

A woman with grey hair, wearing a white blouse with colorful floral embroidery and a matching headscarf, is seated on a wooden chair. She is focused on weaving a piece of fabric on a traditional wooden loom. The loom is set up on a concrete floor, and the background is a plain, light-colored wall. The overall scene conveys a sense of traditional craftsmanship and sustainable production.

# SUSTAINABLE BOND PROGRAM

ALLOCATION AND IMPACT REPORT

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# LETTER FROM THE CEO

At IDB Invest, we are committed to driving development and positive impact in Latin America and the Caribbean through the private sector; our efforts are focused on ensuring a sustainable and inclusive growth for our people.

Now more than ever, this means ensuring that region's recovery from the pandemic and from geopolitical challenges is both sustainable and inclusive, especially for the most vulnerable communities. We believe that we can only build resilience into our economies and societies if we put impact in the centre and pay attention to environmental, social and governance (ESG) factors, that have been ignored for too long.

Our comprehensive, multi-front approach to sustainability allows us to do this on two fronts: by both incorporating ESG solutions into what we offer to our private sector clients in the region and by engaging with global investors to raise funds for financing the private sector.

On the first front, it is clear the lead role we play in integrating ESG sustainability solutions throughout the investment process: just last year, we strengthened our sustainability value

proposition through the rollout of a new Environmental and Social Sustainability Policy, including a new exclusion list and by proactively scaling up engagement with clients, partners, and development practitioners to mainstream the adoption of state-of-the-art ESG practices. We conduct ESG due diligence for all our projects, including more than 80 new projects in 2021 alone, helping clients embed data-driven decision-making tools in their business strategies and adopt solutions to improve their sustainability performance. We have also been pioneering the wave of green, social, sustainable, and sustainability-linked bonds in the region supporting our clients with 26 issuances over the last six years. Developing knowledge products to raise awareness, provide guidance and enhance clients' capacity to deliver on their sustainability agenda is also a core aspect of our work.

On the second front, we launched our Sustainable Debt Framework in 2021, a comprehensive issuance framework for our own debt program, which is aligned with the Green Bond Principles and Social Bond Principles recommended by the International Capital Markets Association (ICMA). We wanted to provide our investors with one of the strongest frameworks among the multilateral development bank by including a second party opinion to confirm the alignment of our framework with the ICMA principles and added an external review of our allocation and impact report. We want to "walk the talk" by following the same cri-

teria we require from our clients when we advise them and invest in their sustainable bonds.

As a sustainable issuer, we are also pioneering the issuance of thematic bonds in the international capital markets. We issued our first sustainability bond to support the financing of green and social projects in 2021. We also issued green and social bonds in the local debt capital markets in Mexico and Australia. In fact, we are proud to have executed 100% of our 2021 funding program (\$1.6bn) under the framework, including, among others, the first gender bond in Mexico and the first blue bond in LAC.

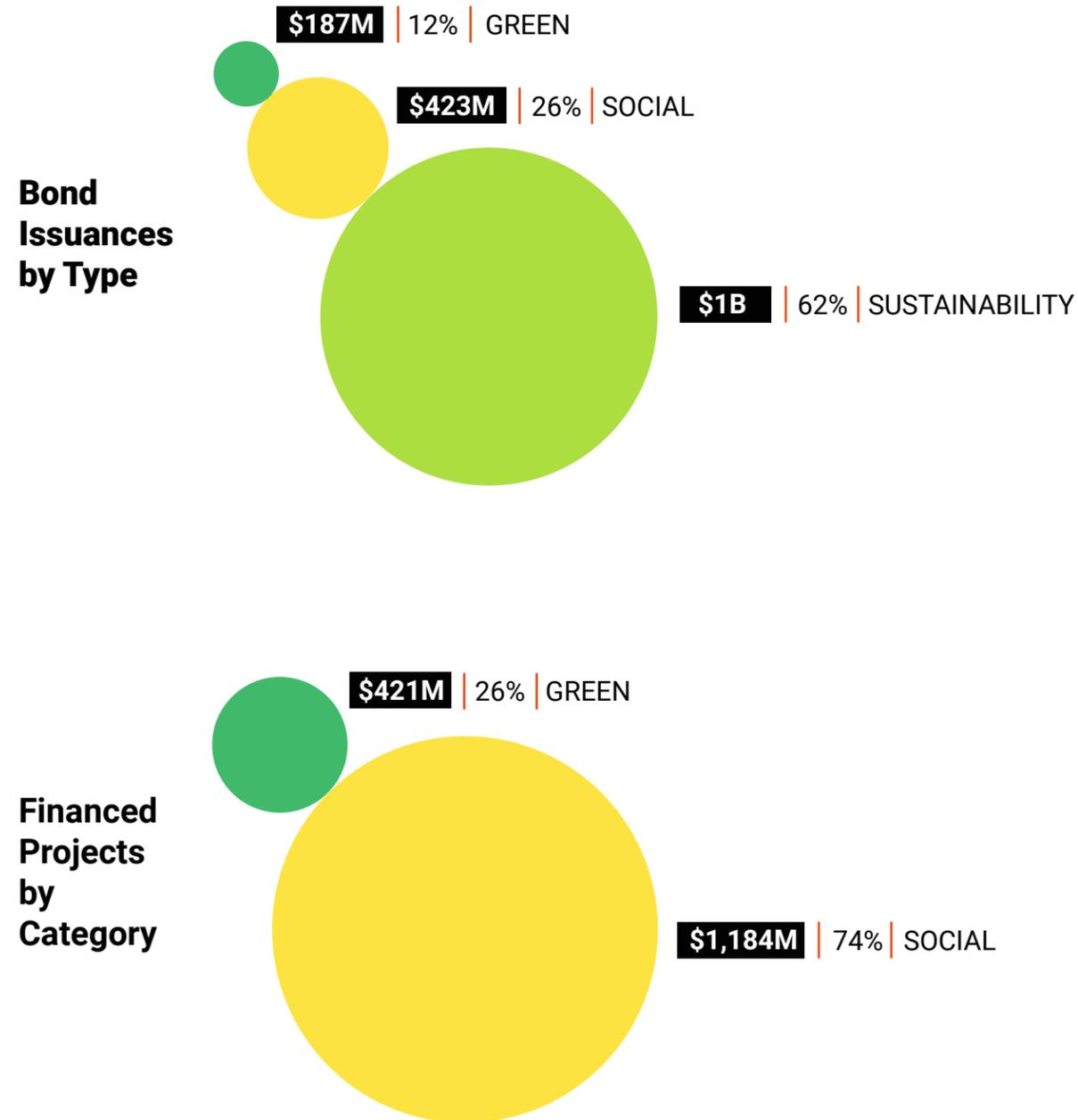
Today, as part of our commitment to transparency with our investors, we are launching our first Annual Sustainable Bond Report. It outlines our institutional pillars that are part of the IDB Group's 2025 Vision i) our strategic priorities; ii) our sustainability policies and practices and iii) our Impact Management Framework. The report includes detailed information on the allocation of funds to eligible green and social projects and showcases the impact they are having on people, firms, and the environment in the region. Please join in as we venture ever further into our sustainability journey!

Sincerely,

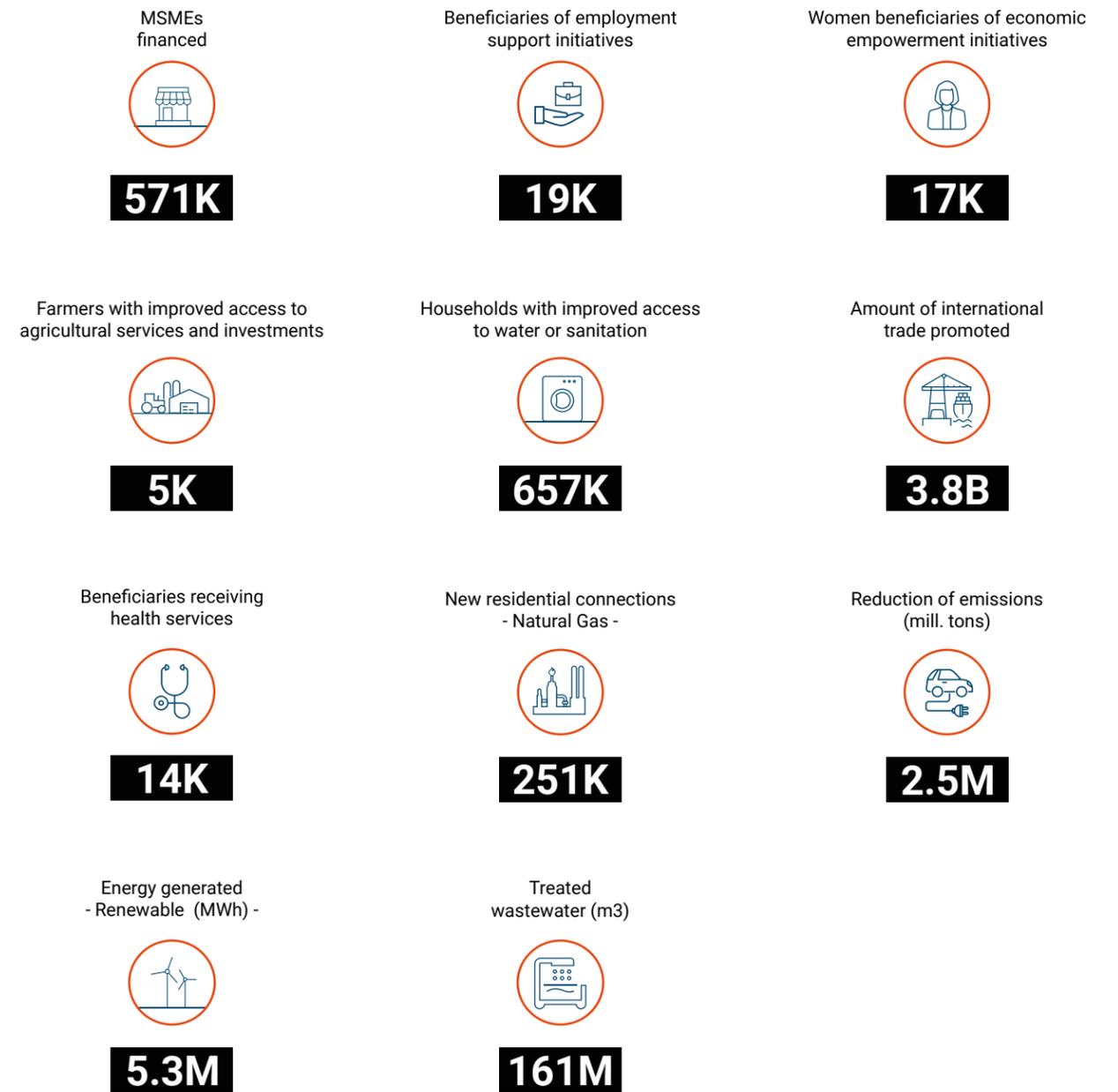
James P. Scriven

# At a Glance

## Issuance and Allocation Summary



## Impact Summary



# Banistmo Gender Bond

**Category:** Social

**Sub-category:**  
Socioeconomic advancement  
and empowerment



**Approved amount:**  
**\$50M**

**Allocated amount:**  
**\$50M**

**Between 2019 and 2021, the project has successfully helped Banistmo to focus on small companies. Around 57% of its clients have annual sales up to US\$1 million, and 25% up to US\$150,000. Specifically, the following results have been achieved:**

Over 9,800 women beneficiaries of economic empowerment initiatives.

Total value of loans disbursed to MSME are around US\$318.7 million.

A 5% share of the portfolio of SMEs led by women over the total portfolio (2021). Further, the participation of SMEs led by women in the total SME portfolio has increased from 39% in 2019 to 55%, in 2020 and 60% in 2021.

Therefore, the project has contributed to reducing inequalities with gender lens.

Approval Year: 2019  
Disbursement Year: 2021



## Project Description:

Banistmo is the second commercial bank in Panama by volume of deposits and loans, and the first bank in the country to have a value proposition focused on improving access to financial and non-financial services for women. Through the programs IMPULSA and IN-Pactamos, the bank finances women entrepreneurs and provides training and mentoring services for the development of businesses led by women.

IDB Invest partnered with Banistmo to promote entrepreneurship and the financial empowerment of women in Panama. In 2019, the IDB Invest invested US\$50 million in the structuring and purchase of a social bond with a gender focus issued by Banistmo. The bond aims to expand access to financing for SMEs led by women with a size, expressed in terms of annual turnover, between US\$12,000 and US\$10 million.

**5** GENDER EQUALITY



**8** DECENT WORK AND ECONOMIC GROWTH



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE





# INTRODUCTION

At IDB Invest, we promote the economic development of our regional developing member countries by encouraging the establishment, expansion, and modernization of private enterprises in Latin America and the Caribbean (LAC or the region) and supporting projects that aim to bolster competitiveness, inclusive economic growth, and sustainable practices.

Our sustainable bonds connect our approach to sustainability with the capital markets, giving investors opportunities to finance green and social projects through green, social, and sustainability bonds issued under our Sustainable Debt Framework (SDF or the Framework).

This report provides an overview of our Sustainable Bond issuances under the Framework in 2021, the allocation of proceeds to eligible projects, the development impact indicators for the eligible projects as of May 2022, and the alignment of the eligible projects with the United Nations Sustainable Development Goals (SDGs).

# Our Approach to Sustainability

As a Sustainable Issuer, we based our approach to sustainability on three institutional pillars:

**1 Strategic Priorities** which have two components. The first is the [Renewed IDB Group Vision](#), which underpins the IDB Group Private Sector reorganization and reflects the Board of Governors' long-term mandate for IDB Invest to maximize development impact and provide access to financing, technical knowledge, and sectoral expertise within a framework of financial sustainability to clients in the region. The second component is the [IDB Group's Institutional Strategy](#), which focuses on our strategic priorities in areas where the private sector shows potential for significant contributions to the IDB Group's goals. These include

the development challenges of productivity and innovation and economic integration; the cross-cutting issues of gender equality, inclusion, and diversity; and the mitigation and adaptation strategies related to climate change and environmental sustainability.

**2 Impact Management Framework**, an end-to-end series of tools and practices that allows us to build, measure, and manage a portfolio of financially sustainable investments that maximize development impact and contribute to reaching the SDGs in the region.<sup>1</sup> The framework is fully aligned with

leading global initiatives such as the Operating Principles for Impact Management, of which we are a signatory and a member of the Advisory Board.<sup>2</sup>

**3 Sustainability Policy and Practices**, which include our [Environmental and Social Sustainability Policy](#) and our [Exclusion List](#) to ensure the environmental and social sustainability of our financed projects through the application of robust environmental, social, and governance (ESG) risk management standards and commitment to sustainable development, as the foundation of its approach to risk management.

<sup>1</sup> More information on IDB Invest's Impact Management Framework is available at [www.idbinvest.org/impact](https://www.idbinvest.org/impact).

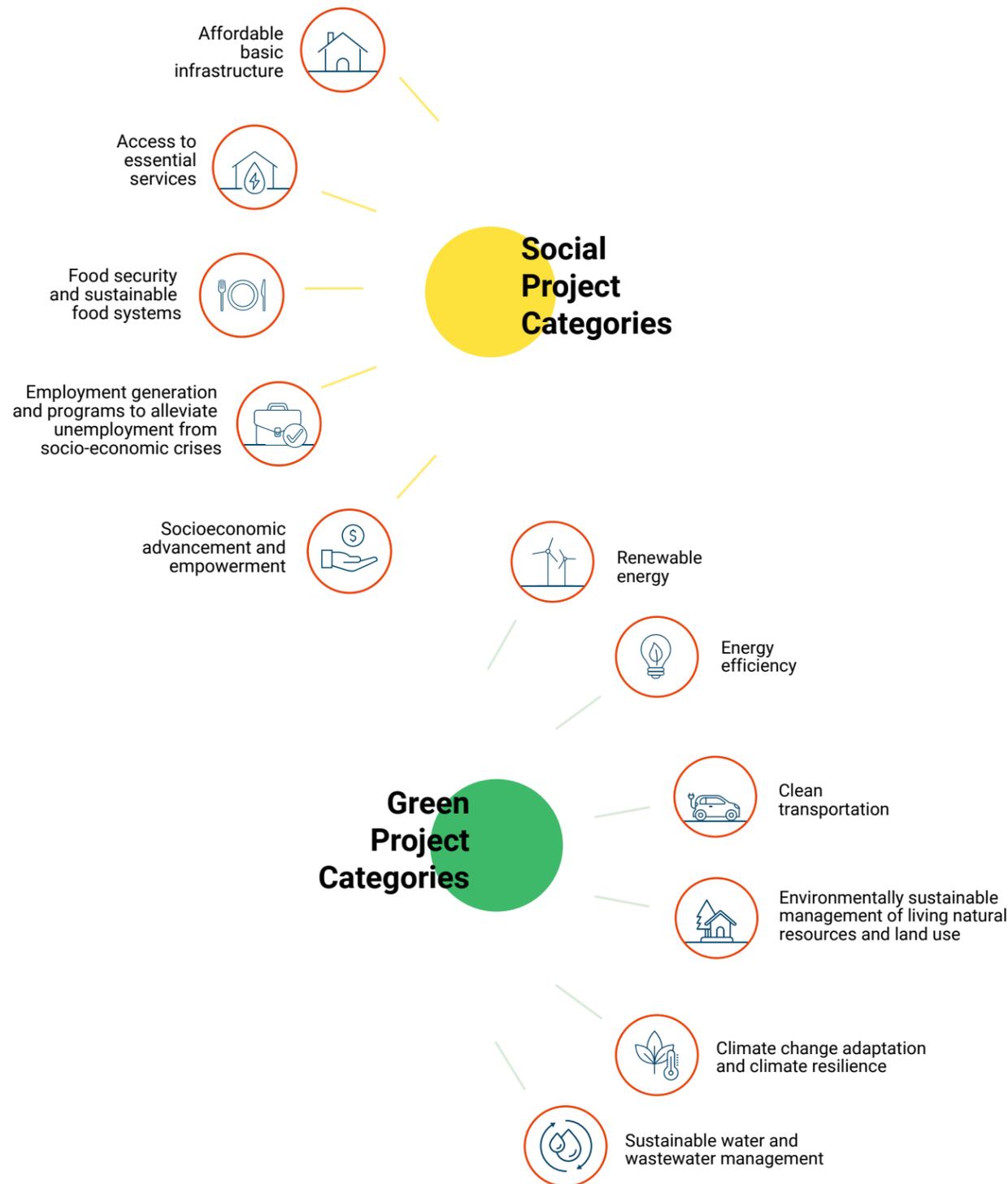
<sup>2</sup> For more information on the Operating Principles for Impact Management see <https://www.impactprinciples.org>. To review IDB Invest's annual disclosure statement as well as the independent verification report on IDB Invest's alignment with the Impact Principles see <https://idbinvest.org/en/how-we-work/development-effectiveness>.

## Our Sustainable Debt Framework

In 2021, we established our [Sustainable Debt Framework](#), as an overarching tool that governs the issuance of green, social, and sustainability debt instruments in different formats (e.g., bearer or registered notes), tenors (e.g., medium-term bonds, long-term bonds, and commercial paper), and offering types (e.g., private placements or public offerings). The Framework is aligned with the Green Bond Principles (GBP) 2018, Social Bond Principles (SBP) 2020, and Sustainability Bond Guidelines (SBG) 2018 published by the International Capital Market Association (ICMA). Vigeo Eiris provided an independent [Second Party Opinion](#) confirming the Framework's alignment with the four components of the GBP 2018 and SBP 2020, and awarded it the highest rating (advanced) for its contribution to sustainability (expected impact and ESG risks management).

# Use of Proceeds

Our Framework defines 11 categories of eligible projects to which bond proceeds can be allocated.



# Management of Proceeds

The proceeds of the debt issued under the Framework are deposited in our general treasury account and managed by the Treasury Division following its investment and risk policies until full allocation. The funds are allocated annually until the debt matures on a nominal equivalence basis to a pool of eligible projects as defined in the Use of Proceeds section. The allocation period for the proceeds cannot surpass 24 months after debt is issued. Any unallocated balance will be disclosed in the annual Sustainable Bond Report.

# Project Selection and Allocation Process

The process for the allocation and management of proceeds relies on explicit eligibility, selection, and exclusion criteria relevant to the environmental and social objectives defined for the eligible categories.

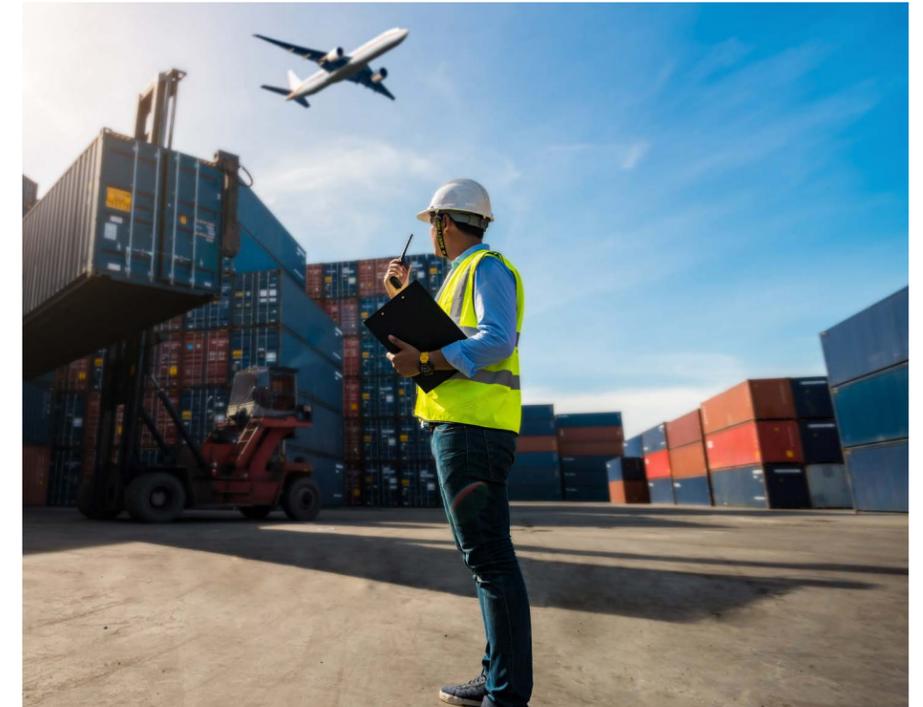
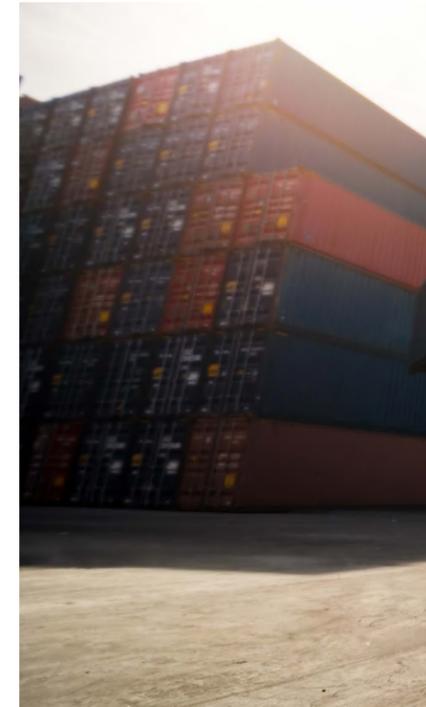
We apply our end-to-end Impact Management Framework throughout the project cycle, starting early in the process with our Strategic Selectivity tool that guides the business development process to select projects with significant impact potential, focusing on key priority areas: climate change; gender equality, diversity, and inclusion; micro, small and medium-sized enterprises (MSMEs); and serving the region's smaller economies and small and island countries. Once identified, projects enter the approval process which includes the following stages: 1) Client engagement; 2) Path to approval; 3) Closing and first disbursement; 4) Supervision and recovery; and 5) Impact measurement evaluation. Section 2.2 of the SDF describes the approval process and its stages in greater detail.



# Reporting

Our annual allocation and impact report provides an overview of our capital market activity under the Framework for the reporting year, the allocation of proceeds to eligible projects, the development impact indicators for the eligible projects, and the alignment of the eligible

projects with the SDGs. Whenever possible, we use standardized metrics from the Harmonized Indicators for Private Sector Operations (HIPSO) or the IRIS+ system. The disclosures in this report address relevant topics in a standardized and comparable form. They are meant for



professional users of sustainability reports such as financial and ESG analysts, civil society organizations, members of the academic community, and any other interested parties. Some of the eligible projects are themselves green, social, or other thematic bonds, and are disclosed as such in the eligible project list.

Sustainalytics was appointed as external reviewer to confirm the allocation of proceeds to eligible projects in our Sustainable Bond Report.

# Building a more inclusive textile supply chain in Honduras

**Category:** Social

**Sub-category:** Employment generation and programs to alleviate unemployment from socio-economic crises



**Approved amount:**  
\$64M

**Allocated amount:**  
\$64M

**Total mobilization:**  
\$32M

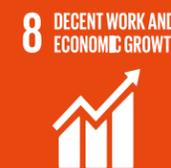
**As of 2021, the project has achieved the following results:**

About **5,000 new jobs** created, surpassing the target of 3,200.

**379 SME suppliers** integrated into the value chain, 92% of the total expected.

Elcatex **increased its sales by 24%** between 2019 and 2021. The new plant became operational in September 2021 and is expected to reach capacity by 2022 and exceed its targets including for production and exports.

Approval Year: 2020  
Disbursement Year: 2021



**Project Description:**

Elcatex and San Juan Textiles are subsidiaries of Grupo Elcatex, one of the leading businesses in the textile sector in Honduras. IDB Invest financing is helping Elcatex to improve its production by contributing to the construction and equipping of the San Juan Textiles plant, as well as by increasing integration of SMEs into its supply chain, especially those led or owned by women. Through this project, Elcatex and San Juan Textiles are increasing their capacity to produce cotton fabrics, diversify exports with a new production line for synthetic fabrics, and create jobs, contributing to the country's socioeconomic development.

The project also aims to boost women's formal participation in the textile sector. Using resources from the Women Entrepreneurs Finance Initiative (WeFi), IDB Invest's advisory services team is working with Elcatex to identify opportunities to increase access to the value chain for women suppliers, train its senior management and the procurement team, and enhance its supplier monitoring system.



# 2021 SUSTAINABILITY HIGHLIGHTS

## Investing in Green and Inclusive Growth

During the second year of the pandemic, LAC faced the daunting task of recovering from the worst socio-economic crisis in more than a century. Given the disproportionate impact of the crisis on vulnerable populations, increased risks from climate change, and public sector constraints in confronting these challenges, a successful recovery must be both sustainable and inclusive—and private sector-led.

At our 2021 Annual Meeting in Barranquilla, Colombia the IDB President and chairman of IDB Invest Board of Executive Director, Mauricio Claver-Carone, outlined Vision 2025, a roadmap to accelerate the region's recovery and achieve sustainable, inclusive growth. To meet this challenge, the IDB Group focuses on five opportunities: taking bolder climate action, promoting gender equity and inclusion, deepening regional integration and strengthening value chains, promoting a digital economy, and supporting small and medium-sized firms to narrow an estimated \$1 trillion financing gap. IDB Invest's sustainable investment approach is key for propelling action in these areas.

To maximize our impact, we select the most suitable clients and partners, and leverage our sector knowledge and our products and services expertise to create solutions that meet our clients' needs, helping them embed sustainability in their strategies and operations and contribute to the region's development



### **Climate finance from Multilateral Development Banks (MDB) rose to \$66 billion in 2020**

Accelerating the transition to low-carbon and climate-resilient economies through climate finance is a key element of MDB efforts to align their activities with the objectives of the 2015 Paris Agreement to keep global warming well below 2°C, with efforts to limit it to 1.5°C. In the past six years, MDBs have jointly committed a total of \$257 billion in climate finance, of which \$186 billion went to low- and middle-income economies. Climate finance from MDBs reached \$66 billion in 2020 up from \$61.6 billion in 2019, according to the [2020 Joint Report on Multilateral Development Banks' Climate Finance](#) (see [press release](#)).



### **IDB Group plan of action to fully align operations with Paris Agreement by 2023**

At the UN Climate Change Conference in November 2021, COP26, the IDB President Mauricio Claver-Carone announced that 100% of the IDB Group's new loans and projects will be fully aligned with the Paris Climate Agreement by 2023. Alignment requires the IDB Group's work to be consistent with a country's net-zero emissions and climate-resilient development goals. It must also be compatible with the Paris Agreement's overall long-term decarbonization objective. Also, at COP26 MDBs led by the IDB Group pledged to mainstream nature across their policies and to significantly boost nature finance for member countries. The [MDBs' joint statement](#) "Nature, People, and Planet" commits support for countries to define and enact sustainable strategies.



### **IDB Group achieved EDGE Move certification**

In 2021, [the IDB Group achieved EDGE Move certification](#), making it the second MDB worldwide to reach this distinction. To earn this level of certification, both IDB and IDB Invest went through a rigorous independent study that included a review of their policies, gender pay gap, recruitment efforts, flexible work solutions, culture, among other topics. The independent study showed remarkable results. Besides the existence of a gender-neutral and substantial parental leave policy, one achievement that stood out was that both IDB and IDB Invest continue to have equal pay for equal work; meaning men and women with similar roles and responsibilities earn the same at the organization.



### **Green Bond Transparency Platform**

The IDB and IDB Invest launched the [Green Bond Transparency Platform \(GBTP\)](#), an innovative digital tool that brings greater transparency to the green bond market in LAC.

The GBTP supports the harmonization and standardization of green bond reporting, boosting investors' confidence that the proceeds from bond issuances are being spent on green projects with adequate impact measurement. Users can learn about the proceeds, impacts, and methodologies for each green bond in the region and filter data to access environmental performance using different criteria. Blockchain (DLT) technology facilitates secure data reporting in the GBTP.

The digital tool supports IDB Group efforts to scale up the green bond market in the region and helps national and municipal governments, financial institutions, and companies access the financing they need to tackle climate change and make environmentally sustainable investments (see [press release](#)).

# BRK Ambiental: Increasing access to water and sanitation services in Brazil

**Category:** Green and social

**Sub-category:**

**Social:** Access to essential services

**Green:** Sustainable water and wastewater management

Brazil



**Approved amount:**  
**\$114.1M**

**Allocated amount:**  
**\$26M**  
(50% Social & 50% Green)

**As of 2021, the project has achieved the following results:**

Nearly 100,000 additional households served (from 215,000 in 2017 to 312,800 in 2021).

161 million cubic meters of wastewater treated since 2017.

Around 2,400 direct jobs supported per year through the company's operations.

Approval Year: 2018  
Disbursement Year: 2021

1 NO POVERTY



3 GOOD HEALTH AND WELL-BEING



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



**Project Description:**

BRK Ambiental is the largest private sanitation utility in Brazil, with a presence in 185 municipalities, serving 15 million people. In addition to providing solutions to preserve natural resources and improve the quality of life of residents, the company operates waste and water treatment plants for industrial operations.

IDB Invest financing is supporting the company's sanitation project in the city of Recife, an area in Northeastern Brazil with significant economic vulnerability and infrastructure gaps. About 50% of the population living in the project area earns less than half of the minimum wage per month, and about 70% of the population lacks access to sanitary sewage networks. IDB Invest financing will help the company expand, rehabilitate, and improve the wastewater infrastructure in 15 municipalities, aiming to cover 90% of the population in these areas with access to sanitation services by 2037. In addition, the project is expected to generate more than 1,000 jobs during the construction of infrastructure in the region, 20% of which will be occupied by women.

# SUSTAINABLE BOND PROGRAM

## Overview

In 2021, we launched our Sustainable Debt Framework and executed 100% of our funding program totaling \$1.6 billion in three currencies under the Framework.

Notable issuances include our inaugural \$1 billion sustainability bond, our first social bond, issued in the Australian Market for AUD 400 million, and our first gender bond issued by an MDB in Mexico for MXN 2.5 billion.

Throughout the year, we executed private placements predominantly with Japanese investors by issuing three green bonds for a total of \$186.7 million, including the first blue bond in LAC for AUD 50 million to support clean water and ocean conservation projects.

### Green Bonds

USD  
**\$100M**

10 Years  
Fixed Rate

June - 2021

AUD  
**\$68M**

10 Years  
Fixed Rate

September - 2021

AUD  
**\$50M**

10 Years  
Fixed Rate

December - 2021

### Social Bonds

MXN  
**\$2.5B**

3 Years  
Floating Rate

March - 2021

AUD  
**\$400M**

5 Years  
Floating Rate

June - 2021

### Sustainability Bonds

USD  
**\$1B**

5 Years  
Fixed Rate

Feb - 2021

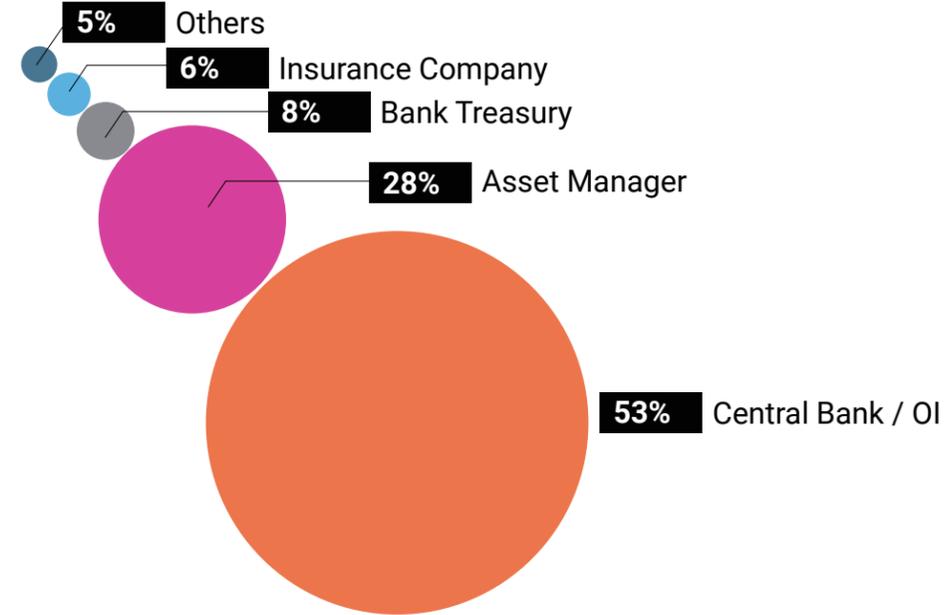
# Our activity in the Capital Markets 2021

Green Bond - Blue -	Green Bond - Decarbonization -	Green Bond - Transition -	Social Bond - Gender -	Social Bond	Sustainable Bond
<b>\$38M</b>	<b>\$50M</b>	<b>\$100M</b>	<b>\$121M</b>	<b>\$301M</b>	<b>\$1B</b>
AUD	AUD	USD	MXN	AUD	USD
11 - Apr -31	29 - Sep -31	11 - Jun -31	20 - Mar -24	30 - Jun -26	10 - FEB -26
2.20%	1.75%	1.69%	TIE28 Flat	1.10%	0.625%
AU3CB0284263	XS3391894404	XS2349425657	MXJIBI0K0036	AU3CB0281285	XS2297244878
Kangaroo	EMTN	EMTN	MXN Local	Kangaroo	EMTN
<b>\$1,610M</b>					

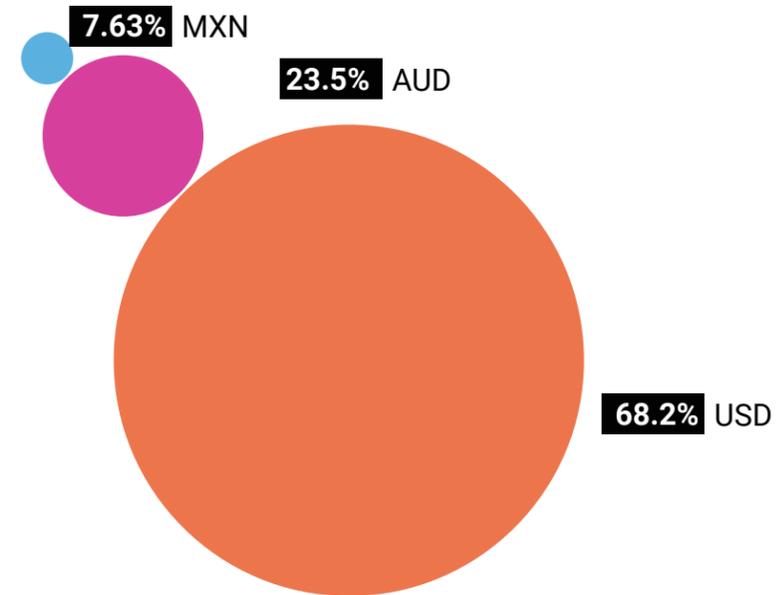
The proceeds are equivalent to US\$ at the moment of the issuance

# Investor Distribution

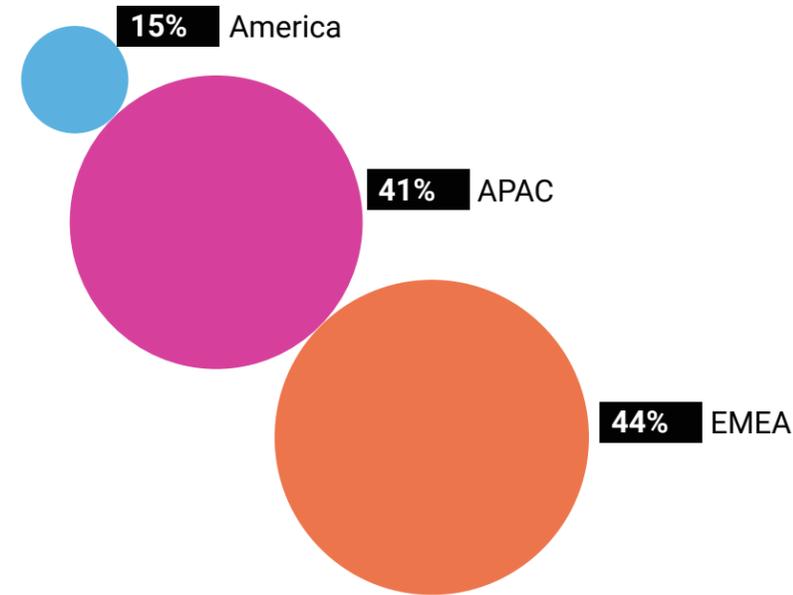
## Investors by type



## Outstanding by Currency



## Investors by Region



# Bolstering the productivity and sustainability of the pulp and paper industry in Brazil

**Category:** Green

**Sub-category:**  
Renewable energy



Brazil

**Approved amount:**  
**\$180M**

**Allocated amount:**  
**\$13.7M**

**Total mobilization:**  
**\$267.6M**

## By the end of 2021, the following results have been achieved (vs. 2018):

1,673 new permanent jobs created	60% increase in wood produced by its own plantations	60% increase in wood supplied by local farmers	Volume of production of pulp and paper (in tons) increased 15% and 87%, respectively.	US\$1.1 billion in export sales	Installed power capacity for renewable energy generation increased from 384 MW to 530 MW.
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Approval Year: 2019  
Disbursement Year: 2020

7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



17 PARTNERSHIPS FOR THE GOALS



## Project Description:

Klabin is the largest producer, exporter, and recycler of packaging paper in Brazil and one of the largest integrated paper producers in Latin America. Klabin has 17 industrial plants in Brazil and one in Argentina. The pulp and paper industry has a significant participation in the Brazilian economy and is present in approximately 1,000 municipalities and employs approximately 5 million people.

The project (Puma II) with IDB Invest aims to expand Klabin's paper production capacity through the construction of two pulp integrated packaging paper machines (Kraftliner) in parallel with the actual Puma I operations, a pulp mill financed by IDB Invest and unveiled in 2016. The new machines will have a total capacity of 920,000 tons of paper per year. More specifically, the project aims to increase Brazilian industrial production and its efficiency, promote global and regional trade through export growth, expand and streamline the pulp and paper industry value chain, create jobs, increase renewable energy generation and energy efficiency, and strengthen social and environmental practices in the sector. Puma I and II will be energy self-sufficient based on renewable energy generation.

# ALLOCATION OF PROCEEDS

## Overview

An amount equal to the total proceeds of our bonds issued in 2021 (\$1.6 billion) were allocated to eligible projects, 72% to refinance existing projects<sup>3</sup> and 28% to finance new projects. 74% of the proceeds were allocated to social projects while green projects represent 26% of the total. Within the social categories the largest share was allocated to socioeconomic advancement and empowerment (68%), followed by employment generation (22%). Among the green categories, renewable energy dominates the distribution (92%).

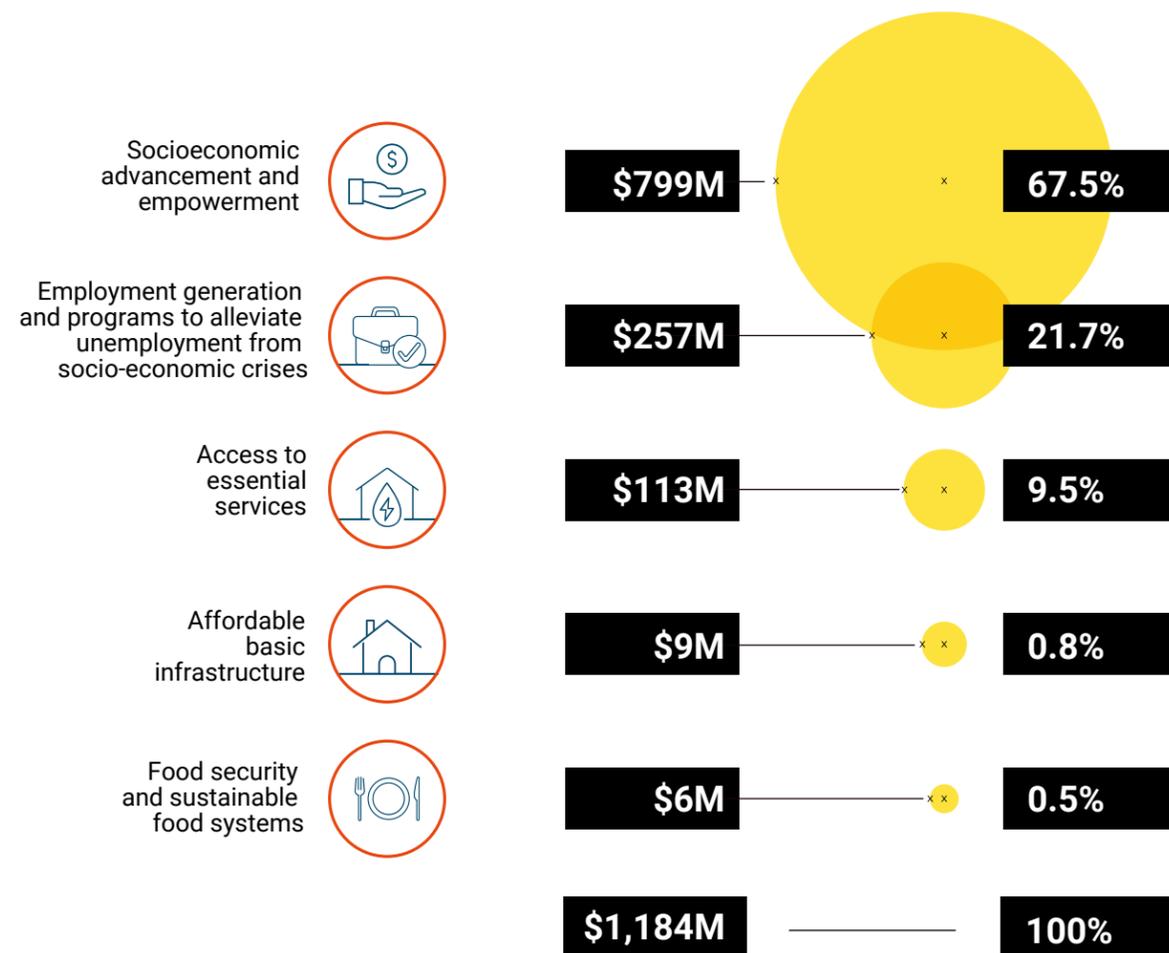
<sup>3</sup> Refinancing is defined as allocating proceeds to projects disbursed previous to, but in no case longer than 24 months before, the bond issuance date.



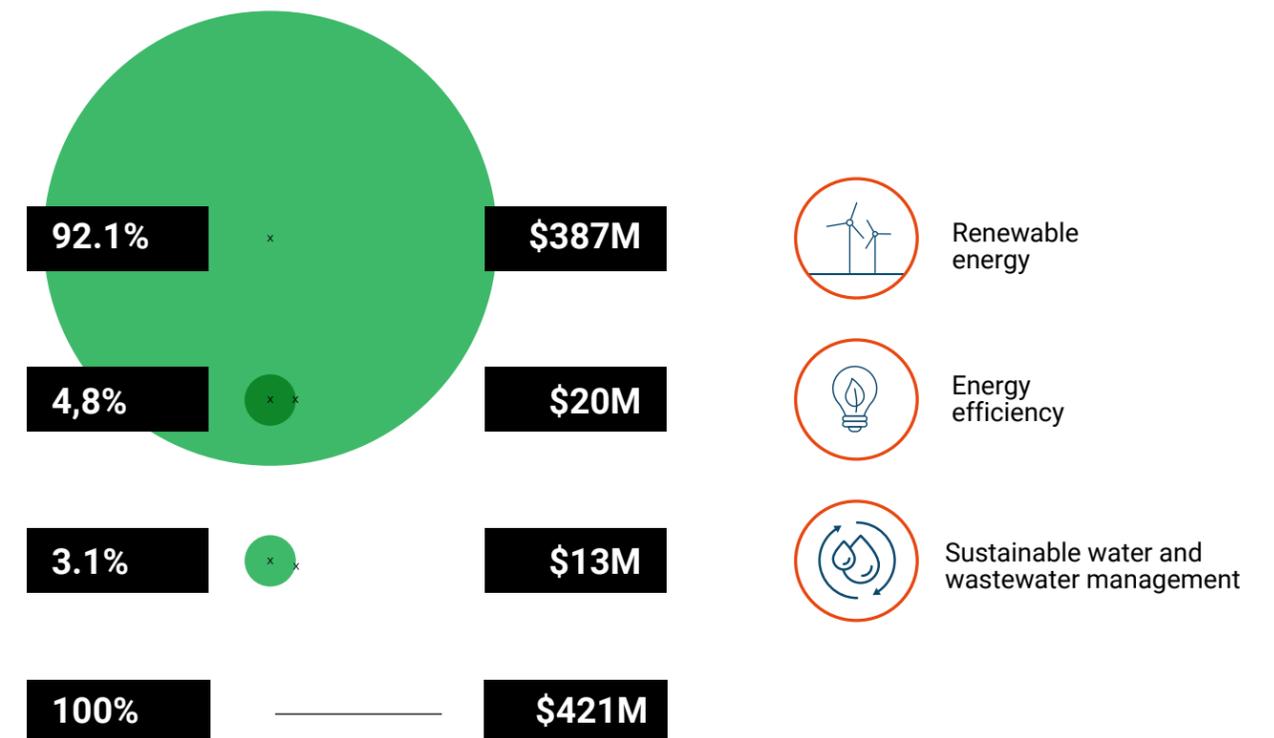
● GREEN BONDS ● SOCIAL BONDS

## Allocation by category

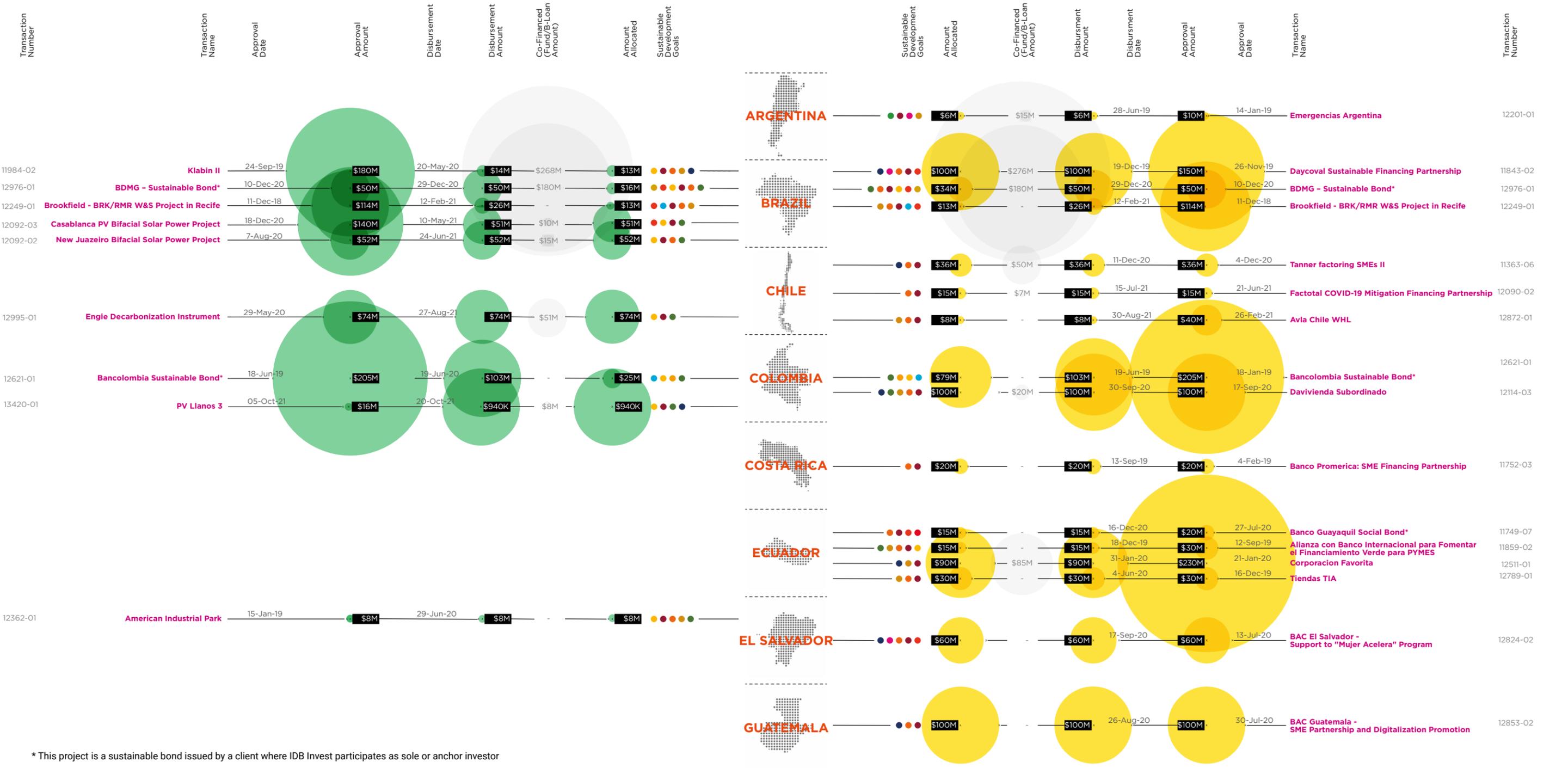
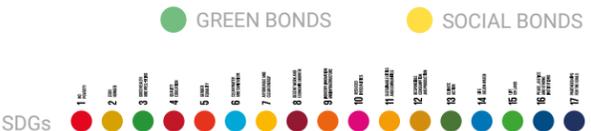
### Social Categories



### Green Categories



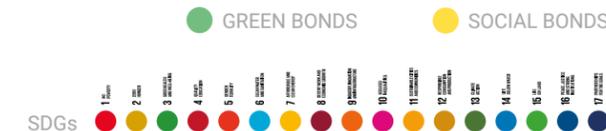
# Eligible Projects: Committments and Allocations 1/2



\* This project is a sustainable bond issued by a client where IDB Invest participates as sole or anchor investor

# Eligible Projects: Commitments and Allocations

2/2



Transaction Number	Transaction Name	Approval Date	Approval Amount	Disbursement Date	Disbursement Amount	Co-Financed (Fund/B-Loan Amount)	Amount Allocated	Sustainable Development Goals	Country	Sustainable Development Goals	Amount Allocated	Co-Financed (Fund/B-Loan Amount)	Disbursement Amount	Disbursement Date	Approval Amount	Approval Date	Transaction Name	Transaction Number	
12467-01	Grupo Kattan	22-Mar-19	\$5M	28-Jun-21	\$5M	-	\$5M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	HONDURAS	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$64M	\$32M	\$64M	19-Feb-21	\$64M	20-Apr-20	Grupo Elcatex/San Juan Textiles	12375-01	
									JAMAICA	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$35M	\$31M	\$35M	15-Jan-21	\$35M	11-Mar-20	JMMB Bank Partnership	12793-03	
11894-03	Xoxocotla Solar PV	22-Jun-18	\$9M	28-Aug-20	\$9M	\$8M	\$9M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	MEXICO	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$9M	-	\$9M	23-Mar-21	\$21M	7-Jan-19	Grupo Kowi	12292-01	
12402-01	Navojoa Solar PV	12-Dec-18	\$23M	14-May-21	\$12M	\$12M	\$12M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17		1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$15M	-	\$15M	17-Sep-21	\$15M	12-Jul-21	CAME	12678-01	
12893-01	La Pimienta Sola Project	6-Aug-20	\$69M	22-May-21	\$38M	-	\$38M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17		1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$46M	\$20M	\$46M	26-May-20	\$46M	30-Mar-20	VARMOXZ	12822-01	
13289-01	Green Power Assets (Magdalena)	28-Jan-20	\$27M	9-Mar-20	\$27M	\$13M	\$27M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17		1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$19M	-	\$19M	6-Nov-20	\$18M	17-Sep-20	Mercader Finacial - SME Financing Partnership	13001-01	
13290-01	Green Power Assets (Dolores)	28-Jan-20	\$47M	9-Mar-20	\$47M	\$23M	\$47M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17		1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$2M	-	\$2M	23-Oct-20	\$38M	1-May-20	Konfio Warehousing Line	13057-01	
13291-01	Green Power Assets (Amista IV)	28-Jan-20	\$27M	9-Mar-20	\$27M	\$13M	\$27M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$10M	-	\$10M	18-Jun-21	\$10M	16-Feb-21	Kubo Financiero	13102-01		
									NICARAGUA	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$18M	-	\$18M	23-Apr-20	\$20M	12-Dec-19	CRN - CCN Reciclaje	12597-01	
									PANAMA	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$50M	-	\$50M	26-Aug-19	\$50M	16-Jul-19	Banistmo Social - Gender Bond*	12174-02	
										1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$9M	-	\$9M	22-May-21	\$16M	21-Nov-18	Hotel La Compañía	12282-01	
										1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$30M	\$22M	\$30M	30-Jun-21	\$30M	11-Mar-21	Capital Bank SME Financing Partnership	13316-01	
									PARAGUAY	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$15M	-	\$15M	17-Jun-20	\$45M	20-Mar-20	Sudameris MSME Financing Partnership	12933-01	
									PERU	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$10M	-	\$10M	7-May-29	\$10M	27-Sep-18	Cooperativa de Ahorro y Crédito Pacifico	12325-01	
								1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17		\$16M	-	\$16M	30-Nov-20	\$16M	22-Jul-19	CMAC Huancayo	12357-01		
								1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17		\$16M	-	\$16M	18-Dec-20	\$16M	23-Jun-20	Caja Arequipa Bono Mujer*	13019-01		
								1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17		\$100M	-	\$100M	28-Aug-20	\$100M	31-Jul-20	Cálida Corporate Loan	13146-01		
11466-03	Natelu B Bond	21-Oct-20	\$1M	11-Dec-20	\$1M	\$12M	\$1M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	URUGUAY	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$1M	-	\$1M	-	-	-	-	-	-
11467-03	Yarnel B Bond	21-Oct-20	\$1M	11-Dec-20	\$1M	\$13M	\$1M	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17		1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	\$1M	-	\$1M	-	-	-	-	-	-

# Increasing the sustainability of free trade zones through renewable energy in Honduras

**Category:** Green

**Sub-category:** Renewable energy



**Approved amount:**  
**\$5M**

**Allocated amount:**  
**\$5MM**

**As of 2021, the project has achieved the following results:**

6,752 MWh of solar energy produced with the photovoltaic system, exceeding the target by 28%

4,254 tons of CO2 emissions reduced

Installed capacity of 4.87 MWp of energy production from renewable sources

7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



**Project Description:**

Inmobiliaria Hondureña del Valle S.A (INHDELVA), belonging to the Kattan Group, operates a free industrial zone in the Department of Cortés that is currently one of the main manufacturing, processing, and distribution centers in Honduras. IDB Invest is financing the installation of a rooftop solar photovoltaic park of up to 6.4 MW that will help to sustainably meet part of the energy needs of this free trade zone, which generates around 4,000 jobs.

The project will help mitigate the emission of approximately 94,000 tons of CO2 over the next 25 years. The solar energy produced will cover 25% of the electricity currently consumed by the industrial park.

Approval Year: 2019  
Disbursement Year: 2021



# OUR IMPACT

## Methodology

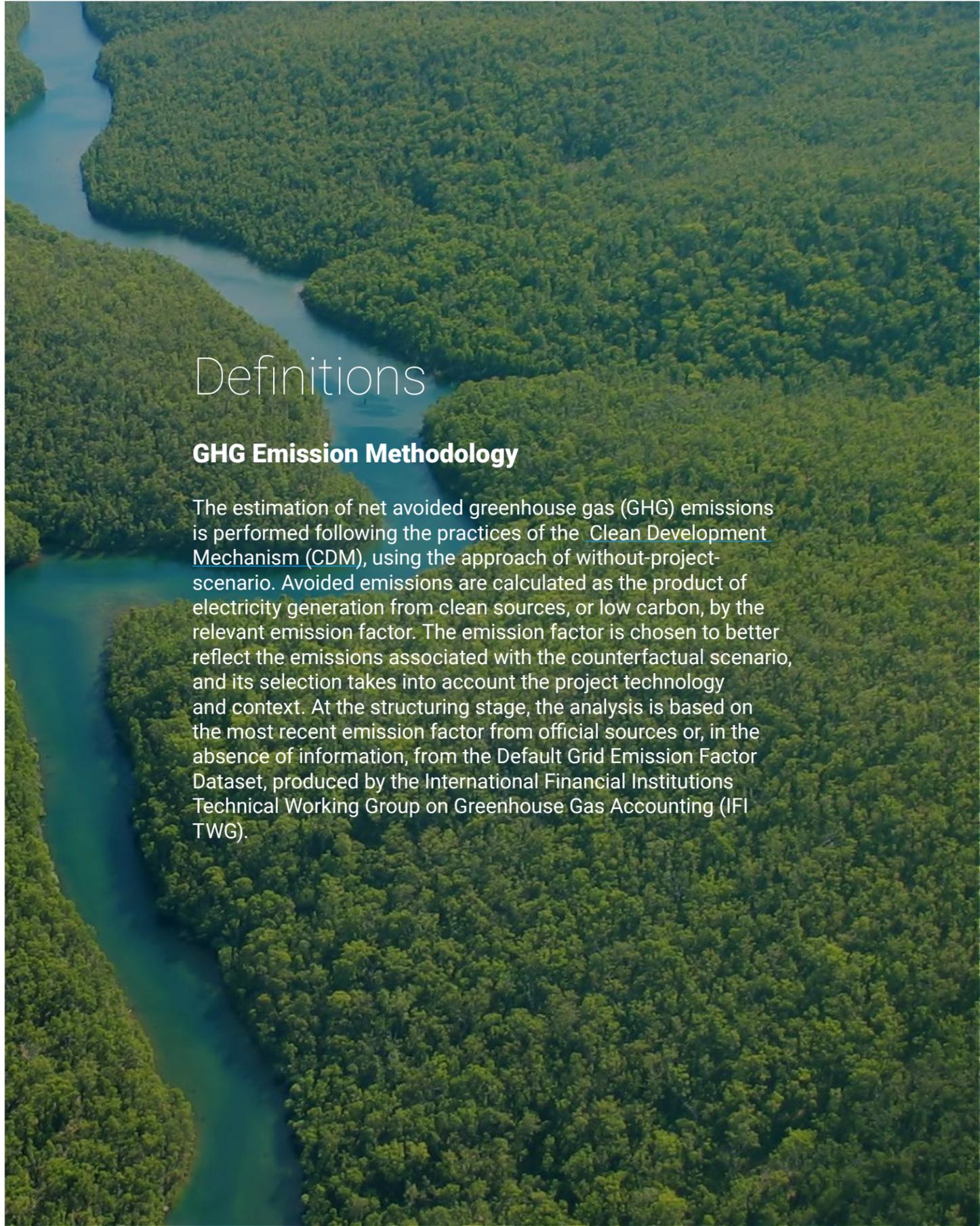
**Our Impact Management Framework underpins the allocated portfolio's composition and impact reporting.** Our framework is an end-to-end series of tools and practices that support the complete project lifecycle and integrate impact and financial considerations into project origination and portfolio management. It aims to fulfill three main objectives: 1) build, measure, and manage a portfolio for impact; 2) ensure learning from operational experience and the generation and dissemination of knowledge; and 3) ensure timely and transparent reporting on development impact to our stakeholders.

**The impact reporting relies on our impact measurement system, called the DELTA** (Development Effectiveness, Learning, Tracking, and Assessment). The DELTA is a rigorous, evidence-based rating system that systematically assesses the expected impact of each investment and tracks results achieved over time. At origination, each project is assigned a score, ranging from zero to 10, which is tracked and updated throughout implementation. Four key elements are embedded within the DELTA score calculated for each investment:

- 1) an approximation of the **economic and social rate of return**;
- 2) a **stakeholder analysis** to ensure that the most important direct and indirect effects are considered;
- 3) a **sustainability assessment** to ensure that the project is financially sustainable and meets ESG requirements; and
- 4) an **additionally assessment** to ensure that we provide financing beyond what is available in the market, without crowding out, and when needed, offers advisory services or knowledge to strengthen investments and build client capacity for long-term sustainability.

Likewise, **the DELTA serves as a management tool**, collecting data on impact results from individual projects to help visualize the evolution of the portfolio as a whole and identify patterns, gaps, and key predictors of impact success. In addition to the comprehensive impact analysis that goes into the score itself, each project has a results matrix with specific indicators and targets relevant to its theory of change and impact objective, including indicators to track the project's contribution to identified SDG targets. Each project also has a monitoring and evaluation plan that outlines how these indicators will be tracked and measured throughout implementation, and ultimately, evaluated at the end of a project to determine whether or not objectives were achieved. This plan specifies the frequency, methods, sources, and responsibilities for data collection and analysis. Whenever possible, indicators

are aligned with standardized metrics from the Harmonized Indicators for Private Sector Operations (HIPSO) or the IRIS+ system. Therefore, the DELTA's structure paves the way for ongoing measurement of impact results against expectations throughout the lifetime of the project. As part of the annual supervision exercise that integrates both financial and impact performance, the DELTA Project Score is updated on a client level basis to reflect actual performance toward achieving impact targets set in the results matrix, allowing for a portfolio view of ongoing impact achievements.



## Definitions

### GHG Emission Methodology

The estimation of net avoided greenhouse gas (GHG) emissions is performed following the practices of the [Clean Development Mechanism \(CDM\)](#), using the approach of without-project-scenario. Avoided emissions are calculated as the product of electricity generation from clean sources, or low carbon, by the relevant emission factor. The emission factor is chosen to better reflect the emissions associated with the counterfactual scenario, and its selection takes into account the project technology and context. At the structuring stage, the analysis is based on the most recent emission factor from official sources or, in the absence of information, from the Default Grid Emission Factor Dataset, produced by the International Financial Institutions Technical Working Group on Greenhouse Gas Accounting (IFI TWG).

## Target Populations

The definitions and the mechanism to identify target populations are integrated into the DELTA Impact Rating System explained above. As recommended by the Social Bond Principles in the guidance document, [Working Towards a Harmonized Framework for Impact Reporting for Social Bonds](#), we created a list of potential target populations depending on the nature and socioeconomic context of the Eligible Project, defined as follows:

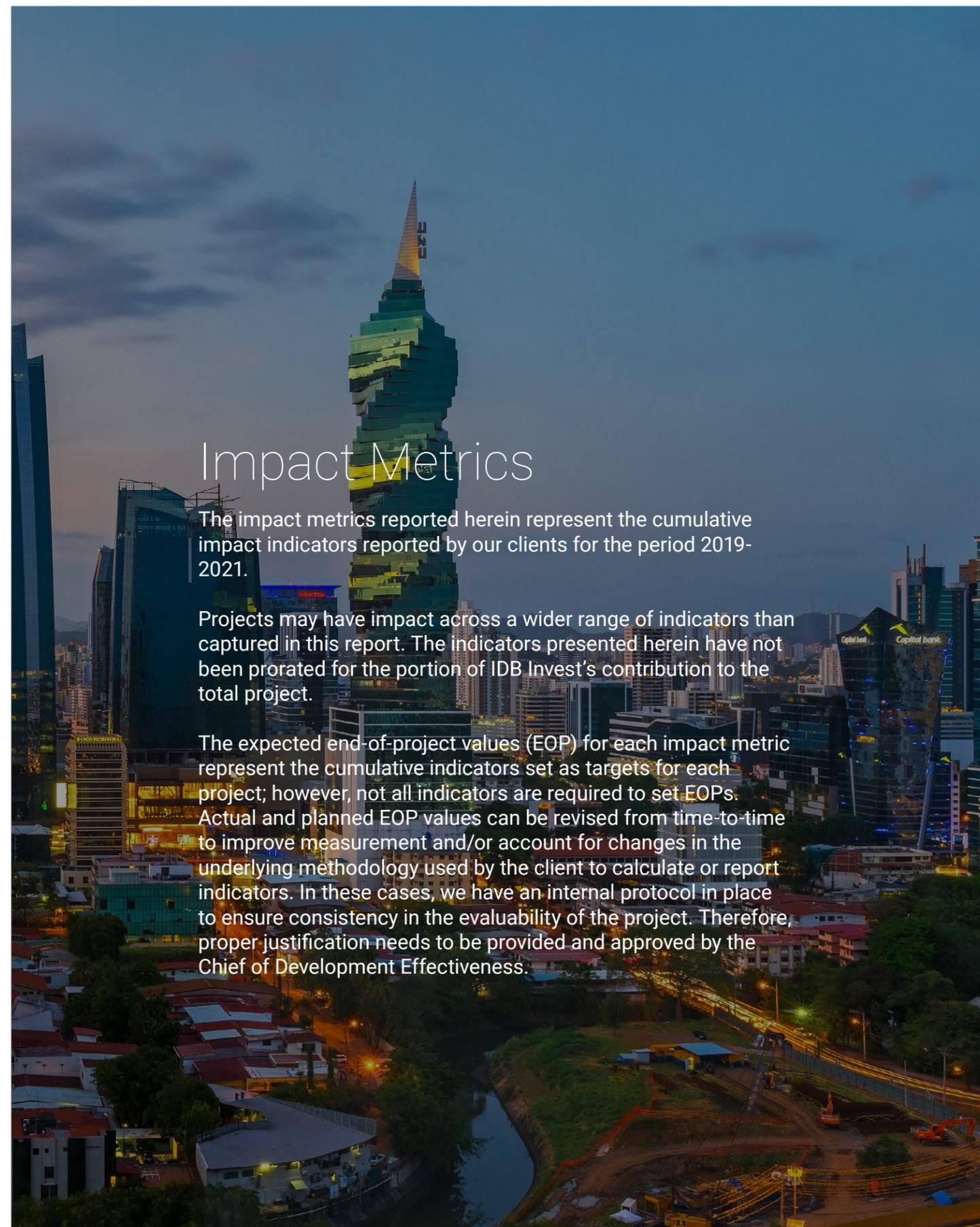
- **Low-income population:** individuals living above the poverty line but below the national median income.
- **Vulnerable population:** those with a daily per capita income of \$4 to \$10 at Purchasing Power Parity (PPP).
- **Poor population:** those living in poverty based on a daily per capita income of less than \$3.10 per day at 2011 PPP.

- **Diverse population:** indigenous peoples, African descendants, persons with disabilities, and LGBTQ+ persons. Excluded populations refer to people excluded due to ethnicity, language, religion, political or other opinion, national or social origin.

- **MSMEs:** defined based on the common reporting definition in the host country and/or the definition used by the financial intermediaries supported, to categorize their loan portfolio according to the size of sub-borrowers.

- **Women-led MSMEs and/or women-headed households.** A women-led business is defined as an enterprise that is controlled at least 51% by women or where the Chief Executive Officer (CEO) and/or Chief Operations Officer (COO) or equivalent (highest managerial) position(s) (e.g., General Manager, President) is held by a woman; or the client's definition.<sup>4</sup>

<sup>4</sup>Please note that in some cases projects adopt a different definition based on the client's specific definition consistent with the national context and regulation.



## Impact Metrics

The impact metrics reported herein represent the cumulative impact indicators reported by our clients for the period 2019-2021.

Projects may have impact across a wider range of indicators than captured in this report. The indicators presented herein have not been prorated for the portion of IDB Invest's contribution to the total project.

The expected end-of-project values (EOP) for each impact metric represent the cumulative indicators set as targets for each project; however, not all indicators are required to set EOPs. Actual and planned EOP values can be revised from time-to-time to improve measurement and/or account for changes in the underlying methodology used by the client to calculate or report indicators. In these cases, we have an internal protocol in place to ensure consistency in the evaluability of the project. Therefore, proper justification needs to be provided and approved by the Chief of Development Effectiveness.

# Accelerating the decarbonization of the electricity matrix in Chile

**Category:** Green

**Sub-category:** Renewable energy



Chile

**Approved amount:**  
**\$74M**

**Allocated amount:**  
**\$74M**

**Total mobilization:**  
**\$51M**

## As of 2021, the project has achieved the following results:

An average of **110 jobs** supported per year.

**Renewable energy production reached 160GWh**, starting clean energy generation earlier than expected.

**67,000 tons of CO2 emissions** reduced.

Approval Year: 2021  
Disbursement Year: 2021



## Project Description:

Engie Energia Chile (EECL) is one of the most important utilities in the country with presence in generation, transmission, and distribution. Although nearly all of its electricity generation capacity is thermoelectric, as part of its energy transformation plan, EECL has started to gradually decommission coal-based plants while expanding its renewable capacity, aiming to build more than 1,000 MW of wind and solar initiatives in the country. IDB Invest structured a novel green financing scheme to contribute to accelerating both the penetration of renewable energy and the decarbonization of the electricity matrix. The financing structure leverages on own resources, funds mobilization and blended finance to support the construction of 151 MW of wind energy, while incentivizing the early decommissioning of two coal power plants.

**7** AFFORDABLE AND CLEAN ENERGY



**8** DECENT WORK AND ECONOMIC GROWTH



**13** CLIMATE ACTION



**17** PARTNERSHIPS FOR THE GOALS



## Social Impact Metrics

	Jobs supported by firms	<b>72.3k</b>
	MSMEs financed	<b>570k</b>
	Beneficiaries of employment support initiatives	<b>19.4k</b>
	Women beneficiaries of economic empowerment initiatives	<b>16.8k</b>
	Farmers with improved access to agricultural services and investments	<b>4.9k</b>
	Households with improved access to water or sanitation	<b>657.2k</b>
	International trade promoted	<b>\$3.7B</b>
	Beneficiaries receiving health services	<b>14.2k</b>
	Loans Disbursed to women-owned/led MSMEs	<b>413k</b>
	Registered in export sales	<b>\$3.1B</b>
	Domestic MSMEs clients	<b>360</b>
	Total sales value	<b>1.8M</b>
	Goods purchased from domestic MSMEs	<b>\$2.13B</b>
	New natural gas connections for residential units	<b>250k</b>
	Domestic MSMEs suppliers	<b>4.8k</b>

## Green Impact Metrics

	Actual	Expected	%
 Installed power generation from renewable energy sources	<b>1,533 MW</b>	<b>2,904 MW</b>	<b>53%</b>
 Reduction of emissions	<b>2.5 M Tons</b>	<b>52.5 M Tons</b>	<b>5%</b>
 Energy generated - renewable	<b>5.3 MW/h</b>	<b>111.3 MW/h</b>	<b>5%</b>
 Treated wastewater (m3)	<b>161M</b>	<b>167M</b>	<b>96%</b>

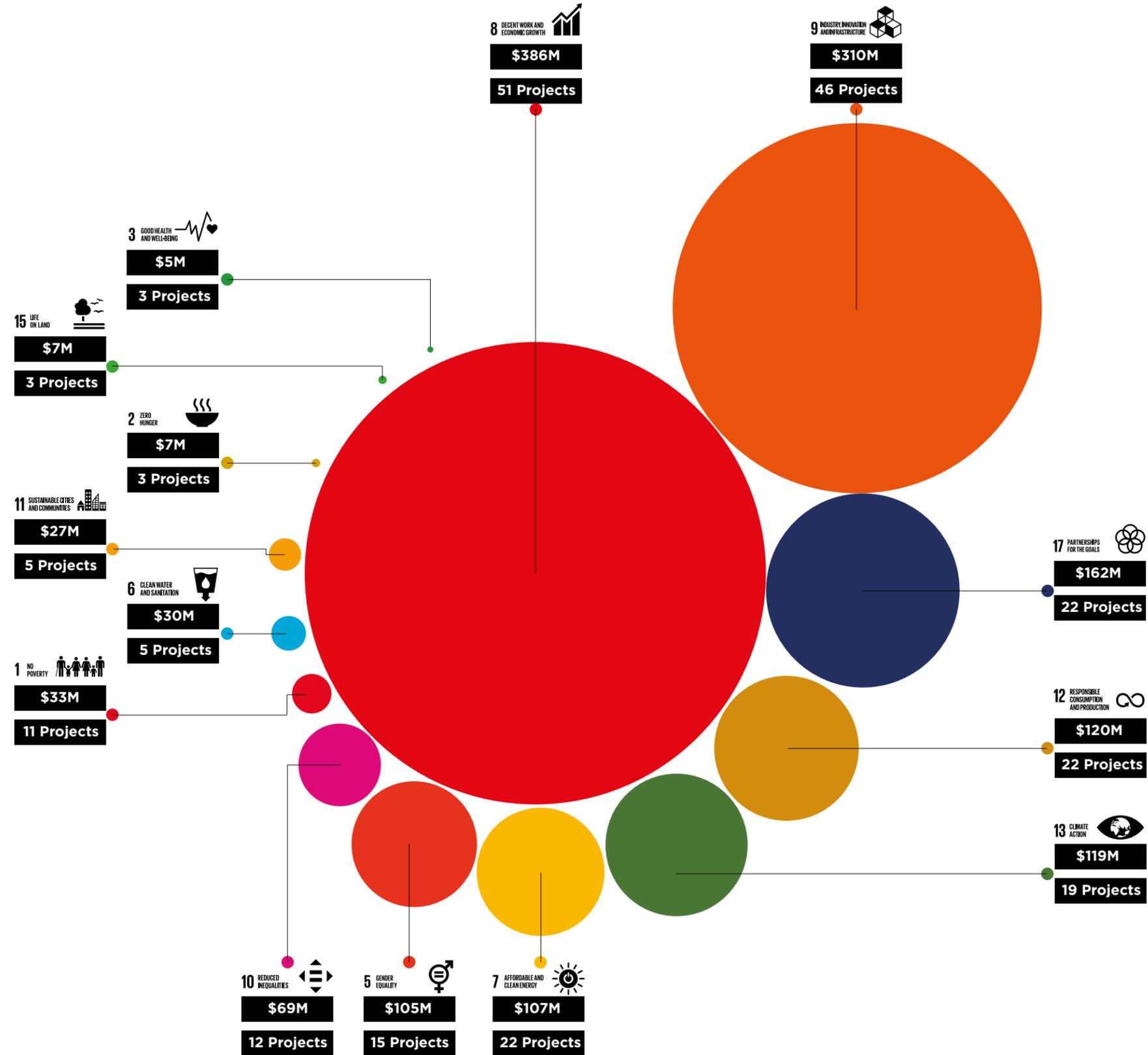
## Target Population

Targeted Population	# Projects allocated	USD Amount allocated
Excluded Population	<b>1</b>	<b>\$6M</b>
Low-Income Population	<b>3</b>	<b>\$121M</b>
MSMEs	<b>24</b>	<b>\$899M</b>
Poor population	<b>1</b>	<b>\$38M</b>
Vulnerable	<b>1</b>	<b>\$16M</b>
Women-led SMEs	<b>4</b>	<b>\$141M</b>



<sup>5</sup> Please note that projects may have more than one target population.

# Mapping Projects to the SDGs



## Increasing access to finance for Jamaican SMEs

**Category:** Social

**Sub-category:** Socioeconomic advancement and empowerment



**Approved amount:**  
\$35M

**Allocated amount:**  
\$35M

**The project is successfully helping JMMB to strengthen its SME portfolio widening access to finance for this segment. Specifically, the following outcomes have been achieved:**

372 SMEs supported

Total value of loans disbursed to SMEs is around US\$87.5 million.

At the end of 2021, JMMB had an outstanding SME portfolio of US\$ 168.8 Million

Also, as a result of this transaction, JMMB Bank has developed an E&S Policy and an E&S Framework (as part of the ESMS), implemented a gender-gap analysis, provided training in diversity, and designed a gender action plan that will guide the Bank's steps to improve gender equality and diversity.

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



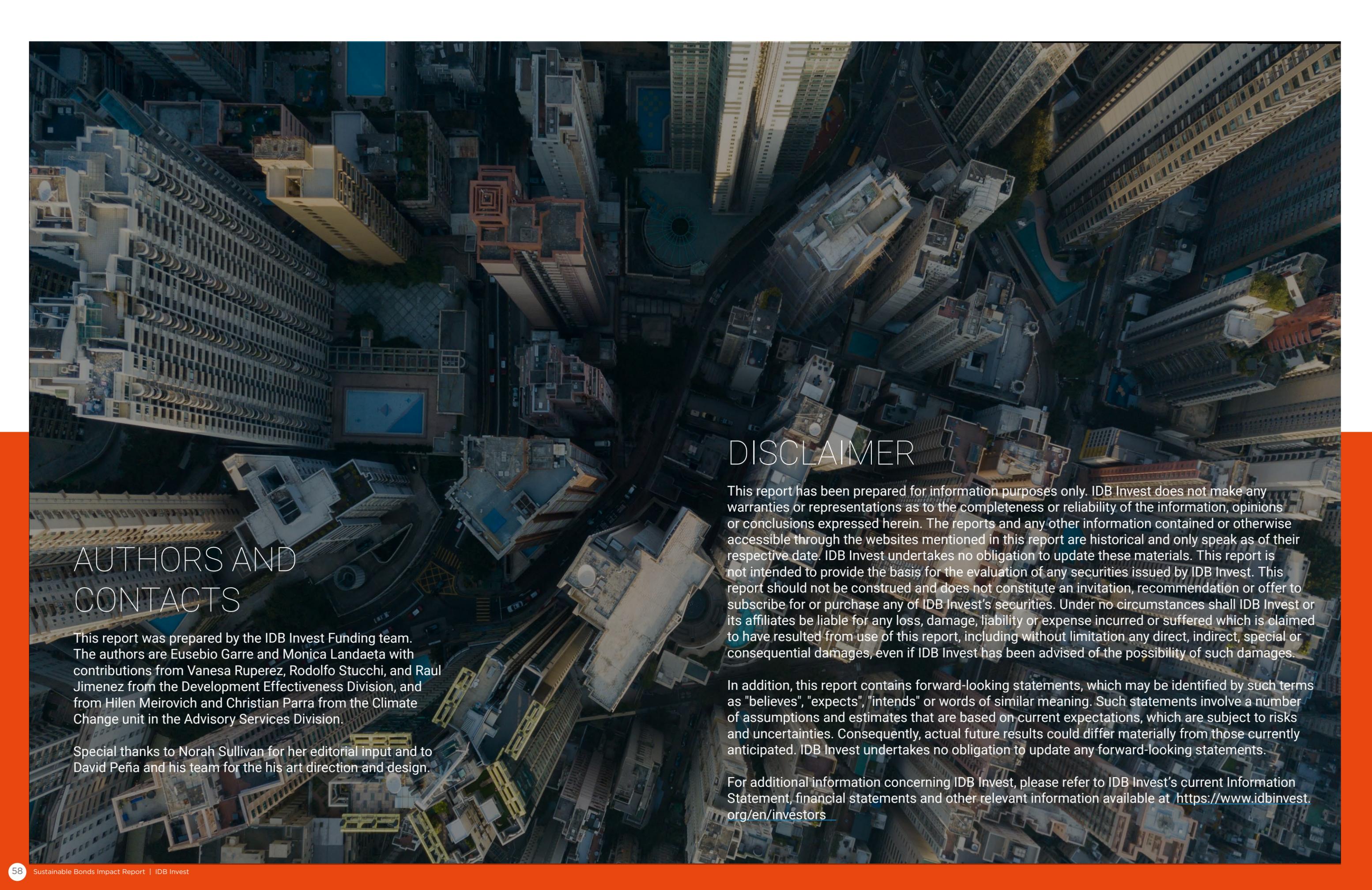
12 RESPONSIBLE CONSUMPTION AND PRODUCTION



### Project Description:

JMMB Bank Jamaica Limited is the 7th largest commercial bank in Jamaica in terms of loans and deposits. It started operations in 2012 as a merchant bank, following the acquisition by its parent Jamaica Money Market Brokers Limited of the merchant banking license from Capital and Credit Financial Group. JMMB Bank was mandated by its board to focus on the SME segment and has developed a strategy to focus and grow its presence in that sector. This strategy includes building capacity within JMMB Bank to serve SME clients, create an SME resource center, and deliver new, tailored products and services like merchant advance point of sale, factoring, and trade finance, among others.

To support these efforts, in 2020, IDB Invest provided a 5-year USD loan. The development objective of this operation is to increase access to finance for Jamaican SMEs. Complementarily, the IDB Invest is supporting JMMB in the development and implementation of an Environmental and Social Management System (ESMS), and the development of a human capital strategy to attract and retain the best talent.



## AUTHORS AND CONTACTS

This report was prepared by the IDB Invest Funding team. The authors are Eusebio Garre and Monica Landaeta with contributions from Vanesa Ruperez, Rodolfo Stucchi, and Raul Jimenez from the Development Effectiveness Division, and from Hilen Meirovich and Christian Parra from the Climate Change unit in the Advisory Services Division.

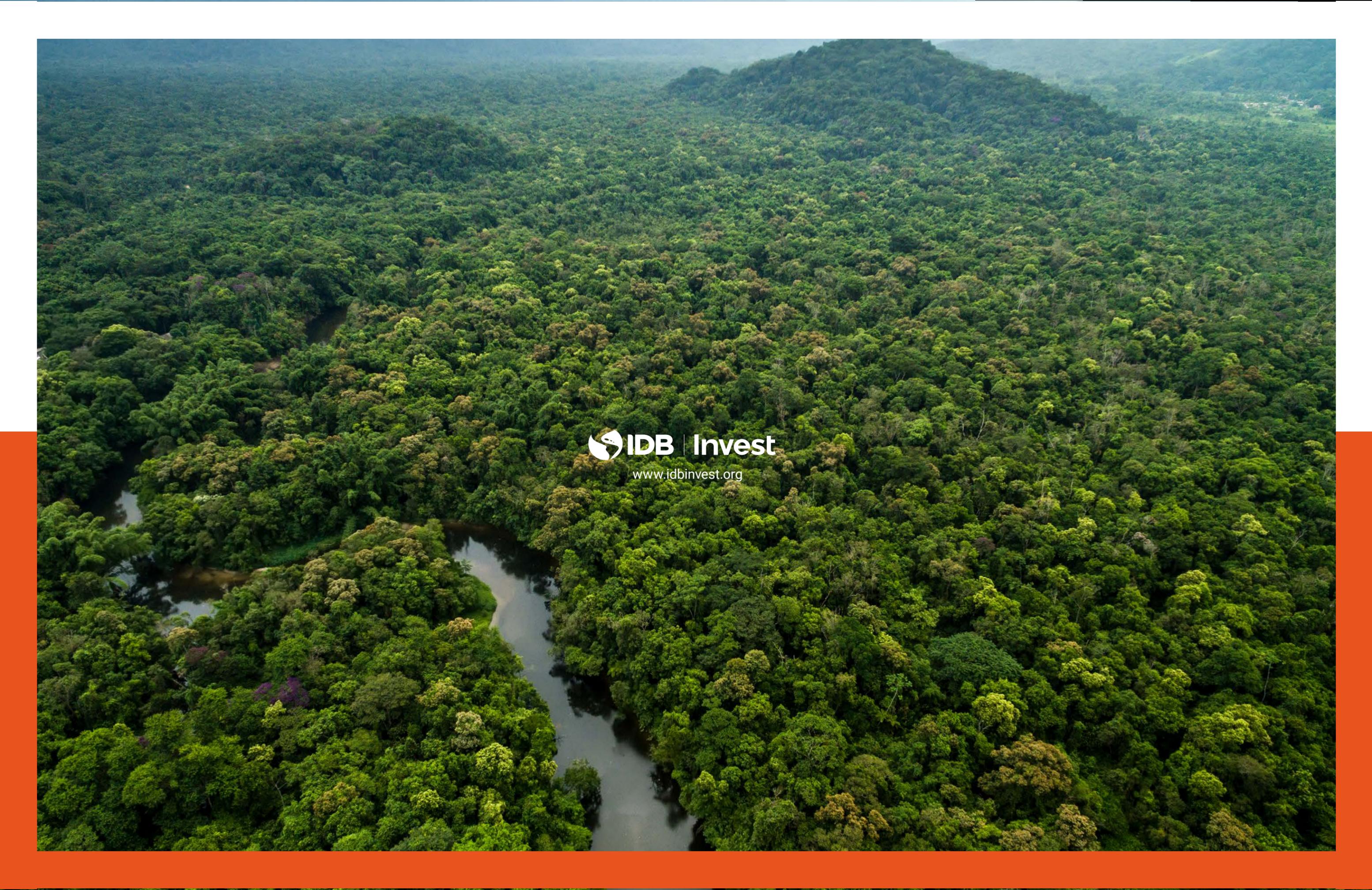
Special thanks to Norah Sullivan for her editorial input and to David Peña and his team for the his art direction and design.

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An aerial photograph of a vast, dense tropical rainforest. A winding river flows through the center of the forest, reflecting the surrounding greenery. The forest is composed of a thick canopy of various shades of green, with some taller trees visible. The background shows rolling hills covered in the same dense forest. The overall scene is lush and vibrant.

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