

The IDB Group in the Central American Isthmus and the Dominican Republic

Activities Report 2020



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Report prepared for the

**35th Meeting of Governors of the IDB
of the Central American Isthmus
and the Dominican Republic**

March 1 - 2, 2020

The IDB Group includes three multilateral institutions: the IDB, IDB Invest, and IDB Lab. The IDB supports the development of public-sector projects; IDB Invest finances private-sector initiatives; and IDB Lab supports innovative undertakings that create scalable opportunities for poor and vulnerable populations in the region.

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This document was coordinated and prepared by a team from the IDB's Country Department Central America, Haiti, Mexico, Panama, and the Dominican Republic, with contributions from IDB Invest and IDB Lab.

At the date of publication of this report, data related to IDB Invest operations are still preliminary and may be subject to change in the future.

Graphic design: Duare Pinto

Central America and the Dominican Republic in 2020

2020 was an unprecedented year for Central America and the Dominican Republic (hereafter, the region). The effect of the global COVID-19 pandemic, exacerbated by the impact of Hurricanes Eta and Iota in some countries, caused the greatest economic contraction the region has undergone in its recent history—surpassing the debt crisis of the 1980s and the international financial crisis of 2009.

Governments generally reacted fast, taking steps to contain and mitigate the impact, but the **pandemic's duration and intensity** made it necessary to extend these measures into 2021, when signs of recovery should start to become apparent.

Since the first case of COVID-19 was detected in the region in March 2020, the rapid spread of the virus has challenged health systems that from the outset had limited capacity to care for those affected. This raised the need for stringent social distancing and isolation measures that successfully reduced the number of infections but entailed a suspension of economic activity, triggering a fall in employment and household income.

To mitigate these negative effects on the most vulnerable people and on businesses, **the governments approved a series of exceptional measures**, such as the expansion of cash-transfer social programs, moratoria on payments of loans, bills, and taxes, and the provision of liquidity to businesses. These measures were necessary in the short term, but they put pressure on public finances that were already weakened by the growth of spending in the past decade. The average fiscal deficit is estimated to have increased from 2.7 percent to 7.3 percent between 2019 and 2020, and public debt rose from 55 percent to 69 percent.

In 2020, the IDB Group provided immediate support to tackle the health crisis caused by the pandemic

Even with these measures, **the GDP of Central America and the Dominican Republic is expected to have contracted by 6 percent in 2020**, in contrast to the 4.4 percent annual growth of the last decade. This contraction is less than the decline for Latin America and the Caribbean (LAC) as a whole, which is estimated at 7.4 percent. Two factors help explain this phenomenon: remittances and food exports. After a sharp drop in the first quarter of the year, remittances recovered and then increased over the 2019 level, proving to be an element of resilience relative to LAC and providing a timely source of household income. As regards exports, the increase in external demand for food products cushioned their fall, especially in Nicaragua and Honduras.

Aside from its **profound impact on the lives and health of millions of people**, the crisis has jeopardized the social gains of the past decade. Because the region's jobs are concentrated in sectors such as commerce, transportation, and tourism—where physical contact is common and the pandemic caused major disruptions—the unemployment rate almost doubled, and more than 2.8 million people fell into poverty. The poverty rate rose from 31 percent to 37 percent of the population (in the last decade it had fallen by 8 percentage points), and there was a substantial reversal of progress on equality.

2.8 million
people fell
into poverty ...



which rose from
31% to 37%
of the population

The arrival of Hurricanes Eta and Iota

in November imposed significant additional social costs, especially in agricultural areas that have the highest levels of poverty. It is estimated that about 20 percent of Central America's population was affected, concentrated in Honduras, Nicaragua, and Guatemala. Preliminary estimates put the economic damage at about US\$ 3.5 billion, with impacts on public infrastructure and on agricultural production in the area of the Caribbean coast.

Although the hurricanes' impact on growth was limited in 2020, social gaps are expected to widen. The effects in 2021 could be greater, moreover, given the destruction of crops and export infrastructure, and the worsening of the social and health crisis. Nonetheless, substantial investment for reconstruction could mitigate these effects.



Flooding in the Sula Valley, Honduras, in the wake of Hurricane Eta

Eta and Iota: about 20% of Central America's population was affected, concentrated in Honduras, Nicaragua, and Guatemala



Preliminary estimates put the economic damage at **US\$ 3.5 billion**



Prospects for 2021

Gradual economic recovery in the region is expected for 2021 as vaccination campaigns are rolled out, **with GDP growth of 3.5 percent**. Recovery to the economic size and social conditions of the pre-crisis period, however, will take at least two years.

Governments have unveiled stimulus plans to support a more dynamic recovery. Priorities focus on supporting the productive sector by means of resilient reconstruction; fostering digital transformation and attracting global value chains; investing more in health and social programs; and securing greater fiscal efficiency.

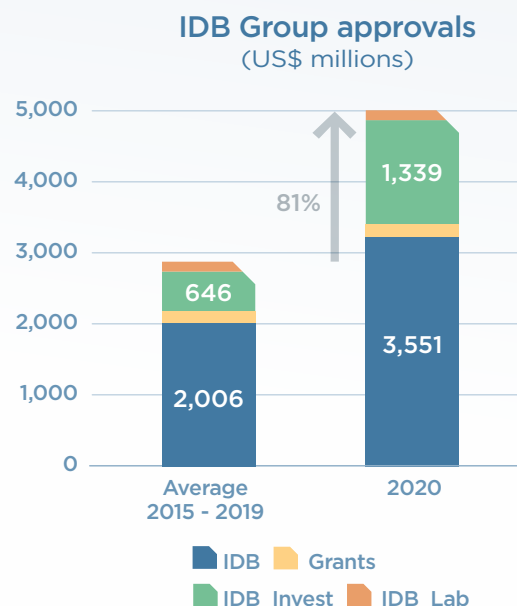
The **IDB Group** supports countries in their growth and poverty-reduction strategies through productivity improvements and social inclusion, and by giving impetus to regional integration. In 2020, the IDB's financing, technical assistance, and knowledge products focused on helping countries in the region respond to the pandemic and to Hurricanes Eta and Iota. The following chapters of this report highlight the Bank's main activities in Central America and the Dominican Republic during the year at the regional and country levels.

New projects

In 2020 the IDB Group approved US\$ 4,952 million for the countries of Central America and the Dominican Republic, 54 percent more than in 2019 and 81 percent more than the 2015–2019 average.

Joint effort of the Group's three financing arms to respond to the pandemic:

- ◆ The **IDB** supported the public sector, mainly in the capacity of **health and social protection systems** to respond to **vulnerable populations**, support for the **productive fabric and employment**, and the management of countercyclical **fiscal policy**.
- ◆ **IDB Invest**, the private-sector investment arm, focused on supporting the **productive fabric and employment**, especially SMEs and their value chains, as well as foreign trade facilitation.
- ◆ **IDB Lab**, the innovation laboratory, developed **digital solutions** to meet the population's urgent needs in telemedicine, digitization of MSMEs, and digital platforms for payment of services and financial inclusion.



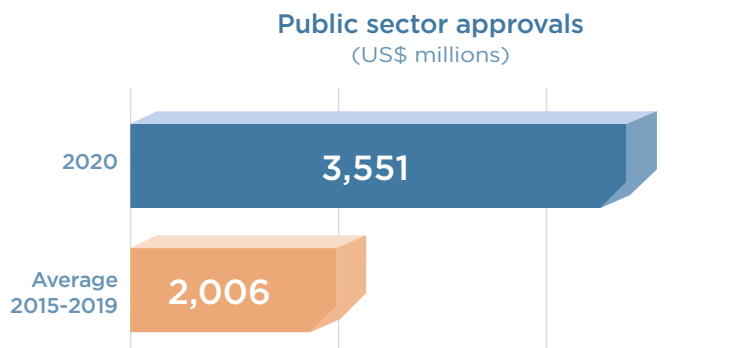
Public sector

The IDB financed **27 public-sector loans** totaling **US\$ 3,551 million**, the highest level of financing in the past 20 years, and provided technical assistance through **91 grants** amounting to **US\$ 45 million**.

58 percent more than the amount approved in 2019, and 77 percent more than the 2015–2019 average.

80 percent of resources were targeted on the COVID-19 pandemic response.

US\$ 786 million was mobilized in cofinancing, equivalent to 22 percent of the total approved.



Additionally, in 2020, **US\$ 242 million** of portfolio projects in execution were **reformulated or redirected** to respond to the pandemic.

The Bank also continued its support in issues such as:

- ◆ Decarbonization and sustainable forest management.
- ◆ Improving the quality of basic social services.
- ◆ Rural electrification and hydroelectric generation.
- ◆ Sectoral reforms in basic water, sanitation, and energy services.
- ◆ Repairing the damage caused by Hurricanes Eta and Iota.



Guatemala: Financing for SMEs and green projects through Banco Promerica

Private sector

IDB Invest financed **41 operations** totaling **US\$ 1,339 million** in 2020.

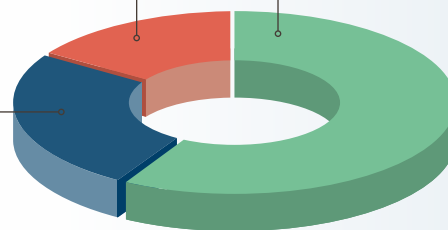
- ◆ **50 percent** more than the amount approved in 2019.
- ◆ Historic record: **double** the average approved between 2016 and 2019 (US\$ 646 million).
- ◆ Focus on developing the private sector, attracting investment, and creating jobs.
- ◆ Most of the financing was short-term, providing liquidity to firms for business continuity.

US\$ 454 million in 11 long-term loans and guarantees:

14% for **infrastructure**, in hydroelectric and thermal generation using natural gas, and paying deferred bills for electricity-distribution companies.

26% for the **corporate sector** to support the textile industry.

60% to **commercial banking** with a focus on SMEs, microfinance, green loans, and female entrepreneurs.



US\$ 885 million in 30 short-term loans and guarantees:

- ◆ Export and import companies were supported through **30 financial institutions** by means of the Trade Finance Facilitation Program (TFFP).
- ◆ Mobilization of **US\$ 76 million** from seven international investors.

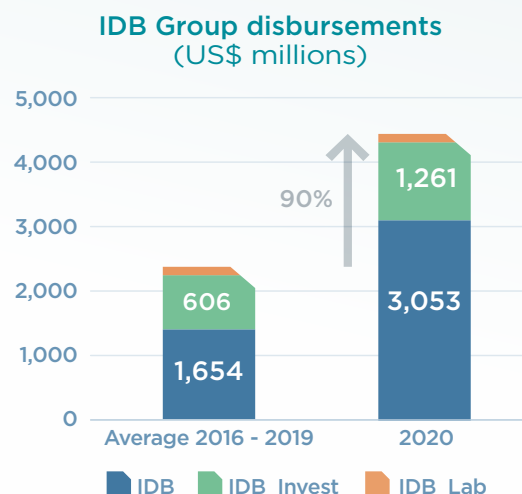
IDB Lab financed **27 projects** totaling **US\$ 18 million**. These stimulate **innovation** and the take-up of **technologies** for the broader inclusion of the vulnerable population, focusing on:

- ◆ Responding to health issues arising from COVID-19.
- ◆ Hastening post-pandemic economic recovery.
- ◆ Strengthening the entrepreneurial ecosystem and MSMEs, with a focus on digitization.
- ◆ Improving climate-change resilience in agriculture and aquaculture.

Our portfolio

In 2020 the IDB Group disbursed US\$ 4,328 million

for the countries of Central America and the Dominican Republic, 57 percent more than in 2019, and 90 percent more than the average disbursed in 2016–2019.

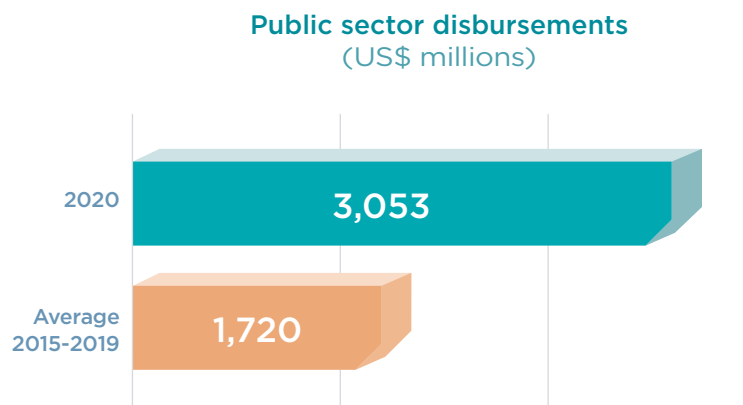


Public sector

The IDB has an active portfolio of 117 projects in the region, totaling US\$ 9,951 million, with **US\$ 5,661 million in available resources**.

Disbursements in 2020 amounted to **US\$ 3,053 million** and helped to:

- ◆ Consolidate the **IDB's** position as the main source of multilateral financing (**48 percent**).
- ◆ Provide **31 percent** of the governments' additional fiscal spending in response to COVID-19.
- ◆ Cover **9 percent** of the region's financing needs.



The public-sector loan portfolio consists of:

28% Social development

- Health
- Social investments
- Education

15% Public management

- Fiscal management
- Justice and citizen security
- Innovation and technology

11% Productive sector, SMEs

41% Infrastructure

- Transportation and logistics
- Energy
- Water and sanitation

5% Environment and natural disasters



Solar power supply at an industrial park in El Salvador

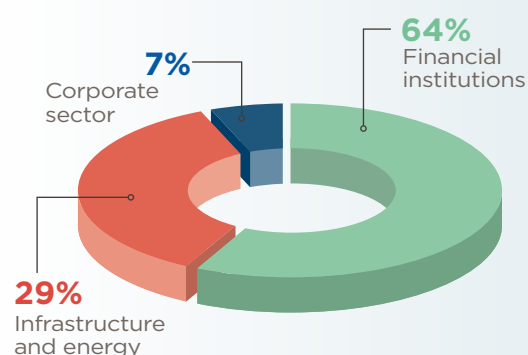
Private sector

IDB Invest has a portfolio of **100 operations** and an exposure of **US\$ 1,991 million** in three areas:

IDB Invest disbursed **US\$ 1,261 million** in 2020, evidencing its responsiveness and its record financial support to the region during the pandemic.

IDB Invest projects have helped to:

- ◆ Provide credit for MSMEs
- ◆ Empower female entrepreneurs
- ◆ Strengthen financial intermediation (gender and thematic bonds)
- ◆ Develop transportation (Panama Canal)
- ◆ Diversify the energy matrix towards renewable sources
- ◆ Develop the corporate sector in agribusiness, tourism, and manufacturing



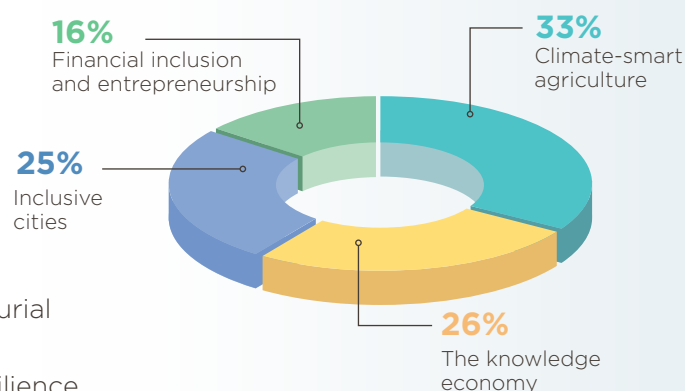
IDB Lab has **97 operations** in execution totaling **US\$ 102 million** to foster innovation and leverage private-sector resources.

- ◆ It also manages 51 operations in the Social Entrepreneurship Program (SEP), comprising an investment of US\$ 28 million.
- ◆ It has 13 regional operations amounting to US\$ 12 million.

These initiatives support:

- ◆ Productivity of MSMEs and their workers
- ◆ Entrepreneurial ecosystems
- ◆ Social-labor and economic inclusion
- ◆ Climate resilience and environmental sustainability

IDB Lab projects address the following thematic areas:



The contribution of the IDB Group's portfolio to the Sustainable Development Goals (SDGs) over the past five years

1 NO POVERTY



3.6 million beneficiaries of anti-poverty programs.

2 ZERO HUNGER



2,901 farmers provided with agricultural services and investments.

3 GOOD HEALTH AND WELL-BEING



17 million people provided with health services.

4 QUALITY EDUCATION



5.6 million students benefitting from education projects.

5 GENDER EQUALITY



184,000 economically empowered women.

6 CLEAN WATER AND SANITATION



51,000 households with sanitation; and **215,000** households with drinking water.

7 AFFORDABLE ENERGY



100,000 households given access to electricity.

8 WORK AND GROWTH



More than **75,000** MSMEs supported and **32,000** jobs created.

9 INDUSTRY AND INFRASTRUCTURE



950 km of roads and **177 km** of electricity transmission and distribution lines.

10 REDUCED INEQUALITY



11,375 female students and **10,915** male students enrolled in the third cycle.

11 SUSTAINABLE CITIES



45,000 households with wastewater treatment; and **64,000** households with housing.

12 RESPONSIBLE PRODUCTION



+ 560 MW of new electricity generation using renewable sources.

13 CLIMATE ACTION



880,000-ton reduction in CO2-equivalent.

14 LIFE BELOW WATER



30,000 hectares of land and sea under improved management.

15 LIFE ON LAND



120,000 beneficiaries of the better management and use of natural capital.

16 STRONG INSTITUTIONS



16 municipal governments with citizen security projects.

17 PARTNERSHIPS FOR THE GOALS



600 public and private-sector professionals trained in economic integration.

The knowledge agenda

To help nurture knowledge of and reflection on economic and social development in Central America and the Dominican Republic, in 2020 the IDB Group published a series of analyses on the pandemic's effects in the region, and continued to advance relevant public policy issues, such as the digital agenda and social inclusion.



Worth noting are two reports on the economic and social effects of the **COVID-19 pandemic** and proposals for dealing with those effects:

- ◆ *El impacto del COVID-19 en las economías de la región* offers a first estimate of the impact of the epidemic on the economic growth of each country in the region, and the steps taken by governments to mitigate the negative shock.
- ◆ *LAC Post COVID-19: Challenges and Opportunities for Central America, Haiti, Mexico, Panama, and the Dominican Republic*, presents the challenges to economic reactivation and the priorities over the short, medium, and long terms in three policy areas: (i) productive; (ii) social; and (iii) macro-fiscal.



In the area of **social inclusion**, the Bank published two reports:

- ◆ *Inequality and social discontent: How to address them through public policy*. This report assesses inequality, polarization, citizen perceptions, and redistributive schemes in the countries of the region.
- ◆ *In the footprints of migrants: perspectives and experiences of migrants from El Salvador, Guatemala, and Honduras in the United States*. This study examines the characteristics of migrants from those countries, their motivations, the migration experience, and their lives in the United States, with a view to improving public policies on migration in the countries of origin.



Four studies were published on the use of **technology to support development**:

- ◆ *Digital economy and technology in the service of the region's development: Economic report on Central America and the Dominican Republic*. This report analyzes the challenges and opportunities posed by the digital economy in designing public policies by using big data, a tax system for goods and services, and an international remittance payments system between central banks.
- ◆ *A un clic de la transición: Economía digital en Centroamérica y la República Dominicana*, presents an overview of the digital economy in the region and in Mexico.
- ◆ *Experiencias internacionales en la tributación de la economía digital*, analyzes and compares the experiences of digital taxation in Latin America, covering those currently underway and those that have not yet materialized but are of particular interest.
- ◆ *Mapping income poverty in Belize using satellite features and machine learning* examines the development of poverty maps using big data; proposals for using geospatial tools to improve local development in countries like Belize; and applying innovative techniques to estimate GDP in real time (nowcasting) in countries like Belize and El Salvador.

COVID 19 publications:



2
Publications
with country
reports



44k
Downloads
most downloaded
publications in
the VPC series



10
Op-Eds
in international
and national
media



+15
webinars



4 Blogs
on the
blogs.iadb.org
platform

Regional initiatives

In 2020, the IDB continued its support for flagship regional initiatives to **strengthen regional integration** in Central America and Mesoamerica.

Mesoamerica Education Initiative

Only 53 percent of young people complete secondary school in Mesoamerica. Schools, moreover, had to close because of the pandemic. The closure affected 23 million young people, and it is estimated that almost a million of them will not return to school.

The Mesoamerica Education Initiative centers on preventing school dropout by consolidating digital distance learning platforms, early warning systems to prevent school absenteeism, and flexible teaching methods, including teacher training. Its launch is planned for 2021.

A regional working group was set up in 2020, comprising the ministries of education, the Mesoamerica Project, the Central American Educational and Cultural Coordination (CECC/SICA), UNICEF, and the IDB. This group's mission is to continue with the design of the Initiative by building the results framework in line with circumstances in each country. The Bank supported outreach to potential partners and approved US\$ 1.65 million in technical cooperation (TC) resources to underpin technical preparatory work for the Initiative, as well as to develop a model for safeguarding the educational paths of vulnerable youths.

Regional Malaria Elimination Initiative

In the past decade, the Mesoamerican region has managed to reduce malaria transmission and lower the incidence of the disease in countries such as Costa Rica and El Salvador. According to the World Health Organization (WHO), however, about 18.7 million people are still at risk of contracting malaria. The Bank therefore continues to support implementation of the initiative, so as to meet the goal of eradicating the indigenous transmission of malaria in Mesoamerica by 2022.

Country-specific operational plans were drawn up in 2020. They include sources of funding, as well as results and indicators endorsed by the Initiative's partners (Bill & Melinda Gates Foundation, Carlos

Slim Foundation, Global Fund, Clinton Health Access Initiative, PAHO, SE-COMISCA, and Mesoamerica Project). The performance frameworks—a central element of the results-based financing model—were designed to include new approaches to health and the impacts of COVID-19 in the work with communities. At the regional level, bilateral coordination agreements were fostered in cross-border areas in all the countries of the region. The Bank also supported regional surveillance systems to avert the revival of transmission, and the joint purchase of critical inputs.

Innovation in transportation, logistics, and trade facilitation

To improve the region's conditions of competitiveness for attracting investment, in 2020 the Bank continued supporting efforts to modernize the Pacific Corridor by coordinating the development of tools to improve the Corridor's physical infrastructure, such as:

- ◆ **The “Pacific Corridor Geo-Data” viewer.** This is a georeferenced database of road and logistics proposals that responds to national priorities and to development and integration criteria. Although it is still in development, it has a portfolio of 538 projects, of which the countries have endorsed 231 and prioritized 67. The estimated investment is US\$ 8 billion, including road links, urban beltways, logistics corridors, and airports.
- ◆ **Multicriteria prioritization matrix for regional projects.** Developed jointly with technical liaison officials in the ministries of public works and finance, this tool identifies investment projects in the region, taking into account the three dimensions of impact, maturity, and bankability.
- ◆ **Digital dashboard of regional value chains.** With a view to raising logistical efficiency, the dashboard offers an in-depth analysis of intraregional cargo flows, taking account of infrastructure, descriptions of the countries' production chains, socioeconomic characteristics, and strategic partners.



COVID-19: The IDB Group's response in the region

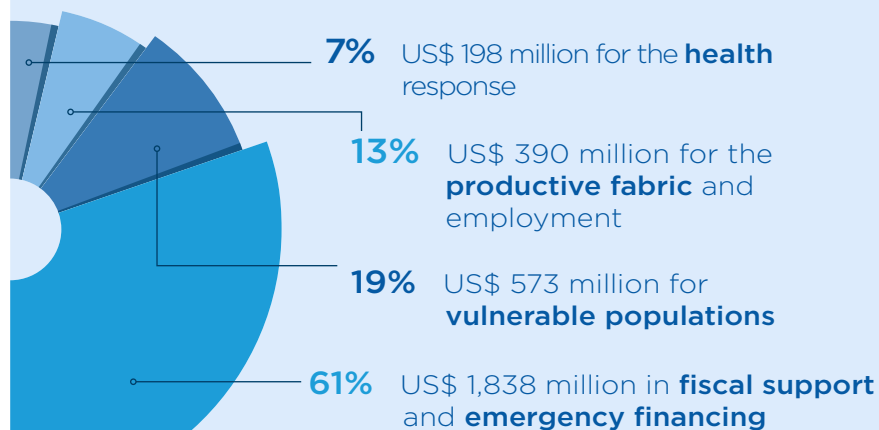
Summary in figures

**In Central America and the Dominican Republic,
by the end of 2020:**

- ◆ There were more than 1 million infections and 21,000 deaths
- ◆ The unemployment rate had almost doubled
- ◆ 2,8 million people had fallen into poverty
- ◆ The fiscal deficit had risen by almost 5 percentage points

**The IDB Group mobilized
US\$ 4,267 million to support the region**

◆ **US\$ 3 billion** for the **public sector** in four priority areas:



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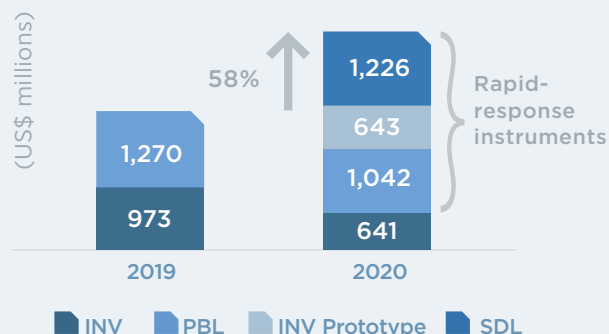
- New projects approved: US\$ 2,757 million
- Reformulated portfolio projects: US\$ 192 million
- Redirected health projects in execution: US\$ 50 million

◆ **US\$ 35 million in grants** (national and regional) for pandemic mitigation and adaptation.

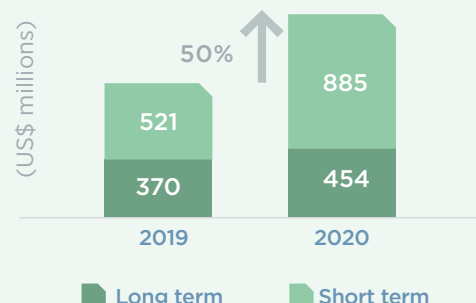
◆ **US\$ 1,232 million** mobilized for the **private sector** to support the productive fabric and employment:

- US\$ 8 million in IDB Lab loans and grants to support SMEs and digitization.
- US\$ 340 million in long-term loans and guarantees from IDB Invest to give SMEs access to credit.
- US\$ 885 million in short-term loans and guarantees for foreign trade facilitation.

Public-sector loans increased by more than 58 percent relative to 2019, and 80 percent of them were in rapid response to the pandemic.



Private-sector financing increased by 50 percent relative to 2019 and 91 percent of it was aligned with the pandemic response, with more short-term resources.



These rapid-response and short-term support instruments for businesses allowed the **IDB Group** to increase disbursements for the region by 60 percent over 2019, reaching historic highs.

Expected results:

Health

27 laboratories equipped for COVID testing, enabling the processing of between 2,000 and 3,000 tests a day.

144 health facilities upgraded with equipment, trained personnel, and medical supplies.

Vulnerable people

3 million families receiving temporary economic support.

Nearly **10,000 students** have electronic devices to improve their distance learning.

500,000 people granted payment deadline extensions and payment plans for electricity service.

Productive fabric

+1.7 million formal and informal sector workers who lost their jobs receive unemployment relief.

+4,300 workers receiving transfers for **job training** to aid their reintegration into the labor market.

17,000 MSMEs in the agricultural, commercial, and services sectors provided with support for their recovery.

Fiscal policy

+80,000 individuals and **87,000 companies** granted extensions to the deadlines for paying income tax.

Improvements in fiscal management and the current account balance during and after the pandemic.

More than 30 knowledge products related to the pandemic.

The COVID-19 reports on the countries of Central America and the Dominican Republic were among the IDB Group's most downloaded publications in 2020, with **44,000 downloads**.

COVID-19: The IDB Group's response in the region

The coronavirus has had profound impacts on the lives and health of millions of people around the world. The countries of Central America and the Dominican Republic have been no exception: by the end of 2020, more than a million people had been infected, and more than 21,000 had died. Although countries have made huge efforts to curb transmission, the pandemic is not expected to be under control until nationwide vaccination campaigns are completed.

The crisis has had far-reaching economic and social consequences for the lives of millions of people. From the moment the World Health Organization designated the outbreak as a pandemic, the health emergency posed unprecedented challenges for the region, stretching already fragile health systems to their very limits.

At the same time, because of pre-existing inequalities in the labor market and in access to basic services, the pandemic disproportionately affected vulnerable and underserved groups. The pressure on social safety nets also revealed the limits on capacity to implement income-support policies among the most affected populations. The region's unemployment rate had almost doubled by the end of 2020, and it is estimated that more than 2.8 million people had fallen into poverty, partially reversing the social gains of the last decade (see the [Activities Report 2019](#)).



The IDB Group's response to the pandemic in the countries of the region focused on reducing COVID-19 morbidity and mortality, and mitigating indirect health effects

The containment measures and restrictions on movement that were adopted to contain the outbreak, in conjunction with the related behavioral changes, triggered a sharp downturn in economic activity. This contraction jeopardized the survival of many businesses that had limited access to financing and suffered supply-chain disruptions and a fall in demand, undermining their employees' job security.

Moreover, the pandemic arose at a time when the governments' fiscal positions and countercyclical-response capacity were limited. To cope with the crisis, the countries of the region resorted to increased public indebtedness. They passed emergency measures to exceed the targets established in their legal frameworks, with a commitment to resume a sustainable fiscal path over the medium term. The region added almost 5 percentage points (pp) to its fiscal deficit in 2020, and 14 pp to its gross debt.

In the face of these new challenges, **the IDB Group's response was wide-ranging, timely, and pertinent** (see Figure 1). It made more than US\$ 19 billion available to its 26 borrowing member countries in 2020 and increased the pre-pandemic planned amount by US\$ 5.7 billion (43 percent), so as to enable both the public and private sectors to tackle the crisis.

Figure 1. IDB Group response to COVID-19

Relevant (i) Health emergency; (ii) vulnerable populations; (iii) jobs and production; and (iv) fiscal policies

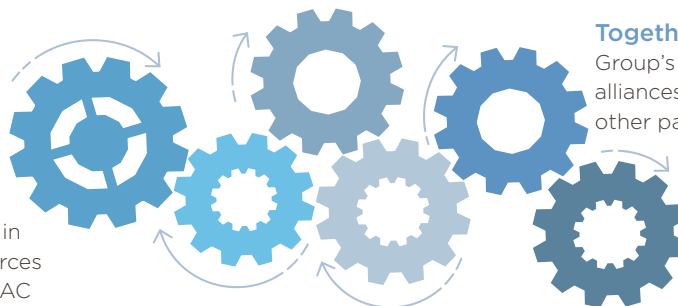
Flexible Institutional changes to address the urgency of the crisis

More US\$ 5.7 billion in addition to the resources initially planned for LAC

Timely Creating faster response lines to tackle the pandemic

Together Leveraging the IDB Group's strength and consolidating alliances with multilaterals and other partners

Sustainable Ensuring the sustainability of the interventions



Since the end of March 2020, the IDB Group has established **crisis-response guidelines** focusing on four areas:

- (i) **Immediate public-health response**, centered on reducing COVID-19 morbidity and mortality, and mitigating indirect health effects;
- (ii) **Safety nets for vulnerable populations**, to preserve human capital and support minimum income levels for those affected;
- (iii) **Protection of the productive fabric and employment**, to support financial sustainability and foster the economic recovery of MSMEs; and
- (iv) **Fiscal policies to alleviate macroeconomic shocks**, to strengthen the efficiency and effectiveness of public policies and fiscal management, and to support the resumption of a sustainable fiscal path in the medium term.

On the basis of these action areas, four kinds of semi-standardized projects (termed prototypes) were created for the **public sector**. The aim was to provide technical and financial support that is guaranteed swift approval and execution, while ensuring targeting, development impact, and long-term sustainability.

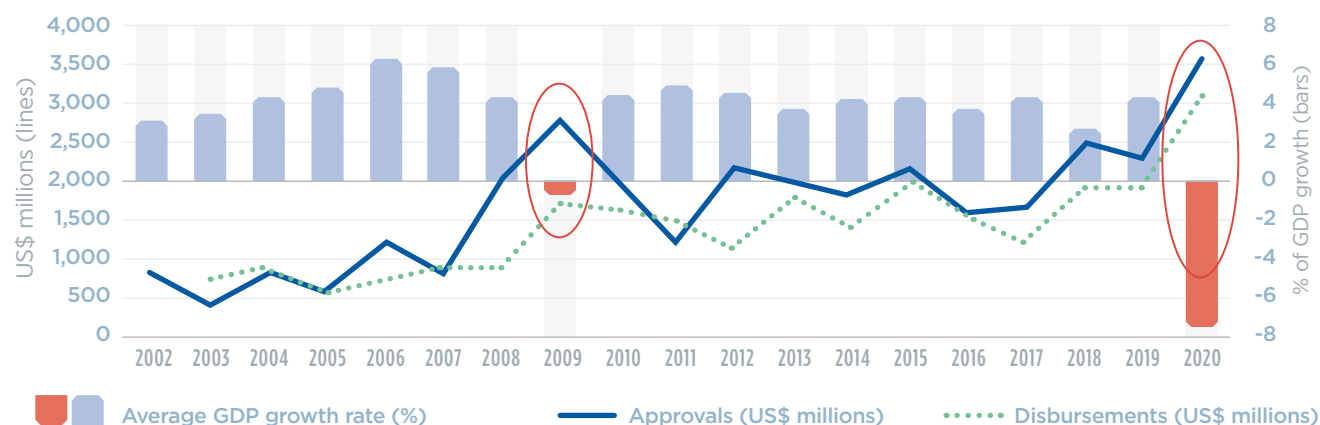
Special procedures were introduced to shorten project preparation times to less than two months; and fiduciary processes were made more flexible to ensure that these resources were not only approved but also executed in a timely manner. With regard to procurement, this included admitting suppliers from countries other than Bank members, the direct contracting of specialized health care agents, and the use of consolidated international purchasing.

The Bank's instruments were also made more flexible: the contingent credit facility for natural-disaster risk coverage was modified to allow fresh or portfolio resources to be redirected to emergency response, with a view to covering public-health risks. Up to US\$ 90 million was thus made available to the Dominican Republic to finance extraordinary public-health spending in response to COVID-19, including expenditures related to the purchase and distribution of vaccines. The Bank is committed to supporting the population's safe and equitable access to vaccination, through individual purchase and through multilateral channels such as the COVID-19 Global Vaccine Access Facility (COVAX). The latter is sponsored by the WHO and the Gavi Alliance, and it is through COVAX that the Bank supported Belize in making an initial payment for doses of vaccine.

In 2020, as a result of the increase in the Bank's lending capacity, approvals for Central America and the Dominican Republic were more than double the pre-pandemic level. The amount reached US\$ 3,551 million, or 26 percent of the resources the Bank made available to LAC for the public sector. This increase consolidated the IDB's countercyclical role in responding forcefully to shifts in the region's macroeconomic conditions.

The level of approvals in 2020 was the highest in the past 20 years (see Figure 2) and was far above the level in 2009, the year in which the effects of the global financial crisis peaked in the region. The Bank was also able to mobilize US\$ 786 million in joint, parallel or IDB-administered cofinancing, consolidating its collaboration with agencies such as the World Bank, CABEL, and other bilateral and multilateral development institutions.

Figure 2. Countercyclical response: Increased IDB financing for the region during economic downturns



Source: IMF, WEO: October 2020, Operational data, IDB.

IDB financing was also made available at highly competitive rates. Since the onset of the crisis, the cost differential between market rates and the IDB rate has been 5 pp (adjusting the rate to include non-reimbursable resources, this rises to 5.6 pp). In 2019, the differential was 3.9 pp. The conditions and terms granted by the IDB are hard to match, especially in countries whose access to market financing is still limited, such as Belize and Nicaragua.

To respond appropriately with the speed demanded by circumstances, the 2020 lending program was restructured significantly to respond more directly to the countries' new needs, and operational designs were adjusted to the new context so as to ensure that operations were executable and pertinent. Some 80 percent of the resources approved for the region in 2020 were targeted directly at supporting the priorities attendant on tackling COVID-19 (see Figure 3).

Additionally, in a context of urgent financing needs and limited fiscal space, countries demanded **more fast-disbursing loans**. These eventually accounted for 82 percent of the program and came from: (i) special development lending (SDL), which is designed to provide financial support at times of macroeconomic crisis, in coordination with the International Monetary Fund (IMF); (ii) widening the limits for approval of policy-based loans (PBLs); and (iii) the rapid-approval and disbursement prototypes.

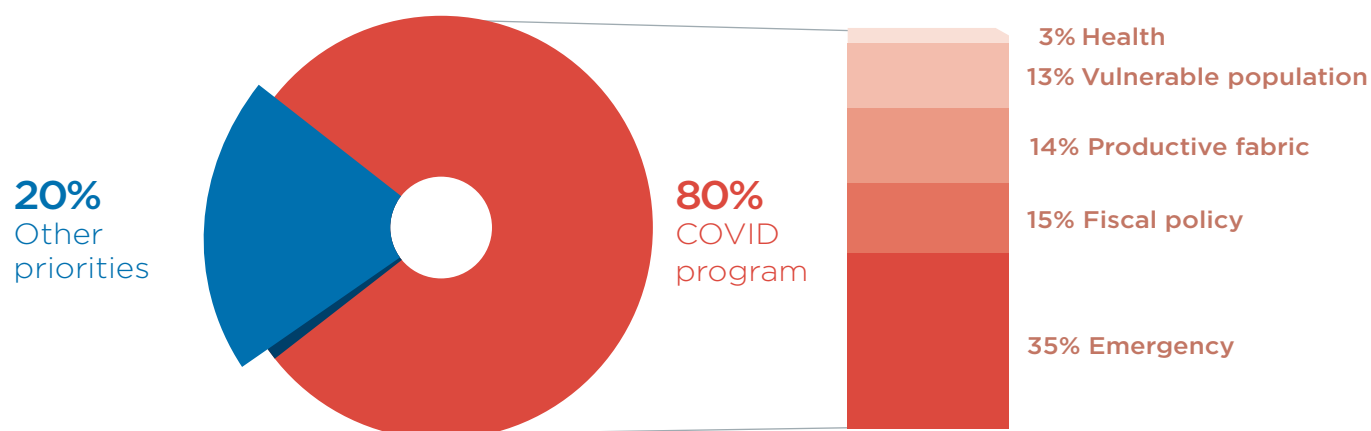
The Bank's response came not only from new and approved resources, but also from undisbursed resources from portfolio projects in execution. Some US\$ 50 million was therefore redirected from

the health portfolios in El Salvador, Honduras, and Panama for the immediate purchase of protective, testing, and hospital equipment. Moreover, an agreement was reached with the authorities of Belize, Honduras, and Panama to reformulate US\$ 192 million available in projects in other sectors to respond to the health emergency and support vulnerable populations. Fiduciary support was intensified to strengthen project implementation during the pandemic; electronic signatures were facilitated; digital tools were extended to support oversight (for example, use of the CaptuData tool in Costa Rica and Nicaragua allowed remote monitoring through geospatial referencing); and results-based management continued through ongoing dialogue with governments, placing special emphasis on post-COVID strategic replanning.

The IDB's countercyclical response was also evident in disbursements for projects in execution. In 2020, the Bank disbursed US\$ 3,053 million in the region, setting historic records and providing 31 percent of the governments' additional fiscal expenditures in response to COVID-19. Disbursements were double the level of repayments (principal and interest). All the countries therefore had positive net financing flows from the Bank, and those flows were triple the annual average level for the decade.

In addition to the loans, almost US\$ 7 million was allocated in non-reimbursable national technical cooperation (TCs), and US\$ 28 million in regional TCs for pandemic mitigation and adaptation measures, mainly in sectors such as health and services for vulnerable populations, state reform and modernization, education, energy, and tourism.

Figure 3. 80% of loans approved in 2020 were aligned to the COVID response



To offset uncertainty and close information gaps amid the crisis, the Bank published two reports for the region. These estimated the economic and social impacts of the pandemic, and made concrete proposals for addressing them. These analyses elicited great interest, and the reports rank among the top three IDB Group downloads.

At the regional level, the Bank supported the Council of Health Ministers of Central America and the Dominican Republic (COMISCA) in making **joint purchases of medical supplies and equipment at preferential prices**,

which aided the acquisition of more than 16,000 items of personal protective equipment; and in improving the monitoring of COVID-19 cases on the basis of WHO guidelines. Support was also provided for setting up health protocols and toolkits in police management and at border crossings.

The IDB Group's response to the private sector was also robust. IDB Invest expanded its lending capacity in 2020, increasing its foreign trade financing program and establishing a Crisis Management Facility to provide immediate support to its existing clients. For its part, IDB Lab supported agile and innovative responses in health care, tourism, and MSMEs.



Grupo Elcatex reorients production to personal protective equipment for use during the pandemic

IDB Invest financing for the region reached record highs, with US\$ 1,339 million in approvals and US\$ 1,260 million in disbursements, double the annual average levels of 2016–2019. About 21 percent of the financing approved for LAC was allocated to the region, and 91 percent of that amount centered on COVID-related priorities. This effort focused on ensuring the uninterrupted supply of credit for foreign trade, as well as backing for SMEs. Support was also provided to basic services companies that faced deferrals in payments, such as electricity utilities in El Salvador; to agribusinesses, so as to safeguard food security and protect value chains; and to tourism businesses, which were particularly affected by the pandemic. One example is the financing provided to Elcatex, one of Honduras's main textile companies, which has reoriented its production to meet the higher demand for protective clothing and equipment. IDB Invest's support will enable the firm to build and equip a new plant, and to increase operations with SMEs in its supply chain.

IDB Lab promoted innovations in telemedicine, implementation of biosecurity protocols, and the introduction of electronic payment. It launched three calls for proposals to identify new ideas arising from the need to tackle the pandemic. Of the 46 proposals selected, a fifth are from the region and are now being designed and implemented. One of them is from Panama, to develop the first local production line of viral transport media (VTM). A sterile saline solution, VTM is a critical input for the mass production of COVID-19 tests. The business model is scalable both nationally and region-wide.



El Salvador: First phase of MediX Lab, a virtual reality laboratory to train personnel in technical biosafety guidelines to be applied in the COVID-19 health care network

IDB Lab supported agile and innovative responses to health issues, such as implementation of biosafety protocols and telemedicine

By mobilizing this effort for the region, the IDB Group is intending to ensure that:

- ◆ At least **27 laboratories** in the region are equipped for COVID-19 testing, allowing 2,000–3,000 tests a day to be processed.
- ◆ More than **140 health care facilities** are strengthened with the provision of equipment, trained personnel, and medical supplies for the care of COVID-19 patients, in line with updated care protocols.
- ◆ More than **3 million vulnerable families** receive temporary economic support.
- ◆ More than **1.7 million formal and informal workers** (including 18,000 in the tourism sector) receive unemployment benefits, with priority going to vulnerable groups; of these, more than 4,000 will receive transfers for job training to help them rejoin the labor market.
- ◆ More than **17,000 MSMEs** in the agricultural, commerce, and services sectors gain access to financing, thereby protecting the jobs they create.
- ◆ Almost **40,000 students** can access education with trained teachers, and almost **10,000** of these students have electronic devices to improve their distance learning.
- ◆ More than **500,000 people** benefit from deadline extensions and payment plans for electricity service.
- ◆ More than **80,000 businesses and 87,000 individuals** benefit from extension of income-tax payment deadlines, a measure introduced because of the health crisis.

In 2021, the IDB Group's support for the region will continue to prioritize efforts to contain the pandemic and tackle its adverse effects on society. It will continue to support timely access to vaccines, especially among the most vulnerable groups, and the strengthening of health systems and hospital networks, while simultaneously promoting long-term, inclusive economic recovery on the basis of sustainable macro-fiscal policies.

Expected Results of the IDB Group's Response to COVID-19, by Country

Guatemala

Vulnerable people:

255,000 vulnerable families receive temporary economic support.

Belize

Health: 4 diagnostic laboratories equipped and 8 health centers strengthened.

Vulnerable people: Nearly 40,000 students benefiting from improved hybrid teaching methods; 10,000 have electronic devices for distance learning. Some 26,000 formal and informal workers receive unemployment benefits.

Honduras

Health: 3 diagnostic laboratories equipped and 27 health centers strengthened.

Vulnerable people: 42,000 families receive temporary economic support and 9,000 young people in extreme poverty benefit from improved hybrid education methods.

Productive fabric: 1,000 MSMEs with better access to financing.

Dominican Republic

Vulnerable people:

1.2 million families receive temporary economic support. 650,000 formal-sector workers receive unemployment benefits.

Productive fabric:

500,000 people benefit from a deadline extension and payment plan for electricity service; more than 80,000 people and 68,000 companies benefit from deadline extensions for income tax payments.

Nicaragua

Health: 19 diagnostic laboratories equipped and 19 health centers strengthened.

El Salvador

Health: 1 diagnostic laboratory equipped and 90 health centers strengthened.

Vulnerable people: 1.3 million vulnerable families receive temporary economic support. And 23,000 formal workers receive unemployment benefits.

Productive fabric: 10,000+ MSMEs benefit from access to financing; 18,000 companies granted deadline extensions for income-tax payments.

Panama

Vulnerable people: 169,000 families receive temporary economic support. 686,000 formal and informal workers receive unemployment benefits.

Productive fabric:

5,000 MSMEs receive access to financing.

Costa Rica

Vulnerable people: 367,000 formal and informal workers (including 18,000 in the tourism sector) receive unemployment benefits. Of these, 4,000 receive training to help them reintegrate into the labor market.

Eta and Iota: The need to work on resilience

Summary in figures

Hurricanes Eta and Iota affected more than 10 million people and caused US\$ 3.5 billion in damage.

In 2020, the IDB Group allocated more than US\$ 70 million to support the countries in their response to the hurricanes:

◆ The IDB:

Approved **7 emergency technical cooperation projects** for immediate humanitarian response in Costa Rica, Guatemala, Honduras and Panama, totaling US\$ 1.4 million.

Activated the contingent line for natural disasters in Nicaragua, for a total of US\$ 35 million.

Redirected US\$ 35 million from the **portfolio in execution** for Guatemala, Honduras, and Nicaragua.

Additionally, the Bank started preparing two US\$ 20 million **Immediate Response Facility** (IRF) loans for Honduras to repair physical structures damaged by Eta and Iota (to be approved in 2021).

◆ **IDB Invest** provided financing of up to US\$ 50 million to support its network of clients in the region with private initiatives in response to the crisis, focusing on areas such as food distribution, civil-protection support, and energy provision.

◆ **IDB Lab** mobilized resources from its ongoing projects in Guatemala, Honduras, and Nicaragua to address the emergency in affected sectors through access to financing and inputs for productive reactivation.

Eta+Iota impact

Population affected:
10.2 million
(20% of the population)

Number of deaths:
214
(Eta alone)

Number of people sheltered:
217,144
(Eta alone)

Economic damage:
US\$ 3.5 billion
(estimated)

Economic losses in 2020 (% GDP):
8% Honduras
6% Nicaragua
1% Guatemala

IDB Group contribution in 2020:



Food and basic necessities for 40,000 affected families



Cash transfers for 34,000 families in extreme poverty



Rehabilitation of 23 bridges



Repair of 200 km of power lines, more than 400 street lights and lampposts, and more than 80 transformers



8,000 MSMEs activated their food production (IDB Invest)



4,000 coffee and cocoa producers received financing and inputs for reactivation (IDB Lab)

Eta and Iota: The need to work on resilience

“Unprecedented ...”. This word, repeated throughout 2020, took on new meaning in Central America when, in less than two weeks, countries already weakened by the biggest pandemic in more than a century were struck by Hurricanes Eta and Iota, both of them Category 4 storms when they made landfall.

Guatemala: Rains from Eta left 852 families homeless in the village of Campur, Alta Verapaz

Hurricane Eta made landfall in Nicaragua on November 3, 2020, passing through Honduras and causing severe flooding and landslides in Belize, Costa Rica, El Salvador, Guatemala, Mexico, and Panama before returning to the Caribbean. Relief efforts—especially in Nicaragua, Honduras, and Guatemala, the most affected countries—were hampered by the arrival of Iota, the strongest Atlantic hurricane of 2020, which made landfall on November 17 in Nicaragua and swept across Honduras and El Salvador before dissipating. Belize and Guatemala suffered additional flooding in its wake.

The hurricanes affected millions of people—40 percent of the populations of Honduras and Nicaragua, and up to 20 percent of Guatemala’s population—especially in indigenous and high-poverty areas. They also impacted more than 300,000 structures and caused economic losses that preliminary estimates put at US\$ 3.5 billion.

The hurricanes affected:

40 percent
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and up to **20%**
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especially in
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high-poverty areas

At the end of January 2021, thousands of people were still in shelters in Nicaragua, Honduras, and Guatemala, a situation aggravated by the significant increase in COVID-19 cases. In the affected areas, hundreds of families have lost jobs, homes and livelihoods, and have had to cope with food shortages and the disruption of essential services such as health care and education. This situation could worsen the health impact of possible outbreaks of COVID-19 or other communicable diseases.

The IDB Group responded at once, activating its dialogue and coordination mechanisms in the affected countries and with United Nations institutions and humanitarian agencies, multilaterals, and other cooperation partners, as well as with regional bodies such as the General Secretariat of SICA.

On the operational side, the IDB Group offered the countries all of its instruments for disaster response, which has a three-phase structure:

(i) The immediate/humanitarian assistance is effected mainly through non-reimbursable emergency technical cooperation (TC) operations from the IDB (up to US\$ 200,000 per event), which are approved in the first two weeks after the disaster. They are usually executed by relief organizations so as to take advantage of their response speed, and

include the purchase of drinking water, foodstuffs, and basic necessities. The resources can also finance post-disaster damage and loss assessments.

Costa Rica, Guatemala, Honduras, and Panama benefited from emergency TCs in response to Eta and Iota. In Honduras, an ongoing cash-transfer operation was used to advance cash support to extremely poor households in affected areas.

IDB Invest made its Trade Finance program available to financial institutions in order to fund imports of food and medical supplies, and to support value chains.

(ii) From the first month after the emergency, the IDB Group also supports **rehabilitation**, defined as the temporary repair of infrastructure to facilitate the normalization of economic activities, through:

- ◆ The redirection and reformulation of uncommitted resources from investment projects that had already been approved. Honduras, Guatemala, and Nicaragua used resources from their portfolios for both the emergency and for rehabilitation.
- ◆ The Contingent Credit Facility (CCF), for up to US\$ 300 million or 2 percent of national GDP, which must be approved before the event, and which strengthens integrated risk-management frameworks. This credit line is activated under specific disaster and/or public-health emergency parameters, and it finances eligible extraordinary expenditures for up to six months after the event. Belize, Nicaragua, Panama, and the Dominican Republic currently have CCFs in place. El Salvador and Guatemala expect to approve the CCF in 2021, and Honduras has also expressed interest in this instrument. In response to Eta and Iota, Nicaragua asked for its credit line to be activated, and for US\$ 35 million to be made available for the emergency.

- ◆ Financing of up to US\$ 20 million in rehabilitation through the Immediate Response Facility for Emergencies Caused by Natural Disasters (IRF) in countries where infrastructure damage has been significant, with a limit of nine months after the event to commit payments. The Bank is preparing an operation for Honduras in response to the damage caused by Eta, and another for Iota, to be approved in 2021, at US\$ 20 million each.

(iii) In addition to immediate rehabilitation, the Bank also supports **reconstruction**, understood as building new facilities to replace those that have been destroyed, using standards that aid future disaster resilience. This is financed through new investment operations, and by mobilizing resources from other cooperation partners and institutions working in the region. As countries move forward with PPP schemes, moreover, IDB Invest could support the rebuilding of infrastructure, especially in energy, transportation, the social sector, and water and sanitation.

Additionally, to provide vital financial relief to borrowers at a time of distress, in December 2020 the IDB approved the Principal Payment Option that allows for the deferral of debt principal payments for two years in eligible loan contracts after the occurrence of an eligible disaster event and to repay those amounts in future repayments. A type of catastrophe bond, specifically designed for very-low-probability, very-high-impact events, is being piloted in the Bahamas, Honduras, and the Dominican Republic.

In 2020, the IDB allocated more than US\$ 70 million to support the countries of the region in their response to hurricanes, including US\$ 35 million for Nicaragua under the CCF and US\$ 25 million for Honduras through an ongoing cash transfer project.

Table 1. The IDB Group's immediate support in response to Eta and Iota in 2020 (US\$ millions)

Instrument	CR	GU	HO	NI	PN	Total
Emergency TC	0.2	0.4	0.4	-	0.4	1.4
Contingent Credit Facility (CCF)	-	-	-	35.0	-	35.0
Immediate Response Facility (IRF) ^{1/}	-	-	-	-	-	-
Redirected TC portfolio	-	-	0.5	-	-	0.5
Redirected loan portfolio ^{2/}	-	4.0	25.0	5.5	-	34.5
IDB Lab portfolio realignment ^{3/} (emergency and reactivation)			0.1	0.6		0.7
Total	0.2	4.4	26.0	41.1	0.4	71.4

^{1/} In Honduras, US\$ 40 million scheduled for approval in 2021 (two operations).

^{2/} Consistent with the objectives of the portfolio operations. Do not require reformulation.

^{3/} At the regional level, US\$ 4.3 million from IDB Lab's regional financial facility for approval in 2021. In Nicaragua, the redirected amount from IDB Lab includes resources from private-sector partners (Aldea Global and Ritter Sport).

With regard to the private sector, **IDB Invest** worked with the regional food conglomerate CMI, using financing of up to US\$ 50 million, to reactivate incomes in affected areas, raising demand for the more than 8,000 suppliers in the company's main sales channel—most of which are microenterprises led by women. IDB Invest also provided working capital for MSMEs to replenish their inputs and reactivate production.

In early 2021 **IDB Lab** will approve a Regional Financing Facility for Emergencies and Crises totaling US\$ 4.3 million for households, businesses, and financial services providers (microfinance institutions, savings and loan cooperatives, and rural agricultural cooperatives) affected by the hurricanes. Among the calls for proposals organized by IDB Lab in 2020, inviting new ideas arising from the need to tackle the pandemic, several projects related to MSMEs and tourism in the affected areas were selected; these initiatives will be designed to cover issues of natural-disaster resilience.

In addition to the operational response, the Bank set up a resilient recovery task force for Central America under the leadership of its president, to coordinate with the authorities and other cooperation partners and follow up on immediate needs and resilient reconstruction in each country. Technical cooperation programming for 2021 is being reviewed to support reconstruction assessments and planning, project development, and swift project implementation. The Bank also continues its efforts to mobilize resources from other partners, and is exploring leverage mechanisms geared to strengthening climate-change adaptation and resilience to support the reconstruction plans developed by each country.



Delivery of humanitarian aid in the Garifuna community of El Triunfo de La Cruz, Honduras

Supporting the hardest hit: Nicaragua, Honduras, and Guatemala

In **Nicaragua**, the contingent credit line (up to US\$ 35 million) was used to provide in-kind food assistance to 100,000 people in affected communities in the Northern Caribbean Coast and Jinotega regions. Additionally, resources were redirected from an energy project to reestablish electricity service in the Northern Caribbean and the Mining Triangle (utility poles, transformers, transmission lines, lights, and cable feeders), and to rehabilitate bridges and roads so as to restore communication in the community. For its part, IDB Lab is supporting economic reactivation in the affected areas through two ongoing projects that have benefited 4,170 coffee and cocoa producers.

In **Honduras**, non-reimbursable emergency funds were used to support the purchase of food for 15,750 families in the most affected departments, and hygiene kits were provided to 300 families in seven Garifuna and Miskito indigenous communities. Resources reallocated from the portfolio were

used to finance cash transfers for 34,000 households living in extreme poverty in the affected areas. The IDB also provided technical assistance for ECLAC'S damage and loss assessment (DALA), using satellite imagery to visualize the damage and to model flooding in the Sula Valley. For its part, IDB Lab provided emergency assistance, redirecting about US\$ 100,000 from four ongoing projects towards logistical needs, basic products for affected families, and shelters in the Honduran Mosquitia and other affected areas.

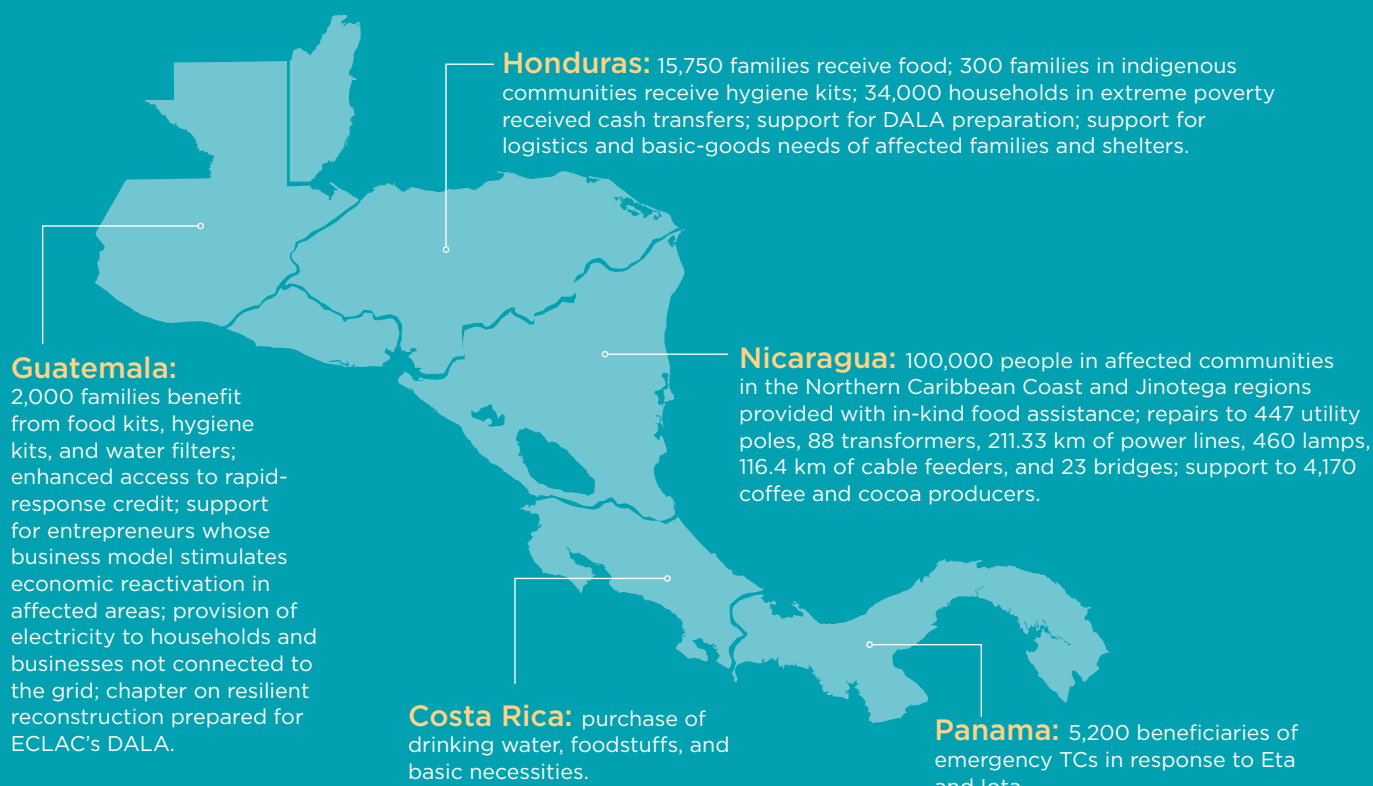
In **Guatemala**, emergency technical cooperation initiatives implemented by the Red Cross provided 2,000 families with food parcels, hygiene kits, and water filters. Financing was also provided for the DALA resilient reconstruction study. With regard to the private sector, IDB Invest worked with one of its existing clients, the prepaid solar energy provider Kingo, to facilitate the restoration of electricity access in affected rural communities.



Kingo prepaid solar power project:
restoration of the electricity service

IDB Lab, moreover, worked with its partners on the ground to strengthen access to rapid-response credit, and to support entrepreneurs with business models that can stimulate economic recovery in the affected areas.

Results of the IDB Group's immediate response at the country level



The region's future lies in prevention and “building back better”

The IDB Group moved quickly to support the countries of the region in their response, but the region's future lies in prevention, intensifying and amplifying **activities to mitigate risk and reduce the impact of natural disasters** in the future. Among all world regions, Central America has the second highest vulnerability to climate risks, and Honduras and Nicaragua are among the 10 countries most affected by extreme weather events. The data also indicate that hydroclimatic disasters (tropical cyclones, floods, droughts, and so on) are becoming more frequent and more intense, and cause ever more damage.

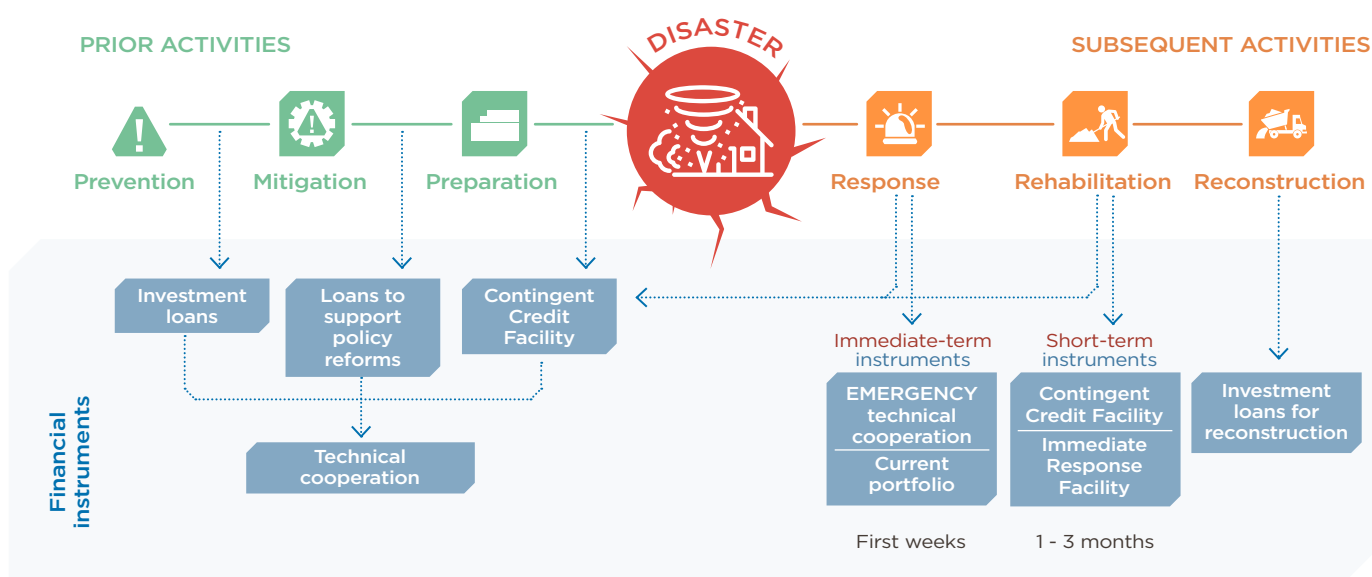
Disaster and climate-change management is already well established in the Central American countries, and the Bank has a long track record of supporting the region in this area. Examples include flood reduction and climate vulnerability (Belize); resilience in agriculture, transportation, and water and sanitation (El Salvador, Guatemala, and Panama, respectively); and policy reforms geared to climate change (Costa Rica, El Salvador, and Guatemala).

Acknowledging that in some cases the market alone does not create sufficient incentives to make viable certain projects that have an impact on climate resilience, IDB Invest has a team and mixed-financing concessional resources to reduce the associated risk. Hence, in coordination with the IDB—especially in its strategic action framework for the countries affected by Hurricanes Eta and Iota—IDB Invest aims to reinforce the private sector's important role in the reconstruction and economic reactivation of the affected countries through rapid-response interventions, support for reconstruction, and building up climate-change resilience.

Since 2016, one of the IDB Group's goals has been to gradually increase investments that support climate-change mitigation and/or adaptation until they amount to 30 percent of its total financing. The region exceeded this target in 2018 and 2019, (32 percent in both years). It was not achieved in 2020 (15 percent) because of the needs triggered by the pandemic, although it is expected to be surpassed again in 2021.

Investing in resilience is cost-effective: for every dollar invested in prevention, four dollars are saved in response. Between 2019 and 2020, however, the Bank approved US\$ 16 for emergencies for every US\$ 1 invested in prevention.

Figure 4. The IDB's financial instruments for disaster-risk management



Source: IDB



Nicaragua: resilient construction at the Peña Blanca border crossing

The Bank has devised procedures to identify the areas most affected by disasters, allowing it to prioritize investments. It has also made available to the countries the Index of Governance and Public Policy in Disaster-Risk Management (iGOPP) which makes it possible to analyze the key elements of disaster-risk management governance. [A one-point improvement in the governance index in LAC](#) yields a 3 percent decline in the number of victims and a 6 percent reduction in economic losses caused by disasters.

As part of regional efforts to strengthen disaster resilience, the IDB also continues to support the Mesoamerican Network for Disaster Risk Management (RM-GIR). This platform allows for the monitoring of approaching hurricanes, and it serves as a basis for countries to produce analyses of the impacts of the pandemic. In future, risk scenarios will be drawn up with the support of prevention and civil-protection agencies in the region.

The [Sendai Framework](#), an international agreement on disaster-risk reduction, stipulates that disaster preparedness is essential to respond effectively and “build back better.” Building back better is easily understood with regard to infrastructure, but the concept goes much deeper. It involves the participatory and inclusive development of disaster-management frameworks—giving voice to beneficiaries, and especially empowering women and people with disabilities—and the collaborative design of solutions that enable early recovery.

Beyond infrastructure, it is about gender-sensitive recovery of incomes and livelihoods, and fostering universal access to public services. In short, it is about giving disaster responsiveness a human face.

The IDB Group in Belize



US\$ 53 million in financing approved by the IDB Group in 2020, mainly to support social services and SMEs' access to financing.



Financing in response to COVID-19 totaled US\$ 62 million, including

both fresh and portfolio resources, to strengthen health centers, provide cash transfers to vulnerable populations, improve distance learning, and facilitate SMEs' access to financing.

New projects

Support to Safety Nets for Vulnerable Populations Affected by Coronavirus in Belize (US\$ 12 million).

This project financed part of the government's Unemployment Relief Program, set up in April 2020 to offset income losses and protect consumption levels among families affected by the pandemic. The project financed cash transfers for more than 26,000 individuals who were unemployed or lost their formal or informal job or business income because of the COVID-19 crisis.

Health: The IDB approved US\$ 6.2 million through the reformulation of an existing tourism program to support the government's *Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate its Impact on Service Delivery*. The funding will increase the number of laboratories with diagnostic capacity for COVID-19, equip points of entry with epidemiological surveillance, provide acute health care facilities with triage, isolation, and surveillance capacity for COVID-19, and help ensure that hospitalized patients receive supportive care according to country protocol. This is a coordinated effort with an IDB Lab-financed project, *Equipping Government Health Facilities in Belize with Leading Digital Health Solutions for COVID-19* (US\$ 120,000). The project will finance the design and implementation of a critical stock management solution (Commcare) to accurately record and report the immediate COVID-19 resources needed by health care facilities.

Education: To support distance learning for school children during the COVID-19 pandemic and improve education services in migrant-recipient communities, the IDB modified and authorized

a 25 percent expansion of the existing *Education Quality Improvement Program (EQIP) II* (now US\$ 12.5 million). The new funding, sourced from the IDB Grant Facility, will support online teacher training, use of e-learning devices for children, and activities to foster migrant integration. Additionally, the technical cooperation project *Skills to Access the Green Economy through TVET in Belize and the Caribbean* (US\$ 600,000) will support Belize's Education Ministry in upgrading technical and vocational training in renewable energies. The project will help create a renewable energy program at the Belize City ITVET and promote Belize as a regional laboratory for innovation in training methodologies for renewable energy professionals in the Caribbean.

National Gas Company-LPG Terminal

(US\$ 6 million). This project, financed by IDB Invest, consists of the design, construction, operation, and maintenance of a liquified petroleum gas terminal and its associated facilities in the Big Creek Port. The project will have a production capacity of up to 3.37 million gallons of LPG/month and will contribute to a cleaner, cost-effective, and more stable energy supply for Belize.

Atlantic Bank Tourism Financing Partnership

(US\$ 20 million). This IDB Invest-financed project aims to expand access to funding for SMEs, which have been severely affected by the pandemic. Atlantic Bank will be able to offer longer tenors to its SME clients during 2020 to match their ability to repay, and to structure SME loans based on cash-flow rather than collateral. The financing will also strengthen the bank's environmental and social safeguard practices.

Technology Adoption for Financial Inclusion and Sustainable Growth of the Belize Smart Sugar Cane Cluster

(US\$ 292,000). This gender-focused Compete Caribbean project seeks to improve management practices and climate resilience in small-scale farming, and foster financial inclusion by addressing information asymmetries along the sugar cane supply chain.



George Price Highway
rehabilitation project

IDB Group approvals in Belize

US\$ millions

	2016	2017	2018	2019	2020
Public sector					
Loans	10.0	10.0	7.0	24.0	14.5
Technical cooperation	1.5	2.6	1.5	2.4	1.5
Investment grants	-	-	0.3	0.3	-
Private sector					
IDB Invest	-	-	15.0	1.1	36.8
Long-term	-	-	15.0	-	26.0
Short-term	-	-	-	1.1	10.8
IDB Lab*	-	0.6	0.6	0.9	0.1

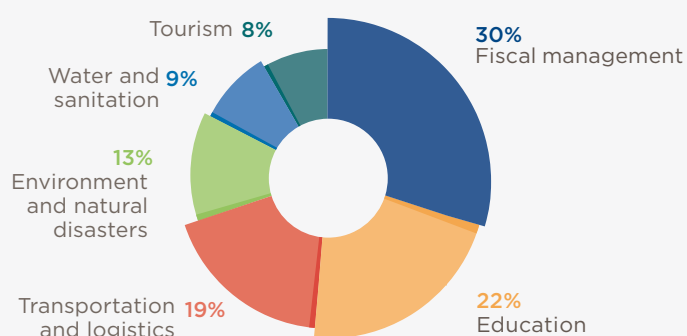
* From 2019 onwards, IDB Lab data include projects from external funds and the Social Entrepreneurship Program (SEP).

Projects in execution

Public sector

- ◆ 8 operations totaling US\$ 108 million, with an available balance of US\$ 45 million
- ◆ The IDB disbursed US\$ 32 million in 2020

Distribution of public-sector
portfolio by sector
(% of available balance)



Private sector

IDB Invest

- ◆ 3 operations with an exposure of US\$ 16 million to develop local agribusiness, improve foreign trade financing, and support energy security.
- ◆ In 2020, US\$ 17 million was disbursed to finance the LPG terminal and support trade facilitation.

IDB Lab

- ◆ 7 operations totaling \$2.7 million for pandemic response, productivity improvements, social inclusion, and climate resilience.



Preserving the income of the most vulnerable during the COVID-19 pandemic

Belize has been among the countries hardest hit by the COVID-19 pandemic, given its heavy reliance on tourism to generate economic growth. The industry, which accounts for close to 40 percent of Belize's GDP and an equal share of total employment, saw visitor arrivals drop by 70 percent in 2020, resulting in sharp losses in local jobs and business income. The government, with support from the IDB and other development partners, moved swiftly to protect the incomes of the most vulnerable by boosting existing social programs and creating new ones directly targeting the emergency.

The pandemic hit Belize at a time when the country was already in recession following a drought in 2019 that affected its other major sector, agriculture. The IMF estimates a 16 percent contraction in GDP in 2020, with unemployment almost tripling from 9 percent in 2019 to 25 percent.

Almost every family in Belize has been affected. The crisis has hurt income and consumption levels among both formal and informal workers, and among those who were already unemployed and are now less likely to find a job. Many of those affected are either poor or run the risk of falling into poverty.



Tourism support program. The sector was severely impacted by the pandemic

To avoid a rapid deterioration of social conditions in the country, the government launched a temporary Unemployment Relief Program in April 2020, envisaged as a short-term intervention to protect vulnerable populations from the socioeconomic effects of the pandemic. Between April and October, the program provided cash transfers to 87,127 applicants (accounting for more than 20 percent of Belize's population).

The IDB financed part of the program through a US\$ 12 million investment project, *Support to Safety Nets for Vulnerable Populations Affected by Coronavirus in Belize*, approved in June 2020. More specifically, the project provided income support through cash transfers to more than 26,000 individuals who were unemployed or lost their formal or informal job or business income because of the COVID-19 crisis. These individuals initially received a biweekly cash transfer of US\$ 75 for a period of 12 weeks.

Applications were received online through a portal that was specifically designed for the program, and processed by the Central Information Technology Office (CITO). Applications were also cross-checked against data from the Social Security Board and the Ministry of Human Development, Social Transformation and Poverty Alleviation, to

exclude those already receiving pensions or other government transfers. Payments began in April, using a mix of bank accounts and prepaid cards (for unbanked beneficiaries) issued by Heritage Bank. This application and payment system made it possible to avoid the crowding observed in payment locations in some LAC countries that also expanded their cash transfer programs in response to the COVID-19 crisis.

The IDB has extensive experience in the design, implementation, and evaluation of cash transfer programs in LAC countries, including as a response to crisis. Several evaluations have shown that these programs are the most effective tool to redistribute income and support vulnerable households' consumption. Experience with unemployment insurance programs, moreover, suggests that effective income-support policies for the unemployed, even in contexts of high labor informality, make it possible to smooth the loss of consumption and achieve a more effective job search.

Beyond supporting the Unemployment Relief Program, the IDB Group also helped Belize strengthen its COVID-19 emergency response in the education and public health sectors, including the purchase of vaccines under the COVAX facility.

The IDB Group in Costa Rica



US\$ 857 million in financing approved by the IDB Group in 2020, mainly to support the national decarbonization plan and responses to the pandemic.



Financing in response to COVID-19 totaled **US\$ 622 million**, and focused on protecting the jobs and incomes of vulnerable populations, public financial management, and access to financing by SMEs.

New projects

Towards a Green Economy: Support for Costa Rica's Decarbonization Plan (US\$ 230 million). This is the first in a series of two policy-reform operations to support the country's efforts to implement the National Decarbonization Plan 2050. The plan covers reforms in key sectors to help reduce global warming, such as the adoption of sustainable technologies and processes in the agricultural and forestry sector, and the use of electricity in transportation, industry, and households. It also seeks to strengthen climate-action management and monitoring. This is a pioneering operation in Central America, reflecting the country's interest in furthering the protection of its environment and promoting sustainable development. The program received US\$ 150 million in parallel financing from the French Development Agency.

Emergency Program for Macroeconomic Sustainability (US\$ 250 million). To mitigate the impact of COVID-19 on the economy and ensure the sustainability of public finances, and in coordination with the IMF, Costa Rica approved a Special Financing for Development facility that provides the country with liquid resources for efforts to contain the health crisis and mitigate its economic effects.¹

Program to Protect the Jobs and Income of Vulnerable Populations Affected by Coronavirus in Costa Rica (US\$ 265 million). This program seeks to

support minimum levels of income and employment among nationals and migrants through cash transfers to nearly 370,000 workers in the event of unemployment, job training programs for more than 4,300 workers, and wage subsidies for businesses in sectors severely affected by the pandemic, such as tourism. The program is supported by a US\$ 20 million grant from the facility for intraregional migration flows.

Evidence-Based Decisions for Social Protection (US\$ 150,000). This IDB Lab project aims to improve the design of public unemployment benefit programs by means of new data-processing techniques.

Promerica: Issuance of Social and Environmental Bonds (US\$ 15 million). To support post-COVID-19 economic recovery, IDB Invest approved the first operation in Central America to back the issuance of sustainable bonds, which combine financing for environmental and social projects. This operation is expected to improve access to financing for Costa Rican SMEs—which have been hit hard by the pandemic—and expand their green credit portfolio. PROMERICA also received technical assistance for impact assessments and results monitoring.

Support for the Hurricane Eta Emergency in Costa Rica (US\$ 200,000). This technical cooperation project provided immediate support to the country's efforts to meet the basic humanitarian needs of the population affected by Hurricane Eta, which left 26 communities isolated and nearly 2,000 people in temporary shelters. The goods and services covered by this operation include the purchase of drinking water, foodstuffs, and basic necessities, and transporting these items to the affected areas.

¹ Project not ratified by the legislature so as to take legal effect in the timeframe stipulated by the instrument, and therefore cancelled in January 2021.

IDB Group approvals in Costa Rica

US\$ millions

	2016	2017	2018	2019	2020
Public sector					
Loans	-	20.0	144.0	575.0	745.0
Technical cooperation	1.4	2.6	1.6	6.8	6.3
Investment grants	-	-	1.5	-	0.9
Private sector					
IDB Invest	63.9	13.0	41.0	25.1	104.7
Long-term	45.9	-	22.0	20.0	15.0
Short-term	18.0	13.0	19.0	5.1	89.7
IDB Lab*	1.9	-	4.3	3.9	0.3

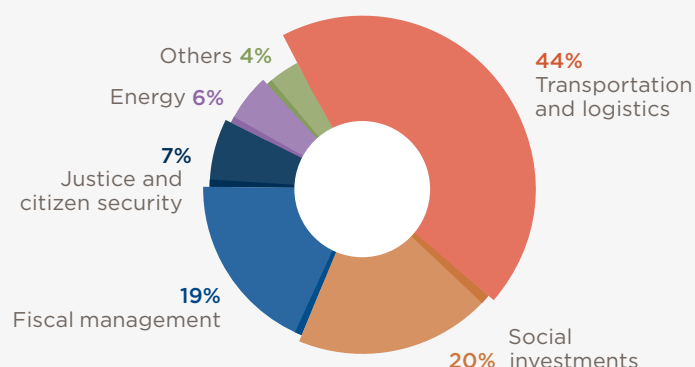
* From 2019 onwards, IDB Lab data include projects from external funds and the Social Entrepreneurship Program (SEP).

Projects in execution

Public sector

- ◆ 12 operations totaling US\$ 1,844 million, with an available balance of US\$ 1,338 million
- ◆ The IDB disbursed US\$ 326 million in 2020

Distribution of public-sector
portfolio by sector
(% of available balance)



Private sector

IDB Invest

- ◆ 24 operations with an exposure of US\$ 286 million in financial institutions, renewable energy, industry and transportation, and urban social infrastructure.
- ◆ In 2020, US\$ 89 million (loans and guarantees) was disbursed for foreign trade financing.

IDB Lab

- ◆ 8 operations totaling US\$ 7.7 million to foster innovation and the use of technologies to boost SME productivity; environmental sustainability; and COVID-19 responses.
- ◆ The SEP has 8 operations totaling US\$ 4.7 million.



Electric vehicle charging station at the IDB Country Office

Our commitment to the decarbonization of Costa Rica

To address the challenges arising from climate change, and to promote environmentally sustainable development, the Costa Rican government is taking steps to decarbonize its economy and reduce greenhouse gas (GHG) emissions. To that end, in 2018 the government developed the National Decarbonization Plan with IDB support. This initiative aims to achieve carbon neutrality by 2050 through actions in the areas of mobility and transportation, energy, industry, construction, waste management, agricultural practices, and land use.

The IDB Group is committed to the Plan, supporting the implementation of reforms to strengthen Costa Rica's capacity to meet its targets, and backing public and private-sector initiatives under the Plan. In 2020, the IDB approved the program *Towards a Green Economy: Support for Costa Rica's Decarbonization Plan* (US\$ 230 million). This is the first in a programmatic series of two operations to support the transformation of the energy, transportation, forestry, and agricultural sectors, with a view to ensuring the country's progressive transition to zero net emissions. The program positions Costa Rica as pioneer in environmental protection, since it is the first operation approved in Central America to decarbonize an economy. The program's reforms were designed in coordination with the French Development Agency, which contributed US\$ 150 million in parallel financing.

Key results expected from this program include the protection and restoration of ecosystems such as terrestrial and mangrove forests, given their importance in GHG sequestration and biodiversity protection; improvements in agricultural productivity (coffee, livestock, bananas, sugar cane, rice) by replacing GHG-emitting practices with GHG-fixing ones, using sustainable technologies and payments incentives for environmental services; an increase in the national fleet of electric vehicles, both public and private; and implementation of a comprehensive system to monitor the Plan's progress.

The private sector has also supported initiatives under the Decarbonization Plan. Inadequate management of lubricant waste has harmful impacts on biodiversity and human health: about 60 percent of such waste is burned, and the rest ends up in landfills and rivers. To mitigate these negative effects, IDB Lab approved a US\$ 3 million loan to the Costa Rican company Metalub, to cofinance Central America's first oil re-refining plant. Using



The first oil re-refining plant in Central America, Metalub, in San José, Costa Rica

a circular economy model, the plant will safely and sustainably process used lubricating oils and oil filters to produce new lubricants and other by-products. With this support, each year Costa Rica will be able to recover an average of 6 million liters of used oil and mitigate 15,000 tons of carbon emissions, thereby helping to reduce CO₂ and sulfur emissions in the country.

It is estimated that the **total benefits** of decarbonization in Costa Rica over the next 30 years will amount to US\$ 41 billion. This will come mainly from savings in the transportation, agriculture, forestry, and industry sectors, without negatively affecting national productivity or employment.

It will be a challenge to continue the pursuit of decarbonization in the currently difficult economic context that requires priorities to be centered on tackling the COVID-19 crisis, which has heightened the region's inequity and vulnerability. A green economy, however, opens up a series of opportunities for job retraining and economic restructuring that can yield not only environmental but also economic and social benefits for the whole population. The IDB Group will remain a key partner in this historic undertaking, given its significance in fostering sustainable economic growth and helping improve Costa Ricans' quality of life.

The IDB Group in the Dominican Republic



US\$ 808 million in financing approved by the IDB Group in 2020, mainly to support fiscal policy and boost foreign trade.



Funding in response to COVID-19 totaled more than US\$ 806 million to support fiscal management through temporary economic support programs for vulnerable households and businesses; strengthen health systems, including the purchase of vaccines; and provide financing for SMEs.

New projects

Strengthening Public Policy and Fiscal Management in Response to the Health and Economic Crisis Caused by COVID-19 (US\$ 250 million). This program aimed to support the availability, as well as the timely and transparent execution, of public resources to tackle the health crisis and strengthen the countercyclical effect of fiscal policy. It supported the government's introduction of temporary measures to protect the income of vulnerable households, such as the "Stay Home" cash transfers initiative; temporary subsidies for formal employment; and measures to provide liquidity to businesses. The operation also seeks to lay the groundwork for post-pandemic economic reopening and recovery. The operation helped coordinate donor efforts to mobilize additional funding in support of the country's response to COVID-19. It was carried out in coordination with the French Development Agency, which provided parallel cofinancing.

Emergency Program for Macroeconomic and Fiscal Sustainability (US\$ 250 million). Like the program above, this initiative helped support the government's fiscal policies and actions geared to addressing the pandemic and ensuring macroeconomic stability. The program's structure and substance were aligned with the IMF's Rapid Financing Instrument.

Modification of the Contingent Loan for Natural-Disaster Emergencies to Include COVID-19 Coverage. Since 2009 the Dominican Republic has had a contingent loan (expanded in 2016) to cover natural-disaster emergencies. It aims to help cushion

the impact of natural disasters on public finances by increasing the availability of contingent financing to cope with emergencies. Faced with the challenge of the pandemic, the Bank approved modification of the loan to include eligibility for extraordinary spending related to the COVID-19 crisis, including the purchase of vaccines for up to US\$ 90 million of the available balance (US\$ 284 million).

Banco Lafise (US\$ 3 million). IDB Invest will stimulate trade by increasing the financing for export/import activities, and expanding the network of correspondent banks for financial institutions in the Dominican Republic.

OmniSalud Colectiva Mass Assistance and the Coronavirus (US\$ 123,000). IDB Lab will support the *Fundación Medicina Crítica* in adapting and testing a digital telemedicine platform, so as to help prevent health services from being overwhelmed. The platform will be used to assess and monitor patients, and to build predictive and behavioral models of the pandemic that will help ease the burden on health care providers without compromising service quality. Some 25,000 patients are expected to receive care through this multichannel platform, and six possible epidemic outbreaks can be detected early by means of artificial intelligence.

Circular Economy Model for Organic Waste in Tourist Areas (US\$ 258,000). IDB Lab will support the *Fundación Grupo Puntacana* in developing an organic waste management model that takes a circular economy approach in tourist areas, using new technologies and practices to minimize the production of waste and encourage its conversion and reuse. The initiative is expected to process 7,300 tons of waste a year and reduce the risk of communicable diseases for 15,000 residents.

Green Fins Hub/Digital Innovation for Sustainable Marine Tourism (US\$ 328,000). IDB Lab will support marine tourism organizations to reduce local threats to coral reefs through use of environmentally sustainable practices. As a result of this support, 337 marine tourism operators are expected to become members of Green Fins and there will be a 15 percent reduction in the direct impact on coral reefs.

The Productive Development and Competitiveness project has strengthened small businesses in San Juan province by financing equipment to improve their production

IDB Group approvals in the Dominican Republic

US\$ millions

	2016	2017	2018	2019	2020
Public sector					
Loans	590.0	366.0	795.0	339.0	500.0
Technical cooperation	2.2	2.7	4.6	4.6	2.0
Investment grants	-	-	-	1.5	-
Private sector					
IDB Invest	74.1	92.0	72.0	138.0	305.3
Long-term	4.1	90.0	-	38.0	-
Short-term	70.0	2.0	72.0	100.0	305.3
IDB Lab*	1.5	2.8	1.8	0.5	0.7

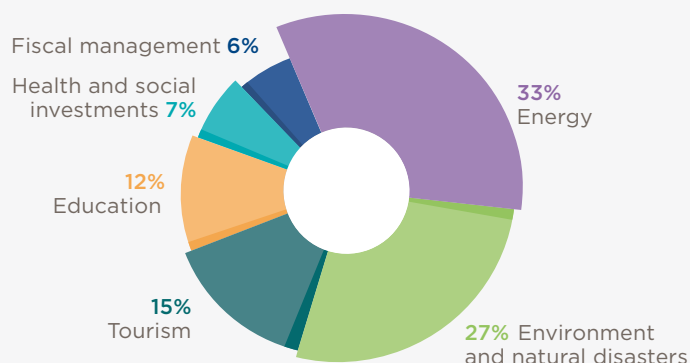
* From 2019 onwards, IDB Lab data include projects from external funds and the Social Entrepreneurship Program (SEP).

Projects in execution

Public sector

- ◆ 17 operations totaling US\$ 1,844 million, with an available balance of US\$ 1,338 million
- ◆ The IDB disbursed US\$ 780 million in 2020

Distribution of public-sector portfolio by sector
(% of available balance)



Private sector

IDB Invest

- ◆ 5 operations with an exposure of US\$ 131 million centered on access to credit for SMEs, road transportation development, and foreign trade financing.
- ◆ US\$ 305 million was disbursed in 2020 (loans and guarantees issued) for foreign trade financing.

IDB Lab

- ◆ 12 operations totaling US\$ 6 million focused on boosting productivity, the innovation ecosystem and digitization among SMEs, and climate resilience.
- ◆ The SEP has 13 operations totaling US\$ 6.7 million.



The Colonial City has become a vibrant cultural and recreational area, visited by tourists and locals alike

Colonial City of Santo Domingo

In recent years the Dominican Republic's economy has grown as a result of tourism, which has become the leading industry and accounted for 8 percent of GDP in 2019. The Colonial City, the first permanent city in the New World and a UNESCO World Heritage Site, is home to unique cultural capital that adds value to the country's appeal as a tourism destination. The IDB Group has supported the country's efforts to rehabilitate this urban space and lay the groundwork for the post-COVID recovery of tourism and cultural activity.

Replete with museums, churches, parks, stores, cafes, theaters, and restaurants, among other attractions, the City's tourist potential was not being sufficiently exploited until a few years ago: only 14 percent of international tourists arriving in the country visited the Colonial City, and 50 percent of those did so only for a day.

Through the Ministry of Tourism, and with IDB support, the government has invested significant financial and human resources to promote tourism and urban development in the Colonial City of Santo Domingo. These efforts have diversified the country's tourism offering, yielded greater benefits for the local population, and reduced the pressure on coasts and beaches.

This was done in an integrated manner through projects financed by both the IDB and IDB Lab. In an initial stage, financing was provided for the comprehensive refurbishment of streets and their surroundings; renovation of facades; installation of underground electrical cables in the historic district; modernization of the Ozama Fortress, the Museum of the Royal Houses, and the Alcázar de Colón; start-up of the Royal Shipyards Museum; and establishing a monitoring and surveillance center, among other activities.

Additionally, technical assistance from IDB Lab was used to train human resources, as well as micro and small enterprises, in providing quality tourism services in the area. Management and administrative capacities in the Santo Domingo Tourism Cluster were also strengthened.

As a result of these investments, the number of foreign tourists visiting the Colonial City rose from 410,000 in 2010 to 682,000 in 2017. This is 67 percent growth compared to the 50 percent increase in foreign tourist arrivals nationally over the same period, and the number is expected to reach 1 million tourists by the end of the current program.



Tourist activity in the Colonial City

Similarly, hotel occupancy rose from 55 percent in 2014 to 74 percent in 2016. This revitalization has catalyzed private-sector investment estimated at more than US\$ 100 million. The initiative is expected to benefit up to 200 low-income families living in the City's northern zone, with the upgrading of their homes and an increase in the number of jobs per business from 3.3 in 2017 to six in 2025.

During the COVID-19 pandemic, IDB Lab, together with the Mercasid company, provided technical assistance to support micro and small enterprises in their efforts to secure the "Posicheck" certification from Cristal Standards. This accredits businesses as using phytosanitary practices that prevent the spread of infectious and contagious diseases. The assistance also supports the implementation of biosafety measures in these businesses.

In the second stage of this initiative, work continues on revitalizing the Colonial City's urban, economic, and cultural tourism dimensions by restoring public spaces and historical monuments, improving living conditions for residents, developing local economies, and strengthening tourism and cultural management in the City.

The IDB Group in El Salvador



US\$ 1,188 million in financing approved by the IDB Group in 2020, mainly to support fiscal management, SMEs' access to credit, and education



US\$ 1,007 million in financing for COVID-19, including approvals and portfolio realignments, to strengthen health care facilities in the face of the health emergency, protect the incomes of vulnerable households by means of expansionary fiscal policies, and protect businesses and support their recovery.

New projects

Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate its Impact on Service Delivery in El Salvador (US\$ 50 million). This operation will help reduce COVID-19 morbidity and mortality by strengthening the provision of hospital services, particularly in intensive care units and the outpatient network. The operation can also finance the purchase of vaccines for up to US\$ 20 million.

Fiscal management in the pandemic: The Bank approved two budget-support operations to help underpin the country's fiscal management of the emergency. The *Program to Strengthen Public Policy and Fiscal Management in Response to the Health and Economic Crisis Caused by COVID-19 in El Salvador* (US\$ 250 million) will support policy reforms to strengthen the efficiency and effectiveness of public policy and fiscal management during the crisis. Through the *Emergency Program for Macroeconomic and Fiscal Sustainability* (US\$ 250 million), which was prepared in coordination with the IMF, the Bank made additional liquidity available to the country to meet financing needs and ensure the sustainability of public finances.²

Access to finance: To boost credit to the private sector, the Bank approved the *Global Credit Program for Micro and Small Enterprises* (US\$ 20 million), which will channel financing through the Agricultural Development Bank of El Salvador to benefit 2,000 businesses, and the *Access to Credit Program for the Recovery of Micro, Small, and*

Medium-Sized Enterprises (US\$ 200 million) which will provide financing via BANDESAL's second-tier lending. This will benefit 8,282 Salvadoran MSMEs. IDB Invest, through the *Banco de América Central - Mujer Acelera* transaction (US\$ 60 million), will provide financing for 1,555 female-headed SMEs through a performance-incentives mechanism. It also approved a *Green Financing Agreement with Davivienda El Salvador* (US\$ 50 million) to help Davivienda El Salvador develop its financing portfolio for environmentally friendly projects.

Human capital: The Bank approved the project, *Improving the Quality and Coverage of Educational Services: Born, Grow, Learn* (US\$ 100 million) to finance the expansion and improvement of early childhood services and education for vulnerable youths. It is expected to benefit about 60,000 children, as well as 42,000 educators. IDB Lab approved the *KodIng for a Better Life* operation (US\$ 750,000) to help youths join the labor market through training schemes in programming and software development skills. This initiative is arranged in partnership with KODIGO, a nonprofit organization in El Salvador that educates young people in coding and developing software.

AES El Salvador Deferred Electricity Receivables Purchase Facility (US\$ 60 million from IDB Invest). In view of the emergency measures enacted by the government to protect consumers, IDB Invest approved a facility to purchase accounts receivable to discount the electricity bills of four electricity-distribution companies in El Salvador. This financing will provide the companies with liquidity and working capital.

Floating Storage and Regasification Unit for the Acajutla LNG Energy Project (US\$ 88 million from IDB Invest). This transaction will finance the purchase of a liquefied natural gas carrier and its conversion to a floating storage and regasification unit at the port of Acajutla, in Sonsonate department, which will provide natural gas regasification services.

² Project not ratified by the legislature so as to take legal effect in the timeframe stipulated by the instrument, and therefore cancelled in January 2021.



The IDB Group in El Salvador

Entrepreneur beneficiary of the Productive Corridors project

IDB Group approvals in El Salvador

US\$ millions

	2016	2017	2018	2019	2020
Public sector					
Loans	30.0	-	370.0	245.0	870.0
Technical cooperation	2.3	3.3	4.7	1.6	5.3
Investment grants	-	-	1.8	-	0.5
Private sector					
IDB Invest	24.5	41.4	81.7	124.6	311.0
Long-term	0.5	28.0	45.0	93.0	203.7
Short-term	24.0	13.4	36.7	31.6	107.3
IDB Lab*	0.1	3.3	1.0	1.7	1.8

* From 2019 onwards, IDB Lab data include projects from external funds and the Social Entrepreneurship Program (SEP).

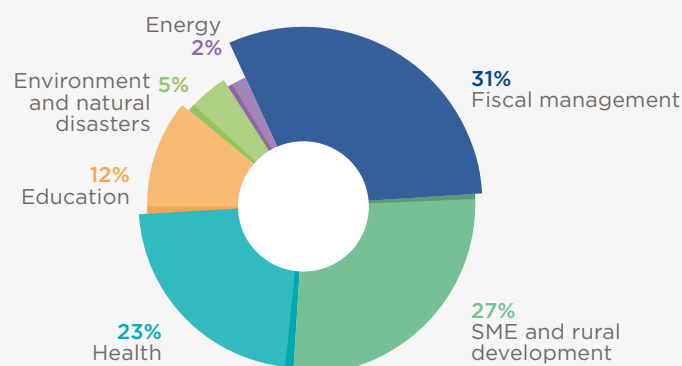
Projects in execution

Public sector

- ◆ 13 operations totaling US\$ 1,044 million, with an available balance of US\$ 864 million

- ◆ The IDB disbursed US\$ 289 million in 2020

Distribution of public-sector portfolio by sector (% of available balance)



Private sector

IDB Invest

- ◆ 17 operations with an exposure of US\$ 256 million to expand the supply of credit, develop the renewable energy sector, strengthen the industrial sector, and facilitate foreign trade.
- ◆ In 2020, US\$ 235 million was disbursed (in loans and guarantees).

IDB Lab

- ◆ 13 operations totaling US\$ 9 million, to develop pandemic response technologies, boost productivity, and support digital transformation and social-labor-financial inclusion.
- ◆ The SEP has 4 operations for US\$ 2.5 million.



Tourism: A commitment to recovery in El Salvador

Up to a year ago, tourism had become one of El Salvador's most dynamic economic sectors. With its famous beaches that are perfect for surfing, El Salvador was gaining renown as a tourist destination in the region, and its tourism revenues were growing at high rates. But the sector was hit hard by the isolation and social distancing measures required by the pandemic. According to the Ministry of Tourism, in August it was estimated that the industry would lose US\$ 1,145 million in 2020 and would have only 1 million tourists, in contrast to the 2.7 million who visited in 2019, pushing the sector back by 10 years. Nonetheless, the promising results that were evident before the onset of the current crisis reveal the country's tourism potential. With IDB support, therefore, the government is continuing its efforts to aid recovery in the sector, reorienting its strategy towards local and regional tourism so as to support the sector's survival during the crisis and its post-pandemic revival.

Between 2013 and 2019, the Salvadoran economy grew by an annual average of 2.3 percent, while tourism GDP, according to data from the World Travel and Tourism Council, grew by more than double that rate (5.3 percent). In the same period, the sector created almost one of every three new jobs, benefiting many Salvadoran families in all income quintiles and educational levels. At the same time, the sector consolidated its position as a driver of innovation and a generator of exports and investment.



Fishing cooperative

The Bank has been supporting the government of El Salvador with the US\$ 25 million *Tourism Development Project for the Marine Coastal Strip*, which has helped increase tourism employment in the country and strengthen the sustainability of this growth.

The project's achievements include the transformation of the El Puerto de la Libertad area, the country's main tourist destination, with the construction of the Mercado del Mar. This US\$ 6.2 million investment has improved working conditions for hundreds of workers, as well as the healthiness of the seafood market and the area's many restaurants. It is estimated that this investment alone has supported a total of more than 1,500 direct beneficiaries. More than 50 percent of the beneficiaries are women.

The beneficiaries tell remarkable stories of overcoming challenges, such as that of Rosa Margarita Montes, a member of the Las Sirenas cooperative. This cooperative has been selling fish from mobile stalls for decades. The new project has enabled its members to formalize their businesses with their own stands, with all the necessary hygiene conditions. The new stands have allowed them to increase their sales even amid the pandemic.

The program has adapted to the sector's current challenges, devoting resources to drawing up and implementing tourism biosafety protocols, and

developing a roadmap for the recovery of the sector, with direct support to microenterprises. Other significant investments have been in strengthening the tourism statistics system, and restoring/constructing the docks at Puerto el Triunfo and Puerto Parada, thereby connecting tourists to Jiquilisco Bay and extending the geographic footprint of tourism and its benefits. The Bay, which is one of the most significant coastal marine ecosystems in El Salvador, has been designated as a Wetland of International Importance by the United Nations Convention on Wetlands of International Importance, known as the Ramsar Convention.

As a result of the country's efforts and the support provided by this project, El Salvador became the third Central American country to be awarded the "Safe Travels" certification, granted by the World Travel and Tourism Council in October 2020 for complying with all the standards required by the World Health Organization and the US Centers for Disease Control and Prevention (CDC).

In addition to its significant and direct impact on Salvadoran families, therefore, this support has been crucial in mitigating the impact of the pandemic and facilitating the resumption of tourism activity, helping to preserve the productive fabric and thousands of tourism-related jobs.

The IDB Group in Guatemala



US\$ 549 million in financing by the IDB Group in 2020, mainly to provide the rural population with access to basic services, support for the financial sector, and poverty alleviation programs.



Financing in response to COVID-19 totaled US\$ 407 million, to provide

cash transfers to vulnerable households, sustain SMEs' access to financing, and support foreign trade.



US\$ 4.4 million in financing to respond to Eta and Iota, in the form of technical assistance and portfolio realignments to support families with basic necessities and restore electricity access.

New projects

Rural Electrification Infrastructure Program

(US\$ 120 million: US\$ 60 million from the IDB, and US\$ 60 million from the Korean Infrastructure Facility, KIF). This loan is geared to expanding electricity coverage in rural areas of Guatemala, mainly in the departments of Alta Verapaz, Baja Verapaz, Huehuetenango, Quiché, Petén, and Izabal, which were damaged by Hurricanes Eta and Iota. The operation is expected to attain 80.5 percent rural coverage by connecting 40,000 new homes with the construction of more than 2,900 km of medium- and low-voltage lines. Since 70 percent of Guatemalan homes without electricity belong to indigenous households, this operation will make particular efforts to close this gap.

Sustainable and inclusive agriculture. The *Sustainable Forest Management Project* (US\$ 9.3 million) has given Guatemala access to resources from the Climate Investment Fund (CIF) to reduce deforestation. This has helped more than 8,300 small and medium producers to improve the profitability of agricultural plots and restore the forest landscape in areas affected by the hurricanes. The program also aims to improve the targeting of forestry incentives programs, thereby facilitating access for women and indigenous peoples. Additionally, IDB Lab, together with the Green Climate Fund, has financed a loan

to offer *Climate-Smart Agricultural Technologies* to more than 9,500 micro and small entrepreneurs and farmers (US\$ 3.9 million). The aim is to strengthen farmers' capacity to adapt to climate change, and raise their productivity and income.

Vulnerable populations. Two projects were approved. The first, *Support for Vulnerable Populations Affected by COVID-19* (US\$ 100 million, by means of the risk-transfer mechanism between the Bank and the government of Sweden through the Swedish International Development Agency, SIDA), will support the *Bono Familia* program to guarantee minimum income levels for 255,000 families affected by COVID-19. Given the absence of a national registry of vulnerable people, an innovative and large-scale transfer scheme was designed to quickly identify and register potential beneficiaries, and to use digital payment mechanisms. The second project, *Qüilo - WorkerTech Multichannel Platform and Digital Financial Inclusion* (US\$ 750,000), financed by IDB Lab, will develop and test a private social security program (life insurance, medical expenses, maternity, pension) focused in particular on women in the informal sector, with different levels of coverage according to capacity to pay.

Access to financing. To increase credit to the private sector, IDB Invest approved a program with *Banco de América Central - BAC Guatemala* (US\$ 100 million: US\$ 75 million from IDB Invest, and US\$ 25 million from the China Fund) to help boost its financing to SMEs and anchor businesses for the development of value chains. At the same time, IDB Invest will provide advisory services to increase value added among SMEs. IDB Invest also approved a program with *Promerica Guatemala - SME Support* (US\$ 25 million) to support Banco Promerica's growth strategy in the SME segment and its green portfolio. The operation includes advisory services in designing a communications and marketing plan, disseminating the value proposition for green-finance products among clients, and staff training in this issue.



The IDB Group in Guatemala

Community nursery that has yielded more than 4 million improved and climate-resilient agroforestry plants

IDB Group approvals in Guatemala

US\$ millions

	2016	2017	2018	2019	2020
Public sector					
Loans	310.0	-	-	250.0	228.5
Technical cooperation	1.5	7.6	1.5	2.9	2.2
Investment grants	-	-	-	-	7.1
Private sector					
IDB Invest	130.0	170.9	302.1	159.0	306.7
Long-term	5.0	-	195.0	20.0	125.0
Short-term	125.0	170.9	107.1	139.0	181.7
IDB Lab*	3.1	1.2	-	6.0	5.3

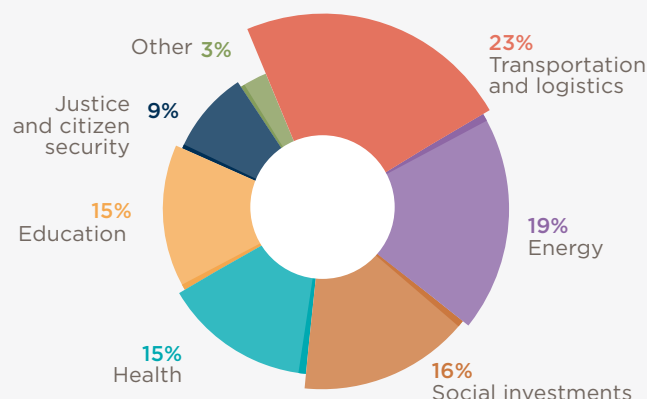
* From 2019 onwards, IDB Lab data include projects from external funds and the Social Entrepreneurship Program (SEP).

Projects in execution

Public sector

- ◆ 10 operations totaling US\$ 988 million, with an available balance of US\$ 634 million
- ◆ The IDB disbursed US\$ 282 million in 2020

Distribution of public-sector portfolio by sector (% of available balance)



Private sector

IDB Invest

- ◆ 15 operations with an exposure of US\$ 509 million to support SME financing, foreign trade facilitation, development of the energy sector, telecommunications, and agribusiness.
- ◆ US\$ 317 million was disbursed in 2020 (loans and guarantees issued) for SME financing and foreign trade

IDB Lab

- ◆ 19 operations totaling US\$ 15 million for innovation and technologies in response to the pandemic and hurricanes, productivity, the entrepreneurial ecosystem, digital transformation, and social-labor-financial inclusion.
- ◆ The SEP has 11 operations totaling US\$ 5.3 million.



Beneficiary of the
Fundación Génesis
Empresarial

Financial inclusion through technological innovation in Guatemala

MSMEs are the heart of Guatemala's social and productive fabric. Although they create half of all jobs, they face various obstacles in gaining access to financing, especially in the agricultural sector. This situation is aggravated by the crisis arising from the pandemic. In response, the IDB Group, through a joint initiative between IDB Lab and IDB Invest, will support the expansion of financial-services coverage for the low-income rural population in Guatemala.

The Fundación Génesis Empresarial in Guatemala specializes in economic and social development through microfinance and business-development services with a social focus, based on continuous training and fostering individual and community development. The foundation covers all 22 departments of the country. Some 73 percent of its clients are women, 88 percent are in the rural sector, and 49 percent identify as members of an indigenous people.



Beneficiary of the Fundación Génesis Empresarial

IDB Lab resources (US\$ 4.3 million) will be used to grant nanocredits to SMEs, enabling them to carry out purchase and sales transactions using a smartphone app within a system of affiliated businesses. This initiative will also support implementation of an electronic wallet, launched in August 2020, to facilitate multiple transactions via cell phones and smart ATMs. To date, 80 of 100 ATMs have been installed. IDB Invest funds (US\$ 20 million) will expand Fundación Génesis's loan portfolio, with an emphasis on microfinance and MSMEs. They will stimulate improvements in the foundation's environmental and social management

mechanisms with the development of a climate-risk management system. These measures are expected to benefit more than 130,000 clients by improving financial accessibility and facilitating payment and transaction ecosystems. This synergy consolidates the IDB Group as a key partner of Fundación Génesis at an important time in its digital transformation. This is the first transaction effected in quetzales by IDB Invest in Guatemala.

The increase in Fundación Génesis Empresarial's microfinance portfolio will improve the lives of a large number of Guatemalan families whose business opportunities have been constrained by a lack of access to financing. The increase will also support economic growth among MSMEs to buoy up employment amid the COVID-19 crisis and the impact of the hurricanes, by providing working capital to replenish inputs and reactivate production. The loan portfolio devoted to productive and agricultural linkages is expected to rise from 3 percent to 22 percent of the total. The new digital technology will have a positive impact on financial inclusion in Guatemala, with greater transactional agility, lower costs, and a wide population coverage.



Interview with a beneficiary of the Fundación Génesis Empresarial

The IDB Group in Honduras



US\$ 489 million in financing approved by the IDB Group in 2020, mainly for sectoral reforms in transportation and logistics, support for the productive fabric and fiscal policy, and protection of vulnerable populations.



Funding in response to COVID-19 totaled US\$ 504 million, including both fresh and portfolio resources, to provide cash transfers to families in poverty, strengthen laboratories and health centers, and protect MSMEs.



US\$ 26 million in response to Eta and Iota, in the form of technical assistance and portfolio realignments, to provide food, basic inputs and/or cash transfers to 50,000 families, among other measures.

New projects

Support for the Integrated Social Protection System (US\$ 59.2 million). This project supports improvements in the living conditions of extremely poor households and promotes human capital development. Some 42,000 households will benefit from conditional cash transfers; 9,300 young people in extreme poverty will have access to the third cycle of basic education through alternative teaching methods; and 35,000 poor people will gain access to basic health services. In 2020, the *Bono Vida Mejor* transfer program benefited 34,000 households affected by Hurricanes Eta and Iota.

Honduras Freight Transportation and Logistics Sector Reforms Program II (US\$ 111.6 million). The second phase of a programmatic series of policy reforms was approved, continuing the improvement of freight logistics systems in view of their significance for Honduras's competitiveness. The goal is to enhance logistics performance by strengthening the regulatory framework and the sector's institutional apparatus through the National Logistics Council, and by simplifying and modernizing technological processes and systems for trade facilitation.

Public management of the health and economic crisis. In response to the pandemic, the Bank reformulated resources from the portfolio in execution through the *Immediate Public Health Response Program to Contain and Control the Coronavirus and Mitigate its Impact on Service Delivery in Honduras* (US\$ 50 million). These resources increase the health system's response

capacity, and help reduce morbidity and mortality related to COVID-19. IDB Lab approved the project *Telehealth to Mitigate Coronavirus and Improve Access to Health in Honduras* (US\$ 700,000) to devise a means of offering telemedicine services that are adapted to circumstances in the country, thereby improving access to primary health care. In economic matters, and in order to ensure the sustainability of public finances, boost targeted social spending, and safeguard monetary and financial stability, the Bank coordinated with the IMF to provide additional liquidity to the country through the *Emergency Program for Macroeconomic and Fiscal Sustainability* (US\$ 76.2 million).

Productive sector. To support the financial sustainability of MSMEs amid the economic crisis, the Bank approved the *Global Credit Program for Safeguarding the Productive Fabric and Employment* (US\$ 19.9 million). This benefits more than 1,000 MSMEs in the tourism sector by giving them access to working capital. IDB Lab approved the project *Digitization of the Micro and Small Business Sector - Digital HUB 504* (US\$ 5.9 million, including cofinancing from the European Union). This initiative hastens the sector's digital transformation and ensures it continues during the health crisis. IDB Invest granted a credit to *Grupo Elcatex* (US\$ 96 million: US\$ 64 million from IDB Invest, and US\$ 32 million from the China Fund) to improve production, diversify exports and create 3,200 direct jobs.

Renewable energy. The IDB supported the increase in renewable energy capacity in Honduras through the *Francisco Morazán Hydroelectric Power Plant Renovation Project to Facilitate the Integration of Renewable Energy* (US\$ 18 million, including US\$ 16 million in cofinancing from the Clean Technology Fund). The project aims to restore the power plant's role in the Honduran electricity system, modernizing it by migrating to state-of-the-art digital systems and replacing worn-out equipment. IDB Invest approved the *Jilamito Hydroelectric Project* (US\$ 20.2 million) for the development, construction, start-up, and operation of the plant, adding 14.8 MW of renewable energy capacity.



IDB Group Approvals in Honduras

US\$ millions

	2016	2017	2018	2019	2020
Public sector					
Loans	170.0	160.0	477.6	229.9	285.0
Technical cooperation	4.1	4.6	7.4	8.7	6.6
Investment grants	2.2	6.1	15.3	29.9	1.6
Private sector					
IDB Invest	50.8	51.1	121.7	137.8	188.8
Long-term	12.0	8.0	-	5.0	84.3
Short-term	38.8	43.1	121.7	132.8	104.5
IDB Lab*	3.2	2.1	3.6	2.0	7.5

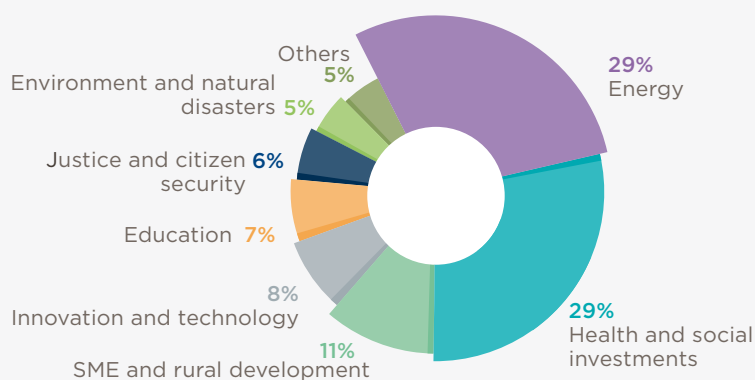
* From 2019 onwards, IDB Lab data include projects from external funds and the Social Entrepreneurship Program (SEP).

Projects in execution

Public sector

- ◆ 25 operations totaling US\$ 1,196 million, with an available balance of US\$ 540 million
- ◆ The IDB disbursed US\$ 390 million in 2020

Distribution of public-sector
portfolio by sector
(% of available balance)



Private sector

IDB Invest

- ◆ 13 operations with an exposure of US\$ 160 million to support financial institutions, foreign trade facilitation, and corporate-sector development in manufacturing and renewable energy.
- ◆ US\$ 156 million was disbursed in 2020 (loans and guarantees issued) for the textile sector, industrial parks, and foreign trade.

IDB Lab

- ◆ 23 operations totaling US\$ 51 million centered on pandemic response, hurricane emergencies, and productivity improvements.
- ◆ The SEP has 8 operations totaling US\$ 4.9 million.



Flooding in the Sula Valley in the wake of Hurricane Eta

Honduras: Towards resilient recovery with a human face

In early November 2020, amid the health and economic crisis caused by COVID-19, Honduras was struck by Hurricanes Eta and Iota, which affected almost 40 percent of the population, killed almost 100 Hondurans, and caused losses of about US\$ 1.88 billion (7.8 percent of GDP), in addition to the damage already caused by the pandemic. To tackle this crisis, the Bank quickly mobilized its resources and technical capacity to provide emergency assistance in coordination with the Honduran public and private sectors.



Delivery of aid to Bono Vida Mejor beneficiaries

To support humanitarian aid activities and help those most affected, a partnership was formed with the Honduran Council of Private Enterprise to channel US\$ 352,000 in assistance to various shelters, aiding thousands of victims. Moreover, emergency-response grants totaling US\$ 400,000 were used to provide food to 15,750 families in the departments of Atlántida, Colón, Santa Bárbara, Yoro, and Copán, with support from the Adventist Development and Relief Agency (ADRA).

To support the Garifuna and Miskito indigenous communities, the Bank organized a roundtable with community leaders, experts, and representatives of civil-society organizations to conduct a rapid analysis of their main needs, providing immediate support in the form of hygiene kits to 300 families in seven communities.

Resources from the social-protection portfolio were redirected to finance cash transfers to extremely poor households, under a strategy designed in coordination with the World Bank and UNDP. This benefited an estimated 34,000 households under the Bono Vida Mejor Program in areas affected by the hurricanes.

For the rehabilitation phase, and in order to restore some basic services disrupted by the storms and flooding, the Bank began preparing a US\$ 20 million emergency program under the Immediate Response Facility. This focuses on rehabilitating roads and bridges, as well as drinking-water infrastructure, and its operations are being designed to prioritize the needs of those most affected.

According to the Climate Risk Index, Honduras ranks second worldwide among the countries most subject to extreme weather events. Hurricane Mitch in 1998 affected 2.1 million people, led to 14,600 deaths, and caused losses of US\$ 3,793 million, equivalent to 81 percent of GDP.

According to Bank assessments, since Hurricane Mitch in 1998, Honduras has made significant progress in early warnings and preventive evacuations. Nonetheless, the country has made only “incipient” progress in risk-reduction investment (prevention) and preparations for post-emergency recovery and reconstruction.

The lessons learned indicate that fundamental aspects of reconstruction should be the economic recovery of affected families, and investments informed by the principle of building back better. The Bank, together with the G-16 (the group of cooperation partner countries and agencies in Honduras), is supporting the government in the design of a Reconstruction and Economic Recovery Plan for medium-term investments. This will include risk assessments and project identification and prioritization, fostering resilient reconstruction that centers on the needs of the affected communities.

The IDB Group in Nicaragua



US\$ 87 million in financing approved by the IDB Group in 2020, mainly to the health sector for pandemic containment, reconstruction, and social assistance to those affected by Hurricanes Eta and Iota.



Funding in response to COVID-19 totaled US\$ 50 million, to strengthen laboratories and health centers, and as trade financing to fund the import of foodstuffs and medical supplies.



Funding in response to Eta and Iota totaled US\$ 41 million, for food assistance, rehabilitation of infrastructure, and materials and equipment to repair damage.

New projects

Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate its Impact on Service Delivery in Nicaragua (US\$ 43 million loan, US\$ 1.2 million in technical cooperation). This program seeks to reduce morbidity and mortality from COVID-19 and mitigate other indirect effects on the health of Nicaraguans, mainly to benefit the most vulnerable. Work will be carried out on three fronts: strengthening case detection and follow-up, helping to interrupt viral transmission, and improving service delivery capacity. These efforts aim to upgrade infrastructure and equipment in hospitals, health centers, and laboratories nationwide; improve health workers' technical capacity to conduct tests and implement health protocols; and strengthen the collection and dissemination of information on the virus in Nicaragua. The program will be implemented with the support of the United Nations Office for Project Services and the Pan American Health Organization, and progress will be checked through Project Concern International, an NGO.

Contingent Loan for Natural-Disaster Emergencies - Hurricanes Eta and Iota (US\$ 35 million).

Nicaragua has had a Contingent Loan for Natural Disasters in place since 2013, to cushion the impact of a severe or catastrophic natural disaster on the country's public finances. In 2020, in response to Hurricanes Eta and Iota, Nicaragua accessed US\$ 35 million under this line for the rehabilitation of damaged bridges, as well as 211 km of primary and secondary power transmission lines and the installation of 447 electricity transmission towers in communities affected by the hurricanes in the Northern Caribbean Coast Autonomous Region and Jinotega. The resources will also finance food assistance to benefit 100,000 people in hurricane-affected communities. This latter activity will be carried out through the World Food Program, given its presence and experience in that part of the country.

Strengthening COVID-19 Prevention Measures in Water, Sanitation, and Public Transportation Services in Nicaragua (US\$ 300,000).

Water and sanitation services are crucial in mitigating the spread of COVID-19. Similarly, a public transportation system that is in a safe and healthy condition is vital to making health centers accessible to the population and health workers. To strengthen measures geared to preventing the spread of COVID-19 related to water, sanitation, and public transportation services in vulnerable areas, this technical cooperation project will finance the identification of preventive measures in line with the characteristics of these services and their users; the design and implementation of health protocols; and the dissemination of such measures among users.



The IDB Group in Nicaragua

The Tutorial Learning System Program, financed by IDB Lab, provided access to technical education and training in improved agricultural practices to 1,800 young people from communities in the South Caribbean Coast Autonomous Region

IDB Group approvals in Nicaragua

US\$ millions

	2016	2017	2018	2019	2020
Public sector					
Loans	208.4	335.0	-	-	78.0
Technical cooperation	9.4	3.9	3.0	2.9	3.4
Investment grants	17.0	23.6	1.3	5.2	-
Private sector					
IDB Invest	14.6	60.1	72.7	150.0	5.5
Long-term	-	17.4	20.0	82.0	-
Short-term	14.6	42.7	52.7	68.0	5.5
IDB Lab*	5.2	0.8	-	1.5	-

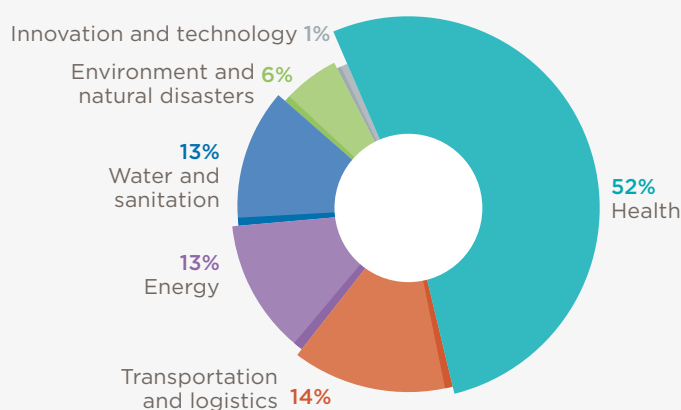
* From 2019 onwards, IDB Lab data include projects from external funds and the Social Entrepreneurship Program (SEP).

Projects in execution

Public sector

- ◆ 16 operations totaling US\$ 874 million, with an available balance of US\$ 365 million
- ◆ The IDB disbursed US\$ 150 million in 2020

Distribution of public-sector portfolio by sector
(% of available balance)



Private sector

IDB Invest

- ◆ 12 operations with an exposure of US\$ 103.9 million to support the corporate agro-industrial, manufacturing, and tourism sectors; SME financing; access to social housing; and energy infrastructure development.

IDB Lab

- ◆ 7 operations totaling US\$ 6.96 million centered on response to the COVID-19 pandemic and hurricanes, productivity of SMEs and agro-industrial entrepreneurs, digital transformation, social inclusion, and environmental sustainability.
- ◆ The SEP has 6 operations totaling US\$ 4.05 million.



Corn Island, off Nicaragua's Caribbean coast

How renewable energy is supporting development on Corn Island

Because of its abundant resources and natural beauty, tourism is Corn Island's main source of income. Nonetheless, as a small island of almost 8,000 inhabitants in the Nicaraguan Caribbean, one of its main challenges has been the reliability and affordability of the electricity service, on which its main economic activity depends. Moreover, with the contraction of the economy in the past three years, the impact of COVID-19, and the damage caused by Hurricanes Eta and Iota in 2020, the island's development gaps have deepened and its population's access to basic social services has been limited. To help Corn Island tackle these challenges, the Bank has supported the island's commitment to a clean and affordable energy system for its population.

Through the sustainability of isolated systems component of the National Sustainable Electrification Program (PNESER), the IDB has supported the building of a hybrid system of photovoltaic energy, battery energy storage, and thermal generation. This design maximizes the production of clean energy, reducing the consumption of diesel used in thermal generation by 40 percent. It is also more affordable, a vital matter in the Caribbean Coast region, where 39 percent of the population lives in general poverty.



A hybrid photovoltaic system on Corn Island gives the inhabitants an uninterrupted energy supply at a lower cost and with less environmental impact

The solar farm's energy storage system has helped improve the reliability of the electricity service, thereby improving the provision of basic social services and the population's quality of life. Even after the frequent arrival of hurricanes in the area, the population has been able to communicate and keep informed, which has been crucial in coordinating preventive actions. Electricity rates for local families and businesses have fallen by 25 percent, helping to improve the island's economy. There are also

benefits in terms of environmental sustainability, since these systems reduce CO₂ by 3,360 tons a year and minimize the risk of damage to reefs from fuel spills, given the lower diesel consumption.

As a result of the hybrid system's effects on the small island, in December 2020 the project received the "International Solar Energy Storage Project" award at the United Kingdom's largest renewable energy event. The award also highlighted the engineering design of the solar farm, developed by the contractor, as well as the commitment of the Nicaraguan government and the IDB to increasing energy access in the area.

Investments like this one show how renewable energy programs help narrow development gaps in isolated populations and enable them to prepare for future opportunities. The IDB will continue to support such initiatives, which increase rural families' access to a higher quality energy source, improve their quality of life, and put them on a better footing to cope with natural disasters.



The photovoltaic system installed on Corn Island has reduced diesel consumption by 40 percent

The IDB Group in Panama



US\$ 919 million in financing approved by the IDB Group in 2020, mainly in pandemic response, support for people with disabilities, tax administration, and structural reforms.



Financing in response to COVID-19

totaled US\$ 779 million, including both

fresh and portfolio resources, to provide cash transfers to vulnerable households and workers in the formal and informal sectors; provide and expand health services in indigenous community areas; and facilitate access to financing for affected SMEs.

New projects

Social Inclusion Program for Persons with Disabilities

(US\$ 40 million). This program will increase the state's capacity to identify the needs of persons with disabilities (PWD), and will support improvements in the coverage and quality of the services they receive. This will enable 15,800 PWD to access certification systems for the first time, expanding early diagnosis and rehabilitation services, and improving the quality of educational services and their personal autonomy.

Program to Support the Digital Transformation of the Tax Administration

(US\$ 40 million). This program will help the country improve its tax revenues by promoting greater efficiency in oversight and collection, and will also help reduce tax compliance costs.

Program to Support Reforms in the Water, Sanitation, and Energy Sectors II

(US\$ 200 million). Continuing support for the sustainable development of public utilities, this second phase of a series of programs was approved to aid sustainability in the energy sector, as well as to expand coverage and improve the management of drinking water and sanitation services through policy reforms to strengthen and complement the regulatory and institutional framework of both sectors.

Pandemic response. The *Emergency Program for Macroeconomic and Fiscal Sustainability* (US\$ 400 million) complements IMF financing to cover emergency spending arising from the crisis, while fostering the development of a

medium-term strategic fiscal policy framework. The Bank also directed resources from the portfolio in execution for the program *Support for Vulnerable Populations Affected by Coronavirus in Panama* (US\$ 123.4 million), to maintain minimum consumption levels among people living in poverty and those who are vulnerable in the face of the crisis. For its part, IDB Lab approved the project, *Viral Transport Media to Tackle COVID-19* (US\$ 150,000). This initiative will set up the first local MTV production line, helping the authorities to establish an inventory for mass diagnosis of the virus.

Economic recovery. The IDB approved the Global Credit Program for Safeguarding the Productive Fabric and Employment (US\$ 150 million) to widen access to productive financing for more than 5,000 MSMEs. This program prioritizes support for the sustainability of agricultural MSMEs and their value chain as mainstays of employment amid the COVID-19 crisis, as well as other relevant affected sectors. IDB Invest used its Trade Finance Facilitation Program (TFFP) (US\$ 80.2 million) for financial institutions to support export and import companies, thereby helping to minimize disruptions to their activities.

Environmental sustainability. As part of the Social Entrepreneurship Program, IDB Lab approved the *Circular Tires - Renewable Rubber* project (US\$ 1 million) to help reduce the environmental impact of the mishandling of used tires at the end of their useful life. The project aims to achieve a 54,000-ton reduction in carbon dioxide and improve the handling of 85,000 tons of tires.

Orange economy. IDB Lab approved the project *Sandbox: Space for the Integration of Technology and the Performing Arts* (US\$ 692,000). This supports the performing arts in Panama, exploiting the sector's potential to create value and jobs, and catalyzing the creative industries for innovation and social impact.

Sandbox, a project of IDB Lab and Fundación Espacio Creativo, aims to use technological innovation to address the challenges facing the performing arts

IDB Group approvals in Panama

US\$ millions

	2016	2017	2018	2019	2020
Public sector					
Loans	602.0	757.0	682.0	580.0	830.0
Technical cooperation	4.1	5.7	5.3	3.8	7.0
Investment grants	-	-	-	2.9	-
Private sector					
IDB Invest	119.0	55.4	132.7	156.1	80.2
Long-term	105.0	20.0	101.1	112.2	-
Short-term	14.0	35.4	31.6	43.9	80.2
IDB Lab*	0.7	0.7	0.8	1.7	2.0

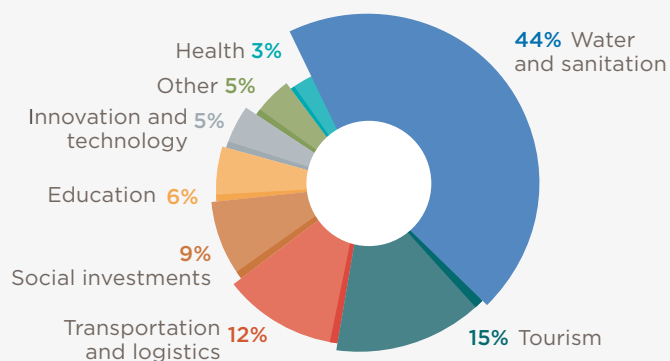
* From 2019 onwards, IDB Lab data include projects from external funds and the Social Entrepreneurship Program (SEP).

Projects in execution

Public sector

- ◆ 27 operations totaling US\$ 2,053 million, with an available balance of US\$ 1,287 million
- ◆ The IDB disbursed US\$ 804 million in 2020

Distribution of public-sector portfolio by sector
(% of available balance)



Private sector

IDB Invest

- ◆ 10 operations with an exposure of US\$ 509.2 million focused on access to credit for SMEs, logistics (Panama Canal), and foreign trade financing. Worth noting is the issuance of Latin America's first gender social bond (US\$ 50 million).
- ◆ US\$ 120 million was disbursed in 2020 (loans and guarantees issued) to finance SMEs and foreign trade.

IDB Lab

- ◆ 8 operations totaling US\$ 4.2 million centered on pandemic response, the hurricane emergency, and productivity.
- ◆ The SEP has 1 operation for US\$ 1 million.



Support for micro, small and medium enterprises, mainly in the farming sector

MSMEs, priority engine of the Panamanian economy

As part of its development strategy, Panama proposes to establish itself, inclusively and sustainably, as a high-income country. One of the main challenges to reaching this goal is to meet the financial needs of MSMEs, which make up 70 percent of the productive fabric and account for 92 percent of the country's jobs. Panamanian MSMEs face severe credit constraints, which have been exacerbated by the pandemic because their risk profiles have been affected. To deal with this hard-hit sector, the Bank quickly channeled resources and technical capacity to support the survival of MSMEs and to preserve jobs.

Panama has a relatively well-developed financial market, but by 2017 the financing gap for the MSME sector was US\$ 21 billion (equivalent to 41 percent of GDP), and only one-fifth of demand was being met. Financing for MSMEs accounts for just 26 percent of the system's portfolio, placing Panama among the four LAC countries with the sharpest restrictions on MSME credit. Given the effects of the COVID-19 pandemic, economic conditions were aggravating the challenges to the viability of MSMEs and their access to financing sources, weakening their financial circumstances and thus their ability to meet their obligations.

To stimulate short- and medium-term liquidity for MSMEs affected by the crisis, and with support from the IDB, Panama approved the US\$ 150 million *Global Credit Program for Safeguarding the Productive Fabric and Employment*. This program will help loosen the constraints on MSMEs' access to credit, and aid their survival during the crisis. This opening of credit to the MSME sector will help preserve the jobs it creates, which in turn will lessen the burden on social protection systems and hasten economic recovery once the health emergency has been overcome.

Resources are targeted at the most vulnerable sectors of the economy, such as the agricultural sector and its value chain. This sector employs 14 percent of the active population and provides almost 257,000 direct jobs, affecting more than 1.5 million people. This is 36 percent of the country's total population, and 80 percent of them are small producers. The sector is particularly crucial for food security and for the equity of Panamanian society, since most of the activities are carried out in rural



Support for MSMEs, mainly in the farming sector

areas with income gaps of up to 41 percent. The program will also support other sectors affected by the crisis, including tourism and industry.

The intervention's resources will be directed at more than 5,700 MSMEs, including those affected by the COVID-19 crisis and those in strategic value chains in the commercial and services sector, given the extent of their vulnerability in the crisis.

To date, the resources—channeled through Banco Nacional de Panamá, a banking institution serving the Panamanian government—have benefited more than 1,900 MSMEs in the agricultural, commercial, and services sectors, among others, helping to avert bankruptcies among viable companies and to support economic recovery through medium-term productive financing.

In 2021, the Bank will continue its support for the country's efforts to vivify Panama's productive fabric through a second lending program in support of MSMEs. This, in addition to continuing its financing for recovery, will strengthen its focus on crosscutting development issues in gender, environmental sustainability, and digitization.

Publications

2020-2021



El impacto del COVID-19 en las economías de la región (Centroamérica)

This study analyzes the impact of the COVID-19 pandemic on IDB Group borrowing member countries in Central America, Haiti, Mexico, Panama, and the Dominican Republic.

[Go to the publication](#)



LAC post Covid-19: Challenges and opportunities

The policies that countries in the region are implementing to mitigate the effects of COVID-19 are conceived as short-term support mechanisms. These policies are necessary now, but they have two limitations: (i) they do not resolve longer-term problems related to informality, and to low labor and business productivity; and (ii) they are unsustainable in the medium term given macro-fiscal circumstances in the region before the pandemic. This report identifies the vulnerabilities revealed by the crisis, and the medium- and long-term priorities for LAC countries post-COVID-19, organizing them into three areas: (i) productive policies; (ii) social policies; and (iii) macro-fiscal policies.

[Go to the publication](#)



Inequality and social discontent: how to address them through public policy

The region will face an increase in poverty and inequality as a result of the COVID-19 epidemic, as well as more severe negative effects on poor households in their income levels and access to education and health care. In that light, this study (i) analyzes how public spending benefits the population in line with their income levels and whether or not they are in the formal sector; (ii) discusses the risks to political and social stability attendant on high levels of inequality; (iii) describes how the epidemic has altered priorities and social concerns among citizens of the region; and (iv) offers a country-by-country analysis of inequality and its determinants, and makes some recommendations for mitigating it.

[Go to the publication](#)

Polarización, instituciones, y conflicto: una aplicación a México, el Istmo Centroamericano y República Dominicana



Given the significance of polarization as a determinant of social conflict, this study presents measures to quantify polarization in the countries of Mesoamerica and the Dominican Republic. Such measures had not previously been estimated for the region. Specifically, the report estimates polarization indicators associated with divisions by employment hierarchy, educational level, and income. The results indicate that the region has high levels of polarization. The study also reveals that the region has few institutional arrangements to mitigate the risk of a high degree of polarization leading to conflict

[Go to the publication](#)

Experiencias internacionales en la tributación de la economía digital



This study seeks to analyze and compare experiences of digital taxation in Latin America. The analysis covers how taxes are designed and their administrative implementation. It also assesses leading extraregional examples, especially in the European Union, Australia, and Canada.

[Go to the publication](#)

Digital economy and technology in the service of the region's development: Economic report on Central America and the Dominican Republic



The economic report on Central America and the Dominican Republic 2020 presents (i) the economic situation and the challenges arising from the external environment; (ii) how big data can be used to help improve the efficiency of spending and the provision of public services; (iii) a characterization of the digital economy in the region, and the challenges and opportunities from the fiscal perspective; and (iv) how a remittance payments system can reduce commissions, maximize the amounts received by beneficiaries, and aid the proper functioning of the local exchange market.

[Go to the publication](#)

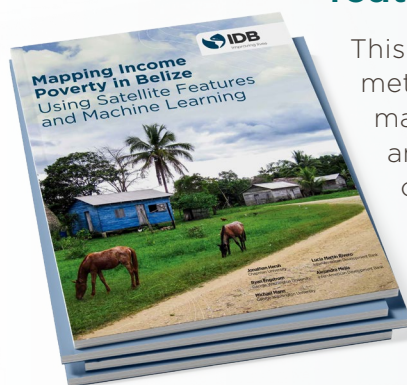
A un clic de la transición: Economía digital en Centroamérica y la República Dominicana



The containment measures applied in response to the COVID-19 pandemic have hastened digital transformation, especially in the e-commerce and e-services sectors. This report provides an overview of the digital economy in Central America and the Dominican Republic, and also covers Mexico, to serve as a guide to the possible development of digitization in these countries over the medium and long terms. In particular, it describes the take-up of information and communications technologies, analyzes the revenues associated with the digital economy, and examines how that economy and its users have developed. The digital economy offers the region an opportunity to increase revenues and pursue productive development

[Go to the publication](#)

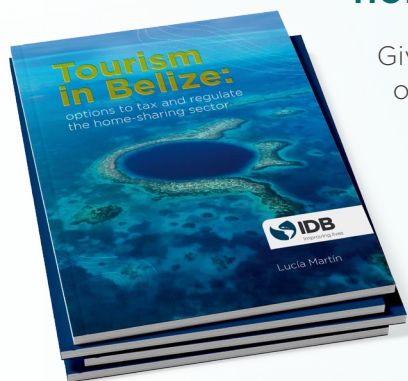
Mapping income poverty in Belize using satellite features and machine learning



This study creates poverty maps by leveraging free and open-source methodologies that link satellite imagery and existing survey data with machine learning. Belize is an example of a country for which big data and machine learning hold promise for devising poverty maps at lower cost, given that the most recent poverty assessment was conducted in 2009. This paper investigates how small-area estimates of average income may improve with the use of features derived from Sentinel-2 and MODIS imagery. The results indicate that the poorest districts are Corozal, in the north, and Toledo, in the south, and suggest that poverty has declined over the past decade in the districts of Orange Walk and Stann Creek.

[Go to the publication](#)

Tourism in Belize: Options to tax and regulate the home-sharing sector



Given its heavy dependence on tourism, Belize's economy will be one of the most affected in the world as a result of the pandemic. Nonetheless, the country must prepare for the tourism industry to rebound, not just by drawing up plans and programs, but also by devising regulations that are conducive to building a more resilient and sustainable future. Currently, alternative sources of accommodation such as Airbnb are not regulated and do not contribute to tax revenues. That circumstance presents an opportunity to analyze the regulatory framework governing tourism activities in the country. This study presents several options to regulate the home-sharing sector, and discusses their different outcomes.

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BIDeconomics República Dominicana: Oportunidades para un desarrollo sostenible, inclusivo y resiliente

Over the past 20 years, the Dominican Republic has advanced steadily in its economic and social development. Nonetheless, there are still significant challenges to the attainment of inclusive and equitable progress. One issue in this regard is equality of opportunity, which entails equitable access to basic goods and services, as well as possession of a minimum set of assets that determine the prospect of improving quality of life and income level. The study does not aim to emphasize current issues, but the crisis arising from the COVID-19 pandemic will bring permanent change. Following a rigorous analysis, and with a view to continuing its work with the Dominican Republic in securing a society that guarantees equality of opportunities for all, the IDB Group presents this report to serve as a roadmap towards sustainable and inclusive development in the country

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El agua en la economía de Panamá

Panama has abundant water resources that free it from dependence on other countries for access, and the overall level of water stress is very low. But the country faces significant challenges to efficient water use, and the prospect of overcoming them will condition the dynamism of Panama's economy in the future. COVID-19 revealed the sector's shortcomings of coverage and service quality. At the same time, use of the Canal is reaching saturation point, given the water resources required, and that circumstance is also affected by the intensification of adverse climatic phenomena. This study estimates the water savings that are possible if human consumption of water in Panama were equivalent to that of countries with a similar income level and urbanization rate. This is not to say that these water savings would automatically yield higher Canal revenues, but it does give an idea of the enormous value of water in a country where it has a very clear alternative use, and where there is a marked discrepancy between its distribution and consumption.

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Gasto tributario y análisis distributivo del ITBMS de Panamá

Panama's limited tax revenues and their low elasticity to growth, together with problems of poverty, inequality, and low social spending, call for attention to the distributional effects of the country's tax system. This is even more important amid the current COVID-19 crisis, which will have a very negative impact on economic activity and public revenues, as well as on poverty and equity. This study presents a distributional analysis of the country's leading source of tax revenue: the ITBMS, or VAT.

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BIDeconomics Belize: developing a sustainable, resilient and inclusive Belize

This document presents a comprehensive analysis of the challenges and opportunities of promoting inclusive and sustainable development in Belize on a sectoral level. Rekindling faster, sustained economic growth is arguably one of the country's most significant development challenges. The unprecedented shock of the COVID-19 pandemic has added pressure to an economy with characteristically low growth, and has dramatically transformed Belize's economic and social outlook. Reigniting economic growth that is sustainable and inclusive, as well as removing structural bottlenecks, requires addressing three priority areas: (i) ensuring a fiscal policy that is compatible with growth; (ii) transforming the export sector through diversification, integration, and innovation; and (iii) providing social protection and skills to shape the future.

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Annex 1. IDB Group operational data for the region

Approvals	Average 2009 - 13		2014		2015		2016		2017		2018		2019		2020	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
(Amount in US\$ millions)																
Sovereign guaranteed loans - IDB	26	1,749	17	1,811	23	2,061	18	1,620	16	1,632	21	2,476	22	2,243	27	3,551
Non-reimbursable operations - IDB	99	81	113	95	143	69	104	65	105	89	92	50	97	73	91	45
Investment grants	4	40	5	45	6	18	6	19	3	30	3	20	7	40	7	10
Technical cooperations	95	41	108	50	137	51	98	46	102	59	89	30	90	34	84	34
Private sector approvals (Non-sovereign guaranteed)																
IDB Invest ¹	81	524	56	347	59	536	53	467	61	489	97	844	103	891	41	1,339
Long term	27	351	30	194	39	358	10	163	10	168	22	417	14	370	11	454
Short term (Trade Finance Facilitation Program - TFFP)	54	173	26	153	20	178	43	304	51	321	75	427	89	521	30	885
IDB Lab ²	15	13	19	14	17	19	17	15	15	12	15	12	19	18	27	18
Total Approvals, IDB Group		2,367		2,267		2,685		2,167		2,222		3,382		3,226		4,952

¹ In 2016 the private sector windows of the IDB Group were merged into IDB Invest. The approval data for IDB Invest includes the legacy portfolio from the old IDB private sector windows, the former Inter-American Investment Corporation, and since 2016, IDB Invest.

² In 2018 the Multilateral Investment Fund (MIF) became IDB Lab.

Annex 2. IDB Sovereign-guaranteed loan approvals in 2020

Country	Operation name	Amount (US\$)
Belize	Support to Safety Nets for Vulnerable Populations Affected by Coronavirus in Belize	12,000,000
Costa Rica	Towards a Green Economy: Support for Costa Rica's Decarbonization Plan	230,000,000
Costa Rica	Program to Protect the Jobs and Income of the Vulnerable Populations Affected by Coronavirus in Costa Rica	265,000,000
Costa Rica	Emergency Program for Macroeconomic Sustainability	250,000,000
Dominican Republic	Emergency Program for Macroeconomic and Fiscal Sustainability	250,000,000
Dominican Republic	Program to Strengthen Public Policy and Fiscal Management in Response to the Health and Economic Crisis Caused by COVID-19 in the Dominican Republic	250,000,000
El Salvador	Global Credit Program for Micro and Small Enterprises in El Salvador	20,000,000
El Salvador	Access to Credit Program for the Recovery of Micro, Small and Medium-sized Enterprises	200,000,000
El Salvador	Improving the Quality and Coverage of Educational Services: Born, Grow, Learn	100,000,000
El Salvador	Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate its Impact on Service Delivery in El Salvador	50,000,000
El Salvador	Program to Strengthen Public Policy and Fiscal Management in Response to the Health and Economic Crises caused by COVID-19 in El Salvador	250,000,000
El Salvador	Emergency Program for Macroeconomic and Fiscal Sustainability	250,000,000
Guatemala	Sustainable Forest Management Project	8,450,000
Guatemala	Rural Electrification Infrastructure Program for Guatemala	120,000,000
Guatemala	Support to Vulnerable Populations Affected by COVID-19	100,000,000
Honduras	Support for the Integrated Social Protection System	59,200,000
Honduras	Francisco Morazán Hydroelectric Power Plant Renovation Project to Facilitate the Integration of Renewable Energy	18,000,000
Honduras	Honduras Transportation and Freight Logistics Sector Reform Program II	111,650,000
Honduras	Global Credit Program for Safeguarding the Productive Fabric and Employment	19,960,000
Honduras	Emergency Program for Macroeconomic and Fiscal Sustainability	76,200,000
Nicaragua	Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate its Impact on Service Delivery in Nicaragua	43,000,000
Nicaragua	Contingent Loan for Natural Disaster Emergencies - Hurricanes Eta and Iota	35,000,000
Panama	Social Inclusion Program for Persons with Disabilities in Panama	40,000,000
Panama	Global Credit Program for Safeguarding the Productive Fabric and Employment	150,000,000
Panama	Program to Support the Digital Transformation of the Tax Administration in Panama	40,000,000
Panama	Program to Support Reforms in the Water, Sanitation and Energy Sectors II	200,000,000
Panama	Emergency Program for Macroeconomic and Fiscal Sustainability	400,000,000
27 operations		3,550,960,000 ^{1/}

1/Additionally, in Belize a supplementary financing of US\$ 2.5 million was approved for the reformulation of the education loan (BL-L1030) that was in portfolio, so it is not counted as a new approved operation but is added to the total.

Annex 3. Technical cooperation program approvals

Country	Operation name	Amount (US\$)
Belize	Support for the Implementation of a Climate Risk Management Plan	100,000
Belize	Design of Wastewater Treatment Solutions in Coastal Areas	250,000
Belize	Skills to Access the Green Economy through TVET in Belize and the Caribbean	600,000
Belize	Action Plan C&D	292,695
Belize	Supporting Technology Adoption for Financial Inclusion and Sustainable Growth of the Belize Smart Sugar Cane Cluster	292,000
Costa Rica	Support for the Implementation of the National System of Care and Attention to Dependency and the Strengthening of the Social Information Systems of Costa Rica	300,000
Costa Rica	Support for the Indigenous Peoples Agenda of Costa Rica	250,000
Costa Rica	Institutional and Operational Strengthening of the Transport Sector Portfolio in Costa Rica	300,000
Costa Rica	Support for Costa Rica's National Cluster Policy for Competitiveness	250,000
Costa Rica	Strengthening the Management and Monitoring of Climate Action	500,000
Costa Rica	Support for Policy Reforms and Implementation of Nature-Based and Climate-Smart Agriculture Solutions that Contribute to Costa Rica's National Decarbonization Plan	850,000
Costa Rica	Support for the Transformation of the Energy Sector towards a Decarbonized Economy	200,000
Costa Rica	Improving Educational Quality in COVID-19 Times	200,000
Costa Rica	Action Plan C&D	321,351
Costa Rica	Knowledge Exchange on Detection of Cartels	20,000
Costa Rica	Support for the Strategy to Strengthen Mass Transit by Bus	450,000
Costa Rica	Support Institutional Strengthening of the Finance Ministry and Fiscal Policy Options to Address the Effects of Covid-19	150,000
Costa Rica	Pertinence of Natural Science and Environmental Secondary Education in Rural Agricultural Communities	1,200,000
Costa Rica	New Model of Hybrid Learning and Skill Certification to Improve Employability of Vulnerable Youth in the post-COVID Era	500,000
Costa Rica	Improvement of Training and Labor Intermediation in Costa Rica in a Crisis Context through New Models of Public-Private Collaboration and Performance Management	300,000
Costa Rica	Support for the Preparation and Start-up of Costa Rica's Productive Economic Reactivation Program	300,000
Costa Rica	Support for the Tropical Storm Eta Emergency in Costa Rica	200,000
Dominican Republic	Program to Strengthen Tax Administration and Public Investment in the Dominican Republic	550,000
Dominican Republic	Institutional Strengthening under the Program for the Sustainability and Efficiency of the Electricity Sector II	200,000
Dominican Republic	Support to the Execution of the Agricultural Health and Innovation Program	150,000
Dominican Republic	Support for the Strengthening of the National Health Service	200,000
Dominican Republic	Support to the Rehabilitation and Expansion of the Manzanillo Port	500,000
Dominican Republic	Action Plan C&D	407,714

Annex 3. Technical cooperation program approvals

Country	Operation name	Amount (US\$)
El Salvador	Support the Development of Information Systems for Coffee Forests in El Salvador	500,000
El Salvador	Support to the Urban Mobility Strategy of the San Salvador Metropolitan Area	750,000
El Salvador	Support for Job Creation through Reskilling and Sector Skills Development	250,000
El Salvador	Destination Competitiveness and Sustainability Studies	500,000
El Salvador	Support for the Improvement of Education Quality and Coverage	200,000
El Salvador	Strengthening of Electricity and Renewable Energy Generation Infrastructure in El Salvador	300,000
El Salvador	Towards Energy Savings Insurance (ESI) for Private Energy Efficiency Investments by Small and Medium-Sized Enterprises	1,700,000
El Salvador	Action Plan C&D	495,735
El Salvador	Knowledge Exchange in Quito and Medellin to Conceptualize the Metro System of the San Salvador Metropolitan Area	13,755
El Salvador	Support to Strengthen the Institutional Capacity of the Agricultural Development Bank of El Salvador	150,000
El Salvador	Emergency Technical Cooperation - Support for the Tropical Storm Amanda Emergency in El Salvador	200,000
El Salvador	Promotion of the Flexible Plastics Recovery Chain	255,000
Guatemala	Preparation of the Guatemala Rural Electrification Infrastructure Program	200,000
Guatemala	Support for the Design of the Customs Infrastructure Strengthening Program	300,000
Guatemala	REDD+ Strategy Support to Consolidate the Deforestation Agents Approach	385,161
Guatemala	Action Plan C&D	495,735
Guatemala	Support for the Government's Response to Mitigating the Impact of the COVID-19 Pandemic on the Vulnerable Population	200,000
Guatemala	Support for Mainstreaming Diversity Issues in Guatemala Operations	230,000
Guatemala	Emergency Technical Cooperation - Support for the Tropical Storm Eta Emergency in Guatemala	200,000
Guatemala	Emergency Technical Cooperation - Support for the Tropical Storm Iota Emergency in Guatemala	200,000
Honduras	Sustainable Forest Management and Agroforestry in Critical Watersheds for Water Provision in Honduras	1,500,000
Honduras	Support for the Promotion of Women in Public Procurement in Honduras	285,000
Honduras	Formulation of a Master Plan for Integrated Modernization of the Police Service in Honduras	250,000
Honduras	Institutional Strengthening of the Honduran PPP Program, Second Generation	650,000
Honduras	Improving Early Detection and Timely Access to Rehabilitation Services for Children 0-5 years old	200,000
Honduras	Institutional Support and Sustainable Economic Recovery Strategy in the Context of COVID-19	990,000
Honduras	Acceleration of the Implementation of Digital Transformation with a Focus on the Health Emergency and the Operational Continuity of the State	150,000

Annex 3. Technical cooperation program approvals

Country	Operation name	Amount (US\$)
Honduras	Technical and Operational Support for the Execution of Proyecto Joven (HO-L1188)	150,000
Honduras	Action Plan C&D	597,361
Honduras	Integrated Structuring of the Concession of the Airports of La Ceiba, Roatán and San Pedro Sula	750,000
Honduras	Program “My Future in My Hands” TECH Youth	724,353
Honduras	Support for the Tropical Storm Eta Emergency in Honduras	200,000
Honduras	Support for the Tropical Storm Iota Emergency in Honduras	200,000
Nicaragua	Support to the Border Integration Program	200,000
Nicaragua	Action Plan C&D	658,502
Nicaragua	Support for Strengthening Project Execution and Supervision	500,000
Nicaragua	Coronavirus (COVID-19) Containment and Mitigation Measures in Nicaragua	1,200,000
Nicaragua	Support for Monitoring and Execution Activities under the National Program for Sustainable Electrification and Renewable Energy (PNESER)	200,000
Nicaragua	Education and Socio-emotional Support in Times of COVID-19	364,353
Nicaragua	Strengthening of Measures for the Prevention of COVID-19 in the Water, Sanitation and Public Transport Services in Nicaragua	300,000
Panama	Diagnostic of Agricultural Innovation in Panama	170,000
Panama	Valuing, Protecting and Enhancing Coastal Natural Capital	2,307,408
Panama	Support to Strengthen Policies and Access to Social Inclusion Programs for People with Disabilities	300,000
Panama	Strengthening the Capacity to Promote Competitiveness and Economic Diversification	350,000
Panama	Improving Fiscal Efficiency and Digital Innovation in Panama	150,000
Panama	Support for the Identification and Execution of Transport Sector Inclusion Projects and Improved Economic Development in Panama	350,000
Panama	Support for Reforms in the Water, Sanitation and Energy Sectors	400,000
Panama	Support for the Customs Logistics Integration Program	200,000
Panama	Action Plan C&D	322,228
Panama	Post-COVID Economic Recovery for Indigenous Coffee Producers	600,000
Panama	Tourism Competitiveness Studies and Tourism Strategy Post COVID-19	450,000
Panama	Institutional Strengthening for the Modernization of Panama's Postal Sector	300,000
Panama	Design and Execution Support for the Sustainable and Inclusive Agricultural Innovation Project	300,000
Panama	Emergency Technical Cooperation - Support for the Tropical Storm Eta Emergency in Panama	200,000
Panama	Humanitarian Emergency Caused by Flooding and Collateral Damages as a Result of Hurricane Iota	200,000
Panama	Support for Early Literacy Interventions in Response to the COVID-19 Crisis	450,000
84 operations		34,478,351

Annex 4. Investment grant approvals

Country	Operation name	Amount (US\$)
Costa Rica	Financing Agrobusiness and Cooperatives' Response to COVID-19 in Central America, Colombia, Mexico and Peru	945,000
El Salvador	BAC El Salvador - Support to "Mujer Acelera" Program	450,000
Guatemala	Sustainable Forest Management Project	775,000
Guatemala	Guatemala - Regional Malaria Elimination Initiative (RMEI) in Mesoamerica and the Dominican Republic	5,621,851
Guatemala	Pilot Water and Sanitation Program in Scattered Rural Communities in Guatemala	700,000
Honduras	Adoption of Climate-Smart Technologies in Agricultural MSMEs Led by Women	1,400,000
Honduras	Grupo Elcatex/San Juan Textiles	210,000
7 operations		10,101,851

Annex 5. IDB Invest approvals (long term)

Country	Operation name	Amount (US\$)
Belize	Atlantic Bank Tourism Financing Partnership	20,000,000
Belize	National Gas Company - LPG Terminal	6,000,000
Costa Rica	Promerica CR - Guarantee Facility for Thematic Bond Issuance Program	15,000,000
El Salvador	Davivienda - Green Lending Partnership	50,000,000
El Salvador	Floating Storage and Regasification Unit for Acajutla LNG Energy Project	88,000,000
El Salvador	BAC El Salvador - Support to "Mujer Acelera" Program	60,000,000
El Salvador	AES El Salvador Deferred Electricity Receivables Purchase Facility	5,716,044
Guatemala	Promerica Guatemala SME Financing Partnership	25,000,000
Guatemala	BAC Guatemala - SME Financing Agreement	100,000,000
Honduras	Jilamito Hydroelectric Project	20,250,000
Honduras	Grupo Elcatex/San Juan Textiles	64,000,000
11 operations		453,966,044

Annex 6. IDB Lab approvals

Country	Operation name	Amount (US\$)
Belize	Equipping Government Health Facilities in Belize with Leading Digital Health Solutions for COVID-19	120,000
Costa Rica	Intelligent Tenders: Democratizing the Largest Market for Emerging Companies	150,000
Costa Rica	Evidence-Based Decision Making for Social Protection	150,000
Dominican Republic	Green Fins Hub - Digital Scaling for Coral Reef Protection within a Sustainable Marine Tourism	328,000
Dominican Republic	Circular Economy Model for Organic Waste in Tourist Zones	258,356
Dominican Republic	Collective OmniHealth Mass Assistance and Corona Virus	123,000
El Salvador	Digital Ecosystem 503-SNBX	782,500
El Salvador	Kod1ng for a Better Life	750,000
El Salvador	Virtual Reality Lab for Nursing Education - Medix Lab	150,000
El Salvador	Digital Platforms for the Payment of Basic Services for Users in Rural El Salvador: "Pay on Time"	150,000
Guatemala	Funding Climate-Smart Agricultural Technologies for Micro and Small Entrepreneurs and Farmers in Guatemala	4,200,000
Guatemala	Social Impact Incentives (SIINC) for 21st Century Skills and Job Retention for Vulnerable Youth	300,000
Guatemala	Qüilo - Financial Inclusion through Technology for Informal Workers	750,000
Honduras	CoffeeChain: Digitalization of the Coffee Chain to Increase the Resilience of Specialty Coffee Growers in Honduras	650,000
Honduras	Digitalization of the Microenterprise and Small Business Sector - Digital Hub 504	5,974,000
Honduras	Innovative Energy Solutions for Health Service Delivery in Honduras	150,000
Honduras	Telehealth to Mitigate Coronavirus and Improve Health Care Access in Honduras	700,000
Panama	Circular Tires - Renewable Rubber	1,000,000
Panama	Sustainable Sea Cucumber Hatchery	150,000
Panama	Viral Transport Media to Tackle COVID-19	150,000
Panama	Sandbox: An Integration Space for Technology and the Performing Arts	692,650
21 operations		17,678,506

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The IDB Group in the Central American Isthmus and the Dominican Republic

Activities Report 2020

