

A photograph of an elderly woman with a joyful expression, wearing a wide-brimmed straw hat and a brown, textured jacket. She is standing in a lush green field, possibly a cornfield, with tall stalks in the foreground. The background is filled with dense green foliage. The overall mood is positive and rural.

2016

Partnership

Report





About this Report

At the IDB, we know that our partners — public sector institutions, private enterprises, philanthropic organizations, universities, and others — are vitally important to achieving the Bank’s goals in advancing sustainable development and reducing poverty throughout Latin America and the Caribbean. Not only do they invigorate our work through a variety of co-financing arrangements, specialized funds, and grants that the Bank administers, but they bring knowledge, innovation, and new thinking to longstanding development challenges. **This report provides a window into the impact of these collaborations in promoting economic and social progress throughout the region.**

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A Message from the IDB President

Dear partners and friends,

Throughout 2016, we turned to instruments for leveraging IDB capital and donor financing to achieve region-wide results in areas including agriculture, infrastructure, and water sanitation. We continued to custom-design financing mechanisms for key partners and to break new ground in exploring and applying innovative finance models in the region.

Across the IDB Group, with the support of partners we further prioritized the generation and dissemination of knowledge, increasingly cognizant that our impact story is not limited to project results but rather the extent to which we share our methodologies, best practices, and expertise with the development community at large. For instance, we developed an executive education program with Google and McGill University to empower decision-makers with the partnership skills needed to deliver results for their communities.

In light of these efforts, we are proud that the IDB's commitment to partnerships was recognized by the Multilateral Organization Performance Assessment Network (MOPAN). In a recent report, this grouping of donor countries highlighted our resource mobilization and convening power as two of our greatest assets.

This report summarizes the work done, lessons learned, and results achieved with more than 100 partners during 2016. We expect to continue building on that foundation in 2017 with our revamped Inter-American Investment Corporation looking for new ways to partner with private sector clients, and our Multilateral Investment Fund strengthening its role as an IDB Group innovation laboratory which creates opportunities for the poor and vulnerable in the region.

Best regards,

Luis Alberto Moreno
President
Inter-American Development Bank

The IDB Group

About the Inter-American Development Bank

The Inter-American Development Bank (IDB) is a leading source of long-term financing for economic, social, and institutional projects in Latin America and the Caribbean. Besides loans, grants, and guarantees, the IDB conducts cutting-edge research to offer innovative and sustainable solutions to our region's most pressing challenges. Founded in 1959 to help accelerate progress in its developing member countries, the IDB continues to work every day to improve lives.

About the Inter-American Investment Corporation

The Inter-American Investment Corporation (IIC), a member of the Inter-American Development Bank Group (IDB Group), is a multilateral development bank committed to supporting the private sector in Latin America and the Caribbean. The IIC finances sustainable enterprises and projects to achieve financial results that maximize social and environmental development for the region. With a current portfolio of US\$11 billion under management and 350 clients in 21 countries, the IIC works across sectors to provide innovative financial solutions and advisory services that meet the evolving demands of its clients.

About the Multilateral Investment Fund

The Multilateral Investment Fund (MIF) serves as an IDB Group innovation laboratory to promote development through the private sector by identifying, supporting, testing, and piloting new solutions to development challenges and seeking to create opportunities for poor and vulnerable populations in the LAC region. To fulfill its role, the MIF engages and inspires the private sector and works with the public sector when needed.

In 2016, the IDB mobilized US\$2.36 billion in resources and formalized valuable collaborations through 40 institutional agreements. The Bank also engaged 126 partners during the year, and has collaborated with nearly 430 institutions since 2008.



In 2016, partnerships remained at the center of the IDB Group's development agenda as a critical vehicle

for advancing progress in Latin America and the Caribbean. Across sectors and particularly in our transversal priority areas of gender and diversity, sustainability, and institutions, we worked throughout the year to ensure partnerships served not simply as an effective tool for development, but also as a catalyst for innovation and novel approaches to traditional development challenges.

In this effort, our teams kept a close eye trained on trends that informed our efforts to structure partnerships that generate value for all stakeholders, promote creativity and new ways of thinking, and place a strong emphasis on such principles as leverage, scale, and results.

In this analysis, we saw a growing interest among our partners in looking beyond financial transactions to partnerships that trade in best practices, lessons learned, and a shared understanding of complex development issues. Our network of knowledge partners once again featured new or strengthened collaboration with academia, but also expanded to include companies, governments, and other actors who increasingly value the dividends of knowledge-based collaboration.

We also witnessed the continuing importance of climate finance as an instrument for investing in the region. In addition to making climate commitments of our own, we worked to engage with climate finance pioneers from around the world as a means for bolstering the region's sustainability and conserving its natural capital for generations to come.

At the global level, a growing recognition of the great challenge that lies ahead in the quest to fill the development financing gap has driven a preference for blended finance models that leverage the resources of diverse partners to make viable risky projects that can unlock true development impact.

And finally, riding the tide of global digitalism and in response to the persisting digital gap between developing regions and their developed counterparts, we have recognized a growing desire among our partners to develop digital development solutions. In the coming year, a new Bank initiative will work to mainstream this digital focus across the IDB, while ramping up engagement with leaders in the digital space to deliver efficiency and results to our communities.

In the months ahead, we hope to work with you in this effort to keep our partnerships at the cutting-edge of development innovation so that we can better serve the region together. To those of whom we worked with in 2016 and in years past, we thank you for your partnership.

For those of whom we are yet to collaborate with, remember that we are always open for business, and open for partnering to improve lives in Latin America and the Caribbean.

Bernardo Guillamon
Manager of the Office of Outreach and Partnerships (ORP)



Partnering Across the IDB Group

The Inter-American Development Bank's tradition of working in partnerships spans the entirety of the IDB Group, enriching the work of the Bank itself and also of its Inter-American Investment Corporation and Multilateral Investment Fund.

The Inter-American Investment Corporation

Market innovation and intelligent capital are powering smarter, more sustainable businesses in LAC.

In 2016, the Inter-American Investment Corporation (IIC) reorganized to better serve its clients and achieve greater development impact in Latin America and the Caribbean (LAC). As a member of the IDB Group, the IIC has at its disposal the technical knowledge and expert advice of IDB sector experts, as well as the partnership networks and on-the-ground relationships that the Bank has built over many years.

The IIC brings this added value to its clients, along with financial instruments and advisory services that offer replicable and scalable solutions to transform businesses, markets, and the region at-large.

The IIC offers financing solutions and advisory services that strengthen social and environmental sustainability, taking a blended approach that ensures its investments maximize their development impact.

In 2016, the IIC also speeded financing to a 70 megawatt wind farm in Uruguay and a utility-scale solar project in El Salvador.

With more than US\$11 billion in assets under management and another US\$2.7 billion in capital to offer over the next decade, the IIC has the expertise and the market power to guide its clients to address the region's key development issues, such as climate change, women empowerment and entrepreneurship, natural resource protection, and corporate sustainability.

Looking ahead to 2017, the IIC sees growth potential in infrastructure, telecommunications, manufacturing, finance for small and medium enterprises (SMEs), agribusiness, and sustainable tourism across the LAC region.

Diversifying El Salvador's Energy Matrix

To boost the participation of solar power in El Salvador's energy matrix and facilitate investments in social projects in the surrounding community, the IIC in 2016 closed an innovative deal with France's **Proparco**, which committed US\$30 million in co-financing to the Providencia Solar project. With an additional US\$30 million committed by the Canadian Climate Fund for the Private Sector in the Americas (C2F), an IDB-managed fund established with the **Government of Canada**, Providencia will add 80 megawatts of renewable capacity to El Salvador's grid, offsetting carbon-intensive fuels and generating 300 new jobs in the process. (To read more about the C2F, refer to page 9.)

Investing in Agriculture through a Climate-Smart Lens

While forestry and agriculture are among the region's most effective vehicles for economic growth and poverty reduction, they also make up 43 percent of its total greenhouse gas emissions. To bring climate-smart thinking to these industries, in 2016 the IIC welcomed the **Nordic Development Fund** and the **U.S. Agency for International Development** to initiatives like its Climate-Smart Agriculture Fund for Latin America and the Caribbean (CASF), established with the **Global Environment Facility** in 2015 to apply a resiliency lens to agricultural efforts in the region. (See more on page 40.)

Collaborating to Expand Port Capacity in the Caribbean

Following the inauguration of the expanded Panama Canal in June 2016, nearby ports sought expanded capacity to handle larger ships and remain competitive. In Jamaica, the IIC and its partners supported one such effort. Combining IIC funds with resources from **the German Investment and Development Company (DEG)**, **FMO** and **Proparco**, each of which contributed US\$30 million, the project seeks to enhance the Kingston Freeport terminal's competitiveness and capacity to handle the growing volume of trade from Asia, Europe, and North America. In addition to long-term financing, the IIC provided assessments to optimize the dredging and protect local biodiversity and cultural heritage.

The Kingston Container Terminal project was awarded the North America Port Deal of the Year Award by *Project Finance & Infrastructure Journal*.



Teaming Up to Test Solutions in a Laboratory for Innovation: Partnering through the MIF

As the largest provider of technical assistance for private sector development in the region, the IDB Group's Multilateral Investment Fund (MIF) experiments with pioneering development solutions, evaluates their impact, and disseminates lessons learned so that others may benefit. Targeting micro and small businesses, small farms, and poor and vulnerable households, the MIF laid out a new strategy in 2016 to reaffirm its historic priorities, identify new ones, and enhance its capacity to generate a transformative impact inside the IDB Group and across the private sector.

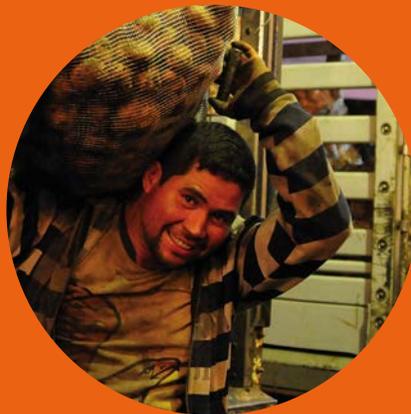
Bringing Youth and Business Together to Create Jobs and Enhance Growth

While employers in LAC often struggle to find qualified workers, nearly one-fifth of the region's 15- to-34-year-olds are not working and not in school, a discouraging mismatch that typically is tied not only to technical competencies but to life skills as well.

Addressing this gap is why the IDB and MIF created the New Employment Opportunities for Youth (NEO) partnership. With the goal of reaching 1 million vulnerable youth in LAC, at least half of them female, NEO brings together businesses, governments, providers of youth job services, and youth themselves to design employability strategies, including market-relevant training and job placement services. The initiative is supported by the **International Youth Foundation** and partners **Arcos Dorados**, **Brazilian Industrial Social Service (SESI)**, **Caterpillar Foundation**, **CEMEX**, **Fondation**

Forge, **Microsoft**, and **Walmart**. Today, after four years in operation, NEO has reached 12 countries and established 10 multi-sector alliances with more than 140 partners. These efforts have leveraged a total of US\$137 million in total investments from the MIF and its partners, prepared nearly 150,000 youth for employment, and mobilized more than 1,300 businesses to offer internships and jobs.

In 2016, NEO gained valuable support from new partners including the **Association of Regional Companies**, the **Employment Mediation Office of Valparaiso**, the Chile-based **Fundación UPLA**, the Brazil-based **Instituto Alianza**, the Chilean **Ministry of Education**, the Brazilian **Ministry of Labor and Social Development**, the Brazilian **National Confederation of Industry**, the Chilean **National Institute for Youth**, and the Chilean **National Service for Training and Employment**.



Deploying Innovative Finance to Colombia: A New Partnership to Launch the Country's First Social Impact Bonds

The Social Impact Bond (SIB) is an innovative type of public-private partnership through which impact investors provide up-front funding for organizations to deliver a service that benefits a vulnerable population. As a pay-for-success model, repayment to the investors depends on the project's outcome. This year, the MIF, the **Government of Colombia**, and **Switzerland's State Secretariat for Economic Affairs (SECO)** joined forces to use the SIB approach to improve urban employment among vulnerable groups. The project will facilitate the launch of at least three social impact bonds that will tie payments to improvements in employment outcomes. The project will also include key technical assistance resources for market creation and capacity building, and will rely on partners, including several Colombian government agencies, to achieve scale.

Financing Innovation through Seed and Venture Capital Funds

Since 1996, the MIF has supported more than 70 seed and venture capital funds, providing strategic guidance and financing to help enterprises achieve scale. To further this goal, in 2016 US\$14 million was committed to three funds that will leverage more than US\$200 million in additional investments.

The impact these funds will have in the region is critical. The Caribbean Basin Sustainable Energy Fund, which combines commitments from **Calvert Foundation**, the **Climate Investment Funds**, the **Global Environment Facility (GEF)**, and the MIF is the first clean energy fund to promote energy security and environmental sustainability in the Caribbean Basin through private equity and mezzanine financing.

At the same time, EcoEnterprises Fund III is an impact investment fund that will channel investments from the **European Investment Bank**, the **GEF**, and the MIF to businesses in biodiversity and sustainability value chains that create opportunities for rural and indigenous populations.

And finally, Angel Ventures Pacific Alliance Fund will channel commitments from **Bancoldex**, **INADEM**, and the MIF to invest in innovative start-up and scale-up companies to create synergies in the Pacific Alliance countries.



The United Kingdom

U.K. Agency Invests Big in Partnership to Advance Low Carbon Agriculture in Brazil

Brazil, home to much of the world's primary forests and a fifth of its fresh water and biodiversity, has emerged as a leader in international efforts to stabilize the climate and reduce deforestation. Supporting this initiative, the IDB and the **United Kingdom's Department for Environment, Food and Rural Affairs (Defra)**

have teamed up on a four-year project that will channel GBP25 million from the U.K. to low carbon agriculture initiatives. Specifically, the partnership seeks to provide small and medium-sized farmers in Brazil with grants to encourage the adoption of sustainable farming methods in areas critical to preserving Brazil's biomass. The Defra grants to Brazil's **Agriculture, Livestock and Food Supply Ministry**, which was provided through the **U.K.'s International Climate Fund**, will complement existing resources aimed at helping farmers reduce carbon emissions, promote the adoption of sustainable agriculture technologies, and advance reforestation. Critically,

this effort stands apart for its innovative results-based financing scheme, which makes disbursements contingent on results achieved and encourages a focus on concrete progress.

The Defra-funded project, managed by the IDB, supports financing and training for farmers in seven Brazilian states — three in the Amazon region (Mato Grosso, Pará, and Rondônia) plus four in the Atlantic Forest region (Bahia, Minas Gerais, Paraná, and Rio Grande do Sul).

The IDB's longstanding partnership with the U.K., which has mobilized US\$145 million since 2008, has focused on advancing trade, business development, citizen security, opportunities for women, and pathways for Latin America and the Caribbean (LAC) to reduce its carbon footprint and adapt to climate change.

Partnering with the IDB for Business Growth in the Caribbean

To expand their historic partnership, the **United Kingdom's Department for International Development (DFID)** and the IDB ushered in the second phase of *Compete Caribbean* last year. A business promotion initiative that aims to double non-traditional exports from 15 Caribbean countries and create 8,000 new jobs, the new agreement will channel a new GBP10 million commitment from DFID to build upon the results of *Compete Caribbean's* first chapter. Originally funded with US\$40 million from the IDB, the **Government of Canada**, and the U.K., *Compete Caribbean* supports policy improvements, business climate reforms, and small and medium-size enterprise (SME) development activities. This new commitment comes on the heels of a regional dialogue held by *Compete Caribbean* in Barbados last November to reflect upon lessons learned and discuss future opportunities. Projects in the Organization of Eastern Caribbean States countries are implemented in partnership with the **Caribbean Development Bank**.



Canada

A New Focus with a Longtime IDB Partner

Over the years, Canadian support has helped the IDB to finance innovative solutions in transparency, regional integration, trade, citizen security, and other topics of critical development importance. In one example, Canada contributed CAD7.2 million in 2016 to EcoMicro, a program co-financed by the **Nordic Development Fund** and the IDB Group's Multilateral Investment Fund (MIF) that helps households and micro, small, and medium enterprises access clean energy, increase energy efficiency, and adapt to climate change. In another, **Global Affairs Canada** committed CAD13 million to the multi-donor AgroLAC 2025 platform. (See page 40 for more on the platform.)

Canada's relationship with the IDB goes back more than 50 years. Today it is a leader in helping the IDB stimulate gender-focused, climate-friendly development across LAC.

“The IDB is a leader in Latin America and the Caribbean. Canada's partnership with the IDB helps us to effectively respond to the development challenges and opportunities in the region, from focusing on the poorest and most vulnerable, promoting women's empowerment and gender equality, and supporting countries in their efforts to address the effects of climate change.”

~ Sarah Fountain Smith, Assistant Deputy Minister, Global Issues and Development, Global Affairs Canada

A highlight of the Canada-IDBG partnership is the US\$250 million Canadian Climate Fund for the Private Sector in the Americas, or C2F. The IDB Group's first bi-lateral co-financing facility, C2F's financing catalyzes private investment in groundbreaking adaptation and mitigation projects. Resulting in job creation, economic diversification, and improved energy security, C2F anticipates to abate 25 million tons of greenhouse gas emissions over its lifetime.

A longstanding priority of the Canada-IDB partnership, C2F catalyzes gender opportunities in climate change. It has piloted performance-based incentives to encourage female inclusion in non-traditional sectors and promoted the use of EDGE, a global gender equality certification standard which has been obtained by select Bank partners and the IDB itself.

A Fair and Sustainable Approach to LAC's Extractive Sector

The extractive sector in Latin America and the Caribbean can yield important economic benefits, but countries need to continue improving the ways in which they strategically leverage investments in the oil, gas, and mineral sectors to advance inclusive and sustainable development.

With this in mind, in 2016 the **Government of Canada** and the IDB launched the Canadian Facility for the Extractive Sector (CANEF), which will use a CAD20 million grant to promote social and environmental sustainability in the extractive sector. Seven regional projects are already underway on key themes encompassing resource governance, information management, and stakeholder engagement issues.

Along with the launch of the CANEF, the IDB welcomed collaboration with the **U.S. Geological Survey (USGS)**, which in 2017 will deliver an unprecedented regional map and dataset featuring geo-referenced extractive facilities, energy and logistical infrastructure, exploration sites, and strategic resource reserves.



Israel

The IDB's partnership with Israel is leveraging the country's success in using technology to foster growth, innovation, and entrepreneurship – and more recently in combatting threats to cyber security.

Technology, Innovation, and Cyber Security Drives a Deepening Relationship

Home to thousands of startups and recognized globally as a “Startup Nation,” it is no surprise that the **Government of Israel** has partnered with the IDB in ways that stimulate innovation. In 2016, this collaboration moved to the next level when the two partners formally declared their intention to work together in the cyber security space. The new effort will tap into Israel's global position as a leader in cyber security and a US\$2 million commitment from the country to fund capacity building in LAC. Dr. Eviatar Matania, Head of the **Israel National Cyber Directorate**, visited IDB headquarters to sign the agreement.

With 300 home-grown firms specializing in cyber security, Israel brings to the partnership a focus on sharing its expertise through international workshops, customized courses, and pilot projects. Content covered in these activities will include national strategy development, protection of critical infrastructure, and the building up of national technological capacities.

The 2016 agreement with Israel came on the heels of a report by the IDB and the **Organization of American States** on this topic. Analyzing the preparedness of 32 countries, the study revealed that LAC is highly vulnerable to cyber-attacks, with four out of every five countries in the region lacking a cyber security strategy or plans for protecting critical infrastructure.

“Moving forward, Israel will continue partnering with the IDB to support Latin American and Caribbean countries in their quest to foster innovation, entrepreneurship, and robust growth. Already home to an inventive and inspired population, with the right partnerships in place LAC countries can soon become startup nations, too.”

~ Ohad Cohen, Trade Commissioner, Head of Foreign Trade Administration, Israeli Ministry of Economy and Industry



Japan

Celebrating 40 Years of Collaboration, Japan and the IDB Expand Ties

In 2016, the Bank and the **Government of Japan** celebrated the 40th anniversary of Japan's IDB membership by unveiling a new package of cooperation instruments. Among these is a strengthened arrangement between the IDB and the **Japan Bank for International Cooperation (JBIC)**, under which JBIC will tap its GREEN loan program for a co-financing transaction with the IDB for the first time. In addition, JBIC, the IDB, and the Inter-American Investment Corporation (IIC) of the IDB Group have committed to expanding their co-financing partnership in the area of equity investments aimed at environmental conservation, expanding business ties, and diversifying the financing schemes available for the three entities.

“**The IDB is an important partner in JICA's mission to advance quality growth and quality infrastructure in Latin America and the Caribbean. The combined strength and resources of this partnership, especially when channeled through the CORE scheme, can greatly enhance the effectiveness and efficiency of joint assistance to the region.**”

- Director-General Hajime Takeuchi, Department for Latin America and the Caribbean, JICA

The Next Chapter in the Japan-IDB Energy Partnership

Early in 2016 the **Japan International Cooperation Agency (JICA)** and the IDB agreed to target up to triple its investment in the Co-financing for Renewable Energy and Energy Efficiency (CORE) program, increasing its lending to US\$3 billion in an effort to promote quality infrastructure across the region. This pledge marks the second expansion of the CORE program, which was created five years ago to support energy investments and mitigate climate change in the Central American and Caribbean region. The expansion broadens CORE's geographic reach to include all IDB borrowing member countries, and amplifies its sectorial reach to include the transportation and water and sanitation sectors as a means of promoting energy efficiency.

With this new investment, JICA becomes the IDB's largest co-financing partner.

Strengthening Business Relationships Across the Pacific

To develop opportunities for Japanese and LAC businesses to prosper together, the IDB and diverse Japanese entities continued to conduct successful business promotion events in 2016. In June, the IDB supported the Latin America Japan Investors Forum, which was organized by **LatinFinance** and brought together business and government leaders and investors to identify investment opportunities, advance deal making, and strengthen business ties. In November, the Japan-LAC Business Forum drew a record audience of 500. The event was organized by the IDB and supported by the **Japanese Ministry of Finance** and **JBIC** in cooperation with the **Japan Association of Latin America and the Caribbean**, the **Japan Business Federation**, the **Japan Center for International Finance**, the **Japan Chamber of Commerce and Industry**, the **Japan External Trade Organization**, **JICA**, the **Japanese Ministries of Foreign Affairs and Economy, Trade, and Industry**, and the **Tokyo Chamber of Commerce and Industry**.



PepsiCo

Doubling Down on Five Years of Collaboration, PepsiCo, PepsiCo Foundation, and the IDB Renew their Enduring Partnership

“We believe that finding innovative approaches that are comprehensive and promote equitable growth require the combined efforts of the public and private sectors. We consider the IDB a premier partner for PepsiCo Latin America. We are proud of our long-standing partnership which goes beyond funding, to harness our organizations’ respective technical strengths and know-how.”

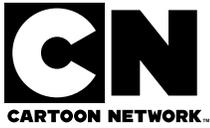
~ Laxman Narasimhan, CEO, PepsiCo Latin America

Driven by the belief that public-private partnerships are a powerful vehicle for development, **PepsiCo**, the **PepsiCo Foundation**, and the IDB have partnered to build brighter futures for underserved communities in LAC. This collaboration has served these communities through projects focused on access to safe water and sanitation, inclusive recycling, malnutrition, disaster relief, and youth development, leveraging a blend of resources, expertise, and relationships that contribute to positive outcomes. Working through a range of financing and knowledge instruments, in 2012 PepsiCo Foundation became the first-ever private sector partner to join an IDB-managed trust fund, and has maintained this tradition of identifying innovative ways to partner ever since. During this time, PepsiCo and the IDB have actively explored novel approaches to unlocking social impact, working together to test innovative solutions that generate evidence, and develop the capacity of regional actors to confront pressing developmental challenges.

In just over five years, this collaboration has benefitted more than one million people in 12 countries across LAC.

In 2016, the partners announced the renewal of their collaboration for another five years to deliver programs that combat poverty and increase economic self-sufficiency. The renewed partnership will kick off with the “From Source to Home” program, where a US\$5 million grant from the PepsiCo Foundation will work to improve the lives of approximately 850,000 people by 2025 through efforts to make the human right to water and sanitation a reality in rural and disperse communities. In addition, with the goal of helping the region’s policymakers make more informed decisions about the availability and sustainable management of water resources, the partnership is working through the Hydro-BID platform to create a regional center for applied water resources management that will work to reduce the number of people suffering from water scarcity and extreme events, and to advance climate change adaptation efforts.

The IDB’s Hydro-BID, developed in partnership with PepsiCo Foundation, is a ground-breaking data management and modeling tool that estimates the availability of freshwater in water-scarce regions throughout LAC. Hydro-BID has the potential to forecast water availability and supply in the LAC region under virtually any climate, population, and land-use scenario. To date, the tool has projected water supplies in Argentina, Brazil, Haiti, and Peru, and has impacted more than three million people across the LAC region.



Cartoon Network

Girl Power Fuels Unique Partnership

With the help of a cable/satellite television channel, a viral campaign inspires girls to believe in themselves and change the world.

The globally popular Powerpuff Girls, a cartoon trio of crime fighters whose aim is to galvanize girls everywhere, have been enlisted to bring their superpowers to the effort to promote girl empowerment among their fans across the LAC region. It's all part of a campaign launched this year by the IDB, **Plan International**, and the cable/satellite channel **Cartoon Network**, which airs the series worldwide.

With the objective of helping kids identify their PowFactor, made up of the qualities that set them apart, the campaign celebrates the individuality of girls. In 2016, the initiative celebrated International Day of the Girl on October 11 with the airing of special messages on Cartoon Network television screens and across its social media platforms. All three partners will continue to promote the PowFactor message to LAC audiences through a variety of social and traditional media channels.

To date, the campaign has reached tens of millions of people across the region, disseminating a strong message about girl power to viewers everywhere.



The Powerpuff Girls, featuring Blossom, Bubbles, and Buttercup, are three cartoon superheroes who fight crime in addition to living a normal childhood.

“Research shows that today’s girls are active, curious, critical, fun and, increasingly, socially engaged. We also know that many girls are considered “less-than,” stereotyped as somehow weaker or not as competent as boys. Our television and social media programming, as well, is designed to encourage girls to participate, speak up, and find their hidden powers. Their empowerment, we hope, has a long-lasting impact on society.”

~ Barry Koch,
Senior Vice President,
Cartoon Network Latin America

PRIORITY

GENDER AND DIVERSITY

As a core element of its institutional strategy, the IDB and its partners focus on addressing gender-based exclusions in education and labor markets, along with domestic violence and teen pregnancy.

Gender and diversity are top priorities on the IDB's development agenda, and together they represent one of three cross-cutting elements that the Bank strives to mainstream in its operations. This is for good reason. While Latin America and the Caribbean (LAC) has become the first developing region to close the gender gap in educational attainment, deep inequalities persist between men and women. In particular, women face substantial obstacles in their pursuit of

economic opportunities, often struggling to secure formal employment, close gender wage gaps, and rise to leadership positions. At the same time, while nearly 40 percent of the region's population is composed of indigenous peoples and African descendants, these groups continue to experience greater marginalization than non-minority groups. With this in mind, in 2016 the IDB actively engaged partners on gender and diversity issues, working through innovative business models and resourceful partnership initiatives to fight inequality in the region.

100 Percent Committed to Gender Equality: With Support from Unilever, Taking a Unique Model to Scale in Central America

The private sector has the unique ability to bring job creation to the IDB's effort to improve lives. In 2016, **Unilever** put this concept to work through a new partnership with the IDB. Applying its experience employing 70,000 vulnerable women in India, the company deployed the Shakti inclusive distribution model in the region to empower female entrepreneurs and improve their quality of life.

Project organizers report that the Shakti model, based on the Hindu word describing the female principle of divine energy, promotes women's success and dignity by providing them with specialized training from Unilever and on-the-ground partners in each country, while involving them in group networks that are woven among product distributors. The project also provides them with opportunities to join commercial distribution associations created by the project. Training programs are supported by the **Government of Japan** through the IDB-managed Japan Special Fund for Poverty Reduction.

In partnership with the IDB Group's Multilateral Investment Fund (MIF), Unilever is scaling this model in El Salvador and Guatemala, taking it from a successful pilot project to provide 2,000 women with opportunities to create stable incomes through door-to-door selling of consumer brand products.

The effort's local partners, the **Cooperative System FENACOAC-MICOPE** in Guatemala and the **Salvadoran Foundation for Integral Support**, are teaming up with Unilever's promoters to provide women with training in financial literacy and sales, as well as define their door-to-door work zones and provide them with an incentive plan to boost their sales and develop their full potential within the network.

IDB and UN Women Look to Elevate Gender Focus in LAC

During the 60th Commission on the Status of Women in March at the United Nations in New York, **UN Women** and the IDB signed a partnership agreement to expand their cooperation in a range of areas related to women living in LAC countries. The partnership will focus on women's economic empowerment — and particularly mainstreaming a gender perspective in financial instruments and the citizen security agenda — as well as on ending violence against women and increasing their political participation.

Norway: A Partner for Breaking Down Gender Barriers

To promote gender equality in the labor market, in 2016 a contribution from longstanding IDB partner the **Government of Norway** financed a pilot study of innovative practices to reduce gender segregation in university programs. Conducted by the IDB in collaboration with **Mexico's Ministry of Education**, the intervention assessed how communicating employment opportunities and the financial returns of different career paths impacted how high school students chose their field of study. Seeking to determine if greater information could increase female participation in traditionally male-dominated majors, the study reached more than 5,000 students in 38 randomly selected Mexico City high schools via an online platform accessed at school computer labs. Moving forward, the Ministry of Education is exploring the opportunity of expanding access to this platform across all secondary schools in the country, scaling its impact as a means of reducing occupational segregation throughout Mexico.

PRIORITY SUSTAINABILITY

A Key Driver of Lasting Development

Prioritizing sustainability to maximize the positive environmental and social outcomes of IDB efforts while minimizing risks and negative impacts on people and natural capital.

The IDB Group has set a goal of doubling its volume of climate-related financing by 2020.

The IDB's longstanding mission of improving lives in LAC has become firmly aligned with goal of fostering development that is both socially inclusive and environmentally sustainable. Beginning with a core commitment to support LAC countries in their efforts to implement the Sustainable Development Goals, the Bank looks to use its financial resources, government relationships, and deep knowledge of the region to help public and private sector entities rethink technologies, processes, and business models through the lens of economic, social, and environmental sustainability. This is the IDB's response to a new

reality in which the quest for sustainability has become an essential driver of innovation and development success.

Throughout sectoral programs, loans, and grants tailored to local contexts — and by applying a comprehensive set of safeguard policies to the projects it finances — the IDB seeks to mainstream climate change and sustainability considerations across its operations, and to advance the premise that projects grounded in sustainability are simply better projects.

Building a Sustainable Future for Colombia: A Partnership Opportunity

Originally announced at the 2015 Climate Summit in Paris, in 2016 the IDB-led Sustainable Colombia Fund took flight. Launched jointly by the **Government of Colombia** and the IDB, this countrywide initiative presents a holistic approach to addressing post-conflict and sustainable development challenges currently faced by the country, particularly with regard to rural development, climate change, environmental sustainability, deforestation, and social inequality. Specifically targeting rural communities that have been affected by the conflict, the Fund will work to pilot and generate evidence for environmental best practices that can be applied at a national level.

The Fund rounded out the year with commitments of US\$250 million in grant resources from several European and North American partners, which will be complemented by an additional US\$100 million in IDB lending. For partners interested in building a sustainable future for Colombia, the IDB has a clear and concise message: *join this effort today.*

A Partnership to Improve the Lives of Waste Pickers: Generating Evidence and Results

To improve the lives of informal recyclers (or “waste pickers”) by bringing them into the formal recycling market in the LAC region, the IDB-led Regional Inclusive Recycling Initiative (IRR), founded in 2011, has achieved enormous success in bringing together traditionally competing brands for an industry-wide approach.

In 2016, the initiative welcomed a new brand to the cause. The **Danone Ecosystem Fund**, a long-time partner of the IDB, committed to coordinating its work in the field with the IRR and to teaming up with the initiative’s partners to generate a greater impact than otherwise possible. In addition, the IRR’s official partners — the MIF of the IDB Group, the IDB’s Water and Sanitation Division, **Fundación Avina**, the **Red Latinoamericana de Recicladores (Red-LACRE)**, **Coca-Cola Latin America**, and **PepsiCo Latin America** — achieved further results in 2016, expanding the initiative into new countries, leveraging additional funds, adding more companies to the collaboration, and publishing best practices about their work in this sector.

TO DATE, THE IRR HAS...

Implemented work in
15
countries.

Directly benefitted
17,000 recyclers.

Provided technical assistance to local and national governments in
Colombia, Ecuador, and Peru.

Worked with
39 municipalities
to implement innovative models for recycled resource management.

Collaborated with
nine new companies,
including Bimbo, Gerdau, Procter & Gamble, Tetrapak, and Walmart.

And published
13 strategies
to guide future work in this sector.

NDC Invest: A Partnership Opportunity for the Action-Oriented Investor

The 2015 Paris Conference on Climate Change culminated in an ambitious global agreement to accelerate the action and investment needed for climate resilient and low carbon development. But meeting most countries' Nationally Determined Contributions (NDCs) to reduce carbon emissions will require financing to help implement their climate strategies.

To support that process in the LAC region, the IDB Group has created NDC Invest, a platform designed to improve countries' access to external concessional resources and to financing from the IDB and the Inter-American Investment Corporation (IIC). This one-stop shop that will offer a comprehensive package to design investment plans based on each clients' NDC

In the wake of the Paris agreement, NDC Invest will help countries secure the resources they need to translate their commitments into investment plans and bankable projects. It will support efforts to build low carbon and resilient economies strengthened by robust domestic markets that create jobs, and to mobilize investment for sustainable infrastructure and landscapes.

under the Paris agreement, while fostering coordination among key stakeholders and enhancing the articulation of these investments within the Sustainable Development Goals (SDGs) Agenda and National Development Plans. A key objective is to provide the credit-enhancement that may be needed to mobilize private capital and create an enabling environment. In 2017 and beyond, the IDB Group will be enlisting public and private partners to enhance this platform for accelerating investment in climate-friendly development as LAC countries work to meet their Paris commitments.

The IDB's longstanding partner, the **Nordic Development Fund (NDF)**, has committed EUR10 million in grant financing to support the soon-to-be approved NDC Accelerator Trust Fund, a climate finance facility that will assume the up-front costs of climate-smart planning. NDF's Managing Director Pasi Hellman, upon approval of this contribution by NDF's board, remarked that "NDCs represent a progressive global blueprint for limiting global warming and building climate resilience. Implementing this blueprint means transforming NDCs from targets on paper into a robust pipeline of projects as quickly as possible, and the IDB is a unique partner for this task."

A key partner in the development of the NDC Invest platform was the **French Development Agency (AFD)**, which provided US\$500,000 to finance assessments that will enable LAC countries to transform their climate objectives into public policies and investment plans.

The NDC Invest Platform

- **NDC Programmer:** Helping public and private sector stakeholders to develop investment plans and programs that reflect today's and tomorrow's climate needs.
- **NDC Pipeline Accelerator:** Supporting priority studies and additional activities to ensure technical and financial feasibility for bankable and sustainable projects.
- **NDC Market Booster:** Using additional non-reimbursable and reimbursable grants for innovative business models, financial instruments, and other market development services.
- **NDC Finance Mobilizer:** Mobilizing funding from internal and external sources to help countries manage risks in the priority investments needed to meet their NDC commitments.

Turning Up the Volume on Pollution

Considered the most successful Latin American band of all time with more than 40 million albums sold worldwide, Mexican rockers **Maná** know a thing or two about how to move legions of loyal fans to action on social and environmental issues. That's why the IDB teamed up with the supergroup's **Fundación Ecológica Selva Negra** to promote environmental protection and address climate change under an initiative called "*¿Dónde jugarán los niños?*" ("Where Will the Children Play?"). Named after the band's most popular song, the effort featured a competition among young, creative artists to produce a video based on the song, thereby spreading

Combining the power of popular music with the creativity of young people to raise ecological consciousness and a determination to address and resolve LAC's environmental challenges.

powerful messages related to the challenges facing the region's environment. In addition, the partnership will support reforestation in threatened ecosystems, biodiversity preservation, educational campaigns focused on the environment, and social activities in the Sierra of Ahuiculco, thereby compensating the carbon footprint of Maná's most recent tour.

“The band hopes to be an inspiration for the millions of young people that will be the ones making the big decisions in the future. We have a great opportunity through this agreement with the IDB to do more things together and encourage people to act locally so we can affect global changes.”

~ Fher Olvera, founding member and lead singer of Maná



Latin America and the Caribbean is the most urbanized developing region in the world. Between 2010 and 2015 alone, the region welcomed 30 million inhabitants to its urban centers.

A Banner Year for the Emerging and Sustainable Cities Program

While the remarkable expansion of LAC's urban areas reflects the region's economic progress, how can we ensure this growth is sustainable and that the region's cities will flourish as they continue to expand?

These questions led the IDB and its partners to create the Emerging and Sustainable Cities Program, which is working in more than 60 cities with populations of between 100,000 and 2 million which are expected to double over the next 20 years. Today, led by the IDB's new Housing and Urban Development Division, the Program works in close collaboration with partners and municipal governments to promote action-oriented planning processes that will ensure an ever-improving quality of life in these blooming and booming urban centers.

OPPORTUNITY: Joining the Movement to Solve Urban Challenges Across the LAC Region

In 2016 the Emerging and Sustainable Cities Program organized the second edition of IDB UrbanLab, a competition for university students to design creative solutions to urban problems. Organized in partnership with **Findeter**, the **Foundation "After the Pearl of America"** (led by the Colombian singer **Carlos Vives**), the **Government of Colombia**, and the **Mayor of Santa Marta, Colombia**, the competition seeks to develop a transformative, multi-sectoral, and sustainable urban project for Santa Marta's Pescaito neighborhood. More than 100 proposals were received from 63 universities in 13 countries, and the winning team from the University of Buenos Aires will travel to Santa Marta in 2017 to implement their proposal.

In 2017, the IDB UrbanLab competition will continue designing groundbreaking solutions. Targeting Mendoza, Argentina and a Brazilian city that is still to be determined, the contest is looking for new partners for the year to come.



Networking for Urban Sustainability

Following the establishment in 2014 of the **Medellín Collaboration on Urban Resilience**, the IDB has partnered with the **Rockefeller Foundation's 100 Resilient Cities Network** to help the Collaboration strengthen the social, economic, and environmental fabric of the world's urban spaces. The effort brings together organizations from more than 2,000 cities, with more than US\$2 billion committed annually to advance resilient and sustainable urban growth. Through the program, the IDB and the **Rockefeller Foundation** will develop a resilience strategy, provide innovative tools to support strategy implementation, and integrate cities into the 100 Resilient Cities Network to build a global community for knowledge sharing.

The IDB is working with the **Harvard Graduate School of Design (GSD)**, a premier center of innovation in airport development, to pursue original research and valuable field work that helps to revitalize abandoned airports in LAC. Through this program, GSD and the IDB are collaborating to conduct on-site research activities at an abandoned airport in Mendoza, Argentina, and to partner through the Bank's Emerging and Sustainable Cities Program on other initiatives.

In Brazil: Adding a Private Sector Element to the Focus on Sustainable Cities

Following the addition of the city of Tres Lagoas, Brazil, to the Emerging and Sustainable Cities Program in 2015, an agreement between the Bank and the **Votorantim Institute** marks the Program's first collaboration with the private sector in Brazil. The partners will jointly draft a Sustainable Action Plan for the city, and provide financial and technical support to Tres Lagoas as it works toward sustainable urban development.

The Emerging and Sustainable Cities Program partnered with **Fundació FC Barcelona** in 2016 to use sports as a vehicle for advancing social change in Cartagena, Colombia. (To learn more about this project and what it achieved, refer to page 56.)

Sparking Sustainable Urbanization in Mexico

In partnership with the **North American Development Bank**, in 2016 the IDB began implementing a new effort to foster sustainable urban growth in Hermosillo, Mexico — with an eye to expanding into additional northern Mexican cities in the coming year. At the same time, the Bank continued collaborating with Mexico's development bank **BANOBRAS** to implement its Emerging and Sustainable Cities methodology in six cities, four of which are included in the government-run Special Economic Zones project.

Transatlantic Cooperation Facilitates Dialogue on Sustainable, Smart Urban Development

In 2016, the IDB continued building a global network of partners intent on fostering sustainable urban growth. In one example, the **German Federal Ministry for Economic Cooperation and Development, Engagement Global Service for Development Initiative**, and the IDB hosted a Forum for German and Latin American Mayors in Hamburg, which offered municipal officials from Germany and Latin America an opportunity to share knowledge and experiences. In the Fall, the IDB and the **Spanish Institute for Foreign Trade** co-organized the Roundtable on Smart Cities, bringing together three LAC cities for a dialogue on the urban challenges and opportunities associated with a "Smart City" management style.

PRIORITY INSTITUTIONS

A Key Ingredient for Sustainable Development

The IDB's refreshed institutional strategy places institutional capacity and the rule of law at the front and center of its development agenda.

Getting Latin America's Pulse: A Partnership with LAC's Premier Pollster Gauges Public Opinion

The IDB is partnering with **Latinobarómetro**, a public opinion survey that annually reaches 18 countries and more than 600 million people, to measure opinion on issues that impact the design of public policy. The IDB's Institute for the Integration of Latin America and the Caribbean (INTAL) will lead this collaboration, coordinating and implementing all future surveys in the region. The first joint study undertaken explored public opinion on regional and global integration. Reaching 20,000 people in 18 countries, preliminary results of this survey concluded that one in four Latin Americans believe that global integration is critical to the region's development. This effort is made possible, in part, thanks to the collaboration of **CAF — Development Bank of Latin America**, the **Norwegian Ministry of Foreign Affairs**, and **Transparency International**.

Building Up Safety in Latin America and the Caribbean

IDB research shows that nearly a third of the world's homicides take place in the region, and that a quarter of Latin Americans consider crime to be the region's most important issue. To break this cycle of insecurity, the IDB is working with partners like the **Swiss Agency for Development and Cooperation (SDC)** to finance citizen security innovations. Working through the IDB-managed Citizen Security Multi-Donor Fund, a new grant financing

commitment of US\$5.4 million from SDC will help to strengthen the capacity of governments to design and evaluate citizen security policies, promote knowledge sharing, and encourage the generation and dissemination of crime data. Along with the **Government of Canada**, another partner in the Fund, SDC's support will be allocated to new and novel approaches to making the region safe for years to come.

Breaking Gender Barriers through Data

According to **Data2X**, there is an estimated US\$300 billion credit shortfall for women-owned micro-, small-, and medium-sized enterprises in emerging economies. Data that demonstrates women's access to and use of financial services can help fill this gap, while pushing financial institutions to recognize women as an important market segment. To incentivize the collection and reporting of such data as a vehicle for financial inclusion, Data2X, the **Global Banking Alliance for Women**, and the IDB jointly launched the Women's Financial Inclusion Gender Data partnership in 2014. Just last year, the partnership welcomed the IDB Group's Inter-American Investment Corporation and the **International Monetary Fund** on board, collaborating to develop a Global Gender Data Strategy. With the objective of creating strong synergies among financial services stakeholders, moving forward the strategy will work toward such milestones as proving the importance of gender-specific data, collaborating with financial sector leaders and policymakers in emerging economies, and building a policy platform for widespread adoption.

The Korea-LAC Scholarship Program Empowers LAC Civil Servants with IDB Support

Building up the capacity of the region's public officials is a critical component of advancing development. That's why the Korea-LAC Scholarship Program (KLSP), launched in 2016, strives to train and empower LAC civil servants through intensive advanced degree programs at top Korean educational institutions. Supported by funding from the **Government of Korea** through the IDB-managed Korea Poverty Reduction Fund, these programs provide participants with the skills needed to design, implement, and evaluate successful public policies. Thanks to the KLSP, a select cohort of 26 officials will receive full scholarships to obtain a Master's degree in public policy or public management, in English, at the **KDI School of Public Policy and Management** or **Sungkyunkwan University's Graduate School of Governance** — two of Korea's most renowned academic institutions.

Reflecting on Efforts to Strengthen Public Management in Brazil

At IDB headquarters in December, a seminar on *Strengthening Public Management for Megaevents* marked the final chapter of an IDB-led course on this topic. Featuring a number of public managers from Brazil who are now alumni of the program, the event allowed for a discussion of lessons learned and the presentation of winning project proposals. Rodrigo Tostes, COO of **Rio 2016**, was joined by representatives from the IDB, **Ernst & Young**, and Judith Sykes, Director at a UK-based organization that worked on sustainability efforts in the 2014 World Cup and the London and Rio Olympics.



Digital Payments: A Vehicle for Transparency and Financial Inclusion

The IDB-managed Transparency Fund is promoting government use of digital payments and collections as a vehicle for transparency and financial inclusion, working through a new project to develop an ecosystem that supports these payment streams. With a focus on assessing government payments and collections at the national level in four countries, the project seeks to develop a framework to guide governments as they develop these services, as well as a roadmap for implementation. Thanks to support from Fund partners the **Government of Canada**, the **Government of Norway**, and **MasterCard**, the project has developed case studies that examine these payments in Colombia, Jamaica, and Peru, which will serve to inform a report on best practices and to select a pilot project for implementation.

TREND

TREND 1: Putting Knowledge at the Center of Collaboration

Knowledge is currency, and in 2016 expertise in topics like public-private partnerships, social innovation, and innovative finance gained value. Accordingly, the IDB teamed up with diverse knowledge partners to tap into their specialized know-how and experience, seeking to foster global knowledge exchange on topics that better prepare the development community to generate tangible social impact.

Participants deliver their final presentations at the executive education program organized by Google, McGill University, and the IDB.

A pioneer in the social innovation space that has long tapped into its core competencies to generate social impact, Google stands as a model for companies looking to engage in development. Generating impact through such avenues as Google Green, Google for Nonprofits, and Google.org, this innovation giant's growing involvement in societal issues indicates that this new trend is here to stay.

Sharing Partnership Knowledge in Montreal — With a Focus on *Doing Well by Doing Good*

As the need for corporate engagement in development initiatives becomes evident, and as companies increasingly recognize the business benefits of investing in social and environmental outcomes, public and private sector leaders seek to expand their skillsets to guide their organizations to success. These actors are looking to work through a new breed of public-private partnership in which companies contribute resources, innovation, and sustainability to development projects while development practitioners help corporations amplify and scale their impact. Yet limited literature and training courses exist on this topic, leaving organizations of all kinds with a critical skills gap.

In response to this, the IDB joined with **Google** and **McGill University's Institute for the Study of International Development** in 2016 to design and conduct an executive education certification program called *Real Development, a Good Business Strategy? Closing the Gap*. The program brought together nearly 40 leaders from governments, companies, academic institutions, NGOs, and foundations

for a week of intensive learning, dialogue, and thought-provoking group work on topics including social innovation, innovative finance, and impact evaluation — all of it structured to promote the collaborative, 360° approach they need to effectively bring the business and development worlds into harmony. Companies and organizations providing speakers included **Calvert Foundation, The Coca-Cola Company, Danone Ecosystem Fund, the Department of Good, Fundação Dom Cabral, HEC Montréal, MasterCard Advisors, the Mining Association of Canada, Novozymes, and PepsiCo.**

Lessons for the Course Participants

1. The private sector's role in development is constantly evolving, trending toward a strategic approach that integrates development into how corporations operate.
2. Millennials and greater access to information are driving even more change.
3. Strong companies are adapting to this new normal, and those that haven't should.
4. Companies must share their sustainability story with a focus on results.

Human and Financial Capital: Fundación Bancaria "la Caixa" and the IDB Bring Managerial Knowhow and Financing to Agro Cooperatives in Colombia

In 2016 **Fundación Bancaria "la Caixa"** and the IDB continued to engage in corporate volunteerism, building upon their experience in Ecuador to expand their joint efforts to Colombia. Collaborating to improve the quality of life of small coffee growers and other smallholder farmers, the longtime partners launched a collaborative effort to spur the growth of a coffee cooperative and rural

microfinance institutions. Made possible by a EUR 500,000 grant from the Foundation and with lending support managed by the IDB Group's Multilateral Investment Fund, volunteers from **CaixaBank** are complementing these efforts by providing job training and other critical assistance that can help these participating entities to flourish and grow.

TREND 1: Putting Knowledge at the Center of Collaboration



A Tradition of Partnering through People

In 2016, the IDB continued its tradition of partnering through people, tapping into the expertise and fresh perspectives of its partner organizations by hosting their employees across the IDB Group. Through such mechanisms as secondments and externally funded contractual employees, which include trust fund appointees and associate professional officers, the day-to-day involvement of these individuals in IDB projects strengthens institutional relationships with partner organizations, fosters knowledge sharing between IDB and external experts, and enriches Bank efforts in Latin America and the Caribbean (LAC) by infusing them with unique approaches and ideas.

Financed by both IDB donors and multi-donor trust funds, partners who contributed personnel through such mechanisms in 2016 included **Austria, Canada, China, Finland, France, Germany, Israel, Italy, Japan, the Republic of Korea, Norway, Spain, Switzerland**, and the **United Kingdom**, and organizations such as the **Bank of Tokyo-Mitsubishi UFJ, CaixaBank, the European Bank for Reconstruction and Development, the European Investment Bank, Korea Expressway Corporation, Sumitomo Mitsui Banking Corporation, and Yokohama National University**.

In 2016, the Multilateral Organisation Performance Assessment Network (MOPAN) released individual institutional assessments of multilaterals, highlighting their strengths and areas for improvement in a thorough study. The assessment conducted of the IDB, which covered the 2015-2016 period, placed special emphasis on the IDB's institutional credibility as a convener and its capacity to respond to the interests and priorities of its key partners. Receiving the top score of "highly satisfactory" in the relationship management category, the assessment also positioned the Bank as a knowledge leader and convener of policy dialogue with partners, an organization skilled at aligning resource mobilization efforts with its core mandate, and an entity whose focus on partnerships stands to enhance its performance moving forward.

Partnering to Strengthen Micro-Enterprises

While micro-enterprise growth can play an enormous role in addressing poverty, unemployment, gender inequality, and other issues, micro-enterprises themselves face a range of obstacles to success. Recognizing the important role that larger companies can play in spurring their development, the IDB has partnered with **CARE**, **Harvard University**, and **SABMiller** (which has merged with Anheuser-Busch InBev) to launch the *Growing Together — Strengthening Micro-Enterprises in Value Chains* guide. The publication targets companies along value chains that have the capacity to promote, enhance, and nurture micro-enterprises through business activities. This practical guide demonstrates how collaborative action among businesses can improve overall performance and development, not only for micro-enterprises but for all actors along supply chains.

Given the critical role microenterprises play in value chains, a number of large companies have worked to strengthen micro-enterprises as part of building sustainable value chains. If companies get this right, there is a clear 'win-win' in terms of both commercial and social impact.

Tapping into University Talent: The IDB Expands its Partnerships with Academia

Having worked in close collaboration with more than 60 universities, the IDB knows how partnering with academia can generate valuable knowledge while applying innovative technologies and methodologies to the Bank's mission. In 2016, the IDB ramped up its engagement with academic partners around the world.

A key milestone was the establishment of the Bank's first-ever partnership with a Japanese university, **Sophia University**, with which the Bank will explore opportunities for knowledge exchange. In addition, the IDB continued to work hand-in-hand with the **Korea Development Institute** and **Sungkyunkwan University** to implement the Korea-LAC Scholarship Program for mid-level public officials from the region (see page 23 for more information), while formalizing a new collaboration with Korea's **Ajou University**.

In Europe, the **City of Santander**, **Universidad de Cantabria**, **Universidad Internacional Menéndez Pelayo**, and the IDB jointly organized a course on sustainable cities in Santander, Spain. Attended by 100 students, the course focused on how to finance urban infrastructure as a means of making cities sustainable and "smart." In addition, a new partnership between the IDB and the **IESE Business School at Spain's Universidad de Navarra** will promote sustainable urban growth through events, workshops, and knowledge products.

In the Americas, the IDB established knowledge-based partnerships with **McGill University**, the **University of Maryland**, and the **University of Miami**, while once again teaming up with **Columbia University's School of International and Public Affairs** on a capstone project that enriched the Bank's work in the area of institutional development.

TREND

Trend 2: Climate Finance

In 2016, the IDB Group mobilized US\$2.7 billion in climate finance, allocating approximately 20 percent to adaptation and 80 to mitigation efforts.

Climate investment needs in LAC have been estimated at about US\$80 billion annually from 2020 to 2030, or close to 1.5 percent of the region's GDP.

In response, the IDB Group has committed to increasing the volume of its climate-related financing to 30 percent of IDB and IIC approvals by the end of 2020 — effectively doubling climate finance from 2015 levels. At the same time, the IDB is leading efforts to combat and adapt to climate change by supporting its borrowing members in programming, implementing, and reporting on climate finance and by prioritizing policy reform in its climate lending.

The NAMA Facility: Financing Climate Action

The NAMA Facility, jointly established in 2012 by the **German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety** and the **UK Department of Energy and Climate Change** and joined in 2015 by the **Danish Ministry of Energy, Utilities and Climate** and the **European Commission**, helps to finance the implementation of national climate strategies and Nationally Determined Contributions (NDCs) in developing countries.

In 2016, the NAMA Facility approved an IDB proposal for the “*Efficient Use of Fuel and Alternative Fuels in Indigenous and Rural Communities*” program in Guatemala. This EUR10.9 million project works with the Guatemalan Ministries of Economy and Environment and Natural Resources to

promote energy efficient cookstoves as a means of reducing the use of fuelwood for energy consumption.

The project is expected to mitigate approximately 1.7 million tons of carbon dioxide by 2020. In the process, it will leverage an expected EUR14 million in the form of credits and microcredits from private financial institutions to purchase clean cookstoves and EUR5.5 million from the public sector to increase the sustainable production of firewood.

NAMAs — or Nationally Appropriate Mitigation Actions — refer to policies or actions within or across sectors that reduce emissions in developing countries. NAMAs are supported and enabled by technology, financing, and capacity-building.

Green Climate Fund: A Key Partner in Tackling Climate Challenges

The Green Climate Fund (GCF), established through the United Nations Framework Convention on Climate Change, is expected to become the main global fund to catalyze climate finance.

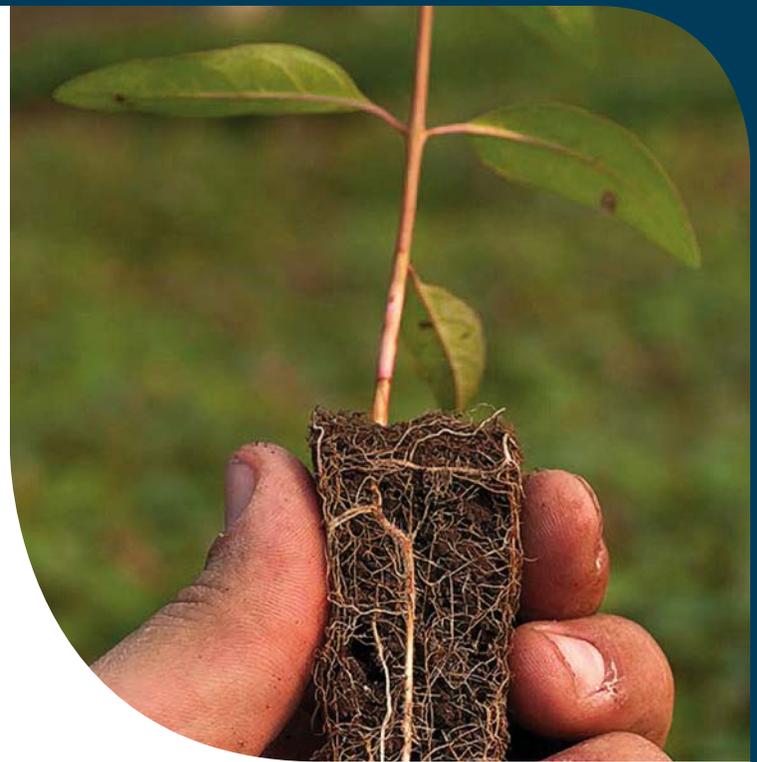
Since entering into an accreditation partnership with the GCF in 2015, the IDB has developed and secured pre-approval for four potential funding proposals covering green bonds, renewable energy, and climate-smart agriculture, to take place in the Caribbean, Central America, and the Southern Cone regions.

With this accreditation process to be formalized in 2017, the IDB is preparing to advance these proposals and begin implementing innovative climate change initiatives in the region.

It is anticipated that the GCF could become one of the premier partners of the IDB in the mobilization of climate finance in LAC.

Germany: A Continuing Climate Partner for the IDB

In 2016, the IDB approved a technical cooperation project supported by the **International Climate Initiative (IKI)** of the **German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)**. Supporting climate change mitigation the EUR5 million initiative will enhance the capacity of national development banks in the LAC region to access green finance. In addition, IKI will support the identification of bankable projects and scale up private sector investments in energy efficiency and renewable energy by empowering national development banks to better structure and coordinate innovative financing strategies.



Reducing Climate Impact and Tackling Poverty in Brazil

With a GBP25 million contribution from the **United Kingdom International Climate Fund**, the IDB partnered with the **UK Department for Environment, Food and Rural Affairs (Defra)** in 2016 to structure the second phase of the Low-Carbon Agriculture for Avoided Deforestation and Poverty Reduction Fund. The Fund will promote sustainable low-carbon land use and forest management in small and medium-scale farms in Brazil, while improving resource efficiency and productivity. Ultimately, the Fund seeks to reduce GHG emissions and generate employment in rural Brazil. (For additional information refer to page 9.)

Building a Sustainable Colombia

Sustainable Colombia is a multi-donor trust fund launched with the **Government of Colombia** in 2016. The Fund, with US\$250 million already committed from various donors, seeks to overcome the reinforcing interactions among conflict, poverty, and environmental degradation and to maximize the environmental, economic, and social dividends of peace. (For additional information see page 17.)

TREND

The IDB's partner the **World Economic Forum (WEF)** estimates that more than half of the US\$4 trillion needed to reach the Sustainable Development Goals (SDGs) will need to come from the development community. In light of this immense challenge, institutions such as the IDB are working actively to identify innovative sources of development financing. A key objective has been to nurture the rise of promising trends like blended finance.

TREND 3: Blended Finance

The combination of highly-concessional or grant resources that accompany IDB reimbursable funds to make impact driven projects economically viable, blended finance is used by the IDB to catalyze investments in operations that wouldn't otherwise happen but have a significant development impact. Blended finance is unlocking the resources needed to mobilize capital at scale, while allowing investors and financiers the flexibility to expand into areas where their funding, in addition to achieving social impact, generates returns for them. In light of the enormous possibilities of this approach, in 2016 the IDB worked with its partners at the **Organisation for Economic Co-operation and Development (OECD)** and WEF to study blended finance and position it as a funding tool for the future.

The IDB and the European Commission: Blending Resources for High-Impact Projects

Building from a long history of close cooperation, in 2016 the **European Commission (EC)** and the IDB expanded their relationship through blended finance. In one example, they combined resources to support wastewater treatment

and solid waste management to reduce pollution in Lake Titicaca, South America's largest and highest navigable lake. The Titicaca basin has been suffering for years from the effects of climate change and contamination from domestic, industrial, and mining wastewater discharges. In 2016, the Bank has approved a US\$77.3 million loan for this purpose, which will be complemented by a US\$8.4 million grant from the EU. The financing will help treat wastewater from 165,000 households in Bolivia's Katari River watershed in Lake Titicaca, into which the Katari empties its waters.

In Central America, the EC-IDB partnership is channeling a EUR4 million grant from Europe to

strengthen the National Statistical System of Nicaragua (SEN) as a means of improving the generation and dissemination of statistical information in that country. Specifically, the collaboration seeks to train SEN staff, enhance its ability to coordinate with diverse statistics-producing institutions, and to update its methodologies for census, surveys, and statistics as a means of promoting greater information exchange and transparency.

Working through a renewed framework agreement formalized in 2015, the EC and the IDB continue to expand ties each year. Since 2008 alone, the EC has channeled US\$298 million to the LAC region, contributing to IDB efforts in such areas as energy, public sector efficiency, fiscal management, citizen security, and water and sanitation.

TREND 4: Incubating Digital Solutions

Studies of the Digital Economy project that 65 percent of teenagers today will soon have jobs that do not yet exist.

Harnessing the Power of the Digital Economy: A Partnership Opportunity

A digital wave is changing life as we know it in Latin America and the Caribbean. It is generating conveniences and greater efficiency, transforming education and other critical sectors, completely disrupting the labor market, and bringing to the region a tsunami of challenges and opportunities alike.

To enhance the region's capacity to harness the power of this increasingly digital economy as a driver of economic growth and poverty reduction, in 2016 the IDB launched the Digital Economy Initiative (DEI). This initiative prioritizes three areas: raising awareness about the transformative power of the digital economy, equipping the region to seize the opportunities presented by digital technologies, and developing digital solutions to development challenges. With opportunities for partnership available across all three of these pillars, the DEI is open to any organization or enterprise that believes in the potential of a fully digital LAC region.

[more>>](#)

IDB hackathons are collaborative sprint-like events where policy makers and IDB specialists join forces with computer programmers and graphic designers to rapidly prototype digital solutions for development challenges.

Using the Cloud to Improve Lives: Amazon Web Services and the IDB Work Together to Deliver Digital Solutions

The IDB will work with Amazon Web Services (AWS) in a joint effort to improve lives by harnessing the power of the cloud and Big Data analysis. The global online retailer's cloud platform offers the analytic services and data storage capacities necessary for new digital solutions to social and economic challenges in Latin America and the Caribbean.

This collaborative effort began in September 2016, when IDB and AWS collaborated with the **Laboratory of Innovation Quito**, with support from **Quito's municipal government**, to organize a hackathon for improving disaster response. Participants analyzed data from mobile operators and other sources to explore the consequences of the 7.8 earthquake that occurred on April 16, 2016, as well as the possible eruption of the nearby Cotopaxi volcano. Other participating companies and organizations included **Universidad de Cuenca - Lacta Lab** and **Telefónica**.

Building upon this hackathon's success, in December the partnership powered a new collaboration with **Rio de Janeiro's Municipal Secretariat of Health, Fundação Getúlio Vargas**, and **Pontifícia Universidade Católica do Rio de Janeiro** to assess the potential of Big Data to predict future outbreaks of Zika.

Hackathon participants from these institutions leveraged AWS services to analyze more than 110,000 real cases of mosquito-borne diseases to help public health officials identify the most vulnerable areas in the city.



Demand Solutions 2016: IDB Gives a Boost to LAC's Most Innovative Startups

Now in its fourth year, the IDB-supported event *Demand Solutions: Ideas for Improving Lives* is recognized as the premier showcase for creative solutions to development challenges in Latin America and the Caribbean. This year, the Demand Solutions movement took to three cities — Buenos Aires, Washington, and Silicon Valley — with one-day events and startup competitions focused on specific themes.

In Silicon Valley, the IDB partnered with **Bases**, the **Blum Center for Developing Economies**, the **Global Entrepreneurship Summit**, and the **U.S. Small Business Administration** to organize the event at **Stanford University**. At the Washington edition, a much-anticipated Venture Night competition featured 12 startups from creative industries, whose business models used the arts to advance positive social change. Winning US\$30,000 as Most Innovative Startup with Development Impact was the Colombian company **Nativo Digital**, which teaches teenagers and children how to code.

These events were made possible by IDB partners including **Amazon Web Services**, **Banco Santander - Universidades** and **Red Emprendia**, **Copa Airlines**, **FEMSA**, the **Israeli Agency for Development Cooperation**, **Microsoft**, and the **Young Americas Business Trust**.

It's no secret that **Microsoft** is a cloud computing pioneer. In fact, the Microsoft Cloud grows in four days the amount of servers that a country like Peru acquires in one year. To share its unique expertise in this field and to enrich the Bank's work in the digital space, in 2016 Microsoft hosted a brown-bag lunch for IDB employees on the topic. Discussing the opportunities and real and perceived challenges of adopting cloud computing, the IDB will work to integrate what it learned from Microsoft into its day-to-day efforts to advance development in the region.

Demand Solutions with a Girl Power Flare: WeXchange Joins the Movement in Argentina

The Demand Solutions Buenos Aires event included an additional element, co-locating with the highly acclaimed WeXchange event, organized annually by the IDB Group's Multilateral Investment Fund (MIF) to unlock the potential of women entrepreneurs through networking, mentoring, access to investors and an entrepreneurship competition. In only three years, WeXchange has connected hundreds of women entrepreneurs in 17 LAC countries with mentors, investors, and experts who can help them improve their businesses. The 2016 edition featured a focus on entrepreneurs working in the science, technology, engineering, and mathematics (STEM) fields. Partners including **CAF-the Development Bank of Latin America**, **Endeavor Group**, **Fundación Empretec**, **MercadoLibre**, the **Israeli Ministry of Foreign Affairs**, and **Red Emprendia** made this possible.

Amazon Web Services brought another element of its expanded collaboration with the IDB to the Buenos Aires event in November, co-hosting a breakfast discussion with government leaders on how cloud computing can improve lives. Bringing to the table its private sector expertise as a judge in the startup selection process, AWS provided winners with access to its cloud platform, allowing them to access data storage and analytic services that can help them to improve upon their solutions at no cost.



CLIMA + GESTÃO FLOP
OTIMIZAÇÃO DE PLANEJAMENTO + MITIGAC

TECNOLOGIA PARA GESTÃO FLORESTAL
AUMENTO DA PRODUTIVIDADE
SISTEMA DE SUPORTE A DECISÃO
DIMINUIÇÃO DE CUSTOS
RISCOS CLIMÁTICOS
RISPO



Korea

The collaboration between the Government of Korea and the IDB has consistently redefined what it means to partner for development.

Applying a blend of financial and non-financial resources to their joint efforts, this partnership has long tapped into both critical financing and knowledge exchange to enrich development efforts in the region. In 2016, the partners maintained this tradition.

Specifically, the Korea-IDB partnership continued to work through the Korea Infrastructure Development Co-financing Facility for Latin America and the Caribbean (KIF), an innovative financing platform established in 2015 to facilitate joint investment in the Latin American and Caribbean (LAC) region. To date, Korea and the IDB have channeled US\$75 million in funding through the KIF to three critical infrastructure and technology projects.

In Ecuador, one of these projects is transforming the country's energy matrix to recover areas devastated by the earthquake early last year, while promoting the use of greener energy sources. In Nicaragua, the partners have teamed up with the **Climate Investment Fund** and the **Climate Technology Fund** to co-finance an energy program that attracts private investment in future geothermal plants, while a separate loan operation in that same country has set the standard for best practices in broadband. Critically, this Nicaragua-based broadband effort will be replicated by further KIF operations, which will combine co-financing resources with technical cooperation and expertise from the Korea Knowledge Sharing Program.

Expanding access to information and communication technology (ICT) is a known driver of economic growth and societal wellbeing. That's why the **Korea Internet and Security Agency (KISA)** and the IDB jointly published a 2016 study on critical information infrastructure protection. The publication was complemented by the launch of a KISA-IDB Knowledge Sharing Program, which taps into support from the **Government of Korea** to enhance cyber security in Nicaragua's increasingly digital economy.

A Knowledge Sharing Program was also launched in collaboration with **Korea's Science and Technology Policy Institute** with the objective of enhancing the capacities of

Paraguay's national funding agencies and government-funded research institutes through peer-review from similar partner institutions from Korea. Shortly thereafter, high-level officials from LAC's science, technology, and innovation industry visited Korea, laying the groundwork for further cooperation in 2017.

And in the academic realm, the Bank is collaborating with the **Korea Development Institute School of Public Policy and Management (KDI School)** and **Sungkyunkwan University**, two of Korea's most renowned academic institutions, to strengthen the skillsets of LAC government officials through the Korea-LAC Scholarship Program (KLSP) (see more on page 23.)

Establishing New Partnerships, Strengthening Old Ones

In 2016, the IDB amplified its ties with the **Government of Korea** by enhancing ties with existing partners and engaging new actors in that country. Specifically, the Bank ramped up its agreement with the **Korean Ministry of Science, ICT, and Future Planning** to include science, technology, and innovation into the partnership's scope. At the same time, through a new agreement with **Korea's Ministry for Health and Welfare**, the Bank will collaborate to channel new perspectives and expertise to the Bank's work in the health sector.

In addition, the **Korea Public Finance Information Service (KPFIS)** and the IDB teamed up in 2016 to improve financial management information systems and the use of fiscal statistics by government officials in the region. The new partnership will explore opportunities for co-financing, knowledge sharing, and content development for training, workshops, and joint research, while facilitating the participation of LAC government officials in international events hosted by the KPFIS. In 2017, this collaboration will focus on such events as semi-annual training workshops on Korean fiscal reform, fiscal management, information systems development, and economic development experiences, while also working to include regional officials in the upcoming dBrain 10-year Anniversary International Conference.

Infrastructure

Globally, it is recognized that closing the infrastructure investment gap is an urgent development challenge. In LAC, a region facing a daunting US\$250 billion investment gap in this sector, this challenge is of particular importance. To address it, the Bank plans to continue working with diverse partners, channeling IDB lending and partner resources to ensure LAC's infrastructure serves as a reliable foundation for future development progress.



In 2016, the **Japan International Cooperation Agency (JICA)** and the IDB launched the Japan Quality Infrastructure Initiative (JQI), the IDB's first built-in grant mechanism for a co-financing arrangement. A critical priority for the Japanese government as it expands its work in the region, this emphasis on quality infrastructure is a vehicle for advancing progress in energy efficiency, safety, and sustainability. (See page 11 for more information.)

In its first stage, the INFRALATAM initiative presents data on 15 countries covering the topics of energy, telecommunications, transport, and water, irrigation, and flood defenses. To date, the platform has received more than 10,000 visitors, and intends to add data for seven more countries by the end of 2017.

INFRALATAM Powers Decision-making on Sustainable Infrastructure

In the summer of 2016, the IDB joined the **Economic Commission for Latin America and the Caribbean (ECLAC)** and the **CAF-Development Bank of Latin America** to launch INFRALATAM, which offers data on and seeks to promote the analysis of infrastructure

investments in LAC. The new online platform records and presents annual figures and includes investments by the public and private sectors aimed at building, expanding, and maintaining economic infrastructure assets.

It is hoped that this information will be of use to those entities responsible for public policy and planning in the region, and for public, private, and international actors such as investors, scholars, builders, equipment suppliers, and civil society organizations. In addition, this database could become the main instrument for the analysis and development of quality, reliable, sustainable, and resilient infrastructure, as set forth in Goal 9 of the Sustainable Development Goals (SDGs).



Bringing Greater Safety to LAC's Roads

As part of the United Nations Decade of Action for Road Safety, the IDB continues working to reduce road fatalities and injuries in the region through coordinated policies and programs, and by incentivizing the participation of diverse partners in this important effort.

The IDB's partners in road safety have included the **Export-Import Bank of Korea, Federation Internationale de l'Automobile (FIA), FIA Foundation, the Korea Expressway Corporation, Latin NCAP, MAPFRE, Sesame Street, the Spanish Road Association, and 3M.**

In 2016 the **French Development Agency (AFD)** continued supporting the expansion of the metro system in Lima, Peru. Through a US\$126 million parallel loan, the partners are helping to reduce travel times for citizens, cut transportation service operating costs, improve connectivity and security, and reduce greenhouse gas emissions.



Putting Road Safety in Action

At the Habitat III Conference in Ecuador, the IDB and its longstanding partner **Federation Internationale de l'Automobile** jointly launched a contest for solutions to reduce traffic injuries and increase levels of safety and inclusion in citizen mobility. Applications from 50 states, provinces, and municipal governments from 12 LAC countries were evaluated by independent experts, who assessed proposals based on their impact, sustainability, innovation, and potential for replication. The winning initiatives were presented by the governments of Santiago, Chile and Belo Horizonte, Brazil.

In 2016 the IDB continued to foster sustainability in the transport sector, ramping up road safety and climate adaptation and mitigation efforts through two multilateral development bank (MDB) working groups. In the road safety space, the Bank is working with its fellow MDBs to target safer infrastructure and road safety plans focusing on vulnerable users, road safety audits, and inspections. Through the Working

Group on Sustainable Transport, of which the Bank became Secretariat in early 2017, the IDB has committed to providing a collective US\$175 billion in loans and grants by 2022, while providing technical assistance to help countries advance mobility and connectivity in a sustainable way.

In 2016 the IDB and Latin NCAP, an independent assessment program for new vehicles in Latin America and the Caribbean, once again joined forces to design and implement a communications strategy encouraging citizens to prioritize safety in their car purchases. Tapping into social media channels and innovative tools like Google AdWords, the partners are creating awareness about the importance of basic safety features and advocating for governments to strengthen and enforce vehicle safety regulations.



China

Building upon nearly a decade of partnership, in 2016 the Government of China and the IDB continued expanding their efforts in LAC.

Working through the China Co-financing Fund, which was established in 2013 as the primary co-financing facility for this collaboration, the partners had committed US\$1.12 billion for 44 projects in 16 countries by the end of 2016, advancing infrastructure and the development of small and medium enterprises throughout the region. In 2016 alone, five new projects in Colombia, Costa Rica, Ecuador, and Panama were committed for a total of US\$142 million, while three other projects totaling US\$110 million were also approved.

A 2016 highlight of the Fund was a US\$200 million project in Panama, through which China and the IDB are financing the design, construction, and operation of a gas-fired thermal power plant and terminal just northwest of Panama City, Panama. The project, which will contribute to a cleaner and more dependable energy matrix in Panama, is expected to increase the use of natural gas in lieu of other fossil fuels, enable more efficient use of renewable energy, generate employment, and contribute to reducing greenhouse gas emissions.

Beyond Financing: The IDB and China Share Knowledge Across the Pacific

Bringing together more than 500 government leaders, policy makers, and microfinance practitioners, the IDB Group's Multilateral Investment Fund and the **Chinese Academy of Financial Inclusion** in 2016 jointly launched the International Forum for Financial Inclusion. A vehicle for promoting microfinance in China, the event was also a platform for sharing LAC-specific case studies and best practices. In the environment, health, and safety space, the **China Development Bank** and the IDB partnered to develop detailed technical guidelines for Chinese companies and investors, which are intended to enrich project and investment design to increase chances of success.

The China-LAC Summit: A Decade-Long Tradition of Fostering Business Ties

Now in its tenth year, the **China Council for the Promotion of International Trade (CCPIT)**, the **Hebei provincial government**, the **People's Bank of China (PBC)**, and the IDB came together once again to organize the China-LAC Business Summit. Held in Tangshan, China in October, the 2016 theme of innovation and win-win cooperation brought together 1,600 participants, making it the largest Summit to date. Attended by Chinese Vice President Li Yuanchao and Uruguayan President Tabare Vazquez, the event resulted in more than 3,000 business matchmaking meetings facilitated by ConnectAmericas, an IDB-led social network that helps SMEs go global. (For more information about ConnectAmericas, refer to page 50.)

Fighting Climate Change through Sustainable Infrastructure

As countries expand their efforts to pursue development while mitigating the impacts of climate change, sustainable infrastructure continues to be a top priority in international development agendas. That's why in 2016 the **China International Contractors Association (CHINCA)** and the IDB collaborated on a joint report on this topic, setting the stage for a new chapter of China-LAC infrastructure cooperation. In this report, CHINCA and IDB lay out a shared vision and offer guidance for Chinese companies looking to invest in sustainable infrastructure projects in LAC.

To continue an important dialogue between China and the LAC region, in 2016 the **Chinese Academy of Social Sciences (CASS)**, the **Government of Colombia**, and the IDB hosted the third LAC-China Policy and Knowledge Summit. Focused on productive development and innovation, the Medellin-based event brought together public officials, business executives, and prominent scholars from China and seven LAC countries to share best practices for designing public policies.

In 2016, the IDB established two new partnerships with Chinese organizations. A novel collaboration with the **Development Research Center of the State Council of China** facilitated joint programs and projects to foster cooperation, academic exchange, and policy dialogue on such topics as early childhood development and macroeconomic growth. In another, a new agreement with the **China-LAC Industrial Cooperation Investment Fund** was formalized to support economic and social development, facilitating collaboration and co-financing for projects for the public and private sectors.



AGRICULTURE

Building a future of larger harvests and lower climate impact.



Helping Latin American Farmers and Agribusiness Step Up

AgroLAC 2025 is harnessing IDB funding, a recent contribution of CAD13 million from **Global Affairs Canada**, and previous contributions from partners the **Colombian Presidential Agency**

of International Cooperation

and **Dow Chemical Company** to

advance sustainable agricultural practices and market systems. Working closely with **The Nature Conservancy** and the **U.S. Department of State**, this platform works to identify and support sustainable agricultural practices and market systems in the LAC region. Specifically targeting Central America, AgroLAC 2025's objective is to support efforts that empower smallholder farmers with the knowledge and tools they need to grow more food, gain greater access to markets, become more profitable, and build a better life while improving the environmental sustainability and climate resiliency of their operations.

LAC is already the largest net food exporting region in the world, yet it still has achieved only a small fraction of its potential. With the support of IDB partners, AgroLAC 2025 will enable the region to capitalize on this potential in ways that are sustainable and ensure no additional habitat loss.

Coping with Climate Change and Improving Lives — One Coffee Farmer at a Time

In 2016, the IDB formalized a new partnership with **Nespresso**, **PlaNet Guarantee**, and **Columbia University's International Research Institute for Climate and Society** to improve the lives of coffee farmers in Colombia. Through the creation of a weather-based agricultural production index, the collaboration seeks to allow farmers to better assess meteorological risks, while at the same time providing financial institutions the information they need to design improved insurance products that can help farmers hedge their risk against climate related threats.

In 2016, the **Nordic Development Fund** contributed EUR5 million to the **Climate-Smart Agriculture Fund for Latin America and the Caribbean (CSAF)** to consolidate the fund established the previous year by the IDB Group's **Inter-American Investment Corporation (IIC)** and the **Global Environment Facility**. With additional support from the **U.S. Agency for International Development**, CSAF partners are working to incentivize private sector companies in the region to invest in projects that increase farmers' incomes by enabling them to adopt tools and techniques that increase their productivity, output, and resilience. Overall, the Fund seeks to unlock greater private sector investment in sustainable land use and climate-resilient agribusiness, which often face hurdles to access finance due to lengthy payback periods as well as significant barriers to information on sustainable practices.

Transforming Agriculture through Tech: Applying Innovation to Improve the Lives of Farmers

FONTAGRO, a cooperation mechanism that seeks to promote innovation in agriculture, continued advancing its efforts to infuse agricultural efforts with technology in 2016. In one project, which is being implemented by the IDB with funding from the **Global Environment Facility**, FONTAGRO is strengthening technology networks and research centers, developing pilot technology transfer mechanisms, and leveraging private and public investments. As part of this effort, FONTAGRO is implementing eight regional technical cooperation operations that are positively impacting 10 countries and more than 25 institutions.

In addition, FONTAGRO organized crowdsourcing initiatives to identify the best regional solutions for addressing the effects of climate change on family agriculture. In one such contest, 11 case studies implementing technological, organizational, and institutional innovations were identified.

Bringing Data-Driven Policy Making to the Agricultural Realm

In 2016 the IDB launched a massive open online course (MOOC) to share the knowledge generated by Agrimonitor, an online tool providing free access to reliable data and analysis on agricultural policies throughout the region. Agrimonitor was developed in 2014 in response to the need for more precise, up-to-date information on price supports, direct payments, and general services provided to farmers. The platform is intended to foster a better understanding of policies affecting food security, trade integration, competitiveness, rural poverty, and climate change. Using a time-tested methodology developed by the OECD, Agrimonitor tracks the amount of support that farmers receive, the programs that deliver the support, and how these are affecting food prices.



A Broad Coalition to Strengthen and Empower LAC's Numerous Smallholder Farmers

LAC's smallholder farmers are the source of more than half the food produced in the region. Yet they continue to experience high rates of poverty, the result of low productivity, weak links to markets, insufficient business and financial management skills, and limited access to long-term finance.

In response to these challenges, the Multilateral Investment Fund (MIF) of the IDB Group helped create the Sustainable Agriculture, Food and Environment (SAFE) platform, which will enable 150,000 smallholder farmers to capture more value from their participation in national and global supply chains, while fostering their resilience to climate change and other external threats. Initially targeting coffee and cocoa producers, SAFE will later include additional crops with replication potential.

Founding partners in the initiative include **Catholic Relief Services, the Coalition for Coffee Communities (CCC), the Committee on Sustainability Assessment (COSA), ECOM Trading, Farmers Brothers Co., the Grameen Foundation, Hans R. Neumann Foundation** (part of the **Neumann Kaffe Gruppe**), **Hivos, Keurig Green Mountain Inc., Rainforest Alliance, Root Capital, S&D Coffee & Tea, Solidaridad Network, Starbucks Coffee Company**, and the **Sustainable Commodity Assistance Network (SCAN)**.

Water and Sanitation

Promoting access and behavior change in water and sanitation.

The IDB and the IDB Group's MIF are key partners in **Lazos de Agua**, an initiative led by **One Drop**, a NGO created by Cirque Du Soleil's founder, to increase access to water and sanitation through the use of social arts. With additional support from partners **The Coca Cola Company** and the **FEMSA Foundation**, a total of US\$25 million has been raised to achieve this goal by promoting behavior change and developing business opportunities around water and sanitation. The initiative is developing six projects in Guatemala, Colombia, Nicaragua, Mexico, and Paraguay, with a goal of benefitting at least 150,000 people.

An initiative of Guy Laliberté, founder of the Cirque du Soleil, One Drop fights poverty by supporting access to water and sanitation while raising individual and collective awareness about the need to ensure that safe water is accessible to all.



Successful Water Funds Partnerships Head into Their Next Phase

Established in 2011, the Latin American Water Funds Partnership — led by the **FEMSA Foundation**, the **Global Environment Facility**, **The Nature Conservancy**, and the IDB — brings together civil society organizations, academic institutions, government agencies, enterprises, and international organizations to implement nature-based solutions for freshwater ecosystem conservation. Bringing together more than 200 partners and US\$130 million in funding, 20 water funds have been created in 11 countries, benefitting more than 1.6 million hectares of natural habitats and more than 65 million people to date.

At the third Biannual Water Funds Meeting in Bogotá in June, the partners joined **President of Colombia Juan Manuel Santos** and the Colombian singer **Carlos Vives** to launch the second phase of this partnership. Reflecting on the collaboration, the partners determined that the five elements — inclusion, scalability, fundability, adaptability, and stackability — enable multi-stakeholder collaboration that goes beyond conservation to pursue a more compelling objective: watershed sustainability.

Donors Keep Resources and Ideas Flowing into AquaFund

The AquaFund, an IDB-led multi-donor fund that works in innovative ways to close the water and sanitation coverage gap in LAC, received additional support from two of its partners in 2016. The **Government of Austria**, the Fund's first partner upon its establishment in 2010, committed an additional US\$1 million, while the **PepsiCo Foundation**, the AquaFund's first private donor, brought an additional US\$2 million to its coffers. These latest contributions will enable the IDB to continue to explore more novel topics such as eco-infrastructure and composting, while implementing innovative projects that focus on increasing access to water and sanitation services for hard-to-reach families. The AquaFund's active portfolio includes more than 100 technical cooperation projects worth US\$75 million.

AquaFund has been a vital instrument to develop the IDB's water and sanitation work in LAC, helping the governments of the region to attain the water and sanitation-related Sustainable Development Goals.

The AquaFund and its Partners Celebrate Progress in Colombia

In Bogotá, AquaFund donors gathered to mark several years of progress in bringing water and sanitation to more than 300 families, or 9,100 people, in Colombia, where more than a quarter of the rural population does not have it. In this effort, the partners have collaborated with entities including the **Government of Japan** through the IDB-managed Japan Special Fund for Poverty Reduction, the Embassy of Japan in Colombia, and additional private sector partners.

The IDB-managed AquaFund relies on the close collaboration of the **Austrian Federal Ministry of Finance**, the **PepsiCo Foundation**, the **Spanish Agency for International Development Cooperation**, **Switzerland's State Secretariat for Economic Affairs**, and the **Swiss Agency for Development and Cooperation**.



Hydro-BID: A Key Partnership Extends Water Resource Modeling to Peru

To close out 2016, the AquaFund finalized a new project to better calculate current and future water availability across the country. Bringing the Hydro-BID water resource modeling tool to Peru, the project imparted valuable technical

capacity to the personnel of the country's National Water Authority (ANA) to improve the management of water resources in the context of climate change. Lessons learned in this project will inform the recently launched "From Source to Home" program with the **PepsiCo Foundation**, which includes a regional center for applied water resource management. Launched through the Hydro-BID program, PepsiCo's commitment of US\$3 million will enable this effort to reduce the number of people suffering from water scarcity, while advancing climate change adaptation efforts through improved institutional capacity.

Energy

Partners to Transform Energy in the Caribbean

Partnership will aid cleaner, cheaper, and more secure sources of energy for the Caribbean Region

With an average cost of electricity four times higher than in high-income nations such as the United States, high energy costs are not only a daily hardship for Caribbean people but also one of the key bottlenecks for unleashing economic growth and prosperity in the region. Most small Caribbean countries, particularly the Eastern Caribbean States, depend almost entirely on petroleum to supply their electricity needs — with oil and gas expenditures taking between seven and 20 percent of a country's GDP. Yet the Caribbean region has a diverse and large renewable energy potential, including solar, wind, geothermal, biomass, and marine energy. While solar and wind are intermittent, they can be used in combination with renewable geothermal power or clean natural gas power.

A partnership formed in 2016 between the **Caribbean Development Bank (CDB)**, the **Caribbean Community (CARICOM)**, the **U.S. Department of Energy (DOE)**, and the IDB will seek to help accelerate the transition to renewables and other clean energy sources. Through this collaboration, the partners will provide the technical knowledge and expertise to both increase energy security in the region and ensure greater use of renewable energy and energy efficiency technologies.

Collaborating for Interconnectivity in LAC: An Energy Partnership Is Strengthened

LAC countries are rich in clean energy resources, and particularly in renewable sources of electricity such as hydropower, wind, solar, geothermal, and biofuels. However, this wealth is unevenly distributed. This summer, the IDB renewed its partnership with **Centrais Elétricas Brasileiras (Eletrobras)**, **Electricité de France**, **EnergieBedrijven Suriname**, the **French Development Agency (AFD)**, and the **Guyana Energy Agency**, with a pledge to step up their efforts to develop interconnections between power systems in Guyana, Suriname, French Guiana, and the northern Brazilian states of Amapá and Roraima.

[more>>](#)

Collaborating for Interconnectivity in LAC (continued)

The project, known as the Arco Norte Interconnection Studies, will determine the feasibility, alternatives, risks, and mitigation aspects of creating an energy and data transmission interconnection arc (the Arco Norte, or Northern Arc), with the purpose of linking Caribbean Continental countries (including Guyana and Surinam) with the Brazilian cities of Boa Vista (State of Roraima) and Macapá (State of Amapá). This would enable electricity trading and allow for an optimal power generation expansion plan that prioritizes use of only the most efficient energy sources, minimizing costs and environmental and social impacts while improving the security of electricity supply to utility customers.

Longer term the potential for exports could lead to the development of large clean energy sources in these three countries, as well as to increased use of local energy sources like hydropower and biomass to reduce costs and dependence on imported fuels while minimizing environmental and social impacts. Moreover, an interconnected power system could allow for the extension of existing transmission networks into areas that are not currently served, thus eventually expanding electricity access in the Arco Norte region.

IDB Helps to Diversify Ecuador's Energy Matrix

With support from the IDB, Ecuador has been carrying out an ambitious program to transform its electricity sector, with early results showing that the country is ranked by the World Energy Council at fifth place in energy security worldwide and first place in LAC. In alignment with the objectives set forth by **Sustainable Energy for All (SE4All)**, a global platform led by the United Nations, the IDB this year pledged US\$143 million to support Ecuador's efforts to diversify its energy mix, improve indicators, and support recovery plans and rebuilding of the energy grid in areas affected by a recent earthquake. Specifically, the financing program will facilitate the transport of newly generated energy and to strengthen national infrastructure, strengthen and expand the National Distribution System in urban and rural marginalized areas, and help advance Ecuador's National Program for Efficient Cooking.

Boosting Growth through Clean Energy in Honduras

Access to clean and sustainable energy services, poverty alleviation, and economic opportunity in Honduras are inextricably linked. Yet because the country's dependence on imported fossil fuels results in among the highest energy costs in the region, about 20 percent of the population lacks access to electricity. To address this challenge, the IDB Group's MIF supported and welcomed two new partners to the Honduran Renewable Energy Finance Fund (H-REFF) in 2016. The first Honduras-focused investment fund for renewable energy and clean technology deployment, a US\$5 million commitment from the **Calvert Foundation** and US\$10 million from the **Global Environment Facility** will help to implement up to 22 small-scale renewable energy projects to deliver power to businesses and households. Specifically, the Fund will work to create up to 153 MW of renewable energy installed capacity, reduce up to 5.7 million tons of CO₂-equivalent, and generate up to 427,000 MWh per year from renewable resources.

Calvert Foundation's participation in H-REFF builds off a 2015 collaboration with the IDB Group, through which the partners launched the US\$20 million Inter-American Opportunity Facility to reduce poverty by investing in small and medium enterprises in the region.



A woman wearing a colorful floral headscarf and a pink and white striped shirt is holding several green mangoes. She is standing in an outdoor industrial or construction area, with a blue container in the foreground and a concrete wall in the background. The scene is brightly lit, suggesting a sunny day.

Haiti

The Fruits of Partnership: Bringing Jobs to Haiti

The IDB, with a contribution from the U.S. Department of State, contributes US\$15 million to expand Haiti's Caracol Industrial Park.

The IDB's longstanding efforts to rebuild Haiti and have been marked by commitments of more than US\$2 billion in IDB grants and US\$200 million in co-financing from IDB partners, which have targeted key sectors such as energy, education, enterprise development, water and sanitation, agriculture, transport, and the strengthening of public institutions.

With enormously high unemployment continuing to frustrate anti-poverty efforts, what Haiti continues to need are jobs. That is why the IDB has worked closely with its partners the **Government of Haiti** and the **U.S. Agency for International Development (USAID)** to develop the Caracol Industrial Park on the island's north

shore. Since the early days of the reconstruction effort, when the IDB and USAID committed a combined US\$229 million in grants to finance the construction of buildings and supporting infrastructure at the park, Caracol has attracted several apparel manufacturers. Among them is SAE-A Trading Co. Ltd., South Korea's leading garment manufacturer, which is now the park's anchor and largest corporate tenant.

With more than 7,000 already employed, Caracol Industrial Park is a key element of partnership efforts to help Haiti generate economic growth. Since its opening in 2012, employment at Caracol has increased steadily as the park has expanded, from 1,200 jobs in the first year of operation to more than 8,500 today. Thousands more jobs are expected to come online as the facility expands further. Nationwide, the apparel industry has created jobs for more than 40,000 Haitians and continues to grow.

In 2016, the IDB-led Haiti Reconstruction Fund contributed another US\$15 million to expand efforts at Caracol. Thanks to this contribution, thousands more jobs will be brought to northern Haiti as more tenants locate their manufacturing facilities in the park.

At 246 hectares, Haiti's Caracol Industrial Park is one of the largest and most modern facilities of its kind in the Caribbean.



Canada, CDB, and the IDB: Giving a Hand to Small Business

Like elsewhere in the region, small and medium-sized enterprises (SMEs) in Haiti face substantial obstacles as they attempt to access lending and other financial products.

To address this challenge, a partnership between **Global Affairs Canada**, the **Caribbean Development Bank (CDB)**, and the IDB Group's MIF will support the **Fédération des Caisses Populaire Haïtiennes — Le Levier**, a network of Haitian savings and credit cooperatives, so that it may better meet the financial needs of Haiti's blossoming businesses. Committing a combined US\$2 million, the partners will increase access to business loans and savings products and services and support Le Levier in developing a specialized SME finance business assessment unit, empowering 2,000 formal micro and small enterprises in the process.



Through the Value Chain, Improving the Lives of Haiti's Cocoa Farmers

In Haiti, the IDB Group's MIF is working with the **Swiss Agency for Development and Cooperation (SDC)** to boost the competitiveness and productivity of small-scale cocoa producers. Together, the partners are working toward the shared goal of shifting the cocoa value chain so as to place cooperative farmers front and center. Through this project, the partners have specifically worked to add value to cocoa for niche markets, strengthen the capacity of cooperatives,

develop quality knowledge products, and reorganize the governance of the value chain.

Despite the devastating effects of 2016's Hurricane Matthew, the project is still on track to achieve its objective of helping cooperatives to export 1,176 metric tons of cocoa annually by 2018. Perhaps most importantly, the Swiss government's long-term commitment to this effort brings to the table a guarantee of continuity and scale, ensuring that the progress achieved is here to stay.



Leaders of the Haiti Hope partner organizations gather to reflect on their collaboration. Left to right: former USAID Administrator Gayle Smith, Chairman and CEO of The Coca-Cola Company Muhtar Kent, TechnoServe CEO William Warshauer, and IDB President Luis Alberto Moreno.

The Haiti Hope Story

Shortly after the January 2010 earthquake struck Haiti, with a broad range of public and private sector donors rushing in to help, leaders of the **The Coca-Cola Company**, the non-profit international aid organization **TechnoServe**, the **U.S. Agency for International Development (USAID)**, and the IDB found themselves exploring what they could do together to support the long-term development and revitalization of the country's agricultural sector. From their discussions the Haiti Hope project was born. With the goal of boosting the incomes of Haitian farmers, the partnership focused on leveraging the country's experience in growing mangoes, albeit as a seasonal sideline for most farming families.

Haiti Hope was built on the belief that training, organization, and access to timely and accurate market information could enable Haiti's mango farmers to extract more value from their production, while acquiring skills that could be applied to other crops and activities. Over time, Haiti Hope attracted additional support from organizations including the **Clinton Bush Haiti Fund**, the Haitian microlender **Sogesol**, and **Whole Foods**. The project tripled the production of certified fair trade and organic mangoes,

The Haiti Hope project's success has been documented in a recently published **Harvard Business School** case study.

...

Under this project, more than 70,000 Francique mango saplings have been planted across Haiti, laying a foundation for a vibrant industry for future generations of Haitian farmers.

which carry a price premium over conventional fruit, and expanded a traceability system in the Haitian mango value chain. It also succeeded in introducing thousands of farmers to the workings of microcredit, which they're now using wisely and productively.

Celebrating the project's completion early into 2016, the same leaders came together for the Haiti Hope: A Lesson in Partnership event. An opportunity to reflect upon the project's successes and opportunities, the partners applauded the more than 25,000 farmers who received training in mango production, post-harvest, and marketing, and the fact that more than 90 percent of the 260 Producer Business Groups created with the project's help now earn a profit.

“This is not philanthropy. This is bringing the expertise of great partners to life, connecting it to business needs, with the needs of the community.”

- Muhtar Kent, Chairman and CEO of The Coca-Cola Company



Powering LAC's Businesses

Last year, ConnectAmericas officially reached one million users. To learn more about the opportunities it offers small and medium enterprises, visit www.ConnectAmericas.com.

A 2016 milestone for ConnectAmericas was the unveiling of its new program, Made in the Americas, which aims to help integrate SMEs into more demanding global supply chains while helping large buyers diversify their base of qualified suppliers in LAC. Through this program, large corporations can

publish purchasing announcements on the platform and are invited to collaborate with the IDB in the design of tools, information, and support programs to strengthen the capacities of potential suppliers in the region. On the other side of the equation, SMEs receive notifications about purchasing announcements that may be relevant to them, and for which they can apply via the platform as well. Ultimately, Made in the Americas is built on the premise that, by strengthening their processes to participate in more demanding supply chains, SMEs can become more modern, productive, and successful, and better employers for those who work for them.

In 2016, ConnectAmericas also held its first-ever virtual matchmaking event in the region, and launched Mujeres ConnectAmericas, a platform focused on empowering female entrepreneurs by providing them business opportunities, learning materials, and financial alternatives specific to their needs.

Promoting SME Growth, the U.S. Government Joins ConnectAmericas

In the summer of 2016, the **U.S. Small Business Administration (SBA)** signed on to the ConnectAmericas collaboration, joining anchor partners **Alibaba.com, DHL, Google,** and **Maersk/SeaLand** in this effort to help LAC's SMEs develop global markets for their products and services. Joining **IE Business School** as the initiative's newest partner, the SBA brings to the table knowledge that can connect LAC's small businesses to the information and networks they need to internationalize.

In 2016, ConnectAmericas initiated a partnership with **Santa Clara University** in California to create digital multimedia content to be provided at no charge to aspiring entrepreneurs. Working through the university's My Own Business Institute (MOBI), which looks to inspire business startups that create jobs all over the world, ConnectAmericas is hosting MOBI content that is aimed at helping SME's in the region get the skills they need to internationalize their operations.

Anglo American and the IDB: Looking Beyond Extraction to Sustainability

In keeping with its longstanding tradition of boosting economic opportunity and sustainable value in the mining communities where it operates, **Anglo American** recognizes the potential it has to improve lives in the LAC region. In 2016, this global company teamed up with the IDB on a program called *Beyond Extraction: Economic Opportunities in Mining Communities*. Working in Brazil, Chile, and Peru with **TechnoServe**, a global non-profit that seeks to connect the poor with information and markets, this collaboration is coordinating strategic investments to strengthen the capacity of local institutions, promote access to markets, and bring inclusive prosperity to mining communities by empowering complementary businesses as a means of generating employment. Leveraging Anglo American's existing investments in mining communities as well as the US\$3.8 million it has committed to this effort, a US\$2 million pledge from the IDB Group's MIF will work to realize the growth potential of extractives host communities.

Fortifying Honduras' Fishing Industry

On the Atlantic coast of Honduras, artisanal fishing is the most important source of food, employment, and income. Yet this sector, which highly depends on thriving and healthy mangroves, is susceptible to climate change and continues to experience great obstacles in connecting to markets, accessing finance, and preserving the natural capital upon which it depends. The **Nordic Development Fund (NDF)** and the IDB Group's MIF have developed a holistic solution to these challenges, designing a project that links fishing organizations to markets and credit, improves product quality, enhances natural resource management, and raises awareness of ecosystem services to ensure the longevity of this industry. Thanks to a US\$3.5 million contribution from the NDF, the partnership will seek to connect 1,300 fishermen with the largest supermarkets and intermediaries in Honduras, while encouraging the active participation of women, youth, and the disabled in the value chain.

IDB Group and BNDES Strengthen Cooperation

In 2016, the IDB and the **Brazilian Development Bank (BNDES)** formalized a new five-year collaboration. Seeking to develop public-private partnerships and to increase the competitiveness of SMEs, the partnership also looks to stimulate private investment in a variety of sectors, including renewable energy, transport, logistics, biofuels, and agricultural exports. Furthermore, the partners plan to invest in public education, particularly to improve school management in Brazil.

In 2016, the IDB approved a US\$750 million program to support BNDES in providing medium- and long-term financing to scale up private investments in renewable energy and energy efficiency. The program is expected to increase the participation of renewable energy in Brazil's energy matrix by an additional 10 percent. This support would provide about 1.2 to 5 percent of the financing needed to help Brazil achieve the emissions reduction goals detailed in its Nationally Determined Contribution.

IDB and BBVA Strengthen their Partnership in LAC

In May, in the IDB Group and its longstanding partner, the Spanish financial group **BBVA**, moved to strengthen their collaboration in areas related to banking in LAC. The partners expanded their work into studying financial and digital trends, information technology platforms, innovation in financial products with high social impact, and corporate social responsibility initiatives involving the promotion of best practices, financial education, sustainability of financial intermediaries, and development of micro financing activity. The partners will also explore co-financing of infrastructure projects in the region.

A close-up photograph of a young child's hands holding a colorful geometric block structure. The child's face is partially visible in the background, looking down at the blocks. The blocks are in various colors (red, yellow, green, blue) and shapes (triangles, squares).

Social Progress

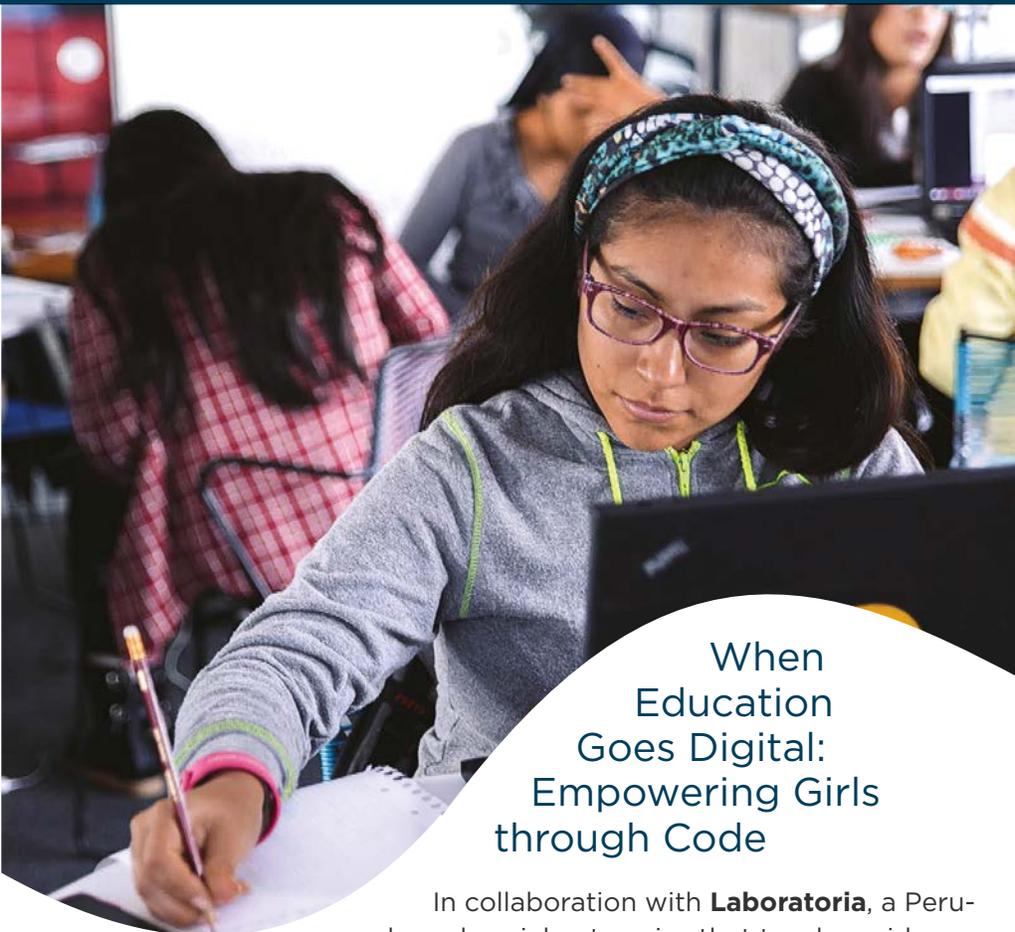
Early Childhood Development Innovation Fund: A Partnership in the Making

In a little more than a decade, the 50 million children under the age of five in LAC will begin to enter the region's workforce and its social and political leadership. Progress over the past half-century has enabled today's preschoolers to enjoy better health and nutrition and a lower likelihood of living in poverty. These days almost all are attending school. Yet despite these advances, the IDB and its partners recognize that LAC children still lag behind other parts of the world in critical areas like language and cognition, and that the region itself is home to great discrepancies in early development between rich and poor children. Given the critical nature of these early years, such disadvantages can bear negative consequences throughout the lifespan, predestining some children for greater success, health, and development than others.

To disrupt this pattern and to empower LAC's youngest citizens, the IDB is working closely with partners to launch the Early Childhood Development Multi-donor Innovation Fund in 2017. Building off research published in the 2015, *The Early Years: Child Well-Being and the Role of Public Policy* report, the Fund will support the design, implementation, and evaluation of initiatives to improve child development in the first five years of life, especially amongst the region's most disadvantaged populations. Complemented by a financing platform through which partners can channel bilateral trust fund resources and project-specific grant contributions, this new platform will prioritize innovative approaches to addressing early childhood development challenges and contributing to better cognitive, language, motor, and socio-economic outcomes for children across the region.

Partners Take to the Big Screen to Emphasize the Importance of “The Beginning of Life”

The early years of children’s lives play a critical role in their future successes. That’s why the **Maria Cecilia Souto Vidigal Foundation (FMCSV)** and the IDB partnered for the Washington, DC premier of “*The Beginning of Life*,” a new documentary exploring this short but critical window in child education. Created in partnership by the **Alana Institute, Bernard Van Leer Foundation, FMCSV, and UNICEF**, the film is now available on Netflix and other viewing platforms.



When Education Goes Digital: Empowering Girls through Code

In collaboration with **Laboratoria**, a Peru-based social enterprise that teaches girls to code, the MIF of the IDB Group is working to advance the social and economic inclusion of 700 women age 15 to 29. Targeting low-income populations, the partnership seeks to empower these youth by teaching them job skills and providing them the experience they need to break into the digital job market. By the end of 2016, the partnership had trained 400 female coders in Lima, Mexico City, and Santiago, and helped another 490 young women find meaningful employment after just five months of training. For these girls, the future looks bright. The women employed now enjoy triple the income they would have earned otherwise, and Laboratoria expects that they are just the first of many young women whose lives will be greatly improved by this effort.

Improving the Golden Years of LAC’s Working People: MetLife Foundation and the IDB Expand Efforts in 2016

Today, an estimated 130 million people in LAC are working without contributing to their pensions, and accordingly they will be left without a retirement plan to cover their living costs when they stop working. That’s why in 2015, **MetLife Foundation** and the IDB teamed up to launch a US\$3.6 million initiative to provide retirement savings solutions to 400,000 independent workers and low-income people across Chile, Colombia, Mexico, and Peru. Funded by MetLife Foundation and the MIF of the IDB Group, the partners’ contributions go beyond financing, further enriching this first-ever regional voluntary retirement savings program with their unique expertise in financial inclusion and pension projects. In 2015 and 2016, the partners worked through forums with key public and private stakeholders in Chile, Colombia, and Mexico to identify the primary barriers to retirement savings and to develop innovative solutions to be implemented by the project over the coming years.



Improving Nutrition One Spoonful at a Time

Is it possible for a single innovative solution to combat undernutrition and obesity all at once? The **PepsiCo Foundation** and the IDB have partnered to find out. Working through the Sustained Program to Improve Nutrition, or SPOON, the partnership has been working since the program's 2014 launch to improve the lives of babies in poor communities through a comprehensive approach that emphasizes improved feeding practices, a behavioral change strategy for parents and caregivers, and a nutritional supplement for children aged 6 to 24 months. In 2016, SPOON's country teams in Colombia, Guatemala, and Mexico made important progress in designing evaluations, conducting research, and developing behavioral change strategies tailored to each community's specific context, while joining an international knowledge sharing effort in the nutrition space. An inter-regional initiative focused on developing evidence to improve stunting programs, SPOON is only one of two Latin American projects that the **International Atomic Energy Agency (IAEA)** chose to participate in this effort.

Other partners essential to moving SPOON forward include the **Global Alliance for Improved Nutrition (GAIN)**, the **Government of Japan** through the IDB-managed Japan Special Fund Poverty Reduction Program, and Nutriset.

Salud Mesoamérica Initiative Delivers for Better Health

Founded in 2010 as a public-private partnership between the IDB and the **Bill & Melinda Gates Foundation, Fundación Carlos Slim, the Government of Spain**, the countries of Central America, and the state of Chiapas, Mexico, the Salud Mesoamérica Initiative (SMI) continues to support countries to achieve results and improve access to health for women and children in the poorest 20 percent of Mesoamérica's population.

After six years of operation, SMI is visibly strengthening health systems and the quality of services. To date, the initiative has directly

benefitted 1.8 million women of reproductive age and children aged less than five years, while indirectly benefitting an additional 4.5 million people in the poorest areas of these geographies. A recent evaluation concluded that SMI is well-regarded by countries and is making a transformative difference. Specifically, it is advancing a culture of accountability among health care systems in participating countries thanks to its emphasis on results-based financing, use of information and innovation, and technical assistance.

SALUD MESOAMÉRICA BY THE NUMBERS



Rapid detection and follow-up tests for pregnant women have been introduced at the community level in El Salvador, Honduras, Nicaragua, and Panama.



OB-GYNs and pediatricians are now present 24x7 in 10 hospitals across Guatemala, Honduras, and Nicaragua.



Quality Improvement Strategies are now operating in the Chiapas, Belize, El Salvador, Honduras, and Nicaragua health systems.

Routine monitoring shows the following improvements:

- In two years, **Chiapas** has increased compliance with norms by 20 percentage points during maternal complications.
- **Belize** has increased the percentage of pregnant women seen during their first trimester from 2 out of every 10 women to 5 out of every 10 women.

- The percentage of women using modern family planning methods in **El Salvador** has increased from 53 to 75 percent.
- 10,237 women in 965 communities have created a birth plan for the first time in **Nicaragua**.
- Compliance with norms for complicated newborns has increased from 6.9 to 46.2 percent in **Honduras**.

“Today almost 2 million women and children are benefiting from the care and treatment they get at better equipped health facilities... The fact is, investing in the health and wellbeing of women and children is one of the smartest economic investments we can make.”

~ Melinda Gates, Co-Founder of the BMGF



In 2016, the IDB continued to harness the power of sports to improve quality of life of children in Latin America and the Caribbean, putting it to work as an effective tool to motivate and train young people.

Driving Social Transformation through Sports

A New Chapter for Partnership: Fundació FC Barcelona and the IDB Usher in a New Era of Collaboration

In December of 2016, **Fundació FC Barcelona** and the IDB renewed their longstanding partnership in a new agreement, paving the way for another five years of intensive collaboration. Building upon a decade of working together to empower children and youth through sports, this new chapter will continue deploying the partners' Sports for Development methodology in key communities throughout the region.

➤ Targeting 6,000 Kids, Fundació FC Barcelona and the IDB Launch and Complete an Innovative Pilot Project

In 2016, Fundació FC Barcelona and the IDB teamed up to test and launch a new project in Cartagena, Colombia. Working through the IDB's Emerging and Sustainable Cities Program, the effort kicked off with a seminar on the FutbolNet methodology, training 90 coaches in the city to use sports as a vehicle for imparting important life skills and values to kids. Reaching 6,000 children, the best practices determined from this initiative are being integrated into Cartagena's City Action Plan.



Building Off 2016's Olympic Spirit, the IDB Joins the Paralympic Movement

Riding the wave of Olympic spirit, the IDB joined forces with the **International Paralympic Committee (IPC)** to facilitate access to the practice of sports by individuals with disabilities. Through a US\$650,000 contribution in association with the Rio 2016 Paralympic Games, the partnership seeks to foster the economic and social inclusion of persons with disabilities by strengthening national-level Paralympic organizations and promoting regional integration. Working to increase the availability of sporting clubs and training for athletes, this effort will also design and implement an inclusion-focused communications strategy, while enhancing the capacity of National Paralympic Committees (NPCs) in Colombia, Ecuador, El Salvador, Nicaragua, and Peru. Brazil will participate as a mentor country in light of its experience in the development of Paralympic sports. The donation also seeks to support 300 athletes with disabilities who live in marginalized communities, enhance competitive opportunities, identify talent in at-risk areas, provide technical education for coaches and other staff, develop awareness-raising activities, and create a framework to ensure cooperation among NPCs.



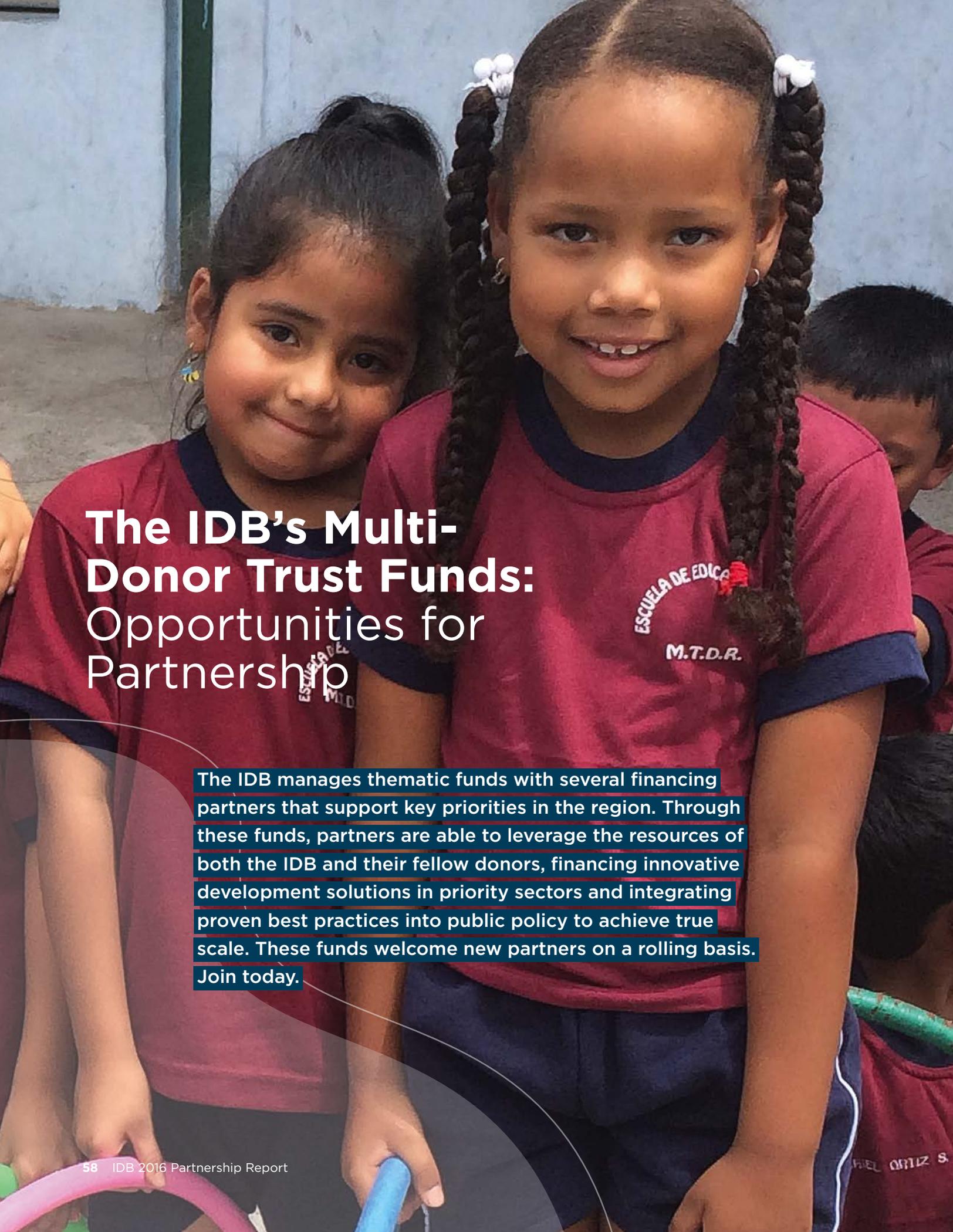
Light Up Your Life: Partnering to Illuminate Communities

In April 2016, **Philips Lighting** and the IDB joined together in Cuzco, Peru for the inauguration event of “Light Up Your Life,” an initiative formalized in 2015 that uses sustainable energy to illuminate community spaces like soccer fields and amphitheaters. Specifically, the initiative employs sustainable energy and energy efficient lighting solutions to create spaces where children and their families can play sports and attend other community events after dark.

This program, in addition to promoting the use of sports as a tool for development, addresses the inequality of access to electricity in LAC, which affects development opportunities, sustainable poverty reduction, and greater social inclusion. The inauguration included soccer clinics held by KNVB World Coaches, as well as the participation of local circus troupes and other performers.

To date, the Light Up Your Life initiative is illuminating eight fields throughout the region: five in locations that have access to electric energy and three in locations that do not. The latter will receive LED lighting with solar energy.

Together in 2016, Philips and the IDB donated and installed state-of-the-art LED lighting and solar powered LED lighting solutions on eight soccer fields in Brazil, Mexico, Colombia, and Peru.



The IDB's Multi-Donor Trust Funds: Opportunities for Partnership

The IDB manages thematic funds with several financing partners that support key priorities in the region. Through these funds, partners are able to leverage the resources of both the IDB and their fellow donors, financing innovative development solutions in priority sectors and integrating proven best practices into public policy to achieve true scale. These funds welcome new partners on a rolling basis. Join today.



The **AgroLAC 2025 Multi-donor Trust Fund** works to improve agricultural productivity and natural resource management as a means of enhancing food security and reducing poverty. The Fund focuses on the three pillars of agricultural and environmental management, increased productivity through sustainable intensification, and trade and access to markets. *Canada, Colombia, Dow.*



The **Multi-donor AquaFund** supports the IDB's efforts to respond to the region's water supply and sanitation challenges and contribute to closing the coverage gap, with the ultimate aim of guaranteeing universal access in Latin America and Caribbean. *Austria, Spain, Switzerland (through its Swiss Agency for Development and Cooperation and State Secretariat for Economic Affairs), PepsiCo Foundation.*



The **Multi-donor Fund for Biodiversity and Ecosystem Services** seeks to harness the region's comparative advantage in these areas to advance sustainable development. Working to integrate biodiversity and ecosystem considerations into other sectors, the Fund also advances the development of policies conducive to protecting the region's biodiversity. *Colombia.*

The **Broadband Multi-donor Trust Fund** is seeking partners to leverage additional financing from the IDB to expand access to broadband in Latin America and the Caribbean. Specifically, the Fund seeks to bridge the digital divide between the region and OECD countries by upgrading and deploying backbone optical networks as a means of advancing competitiveness, productivity, and social inclusion across the region.



The **Multi-donor Fund for Citizen Security** helps to improve the effectiveness of citizen security policies in the region. Specifically, the Fund promotes the use of data in the design and evaluation of policies, strengthens the capacity of countries to manage and evaluate public policies, and encourages knowledge sharing in this space. *Canada, Switzerland.*



The **Compete Caribbean Partnership Facility** supports the Caribbean region in their efforts to help firms grow, innovate, and enter new sectors and markets, while nurturing a private sector ecosystem that is conducive to growth. The Fund works toward the overall objective of helping firms increase their productivity and their contributions to economic growth. *Canada, United Kingdom.*



The **Multi-donor Disaster Prevention Trust Fund** helps countries to manage risks related to natural hazards by reducing their vulnerability, and by preventing and mitigating disasters through prevention activities. *Canada, Japan, Korea, Spain.*



The **Emerging and Sustainable Cities Multi-donor Trust Fund** supports intermediate cities in addressing sustainability challenges and improving quality of life. The Fund focuses on the three comprehensive dimensions of environmental sustainability and climate change, sustainable urban development, and fiscal and governmental sustainability. *Austria, Japan, Switzerland.*



The **Gender and Diversity Multi-donor Fund** contributes to equitable and culturally appropriate development by fostering gender equality, combating discrimination, and supporting development with identity. The Fund serves three main target populations: women and men in positions of disadvantage resulting from gender-based discrimination and inequality, indigenous peoples, and Afrodescendants. *Austria, Canada, Denmark, Norway, United Kingdom.*



The **Knowledge Economy Multi-donor Fund** increases competitiveness and reduces poverty by encouraging countries to promote knowledge sharing and the use of technology to solve social problems. In addition, the Fund seeks to develop the region's human capital and support private sector innovation. *Finland, Spain.*



The **Regional Infrastructure Integration Multi-donor Fund** supports the implementation of the Bank's integration strategy through technical assistance and the preparation of projects in the areas of "software," or regulations and policy frameworks, and "hardware," or physical integration. *Canada, Colombia, Mexico, Spain.*

The **Sustainable Colombia Facility** offers a holistic approach to addressing post-conflict and sustainable development challenges in Colombia. The Facility places special emphasis on the topics of rural development, climate change, environmental sustainability, deforestation, and social inequality.



The **Sustainable Energy and Climate Change (SECCI) Multi-donor Trust Fund** works to expand investment in renewable energy and energy efficient technologies, increasing access to international carbon finance and mainstreaming climate considerations across sectors. *Austria, Finland, Germany, Italy, Japan, Spain, Switzerland, United Kingdom.*



The **Transparency Fund** strengthens the institutional capacity of the Bank's borrowing member countries to design and implement transparency and access to information policies, mechanisms, and practices to prevent and control corruption. *Canada, Norway, MasterCard.*

Financials

In 2016, the IDB continued its efforts to advance transparency in the management of donor funds, to identify new opportunities for maximizing efficiency and exploring innovation in fund management, and to engage in consistent communication with donors. Working through the Grants and Co-financing Management Unit in the Office of Outreach and Partnerships, the Bank worked actively throughout the year to comply with fiduciary obligations, to report back regularly and through innovative platforms, and to promote the effective, efficient, and strategic use of donor resources. The Unit oversees donor contributions which provide support to financial products including loans, investment grants, technical cooperation operations, equity investment, and guarantees. In the pages to follow, the Bank will share its 2016 approvals and credited contributions to trust funds and project-specific grants.

2016 Grant Financing Approvals by Instrument Type (in US\$ millions)

Instrument Type	Amount
Investment Grants (IGRs)	45.11
Externally Funded Contractuals (EFW)	3.27
Technical Cooperation (TCP)	238.60
Reimbursable Donor Financing — Loans (LON)*	289.77
Total	\$576.74

* Includes a GEF-financed equity investment.

2016 Technical Cooperation Approvals by Donor Type (in US\$ millions)

Donor Type	Amount
Single Donor Trust Fund (SDF)	37.05
Multi-donor Trust Fund (MDF)	17.85
Project Specific Grant (PSG)	69.39
Financial Intermediary Funds (FIF)	13.36
OC Special Programs/Grants	100.96
Total	\$238.60

**2016 Approvals by
Beneficiary Country**
(in US\$ millions)

Country	Amount
Argentina	4.54
Barbados	0.30
Bahamas	2.24
Belize	1.46
Bolivia	4.53
Brazil	40.22
Chile	48.06
Colombia	109.39
Costa Rica	11.90
Dominican Republic	2.24
Ecuador	42.87
El Salvador	2.53
Guatemala	2.44
Guyana	3.33
Haiti	19.38
Honduras	9.98
Jamaica	7.89
Mexico	19.90
Nicaragua	51.63
Peru	1.33
Panama	54.23
Paraguay	6.91
Regional	109.69
Suriname	1.34
Trinidad and Tobago	0.76
Uruguay	17.06
Venezuela	0.60
Total	\$576.74

**2016 Credited Contributions by Donor Country
and Partner Institution for Trust Funds**
(in US\$ millions)

Donor Country	Partner	Amount
Austria	Federal Ministry of Finance of Austria (BMF)	1.00
Canada	Global Affairs Canada	5.12
China	The People's Bank of China ¹	100.78
Colombia	Colombian Presidential Agency of International Cooperation (APC Colombia)	0.31
Italy	Ministry of Foreign Affairs of Italy	1.10
Japan	Ministry of Finance of Japan (MOF)	10.87
Korea, Republic of	Ministry of Strategy and Finance of Korea	21.33
Multilaterals	The World Bank ²	82.29
Norway	Norwegian Ministry of Foreign Affairs	1.17
Paraguay	Instituto Paraguayo de Tecnologia Agraria (IPTA)	0.14
Spain	Ministry of Economy, Industry and Competitiveness of Spain (MINECO)	4.48
Switzerland	Switzerland's State Secretariat for Economic Affairs (SECO)	1.70
	Swiss Agency for Development and Cooperation (SDC)	1.53
Private	Bill & Melinda Gates Foundation	1.60
	Fundación Carlos Slim	2.11
	MasterCard	0.19
	Dow Chemical	1.00
Total		\$236.71

¹ Gross received contributions; excludes US\$139.2 million in returns to donor for repayments, investment income and undisbursed amounts.

² As trustee for the CTF, FCP, FCP, GAF, GEF, HRF, SCC, and SCX funds.

2016 Credited Contributions by Donor Country and Partner Institution for Project-Specific Grants
(in US\$ millions)

Country	Partner	Amount
Austria	Federal Ministry of Finance of Austria (BMF)	0.30
Canada	Global Affairs Canada (GAC)	11.97
Chile	Asociación de Bancos de Chile	0.02
	BHP Chile Inc	0.02
	Ministry of Public Works of Chile (MOP)	0.18
Denmark	Ministry of Foreign Affairs of Denmark	5.03
Europe	European Commission (EC)	5.70
Finland	Nordic Development Fund (NDF)	5.38
France	French Development Agency (AFD)	0.52
Germany	Dreilinden Foundation	0.05
	German Bureau for International Organizations' Personnel (BFIO)	0.08
	The Federal Ministry for Environment, Nature Conservation of Germany (BMUB)	5.58
Israel	Israel Ministry of Economy	2.00
	The Embassy of Israel in Washington D.C	0.18
Jamaica	Ministry of Finance and Planning of Jamaica (MOFP)	0.25
	National Commercial Bank Jamaica (NCB)	0.10
Japan	NEC Corporation	0.01
Korea	Korean Research Institute for Human Settlements (KRIHS)	0.14
	Ministry of Personnel Management of Korea	1.09
	Ministry of Strategy and Finance of Korea	0.24
Mexico	Fundación FEMSA	0.04
Multilaterals	Nordic Development Fund (NDF)	8.66
Spain	Fundación Bancaria "la Caixa"	0.56
Switzerland	State Secretariat for Economic Affairs of Switzerland (SECO)	1.15
	Swiss Agency for Development and Cooperation (SDC)	2.27
United Kingdom	Department for International Development (DFID)	2.42
	U.K. Department of Environment, Food and Rural Affairs (Defra)	1.70
United States of America	Citi Foundation	0.06
	MasterCard	0.06
	MetLife Foundation	0.12
	PepsiCo Foundation	2.40
	The Rockefeller Foundation	0.30
	U.S. Agency for International Development (USAID)	4.50
Total³		\$63.08

³ Excludes US\$0.026 in residual balances returned to donor upon conclusion of projects.

2016 PARTNERS

Ajou University	Corporación Andina de Fomento (CAF)	Harvard University	OPEC Fund for International Development
Alibaba.com	Danone	IE Business School	PepsiCo Foundation
Amazon Web Services	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	IESE Business School	PepsiCo Inc.
Anglo American	Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG)	InBev	Philips
Banco Bilbao Vizcaya Argentaria (BBVA)	Development Research Center of the State Council of China	Instituto Vorantim	Proparco
Banco Centroamericano de Integración Económica (BCIE)	DHL	Instituto Aliança	RedEmprendia
Banco Santander	Dow Chemical	International Finance Corporation	Rockefeller Foundation - 100 Resilient Cities
Bank of Nova Scotia	Electricité de France	International Trade Centre	SeaLand
Bank of Tokyo-Mitsubishi UFJ, Ltd.	Endeavor Group	Israel, Government of	Sophia University
Bill & Melinda Gates Foundation	European Commission	Japan Bank for International Cooperation (JBIC)	Spanish Agency for International Development Cooperation (AECID)
Blum Center for Developing Economies	European Investment Bank	Japan International Cooperation Agency (JICA)	Sumitomo Mitsui Banking Corporation
Brazilian Agricultural Research Corporation (Embrapa)	Export Development Canada	KfW Bank Group	Sungkyunkwan University
Brazilian Development Bank (BNDES)	Export-Import Bank of Korea (KEXIM)	Korea Development Institute	Swiss Agency for Development and Cooperation (SDC)
Calvert Foundation	Federal Ministry of Finance of Austria (BMF)	Korea Land & Housing Corporation	Swiss State Secretariat for Economic Affairs (SECO)
Caribbean Community (CARICOM)	Fundación FEMSA	Korea Public Finance Information Service	Telefónica
Caribbean Development Bank	French Development Agency (AFD)	Korea Research Institute for Human Settlements	The Nature Conservancy (TNC)
Cartoon Network	Fundación Agriteam	Korea Trade-Investment Promotion Agency	The People's Bank Of China (PBC)
China Council for the Promotion of International Trade (CCPIT)	Fundación Avina	Latinobarómetro	Transparency International
China Development Bank	Fundación Bancaria "la Caixa"	MasterCard	Tras La Perla De La América
China International Contractors Association (CHINCA)	Fundación Carlos Slim	McGill University	U.K. Department for Environment Food and Rural Affairs (Defra)
China-LAC Industrial Cooperation Investment Fund	Fundación Empretec	MercadoLibre	U.K. Department for International Development (DFID)
Chinese Academy of Social Sciences (CASS)	Fundació FC Barcelona	MetLife Foundation	U.S. Agency for International Development (USAID)
Citi Foundation	Fundación Selva Negra - Maná	Microsoft	U.S. Department of Energy
City of Santander	General Electric (GE)	Ministry of Finance of Japan	U.S. Small Business Administration
Climate Investment Funds	German Federal Ministry for Economic Cooperation and Development (BMZ)	Ministry of Government Administration and Home Affairs of Korea	U.S. State Department
The Coca-Cola Company	German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety	Ministry of Health and Welfare of the Republic of Korea	UN Women
The Coca-Cola Foundation	Global Affairs Canada (GAC)	Ministry of Personnel Management of Korea	Unilever
Colombian Presidential Agency of International Cooperation (APC Colombia)	Global Environment Facility (GEF)	Ministry of Strategy and Finance of Korea	Universidad de Cantabria
Columbia University	Google	Nestlé	Universidad Internacional Menéndez Pelayo
Copa Airlines	Grupo Clarín	Nordic Development Fund (NDF)	University of Maryland
	Haiti Reconstruction Fund (HRF)	North American Development Bank	VISA
		Norwegian Ministry of Foreign Affairs	
		Novozymes	
		One Drop Foundation	

This list includes entities that signed agreements with the IDB and/or made a commitment to an IDB project, fund, or program during 2016. It does not include all those organizations with whom the IDB continuously collaborates around ongoing projects, other private sector partnership arrangements (including the A/B Loan program), or organizations with whom the IDB has a longstanding institutional relationship but did not have a transaction in 2016.

Cataloging-in-Publication data provided by the Inter-American Development Bank
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1. Public-private sector cooperation-Latin America. 2. Public-private sector cooperation-Caribbean Area. 3. Economic development-Latin America. 4. Economic development-Caribbean Area. I. Inter-American Development Bank. Office of Outreach and Partnerships.

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