



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

ACTIVITIES
REPORT
2018





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As of the publication date of this report, the data on IDB Invest operations are preliminary and might be subject to change.

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

ACTIVITIES
REPORT
2018

Report prepared for the
**XXXIII Meeting of Governors of the Central
American Isthmus and the Dominican Republic**

Washington, D.C., United States
14 and 15 February 2019



Population (millions)

CA and DR 59
LAC 644

Rural population (%)

CA and DR 36%
LAC 20%

Infant mortality
(per 1,000 live births)
CA and DR 16.1
LAC 15.5

Income inequality
(Gini coefficient)
CA and DR 0.509
LAC 0.505

Per capita GDP
(constant 2010 US\$)
CA and DR 5,449
LAC 9,356

Primary school completion rate
(% of relevant age group)
CA and DR 92%
LAC 99%

Economically
active population
(%)
CA and DR 69%
LAC 74%

GDP growth (%)
CA and DR 3.8%
LAC 1.2%

Net coverage of
secondary education (%)
CA and DR 62%
LAC 77%

Population aged 15–24
neither studying
nor working (%)
CA and DR 23%
LAC 20%

Population below the
poverty line (US\$ 5.5 a
day, 2011 PPP)
CA and DR 33%
LAC 25%

Researchers in R&D
(per million people)
CA and DR 155
LAC 503

Population using access to
basic water services (%)
CA and DR 93%
LAC 96%

People using the internet
(% of population)
CA and DR 44%
LAC 57%

Population using
access to basic
sanitation services (%)
CA and DR 82%
LAC 86%

CA and DR - Central America
and Dominican Republic

LAC - Latin America and the Caribbean

Source: World Development Indicators Database.

THE IDB GROUP IN CENTRAL AMERICA AND THE DOMINICAN REPUBLIC

The region grew by 3.8 percent in 2018, surpassing the 1.1 percent average for Latin America and the Caribbean (LAC). This was achieved in a context of international uncertainty and of complex domestic circumstances in several countries. Growth was supported by demand in the United States, the main trading partner for the countries of the region, and by an increase in remittance flows. Panama and the Dominican Republic spearheaded the economic expansion, with rates of 4.6 and 7 percent, respectively, among the highest in LAC. On the internal front there has been a deterioration of fiscal and debt conditions in some countries, and therefore the average fiscal deficit stands at 2.8 percent of GDP and debt at 39.7 percent of GDP. Stronger growth of 4.2 percent is expected in 2019, although that could be affected by shifts in the global economy and, most particularly, in the US economy.

In this context, despite the higher growth, the region's rates of poverty and inequality are still among the highest in Latin America and the Caribbean. LAC as a whole managed to reduce poverty rapidly in the first decade of this century, expanding the size of the middle class and lessening inequality. The process has been slower in Central America, however, where about 20 million people remain in

poverty and the income of the richest 10 percent is 10 times greater than that of the poorest 10 percent.

The IDB Group supports the countries' growth and poverty reduction strategies through improvements in productivity, innovation, and social inclusion, with a focus on sustainability. Key to the attainment of these objectives is the impetus to regional integration, with the aim of securing efficiency gains, economies of scale, and greater competitiveness.

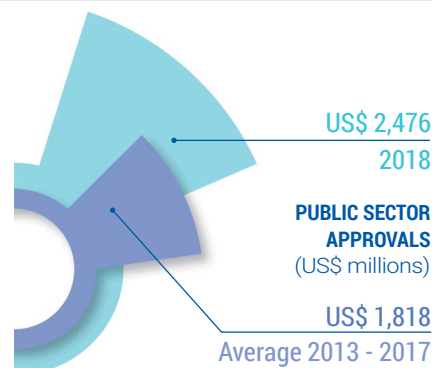
The IDB Group includes three multilateral institutions—the IDB, IDB Invest, and IDB Lab—dedicated to improving lives in LAC. The IDB supports the development of projects with the public sector; IDB Invest finances private sector initiatives; and IDB Lab's mandate is to test new private sector solutions for development challenges—solutions that create opportunities for poor and vulnerable populations in LAC.

NEW PROJECTS

In 2018 the IDB Group approved
US\$ 2,954 million
for the countries of Central America and the Dominican Republic

The IDB financed 21 new public sector loans totaling US\$ 2,476 million and provided technical assistance through 97 grants totaling US\$ 50 million.

This level of financing was a record for the region, the highest in the past five years, and 36 percent higher than the average for 2013–2017.



With its new projects, the Bank aims to have the following development impacts:

- Improve logistics performance in Belize, Costa Rica, Honduras, and Panama through interventions in transport
- Enhance the financial and operational sustainability of the energy sector in the Dominican Republic and Honduras
- Improve public finance management in Honduras and El Salvador
- Reduce extreme poverty in Honduras and Panama thanks to programs geared to improving the efficiency of social spending
- Help reduce CO₂ emissions by means of energy efficiency measures, as well as better management and use of natural capital by farmers in the Dominican Republic and El Salvador
- Eradicate malaria in Central America, beginning with a first operation in El Salvador
- Improve maternal and child health in the Dominican Republic, Belize, El Salvador, Honduras, and Nicaragua
- Develop public institutions such as the police in Honduras
- Respond to natural disasters such as the eruption of the Volcano of Fire in Guatemala, and develop a climate financing strategy in Nicaragua

IDB Invest

the IDB Group's private sector investment arm, financed:

15 operations in 2018
totaling US\$ 417 million.

76 percent of the financing was devoted to commercial banking, with a focus on credit for small and medium enterprises in Costa Rica, El Salvador, Guatemala, Nicaragua, and Panama.

IDB LAB

The MIF has changed its brand to IDB Lab, so as to become an innovation laboratory for the IDB Group.

12 projects approved by IDB Lab in 2018, totaling US\$ 12 million in six countries, supported:

- An increase in productivity and climate change adaptation among small producers in livestock, fruits, vegetables and fisheries chains in Belize, Costa Rica, the Dominican Republic, and Honduras
- Innovation ecosystems in Honduras, Costa Rica, and Panama
- Access to financing for small-scale water services operators in El Salvador

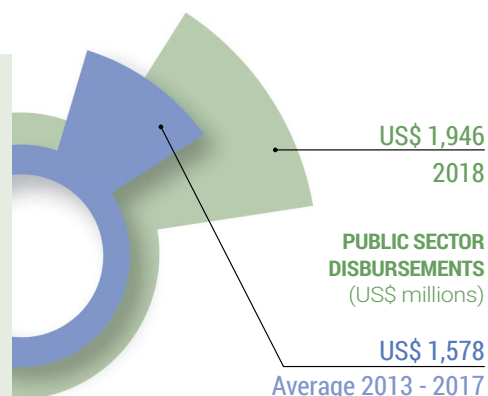
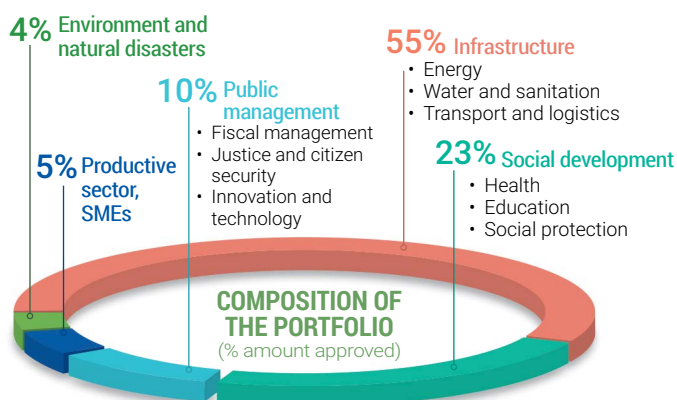
OUR PORTFOLIO

Public sector

The IDB has 100 projects in execution totaling US\$ 8,148 million, with US\$ 5,194.9 million available

Disbursements amounted to about US\$ 2 billion and helped to:

- maintain the IDB's position as the region's main source of multilateral financing
- provide 12 percent of public investment in development programs
- cover 22 percent of the region's financing needs



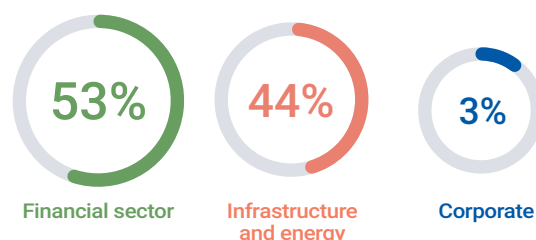
Some results of our portfolio in 2016 and 2017

- About 9 million people in six countries received health services
- 120,528 students benefited from education projects
- 34,074 teachers were trained
- 639 km of roads were built or upgraded
- More than 140,000 households gained new or improved access to drinking water
- More than 30,000 households gained new or improved access to sanitation

Private sector

IDB Invest has a portfolio of 116 operations and an exposure of US\$ 1,853 million

Through its Trade Finance Facilitation Program, moreover, IDB Invest provided US\$ 427 million in loans and guarantees to exporting and importing companies through 24 financial institutions in the region.



IDB Lab has 97 operations in execution totaling US\$ 110 million, with transformative results:

- Support for agricultural value chains, introducing climate resilience elements and the marketing of products and services such as cardamom, coffee, cacao, fruits, and tourism throughout the region
- Fostering innovation through laboratories and training to innovate in robotics, virtual reality, and other matters in Panama, Costa Rica, the Dominican Republic, and El Salvador
- Conservation of ecosystems and waste management on the Caribbean coast of Nicaragua
- Improvements in access to community water and sanitation systems in Nicaragua and El Salvador
- More than 4,500 women have benefited from economic empowerment initiatives thanks to projects on business development and access to credit

INNOVATION:

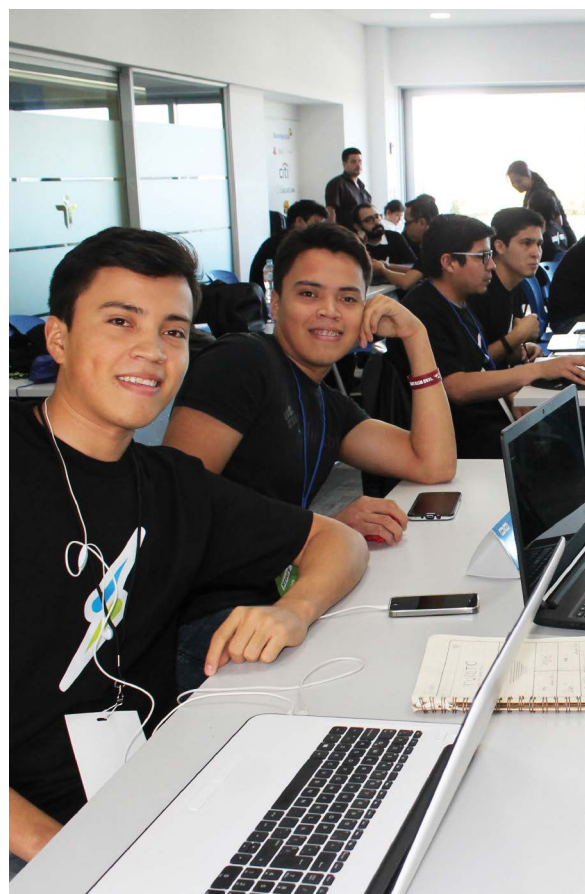
key to the region's development

The technological advances arising during the Fourth Industrial Revolution have a transformative role in development. The recent combination and convergence of digital technologies has fostered high-impact innovations that help reduce costs, boost efficiency, and improve development outcomes. For example, drones are now used to deliver essential medicines to hard-to-reach populations; digital identity improves citizens' access to government services while lowering costs; and blockchain increases efficiency, security, and trust in social security systems. The use of information technologies, moreover, can catalyze accountability and transparency.

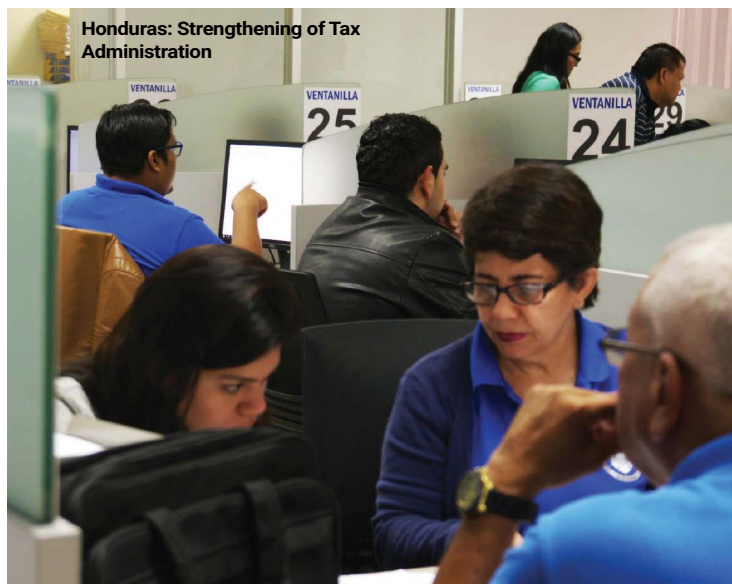
The technological revolution holds vast potential to tackle the region's development challenges, while also posing significant risks if countries do not adapt thoroughly to swift technological change. The region is lagging because of the performance of its educational

systems, inadequate legal and regulatory frameworks, the gap in information and communications technology (ICT) infrastructure, the capacity of scientific and research institutions, and an entrepreneurial ecosystem in which few businesses take part in innovation activities, and still fewer in digital transformation initiatives. The region's growing productivity gap with advanced economies, as well as the failure to exploit its innovation potential, continue to hobble its capacity to efficiently absorb technological innovations and thus capitalize on opportunities to drive growth.

The IDB Group seeks to develop a strong partnership with the countries of the region in promoting the adoption of technology and innovation, since it is crucial in stimulating economic growth, raising productivity, and giving vulnerable and marginalized groups wider access to new opportunities.



Costa Rica: II Regional Forum on the Orange Economy



Honduras: Strengthening of Tax Administration



Panama: Flying Labs



El Salvador: First tourism hackathon, HackTur

PROMOTING DIGITAL INNOVATION AND TRANSFORMATION IN OUR DIALOGUE WITH THE COUNTRIES

In 2018 the IDB Group supported the region's endeavors to stimulate dialogue on the adoption of technologies and innovation. It did so by means of a series of initiatives that sought to help prepare the countries to evolve in a context of swift technological change.

• **Creating connections for development.** Several innovation forums, such as startup weekends and hackathons were organized to facilitate public-private cooperation that could take advantage of the digital economy and find innovations to address social problems. The Tegucigalpa Startup Weekend in Honduras brought together 86 entrepreneurs to have their business ideas validated and to receive support from mentors in the areas of sales, technology, and design. Ten successful prototypes were created. HackAméricas 2018 in the Dominican Republic generated innovative ideas to improve urban transport and mobility. The winning proposal, submitted by the TRAVIA group, aims to improve mobility in Santo Domingo by assessing the behavior of drivers on public roads, rewarding good conduct with points and discounts that can be exchanged in participating businesses. A hackathon was organized in El Salvador to identify technological solutions for tourism development. The winning team, TURISTIC, created virtual tours for passengers in transit at the airport, using augmented reality.



Panama: Visit of Estonia's former president

• **Best practices in e-government.** The former president of Estonia, Toomas Hendrik Ilves, a worldwide reference on matters of digital transformation, visited Costa Rica, El Salvador, Honduras, and Panama to present Estonia's experience to government authorities, the private sector, academia, civil society, and the media. Estonian citizens can vote, pay taxes, consult medical records, sign contracts, hire employees, and even register a business in a matter of minutes without leaving home.

INNOVATION IN OUR OPERATIONS

For the IDB Group, it is very important to promote the use of technology and innovation in all the sectors the Bank supports in the countries. In 2018 important pilot schemes were launched in the region to create a demonstration effect of the development impact that new technologies can have.

- **In the area of research**, machine learning will be used—for the first time in Central America—to measure poverty in Nicaragua and Belize. The aim is to create predictive models by devising algorithms to identify statistical relations between data. Worthy of note is the use of data on the consumption of mobile phone services as an element of poverty measurement.
- **As regards e-government**, Panama aimed to reduce processing times for government transactions and, with IDB support, 100 government procedures are now together online on the *Panamá Tramita* website. To increase the efficiency of public services and bring them closer to the population, the Bank supported El Salvador in drawing up the E-Government Strategy 2018–2022, and helped Costa Rica launch its digital transformation strategy.
- **In the transport sector**, with Bank support and under the leadership of Invest-H, Honduras was able to improve performance, avoid cost overruns, and reduce environmental pollution in building a section of the Agricultural Corridor. This involved the first-time use in Latin America of triaxial geogrid technology (an effective reinforcement material) to pave roads. To improve the efficiency of public investment, Costa Rica will use a building information modeling pilot scheme in constructing a section of the San Gerardo-Barranca road, financed by the IDB. This methodology

makes it possible to create 3-D digital simulations of the design, as well as to manage information intelligently and in real time throughout the project's entire life-cycle (design, quality, and cost control). Panama expects to make savings in evaluating the impact of a project on productive corridors by applying a non-traditional evaluation method that includes the use of big data to analyze satellite and cellular data; the cost of the evaluation is expected to be reduced by more than 50 percent.

- **In the health and social protection sector**, artificial intelligence will be used to capture information on patient care in health centers, and big data analysis tools will be applied to the social registry. In the Dominican Republic, the Bank supported automation of social protection and health services, and implementation of the first module of electronic medical records; the aim is to improve service quality and reduce costs. Nicaragua set up a community information system using cellular telephony to capture georeferenced data from pregnant women, thereby improving the community reference system for prenatal care.
- **In the area of education**, the Bank supported Costa Rica's efforts to innovate in the use of new technologies by implementing a model to develop logical and mathematical skills in preschools, based on the programming and use of educational robots. Preliminary



Honduras: Computers for schools in Lempira



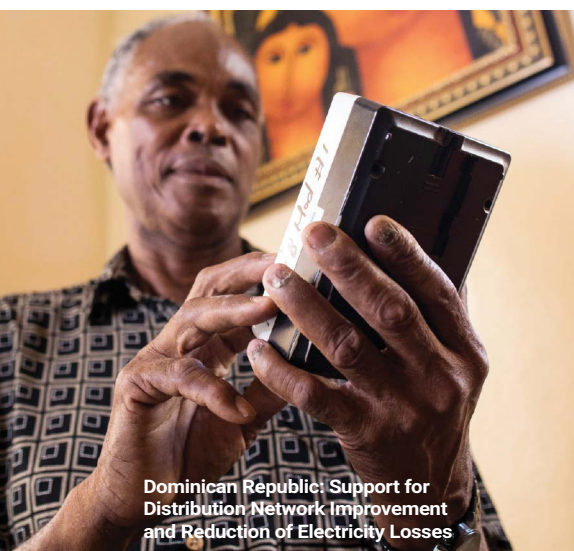
data suggest an improvement in the mathematical and programming skills of the beneficiary students. With IDB support, Guatemala will implement virtual classrooms in 1,300 primary schools at first to sixth grade, with a view to improving access to education. In Belize, the Bank will support the design of a laboratory school to promote careers in the sciences, technology, engineering and mathematics, with a particular focus on information technologies.



Guatemala: Innovation Forum



Belize: Education Quality Improvement Program



Dominican Republic: Support for Distribution Network Improvement and Reduction of Electricity Losses

- **To strengthen jobs skills**, IDB Lab formed a partnership with local institutions in Costa Rica to develop an artificial intelligence platform that can guide public and private activities in workforce training, especially for youths, geared to the acquisition of the skills they need to face the challenges of the Fourth Industrial Revolution. *The Valentina Program* in Guatemala, financed by IDB Lab, aims to place young and disadvantaged Guatemalans, particularly women, in technology and knowledge jobs. This is done by forming partnerships with businesses and developing a network of technology training centers. To date, 144 young people have been certified in technological skills.

- **In the energy sector**, the Dominican Republic is expected to reduce losses and improve the quality and efficiency of electricity distribution through an IDB-financed project that encourages the use of digital technologies: remotely managed switches are used to quickly identify irregular connections or overloads.

- **As regards financial inclusion**, IDB Lab support has enabled countries to innovate for the purposes of transforming the region and providing opportunities to its vulnerable populations. In El Salvador, with the “I Save with My Remittance” program, IDB Lab and Davivienda aim to ensure the financial inclusion of 17,000 Salvadorans in rural areas by launching the first 100 percent digital bank account. In Honduras, IDB Lab will help establish a creative district in Tegucigalpa, focusing on

young creatives and support for startups in creative industries. Support is also being given in Honduras to the digitization of the cacao value chain, benefiting 1,200 small-scale producers by applying state-of-the-art technologies. In Panama, IDB Lab is financing the establishment of a *Flying Labs* laboratory with the Technological University of Panama. This will devise solutions using robotics to tackle social and environmental problems, such as environmental protection, natural resource management, disaster response and resilience, community health and agriculture. It also aims to catalyze robotics-related business initiatives.

- **As part of the Bank's efforts to optimize its oversight processes**, transport experts have developed the “Infradinámica” application. This is a prototype app to improve the execution of infrastructure projects, and especially to promote project transparency. Applications like this—which combine robotics with ICT—have shown that they can cut a project's cost by more than 25 percent on average, and reduce by up to tenfold the time taken to map out highways, bridges, and roads. The Bank has supported use of this application in Belize, as well as image capture using drones to oversee work on the George Price Highway. In the Dominican Republic and Panama, IDB Lab approved an operation to develop technical capacities in SMEs and foster endeavors to use robotics and ICT to optimize oversight of infrastructure projects.

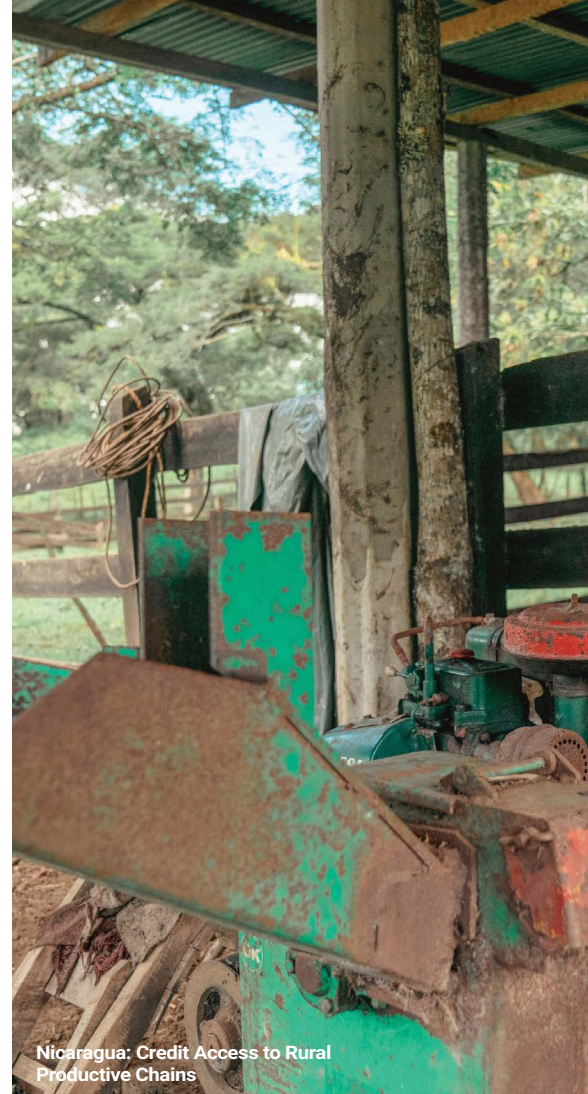


Honduras: Triaxial geogrid in the *Corredor Agrícola*

GENDER EQUALITY

The region has made significant progress on equality in the past two decades. Almost all of the countries, for example, have reached parity in access to education. There have also been improvements in access to health services, although serious challenges remain, such as high rates of teenage pregnancy and maternal mortality. Moreover, many Central American and Dominican women continue to experience domestic violence. The countries of the region also have high rates of inequality in terms of economic circumstances and leadership positions in the public and private sectors. According to the World Economic Forum's Global Gender Gap Index, the region has closed its overall gender gap by 68 percent, but by only 65 percent in economic participation and 23 percent in political empowerment. The Index measures the level of equality of opportunities between women and men in education, health, economics and politics.

The Bank prioritizes gender equality in its cooperation with the region, and supported the countries through various initiatives in 2018.



Nicaragua: Credit Access to Rural Productive Chains

GUARANTEEING ACCESS TO PUBLIC SERVICES

- **Ciudad Mujer.** This program provides integrated services in health, education, and employment through one-stop care centers. There are nine such centers operating in El Salvador and Honduras, and two more will open soon in the Dominican Republic. In El Salvador, where the program originated, *Ciudad Mujer* has provided services to more than 2 million beneficiaries in the seven years since it began. In 2018, the *Ciudad Mujer Joven* program supported the design of an integrated education model to empower young women

Honduras: Inauguration of a Ciudad Mujer center



aged 15 to 19 and prevent teenage pregnancy. This model includes training in socioemotional skills, sexual and reproductive health, and entrepreneurial capacities, as well as vocational guidance. It will be implemented in 2019 in 60 schools in Santa Ana, San Martín, and Usulután. In Honduras, where *Ciudad Mujer* was established in 2016, services

were provided to more than 130,000 women in 2018 and a new center was opened in San Pedro Sula. Additionally, a cultural relevance strategy was developed to make it easier for indigenous and Afro-descendant women to access the program's services.



Costa Rica: Inauguration of the Civic Center for Peace in Desamparados

• **Salud Mesoamerica.** This initiative focuses closely on the health of women, mothers and children, and newborns. Since it was launched six years ago, it has helped more than 1.8 million women and children among the poorest populations of Mesoamerica gain access to quality health services. In the communities where interventions have taken place, the proportion of women receiving prenatal care from the first trimester has increased by 35 percent on average during the past five years in Belize, El Salvador, Honduras, and Nicaragua. In Guatemala, deliveries in health centers—in line with medical standards—increased from 50 percent to 70 percent. And in Panama the use of oxytocin immediately after birth to prevent hemorrhaging rose from 78 percent to 85 percent.

• **Preventing violence.** In El Salvador the Bank is financing the refurbishment, construction, and strengthening of Parks for Coexistence and Workforce and Economic Participation, where activities will center on preventing domestic and gender violence, including femicide. More than 10,000 people are expected to be direct beneficiaries in the municipalities of

Soyapango, Apopa, Cuscatancingo, Ciudad Delgado, Mejicanos and San Salvador. In Honduras, the Bank is financing a Citizen Coexistence program that includes specific activities on violence prevention and care for victims of domestic violence in vulnerable urban districts of Tegucigalpa and San Pedro Sula.



Panama: Salud Mesoamerica



Costa Rica: 5th female
hackathon for satellite
technologies



CREATING ECONOMIC OPPORTUNITIES

• Entrepreneurship, training and workforce participation for women.

In the Dominican Republic, the project on education and technical professional training approved in 2018 aims at improving women's participation in dual training programs. These entail the inclusion of new occupations in such programs that ensure a more balanced participation of men and women;

and, in choosing proposals for competitive funds, giving a higher score to businesses that encourage greater gender balance. IDB Lab, moreover, through the Banco de Ahorro y Crédito ADOPEM, benefited more than 3,000 Dominican women who began a new business by means of microfranchises. Some 900 of these had access to new credit products, and to date 70 percent of

the franchises are still in operation after two years. In Guatemala, an IDB technical cooperation initiative helped create the country's first female youth symphony orchestra, the Alaide Foppa. As well as promoting young women's civic participation, this operation supports the acquisition of skills that will be useful in their future professional endeavors.



El Salvador: Ketzaly crochet shoe production,
Program for Better Access to Credit for Rural
Productive Initiatives in Eastern El Salvador

In the past two years,
almost 70,000 women
in Central America and
the Dominican Republic
have benefited from
economic empowerment
initiatives through projects
supported by the IDB
Group.



Nicaragua: Heavy Machinery Training Program for Women

• Promoting female participation in infrastructure projects.

Several Bank-financed projects have sought to foster job opportunities for women in infrastructure sectors, where women's participation has traditionally been limited. The Road Integration Program in Nicaragua, for example, includes a pilot scheme to train women in the operation of heavy machinery. In Honduras, with IDB support, the National Professional Training Institute and the Technical School for Equipment Operation trained the first 43 women as certified workers in the construction sector. Moreover, the institutional strengthening activities of two new energy projects in Honduras and the Dominican Republic include the development of a corporate policy on gender for the state enterprises ENEE and EDESUR. They also involve the design and implementation of action plans that promote women's professional development and their participation in the energy sector's leadership positions.



Guatemala: *Alaide Foppa* Female Youth Symphony Orchestra

• Costa Rica – Fifth Female Hackathon on Satellite Technologies, Limón 2018.

To promote and exploit technological progress in the region, it is crucial to attract more talent and increase women's interest in digital technologies. This hackathon brought together more than 90 young women aged between 16 and 30—including young indigenous women from the province of Limón—to find solutions to problems in their communities using satellite technologies. Notable among the topics addressed were climate change in coastal areas, access to the indigenous culture and traditions of the Bribri and Cabécar peoples, control of illegal fishing, protecting the Amistad International Park from illegal logging, combatting plastic in seas and rivers, monitoring public transport routes, and femicide. The event was organized by the Sulá Batsú Cooperative's TIC-as initiative and the IDB, in partnership with various Costa Rican public agencies.

PANAMA GENDER PARITY INITIATIVE

Panama has closed its economic gender gap by 69 percent, according to the World Economic Forum. Nonetheless, Panamanian women's workforce participation rate of 51 percent is 21 percentage points below that of men, and the unemployment rate for women is 8 percent. Unemployment is acute among young women, at more than 22 percent for those under 25. With a growing source of female talent, Panama still has not seen an increase in women holding leadership positions in organizations. Women account for 70 percent of university graduates, but 71 percent of businesses have no women at the senior executive level.

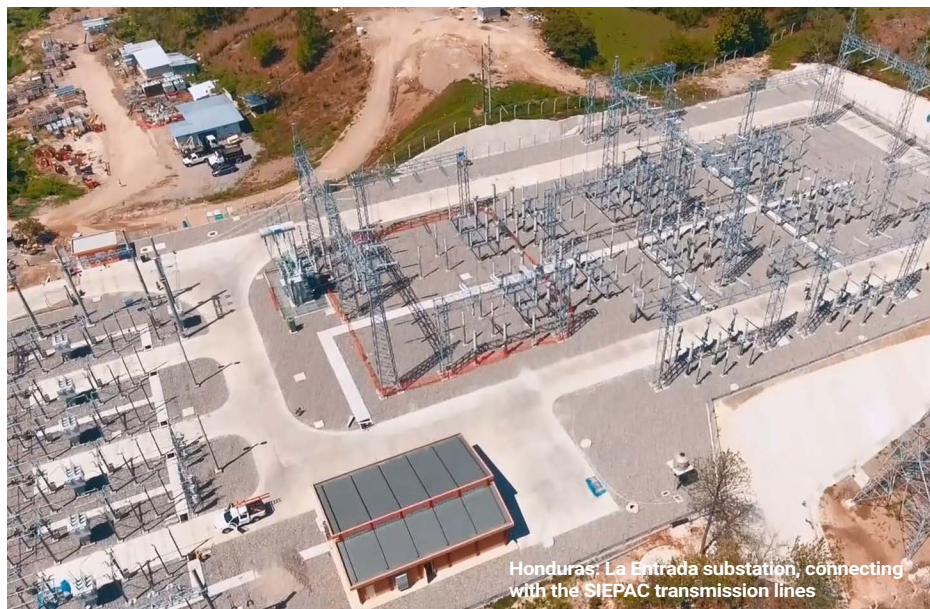
The Gender Parity Initiative was launched in January 2018 with the support of the IDB and the World Economic Forum. This will serve as a public-private platform geared to furthering the integration of women into the economy and using best practices to close gender gaps. The Initiative is headed by Panama's vice-president and involves six public institutions and nine private sector organizations. In July 2018 the Initiative presented its Analysis of Gender Parity and an Action Plan that will guide the program's implementation.

The 12 measures on the Action Plan include: promoting the positioning of women, especially young women, in professions with the greatest foreseeable future demand; encouraging women's promotion to decision-making positions in every kind of business; raising awareness of the gender pay gap; and including a gender perspective in the ecosystem of employment, training, and enterprise.

REGIONAL INITIATIVES

In 2018 the Bank remained a strategic partner and facilitator in the main facets of integration in Central America and Mesoamerica.

ENERGY INTEGRATION



Honduras: La Entrada substation, connecting with the SIEPAC transmission lines

Construction of the Central American Electrical Interconnection System (SIEPAC) and the launch of the Regional Electricity Market (MER) are emblematic regional initiatives that the Bank has supported from the outset.

The MER aims to lower the cost of short-term exchanges and reduce the risk of interruption in electricity supply. It also has the potential to bring about greater savings in energy costs by developing long-term contracts. SIEPAC currently supplies 4.5 percent of regional energy demand. Guatemala is the main exporter (67 percent of total sales) and El Salvador is the leading importer (88 percent of total purchases). Energy exchanges in the MER in 2018 amounted to 2,656 GWh; when MER began operations in 2013 the total was 700 GWh.

- **Strengthening of national transmission to ensure SIEPAC's 300 MW capacity.** The Bank approved new financing of US\$ 150 million for Honduras, including investments in the country's national upgrades related to SIEPAC. Additionally, in 2018 IDB Invest approved a credit line of US\$ 225 million for the Empresa Propietaria de la Red SIEPAC (EPR) to support the Investment Program for SIEPAC's Second Circuit. This will give the SIEPAC partner countries the option of financing national upgrades and expanding the capacity of the line (to 600 MW).

- **MER Strategic Plan 2019–2021.** The plan includes the preparation of several studies supported by the Bank: changes in current policies or regulations to increase the economic benefits of the MER; regulatory harmonization

of planning and execution of national and regional transmission to recover and maintain regional transmission capacity; and development of a third protocol to the framework treaty, with a view to submitting it for the consideration of the MER's regional bodies in the first half of 2019.

- **Extraregional connections with Mexico and Colombia.** Progress was made on the general design of the Mexico-MER Electricity Market in 2018, and the IDB supported studies on the environmental impact in Panama's Guna Yala community as a first step towards making the connection with Colombia viable.



Nicaragua: Border
Integration Program

TRADE FACILITATION AND BORDER INTEGRATION

To streamline and reduce the costs associated with Central America's intra- and extraregional trade, the region's border management has to be optimized.

To that end, the Bank has supported the countries in defining common regional guidelines and parameters that are stipulated in the Central American Strategy on Trade Facilitation. Since the strategy was approved in 2015, the Bank has been supporting the countries in implementing its measures at both the national and regional levels.

- **Development of the Digital Platform for Central American Trade.** With the financial support of the European Union (€8 million) and the IDB, and in coordination with the Secretariat of Central American Economic Integration (SIECA), the platform will ensure interoperability among the Central American countries' border control bodies, facilitating international trade-

related processes, streamlining inspection times, and expediting release of goods.

- **Border reform.** The Panama Border Integration Program (US\$ 75 million) was approved, to update infrastructure and equipment and optimize inspection procedures by developing integrated border crossings with Costa Rica.

TRANSPORT AND LOGISTICS

Transport connectivity is vital for the region's physical integration and competitiveness.

The Bank has been giving impetus to the modernization of the Pacific corridor, the linchpin of intraregional trade and trade with Mexico. These efforts have improved connectivity and the integration of productive chains. They have also helped cut regional logistics costs, which account for 30–35 percent of the value of exports.

- **Identification of new investments needed to improve the Pacific corridor** (totaling US\$ 2,118 million). These investments will

make it possible to improve logistics performance and security conditions in the corridor. Determination of the investments needed will serve as a basis for resuming the coordination of activities between the countries and creating synergies with efforts made on border modernization.

- **Regional air transport agenda and the reactivation of the air subcommittee of the Mesoamerican Project**, with the aim of: identifying a network of secondary airports; supporting the countries' certification in compliance with international regulations; and improving levels of air transport service to drive regional tourism and foster competition.

- **National plans on freight logistics (PNLogs)**, which identify priority investments as well as institutional and/or regulatory changes. El Salvador's PNLog was completed in 2018, and the proposals for immediate actions identified in the Guatemalan and Honduran PNLogs were reviewed. This review gave rise to the US\$ 90 million policy reform program for the Honduran logistics sector, which was financed by the IDB.



Salud Mesoamerica

TELECOMMUNICATIONS

The Bank has been supporting the work program of REDCA, the operator of the regional fiber optic network installed over SIEPAC, which forms the core of the region's telecommunications infrastructure.

- **Improvements in interconnection.**

Substantial progress has been made on supporting REDCA's interconnection with Mexico and Colombia, and efforts are being made to facilitate the region's access to international networks. To that end, feasibility studies will be carried out to support future investment in the installation of an undersea cable to improve the region's connection with South Korea (US\$ 500,000).

- **Mesoamerican Agenda for the Integration of Telecommunications Services (AMIST)** support, by drawing up strategic guidelines and the agenda's action plan. The IDB is currently supporting the updating of the Mesoamerican Digital Agenda, which includes strategic guidelines, priorities, projects, and actions that will lead to a new work plan for 2019.

HEALTH

To address the wide gaps in access to and the quality of health services for the poorest 20 percent in the region, the Bank continued its support for the regional initiative on Mesoamerican Health in 2018, complementing its interventions at the national level. It also began implementation of a new initiative to eliminate malaria in the region.

- **Salud Mesoamerica.** In 2018 the initiative disbursed US\$ 3.8 million in "performance bonuses" for the positive outcomes of interventions among communities in Belize, El Salvador, Honduras and Nicaragua. New operations totaling US\$ 4.9 million were approved in those countries.

- **Regional Initiative to Eliminate Malaria.** In 2017 the Bank established a new public-private partnership with external donors to eliminate malaria in the region in the next five years. In 2018 the first project was approved with El Salvador (US\$ 260,000), and progress was made on preparing projects in Belize, Honduras, Nicaragua, Guatemala, Panama, and the Dominican Republic.

RISK MANAGEMENT

To build up the region's resilience to natural disasters and the effects of climate change, since 2009 the Bank has supported the Mesoamerican Network for Integrated Risk Management (RM-GIR).

This has made it possible for RM-GIR to develop a geospatial platform that facilitates the exchange of information, draws up maps of risks and vulnerabilities, and strengthens the capacities of national institutions responsible for civil protection.

- **Consolidation of the RM-GIR.** The Bank has worked in collaboration with the Coordination Center for the Prevention of Natural Disasters in Central America (CEPREDENAC) and Mexico's National Center for Disaster Prevention (CENAPRED) to update and consolidate the RM-GIR. In 2018, resources from the IDB's public goods program were used to strengthen the territorial information system, to conduct analyses of each country, and to install a natural phenomena monitoring station in CEPREDENAC through the RM-GIR platform.

IDB Group Support for the Plan of the Alliance for the Prosperity of El Salvador, Guatemala and Honduras



The Plan of the Alliance for the Prosperity of the Northern Triangle (PAPNT) is an initiative promoted by El Salvador, Guatemala, and Honduras that aims to tackle the causes of irregular migration by creating economic opportunities and improving the population's quality of life.

The Bank's main contributions to the PAPNT agenda in 2018 were related to support for the management and strengthening of the plan, design of a new regional program to support infrastructure investment in the Northern Triangle, and initiatives to provide services for migrants.

• **Managing and strengthening the PAPNT.** In its role as the PAPNT's technical secretariat, the Bank helped the countries develop initiatives in:

• **Planning.** The Bank began shaping the Prosperity Agenda, which will identify projects to be pursued over the short, medium and long terms at the national and regional levels.

• **Coordination.** The Bank facilitated dialogue between the countries by organizing regional technical meetings. This allowed the countries to reach agreement on the Mid-Term Review of the PAPNT. The review will analyze the activities undertaken and achievements to date, so as to identify areas for improvement that could boost the Plan's effectiveness.

• **Monitoring.** The Bank helped the countries to structure the Achievements and Progress Report 2017–2018, which identifies the milestones reached at the national and regional levels since the first Conference on Prosperity and Security.

• **Strategic communications.** The Bank supported the design and launch of a web portal that provides information on the PAPNT's goals and strategic pillars, the actions implemented under the Plan, and how these have affected the lives of the subregion's inhabitants.

• **Regional Program of Financing and Risk Mitigation for Strategic Investments in the Northern Triangle.** The Bank approved a US\$ 750 million financing program (US\$ 250 million per country) to induce public-private investments in strategic sectors such as transport, energy, and water and sanitation, thereby helping create economic opportunities. The program fosters the establishment of investment funds to attract private investment in national infrastructure projects. It complements this with non-reimbursable technical cooperation funds at the regional level to support project preparation and the countries' coordination with strategic partners.

• **Initiatives to provide services for migrants.**

In collaboration with Mexico's Foreign Relations Secretariat (SRE), the Bank launched the Strengthening Consular Capacities Program. This consisted of face-to-face training for consular officers of the Northern Triangle countries, complemented by online modules offered by various partners, including the SRE, UNICEF and the US State Department. As a result, more than 150 consular officers were trained in more than 17 US cities, and a repository of information on migration issues was created.



Northern Triangle - Mexico Migration and Consular Cooperation Group. Program to Strengthen Consular Capacities.



IDB GROUP ACTIVITIES AT THE COUNTRY LEVEL

BELIZE
COSTA RICA
DOMINICAN REPUBLIC
EL SALVADOR
GUATEMALA
HONDURAS
NICARAGUA
PANAMA



The IDB Group in BELIZE

US\$ 19.4 million in
financing approved by
the IDB Group in 2018

NEW PROJECTS



Belize: Roaring Creek bridge,
George Price Highway

Additional financing for the George Price Highway Rehabilitation Project

(US\$ 7 million). This project supports an ongoing intervention to rehabilitate the George Price Highway connecting Belize City to the border with Guatemala. The intervention is expected to reduce freight transport costs and travel times, improve road safety, and make this important road more resilient to natural disasters and climate change. By late 2018, physical progress on the construction work for the highway's Sections I and II was 29 percent and 19 percent complete, respectively. This amounts to 15.4 km, including the Roaring Creek Bridge and the subsequent section to Iguana Creek Junction.

Belize Sugar Industries

(US\$ 10 million). IDB Invest approved a loan for the Belize Sugar Industries company. The financing will be used

for investments to increase the value added of sugar production and expand export markets. Specifically, it will help the company to cease exporting only raw sugar and reach markets with sugar for direct consumption, mainly in Europe. Sugar is one of Belize's main export industries, provides income to 15 percent of the population, and accounts for about 5 percent of GDP.

Salud Mesoamerica (US\$ 252,000).

In 2018 the Bank approved the third consecutive operation of the Mesoamerican Health Initiative in Belize. Each operation furthers the achievements of its predecessor in improving reproductive health and child health indicators. It also covers issues ranging from the availability of medical inputs and drawing up new regulations, to improving the coverage and quality of health services. This operation focuses on improving maternal health

and reducing neonatal and infant mortality in mostly poor and rural parts of the Corozal, Orange Walk, and Cayo districts.

Support for the population census

(US\$ 250,000). In preparation for the 2020 census, the Bank will use technical assistance to help strengthen the capacity of the Statistical Institute of Belize to produce demographic data that is more reliable, timely, and relevant. The initiative includes implementation of technological innovations such as the use of satellite imagery to gather data.

Improving sustainable shrimp production

(US\$ 400,000). The IDB, through the *Compete Caribbean program*, approved a second operation for the Belize Shrimp Growers Association. This project will support member firms in implementing biosecurity measures to prevent their production from being affected by a return of early mortality syndrome. Biosecurity is one of the bottlenecks affecting the sector, which accounts for about 5 percent of GDP. These measures will also help the sector build climate resilience, and will help the association to retain the Aquaculture Stewardship Council certification that it obtained in 2015 with the support of the first program.

IDB GROUP OPERATIONAL DATA IN BELIZE

US\$ million

	2014	2015	2016	2017	2018
PUBLIC SECTOR					
Loans	37.0	15.0	10.0	10.0	7
Disbursements	7.4	8.5	4.7	7.9	14.1
Technical cooperations	3.6	3.1	1.5	2.6	1.5
Investment grants	0.2	-	-	-	0.3
PRIVATE SECTOR					
IDB Invest	-	-	-	-	10
IDB Lab - FOMIN	0.4	1.5		0.6	0.6

PRIORITY AREAS OF THE IDB GROUP'S STRATEGY WITH BELIZE, 2013–2019

- Education
- Tourism
- Transport
- Trade and tax policy

RESULTS

Education. The IDB supported the Ministry of Education in implementing a teacher-training program for 60 percent of the country's primary school teachers. This new form of teaching centers on developing students' critical thinking and problem-solving skills and has proven to have a positive effect on students' learning: there has been an increase in mathematics test scores equivalent to about nine extra weeks of schooling in third grade. In science, the gain is equivalent to 16 extra weeks of schooling. Moreover, since 2013 the Bank has supported the government's reform of secondary education financing, which aims to ensure greater equity and efficiency in the distribution of resources. The reform has had positive effects: the new financing formula has not only brought about greater equity (schools serving lower-income sectors now receive more funds per student than other schools), but has also levelled out the performance of students in these schools and helped raise scores on standardized regional tests in mathematics and sciences.

Digital transformation in education.

The Bank also helped the government implement a new education management information system. Before this, information management was limited at the school level and was done by hand. Now, the schools have an electronic system of data input that includes attendance, grades and other performance indicators. This also makes it possible to centralize and aggregate the data for the entire education system, so as to support the Ministry of Education's decision-making and boost the efficiency of the system as a whole.

Tourism. The Bank has worked closely with the government in developing a new national tourism policy, and has financed infrastructure in several emblematic tourist destinations. These efforts have been complemented by IDB Lab technical cooperation in specific areas of the sector, such as the promotion of avitourism to create new job opportunities and preserve biodiversity in the reserves at Crooked Tree, Cockscomb and St. Herman's Blue Hole. Additionally, the sustainable management of solid waste is important for absorbing the increasing flow of visitors to the country. Hence the IDB provided financing for the building of a new sanitary landfill in the center of the country, as well as transfer stations in several tourist destinations. As a result, all tourist destinations in the country's central corridor have been able to close their open dumps.

Transport. Belize developed a Comprehensive National Transportation Master Plan with Bank

support. This plan involves short- and medium-term action plans that integrate the vision of the public and private sectors for road, air, maritime, and public transport. Implementation of the plan is expected to build planning capacity and boost efficiency in freight and passenger transport within the country, as well as in links to the main markets.

Flood mitigation. The Bank also financed the paving of more than 28 km of streets in Belize City, and the upgrading of more than 10 km of drains and 3 km of the canal system to mitigate flooding. These interventions have reduced the amount of time that the affected areas are flooded.

Trade and tax policy. The Bank made a proposal on strengthening the tax administration, including recommendations for new regulations and policies. It also carried out an analysis of the economic and social effects of a potential reform of trade and tax policy.

Strengthening credit unions. The credit unions in the Belize Credit Union League serve about 42 percent of the population. IDB Lab's *Inclusive Savings with Shared Agents* program has helped them improve their management systems and practices, as well as credit handling, using a new monitoring tool known by its Spanish acronym *PERLAS* (protection, structure, yield, liquidity, assets, signals). This small investment is expected to: reduce high transaction costs as a result of the adoption and promotion of new technologies, and increase and diversify the services offered to members.

PROJECTS IN EXECUTION

Private sector

IDB Invest: 1 project with an exposure of US\$ 10 million in the corporate sector.

IDB Lab: 4 projects totaling US\$ 2.5 million, focused mainly in SME support, climate change, and agriculture.

Public sector

6 operations totaling US\$ 79 million with an available balance of US\$ 52 million

Sectoral distribution of public sector loan portfolio (% available balance)



The IDB Group in COSTA RICA

US\$ 188 million in financing approved
by the IDB Group in 2018

NEW PROJECTS

Cantonal II road network program (US\$ 144 million). There have been interventions in 81 of the country's cantons to improve 611 km of roads and ensure that they are routinely maintained. These activities are expected to reduce vehicle operating costs and travel costs, and lessen the roads' vulnerability to the effects of climate change. This will support the objective of boosting economic activity and diversifying production in beneficiary areas.

Campus of Texas Tech University in Costa Rica (US\$ 12.1 million). IDB Invest provided a credit to finance the building of a satellite university campus in San José. This will help produce professionals in engineering, information technologies, mathematics, tourism

and hospitality, so as to respond to the national industrial sector's growing demand for workers who are highly skilled in these disciplines.

Desyfin (US\$ 5 million). IDB Invest provided a senior loan for Financiera Desyfin to expand its SME portfolio using accounts receivable factoring and leasing.

Productive transformation of blackberry growing in Costa Rica (US\$ 1.3 million). Loans for productive diversification and technical assistance to adopt technologies have been provided to 370 small-scale producers. These measures are expected to increase the incomes of blackberry-growing families in the provinces of San José and Cartago.

The Crystal Ball for Jobs of the Future in Costa Rica (US\$ 1 million). With the Costa Rican Coalition of Development Initiatives (CIND) as executing agency, and in collaboration with the Costa Rica-United States Foundation for Cooperation (CRUSA), a digital guidance platform for intelligence-based employment will be developed and implemented; this will help align labor supply and demand in sectors of the knowledge economy. At least 1,500 people (at least 50 percent of them women) are expected to find jobs in the knowledge economy, and 7,000 people are expected to acquire a certification recognized by industries so that they can retain or improve their jobs.

Technology to improve health services in Central America (US\$ 1 million). IDB Lab approved a loan enabling the ASEMBIS Clinic (Association of Medical Services for the Social Good) to improve access to and the quality of health services by adopting technological innovations. Some 800,000 people are expected to benefit, 65 percent of them women and 85 percent from Costa Rica's lowest income strata.



IDB GROUP OPERATIONAL DATA IN COSTA RICA

US\$ million

	2014	2015	2016	2017	2018
PUBLIC SECTOR					
Loans	-	300.0	-	20.0	144
Disbursements	209.9	173.4	154.4	164.6	258.8
Technical cooperations	4.5	4.0	1.4	2.6	1.6
Investment grants	-	1.5	-	-	1.5
PRIVATE SECTOR					
IDB Invest - CII	56.7	114.5	36.9	-	36.1
TFFP Loans and guarantees	24.5	5.4	18.0	13.0	5
IDB Lab - MIF	1.0	2.0	1.9	-	4.3

PRIORITY AREAS OF THE IDB GROUP STRATEGY WITH COSTA RICA, 2015–2018

- Fiscal sustainability and spending efficiency
- Productive infrastructure
- SME competitiveness
- Human capital accumulation

RESULTS

Strengthening the legal framework for fiscal sustainability.

The Bank has supported the design of the fiscal reform approved by the Legislative Assembly in December 2018, which introduces both revenue and spending measures to reduce the fiscal deficit and contain the increase in public debt.

Increasing power generation using renewable sources, improving the reliability of supply, and expanding the service.

The IDB and IDB Invest provided financing for the building of the Reventazón hydroelectric plant, which added 305.5 MW to the country's electricity system and provides benefits to 525,000 families. This intervention also increases Costa Rica's energy export capacity through the Regional Electricity Market. The Bank has used technical support to promote policies that seek to include renewable energy sources in the national electricity system, mainly solar and wind power.

Improving highways. Work was completed on the section between Cañas and Liberia, a 50 km road that forms part of the Mesoamerican Pacific Corridor. The Pozuelo-Jardines highway was widened to four lanes, and 7 km of the highway were built north to San Carlos. Additionally, 98 cantonal roads covering 433 km were upgraded, as were 31 bridges. These activities improve connections to markets and basic services for 1.8 million people in the beneficiary areas.

Infrastructure in protected areas.

The Bank has supported implementation of the Sustainable Tourism Strategy, as well as the use of conservation- and market-related management tools, and has financed the building of tourism infrastructure in three national parks and a national refuge, and other works in agreement with municipalities. The aim is to bring about tourism growth that is environmentally friendly and benefits local communities.

Climate resilience among small-scale producers.

IDB Lab financed technical assistance for climate actions in the areas of coffee, livestock, and vegetables for more than 2,000 producers and technicians, and supported development of the National System of Climate Change Measurement. In addition, agronomic technical assistance services were provided to 46 rural businesses, renovating 1,353 hectares of 417 small-scale producers. A Resilience Fund was set up as part of the sustainability activities, through which 15 organizations have long-term links to coffee buyers.

Access to financing. Partnerships between IDB Invest and the Costa Rican financial sector have made it possible to channel resources to small-scale agricultural producers and increase financing to SMEs.

Improving educational infrastructure and quality.

Infrastructural work was completed on 14 projects that will benefit about 8,500 students, and construction has begun on 29 additional centers.

Preventing violence and promoting social inclusion.

The Bank has supported the government's strategy to prevent violence and safeguard children and youths, focusing on improving services for youths who are outside the formal education system or did not complete secondary school. Seven Civic Centers for Peace have been built so far, one in each province. These offer supervised free-time options for children and youths aged six to 18, in addition to a Child and Youth Center and the Musical Arts School in San José's Libertad Park.

Implementation of the extreme poverty reduction strategy (Development Bridge Strategy).

The Bank has supported the creation of the National Information System and the Single Register of State Beneficiaries (SINIRUBE), which will consolidate the databases of several institutions. This will lessen the duplication of initiatives, and help target social protection programs on people in poverty.

PROJECTS IN EXECUTION

Private sector

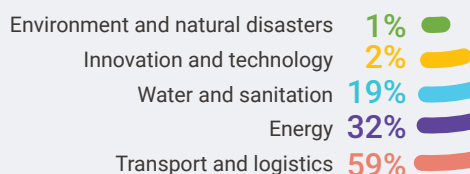
IDB Invest: 27 projects with an exposure of US\$ 514 million focused on the corporate, financial institutions, and energy and infrastructure sectors

IDB Lab: 9 projects totaling US\$ 5.8 million, focused mainly on human capital, innovation, and SME support

Public sector

10 operations totaling US\$ 1,572 million with an available balance of US\$ 894 million

Sectoral distribution
of public sector loan portfolio
(% available balance)



The IDB Group in the DOMINICAN REPUBLIC

US\$ 801 million in financing approved
by the IDB Group in 2018

NEW PROJECTS

Ciudad Mujer (US\$ 20 million). The IDB will finance two new centers providing integrated care services for women in Greater Santo Domingo and Santiago. This initiative aims to improve the living conditions of more than 30,000 low-income women in terms of their economic and employment circumstances, sexual and reproductive health, domestic violence, and risk of teenage pregnancy.

Sustainable agroforestry development (US\$ 155 million). To promote sustainable agricultural practices and raise agricultural productivity among small-scale producers in hillside areas of the south and southwest, this project supports the adoption of new agroforestry technologies in 55,000 hectares of the beneficiary areas, as well as the rehabilitation of more than 400 km of between-farm roads. This will improve environmental sustainability, climate change adaptation, and the productivity of natural capital in these areas.

Technical-professional education and training (US\$ 70 million). This project will improve the coverage, quality,

and relevance of technical-professional education and training, so as to facilitate workforce integration among young Dominicans who currently face high rates of unemployment and informality. The wider coverage will benefit more than 2,800 students of technical-professional education, and will make it possible to increase by 1,500 the number of youths who complete internships and take part in dual training. This operation also includes the construction of a new center for innovation and applied research in technical-professional education, with a view to building capacity to train students for success in a changing labor market characterized by new technologies.

Sustainability and efficiency of the electricity sector II

(US\$ 400 million). This project is the second operation in a series of policy reform loans to support the government in its adoption and implementation of the sectoral reforms and policies needed to enhance the sector's operational efficiency and financial sustainability. This second operation aims to reduce the costs of power generation, losses in electricity transmission and distribution,

fiscal transfers to the sector, and the average tariff for end users.

Expansion of networks and reduction of technical electrical losses in distribution

(US\$ 155 million). By renovating and adding infrastructure, this program seeks to improve the operational efficiency of the Empresa Distribuidora de Electricidad del SUR (EDESUR) and its capacity to meet growing demand in the electricity distribution system. Some 14 distribution substations will be built and/or upgraded, and more than 1,500 km of distribution networks will be installed and/or upgraded.

Support for the agricultural sector.

IDB Lab approved three operations to support SMEs in the agricultural sector. Technical cooperation resources (US\$ 527,000) will be used to promote the development of sustainable agricultural production, thereby helping protect natural resources in buffer zones by using advanced technologies such as aquaponics. The *Financing for the Sustainable Expansion of Dairy Production* program (US\$ 1 million loan, US\$ 250,000 technical cooperation) will help members of the Livestock Producers Cooperative of the South (COOPESUR) to increase production capacity and implement ultra-high temperature (UHT) processing for sterilizing and preserving dairy products. Finally, the operation *Technological Implementation for Coffee Growers' Production Process* (US\$ 500,000) aims to improve the profitability of the farms of 400 growers through the adoption of new technologies, with a focus on sustainability and climate change adaptation.



Dominican Republic:
Agrifood Health
and Safety Program

IDB GROUP OPERATIONAL DATA IN THE DOMINICAN REPUBLIC

US\$ million

	2014	2015	2016	2017	2018
PUBLIC SECTOR					
Loans	578.0	325.0	590.0	366.0	795
Disbursements	146.7	590.4	400.9	114.9	343.7
Technical cooperations	4.1	1.5	2.2	2.7	4.6
PRIVATE SECTOR					
IDB Invest - CII	6.0	5.0	4.1	90.0	-
TFFP Loans and guarantees	50.6	5.0	70.0	2.0	72
IDB Lab - MIF	1.1	1.2	1.5	2.8	1.8

PRIORITY AREAS OF THE IDB GROUP STRATEGY WITH THE DOMINICAN REPUBLIC, 2017–2020

- Expanding productive opportunities
- Quality and coverage of basic services
- Managing public finances, institutional strengthening, and transparency

Dominican Republic: Support for the 10-year Education Plan



RESULTS

Urban and tourism development.

The Tourism Promotion in the Colonial City program, which was completed in 2018, made it possible to expand productive opportunities in the area by improving the tourism sector's links with the local economy and diversifying the supply of tourism services. This helped increase the number of foreign visitors to the Colonial City by 67 percent between 2010 and 2017, and raise foreign tourists' average daily spending in the Colonial City by 68 percent between 2011 and 2017. This is far above levels of growth nationally.

Productivity. The program Support for Productive Development and Competitiveness in San Juan Province made 44 credits available to MSMEs with potential for productive improvement, upgraded 25 km of local and production-related roads, and maintained 54 km at standard service levels. This has helped boost the province's productivity and its access to markets.

Transport. The Bank supported revision of the National Logistics Plan (PNLog) and the drawing up of the Immediate Action Plan in coordination with the National Competitiveness Council.

Quisqueya Cree en Ti. With the regional program New Employment Opportunities (NEO), IDB Lab aims to improve the employability of low-income young people aged 15–29. In 2018, technical education and vocational guidance programs, involving partnerships with the private sector, benefited more than 53,000 youths. Some 37 percent of program participants found a job.

Creating capacities in interactive digital technologies. An IDB Lab project trained 24 youths in the interactive programming of virtual and augmented reality.

Social protection and health. Some 318,000 people unregistered with the Dominican social security system were identified and registered with primary care units. Moreover, the Bank supported the construction and equipping of the national blood center, a key element in reducing morbidity and mortality caused by post-partum hemorrhaging, as well as the fitting out of three blood banks that form part of the national blood network.

Water and sanitation. Investments in INAPA's drinking water and sanitation program led to an improvement in water quality in seven provinces. In Santiago, 12,893 households benefited from new or upgraded connections to drinking water and 1,684 households were beneficiaries of the construction or rehabilitation of sanitation systems.

PROJECTS IN EXECUTION

Private sector

IDB Invest: 5 projects with an exposure of US\$ 39 million focused on the corporate, financial institutions, and energy and infrastructure sectors

IDB Lab: 12 projects totaling US\$ 7.5 million, focused mainly on SME support, innovation, and human capital

Public sector

19 operations totaling US\$ 1,840 million with an available balance of US\$ 1,144 million

Sectoral distribution of public sector loan portfolio (% available balance)



The IDB Group in EL SALVADOR

US\$ 423 million in financing approved
by the IDB Group in 2018

NEW PROJECTS



El Salvador: Fisherman, Tourism Development
of the Coastal Zone

Fiscal strengthening for inclusive growth (US\$ 350 million). To support fiscal sustainability in pursuit of more inclusive economic growth, the Bank approved the first of two operations to support policy reforms. This program aims to improve the efficiency of fiscal management, with particular attention to the efficiency of public spending and the sustainability of the social security system.

Financing energy efficiency in SMEs (US\$ 20 million). Financed with resources from the Green Climate Fund, this project seeks to strengthen SMEs' capacity to invest in modern technologies for energy savings, thereby reducing costs and making the businesses more productive. More than 400 SMEs are expected to increase their investments in energy efficiency, making energy savings of around 30 percent.

Capella Solar (US\$ 30 million). IDB Invest will finance the construction and operation of two photovoltaic power plants with a combined capacity of 140 MW. The initiative includes an 8.7 km transmission line and interconnection facilities in the municipalities of Puerto del Triunfo, Jiquilisco, and Ozatlán, and in the department of Usulután. The project aims to increase solar energy's share of El Salvador's generation matrix and help reduce the cost of energy, given the favorable conditions of purchase agreements. The intervention also makes provision for investing 3 percent of annual revenues in social development programs that benefit local communities.

Fedecrédito (US\$ 15 million). IDB Invest approved financing for the El Salvador Federation of Credit Unions, a second-tier financial intermediary that brings together 48 credit unions and seven workers'

banks. IDB Invest will use this operation to promote SMEs' access to credit through new products and services, including loans and insurance. The number of loans to Fedecrédito's member institutions is expected to grow from 256,000 to 464,000 in 2020.

Mobilizing capital for water supply services (US\$ 1 million). In collaboration with Catholic Relief Services (CRS), this IDB Lab equity investment in the Azure firm will cover a critical deficit of capital in the water sector by creating an innovative financing instrument to help small-scale water service operators improve and expand their services, which cover 30 percent of the country's population. The investment is part of a broader equity and technical assistance project that aims to encourage other investors to join the efforts of IDB Lab and CRS. Some 300,000 people in 150 peri-urban communities are expected to benefit.

IDB GROUP OPERATIONAL DATA IN EL SALVADOR

US\$ million

	2014	2015	2016	2017	2018
PUBLIC SECTOR					
Loans	140.0	200.0	30.0	-	370
Disbursements	71.8	72.4	80.7	70.1	389.5
Technical cooperations	1.3	2.0	2.3	3.3	4.7
Investment grants	3.9	-	-	-	1.8
PRIVATE SECTOR					
IDB Invest - CII	30.5	148.9	0.5	28.0	45
TFFP Loans and guarantees	-	-	24.0	13.4	46.3
IDB Lab - MIF	1.5	7.2	0.1	3.3	1

PRIORITY AREAS OF THE IDB GROUP STRATEGY WITH EL SALVADOR, 2015–2019

- Quality of spending on human capital
- Public finances
- Logistics infrastructure

RESULTS

Quality of spending on human capital. Fourteen municipalities marked by a high concentration of poverty have benefited from interventions under the Salud Mesoamerica Initiative, as a result of which there has been an improvement in the coverage and quality of health services for women and children. With Bank support, the government has launched initiatives to empower teenagers through the Ciudad Mujer Joven program. These include a mobile application that aims to enhance their expectations of the future and help them make positive life plans.

Public finances. The Bank has supported development of the new Fiscal Responsibility Law, which involves the establishment of a medium- and long-term fiscal framework; the approval and entry into force of the Law on the Savings System for Pensions; implementation of the retail purchases module of the COMPRASAL

II electronic procurement website; the preparation of plans to simplify procedures with five state institutions; the conclusion of information exchange agreements with public agencies for the purposes of tax oversight; and pilot schemes in four institutions to link public investment with program budgeting.

Productive development. With the Program to Support Productive Development for International Insertion, the Bank aims to help El Salvador strengthen its export supply, increasing the volume and diversification of exports and their target markets. By the end of 2018, support had been given to 394 initiatives for exporting MSMEs in the form of business development services for matters such as quality, market analysis, and international integration strategies. Additionally, more than 300 officials of the Economy Ministry, the Foreign Ministry and the El Salvador

Export and Investment Promotion Agency (PROESA) have been trained in fields such as dispute settlement and trade policy. Twenty new businesses in the foodstuffs, technology, industry and services sectors are exporting to Guatemala, Panama, the United States, and Asia.

Citizen security. The Bank supported the strengthening of the Information and Analysis Division in the Ministry of Justice and Public Safety, by developing a crime information system built on an integrated platform. Some 565 members of the Metropolitan Officers Corps were trained in crime prevention and community outreach, and 270 video cameras were installed in the video surveillance ring in San Salvador (using fiber optic cable developed with IDB support), guaranteeing the reliability and autonomy of the service.



El Salvador: Drainage works, Program for the Reduction of Vulnerability in Informal Urban Neighborhoods in the San Salvador Metropolitan Area

PROJECTS IN EXECUTION

Private sector

IDB Invest: 18 projects with an exposure of US\$ 174 million focused on the corporate, financial institutions, and energy and infrastructure sectors

IDB Lab: 14 projects totaling US\$ 15.5 million, focused mainly on infrastructure, SME support, financial services, and innovation

Public sector

8 operations totaling US\$ 510 million with an available balance of US\$ 277 million

Sectoral distribution
of public sector loan portfolio
(% available balance)



The IDB Group in GUATEMALA

US\$ 202 million in financing approved
by the IDB Group in 2018

NEW PROJECTS

Banco Industrial (US\$ 120 million). To expand the residential mortgage portfolio to low-income segments and give SMEs greater access to financing, IDB Invest will buy US\$ 120 million in bills with a repayment period of up to 11 years as part of the program to securitize Banco Industrial. This operation will mainly benefit families that are first-time home buyers, and microentrepreneurs who need financing of up to US\$ 40, mostly in the departments of Quetzaltenango, Escuintla, Petén, and Alta Verapaz.

G&T Mujer, Banco G&T Continental (US\$ 75 million). To widen access to credit among women entrepreneurs, IDB Invest provided an equity loan of US\$ 30 million in committed resources, another US\$ 30 million to

be committed, and US\$ 15 million as a senior loan. This financing will enable Banco G&T Continental to launch a financial product for women, replicating a similar initiative of the same bank in El Salvador.

Institutional Health Service Networks Program (PRORISS) support, (US\$ 250,000). This operation will finance preinvestment studies of infrastructure projects for planned PRORISS health centers in the departments of San Marcos and Huehuetenango, where more than 60 percent of the population live in poverty and 50 percent are of indigenous origin. This program will also help strengthen the technical capacities and know-how of the Ministry of Public Health and Social Assistance, by identifying

and exchanging Central America-wide experiences of implementing institutional health services networks.

Support to those affected by the eruption of the Volcano of Fire (US\$ 200,000). The Bank provided emergency humanitarian assistance, managed by the Guatemalan Red Cross, to attend to those affected by the eruption of the Volcano of Fire. Through a partnership with the World Central Kitchen NGO, more than 300,000 meals were provided to victims and volunteers who helped in the emergency. The initiative also acquired goods, equipment, and foodstuffs to cover the needs of families affected by the eruption.



Guatemala: My School is Making Progress

IDB GROUP OPERATIONAL DATA IN GUATEMALA

US\$ million

	2014	2015	2016	2017	2018
PUBLIC SECTOR					
Loans	305.0	150.0	310.0	-	-
Disbursements	80.5	296.8	48.9	57.8	50.7
Technical cooperations	4.5	4.0	1.5	7.6	1.5
Investment grants	-	0.7	-	-	-
PRIVATE SECTOR					
IDB Invest - CII	6.3	8.0	5.0	-	200
TFFP Loans and guarantees	2.0	80.0	125.0	170.9	102.4
IDB Lab - MIF	4.7	-	3.1	1.2	-

PRIORITY AREAS OF THE IDB GROUP STRATEGY WITH GUATEMALA, 2017–2020

- Public management and transparency
- Poverty reduction and inequality
- Private sector development

RESULTS

Criminal justice. The Bank is supporting the government's efforts to develop a more efficient, accessible, and effective justice system in Guatemala. In 2018, through the *Support to the Criminal Justice Sector* program, building work was completed on seven police stations in the country's western and eastern departments, as well as two regional offices of the Public Institute for Criminal Defense in Villanueva and Petén; and the infrastructure of three police courts was upgraded in the departments of Baja Verapaz and Quiché.

Education. The *Mi Escuela Progres*a program aims to improve educational coverage and quality, especially at the primary level, to raise educational levels, and to ensure that schooling is more culturally and linguistically relevant. In 2018 the program brought about the overhaul of 843 educational

modules and the repair of 379 schools, especially in indigenous and rural areas; more than 111,000 children benefited. The Bank also financed the equipping of more than 1,300 classrooms and the provision of library materials in 13,000 schools. In 2018 the Guatemalan Congress approved the Improving Educational Coverage and Quality program, originally approved by the Bank in 2012, at a total of US\$ 150 million. This operation will continue to back efforts made at the preprimary and primary levels through "Mi Escuela Progresa," focusing on widening preprimary coverage and improving quality at both levels.

Health. The program *Improving Access to and the Quality of Health and Nutrition Services* aims to provide services to enhance the nutrition of women and of children under the age of two. With Bank support, in 2018 work was completed on renovating and improving 26 health posts, and primary healthcare services were provided to more than 400,000 people. The program is also monitoring the growth of 22,000 children in 17 municipalities in the departments of Huehuetenango and San Marcos. The Salud Mesoamerica Initiative has improved the coverage and quality of care for institutional births, providing care for 18,000 pregnant women and 10,000 newborns.

Water and sanitation. In 2018, the Bank supported investments to improve water and sanitation services in rural and indigenous areas as part of

the Water and Sanitation for Human Development program. Notable among the program's achievements is the improvement of 11 water systems and 12 sanitation systems in the departments of San Marcos, Quiché and Chiquimula, benefiting more than 24,000 people.

MSMEs and access to credit. IDB Invest has provided a loan of US\$ 150 million to support the expansion of Banco Industrial's credit portfolio for MSMEs. It is estimated that, in 2018, 49 percent and 51 percent of the beneficiaries of SMEs and MSMEs, respectively, were women. Hence 13,000 women entrepreneurs benefited. As part of the *Support for Strategic Investments and Productive Transformation* program, support was given to 1,200 businesses in the departments of Quetzaltenango, Alta Verapaz, San Marcos, Chiquimula, Retalhuleu, and Sacatepéquez in areas geared to boosting competitiveness. Additionally, 3,700 businesses, especially MSMEs, were trained in new product development, raising productivity, and improving quality. Finally, efforts made through the *Asisehace.gt* program have updated procedures related to setting up a business, paying taxes, company operation, acquiring licenses and permits, import and/or export processes, and other legal matters.

PROJECTS IN EXECUTION

Private sector

IDB Invest: 16 projects with an exposure of US\$ 396 million focused on the corporate, financial institutions, and energy and infrastructure sectors

IDB Lab: 9 projects totaling US\$ 9.9 million, focused on SME support

Public sector

7 operations totaling US\$ 709 million with an available balance of US\$ 493 million

Sectoral distribution of public sector loan portfolio (% available balance)



The IDB Group in HONDURAS

US\$ 504 million in financing approved by the IDB Group in 2018

NEW PROJECTS

Energy. The IDB approved three projects to expand the coverage and improve the quality of the electricity supply, as well as to increase the sector's efficiency. The loan for *Support to the National Electricity Transmission Program* (US\$ 155 million) will finance the strengthening of the transmission system. This operation also includes a grant from the Scaling Up Renewable Energies Program (SREP) (US\$ 7 million) to strengthen interconnection capacity with the Regional Electricity Market and facilitate transmission from renewable energies. *The Rural Electrification in Remote Areas operation* (US\$ 6 million), also financed by the SREP, will extend service to areas that still lack electrification, such as Brus Laguna, Guanaja, El Corpus, and Concepción de María.

Health and social protection. To improve the quality and management of health services in poorer municipalities, the Bank approved the *Program to Improve the Management and Quality of Maternal and Newborn Health Services* (US\$ 69 million), and a new Salud Mesoamerica Initiative operation (US\$ 1.9 million), paying particular attention to closing the gaps in maternal-child health services. The project on *Integrated Strengthening of the Tegucigalpa Trauma and Emergency Network* (US\$ 54 million) will finance a new hospital devoted to treating injuries from external causes, one of the country's main health problems. Finally, to enhance the sustainability of progress made on social protection, the Bank approved the *Support for Social Protection Reforms Program* (US\$ 50 million). This is the first of a series of three policy reform operations to guarantee the financial sustainability and efficiency of spending on social protection.

Citizen Coexistence and Neighborhood Improvement Program (US\$ 60 million). To address violence and improve coexistence in the Central District's vulnerable neighborhoods, the IDB will finance basic services infrastructure and prevention activities to reduce crime and domestic violence. The project also aims to improve police effectiveness in criminal investigation by strengthening the National Police.

Transport Sector Reforms and Freight Logistics Program (US\$ 90 million). This is the first in a series of policy reform loans that aim to improve logistics performance in Honduras through regulatory, institutional, planning, and trade facilitation reforms. The goal is to boost competitiveness and regional integration.



Honduras: Civic Coexistence and Neighborhood Improvement Program

IDB GROUP OPERATIONAL DATA IN HONDURAS

US\$ million

	2014	2015	2016	2017	2018
PUBLIC SECTOR					
Loans	239.9	170.0	170.0	160.0	477.6
Disbursements	302.0	216.3	135.2	167.8	311.6
Technical cooperations	6.4	7.6	4.1	4.6	7.4
Investment grants	5.3	0.5	2.2	6.1	15.3
PRIVATE SECTOR					
IDB Invest - CII	11.6	5.9	12.0	8.0	-
TFFP Loans and guarantees	45.6	71.6	38.8	43.1	121.7
IDB Lab - MIF	5.4	8.6	3.2	2.1	3.6

PRIORITY AREAS OF THE IDB GROUP STRATEGY WITH HONDURAS, 2015–2018

- Fiscal consolidation
- Competitiveness and sustainability of the energy sector
- Road building for integration
- Social inclusion
- Sustainable development in the Central District

RESULTS

Fiscal consolidation. The Bank has supported the fiscal consolidation process that made it possible to reduce the non-financial public sector deficit from 7.5 percent in 2013 to 0.8 percent in 2017. Bank support helped increase tax pressure from 15.3 percent of GDP in 2013 to 18.1 percent in 2017. Additionally, improved budgetary management helped reduce deviations from the executed budget, relative to the approved budget, from 23 percent in 2013 to 15 percent in 2017. This entailed a reduction in public spending from 25 percent of GDP to 23 percent.

Sustainability and competitiveness of the energy sector. The IDB Group helped to improve the coverage, efficiency and quality of the electricity service, as well as to diversify the

generation matrix, by supporting policy reforms and infrastructure investments on the part of the IDB, IDB Invest and IDB Lab. The results of these interventions include: (i) strengthening the financial and operational management of the National Electricity Company (ENEE), reducing its fiscal burden from 1.8 percent of GDP in 2014 to 0.1 percent in 2017, and cutting total electricity losses from 32 percent in 2014 to 28 percent in 2018; (ii) increasing the share of renewable energies in the energy matrix from 41 percent in 2013 to 59 percent in 2017, and bringing about a bigger share of the Regional Electricity Market; and (iii) expanding nationwide electricity coverage from 72 percent in 2014 to 78 percent in 2018.

Road building for regional integration. The Bank financed the widening and upgrading of 137 km of roads in the agricultural corridor. In the Pacific corridor, 97 km of roads were improved, thus providing better crossborder connections with El Salvador and Nicaragua. Additionally, IDB support enabled the customs point at Puerto Cortés to acquire better inspection and security capacity, as well as improved infrastructure and facilities. The customs point at the El Amatillo border crossing was also renovated.

Social inclusion with a territorial approach in the western region. With Bank support, the Bono Vida Mejor now covers 330,000

households, accounting for 53 percent of extreme poverty in the countryside. In *education*, the Bank financed the expansion of the third cycle of primary education, increasing the number of students from 20 percent in 2013 to 54 percent in 2016. In *health*, the IDB supported implementation of the Decentralized Management Model for Health Services, whereby a private operator provides health services that are paid for at the level of each instance of care provided; this improves efficiency and quality. By 2018 this model had been implemented in five hospitals in 94 of the country's 104 poorest municipalities, covering slightly more than 1.5 million people; the emphasis is on maternal and child health services.

Sustainable development in the Central District. The IDB has focused on addressing the basic infrastructure deficit, as well as on fostering coexistence and citizen security in the Central District's poorest neighborhoods. The Bank has financed infrastructure for the provision of basic services, benefiting more than 3,000 homes with projects for drinking water, sewage, and street lighting. The Bank has also supported citizen security with the establishment of local security monitoring centers and the development of community-based prevention programs, as well as backing for police reform—including police training.

PROJECTS IN EXECUTION

Private sector

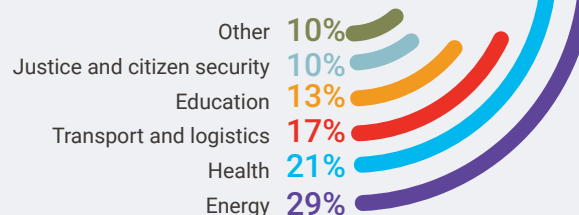
IDB Invest: 17 projects with an exposure of US\$ 143 million focused on the corporate and financial institutions sectors

IDB Lab: 25 projects totaling US\$ 53 million, focused on SME support, climate change, and renewable energy.

Public sector

15 operations totaling US\$ 905 million with an available balance of US\$ 579 million

Sectoral distribution
of public sector loan portfolio
(% available balance)



The IDB Group in NICARAGUA

US\$ 24 million in financing approved
by the IDB Group in 2018

NEW PROJECTS



Nicaragua: Credit Access to
Rural Productive Chains

Banco de la Producción

(US\$ 20 million). Banpro is a leader in financing green projects in Nicaragua. To increase the bank's capacity to provide credit to SMEs so that they can implement energy efficiency measures and use renewable energies, IDB Invest approved a loan comprising two tranches of US\$ 10 million. Businesses will now be able to access long-term financing, make savings, and gain efficiency.

Support for the Program to Develop Productive Opportunities on the Caribbean Coast

(US\$ 350,000). This technical cooperation initiative will finance technical studies on productive chains in Nicaragua's Caribbean region. That area has the country's highest rates of general and extreme poverty, and is home to most of the indigenous and Afro-descendant population. The initiative centers on studies of what is needed to strengthen productive chains, as well as identifying and drawing up a social profile of the beneficiaries.

Expanding Early Childhood Opportunities in Nicaragua

(US\$ 500,000). This technical cooperation program will provide technical and evaluation inputs to help ensure the continuation of integrated services for infants between birth and the age of six. The operation will also help advance knowledge and analysis of the results and impacts of the interventions implemented with Bank support in Nicaragua's early childhood sector.

IDB GROUP OPERATIONAL DATA IN NICARAGUA

US\$ million

	2014	2015	2016	2017	2018
PUBLIC SECTOR					
Loans	191.5	300.7	208.4	335.0	-
Disbursements	169.7	207.2	151.9	289.5	99.5
Technical cooperations	3.6	4.5	9.4	3.9	3
Investment grants	35.0		17.0	23.6	1.3
PRIVATE SECTOR					
IDB Invest - CII	32.6	14.5	-	17.4	20
TFFP Loans and guarantees	25.1	-	14.6	-	52.7
IDB Lab - MIF	3.2	1.3	5.2	0.8	-

PRIORITY AREAS OF THE IDB GROUP STRATEGY WITH NICARAGUA, 2012–2019

- Energy
- Transport
- Health
- Integrated early childhood care

RESULTS

Energy. The Bank financed construction work to expand electricity coverage nationwide, and supported structural reforms in the sector geared to enhancing its financial sustainability. During the strategy period, the proportion of households with electricity rose from 75 percent in 2010 to about 90 percent in 2018; more than 40 substations were installed or renovated; and 19 transformers were set up. As a result of the *Program to Support the Electricity Sector—Second Financing*, in 2018 the Carlos Fonseca Hydroelectric Plant began operations. With this initiative the country continues to introduce new technologies for clean energy generation, guaranteeing a quality service. With the *National Program on Sustainable Electrification* and

Renewable Energy, the Bank continued to support Nicaragua in its efforts to expand electricity coverage, benefiting more than 14,000 homes nationwide. This includes construction of more than 100 km of transmission lines in the south of the country. The program also installed more than 30,000 lamps as part of a street light savings plan in Managua and the south.

Transport. Bank interventions have helped improve connectivity throughout the country, especially in areas with high poverty levels. The Bank has financed construction of more than 1,100 of new roads. Noteworthy in 2018 was the upgrading and maintenance of 60 km of roads for the Las Piedrecitas-Nagarote-Empalme Izapa project (asphalt), which will benefit more than 150,000 people in the municipalities of Ciudad Sandino, Mateare, Nagarote, and la Paz Centro. In 2018 work was completed on upgrading 30 km of rural roads, and progress was made on paving 15 km of the Naciones Unidas-San Francisco road with hydraulic cement.

Health. The IDB helped narrow urban-rural disparities in access to health services by financing improvements in access to maternal and child health services, as well as the quality of those services, in the central and dry corridors. The Bank financed the construction of more than 50 health centers, hospitals, and

maternity waiting homes, and trained more than 1,300 healthcare workers. These investments have helped reduce neonatal mortality from 10.1 to 8.8 per 1,000 live births.

Integrated early childhood care.

The IDB provided financing for the construction of 50 communal care centers for children from birth to the age of six. Training was given to more than 7,000 professionals who work in these centers and engage with parents, so as to promote good childcare practices. This has helped reduce chronic malnutrition among children in the beneficiary communities.

Banda Ancha. The “Banda Ancha” (Broadband) program supports efforts to increase connectivity in 93 of the country’s municipalities, especially in the interior. By late 2018, some 1,900 km of fiber optic cable had been installed in Boaco, Carazo, Estelí, Managua, Leon, and Masaya.

Compañía Distribuidora de Nicaragua (CDN). The Compañía Distribuidora de Nicaragua built a 13,000 square meter distribution center with financing from IDB Invest. This investment of more than US\$ 16 million will support distribution of the company’s main products, such as purified water and non-alcoholic beverages. The center will facilitate distribution to rural areas through a network of 15 independent distributors.

PROJECTS IN EXECUTION

Private sector

IDB Invest: 24 projects with an exposure of US\$ 126 million focused on the corporate, financial institutions, and energy and infrastructure sectors

IDB Lab: 18 projects totaling US\$ 13 million, focused on SME support and infrastructure

Public sector

17 operations totaling US\$ 1,048 million with an available balance of US\$ 569 million

Sectoral distribution of public sector loan portfolio (% available balance)



The IDB Group in PANAMA

US\$ 794 million in financing approved by the IDB Group in 2018

NEW PROJECTS

Logistics and transport. In recent years the Bank has been supporting Panama's efforts to improve its logistics performance by financing transport infrastructure and backing policy reforms. *The Transport Sector Reforms and Freight Logistics Program* (US\$ 200 million) is the third operation in a series of three policy reform loans. It aims to improve the country's logistics performance through measures to strengthen the legal and regulatory framework, as well as planning for logistics services and the logistics of the agricultural sector and regional trade. To boost efficiency at border crossings and enable Panama to realize the potential of its natural comparative advantages, the *Customs Logistics Integration Program* (US\$ 75 million) aims to improve efficiency at crossings and optimize customs management. This intervention is expected to reduce average passenger traffic times at the crossings with Costa Rica. Finally, the *Program to Support the Development of Territorial Connectivity in Panama's Central and Western Region* (US\$ 87 million) seeks to provide improved infrastructure and transport services in the country's central and western areas. This operation will also facilitate access to the Ngäbe-Buglé

communities, reducing the time taken for people to access health services.

Social protection and human capital. In 2018 the Bank approved the third and final operation in the *Program on Transparency and Equity in Social Protection Spending* (US\$ 200 million). This promotes reforms to improve the transparency, equity, and efficiency of spending on social protection and human capital accumulation. The *Program to Support Productive Development through Human Capital* (US\$ 20 million) will address the skills gap in the workforce by means of business sector-guided job training initiatives to upgrade the quality and relevance of technical-professional training; and development of an information system to orient the supply of and demand for skills with a gender perspective. At least 135 businesses in the western region are expected to benefit from staff trained in the required skills

Resilient urban basin program (US\$ 100 million). The IDB approved its first loan to the Municipality of Panama. This operation will help advance processes for decentralization and mitigation of the impact of

natural disasters. The Bank will provide financing to address the risk of flooding, difficulties of water management, and the lack of public sector spaces. The aim is to help improve socio-environmental and urban conditions for those living in the San Juan Díaz River Basin, which crosses the districts of Panama and San Miguelito and has more than 1.9 million inhabitants.

Banvivienda (US\$ 25 million). IDB Invest will provide financing to support the expansion of the portfolio for the agricultural and livestock sectors, which consist mostly of SMEs and are concentrated in the areas of Chiriquí, Azuero, and Darién. This operation will be complemented by technical assistance to support Banvivienda's clients in the implementation of climate-smart agriculture, including energy efficiency and irrigation systems.

Hotel la Compañía (US\$ 16 million). IDB Invest will finance the construction and launch of a boutique, 88-room hotel in Panama City's old quarter, which is a UNESCO world heritage site. These activities include the renovation of four buildings that were part of the first Jesuit mission in the New World.



Panama: Promotion of an Ecosystem Supportive of Women's Entrepreneurship

IDB GROUP OPERATIONAL DATA IN PANAMA

US\$ million

	2014	2015	2016	2017	2018
PUBLIC SECTOR					
Loans	320.0	600.0	602.0	757.0	682
Disbursements	392.8	418.6	513.2	389.2	478.2
Technical cooperations	1.9	1.9	4.1	5.7	5.3
Investment grants		2.0	-	-	-
PRIVATE SECTOR					
IDB Invest - CII	50.0	61.0	105.0	20.0	106
TFFP Loans and guarantees	5.3	16.0	14.0	35.4	27.7
IDB Lab - MIF	2.1	0.4	0.7	0.7	0.8

PRIORITY AREAS OF THE IDB GROUP STRATEGY WITH PANAMA, 2015–2019

- Provision of basic services to those living in poverty
- Educational profile of the population
- Logistics services, efficiency and connectivity of infrastructure



RESULTS

Provision of basic services to those living in poverty. More than half a million new beneficiaries are receiving primary care services in remote rural and indigenous areas, entailing an increase in coverage. In 2018 the government launched the National Register of Beneficiaries (RENAB) of social programs; this was financed by an IDB loan. This initiative will rationalize the allocation of the various programs in a more efficient manner, and audits will be carried out based on cross-checks with other administrative databases. Although social programs' income and residence requirements have been adjusted, in 2018 a recertification of eligibility for beneficiaries of the Opportunities Network and "120 a los 65" programs allowed 42 percent of them to remain beneficiaries. The Bank also financed the expansion of sanitation coverage to more than 100,000 urban households. Construction of the Punta Paitilla connector, which was completed in

2018, has improved the area's sewage system, optimizing the existing system and eliminating waste overflows. This has enhanced public health and environmental conditions in the area.

Educational profile of the population. The Bank has supported the improvement of logistics performance through the reduction of regulatory and institutional constraints. The logistics 2030 strategy was completed, introducing a long-term vision for the sector. The Panama Online Program, moreover, has helped reduce the time taken to process government transactions. In 2018, 100 bureaucratic procedures for interacting with the government could be carried out online using the Panamá Tramita website.

Logistics services, efficiency and connectivity of infrastructure. The Bank has supported the improvement of logistics performance through the reduction of regulatory and institutional constraints. The logistics 2030 strategy

was completed, introducing a long-term vision for the sector. The Panama Online Program, moreover, has helped reduce the time taken to process government transactions. In 2018, 100 bureaucratic procedures for interacting with the government could be carried out online using the Panamá Tramita website.

Support to SMEs. IDB Lab provided financing to Banco Delta to launch a pilot scheme in Chitré, Santiago, and the 24 de Diciembre area for new financial products geared to MSMEs run by women. Additionally, the Banistmo bank set up financial and non-financial services for women entrepreneurs, such as savings accounts, protection plans and training. By the end of 2018, Banistmo had provided services for 650 SMEs headed by women, for which it received an international award from the Global Banking Alliance for Women.

PROJECTS IN EXECUTION

Private sector

IDB Invest: 9 projects with an exposure of US\$ 462 million focused on the corporate and energy and infrastructure sectors

IDB Lab: 6 projects totaling US\$ 2.8 million, focused on SME support, women's entrepreneurship, climate change resilience, and robotics and digital entrepreneurship

Public sector

18 operations totaling US\$ 1,485 million with an available balance of US\$ 1,138 million

Sectoral distribution
of public sector loan portfolio
(% available balance)



ANNEX 1 | IDB Group Operational Data for the Region

(US\$ million)

	Average 2009-2013		2014		2015		2016		2017		2018	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Sovereign Guaranteed Loans - IDB	26	1,749	17	1,811	23	2,061	18	1,685	16	1,648	21	2,476
Non Reimbursable Operations	98	81	113	95	143	69	104	65	105	88	97	50
Investment Grants	4	40	5	45	6	18	6	19	3	30	3	20
Technical Cooperation	95	41	108	50	137	51	98	46	102	59	89	30
Private Sector Approvals (Non Sovereign Guaranteed)												
IDB Invest ¹	27	351	30	194	39	358	10	163	10	168	22	417
IDB Lab ²	15	13	19	14	17	19	17	15	15	12	15	12
Trade Finance Facilitation Program (TFFP) loans and guaranties	54	173	26	153	20	178	43	304	51	321	75	427
Total Approvals, IDB Group		2,366		2,267		2,684		2,233		2,237		3,276

¹ In 2016 the private sector windows of the IDB group were merged into IDB Invest, which is currently operating as a new entity. 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 BID Lab.

ANNEX 2 | Sovereign Guaranteed Loan Approvals in 2018

Country	Project Name	Amount (US\$)
Belize	Additional Financing for George Price Highway Rehabilitation Project	7,000,000
Costa Rica	Cantonal Road Network II Program	144,036,000
El Salvador	Fiscal Strengthening for Inclusive Growth	350,000,000
El Salvador	Financing of Energy Efficiency in Small and Medium Enterprises	20,000,000
Honduras	Support for the National Electricity Transmission Program	155,000,000
Honduras	Civic Coexistence and Neighborhood Improvement Program	60,000,000
Honduras	Program to Support Social Protection Reforms	49,780,000
Honduras	Program to Improve the Management and Quality of Maternal-neonatal Health Services	69,000,000
Honduras	Honduras Transportation and Freight Logistics Sector Reform Program	90,000,000
Honduras	Comprehensive Strengthening of Tegucigalpa's Trauma and Emergency Care Network	53,820,000
Panama	Customs Logistics Integration Program	75,000,000
Panama	Support to the Development of Territorial Connectivity of Panama's Central and Western Regions.	87,000,000
Panama	Urban Watershed Resiliency Program	100,000,000
Panama	Support For Panama's Transport and Logistics Sector Reform Program III	200,000,000
Panama	Program for Transparency and Equity in Spending on Social Protection III	200,000,000
Panama	Program to Support the Productive Development Through Human Capital	20,000,000
Dominican Republic	Power Sector Sustainability and Efficiency Program II	400,000,000
Dominican Republic	Ciudad Mujer Program	20,000,000
Dominican Republic	Sustainable Agroforestry Development Program	150,000,000
Dominican Republic	Technical Vocational Education and Training Improvement	70,000,000
Dominican Republic	Program To Expand Electricity Networks And Reduce Technical Losses In Distribution Systems	155,000,000
Total		2,475,636,000

ANNEX 3 | Technical Cooperation Program Approvals

Country	Project Name	Amount (US\$)
Belize	Sustainability of the Education Quality Improvement Program: Development of a STEAM Laboratory School	100,000
Belize	Support for Preparing the 2020 Population and Housing Census	250,000
Belize	Reinforcing the Sustainability of the Sustainable Tourism Program II Investments	200,000
Belize	Leveraging Digital Technology for Improving the Business Climate in Belize	220,000
Belize	Action Plan for C & D	317,575
Belize	Improving Sustainable Production in the Belize Shrimp Cluster	400,000
Costa Rica	Support to Improve Secondary Education Quality in Costa Rica	210,000
Costa Rica	Public-Private Instruments for the Urban Regeneration of San Jose	500,000
Costa Rica	Support to the Instituto Costarricense de Acueductos y Alcantarillados (AyA) in the Implementation of the Potable Water and Sanitation Program (CR-L1024; CR-X1009) and of other Priority Initiatives	300,000
Costa Rica	Support for Digital Transformation Policies for Productivity and Equity	275,000
Costa Rica	Action Plan for C & D	325,258
Costa Rica	Knowledge Exchange about Small Business Development Center	20,000
El Salvador	Towards Energy Savings Insurance (ESI) for Private Energy Efficiency Investments by Small and Medium-Sized Enterprises (SMEs)	1,700,000
El Salvador	Support for the Sectoral Dialogue to Promote Education Quality	200,000
El Salvador	Design of the Master Plan for the Western Region and Operation of the Marine-Coastal Cities Network of El Salvador	200,000
El Salvador	Strengthening of the Municipal Income Sources in El Salvador	150,000
El Salvador	Action plan to Implement the Governance and Public Policy Index for Disaster Risk Management	700,000
El Salvador	Program for the Use of Innovative Technology Tools to Improve Health	200,000
El Salvador	Support to the Innovation and Entrepreneurship Ecosystem	170,673
El Salvador	Prevention of Femicide in El Salvador	200,000
El Salvador	Strengthening the Electricity Sector of El Salvador	150,000
El Salvador	Infrastructure Masterplan for El Salvador	500,000
El Salvador	Action Plan for C & D	501,434
El Salvador	Exchange of Experience on Internal and External Evaluations of the National Education System of Ecuador	9,340
El Salvador	Knowledge Exchange on Migrant Support Initiatives Between Northern Triangle Countries and Mexico	17,124
El Salvador	Exchange of Best practices in Competition Policy in Central America and the Dominica Republic	14,000
Guatemala	Support to the preparation of the Sustainable Forest Management Project	475,000
Guatemala	Action Plan for C & D	501,434
Guatemala	Support for the Preparation of Pre-investment Studies Related with GU-L1163 Loan	250,000
Guatemala	Knowledge Exchange on Migrant Support Initiatives between Northern Triangle countries and Mexico	17,799
Guatemala	Emergency Technical Cooperation - Support for the Volcán de Fuego Eruption Emergency	200,000
Guatemala	Knowledge Exchange on Reform of Road institutions	12,000
Honduras	Support for the Sustainable Development of Renewable Energy in Honduras	827,000

ANNEX 3 Technical Cooperation Program Approvals

Country	Project Name	Amount (US\$)
Honduras	Economic Revitalization and Sustainable Development of Vulnerable Neighborhoods in Tegucigalpa	300,000
Honduras	Sustainable Forest Management and Agroforestry in Critical Watershed for Water Provision in Honduras	1,800,000
Honduras	Preparation of a Nationally Appropriate Mitigation Action (NAMA) for the use of Eco-Stoves	131,000
Honduras	Mechanisms to Support School to Work Transition: Technical and Operational Support for the Execution of HO-L 1188	200,000
Honduras	Strengthening the Sustainability of Social Protection Strategies in Honduras	150,000
Honduras	Strengthening Fiscal Transparency in Honduras	282,669
Honduras	Review of the Restructuring Law of the Honduran Bank for Production and Housing (BANHPROVI)	250,000
Honduras	Basic Infrastructure (Potable Water, Sanitation, Energy) in the Bay Islands, in support of sustainable Tourism	600,000
Honduras	Support for the Implementation of the Integrated Human Resources Management and Control System of the SESAL	250,000
Honduras	Action Plan for C & D	604,228
Honduras	Support for Institutional and Operational Strengthening of Tax Administration II	100,000
Honduras	Knowledge Exchange on Migrant Support Initiatives between Northern Triangle countries and Mexico	18,574
Honduras	Pre-investment Studies for the Construction of Hospital of Trauma in Tegucigalpa-Honduras	200,000
Honduras	Agricultural Sector: Public Expenditure, Public Policies and Strategic Vision	500,000
Honduras	Knowledge Exchange on AGROTECH Models in Chile and Peru	20,000
Honduras	Knowledge Exchange on Models of Innovation and Knowledge in the Use of Financial Technologies (Fintech)	19,998
Honduras	Knowledge Exchange on Models of Social Innovation in Colombia	20,000
Honduras	Knowledge Exchange on Public Procurement with the Public Procurement Offices of the Dominican Republic and Colombia	19,998
Honduras	Strengthening the Inflation Targeting Regime and Support for the Adoption of International Financing Reporting Standards in Honduras	218,513
Honduras	Support to the Analysis of the Strategy of Management and Negotiation of Public Debt and Development of the Capital Markets	481,500
Honduras	Strengthening Public Investment Management for Economic Development and Social Inclusion	400,000
Nicaragua	Expanding Opportunities for Early Childhood Development in Nicaragua	500,000
Nicaragua	Support for Access to Credit for Rural Productive Chains	250,000
Nicaragua	Youth Social Inclusion Through Baseball	300,000
Nicaragua	Expansion of the Border Integration Program	400,000
Nicaragua	Support to the Development Program of Productive Opportunities in the Caribbean Coast	350,000
Nicaragua	Fiscal Strengthening Support in Nicaragua	250,000
Nicaragua	Action Plan for C & D	665,768
Nicaragua	Living Conditions Analysis with Machine Learning	232,682
Panama	Increasing Productivity through Strengthening Skills	500,000
Panama	Support to the Program for the Development of Territorial Connectivity of Panama's Central and Western Region	500,000
Panama	Sustainable Guna Relocation Due to Climate Change	850,000
Panama	Restructuring and Modernization of Public Mail Service (COTEL)	85,000
Panama	Support to the Creative and Cultural Ecosystem of Panama	400,000
Panama	Strengthening of Financial Institutions and Infrastructure in Panama	250,000

ANNEX 3 | Technical Cooperation Program Approvals

Country	Project Name	Amount (US\$)
Panama	Support to the Universal Energy Access Program	300,000
Panama	Support to the Consolidation of Social Protection Reforms and the Single Registry of Beneficiaries	250,000
Panama	Strengthening the Quality of Panama's Primary Health Care Services	150,000
Panama	Support to the Reform of the Water and Sanitation Sector	500,000
Panama	Support to Program to Improve Efficiency and Quality in the Education Sector	250,000
Panama	Action Plan for C & D	325,932
Panama	National Public Policy Strategy for the Afropanamanian Population	400,000
Panama	Knowledge Exchange with Guatemala in Early Childhood Development Home Visiting Programs	7,165
Panama	Juan Diaz Resilient Urban Watershed	500,000
Panama	Knowledge Exchange for Indigenous Peoples Economic Development	19,995
Dominican Republic	Support to the Formalization and Productivity Improvement Program in the Dominican Republic II	500,000
Dominican Republic	Modernization of the Apprenticeship Model Linked to the Productive Sector	300,000
Dominican Republic	Institutional Reform and Update of the Solid Waste Management Master Plan of the Greater Santo Domingo	700,000
Dominican Republic	Development of Capabilities to Finance Energy Efficiency and Renewable Energy Markets	200,000
Dominican Republic	Network Expansion Program and the Reduction of Electric Losses in Distribution	325,000
Dominican Republic	Strategic Support for Santo Domingo's Urban Mobility Transformation Plan	500,000
Dominican Republic	Resilient Transport Infrastructure: Support for the Development of Transport Infrastructure Adaptable to Climate Change	650,000
Dominican Republic	Feasibility Studies for Integrated Coastal Zone Management	500,000
Dominican Republic	Support the Implementation of the Ciudad Mujer Project in Dominican Republic	450,000
Dominican Republic	Action Plan for C & D	417,862
Dominican Republic	Exchange of Experiences of Tegoal Programs to Improve the Quality of Life of Young People	10,200
Total		29,469,721

ANNEX 4 | Investment Grant Approvals

Country	Project Name	Amount (US\$)
Belize	Mesoamerican Health Initiative Belize-Third Individual Operation	252,000
Costa Rica	Support for the Internationalization of Agricultural SMEs	1,500,000
El Salvador	Mesoamerican Health Initiative -Third individual operation	1,530,000
El Salvador	El Salvador - Regional Malaria Elimination Initiative (RMEI) in Mesoamerica and Dominican Republic	260,000
Honduras	Support for the Integration of Honduras in the Regional Electricity Market and for Grid Access for Renewable Energy	7,000,000
Honduras	Remote Area Rural Electrification Program	6,420,000
Honduras	Mesoamerican Health Initiative in Honduras- Third Individual Operation	1,850,000
Nicaragua	Mesoamerican Health Initiative Nicaragua - Third Individual Operation	1,295,000
Total		20,107,000

ANNEX 5 | IDB Invest Approvals

Country	Project Name	Amount (US\$)
Belize	Belize Sugar Industries	10,000,000
Costa Rica	Texas Tech University Costa Rica Campus Building	12,067,153
Costa Rica	Partnership with Desyfin for Leasing and Factoring Financing with SMEs in Costa Rica	5,000,000
Costa Rica	Fairfield Alajuela	5,000,000
Costa Rica	Movistar Costa Rica Handset Financing	14,000,000
El Salvador	Capella Solar PV Project	30,000,000
El Salvador	DPR Fedecredito	15,000,000
Guatemala	Banco Industrial DPR - Supporting Home Lincancing and Micro-enterprises	120,000,000
Guatemala	Banco G&T Continental SME Financing Partnership	75,000,000
Guatemala	Movistar Guatemala Handset Financing	5,000,000
Nicaragua	Banco de la Produccion SA: Access to Energy Efficiency and Renewable Energy for SMEs in Nicaragua	20,000,000
Panama	Global Bank SME and Women Financing Partnership	60,000,000
Panama	Hotel La Compania	16,100,000
Panama	Banvivienda: Agricultural Financing Partnership	25,000,000
Panama	Movistar Panama Handset Financing	5,000,000
Total		417,167,153

ANNEX 6 | IDB Lab Approvals

Country	Project Name	Amount (US\$)
Belize	EcoMicro - BCUL Green Finance for MSMEs in the Agricultural and Fisheries Sectors	600,000
Costa Rica	Productive Transformation of the Blackberry Crop in Costa Rica	1,250,000
Costa Rica	The Crystal Ball for New Jobs in Costa Rica	1,000,000
Costa Rica	Scaling the Transport Ecosystem Based on Renewable Energies and Hydrogen	820,000
Costa Rica	Technology to Improve Health Care in Central America	1,250,000
Dominican Republic	Financing for the Sustainable Expansion of Dairy Production in the Dominican Republic	1,250,000
Dominican Republic	Advanced Agricultural Techniques for Food Security and Sustainable Development in Buffer Zones.	527,000
El Salvador	Capital Mobilization to Promote Resilience in Water Services	1,000,000
Honduras	Digital Creative District	1,500,000
Honduras	Expanding Finance for Adaptation to Climate Change in Honduras	350,000
Honduras	Chocolate-4-All: Digitizing the Cocoa Value Chain in Honduras	1,700,000
Panama	Development of an Ecosystem for Digital Entrepreneurs	800,000
Total		12,047,000

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