and the involuntary resettlement of about 160 households. Furthermore, we facilitated the development of a Qualitative Disaster and Climate Change Risk Assessment and Management Plan, including a Failure Modes Analysis, to incorporate disaster and climate resilience into the project's design, thus mitigating potential flood risks for neighboring communities. Lastly, we conducted an assessment of the potential loss of biomass and carbon storage capacity in the wetlands resulting from the project, aligning the project with the objectives of the Paris Agreement.

# ENHANCING URBAN MOBILITY IN BOGOTA

Colombia 2023 Approval Year

Operation  
**Bogotá Metro Line 2 (L2MB)**

Amount  
**\$50 million loan from the IDB**



The objective of this project is to enhance urban mobility in Bogotá, Colombia, while addressing significant environmental and social challenges. The L2MB comprises a 15.5-kilometer underground line spanning from the northeast to the northwest of the city, culminating at the maintenance workshop site. It encompasses 11 stations (10 underground and one elevated) and features an underground tunnel with a diameter of 10.45 meters, reaching depths ranging from 18 to 35 meters below the surface. Construction of all underground stations will use the “cut and cover” method, which entails excavation and installation of railway tracks, platforms, vertical circulation equipment, and tunnel ventilation facilities, followed by backfilling.

Classified as Category A due to its potential for significant impacts, the project entails property acquisition affecting about 1,850 socioeconomic units and the potential disturbance of critical habitats near a Ramsar

wetland. The construction phase is expected to exacerbate urban challenges such as traffic congestion and noise pollution. Community opposition and safety concerns during construction pose additional risks. The project faces high disaster and climate change risks, including flooding and seismic activity, necessitating comprehensive risk management plans.

Extensive due diligence efforts, including the development of Environmental and Social Management Plans and Stakeholder Participation Plans, have been undertaken. A Biodiversity Action Plan will ensure that the project yields net gains. Public consultations have been conducted to engage local communities and gather feedback on critical aspects of the project. Successful implementation hinges on effectively integrating environmental and social considerations throughout the project lifecycle and proactively implementing risk mitigation measures.

# ENHANCING SUSTAINABLE CONNECTIVITY

Costa Rica 2023 Approval Year

Operation

**Road Infrastructure and Urban Mobility Program:  
Resilient Connectivity**

Amount

**\$225 million loan from the IDB**



3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



11 SUSTAINABLE CITIES AND COMMUNITIES



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



This project aims to improve the competitiveness of productive sectors in the northern and central areas of Costa Rica by increasing the connectivity and efficiency of strategic road infrastructure in a safe, sustainable, and climate-resilient manner. The specific objectives include reducing vehicle operation times and costs on national route 35 (RN35), ensuring safety standards are met, increasing resilience to geophysical and hydrometeorological threats, and enhancing opportunities for non-motorized mobility.

The project will have significant socio-environmental impacts, including involuntary resettlement caused by land acquisition. Negative impacts on ecological processes and habitat fragmentation have been identified, especially in the buffer areas of biosphere reserves and biological

corridors. The risks related to land acquisition and resettlement, impacts on livelihoods, impacts on critical habitats, and potential social conflicts from work stoppages are being mitigated with a robust socio-environmental plan and proper supervision.

To comply with the applicable requirements of the ESPF, the executing agency is finalizing an Environmental and Social Management System, which includes an Environmental and Social Impact Assessment and an Environmental and Social Management Plan for both RN35 and urban parks. A resettlement plan and a biodiversity action plan have been prepared, among other plans. A public consultation process for RN35 is planned, including face-to-face sessions and sessions specifically for resettlement cases.



# ENHANCING URBAN RESILIENCE

Brazil 2023 Approval Year

Operation

**Urban Resilience and Revitalization Program in Socially and Environmentally Vulnerable Areas—ProMorar Recife**

Amount

**\$325 million (\$260 million loan from the IDB and \$65 million in country counterpart financing)**



The ProMorar Recife program aims to improve living conditions for populations in highly vulnerable socio-environmental areas of Recife, Brazil. It focuses on enhancing access to resilient urban infrastructure, reducing flood and landslide risks using climate resilience criteria, and strengthening institutional capacity for urban planning and environmental and climate-risk management.

The primary environmental concern involves the removal, treatment, and management of about 675,000 m<sup>3</sup> of waste and sludge during river rehabilitation as part of the macro drainage project. Other potential impacts during construction include increased particulate matter, noise, vibrations, solid runoff into water bodies, erosion, landscape alteration, disturbance to local fauna, and environments conducive to disease vector

proliferation. These impacts are moderate, localized, temporary, and manageable within the water and sanitation sector.

The program includes the resettlement of about 4,000 families from disaster risk areas, promotes gender inclusion and diversity, and implements solutions to enhance urban resilience against climate change. The scale of resettlement, the vulnerability of affected populations, and the populations' exposure to natural hazards, expected to increase under identified climate change scenarios, were considered in the program's planning and development.

See page 43 for additional information about this project.



## CORPORATE PROCUREMENT POLICY

In 2023, we approved a new Corporate Procurement Policy and Guidelines.<sup>20</sup> The guidelines emphasize value for money and promote supplier diversity and sustainability.

The policy requires vendors to have or implement policies and practices that ensure a diverse, inclusive, and equitable workplace for all individuals, including women and underrepresented groups. Vendors must also demonstrate their commitment to fair and legal labor practices including not engaging in forced or compulsory labor, human trafficking, or slavery in any of its forms.

The policy also requires vendors to reduce waste and GHG emissions, improve energy efficiency, and increase awareness of environmentally sound purchasing without significantly affecting the intended use of the goods or services. In the acquisition of goods and services for our internal needs, the guidelines specify expanded use of environmentally preferred products.

In 2023, we trained more than 240 people from IDB staff and executing agencies and provided expert advice to project teams to incorporate sustainability criteria into projects. We collaborated with other MDBs to harmonize our approach to sustainable procurement and publish a [joint statement](#) reflecting our collective intent to mainstream sustainable procurement.

Through our policy and other actions, we continue to integrate sustainable procurement practices into purchasing decisions and promote sustainable public procurement processes in LAC countries.

<sup>20</sup> Effective July 1, 2024.



## IDB CONTRIBUTIONS TO SUSTAINABLE DEVELOPMENT

In this part of the report, we highlight new initiatives and share examples of our latest projects and publications that are advancing the sustainability agenda.







## KEY INITIATIVES

Through the new IDB Group Institutional Strategy, we are intensifying our focus on regional integration and results.

### AMAZONIA FOREVER

In June 2023, with the support of eight Amazonian countries, we launched the Amazonia Forever regional program. This umbrella program aims to scale up financing, share strategic knowledge for decision-makers, and enhance regional coordination to accelerate the sustainable, inclusive, and resilient development of the irreplaceable Amazon region. Amazonia Forever has already made strides in several priority areas:

- Combating deforestation and strengthening environmental control and security working with national governments.
- The bioeconomy, promoting alternative and sustainable economic activities.
- People, aiming for adequate access to quality education, health care, and employment.
- Sustainable cities and infrastructure and connectivity.
- Sustainable, low-carbon agriculture, livestock, and forestry.

In addition, Amazonia Forever focuses on promoting the inclusion of women, Indigenous Peoples, African descendants, and local communities; supporting climate and forest conservation; and strengthening institutional capacities and the rule of law.

### ONE CARIBBEAN

Caribbean countries are among the most vulnerable to the adverse impacts of climate change, such as rising sea levels, threats to agriculture and biodiversity, and more intense and frequent hurricanes and tropical storms. We launched our One Caribbean program in 2023, aiming to foster collaboration and synergy across Caribbean nations and within the IDB. The program has four pillars: (1) climate adaptation, disaster risk management, and resilience; (2) citizen and business security; (3) sustainable development through private-sector engagement; and (4) food security. The program introduces enabling mechanisms such as a regional project preparation facility and a resource mobilization strategy and supports the development of national investment plans that will help countries prioritize needs. It will also allow us to focus attention on building execution capacity. Collaboration with the Caribbean Development Bank will also allow the program to benefit the countries of the Organisation of Eastern Caribbean States.



## IDB CLIMA

Our Board of Governors approved the IDB CLIMA Pilot Program, which includes up to \$50 million in grants from the IDB Grant Facility (GRF). This program includes in a single pilot project (1) an investment loan financed with ordinary capital and (2) a grant from GRF resources to be disbursed upon achievement and independent verification of three disbursement-linked key performance indicators. The IDB CLIMA grant will imitate the equivalent of a 45-basis-point step-down through a reward equivalent to 5% of the investment loan's principal amount in an IDB CLIMA project.





## FEATURED PROJECTS

We are pleased to share our efforts to build neighborhood resilience in Brazil, protect heritage sites from flooding in the Dominican Republic, structure a debt-for-nature conversion and support sustainable public housing in Ecuador, promote the blue economy in Trinidad and Tobago, and redefine solid waste throughout LAC.





# WOMEN'S CONTRIBUTION TO GREATER NEIGHBORHOOD CLIMATE RESILIENCE

Brazil 2023 Approval Year

Operation

**Urban Resilience and Revitalization Program in Socially and Environmentally Vulnerable Areas—ProMorar Recife**

Amount

**\$325 million (\$260 million loan from the IDB and \$65 million in country counterpart financing)**



Photo credit: Brenda Alcântara



Recife, capital of the state of Pernambuco with more than one and a half million inhabitants, has been working on several fronts to build urban resilience. Similar to other large urban centers in Latin America, the almost 500-year-old city has high social inequality and socio-environmental vulnerability. Since 2014, the Municipality of Recife has intensified its disaster risk prevention efforts. A mapping of vulnerable areas identified low-income communities with precarious urban infrastructure, mainly a lack of basic sanitation. In May 2022, heavy rains in Recife resulted in landslides and flooding, leading to lost lives, mainly affecting the population living in vulnerable areas.

The ProMorar Recife program was created to contribute to improving the living conditions of the population in the most socio-environmentally vulnerable areas of the city. Specifically, it seeks to (1) increase access to infrastructure and urban and social facilities and services, (2) reduce the

risks of floods and landslides, and (3) increase the capacity of the city to manage urban development, housing, and environmental and climate change risks.

The Community Civil Protection and Defense Center (NUPDEC, based on its name in Portuguese, *Núcleo de Proteção e Defesa Civil Comunitário*) was created in 2022 as a partnership among the municipal Women's Secretariat, the Executive Secretariat of Civil Defense, and ProMorar Recife.

Empowering women as climate leaders is vital for the program's success, and a gender and public policies module was integrated into NUPDEC's original training. The first NUPDEC Women training with the new module was held in September 2023 for 27 women. The main goal of NUPDEC Women is to address topics of disaster risk management focused on a



Photo credit: Brenda Alcântara

gender and social participation perspective. The gender and public policies module addresses four topics: (1) the relationship between women and human rights, (2) public policies and women's participation, (3) gender and structural inequality, and (4) violence against women and the Maria da Penha Law. The training included lectures, debates on topics participants suggested, and group discussions.

Participants indicated that the knowledge they acquired is very relevant to their experiences in the community. They were awarded certifications in a waterproof folder that can be used to safely store family documents in case of flooding.

# PROMOTING SUSTAINABLE DEVELOPMENT AND CLIMATE CHANGE ADAPTATION IN A WORLD HERITAGE SITE

Dominican Republic 2016 Approval Year

Operation

Comprehensive Tourism and Urban Development Program for the Colonial City of Santo Domingo and Integrated Tourism and Urban Development Program for the Colonial City of Santo Domingo

Amount

\$90 million loan from the IDB and \$3.8 million investment grant from the European Commission



As the oldest European settlement in the Americas and a United Nations Educational, Scientific, and Cultural Organization (UNESCO) World Heritage Site, the Colonial City of Santo Domingo (CCSD) holds immense historical and cultural significance for the Dominican Republic. The CCSD is a 1.06-square-kilometer area enclosed by walls in the heart of Santo Domingo and is home to major landmarks and museums such as the Alcázar de Colón, the Ozama Fortress, and the Museo de las Casas Reales. The CCSD's rich historical and cultural heritage offers a unique opportunity to diversify tourism and promote economic growth and social well-being, but a lack of systematic planning and low investment levels have contributed to the area's deterioration.

These tourism and urban development programs build on the success of an earlier \$30 million IDB-financed intervention in the CCSD. They aim to halt and reverse the deterioration of the CCSD while promoting climate change adaptation and mitigation strategies that can be scaled up for broader Santo Domingo and other Dominican cities. They seek to revitalize the urban, economic, and cultural tourism aspects of the CCSD through (1) the recovery of public spaces and historical monuments, (2) the improvement of living conditions for residents, (3) the development of the local economy, and (4) the strengthening of the management of the CCSD. Key project activities include:



FIGURE 17. RENDERING OF E-BUS FOR SANTO DOMINGO



FIGURE 18. RENDERING OF CLIMATE CHANGE ADAPTATION MEASURES TO REDUCE FLOOD RISK



- A 140-unit housing improvement program for low-income families (including water and energy efficiency, seeking to meet Excellence in Design for Greater Efficiencies (EDGE) green housing standards).
- The first public transit e-mobility project in the country (reducing noise, GHG emissions, and local air pollution) (Figure 17).
- A pilot project to use electric vehicles for waste collection and behavior change activities to pilot recycling for businesses.
- Climate change adaptation measures to reduce flood risk in the historic center.

Economic growth in the Dominican Republic is constrained by losses and damages caused by extreme weather events associated with climate change, especially the impact of tropical storms. Between 1961 and 2014, hydrometeorological damage cost nearly 0.7% of annual GDP. The Central Bank reported a 15-month recovery period and \$1.1 billion in losses after a single weather event in 2020. The frequency and intensity of these events are expected to increase with global warming.

In this context, the Climate Change-Influenced Flood Adaptation Plan for the CCSD was formulated using the IDB's DCCR methodology (page 21). The analysis concluded that the most relevant type of flooding for the CCSD is pluvial flooding. To enhance the CCSD's resilience, the plan proposes several climate-adapted solutions using sustainable urban drainage systems, which focus on increasing soil infiltration through:

- Installing rainwater storage tanks for collecting water for later use.
- Replacing traditional surfaces in select areas with permeable pavement to allow water to filter through (Figure 18).
- Creating floodable vegetation pits that absorb excess water and support urban greenery.

This integrated intervention aims to preserve the CCSD's rich heritage, boost the local economy, and set a blueprint for climate-resilient development in the Dominican Republic.

# DEBT-FOR-NATURE CONVERSION

Ecuador 2022 Approval Year

Operation  
**Sustainable Development and Biodiversity Program**

Amount  
**\$85 million guarantee from the IDB**



Countries around the world have agreed to ambitious targets to protect and conserve 30% of marine and terrestrial ecosystems in the Kunming-Montreal Global Biodiversity Framework and to continue to fulfill their commitments under the Paris Agreement. Given the increasing needs for environmental finance and the sizable financing gaps identified to meet these needs, debt-for-nature conversions (DFNCs) have gained prominence as a strategy to promote biodiversity and climate action without creating fiscal burdens or sacrificing spending from other development priorities.

DFNCs substitute outstanding debt for new debt that is less expensive thanks to credit enhancement provided by MDBs, development agencies, or nongovernmental organizations. The savings resulting from the credit enhancement are fully or partially targeted to conservation activities via a trust fund. The trust fund can be an independent public or private organization that guarantees the robust execution and monitoring of planned commitments over the long term. Suitable governance is essential to ensure conservation commitments materialize through a system of penalties and incentives embedded in the contract.

Ecuador completed the world's largest DFNC with support from the IDB and the U.S. Development Finance Corporation (DFC). In this project, the credit enhancement was achieved through the innovative combination of the \$656 million political risk insurance provided by DFC with an \$85 million guarantee from the IDB. This allowed the country to buy back \$1.6 billion worth of debt and generate \$450 million for conservation in the Galapagos and Hermandad Marine Reserves, to be deployed and monitored over 18 years.

Beyond the guarantee, the IDB played a critical role in negotiating the conservation commitments. Through technical assistance and advisory support, the IDB acted as a facilitator between the ministries of economy and environment, conservation organizations, trust fund representatives, and co-financers to design ambitious commitments aligned with Nationally Determined Contributions and national biodiversity strategy targets. The IDB also supported developing the governance documents of the conservation trust funds so they align with global best practices and monitoring and reporting systems.

# ADVANCING SUSTAINABLE HOUSING

Ecuador 2019 and 2023 Approval Years

Operation  
Housing Solutions for Poor and Vulnerable Households  
(Conditional Credit Line for Investment Projects)

Amount  
Loans totaling \$200 million from the IDB



We supported the Ministry of Urban Development and Housing (MIDUVI) in Ecuador to provide access to adequate housing for the most vulnerable populations through subsidies for new housing construction. These efforts not only contributed to strategically addressing the housing deficit—they also improved the sustainability of public housing prototypes.

Under MIDUVI's initiative, the IDB provided technical assistance to update public housing. The process began with an evaluation of existing housing to identify best practices and areas for improvement in prototype design, including strategies for thermal comfort and energy and water efficiency.

Using these guidelines, MIDUVI developed two housing prototypes, one for the highland region and another for the coastal region. The single-

family housing prototypes are designed according to the Ecuadorian Construction Standard and include considerations for universal accessibility and bioclimatic adaptation.

The key sustainability strategies applied in the new prototypes include the use of (1) a single-slope roof design and, in the case of coastal areas, an open roof that allows natural light to enter the dwelling and functions as a chimney to allow fresh air to enter and hot air to be expelled; (2) a metal roof with thermal insulation; (3) bamboo for the roof structure of the coastal prototype (using local and endemic materials such as bamboo reduces embodied energy in materials); and (4) efficient sanitary fixtures, faucets, and showerheads (Figure 19).





FIGURE 19. SIERRA REGION PROTOTYPE (TOP) AND COASTAL REGION PROTOTYPE (BOTTOM)



The housing prototypes were evaluated using the EDGE methodology, which assesses savings in energy consumption, water consumption, and embodied energy in construction materials. After the compliance of both prototypes was verified (Table 1), the houses were built in several areas of the country (Figure 20). In addition, the project has informed additional efforts the country is undertaking for sustainable housing, including the development of a national certification for green housing; the promotion of the use and modernization of sustainable materials such as bamboo, which brings environmental and socioeconomic benefits; and the updating of relevant regulations for the construction of sustainable housing, such as the energy efficiency chapter of the national regulations.

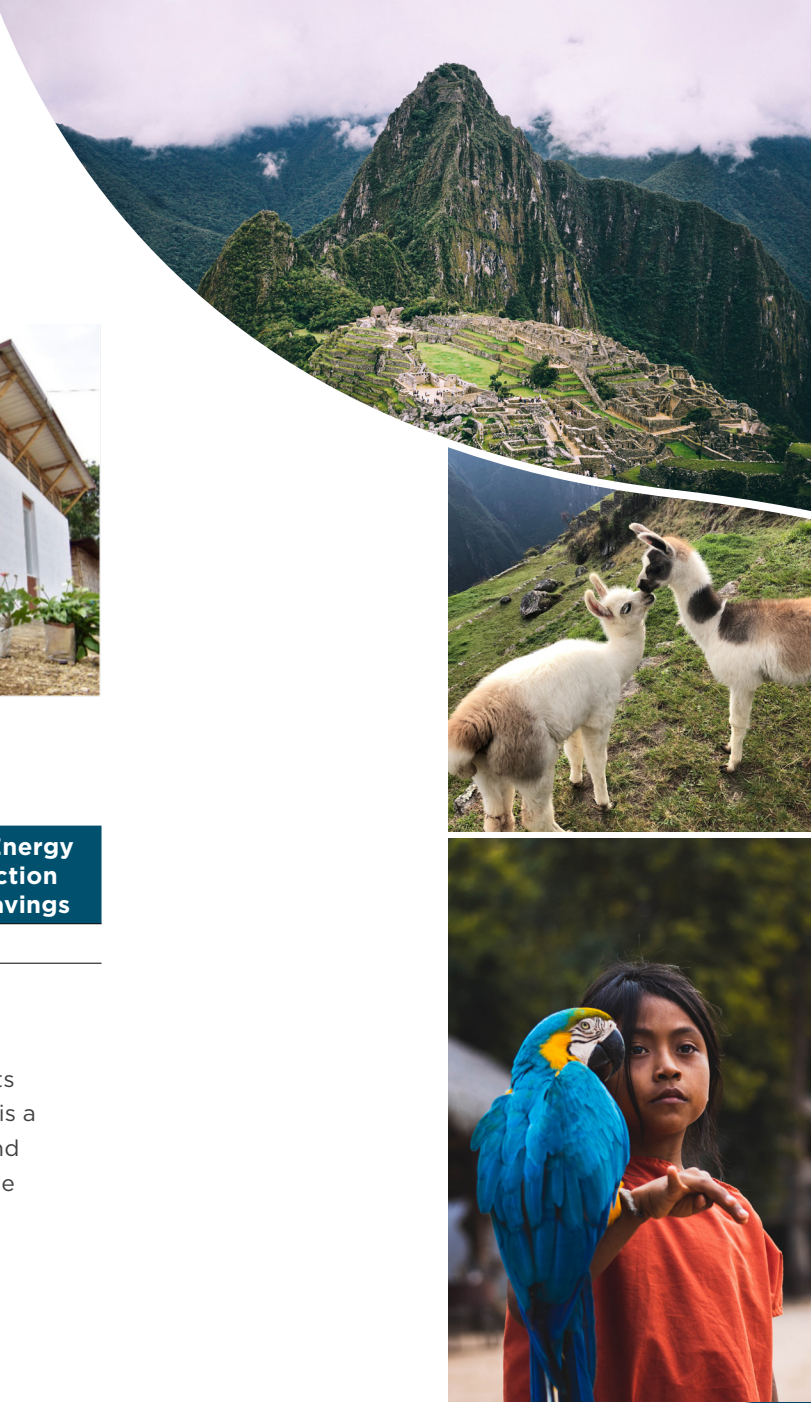
FIGURE 20. CONSTRUCTED HOUSES IN ECUADOR



TABLE 1. SAVINGS ACHIEVED WITH THE NEW HOUSING PROTOTYPES

Prototype	Energy Consumption Savings	Water Consumption Savings	Embodied Energy in Construction Materials Savings
Coastal Housing	24%	26%	63%
Sierra Housing	20%	26%	63%

Among the lessons learned through this project are (1) the political will to advance efforts to incorporate sustainability strategies into social housing projects is essential, (2) there is a need to strengthen capacities throughout the housing value chain, and (3) using tools and methodologies that are similar to existing sustainable building certifications facilitates the design, implementation, and evaluation of sustainability strategies.





# TRANSFORMING A THREAT TO THE ECOSYSTEM INTO A MARKETABLE PRODUCT

Trinidad and Tobago

2021 Approval Year

Operation

**Promoting the Blue Economy for Sustainable Economic Recovery in Tobago**

Amount

**\$100,000 technical cooperation from the IDB's Compete Caribbean Partnership Facility**



Tobago's economy relies heavily on services including tourism, which accounts for about 14% of the island's GDP. This makes the country's economy vulnerable to shocks such as the COVID-19 pandemic. Yet, although the island is small, it has enormous ocean wealth that could be sustainably harnessed using nontraditional business models.

As part of Tobago's post-pandemic recovery, this technical cooperation focused on exploring the development of the blue economy.<sup>21</sup> The exploration took a three-pronged approach: (1) developing a blue economy roadmap that included information about the existing blue economy ecosystem, (2) piloting innovative entrepreneurial activities with a focus on blue assets, and (3) sharing knowledge about opportunities for sustainable economic diversification through the blue economy. Six

products and services interventions were successfully piloted, including using sargassum for spa products, creating niche ecotourism services, replacing single-use plastic products, and organizing blue economy public awareness events.

An overabundance of sargassum (a brown, free-floating seaweed) is a threat to Caribbean ecosystems and disruptive to tourism. Two pilot interventions tested using sargassum for spa products and launched them on the market. The ability to transform undesirable material into marketable products using a circular economy approach presents useful lessons in sustainable practices.

<sup>21</sup> "Blue economy" most commonly refers to sustainable use and management of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of ocean ecosystems. It encompasses various economic sectors such as fisheries, aquaculture, tourism, shipping, renewable energy, and biotechnology.



# REDEFINING WASTE: TOWARD A CIRCULAR ECONOMY IN LAC

Regional 2021 Approval Year

Operation

**Digitalization of Information and Measurement of the Performance of Solid Waste Management within the Framework of the Circular Economy, the SDGs, and Climate Change**

Amount

\$300,000 technical cooperation from the IDB



GHG emissions from solid waste in LAC, largely methane, totaled 345 million tons of CO<sub>2</sub>e in 2021, making addressing waste management an urgent concern. Data reveals that solid waste generation in the region is increasing, reaching 230 million tons in 2021, with per capita production at 361 kilograms per year. The amount of solid waste generated correlates with economic growth and urbanization, underscoring the need to boost waste recovery efforts. Currently, only about 4% of waste is recovered, with most ending up in landfills or the environment.

Improving data availability and accuracy is crucial for advancing waste management in the region. Digital innovation can streamline data generation, validation, and publication, enhancing efficiency and reducing costs. The Solid Waste and Circular Economy Hub for LAC

facilitates regional consultation and coordination on waste management, aiming to monitor the SDGs and track progress toward a low-carbon circular economy. Its inaugural bulletin, based on data from 26 member countries, highlights key indicators including waste generation, collection coverage, recycling rates, and greenhouse gas emissions. This initiative offers vital tools for decision-making and evaluation.

Recycling is the primary form of waste recovery in LAC, though efforts are needed to increase recovery rates, particularly for organic materials and packaging. Addressing inadequate disposal sites and uncollected waste and improving rural and urban waste management services are essential to aligning LAC countries' efforts with circular economy principles and mitigating health risks associated with waste mismanagement.

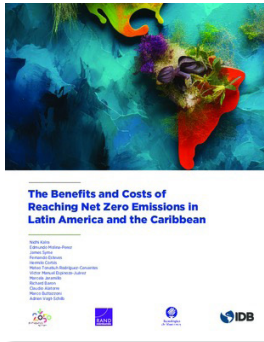




## KEY PUBLICATIONS ON SUSTAINABILITY IN 2023

In this section, we feature IDB publications that have a notable sustainability angle.

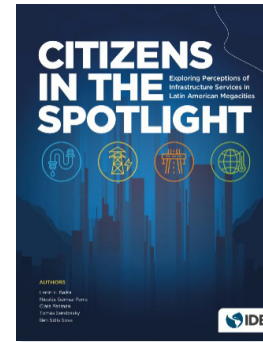




## **Benefits and Costs of Reaching Net Zero Emissions in Latin America and the Caribbean**

Are development and decarbonization conflicting or complementary goals? In this report, we explore how LAC can improve socioeconomic and development outcomes while also reaching net-zero greenhouse gas emissions by 2050. Specifically, we introduce SiSePuede, an open-source decarbonization

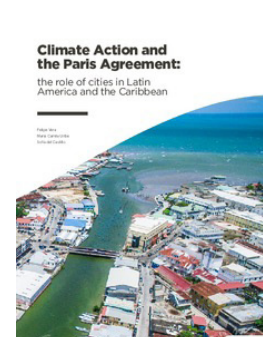
modeling toolkit that evaluates the costs, benefits, and emissions reductions of decarbonization actions across the economy. We find that maximizing decarbonization actions could achieve net-zero emissions in the region before 2050 and net \$2.7 trillion in benefits compared with more traditional development. Benefits include massive fuel cost savings; avoided costs from reduced air pollution, congestion, and car crashes; and the value of ecosystem services from forests. Although there are many paths to net-zero emissions, three actions are critical: producing electricity with renewables, electrifying transportation, and protecting and restoring forests by halting deforestation and shifting food-production patterns. Economy-wide strategies that implement these actions at scale can reduce emissions dramatically and net enormous benefits to the region even amid deep uncertainties, with a median of \$1 trillion in net benefits across all scenarios. These benefits are unevenly distributed across sectors and actors, and across time, so realizing them and ensuring a just transition to net zero requires governments to overcome important financing, regulatory, infrastructure, and other barriers. Each country must tailor its own strategy for addressing development and emissions goals based on local priorities, capabilities, resources, and technical capacity. SiSePuede provides a robust analytical foundation to support these efforts.



## **Citizens in the Spotlight: Exploring Perceptions of Infrastructure Services in Latin American Megacities**

In the expanding megacities of LAC, providing essential services such as water, sanitation, energy, and transportation poses a significant challenge. This document presents insights derived from a 2023 survey conducted in five megacities, drawing comparisons with a 2013

survey to understand residents' evolving perspectives. Influential factors, including the impact of the digital revolution, the aftermath of the COVID-19 pandemic, and climate change, collectively shape residents' perceptions of these fundamental services. The survey delves into various aspects of citizens' satisfaction with the services. The survey also examines citizens' priorities for their overall quality of life and assesses the discernible effects of climate change on their daily lives. This comprehensive exploration provides an understanding of the intricate dynamics that define the changing quality of life in the megacities of the region.



## **Climate Action and the Paris Agreement: The Role of Cities in Latin America and the Caribbean**

Local governments are critical for implementing climate change mitigation and adaptation strategies in LAC. This publication highlights the importance of translating and adapting national climate goals to local contexts in a collaborative manner. It provides recommendations for localizing initiatives in cities and improving capacities for multilevel climate governance. By assessing countries' Nationally Determined Contributions and cities' climate action plans, this publication provides a pragmatic approach to translating the global objectives of the Paris Agreement into implementable actions



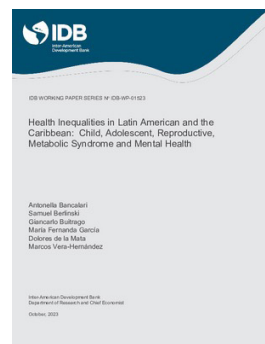
at all scales. Finally, it highlights climate solutions led by cities in LAC, setting precedents and offering ideas and experiences for more cities to contribute to necessary climate action.



## From Lithium to Electric Vehicles in Latin America and the Caribbean

(available in Spanish only as *Del litio al vehículo eléctrico en América Latina y el Caribe*). The lithium-ion battery value chain is long and complex. Some leading early-stage companies in lithium production are in LAC, but the region is missing in the later stages. In this publication, we analyze each stage of the value chain, the determinants of its possible evolution, and the challenges that this evolution may pose for

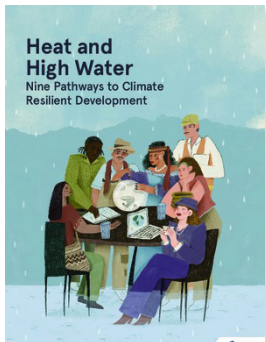
LAC. A series of policy recommendations is outlined to optimize value creation for the region in the context of the global energy transition: (1) enhance public-private collaboration and implement effective governance to ensure the responsible management of environmental and social impacts; (2) formulate long-term strategic plans and initiatives for the industrialization of lithium and the development of its downstream value chain; (3) secure the provision of essential inputs and bolster the capacity for local engagement in industrialization processes, starting from upstream activities; (4) use industrialization processes to aid the regional growth of vehicular electrification, emphasizing the coordination and synchronization across industrial sectors; and (5) advocate for circular economy practices to minimize the environmental footprint of the extractive industry and reinforce regulatory frameworks that mandate producer responsibility.



## Health Inequalities in Latin American and the Caribbean: Child, Adolescent, Reproductive, Metabolic Syndrome, and Mental Health

Health constitutes a fundamental aspect of our well-being. It is also a key factor in determining our contribution to market and nonmarket output. “Health inequality” refers to the unequal realization of health outcomes between different

groups in the population. Systematic disparities in health outcomes and access to health resources not only undermine basic principles of fairness and social justice but also contribute to perpetuating poverty and disadvantage. In this publication, we start by presenting evidence about how the burden of disease in LAC has changed during the last 30 years. Consistent with the decline in fertility and the aging population, the region has shifted from a burden of disease dominated by maternal, neonatal, and communicable disease in the 1990s to one dominated by cardiovascular disease, cancers, diabetes, and, increasingly, mental health disorders. The poorest people in the region are burdened by worse access to maternal care and higher levels of infant mortality and stunting. Despite being knowledgeable about contraceptive methods, young women in the region have very high levels of teenage pregnancy, with a steep socioeconomic gradient. Noncommunicable diseases also affect poor people disproportionately in many countries. Finally, mental health is a growing source of lost days of healthy living among women and poor people. Overall, our results highlight that despite the epidemiological transition that is underway, socioeconomic health disparities in the LAC region are still more important for early childhood and teenage years than for adulthood.



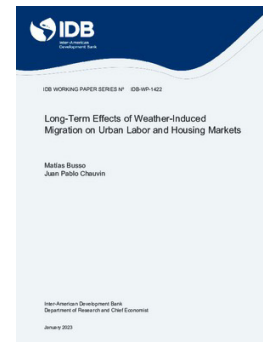
## Heat and High Water: Nine Pathways to Climate Resilient Development

Climate change has arrived—putting lives, ecosystems, and economies in jeopardy. *Heat and High Water* provides a much-needed primer on how countries can adapt to this harsh new reality. Written for a general audience in clear, nontechnical language, the book examines climate threats and resilience strategies sector

by sector, focusing on the specific challenges for LAC. How can dense population centers use wetlands and parks, as well as other elements of urban planning, to protect against floods and landslides? What can be done to ensure the health and well-being of vulnerable people during heatwaves and epidemics? Are there innovations in renewable energy, food security, energy, transport, and fiscal and financial policy that are particularly suited to the new circumstances of the region and others that are likely to fail? The book engages these questions and many more with a deep analysis based on three core principles: (1) the need for flexible solutions amid the uncertainty of climate change, (2) the interdependence of sectors across social and economic life, and (3) the need to reform governance to ensure coordinated, inclusive adaptation that emphasizes local communities and stakeholders. By breaking down the complex topic of climate adaptation into digestible chapters, *Heat and High Water* offers tools for citizens, policymakers, and business leaders to use to build thriving, resilient societies amid climate disruptions while elucidating lessons valuable to a global audience.

## Implications of Climate Change and Natural Disasters for LAC

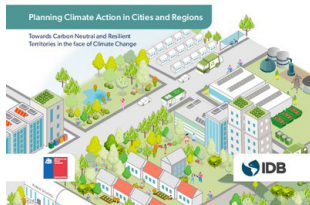
- [Residential Electricity Consumption and Adaptation to Climate Change by Colombian Households](#)
- [Extreme Weather and Real Estate: A Case Study of the Jamaican Housing Market](#)
- [Wildfires and Human Health: Evidence from 15 Wildfire Seasons in Chile](#)
- [The Impact of Tropical Storms on International Trade: Evidence from Eastern Caribbean Small Island Developing States](#)
- [Does Green Infrastructure Work? Precipitation, Protected Areas, Floods and Landslides](#)
- [Droughts, Women, and Indigenous People in Chile: Assessing the Impacts on Income and Employment](#)



## Long-term Effects of Weather-induced Migration on Urban Labor and Housing Markets

This paper explores the effects of weather-induced rural-to-urban migration on urban labor and housing markets in Brazil. To identify causal effects, we use weather shocks to migrants' municipalities of origin. We show that larger migration shocks led to an increase in employment growth of 4% and a reduction

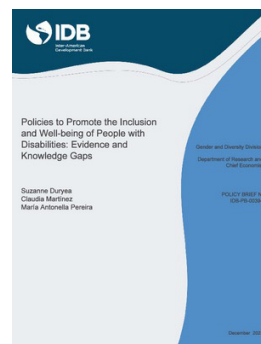
in wage growth of 5%. The increased migration flows also affected the housing market in destination cities. On average, they led to a 1% faster growth of the housing stock, accompanied by a 5% faster growth in housing rents. These effects vary sharply by housing quality. We found a substantial positive effect on the growth rates of the most precarious housing units (with no effect on rents) and a negative effect on the growth of higher-quality housing units (with a positive effect on rents). This suggests that rural immigration growth slowed down housing-quality upgrading in destination cities.



## **Planning Climate Action in Cities and Regions: Towards Carbon Neutral and Resilient Territories in the Face of Climate Change**

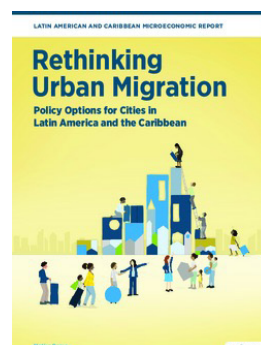
This guide seeks to empower regional and municipal leaders to act decisively in the fight against climate change, promote

coordination across different levels of government, and identify the transformations needed for a carbon neutral and resilient future and the actions required to implement these changes, overcome barriers, and inspire communities. This document was developed based on workshops with key stakeholders at the national, regional, and municipal levels, in addition to a literature review and context analysis of the experiences in the region. The guide identifies the transformations required to increase resiliency and proposes actions for addressing climate challenges—such as heatwaves, droughts, forest fires, and inland and coastal flooding—that threaten our communities. It also proposes transformations and actions for reducing greenhouse gas emissions from the energy, buildings, transportation, forest and nature, food and agriculture, and waste sectors. Examples of climate actions suggested in this guide include planting native tree species in urban areas, reusing greywater, installing low-emission air conditioners for cooling and heating, developing exclusive bus lanes, restoring forests and wetlands, and establishing recycling collection centers. To support this climate action, the guide also identifies the keys to successful implementation, proposing a roadmap and providing a set of cross-cutting tools, such as possible financing options, administrative instruments, and an analysis of the legal competencies of municipal and regional governments. Finally, recommendations to promote climate actions are provided, which can be incorporated into municipal and regional climate change action plans.



## **Policies to Promote the Inclusion and Well-being of People with Disabilities: Evidence and Knowledge Gaps**

In recent years, the evidence base for the inclusion of people with disabilities has advanced considerably, both in high- and low-to-middle-income countries. This policy brief focuses on the lessons learned from rigorous studies in education, social protection, and labor markets and identifies the key knowledge gaps relevant for LAC.

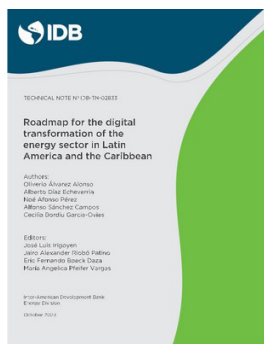


## **Rethinking Urban Migration: Policy Options for Cities in Latin America and the Caribbean**

The potential challenges associated with migration to cities have justifiably received much attention. But they may obscure the significant opportunities that migration also offers for receiving communities seeking to boost economic development. This report rethinks urban migration, paying particular attention to the opportunities for local

economies stemming from the arrival of internal and international migrants and encouraging policymakers to capitalize on them. By tailoring policies to specific contexts and bridging short-term constraints with long-term solutions, cities can leverage the skills and diversity migrants bring, fostering innovation, productivity growth, and prosperity for all.





## Roadmap for the Digital Transformation of the Energy Sector in Latin America and the Caribbean

The digital transformation of the energy sector in LAC is a profound process that goes beyond technology. It involves updating assets, systems, and organizational culture. This transformation is driven by four pillars: user participation, flexibility in generation systems, resilience, and a strong value chain. This publication identifies

lessons learned and best practices globally and measures progress in the region. Finally, it identifies five recommendations to accelerate the digital transformation of the sector: creating a modern and stable regulatory framework, offering economic incentives to invest in digitalization, adopting disruptive technologies, establishing a strong digital culture, and increasing public-private collaboration.

## Social Green Agenda

Rising temperatures and extreme weather events impact people's physical and mental health, in turn impacting their physical and cognitive development, educational achievements, and labor productivity. Climate change also impacts the provision of social services when climate disasters disrupt schooling and access to health services and hampers income-generating opportunities—all exacerbating poverty. At the same time, investments in education and skills development are key to cultivating the skilled labor force needed to achieve countries' decarbonization goals. Together, these efforts are crucial to ensuring that the transition to net-zero emissions is just and inclusive. To identify the impacts of climate change on people and social services and opportunities for social investments in the climate change agenda, we advanced a series of policy notes:

- **Health and Climate Change: How do we protect people's health in the climate crisis?** comprehensively summarizes the impact of climate change on people's health and health systems, describes the opportunities related to the design and implementation of

a climate change agenda that incorporates the health sector, and provides concrete recommendations for health projects to incorporate climate change mitigation and adaptation measures.

- **Social Protection and Climate Change: How can we protect the most vulnerable households against new climate threats?** quantifies the impact of climate change on poverty and analyzes how social protection systems can contribute to creating resilience to climate change, protecting biodiversity, and ensuring a just transition to low-GHG economies.
- **Education and Climate Change: How to develop skills for climate action at school age?** Identifies the challenges that climate change imposes on educational systems and the actions that can be implemented to promote green citizenship in students, increase resilience, and decarbonize the educational service.
- **Advancing a Just Transition in Latin America and the Caribbean** identifies the social impacts of transitioning toward net-zero emissions for Latin America and the Caribbean and presents a toolkit for governments in the region to ensure that the transition is fair and inclusive.

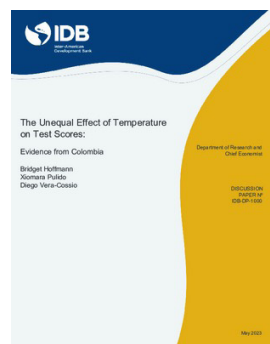


## Transportation 2050: Pathways to Decarbonization and Climate Resilience in Latin America and the Caribbean

The time to act is now. Transportation produces 40% of CO<sub>2</sub> emissions in the region through fuel combustion, and—in a business-as-usual scenario—this is expected to increase by nearly 50% by 2050. Without bold policy actions to foster a systemic change in the way people and

freight move, countries will not be able to achieve the goals they set in the Paris Agreement. Moreover, this change must be fully underway by 2030, in little more than 5 years. In this context, this report analyzes the relationship between transportation and climate change in LAC,

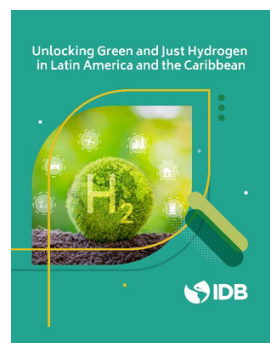
generates scenarios according to different levels of policy actions, and suggests a roadmap of policy measures needed for each transportation mode (land, air, and maritime transportation, and urban mobility) to achieve net zero by 2050. This report was developed in collaboration with the International Transport Forum of the Organization for Economic Co-operation and Development, the International Association of Public Transport, the International Association of Port Harbors, the International Road Federation, and Airports Council International.



## Unequal Effect of Temperature on Test Scores: Evidence from Colombia

We investigate the unequal impact of environmental shocks on high-stakes education test scores across income levels to document that climate change exacerbates inequality. We show that low-income students systematically score lower than high-income students and also have greater exposure to extreme heat.

We show that extreme temperatures in the week leading up to an exam reduce test scores only for low-income students, indicating one channel through which climate change will exacerbate inequality.

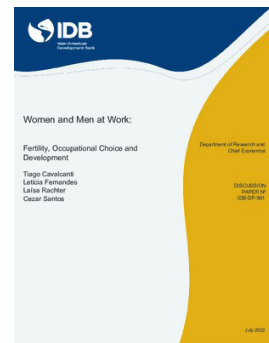


## Unlocking Green and Just Hydrogen in Latin America and the Caribbean

This report focuses on deploying green hydrogen ( $\text{GH}_2$ ) in LAC as a crucial component of the just energy transition. It underscores the significant role LAC can play in the global supply of  $\text{GH}_2$  while simultaneously decarbonizing its own transportation and industrial sectors. The document emphasizes the importance of national strategies,

supportive policies, and investments in infrastructure and research to unlock this potential. It also explores the challenges and opportunities

associated with producing green and low-carbon hydrogen, including using electrolyzers, integrating renewable energy, and developing value chains for  $\text{GH}_2$  derivatives. LAC may require more assistance in accessing public funds than other countries do. Innovative structures and blended finance, as proposed in this report, will be necessary to mobilize private sector capital. Furthermore, additional studies are needed to fully exploit LAC's potential for adequate  $\text{GH}_2$  production.



## Women and Men at Work: Fertility, Occupational Choice, and Development

We investigate how changes in barriers to women's participation in the labor force and the child penalty affect occupational decisions, fertility, and income. We build a general equilibrium model of occupational choice with men and women, human capital investment, and fertility. We fit the model to the United States

and India. Changing gender barriers accounted for 31% of U.S. growth between 1960 and 2010 and for 4.1% of India's growth between 1983 and 2004. The implications of these barriers for the welfare of working women with children were even larger, with a lower child penalty alone increasing the welfare of this group by 7% in the United States.



## CORPORATE RESPONSIBILITY



At the IDB, we are committed—both in our projects and in our offices—to protecting the environment around us and to inclusivity. That means maximizing the potential of employees, empowering local communities, and minimizing the environmental impact of our facilities and employee travel. The actions we take in our daily work routines demonstrate the IDB’s commitment to global environmental sustainability and social responsibility and to setting an example of stewardship for employees, investors, and citizens in LAC.







## GENDER, DIVERSITY, EQUITY, AND INCLUSION AT THE IDB GROUP

We have an unwavering commitment to fostering diversity, equity, inclusion, and belonging (DEIB) within our organization. We recognize that embracing DEIB empowers us to achieve our mission and profoundly impact development in LAC.

In 2023, both the IDB and IDB Invest achieved Economic Dividends for Gender Equality (EDGE) Move and Plus recertifications, a demonstration of our commitment to workplace gender and intersectional equity. Our four employee resource groups<sup>22</sup> were pivotal in advancing DEIB initiatives, organizing events, and providing resources to commemorate international days—all of which serve to foster a culture of inclusion.

To build our organizational capacity and respond to employee needs, we delivered 26 workshops on a variety of DEIB topics in 2023. Our DEIB learning curriculum features courses such as Bystander Intervention, Managing Unconscious Bias, Mastering Difficult Conversations, Racial and Ethnic Bias, How to Be an Ally, and Inclusive Leadership.

Another highlight this year was the collaborative development of the 2023–2028 DEIB Framework, which was approved by the President's Committee and launched in the summer of 2023. The framework outlines where we want to be in 5 years and how we will get there: by implementing the DEIB aspects of our People Strategy and aligning them with the new IDB Group Institutional Strategy. The accompanying action plan outlines how we will strive to (1) provide equitable opportunities and outcomes for all our employees, (2) foster a sense of inclusion among every member of the IDB Group, and (3) recognize and appreciate the contributions of individuals from a variety of backgrounds and experiences.

Building on our baseline data from the 2022 DEI Survey, which boasted an 80% participation rate, we were able to obtain a comprehensive understanding of the representation of five diverse groups: women, African descendants, people with disabilities, Indigenous Peoples, and LGBTQ+ individuals. This has enabled us to set clear objectives in the Framework, aimed at increasing the representation of those groups within the IDB Group over the next 5 years.

The IDB Group 2023 DEIB Awards honored employees and teams who support the DEIB mission and demonstrate our dedication to creative and innovative solutions that promote equality and integration in LAC.

<sup>22</sup> (1) IDB GLOBE seeks to advance the principle of nondiscrimination based on sexual orientation; stimulate and encourage understanding of the unique challenges faced by LGBTQ+ individuals; and serve as the focal point within the Bank for issues relevant to LGBTQ+ employees. (2) WoMen NET is a group of volunteers dedicated to promoting women empowerment and gender balance throughout the IDB Group, providing opportunities for personal growth and professional development for members and allies. (3) IDB Afro-Descendant Alliance Group (ADAG) is a network of African descendants and advocates at the IDB Group who seek to foster awareness of the ethnic and racial diversity of the institution's member countries. (4) The IDB Group's All-In for Disability Inclusion is a group of employees with disabilities and allies that works to promote an inclusive and accessible culture at the IDB Group. They encourage the inclusion of persons with disabilities in our workforce while creating awareness of disability challenges, culture, and history.

In 2023, we had about 1,900 staff employees (fixed- and indefinite-term), practically all on full-time schedules (Figure 21). As of December 2023, 43% of staff in mid- and senior-level positions at the IDB were women, which means we achieved our strategic target of 43%. We also had about 1,100 temporary employees (consultants), reported as full-time equivalents (Figure 22). In addition, we had 1,910 onsite contractors performing services, who are not employed by the IDB.

FIGURE 21. STAFF (FIXED- AND INDEFINITE-TERM), 2023

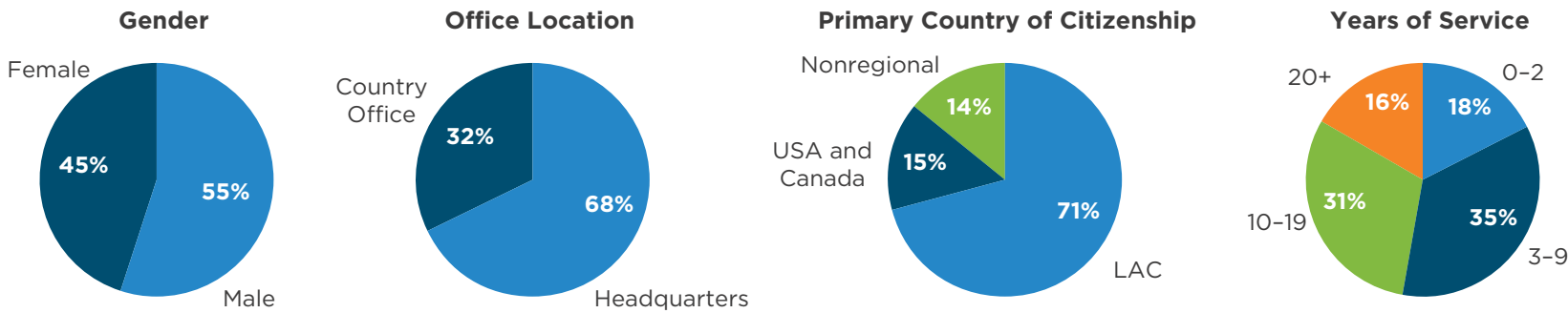
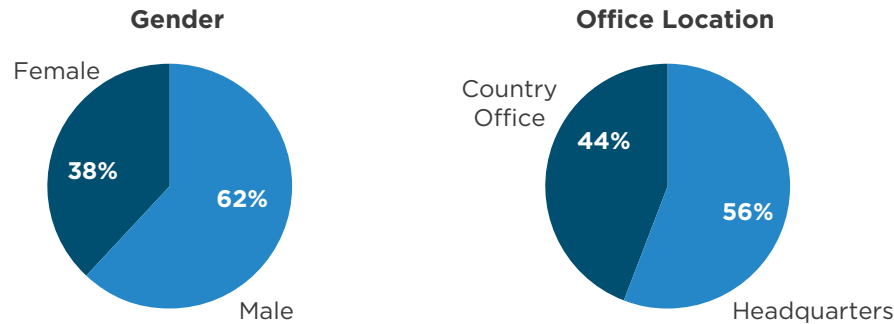


FIGURE 22. TEMPORARY EMPLOYEES (CONTRACTUAL FULL-TIME EQUIVALENTS), 2023



## COMMUNITY RELATIONS PROGRAM

The IDB Community Relations Program began in 1998. It includes volunteering, donations, and corporate philanthropy. The program holds volunteer fairs at IDB headquarters and remotely. Through the Improving Lives Grant, every year, 10 local organizations that work in the D.C. area with populations from LAC are selected to receive a donation of \$25,000 each. The Community Relations Program also partners with our information technology department and the IDB Family Association to donate surplus technology equipment to more than 5,000 beneficiaries in countries in the region and in the Washington metropolitan area.

## CORPORATE SUSTAINABILITY PROGRAM

We have a long-standing commitment to ensuring that our internal operations are environmentally sustainable. The [Corporate Sustainability Program](#) (CSP), under our Budget and Administrative Services Department, works across the institution to monitor our environmental performance, develop and implement practices that contribute to making us more environmentally responsible, and identify opportunities for increased employee awareness through targeted engagement activities. In this section, we describe some of our key advances in 2023.

## CLIMATE CHANGE RISK MANAGEMENT IN IDB CORPORATE ACTIVITIES

In 2023, we analyzed and identified significant climate transition risks and opportunities relevant to our facilities, mobility, and procurement activities.<sup>23</sup> As a result, we are prioritizing (1) reputational risk of missing targets, (2) energy and carbon costs from missing net zero, and (3) cost and execution risk of implementing the net-zero strategy. In the future, the focus will be on addressing these risks and opportunities in our corporate activities. See page 66 for our efforts to address physical climate change risks in our offices.

<sup>23</sup> Following the Task Force on Climate-related Financial Disclosures (TCFD) approach.





# CORPORATE GHG EMISSIONS

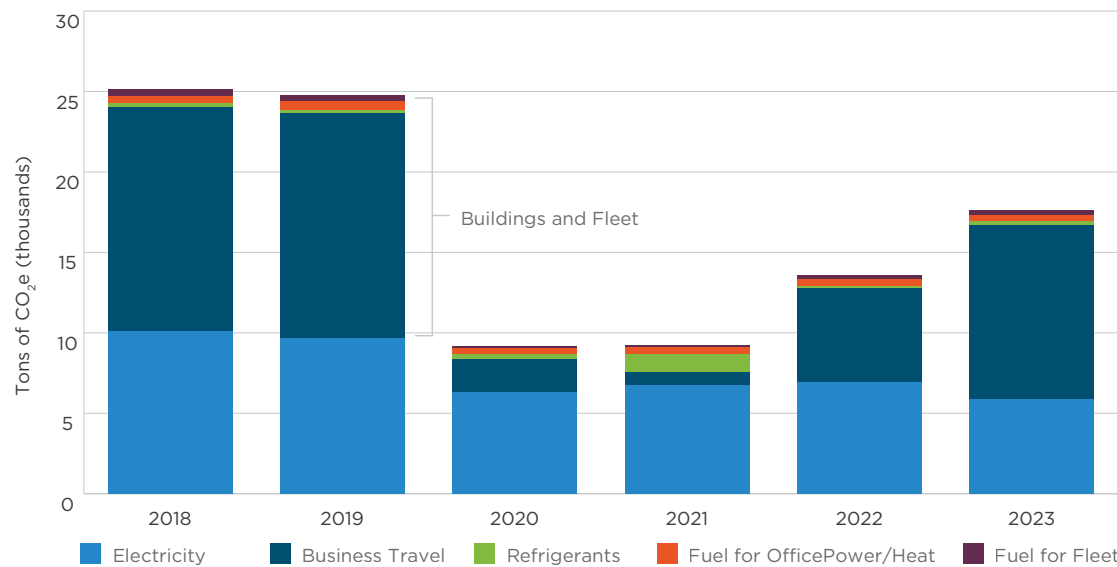
Recognizing that climate action is not just for our clients, we set a corporate GHG emissions-reduction target and committed to offsetting unavoidable emissions. We have prepared an emissions inventory since our annual meeting in 2006. In 2016, we began calculating our emissions in accordance with the GHG Protocol methodology, and this is the approach we still use today.

Our current inventory covers (1) scope 1 emissions, which are direct emissions related to the operation of our facilities and corporate vehicle fleet, (2) scope 2 emissions, which are indirect emissions related to electricity consumption by the organization, and (3) scope 3 emissions, which are other indirect emissions (limited to the business travel category).<sup>24</sup> Last year, we conducted a preliminary exercise to estimate emissions from scope 3 categories other than business travel, such as acquisition of goods and services, capital goods, and employee commuting.

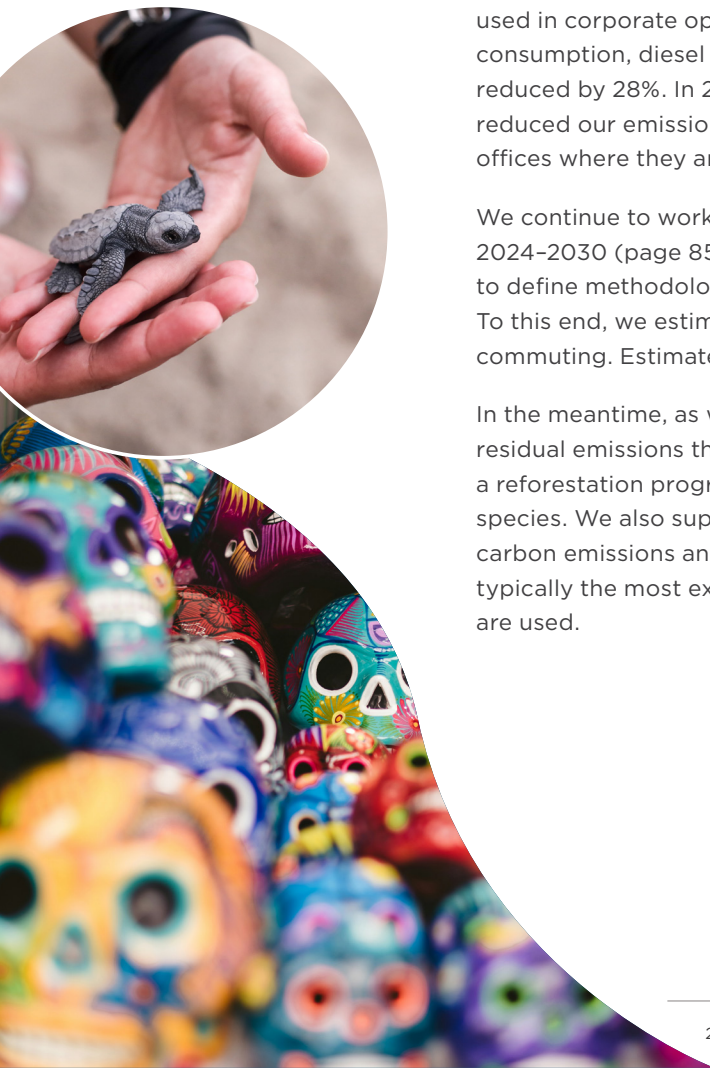
In 2023, we saw an overall decrease in scope 1, 2, and 3 emissions of 5% compared with 2022 values, mainly due to reductions in electricity consumption at headquarters (Figure 23)—a key finding since about 70% of all 2023 emissions came from headquarters.

- **Scope 1:** 945 tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e)
- **Scope 2:** 5,850 tCO<sub>2</sub>e
- **Scope 3 (limited to the business travel category):** 6,059 tCO<sub>2</sub>e

FIGURE 23. IDB GROUP CORPORATE EMISSIONS PROFILE, 2018-2023



24 Includes CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O emissions from electricity and fuel consumption and HFC emissions from refrigerant use.



In 2019, our Board of Executive Directors approved a CRF target to reduce scope 1 and 2 emissions by 14% between 2018 and 2023. Due to the COVID-19 pandemic, our physical offices were closed, and business travel plummeted for most of 2020 and half of 2021. As restrictions eased in 2022, most employees partially returned to the office and travel resumed. We have been able to sustain some of the reductions, however. In 2023, scope 1 and 2 emissions were 38% lower than in 2018, exceeding our target for the period.

Achieving the target is the result of a combination of actions including generating our own renewable energy and increasing energy efficiency in our facilities and vehicle fleets. We measure energy intensity as the ratio of the energy used in corporate operations to the IDB's area (gigajoules per meter-squared, or GJ/m<sup>2</sup>), considering electricity consumption, diesel generators, and the fleet fuel. Compared with 2018, energy consumption per square meter was reduced by 28%. In 2023, all electricity consumed at headquarters<sup>25</sup> had a proven renewable origin, wind, which reduced our emissions by 33%. Going forward, we expect to seek renewable energy certificates at all our country offices where they are available.

We continue to work toward decarbonizing our corporate operations. As part of our new Impact Framework 2024–2030 (page 85), a new baseline and a new target for corporate emissions are being defined. We are working to define methodologies for estimating other categories of scope 3 emissions beyond the business travel category. To this end, we estimated historical emissions for capital goods, purchased products and services, and employee commuting. Estimates for these categories in 2022 totaled 184,963 tCO<sub>2</sub>e.

In the meantime, as we've done since 2006, we continue to purchase carbon credits to offset all our unavoidable residual emissions through carefully selected verified emissions-reductions projects in LAC. In 2023, we supported a reforestation program in Nicaragua on degraded pastureland, contributing to the regeneration of native forest species. We also supported the delivery to rural households in Honduras of efficient cookstoves, which reduce carbon emissions and fuelwood consumption and save time and money for families. Women and children, who are typically the most exposed to indoor air pollution from cooking, benefit from improved health when these cookstoves are used.

<sup>25</sup> 13,157,916 kWh (71% of the total electricity purchased for the IDB).



## SUSTAINABLE BUILDINGS

Guided by our Corporate Real Estate Approach (CREA), we continue to seek ways to improve the IDB Group's headquarters and country offices to benefit the environment and improve employee health.

As we renovate or construct our offices, we seek more efficient and sustainable designs, allowing us to pursue building sustainability standards such as LEED (Leadership in Energy and Environmental Design) and EDGE (Excellence in Design for Greater Efficiencies) (Table 2). In 2023, at headquarters, two of our buildings were recertified as LEED Platinum for Operations and Maintenance, the highest level, and our offices in Brazil, Costa Rica, the Dominican Republic, Jamaica, Panama, and Peru are also LEED-certified. The new location for our office in Ecuador was designed with sustainability in mind and obtained the Platinum LEED seal, in addition to EDGE and fitwel certifications. To obtain these certifications, we prioritize designs and processes that meet or exceed the requirements and that foster efficiency at all our offices as feasible throughout their lifecycle (construction, renovation, and discontinuation) by, for example:

- Insulating windows for thermal control, improving the efficiency of air conditioning units, prioritizing the use of LED bulbs, and installing motion sensors.
- Creating flexible office layouts that maximize access to natural light while ensuring healthy indoor air quality and water efficiency.
- Recycling or donating equipment and furniture that is no longer being used.
- Implementing responsible purchasing practices, such as prioritizing renewable materials for construction, furniture, and equipment.
- Hiring service providers that are aligned with our approach to sustainability.
- Generating our own solar energy at some offices—particularly for our offices in countries with energy matrices that rely heavily on fossil fuels or that depend on diesel generators due to unstable electrical grids. As of 2023, we have major solar systems at our offices in the Bahamas, Bolivia, Brazil, the Dominican Republic, Haiti, Jamaica, Nicaragua, and Trinidad and Tobago. In 2023, they collectively produced 835 MWh of renewable energy, supplying an average of 37% of needs for offices located in these countries. A project to install and expand our solar energy production capacity in our country offices is underway.

With the modernization of the headquarters building under CREA, each renovated floor has two accessible gender-neutral bathrooms and two wellness rooms.

We will continue to work toward obtaining additional green certifications for our offices where feasible.



TABLE 2. GREEN CERTIFICATIONS AT IDB OFFICES, 2023



Office	Certification Type
<b>Brasilia</b>	LEED Certified Building Design and Construction, 2017
<b>Bridgetown</b>	EDGE Zero, 2023
<b>Lima</b>	LEED Certified Interior Design and Construction, 2014
<b>Panama City</b>	LEED Certified Interior Design and Construction, 2015 (1 space), and LEED Certified Silver Interior Design and Construction, 2021 (2 spaces)
<b>Quito</b>	LEED Platinum Interior Design and Construction, 2022, EDGE Advanced, 2022, and fitwel 1 star, 2022
<b>San Jose</b>	LEED Certified Interior Design and Construction, 2012 and 2015 (2 buildings)
<b>Santo Domingo</b>	EDGE Advanced, 2022
<b>Washington, D.C.</b>	LEED Platinum Building Design and Construction, 2020

We are also beginning to consider physical climate change risk scenarios for our offices as we relocate or expand.<sup>26</sup> In late 2023 and early 2024, we engaged a specialized firm to conduct a scenario analysis of physical risk for our office locations. Considering our current hazard exposure and business, we assessed eight priority physical risks for our offices (Table 3). For the physical risk analysis, we identified three climate change scenarios (insufficient climate action, moderate climate action, and aggressive climate action) and three time horizons (short, medium, and long term). We analyzed the baseline and projected changes in priority climate change risks across locations, time horizons, and scenarios to identify locations at high risk. We rated each location for exposure to each priority physical hazard and shared the results internally so they could be used in developing risk mitigation, adaptation, and management strategies.

<sup>26</sup> Grounded in the TCFD framework.





TABLE 3. PRIORITY PHYSICAL CLIMATE CHANGE RISKS CONSIDERED

<b>Chronic precipitation</b>	Total annual precipitation (includes rain and snow)
<b>Chronic temperature</b>	Average annual temperature
<b>Drought</b>	Number of months per year with 3-month extreme drought (standardized precipitation evapotranspiration index less than or equal to 2)
<b>Extreme heat</b>	Days per year with temperature equal to or greater than 35°C/95°F
<b>Extreme precipitation</b>	100-year precipitation amount (that is, 1-day total precipitation amount expected to occur with a 1% probability in a given year)
<b>Extreme wind</b>	100-year windspeed (that is, the daily maximum 1-minute sustained wind speed expected to occur with a 1% probability in a given year)
<b>Flood</b>	100-year flood depth (that is, expected depth of a flood with a 1% chance of exceedance in a given year)
<b>Wildfire</b>	Fires per year per square kilometer

## TECHNOLOGY

In 2023, we initiated a green IT program and established a baseline for GHG emissions from the operation of IT services and solutions across all our offices. We are committed to sourcing from sustainable providers, and we evaluate vendors against green IT criteria. In partnership with the IDB Community Relations Program (page 63), to reduce e-waste, we reconditioned equipment scheduled for decommissioning but with potential for further use and donated it to schools and others in need. In 2024, we plan to launch an internal series of micro-learning webinars and communications as part of our green IT program, aiming to reduce the environmental impact of technology.

## SUSTAINABLE TRANSPORTATION

Historically, air travel (classified as scope 3, business travel category) has been one of the most significant contributors to the IDB’s carbon footprint. Due to the COVID-19 pandemic, these emissions were temporarily reduced, but with the end of social isolation, more frequent air travel resumed. In 2023, business travel emissions totaled 6,059 tCO<sub>2</sub>e (a 4% increase from 2022 levels and a 66% reduction from 2018 levels). CSP continues to work with employees to explore opportunities to reduce emissions related to business travel. Strategies include encouraging flights with fewer stops and choosing economy class seats for flights of up to 9 hours.



Emissions from our vehicle fleet (classified as scope 1) are a small component of our overall carbon footprint. The fleet is used for local transportation of employees to country offices and headquarters and includes light vehicles powered by gasoline and diesel, hybrid vehicles, and electric vehicles. In 2023, the corporate fleet was responsible for 358 tCO<sub>2</sub>e (2.8% of our total emissions), a 45% increase over in 2022. In an effort to reduce these emissions, we aim to acquire hybrid and electric vehicles as we gradually renew our fleet, considering local conditions and business needs. At the end of 2023, 12 out of 26 country offices had at least one hybrid or electric vehicle.

In addition, since 2020, we have implemented new ways of working, such as hybrid work arrangements and virtual engagement. Under our current rules for hybrid work, IDB Group employees can work remotely for 40% of the time per month.

## WASTE REDUCTION

Through our office activities, we generate solid waste, including electronic waste (computers, printers, and printer cartridges), recyclable waste (paper, plastic, glass, and metal), and organic waste (from food consumption at our offices).

We are striving to achieve zero waste. At headquarters, we already collect information about waste disposal, and at our country offices, we are constantly encouraging employees to expand our data-collection capacity for solid waste disposal. Data for headquarters indicates that in 2023, 63% of nontoxic waste (in other words, waste that is not electronic) was recycled or composted.

Additionally, 100% of the paper used for printing at headquarters is recycled paper, and duplex printing (front and back of the sheet) is the default in all our multifunctional printers. In addition, a secured print functionality (which requires employees to walk to the printer and log in to physically retrieve their documents) is in place, and we continue to work on reducing the number of printers available in headquarters and monitoring and informing all clients about print usage and opportunities to reduce print volumes. Reducing paper use is one of our main initiatives to minimize waste. Since these efforts began in 2012, we have significantly reduced our paper consumption and the number of print cartridges we discard. In 2022, paper consumption at headquarters increased compared with 2021, a trend that continued in 2023 as more employees returned to the office (26% increase compared with 2022).

CSP continues to help the IDB Group reduce waste, the use of disposable products, and the volume of waste sent to landfills and engage employees to make the practice of reuse and recycling increasingly common.





## EMPLOYEE ENGAGEMENT AND EDUCATION

Every semester, our country offices are engaged to aid CSP with the midyear and end-of-year environmental footprint calculations. This effort is developed through the support and guidance provided by CSP to each office's focal point for corporate sustainability.

In 2023, CSP developed targeted communications and engagement materials including interactive guidelines, content for onboarding, infographics, and videos. We refreshed our internal and [public](#) websites, which provide detailed information about our greening efforts and the sustainability features of our offices. Thanks to our Green Ambassadors Network, each of our four main internal engagement events had excellent attendance (Figure 24).

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

**FIGURE 24. SUSTAINABLE FASHION SHOW AT HEADQUARTERS, 2023**





# SUSTAINABILITY AND CLIMATE CHANGE DISCLOSURES



We support global initiatives to harmonize sustainability reporting standards that complement existing financial reporting standards and advance transparency and comparability of sustainability-focused disclosures. We are taking steps to align our sustainability reporting with applicable international standards in a manner relevant for us as an MDB. We continue to improve how we communicate relevant and comparable information to investors and stakeholders in a timely manner, improve processes and systems for capturing relevant information, and reinforce our capacity to identify and manage risks related to climate change and sustainability and opportunities at both the corporate and operational levels.

In this regard, we are evaluating our reporting of climate-related financial disclosures in line with the standards of the International Sustainability Standards Board (ISSB) and reinstating our reporting to the Global Reporting Initiative (GRI). To better capture these ongoing internal and external changes in our reporting, we are undertaking a double materiality assessment<sup>27</sup> that will inform future editions of this report.

This section presents additional details related to sustainability and climate disclosures and an index of preliminary sustainability and climate disclosures, taking as a reference the recommendations of the TCFD and the GRI. As we adjust our reporting to align with the ISSB recommendations, we do not claim compliance with these standards, only an interest in streamlining and standardizing disclosure of existing reported information. In the coming years, our intention is to align to the ISSB standards.

Our approach also relies on policies (page 29) and considers sustainability throughout the project cycle (page 79).

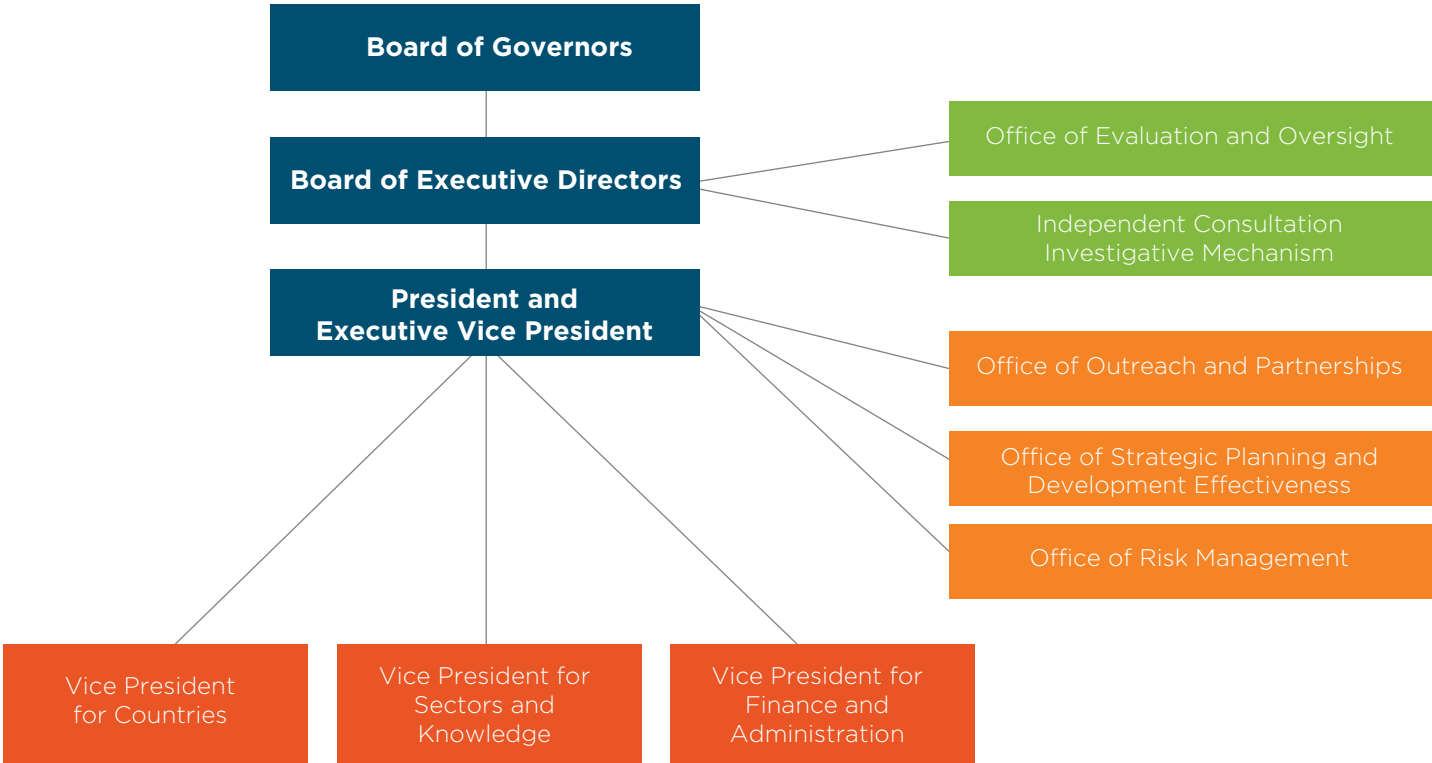
<sup>27</sup> A double materiality assessment is a way to evaluate the impact of environmental, social, and governance (ESG) factors on a company's financial performance and, conversely, the impact of financial performance on ESG factors. It considers how these factors affect the company internally (financially) and externally (through its impact on society and the environment).



# SUSTAINABILITY IN OUR GOVERNANCE

An effective and impactful approach to sustainability requires shared commitment and responsibility, from the oversight of our Board of Executive Directors, leadership of the IDB president, and guidance of our senior management to technical analysis from specialists (see page 9 for the president’s message on sustainability). This section provides an overview of our governance arrangements as they relate to sustainability (Figure 25). For a comprehensive look at our governance, please refer to our [website](#).

FIGURE 25. IDB GOVERNANCE STRUCTURE







The IDB's highest authority is its [Board of Governors](#), made up of representatives from each of the 48 member countries.<sup>28</sup> 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 main responsibilities of the Board of Governors are to oversee the activities and administration of the Bank. The discharge of several functions is delegated to the Board of Executive Directors.

The [Board of Executive Directors](#) is composed of 14 individuals representing the 48 member countries and 14 alternates, who have full power to act when their principals are absent. The Board of Executive Directors generally meets once a week to approve loan and guarantee proposals, policies, country strategies, and administrative budgets. The Board also sets interest rates and makes decisions on lending and various financial matters, among other functions. Each country's voting power is determined by its contributions to the Ordinary Capital, the IDB's main source of lending. Our borrowing members have majority voting power (just over 50% of the vote). Our Board of Executive Directors has oversight over the full spectrum of climate and sustainability issues. IDB management regularly informs the Board of Executive Directors and its committees of progress on climate and sustainability issues, including ad hoc technical briefings on specific issues at the request of directors. See Table 4 for a summary of governance roles and responsibilities at the level of the Board of Executive Directors.

<sup>28</sup> Our countries of operation are Argentina, Barbados, the Bahamas, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Peru, Panama, Paraguay, Suriname, Trinidad and Tobago, Uruguay, and Venezuela. The IDB's nonborrowing members are Canada, Israel, Japan, the People's Republic of China, the Republic of Korea, the United States, and 16 European countries: Austria, Belgium, Croatia, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Portugal, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom.

TABLE 4. STANDING COMMITTEES OF THE IDB BOARD OF EXECUTIVE DIRECTORS, 2023

Committee	Responsibilities	Sustainability Oversight in 2023
<b>Audit Committee</b>	Assists the Board in overseeing the IDB'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).	Reviewed the updated IDB Risk Taxonomy, which included the integration of environmental and climate change, social, and governance risks (page 82).
<b>Budget and Financial Policies Committee</b>	Oversees management's administrative and capital budgets and reviews policies that have a bearing on the IDB's financial position.	Reviewed the quarterly Risk Management Report's section on environmental and social risk and performance in the IDB's portfolio.
<b>Organization, Human Resources, and Board Matters Committee</b>	Reviews proposals and makes recommendations to the Board and IDB management on issues concerning the organization of the IDB, human resources, information and communications technology, Board matters, the Board of Governors, and the IDB's annual meeting.	Recommended the Board approve the creation of the Offices of the Special Advisors on Climate Change and Gender and Diversity, who report directly to the president on these key sustainability topics.
<b>Policy and Evaluation Committee</b>	Reviews newly developed Bank policies and modifications to existing policies, including new lending instruments; monitors the IDB's processes in development effectiveness, evaluation, and oversight; and serves as the channel of communication among the Board, the Office of Evaluation and Oversight, and the Independent Consultation and Investigation Mechanism.	<p>Considered the indicators and targets of our Impact Framework prior to approval by the Board of Executive Directors (page 85), including those for climate and sustainability.</p> <p>Reviewed and commented on annual reports prior to publication, including the Sustainability Report (which contains our climate and sustainability disclosures) and the Development Effectiveness Overview (which presents our progress against institutional targets).</p> <p>Received annual progress briefings on action plans (e.g., gender and diversity, and climate change).</p> <p>Recommended to the Board to approve the revised Corporate Procurement Policy, which strengthens practices related to gender and diversity and sustainability (page 38).</p>
<b>Programming Committee</b>	Considers and recommends appropriate action to the Board on proposals, execution reports, and initiatives encompassing activities of the IDB'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.	Considered how climate- and sustainability-related matters are incorporated into country programming exercises and country strategies.

The **IDB president**, elected by the Board of Governors for a 5-year term, manages the IDB'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). The president is the institution's legal representative and chief executive officer. The president chairs the meetings of the Board of Executive Directors but has no vote, except to break a tie.

The **Office of Evaluation and Oversight** (OVE) independently evaluates the performance and development effectiveness of the activities of the IDB Group. These evaluations seek to strengthen the IDB Group through learning, accountability, and transparency. OVE evaluations are disclosed to the public in accordance with IDB Group policies about sharing lessons learned with the region and with the development community at large.

Development projects sometimes have unintended negative impacts. Our **Independent Consultation Investigative Mechanism** (known as MICI, based on its Spanish acronym) works with all parties to remedy such impacts, either through our dispute resolution process or through a compliance investigation. Individuals who believe they have been or may be harmed by an IDB-financed project due to the failure of the IDB to comply with relevant operational policies can communicate their concerns directly to the IDB through MICI. We also draw lessons learned from the cases to keep mistakes from being repeated and to improve the design and execution of future projects. MICI is an office of the IDB Group, independent of the IDB's management and project teams. MICI prepares its own annual report.

In addition to the Board of Executive Directors, IDB senior management plays a key role in guiding our climate and sustainability efforts. See Table 5 for a summary of governance roles and responsibilities at the level of IDB senior management.





TABLE 5. PERMANENT EXECUTIVE COMMITTEES OF IDB MANAGEMENT

Committee	Responsibilities	Sustainability Oversight in 2023
<b>President's Committee</b>	Discuss high-level strategic matters with the senior management team.	Cleared the draft IDB Group Impact Framework (page 85), which includes explicit climate- and sustainability-related targets, for approval by the Board of Executive Directors.  Approved the IDB's 2023-2028 Diversity, Equity, Inclusion, and Belonging Framework.
<b>Senior Management Committee</b>	Review and discuss management issues that affect different IDB units.	Approved the <a href="#">IDB Group Paris Alignment Implementation Approach</a> (page 18).
<b>Management's Programming Committee</b>	Coordinates and oversees the IDB's country strategies and programming process, including evaluability and contribution to results. Promotes the integration and coordination of the senior management team and ensures the effective implementation of the Institutional Strategy.	Considered how climate- and sustainability-related matters are incorporated into country programming exercises and country strategies.
<b>Operations Policy Committee</b>	Oversees consistency between the IDB's operational program and the overall policy, risk, and strategic framework.	Reviewed draft loan proposals, which include climate change annexes justifying alignment to the Paris Agreement and estimates of climate finance.
<b>Finance Committee</b>	Oversees and coordinates matters related to the sustainable financial soundness of the IDB.	—
<b>Corporate Procurement Committee</b>	Provides independent oversight and review of the application of the IDB's corporate procurement policy and procedures and policy and operational guidelines for selecting and contracting consulting firms in IDB-executed operational work and hiring project-related consulting firms and specialized agencies. Reviews corporate and IDB-executed operational work procurement actions that exceed established thresholds. Decides corporate and IDB-executed operational work procurement issues submitted for its consideration.	Cleared the new Corporate Procurement Policy for approval by the Board of Executive Directors. The accompanying guidelines emphasize value for money and promote sustainability and supplier diversity, especially for underrepresented groups (page 38).



We recently established two key roles to enhance our sustainability efforts—a **Special Advisor on Climate Change** and a **Special Advisor on Gender and Diversity**. These advisors, who report directly to the president, work to strengthen coordination and foster synergies across the IDB Group and with external partners, highlighting the importance and urgency of climate change and gender and diversity in the IDB Group’s strategic agenda.

Our **Vice Presidency for Countries** manages relationships with our borrowing-member countries, formulates the IDB’s country strategies, and supervises the project portfolio. This vice presidency works to integrate sustainability through every part of our dialogue with member countries, helping forge a strong, collective commitment. It is home to our **Operations Financial Management and Procurement Services Office**, which promotes the incorporation of sustainability criteria in financial and procurement processes in IDB-financed projects and in country systems, emphasizing transparency, accountability, and responsible resource use.

Our **Vice Presidency for Sectors and Knowledge** sets our strategic direction on sustainability from the sector perspective. This vice presidency is home to our **Climate Change and Sustainable Development Sector**, which develops projects in a variety of thematic areas, including sustainable cities, rural development, climate change, tourism, forestry, agriculture, natural resources, disaster risk management, 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. The **Knowledge Innovation and Communications Department** coordinates learning efforts for staff and the region. Our **Research Department** sits in this vice presidency, generating new ideas to enrich the knowledge base that supports our policy agenda for member countries to achieve sustainable and equitable development in the region. Finally, our **Environmental and Social Solutions Unit** contributes to environmental and social sustainability throughout the project cycle in partnership with clients by ensuring that all projects comply with the Bank’s environmental and social policies. Staff from the unit participate in teams for all environmental and social Category A (significant impact) and B (moderate impact) projects and financial intermediaries with high risk.



Within our **Vice Presidency for Finance and Administration** sits our **Finance Department**, which 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. In addition, this vice presidency includes our **Human Resources Department**, which works to attract a diverse workforce and foster an inclusive work environment. The IDB is EDGE (Economic Dividends for Gender Equality) certified at the Move level, which showcases the progress we have made to foster an inclusive workplace culture for all employees and reinforces our commitment to further accelerating gender balance (page 63). Finally, we promote sustainability through our **Corporate Sustainability Program**, which leads the effort to reduce the corporate environmental footprint of the IDB Group (page 61). 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 LAC.

Our **Office of Outreach and Partnerships** is responsible for collaborating with international donors and mobilizing resources for sustainability in the region, working through offices in Madrid, Tokyo, and Washington, D.C. The office engages governments, companies, academia, foundations, and others to forge and maintain partnerships that can fill development financing gaps and advance the SDGs. Specifically, we help partners connect with IDB initiatives aligned with their development priorities, identify synergies and design innovative instruments that amplify impact, and monitor the results of their funding contributions.

Our **Environmental and Social Risk Management Unit** in the **Office of Risk Management** 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 monitors and reports on the IDB's portfolio exposure to environmental, social, governance, and climate change risks, focusing on key and emerging risks, risk trends and dynamics, and compliance with existing environmental and social safeguards policies (page 25).

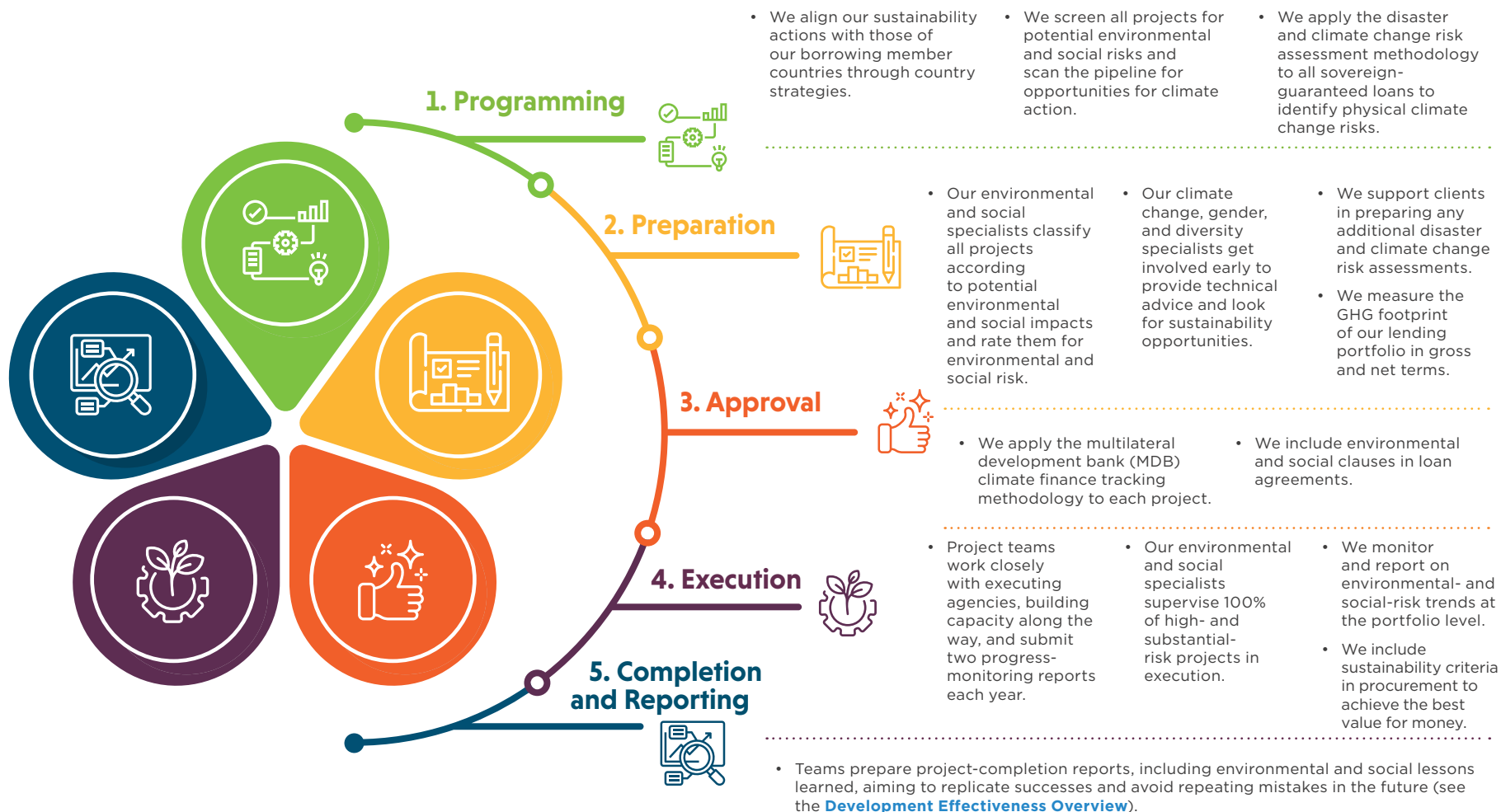
Our **Office of Strategic Planning and Development Effectiveness** is responsible for ensuring that the Institutional Strategy is reflected in departmental planning so that it guides resource allocation and key decisions aimed at the achievement of development results. The office sets quality standards for the design and implementation of our products in consultation with relevant departments, monitors compliance with standards, leads the development of operational instruments and policies, and reports on development effectiveness and portfolio performance, among other activities.

This **governance structure positions the IDB to integrate sustainability into everything we do and throughout the project cycle** (Figure 26). More information about our structure, roles, and responsibilities can be found on our [website](#). We have dedicated organizational units for promoting climate-related opportunities (Climate Change Division) and managing climate-related project risks (Environmental and Social Solutions Unit at the project level and Environmental and Social Risk Management Unit at the portfolio level). Furthermore, to ensure employees have the expertise to carry out their respective roles in fostering climate opportunities and managing climate risks, all staff are required to complete training on Paris Agreement alignment and green and climate finance.



In addition, through **strategic engagement with civil society**, the IDB is well-positioned to understand the region's development challenges and thereby contribute to government and private sector efforts to achieve economic and social development. Timely and strategic participation of civil society improves the sustainability of IDB initiatives and projects. Beneficiaries' involvement and sense of commitment create development opportunities built on shared objectives, contributing to the legitimacy of these public and private initiatives and projects for the long term.

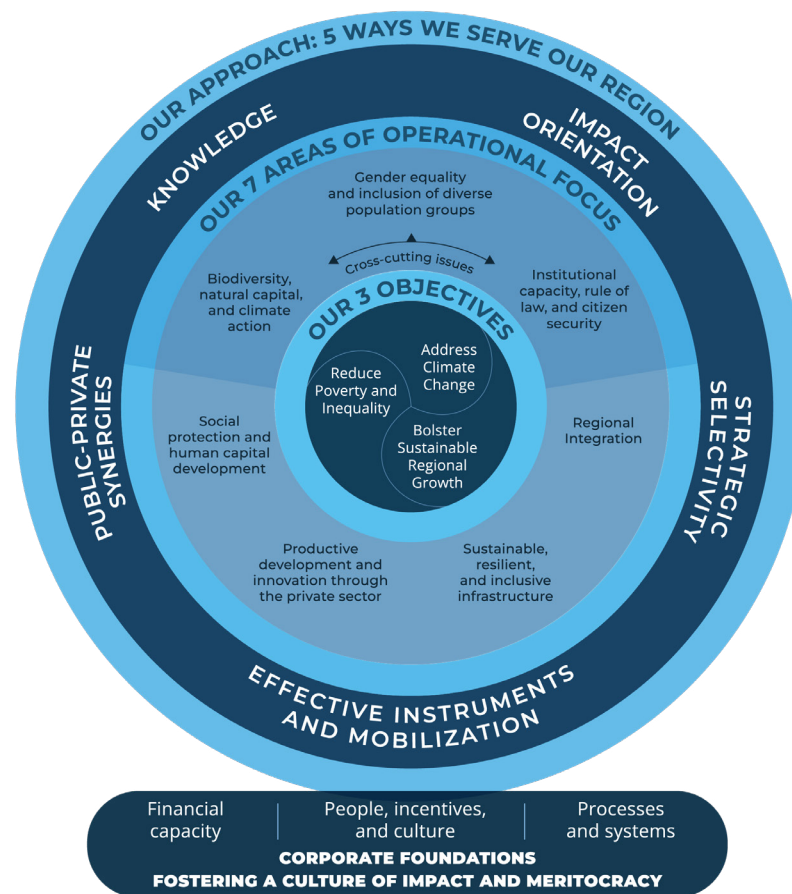
FIGURE 26. IDB PROJECT CYCLE



## SUSTAINABILITY IN OUR STRATEGY

Our Board of Governors recently approved the new IDB Group [Institutional Strategy](#). The Institutional Strategy renews our mission to be the partner of choice for LAC, with a commitment to addressing the region's vulnerabilities and unlocking its potential to foster transformative social and economic progress while actively combating climate change. It sets the IDB Group's strategic direction through 2030 to bring a new level of impact and scale to the region, defining a new chapter in our history that we call IDB Impact+. Three mutually reinforcing objectives are at the core of the Institutional Strategy, driving action across the full range of our development projects: (1) reducing poverty and inequality, (2) addressing climate change, and (3) bolstering sustainable growth. It also includes objectives for cross-cutting issues: (1) biodiversity, natural capital, and climate action; (2) gender equality and inclusion of diverse population groups; and (3) institutional capacity, rule of law, and citizen security (Figure 27). The Strategy was informed by a robust consultation process, which included focus groups with IDB Group leadership, internal working groups that prepared technical inputs, discussions with the IDB and IDB Invest Boards of Executive Directors, and a public consultation process (through which we received contributions from more than 1,800 representatives of governments, the private sector, and civil society through face-to-face, virtual, and online surveys).

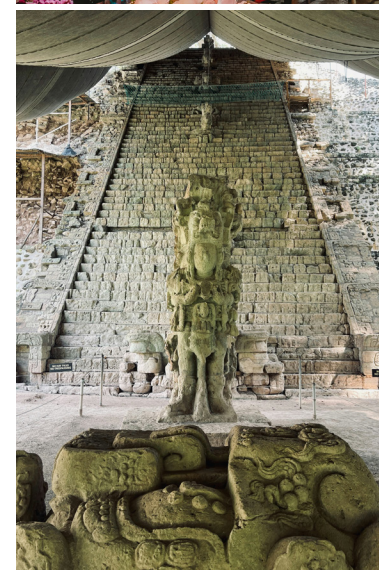
FIGURE 27. OUR STRATEGY AT A GLANCE



This edition of our Sustainability Report pertains to 2023 and falls under our previous Institutional Strategy, which had two broad objectives: reducing poverty and inequality and fostering sustainable growth. It identified six strategic priorities that are critical to the region's development: the three development challenges of social inclusion and equality, productivity and innovation, and economic integration, and the three cross-cutting issues of gender equality and diversity, climate change and environmental sustainability, and institutional capacity and the rule of law.

Over the years, the SDGs have informed our institutional strategies. Each strategic priority is aligned with at least one SDG, and all 17 SDGs are covered by the strategy.

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 we seek to accomplish in the sector. We develop dedicated action plans for key sustainability topics, including our [Climate Change Action Plan](#) and [Gender and Diversity Action Plan](#). In addition, we classify each new approval based on its expected contributions to specific SDGs and publish this information on our [website](#).







## SUSTAINABILITY IN OUR RISK MANAGEMENT

As a multilateral development bank serving the public sector, to stay true to our development mission and best respond to the needs of our member countries, our role is often to embrace and manage risk, even in situations where the private sector may retreat. Continuous management of risks helps solve problems proactively. Environmental and climate change, social, and governance risk considerations are integrated into our policies, guidelines, operational risk management framework, and risk taxonomy, all of which are modeled after international best practices. We take a comprehensive and coherent approach in our environmental and social risk management model. We rely on shared responsibility to manage risk (page 82).

Our risk taxonomy governs how we identify, assess, and manage enterprise-wide risk. It covers 17 risk dimensions grouped into four categories (Figure 28).

- **Strategic:** Risks arising from adverse or poor business decisions or lack of responsiveness to industry changes, which may affect development goals, earnings, and/or capital.
- **Financial:** Risks arising from obligor defaults (loans, investments, and derivatives) or from changes in market rates or other financial variables, which may result in financial losses.
- **Corporate Operational:** Risks arising from inadequate or failed internal processes, people, systems, or external events that may cause financial losses, reputational damage, and/or material misstatements in the IDB's financial statements.
- **Project Operational:** Risks arising in IDB-financed projects, which may result in reputational damage and/or failure to achieve development effectiveness goals.

FIGURE 28. IDB RISK TAXONOMY CATEGORIES AND DIMENSIONS



Climate Change Risk in Our Sovereign-Guaranteed Loan Portfolio

Recognizing the importance of managing climate change risks to achieve development impact, we updated our risk taxonomy in 2023 to integrate environmental and climate change, social, and governance risks. The sovereign-guaranteed nature of our lending suggests that we will be able to manage most climate change risks in our portfolio by focusing on making our projects consistent with decarbonization and climate-resilience objectives. Nevertheless, the IDB does face residual climate exposures that could potentially pose reputational and credit risks. In fulfilling our mandate to support member countries in addressing their development needs, we may increase our climate-related exposure.



At the institutional level, climate-related financial risks are considered based on their ability to affect the IDB as an operating institution. These risks include impacts on the Bank's financial health in terms of its solvability and liquidity positions, proper functioning, governance, and decision making, as well as access to and operativity of its facilities.

To account for the risk of climate shocks impacting our sovereign-guaranteed portfolio's credit quality on a forward-looking basis and in probabilistic terms, our Office of Risk Management developed and implemented a methodology that leverages its existing sovereign portfolio stress-testing capabilities. Specifically, we enhanced the portfolio stress-testing capability by adjusting the severity of the credit shocks to account for climate-related events on an additive basis. One benefit of this approach is that it allows us to understand the marginal impact of climate change in relation to an original credit shock. The Network for Greening the Financial System (NGFS) database is used as the source for climate change risk shocks according to six standard NGFS scenarios. The approach translates the marginal impact climate change risk scenarios have on the portfolio's credit risk stress testing into capital adequacy metrics. This allows us to understand the marginal impact of climate change risk scenarios in terms of capital consumption. The climate change stressed credit risk scenarios are obtained on a probabilistic and forward-looking basis from 1 to 3 years out. For each climate change scenario, results are presented as combined risk, transition risk, and physical risk.

At the operational level, we launched our Paris Agreement Implementation Approach (PAIA) in 2023 (page 19). Through the PAIA, our climate specialists assess the risk of projects obstructing the transition to low-GHG and climate-resilient economies. By policy, we do not knowingly finance projects involved in activities that are inconsistent with our commitments to addressing the challenges of climate change and promoting environmental and social sustainability (page 30). Our Environmental and Social Solutions Unit (ESG) estimates absolute GHG emissions of emissive projects at the project level at the time of approval (page 27). We also screen all projects for material physical climate change risk (page 21).

In addition, our Environmental and Social Risk Management Unit performs quality assurance of and reviews climate change risks. In coordination with the risk analyses conducted under the PAIA, the portfolio is assessed for disaster and climate change risks and for low-carbon regulatory, technological, and market changes.

Across the institution, we are committed to strengthening climate change transition risk identification and oversight in our sovereign-guaranteed portfolio. We are exploring methodologies, approaches, tools, and metrics for climate change transition risk assessment, particularly at the sectoral level (see Box 3).





### BOX 3. CLIMATE CHANGE RISK MANAGEMENT WORKING GROUP

In 2020, we established a Climate Change Risk Management Working Group as an internal coordination mechanism to strengthen climate change risk management across four dimensions: (1) governance and strategy, (2) sovereign-guaranteed lending, (3) treasury operations, and (4) corporate footprint. To cover climate-related risks at both the operational and corporate levels, the working group reports to the managers of the Office of Risk Management and the Climate Change and Sustainable Development Sector, as well as the Vice President for Finance and Administration.

Since 2021, the working group has made progress on (1) transition risk assessment, (2) climate-related scenario analysis, (3) dynamic time horizons in climate-risk management approaches, (4) assessment of climate change risks in the sovereign-guaranteed loan portfolio, and (5) strengthening risk awareness and internal capacity.

## SUSTAINABILITY IN OUR METRICS AND TARGETS

We use our Corporate Results Framework ([CRF](#)) to monitor performance against our strategic objectives. The CRF includes monitoring performance indicators (with no targets) 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 6 presents the IDB's key sustainability indicators in 2023. We are currently developing a new Impact Framework for 2024–2030. In addition, we present annual progress reports with more detailed indicators and analysis for our Climate Change Action Plan (CCAP) and Gender and Diversity Action Plan to our Board of Executive Directors for discussion.

**TABLE 6. KEY SUSTAINABILITY INDICATORS IN THE CRF, 2020-2023**

Indicator	Baseline	Progress	Target
Climate finance in IDB projects (% of approved amount) (CRF indicator 3.5)	25% (2016-2018)	45% (2023)	≥30% (2020-2023)
IDB projects supporting climate change mitigation and/or adaptation (% of new approvals) (CRF indicator 3.6)	53% (2016-2018)	90% (2023)	≥65% (2020-2023)
IDB projects supporting gender equality (% of new approvals) (CRF indicator 3.7)	41% (2016-2018)	95% (2023) See page 17.	≥70% (2023)
IDB projects supporting diversity (% of new approvals) (CRF indicator 3.8)	7% (2016- 2018)	77% (2023) See page 17.	≥20% (2020-2023)
New IDB Group country strategies considering country's official commitments on climate (%) (CRF indicator 3.11)	54% (2016-2018)	100% (2023)	100% (2020-2023)
IDB projects with higher environmental and social risks rated satisfactory in the implementation of mitigation measures (%) (CRF indicator 3.14)	81% (2016- 2018)	91% (2023) See page 31.	≥84% (2023)
IDB projects with considerable disaster and climate change risk that applied risk analysis to identify resilience actions (%) (CRF indicator 3.15)	16% (2017- 2018)	100% (2023) See page 18.	100% (2023)
IDB Group facilities and fleet emissions (tons of CO <sub>2</sub> equivalent) (CRF indicator 3.26)	11,200 (2018)	6,795 tons (2023) See page 63.	≤9,600 (2023)
Mid- and senior-level IDB staff who are women (%) (CRF indicator 3.27)	38% (2018)	43% (2022) See page 61.	≥43% (2023)

# CLIMATE CHANGE DISCLOSURES CONTENT INDEX

DISCLOSURE	LOCATION
<b>Governance</b>	
Governance body(s) or individual(s) responsible for oversight of climate-related risks and opportunities.	See page 72.
Management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities.	See page 76.
<b>Strategy</b>	
Climate-related risks and opportunities.	See page 80.
Business model and value chain.	See page 80.
Strategy and decision making.	See page 80.
Financial position, financial performance, and cash flows.	See our <a href="#">Annual Report</a> .
Climate resilience.	See page 21.
<b>Risk Management</b>	
Processes and related policies the entity uses to identify, assess, prioritize, and monitor climate-related risks.	See page 82.
Processes the entity uses to identify, assess, prioritize, and monitor climate-related opportunities.	See page 15.
Extent to which, and how, the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	See page 82.
<b>Metrics and Targets</b>	
Climate-related metrics.	<p>GHGs: For projects, see page 26 (and footnote 15 regarding carbon pricing). For corporate emissions, see page 64.</p> <p>Physical climate change risks: For projects, see page 21. For corporate physical climate change risks, see page 64.</p> <p>Opportunities: See page 15.</p>
Climate-related targets.	Corporate targets: See page 85.



# GRI CONTENT INDEX

**Statement of use:** The Inter-American Development Bank (IDB) has reported the information cited in this GRI content index for the period Jan. 1-Dec. 31, 2023, with reference to the GRI Standards (GRI 1: Foundation 2021).

DISCLOSURE	LOCATION OR EXPLANATION
<b>GRI 2: General Disclosures 2021</b>	
2-1 Organizational details	See page 4.
2-2 Entities included in the organization's sustainability reporting	See page 4.
2-3 Reporting period, frequency, and contact point	This report is prepared annually. This edition of the report pertains to the period Jan. 1-Dec. 31, 2023. Questions about this report may be directed to <a href="mailto:idb_sust_report@iadb.org">idb_sust_report@iadb.org</a> .
2-4 Restatements of information	There are no material restatements of information in this report compared with previous editions.
2-5 External assurance	Prior to publication, this report underwent extensive internal reviews by technical staff and clearance by senior management. It was also discussed with the Board of Executive Directors. It has not been externally assured.
2-6 Activities, value chain, and other business relationships	See page 4.
2-7 Employees	See page 62.
2-8 Workers who are not employees	See page 62.
2-9 Governance structure and composition	See page 72.
2-10 Nomination and selection of the highest governance body	See page 73.
2-11 Chair of the highest governance body	See page 75.
2-12 Role of the highest governance body in overseeing the management of impacts	See page 74.
2-13 Delegation of responsibility for managing impacts	See page 73.
2-14 Role of the highest governance body in sustainability reporting	Prior to publication, this report underwent extensive internal reviews by technical staff and clearance by senior management. It was also discussed with the Board of Executive Directors.
2-15 Conflicts of interest	The IDB's highest authority is its <a href="#">Board of Governors</a> , made up of representatives from each of the 48 member countries. Most governors are finance ministers or central bank presidents. While such government officials may be subject to conflict-of-interest policies in accordance with the local laws and/or regulations in their home countries, the IDB does not separately conduct conflict-of-interest processes for the Governors.
2-16 Communication of critical concerns	Governors receive an annual report and audited statements for approval at each annual meeting.

DISCLOSURE	LOCATION OR EXPLANATION
2-19 Remuneration policies	<p>The IDB maintains compensation programs to attract and retain highly qualified staff while motivating them to perform at their best. The compensation strategy is guided by the following principles:</p> <ul style="list-style-type: none"> <li>• <b>Fair Compensation.</b> We ensure staff are reasonably and fairly compensated for their work.</li> <li>• <b>Internal Equity.</b> We promote consistency among staff members with similar responsibilities.</li> <li>• <b>Competitiveness.</b> Our compensation is competitive with that of comparable international employers.</li> <li>• <b>Contextual Considerations.</b> Compensation reflects varying circumstances based on duty posts and individual productivity.</li> </ul> <p>Additionally, the IDB prioritizes staff well-being by maintaining benefit plans that offer:</p> <ul style="list-style-type: none"> <li>• <b>Medical and Life Insurance.</b> Reasonable coverage for health and financial protection.</li> <li>• <b>Leave Policies.</b> Including vacation, illness, maternity, and special circumstances.</li> <li>• <b>Retirement Benefits.</b> Ensuring long-term financial security.</li> <li>• <b>Relocation Assistance.</b> Supporting employees required to move.</li> <li>• <b>Expatriate Benefits.</b> Tailored programs to maintain cultural and personal connections for expatriate staff.</li> </ul>
2-20 Process to determine remuneration	<p>The remuneration framework at the IDB is closely tied to the Career Management Framework and Grading Structure.</p> <ul style="list-style-type: none"> <li>• The Career Management Framework organizes non-executive Bank positions into career tracks (support, technical, or managerial). Within each career track, specific work roles correspond to distinct grade levels in the salary structure.</li> <li>• Salary ranges: Each grade level has an associated salary range. These ranges are periodically published internally for transparency.</li> <li>• Compensation review. The IDB regularly reviews staff compensation and benefits. Adjustments are made as needed to ensure fairness and competitiveness.</li> <li>• Managing compensation. Staff compensation can be managed through (1) salary increases, based on performance and other parameters defined by the Bank; (2) bonuses and additional rewards; and (3) a combination of both.</li> </ul>
2-21 Annual total compensation ratio	<p>Annual total compensation ratio = 3 Change in annual total compensation ratio = 0.7</p>
2-22 Statement on sustainable development strategy	See message from the president (page 9).
2-25 Processes to remediate negative impacts	See MICI, page 75.
2-26 Mechanisms for seeking advice and raising concerns	See MICI, page 75.

DISCLOSURE	LOCATION OR EXPLANATION
2-27 Compliance with laws and regulations	The IDB is an international organization with certain privileges and immunities under national law. It has not been made aware of any significant breach of applicable laws or regulations during the reporting period.
2-28 Membership associations	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, Sendai Framework for Disaster Risk Reduction, United Nations Global Biodiversity Framework, United Nations 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, and United Nations Convention of the Rights of Persons with Disabilities.
2-29 Approach to stakeholder engagement	See pages 78 and 80.
2-30 Collective bargaining agreements	IDB employees are not covered by a collective bargaining agreement. Nevertheless, the IDB recognizes the right of staff members to associate and envisages the formation of associations and groups, and it has a long-established Staff Association. The Staff Association is an independent entity committed to creating an enabling work environment to promote employee welfare and to represent the general interests of Staff Association members. The Staff Association is composed of IDB Group employees and consultants at headquarters and country offices.

### GRI 3: Material Topics 2021

3-1 Process to determine material topics	To identify key areas of impact, in 2016, the IDB commissioned a professional services organization to facilitate a materiality assessment. The process followed a systematic approach to identify and prioritize topics that was grounded in the principles of materiality, stakeholder inclusiveness, sustainability context, and completeness of the GRI Standards. We are currently updating our materiality assessment.	
3-2 List of material topics	<ul style="list-style-type: none"> <li>• Active Ownership</li> <li>• Anticorruption and Ethics</li> <li>• Biodiversity</li> <li>• Climate Resilience</li> <li>• Employment and Labor Relations</li> <li>• Energy</li> <li>• Engagement and Coordination</li> <li>• Feedback Mechanisms</li> <li>• Financial Inclusion</li> <li>• Gender Equality and Diversity</li> <li>• GHG Emissions</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Human Rights</li> <li>• Indirect Economic Impacts</li> <li>• Market Presence</li> <li>• Material Use</li> <li>• Monitoring and Evaluation</li> <li>• Responsible Portfolio</li> <li>• Supply Chain Management</li> <li>• Training and Education</li> <li>• Waste</li> <li>• Water</li> </ul>



DISCLOSURE	LOCATION OR EXPLANATION
<b>GRI 201: Economic Performance 2016</b>	
201-2 Financial implications and other risks and opportunities due to climate change	See page 82.
201-3 Defined benefit plan obligations and other retirement plans	<p>The IDB has three defined benefit retirement plans (Plans) for providing pension benefits to employees of the IDB and the IIC: the Staff Retirement Plan (SRP) and the Complementary Staff Retirement Plan (CSR) for international employees and the Local Retirement Plan (LRP) for national employees of the Bank in the country offices. The Plans are funded by employee, IDB, and IIC contributions in accordance with the provisions of the Plans. All IDB and IIC contributions to the Plans are irrevocable and are held separately in retirement funds solely for the payment of benefits under the Plans.</p> <p>The IDB also provides health care, tax reimbursement, and certain other benefits to retirees. Employees who retire from the IDB or the IIC and meet certain requirements receive a monthly pension and are eligible for postretirement benefits. Retirees contribute to the IDB's health care program based on an established premium schedule. The Bank and the IIC contribute the remainder of the actuarially determined cost of future postretirement benefits under the Postretirement Benefit Plan (PRBP). While all contributions and all other assets and income of the PRBP remain the property of the Bank, they are held and administered separately and apart from the other property and assets of the Bank solely for the purpose of payment of benefits under the PRBP.</p> <p>For additional information, please refer to Note T of the <a href="#">IDB Financial Statements</a>.</p>
201-4 Financial assistance received from government	See page 73.
<b>GRI 202: Market Presence 2016</b>	
202-1 Ratios of standard entry-level wage by gender compared with local minimum wage	The IDB publishes information related to gender pay equity and compensation ranges in the <a href="#">annual report</a> . See Tables V through VII of the annual report for detailed information on salary structures, which serve as references for establishing salaries for all staff within the organization.
202-2 Proportion of senior management hired from the local community	We hire senior managers (executives) from the 48 IDB member countries. In 2023, 66% of executives were nationals of borrowing-member countries (LAC), 17% were from nonregional countries (Europe and Asia), and 17% were from regional nonborrowing countries (U.S. and Canada).
<b>GRI 301: Materials 2016</b>	
301-1 Materials used by weight or volume	The weight of paper used at the IDB's headquarters increased in 2023 by 2,292 lbs. (from 8,678 lbs. in 2022 to 10,970 lbs. in 2023).

DISCLOSURE	LOCATION OR EXPLANATION
<b>GRI 302: Energy 2016</b>	
302-1 Energy consumption within the organization	<p><b>The following energy indicators account for the entire IDB Group</b>, including the calculation of the per capita impact. IDB Group employee information as of year-end 2023 was 2,351 active staff and 1,211 consultant full-time equivalents (these figures include 1,918 active staff and 1,116 consultant full-time equivalents from the IDB). For the determination of full-time equivalents, product and external services consultants are excluded.</p> <p>In 2023, IDB Group headquarters and country offices consumed about 77,000 gigajoules (GJ) of nonrenewable energy, which includes natural gas, diesel, gasoline, and purchased electricity. That total includes IDB Group-owned and -leased fleet vehicles, which consumed about 4,900 GJ of nonrenewable fuel and 5,201 GJ from stationary.</p> <p>In 2023, offices in Bolivia, Brazil, Bahamas, Dominican Republic, Jamaica, Nicaragua, Trinidad and Tobago, and Uruguay consumed about 3,000 GJ of self-generated renewable energy from onsite solar photovoltaic systems.</p> <p>IDB Group's global electricity consumption was about 70,000 GJ in 2023, compared to 98,600-GJ baseline in 2016.</p> <p><i>Note: Summary tables are provided at the end of the 302 section.</i></p>
302-3 Energy intensity	<p>IDB Group's energy-intensity ratio in 2023 was 0.44 GJ per occupied square meter, compared with 0.46 in 2022. This intensity is calculated by dividing the total global office energy consumed (including stationary fuel, electricity, and heating) in each respective year by the square meters of occupied space.</p> <p>The COVID-19 pandemic was responsible for a significant decrease in electricity consumption in 2020 and 2021, as employees operated under a mandatory telework scenario for most of the year and most offices altered their operational schedules accordingly. In 2022, the easing of the pandemic resulted in a higher onsite work frequency and global office energy consumption. There was a modest increase in energy consumption in 2022 as we partially returned to the office. This working routine was kept for 2023.</p>

DISCLOSURE	LOCATION OR EXPLANATION
302-4 Reduction of energy consumption	<p>In 2023, the IDB Group reduced its energy consumption by about 32,400 GJ from a 2016 baseline,<sup>29</sup> mostly through a reduction in electricity consumption.</p> <p>Electricity consumption at our country offices was reduced in 2023 by 5,618 GJ compared with a 2016 baseline.</p> <p>In addition to reductions from partial remote work (due to the global pandemic), the ongoing implementation of conservation initiatives contribute to these outcomes:</p> <ul style="list-style-type: none"> <li>• Upgrading obsolete air conditioning units with more efficient models</li> <li>• Replacing appliances with ENERGY STAR-rated appliances</li> <li>• Installing remote air conditioning temperature-control systems, where allowable</li> <li>• Installing occupancy sensors in restrooms, hallways, and low-traffic areas</li> <li>• Retrofitting offices with up-to-date LED lighting</li> <li>• Installing solar panels to reduce energy consumption from the local grid</li> <li>• Installing solar window films</li> <li>• Offering events to raise staff awareness.</li> </ul> <p>Gross scope 1 GHG emissions in 2023 were 945 tons of CO<sub>2</sub>e compared with 802 tons in 2022, 1,667 tons in 2021, and 807 tons in 2020.</p>

## Summary Tables for 302-1

Fuel Type	IDB Group Fuel and Energy Consumption (GJ)				
	2019	2020	2021	2022	2023
Nonrenewable fuel consumed	14,933	7,340	8,763	10,303	10,128
Renewable fuel consumed	1,199	2,083	2,008	1,862	3,005
Purchased electricity	91,163	63,732	67,562	70,439	66,946
Self-generated electricity not consumed	0	0	0	0	0
Sold electricity	0	0	0	0	0
Total energy consumption	107,295	73,155	78,333	82,604	80,079

Energy Type	2019	2020	2021	2022	2023
Nonrenewable energy	106,096	71,072	76,324	80,742	77,075
Renewable energy	1,199	2,083	2,008	1,862	3,005
Global electricity	92,362	65,815	69,570	72,301	69,952

<sup>29</sup> Due to recent improvements in methodology and robustness of data, we set 2016 as the baseline year for tracking emissions performance starting in 2023.



DISCLOSURE	LOCATION OR EXPLANATION
<b>GRI 303: Water and Effluents 2018</b>	
303-1 Interactions with water as a shared resource	Billed water consumption at our headquarters went from 7,565,499 gallons in 2022 to 8,061,136 gallons in 2023. The values reported for 2016-2021 were significantly lower due to a faulty water meter in our main headquarters building, which has now been fixed.
<b>GRI 305: GHG Emissions</b>	
305-1 Direct (scope 1) GHG emissions	<p>At the corporate level, the IDB compiles a comprehensive GHG inventory based on its institutional activities. Data is collected at least annually to identify the factors affecting the Bank's footprint and to identify any data irregularities. The IDB GHG inventory covers all facilities where the Bank has "operational control" (meaning it can introduce and implement operating policies) for the IDB Group. Gross scope 1 GHG emissions in 2023 were 945 tons of CO<sub>2</sub>e, compared with 802 tons in 2022, 1,667 tons in 2021, 807 tons in 2020, 1,167 tons in 2019, 1,109 tons in 2018, 1,334 tons in 2017, and 1,587 tons in 2016.</p> <p>The IDB tracks the primary GHGs recognized under the Kyoto Protocol that are pertinent to its activities.</p> <p>Hydrofluorocarbons used for chillers have been included due to their high GHG potential, but the IDB does not track perfluorochemicals (PFCs), sulfur hexafluoride (SF<sub>6</sub>), or nitrogen trifluoride (NF<sub>3</sub>) since there are no known emissions from these gases from direct emissions sources. The following gases are included: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and hydrofluorocarbons (HFCs).</p> <p>The IDB's corporate inventory includes three offices based in Washington, D.C., and one data center based in Virginia. In addition, the IDB calculates emissions from its 26 country offices in LAC. The IDB started collecting data from its non-U.S. offices in 2007 to obtain a baseline. The total scope 1 GHG emissions in the 2007 base year at headquarters was 189 tons of CO<sub>2</sub>e. Due to improvements in methodology and robustness of data, the IDB established a 2016 base year to track future emissions performance.</p> <p>The IDB has elected to report its emissions on an operational control basis. Under this approach, the IDB accounts for 100% of its scope 1 emissions (emissions from stationary and mobile sources, such as from owned or controlled boilers, furnaces, refrigeration, AC equipment, and vehicles). For leased facilities, operational control means the IDB can track energy use and emissions (that is, the IDB pays the utility bill of a leased facility or has access to utility bills from the landlord, and the utility usage can be accurately allocated to the IDB's leased space). The IDB does not operate any jointly owned facilities.</p> <p>Scope 1 GHG emissions calculation is based on the methodology of the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). More specific information about the calculation methodology and the source of emission factors and global warming potential can be found in the IDB's Inventory Management Plan.</p>

DISCLOSURE	LOCATION OR EXPLANATION
305-2 Energy indirect (scope 2) GHG emissions	<p>Gross scope 2 location-based GHG emissions in 2023 were 5,850 tons of CO<sub>2</sub>e, compared with 6,910 tons in 2022, 6,727 tons in 2021, and 6,328 tons in 2020.</p> <p>The IDB Group's scope 2 market-based emissions in 2023 were 1,614 tons of CO<sub>2</sub>e, compared with 1,994 tons in 2022, 5,669 tons in 2021, and 1,173 tons in 2020. Scope 2 market-based emissions reflect the sourcing of 100% renewable energy for IDB Group headquarters offices in Washington, D.C., through a green power purchase agreement with a local utility company.</p>
305-3 Other indirect (scope 3) GHG emissions	<p>Gross scope 3 GHG emissions in 2023 were 6,059 tons of CO<sub>2</sub>e, compared with 5,852 tons in 2022, 860 tons in 2021, and 2,040 tons in 2020. The global pandemic in 2020 and 2021 drastically changed the nature of our GHG emissions. Business travel scenarios for 2022 were an outcome of the implementation of the mandatory onsite transitional scenario. Although the transitional scenario resulted in increases in business travel emissions, emissions levels remained lower than the pre-pandemic scenario levels. In 2023, business travel intensified, resulting in increases in scope 3 emissions.</p>
305-4 GHG emissions intensity	<p>At the corporate level for the IDB Group, GHG emissions intensity is estimated in two categories: (1) in 2023, scope 1 and scope 2 location-based emissions were 0.040 tons of CO<sub>2</sub>e/m<sub>2</sub> (vs. 0.045 tons in 2022); and (2) in 2023, scope 3 emissions were 1.70 tons of CO<sub>2</sub>e per capita (compared with 1.68 tons in 2022).</p>
305-5 Reduction of GHG emissions	<p>Scope 1 emissions in 2023 were lower by nearly 642 tons of CO<sub>2</sub>e from a 2016 baseline (from 1,587 tons in 2016 to 945 tons in 2023), and scope 2 location-based emissions in 2023 were reduced by nearly 4,581 tons of CO<sub>2</sub>e from a 2016 baseline (from 10,431 tons in 2016 to 5,850 tons in 2023).</p> <p>Compared with 2022, scope 1 emissions in 2023 increased by nearly 143 tons of CO<sub>2</sub>e (from 802 tons in 2022 to 945 tons in 2023). Scope 2 location-based emissions in 2023 were nearly 1,060 tons of CO<sub>2</sub>e lower than in 2022 (from 6,910 tons in 2022 to 5,850 tons in 2023).</p> <p>Scope 3 emissions in 2023 were nearly 5,013 tons of CO<sub>2</sub>e lower than a 2016 baseline (from 11,072 tons in 2016 to 6,059 tons in 2023). Compared with 2022, scope 3 emissions in 2023 increased by nearly 207 tons of CO<sub>2</sub>e (from 5,852 tons in 2022 to 6,059 tons in 2023).</p>

DISCLOSURE	LOCATION OR EXPLANATION
<b>GRI 401: Employment 2016</b>	
401-1 New-employee hires and employee turnover	<p><b>New-hire ratios:</b></p> <p><b>Females:</b> 0.09</p> <p><b>Age group</b></p> <ul style="list-style-type: none"> <li>• &lt;30 years: 0.33</li> <li>• 30–50 years: 0.11</li> <li>• &gt;50 years: 0.03</li> </ul> <p><b>Region (nationality)</b></p> <ul style="list-style-type: none"> <li>• Andean countries (CAN): 0.09</li> <li>• Caribbean countries (CCB): 0.10</li> <li>• Central American countries, Haiti, and the Dominican Republic (CID): 0.12</li> <li>• Southern Cone countries (CSC): 0.07</li> <li>• U.S. and Canada: 0.07</li> <li>• Nonregional countries: 0.07</li> </ul> <p><b>Turnover ratios:</b></p> <p><b>Females:</b> 0.06</p> <p><b>Age group</b></p> <ul style="list-style-type: none"> <li>• &lt;30 years: 0.13</li> <li>• 30–50 years: 0.04</li> <li>• &gt;50 years: 0.12</li> </ul> <p><b>Region (nationality)</b></p> <ul style="list-style-type: none"> <li>• CAN: 0.05</li> <li>• CCB: 0.09</li> <li>• CID: 0.06</li> <li>• CSC: 0.07</li> <li>• U.S. and Canada: 0.07</li> <li>• Nonregional: 0.09</li> </ul>
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>Benefits are available to staff based in headquarters and in country offices. Salary and benefits for part-time staff members are calculated in direct proportion to full-time work, as described below:</p> <ul style="list-style-type: none"> <li>• <b>Life insurance:</b> Staff members hired on a part-time basis pay life insurance premiums on a prorated basis, and their coverage reflects such prorated contributions. Conversely, those hired on a full-time basis contribute at the full-time rate.</li> <li>• <b>Medical insurance:</b> Part-time staff members are required to participate in the medical insurance program under the same terms and conditions as full-time staff members. The actual premium is equal to that required of full-time staff members at the same salary level, and coverage reflects the full contribution rate. For part-time staff members, coverage of such insurance is limited to either “single” or “single with dependent children” coverage.</li> <li>• <b>Long-term disability:</b> Staff members hired on a part-time basis pay long-term disability program premiums on a prorated basis, and their coverage reflects such prorated contributions. Staff hired on a full-time basis contribute at the full-time rate.</li> <li>• <b>Parental leave:</b> Part-time and full-time staff members are entitled to parental leave as a primary or secondary caregiver in accordance with the requirements specified in staff rules. However, parental leave is calculated on a pro-rata basis for part-time staff.</li> <li>• <b>Retirement provision:</b> Part-time staff members may participate in the IDB’s staff retirement plan in accordance with its regulations.</li> <li>• <b>Stock ownership:</b> Not applicable.</li> </ul>



DISCLOSURE	LOCATION OR EXPLANATION
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>Some other relevant conditions of employment for part-time employees compared with full-time employees include the following:</p> <ul style="list-style-type: none"> <li>• <b>Annual leave:</b> Part-time staff members are entitled to earn annual leave on a prorated basis and follow the same restrictions for carrying over unused annual leave as full-time staff.</li> <li>• <b>Sick leave:</b> Part-time staff members are provided paid sick leave at the rate of their part-time salaries when incapacitated due to illness or injury, when requiring medical treatment in connection with a diagnosed illness or injury, and for routine medical and dental preventive care.</li> <li>• <b>Home-country travel:</b> Part-time staff members are entitled to home-country travel benefits under the same terms and conditions as full-time staff members. For the purpose of accruing eligibility for home-country travel, periods of part-time service are credited on a prorated basis.</li> <li>• <b>Appointment benefits:</b> Staff members hired part-time and relocated by the Bank are entitled to appointment benefits in accordance with Appointment Travel staff rules. Upon termination of employment, eligible part-time staff members are entitled to benefits either in accordance with Repatriation Travel for international staff or Termination Payments for national staff. For the purposes of the length-of-service requirement, periods of part-time work are credited on a prorated basis.</li> </ul>
401-3 Parental leave	<p>Leave is granted for the birth, adoption, or birth through surrogacy of a child recognized by the IDB Group as a dependent of the staff member. The leave may also be taken in a consecutive block or under a flexible arrangement.</p> <p>Parental leave is established using a gender-neutral approach, and the leave is granted in working days as follows:</p> <ul style="list-style-type: none"> <li>• <b>Primary caregiver:</b> 100 working days.</li> <li>• <b>Secondary caregiver:</b> 50 working days.</li> </ul>
<b>GRI 402: Labor/Management Relations 2016</b>	
402-1 Minimum notice periods regarding operational changes	In the event of any changes to the employment structure, the IDB has established policies that align with market and multilateral best practices. These policies outline procedures and advance notice for implementing such changes.
<b>GRI 403: Occupational Health and Safety 2018</b>	
403-1 Occupational health and safety management system	The IDB has a Health Services Center (HSC) staffed with part-time physicians, registered nurses, and administrative staff that offers disease preventive care and health education for consultants and staff members. This team works to supplement the care provided by the employee's personal physician, ensuring a comprehensive and expert approach to health. Personal electronic health records are handled by the HSC clinical team and are considered strictly confidential.

DISCLOSURE	LOCATION OR EXPLANATION
403-2 Hazard identification, risk assessment, and incident investigation	<p>The Occupational Health and Safety and Human Resources departments are responsible for ongoing risk assessment. The Health and Safety Committee regularly monitors identified potential risks and reports on accidents, diseases, and hazards. However, assessing and regularly monitoring risk is just one part of the overall process used to control risks as we aim to eliminate the hazard or, if this is not possible, control the risk.</p> <p>To ensure the psychological safety of our employees, we conduct psychosocial risk assessments in departments that either request help or are deemed to be high-risk.</p> <p>In the past few years, the IDB put in place some immediate and structural measures to reduce stress and strengthen a good working environment—for example, by reinforcing the right to disconnect from work outside working hours and introducing a dedicated time window without meetings during the workday to focus on individual work.</p>
403-3 Occupational health services	The Health Services Center team provides important occupational health services to consultants and staff members in headquarters and country offices. In addition to defining and managing health protocols in times of crisis for the institution and individuals, the team oversees health and wellness programs. It provides ongoing services, including primary and emergency nursing care, medical examinations, laboratory services, travel medicine care, ergonomic workstation evaluation, work-related illness and injuries management, sick leave and disability case monitoring, fitness-for-duty evaluations, accommodations, medical evacuation administration, crisis management assistance, domestic abuse prevention program management, employee assistance program management, and implementation of preventative medicine, wellness, and educational programs. These services and programs aim to prevent disease and educate individuals about health issues to protect their health.
403-4 Worker participation, consultation, and communication on occupational health and safety	Please refer to 403-1-3.
403-5 Worker training on occupational health and safety	Please refer to 403-1-3.
403-6 Promotion of worker health	Please refer to 403-1-3.
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Please refer to 403-1-3.
403-8 Workers covered by an occupational health and safety management system	Please refer to 403-1-3.
403-9 Work-related injuries	Please refer to 403-1-3.
403-10 Work-related ill health	Please refer to 403-1-3.

DISCLOSURE	LOCATION OR EXPLANATION
<b>GRI 404: Training and Education 2016</b>	
404-2 Programs for upgrading employee skills and transition assistance	76 programs.
404-3 Percentage of employees receiving regular performance and career development reviews	96%.
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	
405-2 Ratio of basic salary and remuneration of women to men	<p>Ratio of average female salary to average male salary, by pay grade:</p> <ul style="list-style-type: none"> <li>• International, grade 4 and above = 0.94</li> <li>• International, between grades 5 and 7 = 0.99</li> <li>• International, grade 8 and below = 1.02</li> <li>• National, grade 4 and above = 0.94</li> <li>• National, between grades 5 and 7 = 0.95</li> <li>• National, grade 8 and below = 1.15</li> </ul> <p>Information based on staff only, not consultants, in both headquarters and country offices.</p>
<b>GRI 418: Customer Privacy 2016</b>	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	None in 2023.