

# **2018 ANNUAL BUSINESS REVIEW**



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JEL Codes: G1, G20, Y1



# About the ABR

The 2018 ABR provides an overview of the Bank's performance on outputs, lending program priorities and organizational indicators. The goal of this report is to identify any deviations from established Bank targets and to enable the implementation of measures to address them.

While reading this report, please take into consideration that this document:

- Focuses on information related to Sovereign-guaranteed (SG) operations, unless otherwise specified. Data from ABRs prior to 2016 should be interpreted with caution due to the consolidation of the IDB's private sector operations into IDB Invest in January 2016.
- Provides an analysis of the operational and non-operational data for 2018.
- Uses December 31, 2018 as the cut-off date. Operational and budget resources data were compiled from the Bank's Enterprise Data Warehouse (EDW) and other internal sources, including specific business units. In some cases, adjustments were made to the data extracted from the EDW – in coordination with the appropriate business units – to more accurately reflect the status of specific indicators.
- Percentages have been rounded and may not always sum up to 100%.

It is important to take into consideration the following changes that occurred in 2017-2018 regarding the IDB's internal structure and processes:

- In August 2017, Haiti was moved from the CDH to the CID Department. To facilitate comparisons between 2018 and prior years, regional graphs consider Haiti as part of CID for all periods.
- The Budget Division created new accounts to reflect the new Consultant modality set forth in the updated AM-650 regulation on the Complementary Workforce. Revisions to existing DTC and TTC accounts have been made to reflect the Transitional Measures of said regulation.
- A new time reporting system for the Complementary Workforce was introduced. As a result, estimates of total reported hours since 2018 are not comparable with previous years.
- Due to a new system introduced in 2018, registration criteria for KIC's programs and hours has been updated and participant data is not fully comparable with previous years.

As always, your feedback is encouraged . Please share your opinions to improve the ABR at [QBR@IADB.ORG](mailto:QBR@IADB.ORG).

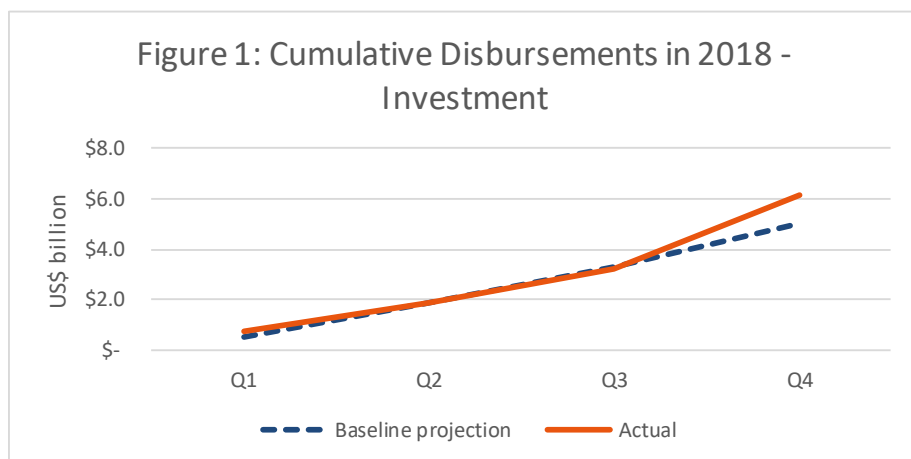
This edition of the ABR 2018 was revised on June 12, 2019 and contains the changes described in page 63.

Special thanks to VPC, VPF, VPS, ORP, KIC, HRD and RMG for their contributions to this report. Human Resources (Chapter IV) data was provided by HRD and Knowledge and Learning (Chapter V) data was provided by KIC.

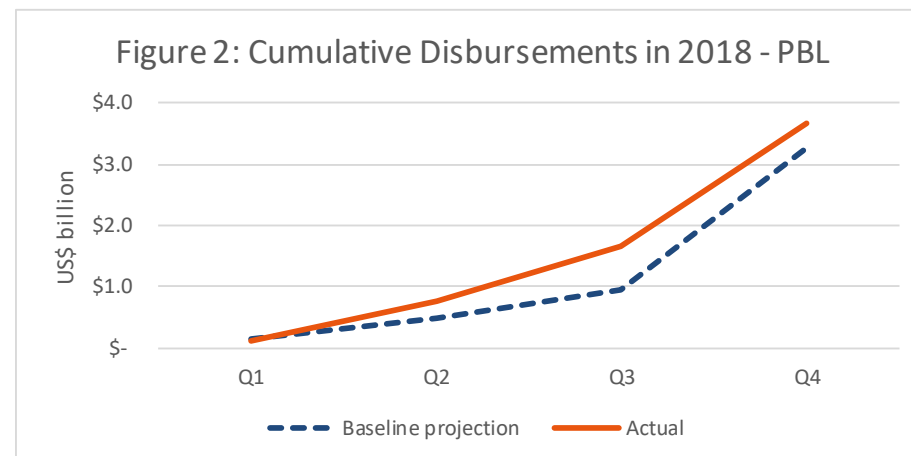
## I. Quarterly main transactions

During the last quarter of 2018 **disbursements** from sovereign-guaranteed projects accelerated and reached \$5.1 billion, 23% higher than the amount projected for the period. Disbursements for 2018 reached \$9.9 billion, 20% above the baseline projection for the year. This was the result of higher than expected demand for funds for both Investment Loans and Policy-Based Loans, and the disbursement of \$100 million under a new Special Development Lending (SDL) instrument.

Disbursements for Investment Loan projects reached \$6.2 billion, 22% above the baseline projection for the year.



Disbursements for Policy-Based Loan reached \$3.7 billion, 12% above the baseline projection for the year.



**57 sovereign-guaranteed (SG) projects for \$7.8 billion** were approved in the fourth quarter of 2018. This includes 48 investment loan projects (INV) for \$5.9 billion, 7 Policy-Based loans (PBL) for \$1.5 billion, 1 Partial Credit Guarantee for \$300 million in Ecuador and 1 approval using the new SDL instrument for \$100 million in Barbados.

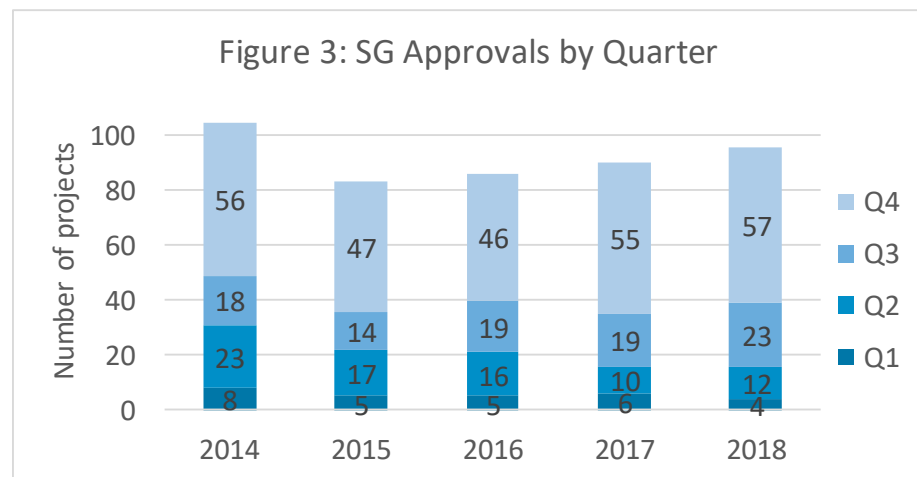
Approvals for the year reached a total of \$13.2 billion<sup>1</sup> in 96 new projects and one reformulation with new resources. Total approvals with IDB Funds reached \$12.8 billion, which was

<sup>1</sup> This figure includes the approval of the facility for Investment Guarantees for \$490 million.

equivalent to 98% of the Long-Term Financial Planning estimates for 2018.

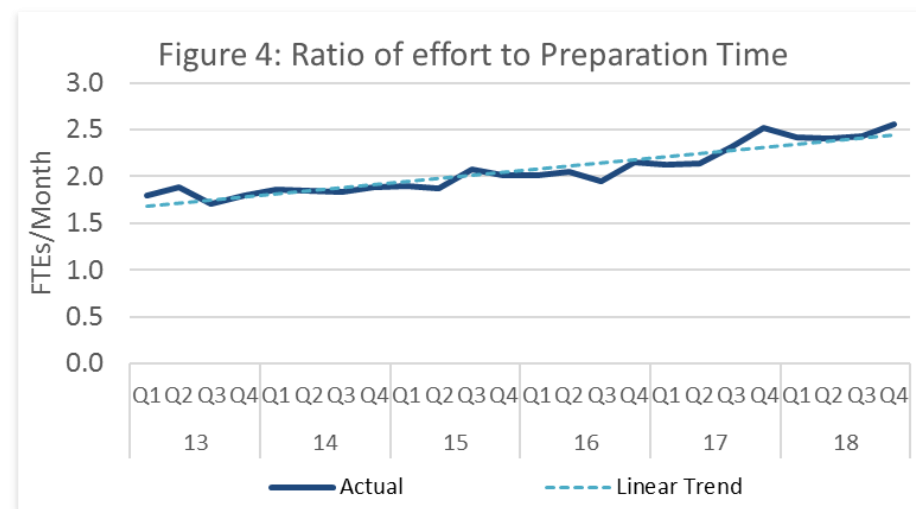
## II. Trends to watch and outlook:

**The number of projects approved in the last quarter of the year continued its upward trend.** The percentage of projects approved in the last quarter of 2018 reached 59% of all approvals for the year, 2 percentage points lower than in 2017, but 5 percentage points above the average of previous years.



Another relevant trend pertains to the **increase of project preparation efforts at a project level**. Figure 4 shows the ratio of Full-Time Equivalents (FTEs) reported for preparation to the average preparation time from project profile to approval. The time to prepare SG projects has been decreasing over the last 5

years while FTEs for SG project preparation have remained relatively stable. This indicates that **the decrease in project preparation time over the last five years has been due to a higher effort intensity rather than efficiency gains**.



## III. Short-term deviations observed during the year

**The effort reported for most activities and products increased in 2018.** A substantial part of the increase can be attributed to the new reporting system for the complementary workforce, which began in 2018 and allowed their hours to be captured within personnel costs. Prior to 2018, complementary workforce hours were recorded as non-personnel costs. At the



time this report was completed, it was not possible to differentiate between staff and complementary workforce personnel hours reported for 2018.<sup>2</sup> However, some activities showed variations outside the expected range. Activities related to Client Relationship Management more than doubled in 2018 compared to 2017, from 12 to 28 FTEs. Similarly, effort to project supervision increased significantly. The number of FTEs per SG project in the portfolio and FTEs per US\$ million disbursed increased 53% and 39% respectively in 2018 relative to 2017. Nonetheless, there is no evidence that the distribution of the complementary workforce effort was biased towards a specific activity or product. Total effort distribution by main business function remained relatively stable from 2017 to 2018.

**External clients participating in KNL activities decreased by 71%.** The number of external participants in KNL activities was 2,796, less than one third of the participants registered in 2017 (9,581). The decrease was observed within Latin America and the Caribbean (LAC) and outside the region. Participation from LAC dropped 49% and the decrease from other regions was 95%.

An important portion of the reduction in participants was due to the change in the participant registration platform. The new

platform accounts for registrations done online in advance and excludes face-to-face events.

## Topic for discussion and analysis

### Pipeline volatility: lessons from the Operation Program Report (OPR)

**Key takeaway:** *The variability in the approval rate of projects listed in the Operational Program Report (OPR) relies more on specific project characteristics (e.g., preparation readiness, approval amount for a given country) than on contextual or aggregate conditions faced by countries (e.g., political and economic cycles, exchange rate volatility, commodity price shocks).*

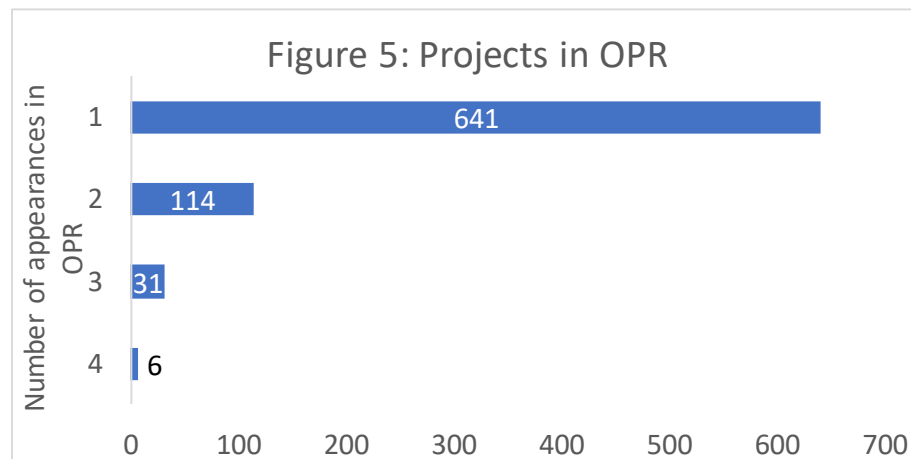
Pipeline volatility generates additional costs. As an example, the median staff time spent on a project that was included in the OPR in any given year, but became inactive, is equivalent to 33 percent of the staff's working time in that year. Therefore, understanding the drivers of pipeline volatility is important to design a plan of action that minimizes the resources devoted to projects that do not reach the approval stage in that year.

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<sup>2</sup> We expect to have the data broken down in 2019.

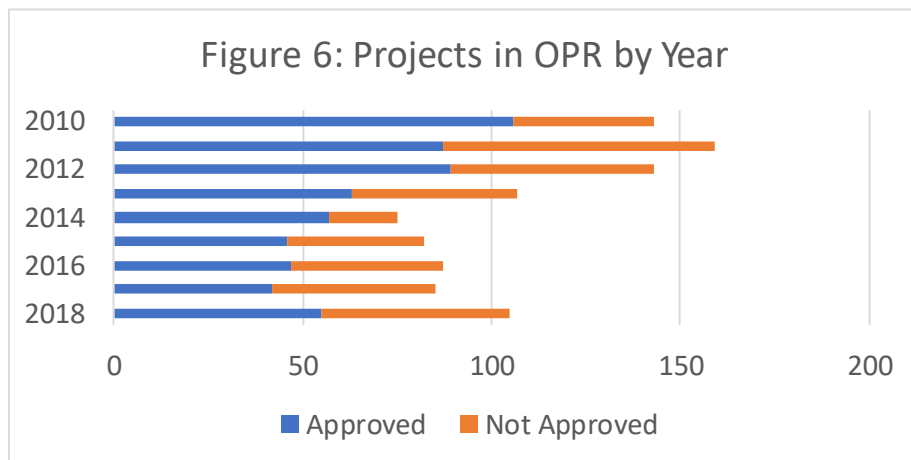
Are there any factors that can systematically explain why some projects are approved while others, after their initial preparation period, become inactive or remain in the pipeline for a prolonged period? To address this question, we focus on projects listed in the OPR. Since the programming exercise is dynamic and projects may continuously change status, it is necessary to define a specific point in time to use as a benchmark to measure changes in the pipeline. The OPR serves this purpose, as it reflects an indicative stock of SG projects aligned to Country Strategies priority areas considered for approval during the year. The Bank has produced this report since 2010 and represents the results of the dialogue between the Bank and its member countries, and thus, is a snapshot of the needs reflected in the programming exercise.

The analysis is based on SG Investment Loan projects in the OPR from 2010 to 2018, excluding all regional projects from the sample. A total of 986 observations were included in the study. It is important to note that each observation does not necessarily correspond to a single project. As shown in Figure 5, 151 projects not approved the first time they appeared in an OPR were included in subsequent OPRs at least twice during the period of study (not necessarily in consecutive years): 114 projects appeared twice, 31 projects appeared 3 times and 6 projects appeared 4 times.



Each year, there is an average of over 100 investment projects listed for approval in the OPR. The year with the highest volume of projects was 2011 with 159. The lowest was 2014 with only 75. In 2014, 76 percent of the total projects were approved, while in 2011 only 54 percent of projects were approved. These years coincide with the lowest and highest volumes of listed projects, respectively. The approval rate of these projects has fluctuated considerably over the years, as depicted in Figure 6. Overall, an average of 60 percent of projects listed in the OPR were approved the first year they are included in the OPR. Among the projects that are not approved in their first appearance, 34 percent are approved at later stages, while the remainder are either dropped or are still pending approval.

Figure 6: Projects in OPR by Year



To better understand the empirical regularities of projects in the OPR that are not approved, we created a set of probabilistic models. We tested the extent to which project- and country-specific characteristics account for the probability that a project in the OPR will not be submitted for approval. We included project-specific variables such as sector, country, year, and a measure of its level of preparation (i.e., readiness) in the analysis. Additional variables were considered to control for the size of a project or a country in the OPR, including: (i) the share in USD of a project to be approved for a given country relative to the total value of projects to be approved for that country in the OPR; (ii) the share of the total value of projects for each country over the total amount of projects listed in the OPR; (iii) the total number of projects that a country has in the OPR; and (iv) the number of times a project has appeared in the OPR during the period.

Besides specific project characteristics, there are important reasons to also include the impact of aggregate conditions in the analysis. First, political or economic cycles can change the priorities of a country, and the demand for certain projects may shift to reflect new circumstances. Second, higher exchange rate volatility and terms of trade or commodity prices can have differential effects on the sectors of the economy. Countries may adjust their preferences towards (or away from) projects that involve specific sectors in order to take advantage of these opportunities, or to limit potential economic damages.

To account for the impact of macroeconomic and political factors, the analysis included the following indicators: (i) years of presidential election and reelection; (ii) measures of economic activity such as economic growth and fiscal deficits; (iii) measures of macro volatility, proxied by the difference between the expected and actual evolution of economic activity; (iv) output gap to capture the economic cycle; (v) changes in terms of trade; (vi) changes in commodity prices; and (viii) exchange rate volatility.

The model is successful at capturing the pattern of project approvals in the OPR. The model can correctly estimate project approval with a 66 percent accuracy. The results suggest that certain project characteristics are more relevant to explain the



approval of a project in the OPR. There is systematic evidence highlighting the importance of project readiness. Readiness is measured as the number of months between the approval date of the project's profile and the actual date of approval of the OPR document. The longer preparation cycle, in months, increases the chance that a project listed in OPR is not dropped or whether it requires a longer waiting period for approval. However, this effect is non-linear, as more months in preparation increases this probability, but at a decreasing rate.

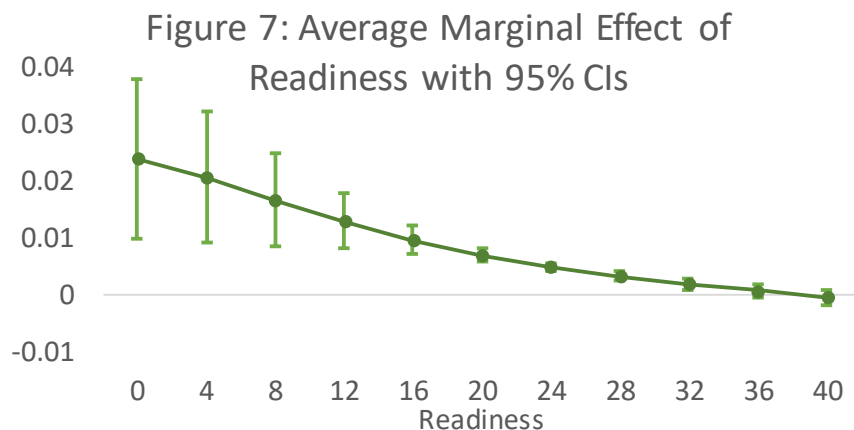
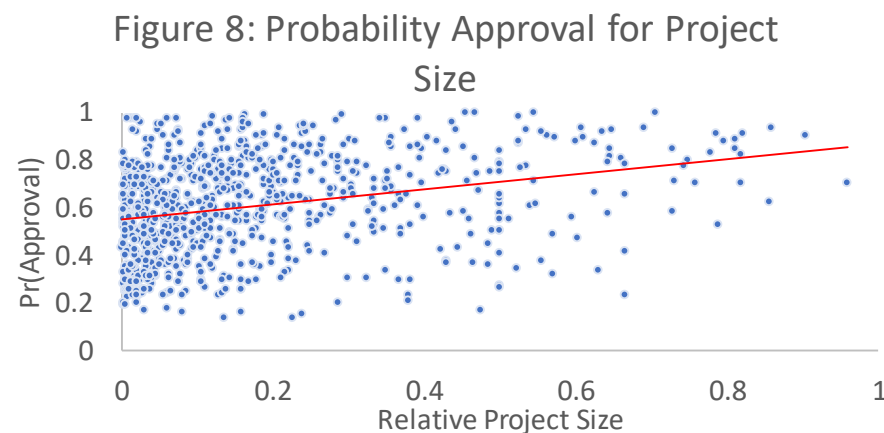


Figure 7 reflects the impact that different levels of project readiness have on the probability that a project will be approved, with 95% confidence intervals. While the average impact is positive (i.e., more readiness increases the probability of approval), after 36 months the impact of additional preparation

time is negligible or, conversely, the chances of a project not being approved are higher after 36 months.



There is also evidence that relatively bigger projects within a country have higher chances of being approved. Figure 8 shows this positive relationship. A country's size measured as its share of the total amount of the pipeline listed in the OPR is not an important determinant of approvals. However, there is systematic evidence suggesting that the larger the number of projects a country lists in the OPR, the lower the probability that all these projects will be approved. This pattern observed at the country level also translates into the overall OPR statistics, as years with a lower volume of projects are associated with higher approval rates.

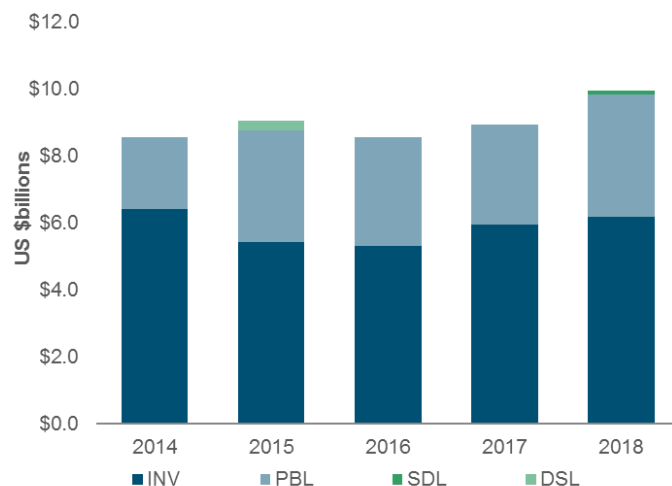
There is no systematic evidence that changes in aggregate conditions affect the probability of approvals. In addition, there is

no evidence suggesting that changes in macroeconomic conditions disproportionately affect the project approval rates in specific sectors or for projects of a particular size or level of readiness.

**Final Remarks.** Project preparation is not without cost; therefore, it is important to understand the reasons why the preparation process of some projects is stalled and why these projects eventually become inactive. Some project characteristics such as readiness and relative size help us to better understand why some listed projects get approved. However, there is no systematic evidence pointing at country-specific changes in macroeconomic conditions that affect the probability of approval. While demand-side considerations are behind pipeline volatility, the Bank may be able to mitigate these costs by increasing project readiness in the pipeline and by avoiding relatively small projects vis-a-vis the average country-loan size.

# 2018<sup>ANNUAL</sup> BUSINESS REVIEW

## CHAPTER I EXECUTION



## SOVEREIGN-GUARANTEED LOAN DISBURSEMENTS

### 1.1 Total SG Loan Disbursements

Bank's disbursements reached **\$9.9b**, 120% of the projected<sup>3</sup> **\$8.3b** for the year.

- 11% increase from \$8.9b in 2017.

Investment loan disbursements reached **\$6.2b**, 122% of the projected **\$5.0b** for the year.

- 4% increase from \$5.9b during in 2017.

Policy Based Loan disbursements reached **\$3.7b**, 112% of the projected **\$3.3b** for the year.

- 23% increase from \$2.9b in 2017.

No Loan disbursements from Contingent facilities for natural disasters (CND).

- Compared to \$16m disbursed in 2017.

## BY COUNTRY DEPARTMENT

### 1.2 SG Loan Disbursements by Country Department

CAN disbursements reached **\$1.9b**.

- 8% decrease from \$2.0b in 2017.

CCB disbursements reached **\$430m**.

- 110% increase from \$205 in 2017.

CID disbursements reached **\$3.2b**.

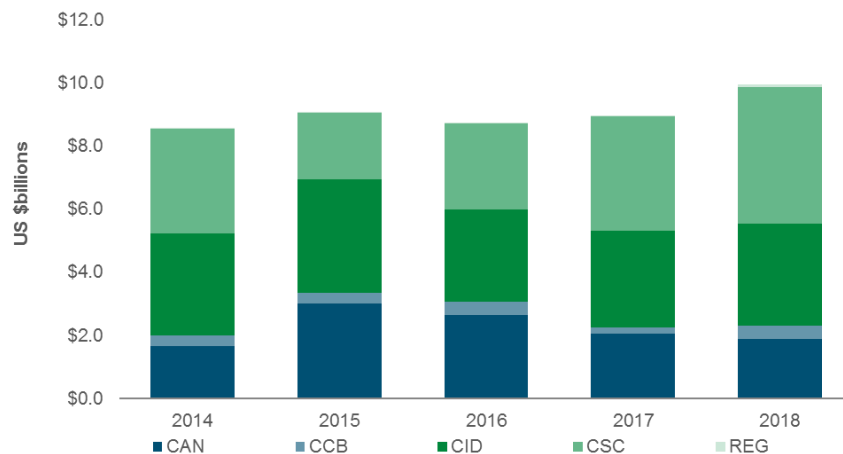
- 6% increase from \$3.1b in 2017.

CSC disbursements reached **\$4.3b**.

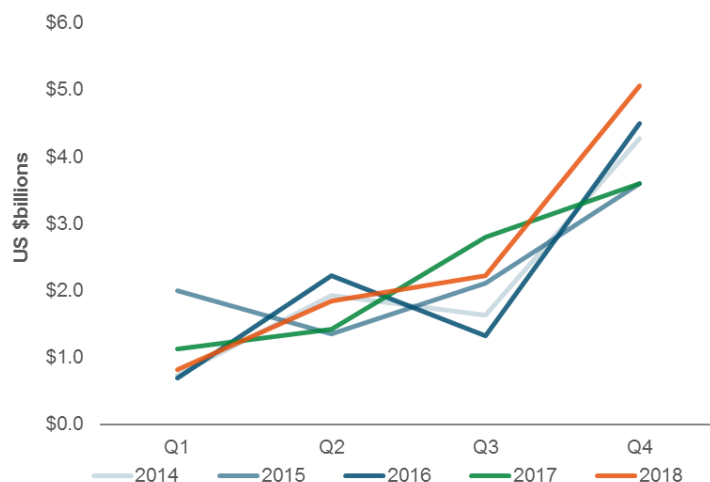
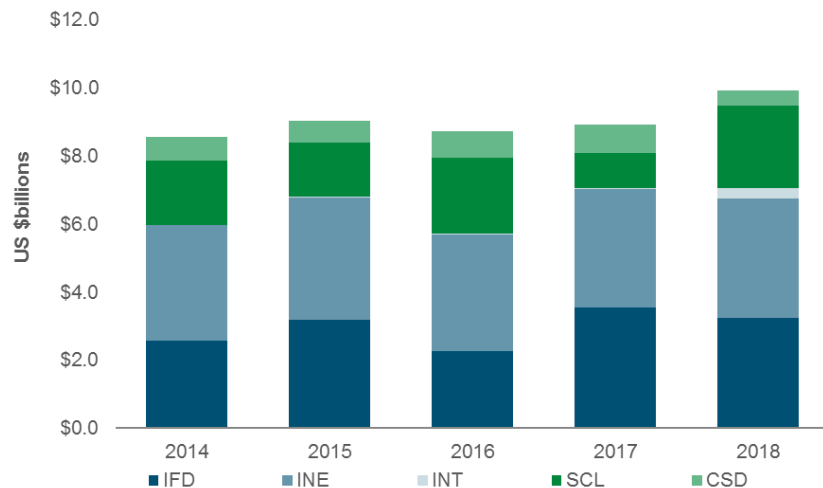
- 19% increase from \$3.6b in 2017.

Regional disbursements reached **\$65.3m**.

- 4860% increase from \$1.3m in 2017.



<sup>3</sup> The Disbursement Baseline Projection of \$7.8 billion (and its instrument subtotals), corresponds to the Actual Disbursements for January and February plus the Disbursement Projections reported at 02/28/2017 for March through December. This figure is different from the amount reported in the Long-Term Financial Plan (LTFP), which is calculated with a different methodology. For details see FN-709-1, Preview Long-Term Financial Projection 2018.



## BY SECTOR

### 1.3 Loan Disbursements by Sector

IFD disbursements reached **\$3.3b**.

- 9% decrease from \$3.6b in 2017.

INE disbursements reached **\$3.5b**.

- 1% increase from \$3.47b in 2017.

SCL disbursements reached **\$2.4b**.

- 134% increase from \$1.0b in 2017.

INT disbursements reached **\$299.7m**.

- 653% increase from \$39.8m in 2017.

CSD disbursements reached **\$448.4m**.<sup>4</sup>

- 46% decrease from \$832.1m in 2017.

### 1.4 Cumulative SG Disbursements by Quarter

Loan disbursements in the last quarter (2018 Q4) reached **\$5.1b**

- 40% increase from \$3.6b in 2017 Q4.
- Disbursements in last quarter (Q4) represented 51% of the total disbursements for 2018, 11 percentage points more than in 2017.

<sup>4</sup> The Climate Change and Sustainable Development Sector (CSD) was created in 2016. CSD portfolio includes new approvals and operations transferred from IFD and INE portfolios.

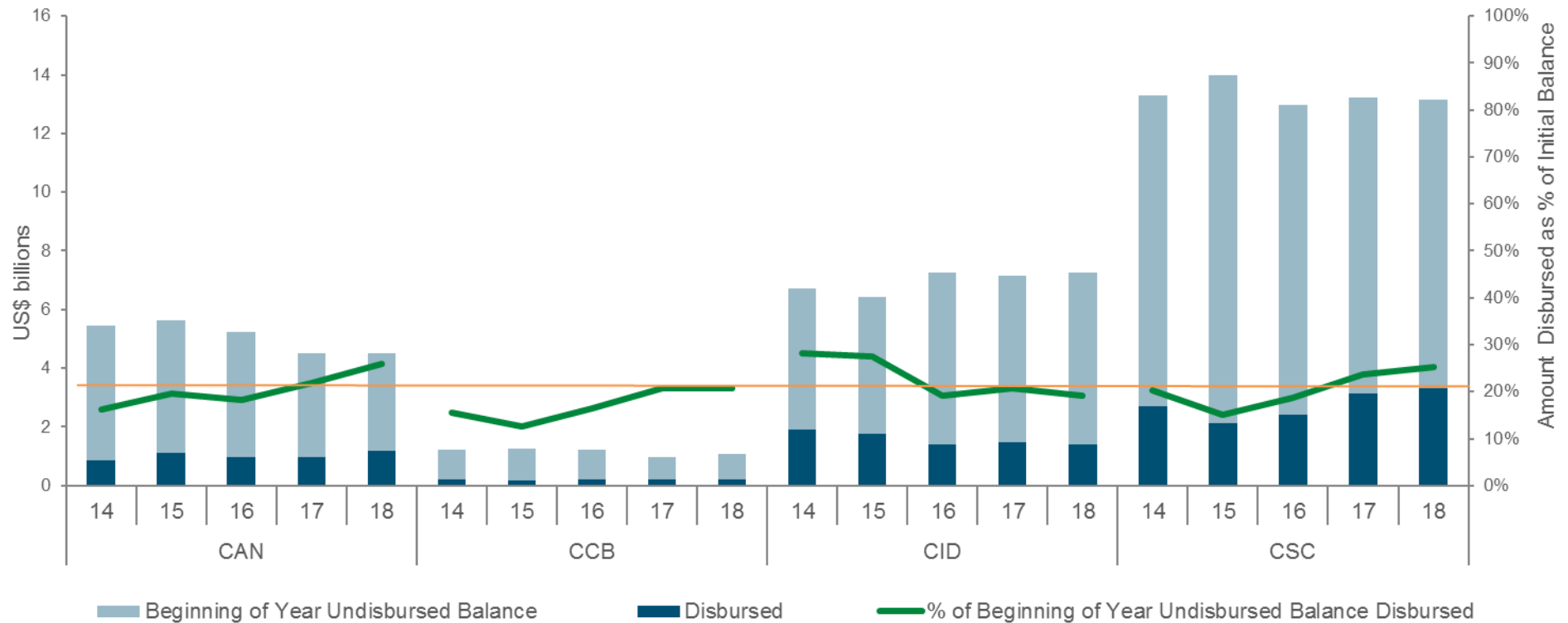


## BEGINNING OF THE YEAR UNDISBURSED BALANCE

### 1.5 SG Investment Disbursements vs. Beginning of Year Undisbursed Balance

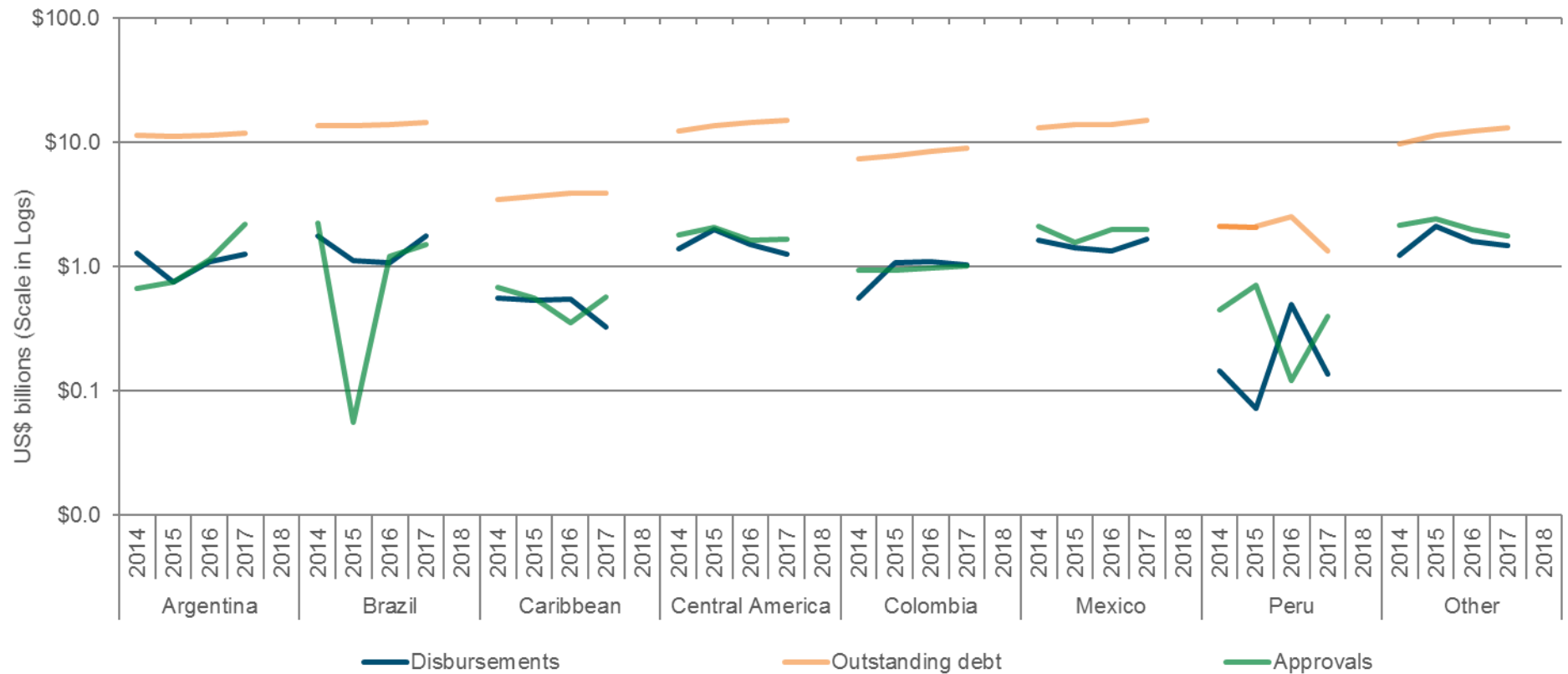
Disbursement as a percentage of beginning of year balance for SG investment projects was 23% in 2018:

- **One** percentage points increase from 22% in 2017.
- The current average for the last 5 years across the Bank is **20.7%**.
- Five-year averages by Country Group: 20.3% for CAN, 17.2% for CCB, 23.0% for CID and 20.6% for CSC.



## 1.6 IDB's SG Outstanding Debt, Approvals and Disbursements by Country

- Outstanding balances in the Bank's borrowing countries show an increasing trend for most countries with the exception of Peru since 2017.



## SG LOAN PORTFOLIO IN EXECUTION<sup>5</sup>

### 1.7 By Region Department

As of December 31, 2018, there were 600 SG projects in the portfolio in execution representing **\$58.5b** in volume, 1% increase from 594 projects in 2017

CAN portfolio reached **131** operations.

- 7% increase from 122 in 2017.

CCB portfolio reached **59** operations.

- 2% increase from 58 in 2017.

CID portfolio reached **160** operations.

- 1% increase from 159 in 2017.

CSC portfolio reached **242** operations.

- 3% decrease from 250 in 2017.

REG portfolio reached **8** operations.

- 60% increase from 5 in 2017.

### 1.8 By Sector

IFD portfolio reached **154** operations.

- 2% decrease from 157 in 2017.

INE portfolio reached **215** operations.

- 2% increase from 210 in 2017.

SCL portfolio reached **96** operations.

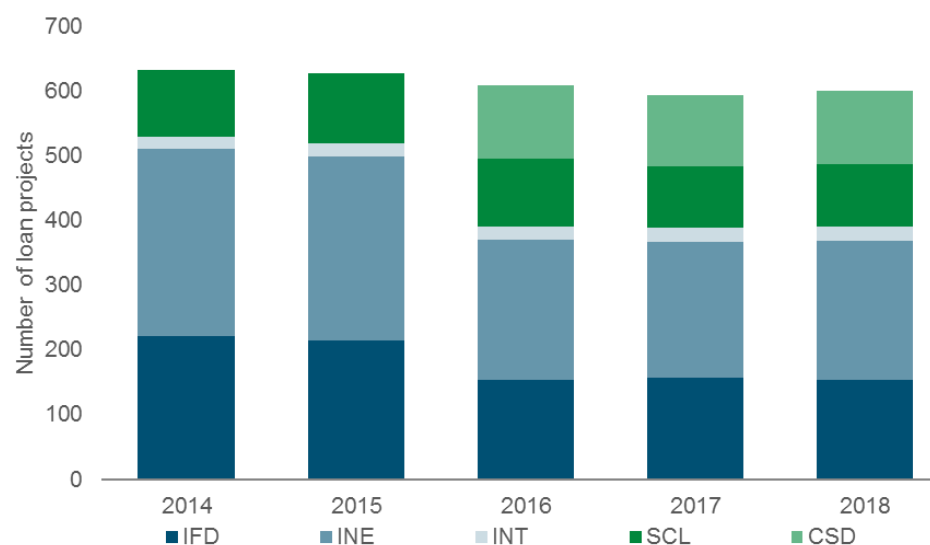
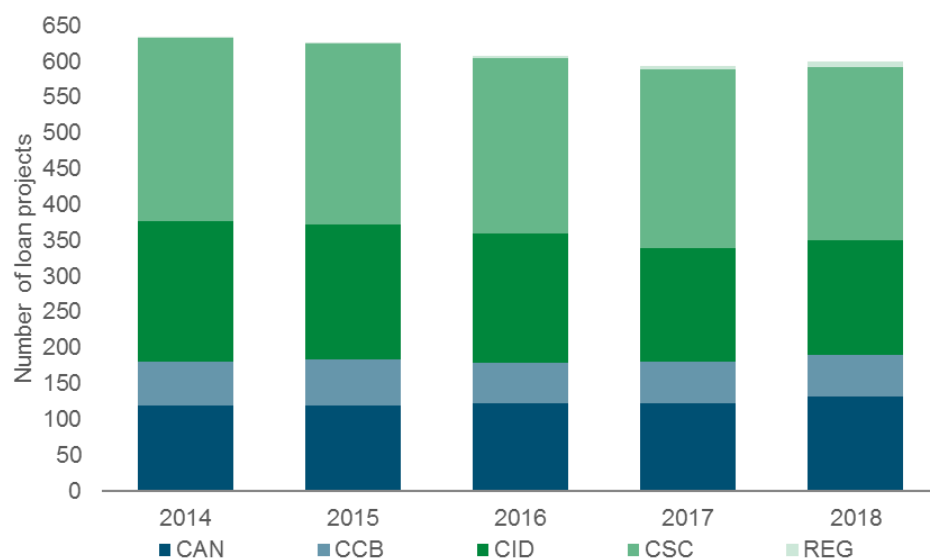
- 1% increase from 95 in 2017.

INT portfolio reached **22** operations.

- 5% increase from 21 in 2017.

CSD portfolio reached **113** operations<sup>6</sup>.

- 2% increase from 111 in 2017.



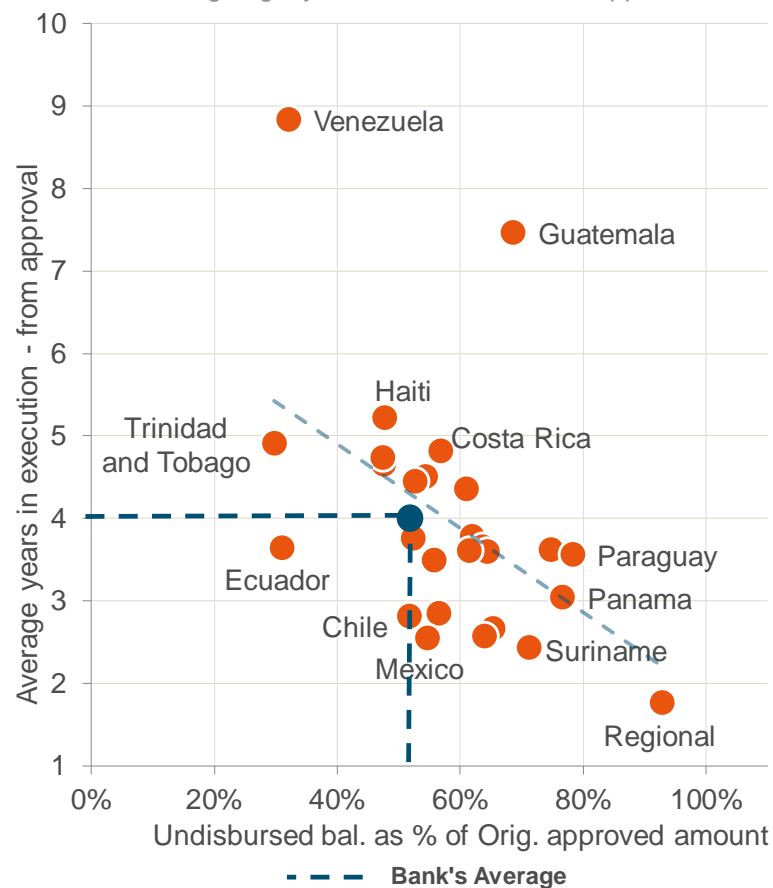
<sup>5</sup> Includes operations financed by GRF.

<sup>6</sup> The Climate Change and Sustainable Development Sector (CSD) was created in 2016. CSD portfolio includes new approvals and operations transferred from IFD and INE portfolios.

## SG LOAN PROJECT PORTFOLIO BY COUNTRY

### 1.9 Number, approved amount, undisbursed balance and age of the SG portfolio

- Outstanding loan balance represents 5% of the original approved amount, same as in 2017.
- The average age, years in execution since approval, of the portfolio reached 4.0 years, same as in 2017.



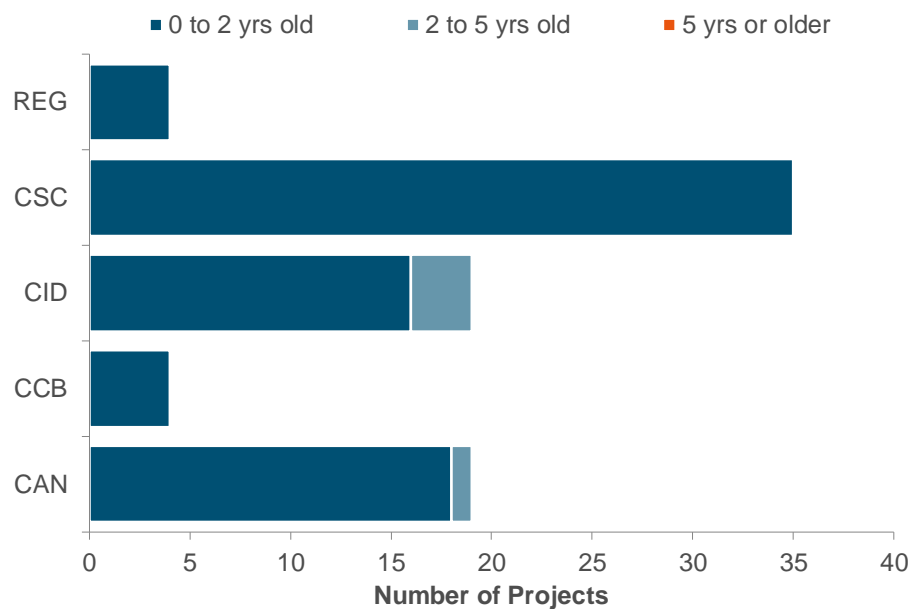
Country	Number of Projects	Original Approved \$M	Undisbursed Balance \$M	Und. Bal. / Cur. Appr.	Average Years in Execution
Argentina	63	11,179	5,316	48%	4.6
Barbados	8	191	117	61%	4.4
Bahamas	9	323	200	62%	3.8
Belize	6	79	52	65%	2.7
Bolivia	36	2,446	1,555	64%	3.6
Brazil	92	13,362	6,332	47%	4.7
Chile	9	640	362	57%	2.8
Colombia	27	2,485	1,301	52%	3.8
Costa Rica	10	1,571	893	57%	4.8
Dominican Republic	20	2,140	1,194	56%	3.5
Ecuador	31	3,332	1,034	31%	3.6
El Salvador	9	510	277	54%	4.5
Guatemala	7	719	493	69%	7.5
Guyana	13	244	157	64%	3.6
Haiti	40	1,675	800	48%	5.2
Honduras	15	906	578	64%	2.6
Jamaica	13	651	337	52%	2.8
Mexico	17	3,981	2,176	55%	2.5
Nicaragua	18	1,079	569	53%	4.4
Peru	33	2,123	1,587	75%	3.6
Panama	18	1,485	1,138	77%	3.0
Paraguay	36	2,251	1,763	78%	3.6
Regional	8	650	604	93%	1.8
Suriname	9	216	153	71%	2.4
Trinidad and Tobago	7	510	152	30%	4.9
Uruguay	42	2,410	1,481	61%	3.6
Venezuela	4	1,350	433	32%	8.8
<b>All</b>	<b>600</b>	<b>58,506</b>	<b>31,055</b>	<b>53%</b>	<b>4.0</b>

## SG LOAN PORTFOLIO PENDING SIGNATURE

## 1.10 SG Portfolio Pending Signature by Country Department and Approval Year

81 SG projects are pending signature<sup>7</sup>, representing \$9.3b in volume, of which:

- 4 were approved between 2014 and 2016 (2 to 5 years old).
- 77 were approved between 2017 and 2018 (0 to 2 years old).
- CSC & CAN countries accounted for 67% (54) of the total number of SG loan projects pending signature (81)



	0 to 2 yrs old			2 to 5 yrs old			5 yrs or older		
	Orig. Appr. M\$	Num.	%	Orig. Appr. M\$	Num.	%	Orig. Appr. M\$	Num.	%
CAN	1,730	18	95%	150	1	5%	0	0	0%
CCB	72	4	100%	0	0	0%	0	0	0%
CID	2,038	16	84%	510	3	16%	0	0	0%
CSC	4,347	35	100%	0	0	0%	0	0	0%
REG	470	4	100%	0	0	0%	0	0	0%
Total	8,657	77	95%	660	4	5%	0	0	0%

<sup>7</sup> Excludes operations pending ratification

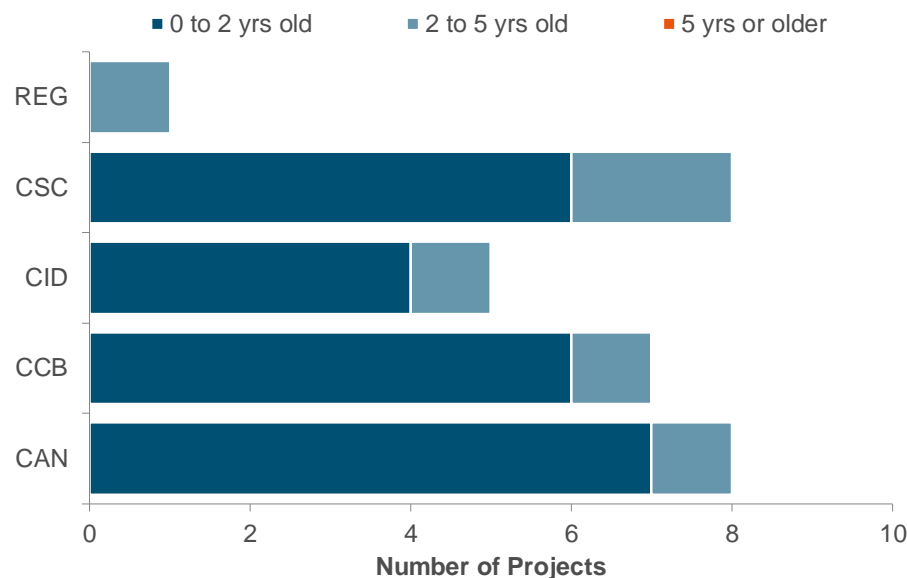


## LOAN PORTFOLIO PENDING ELIGIBILITY

### 1.11 SG Projects Legally Effective, Pending Eligibility by Country Department and Approval Year

29 SG projects with legal effectiveness are pending eligibility, representing 5% of the total SG portfolio (600 projects), of which:

- 6 were approved between 2014 and 2016 (2 to 5 years old).
- 23 were approved between 2017 and 2018 (0 to 2 years old).
- CAN & CSC countries accounted for 55% (16) of the total portfolio pending eligibility (29).



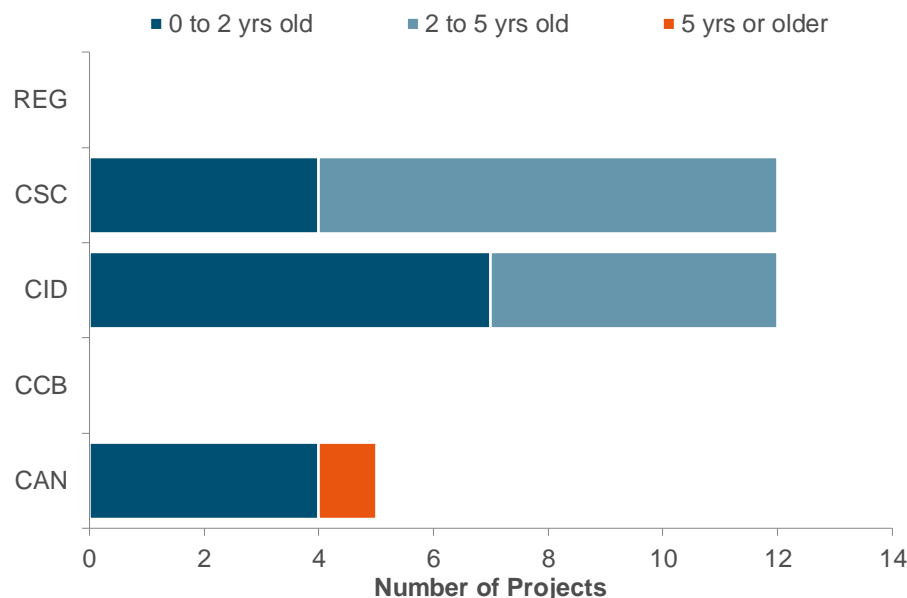
	0 to 2 yrs old			2 to 5 yrs old			5 yrs or older		
	Orig. Appr. M\$	Num.	%	Orig. Appr. M\$	Num.	%	Orig. Appr. M\$	Num.	%
CAN	408	7	88%	300	1	13%	0	0	0%
CCB	190	6	86%	25	1	14%	0	0	0%
CID	1,012	4	80%	41	1	20%	0	0	0%
CSC	845	6	75%	100	2	25%	0	0	0%
REG	0	0	0%	40	1	100%	0	0	0%
Total	2,455	23	79%	506	6	21%	0	0	0%

## LOAN PORTFOLIO PENDING FIRST DISBURSEMENT

### 1.12 Number of SG Operations Pending First Disbursement by Country Department and Approval Year

29 SG eligible operations are pending first disbursement representing 5% of the total SG portfolio in execution (600 operations), of which:

- 1 was approved on or before 2013 (5 years or older).
- 13 were approved between 2014 and 2016 (2 to 5 years old).
- 15 were approved between 2017 and 2018 (0 to 2 years old).
- CID & CSC accounted for 83% (24) of the portfolio pending first disbursement (29).



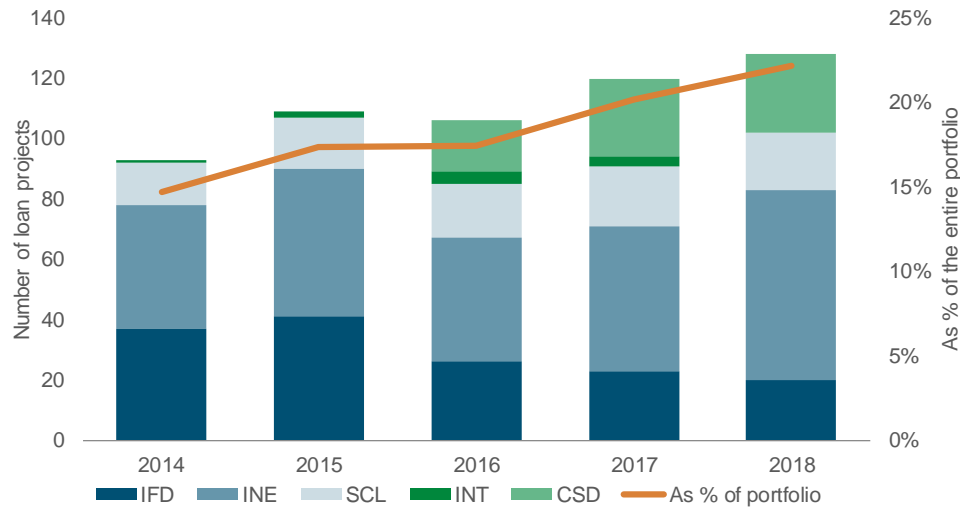
	0 to 2 yrs old			2 to 5 yrs old			5 yrs or older		
	Orig. Appr. M\$	Num.	%	Orig. Appr. M\$	Num.	%	Orig. Appr. M\$	Num.	%
CAN	539.0	4	80%	0.0	0	0%	60.0	1	20%
CCB	0.0	0	0%	0.0	0	0%	0.0	0	0%
CID	726.0	7	58%	565.8	5	42%	0.0	0	0%
CSC	682.5	4	33%	759.0	8	67%	0.0	0	0%
REG	0.0	0	0%	0.0	0	0%	0.0	0	0%
Total	1,948	15	52%	1,325	13	45%	60.0	1	3%

## LAST DISBURSEMENT EXTENSIONS

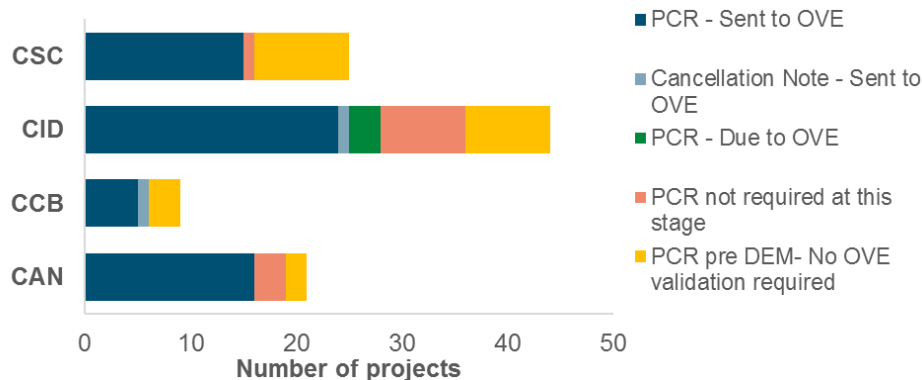
## 1.13 SG Investment Projects Extended 24+ Months

133 SG investment projects have extensions of 24 months or more from the original last disbursement date, representing \$2.5b of undisbursed balance

- 10% increase from 120 in 2017.
- Undisbursed balance of these operations represents 8% of the portfolio's total undisbursed balance, same percentage as 2017.



Number of loan projects						As % of portfolio	
Year	IFD	INE	SCL	INT	CSD	Total	As % of portfolio
2014	37	41	14	1		93	14.7%
2015	41	49	17	2		109	17.4%
2016	26	41	18	4	17	106	17.4%
2017	23	48	20	3	26	120	20.2%
2018	20	63	19	5	26	133	22.2%
Change 2017/2018	-13%	31%	-5%	67%	0%	11%	10%



## PROJECT COMPLETION REPORTS

### 1.14 PCR status for projects that closed in 2017

- 63 PCRs for projects that closed in 2017 will be validated by OVE.
- 95% of these PCRs have been sent to OVE. The PCRs are to be validated by the Office of Evaluation and Oversight by March 2019.

## ENVIRONMENTAL AND SOCIAL IMPACT SCORE

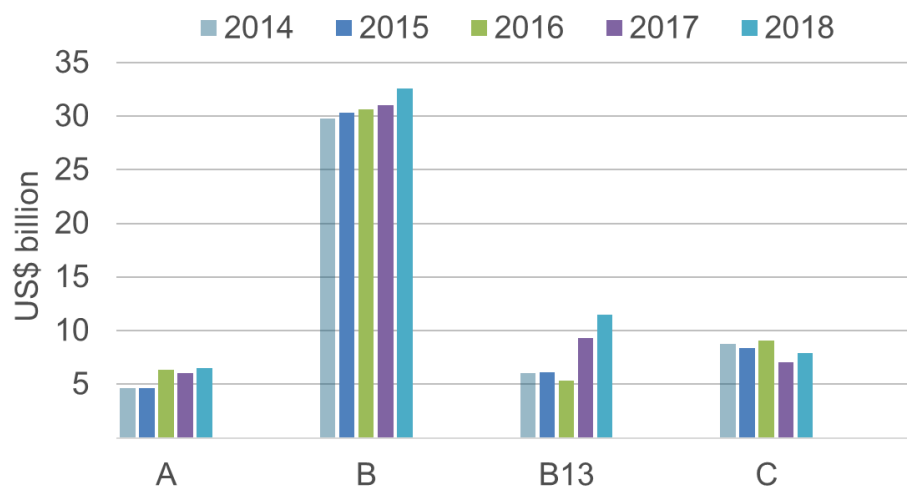
### 1.15 SG Portfolio by Environmental and Social Impact

**42** projects in execution for \$6.5b have been assigned an “A” Environmental and Social Impact risk classification.

- 7% of the entire portfolio as of December 31, 2018 (600), one percentage point increase from 6% in 2017.

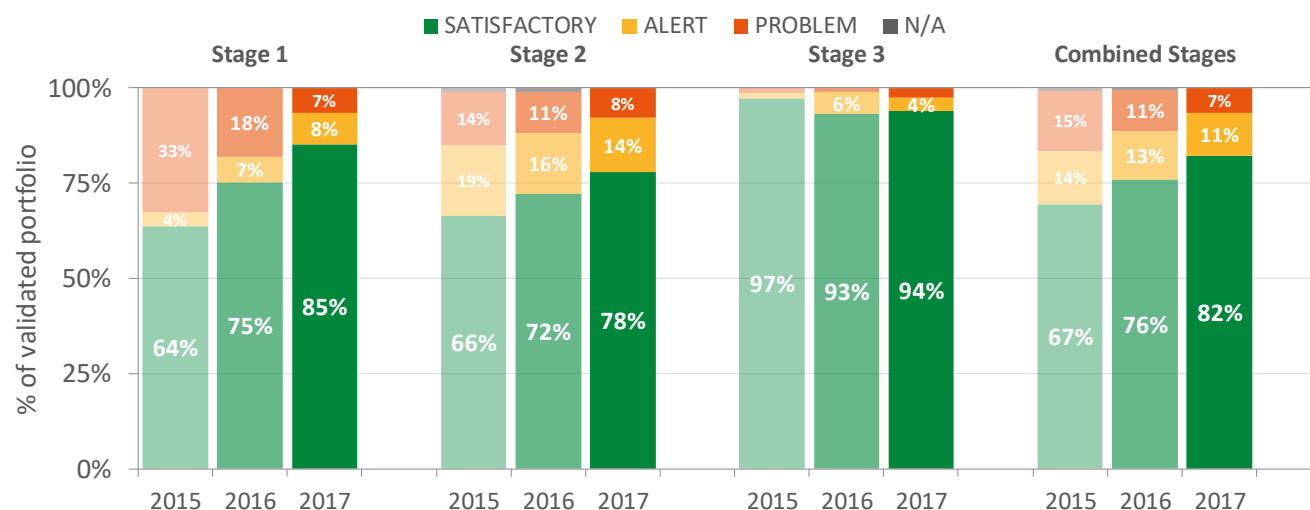
**328** projects in execution for \$32.5b have been assigned a “B” Environmental and Social Impact risk classification.

- 55% of the entire portfolio in execution as of December 31, 2018 (600), same percentage as last year.



## PROGRESS MONITORING REPORT FOR SG LOAN OPERATIONS (PMR)<sup>8</sup>

### 1.16 Validated Classification of Active Portfolio<sup>9</sup>



Count of validated projects by Stage

		Stage 1	Stage 2	Stage 3	Combined Stages	% annual change of combined stages
2017	Satisfactory	91	295	106	492	6%
	Alert	9	54	4	67	-15%
	Problem	7	30	3	40	-38%
	N/A	0	0	0	0	-100%
2016	Satisfactory	79	302	82	463	2%
	Alert	7	67	5	79	-15%
	Problem	19	45	1	65	-37%
	N/A	0	4	0	4	-20%
2015	Satisfactory	70	314	69	453	n/a
	Alert	4	88	1	93	n/a
	Problem	36	66	1	103	n/a
	N/A	0	5	0	5	n/a

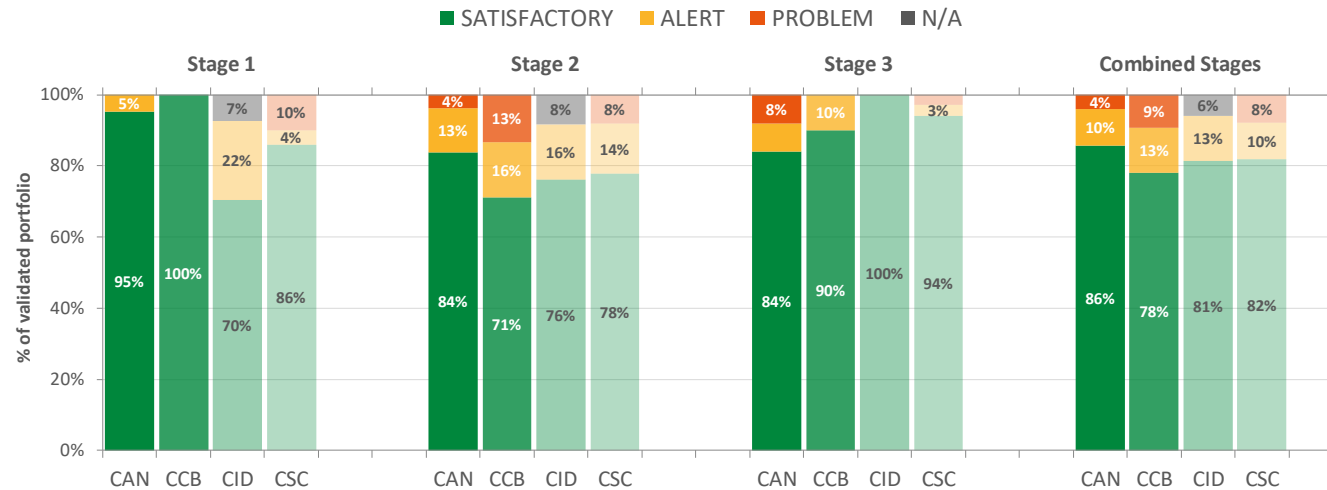
<sup>8</sup> Current PMR Cycle (March 2018) was executed as of December 2017. Information in these PMR graphs show execution years for the last three cycles.

<sup>9</sup> Projects classified as "N/A" have not yet received a classification because their results matrix does not cover the year that is being evaluated, nor previous years.



## PROGRESS MONITORING REPORT FOR SG LOAN OPERATIONS (PMR)

### 1.17 Validated classification of active portfolio by Region

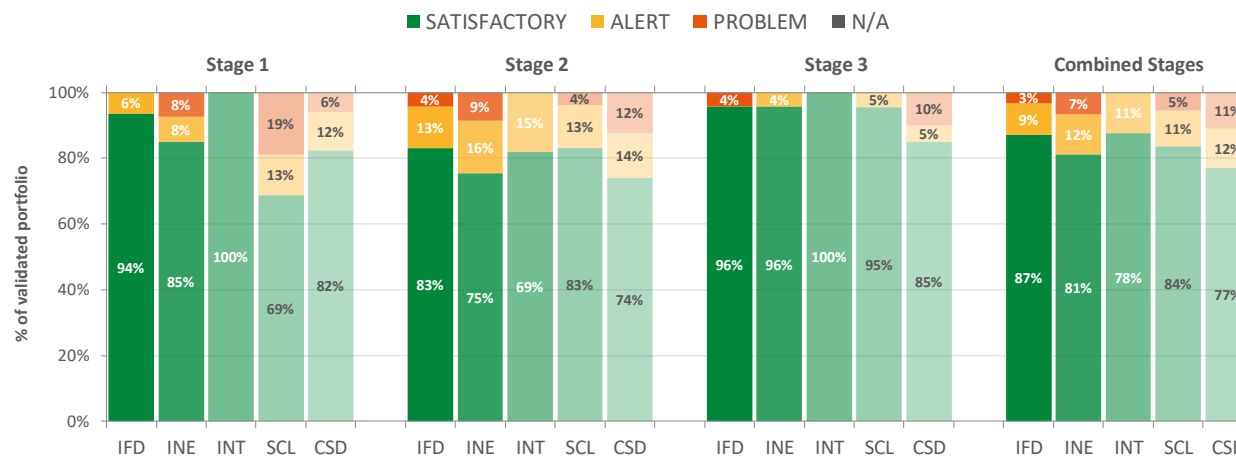


Count of validated projects by Stage

		2017				2016	
		Stage 1	Stage 2	Stage 3	Combined Stages	Combined Stages	% Change 2017-16
CAN	Satisfactory	20	67	21	108	102	6%
	Alert	1	10	2	13	15	-13%
	Problem	0	3	2	5	7	-29%
	N/A	0	0	0	0	1	-100%
CCB	Satisfactory	9	32	9	50	42	19%
	Alert	0	7	1	8	10	-20%
	Problem	0	6	0	6	9	-33%
	N/A	0	0	0	0	0	n/a
CID	Satisfactory	19	73	44	136	146	-7%
	Alert	6	15	0	21	23	-9%
	Problem	2	8	0	10	17	-41%
	N/A	0	0	0	0	1	-100%
CSC	Satisfactory	43	123	32	198	173	14%
	Alert	2	22	1	25	31	-19%
	Problem	5	13	1	19	32	-41%
	N/A	0	0	0	0	2	-100%
TOTAL		107	379	113	599	611	-2%

## PROGRESS MONITORING REPORT FOR SG LOAN OPERATIONS (PMR)

### 1.18 Validated classification of active portfolio by Sector



Count of validated projects by Stage

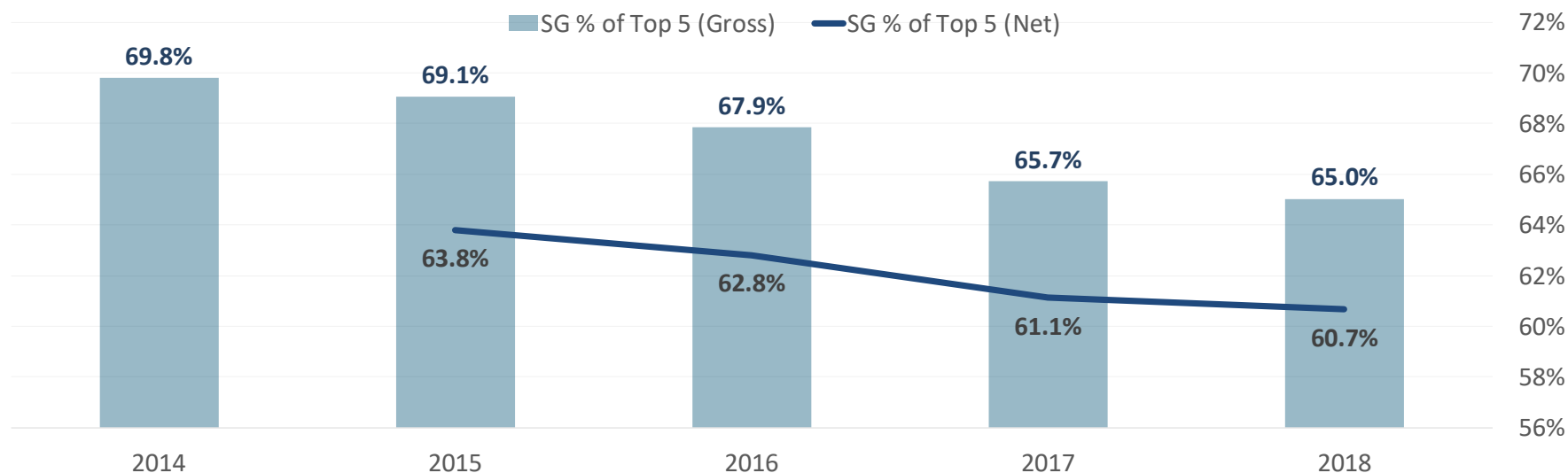
		2017				2016	
		Stage 1	Stage 2	Stage 3	Combined Stages	Combined Stages	% Change 2017-16
IFD	Satisfactory	29	78	22	129	114	13%
	Alert	2	12	0	14	17	-18%
	Problem	0	4	1	5	15	-67%
	N/A	0	0	0	0	1	-100%
INE	Satisfactory	34	104	44	182	166	10%
	Alert	3	22	2	27	29	-7%
	Problem	3	12	0	15	28	-46%
	N/A	0	0	0	0	1	-100%
INT	Satisfactory	3	9	2	14	12	17%
	Alert	0	2	0	2	5	-60%
	Problem	0	2	0	2	0	n/a
	N/A	0	0	0	0	0	n/a
SCL	Satisfactory	11	44	21	76	83	-8%
	Alert	2	7	1	10	11	-9%
	Problem	3	2	0	5	7	-29%
	N/A	0	0	0	0	0	n/a
CSD	Satisfactory	14	60	17	91	88	3%
	Alert	2	11	1	14	17	-18%
	Problem	1	10	2	13	15	-13%
	N/A	0	0	0	0	2	-100%
TOTAL		107	379	113	599	611	-2%

## IDB ORDINARY CAPITAL –LENDING CREDIT CONCENTRATION<sup>10</sup>

The Bank manages loan credit risk by maintaining limits on lending capacity, allocating adequate capital to cover unexpected changes in the loan portfolio, and by maintaining policies for managing non-performing loans.

### 1.19 SG Concentration – The top 5 countries in 2018:

- Mexico 16.5%, Brazil 16.3%, Argentina 13.2%, Colombia 10.2% & Ecuador 4.4% After exposure-exchange agreements (EEA).<sup>11</sup>



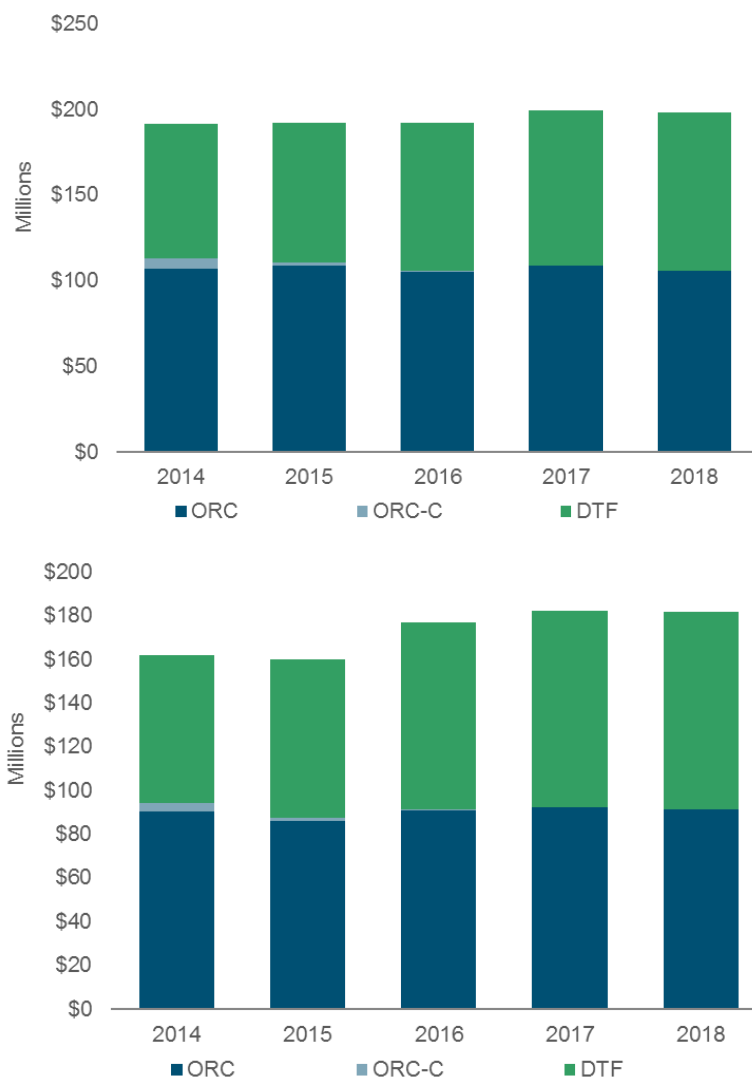
All in US\$ million

Year	All SG Outstanding	SG % of Top 5 (Gross)	SG % of Top 5 (Net)	SG Undisbursed % of all outstanding
2014	68,674	69.8%	-	29.3%
2015	72,765	69.1%	63.8%	27.4%
2016	76,081	67.9%	62.8%	26.0%
2017	83,240	65.7%	61.1%	25.4%
2018	87,707	65.0%	60.7%	24.7%
Change %	5.4%	-1.7%	-1.5%	-5.4%

<sup>10</sup> Both borrowing capacity and Concentration graphs include preliminary information for 2018.

<sup>11</sup> For more details see Resolution DE-133/15.

## TECHNICAL COOPERATIONS



## DISBURSEMENTS

### 1.20 Technical Cooperation Disbursements

Total TC Disbursements reached **\$198.2m**.

- 1% decrease from \$199.2m in 2017.

Those financed through **Ordinary Capital (OC) Strategic Development Programs<sup>12</sup>** reached **\$105.8m**.

- 3% decrease from \$108.7m in 2017.
- 53% of total TC disbursements in 2018.

Those financed with **Donor Trust Funds (DTF)** reached **\$92.4m**

- 2% increase from \$90.6m in 2017.
- 47% of total TC disbursements in 2018.

### 1.21 VPS Technical Cooperation Disbursements

VPS TC Disbursements reached **\$181.8m**.

- Less than 1% decrease from \$182.1m in 2017.

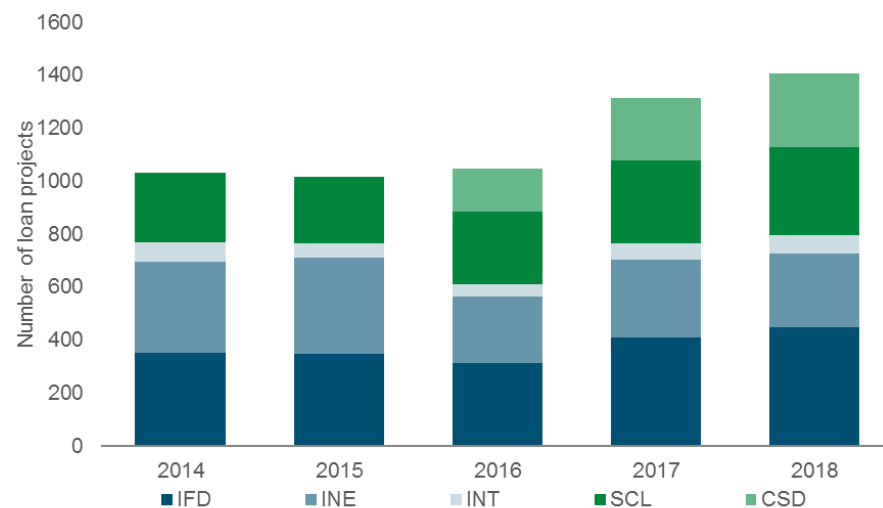
TCs financed through **Ordinary Capital (OC) Strategic Development Programs** reached **\$91.3m**.

- 1% decrease from \$92.4m in 2017.
- 50% of VPS TC disbursements in 2018.

TCs financed with **Donor Trust Funds (DTF)** reached **\$90.5m**

- 1% increase from \$89.7m in 2017.
- 50% of VPS TC disbursements in 2018.

<sup>12</sup> Per Resolution DE-180/15, the Ordinary Capital Special Programs/Grants were renamed Ordinary Capital Strategic Development Programs as of January 1, 2016

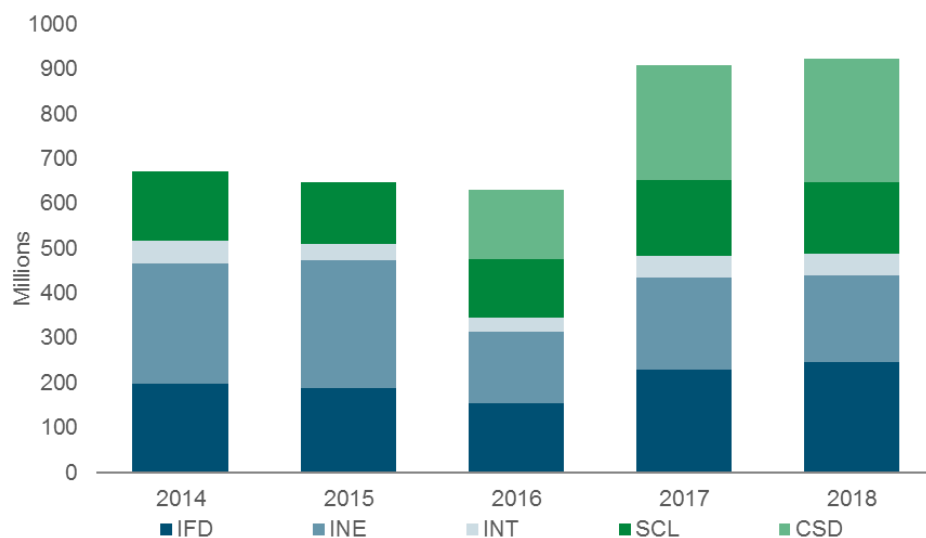


## TC PORTFOLIO IN EXECUTION

### 1.22 TC Operations under VPS supervision by Sector and Approval Year

TC operations under VPS supervision reached **1,408** operations:

- 448 operations in IFD, 10% increase from 409 in 2017.
- 277 operations in INE, 6% decrease from 294 in 2017.
- 70 operations in INT, 11% increase from 63 in 2017.
- 334 operations in SCL, 18% increase from 312 in 2017.
- 279 operations in CSD, 18% increase from 236 in 2017.



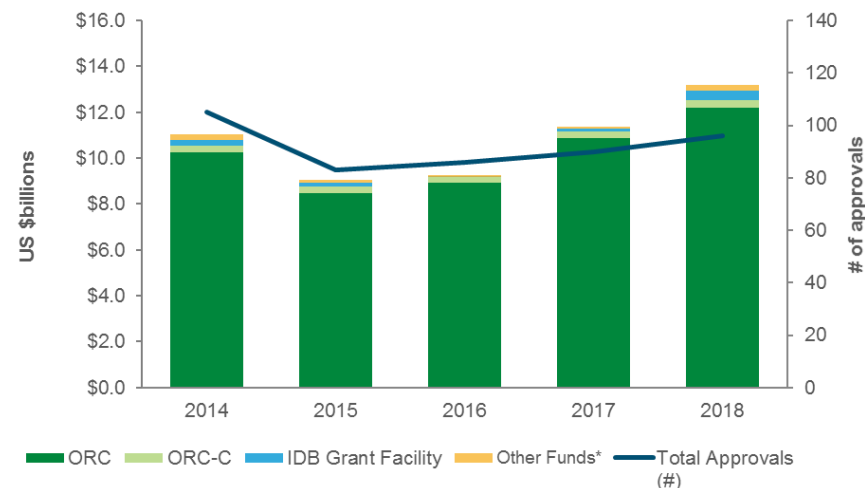
### 1.23 TC Operations volume under VPS supervision by Sector and Approval Year

TC operations under VPS supervision reached **\$923.5m** in volume.

- \$246.4m in IFD, 8% increase from \$228.3m in 2017.
- \$192.9m in INE, 6% decrease from \$206.0m in 2017.
- \$49.0m in INT, 1% increase from \$48.4m in 2017.
- \$159.7m in SCL, 6% decrease from \$169.0m in 2017.
- \$275.7m in CSD, 7% increase from \$256.6m in 2017.

# 2018<sup>ANNUAL</sup> BUSINESS REVIEW

## CHAPTER II STRATEGIC ALIGNMENT



## LOAN APPROVALS<sup>13</sup>

### 2.1 SG Approvals by Fund

SG approvals reached **\$13.2b** in **96** operations

- 16% increase from \$11.4b in 2017.
- 7% increase from 90 projects approved in 2017.
- The average operations size was **\$135m**, a 6% increase from \$127m in 2017.
- **Ordinary Capital (ORC)** approvals reached **\$12.2b**, a 12% increase from \$10.9b in 2017.
- **Concessional Ordinary Capital (ORC-C)** approvals reached **\$302m**, a 16% increase from \$260m in 2017.
- **IDB Grant Facility (GRF)** approvals reached **\$424m**, an 231% increase from \$128m in 2017.

\* "Other Funds" represent Funds under Administration by the IDB, such as the Clean Technology Fund, Strategic Climate Fund, and the China Co-financing Fund.

## BY INSTRUMENT

### 2.2 SG Approvals by Instrument

**Investment loan** approvals reached **\$8.2b** in **77** operations.

- 3% increase from \$8.0b in 2017.
- 4% increase from 74 operations in 2017.

**Policy Based Loan** approvals reached **\$4.6b** in **18<sup>14</sup>** operations.

- 35% increase from \$3.4b in 2017.
- 6% increase from 17 operations in 2017.

There were no operations of **Contingent Credit line for Sustainable Development** approved.

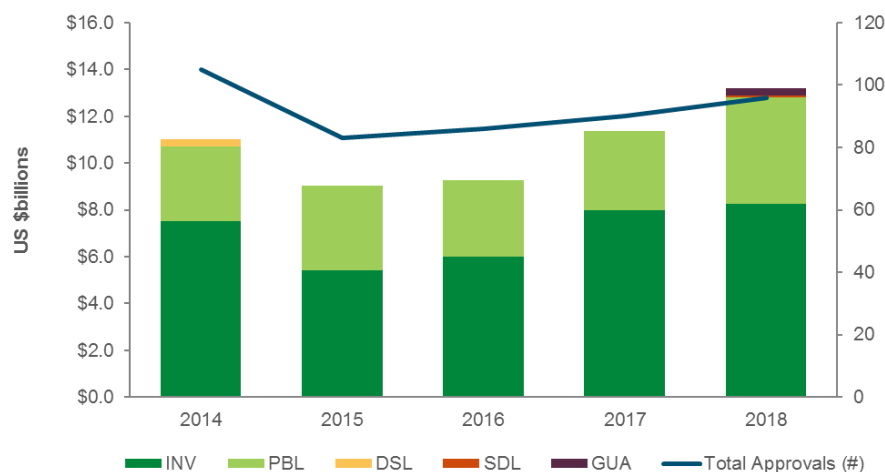
- The last such approval was in 2014 for \$300m.

**Special Development Lending** approvals reached **\$100m** in **1** project.

- This new instrument was created in 2018.

**Guarantee** approvals reached **\$300m** in **1** project.

- The last approved guarantee was completed in 2006 for \$60m.

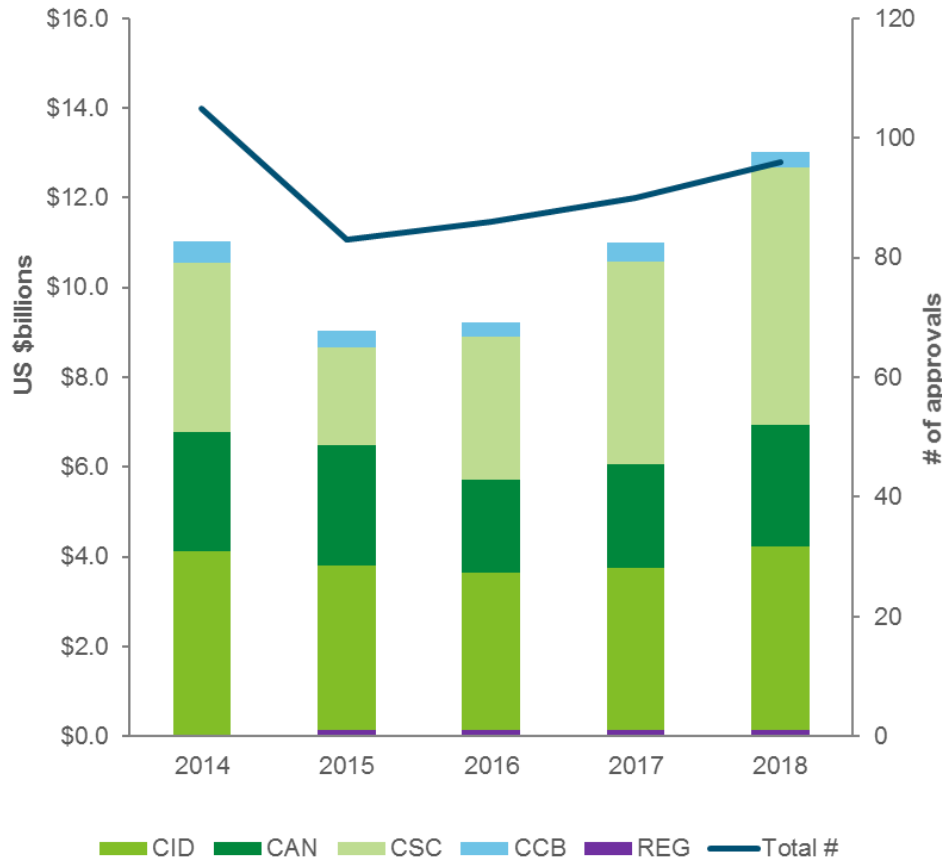


<sup>13</sup> 2016 SG approvals do not include EC-L1216, an Investment loan (INV) of the modality Contingent Loan for Natural Disaster (CND), which was approved on April 19, 2016 for \$160 million from the Ordinary Capital Fund (ORC). Similarly, DR-L1125 was another CND approved in 2017 for \$16 million that is not included in the total.

<sup>14</sup> Includes one hybrid project that has an Investment and a PBL components.

## BY COUNTRY GROUP

## 2.3 SG Approvals by Country Group



CAN reached **\$2.7b** in **23** operations.

- 18% increase from \$2.3b in 2017.
- 10% increase from 21 operations in 2017.

CCB reached **\$334m** in **9** operations.

- 23% decrease from \$436m in 2017.
- 10% decrease from 10 operations as 2017.

CID reached **\$4.2b** in **29** operations.

- 13% increase from \$3.8b in 2017.
- 26% increase from 23 operations in 2017.

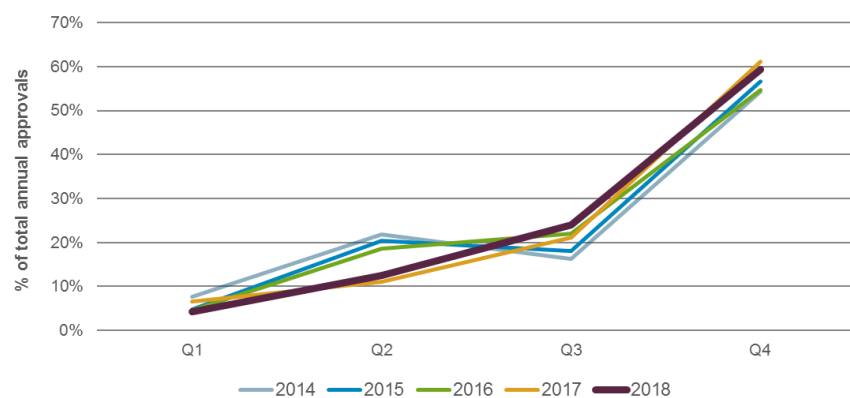
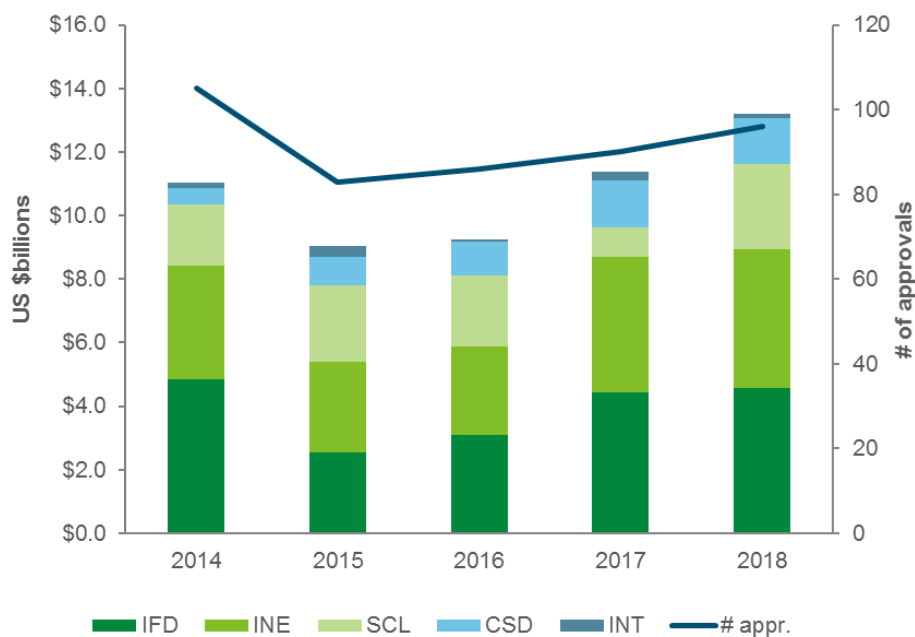
CSC reached **\$5.7b** in **32** operations.

- 27% increase from \$4.5b in 2017.
- 6% decrease from 34 operations in 2017.

Regional operations reached **\$190m** in **3** operations.

- 50% decrease from \$380m in 2017.
- 50% increase from 2 operations in 2017.





## BY SECTOR

### 2.4 SG Approvals by Sector

IFD approvals reached **\$4.6b** in **28** operations.

- 3% increase from \$4.4b in 2017.
- 18% decrease from 34 operations in 2017.

INE approvals reached **\$4.4b** in **29** operations.

- 2% increase from \$4.3b in 2017.
- 4% increase from 28 operations in 2017.

SCL approvals reached **\$2.7b** in **22** operations.

- 193% increase from \$913m in 2017.
- 144% increase from 9 operations in 2017.

INT approvals reached **\$139m** in **4** operations.

- 50% decrease from \$277m in 2017.
- 100% increase from 2 operations in 2017.

CSD approvals reached **\$1.46b** in **13** operations.

- 2% decrease from \$1.49b in 2017.
- 24% decrease from 17 operations in 2017.

## CUMULATIVE LENDING APPROVALS

### 2.5 Cumulative Lending Approvals by Quarter

**57** projects for **\$7.8b** were approved during the last quarter of 2018.

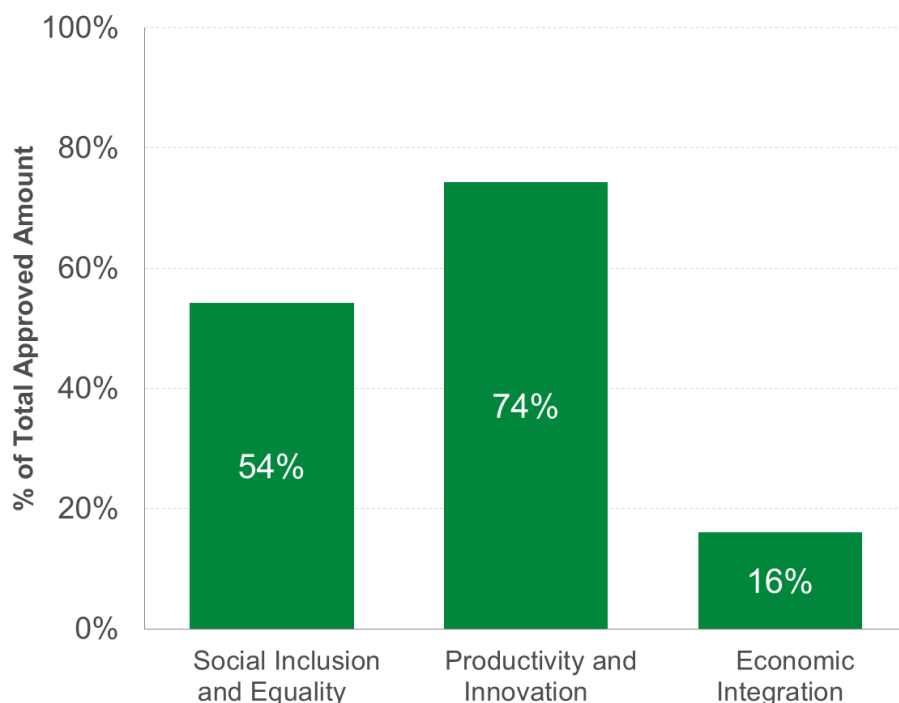
- 4% increase from 55 operations in 2017.

As a percentage of the total number of projects approved.

- Number of approvals in Q4 2018 reached 59%, two percentage points decrease from 61% in 2017.

## CRF STRATEGIC ALIGNMENT

- According to the CRF Technical Guidance: “Strategic alignment will be justified by a connection between the project’s expected results and the challenge(s) and/or cross-cutting theme(s). The justification must provide a clear argument on how the vertical logic and theory of change of the operation connects with the corresponding UIS challenge or cross-cutting theme.
- The justification must also identify an indicator from the operation’s results matrix (this may be any indicator - CRF or not) that relates to the corresponding challenge or cross-cutting theme. The indicator used to justify strategic alignment may be at any level – output, outcome, or impact. In the case of SG loan projects, the indicator must be included in the results matrix of the project.”



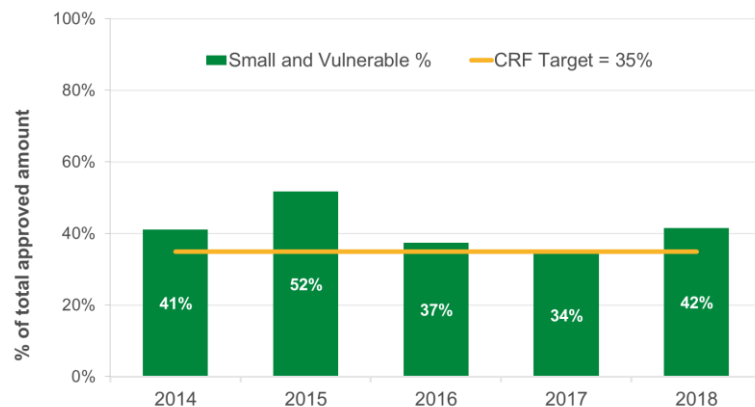
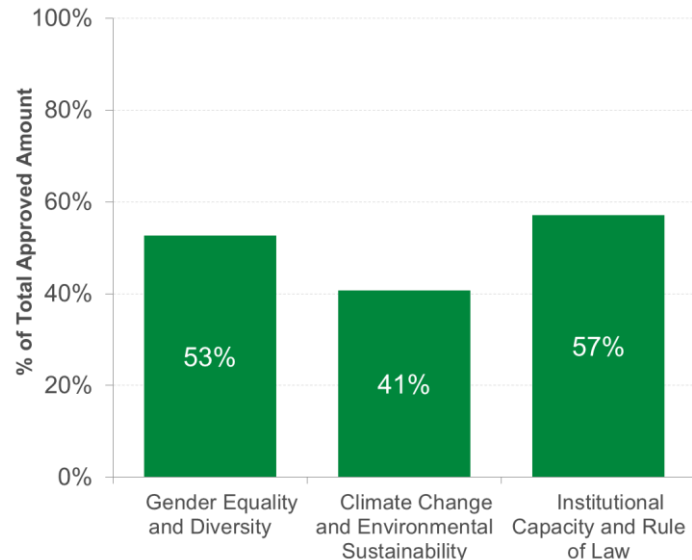
## DEVELOPMENT CHALLENGES

### 2.6 Approvals aligned to the Update to the Institutional Strategy 2016-2019, by Challenge

Of the **96** SG loans approved in 2018, totaling **\$13.2b**.

- **54%** were strategically aligned to the Challenge “**Social Inclusion and Equality**” (\$7.2b in 49 projects).
- **74%** were strategically aligned to the Challenge “**Productivity and Innovation**” (\$9.8b in 69 projects).
- **16%** was strategically aligned to the Challenge “**Economic Integration**” (\$2.1b in 19 projects).

In addition, 100% of the volume of approved SG loan projects were aligned with at least one challenge or cross-cutting theme.



<sup>15</sup> In accordance with the definitions in the CRF 2016-2019, reporting on the development challenges and cross-cutting issues is based on the total approved amount of the loans, except for the Climate Change sub-category of the cross-cutting issue of Climate Change & Environmental Sustainability, which is based only on the portion of the approved amount that supports climate change mitigation and/or adaptation. The Environmental Sustainability sub-category of this issue is based on the total approved amount of the loans.

<sup>16</sup> Small and vulnerable countries include types "C" and "D" countries: Barbados, Bahamas, Costa Rica, Jamaica, Panama, Suriname, Trinidad and Tobago, Uruguay, Belize, Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Nicaragua, and Paraguay.

## CROSS-CUTTING THEMES<sup>15</sup>

### 2.7 Approvals strategically aligned to the Update to the Institutional Strategy 2016-2019, by Cross-Cutting Theme

Of the **96** SG loan projects approved in 2018, totaling **\$13.2b**.

- **53%** were strategically aligned to the Cross-Cutting Theme "**Gender Equality and Diversity**" (\$6.9b in 60 projects).
- **41%** were strategically aligned to the Cross-Cutting Theme "**Climate Change and Environmental Sustainability**" (\$5.4b in 56 projects).
- **57%** were strategically aligned to the Cross-Cutting Theme "**Institutional Capacity and Rule of Law**" (\$7.5b in 52 projects).

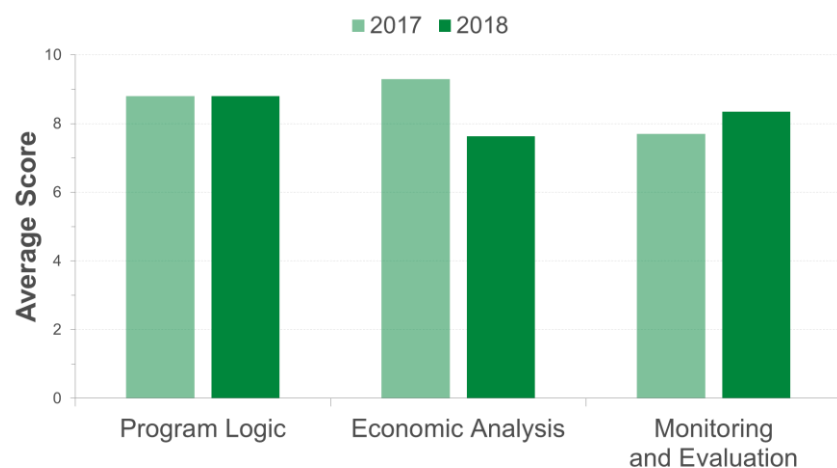
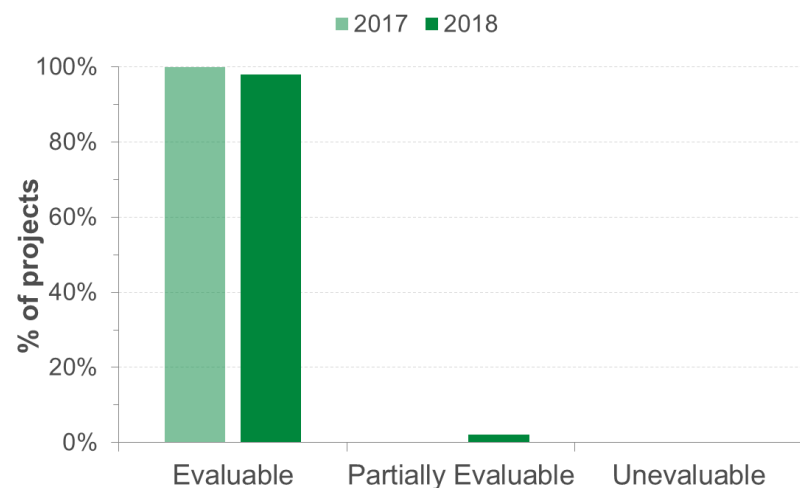
In addition, 100% of the volume of approved SG loan projects was aligned with at least one challenge or cross-cutting theme.

## SMALL AND VULNERABLE COUNTRIES

### 2.8 Lending to Small and Vulnerable Countries<sup>16</sup>

Lending to small and vulnerable countries represented 42% (\$5.4b) of the total approval amount for SG loan projects, corresponding to 61 approvals.

- 43% more volume lending than in 2017.



## DEVELOPMENT EFFECTIVENESS – DEM

### 2.9 Development Effectiveness Matrix Evaluability Levels

According to the DEM<sup>17</sup>, of the 96 SG projects approved in 2018, **98%** were considered “Evaluable” and **2%** were considered “Partially Evaluable”.

- 2% decrease from 2017 with 100% Evaluable projects (90).

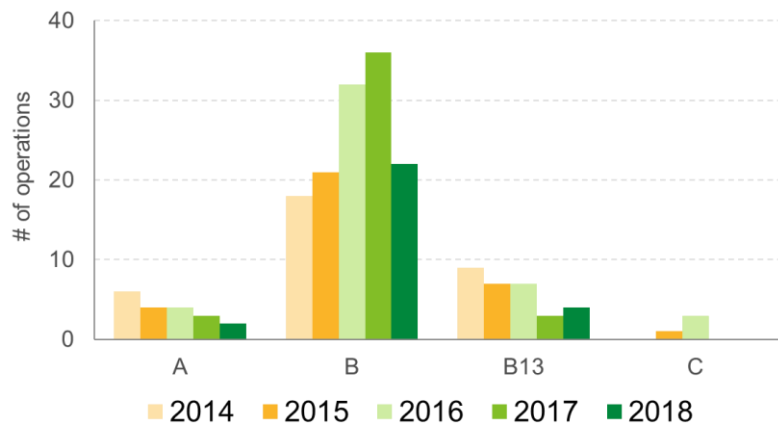
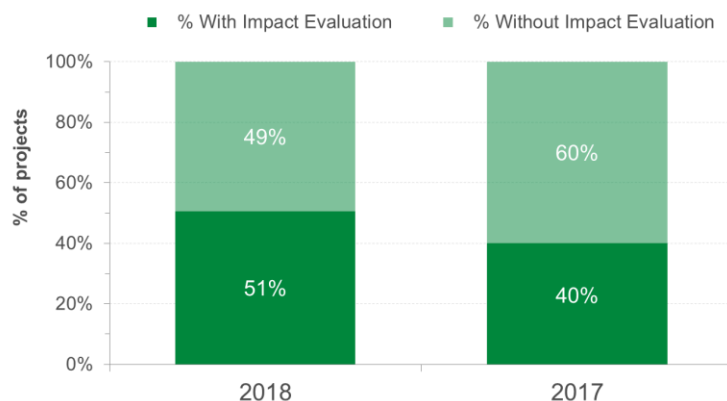
### 2.10 Development Effectiveness Matrix Ratings

Average DEM scores at entry in 2018 for SG loan projects:

- **Program Logic** scored **8.8** points, same as in 2017.
- Operations with **Economic Analysis** scored **7.6** points, 18% decrease from 9.3 points in 2017.
- **Monitoring and Evaluation** scored **8.4** points, a 9% increase from 7.7 in 2017.

\*Maximum score for each area is 10 points.

<sup>17</sup> The Development Effectiveness Matrix (DEM) is a checklist of information requirements that should be included in the Proposal for Operational Development (POD) and its mandatory annexes to ensure that the Bank can measure the achievement of outputs and results of the operations it finances.



## DEVELOPMENT EFFECTIVENESS – DEM

### 2.11 Projects with Impact Evaluation

Approved projects with an Impact Evaluation reached **51%**.

- 11 percentage point increase from 40% in 2017.

## ENVIRONMENTAL AND SOCIAL SAFEGUARDS

### 2.12 Environmental and Social Safeguards in Approved Projects Per Category<sup>18</sup>

81% of all SG projects considered to have high environmental and social risks have been rated satisfactory for safeguard implementation.<sup>19</sup>

Loan operations that had assistance from an Environmental and Social Safeguards Specialist from ESG reached **50**

- 19% increase from 42 in 2017.
- **Category A** projects with Specialist assistance reached 6.
- 100% increase in Cat. A projects from 3 in 2017.
- **Category B** projects with Specialist assistance reached 36.
- Same as in Cat. B projects in 2017.
- **Category C** projects with Specialist assistance reached 1.
- Compared to no Cat. C projects in 2017.

<sup>18</sup> Values provided by ESG department for 2012-2016 corresponds only to SG operations with assistance from an Environmental and Social Safeguards Specialist from ESG

<sup>19</sup> See the IDB's [Environment and Safeguards Compliance Policy \(2006\)](#). Environmental and Social Safeguard (ESG) classifications are as follows:

A: Operations likely to cause significant negative impacts, or have profound implications

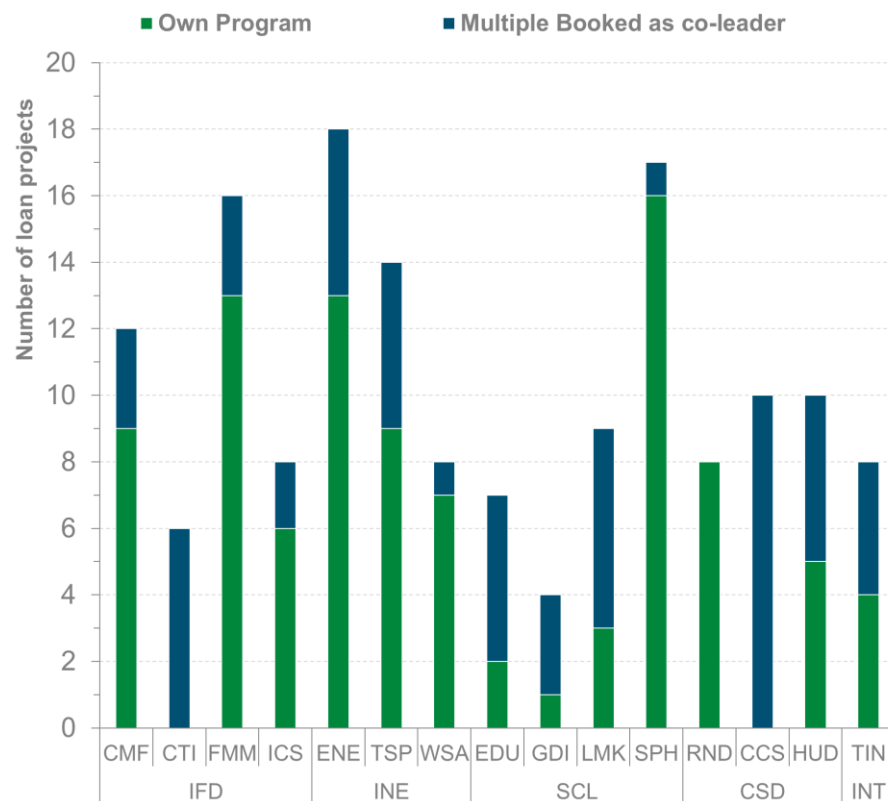
B: Operations Likely to cause mostly local and short-term negative impacts

B13: Uncategorized Directive

C: Operations likely to cause minimal or no negative impacts

\*Projects that do not receive an ESG class include Investment loans of the modality IRF (Immediate Response Facility for Emergencies) and of the modality CND (Contingent Loan for Natural Disasters).

## MULTIPLE BOOKING AND COLLABORATION



- **Category B13** projects with Specialist assistance reached 7.
- 133% increase in Cat. B13 projects from 3 in 2017.

### 2.13 Approvals Including Multiple Bookings

- Multiple-Booked unique projects<sup>20</sup> represent 41% of approvals amount (\$5.3b of \$13.2b), corresponding to 39 of 96 loan projects for 2018. These exclude multiple-booked facilities and credit lines.
- Own program and multiple-booked equivalent approvals reached **155** projects for **\$23.5b**.

Multiple counting may happen due to double or triple booked operations

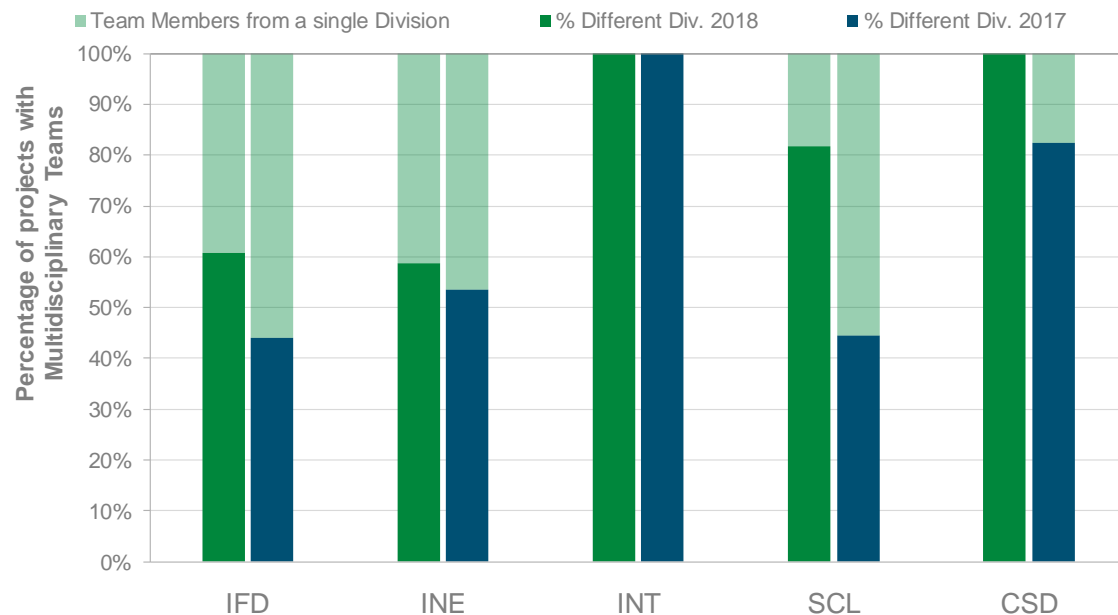
#### Number of Operations

Dept.	Div.	Own Program		Multiple Booked As co-leader		Total	
		#	\$M	#	\$M	#	\$M
IFD	CMF	9	2,190.0	3	790.0	12	2,980.0
	CTI	0	0.0	6	963.0	6	963.0
	FMM	13	2,061.8	3	467.0	16	2,528.8
	ICS	6	305.0	2	450.0	8	755.0
INE	ENE	13	1,867.4	5	750.0	18	2,617.4
	TSP	9	1,747.3	5	1,153.4	14	2,900.7
	WSA	7	757.5	1	600.0	8	1,357.5
SCL	EDU	2	145.0	5	1,350.0	7	1,495.0
	GDI	1	20.0	3	378.0	4	398.0
	LMK	3	135.0	6	1,635.0	9	1,770.0
	SPH	16	2,378.7	1	20.0	17	2,398.7
CSD	RND	8	467.0	0	0.0	8	467.0
	CCS	0	0.0	10	971.8	10	971.8
	HUD	5	988.4	5	331.0	10	1,319.4
INT	TIN	4	139.0	4	479.3	8	618.3
<b>Total</b>		<b>96*</b>	<b>13,202.1</b>	<b>59</b>	<b>10,338.5</b>	<b>155</b>	<b>23,540.6</b>

\* includes a hybrid project consisting of JA-L1049 and JA-L1080

\*\* Including the SG guarantee for Ecuador (US\$300 million), the number of double-booked projects reaches 60 for a total of US\$10,638 million. The responsible unit for this project is CMF, and the co-responsible unit is HUD.

<sup>20</sup> Multiple booked projects are projects led in cooperation by two or more Team Leaders from different Divisions. Multiple booking supports multi-sectoriality, one of the six guiding principles of the Update to the Institutional Strategy.



## 2.14 Multidisciplinary Team Compositions (Loan Projects)

- The number of projects approved with registered specialists from different Divisions as team members reached 72%<sup>21</sup> of the total projects approved.
- For IFD, 28 (61%) projects had members from different divisions; for INE 29 (59%), INT 4 (100%), SCL 22 (82%) and CSD 13 (100%).

<sup>21</sup> Includes a hybrid project consisting of two operations: JA-L1049 and JA-L1080.

# 2018 ANNUAL BUSINESS REVIEW

## CHAPTER III

# BUSINESS DEVELOPMENT



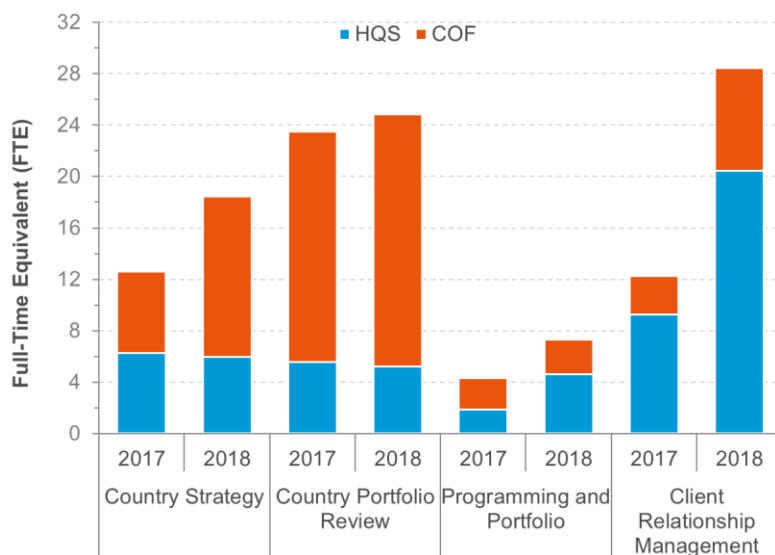
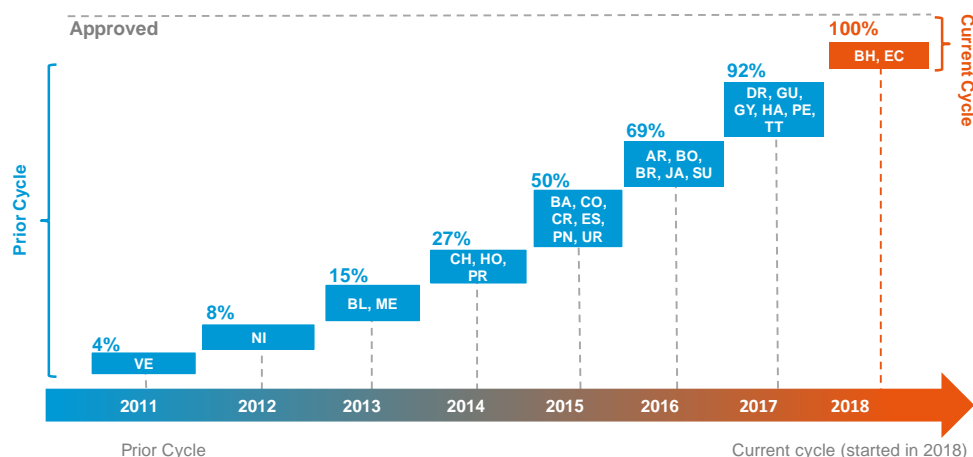
## COUNTRY POLICY DIALOGUE

### 3.1 Results-based Country Strategies

- **2** Country Strategies were approved by the Board in 2018: Bahamas and Ecuador.
- Based on the validated Development Effectiveness Matrix for Country Strategies, in terms of **strategic alignment**, the objectives of the approved Country Strategies are consistent with the countries' development challenges and priorities. (**100%** alignment)
- In terms of **effectiveness**,<sup>22</sup> the two Country Strategies were based on high quality country diagnostics. Each of the Country Strategies identified strategic objectives that respond to the challenges and opportunities identified in the corresponding sector diagnostics.
- **26** Country Program Documents were prepared in 2018 Q4 and are expected to be approved by the Board in 2019 Q1.

### 3.2 Staff and Complimentary Workforce Time Reported to Programming Products<sup>23</sup>

- Staff and Complimentary Workforce time reported to strategy, programming and portfolio management activities reached **72.5 FTEs**<sup>24</sup>.
- 38% increase from 52.7 FTEs reported in 2017.
- Country Strategies accounted for 20% (12.0 FTEs).
- Country Portfolio Reviews and Programming and Portfolio activities accounted for 40% (32.2 FTEs).
- Client Relationship Management<sup>25</sup> activities accounted for 40% (28.4 FTEs).
- **53%** of time reported to these activities originated in the **COFs**.
- 3 percentage points decrease from 56% in 2017.



<sup>22</sup> The evaluation summary of the Development Effectiveness Matrices is included as an annex in the approved Country Strategy documents (GN-2812, GN-2832, GN-2829, GN-2828, GN-2838 and GN-2836)

<sup>23</sup> Starting in 2018, Complimentary Workforce effort is included. The results of 2018 are not fully comparable to the result of 2017.

<sup>24</sup> FTE – Full Time Equivalent Staff Years.

<sup>25</sup> Customer Relationship Management refers to the provision of timely, high quality services to borrowing countries, donors and other key constituencies. Manage client expectations under a scenario of scarcity of resources.

## SG LOAN PIPELINE DEVELOPEMENT

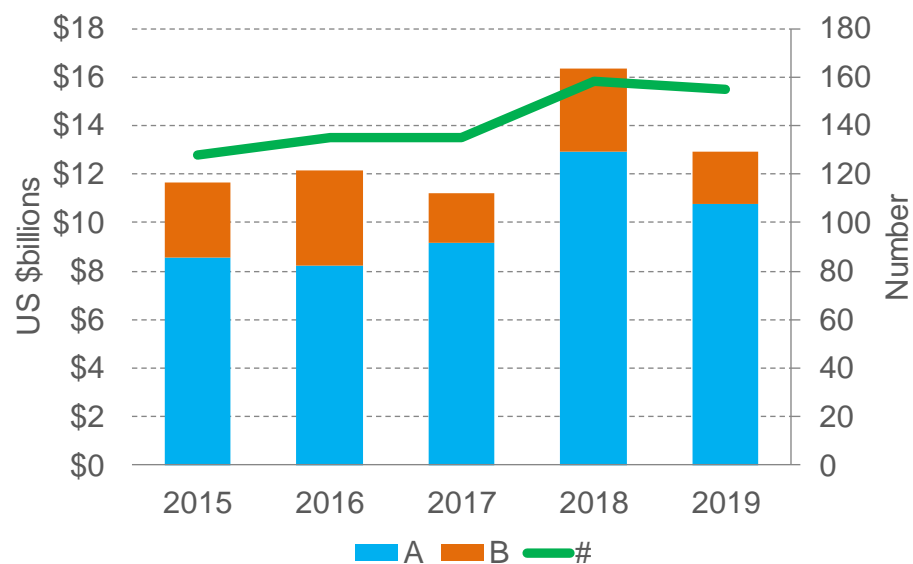
## 3.3 Pipeline Development

As of January 1, 2019, the entire **pipeline for 2019**<sup>26</sup> contained **155** SG projects for **\$12.9b**.

- 2% decrease from 158 projects on January 1, 2018.
- 21% decrease from \$16.4b on January 1, 2018.

The 2019 category **pipeline “A”** contains **120** SG projects for **\$10.8b**.

- 3% decrease from 124 operations at the beginning of 2018.
- 17% decrease from \$12.9b at the beginning of 2018.



All amounts in USD billion

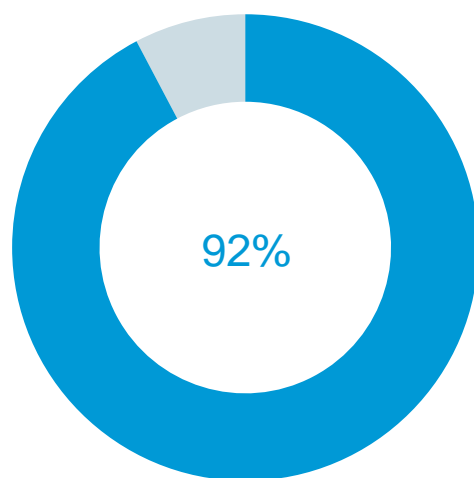
	A		B		Total	
Year	\$US Bil	#	\$US Bil	#	\$US Bil	#
2014	9.5	109	4.7	57	14.2	166
2015	8.5	94	3.1	34	11.6	128
2016	8.2	102	3.9	33	12.1	135
2017	9.2	109	2.1	26	11.2	135
2018	12.9	124	3.4	34	16.4	158
2019	10.8	120	2.1	35	12.9	155

<sup>26</sup> Project pipeline includes projects categorized as A and B unless specifically noted.

## VPS ECONOMIC &amp; SECTOR WORK (ESW) AND CORPORATE INPUT PRODUCTS (CIP)

## 3.4 ESW and CIP status

## ESW Deliverables Completed as % of total planned



Deliverables completed in 2018

382

Deliverables planned for 2018

414

Deliverables completed in 2017

414

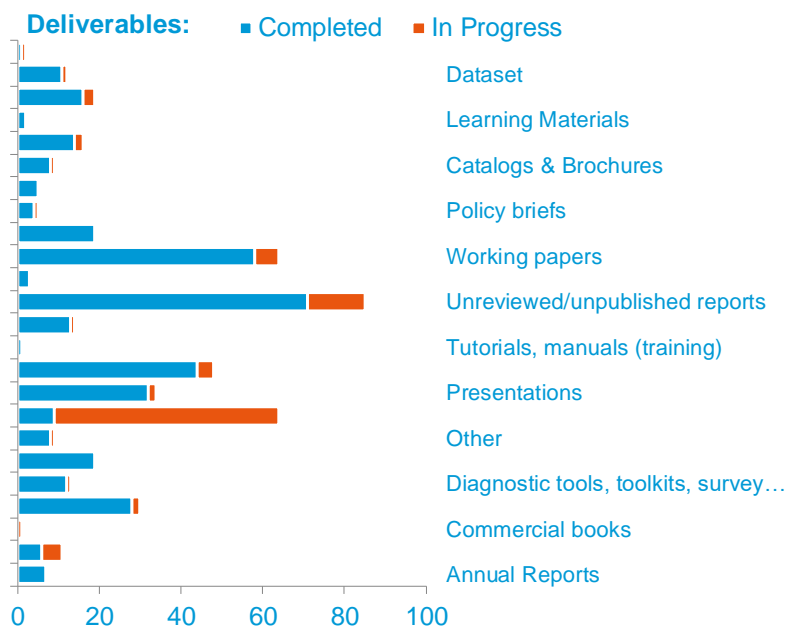
93%  
of the 445 planned for 2017

ESW products for 2018

86

CIP for 2018

53

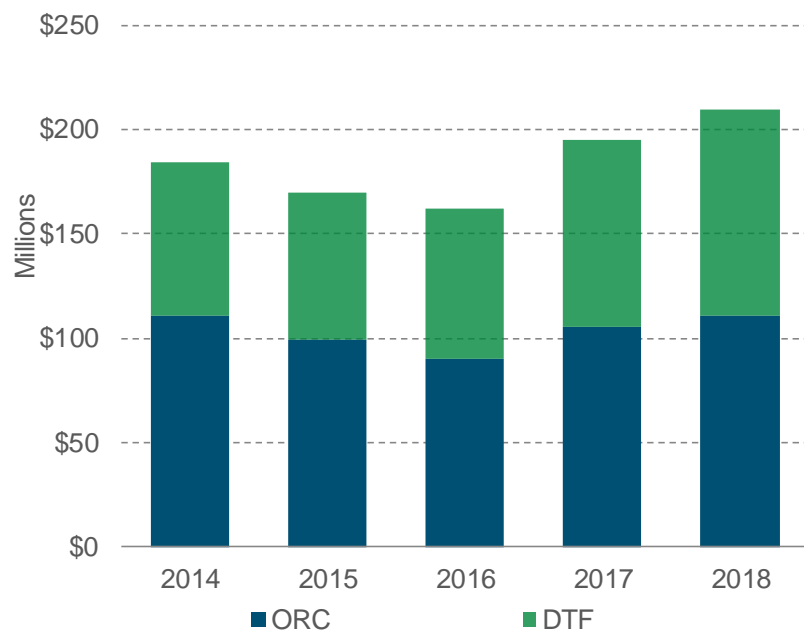


## ESW products by Priority Area and Department

	INE	RES	SCL	INT	VPS	IFD	CSD	Total 2018	Total 2017	% Change	
Social Policy for Equity and Productivity	0	3	16	0	1	0	0	20	20	0%	
Institutions for Growth and Societal Welfare	1	2	0	0	0	19	2	24	29	-17%	
Competitive Regional and International Integration	1	0	0	8	0	0	0	9	7	29%	
Infrastructure for Competitiveness and Social Welfare	7	0	0	0	0	0	4	11	11	0%	
Protecting the Environment and responding the Climate Change	2	1	0	0	1	0	5	9	7	29%	
Other	1	8	3	0	0	1	0	13	18	-28%	
Total	12	14	19	8	2	20	11	86	92	-7%	
Effort Reported to ESW products	FTEs	4.3	31.7	22.5	36.2	0.6	10.9	6.0	112.2	44.3	154%

## VPS &amp; VPC TECHNICAL COOPERATION PROGRAM

## 3.5 TC Program by Fund



All amounts in US\$ million

Year	ORC	DTF	Total Approved
2014	110.8	73.3	184.1
2015	99.6	70.2	169.8
2016	90.3	72.1	162.5
2017	105.4	89.4	194.8
2018	110.6	99.5	210.1
Change 2017/2018	5%	11%	8%

**Technical Cooperation** approvals reached **437** for **\$210.1m**

- 8% increase from the \$194.8m approved in 2017.
- 10% increase from 397 in 2017.
- Average size of TCs approved reached \$481K, a 2% decrease from \$491K in 2017.

**Donor Trust Funds (DTF)** financed TC approvals reached **133** for **\$99.5m**

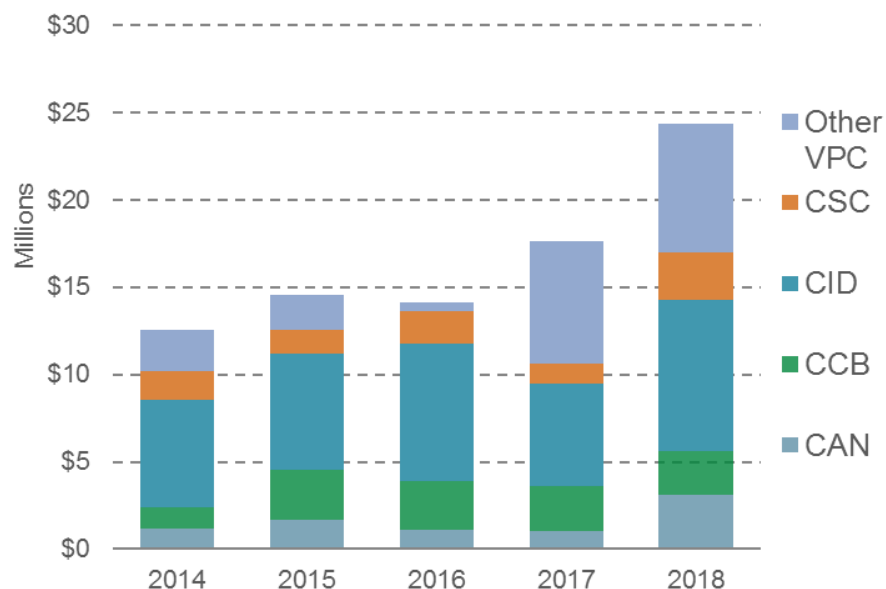
- 11% increase from \$89.4m in 2017.
- 30% increase from 102 in 2017.

## TC PROGRAM BY RESPONSIBILITY UNIT

### 3.6 TC Program by Country Department

Approvals volume reached **\$24.3m** in 51 TCs.

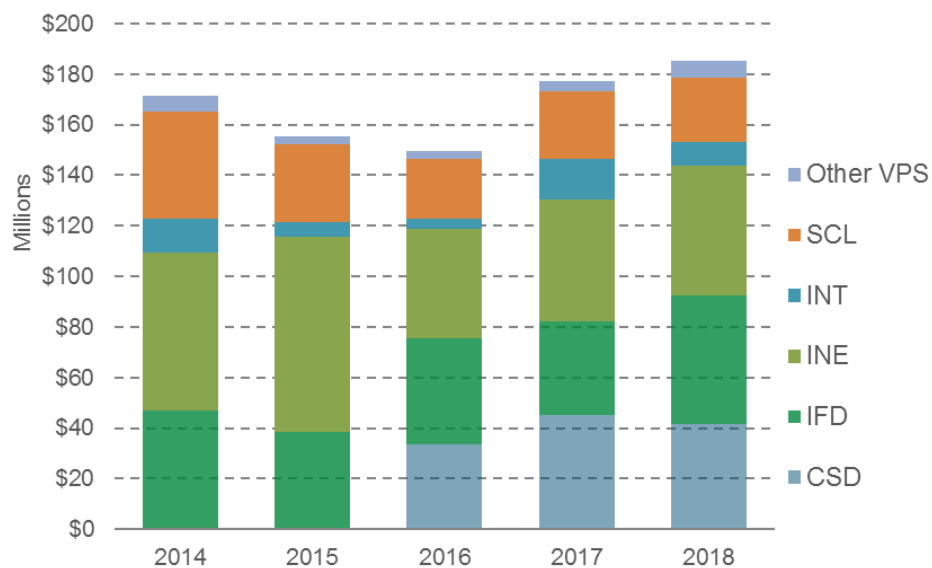
- 38% increase from \$17.6m in 39 TCs in 2017.

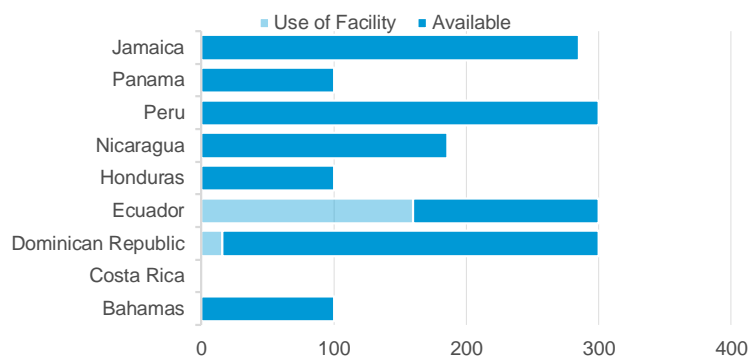
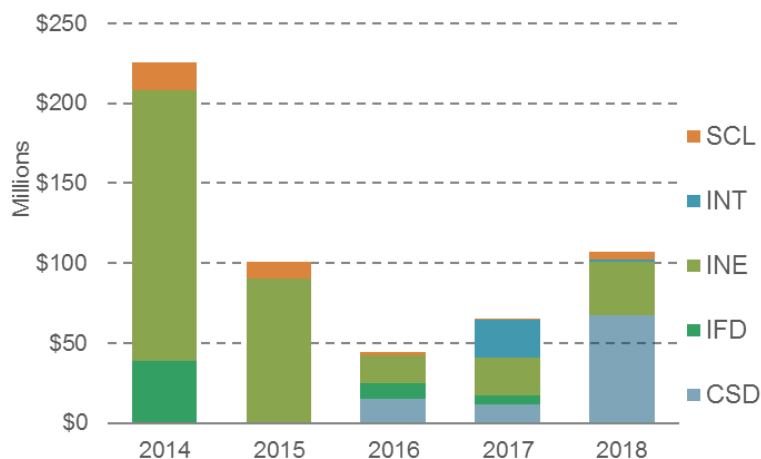


### 3.7 TC Program by Sector

Approvals volume reached **\$185.2m** in 386 TCs.

- 5% increase from \$177.2m in 358 TCs in 2017.





All in US\$ million

	Dates			Approved		Use of	
	Approval	Eligibility	Expiration	Original	Current	Facility	Available
Bahamas	Jun-18			100.0	100.0	0.0	100.0
Costa Rica	Dec-12	Cancelled		100.0	0.0		
Dominican Republic	Nov-09	Aug-11	Dec-20	100.0	300.0	16.0	284.0
Ecuador	Dec-14	Sep-15	Jun-20	100.0	300.0	160.0	140.0
Honduras	Nov-11	Mar-13	Dec-17	100.0	100.0	0.0	100.0
Nicaragua	Nov-13	Jun-14	Mar-19	186.0	186.0	0.0	186.0
Peru	Dec-13	Oct-14	Jan-19	300.0	300.0	0.0	300.0
Panama	Feb-12	Oct-12	May-17	100.0	100.0	0.0	100.0
Jamaica	Oct-18			285.0	285.0	0.0	285.0
<b>Total</b>				<b>1,371.0</b>	<b>1,671.0</b>	<b>176.0</b>	<b>1,495.0</b>

## INVESTMENT GRANTS (VPS)

### 3.8 Investment Grants (IGR)

Approvals volume reached **\$107.3m** in 14 Investment Grants

- 64% increase from \$65.3m in 2017.
- 100% increase from 7 IGRs approved in 2017.

## FACILITIES

### 3.9 Contingent Credit Facility for Natural Disaster Emergencies (CCF)

**Total current amount** reached **\$1.7b** in **8** countries

- 89% available of the amount available.
- no funds used in 2018.

# 2018 ANNUAL BUSINESS REVIEW

## CHAPTER IV

# RESOURCE MANAGEMENT

## A. OPERATIONAL EFFICIENCY

## RESOURCES (PC, NPC &amp; FTES)

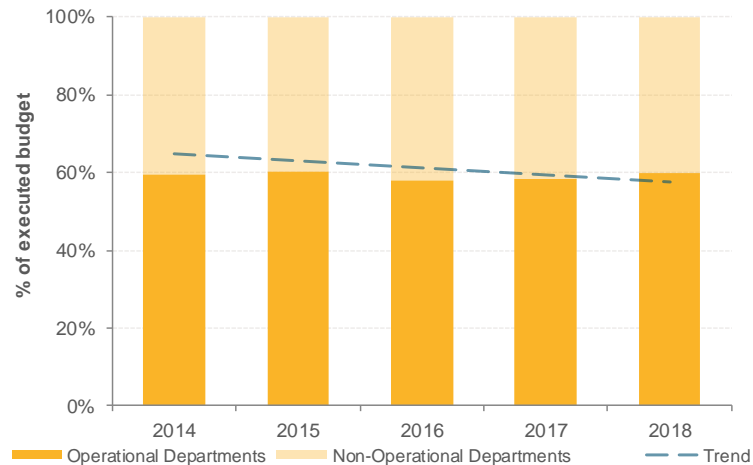
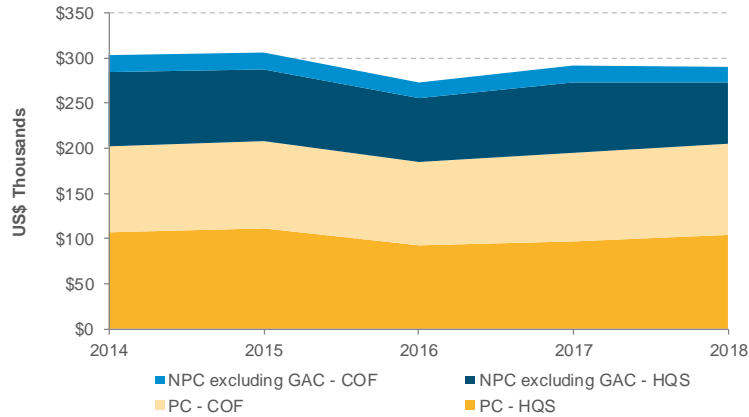
## 4.1 Operational Departments Budget Execution PC and NPC

Personnel Costs (PC) expenses for operational departments reached **\$205m**

- 5% increase from \$195m in 2017.

Non-Personnel Cost<sup>27</sup> (NPC) expenses for operational departments reached **\$85m**.

- 13% decrease from \$95m in 2017.

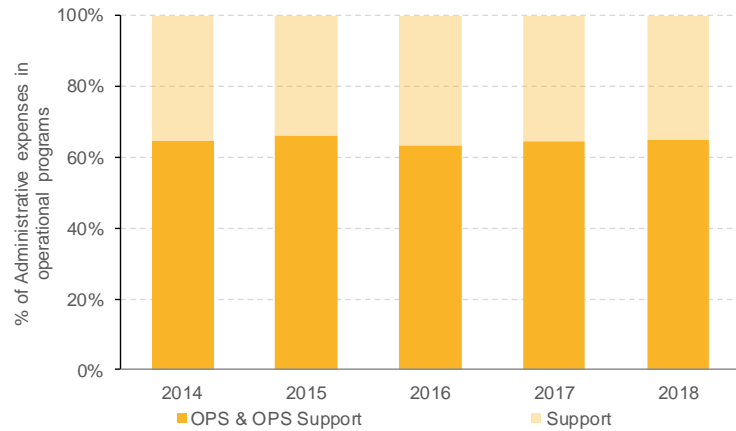


## 4.2 Operational vs. Non-Operational Department Budget Execution

- Operational and non-operational expenses reached \$526m, same as in 2017.
- Operational departments executed budget as a percentage of total administrative budget was 60% (**\$315m**)
- 2 percentage points higher than in 2017 (58%)

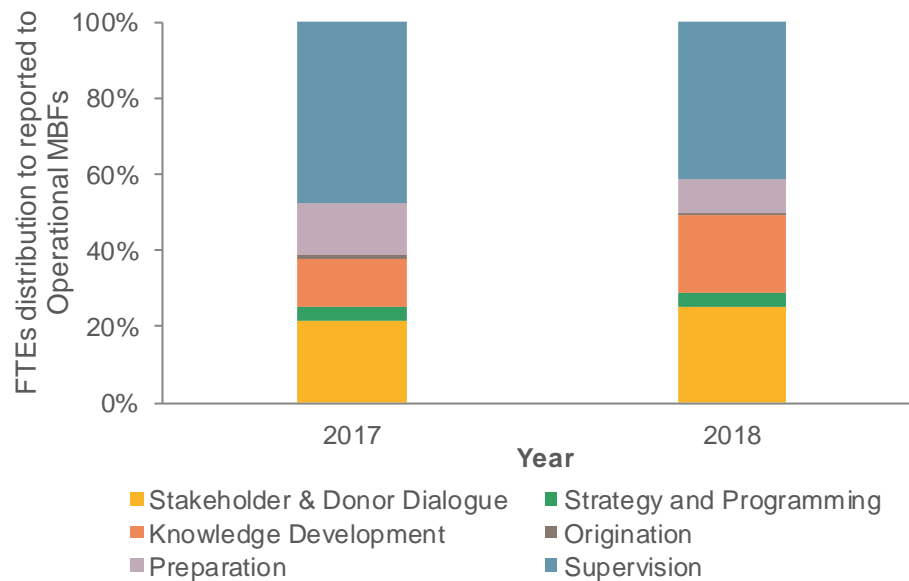
<sup>27</sup> Excludes general administrative costs.





#### 4.3 Percentage of administrative expenses in operational programs<sup>28</sup>

- Operational and operational support programs reached **65%** (\$340.0m)
- Same as in 2017.

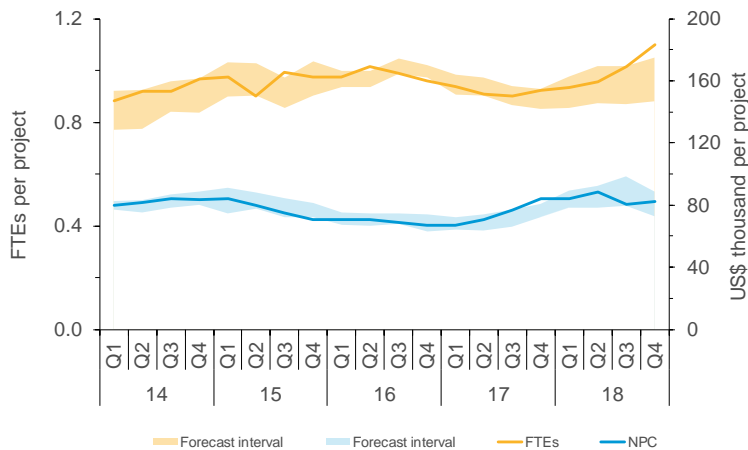
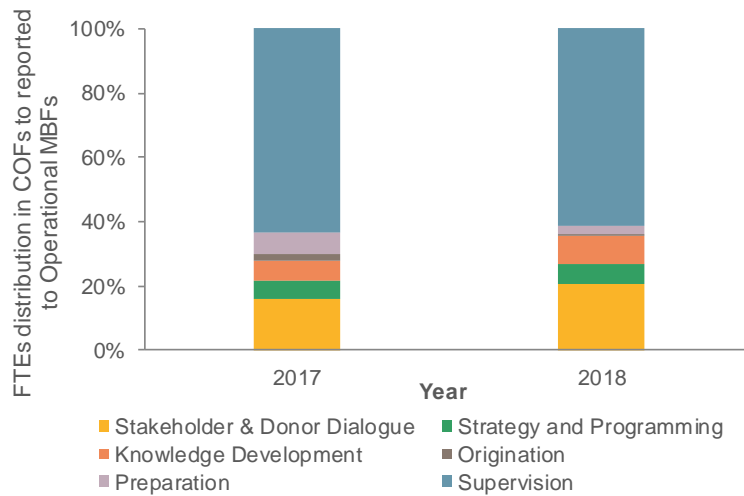


#### 4.4 Distribution of staff and Complimentary Workforce time reported to Operational Main Business Functions

- Staff time reported to supervision<sup>29</sup> of projects reached **789 FTEs**.
- Staff time reported to preparation of projects reached **170 FTEs**.
- Staff time reported to origination activities reached **8 FTEs**.
- Staff time reported to knowledge development reached **393 FTEs**.
- Staff time reported to strategy and programming reached **69 FTEs**.
- Staff time reported to stakeholder & donor dialogue reached **480 FTEs**.

<sup>28</sup> Operational and Operational support programs are no longer valid, values shown for 2016-2018 are approximations of expenditures based in their Main Business Function.

<sup>29</sup> Excludes time reported by the Office of Evaluation and Oversight (OVE)



#### 4.5 Distribution of COFs staff and the complimentary workforce time reported to Operational Main Business Functions

Time reported to supervision of projects reached **205 FTEs**.

- Time reported to preparation of projects reached **8 FTEs**.
- Time reported to origination activities reached **2 FTEs**.
- Time reported to Knowledge development reached **30 FTEs**.
- Time reported to strategy and programming reached **20 FTEs**.
- Time reported to stakeholder & donor dialogue reached **69 FTEs**.

### PROJECT EFFICIENCY

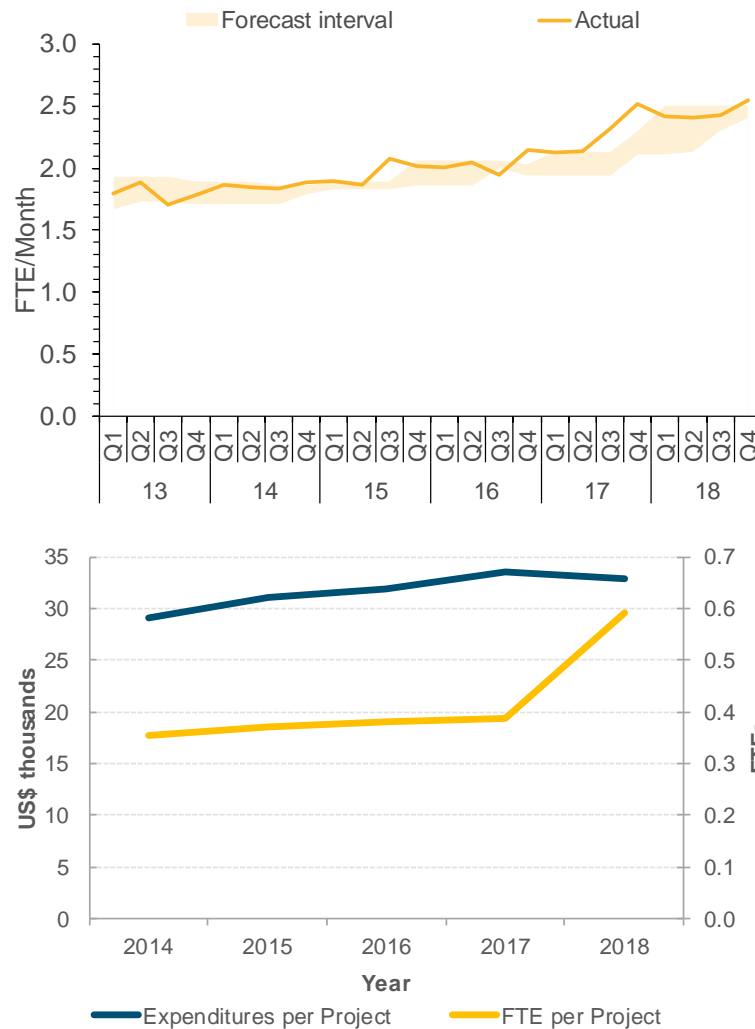
#### 4.6 Resources for Project Approval

Staff and complimentary workforce time reported to project preparation reached **1.10 FTEs** per project in 2018.

- 19% increase from 0.92 FTEs per project approved in 2017 mainly due to the inclusion of effort from the complimentary workforce.

NPC reached an average of **\$83K per project approved**.

- 2% decrease from **\$84K** in 2017.



#### 4.7 Effort (FTEs/Elapsed Time)<sup>30</sup>

The ratio between staff time reported (Effort) and preparation elapsed time, reached 2.6 in 2019.

- 1% increase from 2.5 in 2018.

#### 4.8 Resources (Expenditures and Staff and Complimentary Workforce Time)<sup>31</sup> per Project in Portfolio

Staff time reported per project in the portfolio in execution reached 0.6 FTEs.

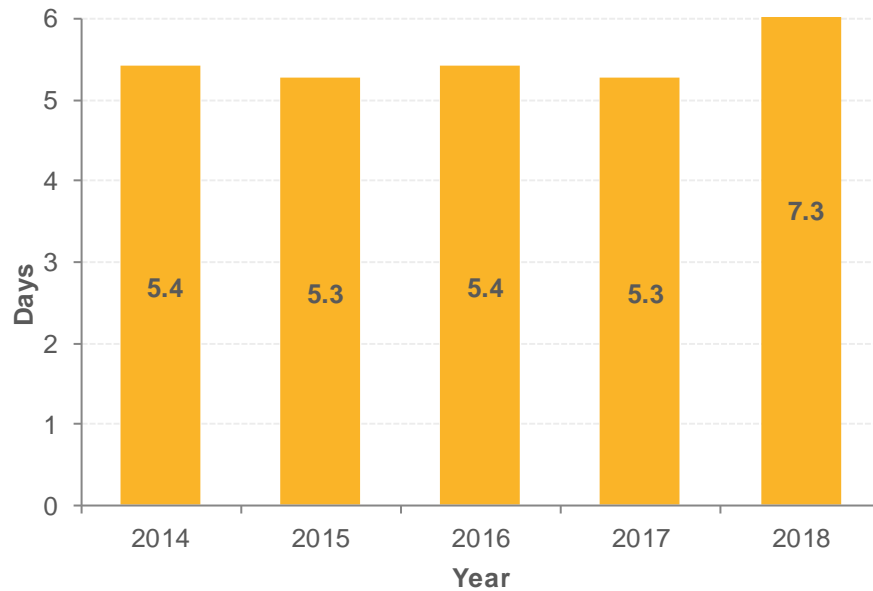
- 53% increase from 0.4 in 2017 mainly due to the inclusion of effort from the complimentary workforce.

NPC expenditures per project in the portfolio in execution reached \$32.9k.

- 2% decrease from \$33.6k in 2017.

<sup>30</sup> Information prior to 2018 does not include effort reported by the complimentary workforce.

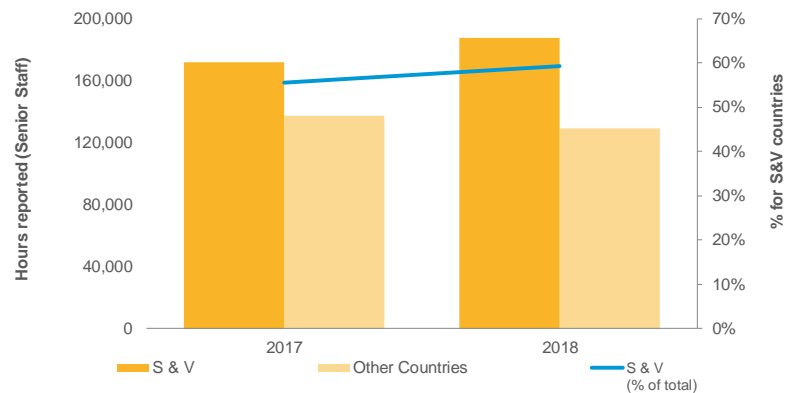
<sup>31</sup> Information prior to 2018 does not include effort reported by the complimentary workforce.



#### 4.9 Staff and Complimentary Workforce Time Reported to Project Execution per US\$ Million Disbursed<sup>32</sup>

Staff time reported to project execution per US\$ million disbursed reached 7.3 days.

- 39% increase from 5.3 days in 2017 mainly due to the inclusion of effort from the complimentary workforce.



#### 4.10 Senior Staff Time reported to Small & Vulnerable Countries

Data pertinent to last year:

- Senior Staff time reported to S&V countries reached 187.7k hours (59% of total) in 2018.
- 3 percentage points increase from 56% (172.2k hours) in 2017.

All amounts in number of hours				
	S & V	Other Countries	Total	S & V (% of total)
2017	172,119	137,573	309,692	56%
2018	187,746	129,160	316,906	59%

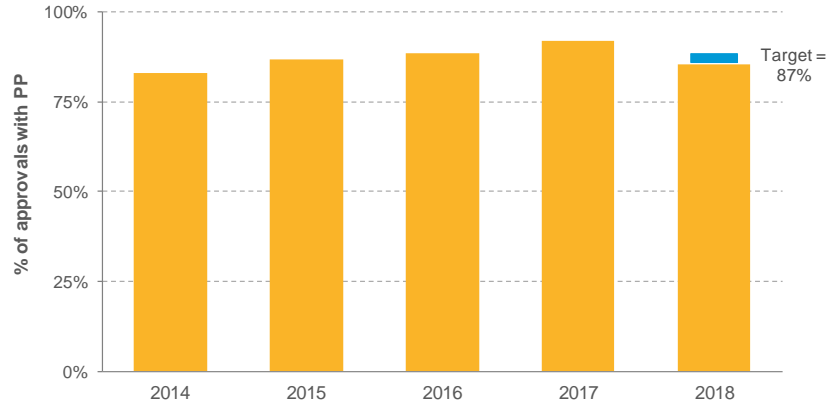
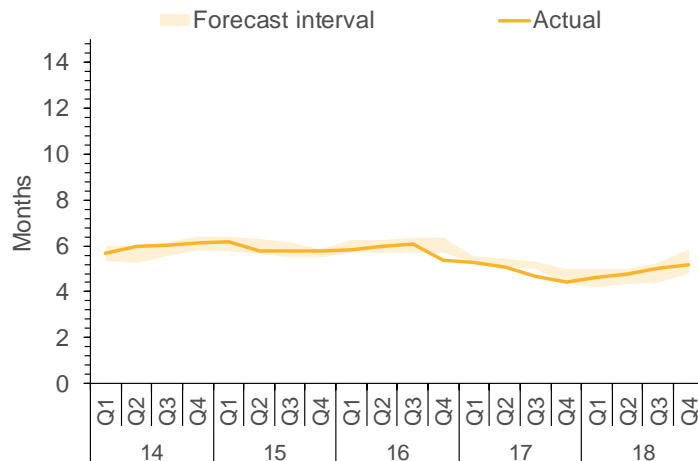
<sup>32</sup> Information prior to 2018 does not include effort reported by the complimentary workforce.

CYCLE TIMES (EFFICIENCY)<sup>33</sup>

## 4.11 Time Elapsed from Project Profile to Approval for SG Operations

Time elapsed to prepare a project (from Profile to Approval) for SG operations reached **5.2 months**

- 17% increase from 4.4 months in same period in 2017.



## 4.12 SG Loan projects meeting target preparation time

The percentage of SG project with project profile (PP) meeting preparation time reached **85.2% in 2018**, 1 percentage point below the CRF target.

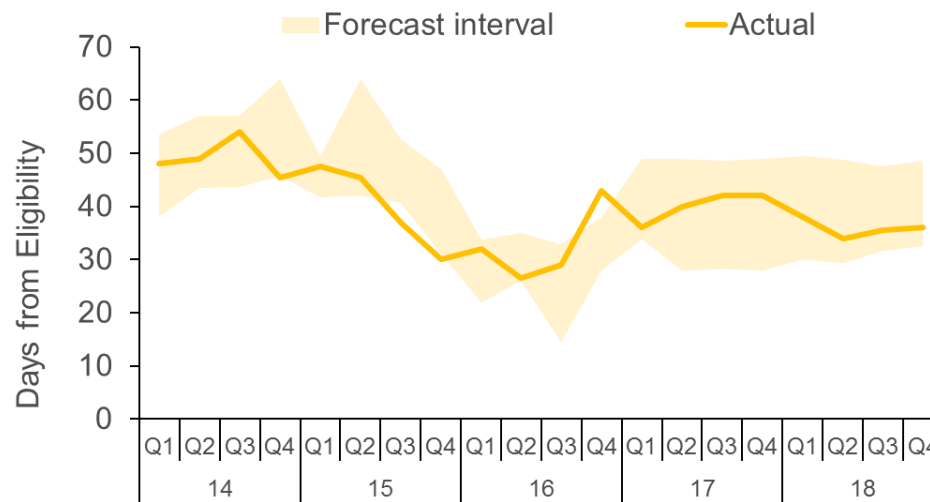
- 6% percentage point decrease from 92% in 2017.

<sup>33</sup> For this graph and the following four, Time elapsed is calculated with a four-quarter moving average

### 4.13 Time Elapsed from Eligibility to First Disbursement for SG Investment Operations

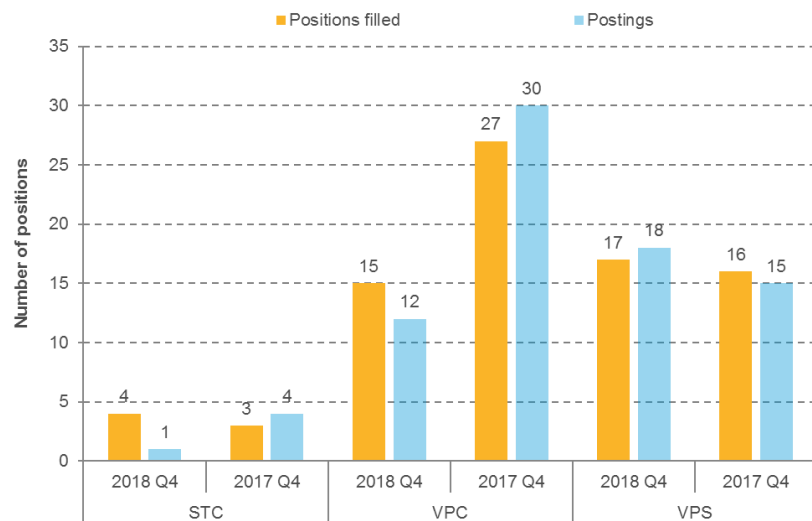
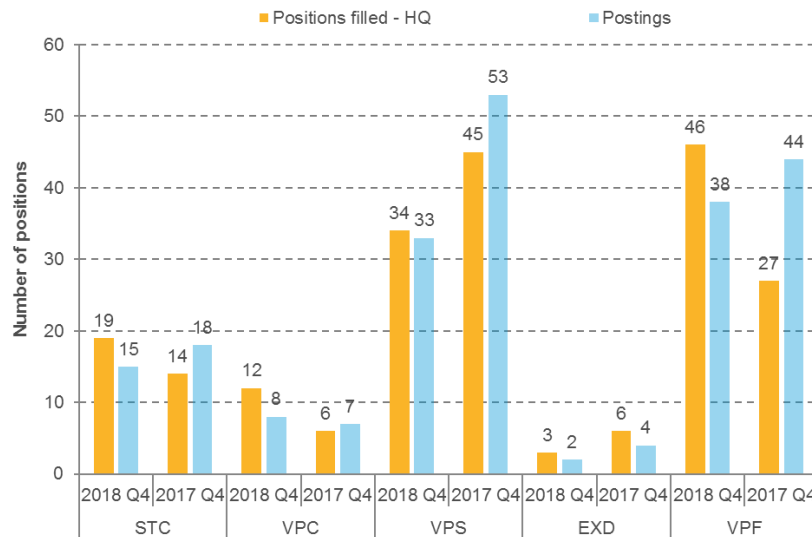
Time elapsed from eligibility to first disbursement<sup>34</sup> for SG investment operations reached **36 days**.

- 14% decrease from 42 days in 2017.



<sup>34</sup> Only operations that actually disbursed

## HUMAN RESOURCES



## VACANCIES AND NEW HIRES

## 4.14 Status of Positions Posted

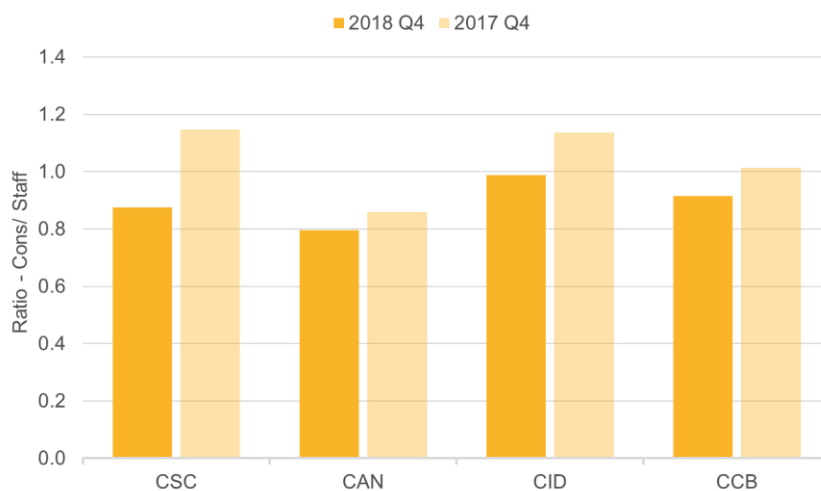
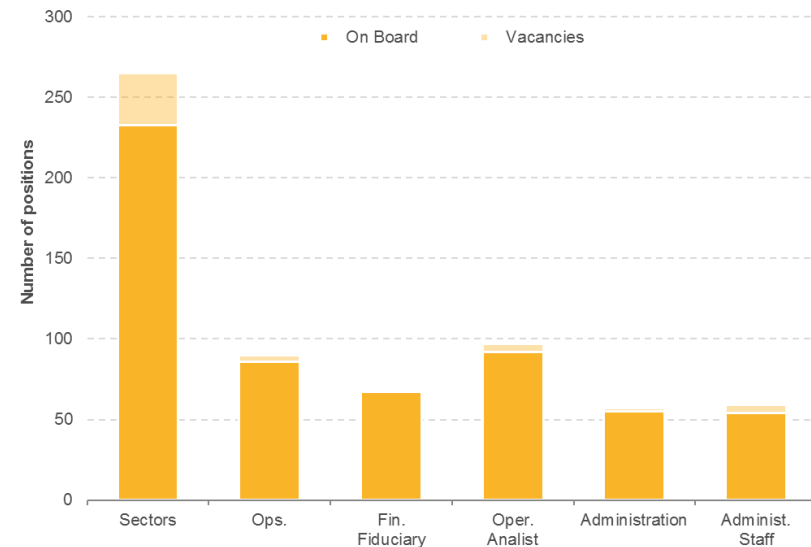
- 209 Bankwide vacancies filled in 2018, 196 vacancies remain unfilled (includes 16 vacant positions allocated in the Central Pool – SRE/VAC).<sup>35</sup>
- 123 (59%) of vacancies filled were for VPS and VPC.
- 126 (65.6%) of the filled positions went to external candidates. 68 positions were filled by transfers (20 by competitive process, 48 by lateral transfer)
- Of the 108 external hires, 78 (57%) were female.
- 121 (80%) positions to be filled were posted as international positions.

## 4.15 Status of Positions Posted and Filled in the COFs

- Net number of professional<sup>36</sup> staff on-board in the COFs increased by 1, compared to 2017.
- 15 (29%) of VPS professional vacancies as of December 31, 2018 are assigned to COFs.

<sup>35</sup> Board approved Positions: 108 vacancies remain unfilled

<sup>36</sup> Professional Staff: Grades 9 and above (Bankwide).



<sup>37</sup> Sectors: VPS, MIF. Ops.: Rep, Ops, Econ.

## COF STRENGTHENING

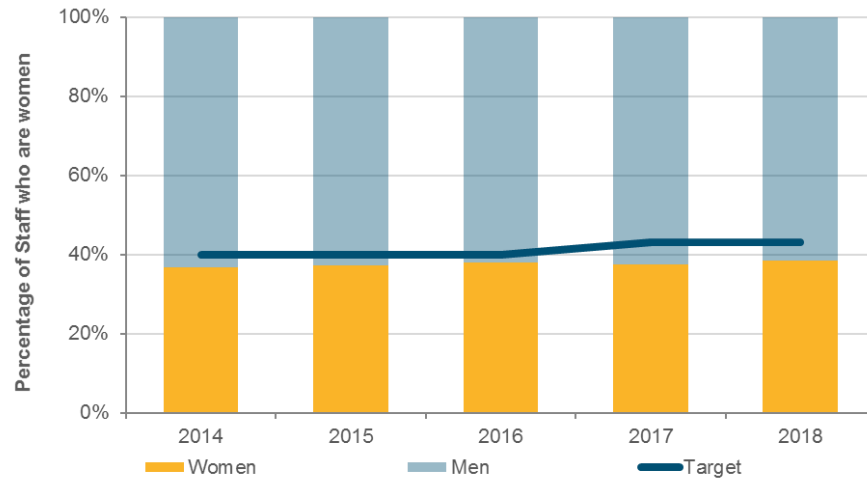
### 4.16 Country Office Staff Composition<sup>37</sup>

- 587 professional staff on-board in COFs. Less than 1% decrease from 588 staff on-board in 2017.
- 49 professional staff vacancies in COFs. 23% increase from 40 staff vacancies in 2017.

### 4.17 Number of Professional Staff and Consultants (Excluding Firms)

- As of December 31, 2018, there were 459 active consultants in the COFs.
- 15% decrease from 539 on December 31, 2017.
- As of December 31, 2018, there were 509 active consultants in the COFs.
- Less than 1% increase from 508 on December 31, 2017.





## EXECUTIVE AND MANAGERIAL WOMEN

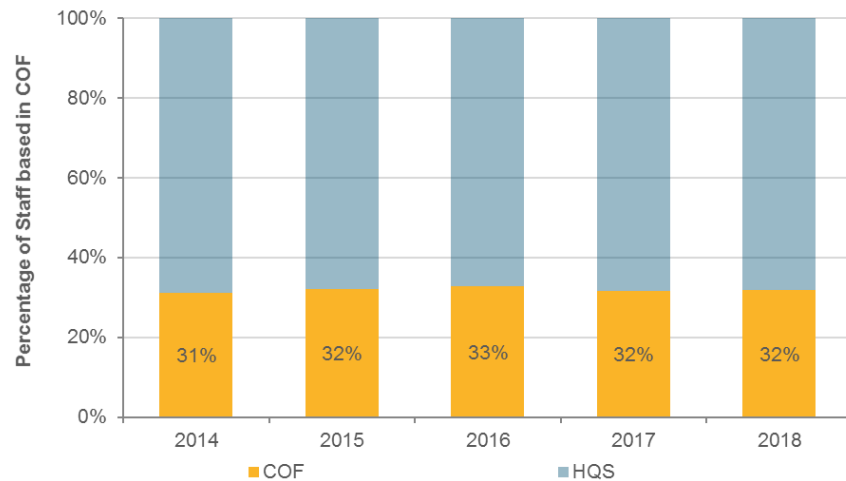
### 4.18 Percentage of Professional and Executive Staff who are Women, Grade Four and Above

Women in grades four and above reached **38%**

- One percentage point increase from 37% in 2017.
- 3 percentage points increase from 35% in 2012.
- The **2019 CRF** target is 43%.

Women in executive and representative positions reached **33%**

- 1 percentage point increase from 32% in 2017.



## STAFF COMPOSITION

### 4.19 Percentage of Professional Staff Based in the COFs

Professional Staff in the COFs reached **32%**

- Same percentage as in 2017.

## TEAM LEADERS

## 4.20 Projects Approved with Team Leaders in the COFs

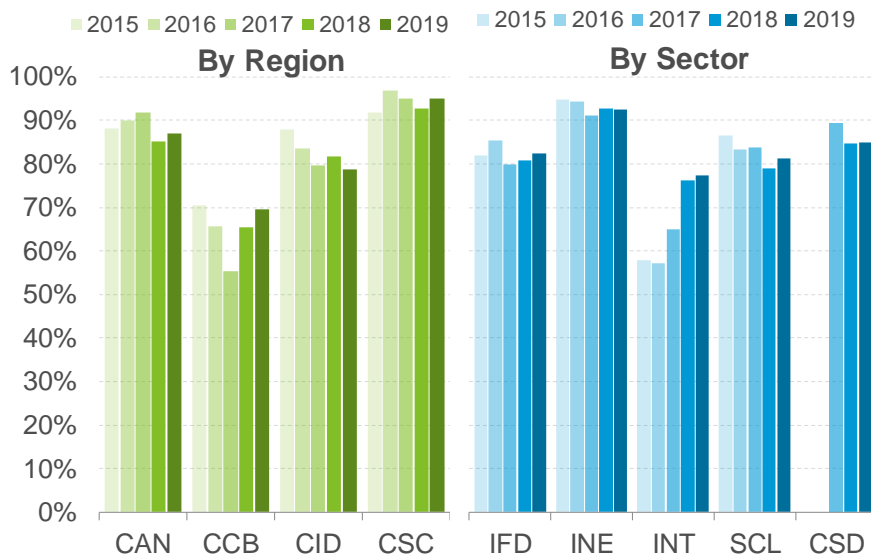
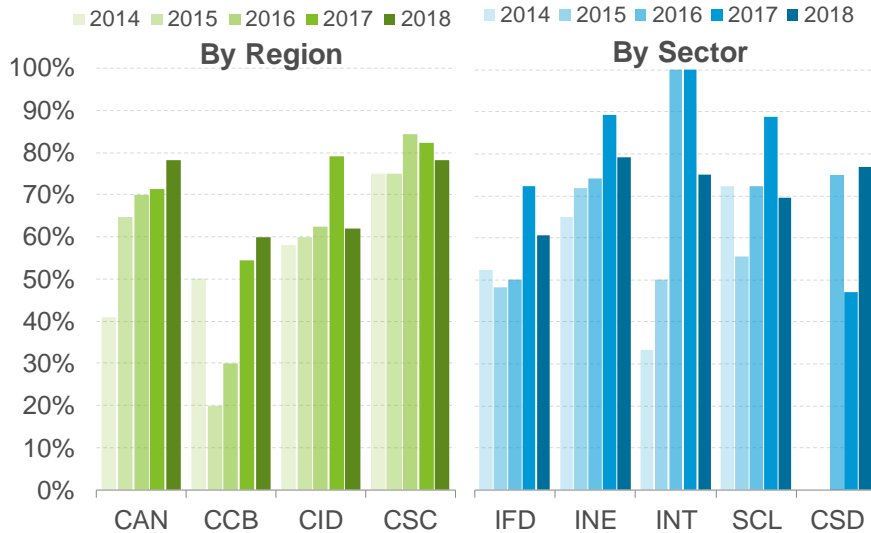
Number of SG loan operations prepared by Team Leaders in COF as a percentage of total number of SG approvals reached **71%** for 2018

- 4 percentage point decrease from 75% in 2017.

## 4.21 Projects in Execution with Team Leaders in COFs

**86%** of Team Leaders for projects in execution are in the COFs

- 1 percentage point increase from 85% at the beginning of 2018.



# 2018 ANNUAL BUSINESS REVIEW

## CHAPTER V KNOWLEDGE & LEARNING

## PROGRAM EXECUTION

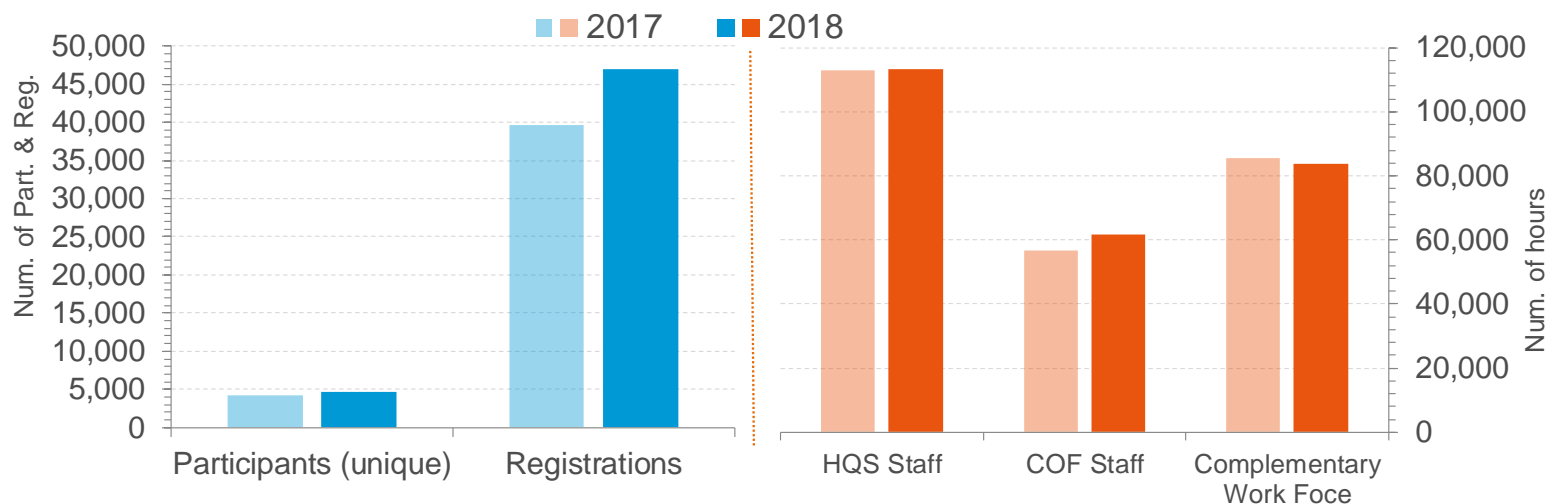
### 5.1 Registrations and unique participants

In 2018, **4,621** unique participants enrolled in at least one training program.

- 10% increase from 4,217 participants in 2017.

**258,659** participant hours were reported in the KNL System from **46,918** registrations.

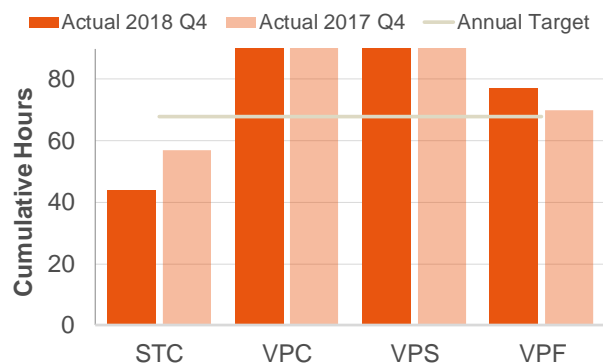
- 1% increase from 255,056 participant hours in 2017.



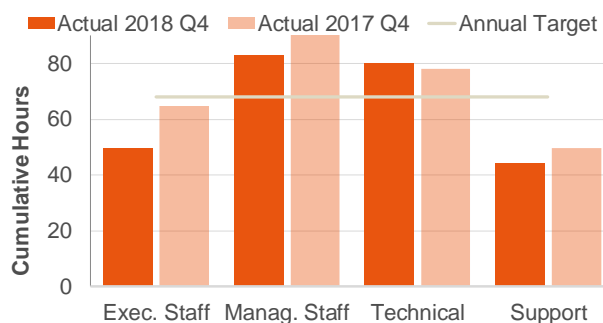
	Participants		Hours				
	(unique)	Registrations	All Staff	HQS Staff	COF Staff	Complementary Work Force	Total Hours
2018	4,621	46,918	175,018	113,257	61,761	83,641	258,659
2017	4,217	39,695	169,448	112,840	56,608	85,608	255,056
% Change (2017/2016)	10%	18%	3%	0%	9%	-2%	1%

#### Delivery for External Clients





Average hours				
Dept.	Actual 2018 Q4	Actual 2017 Q4	Annual Target	% Change 2018/17
STC	44	57	68	-23%
VPC	100	92	68	9%
VPS	104	96	68	8%
VPF	77	70	68	10%



Average hours				
By track and Location	Actual 2018 Q4	Actual 2017 Q4	Annual Target	% Change 2018/17
Exec. Staff	50	65	68	-24%
Manag. Staff	83	108	68	-23%
Technical	80	78	68	2%
Support	44	50	68	-10%
HQS	89	73	68	22%
COF	89	86	68	4%

## A. LEARNING ACTIVITIES – INTERNAL CLIENTS

### 5.2 Average KNL Hours per Participant

Bank staff reported an average of **81** hours to K&L activities, 119% of the indicative target for the year (68 hours).

- VPC reported 100 hours, 147% of the indicative target.
- VPS reported 104 hours, 153% of the indicative target.
- VPF reported 77 hours, 113% of the indicative target.
- STC reported 44 hours, 65% of the indicative target.

### 5.3 Average Training Hours per Participant

Bank wide, the average hours reported to training activities was **64**, 94% of the indicative target for the year (68 hours).

- Executive reported 50 hours, 73% of the indicative target.
- Managerial reported 83 hours, 122% of the indicative target.
- Technical reported 80 hours, 118% of the indicative target.
- Support reported 44 hours, 65% of the indicative target.

By location:

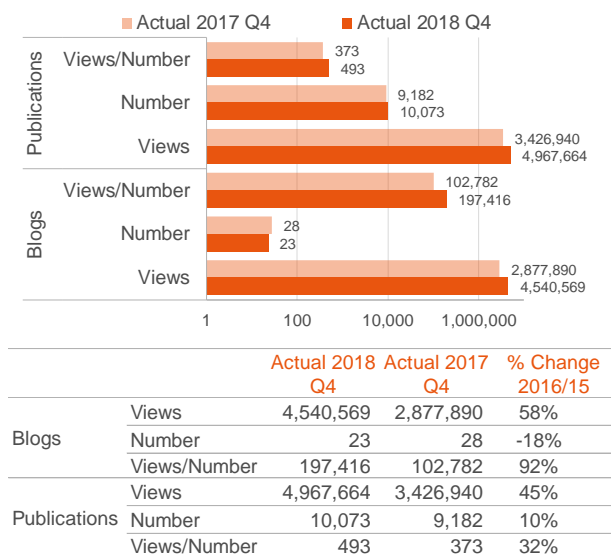
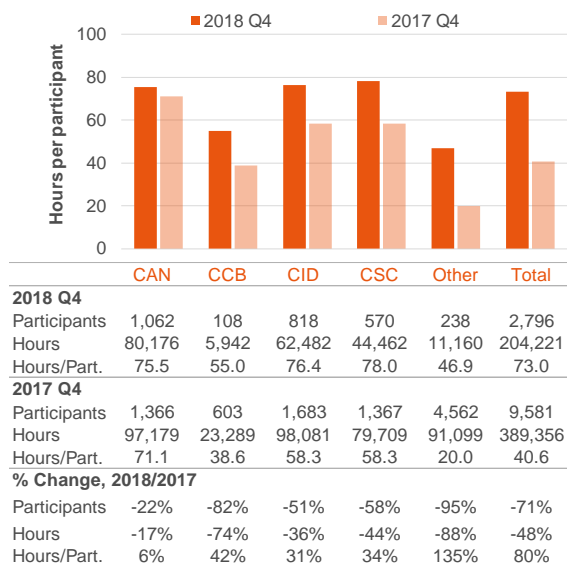
- HQ reported 89 hours, 131% of the indicative target.
- COF reported 89 hours, 131% of the indicative target.

## B. CAPACITY BUILDING ACTIVITIES – EXTERNAL CLIENTS

### 5.4 External Client Participation in KNL Activities

2,558 registered participants from the Region, representing 91% of 2,796 total registered participants (or 95% of 204,221 total hours of training):

- 49% decrease from 5,019 registered participants from the Region in 2017.



## DISSEMINATION AND COMMUNICATION

### 5.5 Number of Views per Dissemination Tool

A total of **10,073** IDB Knowledge products were available in BRIK:

- 10% increase from 9,182 knowledge products in 2017.
- Total visits to these publications was **5.0** million yielding an average of **493** visits per publication
- At the end of 2018, there were **23 Blogs** with more than **4.5** million views

<http://blogs.iadb.org/>

<http://blogs.iadb.org/abierto-al-publico/>

# Abbreviations

AFS	Audited Financial Statements	PDP	Operations Procurement Office
BDA	Budget and Administrative Services Department	PFM	Portfolio Monitoring Unit
C&D	Countries from Group C & Group D	PI	Performance Index
CAN	Country Department Andean Group (Colombia, Peru, Venezuela, Bolivia and Ecuador)	PMR	Progress Monitoring Report
CCB	Country Department Caribbean Group (Jamaica, Trinidad and Tobago, Suriname, Guyana, Barbados and Bahamas)	PRG	Programming Product
CCLIP	Conditional Credit Line for Investment Projects	REG	Regional
CID	Country Department Central America (Guatemala, Belize, El Salvador, Honduras, (Deprecated, used until 2017) Country Department Haiti	RES	Department of Research and Chief Economist
CDH	(Deprecated, used until 2017) Country Department Haiti	CRF	Corporate Result Framework
Nicaragua, Costa Rica), Mexico, Panama, and Dominican Republic		RMG	Office of Risk Management
COF	Country Office	RND	Environment, Rural Development Disaster Risk Management Division
CPD	Country Programming Document	SCF	Structured and Corporate Finance Department
CSC	Country Department Southern Cone (Argentina, Brazil, Chile, Uruguay and Paraguay)	SCL	Social Sector
DTF	Donor Trust Funds	SECCI	Sustainable Energy and Climate Change Initiative
DEM	Development Effectiveness Matrix	SG	Sovereign Guaranteed
EDU	Education Division	SMO	Strategy Monitoring Division
EME	Financial Emergency Loans	SPD	Office of Strategic Planning and Development Effectiveness
EFS	External Feedback System	SPH	Social Protection and Health Division
ESW	Economic and Sector Work	STC	Strategic Core
FSO	Fund for Special Operations	T&L	Time and Labor System
FTE	Full Time Equivalents	TC	Technical Cooperation
FMM	Fiscal and Municipal Management Division	TFFP	Trade Finance Facilitation Program
FOB	Funds of the Bank (ORC, FSO, GRF)	VPC	Vice Presidency for Countries
FUA	Funds under Administration	VPF	Vice Presidency for Finance and Administration
GCM	Grants and Co-Financing Management Unit	VPP	Vice Presidency for Private Sector and Non-Sovereign Guaranteed Operations
GEF	Global Environment Fund	VPS	Vice President for Sectors and Knowledge
GRF	IDB Grant Facility	WSA	Water and Sanitation Division
HQS	Headquarters	AR	Argentina
HRD	Human Resources Department	BA	Barbados
HRG	Haiti Response Group	BH	Bahamas, The
ICF	Institutional Capacity and Finance Sector	BL	Belize
IDB-8	8th General Capital Increase	BO	Bolivia
IDB-9	9th General Capital Increase	BR	Brazil
IIC	Inter-American Investment Corporation	CH	Chile
INE	Infrastructure and Environment Sector	CO	Colombia
INT	Integration and Trade Sector	CR	Costa Rica
IFD	Institutions for Development	DR	Dominican Republic
INV	Investment Operations	EC	Ecuador
KCP	Knowledge and Capacity Building Products	ES	El Salvador
KIC	Knowledge, Innovation and Communication Department	GU	Guatemala
KNL	Knowledge and Learning	GY	Guyana
NFP	Non-Financial Products	HA	Haiti
LPGS	Liquidity Program for Growth Sustainability	HO	Honduras
LTFP	Long-Term Financial Plan	JA	Jamaica
NPC	Non-Personnel Costs	ME	Mexico
NSG	Non-Sovereign Guaranteed	NI	Nicaragua
ORC	Ordinary Capital (OC)	PE	Peru
OLB	Outstanding Loan Balance	PN	Panama
OMJ	Opportunities for the Majority Sector	PR	Paraguay
OPUS	Operations Update System	SU	Suriname
ORP	Office of Outreach and Partnerships	TT	Trinidad and Tobago
PBL	Policy Based Lending	UR	Uruguay
PC	Personnel Cost	VE	Venezuela
PCR	Project Completion Report	RG	Regional

## Revisions

This edition of the ABR 2018 was revised on June 12, 2019 and contains the following changes:

Some typos and misspellings were corrected in titles and text, including:

- Graph 1.4: the visualization refers to total disbursements, not to investment disbursements as previously indicated in the title.
- Graph 2.10: average DEM scores refer to 2018, not to 2017 as previously indicated.
- Graph 2.13: (Multiple booking), an additional explanatory footnote was included.
- In graphs 4.9 and 4.11, the text should read “increase” instead of “decrease”.
- In graph 4.20, it should read “decrease” instead of “increase” as previously indicated.

Additionally, data revisions were made in the following graphs:

- In graph 2.14, the value 72 refers to the percentage of projects, not to the number of projects as previously indicated.
- In graph 4.12, the percentage of projects meeting target preparation time changed to 85.2%.