

# Project Disclosure for Advisory Services Projects

Updated October 2023

## We work to improve lives in Latin America and the Caribbean

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| Operation Number  | TAS028  |
| Operation Name  | Mobilizing Global and Domestic Investors for Sustainable Investment in LAC  |
| Donor/Fund:   | Technical Assistance Fund   |
| Sector  | Sustainable Finance   |
| Countries   | Regional  |
| Approved amount (USD)   | \$738,490   |
| Segment   | Multi-Segment   |
| Objective   | The objective of this technical cooperation (TC) to promote the development of an investment ecosystem for development finance in the LAC region, engaging relevant stakeholders and providing them with tools, resources, and knowledge to build capacity that will facilitate further sustainable investment opportunities in the region and ultimately contribute to the growth of sustainable investment in LAC.  |
| Expected Development Impact                                       | This TC supports IDB Invest's efforts to mobilize funds for sustainable projects in the region through co-financing opportunities and aligns with: (i) IDB Invest's business priorities, as mobilization is central to IDB Invest's increased ambition for impact and infrastructure is a priority sector- as detailed in IDB Invest's Business Plan, (ii) IDB Group's Corporate Results Framework, and (iii) the SDGs (specifically SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.  |
| Social and Environmental Risks identified and mitigation measures | <p>The TC will have no environmental risk. The project falls within the C classification. This project complies with the IDB Invest's exclusion list and is aligned with IDB Invest's Environmental and Social Sustainability Policy. As a business competitiveness project, this project supports IDB Invest's efforts to help businesses operate more efficiently and effectively within the market.</p> <p>There are no major identified risks to execute this TC and to achieve its objective, however, the level of success in promoting the development of an ecosystem for development finance assets will rely on investors' willingness and capacity to commit the necessary resources (e.g. time, staff, etc.) to gain the knowledge and skills required.</p> |
| Approval year   | 2023  |
| Status  | Approved  |

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| Operation Number | RG-T4150  |
| Operation Name   | Program to promote digital and technological transformation initiatives for sustainable and inclusive economic development in LAC |
| Donor/Fund:      | Spanish General Cooperation Fund  |
| Sector           | Digitalization  |
| Countries        | Regional  |

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| Approved amount (USD)   | \$1000 000 USD  |
| Segment   | Multi-Segment   |
| Objective   | The purpose of this Technical Cooperation (TC) is to promote initiatives for the digital and technological transformation of the private sector, which promote the economic and sustainable development of key sectors for the growth and economic recovery of Latin America and the Caribbean (LAC). The following objectives are established: (i) identify the economic sectors most likely to adopt new technological solutions that are key to a sustainable and inclusive economic recovery; (ii) analyze, in the prioritized sectors, the current state of maturity of the digital transformation in medium-sized corporate companies and its drag effect on the suppliers of their own supply chains; (iii) improve the digital capabilities of corporate companies, together with that of their supplier companies and their relationship with the services offered by financial intermediaries and (iv) disseminate and create a technological knowledge transfer meeting between corporate companies in the private sector of the region, with the aim of initiating the foundations of potential trade links that can be developed between the participants bilaterally. |
| Expected Development Impact                                       | In line with the milestones set out above, the expected results of this TC that will have a transversal impact in the countries Bank borrowers are the following: (i) identification of needs and technological opportunities in the region and development of strategies accordingly, (ii) execution of initiatives that develop and increase the competitiveness of companies and financial entities through the use of digital technologies and (iii) creation of a platform for innovation and technological exchange.  |
| Social and Environmental Risks identified and mitigation measures | Digital technologies have a positive impact on reducing the footprint of carbon and environmental sustainability, so there is no risk in this area. This TC does not pose social risks either, so the operations derived of the same are within the framework of the Compliance Policy of Bank Safeguards and Environment (OP-703), with a "C" classification.  |
| Approval year   | 2023  |
| Status  | Approved  |

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| Operation Number      | RG-T4222   |
| Operation Name        | Promoting Sustainable Development for the Private Sector in the Amazon   |
| Donor/Fund:           | Spanish General Cooperation Fund   |
| Sector                | Climate Change   |
| Countries             | Amazon Countries (Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela)  |
| Approved amount (USD) | \$ 2,000,000   |
| Segment               | Multi-Segment  |
| Objective             | To promote sustainable development of the Amazon region through supporting the health and agribusiness solutions that can enhance and facilitate the mobilization of private capital and unlocking investment opportunities in bankable projects in the region, related to the agricultural and health care sectors. |

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| Expected Development Impact                                       | <p>Since 2019, IDB Invest has supported the palm value chain in the Ecuadorian Amazon through the development and implementation of the SATagro platform (<a href="http://www.satagro.org">www.satagro.org</a>), as well as an impact evaluation of its use to encourage adoption of sustainable practices among small palm growers. SATagro is a digital agricultural extension system that combines geospatial analysis tools, android-based apps, and two-way mobile communication channels. SATagro can fulfill several functions: (i) help farmers and field extension workers to record critical information from the field (area and location of the plot, farmers' agricultural practices, use of agrochemicals, the incidence of pests and diseases, etc.); (ii) regularly monitor plot health and deforestation rates using digital cartography on land use, Normalized Difference Vegetation Index (NDVI), and areas of High Conservation Values; (iii) automatically generate and send to farmers' mobile phones plot-based health assessments and recommendations to incentivize adopting sustainable agricultural practices; and (iv) track and coordinate the activities of anchor companies, governments, input suppliers, and multilateral organizations working in the same region. Since 2021, the platform provides support to more than 800 small palm farmers and field agronomists participating in UNDP's PROAmazonia program in the Sucumbios and Orellana provinces in the Ecuadorian Amazon. Several actors of the private and public sectors have expressed their interest in using the platform for their palm, coffee, cocoa, and export-oriented horticultural value chains across the country. Today SATagro is an example of a tool that can generate virtuous synergies between the public and private sectors and exemplifies the potential of working in a coordinated manner between the different windows of the IDB Group. On the other hand, these practices can be hindered by lack of effective healthcare system in remote areas. Supporting public-private investments linked to healthcare services in the Amazon may prove key in improving access to quality social infrastructure, foster job creation, and creating of bioeconomy-oriented value chains that leverage the region's unique combination of human talent, biodiversity containing compounds that have properties that range from antibiotic, to antiseptic, to anti-inflammatory, potential to export unique products, and growth opportunities. As such, social infrastructure clients and partners can promote innovative approaches to healthcare provision in the Amazon (considering the challenging geography and social makeup) while valuing the richness of the amazon's biodiversity for health solutions. Climate change is having an increasing impact on public health in tropical and subtropical areas and across the world and can affect disease distribution and transmission in potentially diverse ways. The enormous global burden of vector-borne diseases as cutaneous Leishmaniasis (CL), disproportionately affects poor people in developing countries. These impacts are often linked to human modification of ecosystems as well as climate change. CL is the seventh most relevant tropical illness according to the Health World organization; 89 countries have declared CL as a public health threat. The incidence of CL is 15 million people per year and 46,4 cases over 100,000 inhabitants in the North of Brazil. Although treatment is available, healthcare professionals' have difficulties in the diagnosis, whether due to lack of experience or knowledge about cutaneous leishmaniasis. This technical assistance supporting the testing of models that can be deployed in remote areas can allow for business model replication and promotion.</p> |
| Social and Environmental Risks identified and mitigation measures | <p>The primary risk associated to the success of the Technical Cooperation is that the investments in Advisory Services across all four components do not result in final investment decision and project implementation by beneficiaries of the assistance. Reasons behind non-investment decisions may include, but not be limited to: (i) technical unfeasibility of proposed projects, (ii) economic unfeasibility of proposed projects, (iii) other criteria considered by the beneficiary's upper management that deemed the investment as non-</p>  |

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|               | attractive due to risk, reputational, or strategic misalignment reasons. To mitigate these risks, the team supervising the Technical Cooperation will focus on proposing projects and technological solutions that have a reasonably high degree of technical maturity, are well suited to existing infrastructure, technical constraints, and national reality, and may result in sufficiently high rates of return to meet the beneficiary's investment criteria. 6.2. Alternatively, there is a risk that despite supporting projects that have favorable technical and economic outlooks, the beneficiaries are unable to implement said projects due to financial constraints. The IDB will mitigate this risk by encouraging investment by facilitating access to funding through the IDB's direct loans, the IDB's credit lines with local banks, and other international funds. |
| Approval year | 2023  |
| Status        | Approved  |

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| Operation Number            | RG-T4234  |
| Operation Name              | Sustainability Performance Initiative   |
| Donor/Fund:                 | Korea Private Sector Development and Innovation Fund (KPS)  |
| Sector                      | Impact Management   |
| Countries                   | Regional  |
| Approved amount (USD)       | \$700,000   |
| Segment                     | Sustainability Risk Management and Sustainable Business   |
| Objective                   | The main objective of the Program is to accelerate the adoption and implementation of sustainability strategies and good ESG practice standards among existing and prospective private sector clients. This includes addressing upstream market failures and companies' capacity gaps and barriers to adopting sustainable business models and high ESG standards. The program aims to promote knowledge transfer and to offer technical assistance to manage environmental, social and governance risks and opportunities dynamically. Finally, the program aims to implement the corporate governance structures and practices necessary for optimal decision-making that can strengthen the long-term sustainability performance of their business.  |
| Expected Development Impact | The activities contemplated in the corporate governance component may include (i) gap analysis on governance practices as compared to international good practices, (ii) advice on the composition, structure, effectiveness, and functioning of the board of directors, (iii) implementation of board policies and procedures, (iv) assistance on mechanisms for board performance evaluation, board conflict-resolution mechanisms, board efficiency portals, (v) structuring of compliance programs, Anti-Money Laundering and Combatting the Financing of Terrorism AML/CFT policies; (vi) implementation of Code of Conduct/Ethics; (vii) assistance on implementation of internal audit, (viii) structuring policies and systems for disclosure of information that is material to shareholders and stakeholders, and (ix) advice on related party transactions and conflicts of interests. Specifically, for state-owned enterprises, advice can include the implementation of policies and practices that limit the actual or perceived political influence on the company's direction and management and enhance the transparency of its objectives and mandate. Activities may also include a specific focus on climate governance, including advice to boards of directors and senior leadership on climate transition strategies and governance |

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|   | structures necessary to ensure climate strategy implementation and adequate disclosure under international standards. The expected outcome of this component is the strengthening of governance in assisted companies, leading to ethical leadership, improved business performance, transparency, stakeholder engagement, and ESG risk management. Expected outputs and monitoring indicators include the number of companies that effectively adopted the recommended practices and the number of company-tailored training and supporting materials created. For example, IDB Invest supported one of Suriname's largest financial institutions, to assess its governance and compliance framework, as well as its AML/CFT practices, helping to implement a plan to level them to international standards. Another example is a Panamanian-based health tech that needed to develop governance to become more attractive to investors and improve operational efficiency and risk management. With the support of IDB Invest, the client is implementing improvements to Board structure and function; succession planning, strengthening of internal controls, risk management, compliance, transparency, and disclosure to shareholders. |
| Social and Environmental Risks identified and mitigation measures | This operation complies with the Bank's exclusion list and is aligned with the Bank's Environmental and Social Sustainability Policy.  |
| Approval year   | 2023   |
| Status  | Approved   |

## IDB Invest Fund Contributions

| Donor Country | Fund Name*                    | Historic contributions (USD) |
|---------------|-------------------------------|------------------------------|
| Italy         | Italian-IDB Invest Trust Fund | \$2,654,489                  |
| Austria       | Austrian Trust Fund           | \$400,000                    |
| NDF           | Nordic Development Fund       | \$6,388,900                  |
| Belgium       | Belgium Wallonia Trust Fund   | \$1,529,620                  |

\*Table includes active donor funds only