

# Impact Report

**2025**



**Transforming for  
Scale and Impact**

# Impact Report

## 2025

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# Impact Report

**2025**

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# Message from the President



Focus on what works. Measure progress. Deliver better outcomes. These are central tenets of our work and a key priority for the IDB Group as we move forward with the implementation of IDBImpact+, our reforms to deliver more impact and scale for Latin America and the Caribbean. Changing the way we work means changing the way we communicate about our work. That's why we're publishing the first IDB Group Impact Report. Compared with its predecessor publication, the Development Effectiveness Overview, the Impact Report has a more outcome-oriented approach to reporting on how we are improving lives in the region.

It reflects the broader changes in the way the IDB Group is working, from the inception of projects to the evaluation of project outcomes. This year, the Board approved a new Development Effectiveness Policy Framework for IDB that promotes evidence-based project design, stakeholder accountability and country commitment to projects—helping us deliver better outcomes. And our new Impact Framework and associated Mission Scorecard create benchmarks that help us understand how the region is progressing toward development goals and how much the IDB Group is contributing.

This first edition of the Impact Report shows how these reforms are taking shape on the ground—and how we are measuring the difference we make.

It highlights our contributions to priority areas, illustrating the tangible outcomes we help deliver as well as the lessons and practices that can inform more effective solutions. It showcases how core elements of IDBStrategy+ are helping countries achieve development goals with greater efficiency. And it includes an in-depth look at the IDB Group's work to support countries build more resilient infrastructure.

The Impact Report reflects our commitment as an organization to put results first and learn from our mistakes so that we can do more to improve lives in our region. Transforming how we support development also means rethinking how we share our progress. This report is part of that evolution—bringing more transparency, focus, and evidence to the way we tell the story of our impact.

Ilán Goldfajn  
*President*  
*IDB Group*  
*July 2025*

# Executive Summary

**This first edition of the IDB Group's Impact Report marks a significant evolution in how we communicate results—from output-focused reporting, to a deeper, more outcome-oriented approach to showcasing our contributions to the region.** Aligned with our new institutional strategy, IDBStrategy+, and guided by the new Impact Framework, this report provides a clearer, more contextualized view of how our work addresses the region's most pressing development challenges. It replaces the approach of past Development Effectiveness Overviews (DEOs) to highlight not only our contributions, but also the lessons and promising practices that can shape more effective development solutions. This approach aims to better link our annual results stocktaking to our contributions to long-term development outcomes and learning, while also keeping our external stakeholders in mind and complementing our broader accountability and learning tools across the IDB Group.

**Our active portfolios delivered tangible results across the region.** These include 34 million people receiving quality health and nutrition services, 940,000 people with new or improved access to safely managed drinking water and/or sanitation, 2.6 million people with new access to broadband services, 3.3 million micro, small and medium enterprises (MSMEs) benefitting from financial and/or non-financial support, and 990,000 people with enhanced resilience and financial protection against climate disasters and shocks, among many others. Chapter 2 of this report provides Impact Framework results snapshots for each of the seven operational focus areas of IDBStrategy+.

**As we continue working to implement IDBStrategy+, the region is facing ongoing structural challenges, including slow economic growth and fiscal vulnerabilities.** Despite the region's economic and strategic potential in becoming a provider of global solutions, many countries face high levels of public debt, which limit their fiscal space and ability to invest in critical areas such as infrastructure, social programs, and climate resilience. Large segments of the population across the region continue to face high levels of labor informality, poverty, inequality, and food insecurity. Productivity remains low. Weak institutional capacity, high crime rates and large increases in intra-regional migration present additional challenges. Vulnerability to disasters triggered by natural hazards and climate change present risks of large economic losses.

**The approval of IDBStrategy+ in 2024 marked a turning point for the IDB Group, embedding impact deeply into the project cycle, institutional culture, and client engagement.** The IDB Group is working to become a more effective, accountable, and learning-oriented organization, adjusting its internal systems to better prioritize development impact. The approval of a new Development Effectiveness Policy Framework for the IDB sets clearer standards and expectations for managing for results across the project cycle. IDB Invest is further reinforcing its end-to-end Impact Management Framework, while IDB Lab is strengthening its results management systems, streamlining the aggregation of outcomes under its Innovation Results Framework to support portfolio-level learning and decision-making.

**The IDB Group's Impact Framework translates IDBStrategy+ into measurable outcomes for LAC and heightened ambition for our performance and contributions to development.**

Mission Scorecard indicators track our ambitions for the region using 15 indicators on long-term progress towards the core objectives of IDBStrategy+. The Portfolio Results indicators capture tangible results delivered for the people of LAC. The Performance Targets help steer the institution with targets for results delivery, support for key priorities, and other critical elements of performance and contributions to development.

**The IDB Group was on track in 2024 with regard to most of its Performance Targets.**

Notably, our achievement of development results at completion reached 63 percent for IDB, below its 75 percent target but representing an increase compared to 2023, and 68 percent for IDB Invest, exceeding its target. The alignment of new projects with IDBStrategy+ priorities such as economic growth, climate resilience, and gender equality was on track across all three Group entities. Satisfactory performance during execution reached 80 percent for IDB—below its 82 percent target, 57 percent for IDB Invest—below its 70 percent target, and 69 percent for IDB Lab compared to its 70 percent target. The IDB Group deployed \$9.6 billion in direct third-party financing and \$700 million in other third-party financing, keeping both indicators on track with respect to their 2024-2030 targets. Eighty-one percent of IDB Group stakeholders consider it to be effective in fostering public-private synergies and performance on most indicators measuring corporate foundations improved.

**This Impact Report presents case studies showcasing how the IDB Group is addressing the seven operational focus areas of IDBStrategy+.** These cases reflect the Group's efforts to tackle long-standing development challenges, through projects in various sectors including in education, water and sanitation, agriculture, and energy, and contributing to financing and skills development for women-led MSMEs, environmental conservation, and digital transformation, among others. They also distill lessons learned, promising practices, and insights that can help inform the design of more effective solutions going forward.

**The report also highlights how the five elements of our approach under IDBStrategy+ contribute to maximizing value delivery.** These elements are: impact orientation, strategic selectivity, effective instruments and mobilization, public-private synergies, and knowledge. The examples presented throughout the chapter demonstrate how each element can enhance the effectiveness and impact of our work.

**Finally, this Impact Report takes a deep dive into the IDB Group's long-term engagement in LAC's infrastructure sector, focusing on water and sanitation, transportation and energy.** It contextualizes the major challenges faced by LAC, provides an overview of sector-wide support, and highlights Group-wide contributions to development outcomes. It includes a synthesis of lessons learned and key findings from the IDB Group's work in each sector, aiming to inform the design and implementation of more effective future interventions.

# 2024 RESULTS SNAPSHOT

## SOCIAL PROTECTION AND HUMAN CAPITAL DEVELOPMENT

**34 million people**

received quality health and nutrition services

**1.2 million people**

benefiting from quality early childhood development, schooling and educational programs, and other skills development services

**470,000 people**

benefited from social safety net programs

**70,000 households**

benefited from housing and urban development solutions

## SUSTAINABLE, RESILIENT, AND INCLUSIVE INFRASTRUCTURE

**14,000 GWh**

electricity generated from renewable sources

**550,000 people**

with new or improved access to energy

**940,000 people**

with new or improved access to safely managed drinking water and/or sanitation

**1.6 million people**

with enhanced access to sustainable transportation infrastructure or services

**2.6 million people**

with new access to broadband services

## PRODUCTIVE DEVELOPMENT AND INNOVATION THROUGH THE PRIVATE SECTOR

**70,000 direct jobs**

created

**3.3 million MSMEs**

benefiting from financial and/or non-financial support

**900,000 farmers**

with improved access to agricultural services and investments for climate adaptation and mitigation

## REGIONAL INTEGRATION

**1,300 firms**

supported on international trade, tourism, and foreign direct investment activities

**28.5 million tons**

of cargo handled in ports, airports, and railways

## BIODIVERSITY, NATURAL CAPITAL AND CLIMATE ACTION

**996,000 people**

with enhanced resilience and financial protection against climate disasters and shocks

**13.9 million annual tons**

of CO<sub>2</sub> equivalent in greenhouse gas emissions avoided

**23.7 million**

hectares under sustainable management

**\$2.3 billion**

of physical assets secured by investments in climate adaptation

**22 countries**

with improved disaster risk management and/or climate change governance

## GENDER EQUALITY AND INCLUSION OF DIVERSE POPULATION GROUPS

**2.3 million people**

benefited by enhanced gender equality and/or inclusion of diverse population groups

**780,000 women-led MSMEs**

benefiting from financial and non-financial support

**7 countries**

with strengthened gender equality and diversity policy and institutional frameworks

## INSTITUTIONAL CAPACITY, RULE OF LAW, AND CITIZEN SECURITY

**8,100 people**

with enhanced resilience or capabilities to prevent and respond to crime and violence

**27 agencies**

and private sector organizations with strengthened digital capacity

**151 agencies**

with strengthened, transparent, and accountable domestic resource mobilization, expenditure management, and policy management capacity

Note: The 2024 Results Snapshot is based on results delivered in 2024 by projects in execution.

# Acronyms

<b>DEO</b>	Development Effectiveness Overview
<b>EPR</b>	Grid Owning Company (Panama)
<b>GDP</b>	Gross domestic product
<b>IDB</b>	Inter-American Development Bank
<b>LAC</b>	Latin America and the Caribbean
<b>MDB</b>	Multilateral development bank
<b>MSME</b>	Micro, small, and medium enterprise
<b>OVE</b>	Office of Evaluation and Oversight
<b>PCR</b>	Project Completion Report
<b>PROFISCO</b>	Fiscal Management Modernization Program of Brazil
<b>PPP</b>	Public-private partnership
<b>SENASA</b>	National Agricultural Health Service (Peru)
<b>SIEPAC</b>	Central American Electrical Interconnection Project
<b>SiGa</b>	National System of Guarantees for Businesses (Uruguay)
<b>SMI</b>	Salud Mesoamerica Initiative
<b>TEU</b>	Twenty-foot equivalent unit
<b>VAT</b>	Value-added tax
<b>XSR</b>	Expanded Supervision Report

Note: All dollar amounts are in U.S. dollars, unless otherwise noted.



## Introduction

# The New Impact Report

**This first edition of the IDB Group's new Impact Report marks a significant shift in our approach to reporting results by increasing the focus on long-term development outcomes.** This new Impact Report replaces the approach of past Development Effectiveness Overviews (DEOs), adding unique value to the IDB Group's suite of results reporting tools, and enabling deeper discussions around accountability, performance, and results. Anchored in the new institutional strategy, IDBStrategy+, and supported by the Impact Framework and ongoing reforms, the report underscores our commitment to greater development impact and scale. It is primarily geared towards sharing our results, learning, and performance with external audiences, complementing several internal reporting mechanisms within the IDB Group.

**This report includes four chapters:**



**Chapter 1 sets the context for the report.** It summarizes the region's most urgent development challenges and highlights significant institutional changes currently underway to deliver greater value and development impact.



**Chapter 2 provides a snapshot of the IDB Group's support for each of the seven operational focus areas of IDBStrategy+.** It includes highlights of results from 2024 and features cases that demonstrate results from both completed operations and the active portfolio of the IDB Group.



**Chapter 3 provides an overview of the IDB Group's approach to serving the region under IDBStrategy+.** It features project examples that highlight how the IDB Group leverages a variety of instruments, prioritizes an orientation towards impact, fosters public-private synergies, and engages in long-term programmatic work at the country level to increase impact, while also leveraging knowledge to scale effective approaches and inform future work.



**Chapter 4 takes a closer look at the IDB Group's long-standing support for infrastructure.** It provides an overview of key portfolio results from recent years, along with selected outcomes. It also features project cases, highlighting notable results and lessons learned. Other operational focus areas of IDBStrategy+ will be discussed in future reports.



**The Appendix provides the latest progress on each of the Impact Framework indicators.** It includes the Mission Scorecard, Portfolio Results, and Performance Targets.

While this report adopts a new format, it continues to reflect the IDB Group's commitment to transparency and accountability in its performance. The report is complemented by several additional development effectiveness resources. The electronic links embedded throughout the publication offer opportunities to explore key topics in greater depth, and readers can learn more about development effectiveness on the [IDB](#), [IDB Invest](#), [IDB Lab](#), and [Impact Framework](#) websites.

CHAPTER

1

# Setting the Stage

**Impact Report**  
**2025**

# The Global Context

**The world faces a set of interrelated challenges that are testing the resilience of societies, economies, and international systems.** Inflation, high debt levels and an uneven post-pandemic recovery create economic uncertainty that strains livelihoods and widens inequality. Climate change, environmental degradation, and food insecurity add further pressure. The rapid advancement of artificial intelligence and digital technologies present opportunities, but also pose risks, including concerns about data privacy, misinformation, and labor market disruption.

**This context is an opportunity for greater collaboration, working within the multilateral development bank (MDB) system to achieve shared goals and position LAC as a contributor to meaningful global solutions.** Today's global challenges transcend national boundaries, underscoring the urgency of joint action across sectors, borders, and levels of government to share knowledge, pool resources, and align efforts towards common goals.

## A Look at the Region

**LAC has immense economic potential, rich biodiversity, and strategic importance in addressing global challenges.** With a population of over 650 million people, the region accounts for 6.4 percent of global gross domestic product (GDP) (OECD et al. 2022). As the world's largest food exporter and home to nearly 60 percent of global lithium reserves (ECLAC 2023), LAC is central to the production of advanced batteries and other high-tech applications. Over the last 30 years, countries in the region have made substantial progress in areas such as improved macroeconomic stability, the expansion of the middle class, enhanced educational outcomes, and broader adoption of digital technologies.

**Despite its strengths, the region faces persistent challenges, including slow economic growth, fiscal vulnerabilities, low productivity, and high labor informality.** Over the last four decades, growth rates in LAC have lagged behind those of Emerging and Developing Europe, Emerging and Developing Asia, and the ASEAN-5.<sup>1</sup> Although the region has returned to pre-pandemic growth levels, projected growth for 2025 is only 2.3 percent, reflecting ongoing difficulties in achieving higher productivity and economic stability (Ayres et al. 2025). Real GDP per capita growth remains modest, indicating slow improvements in individual economic well-being. Furthermore, the export growth rate of differentiated goods and knowledge-based services declined by 0.8 percent in the most recent measurement (World Bank 2025), signaling constraints in the region's ability to innovate, compete in global markets, and sustain long-term growth prospects. These challenges are further compounded by labor market conditions. The employment-to-population ratio stands at 49 percent, meaning that less than half of the working-age population is employed (IDB 2025a). Informality remains a persistent challenge, representing 55 percent of employment (IDB 2025a), affecting a large share of the workforce and limiting inclusive economic growth.

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<sup>1</sup> The ASEAN-5 are Indonesia, Malaysia, the Philippines, Singapore, and Thailand.

**Poverty and inequality remain pressing concerns for the region.** In 2022, 35 percent of the population was living in poverty and 14 percent in extreme poverty, surviving on less than \$3.65 per day (IDB 2025b).<sup>2</sup> In addition, in 2023, 28 percent of the population faced food insecurity (FAO 2025). The region's income inequality was stark, as evidenced by a Gini coefficient of 0.504 (IDB 2025b). Gender equality also remained a challenge, with the region scoring 0.74 on the Global Gender Gap Index (WEF 2025), reflecting persistent gaps between men and women in economic participation, education, health, and political empowerment.

**Weak institutional capacity, high crime rates, and dramatic increases in intra-regional migration pose additional challenges.** Government effectiveness in the region averages at the 40<sup>th</sup> percentile of more than 200 economies (World Bank 2025), highlighting the need for stronger public sector performance and governance. Homicide rates remain among the highest in the world, with organized crime significantly contributing to insecurity (UNODC 2023). Corruption and weak rule of law further hinder investment and economic activity. Violence and limited economic opportunities in home countries have fueled migration within the region, placing pressure on social services in host communities. At the same time, this movement of people can contribute to economic growth by expanding labor supply, filling skills gaps, and enhancing fiscal revenues.

**Fiscal performance remains a significant concern for LAC.** Many countries in the region face high levels of public debt, which limit their fiscal space and ability to invest in critical areas such as infrastructure, social programs, and climate resilience. After a brief decline, public debt increased by an average of 1.8 percentage points of GDP in 2023, remaining 3.4 percentage points above pre-pandemic levels in 2024. The region's debt affordability has deteriorated, with interest payments as a percentage of revenues surpassing 2020 levels in 2024, further pressuring public finances. Strengthening fiscal frameworks, improving tax collection, and enhancing public expenditure efficiency are essential steps to build fiscal sustainability and resilience (Ayres et al. 2025).

**Disasters triggered by natural hazards and climate change present additional risks and economic losses.** Home to 40 percent of the world's biodiversity (UNEP-WCMC and IUCN 2016) and 57 percent of the planet's remaining primary forests (Quiroga et al. 2016), the region holds 1.6 billion hectares of key ecosystems such as forests, wetlands, and coral systems that provide critical services including water purification and flood control. Ecosystem loss is a challenge, and the region is falling short in its effort to curb forest loss, with forest area declining from 46.9 percent to 46.3 percent of total land area from 2017 to 2022 (World Bank 2025). LAC is also highly vulnerable to disasters triggered by natural hazards, biodiversity loss, and environmental degradation. In 2023, the region experienced an estimated \$20 billion in economic losses from disasters and 1,154 in human losses (CRED 2025). On a positive note, the region's greenhouse gas emissions in 2020 and 2021 were the lowest in recent years, totaling 4,024 million tons of CO<sub>2</sub> equivalent in 2021 (WRI 2025). Box 1.1 presents a summary of these and other high-level metrics on the state of the region.

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<sup>2</sup> These poverty numbers are based on the moderate poverty line of \$6.85 per day (which is roughly the median national poverty line for upper middle-income countries) and extreme poverty line of \$3.65 per day, using 2017 purchasing power parity estimates.

**Despite its challenges, LAC holds significant potential to advance sustainable development.** Its abundant natural resources, strategic geographical location, and young workforce provide a foundation for economic transformation. By leveraging these assets through sound policies, investment in human capital, and regional cooperation, LAC can contribute to global solutions while improving living standards for its people.

## Box 1.1 Mission Scorecard

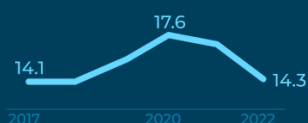
The Mission Scorecard indicators provide insight on how Latin America and the Caribbean is performing in key areas of development.



### Reduce Poverty and Inequality

**14.3%**

people living in extreme poverty  
(\$3.65 per day PPP) (2022)



**34.6%**

people living in poverty  
(\$6.85 per day PPP) (2022)



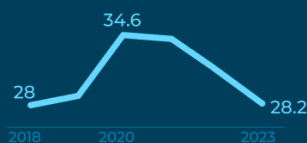
**0.504**

Gini coefficient (0–1 scale)  
(2022) (0 = absolute equality  
1 = absolute inequality)



**28.2%**

people facing food  
insecurity (2023)



**0.74**

Global Gender Gap Index (2024)  
(A score of 1 indicates full gender parity)



### Address Climate Change

**46.3%**

forest area as a proportion of  
total land area (2022)



**1.6 billion**

hectares of key ecosystems  
(2020)



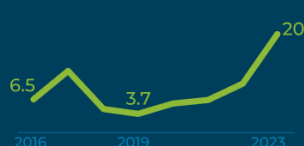
**4,024**

MtCO<sub>2</sub>e in total greenhouse  
gas emissions (2021)



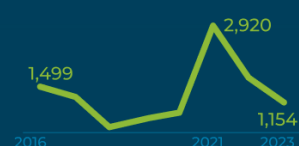
**\$20 billion**

reported economic losses from  
natural disasters (2023)



**1,154**

reported human losses from  
natural disasters (2023)

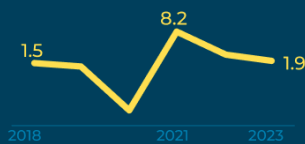




### Bolster Sustainable Regional Growth

**1.9%**

annual growth rate of real GDP per capita (2023)



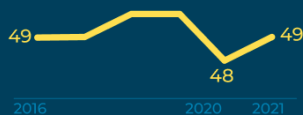
**-0.8%**

growth rate in exports of differentiated goods and knowledge-based services (2023)



**49%**

employment to population ratio (2021)



**55%**

proportion of informal employment in total employment (2021)



**40.5**

government effectiveness (average LAC percentile) (2023)



Note: Visit our [Mission Scorecard website](#) for sources and methodologies. See the [IDB's 2025 Macroeconomic Report](#) for a more in-depth review of the region's outlook (Ayres, Izquierdo, and Parrado 2025). PPP: purchasing power parity.

# Positioning the IDB Group to Deliver Greater Scale and Impact

**In 2024, the IDB Group initiated a comprehensive institutional transformation to amplify its scale and impact across LAC.** This shift was catalyzed by the approval of IDBStrategy+, which set out a roadmap for reforms aligned with calls by the Group of 20 (G20) to modernize MDBs, emphasizing development effectiveness and greater value for shareholders. This new direction – guided by the IDB Group Impact Framework and a focus on development effectiveness – embeds impact deeply into the IDB's project cycle, institutional culture, governance, and client relationships.

# Development Effectiveness

**Internally, the IDB Group is transforming how it works to deliver greater development impact by aligning its culture, tools, and partnerships around what matters most: results.**

Through institutional reforms, evidence-based decision-making, and stronger country engagement, the IDB Group is building a more effective, accountable, and learning-driven organization.

**The IDB Group is fostering an effectiveness-based culture and governance by reshaping its internal systems to prioritize development impact.** This includes clarifying leadership roles, aligning staff incentives with results, and embedding outcome-oriented thinking across the project cycle. A key internal reform has been the approval of a new Development Effectiveness Policy Framework for the IDB, which sets clearer standards for managing results across the project cycle. As part of this effort, a new, end-to-end digital decision-support tool is under development to guide project teams from preparation through execution and evaluation. In addition, IDB Invest is further reinforcing its end-to-end Impact Management Framework, including enhancing the Development Effectiveness, Learning, Tracking, and Assessment (DELTA) impact rating tool which assesses impact at entry and throughout supervision. IDB Lab is also strengthening its results management systems, streamlining the aggregation of outcomes under its Innovation Results Framework to support portfolio-level learning and decision-making. These institutional reforms reinforce accountability and strengthen a culture of transparency and learning.

**Targeting final results through evidence-based decisions and learning is central to how the IDB Group operates.** The organization is investing in robust monitoring and evaluation systems and supporting the generation and use of high-quality evidence to guide project design, implementation, and scaling. Impact evaluations, real-time data, and lessons learned are actively shaping decisions and driving continuous improvement. Internally, knowledge and learning are systematically integrated into operations to promote adaptive change management,<sup>3</sup> helping teams course-correct and improve performance as projects evolve.

**The IDB Group is committed to strengthening effectiveness by working side-by-side with countries to enhance their capacity to lead and sustain their own development agendas.** This includes targeted support for building strong systems in monitoring, evaluation, risk management, and learning. IDB Invest is applying a more intentional approach to selectivity in the private sector, building upstream capabilities to identify investment opportunities aligned with national priorities. Meanwhile, IDB Lab is tailoring its support to local contexts by using diagnostic tools to assess innovation ecosystems and guide targeted interventions. These efforts foster country ownership, build trust, and lay the groundwork for more sustainable and effective development outcomes.

---

<sup>3</sup> Adaptive change management is grounded in principles of continuous learning and acknowledges that solutions to complex development problems often emerge during implementation rather than being fully defined at the outset (Bridges and Woolcock 2019).

**As the IDB Group continues its transformation, it is carefully addressing challenges and drawing on past experiences to help shape its future direction.** Key hurdles include moving from a focus on short-term disbursements to a focus on long-term development impact, integrating fragmented data systems, and ensuring continued client engagement in adopting new approaches. The IDB Group is addressing these issues through adaptive implementation, improved transparency, and closer collaboration with clients.



## The New Impact Framework

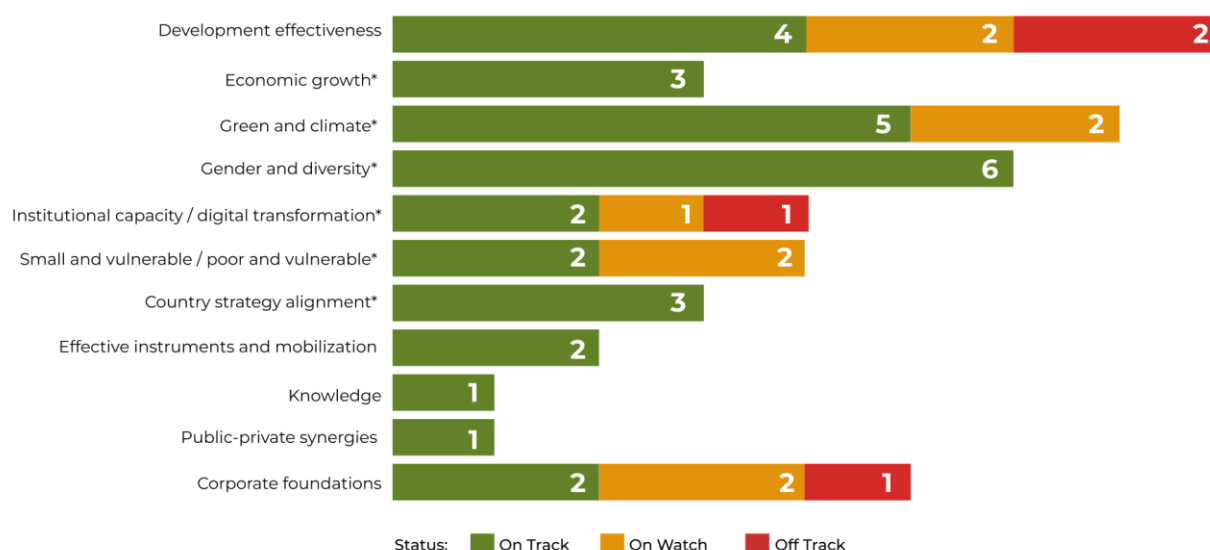
**The IDB Group's Impact Framework translates IDBStrategy+ into measurable outcomes for LAC and heightened ambition for our performance and contributions to development.**

Mission Scorecard indicators track our ambitions for the region using the 15 indicators on long-term progress towards the core objectives shown in Box 1.1. The Portfolio Results indicators capture tangible results delivered for the people of LAC and are included in Chapter 2 of this report. The Performance Targets help steer the institution with targets for results delivery, support for key priorities, and other critical elements of performance and contributions to development. Most Performance Targets are on track (see Figure 1.1). They are discussed in the following paragraphs. The full set of Impact Framework indicators and recent progress may be found in the Appendix. More detailed information—including breakdowns by country and project, where applicable—are on the [Impact Framework website](#).<sup>4</sup>

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<sup>4</sup> Despite its approval in late 2024, most Impact Framework targets are on track.

**Figure 1.1 Performance Targets Status, 2024**



\* Given the large number of targets for strategic alignment and selectivity, they have been split into six different groupings here marked with an asterisk. For full details, see the Appendix or the [Performance Targets website](#).

**The alignment of new projects with IDBStrategy+ priority areas was strong.** For 2024, the IDB, IDB Invest, and IDB Lab were all on track for their targets regarding support for many priorities at entry, including sustainable economic growth, climate resilience, gender equality, diversity, and alignment with country strategies. New commitments to track support for poor and vulnerable populations were also implemented, with 65 percent of IDB Lab projects (compared to a target of 60 percent) and 26 percent of IDB Invest projects reaching these groups.<sup>5</sup> While the Group is currently behind in its target of \$25 billion in climate finance for adaptation from 2024-2030, green and climate finance was on track for IDB Invest and IDB Lab and slightly below target for IDB (47 percent versus 50 percent target). IDB was also slightly below its target for support for institutional capacity and rule of law (68 percent versus 70 percent target). IDB Invest reached nine percent of projects supporting digital transformation, below the overall period target, but in line with expected annual fluctuations towards achieving the 18 percent target by 2030.

**Mobilization targets are on track.** The IDB Group reached \$9.6 billion in direct third-party financing deployed and \$700 million in other third-party financing in 2024, keeping both indicators on track with regard to their 2024-2030 targets. In addition, the IDB Group reached \$4.3 billion in indirect third-party financing deployed for 2024. In 2024, the IDB also began tracking a new indicator on the percentage of new approvals that are private capital enabling. This indicator aims to capture upstream work that helps unlock private sector investment, such as improving the business environment and addressing bottlenecks for private participation in infrastructure and other key sectors. For 2024, 21 percent of IDB approvals were private capital enabling.

<sup>5</sup> IDB Lab is further advancing an integral approach by measuring indirect reach and depth of impact on poverty and vulnerability. IDB will begin reporting on projects targeting poor populations for 2025 and has a target of 50 percent for 2025-2030.

**Stakeholder feedback is positive and performance on most corporate foundations improved.** The IDB Group received positive feedback in its annual stakeholder satisfaction survey regarding both its relevance as a provider of knowledge and its effectiveness in fostering public-private synergies, with both indicators on track toward their targets. In addition, performance on all corporate foundations targets improved in 2024 compared to the prior year. While only the IDB's cost to portfolio ratio and the IDB Group's corporate carbon footprint were on track with regard to their targets, performance in the other areas for which the Impact Framework has targets—executive, managerial, and leadership roles held by women, employee engagement score, and IDB Lab's cost to assets under management—all improved from the previous year and showed continued movement toward target levels.

**Performance during execution varied across the IDB, IDB Invest, and IDB Lab for 2024.** As of year-end 2024, 80 percent of IDB's active projects were classified as satisfactory, below its 82 percent target and the 83 percent observed for 2023.<sup>6</sup> This decline is mainly explained by government changes in the region that affected the execution pace in 2024, particularly for projects that began to be implemented in 2023 or later. For information on how the IDB is increasingly focusing its portfolio reviews on results, see Box 3.3. In the case of IDB Invest, 57 percent of operations in supervision were classified as fully satisfactory, down from 63 percent in 2023 and a target of 70 percent. This is largely due to challenges faced by corporate operations including market conditions, adverse weather, and political, social and macroeconomic factors. For the remaining 43 percent of operations, the majority (31 percent) were classified as "alert" and six percent as "problem."<sup>7</sup> For IDB Lab, 69 percent of the operations in its active reimbursable portfolio were classified as satisfactory, versus a target of 70 percent.<sup>8</sup> This includes particularly strong performance among venture capital fund investments. Given the recent update to IDB Lab's methodology, results should be interpreted with caution when compared to previous years.

**Performance on achieving development results at project completion improved for IDB and exceeded its target for IDB Invest.** This indicator is based on the independent validation of Project Completion Reports (PCRs) for the IDB and Expanded Supervision Reports (XSR) for IDB Invest by the Office of Evaluation and Oversight (OVE).<sup>9</sup> In the case of the IDB, 63 percent of PCRs received an overall positive rating in 2024, reflecting a substantial increase compared to 47 percent in 2023, but falling short of its target of 75 percent.<sup>10</sup> For IDB Invest, 68 percent of

<sup>6</sup> These values are based on the IDB's Progress Monitoring Report (PMR), which captures the physical and financial progress of each project. Satisfactory performance means that the project is executing as planned and at a pace that does not deviate significantly from the country's historical mean. Satisfactory performance during execution is a necessary but insufficient element to achieving intended project results. For more information, see Alvarez et al, 2021.

<sup>7</sup> IDB Invest updates the DELTA score annually based on results achieved against targets and classifies each operation as "satisfactory," "alert," or "problem" based on deviations from the approval score. An "alert" classification means that the operation has the potential to achieve its targets, but closer supervision is recommended, while "problem" signals that it is at high risk of not reaching its development goals. Five percent of operations were classified as "lacking sufficient or clear data." These classifications are not necessarily related to the financial performance of the operation.

<sup>8</sup> IDB Lab's performance score, calculated during supervision, combines financial progress and achievement of targets. It reflects recent reforms to strengthen data systems and impact measurement for more consistent portfolio monitoring. Projects meeting a defined performance threshold are rated satisfactory, indicating that implementation is broadly aligned with planned timelines and objectives. In 2024, the methodology was updated to cover both loans and equity operations under a unified framework aligned with IDB Lab's evolving model. Non-reimbursable operations, shifting toward ecosystem-building, were excluded in this transitional year but will be incorporated in the next cycle.

<sup>9</sup> The determination of whether a project satisfactorily delivered results is based on a weighted average of sub-ratings across four core criteria of the PCRs and XSRs: relevance, effectiveness, efficiency, and sustainability. See the [methodology note](#) for this indicator for more information.

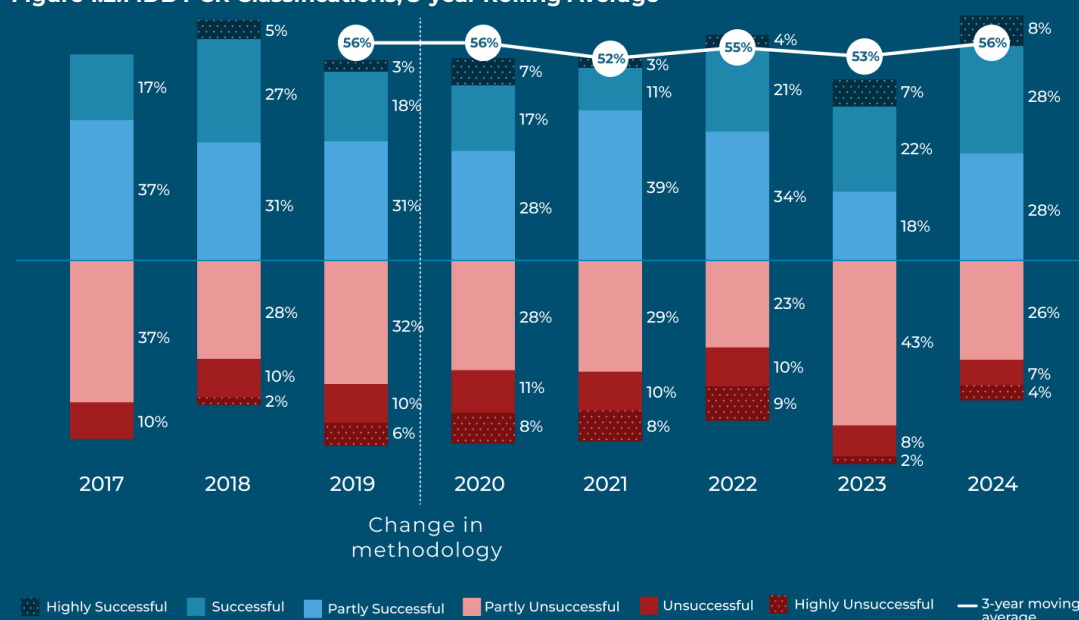
<sup>10</sup> The evaluations for projects that form part of the same programmatic approach can be presented in a single PCR. The 2024 PCR exercise refers to investment projects that closed in 2023 and other types of projects with PCRs that were due to OVE in 2024 and were validated by OVE in the first semester of 2025.

XSRs received an overall positive rating,<sup>11</sup> which is above the 65 percent target and close to the 69 percent achieved in 2023.<sup>12</sup> The 2024 results correspond to projects approved between 2011 and 2022 and validated in the first semester in 2025. It is important to note that projects not rated satisfactory may still achieve some of their objectives and yield meaningful development outcomes, albeit to a lesser extent than intended. In addition, while MDBs apply similar core criteria in assessing results, methodological differences mean these indicators are not directly comparable across institutions. See Box 1.2 for further details.

## Box 1.2 Evaluating the Achievement of Results

The IDB Group's commitment to delivering results is at the heart of its institutional strategy, IDBStrategy+. However, assessing development results and understanding trends is inherently complex. Annual values reported for project delivery of results are influenced by the composition of the project cohort evaluated each year, which can vary significantly. Figures 1.2.1 and 1.2.2 show the trend over time for both the IDB and IDB Invest based on a three-year rolling average, and additional details may be found on the [indicator webpage](#).

**Figure 1.2.1 IDB PCR Classifications, 3-year Rolling Average**



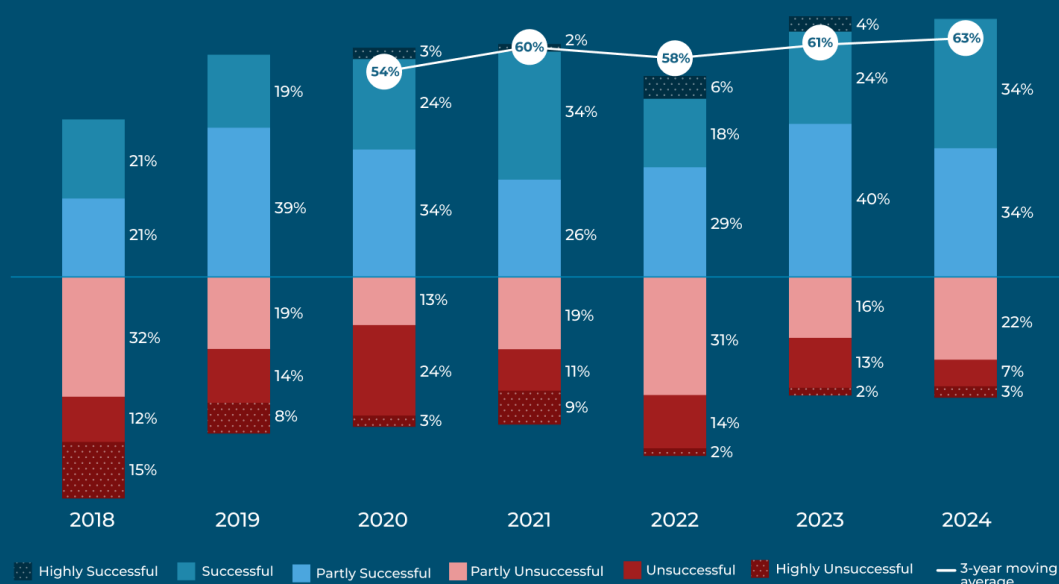
Note: While the core criteria of relevance, effectiveness, efficiency and sustainability have remained constant over the period shown above, the methodology for PCR ratings changed in 2020 and the 3-year moving average for 2020 and 2021 should be interpreted with caution. For more details on the methodologies used and validation process, see the annual OVE reviews of PCRs and XSRs.

<sup>11</sup> The 2024 XSR exercise refers to the set of XSRs that were due to OVE in 2024 and were validated by OVE in the first semester of 2025. In addition to the 59 projects evaluated in this cycle, four impaired projects under Special Assets were classified as non-evaluable and, as such, were not included in the self-evaluation exercise and XSR rating. By business segment, 71 percent of XSRs in the Financial Institutions segment were rated positively, followed by 67 percent for Corporates, and 57 percent for Infrastructure and Energy.

<sup>12</sup> IDB Lab does not have a target for this indicator in the Impact Framework. However, a separate effectiveness assessment found that 43 percent of projects (37 out of 87) evaluated through supervision cycles from 2022-2024 met or exceeded development objectives. Consistent with prior findings, results reflect the Lab's higher-risk innovation mandate which can yield significant impact when successful. Non-reimbursable operations performed somewhat better (45 percent versus 38 percent), with strongest outcomes in financial inclusion (46 percent), agriculture (40 percent), and education and employment (40 percent). Projects addressing gender (57 percent) and MSMEs (52 percent) outperformed those focused on diversity groups (40 percent) and climate (37 percent). The iDELTA tool, applied at approval, predicted outcomes with 67 percent accuracy. IDB Lab's evaluation methodology, focused solely on effectiveness, is conducted independently by IDB Invest and not validated by OVE.

For the IDB, the three-year moving average fluctuates around 55 percent. The modest increase from 53 percent to 56 percent from 2023 to 2024 reflects gains in effectiveness and efficiency. However, challenges in effectiveness remain as a key limitation to achieve positive overall ratings. Performance differences are influenced by external factors affecting project outcomes as well as aspects of project design and execution. Low effectiveness rates are linked to weak monitoring systems at approval, poor early-stage monitoring, prolonged execution timelines, or reductions in project scope and financing after approval.<sup>a</sup> In addition, projects often encounter unforeseen obstacles, shifts in their operating environment, or coordination challenges among stakeholders.<sup>b</sup> The 523 projects validated over the 7-year period included in Figure 1.2.1 have not shown any robust statistical differences based on sector or instrument type. By region, projects in the Southern Cone have outperformed those in other regions by 10 percentage points. Of note, 86 percent of projects in this period were approved before the evaluation criteria were defined in 2018. Consequently, most projects have had to adapt their evaluation systems to comply with current guidelines. Projects approved more recently tend to perform better.

**Figure 1.2.2 IDB Invest XSR Ratings, 3-year Rolling Average**



Between 2020 and 2024, IDB Invest's three-year moving average improved from 54 percent to 63 percent, reflecting steady gains despite a dip in 2022 due mainly to the COVID-19 pandemic. Performance varies across business segments and regions. The Infrastructure and Energy segment, while historically strong, has seen recent declines as it expands into less predictable social infrastructure projects in education and health. In contrast, the Corporate segment has shown consistent performance, supported by strong partners with clear development strategies. The Financial Institutions segment has significantly rebounded since 2022, though it remains more vulnerable to macroeconomic shocks.<sup>c</sup> Regional performance has remained relatively stable, with no significant differences across most areas. The Caribbean has shown improvement in recent years, yet performance still falls short of the 65 percent target and lags behind other regions, though the sample size is small.

While progress takes time, recent gains in performance point to steady movement toward stronger development impact in the region. To reinforce this trajectory, the IDB Group is implementing wide-ranging reforms to enhance results delivery. At the IDB, a new Development Effectiveness Policy Framework (DEPF) is driving improvements in project preparation, supervision, accountability, and role clarity.<sup>d</sup> Complementing this are both a strategy to share knowledge to strengthen stakeholder engagement with measures designed to promote development effectiveness and an end-to-end results management tool that tracks projects from preparation to completion, prioritizing forward-looking monitoring and maintaining clear links to each project's theory of change and results framework. For its part, IDB Invest is continually improving its end-to-end Impact Management Framework to further strengthen consistency throughout the project cycle, sharpen evidence-based project design, and foster adaptive portfolio management and learning.

**Notes:**

<sup>a</sup> For more information see [Acosta et al. \(2024\)](#); [Alvarez et al. \(2021\)](#); [DEO \(2021\)](#); [DEO \(2022\)](#); [DEO \(2024\)](#); and [OVE \(2023\)](#).

<sup>b</sup> For more information, see [Bando \(2024\)](#) and [DEO \(2023\)](#).

<sup>c</sup> Statistical tests conducted on the sample included in Figure 1.2.2 indicate that projects in the Infrastructure and Energy segment have had statistically significant higher performance when compared to other segments (20 percentage points above the rest), while projects in the Financial Institutions segment have shown lower performance (14 percentage points below the rest) but with substantial improvement in recent years.

<sup>d</sup> More information is available on the [IDB's development effectiveness webpage](#).

**The Portfolio Results indicators capture tangible results delivered for the people of LAC.**

These indicators aggregate data on outputs and outcomes supported by IDB Group-financed projects, offering insights into how the IDB Group is contributing to development in the region, the scale of support across different sectors, and the way peoples' lives are improved. They range from improved access to basic services and increased social protection to enhanced climate resilience and expanded economic opportunities. In 2024, for example, 34 million people received quality health and nutrition services, 550,000 received new or improved access to energy, and 3.3 million MSMEs benefited from financial and/or non-financial support. This aggregate view and complementary project-level information on specific outcomes is presented throughout the following chapters.

CHAPTER

2

# **Delivering Results for Latin America and the Caribbean**

**Impact Report**  
**2025**

**In support of the core objectives of IDBStrategy+, the IDB Group focuses its operational work in the seven operational focus areas shown in Figure 2.1.** Approaches are tailored to each country's context and country engagement guides the extent to which each of these areas is prioritized, deliberately scaling our efforts where they can have the most profound impact. In working in each of these areas, the IDB Group aims to tackle structural barriers that hinder opportunity, resilience, and inclusive growth and generate lasting development outcomes across the region. The operational focus areas are not mutually exclusive and many projects may simultaneously support several. In addition, there are clear interdependencies and complementarities across these areas, with progress in one often enabling progress in another. For instance, sound institutional capacity and rule of law and associated regulatory and policy frameworks provide critical underpinnings to achieve results across all operational focus areas, enabling effective public service delivery across sectors.

**This chapter presents case studies that showcase how the IDB Group is addressing these focus areas to deliver tangible results and scale effective solutions.** The case studies reflect long-term IDB Group engagement in different countries and sectors, drawing from completed operations and the active portfolios of the IDB, IDB Invest, and IDB Lab. As of December 31, 2024, the IDB's sovereign-guaranteed portfolio included 606 projects under execution, with an undisbursed balance of approximately \$33.8 billion. IDB Invest had 488 operations in its active portfolio (outstanding and committed undisbursed), representing \$14.1 billion in own account resources, while IDB Lab had 623 operations with an undisbursed balance of \$218 million.<sup>13</sup> While many of these projects were approved under previous strategies, together they are consistent with the ambition of the IDB Group's evolving development model.

**Figure 2.1 IDBStrategy+ Operational Focus Areas**



<sup>13</sup> Includes own account and third-party assets under management.

# Social Protection and Human Capital Development

**Strengthening social protection and human capital is essential for building resilient, inclusive societies in LAC—especially as the region faces mounting climate, demographic, and technological pressures.** IDBStrategy+ promotes a lifecycle approach to social protection that emphasizes adaptive, efficient systems that can respond to both transitory shocks (e.g., pandemics, disasters triggered by natural hazards) and long-term trends (e.g., aging populations). It prioritizes integrated, multisectoral, data-driven and innovative solutions that improve the quality and efficiency of services in education, health, and early childhood development, while also supporting tax and labor policies that enhance equity and formal employment.

**The IDB Group has a diverse portfolio in this area, addressing key challenges in complementary ways through the public and private sectors.** It includes work with governments across the region to strengthen social safety nets, support policy reforms, improve the quality and efficiency of education and health services, promote workforce skills, and support tax and labor policies that enhance equity and formal employment. The private sector portfolio centers on social infrastructure, mainly projects to build or expand schools and hospitals and support innovative business models to improve service delivery. Similarly, IDB Lab's support to *edtech* and *healthtech* startups serves as a platform to pilot technology-based solutions that expand access to services for poor and vulnerable populations, while also building digital skills aligned with the jobs of the future in an increasingly technology-driven economy. The following case highlights the results of an IDB program in Guatemala that expanded access to quality education in underserved areas.

## 2024 RESULTS SNAPSHOT

### SOCIAL PROTECTION AND HUMAN CAPITAL DEVELOPMENT

**34 million people**

received quality health and nutrition services

**1.2 million people**

benefiting from quality early childhood development, schooling and educational programs, and other skills development services

**470,000 people**

benefited from social safety net programs

**70,000 households**

benefited from housing and urban development solutions

Note: The 2024 Results Snapshot is based on results delivered in 2024 by projects in execution.

## Investing in the Early Years

Despite expanded school coverage, Guatemala's education system in 2014 still faced challenges. Pre-primary net enrollment for 5- and 6-year-olds was 45.6 percent, highlighting the need to improve early education access (Mineduc 2014). An estimated 23,500 classrooms were needed, and existing facilities required upgrades to provide safe, supportive learning environments (Pineda 2015). Student learning outcomes revealed gaps in teacher preparation and access to learning materials. In 2013, fewer than half of third-grade students achieved satisfactory levels in reading (46.6 percent) and mathematics (45.8 percent), with similar results in sixth grade (Digeduca 2015).

In response, the IDB [Education Quality and Coverage Improvement Program](#) (GU-L1087) aimed to expand pre-primary access and improve the quality of both pre-primary and primary education by building on the foundations of the My School is Making Progress initiative in underserved areas (GU-L1023). It was complemented by efforts from Kreditanstalt für Wiederaufbau (KfW) and the World Bank in secondary education and benefited from a technical cooperation (GU-T1252) that informed its design and implementation through insights on school transitions, learning assessments, and infrastructure management.

The program financed 775 modular classrooms with age-appropriate furniture and funded minor repairs in over 8,000 schools through one-time grants to parent organizations. To enhance quality, it trained approximately 9,000 educators in partnership with the Universidad de San Carlos de Guatemala and provided materials, including textbooks and portable technology kits. These kits contained tablets with preloaded content, servers for offline use, and visual equipment to support interactive learning. For remote areas, 300 photovoltaic systems enabled digital learning in off-grid schools. The program prioritized bilingual and intercultural education in underserved communities, aligning with national strategies.

The program expanded pre-primary access to nearly 21,000 children via new classrooms, improved learning environments for over 1.1 million students, and distributed textbooks to all public pre-primary and primary schools, benefiting nearly 2.83 million students. Technology kits reached over 300,000 students in 2,281 schools and 12,775 teachers were trained in the use of technology in the classroom. The final evaluation shows a 0.2 standard deviation improvement in math, while reading outcomes improved by 0.32 standard deviations among those taught by program-trained teachers (García 2024). These results demonstrate how targeted investments in infrastructure, training, and materials can drive measurable improvements in access and learning outcomes.

Preliminary program findings highlight key lessons that can inform future education operations. Aligning infrastructure deployment with teacher recruitment ensures that classrooms are functional from the outset, maximizing impact. Embedding structured, context-sensitive teacher training and ongoing support enhances the use of educational technology, translating investments into learning gains. These insights from Guatemala offer scalable strategies for improving education outcomes in similar contexts.

For more information, see the project pages for [GU-L1087](#), [GU-L1023](#) and [GU-T1252](#), and the Project Completion Report for [GU-L1023](#).



## Social Protection and Human Capital Development

**2,281**

schools received tech kits;  
**300** with solar power for  
remote learning.

**2.8 million**

students benefited from  
**182,150** new desks and a  
nationwide textbook rollout.

**12,775**

teachers trained in the  
use of technology in the  
classroom

# INVESTING IN THE EARLY YEARS

How Guatemala is building  
futures by strengthening its  
preprimary and primary  
education



### Timeline

**2013**

Program Design

- Only 45.6% of children aged 5-6 attended preprimary education; 470,000 were out of school
- Deficit of 23,500 preprimary classrooms
- Fewer than half of 3rd and 6th graders met expected levels in reading and math

**2015**

- Approval of the Education Quality and Coverage Improvement Program (GU-L1087)

**2018**

- Program reaches eligibility and proceeds with contracting and disbursements.

**2019**

- First 29,775 preprimary and primary schools benefitted with textbooks
- First cohort of 1,224 teachers trained under the Continuous Teacher Training Program

**2020**

- Pandemic starts; school system cancels in-person classes and starts distance learning
- First 250 preprimary classrooms installed
- First 1,456 school refurbishments implemented

**2021**

- Distance learning continues
- First cohort of 920 teachers trained under the Initial Teacher Training Program

**2022**

- Distance learning continues

**2023**

- School system returns to 100% in-person classes

**2024**

- Project Closure

# RESULTS

**18.7%**

increase in access to pre-primary education.

**0.32 and 0.20**

standard deviations improvement in reading and math, respectively

**7,837**

schools were renovated or expanded, improving infrastructure and **benefiting over 1 million students.**



Geographical Distribution of Schools Refurbished by the Program

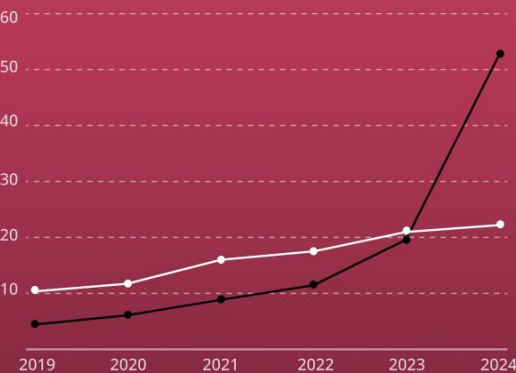
● Beneficiary



Students with Preprimary Education as a Percentage of Average First Grade Enrollment in Schools with New Classrooms (treatment) vs. Schools without New Classrooms (control)

● Control

● Treatment



# Sustainable, Resilient, and Inclusive Infrastructure

**Infrastructure is essential for ensuring continuous access to essential services and fostering inclusive and sustainable growth.** LAC countries face a significant infrastructure deficit in the quantity of assets, their maintenance, and the quality of services, which is exacerbated by vulnerability to extreme weather and other events. Vulnerable populations are disproportionately affected. Building resilience requires upgrading existing systems, enhancing materials and design, and improving maintenance practices. A comprehensive approach that includes scaling up public and private investments, nature-based solutions, and climate-resilient planning is essential to protect communities and ecosystems, and to contribute to achieving long-term sustainability and economic growth (Blackman et al. 2025).

**The IDB Group promotes sustainable, resilient, and inclusive infrastructure by supporting public and private investment and mobilizing private capital for energy, transport, water, sanitation, and digital services.** IDB focuses on access, governance, affordability, and climate-resilient design. IDB Invest enhances private sector participation in infrastructure through innovative financial instruments, blended finance, and advisory services. IDB Lab drives innovation by testing technology-enabled infrastructure solutions that improve efficiency, broaden access, and foster private sector models that strengthen service delivery for underserved populations. Chapter 4 of this report provides a more in-depth look at the IDB Group's infrastructure portfolio. In the example provided below, the results from several IDB interventions highlight how resilient drainage systems—designed or adapted to withstand the impacts of climate stressors, anomalies, and other shocks—safeguard investments from flood risks and bolster inclusive urban development.

## 2024 RESULTS SNAPSHOT

### SUSTAINABLE, RESILIENT, AND INCLUSIVE INFRASTRUCTURE

**14,000 cwh**

electricity generated from  
renewable sources

**550,000 people**

with new or improved  
access to energy

**940,000 people**

with new or improved access  
to safely managed drinking  
water and/or sanitation

**1.6 million people**

with enhanced access to  
sustainable transportation  
infrastructure or services

**2.6 million people**

with new access to  
broadband services

Note: The 2024 Results Snapshot is based on results delivered in 2024 by projects in execution.

# Bridging the Resilience Gap: Advancing Urban Resilience through Strategic Drainage Investments

Flooding is the most common climate-related disaster in LAC, accounting for nearly 60 percent of all weather-related events between 2000 and 2022. These events have affected an average of two million people annually and caused over \$30 billion in economic losses. The frequency and intensity of extreme rainfall events have increased significantly, and projections indicate a 70 percent rise in urban flood risk by 2050 if no action is taken (UNDRR 2023).

Effective drainage systems are essential for protecting communities, supporting economic activity, and ensuring cities can withstand weather events. In many LAC cities, rapid urbanization has outpaced infrastructure development, leading to serious challenges with drainage and flood management. In informal settlements and smaller urban centers where infrastructure is often inadequate, these risks are also particularly acute.

As part of its commitment to climate resilience, the IDB has been supporting countries across several fronts, providing financial support and technical expertise to prioritize investments in sustainable and resilient drainage solutions. The IDB's experience in three Brazilian cities has reduced urban flooding risk for vulnerable households, while addressing other development challenges.

The DRENURBS program in Belo Horizonte (BR0397, BR-L1335) focused on enhancing drainage infrastructure while addressing environmental and housing issues. It rehabilitated urban streams, built flood control reservoirs, and relocated families from high-risk areas, reducing flood risks and increasing property values by 25 percent in vulnerable neighborhoods.

Similarly, in Manaus, the PROSAMIN and PROSAMIN II programs (BR-L1217, BR-L1553) tackled informal settlements along waterways by integrating drainage improvements with housing, sanitation, and social services. These efforts benefited over 500,000 residents, emphasizing environmental sustainability through green infrastructure and reforestation, and ensuring community participation in socially responsible resettlement.

Additionally, in Belém, the PROMABEN and PROMABEN II programs (BR-L1065, BR-L1369) targeted the flood-prone Estrada Nova watershed with stormwater drainage systems, sanitation upgrades, and improved roads and housing. They also strengthened local institutions for better infrastructure planning and management, relocating over 500 households to safer areas.

These initiatives highlight the importance of integrating drainage into broader urban development strategies as a strategic necessity, to safeguard investments from flood risks, ensure inclusive urban development, and protect economic gains.

Hydrological and hydraulic studies are vital for identifying infrastructure gaps and modeling future climate risks. The IDB, together with the private sector, developed the [HydroBID Flood](#) tool for flood mitigation, urban drainage planning, and the design of hydraulic infrastructure.

Additionally, the Blue Spot Analysis tool helps cities identify flood-prone areas by combining hydrological modeling with spatial data, enabling local governments to prioritize drainage investments and integrate flood risk into urban planning (Blackman 2025).

For more information, see the project pages for [BR0397](#), [BR-L1335](#), [BR-L1217](#), [BR-L1553](#), [BR-L1065](#) and [BR-L1369](#), and the Project Completion Reports for [BR0397](#) and [BR-L1335](#), [BR-L1217](#), and [BR-L1065](#).



Sustainable, Resilient, and Inclusive Infrastructure

# ADVANCING URBAN DRAINAGE AND HOUSING FOR STRONGER CITIES

Brazil's urban programs have **transformed vulnerable areas** by combining flood control, housing, and green infrastructure—boosting safety, equity, and resilience for over half a million residents

## OUR IMPACT



DRENURBS program in **Belo Horizonte**

**25% increase**  
in property value driven by stream rehabilitation, flood control, and family resettlement



PROSAMIN and PROSAMIN II programs in **Manaus**

**500,000 residents**  
benefited from green infrastructure, reforestation, and inclusive resettlement



PROMABEN and PROMABEN II programs in **Belém**

**500 households**  
relocated and institutions strengthened for better infrastructure planning



# Productive Development and Innovation through the Private Sector

**Productivity growth is essential for closing LAC's income gap and achieving inclusive, sustainable development.** Productivity in the region remains below potential due to limited innovation, low technology adoption among smaller, informal firms, and weak competitive pressures that reduce incentives for efficiency. To address these challenges, IDBStrategy+ promotes a comprehensive approach that integrates market development, innovation, and institutional strengthening. It emphasizes integrated, multisectoral and data-driven solutions across areas such as trade, entrepreneurship, science, sustainable agriculture, tourism, and financial markets to boost productivity, equity, and economic dynamism.

**The IDB Group supports productivity through public policy, private investment, and innovation.** The IDB works with governments to design and implement policies that foster innovation, strengthen institutions, and enhance competitiveness, while also promoting trade, investment, and technological development. IDB Invest finances projects through financial institutions to expand credit access for MSMEs and underserved segments, and through investment funds offering growth capital. It also supports agribusinesses and manufacturing firms to boost productivity, adopt new technologies, create jobs, and build resilient value chains. IDB Lab complements these efforts by investing in tech-enabled startups and MSMEs, such as *fintechs* expanding access to finance and *agtech* companies helping small farmers overcome barriers to productivity and investment. The case below shows how complementary actions by the IDB Group have contributed to productivity and innovation in Peru's agriculture sector.

## 2024 RESULTS SNAPSHOT

### PRODUCTIVE DEVELOPMENT AND INNOVATION THROUGH THE PRIVATE SECTOR

**70,000**  
**direct jobs**  
created

**3.3 million MSMEs**  
benefiting from financial  
and/or non-financial support

**900,000 farmers**  
with improved access to agricultural  
services and investments for climate  
adaptation and mitigation

Note: The 2024 Results Snapshot is based on results delivered in 2024 by projects in execution.

## Unlocking Peru's agricultural export potential

In just over two decades, Peru has increased its agricultural exports from \$748 million in 2002 to \$12.3 billion in 2024. The country is now the world's top exporter of blueberries and a leading producer of popular superfoods such as asparagus and avocados. Today, the agricultural sector contributes six percent to GDP and employs over 25 percent of the economically active population.

Peru's achievements are attributed to its agricultural products adhering to stringent quality and safety standards for export. Since 1998, the IDB has collaborated with the country on five projects to enhance its National Agricultural Health Service (SENASA), improving animal and plant health and food safety. This initiative catalyzed the country's export growth by complementing earlier public investments in irrigation, stronger regulations, and free trade agreements, as well as private investments in agriculture technology.

Improved disease and pest control has also boosted producer productivity. For example, the fruit fly is a highly destructive pest that damages agricultural crops. An impact evaluation of an IDB-supported fruit fly eradication program (2008-2014) found that in the short-term, farmers in treated areas increased fruit production and sales by 65 percent. A decade later, satellite imagery confirmed lasting productivity gains of 37-49 percent among farmers in treated areas. Building on this strong evidence, the recently completed IDB-SENASA program continued eradication efforts, reducing fruit fly rates in a third of the country's departments, benefitting 900,000 small-scale producers directly and indirectly.

A healthier, safer and more productive agriculture sector with increasing export opportunities has also encouraged private investment. IDB Invest has been backing the growth plans of fruit and vegetable-focused agribusinesses in Peru through both financing and technical expertise. From 2017-2023, its \$230 million portfolio of seven projects supported 34,000 jobs, 43 percent of which were for women, and improved access to services and finance for more than 500 farmers. They also promoted over \$2.4 billion in exports, representing five percent of Peru's non-traditional agricultural exports over the same period.

However, the sector faces increasing risks from adverse weather events, including stronger El Niño and La Niña cycles that affect production, as well as market volatility and long crop maturity timelines. These challenges highlight the importance of IDB Invest's long-term financing for agribusinesses to fill the gap in adequate local commercial credit. To further mitigate these risks, this experience has shown the importance of geographic and agricultural product diversification, strong corporate governance structures in a sector with many family-owned businesses, and aligning repayment schedules with companies' cash flows under new crop yield cycles.

The IDB Group is also promoting sustainable agriculture practices among small farmers to build their resilience. For instance, with current IDB Invest support, Danper, a leading exporter of non-traditional agricultural products, is measuring the multidimensional poverty of its

artichoke suppliers<sup>14</sup> to better target its technical assistance and strengthen the supply chain. Likewise, the recently completed IDB-SENASA program trained 60,000 family farmers in good agricultural practices. A key lesson from this experience is that farmers may be hesitant to invest resources in soil and water testing and other requirements for certification in good agricultural practices without understanding the longer-term value of doing so. Therefore, the new IDB program with SENASA, which is implementing an official certification system for good agricultural and handling practices, will carry out a pilot initiative to support farmers in obtaining certification, as well as impact evaluations to measure the effects of certification on sales, access to markets, and other areas.

Building resilience also calls for infusing ag-tech innovations into the sector. An IDB Lab project with Netafim is promoting smart irrigation technologies including fertigation systems to help small cocoa producers in the Peruvian Amazon adapt to drier climate conditions. Partnering with a local agroexport cooperative and a digital solutions company, the project combines technical and financial assistance to encourage adoption. In its first year, 300 farmers were trained, and it aims to install 200 systems over three years. To increase uptake among farmers, the project is adapting by expanding its reach to more cooperatives, regions, and crops. IDB Lab is also working with Abonos Vivos, a Peruvian agricultural input company, to introduce biological fertilizers that enhance soil restoration for export crops such as berries, cocoa and avocados. As of 2024, fertilizer sales were up nearly 60 percent and 500 small producers were using the product, halfway to the project's target. The IDB also has a new program to promote innovation and technology adoption in the agriculture sector.

For more information, see the project pages for PE-L1023, PE-L1229, PE-L1280, PE-L1270, PE-L1289, PE-L1287, 12015-02, 12180-01, 12217-01, 13286-01, 13487-02, 14022-01, and 14468-01, and the Project Completion Report for PE-L1023.

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<sup>14</sup> This builds on joint IDB Invest-Danper efforts to measure the multidimensional poverty of its workers and their families to better target the company's social programs. For more information, see this [study](#), [DEBrief](#), and [blog](#).



Productive Development and Innovation through  
the Private Sector

# UNLOCKING PERU'S AGRICULTURAL EXPORT POTENTIAL

Ongoing support from IDB, IDB Invest, and  
IDB Lab has helped transform **Peru into a  
major agroexporter**

**\$12.3 billion**

in agricultural exports  
in 2024 vs. **\$748 million**  
in 2002

The agriculture  
sector represents

**6% of GDP**

and **25%** of employment

## WHY?

Peru's success is attributed  
to its agricultural products  
adhering to stringent quality  
and safety standards  
required for export.



# RESULTS



## IDB SUPPORT FOR THE AGRICULTURAL AGENCY SENASA

**5** IDB-backed

projects since 1998 have strengthened SENASA, improving Peru's animal and plant health and food safety

**60,000**

family farmers trained in good agricultural practices

Impact evaluations of the IDB-supported fruit fly eradication program show benefits in treated areas:

**65%** increase in fruit production and sales in the short term

**37%-49%** increase in farmer productivity **10** years later



## IDB INVEST AGRIBUSINESS PORTFOLIO

A healthier, safer and more productive agriculture sector with increasing export opportunities has also encouraged private investment.

FROM 2017 TO 2023:

**\$230** million

invested in the growth plans of **7** fruit and vegetable-focused agribusinesses

**34,000** jobs

supported **43%** of which were for women

**500** farmers

improved access to services and finance

**\$2.4** billion

in exports promoted by the projects, representing **5%** of Peru's non-traditional agricultural exports



## IDB LAB AG-TECH INNOVATIONS



Building farmer resilience through smart irrigation technologies and biological fertilizers

**500**

small producers using biological fertilizer to enhance soil restoration

**60%**

increase in biofertilizer sales

**300**

cocoa farmers trained in fertigation system management

# Regional Integration

**Regional integration is a powerful engine of socio-economic growth.** It effectively expands market size for businesses across the region, and creates an environment that fosters innovation, encourages the adoption of new technologies, and attracts investment. However, persistent trade barriers, regulatory fragmentation, and underdeveloped cross-border infrastructure continue to limit the region's integration potential. Addressing these challenges requires integrated, multisectoral, and data-informed approaches that align infrastructure, trade, and regulatory frameworks to enhance regional connectivity, foster productive integration, and deliver shared development outcomes. This is true both for productive integration, which drives trade flows, and for physical and digital infrastructure, where integration creates pathways for energy security and cost efficiency, which are building blocks for growth.

**The IDB Group strengthens regional integration by promoting productive, physical, and digital connectivity across LAC.** IDB supports cross-border infrastructure, trade facilitation, regulatory harmonization, and regional initiatives in areas such as health and education and the provision of regional and global public goods. For IDB Invest, regional integration operations include strengthening value chains and supporting the Trade Finance Facilitation Program to help firms expand export markets. Private sector operations to build and modernize ports, airports, and railways are another element of this portfolio. IDB Lab fosters innovation and inclusive solutions that scale across borders. Together, they advance regional public goods, coordinate on shared challenges like climate and migration, and enhance cooperation through tailored instruments and strategic programming. This integrated approach boosts competitiveness, fosters sustainable growth, and positions the region as a cohesive and resilient economic bloc. As shown in the following case of IDB projects in Central America, integration has become especially important in the energy sector, given the region's growing challenges in ensuring energy security and energy infrastructure resilience.

## 2024 RESULTS SNAPSHOT

### REGIONAL INTEGRATION

**1,300 firms**

supported on international trade, tourism,  
and foreign direct investment activities

**28.5 million tons**

of cargo handled in ports,  
airports, and railways

Note: The 2024 Results Snapshot is based on results delivered in 2024 by projects in execution.

## Power in Integration

The Central American Electrical Interconnection System (*Sistema de Interconexión Eléctrica de los Países de América Central* - SIEPAC) is a foundational case study in the region's energy integration journey. Its success catalyzed the formalization of Technical Dialogue Mechanisms across LAC, providing both a blueprint and a learning platform for broader regional cooperation and demonstrating that physical infrastructure alone is insufficient without harmonized, supra-national regulation and governance structures.

Emerging from a context of fragmented, oil-dependent, and disaster-prone energy systems, SIEPAC has since transformed the region's energy landscape by physically and institutionally linking six countries—Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panama—into a unified electricity market. The IDB and the Spanish Government played an instrumental role in making SIEPAC's vision a reality.

The development of SIEPAC's interconnection infrastructure unfolded in two phases. The first focused on leveraging surplus hydroelectric capacity through binational interconnections. The second phase introduced an 1,800 km, 230 kV transmission line with fiber optic capabilities, enabling both energy and digital connectivity. This infrastructure underpins the Central American Electricity Market (*Mercado Eléctrico Regional* - MER), facilitating cross-border electricity trade and enhancing resilience to supply shocks.

A key innovation was the creation of the Grid Owner Company (EPR), a public-private entity governed by private law and jointly owned by national transmission companies and international partners. EPR's structure enabled a blend of equity contributions and concessional loans—totaling over \$446 million from institutions like IDB, the Central American Bank for Economic Integration (CABEI), the Development Bank of Latin America and the Caribbean (CAF), and others—with favorable terms (average 25.8-year grace period, 3.5 percent interest). This model ensured financial sustainability through guaranteed payments from MER via the Regional Authorized Revenue, covering debt service, operations, and shareholder returns.

Between 2005 and 2020, installed capacity in the region doubled (from 9,014 MW to 18,507 MW), and annual generation rose by 50 percent (from 34,374 GWh to 51,521 GWh) (ECLAC 2021). Non-hydro renewable generation grew by 94 percent between 2014 and 2022 (Energy for Growth Hub 2024), reducing reliance on fossil fuels and enhancing affordability and sustainability. Additionally, 10 years after the MER's creation, it already supplies six percent of Central America's electricity demand and has the active participation of more than 300 private market agents that trade energy daily.

Economically, MER trades between 2013 and 2015 generated \$305 million in gross benefits and \$132 million in net benefits after accounting for infrastructure and operational costs (Echevarria et al. 2024). SIEPAC also proved vital during the COVID-19 pandemic, enabling electricity redistribution in response to shifting demand.

The new regional electrical infrastructure has become the backbone of Central America's power system, requiring continuous national-level investments to maintain its transmission

capacity. Over the past five years, the IDB has been the primary financier of these reinforcements, contributing approximately \$176 million. Looking ahead, a new portfolio of reinforcement projects requiring both public and private funding totals \$198 million, distributed across Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. Additionally, new investments for the second circuit in various sections of SIEPAC amount to \$107 million, which will be financed through EPR resources and a commercial credit line from the Central American Bank for Economic Integration (CABEI). These ongoing investments are critical for deepening regional energy integration, ensuring the grid's robustness, maximizing the benefits of interconnected power markets across Central America, and reducing the need for sovereign debt.

Despite these gains, challenges remain. Initial ex-post evaluations indicate that, in order for benefits to outweigh costs, coordinated planning and high demand growth are essential. Additionally, regulatory harmonization is essential to unlock SIEPAC's full potential.

Two key lessons emerge from SIEPAC's experience: First, sustained financing for national infrastructure is critical to maintain regional connectivity. Second, the EPR model demonstrates how public-private partnerships can drive infrastructure development while easing fiscal pressures on governments.

### **Replicating SIEPAC's Model in Other Regions**

The IDB continues to play a pivotal role in driving the regional energy integration agenda forward, serving as the Technical Dialogue Mechanisms' technical secretariat, key financier, and vital facilitator of technical assistance resources. This comprehensive involvement is crucial for ensuring the successful integration and sustained impact of the initiatives, directly supporting the region's development aspirations.

The Andean Electrical Interconnection System (*Sistema de Interconexión Eléctrica Andina* - SINEA) connects Bolivia, Chile, Colombia, Ecuador, and Peru. In 2024, it established the Andean Short-Term Electricity Market and secured funding for infrastructure between Ecuador and Peru, with designs progressing for interconnections between Peru and Chile, and studies funded for Chile-Bolivia connections.

Since 2018, the Energy Integration System of the Southern Cone Countries (*Sistema de Integración de los Países del Cono Sur* - SIESUR) has increased electricity exchanges fourfold among Argentina, Brazil, Chile, Paraguay, and Uruguay. Their goal is to enhance energy exchanges by creating a Southern Cone electricity market and reinforcing national infrastructures. The "Arco Norte" initiative aims to connect three Caribbean countries with Brazil, working towards constructing the Caribbean's first regional electricity interconnection between Suriname and French Guiana.

For more information, see the project pages for [TC7707146](#), [TC8003246](#), [TC8010051](#), [TC8010069](#), [CA0022](#), [TC9303166](#), [TC9509243](#), [CA0010](#), [TC9702186](#), [CA0007](#), [CA0035](#), [RG-T1343](#), [RG-T1736](#), [CR-L1049](#), [HO-L1039](#), [NI-L1091](#), [NI-L1094](#), [HO-G1006](#), [HO-L1186](#), [NI-T1272](#), [RG-T4247](#), [TC9712531](#), [TC8404197](#), [RG-T2705](#), [RG-T3501](#), <https://www.iadb.org/en/project/NI-L1055> and the Project Completion Reports for [CA0007](#), [CA0035](#), [CR-L1049](#), [HO-L1039](#) and [HO-G1006](#), and [NI-L1091](#).



IN JUST ONE DECADE

**5X**

increase in electricity  
exchanges

**300+**

private market  
agents trading  
electricity daily

# POWER IN INTEGRATION **ADVANCING TOWARD ENERGY SECURITY THROUGH SIEPAC**

**SIEPAC's success is driving  
similar regional efforts**

—like SINEA, SIESUR, and  
ARCONORTE—advancing  
energy integration across  
Latin America and  
the Caribbean.



# Biodiversity, Natural Capital and Climate Action

**Nature is not just a background to human activity—ecosystem services underpin food and water security, disaster resilience, and public health.** This interdependence positions LAC, home to over 40 percent of the planet's biodiversity and vast stores of natural capital, as a global engine for sustainable development. Yet these resources face growing threats and fiscal constraints limit investment in their protection. Addressing these challenges requires integrated, multisectoral, and data-informed approaches that align environmental sustainability, economic development, and institutional capacity to deliver resilient and inclusive development outcomes.

**IDBStrategy+ prioritizes a comprehensive approach to biodiversity, natural capital, and climate action that pairs socioeconomic development with environmental sustainability.**

Through public sector operations, the Group supports countries in disaster risk management,<sup>15</sup> strengthening climate governance, and expanding sustainable ecosystem management. These efforts are complemented by initiatives to mobilize financing instruments—such as blue bonds and debt-for-nature swaps—to scale up conservation and restoration of marine and terrestrial ecosystems. Private sector operations also focus on renewable energy projects to expand coverage, reduce costs, and increase energy security, as well as to strengthen climate resilience. IDB Lab fosters early-stage solutions that apply nature-based approaches to protect biodiversity, enhance resilience, and improve livelihoods. The following case shows how the IDB Group deploys financial instruments and helps countries tackle barriers to investment in biodiversity and natural capital.

## 2024 RESULTS SNAPSHOT

### BIODIVERSITY, NATURAL CAPITAL AND CLIMATE ACTION

**996,000**  
**people**

with enhanced  
resilience and  
financial protection  
against climate  
disasters and shocks

**13.9 million**  
**annual tons**

CO<sub>2</sub> equivalent in  
greenhouse gas  
emissions avoided

**23.7**  
**million**

hectares under  
sustainable  
management

**\$2.3**  
**billion**

of physical assets  
secured by  
investments in  
climate adaptation

**22**  
**countries**

with improved  
disaster risk  
management and/  
or climate change  
governance

Note: The 2024 Results Snapshot is based on results delivered in 2024 by projects in execution.

<sup>15</sup> Disaster risk management, a key element of this operational focus area, is embedded in the IDB Group's institutional strategy as a cross-cutting capability that strengthens countries' resilience and safeguards development outcomes. Through its Disaster Risk Management Action Plan, the Group supports the integration of risk governance into planning, public financial management, and investment decisions—linking fiscal reforms with ex ante risk reduction and financial protection instruments such as contingent credit lines and climate-resilient debt clauses.

## Catalyzing International Financing for Greater Scale and Impact

The IDB Group has been expanding its menu of offerings through innovative financial instruments and technical expertise, to help countries tackle barriers to investment in biodiversity and natural capital.

For example, IDB Invest is pioneering the issuance of blue bonds, which catalyze sustainability-seeking investors towards financing ocean conservation, sustainable marine industries, and coastal ecosystem restoration. Blue bonds offer investors greater transparency and traceability, ensuring that funds support projects that positively impact marine ecosystems. A first for Ecuador, IDB Invest supported Banco Bolivariano with the issuance of an \$80 million blue bond, which was subscribed half by IDB Invest and half by FinDev Canada. The proceeds are financing sustainable projects related to seafood products, water management, wastewater, solid waste, and circular economy initiatives. As of year-end 2023, the bank's blue portfolio was growing faster than expected. This mostly includes financing for sustainable seafood companies with international certifications such as this shrimp producer.

IDB Lab is promoting other innovations in biodiversity finance such as habitat banking and the digital tokenization of biodiversity credits. Banco de Hábitat Orinoquía, launched by Terrasos S.A.S. with support from IDB Lab, is the first biodiversity habitat bank in Latin America. Located in the department of Meta in Colombia, the initiative was created to address the growing demand for biodiversity offsets in compliance with national environmental regulations. Through a trust-based financial structure and a technical cooperation program, the project channels private investment into the restoration and long-term conservation of degraded ecosystems, while offering a scalable and financially viable model for environmental compensation.

As of 2023, Terrasos exceeded expectations. It restored over 1,100 hectares of land, nearly double its target, and sold 947 biodiversity credits, well above the initial goal of 350. In addition, five companies were actively using the habitat bank as a compliance mechanism. The project also achieved positive net income for the year, marking a key milestone in the maturation of the model. These outcomes validate habitat banking not only as an effective conservation instrument, but also as a viable investment vehicle.

Building on this success, Terrasos has expanded to 12 registered habitat banks across seven departments in Colombia, managing over 7,000 hectares and structuring an additional 31,000 hectares for compensation. It is also spearheading regional expansion into Brazil, Peru, Mexico, the Dominican Republic, Argentina, and Paraguay — positioning itself as a leading biodiversity investment platform in Latin America. In parallel, it is advancing regulatory frameworks, strengthening contractual and financial instruments, and developing traceability and monitoring systems to ensure transparency and accountability. These scaling efforts aim to protect over 100,000 hectares by 2030, catalyzing private capital flows while advancing regional policy innovation.

To address transparency gaps in conservation markets, Terrasos launched a second-generation project integrating blockchain technology and integrity protocols to issue [digital biodiversity tokens](#). IDB Lab is piloting this model in Colombia's Andean cloud forest with XM, a leader in environmental asset registration platforms. This model enables the registration, verification, and sale of conservation projects through blockchain, ensuring accountability while unlocking private capital for previously excluded areas. Over 14 million hectares in Colombia could qualify, with expansion potential across the Amazon basin, creating employment and benefit-sharing opportunities for Indigenous and rural communities. If successful, the model could generate economic returns of approximately 20 percent, while significantly reducing transaction costs and intermediaries.

Together, these two initiatives place Terrasos at the forefront of biodiversity finance in Latin America. They demonstrate that with the right incentives and tools, private markets can drive conservation at scale, while aligning environmental and economic value.

On the public side, the IDB's Policy-based Guarantees (PBGs) have facilitated countries in conducting debt-for-nature and debt-for-climate swaps, which allow access to international financing on more favorable terms, enabling the repurchase of higher-cost debt and the allocation of fiscal savings specifically to projects that enhance environmental resilience and protect biodiversity.

In 2022, the IDB approved the first-ever sustainability-linked bond framework related to nature conservation in Barbados through a Policy-based Guarantee ([BA-U0001](#)) from IDB of up to \$100 million and a \$25 million co-guarantee from The Nature Conservancy to Barbados, to enhance the country's institutional natural resource management framework and improve debt management capacity. In 2024, Barbados also pioneered the world's first debt-for-climate-resilience operation ([BA-U0002](#)) to protect its water supply, through \$300 million in guarantees —\$150 million from each the IDB and the European Investment Bank (EIB). The resulting fiscal space of \$125 million will be used to upgrade the South Coast sewage treatment plant into a modern water reclamation facility, one of the first in the Caribbean. The facility will reduce water losses, improve the sewer system, and produce water with suitable quality for use in agricultural irrigation and groundwater recharge. The project is also supported through a combined \$110 million in financing from the IDB and Green Climate Fund (GCF), including a \$40 million grant from the latter. The fiscal savings generated in this operation will be used to pay off this front-loaded financing.

In The Bahamas, the government launched a debt conversion project ([BH-U0002](#)) in 2024 with support from IDB and The Nature Conservancy and other partners, which is expected to generate \$124 million in savings for marine conservation over the next 15 years. The package included a \$200 million credit guarantee from IDB, a co-guarantee of \$70 million from Builders Vision, and \$30 million credit insurance from AXA XL. IDB's support is also complemented by support to strengthen The Bahamas' institutional framework for environmental and public debt management.

For more information, see the project pages for [14183-01](#), [BA-U0001](#), [BA-U0002](#), [BH-U0002](#), [CO-Q0014](#), [CO-T1436](#), [CO-T1638](#), [CO-T1730](#), [CO-G1048](#), [BR-T1637](#).



# CATALYZING INTERNATIONAL FINANCING FOR GREATER SCALE AND IMPACT

How novel instruments foster mobilization for  
**resilience and conservation**

## OUR IMPACT

### Barbados

**IDB's first-ever  
sustainability-linked  
bond framework**

related to nature  
conservation  
in partnership with The  
Nature Conservancy (2022)

**World's first debt-for-  
climate-resilience  
operation**

in partnership with the  
European Investment  
Bank and the Green  
Climate Fund (2024)

**\$125  
million**

generated in fiscal  
savings

### Bahamas

**\$200 million  
Guarantee**

backed by IDB, in partnership  
with Builders Vision and AXA XL for  
a Debt Conversion Initiative (2024)

**\$124 million**

generated in savings for  
marine conservation over the  
next 15 years



## Ecuador

**\$80 million**

mobilized in Ecuador's first blue bond

**Blue bond issuance**

in 2023 by Banco Bolivariano was subscribed by IDB Invest and FinDev Canada

**Fast growth**

of Banco Bolivariano's blue portfolio focusing on sustainable seafood companies

## Colombia

### 1. Testing the model (2016-2020)

**1st biodiversity habitat bank**

Banco de Hábitat Orinoquía in Meta, Colombia

**1,100**

hectares restored in the Orinoquía

**947**

biodiversity credits sold

### 2. Scaling the model (as of 2024)

**12 registered habitat banks**

in 7 departments of Colombia

**Regional expansion**

to Argentina, Brazil, Paraguay, Peru, Mexico, and the Dominican Republic

**100,000**  
hectares  
protected by 2030

**7,000**  
hectares  
under management

States benefitted:

● Testing model

● Scaling the model

### 3. Next generation project (launched 2024)

**Digital biodiversity tokens**

via blockchain

**14 million hectares**

with conservation potential

# Gender Equality and Inclusion of Diverse Population Groups

**Despite progress, women and diverse groups still face high levels of poverty, inequality, and vulnerability.** Enduring disparities in social and economic outcomes across gender and diverse population groups—including indigenous peoples, Afro-descendants, persons with disabilities, and LGBTQ+ individuals—continue to exacerbate inequality and hinder the region's development, economic growth, and productivity. Shifts in technology, demographics, and vulnerability to extreme weather conditions are magnifying these disparities. These challenges also offer an opportunity for the region to take advantage of the skills of women and diverse population groups to build stronger institutions, better policy, greater social cohesion, and more robust social and economic outcomes for countries. Designing effective development solutions requires leveraging the skills and labor across the entire population. As experience has consistently shown, considering how the needs of different population groups may differ is important for achieving development outcomes.<sup>16</sup>

**IDBStrategy+ prioritizes gender equality and inclusion of diverse population groups as a cross-cutting issue to be considered in projects with a wide range of objectives to strengthen their development impact.** IDB Group support for gender equality and inclusion of diverse population groups focuses heavily on closing gaps in education, economic opportunity, access to finance and civic life, as well as expanding leadership and entrepreneurial skills and strengthening institutional capacity related to equality and inclusion. The following case provides an example tied to IDB Invest and IDB Lab support for women entrepreneurs. Additional results of the IDB Group's support in this area may be found in its annual reporting on the [Gender and Diversity Action Plan](#).

## 2024 RESULTS SNAPSHOT

### GENDER EQUALITY AND INCLUSION OF DIVERSE POPULATION GROUPS

**2.3 million people**

benefited by enhanced gender equality and/or inclusion of diverse population groups

**780,000 women-led MSMEs**

benefiting from financial and non-financial support

**7 countries**

with strengthened gender equality and diversity policy and institutional frameworks

Note: The 2024 Results Snapshot is based on results delivered in 2024 by projects in execution.

<sup>16</sup> For a deeper look at the challenges related to gender equality and inclusion of diverse population groups and evidence on effective policies, see the IDB Group's [Gender and Diversity Sector Framework Document](#).

## Boosting Economic Opportunities for Women Entrepreneurs

At about \$100 billion, the MSME financing gap in LAC is the second largest in the world (IFC, 2025). The unmet demand for credit is even deeper for women-led MSMEs, who face systemic barriers in accessing credit. Women-led businesses are more likely to be denied loans than their male counterparts, and when approved, the terms are typically worse: smaller amounts, shorter tenors, and higher interest rates and collateral requirements.

However, banks have a compelling business case to reach more women entrepreneurs. By underserving women, they are leaving money on the table. To address this gap, IDB Invest works with financial institutions across the region to expand financing opportunities for women. From 2016-2024, through 44 operations in 20 countries, IDB Invest helped over 1.4 million women-led MSMEs access the credit they needed to grow. A key lesson from this experience is the importance of selecting partners with a strong strategic focus and value proposition for reaching women-led MSMEs, or those willing to build that capacity.

A case in point is Banco ADOPEM in the Dominican Republic. In 2024, IDB Invest supported the bank in issuing an outcome-based social bond in local currency, which includes financial incentives for meeting annual portfolio growth targets for women-led MSMEs provided by the Women Entrepreneurs Finance Initiative (We-Fi). This first-of-a-kind achievement for the bank and the country builds on a long track record of collaboration with the IDB Group.

Founded as a non-governmental organization focused on microcredit for entrepreneurial women, Banco ADOPEM transitioned into a regulated bank in 2004 with support from IDB Lab. This transformation strengthened its business model, opened new funding channels, and accelerated its growth. Today, it is one of the Dominican Republic's leading microfinance institutions, serving 509,848 clients as of 2024—63 percent of whom are women.

Over the years, IDB Lab has supported several grant and loan projects that helped ADOPEM innovate and tailor financial products, services, and training for different groups, including women microfranchisees and rural producers. Most recently, with IDB Lab's backing, the bank launched the Crece con ADOPEM platform. This digital platform equips women entrepreneurs with skills to expand their markets, send and receive electronic payments, and access financing for digital tools and working capital. As of 2024, about 2,500 women entrepreneurs were enrolled in the platform, 800 were actively using it for digital payments, and 1,200 had incorporated digital technologies into their businesses.

Banco ADOPEM's mission to empower women through economic opportunity has remained constant throughout its evolution. The data shows that this ingrained mission is also profitable.

In 2024, IDB Invest analyzed over 170,000 loans issued by the bank to both male and female clients. The findings were notable: among otherwise similar clients, women applied for and were approved for larger loans than men. This contrasts with trends IDB Invest has observed with other banks in the region, where women typically receive significantly smaller loans, limiting their growth potential.

In addition, interest rates and repayment behavior were identical for both men and women. Consequently, ADOPEM's administrative, provisioning, and loan recovery costs were the same, but the interest income from women's loans was higher due to their higher average loan size. In short, the loan portfolio for women offers higher returns with lower risk.

The IDB Group will continue working with partners such as Banco ADOPEM to reduce the financing gap for women-led MSMEs and MSMEs more broadly to untap their growth potential.

For more information see the project pages for [12708-01](#), [TC9912023](#), [DR-M1045](#), [DR-L1093](#), and [DR-T1249](#).



Gender Equality and Inclusion of Diverse Population Groups

# BOOSTING ECONOMIC OPPORTUNITIES FOR WOMEN ENTREPRENEURS

IDB Invest and IDB Lab support Banco ADOPEM to **enhance financing and skills development for women-led MSMEs**



A 20-year history of collaboration:

- 2004** IDB Lab supports the transformation of ADOPEM from an NGO into a regulated bank.
- 2014** IDB Lab launches project to support women microfranchisees
- 2022** *Crece con ADOPEM* digital skills platform launched with IDB Lab support.
- 2024** 2,500 women entrepreneurs enrolled in the *Crece con ADOPEM* platform
  - 800 using digital payments
  - 1,200 using digital technologies

ADOPEM issues its first **outcome-based social bond** with IDB Invest support

# Institutional Capacity, Rule of Law, and Citizen Security

**Strong, transparent, and effective public institutions are foundational to inclusive and sustainable development in LAC.** This area targets the enhancement of public policy, fiscal management, citizen security, and justice systems, while also fostering an enabling environment for private sector growth. A central pillar of this agenda is the digital transformation of the public sector—supporting governments in adopting digital governance frameworks, modernizing service delivery, and deploying GovTech and artificial intelligence-based solutions to improve efficiency, transparency, and citizen engagement. Addressing these challenges requires integrated, multisectoral, and data-informed approaches that align institutional reform, digital transformation, and public service delivery to strengthen state capacity and improve development outcomes.

**The IDB Group is expanding its portfolio in this area, tackling institutional challenges through public sector reforms, digital transformation, and justice systems.** It includes work with governments to modernize public administration, strengthen judicial systems, and enhance transparency and accountability through digital tools and e-government platforms. IDB Lab complements these efforts by piloting solutions that leverage technology to enhance transparency and foster equitable access to legal services, as well as to improve government operations and public services through its GovTech agenda. The following case highlights the results of the IDB Fiscal Management Modernization Program of Brazil (Programa de Apoio à Gestão dos Fiscos do Brasil - PROFISCO) that leveraged digital tools to strengthen public financial management and institutional performance to build state capacity and resilience.

## 2024 RESULTS SNAPSHOT

### INSTITUTIONAL CAPACITY, RULE OF LAW, AND CITIZEN SECURITY

**8,100 people**

with enhanced resilience or capabilities to prevent and respond to crime and violence

**27 agencies**

and private sector organizations with strengthened digital capacity

**151 agencies**

with strengthened, transparent, and accountable domestic resource mobilization, expenditure management, and policy management capacity

Note: The 2024 Results Snapshot is based on results delivered in 2024 by projects in execution.

## Modernizing Fiscal Management Through Digital Innovation

Establishing effective tax systems in a federative republic like Brazil, with a central government, 26 states and the federal district, and over 5,500 municipalities has been a challenge for both governments and taxpayers because of the diverse processes and varying methods each jurisdiction uses to calculate and apply taxes.

Considering the negative impact on public finance and the country's competitiveness and investment climate, Brazil has launched an ambitious digital transformation program building on the IDB's longstanding commitment to strengthening fiscal management in the country. Since 2008, Brazil has been implementing PROFISCO with support from the IDB.

In the program's first phase, the IDB provided \$600 million in financing to support the integration of tax administrations of 22 states and the Federal District. This was achieved through digitalization of tax documents based on a national standard, the electronic submission of firms' accounting records to tax authorities and the provision of taxpayer services online, including a direct line of electronic communication between companies and tax authorities.

The digitalization of tax documents, including the adoption of electronic invoices, has enabled companies to reduce paperwork and simplify tax filing. It also enhanced the tax administration's oversight—particularly for the value-added tax (VAT), which represents 36.4 percent of Brazil's total tax revenue and more than 80 percent of state tax revenue.

A 2022 impact evaluation of the first phase of PROFISCO shows that states implementing the program increased their tax revenues by 11.7 percent, while the number of companies formally registered with tax authorities rose by 1.7 percent (Martínez Fritscher et al. 2022).

The second phase of the program, launched in 2017, aimed to simplify tax payments and promote the use of data analytics and automation to enhance compliance and improve taxpayer services. In addition, it focused on modernizing state financial management in line with a national standard.

The IDB is providing \$900 million in financing for the second phase of the program, benefiting the Federal District and 18 states across Brazil. The program has helped reduce bureaucratic hurdles for companies to meet their tax obligations across different jurisdictions; introduced unified systems for registering and closing businesses with tax authorities; streamlined tax payments for import-export operations; and reduced the volume of accounting reports companies must submit to state tax administrations.

The second phase of the program has driven innovation, enabling states to develop solutions using advanced data analytics and artificial intelligence, including the use of chatbots to enhance taxpayer services.

Several of these data-driven tools have helped states more effectively detect compliance issues, such as underreporting of revenue and tax payments. Improved intelligence, combined with automation, has strengthened oversight and boosted tax collection. According to an impact evaluation to be published by the IDB, tax revenues increased by 8.3 percent in states participating in the second phase of the program.

One of the key priorities in the latest phase of PROFISCO is enhancing public spending management. Participating states are modernizing their financial management systems and processes to ensure high-quality, readily-accessible information. This involves integrating systems related to budgeting, payroll, public procurement, debt and asset management, and payment operations, all aligned with a national standard. These improvements enable states to better track expenditures and manage cash flow more effectively.

Some states have begun leveraging data from electronic invoices to inform their procurement processes. The state of Rio Grande do Sul, for example, developed a methodology to use this information to establish reference prices for 84 pharmaceutical products commonly purchased by the state's health department. This approach enabled procurement officers to base reference prices on actual market transactions rather than relying solely on supplier quotes.

An IDB impact evaluation of the initiative showed that unit prices decreased by between 4.1 and 4.3 percentage points for all products with reference prices based on electronic invoices and by between 13.2 and 17.2 percentage points for the 50 percent most expensive products (Martínez Fritscher et al. 2025).

Brazil's experience shows that digitizing tax documents and integrating them with modern financial platforms can significantly improve the quality and timeliness of economic data, enabling more effective crisis response and fiscal analysis—such as during the COVID-19 pandemic and the recent VAT reform. This digital transformation has also enhanced transparency and accountability in public finance. Crucially, its success has depended on strong institutional coordination among federal and state governments and the IDB, underscoring the importance of collaboration, commitment, and open communication in driving complex reforms.

For more information, see the project pages for [BR-L1174](#), [BR-L1093](#), [BR-L1239](#), [BR-L1165](#), [BR-L1206](#), [BR-L1268](#), [BR-L1202](#), [BR-L1238](#), [BR-L1235](#), [BR-L1205](#), [BR-L1251](#), [BR-L1208](#), [BR-L1240](#), [BR-L1255](#), [BR-L1234](#), [BR-L1207](#), [BR-L1233](#), [BR-L1254](#), [BR-L1319](#), [BR-L1230](#), [BR-L1237](#), [BR-L1250](#), [BR-L1236](#), [BR-L1502](#), [BR-L1499](#), [BR-L1501](#), [BR-L1513](#), [BR-L1516](#), [BR-L1500](#), [BR-L1498](#), [BR-L1511](#), [BR-L1517](#), [BR-L1534](#), [BR-L1535](#), [BR-L1614](#), [BR-L1539](#), [BR-L1550](#), [BR-L1533](#), [BR-L1540](#), [BR-L1527](#), [BR-L1592](#), and [BR-L1525](#).



### RESULTS

#### FIRST PHASE

**11.7%**

increase in state  
tax collection

**1.7%**

of companies  
registered with  
tax authorities

#### SECOND PHASE

**8.3%**

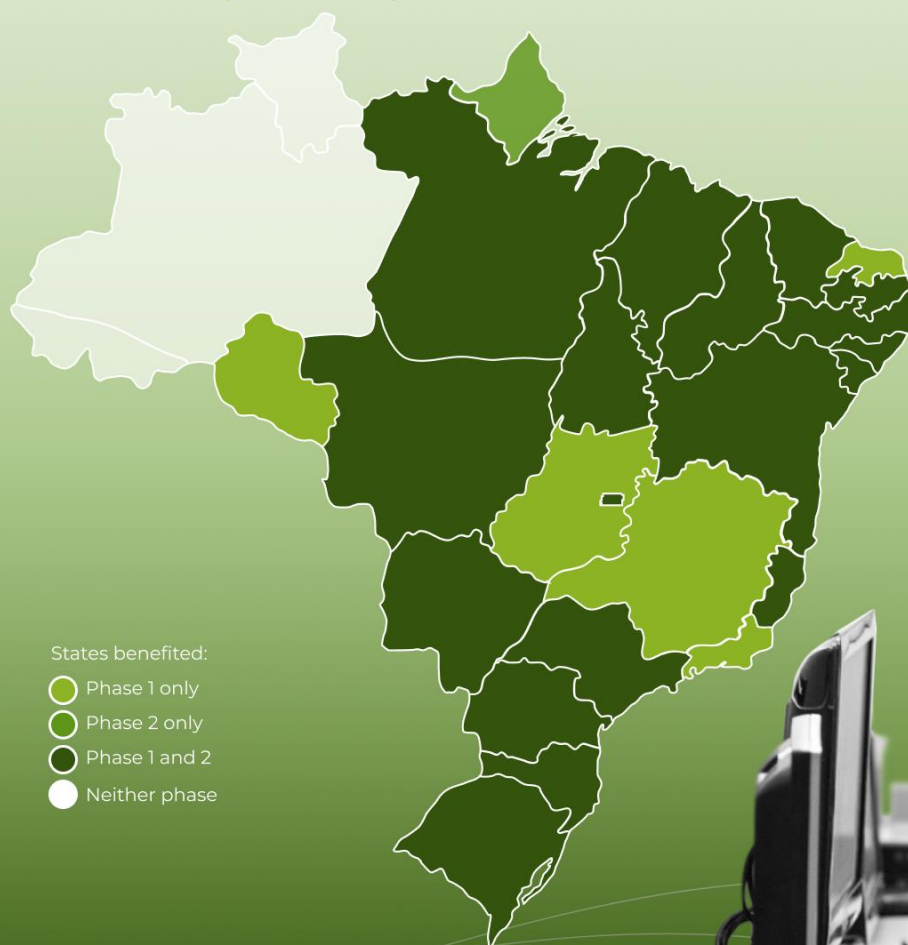
increase in total  
per capita tax  
revenue

**7.9%**

rise in per capita VAT  
revenue, which makes up  
80% of state tax income

# BRAZIL TACKLES TAX COMPLEXITY WITH DIGITAL REFORM<sup>\*</sup>

PROFISCO reduces compliance costs by integrating state and federal tax systems, boosting efficiency and transparency across Brazilian states



States benefited:

- Phase 1 only
- Phase 2 only
- Phase 1 and 2
- Neither phase



# Reflections

**The case studies in this chapter illustrate how the IDB Group is operationalizing IDBStrategy+.** Although approved under previous institutional strategies, these operations address structural barriers which continue to be prioritized under the seven operational focus areas of IDBStrategy+ and monitored through the IDB Group's Impact Framework.

**These experiences have shaped the IDB Group's evolving programming model by reinforcing the importance of institutional alignment, adaptability, results monitoring, and leveraging complementarities across the Group in line with IDBStrategy+.** The education program in Guatemala highlights how targeted investments in infrastructure, training, and materials can drive measurable improvements in learning outcomes. Meanwhile in Peru, the complementary efforts of the IDB, IDB Invest, and IDB Lab show how long-term public and private sector engagement has helped strengthen the agricultural sector. Similarly, IDB Lab's support for Terrasos in Colombia shows how adaptive innovation can unlock private capital for conservation, scaling a habitat banking model and incorporating blockchain-based biodiversity tokens.

**Looking ahead, the IDB Group is enhancing its ability to deliver results at scale through institutional reforms and digital innovation.** Key initiatives include the implementation of a Group-wide Impact Framework that translates strategic priorities into measurable outcomes, the adoption of digital tools to support results monitoring and adaptive management, and updated operational and policy frameworks that strengthen alignment with country priorities and institutional capacities.

**The Group is also deepening its commitment to long-term engagement and iterative learning to improve development effectiveness.** Recognizing that meaningful outcomes often require sustained support, the IDB Group is strengthening feedback loops to ensure that lessons from implementation are systematically captured and used to refine ongoing and future operations.

**Together, these operations offer a practical roadmap for the kind of scalable, integrated programming the IDB Group aims to expand.** As the region's development challenges continue to evolve, these experiences highlight the importance of flexibility, learning, and collaboration in delivering meaningful and sustainable long-term results.

CHAPTER

**3**

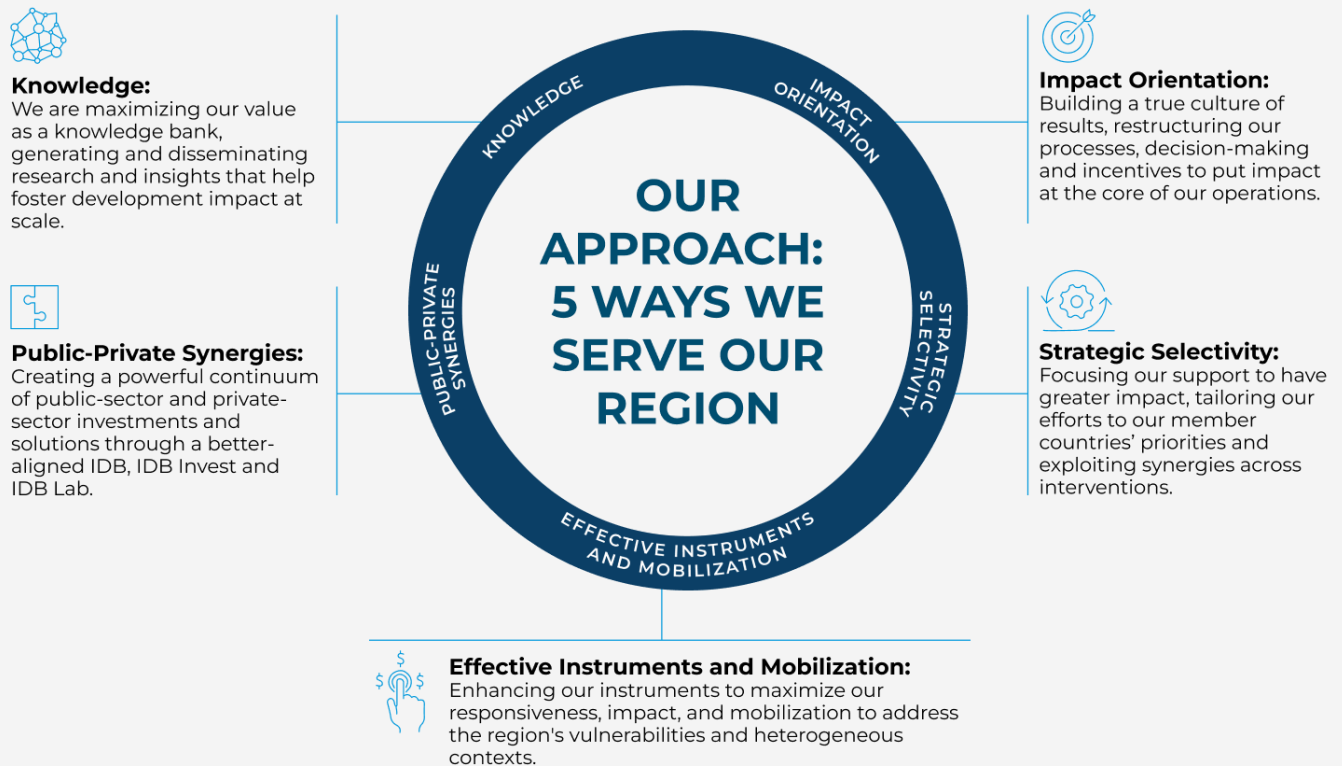
# Our Approach to Serving the Region

**Impact Report**  
**2025**

**The IDB Group’s approach to serving the region centers around the five elements shown in Figure 3.1 to maximize the delivery of value and results:** impact orientation, strategic selectivity, effective instruments and mobilization, public-private synergies, and knowledge. These elements involve concrete reforms aimed at enhancing the IDB Group’s efficiency and effectiveness over time. They leverage our comparative advantages and build complementarities with other development partners. Our approach to serving the region combines these aspects in our engagement with countries and partners, and in the development and execution of specific projects and initiatives to deliver tangible value that improves lives.

**This chapter reviews a series of cases from ongoing and recently completed projects where several of these elements were in place.** The examples represent the kind of support being enhanced under IDBStrategy+ and they range from a regional initiative that uses a results-based financing mechanism and public-private partnerships to enhance results, to long-term engagement through a programmatic approach in a single country that transformed its ability to prevent and respond to crime.

**Figure 3.1 IDBStrategy+ Approach**



# Enhancing Impact Orientation

## Salud Mesoamerica as a Blueprint for Scaled Impact

The Salud Mesoamerica Initiative (SMI) is an emblematic example of the impact orientation approach of IDBStrategy+. It demonstrates how a focus on measurable outcomes, continuous quality improvement, and equity can drive transformative results in public health systems. It also exemplifies how the other aspects of our approach under IDBStrategy+—strategic selectivity, effective instruments and mobilization, public-private synergies, and knowledge—can be applied together to deliver scalable, sustainable solutions through regional collaboration and innovation. More than a health project, Salud Mesoamerica was a model of innovation, accountability, and country-led action aimed at saving lives and transforming systems as stated in the Salud Mesoamerica Initiative Final Report (SMI 2025).

In a region marked by entrenched disparities and limited resources, SMI exemplified how coordinated international partnerships can align with national priorities to deliver measurable health improvements. Its focus on system strengthening, donor alignment, and equity makes it not only a regional achievement but also a viable model for development assistance under the Sustainable Development Goals (SDG) framework.

Launched in 2010, it aimed to accelerate improvements in maternal and child health and health system performance in eight Mesoamerican countries: Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the state of Chiapas in Mexico. With \$131.2 million in donor funding and \$44 million in domestic co-financing, the initiative targeted the poorest 20 percent of the population, seeking to deliver high-impact, cost-effective interventions tailored to national and local realities.



At the time, approximately 1.8 million women and children in the lowest income quintile experienced severe disadvantages: only half of all births were attended by skilled personnel,<sup>48</sup> child mortality rates were double the regional average, and average height among poor children was significantly lower than among their wealthier peers, demonstrating systemic malnutrition and inequity. SMI was conceived to directly address these disparities through a results-based financing model embedded in a broader public-private partnership.

Supported by the Gates Foundation, the Carlos Slim Foundation, the governments of Spain and Canada, the IDB, and the participating countries, SMI aimed to improve health outcomes by linking funding to verified performance. Countries set their own priorities, grounded in global evidence but adapted to local contexts, reinforcing national ownership and sustainability. The model ensured that external funding added to, rather than substituted for, domestic health spending.

The initiative's signature feature was its results-based financing mechanism. Individual country-level project funding was shared equally between donors and countries (50-50 percent). If a country reached at least 80 percent of its agreed-upon performance targets, it received back half of its contribution in the form of a performance tranche, that is, flexible funds to support national health priorities. Results were independently and externally verified using household and facility surveys based on a standardized set of performance indicators. This external validation ensured transparency and promoted systemic improvements across the continuum of care.

The underlying theory of change integrated financial and reputational incentives with technical cooperation and independent verification to drive sustained improvements in service delivery and system performance. Rather than focusing on inputs, the model rewarded demonstrated outcomes, encouraging more effective and accountable use of resources.

In parallel, SMI supported countries through policy dialogue, capacity building, and structured learning. It helped strengthen health systems by improving workforce performance, expanding data use in decision-making, and targeting resources toward underserved populations. Formal mechanisms for reflection and peer exchange fostered a culture of continuous quality improvement.

Impact studies have shown evidence of results attributable to SMI. In seven countries, the percentage of pregnant women receiving at least four prenatal visits by qualified providers rose by 12 percentage points. In Chiapas, quality postpartum care improved by 37 percentage points by the third phase of the program. In Honduras and Nicaragua, management of neonatal complications rose by 37 percentage points, despite the COVID-19 pandemic. In El Salvador, institutional births in targeted areas increased from 87 to 98 percent, closing a gap with the national average and maintaining progress throughout the pandemic. These outcomes reflect enhanced access, coverage and use of quality care, supported by optimized processes, reliable measurement, local harvested improvements and mentorship that fostered local leadership and ownership.

As noted in the [final evaluation](#), SMI's success lies in its focus on measurable results, capacity development, continuous improvement, and strong accountability (NORC at the University of Chicago 2025). It shows how donor support can evolve into country-led platforms that institutionalize systemic change. In an era where development support must prove both its effectiveness and sustainability, SMI offers a model that combines rigor with adaptability—advancing equity through shared responsibility and performance-driven collaboration.

SMI's legacy goes beyond health to influence the IDB's broader development approach. SMI learnings have informed the design of the Regional Malaria Elimination Initiative in Mesoamerica, the Livelihood Fund financed by the Gates Foundation and the IDB. Unlike SMI's original all-or-nothing approach related to the need to reach at least 80 percent of agreed-upon performance targets, the IDB loan based on results instrument approved in 2016, incorporated flexibility by allowing credit for partial achievement, which encouraged continuous improvement and adaptation. Furthermore, by demonstrating the effectiveness of linking financing to results, the SMI model directly informed new initiatives such as [IDB Clima](#)—a results-based pilot program that rewards countries that invest in the capacity needs to access concessional financing from thematic and green debt markets.

# Adopting a Programmatic Approach

## Addressing Fragility and Criminal Violence in Honduras

As exemplified in the SMI case, an important strategy to achieve greater impact is tailoring efforts to member country priorities and leveraging synergies across interventions. This is a critical part of the IDB Group's focus on strategic selectivity and programmatic approaches, recognizing that support for multiple interconnected interventions can bring more value than the sum of the parts. This can be especially important in contexts affected by fragility, conflict, and violence, where public institutions face limitations in providing basic services to citizens—usually including security—and where different forms of violence, including criminal violence, often flourish. The IDB's experience supporting Honduras in addressing citizen security and capacity building over more than 13 years is a case in point.

In 2011, Honduras had the highest homicide rate in the world at 86.5 per 100,000 inhabitants (UNAH 2025). Criminal groups and forms of criminal governance were entrenched in certain geographical areas (“pockets”), and public institutions were exposed to “sustained high fragility” (OECD 2025). In 2011, the IDB began supporting Honduras' citizen security agenda and National Police reform, addressing the security institutions' capacity to design and implement crime reduction policies. Since then, three investment loans have contributed to a significant reduction in crime, addressing a range of elements including effective law enforcement, robust crime investigation capacity, and prevention programs to address the root causes of crime.

First, the Program to Support the Implementation of the Comprehensive Policy for Coexistence and Citizen Security ([HO-L1063](#)) modernized the training system for police officers to support crime prevention and resolution. The Police Technical Institute was designed, built, and equipped with the capacity to train 2,400 new police officers per year. In addition, the standards for new police officers were raised, requiring at least a high school diploma, and extending the training period from three to 11 months. In addition, criminal investigation capacity was strengthened by training technicians in 10 different specialties and equipping the criminal investigation laboratory in San Pedro Sula (one of the main pockets of fragility, conflict, and violence in the country at the time). The enhancements to the criminal investigation laboratory enabled it to better analyze forensic evidence and process crime scenes, helping increase the accuracy and efficiency of criminal investigations. A second laboratory was built in Tegucigalpa with national funds and equipped with the IDB's support.

The initial loan was complemented by the Program for Citizen Coexistence and Neighborhood Improvement ([HO-L1187](#)), which improved the quality of life in vulnerable neighborhoods and reduced violent crime rates. The program increased police coverage by constructing and equipping three modern metropolitan police stations in Olanchito, Las Vegas, and Tela, as well as the departmental police station in Intibucá. In addition, in partnership with the Swiss Cooperation, the police stations in Choluteca, Nacaome, and Belén were remodeled to include specialized modules to address domestic and gender-based violence. A practical training facility was also built in La Paz to continue strengthening police operational capabilities.

These investments led to significant achievements from 2011 to 2023, including:

- **Reduction in the homicide rate:** The homicide rate in Honduras decreased by 64 percent, from 86.5 to 31.1 per 100,000 inhabitants.
- **Reduction in violent deaths of women:** The femicide rate decreased by 38 percent, from 12.3 to 7.6 per 100,000 women.
- **Increased citizen trust:** Trust in the police improved by 68 percent.



- **Reduction in the cost of crime:** The cost of crime decreased from 6.5 percent of GDP in 2014 to 3.8 percent in 2022.
- **Enhanced police training:** 7,350 new officers graduated from the revamped training system, contributing to a more professional and community-oriented police force.
- **Increased female representation:** The National Police of Honduras now has one of the highest percentages of female officers in Latin America, at 25 percent.

In 2023, a third loan ([HO-L1227](#)) was approved that aims to further contribute to reducing crime rates by improving the strategic management system of police human resources and modernizing the educational system for officers. This includes the construction of the National Police Academy. These continued efforts focus on police training, career development, violence prevention, criminal investigation, and the expansion of territorial coverage, all of which are critical to address the country's security challenges.

The IDB's support for strengthening citizen security management in Honduras and modernizing the capacity of the Ministry of Security and the National Police of Honduras, is emblematic in several aspects. It represents the most systematic governmental effort over time, generating conditions for sustained and progressive declines in crime trends and rates, developing capacity for security management, and expanding service coverage and quality.

These programs have benefited from synergies with other partners, including the Swiss Cooperation, the United States, and Colombia on technical matters, which has been key to their success. In addition, the Swiss Cooperation has contributed to develop police training content based on international best practices, citizen-centered police action, and the development of service portfolios with an emphasis on vulnerable populations.

The main success of the IDB-supported reform of the National Police of Honduras has been the professionalization of its human resources by improving the police education system from the agent to officer level, including the promotion and professionalization courses. These investments have also contributed to the dignification of the police and the improvement of the services provided to citizens. Sustained support from a range of partners and effective coordination were important factors in this success. Nevertheless, challenges remain to continue reducing crime and violence through evidence-based strategies for greater sustainability of the results achieved. These include the need to ensure long-term budgetary support for critical resources and the sustained building of trust between police and citizens.

The IDB's experience and lessons learned in Honduras, alongside its experience in other countries, were key to developing the IDB Group's first [Fragility Conflict and Violence Framework](#) and strengthening its commitment to address criminal violence in LAC. In this case, continuous investments over more than 13 years have been important in strengthening the Ministry of Security, reforming the National Police, and contributing to significant advances in key security indicators. While this work was focused on the public sector, a programmatic approach also means articulating public and private interventions to bring greater value as illustrated by the next experience in Paraguay.

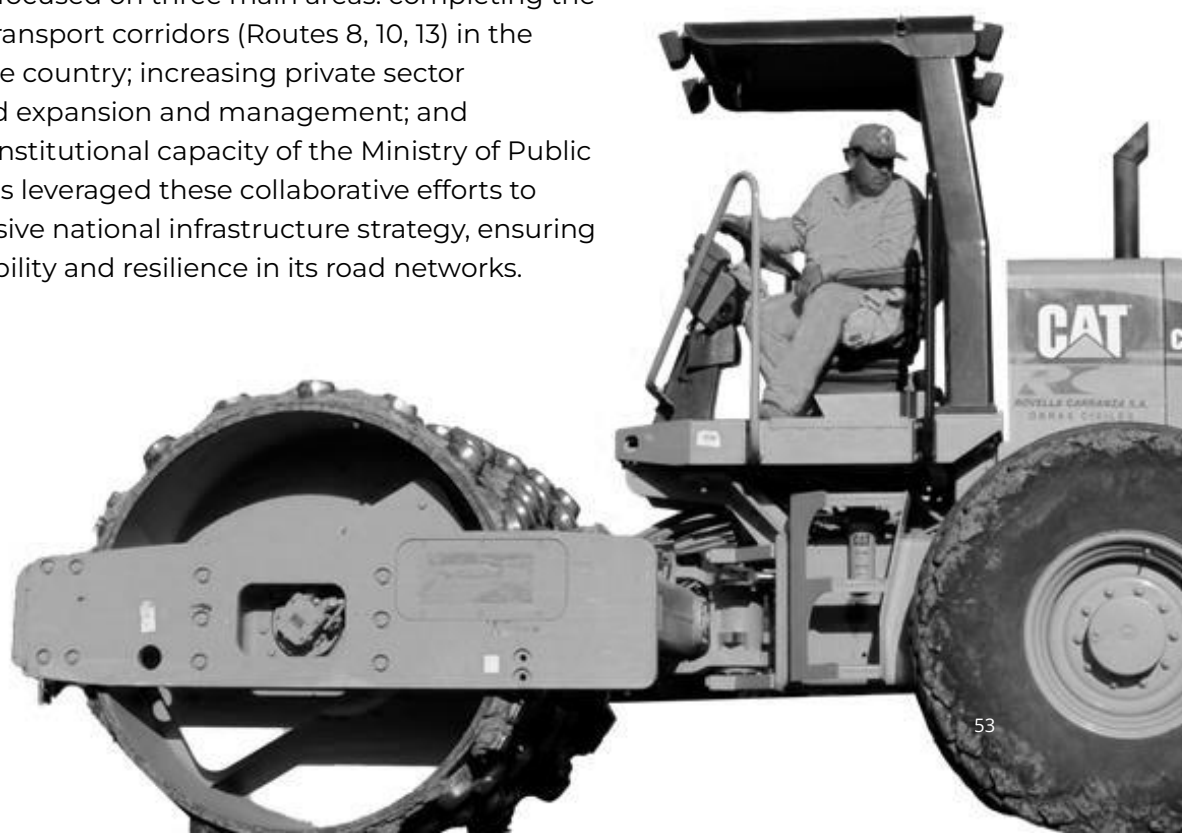
# Fostering Public-Private Synergies

## Building Roads to Growth in Paraguay

The IDB Group experience in the transport sector in Paraguay illustrates how a programmatic approach can bridge public and private efforts to deliver sustainable infrastructure and inclusive growth. Over the past 20 years, Paraguay has outpaced the growth rate of the rest of LAC, propelled by its rich natural resources and growing agricultural sector. However, getting soybeans, beef and other products to market is costly. Roads are the main way of getting around this landlocked country and only 13 percent of these vital arteries are paved. Tackling this challenge to unleash the country's full potential requires action by both the public and private sectors.

The IDB and IDB Invest collaborated on a long-term plan to enhance the country's road network. The IDB focused on building government capacity and implementing critical improvements to road infrastructure. Meanwhile, IDB Invest worked closely with the IDB to support the development of the country's Public-Private Partnerships (PPP) Program, including deploying innovative financing structures to mobilize private investment for the country's first private concession contract.

Through a multi-phased program from 2006-2023 ([PR-L1007](#), [PR-L1075](#)), the IDB worked with the Government of Paraguay to integrate the country's road networks into corridors to enhance agriculture exports, promote regional integration, and improve competitiveness. It focused on three main areas: completing the paving of primary transport corridors (Routes 8, 10, 13) in the eastern region of the country; increasing private sector participation in road expansion and management; and strengthening the institutional capacity of the Ministry of Public Works. Paraguay has leveraged these collaborative efforts to create a more cohesive national infrastructure strategy, ensuring long-term sustainability and resilience in its road networks.



Better road quality and connectivity have led to tangible economic and social benefits. Average transport costs for trucks were cut in half, a big gain for competitiveness considering that road transport in Paraguay accounts for approximately 26 percent of export costs. Operating costs for passenger vehicles also dropped significantly. For the improved segments of Route 13, they fell from \$1.63/km in 2013 to just \$.09/km in 2023. In addition, reduced travel times are helping increase people's access to services and market opportunities. Trips that used to take over 3 hours on segments of Route 8 were down to 39 minutes by 2023. Moreover, roads that used to be impassable 70 days a year due to seasonal conditions such as flooding are now accessible year-round, and road accidents have dropped by 65 percent.

Agricultural productivity has also increased. The program aimed for at least a 35 percent increase in yields (tons/hectare) for the main export crops of soy, corn, and wheat in the departments with newly paved roads. This target was exceeded in most cases and corn yields in San Pedro and Caaguazú tripled from 2005-2019.

In parallel, the IDB and IDB Invest have been working with the government for over a decade to develop its PPP program, aiming to increase private investment in sustainable and efficient infrastructure projects aligned with best international practices. This has involved strengthening the regulatory framework, including support for developing the country's 2013 PPP Law, as well as capacity building for selecting, preparing, and tendering PPP projects, direct project structuring support, and financing for private concessionaires.

IDB Invest is currently financing the country's first PPP project, which doubled the lanes on 140km of road along Routes 2 and 7, the main economic arteries linking Asunción and Ciudad del Este. By serving as the anchor investor in this \$530 million project, IDB Invest sent a strong signal to the market, encouraging other investors to participate. In 2019, to complement the project's bond issuance, IDB Invest's \$200 million financing package included a guarantee to cover the initial construction risk and a long-term loan to be disbursed upon payment of the guarantee. This early de-risking instrument was vital in moving the project forward.

As construction progressed, in 2022 IDB Invest designed a new financial structure — involving the issuance of its first project bond in the U.S. market— to cover the remaining project costs. This innovative capital market solution simplifies the original structure, offering the project sponsor and the market an efficient and scalable debt instrument that could be tradable in the future, in line with IDB Invest's originate-to-share strategy.

Road construction on Routes 2 and 7 was completed in 2023, and drivers can now travel between Asunción and Ciudad del Este two hours faster than before. The roads are also safer, and in 2024 the concessionaire achieved international certification (ISO 39001) for its road management safety system. Building on this experience, the bidding process for Paraguay's next PPP project for Route 1 is currently underway.<sup>17</sup> The IDB Group has been working closely with the government since 2019 to prepare and structure this latest generation PPP, which will continue attracting private investment to strengthen Paraguay's infrastructure and competitiveness.

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<sup>17</sup> As of May 2025.

### Box 3.1 Building Together: How the IDB Group Advances Public-Private Partnerships in Latin America and the Caribbean

Public-Private Partnerships (PPPs) have been a key instrument for the IDB Group to scale impact and mobilize private capital for development in LAC. As recognized in the 2023 IDB Group Synergies Framework, PPPs offer a powerful mechanism to support countries in building robust institutional, legal, and regulatory frameworks for infrastructure, complemented by transparent and competitive procurement processes.

PPPs are not an end in themselves but a means to mobilize private investment, reduce the fiscal burden, and improve the efficiency and sustainability of infrastructure service delivery. The IDB Group's approach centers on creating enabling conditions for effective PPPs by supporting policy and regulatory reforms, institutional strengthening, and project preparation. Public sector operations focus on upstream efforts, such as legal frameworks and institutional capacity, while IDB Invest contributes downstream through financing and advisory services for viable transactions. This coordinated approach ensures that PPPs are designed to deliver value for money, attract private partners, and achieve long-term development goals.

IDB Lab played a catalytic role in the early development of the Group's PPP agenda. Between the early 2000s and mid-2010s, it supported more than 40 initiatives aimed at strengthening institutional capacity, developing regulatory frameworks, and financing pre-investment activities. It also helped create the *Infrascope*—a tool developed with the Economist Intelligence Unit to assess PPP readiness—and supported the establishment of PPP Americas, now a leading regional forum for PPP innovation. While IDB Lab has since shifted its focus to entrepreneurship and *Govtech*—often connected to PPP ecosystems—its early contributions helped lay the foundation for the broader PPP platform now implemented by the IDB Group.

By 2024, the Group's efforts had mobilized nearly \$3 billion in private investment for infrastructure projects, including the São Paulo–Campinas Intercity Train in Brazil and hospitals in Piura and Chimbote, Peru. New transactions worth close to \$2 billion were also initiated, contributing to an active PPP portfolio of approximately 50 projects with the potential to mobilize up to \$17 billion. In parallel, regulatory and institutional frameworks were strengthened in 11 countries. The launch of the 2024 edition of the *Infrascope* marked a milestone in mapping PPP readiness and identifying implementation challenges across the region.

## Using Instruments Strategically

### How Credit Instruments Sustained Uruguay's MSMEs during the COVID-19 Pandemic

Building on the programmatic logic demonstrated in Paraguay—where public-private partnerships were leveraged to enhance infrastructure—in Uruguay, a similar approach was applied through the deployment of a targeted credit guarantee instrument, effectively mobilizing private finance to support MSMEs and reinforce the resilience of the productive sector during a systemic shock.

The Global Credit Program for Safeguarding the Productive Fabric and Employment ([UR-L171](#)) to support MSMEs in Uruguay during the COVID-19 pandemic provides practical, valuable lessons on how the IDB achieves scale and impact in its interventions through instruments and mobilization. This operation aimed to ease the constraints on access to credit faced by MSMEs affected by the COVID-19 crisis; support their survival and preserve the

jobs they generated for the economy; minimize the burden on social protection systems; and maximize the speed of economic recovery once the health emergency was over.

In early 2020, Uruguay, like much of the world, was hit by the sudden economic fallout from the pandemic. MSMEs, which constitute over 99 percent of private sector companies and are responsible for more than 67 percent of employment in the country, were disproportionately affected by restrictions on movement and drops in demand (Instituto Nacional de Estadística 2018).

As revenues dried up and operational costs continued, businesses were at risk of closing permanently. As a result of the pandemic, demand for guarantees was estimated at \$337 million over the following 24 months, implying a credit mobilization of \$487.5 million—80 percent of which was expected to be for working capital. The surge in demand for credit guarantees exceeded the capacity of Uruguay's Guarantees for Business (Sistema Nacional de Garantías para Empresas - SiGa), requiring at least \$96 million in additional funding to respond at a scale far beyond pre-pandemic levels (IDB 2020a). In response, the IDB provided an \$80 million global credit loan to support the government of Uruguay in strengthening SiGa's ability to meet excess demand under the SiGa emergency guarantee line and mobilize private lending to MSMEs.

With the proceeds from this instrument, it was estimated that up to \$280 million could be provided in guarantees to mobilize up to \$400 million in private credits—\$120 million net of the guarantees—for MSMEs. The executing agency, Corporación Nacional para el Desarrollo, channeled the funds to eligible MSMEs through private financial intermediaries. The instrument's goal was twofold: to support the short-term financial sustainability of enterprises facing liquidity shortages and to promote their longer-term recovery by ensuring access to working capital and investment finance. The program emphasized transparent eligibility, efficient disbursement, and strong monitoring—all tailored to meet the urgent needs of the sector while preserving institutional integrity.

According to the [Project Completion Report](#), the intervention, structured through a global credit loan, achieved its objectives by mobilizing private finance, safeguarding jobs, and stabilizing Uruguay's economy.



The SiGa guarantee portfolio grew from a pre-pandemic baseline of \$45.6 million with an additional \$30.2 million from the Uruguayan government (48.7 percent of total funding) and \$80 million from the IDB's global credit loan (51.3 percent), enabling \$155.8 million in guarantees and mobilizing \$370 million in MSME lending through private financial intermediaries. High demand and efficient implementation highlighted the program's urgency and effectiveness. Between 2020 and 2022, the operation reached 10,146 MSMEs—far surpassing the original target of 2,000—with nearly 90 percent of credit lines supporting working capital such as payroll, utilities, and supplier payments. It also helped protect over 20,000 jobs, and more than one-third of beneficiaries were women-led businesses or businesses located in interior regions, promoting inclusive access to finance.

In addition to preserving MSME operations to survive the pandemic crisis, the private finance that was mobilized enabled many MSMEs to invest in adapting to new conditions, whether through digital tools, remote work setups, or process improvements. These private capital enabling effects contributed to laying the foundation for more sustainable, competitive business models. The intervention also demonstrated the importance of flexible and well-targeted financial responses in emergencies, offering valuable lessons on catalyzing private finance for future crisis preparedness. Furthermore, with technical assistance, the guarantee process was improved and automated, allowing financial intermediaries to receive confirmation within minutes and enabling faster credit access for MSMEs.

The Project Completion Report highlights the catalytic role of IDB instruments in sustaining development outcomes during external shocks. By rapidly deploying a credit guarantee mechanism through SiGa, the program mobilized private investment to support MSMEs at a critical moment, helping preserve employment and productive capacity. Its swift execution—within 90 days—along with improved credit terms and adaptive monitoring practices, underscored the importance of institutional readiness and flexible design in crisis response.

### **Box 3.2 Catalyzing Private Capital towards Impact in Latin America and the Caribbean**

Facing an infrastructure investment gap of an estimated \$2.2 trillion (IDB 2021), tapping into capital markets to attract new investors is critical for accelerating sustainable development and economic growth in LAC. Here is a look at how the IDB Group is mobilizing private capital towards impact.

#### **Originate-to-share**

Through its new originate-to-share model, IDB Invest aims to generate impactful investment opportunities and structure them to attract both local and global investors. In 2024, it surpassed \$5 billion in mobilization for the second consecutive year. Additionally, IDB Invest completed its first [securitization](#), repackaging a \$1 billion credit portfolio into tranches with varied risk profiles. This freed up capital for new projects, while IDB Invest maintained a stake to ensure development outcomes and investor confidence. This was a first of its kind transaction for private sector investors to buy MDB assets from the region.

#### **Sovereign guarantees**

A significant portion of direct private mobilization in sovereign-guaranteed operations is attributable to the use of investment and policy-based guarantees, which reached nearly \$1 billion in 2024. The presence of sovereign counter-guarantees in these kinds of interventions favors private mobilization due to the reduction of risks for private investors.

### Thematic bonds

IDB Invest has also played a pioneering role in the development of the region's thematic bond market, which reached \$121 billion in issuances in 2024, 36 percent higher than in 2023 (ECLAC 2025). Thematic bonds include green, social and sustainable bonds, as well as sustainability-linked bonds whereby issuers commit to improving their social and environmental performance against targets.

From 2017 to 2024, IDB Invest has structured, purchased, or guaranteed 52 thematic bond issuances in 14 countries, including 10 green bonds, 21 social bonds, 16 sustainable bonds, and 5 sustainability-linked bonds valued at \$4.1 billion, which includes the mobilization of \$1.0 billion in private capital.

So far, these transactions have benefited more than 567,000 MSMEs and 450,000 women-led MSMEs through access to financial and/or non-financial support and have avoided over 1.3 million tons of CO<sub>2</sub>e emissions. To further strengthen this market, IDB Invest provides technical assistance to first-time issuers, helping set standards, develop measurement frameworks, and promote the adoption of best practices. IDB and IDB Invest also developed the green bond transparency platform as a harmonized reporting tool for non-sovereign and sovereign issuers in the LAC green bond market.

### Blended finance

IDB Invest continues to leverage concessional blended finance resources from partners to mobilize private capital towards projects or markets where commercial financing is constrained due to market failures. As of 2024, the \$695 million in blended finance resources committed by IDB Invest mobilized \$22.3 billion in additional investment, including over \$13.7 billion from private investors.

### Venture capital funds

Venture capital funds serve as a catalytic instrument to mobilize diverse sources of capital for impact. By 2024, IDB Lab's venture capital portfolio, comprising 45 funds with cumulative approvals of \$174 million, has leveraged nearly \$3 billion from other investors—a mobilization rate of over \$16 for every dollar invested. These funds attracted participation from hundreds of investors, including Development Finance Institutions (25 percent), Family Offices and Private Individuals (24 percent), Corporates and Private Investment Funds (15 percent each), and Sovereign Wealth Funds (5 percent), exemplifying a broad public-private partnership model that combines capital with expertise, networks and knowledge of regulatory and policy environments.

This mobilization has translated into large-scale outreach. In 2024 alone, companies backed by these funds reached over 73 million users — including 9 million businesses, primarily small and medium enterprises (SMEs), and 46 million people with innovative products and services. While the largest segments remained in financial services and e-commerce, an increasing share operated in agriculture, health, education, water and sanitation, energy, and mobility.

### Innovating through portfolio companies

In health, companies are leveraging technology to improve diagnostic, treatment and care management. For instance, ViewMind (CITES I fund - [AR-Q0017](#)) is developing affordable tools to detect Alzheimer's disease at early stages. In financial services, companies such as Capim (NXTP II fund - [RG-Q0040](#)) are enabling low-income individuals to finance dental care, while AgroLend (SP Ventures fund - [RG-Q0052](#) and Valor Venture Fund IV - [RG-Q0094](#)) is expanding access to credit for smallholder farmers. In agriculture, Genica (SP Ventures fund - [RG-Q0052](#)) is using biotechnology to develop pesticides and fungicides that preserve soil health. In education, Talently (500 Luchadores fund - [RG-Q0061](#) and Salkantay fund - [RG-Q0065](#)), offers a platform to teach coding skills to underserved populations. And, in the digital economy, Auth0 (NXTP I fund - [RG-Q0019](#)) has become a global leader in secure authentication technologies, making online transactions safer for millions of users.

## → Thematic bonds \$1 billion mobilized

**52 thematic bonds**

**\$4.1 billion** in value

**14 countries**

benefitting

**567,000 MSMEs & 450,000**

**women-led MSMEs**

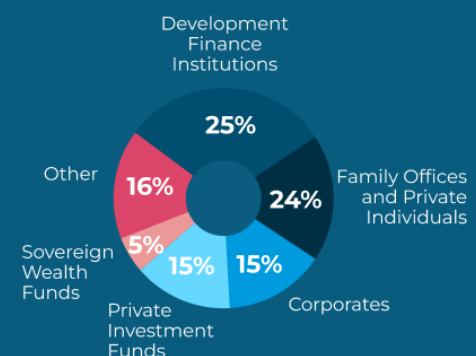
## → Venture capital funds \$3 billion mobilized

**\$16 mobilized** for every

**\$1 invested** through

**45 venture capital funds**

reaching **over 73 million**  
users in 2024



# Applying Knowledge to Scale Approaches

## How Electronic Invoicing is Transforming Tax Administration in Latin America and the Caribbean

Building on the above cases—each grounded in evidence, adaptive design, and institutional learning—the following example illustrates how the IDB Group designs and implements impactful projects, identifying what works and scaling it across contexts. In this case about electronic invoicing, the lessons learned from initial experiences in using this approach have enabled their expansion both regionally and globally. This work is helping countries in LAC and beyond, positioning knowledge as a strategic driver of long-term development through digital transformation.

A robust fiscal management function is vital to the state's ability to collect revenue and deliver public services. When governments fulfill these duties effectively and efficiently, they foster trust among their citizens and bolster economic stability, both of which are essential to investment and long-term economic growth. However, LAC countries suffer from high levels of informality, tax evasion or avoidance and weak tax administration systems, all of which severely undermine revenue collection. Indeed, the region's average tax revenue in 2023 was 21.3 percent of GDP, lagging considerably behind the OECD average of 33.9 percent (OECD 2025).

Against this backdrop, several LAC countries have come to the global forefront as pioneers in the digitalization of tax administrations, with electronic invoicing as a major step forward in this process. As its name suggests, electronic invoicing refers to invoices that record transactions in electronic form. Its origins date back to the 1980s, when it was used for business-to-business transactions in the private sector. The application of electronic invoicing for tax collection purposes has been a breakthrough. By enabling tax authorities' real-time engagement as transactions are digitally recorded, tax collection is greatly streamlined and automated, tax evasion and fraud are significantly reduced, and the resulting data can be used to strengthen economic analytics and public service provision.



The IDB has played an integral role in these efforts for more than two decades, providing both financial support and technical expertise for the implementation and scaling of electronic invoicing. Support from other international organizations, most prominently the Inter-American Center of Tax Administrations, has also been instrumental in these efforts. Additionally, IDB Policy-Based Loans (PBLs) have helped countries establish the institutional and regulatory frameworks needed to attract and sustain such investments. For example, PBLs supported the implementation of electronic invoicing systems in countries like Costa Rica, Paraguay, and Brazil through various projects, laying the groundwork for improved tax administration and digital transformation.

As discussed in a [joint IDB-CIAT publication](#), impact evaluations across five countries have shown some remarkable outcomes of electronic invoicing, particularly in terms of improving tax collection and reducing informality (Barreix et al. 2018). In Mexico, VAT collection as a percent of GDP improved by 14 percent annually on average following mandatory electronic invoicing implementation. In Uruguay, mandatory electronic invoicing led to a 3.7 percent increase in VAT and corporate income tax collection, while in Peru, reporting of taxable sales and purchases increased by seven percent and five percent, respectively, in the first year after electronic invoicing became mandatory. In El Salvador, the Ministry of Finance reported that VAT collection increased to 4.2 percent of GDP in 2023 compared to 3.7 percent in 2017. In Brazil, which has now implemented electronic invoicing across all states, it contributed to a 12 percent increase in tax revenue and a 2 percent decrease in informality. The IDB has been supporting Brazil's electronic invoicing journey through the PROFISCO program (for more insights on PROFISCO, see Chapter 2).

Beyond LAC, these success stories have been far-reaching. Notably, South Korea and India have implemented electronic invoicing over the past several years, while Italy made it mandatory for all business-to-business and business-to-government transactions in 2019. The European Union is currently planning to standardize its use for intra-regional trade over the next decade. Globally, around 90 countries have implemented or are in the process of implementing electronic invoicing, including 17 in LAC. Its application has also been expanded to other uses, including e-payroll, which streamlines deductions for social security contributions, as well as goods in transit.

This digital transformation process has also spurred greater sophistication of tax authorities. As a recent [IDB study](#) discusses, electronic invoicing underpins a model for the modernization of tax administrations, Tax Administration 3.0, which leverages advanced data uses to anticipate economic trends and inform public policies (Reyes-Tagle et al. 2023). However, this also needs to be complemented by an institutional transformation that includes organizational and functional changes, as well as stronger data protection policies.

# Reflections

**The cases reviewed in this chapter illustrate how certain approaches to addressing development challenges can deliver greater value and results.** While each case is unique, together they share common themes, including an emphasis on measurable outcomes, fostering long-term engagement, the use of innovative approaches, and building partnerships. This means that efforts should be strategically aligned to leverage the strengths and resources of various stakeholders, from the public and private sectors, helping to amplify the overall impact. To achieve this more systematically, the IDB Group has introduced new guidelines for country strategy frameworks grounded in strategic selectivity, an evidence-based approach to identifying where the IDB Group can deliver the greatest impact in alignment with country priorities and institutional strengths. This also means that processes and incentives during project execution should be aligned with the delivery of results. Box 3.3 presents the IDB's recent experience in carrying out results-based portfolio reviews with this in mind.

**These cases also highlight the need for agility and to continuously evolve approaches based on lessons learned, adapting to the current needs of the region.** For instance, while the Salud Mesoamerica Initiative had many successes in closing health gaps, we learned that its all-or-nothing approach to results achievement could be improved. That lesson was applied to the design of the loans based on results instrument, which allowed for partial payment based on partial achievement of results. Similarly, in Paraguay, managing the many activities and contracts involved in the road infrastructure projects underscored the importance of institutional strengthening. Moving into phase two of the program, changes were made to enhance execution, including reformulating performance-based road maintenance contracts and ensuring well-staffed technical teams. We strive to go beyond delivering results at a project level to foster long-term development and develop models that can be replicated and adapted to new environments.

**Looking ahead, the challenge is to continuously improve and adapt efforts to address the complexities of an evolving region.** It is crucial to learn from each success and setback and refine approaches accordingly, doubling down on strategies that work and adjusting those that do not. Flexibility, a focus on outcomes, and collaboration with partners will always be essential to enhance our impact and contribute to sustainable development across the region. Furthermore, documenting learning and sharing it with the broader development community is essential to deliver greater value for the region. With that in mind, the final chapter takes a deeper look at the IDB Group's support for infrastructure over the years, extracting key results and learnings.

### Box 3.3 Results-Based Portfolio Reviews

Our focus on impact requires reviewing how projects are designed, monitored, and adapted to maximize results delivery. In 2024, the IDB piloted a new results-based approach to portfolio review in several countries, transforming our dialogue with clients and implementers.

#### A New Approach to Project Supervision to Promote a Culture of Impact

Twice a year in each country, IDB teams, implementing agencies, and the Ministry of Finance meet for a portfolio review to track the implementation of IDB-funded projects and to agree on any actions needed to advance project implementation.

Previously, portfolio reviews tended to focus on the state of physical and financial progress. In 2024, to promote more effective project supervision and ensure more impactful investments, the IDB launched a pilot program in selected countries' portfolio reviews to enhance attention on results during project implementation and supervision. This pilot brings to life the new Development Effectiveness Policy Framework (DEPF) by embedding effectiveness principles in the portfolio review process, fostering shared accountability for results, and shifting the culture toward one of impact orientation.

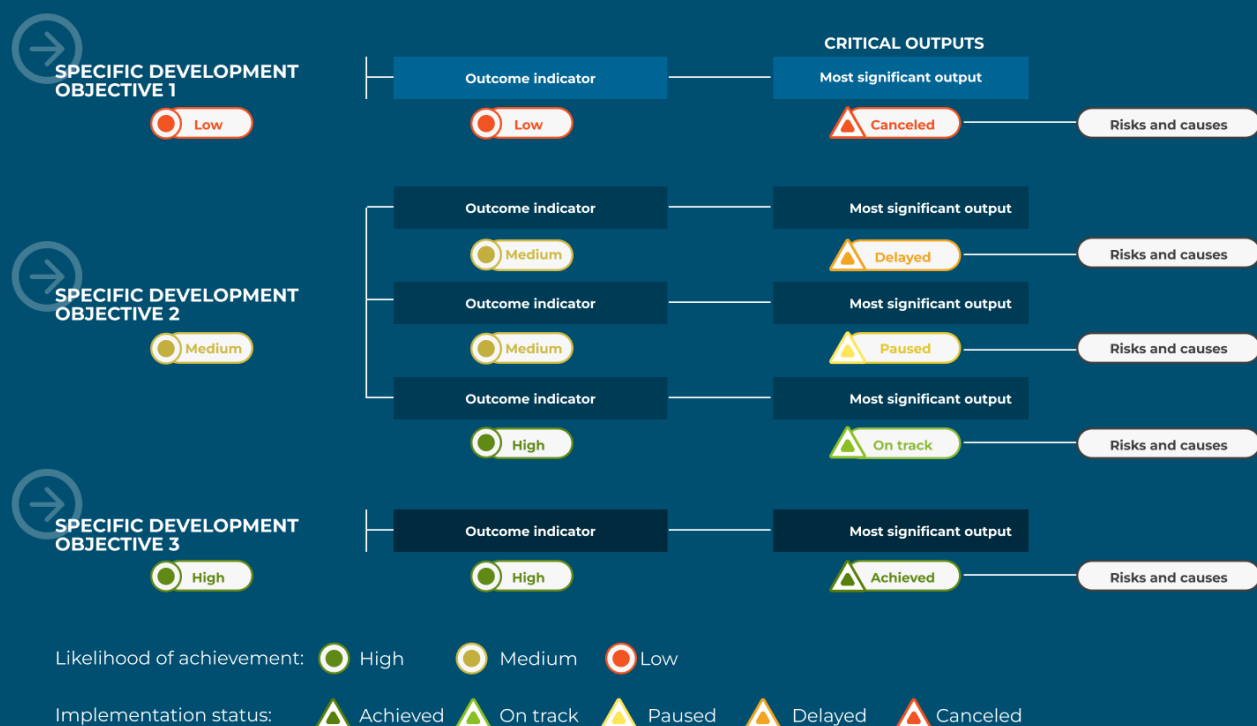
#### What Makes This New Approach Different?

Under the new model, IDB teams and implementing agencies focus on three key aspects for active projects:

- **Theory of Change and Assumptions:** Each project's objectives and outcome indicators are reviewed, and their relationship with outputs is determined. The review considers the logic from outputs to outcome indicators to objectives, and whether initial assumptions continue to hold true.
- **Critical Outputs:** Critical outputs (those with the most significant impact on achieving project outcomes) are identified under this new approach. Teams also analyze the implementation status of each critical output (achieved, on track, delayed, paused, canceled).
- **Risks and the Likelihood of Achieving Objectives:** The feasibility of achieving each project's objectives is assessed based on the implementation status of each critical output, the determination of the extent to which these are sufficient to achieve the expected results, and an analysis of associated risks and their mitigation measures. From this analysis, agreements should be made to advance implementation, including corrective actions that adapt to the realities on the ground.

Figure 3.3.1 provides an illustrative view of how this might look for a hypothetical project.

**Figure 3.1.1. Hypothetical Project Classification Using the Results-based Portfolio Review Approach**



### Lessons and Next Steps

So far, this results-focused approach to the portfolio review has been applied to about 80 operations in Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Paraguay, Peru, and Uruguay.

From this experience, the following key lessons emerge:

- **Country counterparts value the new model.** They recognize the importance of reflecting regularly on the expected results of projects during implementation to identify roadblocks and keep the project on track to achieve its long-term goals. The portfolio review sessions also provide a useful opportunity to communicate and celebrate tangible progress made under each project.
- **Discussions are shifting from outputs to results.** Thanks to the effort devoted to implementing the new approach, discussions in the portfolio review meetings (and throughout their preparation) are shifting. This does not imply that key discussions on budget allocation and procurement processes are left aside but the emphasis is how these issues affect the likelihood of achieving results.
- **The new portfolio review approach entails a longer and more interactive preparation process** between the Bank and executing agencies, thereby fostering a more in-depth exchange on project performance and the most relevant considerations for progress toward the objectives. At the same time, in many cases, the new approach has allowed for more ambitious commitments and agreements among participants, addressing key issues for improved execution and greater effectiveness.

As a development bank, the IDB's focus is on generating positive and tangible impacts in the communities we serve, ensuring that each investment translates into increased opportunities and improved lives for the population. A results-oriented approach to portfolio reviews can be an important component of delivering on our commitment to impact.

CHAPTER

**4**

# Infrastructure Solutions for Scale and Impact

**Impact Report**  
**2025**

**This year's Impact Report highlights the IDB Group's longstanding commitment to Sustainable, Resilient, and Inclusive Infrastructure, which has been central to its mission since its inception.** Building on this legacy, IDBStrategy+ reinforces the role of infrastructure as a critical enabler of progress across all operational focus areas, ensuring impact at scale. This chapter explores three key sectors—water and sanitation, transportation, and energy. It contextualizes the major challenges faced by LAC, provides an overview of sector-wide support, and highlights Group-wide contributions to development outcomes. Emphasis is placed on results from operations evaluated in the five most recent PCR and XSR cycles. The synthesis of lessons learned from the IDB Group's work in each sector aims to inform the design and implementation of new, more effective interventions.

# Engines of Progress: Why Infrastructure Matters in Latin America and the Caribbean

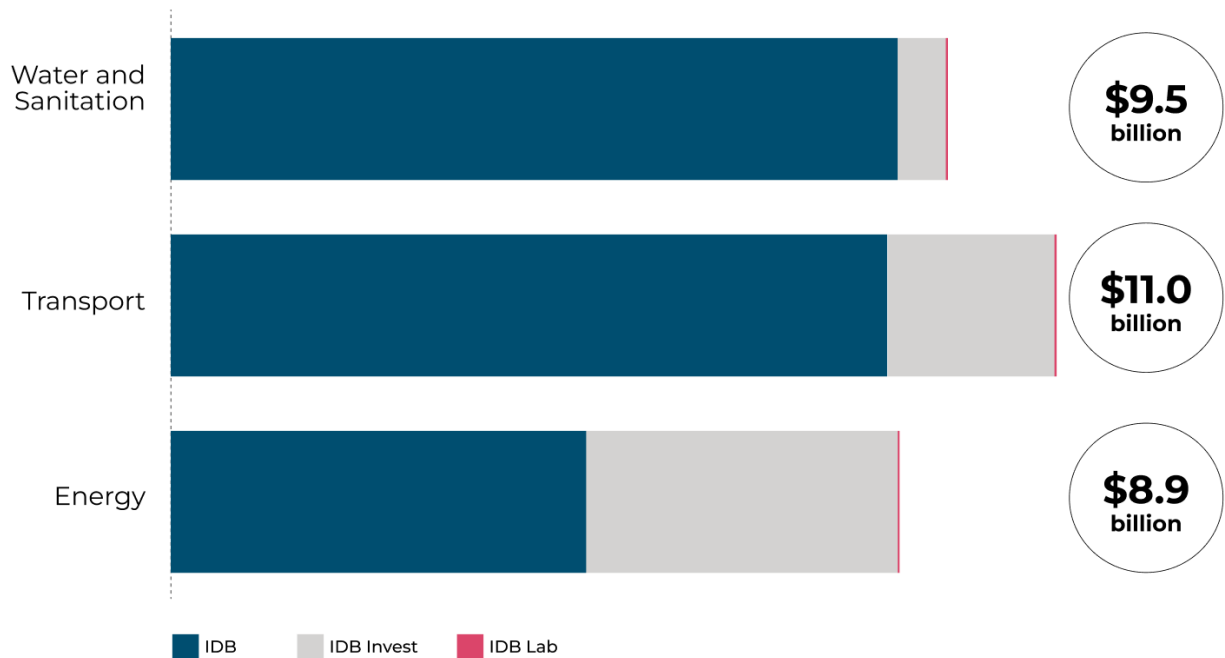
**Infrastructure and access to basic services are critical to reducing poverty, improving people's well-being, increasing access to economic opportunities, and promoting job growth and competitiveness.** LAC countries face a significant infrastructure gap in terms of asset quantity, maintenance, quality and resilience, as well as in the quality, affordability, and resilience of services. These deficits disproportionately affect the most vulnerable populations.

**Sustainable and resilient infrastructure is essential to ensure continuous access to services and foster inclusive and sustainable growth.** LAC countries are highly vulnerable to extreme weather events and longer-term threats such as sea-level rise and prolonged droughts. Between 2010 and 2018, disasters triggered by natural hazards cost the region over \$11 billion annually (World Meteorological Organization 2021). Building resilience requires upgrading existing systems, enhancing materials and design, and improving maintenance. A comprehensive approach that includes scaling up public and private investments, nature-based solutions, and climate-resilient planning is essential (Blackman et al. 2025).

**Despite decades of concerted effort, challenges remain.** Annual infrastructure investment remains low, at two percent of GDP, hindering growth and competitiveness, despite infrastructure services contributing around 10 percent to GDP (Cavallo et al. 2020). Ramping up investment in a fiscally constrained environment requires that the public and private sectors collaborate to modernize institutions, processes, and regulations to attract private investment and improve service provision. Technological change also plays a vital role in improving productivity, lowering costs, and altering demand for services (Straub et al. 2025).

The IDB Group’s infrastructure portfolio includes 299 active projects across the water and sanitation, transport, and energy sectors.<sup>18</sup> This includes 105 projects in water and sanitation (78 for IDB, 6 for IDB Invest, and 21 for IDB Lab), 92 projects in transport (61 for IDB, 23 for IDB Invest, and 8 for IDB Lab), and 102 projects in energy (55 for IDB, 32 for IDB Invest, and 15 for IDB Lab). See Figures 4.1 and 4.2 for more details.

Figure 4.1 Infrastructure Portfolio Value by Sector and IDB Group Entity



<sup>18</sup> Based on data as of December 31, 2024. IDB data includes loans, guarantees, projects financed through the IDB grant facility, and investment grants that are greater than \$3 million.

**Figure 4.2 Infrastructure Portfolio by Country**



Note: The map shows the total number of infrastructure projects in the active portfolios of IDB, IDB Invest, and IDB Lab as of December 31, 2024 and does not include 10 regional projects covering multiple countries.

## Additional Resources

For more in-depth analysis, see IDB's Development in the Americas, [From Structures to Services: The Path to Better Infrastructure in Latin America and the Caribbean](#) (Cavallo et al. 2020) and [What Works to Improve Lives?: What Works for Transport, Water and Sanitation, and Urban Development](#) (Cuesta et al. 2023).

For details on how the IDB Group supports LAC across these sectors, please see [IDBStrategy+](#), as well as the Sector Framework Documents for [Water and Sanitation](#), [Transportation](#), and [Energy](#).



# Water and Sanitation

## Clean Water, Healthy Futures

**Access to safe water, sanitation, and solid waste management is essential for public health and socioeconomic development in LAC.** Poor water quality contributes to nearly one million diarrhea-related deaths annually, disproportionately affecting underserved communities (Devoto et al. 2012; Koolwal & Van De Walle 2013; Kremer et al. 2011). Inadequate sanitation and waste practices cause up to one million deaths each year, while mismanagement costs three to five times more than proper systems (UNEP 2024). Effective sanitation and waste management prevent environmental degradation and disease and are essential to ensure availability of quality water for human consumption and productive use.

**Despite progress, access remains uneven.** In urban areas, 94 percent of households have access to improved water sources, but only 80 percent access safely managed services;<sup>19</sup> for sanitation, 91 percent have improved facilities, yet only 50 percent are safely managed (WHO/UNICEF JMP 2023; OLAS 2023). Rural areas lag further behind, with just 75 percent accessing improved water and 68 percent sanitation, while 7.6 million people still practice open defecation (WHO/UNICEF JMP 2023).

**Solid waste mismanagement poses additional risks.** Nearly half of the 115 million tons of waste generated annually is improperly disposed of, with less than five percent recycled or composted. This increases environmental degradation, health hazards, and GHG emissions, especially for vulnerable populations.

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<sup>19</sup> Safely managed water services, as defined by the WHO/UNICEF Joint Monitoring Programme.

**To reduce vulnerability to extreme weather events, resilient and integrated drainage solutions are crucial.** From 2000 to 2022, floods caused over \$30 billion in losses, affecting two million people annually. Without action, urban flood risk could rise 70 percent by 2050. Resilient, integrated infrastructure and climate-adaptive planning are essential to ensure safe, sustainable services for all.

**The IDB Group currently manages 105 active water and sanitation projects aimed at expanding access to safe drinking water, sanitation, and solid waste services while enhancing community resilience and reducing waterborne diseases.** The IDB, IDB Invest, and IDB Lab support countries through financing, technical assistance, and capacity building for both urban utilities and community-based providers. Efforts include shifting the focus from infrastructure provision to comprehensive service management that incorporates governance, policy, environmental impact, and user engagement. The Group also emphasizes innovation and the integration of new technologies for service operations, data management and user engagement. Strategic partnerships with public and private actors play a key role in scaling impact, mobilizing resources, and co-creating context-sensitive solutions (see Box 4.1). Through innovation, strategic partnerships, and a focus on inclusivity and integrated water resources management, the IDB Group helps drive lasting, efficient, and resilient sector outcomes across the region.

#### Box 4.1 Strategic Partnerships to Deliver Impact

In the water and sanitation sector, the IDB Group leverages strategic partnerships with public and private organizations to scale impact and foster innovation in LAC.

Since 2008, the multi-donor [AquaFund](#)—backed by the PepsiCo Foundation, Swiss Cooperation, the Austrian Ministry of Finance, and the Spanish Cooperation Agency—has supported investments, knowledge products, and institutional capacity building.

As of 2024, the [Source of Innovation Alliance](#), co-led by the IDB and IDB Lab with partners including the FEMSA and Coca-Cola Foundations, and the governments of Switzerland, Israel, Korea, and Spain, has improved services for over 16.1 million households. It supports 67 innovative companies and 51 partnerships, showcasing solutions like AI tools for rural water management in Chile and digital wallets for utility payments in Haiti.

The Spanish Cooperation Fund for Water and Sanitation in LAC (FECASALC) has financed \$574 million across 20 operations and 14 technical cooperations for rural WASH solutions, mobilizing an additional \$896 million in resources. Similarly, the SIRWASH Program, launched with the Swiss Agency for Development and Cooperation, focuses on institutional innovation for rural WASH access.

Similarly, the Lazos de Agua initiative, launched in 2016 with the One Drop and FEMSA Foundations, has benefited over 211,880 people in rural areas. Notable outcomes include increased handwashing (from 29 percent to 62 percent), timely bill payments (47 percent to 83 percent), and adoption of household water treatment (12 percent to 25 percent).

The Optimal Sanitation initiative, supported by the EU and the Spanish Cooperation Agency, promotes sustainable sanitation models. It has implemented \$16 million in technical cooperation projects, supporting a \$1 billion investment portfolio. In solid waste, programs like Too Good to Waste, funded by the Global Methane Hub and AquaFund, target methane reduction and circular economy transitions.

In addition, IDB Invest mobilizes concessional resources from partners to drive impact in the water and sanitation sector. Recent projects in Brazil have deployed [blended finance](#) resources from the United Kingdom Sustainable Infrastructure Program and the Canadian Net-Zero and Climate Resilience Accelerator to incentivize mitigation outcomes in large-scale municipal wastewater treatment systems.

## Key Results

**Results supported in the water and sanitation sector range from improved access to increased resilience.** This section provides a selection of key results supported by the IDB Group based on 34 PCRs and two XSRs completed in the last five years, as well as IDB Lab projects. On average, projects covered in this set of PCRs took 9.2 years to execute,<sup>20</sup> so these results generally correspond to projects approved between 2008 and 2019. For IDB Invest, projects were approved between 2015 and 2016 and achieved maturity in five years on average.<sup>21</sup> Most of the results focus on intermediate outcomes that are part of the pathway to supporting the IDB Group's longer-term objectives of reducing poverty and inequality, addressing climate change, and bolstering sustainable regional growth.

### Improved access to water and sanitation in rural areas

IDB-supported interventions in this area go beyond infrastructure to address social, environmental, and institutional factors that ensure services are sustainable, equitable, and resilient. In rural areas, IDB financing enabled approximately 500,000 people to gain new or improved access to drinking water services, over 106,000 people to access sanitation services, and helped strengthen the operations, management, and maintenance capacity of 426 water boards. For example:

- In Peru ([PE-X1004](#)), more than 120,000 people gained access to new or improved water services and over 103,000 obtained individual sanitation solutions with IDB support. Additionally, the construction of community wells meant that women and children no longer had to walk up to five hours a day to fetch water from rivers, freeing valuable time for education, caregiving, and income-generating activities.
- In Panama ([PN-G1003](#)), over 7,800 indigenous people in the Guya Ayala territory, the poorest area of the country, gained access to new water services, while nearly 6,100 benefited from improved sanitation. The IDB-supported project also helped establish regional offices of the Department of Drinking Water and Sanitation Infrastructure to strengthen the long-term sustainability of these services.
- In the Dominican Republic ([DR-L1041](#), [DR-X1005](#)), nearly 51,500 people in rural areas benefited from new or improved water services and almost 14,500 from enhanced sanitation with IDB support. The program also supported women's participation in Community-Based Rural Water Associations, reaching a 43 percent participation rate.

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<sup>20</sup> Based on IDB investment loans and investment grants for water and sanitation projects included in the set of PCRs validated by OVE from 2021 to 2025. Policy-based loans are excluded due to their short execution time.

<sup>21</sup> Since some IDB Invest operations may involve refinancing of an ongoing infrastructure project, execution time is not directly comparable to that of IDB projects. Early Operating Maturity dates for IDB Invest are defined following the Good Practice Standards for the Evaluation for Private Sector Investment Operations and refer to the point in time at which an investment operation has been fully disbursed, the infrastructure project has been completed, and sufficient time has elapsed so it is considered ready for evaluation.

- In Uruguay, an IDB-supported program ([UR-X1007](#)) expanded water and sanitation access in rural schools, contributing to lower student repetition rates and increased teacher presence—especially in smaller institutions (Gerardino, Bando, & Zegarra 2017).<sup>22</sup>

## Increased access, quality, and service continuity in urban areas

Considering IDB and IDB Invest projects from the period reviewed, more than 3.3 million people gained new or improved access to drinking water services in urban areas. In addition, over 4.8 million people received new or upgraded sanitation services, and 9.1 million people benefited from enhanced wastewater treatment. Improvements in sanitation services have played a key role in transforming cities, making them healthier and significantly enhancing the quality of life for residents. For example:

- In the Dominican Republic ([DR-L1057](#)), people in Santiago with water access for over 12 hours a day nearly doubled, from 34 percent in 2012 to 66 percent in 2020.
- In Guyana ([GY-L1040](#)), a coastal infrastructure project supported by IDB enhanced potable water and sanitation services, adding more than 50,000 new household water connections. Notably, all households in target areas have continuous 24-hour service and 85 percent receive water pressure within national standards.
- In Ecuador, an IDB Invest project<sup>23</sup> with a private service provider connected 136,000 people with sanitation services and 229,000 with water, and another project in Brazil added more than 708,000 and 980,000 sewer and water connections, respectively, in low-coverage urban areas.<sup>24</sup>
- In Trinidad and Tobago, an IDB project ([TT-L1018](#)) to increase wastewater treatment and improve environmental conditions led to 100 percent of wastewater quality samples in the program area complying with effluent standards for rehabilitated plants.



<sup>22</sup> While it is beyond the scope of the analysis period, it is worth highlighting this IDB impact evaluation.

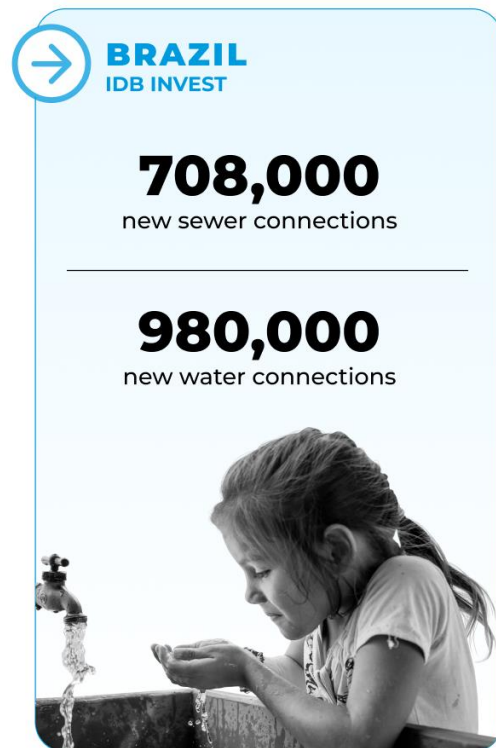
<sup>23</sup> IDB Invest project numbers for the XSRs referenced in this chapter are not included due to client confidentiality.

<sup>24</sup> The results for the Brazil project were not included in previous Corporate Results Framework reports because the XSR was prepared after the client left IDB Invest's portfolio. The XSR had to use external data to evaluate the project's achievements rather than data from the project's results matrix, which is the main source for corporate results reporting.

## Enhanced efficiency in urban service provision

The IDB has worked with 90 service providers and sectoral institutions to enhance financial efficiency and revenue collection, improve energy efficiency, reduce water losses and non-revenue water, and strengthen operational and maintenance capacities. Highlights include:

- An IDB project in Jamaica ([JA-L1035](#)) strengthened the National Water Commission to reduce physical water losses, enhance infrastructure, and ensure a more reliable and efficient water supply. Over five years, physical losses dropped from 40 percent to 23 percent and non-revenue water declined from 63 percent to 43 percent.
- An IDB Invest project in Ecuador reduced water losses by nearly 10 percentage points by expanding the geographic scope of an existing project aimed at reducing non-revenue water and combining it with network rehabilitation, pressure regulation, and active leak control.
- An IDB project in Haiti ([HA-L1075](#)) deployed micrometers to improve water management, leading to a reduction of non-revenue water from 83 percent in 2012 to 52 percent in 2021.



## Reductions in water-borne diseases

The connection between improved water and sanitation and reductions in disease is strong, though the specific changes in health outcomes cannot always be directly attributed to project activities. Examples drawn from closed projects and studies include:

- An IDB-supported program in Manaus, Brazil ([BR-L1297](#)) reduced local water pollution, leading to a decline in the incidence of worms in children from 43 percent to 17 percent.
- An IDB project in Bolivia ([BO-L1065](#)) provided piped water infrastructure and ecological (dry) latrines to families in 188 communities with populations of 500 or less in 24 of the country's poorest rural municipalities. One year after completion, data showed that the intervention had large and positive effects. It increased the share of households using an improved water source and sanitation facility, reduced time for water collection, and improved water quality, as measured through the presence of E.coli (Celhay et al. 2021).
- An [IDB Invest study](#) with one of the largest private water and sanitation providers in Brazil estimated the health impacts of increasing water and sewerage coverage based on data from 800 municipalities. It shows that a 10-percentage point increase in coverage could cut dengue hospitalizations in half and reduce public healthcare costs by 10 percent.

## Improved solid waste management and the circular economy

The circular economy is increasingly embedded in regulations, public service delivery, and corporate practices, shifting focus from basic collection to integrated systems that promote recovery, recycling, and social inclusion. IDB programs with integrated solid waste management components have benefited over 850,000 people. Notable examples include:

- In Peru, an IDB-supported program ([PE-L1092](#)) has improved the lives of over 539,000 people, with proper disposal of 527 tons of waste per day, reducing pollution and improving environmental conditions.
- In Ecuador, two IDB operations ([EC-L1112](#), [EC-L1122](#)) resulted in more than 313,000 households gaining access to adequate waste management services and the closure of eight open-air dumpsites, improving public health and environmental conditions.
- Over four years, the IDB Lab-supported Latitud R regional platform ([RG-T3795](#), [RG-G1037](#)), which strengthens the role of grassroots recyclers in sustainable waste systems, has formalized over 25,600 recyclers, supported the recovery of more than 4.5 million tons of materials, and helped 40 national and subnational governments develop regulatory frameworks that promote circularity and social inclusion.
- The ongoing IDB Lab partnership with Circulate Capital ([RG-Q0067](#)) is strengthening early-stage ventures and recycling infrastructure, committing nearly \$70 million to scaling best-in-class recycling companies. Investments to date include Omnigreen (Mexico), a pioneer in flexible plastic recycling; Polyrec (Colombia), a low-density polyethylene (LDPE) recycler working to transform the national supply chain and prevent 100,000 tons of ocean-bound plastic; and RecyclaPet (Colombia), to help meet the rising demand for recycled PET (rPET) under evolving regulatory frameworks. Additionally, the LAC Ocean Fund, anchored by IDB Lab, reflects a shift from pilot initiatives to integrated systems that combine circular materials, social inclusion, and private sector engagement.



**ECUADOR**  
IDB (EC-L1112, EC-L1122)

**313,000**

households gained access  
to adequate waste  
management services



## Reduced flooding and erosion

Drainage infrastructure plays an important role in preventing the economic and social impacts of flooding and erosion. During the period of review, over 302,000 people, as well as commercial and public buildings, benefited from reduced flood risk in IDB program intervention areas. In particular:

- In Bolivia ([BO-L1028](#)), with IDB support, 34,695 households were protected from floods through drainage infrastructure. Annual economic losses caused by rainfall in the municipalities of La Paz and El Alto decreased by \$11.8 million due to fewer emergency interventions and improved management and maintenance of drainage infrastructure.
- In Brazil, IDB-supported environmental programs in the cities of São Paulo, Manaus, and Mauês ([BR-L1216](#), [BR-L1297](#), [BR-L1314](#)) developed drainage, environmental, and housing infrastructure. In Mauês, results show up to a 48 percent increase in real estate values in previously flood-prone areas.
- In El Salvador ([ES-L1016](#)), an IDB-supported drainage program in informal urban settlements in San Salvador resulted in an eight percent increase in land value.



**EL SALVADOR  
GUATEMALA  
HONDURAS**

IDB LAB (ES-T1276, ES-Q0001)

**250,000 people**

with improved water and  
sanitation services

**\$12 million**

in private loans leveraged for  
small providers



## Improved regulatory framework and enabling conditions

Policy-based lending instruments have strengthened regulatory frameworks and enabling conditions to improve sector governance, resilience, and service delivery in the water and sanitation sector. Notable examples include:

- In Honduras, IDB programs ([HO-L1207](#), [HO-L1229](#)) strengthened water and sanitation services by decentralizing management to the municipal level, enhancing sector governance and service quality.<sup>25</sup>
- In Uruguay, an IDB program ([UR-L1195](#)) enhanced resilience to droughts within the Montevideo metropolitan area's water supply system and reduced flood risks in towns equipped with early warning systems. Additionally, it strengthened waste management and advanced the circular economy by implementing extended producer responsibility

<sup>25</sup> The program disbursed within the analysis period. As per the IDB's current guidelines, the PCR is scheduled for preparation 24 months following the program's closure.

across various waste streams—including electronic, construction, and battery waste—creating incentives for greater investment and private sector participation.<sup>26</sup>

- IDB Lab has helped strengthen enabling conditions in the water and sanitation sector by piloting blended finance models for small-scale providers. In El Salvador, Guatemala, and Honduras, support through Azure Source Capital ([ES-T1276](#), [ES-Q0001](#)) mobilized private investment by mitigating early-stage risk. Over \$12 million in loans has improved infrastructure, enhanced service quality, and expanded sustainable water access for more than 250,000 people.

## Long-Term Engagement for Structural Change

The IDB Group's sustained engagement with countries in the water and sanitation sector has enabled major transformations—from restoration of polluted rivers to expansion of urban water and sanitation networks—that isolated or short-term efforts could not achieve. The following examples show how long-term collaboration has delivered large-scale, lasting results across diverse contexts in the region.

- In **Bolivia**, for nearly two decades the IDB has addressed the risk of disasters triggered by natural hazards, particularly through storm drainage projects in La Paz and El Alto. Three operations have directly benefited more than 50,000 households by reducing the risk of flooding.
- In **Uruguay**, IDB support for sanitation in the city of Montevideo has spanned 30 years and six operations, achieving 100 percent wastewater treatment and 94 percent sewerage coverage. The program facilitated the expansion of the sanitation network, resulting in improved service coverage for over 1 million people.
- In **Colombia**, the IDB has supported the restoration of the highly polluted Medellín River over 40 years, improving river water quality through the treatment of wastewater from over 3 million people, and making way for a riverbank redevelopment program that created a world-class park system.
- In **Haiti**, since 2010, the IDB has been supporting the improvement of the quality of life and sanitary conditions in Port-au-Prince through the provision of sustainable water services, benefiting over 700,000 people.
- In **Brazil**, SABESP (Basic Sanitation Company of the State of São Paulo) developed innovative solutions to clean up the Tietê River and its main tributaries. Through five operations, the IDB has supported the connection of more than 2.3 million people to the sanitation network, and about 1.5 million liters of wastewater are treated daily. IDB Invest has complemented IDB financing for the third and fourth phases of the program. Most recently, IDB Invest's long-term [local currency loan to SABESP](#) is guaranteed by Proparco,<sup>a</sup> an innovative risk-sharing model that unlocks the potential of development finance institutions to mobilize their resources in US Dollars and Euros towards local currency projects in LAC.

<sup>a</sup> Proparco is the private sector financing arm of the Agence Française de Développement (AFD) Group, France's official development finance institution.

<sup>26</sup> The program disbursed within the analysis period. As per the IDB's current guidelines, the PCR is scheduled for preparation 24 months following the program's closure.

## Lessons and Promising Practices

### **Results from completed projects indicate both strengths and areas for improvement.**

Over the last five years,<sup>27</sup> 50 percent (17 out of 34) of IDB's completed projects in the sector were rated positively by OVE.<sup>28</sup> For IDB Invest, one of the two projects evaluated over this period received a positive rating. These projects reflect a wide range of geographies, institutional contexts, and implementation challenges. Nonetheless, some common lessons and promising practices emerge to enhance the impact of projects in this sector. These lessons also capture insights from projects in an advanced state of execution.

### **Projects that adopt a comprehensive approach—combining infrastructure development with social inclusion, climate resilience, and community engagement—are better positioned to deliver sustainable outcomes.**

Moving from a focus on infrastructure alone to one centered on service delivery helps ensure that solutions are responsive to local needs and adaptable to evolving challenges. In Puerto Cabezas, Nicaragua ([NI-G1002](#)), community engagement—through the establishment of Community Consultative Assemblies and the coordination of meetings with regional, municipal, and indigenous territorial authorities—played a critical role in enhancing the sustainability of the interventions. In Brazil, a program in Manaus ([BR-L1297](#)) integrated climate resilience into its design by investing in low-carbon, climate-resilient infrastructure and addressing key challenges in environmental sanitation, wastewater treatment, and urban drainage.

### **Effective service delivery depends on robust governance structures, enabling policies, and clear regulatory frameworks.**

Investment operations must be accompanied by institutional strengthening and the creation of enabling conditions that promote accountability, coordination, innovation, and the participation of the private sector. This ensures that infrastructure is supported by the systems required for its long-term operation and management. In Uruguay, the combination of investment and policy-based programs is helping to strengthen sector governance ([UR-L1195](#)). In Colombia, a program ([CO-L1105](#)) promoted adjustments to various regulatory instruments—including policies, sector plans, and regulations.<sup>29</sup>

**Strengthening the technical and institutional capacities of sectoral stakeholders—particularly in design, planning, supervision, and monitoring—is essential for improving the effectiveness of both projects and public policies.** Investing in capacity building, data systems, long-term planning, and implementation support enables better-targeted interventions and resilient service delivery. A program in Peru ([PE-X1004](#)) promoted *Nucleos Ejecutores* to manage rural public investment projects, emphasizing community-led management, infrastructure tailored to local contexts, and capacity building for sustainability. It also built on the IDB's long-standing support to the National Rural Sanitation Program,

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<sup>27</sup> The most recent five years were used since the methodology for PCRs changed in 2020, and this allows for consideration of the most recent projects and those validated under a consistent methodology.

<sup>28</sup> Includes PCRs rated as partly successful, successful, and highly successful.

<sup>29</sup> CONPES 3810 of July 14, 2014. Key reforms included the "Policy for the Provision of Drinking Water and Basic Sanitation in Rural Areas," the National Development Plan 2014–2018 *"Everyone for a New Country"*, Decree 1077 of 2015 *"Unified Sectoral Regulation"*, Resolution MVCT 844 of 2018 (Technical Regulation for Drinking Water and Basic Sanitation in Rural Areas – RAS Rural), the National Development Plan 2018–2022 *"Pact for Colombia, Pact for Equity"*, and the National Plan for Rural Drinking Water Supply and Basic Sanitation (PNASBR).

reinforcing institutional planning and implementation capacities. Similarly, a program in Bolivia ([BO-L1114](#)) strengthened La Paz's municipal Storm Drainage Unit, originally created under a previous drainage program ([BO-L1028](#)), to oversee drainage works. In Paraguay, an IDB Lab initiative ([PR-T1299](#)) launched a nationwide digital platform to modernize capacity building efforts in rural water and sanitation. While the platform demonstrated the potential of technology to scale training and sector coordination, the experience highlighted that innovations must be matched by adequate institutional frameworks, data governance policies, and operational capacity to ensure uptake and long-term sustainability.

**Large-scale private water and sanitation concessions require tailored financing, long-term implementation timelines, and effective risk-sharing mechanisms.** These projects typically rely on forecasts of growing demand and often span several investment cycles. To encourage private investment, IDB Invest experience has shown the importance of tailored financing structures, such as local currency loans to reduce exchange rate risk and extended grace and repayment periods to align with long-term sector needs. Similarly, projects that aim to extend and improve services in challenging socioeconomic areas may require longer timeframes to deliver visible development outcomes. For example, in Brazil, an IDB Invest operation exceeded its targets for new water and sewage connections, however the average coverage did not increase as planned, highlighting structural constraints in achieving universalization goals for the sector. Finally, when development outcomes depend on an investment plan funded by revenues from public services, external shocks can undermine project performance. In Ecuador, the COVID-19 crisis curtailed revenue collection for an IDB Invest-supported project, requiring the reallocation of funds to cover operational costs, delaying project implementation. Similar projects should include mechanisms such as uncommitted credit lines to maintain investment plans and safeguard development results during macroeconomic crises.

**Transforming sanitation through innovation requires more than entrepreneurship—it demands ecosystem readiness.** The experience of the Toilet Board Coalition Accelerator in Latin America ([RG-T4144](#), [RG-T4148](#)) under the Source of Innovation initiative co-led by IDB and IDB Lab illustrate the limits of market-driven innovation in early-stage sectors. Despite a promising pipeline of sanitation startups and targeted acceleration support, most struggled to attract follow-on investment. A key limiting factor was the reliance on business-to-consumer models targeting low-income, dispersed populations, where limited willingness or ability to pay constrained revenue potential. This is not a matter of early-stage maturity alone, but of structural market limitations that affect the viability of direct-to-consumer sanitation services. Sanitation initiatives in fragile contexts such as Haiti ([HA-T1295](#)) faced similar challenges. Moving forward, success in scaling innovation in sanitation will depend not only on identifying strong entrepreneurs but also on creating enabling environments that connect them with appropriate financing and long-term support that facilitates access to markets.



# Transport

## Connecting Opportunities

**Transportation in LAC is crucial for opportunity, development, and resilience.** It connects people to jobs, education, healthcare, and markets, shaping cities and economies and enables goods to flow across borders and into homes (IDB 2020b). Building the needed infrastructure for roads, airports, and public transportation would mean an annual investment of 1.4 percent of the region's GDP (IDB 2021). Rapid urban expansion and uncoordinated development leaves low-income residents on the periphery, with long commutes and unreliable public transport. Over 60 percent of women, who often travel during off-peak hours and make multiple short trips for caregiving, experience harassment, further restricting their mobility and economic participation (Cuesta et al. 2023). Only 34 percent of rural roads are paved, limiting inclusion in areas where poverty is most concentrated (International Road Federation data). Logistics costs are high, between 16 percent and 26 percent of GDP compared to nine percent in OECD countries, hindering trade and local industries (Pinto et al. 2023).

**Rising demand, economic development, and increasingly severe weather events and disasters triggered by natural hazards continue to strain existing infrastructure and services.** Improving connectivity requires modernizing airports and ports, reducing costs, and boosting trade and tourism. Addressing outdated regulations and fragmented management is essential. Transport safety, especially road safety, is critical, with over 95,000 fatalities in 2021 alone. This not only results in tragic loss of life and serious long-term disabilities but also strains healthcare systems and hinders development (Cuesta et al. 2023).

**The IDB Group's active portfolio includes 92 transport projects to enhance connectivity, improve road safety, and promote sustainable mobility in urban and rural areas.** Through financing, technical assistance, and institutional strengthening, the IDB Group helps countries close gaps in transport corridors, undertake regulatory reforms, improve access to logistics hubs, and deliver value for citizens. Its approach spans multiple transport modes, including urban mobility systems such as metros, electric buses, and cable cars, with a strong emphasis on universal accessibility and environmental sustainability. The Group also supports air and maritime infrastructure through investments in airport and port rehabilitation, logistics enhancements, and digital cargo management. Many initiatives leverage multi-donor financing to enhance impact and bring greater value for connectivity, economic integration, and access to opportunities.

## Key Results

**Results supported in the transport sector range from better access to more efficient trade, enhanced productivity and local economic development, and improved human development.**

This section presents key results achieved by IDB Group transport projects based on 52 PCRs and 12 XSRs completed in the last five years, as well as IDB Lab projects. On average, projects covered in this set of PCRs took 8.2 years to execute,<sup>30</sup> so these results correspond to projects approved between 2006 and 2021. For IDB Invest, projects were approved between 2008 and 2018 and achieved maturity in five years on average. Most of the results focus on intermediate outcomes that are part of the pathway to supporting the IDB Group's longer-term objectives of reducing poverty and inequality, addressing climate change, and bolstering sustainable regional growth.



## Improved accessibility through reduced travel times and transportation costs

Higher quality routes and ports help reduce transportation time and costs, which can increase access to services, enhance market access and competitiveness, and provide environmental benefits. Of the IDB PCRs reviewed in the transport sector, more than 70 percent targeted improvements in efficiency, such as reductions in travel times or costs and most saw advances towards these targets.<sup>31</sup> For example:

- In Paraguay, an IDB-supported road rehabilitation program ([PR-L1007](#), [PR-L1075](#)) covering several highway stretches led to reductions in travel time from 63 to 78 percent. For example, on Route 8 the time to travel 73 kilometers dropped from 194 minutes to 39 minutes and vehicle operating costs declined from \$121 to \$21 per kilometer.
- In Nicaragua, the rehabilitation of the La Gateada–Bluefields corridor with IDB support (NI-L1087) significantly improved connectivity between the Atlantic and Pacific regions. Freight travel time dropped significantly from 10 to 2.1 hours, while passenger travel time fell from 5 to 2.4 hours.<sup>32</sup>

<sup>30</sup> Based on IDB investment loans and investment grants for transport projects included in the set of PCRs validated by OVE from 2021 to 2025. Policy-based loans are excluded due to their short execution time.

<sup>31</sup> For reductions in travel time, 55 percent of projects targeting this type of outcome achieved at least 80 percent of the desired reductions, while an additional 21 percent achieved between 50 percent and 79 percent of the desired reduction. For reductions in vehicle operating costs, 58 percent of projects targeting this type of outcome achieved at least 80 percent of the desired reduction, while an additional 15 percent achieved between 50 percent and 79 percent of the desired reduction.

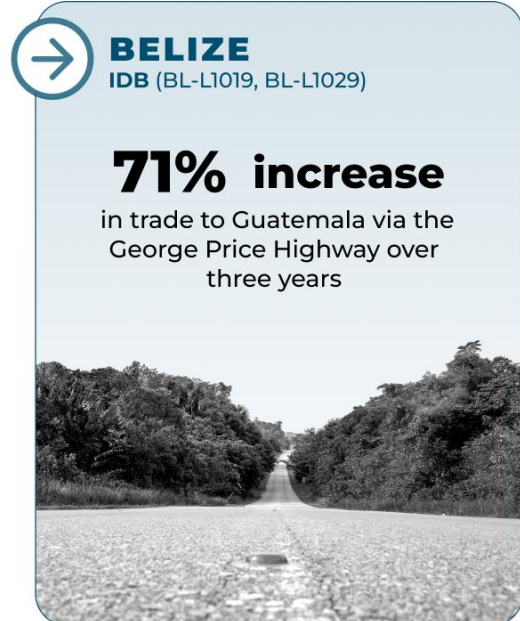
<sup>32</sup> The drop was more dramatic for freight travel time due to the higher severity of delays they faced prior to the project because of poor road conditions, weight restrictions, and slower speeds.

- An IDB Invest road rehabilitation project in Nicaragua's Atlantic region reduced travel time on a 54 kilometer stretch of road from approximately 79 to 60 minutes.
- An IDB Invest port project in Ecuador reduced average ship transit and waiting times from 49 to 18 hours over four years, boosting maritime competitiveness.

## Increased territorial inclusion and access to markets and services

Improved access to markets and services such as health and education contributes to strengthening economic development and enhancing quality of life. For example:

- In Bolivia, road upgrades through an IDB project ([BO-L1093](#)) supported year-round access for dispersed rural populations in the departments of Beni, Pando, and La Paz, reducing isolation and improving connectivity to education and health services, benefiting an estimated 1.6 million people.
- An IDB project in Haiti ([HA-L1058](#)) expanded rural connectivity to healthcare and education facilities.



## Increased resilience

Infrastructure that can withstand climate-related disruptions is essential for the reliability of transport for goods and people, enhancing emergency response capacity and supply chain stability. For example:

- An IDB project in Belize ([BL-L1019](#), [BL-L1029](#)) upgraded infrastructure in flood-prone areas, reducing the number of days the George Price Highway was impassable due to flooding.
- In Nicaragua, an [impact evaluation](#) of an IDB road improvement project in the department of Jinotega ([NI-L1092](#)), found a 77 percent reduction in the likelihood of late school arrivals in the rainy season.

## Enhanced productivity and local economic development

Improved connectivity—through better roads, ports, and logistics technologies— can enhance productivity and local economic development by facilitating market access. For example:

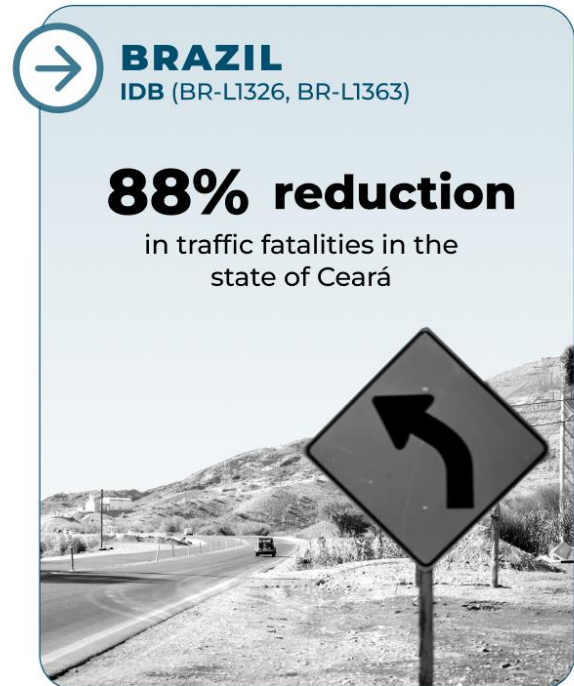
- In an IDB project in Paraguay ([PR-L1007](#), [PR-L1075](#)), agricultural output per hectare of soy, corn, and wheat increased by an average of 46 percent over 15 years across three communities along the improved roads.
- Following the works of IDB projects on the George Price Highway ([BL-L1019](#), [BL-L1029](#)), tourism arrivals in Belize's Cayo region increased by 138 percent from 2019 to 2023 and trade to Guatemala via this highway increased from \$7.2 million in 2018 to \$12.3 million in 2021.
- Brazil recorded a 159 percent increase in shipment volumes (from 119,000 to 307,844 tons) from municipalities served by an IDB road improvement program in Ceará ([BR-L1326](#), [BR-L1363](#)).
- In Nicaragua ([NI-L1092](#)), an [impact evaluation](#) of an IDB road improvement project found that the number of employed people per household increased significantly and the price of farmland rose by over 50 percent, from \$2,400 to \$3,700 per manzana (0.7 ha).
- Between 2015-2022, five IDB Invest port projects handled containers totaling 17.2 million TEUs (twenty-foot equivalent units, the volume of a standard 20-foot shipping container). For example, a port in Mexico increased its productivity, growing at an average annual rate of 19 percent over five years, reaching nearly one million TEUs handled in the project's last year. Similarly, a port in Brazil increased its container volume from 630,000 to 760,000 TEUs from 2017 to 2020, an overall growth of 22 percent.
- IDB Lab's support for digital innovation in logistics through its Venture Funds portfolio ([RG-Q0065](#), [RG-Q0040](#)) shows how technology can broaden access to services for underserved communities and small businesses. While many of these are early-stage ventures, initial results are promising. In Ecuador, a drone-based delivery network (Aerialoop) operates more than 300 weekly flights in urban areas, reducing delivery times and environmental impact. In Colombia and Mexico, a freight optimization platform (Liftit) has improved route management and reduced idle time for over 200 companies.

## Improved public health

Quality transport infrastructure plays an important role in public health—from improving access to health services and supporting resilience during health emergencies to reducing morbidity and mortality associated with road safety and environmental factors. Roughly 19

projects of the most recent five PCR cycles had outcome indicators associated with traffic incidents. For example:

- Through IDB projects in Ceará, Brazil ([BR-L1326](#), [BR-L1363](#)), new pedestrian crossings, sidewalks, bus stop shelters, and other traffic-calming features significantly improved road safety. The number of fatalities per 10,000 vehicles dropped by 88 percent (from 10.4 to 1.3), while injuries fell by 94 percent (from 70.2 to 4.0) across the state's paved road network. A revised State Road Safety Plan and the implementation of targeted safety measures on high-risk segments supported these outcomes.
- Through IDB projects in Belize ([BL-L1019](#), [BL-L1029](#)), traffic fatalities on the George Price Highway in the Cayo region dropped by 55 percent and serious injuries by 54 percent after the addition of medians, lighting, and crossings.
- An IDB Invest project in Argentina reduced the number of traffic accidents from 1,405 to 1,160 between 2014 and 2019.<sup>33</sup>



<sup>33</sup> Accidents dropped even further to 580 in 2020, likely in part due to reduced traffic during the pandemic.

## Building Resilient Connections through Urban Mobility

The IDB Group has long supported the development of transport infrastructure to improve connectivity and access to opportunities in cities. Between 2010 and 2024, the IDB approved 28 investment loan operations in urban mobility, totaling \$3.318 billion across 24 countries. These investments have benefited approximately 4.6 million people with improved access to sustainable urban mobility.

### Urban Mobility: Tailored Solutions for Complex Cities

Urban mobility projects in LAC increasingly rely on rapid transit systems—such as subways, cable cars, and commuter railways—to address congestion, reduce emissions, and improve access to jobs and services. These projects typically involve civil works (e.g., tunnels, stations, yards), systems (e.g., signaling, communications, digital tools), and rolling stock. They also incorporate universal accessibility and aim to reduce GHG and particulate emissions. Many have pioneered multi-donor financing, procurement coordination under IDB leadership, and the use of international standard contracts such as the International Federation of Consulting Engineers.

In Quito, Ecuador, the city faced growing congestion and limited access to efficient public transport. The IDB supported the construction of the first metro line with \$200 million in financing, including technical assistance for design and implementation ([EC-L1111](#) and [EC-L1124](#)). The metro offered a modern, efficient mass transit solution aligned with the city's sustainability goals. Surveys during initial operations showed satisfaction levels above 90 percent for service quality and safety from harassment. The project exceeded emissions reduction targets, avoiding an estimated 56,978 metric tons of CO<sub>2</sub> in 2024. Access to jobs and services within 60 minutes increased from 45 percent to 51 percent, adding over 2,700 new opportunities for users.

In Buenos Aires, Argentina, the IDB supported the electrification of the Plaza Constitución–La Plata line ([AR-L1158](#)) of the General Roca Railway to provide a cleaner, more reliable alternative for daily commuters. The railway was the right choice given the corridor's high demand and potential for modal shift. The project is expected to benefit 671,000 people directly and over 2.1 million indirectly. A 2017 impact evaluation found improvements in labor inclusion, with passengers reporting better punctuality and schedule management. Property values in surrounding areas increased by 15 percent, and transport safety improved with 10 fewer accidents per month. User satisfaction rose by 23 percent, reflecting gains in comfort, travel time, and perceived safety.

In La Paz and El Alto, Bolivia, steep topography and fragmented urban development posed significant mobility challenges. The IDB supported the construction of a cable-car network, which proved to be an effective solution for connecting hillside communities. The system now serves 250,000 passengers daily and indirectly benefits 2.7 million people. The IDB financed the Silver Line ([BO-L1079](#)) and is supporting the expansion of the Coffee Line ([BO-L1229](#)). These projects include photovoltaic panels to reduce operational costs and emissions. Since its launch, the network has reduced over 2,074 tons of CO<sub>2</sub> and increased property values in the surrounding area by nearly 110 percent. User satisfaction remains above 87 percent. A joint IDB-IDB Invest [impact evaluation](#) found that cable car users spend less time commuting and more time on education and recreational activities, as well as on self-employment activities, potentially reflecting improved access to local labor markets.

## Lessons and Promising Practices

**Results from completed projects show both strengths and areas for improvement.** Over the last five years,<sup>34</sup> 48 percent (25 of 52) of IDB's completed projects in the sector and 67 percent of IDB Invest's (8 of 12 XSRs) were rated favorably by OVE. These projects reflect a wide range of geographies, institutional contexts, and implementation challenges. Nonetheless, some common lessons and promising practices emerge to enhance the impact of projects in this sector. These lessons also capture insights from projects in an advanced state of execution.

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<sup>34</sup> The most recent five years were used since the methodology for PCRs changed in 2020, and this allows for consideration of the most recent projects and those validated under a consistent methodology.

**Permanent inter-institutional coordination mechanisms are essential in projects with multiple executing agencies or complex reforms.** Transport programs often involve a range of actors—from ministries of transport and public works to environmental agencies and local governments. Fragmented coordination can lead to delays, conflicting procedures, and implementation gaps. Establishing a permanent coordination framework among all involved institutions and executing units helps define common procedures, resolve operational challenges, and maintain execution timelines. As seen in an IDB project to support a national logistics policy in Colombia ([CO-L1109](#)), pre-construction meetings led by ministerial authorities are especially effective in aligning stakeholders and clarifying expectations.

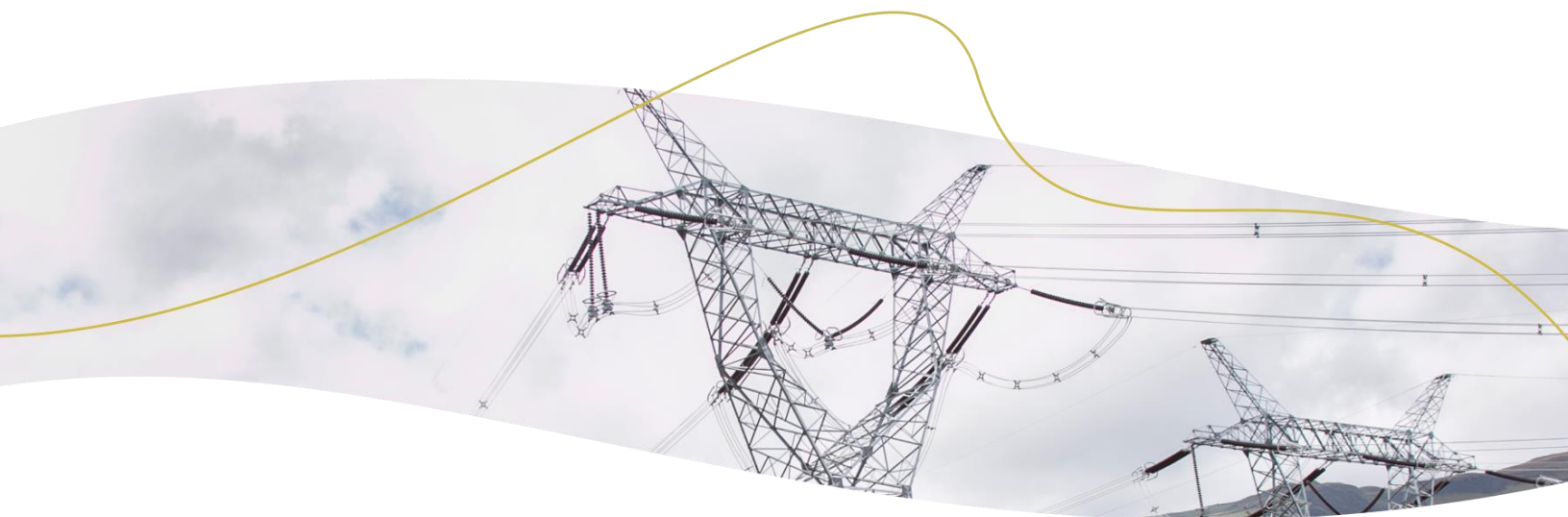
**Early alignment of procedures and objectives across institutions improves execution efficiency.** Transport projects frequently span multiple jurisdictions and sectors, requiring early harmonization of goals and operational procedures. Intra- and inter-institutional coordination during the design phase—through inter-ministerial committees or joint planning sessions—ensures early alignment of all actors. Formalizing communication channels and budgeting for coordination activities helps prevent delays, duplications, and misaligned interventions during implementation, as seen in an IDB air transport reform program in The Bahamas ([BH-L1027](#)).

**Dedicated coordination units and consultant continuity safeguard technical quality and timelines.** In transport operations—especially those involving multiple works or geographically dispersed components—the absence of a central coordination unit or high consultant turnover can disrupt workflows and compromise technical standards. As demonstrated in an IDB access road project in Minas Gerais, Brazil ([BR-L1027](#)), establishing dedicated coordination units supported by experienced consulting firms improved adherence to schedules and deliverables. Retaining consultants who participated in project structuring throughout implementation also helped ensure continuity in technical decision-making.

**Timely updates to designs and environmental instruments reduce delays and cost overruns.** Transport infrastructure projects are particularly sensitive to environmental and social risks. Delays in updating engineering designs, social or environmental management plans can lead to regulatory setbacks, community resistance, or cost escalations. Ensuring that project designs comply with the IDB's socio-environmental safeguards and involving the executing agency in the development of robust control systems is essential, as seen in an IDB project to modernize Puerto Cortés in Honduras ([HO-L1037](#)). Similarly, active participation of socio-environmental specialists during construction phases facilitates the timely resolution of issues such as resettlement, environmental licensing, and stakeholder engagement. For example, in Paraguay, IDB Invest reinforced the government's resettlement plan for roadside vendors displaced by a road expansion project and ensured engagement with local indigenous communities. Notably, the project adopted the same environmental and social requirements for sections of the road not financed by IDB Invest.

**Strong sponsors, risk mitigation mechanisms, and operational readiness are critical for successful port infrastructure projects.** Port operations are volatile and subject to changing market conditions and trade patterns. IDB Invest experience has shown that working with strong sponsors who are also major clients helps sustain traffic during economic disruptions. In Brazil, one such sponsor helped route more cargo through the port, mitigating the pandemic-related downturn. Similarly, the ramp-up period of new port projects is risky, as traffic and revenues can be low. To address this, a port project in Ecuador required a corporate guarantee until project completion, ensuring the sponsor could provide additional resources if needed until revenues increased. The operational readiness of the sponsor is another critical factor. A port project in the Caribbean showed that even if investments increase port capacity, the lack of strong maintenance planning, staff training, and equipment preparedness leads to operational inefficiencies and hinders development outcomes.

**Standardized and consensus-based indicators strengthen results attribution and adaptive management.** In transport projects involving multiple works—such as road segments, terminals, or multimodal platforms—standardized indicators developed in collaboration with key stakeholders enhance the logical framework and clarify the link between outputs and outcomes. Monitoring and evaluation plans should include detailed methodologies to measure indicators from the outset. Establishing baselines early and conducting periodic evaluations allows for timely adjustments. For multi-works loans, parameterizing baselines (e.g., base 100) by intervention type and grounding targets in empirical evidence enhances performance tracking, as seen in an IDB regional road integration program in Honduras ([HO-L1104](#)). When expected results require longer timeframes, this should be reflected in the evaluation schedule and formally documented in line with institutional guidelines, as demonstrated by an IDB transport program in Haiti ([HA-L1079](#)).



# Energy

## Last Mile, Next Frontier

**Access to electricity is crucial for reducing poverty and improving living conditions.** It positively impacts school attendance, healthcare access, rural economic growth, productive activities, employment opportunities, and creates safe spaces. Despite progress, over 17 million people in LAC still lack electricity. Access has increased from 94 percent in 2010 to 97 percent in 2023, but rural, remote, and dispersed communities face technical and financial challenges. In Haiti, nearly half the population remains disconnected, underscoring the urgency of targeted, inclusive energy access strategies (IDB 2024c, IDB 2023a).

**Delivering electricity to the remaining three percent of “last mile” beneficiaries involves reaching people who live in isolated and often impoverished rural communities.**

Achieving universal access involves addressing high transport costs linked to geographic dispersion, remoteness of villages, and poor road infrastructure. Projects’ capital and operational costs often exceed collected fees, discouraging private investment in off-grid areas. Off-grid technology is the best solution for 40 percent of the electricity access gap in LAC, with 30 percent mini-grids and 70 percent stand-alone photovoltaic systems. This transition to renewable energy represents savings, improved service quality, reliability, and reduced environmental risks (IDB 2024c).

**Meeting rising energy demand while accelerating a low-carbon transition is vital.**

Investing in renewable energy—hydroelectric, solar, wind, and geothermal—alongside energy efficiency and resilient infrastructure is essential. Many LAC countries, particularly in the Caribbean, face high electricity costs due to fossil fuel dependence and vulnerability to disasters triggered by natural hazards. Diversifying energy sources and strengthening resilience through robust infrastructure, risk-informed planning, and regional cooperation is crucial (IDB 2024c). Additionally, improved transmission networks and storage solutions adapt to demand increases and ensure supply reliability.

**Regional integration and private sector engagement are critical for a secure, sustainable energy future.** Integration systems like SIEPAC, SINEA, SIESUR, and ARCONORTE support cross-border electricity trade and infrastructure harmonization. Unlocking private sector potential requires stable regulatory frameworks, transparent governance, and integrated planning aligning technological advancement with climate and development goals (IDB 2024b, IDB 2023c).

**The IDB Group's energy portfolio includes 102 projects aimed at expanding access to reliable, affordable, and sustainable energy services.** This includes financing projects that provide new or improved access to energy services, including electricity, clean cooking, and heating through both grid-connected and off-grid solutions. The IDB Group also plays a key role in advancing renewable energy by financing solar and wind generation, supporting regulatory reforms, and enabling cross-border electricity exchanges to foster resilient and efficient regional energy markets. Beyond infrastructure, the IDB Group helps countries strengthen policy, regulatory, and institutional frameworks to improve sector governance and attract private investment. In collaboration with ministries, planning agencies, and regulatory bodies, the IDB Group supports the development of energy strategies, legal frameworks, and derisking instruments such as prefeasibility studies and incentive schemes for emerging technologies. The IDB Group also forms strategic partnerships across the public and private sectors to unlock innovation, mobilize resources, and co-create inclusive energy solutions. Through this integrated approach, the IDB Group contributes to building equitable, efficient, and future-ready energy systems across the region.

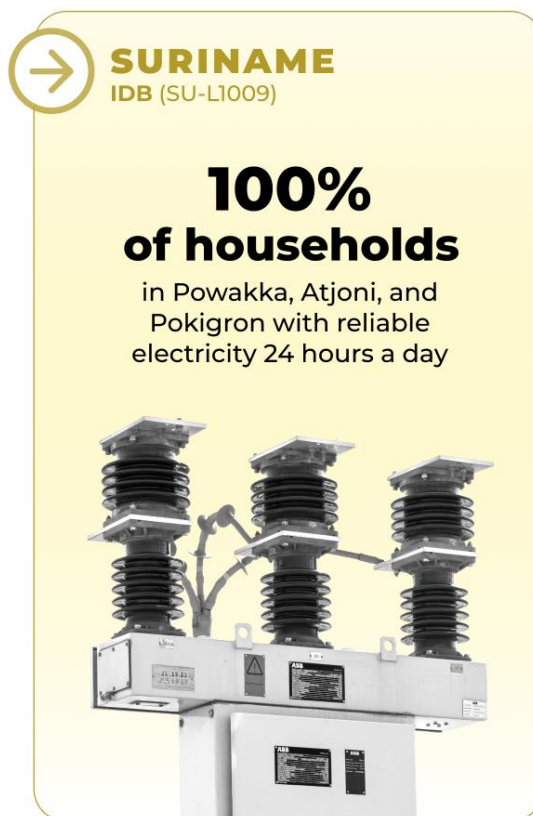
## Key Results

**Results supported in the energy sector range from expanding access and improving service quality to advancing sustainability and resilience.** This section provides a selection of key results achieved by completed projects supported by the IDB Group in the energy sector in recent years based on 25 PCRs and 41 XSRs, as well as IDB Lab projects. On average, projects covered in this set of PCRs took 7.9 years to execute,<sup>35</sup> so these results correspond to projects approved between 2010 and 2020. For IDB Invest, projects were approved between 2012 and 2021 and achieved maturity in three years on average. Most of the results focus on intermediate outcomes that are part of the pathway to supporting the longer-term IDB Group objectives of reducing poverty and inequality, addressing climate change, and bolstering sustainable regional growth.

### Improved access to energy

The IDB Group supports expanded access to energy through infrastructure investments as well as policy reform and institutional strengthening. Infrastructure projects include expanding national electricity grids, installing hybrid mini grids that combine renewable sources with diesel backup for reliability, and stand-alone photovoltaic systems in areas too isolated for grid connection. IDB and IDB Invest interventions have brought electricity access or improved service quality to over 830,000 people across the region—advancing inclusive development and transforming lives. For example:

- A program in Bolivia ([BO-X1013](#)) delivered reliable hybrid and photovoltaic energy to 1,262 people, cutting household lighting costs by 23 percent by replacing more expensive batteries and liquid fuels. It also expanded solar-powered electricity and hot water to 36 healthcare centers and 314 schools, advancing renewable energy use while reducing reliance on diesel.
- In Nicaragua ([NI-L1040](#)), a national program supported by IDB transformed electricity services between 2009 and 2019, increasing coverage from 67 percent to 97 percent by expanding the interconnected system and installing renewable energy solutions in remote communities.



<sup>35</sup> Based on IDB investment loans and investment grants for energy projects included in the set of PCRs validated by OVE from 2021 to 2025. Policy-based loans are excluded due to their short execution time.

- In Suriname, an IDB-supported rural electrification expansion program ([SU-L1009](#)) delivered reliable 24/7 electricity to all households in Powakka, Atjoni, and Pokigron through grid extensions and a solar mini-grid. Between 2013 and 2020, national coverage rose from 85 percent to 90 percent.
- In Chile, an IDB Invest-supported small-scale solar project increased access to energy for an average of 1,710 people over the four-year implementation period, surpassing its target.
- In Haiti ([HA-T1322](#), [HA-G1057](#)), IDB Lab is supporting access to electricity via privately operated solar hybrid mesh-grid systems in underserved areas. As of 2024, the implementing company had connected 3,000 new households—achieving over 90 percent village penetration and maintaining grid uptime above 97 percent—while keeping connection costs below target.

## Improved quality and continuity of services

Reliable electricity is essential for productivity and quality of life. IDB Group projects aim to ensure service continuity and operational performance management and often include targets regarding reductions in the duration and frequency of interruptions in generation, transmission, and distribution systems. The IDB has helped significantly enhance the reliability of electricity services across the region. The average frequency of service interruptions decreased from 14.1 to just 7.9 times per year, while the average duration of outages fell from 18.5 hours to 9.6 hours annually. For example:

- In Costa Rica ([CR-L1049](#)), from 2016 to 2020, through an IDB-supported project, power generation availability increased from 90 percent to 93 percent, while interruptions in transmission and distribution dropped.
- In the Dominican Republic, an IDB-supported project ([DR-L1034](#)) increased 24-hour electricity service availability from 5 percent to 82 percent of users, improving daily life and economic opportunities.
- In Ecuador ([EC-L1265](#)), an IDB policy-based loan expanded electricity access and improved service quality, benefiting over 150,000 people. Enhanced access and reliability of electricity services contributed to increased productivity among artisanal producers, agro-industrial businesses, and small-scale entrepreneurs.



- In Argentina ([AR-L1079](#)), an IDB-supported project improved electricity transmission capacity and reliability, reducing blackouts and increasing maximum demand served from 876 MW to 1,131 MW.

## Increased renewable energy generation and efficiency

Sustainable energy solutions enhance energy security and reduce emissions by diversifying the mix of energy sources countries use. Overall, IDB support has helped the region add over 944 MW of renewable capacity, mobilizing 530 MW through policy-based loans, and generating more than 23,200 MWh/year from clean energy systems. Additionally, 37 IDB Invest projects — mainly wind and solar and some hydropower — evaluated from 2020-2024 generated 39,998 GWh of renewable energy and avoided over 18.5 million tCO<sub>2</sub>e emissions from 2014 to 2023. Examples include:

- In Costa Rica ([CR-L1049](#)), the IDB-supported Reventazón Hydroelectric and Grid Modernization project significantly strengthened the country's clean energy infrastructure, adding 305.5 MW of hydro capacity.
- In Chile, an IDB Invest-supported 332MW wind project generated 2,579 GWh of energy from 2014-2023 and avoided 1,779 tons of CO<sub>2</sub> equivalent emissions.
- In Mexico, an IDB Invest-supported solar project added 992MW of installed capacity to the country's energy matrix, generating 4,925 GWh of energy from 2017-2023.
- In Colombia, an IDB project ([CO-L1119](#)) in the Archipelago of San Andrés, Providencia and Santa Catalina introduced efficiencies for demand-side energy management and deployed solar photovoltaic systems. As a result, electricity consumption among beneficiaries decreased from 40 GWh to 32 GWh.
- In Barbados, an IDB-supported a smart energy program ([BA-L1025](#)) retrofitted nearly 26,000 streetlights and installed solar PV systems on 22 government buildings, generating nearly twice the expected energy.
- In Mexico, an IDB Invest project installed an energy efficient streetlighting system in a city important for the tourism sector. By replacing 25,000 streetlights with LEDs, the city reduced its annual electricity consumption by nearly 60 percent and avoided over 24,000 tons of CO<sub>2</sub> equivalent emissions over four years.



## Improved regulatory framework and enabling conditions

Conducive policies and regulations are critical for developing renewable energy markets and attracting private investment. The IDB Group works with governments across the region to strengthen regulatory frameworks for renewable energy through policy-based programs, investment loans, and technical advisory support. For example:

- In Panama ([PN-L1159](#)), IDB-supported policy reforms enhanced energy security by promoting diversification, efficiency, and regional integration, while strengthening institutional capacity for sector sustainability. They also enabled the addition of 300 MW to the national grid, facilitated 144 GWh of regional energy exchange through SIEPAC, and supported long-term planning with two national expansion plans.
- In Ecuador ([EC-L1265](#)), IDB-supported policy reforms advanced energy efficiency, expanded electricity access, and boosted renewable energy use. The share of renewables in electricity generation rose from 54 percent to 84 percent, and electricity exports to Peru increased from 0.5 GWh to 22 GWh annually, reinforcing regional integration.
- In Argentina, IDB Invest helped improve enabling conditions for private renewable energy investment under the RenovAr program. Together with the World Bank Group, it advised the Ministry of Energy on designing power purchase agreements that met international bankability standards, contributing to four successful public bidding rounds from 2016-2019. In total, 185 projects (4,725 MW) were awarded (Ministerio de Energía y Minería, CAMMESA 2019), including IDB Invest-financed wind projects [El Corti](#), [La Castellana](#), and [Achiras](#), among others.



## Lessons and Promising Practices

**Results from completed projects indicate several areas of strength and some areas for improvement in the energy space.** Over the last five years,<sup>36</sup> 80 percent (20 out of 25) of IDB's completed projects in the sector and 83 percent of IDB Invest's (34 out of 41 XSRs) were rated favorably by OVE. These projects reflect a wide range of geographies, institutional contexts, and implementation challenges. Nonetheless, some common lessons and promising practices emerge to enhance the impact of projects in this sector. These lessons also capture insights from projects in an advanced state of execution.

**It is important to align transmission expansion with demand growth.** The experience of an operation in Honduras ([HO-L1039](#)) underscores the importance of aligning transmission infrastructure with rising electricity demand. Inadequate implementation of the transmission expansion plan led to regional congestion and substation overloads, undermining system performance. To prevent such mismatches, it is essential to accelerate the execution of planned investments, backed by robust governance, clear regulatory frameworks, and policies that attract private sector participation. These elements are critical to mobilizing resources and ensuring the grid can meet growing energy needs reliably and efficiently.

**Corporate Power Purchase Agreements (PPAs) have emerged as an effective mechanism for facilitating private sector investment in renewable energy.** These agreements enable companies in energy-intensive sectors, such as mining, manufacturing, and chemicals, to secure stable, long-term energy at competitive prices, while allowing developers to finance renewable energy projects. This model has proven particularly effective in promoting a decentralized, diversified, and cost-efficient energy supply. By complementing traditional utility structures, corporate PPAs introduce greater flexibility and innovation into the energy market, enabling tailored solutions that meet the needs of large industrial consumers. For example, in Brazil, IDB Invest has supported PPAs between large developers and major industrial clients in the aluminum and chemical sectors, facilitating the deployment of advanced technologies, such as bifacial solar panels, and the design of PPAs tailored to hourly demand.

**Accurate energy demand forecasting is essential for effective infrastructure planning in rural areas.** In Suriname ([SU-L1009](#)), challenges such as dispersed populations, limited baseline data, and seasonal consumption patterns led to demand estimation gaps—resulting in oversized or underutilized systems. To enhance investment efficiency and ensure systems are appropriately sized, it is critical to integrate updated census data, population growth projections, and targeted household surveys during the design phase. These tools help tailor infrastructure to real needs, optimizing resources and long-term sustainability.

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<sup>36</sup> The most recent five years were used since the methodology for PCRs changed in 2020, and this allows for consideration of the most recent projects and those validated under a consistent methodology.

**To fully leverage regional infrastructure, harmonized regulatory frameworks and active private sector participation are essential.** While recent climate events have underscored the importance of regional infrastructure, much of it remains underutilized. These assets proved vital in maintaining service continuity during crises and together, they enable seamless integration across borders and systems, enhancing regional energy security and efficiency.

**In remote communities, solar hybrid mini-grids and mesh grids have emerged as a cost-effective solution, offering reliable energy access where traditional infrastructure falls short.** However, technology alone is not enough. Community engagement and awareness programs are critical to ensure long-term sustainability and foster a sense of local ownership, empowering residents to take an active role in managing and maintaining their energy systems. In an IDB Lab project with privately operated solar hybrid mesh-grid systems in Haiti ([HA-T1322](#), [HA-G1057](#)), residents actively participate in grid operations and appliance-leasing pilots, including freezers and e-bikes, that promote productive use and strengthen the business model. The initiative has shown strong early results, attracting additional financing to expand coverage and underscoring the potential of inclusive, community-driven energy solutions to achieve scale.

**Community involvement is key for the timely execution and sustainability of energy projects.** Through ongoing engagement with local communities, energy projects can mitigate potential delays and enhance long-term sustainability. It is therefore important to work with sponsors who are committed to going beyond contractual obligations to create positive effects among local stakeholders. For example, an IDB Invest wind project in Chile created a Community Investment Fund linked to project revenues to offer an enduring funding source for community-driven initiatives beyond the project's construction phase.

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# Appendix

## Mission Scorecard

Objective	Indicator name	Progress	Year
Reduce poverty and inequality	1.1 People living in extreme poverty (\$3.65 per day PPP) (%)	14.3%	2022
	1.2 People living in poverty (\$6.85 per day PPP) (%)	34.6%	2022
	1.3 Gini coefficient of the income distribution	0.504	2022
	1.4 People facing food insecurity (%)	28.2%	2023
	1.5 Global Gender Gap Index	0.74	2024
Address climate change	1.6 Forest area as a proportion of total land area (%)	46.30%	2022
	1.7 Area of key ecosystems (hectares)	1.6 billion	2020
	1.8 Total greenhouse gas emissions (MtCO <sub>2</sub> e)	4,024	2021
	1.9 Annual reported economic losses from natural disasters (U.S. dollars)	\$20.3 billion	2023
	1.10 Annual reported human losses from natural disasters (# of people)	1,154	2023
Bolster sustainable regional growth	1.11 Annual growth rate of real GDP per capita (%)	1.90%	2023
	1.12 Export growth rate of differentiated goods and knowledge-based services (%)	-0.80%	2023
	1.13 Employment to population ratio (%)	49%	2021
	1.14 Proportion of informal employment in total employment (%)	55%	2021
	1.15 Government effectiveness (average LAC percentile)	40.5	2023

Note: For historical information and indicator methodologies, see the [Mission Scorecard webpage](#).

## Portfolio Results<sup>a</sup>

Operational focus area	Indicator	2024 Progress
<b>Biodiversity, Natural Capital, and Climate Action</b>	2.1 People with enhanced resilience and financial protection against climate disasters and shocks (#)	995,815
	2.2 Greenhouse gas emissions avoided (annual tons of CO <sub>2</sub> equivalent)	13,870,442
	2.3 Area under sustainable management (hectares)	23,705,571
	2.4 Value of physical assets secured by investments in climate adaptation (\$)	\$2.3 billion
	2.5 Countries with improved disaster risk management and/or climate change governance (#)	22

Operational focus area	Indicator	2024 Progress
<b>Gender Equality and Inclusion of Diverse Population Groups</b>	2.6 People benefited by enhanced gender equality and/or inclusion of diverse population groups (#)	2,286,444
	2.7 Women-led MSMEs benefiting from financial and non-financial support (#)	779,356
	2.8 Countries with strengthened gender equality and diversity policy and institutional frameworks (#)	7
<b>Institutional Capacity, Rule of Law, and Citizen Security</b>	2.9 People with enhanced resilience or capabilities to prevent and respond to crime and violence (#)	8,102
	2.10 Agencies and private sector organizations with strengthened digital capacity (#)	27
	2.11 Agencies with strengthened, transparent and accountable domestic resource mobilization, expenditure management, and policy management capacity (#)	151
<b>Social Protection and Human Capital Development</b>	2.12 People benefiting from quality early childhood development, schooling and educational programs, and other skills development services (#)	1,190,092
	2.13 People receiving quality health and nutrition services (#)	33,747,891
	2.14 People benefiting from social safety net programs (#)	465,894
	2.15 Households benefited from housing and urban development solutions (#)	70,161
<b>Sustainable, Resilient, and Inclusive Infrastructure</b>	2.16 Electricity generated from renewable sources (GWh)	14,085
	2.17 People with new or improved access to energy (#)	547,285
	2.18 People with new or improved access to safely managed drinking water and/or sanitation (#)	939,695
	2.19 People with enhanced access to sustainable transportation infrastructure or services (#)	1,621,399 <sup>b</sup>
	2.20 People with new access to broadband services (#)	2,555,483
<b>Productive Development and Innovation through the Private Sector</b>	2.21 Direct jobs created (#)	72,458 <sup>c</sup>
	2.22 MSMEs benefiting from financial and/or non-financial support (#)	3,332,791
	2.23 Farmers with improved access to agricultural services and investments for climate adaptation and mitigation (#)	900,421
<b>Regional Integration</b>	2.24 Firms supported on international trade, tourism, and foreign direct investment activities (#)	1,331
	2.25 Cargo handled in ports, airports, and railway (tons)	28,492,271
	2.26 Electricity exchanged between countries (GWh/year)	- <sup>d</sup>

#### Notes

<sup>a</sup> For additional details and indicator methodologies, see the [Portfolio Results webpage](#).








<sup>b</sup> Figure reflects contribution from IDB and IDB Lab projects only. IDB Invest data will be reported on the [indicator webpage](#) once available. Since this is a new indicator, IDB Invest is conducting an in-depth review of its transport operations to properly estimate this number.






<sup>c</sup> Starting in 2024, IDB Invest is reporting direct jobs created as its primary employment impact metric, quantifying the number of new workers hired as a direct result of IDB Invest projects. This is a change from previous CRFs, where the employment metric was reported as direct jobs supported, which captures the total workforce employed by the company receiving financing. In essence, direct jobs created represents the flow of newly created jobs, whereas direct jobs supported measures the stock of employees at the end of a given period. As a result, the 2024 figure is not comparable to what was reported for this metric in previous years. All job metrics are part of the "IDB Invest framework for measuring contribution to employment", which is currently undergoing internal and external peer review. Therefore, the figures should be considered preliminary estimates.

<sup>d</sup> Several IDB Group projects support electricity exchange. However, given that this is a new indicator that has not traditionally formed part of project reporting requirements, the IDB Group is conducting an in-depth review of its energy operations to accurately estimate this figure. This information will be reported on the indicator webpage once available.

# Performance Targets<sup>a</sup>

Indicator	Entity	Baseline	2024 Progress	2024 Status	Target	Target period
<b>Impact Orientation</b>						
3.1 Projects with satisfactory development results at completion (%)	IDB	53%	63%		≥ 75%	2024-2030
	IDB Invest	59%	68%		≥ 65%	2024-2030
3.2 Active projects with satisfactory performance (%)	IDB	81%	80%		≥ 82%	2024-2030
	IDB Invest	62%	57%		≥ 70%	2024-2030
	IDB Lab	67%	69%		≥ 70%	2024-2030
3.3 Projects with satisfactory mitigation of environmental and social risks (%)	IDB	91%	96%		≥ 90%	2024-2030
	IDB Invest	99%	98%		≥ 90%	2024-2030
3.4 Technical Cooperation (TC) projects that have achieved their intended progress (%)	IDB	63%	75%		≥ 75%	2024-2030
<b>Strategic Selectivity and Alignment</b>						
3.5 Projects targeting poor (and vulnerable) populations (%)	IDB	Unavailable	- <sup>b</sup>	-	≥ 50%	2025-2030
	IDB Invest	Unavailable	26%	-	Tracking	-
	IDB Lab	60%	65%		≥ 60%	2024-2030
3.6 Projects supporting sustainable economic growth (%)	IDB	Unavailable	76%		≥ 75%	2024-2030
	IDB Invest	Unavailable	94%		≥ 80%	2024-2030
	IDB Lab	Unavailable	96%		≥ 70%	2024-2030
3.7 Green and climate finance in IDB Group operations (%)	IDB	32%	47%		≥ 50%	2024-2030
	IDB Invest	27%	55%		≥ 60%	2030
	IDB Lab	25%	41%		≥ 40%	2030
3.8 Climate finance for adaptation (\$)	IDB Group	\$10.3 billion	\$2.56 billion		≥ \$25 billion	2024-2030
3.9 Projects building climate resilience (%) <sup>c</sup>	IDB	Unavailable	16%		≥ 30%	2030
	IDB Invest	4%	31%		≥ 8%	2030
	IDB Lab	12%	26%		≥ 20%	2030
3.10 Projects supporting gender equality (%)	IDB	78%	98%		≥ 90%	2024-2030
	IDB (tier 2)	56%	62%		≥ 65%	2024-2030
	IDB Invest	39%	49%		≥ 60%	2030
	IDB Lab	62%	68%		≥ 70%	2030

Indicator	Entity	Baseline	2024 Progress	2024 Status	Target	Target period
3.11 Projects supporting diversity (%)	IDB	47%	86%		≥ 70%	2024-2030
	IDB (tier 2)	29%	43%		≥ 45%	2024-2030
	IDB Invest	4.80%	13%		≥ 25%	2030
	IDB Lab	16%	31%		≥ 25%	2030
3.12 Projects supporting institutional capacity and rule of law (%)	IDB	60%	68%		≥ 70%	2024-2030
3.13 Projects supporting digital transformation (%)	IDB	Unavailable	39%		≥ 25%	2024-2030
	IDB Invest	Unavailable	9%		≥ 18%	2024-2030
	IDB Lab	Unavailable	49%		≥ 25%	2024-2030
3.14 Support to small and vulnerable countries (%)	IDB	60%	56%		≥ 60%	2024-2030
	IDB Invest	38%	39%		≥ 40%	2024-2030
	IDB Lab	44%	58%		≥ 45%	2024-2030
3.15 Projects aligned to country strategies (%)	IDB	93%	99%		≥ 90%	2024-2030
	IDB Invest	90%	92%		≥ 85%	2024-2030
	IDB Lab	90%	93%		≥ 90%	2024-2030
<b>Effective Instruments and Mobilization</b>						
3.16 Direct third-party financing deployed (\$)	IDB Group	\$19.7 billion	\$9.6 billion		≥ \$50 billion	2024-2030
3.17 Other third-party financing (\$)	IDB	\$ .883 billion	\$ .699 billion		≥ \$ 1.54 billion	2024-2030
<b>Knowledge</b>						
3.18 Net Promoter Score: IDB Group as a provider of relevant knowledge (NPS)	IDB Group	43	46		≥ 50	2030
<b>Public Private Synergies</b>						
3.19 Stakeholders that consider the IDB Group to be effective in fostering public-private synergies (%)	IDB Group	71%	81%		80%	2030

Indicator	Entity	Baseline	2024 Progress	2024 Status	Target	Target period
<b>Corporate Foundations</b>						
3.20 Cost to portfolio ratio (%)	IDB	0.78%	0.77%		≤ 0.75%	2030
3.21 Cost to assets under management (%)	IDB Invest	0.76%	0.79%	-	Tracking	-
	IDB Lab	5.76%	4.80%		≤ 4.4% <sup>d</sup>	2024-2030
3.22 Executive, managerial, and leadership roles held by women (%)	IDB Group	41%	42%		50%	2030
3.23 Employee Engagement Score (%)	IDB Group	7.9	8.0		≥ 8.7	2030
3.24 IDB Group corporate carbon footprint (tons of CO <sub>2</sub> equivalent)	IDB Group	198,527	58,338		≤ 162,800 <sup>e</sup>	2030

 On Track
  On Watch
  Off Track

Notes:

<sup>a</sup> For historical information and indicator methodologies, see the [Performance Targets webpage](#).

<sup>b</sup> Data for IDB for 2024 is not available as the indicator and methodology were finalized in late 2024. The IDB will begin reporting on this indicator for 2025.

<sup>c</sup> Note that the methodologies differ for IDB, IDB Invest, and IDB Lab as described in the [Methodology Note](#) for this indicator.

<sup>d</sup> IDB Lab's cost-to-assets-under-management ratio target has been adjusted from 5.5 to 4.4 percent to reflect a methodological change that better reflects its performance and alignment with IDB Invest. This adjustment is in accordance with the 2025 Work Program and Budget approved by IDB Lab's Donors Committee. See the [Methodology Note](#) of the indicator for further information.

<sup>e</sup> The 2022 baseline for this indicator was established during the IDB Group's initial data collection exercise for this metric, at a time in which processes for estimating all types of emissions were still evolving. Results from the 2024 assessment indicate that the 2022 baseline overestimated our emissions, making the original target less ambitious than initially intended.

# Pilot Indicators

Indicator	Entity	Progress 2024
<b>Impact Orientation</b>		
3.a Gender results achieved (%)	IDB	53%
	IDB Invest	67%
3.b Diversity results achieved (%)	IDB	75%
	IDB Invest	Not applicable
3.c Climate results achieved (%)	IDB	90%
	IDB Invest	68%
3.d Technical assistance operations that strengthen client capacity in impact management (#)	IDB Invest	29
<b>Effective Instruments and Mobilization</b>		
3.e Indirect third-party financing deployed (\$)	IDB Group	\$4.3 billion
3.f Projects that are private capital enabling (%)	IDB	22%
<b>Knowledge</b>		
3.g IDB Group knowledge citation index	IDB Group	1.0
3.h Projects designed with rigorous evidence on effectiveness and applicability of interventions (%)	IDB	45%
<b>Public-Private Synergies</b>		
3.i Group interventions that address development challenges through operations from multiple windows (#)	IDB Group	19
3.j Single-window projects with significant and material collaboration in their design or execution (#)	IDB Group	48

