

Document of the Inter-American Development Bank

2014 Approved Program and Budget Final Version

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GA-257-11

**2014 Approved Program and Budget Book – Final Version
January 2014**

Purpose

The purpose of this document is to provide Board members and Management with a single 2014 budget reference document, for information, that reflects all final budgetary adjustments and recommendations as approved by the Board on December 13, 2013, in document GA-257-10, *“2014 Program and Budget Proposal. Report of the Chairperson of the Budget and Financial Policies Committee”*.

Contents

This document contains: (i) the final 2014 approved budget resolutions; and (ii) all 2014 administrative, capital, OC special programs and other budget tables and annexes; presented originally in document GA-257-5, *“2014 Program and Budget Proposal”*, submitted to the Board on October 25, 2013.

To comply with the Bank’s disclosure of information policy, this version will be available on the Bank’s internet website for public use.

For all inquiries or clarifications by Management departments/offices, please contact your BDA/BGT Budget Officer; Board members should contact Yeshvanth Edwin.

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1/ In some tables, figures and annexes, individual items might not sum to totals due to rounding.

I. EXECUTIVE SUMMARY

A. 2014 Program and Budget Context

- 1.1 Due to the recent completion of the three-year 2011-13 medium-term budget framework for implementing IDB-9 Mandates, Management expects 2014 to be a transition year in terms of the Administrative Budget during which internal reallocations will be used to shift focus, if warranted, based on Bank and departmental priorities.

1. 2014 Macroeconomic Outlook and Demand for Bank Financing

- 1.2 While Management expects a high degree of uncertainty in the markets in 2014, global conditions are expected to lead to economic growth in the Latin America and the Caribbean (LAC) Region as a whole, albeit at pre-2003 growth levels. The overall outlook is fairly similar across the Bank's four Regions, although some countries may face a more challenging outlook as they deal with debt or inflation problems.
- 1.3 Overall, the macroeconomic outlook for the Region suggests relatively stable financing needs in 2014 compared to 2013. In this context, the Sovereign Guaranteed (SG) program would be generally consistent, in terms of number of operations, with the actual historical average number of SG loans and guarantees since IDB-9 (2011-2013(e)). However, if conditions in international markets change in the course of the year, it is expected that borrowing countries may want to change the composition of their borrowing requirements, impacting the number and average size of operations. Within this context, Management would expect to deliver between 100-110 SG approvals and a minimum of 55 Non-Sovereign Guaranteed (NSG) approvals, with a total volume at \$12.3 billion of Ordinary Capital (OC) resources¹ (SG and NSG) and disbursements estimated at \$8.7 billion² (SG and NSG) consistent with the 2014 OC Long-Term Financial Projection (LTFP).

2. Progress in Achieving IDB-9 Lending Program Targets and Sector Priorities

- 1.4 As indicated in the Table 1.1 below, the Bank has made good progress towards reaching the 2015 IDB-9 Lending Targets for SG and NSG. In particular, lending to "Small and Vulnerable Countries (SVC)" is expected to be on target, at 35% by the end of 2013, while lending to "Poverty Reduction & Equity Enhancement" is expected to near 2015 target levels. Lending to "Support Regional Cooperation and Integration" is expected to continue to exceed 2015 target levels by the end of 2013.

Table 1.1. Progress in Meeting 2015 Lending Program Targets

IDB-9 Lending Program Priority (% of Total Volume)	Baseline (2006-2009)	2011	2012	2013	Estimated Target 2015
Small and Vulnerable Countries	27%	36%	43%	35%	35%
Poverty Reduction and Equity Enhancement	40%	49%	44%	50%	50%
Support Climate Change Initiatives, Sustainable Energy	5%	33%	33%	20%	25%
Support Regional Cooperation and Integration	10%	12%	16%	33%	15%

¹ Figures are for OC resources only and therefore exclude approvals under the IDB Grant Facility. Approvals under the reallocation program are also excluded.

² Figures are for OC resources only and therefore exclude disbursements under the IDB Grant Facility. Disbursements under the reallocation program are also excluded.

- 1.5 With respect to IDB-9 sector priorities, the Bank continues to focus primarily on lending operations that support “Institutions for Growth and Social Welfare”, “Infrastructure for Competitiveness and Social Welfare”, and “Social Policy for Equity and Productivity.” Progress towards meeting 2015 targets has been made in the other sectors as well, “Competitive Regional and Global International Integration” and “Protect the Environment, Respond to Climate Change, Promote Renewable Energy, and Ensure Food Security”.

3. 2014 Budget Guiding Principles

- 1.6 For 2014, Management is following two main principles to guide the preparation and execution of the 2014 Program and Budget: **(i) Prioritizing budget allocation to align with Bank priorities,** and **(ii) Improving on the efficient execution of resources and on obtaining measurable results.**

B. 2014 RBB Framework

- 1.7 For the past three budget years 2011-13, Management has presented budget proposals consistent with the IDB-9 mandated Results Based Budgeting (RBB) Framework ([GA-245-12](#)) approved by the Board in 2010. For 2014, Management presented the budget within an enhanced RBB Framework where budgetary resources are aligned with performance indicators and key outputs rather than just the output indicators, used in previous budgets.
- 1.8 In line with the recommendations of external experts on RBB, during 2013 the RBB Framework has been enhanced and restructured along three interrelated layers to constitute its main backbone for 2014 and beyond, namely: (i) *Main Business Functions (MBF)*, i.e. the core production line/aggregation of outputs of each Department; (ii) *key outputs*, i.e. the main services and/or products delivered by those MBF; and (iii) *performance indicators*, i.e. indicators aiming at measuring the performance of key outputs and ultimately of MBF.
- 1.9 In line with the above-mentioned structure, the existing 300 output production measures were reviewed and new performance indicators developed that better align with “Level Four” indicators of the Corporate Results Framework (CRF) related to organizational effectiveness and efficiency. These new performance indicators can be divided into operational indicators for day-to-day decision making at various levels of management and performance indicators for corporate decision making and reporting to the Board.
- 1.10 Table 1.2 below provides a consolidated, Bank-wide view of those performance indicators related to the most significant Main Business Functions (in terms of percentage of the total 2014 Administrative Budget). Table 1.3 provides a consolidated, Bank-wide view of key operational outputs by Main Business Function. All Board/Corporate performance indicators are presented in this document per Vice-Presidency under Chapter III.

Table 1.2. 2014 Consolidated Key RBB Performance Indicators by Main Business Function

	2014 Plan				TOTAL (\$000)	% of Budget
	Baseline	Indicator Estimate June	Indicator Estimate December			
Operational Main Business Functions ^{/1}						
Project Execution and Portfolio Management ^{/2}				\$95,105	16.0%	
Percentage of SG operations in "satisfactory" status *	59%	65%	65%			
Weighted average risk rating of the NSG portfolio	3.40	4.00	4.00			
Percentage of NSG co-financing amount mobilized *	200%	200%	200%			
Project Approvals				\$49,494	8.3%	
Percentage of SG operations with impact evaluation design	32%	34%	32%			
Percentage of NSG projects with granted eligibility greater than 18 months	28%	18%	18%			
Economic and Sector Work (ESW)				\$22,527	3.8%	
Percentage of ESW deliverables completed		53%	100%			
Client Management / Origination				\$20,341	3.4%	
Percentage of client satisfaction with Country Strategies and SG loans (satisfactory or above) *			70%			
Percentage of NSG origination cost in C&D countries	22%	22%	22%			
Technical Cooperation (TC) Execution				\$18,682	3.1%	
Percentage of TC disbursement	36%	15%	37%			
Staff and Regional Knowledge Management and Training				\$15,186	2.6%	
Percentage of institutional goal realized of average training hours per employee	70%	60%	80%			
Corporate Input Products (CIP)				\$9,445	1.6%	
Percentage of CIP deliverables completed		45%	100%			
Country Strategies (CS)				\$8,013	1.3%	
Percentage of Country Strategies delivered within the transition period *	58%	100%	80%			
Environmental and Social Sustainability				\$6,412	1.1%	
Percentage of high risk SG & NSG loans in supervision that are rated for safeguards implementation performance *	50%	65%	65%			
Country and Regional Programming				\$5,192	0.9%	
Percentage of the agreed program aligned to the Country Strategy	92%	92%	92%			
Alignment of the program with the priority objectives IDB-9 - Small and Vulnerable Countries *	35%	35%	35%			
Alignment of the program with the priority objectives IDB-9 - Poverty Reduction and Equity Enhancement *	50%	50%	50%			
Technical Cooperation (TC) Approvals				\$4,795	0.8%	
Percentage of amount approved from Ordinary Capital (OC) special programs for TCs	63%	44%	79%			
Fiduciary Management				\$1,844	0.3%	
Percentage of countries that use national systems for the management of projects financed by the Bank	23%	30%	30%			
Other Operational Functions ^{/3}				\$72,320	12.2%	
Subtotal Operational Main Business Functions				\$329,354	55.4%	
Corporate Main Business Functions ^{/1}						
Information Technology Services				\$34,149	5.7%	
Percentage of technology projects with no change to original delivery date	51%		60%			
Budget, Bank Infrastructure and General Services				\$23,971	4.0%	
Percentage of client satisfaction (satisfactory or above) ^{/4}	70%		70%			
Financial Management				\$16,783	2.8%	
Percentage of borrowing program executed	100%	50%	100%			
Human Resource Management				\$13,272	2.2%	
Time to hire from requisition approval to offer accepted (# of weeks)	18	15	15			
Other Corporate Functions ^{/5}				\$28,632	4.8%	
Subtotal Corporate Main Business Functions				\$116,806	19.7%	
Strategic Core Departments				\$71,547	12.0%	
Bank-wide, Centrally Held Items				\$37,099	6.2%	
BOG, EXD, MEC, OVE				\$39,181	6.6%	
Bank Total				\$593,989	100.0%	

Note: SG - Sovereign Guaranteed, NSG - Non-Sovereign Guaranteed

1/ Main Business Functions are sorted in descending order according to budget allocation in all RBB tables.

2/ Includes resources for development effectiveness.

3/ Includes Investment Grants, Support to Private Sector Operations,

Macroeconomic Analysis, Corporate Management, Corporate Cooperation,

4/ Survey is scheduled to take place during the second semester of 2014.

5/ Includes Corporate Management, Corporate Cooperation, Capital Projects, and Cross-cutting Functions.

* Aligned with Corporate Results Framework lending programs, operational effectiveness and efficiency indicators.

Table 1.3. 2014 Consolidated Key RBB Operational Outputs by Main Business Function

		2013 Plan	2013 Execution	2014 Plan	
				Jun	Dec
Project Execution and Portfolio Management					
Operations active in portfolio (#)	SG	614	648	602	622
	NSG	230	228	214	244
Disbursements [in billions] (\$)	SG	\$7.3	\$9.0	\$2.0	\$7.2
	NSG	\$1.2	\$2.2	\$0.6	\$1.5
Country portfolio review (#)		26	27	19	32
Project Approvals					
Amount [in billions] (\$)	SG	\$10.5	\$11.9	\$2.5	\$9.8
	NSG	\$2.0	\$2.1	\$1.0	\$2.5
Economic and Sector Work (ESW)					
ESW deliverables (#)		318	385	83	300
Client Management / Origination					
ConSoc meetings (#)		130	183	63	170
Technical Cooperation (TC) Execution					
TCs in execution (#)		1,193	1,237	1,061	1,066
TC disbursement amount [in millions] (\$)		\$119.5	\$168.3	\$40.0	\$129.9
Staff and Regional Knowledge Management and Training					
Average number of training hours per person				48	64
Corporate Input Products (CIP)					
CIP deliverables (#)		177	214	76	174
Country Strategies (CS)					
Country strategies approved by the Board (#)		5	4	2	5
Sector notes prepared (#)		74	98	35	71
Country and Regional Programming					
Country Programming Documents (CPD) delivered to the Board (#)		26	26		26
Technical Cooperation (TC) Approvals					
TC approvals (#)		256	426	105	261
TC approval amount [in millions] (\$)		\$107.3	\$235.3	\$57.4	\$141.4
Macroeconomic Analysis					
Macroeconomic Sustainability Analysis (MSA) delivered (#)		26	26	26	26

Note: SG - Sovereign Guaranteed, NSG - Non-Sovereign Guaranteed

1/ As per Board approved GA-252-9. 2013 Plan for SG Project Approvals includes \$500M IIC loan.

2/ Includes development effectiveness functions.

3/ NSG portfolio composition includes all operations approved to last disbursement, fully disbursed loans in repayment and active NSG guarantees.

4/ New output for 2014.

C. 2014 Approved Administrative Budget

1. 2014 Administrative Budget Growth

- 1.11 As illustrated in Table 1.4 below, the 2014 Administrative Budget is essentially a flat budget in real terms, plus an allocation of \$8.8 million for institutional priorities, most of which originate from recommendations of the Office of the Executive Auditor (AUG). This allocation results in a **real growth of 1.3%** for Management Discretionary Items (nominal growth of 4.6%, taking into consideration a Composite Price Adjustment Factor of 3.3%), which represents the **lowest real growth increase since 2009**. The **Total 2014 Administrative Budget amounts to \$594 million** (1.5% real growth and 4.8% nominal growth) with the inclusion of the budgets for Board of Governors (BOG), Board of Executive Directors (EXD), Independent Consultation and Investigation Mechanism (MEC), and Office of Evaluation and Oversight (OVE).

**Table 1.4. 2013 and 2014 Approved Budget
(2014 Composite Price Adjustment Factor of 3.3%)**

Organizational Unit (\$000)	2013 Approved Budget ^{1/}		2014 Approved Budget		2014 Approved vs. 2013 Approved		
	HC	\$	HC	\$	\$	% Nominal	% Real
BOG, EXD, MEC, OVE ^{2/}	134	36,733	134	39,181	2,448	6.7%	3.4%
Management Discretionary Items	1,936	530,173	1,936	554,807	24,635	4.6%	1.3%
BANK TOTAL (BOG, EXD, MEC, OVE, and Management Discretionary Items)	2,070	566,905	2,070	593,989	27,083	4.8%	1.5%

1/ As per Board Approved GA-252-9.

2/ The increase in the 2014 BOG, EXD, MEC, OVE Budget is primarily driven by an increase in the 2014 BOG Budget due to anticipated higher travel costs for the 2014 Annual Meeting.

1.12 Table 1.5 below provides a more detailed view of the 2014 Budget growth and shows the real growth allocation of \$8.8 million to the following priorities: (i) Institutional Priorities: **\$3.2 million**; (ii) mainstreaming of recurring administrative expenses previously covered with carryover and prior-year funds: **\$3.8 million**; and (iii) funding for recurrent administrative expenses related to capital projects in Headquarters (HQS), Country Offices (COF) and Information Technology (IT) systems completed in the previous year: **\$1.9 million**. The last two items address recommendations issued by AUG.

**Table 1.5. 2014 Approved 4.6% Nominal, 1.3% Real Incremental Budget Allocation Summary
(Management Discretionary Items)**

Approved Incremental Budget Allocation (\$000)		Total
2013 Approved Budget (GA-252-9) (A)		530,173
Personnel costs increases ^{1/}		8,914
Non-personnel costs increases		7,226
Sub-Total 2014 Personnel Costs and Non-Personnel Costs Increases (B)		16,139
2014 Approved Budget Before Promotions, Budget Cancellations & One-Time Funding Expirations, and 2014 Real Growth Allocation (C = A+B)		546,312
% Nominal Growth Before Promotions, Budget Cancellations & One-Time Funding Expirations, and 2014 Real Growth Allocation		3.0%
% Real Growth Before Promotions, Budget Cancellations & One-Time Funding Expirations, and 2014 Real Growth Allocation ^{2/}		-0.3%
Promotions		1,460
Budget cancellations and one-time funding expirations on IDB-9 Mandates and Agenda for a Better Bank ^{3/}		(1,782)
2014 Real Growth Allocation		8,818
- Institutional Priorities: IDB-9 Mandates, Agenda for a Better Bank and Corporate Initiatives		3,200
- Mainstreaming of recurring administrative expenses in carryover and prior-years - Final Tranche (Per AUG Recommendation)		3,759
- Recurring administrative expenses from Bank capital projects (Per AUG Recommendation)		1,858
Sub-Total Promotions, Budget Cancellations & One-Time Funding Expirations, and 2014 Real Growth Allocation (D)		8,495
Net Incremental Budget (E = B + D)		24,635
2014 Approved Budget (F = A + E)		554,807
% Nominal Growth		4.6%
% Real Growth		1.3%

1/ Includes SSI for International Staff and National Staff.

2/ Real Growth is slightly below 0% due to Personnel Costs and Non-Personnel Costs account level calculations when applying the corresponding Price Adjustment Factor increases.

3/ Budget cancellations are made up of \$1.2M related to COF Expansion for IDB-9, \$0.4M related to the return of one-time funding in SPD for results geo-referencing and visualization (MapAmericas), and \$0.2M related to the Human Capital Strategy.

- 1.13 To fund this real growth increase, Management will use the **\$8.8 million Realignment Budget Adjustment** due in 2014 as a result of Management's full payback over six years (2008-13) of the one-time \$61.5 million Realignment cost agreed with the Board during the 2007 Realignment (Realignment Budget Adjustment). Chapter II provides further details of the priorities funded with this \$8.8 million allocation.

2. 2014 Estimated Bank's Contributions to the Retirement Plans

- 1.14 Table 1.6 below shows the Bank's Contributions to the Retirement Plans approved for 2013 and the estimated amounts for 2014. The final amounts will be presented to the Board for discussion and approval as outlined in document [GN-2599-26](#) during the second quarter of 2014, based on final recommendations from the Bank's actuary. For illustrative purposes, this table also shows that if the Bank Contributions are added to the 2014 approved Administrative Budget, the Total Budget for 2014 would have a real decrease of 2% or a 1.3% nominal increase.

Table 1.6. 2013 Approved and 2014 Estimated Bank Contributions to the Retirement Plans

Organizational Unit (\$000)	2013 Approved Budget	2014 Estimated Budget	2014 Estimated vs. 2013 Approved		
	\$	\$	\$	% Nominal ^{/2}	% Real ^{/2}
Bank Contributions					
Retirement Plans	74,130	60,310	(13,820)	-18.6%	-22.0%
Post-Retirement Benefits	35,020	30,718	(4,303)	-12.3%	-15.6%
Total Bank Contributions ^{/1}	109,150	91,028	(18,123)	-16.6%	-19.9%
Total Budget from Table 1.4	566,905	593,989	27,083	4.8%	1.5%
Grand Total Including Bank Contributions ^{/2}	676,056	685,016	8,961	1.3%	-2.0%

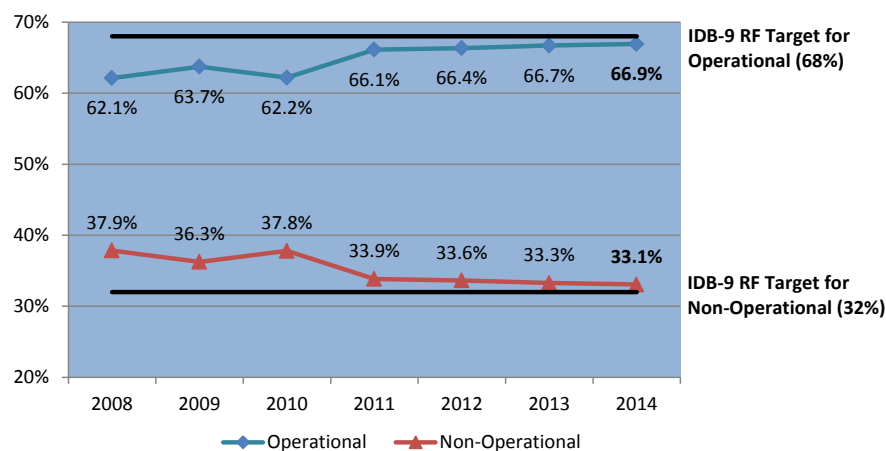
1/ Figures shown for 2014 are for disclosure purposes only. Actual final contributions will be authorized as per the "Proposal for an Alternate Process for Consideration of the Bank's Pension Contributions" (GN-2599-26) in the second quarter of 2014.

2/ For illustrative purposes only.

3. 2014 Approved Administrative Budget by Programs

- 1.15 Figure 1.1 below presents the 2008-2014 Approved Budget Trends across Operational and Non-Operational Programs. It shows that, for 2014, Management has planned an allocation of 66.9% to Operational Programs versus 33.1% to Non-Operational Programs, confirming past years' positive trends towards reaching the IDB-9 Results Framework (RF) targets of 68%/32%, Management should achieve by 2015.

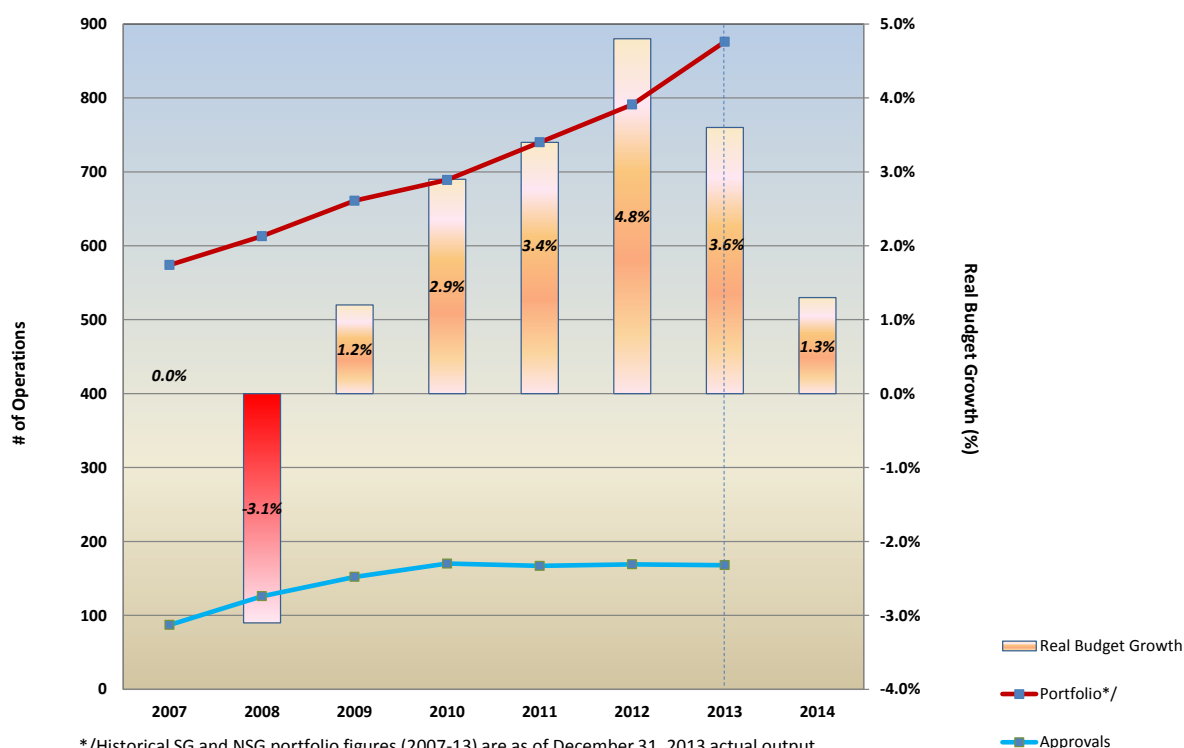
Figure 1.1. 2008-2014 Approved Administrative Budget by Operational and Non Operational Programs



4. IDB Productivity Trends

1.16 Between 2007 and 2013, the number of loan approvals and portfolio in execution grew by 114% and 47% respectively while, at the same time, the complexity of the Bank's operations increased considerably. As illustrated in Figure 1.2 below, the Approved Administrative Budget in comparison grew at an average real rate of only 1.8%, reflecting the substantial gains in productivity that the Bank has achieved over these years. The 2014 Approved Administrative Budget confirms this positive trend with real growth under the above mentioned average which is also the lowest since 2009.

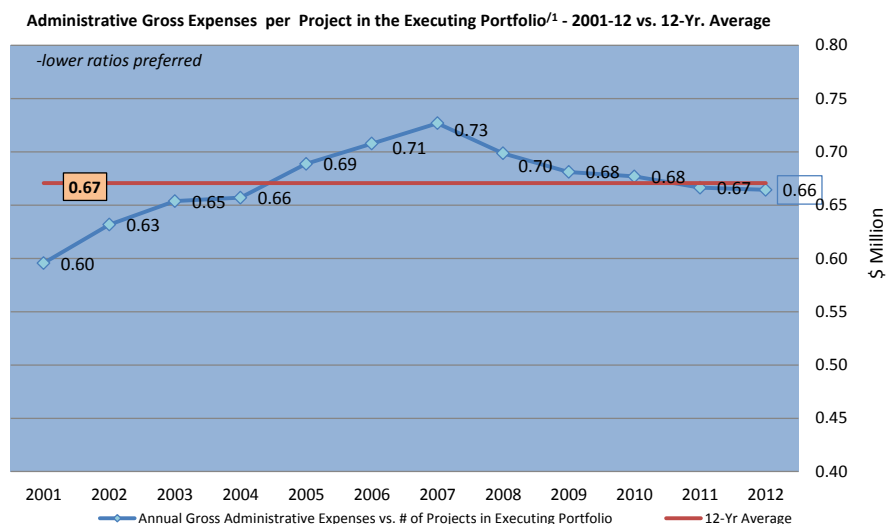
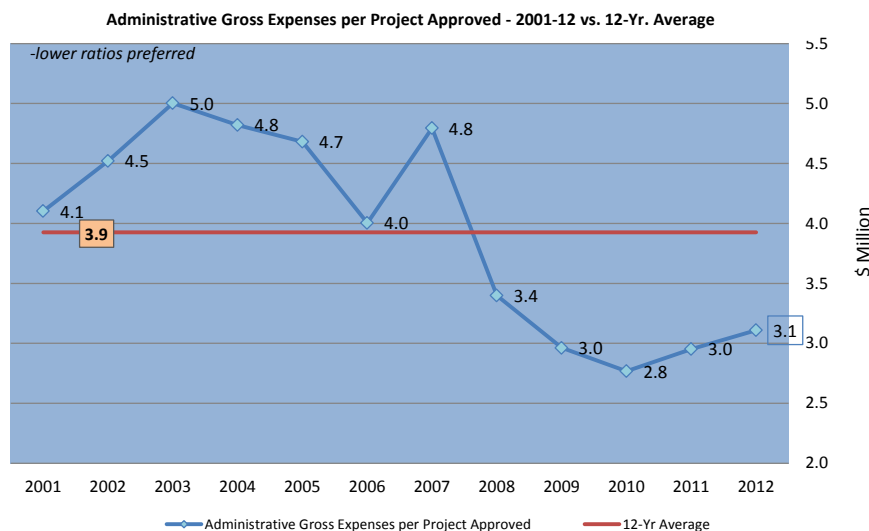
Figure 1.2. Growth in Number of Approvals and Portfolio in Execution - Approved Budget
Real Growth (%) 2007-2014 for Management Discretionary Items



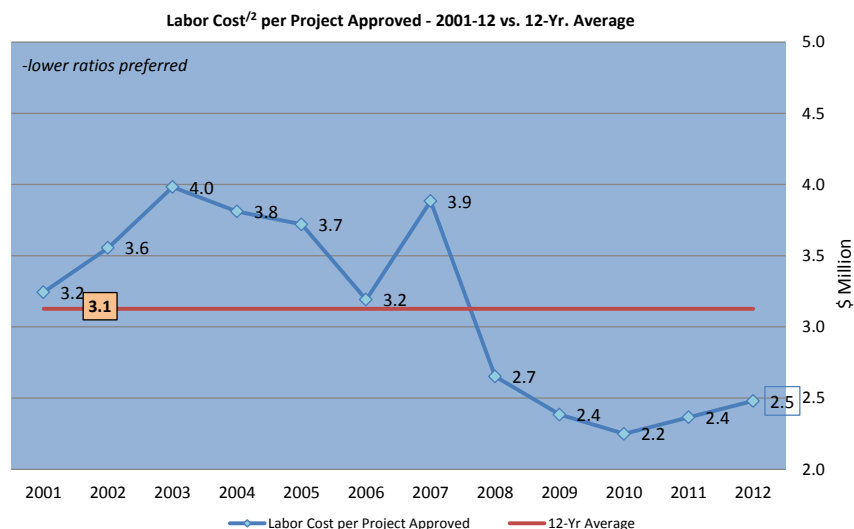
*/Historical SG and NSG portfolio figures (2007-13) are as of December 31. 2013 actual output values as shown in Table 1.3 under "Operations in portfolio". NSG portfolio composition includes all operations approved to last disbursement, fully disbursed loans in repayment and active NSG

1.17 The productivity trend graphs in Figure 1.3 below indicate that, after a significant increase in productivity as of 2007, the ability of the Bank to implement further productivity gains in a context of budget reductions over the years (from the Realignment Payback), has reduced and flattened out as of 2010. It should also be noted that the productivity gains achieved by Management have been realized in a period during which the complexity and evaluability of lending operations have increased significantly.

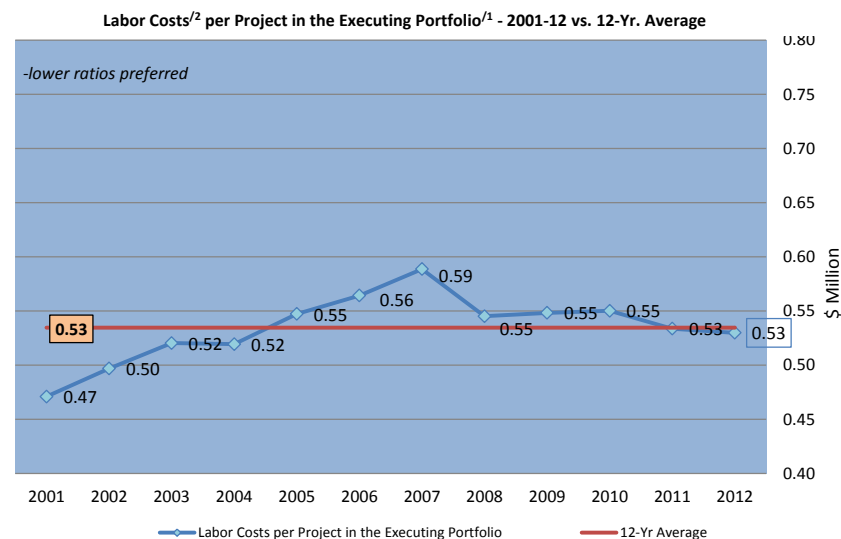
Figure 1.3. IDB Productivity Trend Graphs



1/ NSG portfolio composition includes all operations approved to last disbursement, fully disbursed loans in repayment and active NSG guarantees. For 2001-6 data on active guarantees are not available, however, their impact on this trend is not material.



2/ Labor Costs include traditional personnel costs (i.e. remuneration and benefits for regular Bank staff, overtime, and special employees), the Complementary Workforce (CW) categories under the Board-approved EMF for both international and national, and Consultants directly engaged in business-related activities.



1/ NSG portfolio composition includes all operations approved to last disbursement, fully disbursed loans in repayment and active NSG guarantees. For 2001-6 data on active guarantees are not available, however, their impact on this trend is not material.

D. 2014 Approved Capital Budget

- 1.18 The list of capital projects and corresponding estimated financial envelopes to be included in the 2014 Capital Budget were presented in the 2014-16 Medium-Term Capital Budget Plan approved by the Board on July 31, 2013 ([GA-257](#)).
- 1.19 As illustrated in Table 1.7 below, **the 2014 Capital Budget amounts to \$52.7³ million** in resources required for 30 projects in three principal areas, namely Headquarters with \$4.8 million for six projects, Country Offices with \$11.0 million for six projects and Information Technology with \$36.8 million for 18 projects (including Optima).

Table 1.7. 2014 Approved Capital Budget

2014 Capital Budget Plan (30 Projects for \$52.7m)					
Headquarters: 6 Projects for \$4.8m		Country Offices: 6 Projects for \$11.0m		Inf. Technology: 18 Projects for \$36.8m	
Continuing: 3 Projects for \$1.7m	New: 3 Projects for \$3.1m	Continuing: 5 Projects for \$5.0m	New: 1 Project for \$6.0m	Continuing: 10 Projects for \$21.6m	New: 8 Projects for \$15.3m

E. 2014 Approved Ordinary Capital (OC) Special Programs/Grants

- 1.20 **The approved OC Special Programs/Grants (OC SP/G) of \$100 million for 2014** will allow the Bank to meet demand for high priority inputs for the preparation and structuring of complex loans and will bring business to the Bank through the upstream work developed by TC operations, all while responding to IDB-9 institutional priorities. 2013 witnessed a record high level of approvals in 2013 for OC SP/G, including 318 operations amounting to \$147.3 million, demonstrating rising demand for Technical Cooperation (TC) funding.
- 1.21 As a result of the growing demand, ten OC programs depleted their resources in 2013, forcing many of these programs to struggle to determine how to resolve an increasingly problematic situation of unmet demand. Management recently took a more systematic approach to measuring this unmet demand, which as of December 31, 2013, amounted to \$19.7 million.
- 1.22 Furthermore, OC programs more accurately reflect those areas where the Bank has a comparative advantage and where it has identified emerging demand, such as social issues, small-medium enterprises, and management of the effects of climate change and natural disasters.
- 1.23 In 2013, Management implemented measures – outlined in the 2013 Action Plan for OC SP/G – to make an even more efficient use of OC resources and to ensure that resources are readily available to support investment project preparation activities. These measures, which included transferring 30% of the stock of carryover of each program, excluding cancellations, to fund Flexibilization Resources at the beginning of 2014, were instrumental in reducing the stock of carryovers by 61%. The level of carryovers as of January 1, 2014, represents a healthy standard

³ Compared to the estimated envelope presented in the 2014-16 Medium-Term Capital Budget (\$52.5 million), this request has been increased by \$0.12 million for the EXD Suite Renovations Project, to allow the installation of additional glass in certain EXD offices to ensure that all suites have comparable amounts of glass panels.

that will allow the Bank to responsibly attend to anticipated as well as unforeseen demand, and to respond to the seasonality of the TC project cycle. Finally, as part of the aforementioned Action Plan, Management will present amendments to the OC Programs for EXD consideration and approval in an effort to enhance their flexibility and alignment with IDB-9 priorities.

1.24 Table 1.8 below provides an overview of the 2014 funding approved by cluster. Further details by Special Program and IDB-9 Priority can be found in Table 6.1 in Chapter VI.

Table 1.8. Summary by Cluster of the 2014 Funding Approved for Special Programs/Grants Financed by Ordinary Capital (\$Million)

Thematic Cluster	2005-12 Funding Approved	2013 Funding Approved	Total Availability as of Jan 1st 2013 (includes funding approved, carryovers, and cancellations)	2014 Funding Approved	Total Availability as of Jan 1, 2014 (includes funding approved, carryovers, and cancellations)	Average Annual Approvals (2005-2013) ⁸	Lifetime Approvals (2005-2013)
Social Cluster ¹	78.00	15.50	20.03	18.50	18.90	14.44	94.74
Institutions for Development Cluster (IFD) ²	79.20	13.50	19.98	15.50	15.78	19.10	101.06
Multi-Cluster Institutions for Development and Infrastructure (IFD/INE)	5.00	5.00	6.04	5.30	5.30	5.00	10.00
Infrastructure Cluster (INE) ³	235.00	28.50	66.83	18.50	28.04	40.92	270.62
Multi-Cluster Integration and Infrastructure (INT/INE) ⁴	46.00	0.50	15.07	5.00	9.51	4.77	42.95
Integration Cluster (INT) ⁵	75.00	8.00	11.51	8.00	18.75	8.35	75.13
Non-Clustered Special Programs ⁶	48.00	24.00	26.13	24.20	24.98	24.01	72.03
Flexibilization Resources ⁷		5.00	5.00	5.00	8.98		
Total Special Programs/Grants	566.20	100.00	170.58	100.00	130.24	116.60	666.53

¹ Increase in the 2014 Allocation for the Social Fund with respect to the previous year will be directed to support preparation of investment programs.

² 2014 Allocation for the transformation of this program includes PRODEV mainstreaming, strengthening fiduciary country systems (up to \$2 m/year), and institutional strengthening and capacity building activities.

³ Lifetime approvals for the Food Security Fund include operation H1N1 virus for (\$3 m).

⁴ At least \$3 m of the 2014 Allocation to the updated FIRII will support trade internationalization efforts and initiatives such as ConnectAmericas (SMEs), as well as private sector integration and dissemination activities.

⁵ RPG operations follow an annual call for proposals: The list of operations for 2013 (\$10 m) was approved by the BOD in December. Therefore, no carryover from the RPG was transferred to Flex Resources.

⁶ The Social Entrepreneurship allocation should "be considered year-by-year as part of the Bank's regular budgetary process", per BFA/11/13. 2015 will be the last year for this contribution of new resources from OC Special Programs (GP-75-11).

⁷ The Availability of Flexibilization Resources is based on the allocation of (\$5 m) approved by the BOD and the transfer made of 30% of the accumulated carryover resources available as of December 31, 2013 in each special program (excluding RPG) for (\$3.98 m). Approvals from Flex Resources are recorded directly by the program that benefited from this mechanism.

⁸ Average approvals are calculated for each program based on their year of creation.

II. INTERNAL REALLOCATIONS WITHIN EXISTING RESOURCES AND 2014 REAL GROWTH

2.1 In line with the two 2014 Budget Guiding Principles presented in Chapter I, Management has identified seven priority areas of focus: (i) continuing the progress made on implementing the IDB-9 mandates; (ii) following up on Board approved recommendations related to OVE's Mid-Term Evaluation of the IDB-9 commitments, as well as other evaluations for which Action Plans were/will be developed and monitored; (iii) optimizing business process services to manage those Program Optima systems that will go-live in August 2014; (iv) implementing the new three-year action plan on RBB which, in line with the second Guiding Principle mentioned in Chapter I, will focus on strengthening the evaluation process and measuring performance; (v) updating the Bank's Institutional Strategy and CRF; (vi) deepening the analysis of alternatives and implications to

implement the Renewed Vision through a merge out of the Private Sector; and (vii) continuing to mainstream recurring administrative expenses related to capital projects once they are placed in production.

- 2.2 In addition, Management will also direct efforts to work on measures to address a number of challenges related to: (i) project preparation and execution; (ii) operational volatility and the fact that a significant number of loans in the pipeline are being replaced during the course of the year; and (iii) managing the growing size and complexity of the loan and TC portfolios.

A. Internal Reallocations Within Existing Resources

- 2.3 Given the flat Administrative Budget context for 2014, Management has implemented internal reallocations that will be used to shift focus based on the above-mentioned seven priorities as well as other departmental priorities, and therefore determine what areas will require more resources and what areas will require less. More detailed information can be found on the Office of the Secretary (SEC) website under each VP and Department Business plan ([2014 Business Plans](#)).

- 2.4 Looking at the most significant Main Business Functions in 2014, the following shifts of focus can be highlighted.

- a. In order to consolidate the progress made implementing the **IDB-9 Mandates** and address the recommendations related to OVE's Mid-Term Evaluation of the IDB-9 Commitments, resources are being reallocated from country and regional programming activities as well as project approvals towards activities that: (i) improve **project management and execution** by expanding the implementation of Project Management by Results and continuing to focus on reducing the number of problem or alert projects and sustaining a healthy NSG portfolio; (ii) improve the content and approval process of **Country Strategies (CS)**, with deeper sectorial analysis as well as advanced economic work for upcoming new CS to be approved in 2015; (iii) deliver **Macroeconomic Sustainability Assessments (MSAs)** considering changes, if any, in the redefinition of MSAs and their scope as well as strengthen departmental economic teams and corresponding interventions to address fiscal and macroeconomic challenges; (iv) support **Fiduciary Management's** efforts to address project preparation and execution challenges related to the use of country systems; (v) further align the Bank's **analytical & technical assistance program** with institutional strategies, action plans and mandates, placing emphasis on areas that support operational activities (such as investment promotion and internationalization of Subject Matter Experts (SMEs) that will offer inputs to be used in promotion activities for new loans and TCs in the region, sustainability and development of local capacities in the countries, etc.) and allow for timely client response; and (vi) contribute to the **private sector renewed vision** by ensuring priorities and resources are aligned throughout the year.

- b. Operational Departments will continue to focus on: (i) seeking efficiencies in the design of the operational program and project cycle with the objective of reducing the operational volatility of SG operations, as well as foreseeing operational challenges from the design phase of the programs; (ii) implementing revamped planning and supervision tools and methodologies; and (iii) improving decision-making for supervision through more efficient portfolio management processes at multiple organizational levels.
- c. In order to enhance progress in **transversal work** in operations, additional resources are being allocated to divisions dealing with topics related to climate change, gender, trade, labor markets and innovation that will complement resources earmarked for this purpose in 2013. In addition, greater emphasis will be placed in continuing efforts to implement the Action Plan derived from the new **Gender Policy** and **the Bank-wide Agenda for Development with Identity** and on integrating gender and diversity components in projects Bank-wide. In terms of **safeguards supervision**, resources are being allocated to both SG and NSG operations with high safeguards risks or impacts, shifting resources away from non-high risk operations. Resources will also be allocated to support civil society and to address challenges contributing to regional integration through the Mesoamerica Project and other regional efforts.
- d. Resources formerly allocated to **Knowledge and Learning (K&L)** activities on topics such as Bank's Information Systems, Organizational Development and General Core Competencies programs have been reassigned in order to focus on: (i) working closely with Optima to support internal capacity building and the implementation and go-live of Phase I of the ERP solution and launch of Phase II; (ii) increasing project management training; (iii) continuing to support sector training and knowledge dissemination emphasizing in institutional priority topics; and (iv) providing training opportunities to support the implementation of the new three-year action plan on RBB and the CRF.
- e. **RBB** will continue to be implemented with an emphasis on results monitoring and the evaluation of budget execution with an active reallocation of resources between Units/Departments based on institutional priorities and needs throughout the year.
- f. Finally, Operational and Corporate Departments will also deploy resources to continue supporting **Optima's** efforts on a smooth implementation of Phase 1 and 2 Releases.

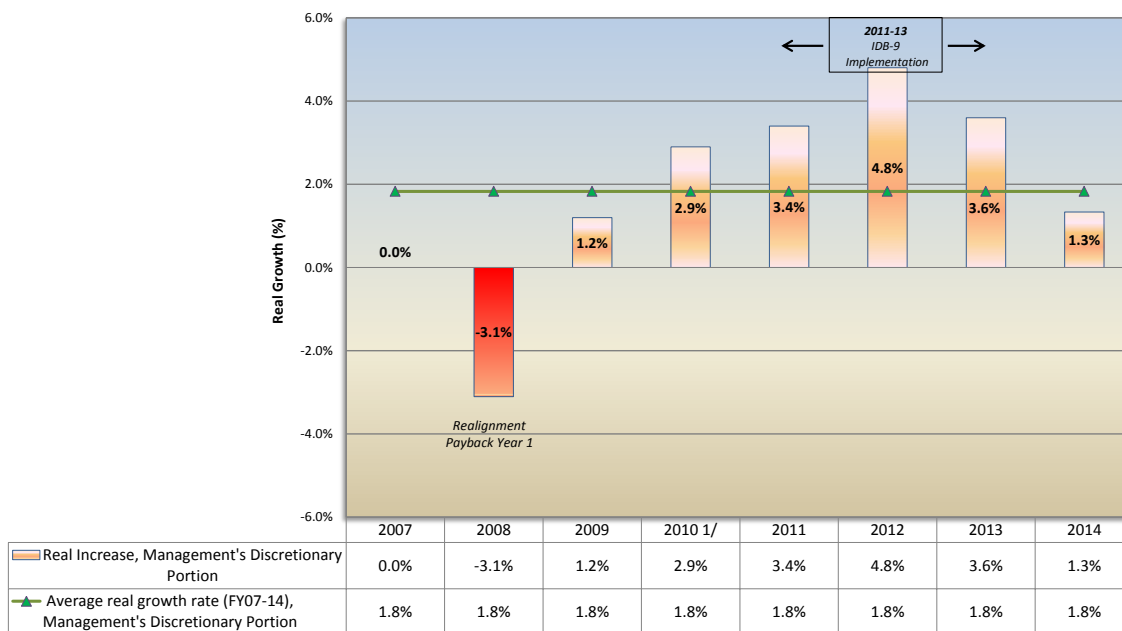
B. 2014 Approved Real Growth

- 2.5 As part of the 2014 budget preparation process, Management received requests from several Departments for additional resources to support their 2014 work program priorities, amounting to \$13.4 million (\$7.7 million of personnel costs and \$5.7 million of non-personnel costs). In addition, as per the AUG recommendations, \$3.8 million will be needed in 2014 to mainstream recurring expenses previously covered with carryover and

prior-year funds and \$1.9 million to sustain capital projects upon completion, leading to a total initial demand for additional resources in 2014 of \$19.1 million.

- 2.6 Given the 2014 Program and Budget Context section described under Chapter I, Management reviewed and prioritized all demands initially submitted, taking into consideration the seven priority areas of focus and the challenges foreseen for 2014, as indicated under paragraphs 2.1 – 2.2.
- 2.7 As a result of the prioritization exercise, Management reduced these initial demands to a request for additional resources of \$8.8 million representing a real growth (for Management Discretionary Items) of 1.3%, to be funded from the budget adjustment due as a result of Management's full payback of the one-time \$61.5 million realignment cost agreed with the Board during the 2007 Realignment (Realignment Budget Adjustment). The 2014 Administrative Budget also includes Personnel Costs (PC) and Non Personnel Costs (NPC) increments related to the Composite Price Adjustment Factor of 3.3%, leading to a 4.6% nominal growth for Management Discretionary Items.
- 2.8 As seen in Figure 2.1, Management's discretionary budget has seen an annual average real growth of 1.8% for the period 2007-2013, compared with a real growth of 1.3% approved for 2014, which is the lowest since 2009. In total, the 2014 Administrative Budget Approved amounts to \$594 million (1.5% real growth and 4.8% nominal growth at total Bank level).

Figure 2.1. 2007-14 Approved Management's Discretionary Budget Real Growth vs. 2007-13 Average Real Growth (%) (Composite Price Adjustment Factor of 3.3% Approved for 2014)



1/2010 reflects a higher budget growth due to mid-year supplemental Budget.

1. Allocation of the 2014 Approved Real Growth

2.9 As illustrated in Table 2.1 below, the allocation of \$8.8 million of real growth has been split into three categories:

- a. Funding for Institutional Priorities [\$3.2 million];
- b. Funding to mainstream administrative expenses previously covered with carryover and prior-year funds [\$3.8 million], as per AUG recommendations;
- c. Funding for recurrent administrative expenses from Bank capital projects in HQS, COF and IT completed in the previous year, as per AUG recommendations [\$1.9 million].

Table 2.1. Overview of the 2014 Real Growth

Priority Areas (\$000)		Additional for 2014		
		Labor Cost	Non Labor Cost	TOTAL
A. INSTITUTIONAL PRIORITIES: IDB-9 MANDATES AND RELATED PRIORITIES, AGENDA FOR A BETTER BANK AND OTHERS				
IDB-9 MANDATES AND RELATED PRIORITIES				
Project Execution	- Mitigate procurement-related factors causing project execution delays	80		80
Private Sector Renewed Vision	- Enhance Development Effectiveness among the VPP windows	310		310
Country Systems	- Strengthen borrowing member countries' procurement and financial management system	220		220
Economic Research	- Develop policy and outcome indicators of productivity growth in LAC	274		274
AGENDA FOR A BETTER BANK				
Safeguards, Gender and Diversity	- Strengthen environmental and gender safeguards and promote diversity	486		486
Enhanced internal and external communications	- Establish a cohesive image for IDB, showcase innovative ideas at the IDB, and provide educational program on development reporting	10	470	480
Ethics, Conduct and Grievance Systems	- Strengthen mediation services in the Bank	173	13	185
Risk Management	- Improve credit risk management in private sector lending operations	93		93
Combating Fraud and Corruption and Integrity Risk Management	- Support allegations intake, quality assurance functions and screening of high risk individuals and businesses	229		229
Business Process Optimization Services	- Manage the implementation of Optima's Releases		564	564
OTHER INSTITUTIONAL PRIORITIES				
Corporate Services Support	- Manage corporate service contracts		109	109
IDB Solidarity Grants	- Promote social and economic development of LAC communities in Washington D.C.		170	170
SUB-TOTAL INSTITUTIONAL PRIORITIES: IDB-9 MANDATES AND RELATED PRIORITIES, AGENDA FOR A BETTER BANK AND OTHERS (A)		1,874	1,326	3,200
B. MAINSTREAMING OF RECURRENT ADMINISTRATIVE EXPENSES IN CARRYOVER AND PRIOR YEARS (PER AUG RECOMMENDATION)				
Systems licenses supporting departmental work (OII, VPP, SPD and FIN)			1,721	1,721
Budget and Financial Management Program licenses			900	900
Collaboration tools maintenance support and licenses			440	440
IT outsourcing service delivery model fees			423	423
Bank's Wide Area Network communication fees			215	215
Bank's internet environment fees			60	60
SUB-TOTAL MAINSTREAMING OF RECURRENT ADMINISTRATIVE EXPENSES IN CARRYOVER AND PRIOR YEARS (B)			3,759	3,759
C. RECURRENT ADMINISTRATIVE EXPENSES FROM BANK CAPITAL PROJECTS (PER AUG RECOMMENDATION)				
Information Technology expenses			1,201	1,201
Facilities expenses (Headquarters and Country Offices)			657	657
SUB-TOTAL RECURRENT ADMINISTRATIVE EXPENSES FROM BANK CAPITAL PROJECTS (C)			1,858	1,858
TOTAL 2014 REAL GROWTH ALLOCATION (A+B+C)		1,874	6,944	8,818

a) Institutional Priorities: IDB-9 Mandates and related priorities, Agenda for a Better Bank (ABB) and Corporate initiatives

2.10 Management has allocated \$3.2 million to support institutional priorities, in line with the seven priority areas highlighted in paragraph 2.1. Detailed information can be found on the SEC website under each Department Business plan ([2014 Business Plans](#)). The \$3.2 million allocation can be summarized as follows:

a. IDB-9 Mandates and Related Priorities (\$884 thousand):

- i. Project Execution (\$80 thousand): Efforts will be made in 2014 to address project execution challenges by carrying out priority interventions to mitigate procurement-related factors that have caused execution delays. With additional resources, market analyses and price studies will be financed in selected countries to identify reasons for firms' overall low participation in IDB financed procurement processes.
- ii. Private Sector Renewed Vision (\$310 thousand): As part of the implementation of the Revised Development Effectiveness Framework for Non-Sovereign Guaranteed Projects ([GN-2489-8](#)), resources were allocated to support the coordination of the four private sector windows by: (i) conducting diagnostic portfolio reviews; (ii) coordinating the development of a results framework to aggregate results and impact measurements based on harmonized core indicators; (iii) leading the timing and content of SCF/OMJ's new toolkit and the IIC Dias+ Board presentations; and (iv) developing a separate publication on IDB Group private sector development effectiveness.
- iii. Country Systems (\$220 thousand): Additional resources were directed towards accelerating the use of country systems for the design, execution, and evaluation of Bank-financed operations as per [GN-2538](#). Activities will be financed to support borrowing member countries in their efforts to strengthen their procurement and financial management systems by: (i) supporting them in the adoption and implementation of international standards and/or narrowing the gaps with international standards and good practices; (ii) assessing the level of development of their systems; and (iii) supporting them in strengthening such systems, so that their systems become more modern, efficient and effective, and as a result, the Bank may eventually rely on such systems for Bank-financed operations.
- iv. Economic Research (\$274 thousand): In 2014, additional resources were allocated to support work on indicators of growth and productivity performance in LAC that will feed into the Bank's Institutional Strategy Update.

b. Agenda for a Better Bank (\$2,037 thousand):

- i. Safeguards, Gender and Diversity (\$486 thousand): Additional resources were assigned in 2014 to strengthen environmental safeguards and to develop gender-related safeguard capacity in countries in compliance with the Bank's environmental and gender policies. Resources were also assigned to promoting diversity.

- ii. Enhanced Internal and External Communications (\$480 thousand): In 2014, the implementation of the proposed corporate branding will require the production of content for various media platforms (video, text, images, and audio). In the area of communications training, funds for two initiatives are being mainstreamed into the Office of External Relations' base budget: (i) the Innovation Week that will showcase new ideas and products that can improve people lives in Latin America; and (ii) the second workshop on development reporting that will be held for LAC journalists to improve their ability to report on the Bank and sector and regional priorities.
 - iii. Ethics, Conduct and Grievance Systems (\$185 thousand): In 2014, the Bank will continue to consolidate the progress made with the implementation of the recommendations for improving the Bank's Ethics, Conduct and Grievance Systems. This budget allocation for the Office of Mediation, created in 2013, includes funds in 2014 to hire external professional mediation services and provide training and outreach on conflict resolution to employees in HQS and COF, among others.
 - iv. Risk Management (\$93 thousand): In 2014, resources were assigned to support the coordination of the review of NSG transactions and the integration of credit risk management in the private sector lending.
 - v. Combating Fraud and Corruption and Integrity Risk Management (\$229 thousand): Consistent with OVE's Background Paper on Combating Fraud and Corruption, additional resources were assigned to support the intake unit of the Office of Institutional Integrity (OI), which was created through the reallocation of investigative resources. Additional support for the intake unit and the quality assurance function will be funded through internal reallocations, implying that OI's investigators will conduct fewer but more substantial investigations. In addition, resources were assigned in 2014 so that the Bank continues strengthening the effectiveness of its financial and risk management practices by supporting additional workload related to the Compliance Screening System (CSS) for filtering High Risk Individuals and Businesses, and preventing interactions with such parties in Bank operational and corporate transactions.
 - vi. Business Process Optimization Services (\$564 thousand): In 2014, Strategic Planning and Development Effectiveness (SPD) will continue developing the capacity for the continuous review, improvement and adoption of new processes and work practices as well as systems that supports them. In this context, resources were allocated in 2014 to fund administrative expenses for licenses and SAP hosting to help manage the implementation of Optima's Phase 1 and 2 Releases and institutionalize business process optimization services.
- c. **Other Institutional Priorities (\$279 thousand):**
 - i. Corporate Services Support (\$109 thousand): Additional resources were allocated to partially offset the increase in corporate services contracts that over the years has been greater than the budget allocation. Although these contracts are carefully negotiated, they are subject to annual increases and additional increases in pass-

through costs that vary with market rates and/or legislative requirements of the vendors and therefore often go beyond the Non-Personnel Costs budget adjustment resulting from the application of the Composite Price Adjustment Factor. The maintenance of IT applications and infrastructure is also subject to similar conditions. In the past, these increases have been generally financed from carryover funds which is neither sustainable nor in line with the purpose of the carryover funds.

- ii. IDB Solidarity Grants (\$170 thousand): The Bank builds strategic partnerships with the Latino and Caribbean community organizations in Washington D.C. to promote social and economic development initiatives with education and health as priority areas. With additional resources in 2014 IDB Solidarity will be able to keep providing community grants and maintain the Bank's presence and contributions to the D.C. metropolitan area.

b) Mainstreaming incremental recurring Administrative Budget expenses covered with carryover and prior years

- 2.11 In the Auditor General's audit of Management's use of carryover and prior-year funds, auditors observed that funding recurring administrative costs out of these sources diminishes Management's flexibility to address unanticipated Bank priorities and expenses that may occur during the budget year. AUG recommended that recurring administrative expenses funded by carryover and prior-year funds be mainstreamed into the regular budget. During the 2013 budget discussions, Management proposed to mainstream these expenses in a phased approach over the period 2013-15. The first tranche for \$1.1 million was Board approved in the 2013 Program and Budget document. The second and final tranche is being requested in 2014 to mainstream the remaining \$3.8 million in recurring costs for software and IT licenses and fees (e.g. license costs for Finance Department's MISYS/ INTEX/Bloomberg systems, the Bank's Budget and Financial Management Program (BFMP) system, etc.).

c) Incremental recurring Administrative Expenses from Bank Capital Projects

- 2.12 As mentioned in the 2014-16 Medium-Term Capital Budget Plan ([GA-257](#)), \$1.9 million of additional resources will be required in 2014 to ensure that recurring expenditures generated by Capital Budget projects foreseen for completion by end-2013 are mainstreamed into the Administrative Budget.
- 2.13 The process of mainstreaming such recurrent expenditures was approved by the Board as part of the 2013 Program and Budget document as a follow-up of AUG recommendations to ensure proper funding of maintenance costs generated from completed Capital projects so that the Bank can sustain its asset base.
- 2.14 As part of the above-mentioned \$1.9 million of additional resources under this category, \$1.2 million are foreseen for IT related recurring expenditures (e.g. strengthening HQS and COF Cyber Security, Treasury Risk Control, Compliance and Portfolio Monitoring

System, and 16 other projects) and \$0.7 million for facility related recurring expenditures (e.g. Facilities Improvement Program and Operations and Maintenance costs in selected COF).

2. Funding of the 2014 Approved Real Growth

- 2.15 Management will fund the 2014 Administrative Budget real growth with the \$8.8 million Realignment Budget Adjustment due as a result of Management’s full payback of the one-time \$61.5 million Realignment cost agreed with the Board during the 2007 Realignment (Realignment Budget Adjustment).
- 2.16 On December 13, 2006, the Board of Directors approved the “Realignment of the Bank to take on its strategic challenges. Basic Organization and Proposed Resolution” ([GA-232-8](#)), related to the adjustments of the Basic Organization of the IDB. Management also presented the cost of Realignment to the Board (originally estimated at \$87.6 million) in two separate requests: \$24 million for Phase I and \$13.6 million of Special Carryover approved in May 2007 ([GA-228-5](#), Resolution DE-46/07), and \$50 million for Phase II approved in November 2007 ([GA-232-18](#), Resolution DE-130/07). Management and the Board agreed that only the \$74 million representing Phases I and II, should be repaid over six years (2008-2013) at \$12.3 million per year ([GA-238](#)) and that such funds will be tracked separately from the Administrative Budget.
- 2.17 As a result, Management took a budget reduction of \$12.3 million in the 2008 Administrative Budget, leaving 109 positions unfunded ([GA-242-21](#)). This placed the Bank on a lower spending trajectory forcing yearly budget reductions (\$74 million on a cumulative basis) against the “business as usual” trajectory⁴. Hence, on payback completion in 2013, the 2014 Administrative Budget would be eligible to receive an increase of \$12.3 million, to get back to a “business as usual” trajectory.
- 2.18 Management then informed the Board that final Realignment costs would only be \$61.5 million versus the \$74 million originally estimated (Table 2.2). Therefore, this revised, lower, total Realignment cost required a downward adjustment to the annual repayment amounts. Consequently, in 2009, the Board approved an Administrative Budget increase of \$2 million, effectively reducing Realignment cost annual repayments from \$12.3 million to \$10.3 million per year ([GA-244-11](#)). In 2010, the Board approved another Administrative Budget increase of \$1.5 million, effectively reducing Realignment cost annual repayments from \$10.3 million to \$8.8 million per year ([GA-245-19](#)).
- 2.19 Under this repayment schedule, by 2013 year-end, the \$61.5 million were fully repaid. Management allocated Board approval of the final 2014 Realignment Budget Adjustment of \$8.8 million to fund business priorities identified for 2014. This will reduce annual

4 As mentioned in the report of the Chairman of the Budget and Financial Policies Committee (BUFIPOL) ([GA-238-4](#)): “Management explained the baseline trend (considered the “business as usual” trajectory, or BAU) against which savings will be measured and how the 2008 budget was calculated with a level shift down of about \$12 million (or close to 3% of the overall Administrative budget in 2008). This leads to the 0% nominal growth in the administrative budget for 2008 (already mentioned) and places the Bank on a lower spending trajectory that forces yearly savings against BAU, until the payback is finished.”

Realignment cost repayments per year to zero and get back to a “business as usual” trajectory.

- 2.20 In summary, for the 2008-13 period, Management has delivered higher volumes of operational and non-operational outputs with concomitant cumulative Administrative budget reductions of \$74 million (including \$12.5 million in IDB-9 2011-2013 Budget reductions), that effectively lowered the total Administrative Expenses flowing into the LTFP and the Income Management Model (IMM) over the six-year period. Further analysis on the Realignment Payback is provided in Annex I.

Table 2.2. 2008-2013 Realignment Budget Payback Schedule

Item	Comments	Annual Repayments (\$ million)						Total 2008-13
		2008	2009	2010	2011	2012	2013	
1. 2007 Payback Agreement (Board-approved) ^{1/}	\$74M over 6 years (\$12.3M/year)	12.3	12.3					24.7
2. 2010 Payback Adjustment (Board-approved) ^{2/}	\$8M Underspend over 4 years (\$2M budget credit/year)			10.3				10.3
3. 2011 Payback Adjustment (Board-approved) ^{3/}	\$4.5M Underspend over 3 years (\$1.5M budget credit/year)				8.8	8.8	8.8	26.5
TOTAL		12.3	12.3	10.3	8.8	8.8	8.8	61.5

1/ As per GA-238-4, Report of the Chairman of BUFIPO.

2/ As per GA-244-11, 2010 Approved Program and Budget, Final Version.

3/ As per GA-245-19, 2011 Approved Program and Budget, Final Version.

III. 2014 BUSINESS PLANS AND RESULTS BASED BUDGETING (RBB) PERFORMANCE INDICATORS

- 3.1 This Chapter provides background information on the RBB Framework, the work accomplished so far and on-going tasks that will continue into 2014. It also contains a summarized version of the key priorities and expected results identified in each Vice-Presidency and Strategic Core (STC) Departments, together with an overview of their 2014 Performance Indicators by MBF. More detailed information on 2014 Business Plans and RBB Performance Indicators can be found on the SEC website ([2014 Business Plans](#)).

A. RBB Background Information

- 3.2 As part of the IDB-9 Mandates approved by the Board of Governors, Management was instructed to develop a framework for RBB. The RBB Framework ([GA-245-12](#)) was approved by the Board on December 2010 and included the 2011-2013 Action Plan to integrate key RBB elements into the Bank’s budget cycle. Some of the goals were to establish relevant metrics for performance information, apply performance information within the budget cycle, create incentives to achieve results and ensure managerial capabilities to execute planned objectives.
- 3.3 While the Bank has shown significant progress in moving towards a fully-fledged RBB framework, such a transformation is gradual and the current framework needs further improvements. Indeed, the Bank engaged RBB experts to do an analysis of the Bank’s

2011 Program and Budget Execution. Results from this analysis and from OVE's document "Overview: Mid-term Evaluation of IDB-9 Commitments" ([RE-425](#)) pointed towards the need to prepare an RBB framework for the next three years (2014-2016) which should aim (among other activities already in progress) at moving from output-based indicators to more performance-driven indicators (while possibly reducing the number of indicators) and at implementing an evaluation process within the budget cycle.

- 3.4 During 2013, Management has been following-up on these recommendation and as a result: (i) is preparing a new three-year RBB Action Plan for 2014-2016, including a roadmap to move the Bank from the current RBB model to a Performance-Informed RBB model; and (ii) updated existing indicators so that they can achieve the objectives set in the context of the above-mentioned evaluation process and integrated in the RBB framework early enough to be used as a basis for the 2014 budget formulation (and subsequent execution).

B. Vice-Presidency for Countries (VPC)

1. VPC Overall Department Strategy

a) Prioritize budget allocation to align with Bank priorities

- 3.5 For 2014, VPC will prioritize products, activities and resources in line with Bank priorities in order to: (i) consolidate progress made on IDB-9 priorities and targets; (ii) improve the quality of programming; (iii) further increase its emphasis on quality and results during project preparation and execution; (iv) strengthen and advance the use of fiduciary country systems, as well as the continuous promotion of active dialogue on fiduciary matters; and (v) continue supporting the implementation of RBB, Decentralization, and Optima initiatives. VPC will continue efforts begun in 2013, in the programming process with an increase in the average size of SG operations and further contribute to the multi sector collaboration and double-booking in project preparation by identifying operations requiring collaboration according to the country's needs and ensuring their preparation and execution are adequately funded with transactional resources. The biannual allocation exercise of concessional resources for eligible countries through the Debt Sustainability Framework and Enhanced Performance-Based Allocation (DSF/EPBA) for the 2015-2016 will be carried out. VPC will be actively involved in the Optima initiative to implement new operational and corporate processes with the objective of optimizing the quality of these services.

b) Improve on the efficient execution of resources and on obtaining measurable results

- 3.6 In close coordination with the Vice-Presidency for Sectors and Knowledge (VPS), efficiencies will be sought in the design of the operational program and project cycle, with the objective of reducing the operational volatility of SG operations. Project execution will be improved with expected results that include a reduced number of operations under alert and problem status, a better alignment between project design and institutional

capacity, and also to continue strengthening the institutional capacity of executing agencies. VPC will continue with its emphasis on monitoring the results of budget execution and reallocate resources between Units/Departments based on institutional priorities and needs, if required.

2. VPC Main Business Functions and Performance Indicators

- 3.7 Table 3.1 below provides a consolidated view of 2014 VPC's Main Business Functions and corresponding Performance indicators.

Table 3.1. 2014 RBB Main Business Functions (MBF) and Performance Indicators - VPC Consolidated

	2014 Plan					
	Baseline	Indicator Est. Jun	Indicator Est. Dec	PC (\$000)	NPC (\$000)	TOTAL (\$000) % of Budget
SG Project Execution and Portfolio Management ^{/1}				\$23,965	\$9,285	\$33,250 32.4%
Percentage of operations in "alert" status	23%	20%	20%			
Percentage of operations in "problem" status	12%	10%	10%			
Percentage of operations in "satisfactory" status	59%	65%	65%			
Client Management				\$6,988	\$6,442	\$13,431 13.1%
Percentage of client satisfaction with Country Strategies and SG loans (satisfactory or above)			70%			
Percentage of civil society satisfaction (satisfactory or above)			70%			
Country and Regional Programming				\$3,915	\$1,134	\$5,049 4.9%
Percentage of the agreed program aligned to the Country Strategy	92%	92%	92%			
Alignment of the program with the priority objectives IDB-9 (RF3) - Small and Vulnerable Countries	35%	35%	35%			
Alignment of the program with the priority objectives IDB-9 (RF3) - Poverty Reduction and Equity Enhancement	50%	50%	50%			
Alignment of the program with the priority objectives IDB-9 (RF3) - Regional Integration	15%	15%	15%			
Alignment of the program with the priority objectives IDB-9 (RF3) - Climate Change	25%	25%	25%			
Percentage of achievement of projected SG loan approved amount	100%	100%	100%			
Country Strategies				\$3,820	\$954	\$4,774 4.6%
Percentage of Country Strategies delivered within the transition period	58%	100%	80%			
Technical Cooperation (TC) Execution				\$2,789	\$57	\$2,845 2.8%
Country and Economic Studies				\$1,821	\$716	\$2,537 2.5%
SG Project Approvals				\$1,836	\$167	\$2,003 1.9%
Country Office Strengthening				\$1,477	\$492	\$1,969 1.9%
Fiduciary Management				\$1,412	\$432	\$1,844 1.8%
Percentage of projects with satisfactory opinion from External Auditor (clean opinion)	78%	80%	80%			
Percentage of projects using national systems for managing Bank-financed projects	34%	37%	37%			
Percentage of countries that use national systems for the management of projects financed by the Bank	23%	30%	30%			
Macroeconomic Analysis				\$1,048	\$508	\$1,556 1.5%
Technical Cooperation (TC) Approvals				\$188	\$47	\$235 0.2%
Other Core Functions ^{/2}				\$5,425	\$53	\$5,477 5.3%
Cross-cutting Functions ^{/3}				\$12,581	\$15,167	\$27,748 27.0%
TOTAL WITHOUT TRANSACTIONAL				\$67,264	\$35,453	\$102,717 100.0%
Transactional ^{/4}					\$33,374	\$33,374
TOTAL				\$67,264	\$68,827	\$136,091

Note: SG - Sovereign Guaranteed

1/ Includes resources for development effectiveness.

2/ Includes Investment Grants, Support to Private Sector Operations, Corporate Management, Corporate Cooperation, and Capital Projects.

3/ Includes Learning, Human Resources, Budget and Finance, Information Technology, General Administrative Costs (which includes Operations and Maintenance Costs for Country Offices), and Internal Knowledge Sharing.

4/ Includes \$1,004K for SPD.

- 3.8 **SG Project Execution and Portfolio Management:** VPC will continue expanding implementation of Project Management by Results, and emphasis will be placed to continue reducing problem or alert projects. Work will continue in the monitoring and review of the TC portfolio and focus among others on: (i) improving disbursement projections to ensure old stock of projects are disbursing and attaining results; (ii) strengthening portfolio management activities to improve performance execution; (iii) continuing to support project teams addressing bottlenecks and improving processes impacting project execution; and (iv) implementing OVE's recommendations and in coordination with the KNL continue training project executing units, team leaders and operational analysts.
- 3.9 **Client Management:** VPC will among others: (i) support specific countries in the implementation of sustainable cities as well as regional agenda with emphasis on the broadband initiative; (ii) continue to engage regional stakeholders on key strategic issues like debt reduction, economic growth, alternate energy sources, and development of new trading partners and expansion of private sector lending; (iii) support regional challenges and contribute to regional integration through the Mesoamerica Project and other regional efforts; and (iv) expand and strengthen its relationship with civil society by facilitating Civil Society Organizations (CSOs) participation in IDB operations, forging innovative partnerships with private sector entities and funding opportunities for small projects led by CSOs, and other actions in support of project teams.
- 3.10 **Country & Regional Programming:** As in prior periods, 26 Country Programming Documents (CPDs) and an Operational Programming Report (OPR) will be prepared and will provide the Board with a complete vision of the operational program.
- 3.11 **Country Strategies (CS):** Five new CSs are expected to be approved during 2014 (El Salvador, Honduras, Barbados, Chile, and Paraguay). Workshops and other in-country events will take place during 2014 to disseminate and implement CSs approved in 2013. Responding to client and institutional priorities, advanced economic work will be made for upcoming new CS to be approved in 2015. Transactional resources assigned for technical sector notes will be employed to complement existing resources to support a more complete and deeper sectorial analysis, enhancing the country dialogue during CS preparation.
- 3.12 **SG Project Approvals:** Loan approvals will be aligned with IDB-9 priority areas, with 35% aligned to small & vulnerable countries, 50% to poverty reduction, 15% to regional cooperation & integration, and 25% to climate change Initiative & sustainable energy.
- 3.13 **Fiduciary Management:** Resources will be dedicated to address project preparation and execution challenges, consistent with OVE's evaluation of the strategy to use country systems. Focus will be placed on mitigating procurement-related factors that have caused execution delays. Market analyses and price studies in selected countries will be conducted to identify reasons for firms' overall low participation in IDB financed procurement processes.

- 3.14 **Macroeconomic Analysis:** VPC's economic team will accompany the programming and execution processes supporting clients in addressing fiscal and macroeconomic challenges. VPC will produce 26 MSAs, following current guidelines or modifications stemming from ongoing discussions of the working group in charge of redefining the MSAs and their scope.

C. Vice-Presidency for Sectors and Knowledge (VPS)

1. VPS Overall Department Strategy

a) Prioritize budget allocation to align with Bank priorities

- 3.15 In 2014, VPS will continue prioritizing its work program and allocating budgetary resources in line with the following Bank's priorities: (i) implementation and advancement of IDB-9 mandates; (ii) addressing project preparation and execution challenges; and (iii) follow up on Board approved recommendations related to OVE's Mid-term Evaluation of IDB-9 commitments.
- 3.16 In this context, VPS will focus among others, on: (i) strengthening internal capacity of project teams to address the increased workload of a growing portfolio, in areas such as energy, climate change, integration and trade, social protection, etc.; (ii) increasing efforts to mainstream transversal operational work into programming through project development in climate change, gender, trade, labor markets & innovation; (iii) incentivizing additional collaboration and co-preparation efforts of loans (double-booking); (iv) continuing to work with VPC to implement macroeconomic safeguards for lending operations following current guidelines or modifications stemming from ongoing discussions of the working group in charge of redefining the MSAs and their scope; (v) continuing to provide environmental and social safeguards and mainstreaming environmental risk analysis for SG and NSG operations; and (vi) ensuring adequate allocation of staff time to support and participate in Optima's operational and corporate initiatives.

b) Improve on the efficient execution of resources and on obtaining measurable results.

- 3.17 Expected main results of the Operational Program will focus among others, on: (i) supporting the quality of design by developing highly evaluable projects that include mitigation risk factors in the preparation process, as well as strong economic analysis and ex-post impact evaluations; (ii) reducing the number of operations under alert and problem status; (iii) continuing joint work with VPC to manage the seasonality associated with the Bank's SG operations; and (iv) improving TC execution by reducing the number of TCs in alert.
- 3.18 Expected main results of the Analytical & Technical Assistance Program will focus on improving the quality and relevance of analytical work based on borrowing member countries' needs, IDB-9 priorities, and Corporate Initiatives while developing new, cutting

edge knowledge to enhance the quality and relevance of current and future Bank operations.

- 3.19 In order to obtain measureable results, VPS will improve the efficient execution of resources by strengthening RBB monitoring of performance indicators and timely reporting on budget execution.

2. VPS Main Business Functions and Performance Indicators

- 3.20 Table 3.2 below provides a consolidated view of 2014 VPS's MBF and corresponding performance indicators.

Table 3.2. 2014 RBB Main Business Functions (MBF) and Performance Indicators - VPS Consolidated

	2014 Plan						
	Baseline	Indicator Est. Jun	Indicator Est. Dec	PC (\$000)	NPC (\$000)	TOTAL (\$000)	% of Budget
SG Project Execution and Portfolio Management ^{/1}				\$33,702	\$17,271	\$50,974	26.9%
Percentage of operations in "alert" status	23%	20%	20%				
Percentage of operations in "problem" status	12%	10%	10%				
Percentage of operations in "satisfactory" status	59%	65%	65%				
Project Approvals				\$24,616	\$13,013	\$37,629	19.9%
Percentage of operations with impact evaluation design	32%	34%	32%				
Percentage of loan approval amount	100%	60%	100%				
Economic and Sector Work (ESW)				\$9,374	\$11,410	\$20,784	11.0%
Percentage of planned ESW deliverables completed		53%	100%				
Technical Cooperation (TC) Execution				\$12,906	\$2,501	\$15,407	8.1%
TC disbursements as a percentage of available balance	36%	15%	37%				
Staff and Regional Knowledge Management and Training				\$7,766	\$7,420	\$15,186	8.0%
Percentage of generated and validated knowledge products		57%	100%				
Percentage of institutional goal realized of average training hours per employee	70%	60%	80%				
Corporate Input Products (CIP)				\$4,067	\$4,991	\$9,057	4.8%
Percentage of planned CIP deliverables completed		45%	100%				
Environmental and Social Sustainability (ESG) [SG & NSG]				\$3,000	\$3,412	\$6,412	3.4%
Percentage of ESG time devoted to SG & NSG operations in preparation	38%	38%	38%				
Percentage of ESG time devoted to high risk SG & NSG operations in execution	22%	22%	22%				
Percentage of approved category A&B SG & NSG loans supported by ESG	55%	55%	55%				
Percentage of high risk SG & NSG loans in supervision that are rated for safeguards implementation performance	50%	65%	65%				
Technical Cooperation (TC) Approvals				\$3,622	\$854	\$4,476	2.4%
Percentage of amount approved from Ordinary Capital (OC) special programs for TCs	63%	44%	79%				
Information Resources and Dissemination of Knowledge				\$1,260	\$2,335	\$3,595	1.9%
Country Strategies (CS)				\$2,200	\$863	\$3,063	1.6%
Percentage of sector notes included in Country Strategies		67%	72%				
Client Management				\$1,000		\$1,000	0.5%
Other Core Functions ^{/2}				\$6,319	\$521	\$6,840	3.6%
Cross-cutting Functions ^{/3}				\$10,487	\$4,349	\$14,836	7.8%
TOTAL				\$120,320	\$68,941	\$189,260	100.0%
Transactional					(\$32,370)	(\$32,370)	
TOTAL WITHOUT TRANSACTIONAL				\$120,320	\$36,571	\$156,890	

Note: SG - Sovereign Guaranteed, NSG - Non-Sovereign Guaranteed

1/ Includes resources for development effectiveness.

2/ Includes Investment Grants, Macroeconomic Analysis, Support to Private Sector Operations, Corporate Management, Corporate Cooperation, and Capital

3/ Includes Human Resources, Budget and Finance, Information Technology, General Administrative Costs, and Internal Knowledge Sharing.

- 3.21 **SG project execution:** VPS will supervise approximately 622 operations which will result in roughly \$5 billion of disbursements for investment loans⁵, further emphasizing its focus on results. This will entail: (i) periodically and proactively reviewing loan portfolio in coordination with VPC to identify areas where improvements can be made; (ii) collaborating with SPD in the implementation of the new methodology for monitoring sovereign guaranteed operations; (iii) continuing efforts to improve the accuracy of disbursement projections; and (iv) strengthening the capacity of project teams to supervise projects while collaborating with Country Representatives to improve project outcomes and strengthen project management capacities in executing agencies.
- 3.22 **SG project approvals:** VPS will deliver to the Board for approval SG operations for up to \$9.8 billion of which approximately 32% will have an impact evaluation designed. Of the approved loans, 26% will have multi-sector collaboration and 25% will fulfill the rules defined in the new double-booking protocol.
- 3.23 **Economic and sector work (ESW):** 66 ESWs will produce 295 deliverables⁶ which will include publications, conferences and dissemination activities. ([ESW list](#))
- 3.24 **Technical cooperation execution:** VPS will supervise 1,021 TCs⁷, further emphasizing its focus on results. VPS will continue with the on-going effort and successful clean-up of the TC portfolio through bi-monthly cancellation, warning and issues reports produced in collaboration with ORP/GCM.
- 3.25 **Staff and regional knowledge management and training:** KNL's main business function for 2014 will be organized around the pillars included in the K&L Strategy 2012-2015, namely Pillar I: "Training and Knowledge Sharing" and Pillar II: "Knowledge Management in the Region and the Bank" are related to this main function. KNL estimates achieving 80% of the institutional learning target and seven knowledge products that will be generated and validated by SMEs.
- 3.26 **Corporate input products (CIPs):** 46 CIPs will produce 173 deliverables⁸ which include most of KNL's program. ([CIP list](#))
- 3.27 **Environmental and social sustainability (SG & NSG):** VPS will focus on projects that present high safeguards risks or impacts. This will result in ESG supporting an estimated 55% of the loans categorized as A and B in 2014, as well as a number of high risk uncategorized financial intermediary-type loans. Pursuant to OVE's recommendation, ESG will prioritize safeguards supervision with the aim of rating 65% of the high risk operations it supervises by the end of 2014 (up from 50% in 2013).

⁵ Total disbursements (\$7.2 billion) in Table 1.3 includes \$2.2 billion for policy-based loans.

⁶ Total ESW deliverables (300) in Table 1.3 includes 5 for VPP.

⁷ Total TCs in execution (1,066) in Table 1.3 includes 45 for VPP.

⁸ Total CIP deliverables (174) in Table 1.3 includes 1 for VPP.

- 3.28 **Support to CSs and CPDs:** VPS will contribute to the development of five CSs and 26 CPDs for which \$0.75 million are earmarked in the transactional budget for the preparation of 71 Sector Notes.
- 3.29 **Technical cooperation approvals:** VPS will mobilize the necessary resources from the donor trust funds and OC Special Programs to finance approximately 252 high priority non-reimbursable technical cooperation operations⁹ for the Bank's LAC member countries.

D. Vice-Presidency for Private Sector and Non-Sovereign Guaranteed Operations (VPP)

1. VPP Overall Department Strategy

- 3.30 For 2014 VPP will continue overseeing, coordinating and providing support to the four Private Sector Windows. VPP will give particular focus to the following four priority areas: (i) enhancing development effectiveness; (ii) strengthening the quality of country strategies and sector frameworks; (iii) implementing the operational work program; and (iv) supporting the Renewed Vision for Private Sector.
- a) Prioritize budget allocation to align with Bank priorities**
- 3.31 With respect to Development Effectiveness (DE), VPP will join efforts with the Private Sector Windows to further coordinate approaches in monitoring, reporting and analyzing development results. VPP will also continue to enhance operations quality control by continuously improving the quality of Loan/Guarantee Proposals, reviewing evaluability parameters, supporting projects teams with the new Development Effectiveness Matrix (DEM), and advancing innovation in NSG operations.
- 3.32 With respect to strengthening CSs, VPP will expand its participation in dialogues with Country Representatives and Country Team during the Country Strategy and Programming process in order to identify mutually beneficial opportunities on private and public sector collaboration.
- 3.33 Continued efforts and resources will be dedicated to aligning the operational work program to the Bank's IDB-9 priority areas. With a 25% increase in NSG lending, from \$2.0 billion to \$2.5 billion, VPP will ensure the adequate allocation of resources for origination, preparation and supervision of NSG operations. As portfolio expands and diversifies among Sector and Country participation, adequate resources will be allocated to effectively manage and sustain a healthy portfolio.
- 3.34 In addition, VPP will continue to contribute to the larger discussion on the Private Sector to ensure priorities are aligned throughout the year and support a favorable outcome. Moreover, VPP will continue to enhance coordination among the private sector windows and improve VPP country presence in the Region.

⁹ Total TC approvals (261) in Table 1.3 includes 9 for VPP.

b) Improve on the efficient execution of resources and on obtaining measurable results

- 3.35 VPP will continue to improve quality in the design of operations by enhancing focus on development impact in the preparation of loans and technical cooperations, increasing knowledge sharing of private sector windows and continuing to contribute to the Bank's achievement of IDB-9 lending targets.
- 3.36 VPP will continue to support the Optima teams in seeking process efficiencies through the blueprinting of NSG Operational Stream. Moreover, in 2014 with the implementation of the Development Effectiveness System, greater efforts will be dedicated to streamlining NSG projects in MapAmerica.
- 3.37 Finally, consistent with RBB, both performance and resource commitments will be closely monitored and tracked and, if necessary, re-allocated to support new or changing priorities. Particular attention will be given to the resources requirements needed to meet the increase in NSG lending volume with a zero growth budget, by maximizing its use of approved budget through reallocation and/or efficiencies, when possible.

2. VPP Main Business Function and Performance Indicators

- 3.38 Table 3.3 below provides a consolidated view of 2014 VPP's MBF and corresponding Performance indicators.

Table 3.3. 2014 RBB Main Business Functions (MBF) and Performance Indicators - VPP Consolidated

	2014 Plan						
	Baseline	Indicator Est. Jun	Indicator Est. Dec	PC (\$000)	NPC (\$000)	TOTAL (\$000)	% of Budget
NSG Project Execution ^{/1}				\$7,110	\$3,771	\$10,881	29.9%
Percentage of co-financing amount mobilized	200%	200%	200%				
Weighted average risk rating	3.40	4.00	4.00				
Maximum percentage of portfolio in arrears	3%	5%	5%				
NSG Project Approvals				\$5,747	\$4,115	\$9,862	27.1%
Percentage of projects with preparation period greater than established average per sector	48%	37%	37%				
Percentage of projects with granted eligibility greater than 18 months	28%	18%	18%				
Percentage of delegated approvals under approved facilities	38%	20%	35%				
Percentage of projects with high DEM score at approval		80%	80%				
Origination				\$4,050	\$1,860	\$5,910	16.2%
Average cost per project declared eligible	\$105,000	\$105,500	\$105,500				
Percentage of NSG origination cost in C&D countries	22%	22%	22%				
Economic and Sector Work (ESW)				\$1,248	\$496	\$1,743	4.8%
Social Entrepreneurship Program (SEP) Execution				\$702	\$325	\$1,027	2.8%
Number of SEP projects classified at risk	11	11	8				
Social Entrepreneurship Program (SEP) Approvals				\$420	\$285	\$705	1.9%
Percentage of SEP projects with preparation period greater than established average	20%		20%				
Technical Cooperation (TC) Execution				\$325	\$105	\$430	1.2%
Corporate Input Products (CIP)				\$278	\$110	\$388	1.1%
Country Strategies (CS)				\$125	\$50	\$175	0.5%
Country and Regional Programming				\$83	\$60	\$143	0.4%
Technical Cooperation (TC) Approvals				\$40	\$43	\$84	0.2%
Other Core Functions ^{/2}				\$2,026	\$281	\$2,307	6.3%
Cross-cutting Functions ^{/3}				\$1,813	\$906	\$2,719	7.5%
TOTAL				\$23,967	\$12,406	\$36,373	100.0%

Note: NSG - Non-Sovereign Guaranteed

1/ Includes resources for development effectiveness.

2/ Includes Corporate Management, Corporate Cooperation, and Capital Projects.

3/ Includes General Administrative Costs, Human Resources, Budget and Finance, Information Technology, and Internal Knowledge Sharing.

- 3.39 **NSG project execution:** VPP will concentrate efforts on management and supervision of the growing NSG portfolio. As of August 30, 2013, the NSG exposure amounted to \$4.9 billion with \$2.2 billion as the NSG undisbursed loan balance. As of mid-year 2013, there were 175 projects in execution, it is expected that for 2014 there will be around 244 projects in execution. Further, the NSG portfolio risk composition will be closely monitored through the weighted risk average indicator and other portfolio quality indicators.
- 3.40 **NSG project approvals:** VPP will work to obtain approvals totaling \$2.5 billion in NSG lending. In addition, the TFFP program will continue its increasing operational activity through credit lines and increases. Further, VPP will promote the use of the Nordic Development Fund, the Canadian Climate Fund for the Private Sector in the Americas and the China Co-Financing funds to fill the financing gaps that projects may experience.
- 3.41 **Project origination:** Efforts will be concentrated on priority sector and continue to support mainstreaming of IDB-9 priorities, with a particular emphasis on: (i) protection of the environment and response to climate change; (ii) infrastructure for competitiveness and social welfare; and (iii) social policy for equity and productivity.
- 3.42 **Social entrepreneurship program.** In terms of new project development, VPP's priorities will include: (i) identifying, designing, and developing 10-12 projects that meet program criteria, utilizing both OC Special Funds resources (\$9.0 million) and external trust funds available to SEP; and (ii) developing new funding proposals for at least two new potential donors to ensure sufficient co-funding of the program with a view towards securing commitments in additional trust funds. In terms of its portfolio management (comprised of approximately 307 outstanding loans valued at \$52 million, and 83 operations in execution) the SEP will focus on three objectives: (i) maintaining the quality of the portfolio at less than 4% in arrears; (ii) improving monitoring of restructured loans and the portfolio; and (iii) pursuing legal actions against borrowers who have sufficient resources but refuse to pay.

E. Vice-Presidency for Finance and Administration (VPF)

1. VPF Overall Departmental Strategy

a) Prioritize budget allocation to align with Bank priorities

- 3.43 In 2014, VPF will focus on continuing: (i) the phased execution of the different ABB related strategies and priorities, including the implementation of the Human Capital Strategy (HCS) ([GN-2606-5](#)), the Employment Model Framework (EMF) ([GN-2655](#)), the review of the Bank's Pension Plans ([GN-2599-30](#)), the implementation of the 2012-2015 Information and Technology Strategy ([GA-182-25](#)) and the strengthening of Management internal Capital Budget Process with emphasis on execution, evaluation and performance; (ii) supporting the Bank's operational program by providing quality and timely legal and financial services to an increasing number of new and complex SG and NSG operations with innovative legal and financial structures, and to a larger portfolio of projects in

execution; and (iii) strengthening the security monitoring and protection of the Bank's IT infrastructure from external cyber-attacks.

- 3.44 In addition, consistent with Management's overall program and budget strategy for 2014, VPF's work program will support the priority areas indicated on the 2014 Program and Budget Outlook ([GA-257-4](#)) focusing on: (i) IDB-9 mandates and follow-up on OVE's Mid-Term Evaluation; (ii) Program Optima with a significant number of SMEs participating in the development, testing, implementation and training of the new system solutions scheduled to go-live in Q3 2014 and ITE focusing on support pre and post deployment efforts; (iii) a new three-year action plan for further developing the RBB Framework with emphasis on integrating the evaluation process into the budget cycle; and (iv) the Private Sector as the refinement of the renewed vision for the IDB Group's work in the Private Sector could also lead to changes in the current corporate environment.

b) Improve on the efficient execution of resources and on obtaining measurable results

- 3.45 VPF will continue to allocate efficiently resources in order to focus on measurable results, related among others, to: (i) maintenance cost, infrastructure delivery, progress achieved on its 2012-2015 IT Strategy implementation, and delivery of technology projects within industry best practices; (ii) Bank-wide client satisfaction survey in relation to a number of services delivered by its Departments; (iii) mechanisms, indicators, visualizations tools and dashboards in order to efficiently and effectively monitor and evaluate the HR performance of the Bank in a timely manner; and (iv) continuing to transfer transactional functions to the Costa Rica Service Center.

2. VPF Main Business Functions and Performance Indicators

- 3.46 Table 3.4 below provides a consolidated view of 2014 VPF's MBF and corresponding Performance indicators.

Table 3.4. 2014 RBB Main Business Functions (MBF) and Performance Indicators - VPF Consolidated

	2014 Plan						
	Baseline	Indicator Est. June	Indicator Est. Dec	PC (\$000)	NPC (\$000)	TOTAL (\$000)	% of Budget
Vice Presidency for Finance and Administration							
Information Technology Services				\$12,477	\$21,672	\$34,149	29.2%
Percentage of 2012-2015 IT Strategy implementation indicators at or above target	50%	60%	75%				
Percentage of technology projects with no change to original delivery date	51%	60%	60%				
Budget, Bank Infrastructure and General Services				\$7,241	\$16,730	\$23,971	20.5%
Percentage of client satisfaction (satisfactory or above) ^{1/}	70%		70%				
Facilities management cost per square meter at headquarters	\$161	\$90	\$180				
Financial Management				\$13,744	\$3,039	\$16,783	14.4%
Percentage of borrowing program executed	100%	50%	100%				
Percentage utilization of FIN installed capacity to serve loans and grants	100%	51%	102%				
Human Resources Management				\$8,515	\$4,757	\$13,272	11.4%
Time to hire from requisition approval to offer accepted (# of weeks)	18	15	15				
Percentage of participation in the Leadership and Employee Development (L&ED) Program	35%	50%	50%				
Legal Services				\$9,035	\$920	\$9,955	8.5%
Average number of legal documents prepared, reviewed, commented and negotiated per attorney	45	22	45				
Average number of legal opinions and advice provided per attorney	38	19	38				
Mediation Services				\$264	\$205	\$468	0.4%
Percentage of clients satisfied or very satisfied with mediation services ^{1/}	60%		60%				
Percentage of employees utilizing mediation services	2%	1%	2%				
Other Core Functions ^{2/}				\$4,520	\$105	\$4,625	4.0%
Cross-cutting Functions ^{3/}				\$10,035	\$3,549	\$13,583	11.6%
TOTAL				\$65,830	\$50,977	\$116,806	100.0%

1/ Survey is scheduled to take place during the second semester of 2014.

2/ Includes Corporate Management, Corporate Cooperation, and Capital Projects.

3/ Includes Learning, Human Resources, Budget and Finance, Information Technology, General Administrative Costs, and Internal Knowledge Sharing.

- 3.47 **Information technology services** (strategic governance, risk and control, maintenance of business technology solutions, IT infrastructure, and business intelligence instruments; and Development and Implementation of Technology Solutions): VPF will increase focus on these business functions that include supporting Optima deployment; developing a multi-year IT Security roadmap; and leading a heavier than normal internal control evaluation since both legacy and new solutions will need updated assessments.
- 3.48 **Budget Services** (administrative and capital budget and RBB monitoring and evaluation): VPF will focus among others on the Implementation of the New Streamlined Budget Cycle as determined by the EXD support to client Departments; the establishment of a fully-fledged and documented Capital Budget Framework; and continue the review of RBB indicators and develop a reallocation methodology.
- 3.49 **Bank infrastructure and general services** (real estate management, corporate procurement and general services): VPF will focus among others on the completion of new COFs Panama and Haiti; plans and preparation for new COF Jamaica, as well as open space projects for HQS; the achievement of Leadership in Energy and Environmental Design (LEED) re-certification for HQS buildings; and end user support for procurement processes including operational consulting services.
- 3.50 **Financial management** (treasury; loan servicing; financial statements and transactions; and financial policies and advice): Approval of the proposed policy for a Flexible Guarantee Instrument for SG operations will require FIN's participation in the design of the training plan for Bank staff and its borrowers, increasing its staff workload. Other outputs include the preparation of annual OC and Fund for Special Operations (FSO) LTFP.
- 3.51 **Human resource management** (recruitment, client request resolution, leadership and employee development program and other HR services): VPF will focus on the standardization of recruitment processes as well as the implementation of a talent sourcing strategy to assist in attracting strong pools of candidates; and the review and evaluation of the Bank's compensation and benefits programs against the objectives of the Total Rewards Framework (TRF) to ensure a competitive rewards structure. Furthermore VPF will continue building Management and Leadership capacity to advance the corporate results agenda through the delivery of a comprehensive leadership development program.
- 3.52 **Legal services** (preparation and negotiation of legal documents; provision of legal opinions and advice; and review of policies, strategies, guidelines, special programs and lending instruments): VPF will focus among others on: providing high quality and efficient legal support; developing intra-departmental specialization so as to better align with the needs of clients; and developing a knowledge management function to facilitate the sharing of legal opinions and precedents within the Department.
- 3.53 **Mediation Services**: Bank's staff, consultants and retirees have access to the mediation services provided by the Mediation Office (VPF/MDN) and it is estimated that the Office

will manage an average of 80 cases per year. During 2014, a Mediation Certification Program is planned for COFs.

F. Strategic Core (STC)

1. Office of Institutional Integrity (OII)

- 3.54 OII's 2014 priorities are to efficiently investigate allegations of prohibited practices and seek sanctions when those allegations are substantiated, as well as advancing its prevention agenda.
- 3.55 To improve the efficient use of resources allocated to investigations and sanctions proceedings, OII will continue to support the recently introduced intake and quality assurance functions, which are intended to better filter complaints, and to improve the quality of OII's output. In respect to its prevention mandate, OII will seek to deepen the collaboration between: (i) the investigative and prevention teams, to continue to extract lessons learned and identify red flags and mitigation measures that can inform the design and execution of projects; and (ii) the prevention team and operational Departments, to increase awareness of the Bank's efforts to ensure that its activities are free of fraud and corruption and to build capacity to manage integrity risk.

2. Office of the Executive Auditor (AUG)

- 3.56 In the fourth quarter 2013, AUG conducted the risk assessment that led to the 2014 Audit Plan which was approved in December by the President and Audit Committee. The 2014 Audit Plan includes 28 assurance and consultation engagements (including one MIF and two IIC). Although less in number than in prior years, the 2014 engagements focus on broader objectives and scope allowing for a macro level of assurance. The 2014 Audit Plan focuses on significant changes in business process and technology including the implementation of Program Optima, project and risk management, governance, and HCS development of processes and controls.
- 3.57 In addition, AUG will continue to monitor, and assist in, the implementation of management action plans that respond to observations included in AUG's reports.

3. Office of External Relations (EXR)

- 3.58 In 2014, EXR will continue to engage with relevant external audiences to promote the Bank and its work. To achieve this goal, EXR will: (i) implement the proposed IDB Group corporate branding, which identifies the Bank's essence and positioning with respect to its main goals and will ensure alignment with the IDB-9 mandates; (ii) develop and update the messages related to the Bank's priorities at the sector and country levels, including the Renewed Vision for the Private Sector; (iii) update and measure the relevance of existing communication platforms (webpages) and develop new ones (digital and social media) improve the efficient execution of resources; and (iv), in coordination with KNL and HRD, train a group of IDB storytellers to enable them to develop and deliver strategic messages effectively, especially those related to the IDB-9 mandates.

4. Office of Outreach and Partnerships (ORP)

- 3.59 In 2014, ORP will continue to prioritize the support it provides to business units by mobilizing more resources (financial/non-financial) available to the region from the donor community and by building sustainable partnership activities in IDB priority areas and multidisciplinary initiatives, such as Climate Change and Sustainability, Gender & Diversity, Broadband, Biodiversity, Connectaméricas, Citizen Security, and Road Safety. This effort will result in a steady gain compared to past annual resource mobilization goals and an increase in the number of active partners and opportunities (partnership pipeline). In addition, ORP will focus on further advancing the efficiency and transparency in the integrated accountable resource management/administration. ORP expects to allocate over 80% of its total approved 2014 budget in its three Main Business Functions (i.e. (i) resource mobilization and partnership development and management; (ii) outreach, promotion of sustainability, social investment and new development actors; and (iii) resource management). In addition, ORP expects to substantially increase its results in the most cost efficient manner through streamlining various work-processes and reallocating its resources.

5. Office of Risk Management (RMG)

- 3.60 In 2014, RMG will focus on four strategic priorities, consistent with the Bank's IDB-9 mandates and ABB defined priority areas and overall strategy. RMG strategic priorities are to: (i) strengthen risk governance; (ii) improve process automation; (iii) define, implement and align the Bank's risk appetite; and (iv) develop forward-looking and stress testing capabilities.
- 3.61 RMG will further prioritize budget allocation as follows: RMG will finance additional costs required to accomplish the 2014 Business Plan through budget reallocations, including (i) development of internal probabilities of default will not be pursued at this point given ongoing MSA discussions; (ii) lower costs required to carry out Corporate Governance initiative; and (iii) termination of software contracts. Available budget will be redeployed to the following key initiatives/activities (i) implementation of local currency treasury risk guidelines and limits; (ii) model validation and review of complex derivative structures; (iii) implementation of new derivative risk management framework (contingent upon a decision to implement two-way collateralization on derivatives); and (iv) re-design of the capital adequacy policy and integration with LTFP.

6. Office of the Secretary (SEC)

- 3.62 In 2014, SEC will continue to provide support for executive-level decision-making in the Institutions that comprise the IDB Group. To this end, it will continue efforts to improve the governance of the Board of Executive Directors and to provide support to Management, ensuring compliance with the regulations and acting as facilitator in the relationship between them. SEC's work is totally subject to the needs of the IDB Group and its corporate agenda. The Department's priorities address the need to provide the services and support that the Board and Management require from each of its sections In

such a context SEC will focus among others, on: (i) identifying the demand cycles that repeat annually and to have the ability to forecast demand emanating from each year's specific corporate agenda and work program; and (ii) establishing new processes, technological innovations, and/or organizational arrangements to make SEC's work structure flexible and more responsive to the Institution's service requirements. For instance, a new "Minutes Tracking System" has been developed by SEC to measure the workload regarding minute's preparation and approval, time in each step, and to see the periods of high demand, in order to hire consultants to help expedite the work load and be more effective.

- 3.63 In addition, the technology capital project for implementing new integrated systems in SEC will be completed in 2014. These systems will help generate efficiencies in the processes and will make it possible to increase the quality and quantity of the services provided.

7. Strategic Planning and Development Effectiveness (SPD)

- 3.64 In 2014, SPD will prioritize its work program and resources to align with Bank priorities focusing among others, on continuing to: (i) lead the Governor-mandated update of the Bank's Institutional Strategy and its accompanying CRF 2016-2019; (ii) coordinate the update of the IDBG's revision of private sector activities; (iii) assess the evaluability of SG operations, CSs and CPDs; (iv) ensure the adequate functioning of the Bank's development effectiveness system, including strengthening its Project Monitoring Report (PMR) and Project Completion Report (PCR) systems; (v) undertake impact evaluations; (vi) coordinate the preparation of Management's action plans for Board-approved recommendations stemming from OVE's evaluations and monitor their subsequent implementation; (vii) participate in transparency and international harmonization initiatives; and (viii) support and improve business processes.
- 3.65 SPD's Management Team is committed to more closely monitor the Department's resource execution, and the progress towards meeting its expected results in 2014. Through enhanced collaboration among its staff and consultants, SPD hopes to better leverage its human resources in support of its work program and will undertake new tasks with the same budget as 2013 through internal reallocations.

8. Office of Ethics (ETH)

- 3.66 In 2014, ETH will continue to align its strategy, activities and budget with the Bank's strategic priorities and IDB-9 mandates, specifically by contributing to the Bank's transparency, oversight, accountability and good governance through carrying out its work program in the areas of ethics training and outreach, consultations, investigations of misconduct, and the Declaration of Interests Program.
- 3.67 In 2014, ETH will work towards increasing the effectiveness of the Bank's internal ethics system, principally by strengthening the awareness and proper application of the revised Code of Ethics and Professional Conduct (the "Code") and its Procedures, and through the delivery of the new cycle of Bank-wide ethics training, among other high priority

activities. The scope and volume of workload in the Office has consistently grown over time and this trend is expected to continue into 2014, particularly in the areas of training and outreach.

IV. 2014 APPROVED ADMINISTRATIVE BUDGET – PERSONNEL/NON-PERSONNEL COSTS AND LABOR/NON-LABOR COSTS

A. 2014 Personnel Costs (PC) and Non-Personnel Costs (NPC)

1. 2014 Composite Price Adjustment Factor

- 4.1 As indicated in Chapter I and further illustrated in Table 4.1 below, the Administrative Budget entails a Composite Price Adjustment Factor of 3.3% based on a weighted PC price adjustment factor of 1.9% and a weighted NPC price adjustment factor of 1.4%.

Table 4.1. 2014 Composite Price Adjustment Factor

Item	Price Adjustment Factor	Weight ^{/1}	Weighted Price Adjustment Factor
Personnel Costs	3.0%	63.4%	1.9%
Non-Personnel Costs	3.8%	36.6%	1.4%
2014 Composite Price Adjustment Factor			3.3%

1/ Weights as per 2013 Approved Budget (GA-252-9).

2. 2014 Personnel Costs

- 4.2 Table 4.2 shows the detailed information for the construction of the PC component of the Price Adjustment Factor.

Table 4.2. 2014 Personnel Cost Price Adjustment Factor

Item	Source	Price Adjustment Factor	Weight ^{/1}	Weighted Price Adjustment Factor
Personnel Costs		3.0%	63.4%	1.9%
International Staff (HQS & COF)	HRD - Approved SSI for 2014	2.5%	57.5%	1.4%
National Staff (COF)	HRD - Approved SSI for 2014	8.4%	5.9%	0.5%

1/ Weights as per 2013 Approved Budget (GA-252-9).

a) 2014 Cost of Salary Structure Increase (SSI)

- 4.3 For the 2014 budget, a survey¹⁰ has been conducted for International and National staff in order to determine the SSI recommended by Management for Board consideration¹¹. The results of this exercise indicate an SSI for 2014 of 2.5% and 8.4%¹² for International and National staff, respectively and were used for computing the 2014 weighted Price

¹⁰ This year's salary survey utilized indexation to assess the market movement of salaries. Indexation represents a viable approach for ensuring market alignment which is frequently used by organizations in combination with full surveys which are conducted every several years (it should be noted that last year, the salary survey conducted represented a full survey based on a position by position analysis).

¹¹ As per the Bank's TRF (GN-2624-2) approved by the Board

¹² The SSI includes \$350,000 for mid-cycle adjustments to address forecasted, sizable market movement in certain Country Offices. The SSI effective January 1, 2014, before incorporating the mid-cycle adjustments, is 6.6%.

Adjustment Factor for personnel costs, following the Bank's methodology for calculating the Composite Price Adjustment Factor.

- 4.4 As per Table 4.3, the total 2014 SSI approved budget amounts to \$9.5 million, for both International and National staff.

Table 4.3. Approved 2014 SSI (\$Millions)

Component	Funding	Int Staff		Local Staff		Total		
		Salaries	Benefits	Salaries	Benefits	Salaries	Benefits	Total
SSI Budget ^{1/}	2014 Budget	4.7	2.5	1.9	0.4	6.6	2.9	9.5

1/ The SSI approved for 2014 will be reduced by \$0.6 million as a result of unspent funds remaining from the 2013 SSI.

b) 2014 Increases for Promotions

- 4.5 As per previous years and, based on AUG's recommendations, Management has included a separate budget for funding promotions. Promotions are awarded to staff that demonstrates high performance, collaboration, core leadership, and technical competencies at the next work level and have a track record of consistent performance.
- 4.6 Similarly to last year, the 2014 budget for promotions represents 0.5% of total payroll amounting to \$1.5 million (including benefits) for International and National staff.

3. 2014 Non-Personnel Costs

- 4.7 For the 2014 NPC Price Adjustment Factor, Management has built the figures utilizing the same methodology as last year's (see Table 4.4), with the additional introduction of a different increase applied to international and national consultants and EMF contractual modalities. Taking the relative weight of all NPC items with respect to the overall budget, the resulting 2014 NPC Weighted Price Adjustment Factor is 1.4%. Historical trends on the budget by NPC categories are shown in Figure 4.2.

Table 4.4. 2014 Non-Personnel Cost Price Adjustment Factor

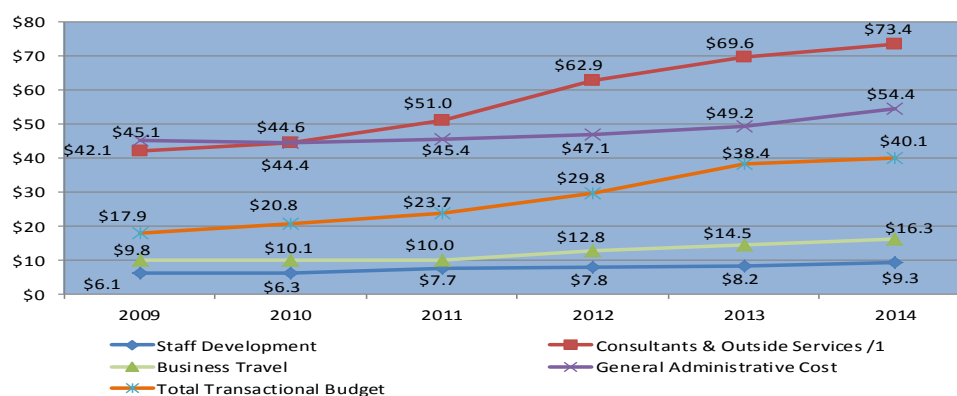
Item	Source ^{1/}	Price Adjustment Factor	Weight ^{2/}	Weighted Price Adjustment Factor
Non-Personnel Costs		3.8%	36.6%	1.4%
Consultants & Outside Services - International ^{3/}	HRD - Projected increase in consultant fees	2.3%	10.0%	0.2%
Consultants & Outside Services - National ^{3/}	HRD - Projected increase in consultant fees	6.4%	2.3%	0.1%
Employment Model Framework Contractual Modalities - International	HRD - Projected increase in consultant fees	2.3%	5.7%	0.1%
Employment Model Framework Contractual Modalities - National	HRD - Projected increase in consultant fees	6.4%	0.3%	0.0%
Business & Training Travel ^{4/}	BDA - 2014 estimated increase in Bank airline ticket costs from IDB Travel Office	8.0%	6.0%	0.5%
General Administrative Costs COF	2014 Projected regional inflation for Latin America: Latin Focus Consensus (independent economic forecast)	6.6%	3.0%	0.2%
Staff Development and General Administrative Costs HQS	2014 Average projected U.S. Consumer Price Index (CPI): Congressional Budget Office, Fed, IMF, and Blue Chip Consensus	1.9%	9.4%	0.2%

1/ Source used for EMF Contractual Modalities is the previous year SSI, as it is used to derive consulting fee matrix increases.

2/ Weights as per 2013 Approved Budget (GA-252-9).

3/ Includes consultants hired under the umbrella of the K&L Fund.

4/ Includes both travel on official missions and training travel funded under the umbrella of the K&L Fund.

Figure 4 1. 2009-2014 Approved Budget by NPC Category (\$Million)

Note: Amounts shown for Management Discretionary only (excludes BOG, EXD, OVE, and MEC, non-discretionary items, central accounts, and recurring administrative expenses from capital projects)

1/ Includes Extended Term Contractual in 2012 and EMF Contractual Modalities (DTC, TTC, and PEC) starting in 2013.

B. 2014 Labor and Non-Labor Costs

4.8 Following the same approach used in 2013, Table 4.5 shows the 2014 Administrative Budget split between labor and non-labor costs. Labor costs include traditional personnel costs (i.e. remuneration and benefits for regular Bank staff, overtime, and special employees), the Complementary Workforce (CW) categories under the Board-approved EMF for both international and national, and Consultants directly engaged in business-related activities. As shown, the approved 2014 labor costs under Management's discretionary portion of the budget are 81% or \$447.7 million, of which \$346.8 million corresponds to staff salaries and benefits, \$39.8 million to the EMF Contractual Modalities (including EMF Contractual Modalities under the Staff Development accounts), \$36.7 million to Consultants¹³ (including Consultants under the Staff Development accounts), and \$24.5 million to Consultants for the Transactional Budget. Non-labor costs total \$107.1 million or 19% of all costs.

¹³ That is, consulting contracts under the old modalities, to cover expenses until all such contracts are completely phased out.

Table 4.5. 2014 Labor and Non-Labor Costs

	a	b					c = a + b		d						e = c + d	
(\$000)	Labor Costs							Total Labor Costs	Non-Labor Costs							TOTAL COSTS
	PC		NPC						NPC					Total Non-Labor Costs		
	Staff Costs ^{/1}	EMF Contractual Modalities (DTC, TTC, and PEC)	EMF Contractual Modalities in Staff Development	Consultants in Staff Development	Consultants ^{/2}	Consultants in Transactional Budget	Other Outside Services		Staff Development	Business Travel	Business Travel in Transactional Budget	General Administrative Cost				
													\$	%	\$	
Total BOG, EXD, MEC, and OVE	26,057	2,778			2,097		30,931	78.9%		427	5,451		2,372	8,250	21.1%	39,181
Management Discretionary Items																
Vice Presidency for Countries	67,264	7,932			9,020	20,024	104,241		594	167	4,918	13,350	12,822	31,850		136,091
Vice Presidency for Sectors and Knowledge	120,320	14,601	3,282	1,171	3,732		143,107			3,901	5,913		3,969	13,783		156,890
Vice Presidency for Private Sector and Non-Sovereign Guaranteed Operations	23,967	689	18	5	1,619	4,499	30,796			278	1,429	2,248	1,621	5,576		36,373
Sub-total VPC, VPS, and VPP	211,550	23,223	3,300	1,177	14,372	24,523	278,145	84.5%	594	4,346	12,261	15,597	18,412	51,210	15.5%	329,354
Strategic Core	50,633	8,181		8	3,041		61,863		90	260	3,015		6,319	9,684		71,547
Vice Presidency for Finance and Administration	65,830	3,565			15,833		85,228		2,548	171	932		27,928	31,578		116,806
Sub-total STC and VPF	116,462	11,746		8	18,875		147,091	78.1%	2,638	431	3,947		34,246	41,263	21.9%	188,354
Bankwide ^{/3}	4,880	1,070			533		6,482			57	72		1,648	1,777		8,259
Sanctions Office	360	382					743			9	14		64	88		831
Promotions	1,546						1,546									1,546
Funding for Salary Structure Increase ^{/4}	9,533						9,533									9,533
Sub-total BKW, Sanctions Office, Promotions and Funding for Salary Structure Increase	16,319	1,452			533		18,304	90.8%		66	87		1,712	1,865	9.2%	20,169
Staff in Transition and Reassignment	1,200						1,200									1,200
Termination Payments													1,500	1,500		1,500
Central Accounts		69			389		458		963		32		9,570	10,564		11,022
IDB-9 Related Decentralization	739						739									739
Ethics/Conduct/ Grievance Systems Reforms	482						482									482
Recurring administrative expenses from capital projects completed					1,330		1,330						657	657		1,987
Sub-total	2,421	69			1,719		4,210	24.9%	963		32		11,727	12,721	75.1%	16,931
Total Management Discretionary Items	346,753	36,491	3,300	1,184	35,498	24,523	447,749	80.7%	4,194	4,843	16,327	15,597	66,097	107,058	19.3%	554,807
BANK TOTAL (BOG, EXD, MEC, OVE, and Management Discretionary Items)	372,810	39,268	3,300	1,184	37,595	24,523	478,680	80.6%	4,194	5,270	21,778	15,597	68,469	115,308	19.4%	593,989

1/ Includes Salaries, Benefits, Overtime, and Special Employees.

2/ Includes Consultants, Employment Agencies and Freelancers, Business Consulting Firms, Research Fellowship Program, and Audit and Legal Fees.

3/ Includes Administrative Tribunal, Staff , Family and Retirees Associations, Office of the Ombudsperson, Young Professionals, Internship Program, Special Employees, Staff Relations, and Staff on Secondment.

4/ Salary Structure Increase, 2.5% SSI International Staff, 8.4% SSI National Staff

C. 2014 Budget by Organizational Unit and Major Item of Expense

4.9 Tables 4.6 and 4.7 show the 2014 approved budget by organizational unit and by item of expense, respectively.

Table 4.6. 2014 Approved Administrative Budget by Organizational Unit

Organizational Unit (\$000)	2013 Adjusted		2014 Approved		2014 Approved vs. 2013		
	Approved Budget ^{1/}		Budget ^{2/}		Adjusted Approved		
	HC	\$	HC	\$	\$	% Nominal	% Real
Board of Governors ^{3/}		3,765		5,577	1,812	48.1%	44.8%
Board of Executive Directors	102	21,888	102	22,258	370	1.7%	-1.6%
Independent Consultation and Investigation Mechanism	4	2,431	4	2,452	21	0.9%	-2.4%
Office of Evaluation and Oversight	28	8,649	28	8,894	245	2.8%	-0.5%
	134	36,733	134	39,181	2,448	6.7%	3.4%
Management Discretionary Items							
Strategic Core							
Office of the President	17	3,874	17	3,902	28	0.7%	-2.6%
Office of Institutional Integrity	13	3,153	13	3,289	136	4.3%	1.0%
Office of the Executive Vice President	9	2,360	9	2,379	19	0.8%	-2.5%
Office of the Executive Auditor	23	5,285	23	5,313	28	0.5%	-2.8%
Office of External Relations	44	10,696	44	11,413	717	6.7%	3.4%
Office of Outreach and Partnerships	43	11,897	43	12,086	188	1.6%	-1.7%
Office of Risk Management	25	7,641	26	7,802	161	2.1%	-1.2%
Office of the Secretary	62	12,541	62	12,603	62	0.5%	-2.8%
Office of Strategic Planning and Development Effectiveness	29	10,596	29	10,904	308	2.9%	-0.4%
Office of Ethics	7	1,840	7	1,857	17	0.9%	-2.4%
	272	69,883	273	71,547	1,664	2.4%	-0.9%
Vice Presidency for Private Sector and Non-Sovereign Guaranteed Operations	8	1,851	8	2,185	334	18.0%	14.7%
VPP – Operational Support Budget [Transactional]		6,468		6,746	278	4.3%	1.0%
Structured and Corporate Financing	94	19,489	94	19,605	116	0.6%	-2.7%
Opportunities for the Majority Sector	17	3,974	17	4,002	28	0.7%	-2.6%
Micro, Small and Medium Enterprise Unit (resources assigned to MIF)	16	3,800	16	3,835	35	0.9%	-2.4%
	135	35,582	135	36,373	791	2.2%	-1.1%
Vice Presidency for Countries	11	3,246	11	3,499	254	7.8%	4.5%
VPC – Operational Support Budget [Transactional]		31,912		33,374	1,462	4.6%	1.3%
Country Department Haiti	19	5,871	19	6,041	170	2.9%	-0.4%
Country Department Southern Cone	76	19,599	76	20,075	476	2.4%	-0.9%
Country Department Central America, Mexico, Panama and the Dominican Republic	111	23,902	111	24,379	477	2.0%	-1.3%
Country Department Andean Group	78	15,770	78	16,063	293	1.9%	-1.5%
Country Department Caribbean Group	68	14,185	68	14,462	277	2.0%	-1.4%
Operations Financial Management and Procurement Services Office	87	17,859	87	18,198	338	1.9%	-1.4%
	450	132,344	450	136,091	3,747	2.8%	-0.5%
Vice Presidency for Sectors and Knowledge	13	3,537	13	3,632	94	2.7%	-0.6%
Environmental Safeguards Unit	32	7,284	32	7,666	383	5.3%	1.9%
Department of Research and Chief Economist	30	8,974	31	9,400	426	4.7%	1.4%
Infrastructure and Environment Sector	198	43,646	198	43,510	(136)	-0.3%	-3.6%
Social Sector	116	26,077	117	26,745	667	2.6%	-0.8%
Institutions for Development	171	38,576	171	38,770	194	0.5%	-2.8%
Knowledge and Learning Sector	37	15,237	37	15,472	235	1.5%	-1.8%
Integration and Trade Sector	42	11,533	42	11,696	163	1.4%	-1.9%
	639	154,864	641	156,890	2,026	1.3%	-2.0%
	1,224	322,791	1,226	329,354	6,564	2.0%	-1.3%
Vice Presidency for Finance and Administration	6	1,652	6	1,658	6	0.4%	-2.9%
Mediation Office	1	355	1	540	186	52.3%	49.0%
Finance Department	105	21,014	105	22,681	1,667	7.9%	4.6%
Human Resources Department	66	16,100	66	16,046	(53)	-0.3%	-3.6%
Information Technology Department	98	35,431	98	38,136	2,705	7.6%	4.3%
Budget and Administrative Services Department	57	25,890	57	26,330	439	1.7%	-1.6%
Legal Department	61	11,391	61	11,415	24	0.2%	-3.1%
	394	111,832	394	116,806	4,975	4.4%	1.1%
	1,890	504,505	1,893	517,708	13,203	2.6%	-0.7%
Bankwide ^{4/}	9	8,173	9	8,259	86	1.1%	-2.3%
Sanctions Office	2	820	2	831	11	1.3%	-2.0%
Promotions		86		1,546	1,460	1700.8%	1697.5%
Funding for Salary Structure Increase		619		9,533	8,914	1439.9%	1436.6%
	11	9,698	11	20,169	10,471	108.0%	104.7%
Unfunded Vacancies from Departments	16		13				
Program Optima	11		11				
Staff in Transition and Reassignment	8	1,200	8	1,200			-3.3%
Termination Payments		1,500		1,500			-3.3%
Central Accounts		10,701		11,022	322	3.0%	-0.3%
IDB-9 Related Decentralization		739		739			-3.3%
COF Expansion for IDB-9		1,229			(1,229)	-100.0%	-103.3%
Ethics/Conduct/ Grievance Systems Reforms		471		482	11	2.3%	-1.0%
Recurring administrative expenses from capital projects completed		129		1,987	1,858	1445.1%	1441.8%
	35	15,969	32	16,931	961	6.0%	2.7%
	1,936	530,173	1,936	554,807	24,635	4.6%	1.3%
BANK TOTAL (BOG, EXD, MEC, OVE, and Management Discretionary Items)	2,070	566,905	2,070	593,989	27,083	4.8%	1.5%

1/ Adjustments were made to the Approved Budget (GA-252-9) for interdepartmental transfers of funds and functions until 08/23/13. Includes 5 HC temporarily allocated. Those HC will return to the central pool of unallocated vacancies.

2/ Includes 2.5% 2014 SSI for International Staff, 8.4% SSI for National Staff.

3/ The increase in the 2014 BOG Budget due to anticipated higher (travel) costs for the 2014 Annual Meeting.

4/ Includes Administrative Tribunal, Staff, Family and Retirees Associations, Office of the Ombudsperson, Young Professionals, Internship Program, Staff Relations, Staff on Secondment and Special Employees.

Table 4.7. 2014 Approved Budget by Item of Expense

Items of Expense (\$000)	2013 Adjusted Approved Budget ^{/1}	2014 Approved Budget	2014 Approved vs. 2013 Adjusted Approved		
			\$	% Nominal	% Real
Management Discretionary Items					
Personnel Costs	332,351	344,331	11,980	3.6%	0.3%
Sub-total Personnel Costs	332,351	344,331	11,980	3.6%	0.3%
EMF Contractual Modalities (DTC, TTC, and PEC)	31,485	36,422	4,937	15.7%	12.4%
Consultants & Outside Services	40,169	37,011	(3,158)	-7.9%	-11.2%
SG & NSG Transactional Budget - EMF Contractual Modalities & Outside Services	23,347	24,523	1,176	5.0%	1.7%
SG & NSG Transactional Budget - Business Travel	15,033	15,597	564	3.8%	0.4%
Staff Development	8,175	9,328	1,153	14.1%	10.8%
Business Travel	14,481	16,295	1,814	12.5%	9.2%
General Administrative Costs	49,162	54,370	5,208	10.6%	7.3%
Sub-total Non-Personnel Costs	181,852	193,545	11,693	6.4%	3.1%
Staff in Transition and Reassignment	1,200	1,200			-3.3%
Termination Payments	1,500	1,500			-3.3%
Central Accounts	10,701	11,022	322	3.0%	-0.3%
IDB-9 Related Decentralization	739	739			-3.3%
COF Expansion for IDB-9	1,229		(1,229)	-100.0%	-103.3%
Ethics/Conduct/Grievance Systems Reform	471	482	11	2.3%	-1.0%
Recurring administrative expenses from capital projects completed	129	1,987	1,858	1445.1%	1441.8%
Sub-total Management Discretionary Items	530,173	554,807	24,635	4.6%	1.3%
BOG, EXD, MEC, OVE ^{/2}	36,733	39,181	2,448	6.7%	3.4%
BANK TOTAL (BOG, EXD, MEC, OVE, and Management Discretionary Items)	566,905	593,989	27,083	4.8%	1.5%

1/ Adjustments were made to the Approved Budget (GA-252-9) for interdepartmental transfers of funds and functions until 08/23/13.

2/ The increase in the 2014 BOG, EXD, MEC, OVE Budget is primarily driven by an increase in the 2014 BOG Budget due to anticipated higher (travel) costs for the 2014 Annual Meeting.

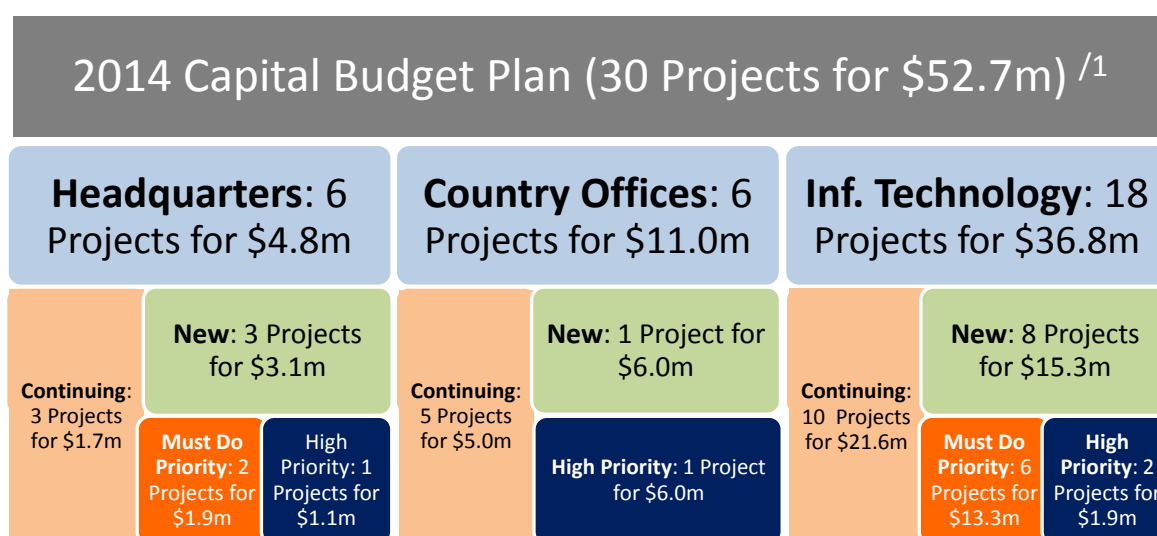
V. 2014 APPROVED CAPITAL BUDGET

- 5.1 The 2014 Capital Budget has been presented in full details in the “2014-16 Medium-Term Capital Budget Plan” ([GA-257](#)) approved by the Board on July 31, 2013. Therefore, the present Chapter essentially summarizes the key elements of the information presented in that document.
- 5.2 In order to establish the 2014-16 Medium-Term Capital Budget Plan, Management has implemented important enhancements to its internal Capital Budget process and run a comprehensive project prioritization exercise. Looking forward, the Capital Budget will continue to be developed, implemented and tracked on a three-year time horizon. Its execution will be reported to the Board each year, as part of the June and December Program and Budget Execution Reports. The Capital Budget Plan will be updated yearly on a rolling basis, in accordance with the approved New Capital Budget Procedure ([GA-192-2](#)) providing a multi-year outlook for continuing and new projects. Finally, new proposed projects above \$3 million will be supported with a cost/benefit analysis business case paper to the Board.

A. Outcome of the Prioritization Exercise for 2014 Projects

- 5.3 After a review of all project proposals initially submitted for funding in 2014, 15 new projects have ultimately been considered and further prioritized, of which eight have been identified as “Must Do”, four as “High Priority”, and three as “Medium Priority”. “Must Do” Projects are projects for which the risk of not executing is too high and that should therefore be implemented independently of their priority score. These projects are required for one of the following reasons: (i) to address technical, mechanical or facility obsolescence; (ii) to address staff security related issues; (iii) as a prerequisite to Optima; or (iv) due to a statutory mandate/EXD mandate. As illustrated in Table 5.1 below, only “Must Do” and “High Priority” Projects have been included in the \$52.7 million approved for the 2014 Capital Budget.

Table 5.1. Outcome of the Prioritization Exercise for 2014 Projects



1/ Compared to the estimated envelope presented in the 2014-16 Medium-Term Capital Budget (\$52.5 million), this request has been increased by \$120 thousand for the EXD Suite Renovations Project, to allow the installation of additional glass in certain EXD offices to ensure that all suites have comparable amounts of glass panels.

B. 2014 Capital Budget Plan - Overview

- 5.4 Table 5.2 below provides an overview of the 2014 Capital Budget Plan by Project Category and shows that:
- Out of the total 2014 Capital Budget Plan of \$52.7 million¹⁴, \$28.3 million or 54% will be dedicated to fund the implementation of continuing projects while \$24.4 million or 46% will be dedicated to launch new projects;
 - Compared to the 2013 approved budget, the 2014 Capital Budget Plan represents an overall increase of \$3.7 million which can be mainly attributed to a decrease in HQS

¹⁴ Compared to the estimated envelope presented in the 2014-16 Medium-Term Capital Budget (\$52.5 million), this request has been increased by \$0.12 million for the EXD Suite Renovations Project, to allow the installation of additional glass in certain EXD offices to ensure that all suites have comparable amounts of glass panels.

and COF related projects on one hand, more than offset by an increase in IT projects driven primarily by Optima.

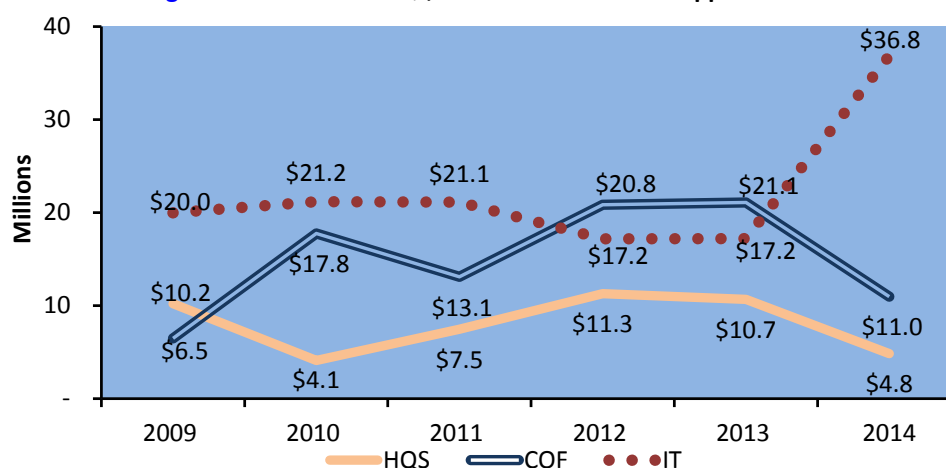
Table 5.2. Approved 2014 Capital Budget by Project Category - Overview

	2013 Approved	Continuing Projects		New Projects		2014 Approved	Increase / (Decrease)
HQS ^{1/}	\$10.7m	\$1.7m	PLUS	\$3.1m		\$4.8m	(\$5.8)m
COFs	\$21.1m	\$5.0m		\$6.0m	EQUALS	\$11.0m	(\$10.1)m
IT	\$17.2m	\$21.6m		\$15.3m		\$36.8m	\$19.6m
TOTAL	\$49.0m	\$28.3m		\$24.4m		\$52.7m	\$3.7m

1/ Includes an additional \$120 thousand for the EXD Suite Renovation Project.

5.5 Figure 5.1 below provides an overview of the 2009-2014 Capital Budget Approvals.

Figure 5.1. Trends for HQS, COF and IT 2009-2014 Approved



Note:
In 2012, the Project COF Venezuela (\$17M) was removed from the total Approved amount.
IT totals include Optima.

C. 2014 Capital Budget Plan by Main Project Category

5.6 Tables 5.3, 5.4 and 5.5 below display the 2014 Approved Capital Plan by main project category, namely HQS, COF and IT (as well as corresponding estimated requirements for 2015 and 2016). Detailed narrative information regarding both continuing and new projects in all three categories can be found on the SEC website ([2014 Business Plans](#)).

5.7 As stated in the June Budget Execution Report, during 2013, Optima Program will finalize the redesign and optimization of the Bank's business processes and develop the first release of the Operations and Corporate solutions. Optima will continue to communicate progress, including the detailed solution and its impact on business processes.

- 5.8 For 2014, Optima's main objectives include: (i) finalize the redesign and optimization of the Bank's business processes; (ii) develop and manage the first release of the Operations and Corporate solutions, which are expected to go live 3Q 2014; (iii) deploy a training strategy to capacitate the Bank staff for this transition; (iv) continue Change Management efforts and; (v) continue with the migration and clean-up of system data.

Table 5.3. Approved Capital Budget for Headquarters 2014-2016

Headquarters (\$000)		Estimated Cost	Approved until 2012	Approved 2013	Approved 2014	Estimated 2015	Estimated 2016
Continuing Projects							
TBD	Furniture Replacement Project 2014-16 ^{/1}	600			200	200	200
TBD	HQS Office Space Modifications 2014-16 ^{/1}	1,500			500	500	500
5034	Bank-wide Space Maximization and Collaborative Workplace	8,500		4,600	1,000	2,900	
	Sub-total Continuing Projects	10,600		4,600	1,700	3,600	700
New Projects							
TBD	Ashburn conference & Training Improvements	1,113			1,113		
TBD	1300 Conf.Rms AV/SI & Facility Improvements	2,975			1,500	1,475	
TBD	EXD Suite Renovations ^{/2}	530			530		
TBD	A/C Equipment for Critical Systems	975				100	875
TBD	Ashburn Power Redundancy	1,850				150	1,700
	Sub-total New Projects	7,443			3,143	1,725	2,575
	FY13 Approved Projects with no continued funding			6,070			
TOTAL		18,043		10,670	4,843	5,325	3,275

1/ The nature of these projects is continuous. Funding is required due to expanded needs that have arisen in 2013 and will continue to be prioritized in three year

2/ Includes a funding request of \$120 thousand for additional enhancements

Table 5.4. Approved Capital Budget for Country Offices 2014-2016

Country Offices (\$000)		Estimated Cost	Approved until 2012	Approved 2013	Approved 2014	Estimated 2015	Estimated 2016
Continuing Projects							
0135	Bolivia - La Paz (Replacement)	8,986	5,900	2,600	486		
5003	Trinidad & Tobago - Port of Spain (Expansion)	5,000	2,000	2,000	1,000		
5007	Jamaica - Kingston (Replacement)	8,000	4,000	1,000	2,000	1,000	
TBD	COF Capital Improvements 2014-16 ^{/1}	1,998				1,000	998
5023	Haiti - Port-au-Prince (Replacement)	6,500	3,500	1,500	1,500		
	Sub-total Continuing Projects	30,484	15,400	7,100	4,986	2,000	998
New Projects							
TBD	Service Center in Costa Rica	6,395			5,995	400	
TBD	Dom. Rep - COF Replacement	12,515				9,000	3,515
TBD	Guyana - Replacement	10,624				8,624	2,000
	Sub-total New Projects	29,534			5,995	18,024	5,515
	FY13 Approved Projects with no continued funding			13,985			
TOTAL		60,018	15,400	21,085	10,981	20,024	6,513

1/ The nature of these projects is continuous. Funding is required due to expanded needs that have arisen in 2013 and will continue to be prioritized in three year intervals.

Table 5.5. Approved Capital Budget for Information Technology 2014-2016

Information Technology (\$000)	Estimated Cost	Approved until 2012	Approved 2013	Approved 2014	Estimated 2015	Estimated 2016
Continuing Projects						
<i>Corporate/Operations</i>						
0224 Program Optima	55,500	37,000		18,500		
0259 Integration and Consolidation of SEC IT Solutions	1,290	615	550	125		
0260 Corporate Content Modernization	3,925	1,210	1,600		1,115	
0290 Treasury Risk Control, Compliance and portfolio Monitoring	2,828		2,080	748		
0291 Operational Risk Management Information System (ORMIS)	577		411	166		
0292 MapAmericas Platform Core Consolidation & Enhancements	2,967		1,740	1,227		
0293 Paying Agency Service Module	434		316	118		
0294 HR Service Center Case & Knowledge Management System	445		353	92		
0295 Social Media Expanding Our Reach Through Digital Technology	1,400		899	501		
0303 IT Service and License Management (Remedy)	409		309	100		
Sub-total Continuing Projects	69,775	38,825	8,258	21,577	1,115	
New Projects						
<i>Corporate/Operations</i>						
TBD TMS Infrastructure Upgrade	468			468		
TBD Pension Administration System	1,905			1,905		
TBD Legacy Operational Systems and ERP Integration	7,352			4,706	2,646	
TBD Migration to SharePoint 2013	2,698			2,250	448	
TBD Update and Enhancement of BRIK	200				200	
TBD Bank Electronic Accounts Reconciliation System (BEARS)	300				300	
TBD Cash Management Technology Renewal	341				341	
TBD Remedy Upgrade	572				572	
TBD MS Project Upgrade	580				580	
TBD External Website Update and Redesign	4,490				2,048	1,938
TBD LMS Replacement	15,970				2,000	8,030
TBD ICAPA Infrastructure Upgrade	385					385
TBD Extranet Access Solution UAG Upgrade	440					440
TBD Finance Integrated Environment (FIE) Replacement	560					345
TBD IDB Customer Gateway (eBills)	1,265					363
TBD Search Engine Refresh (Velocity)	1,020					1,020
Sub-total Corporate/Operations New Projects	38,546			9,329	9,134	12,521
<i>Infrastructure Life-cycle & Maintenance</i>						
TBD IT Infrastructure Lifecycle Upgrade Program 2014	2,250			2,250		
TBD Country Office Infrastructure Renewal	1,804			1,804		
TBD Enterprise Mobile Computing 2014	750			750		
TBD IT Security Risk Assessment Remediation	1,133			1,133		
TBD IT Infrastructure Lifecycle Upgrade Program 2015	2,210				2,210	
TBD Security Renewal Program 2015	1,749				1,749	
TBD Unified Communications Upgrade	2,503				1,288	1,215
TBD MS Office 2013 Upgrade	1,785				1,785	
TBD Video Conference Infrastructure Refresh	1,540				830	710
TBD Desktop/Laptop Refresh	10,485				6,240	4,245
TBD IT Infrastructure Lifecycle Upgrade Program 2016	3,170					3,170
TBD Security Renewal Program 2016	1,983					1,983
TBD Email Services Upgrade	982					982
TBD SQL Server Upgrade	860					860
TBD Enterprise Mobile Computing 2015	1,028					1,028
Sub-total Infrastructure New Projects	34,232			5,937	14,102	14,193
Total New Projects	72,778			15,266	23,236	26,714
FY13 Approved Projects with no continued funding			8,945			
TOTAL	142,553	38,825	17,203	36,843	24,351	26,714

VI. OC SPECIAL PROGRAMS

A. Background Information and Overview

- 6.1 In 2005, the Board of Directors (“the Board”) approved the direct use of OC resources for SP/G to support specific needs at the country and regional level ([GA-220-4](#)). In addition, the specific criterion for eligibility¹⁵ of Bank programs and an annual review process to determine funding levels were defined.
- 6.2 Several measures taken by the Board over the past two years have facilitated a more efficient use of resources and enabled SP/G to grow. In December 2012, the Board approved three OC SP/G flexibilization measures to further increase efficiency in the allocation of resources: (i) grouping of 15 OC programs into four clusters according to thematic focus; (ii) authorization for Management to transfer resources among programs within the same cluster during the course of the fiscal year; and (iii) an allocation of \$5 million in Flex Resources that Management may transfer to programs belonging to clusters that have depleted their resources.
- 6.3 These measures to modify the management of OC SP/G have already proved fruitful, and have the potential to become even more effective if bolstered. With respect to the grouping of OC SP/G according to their thematic focus, a recent study conducted by ORP/GCM¹⁶ shows strong support for the logic behind the clusterization scheme. Moreover, an intra-cluster transfer from the Gender and Diversity Fund to the Social Fund enabled the funding of a high priority operation that may have otherwise not been funded in 2013. Finally, Flex Resources have allowed the Bank to more effectively respond to demand for high priority operations during the second semester. TC operations emanating from four programs¹⁷ were submitted for the \$5 million allocated to Flex Resources for 2013.
- 6.4 In addition to flexibilization measures, the new governance structure for the management of programs has also made for a more effective use of OC resources. Specifically, the Eligibility and Strategic Committees (ESCs) established in 2012 have been effective in providing clearer guidelines and further transparency in the management of programs. The ESCs have ensured that OC resources fund operations that are of high priority for countries and within the strategic objectives of the respective program.
- 6.5 Furthermore, in order to more effectively evaluate both where OC programs are thriving and where they may be falling short, steps have been taken to measure the magnitude of unmet demand for OC resources. In mid-2013, Management recently began requesting that TCs that are potential matches for programs be sent to the ESCs for an eligibility review regardless of whether or not the program’s resources have been exhausted. Such

¹⁵ [GA-220-12](#) Criteria for appraising Bank programs eligibility for funding from the SP/G of OC resources.

¹⁶ [IDBDOCS # 38025352](#) *Funding Trends for Ordinary Capital Special Programs*.

¹⁷ These programs include Broadband, PRODEV, Social Fund, and Citizen Security.

action will allow Management to more effectively quantify unmet demand. As of December 31, 2013, unmet demand for eligible operations was already in the order of \$19.7 million.

- 6.6 In 2013, Management implemented measures to make an even more efficient use of OC resources and to ensure that resources are readily available to support investment project preparation activities. These measures – which included transferring 30% of the stock of carryover of each program¹⁸, excluding cancellations, to fund Flexibilization Resources at the beginning of 2014 as outlined in the 2013 Action Plan for OC SP/G – were instrumental in reducing the stock of carryovers by 61%, and will allow the Bank to responsibly attend to unanticipated demand and to respond to the seasonality of the TC project cycle.
- 6.7 As outlined in the aforementioned Action Plan, in 2014, Management will present the Board with a series of strategic amendments to the existing OC SP/G Governing Documents. One proposal will involve transforming the Program for Development Effectiveness (PRODEV) into an institutional capacity strengthening (ICS) fund that will support activities that include the strengthening of fiduciary [country systems](#)¹⁹, which include procurement and financial management.

B. 2014 Approved OC Special Programs/Grants

- 6.8 As shown in Table 6.1 below, the OC Special Programs/Grants (SP/G) allocation for 2014 is \$100 million. The following thematic clusters and corresponding SP/G²⁰ funded by OC have resources allocated for 2014. By approving the allocation for 2014 to OC SP/G in the Resolution for “Special Programs/Grants from the OC for Fiscal Year 2014” , such amount will be immediately available in 2014. In addition, 30%²¹ of each program’s carryover, not considering cancellations, will be transferred and made available for Flex Resources at the beginning of 2014.
- 6.9 **The Social Cluster** finances TC operations that correspond to the IDB-9 Strategic Priority Area of Social Policy for Equity and Productivity. Programs in the cluster include the [Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals \(Social Fund\)](#), and the [IDB Gender and Diversity Special Program](#). As of December 31, 2013, this cluster has approved TC operations for approximately \$94.7 million and there are projects for \$0.23 million in the pipeline.
- 6.10 **The Infrastructure Cluster** finances TC operations within the IDB-9 Strategic Priority Areas of Social Policy for Equity and Productivity, Infrastructure for Competitiveness and Social Welfare, and Protecting the Environment, Responding to Climate Change, and Enhancing

¹⁸ RPG Operations follow an annual call for proposals. The list of operations for 2013 (\$10 million) has been approved by OPS and were approved by the BOD in November. Therefore, no carryover from the RPG program will be transferred to Flex Resources.

¹⁹ [IDBDOCS # 37957864](#) *Three-Year Review of the Strategy for Strengthening and Use for Country Systems*.

²⁰ Information on each program’s objectives, 2013 operations, and strategy for 2014 can be accessed by clicking on the corresponding hyperlink.

²¹ See footnote 18.

Food Security. Programs²² in the cluster include the [IDB AquaFund](#), the [Fund for the Financing of Disaster Prevention](#), the [IDB Food Security Fund](#), the [Infrastructure Project Preparation Fund - InfraFund](#), the [Sustainable Energy and Climate Change IDB Special Program](#), [Emergency Assistance for Natural Disasters](#), and the [Biodiversity and Ecosystems Services Special Program](#). As of December 31, 2013, this cluster has approved TC operations for approximately \$280.6 million and there are projects for \$10.5 million in the pipeline. No allocation is being requested for 2014 for either Emergency Assistance for Natural Disasters or the Fund for the Financing of Disaster Prevention given that projected availability for 2014 covers the average annual approvals for the programs.

- 6.11 ***The Institutions for Development Cluster*** finances TC operations within the IDB-9 Strategic Priority Areas of Institutions for Growth and Social Welfare and Protecting the Environment, Responding to Climate Change, and Enhancing Food Security. Programs in the cluster include the [Program to Implement the External Pillar of the MTAP for Development Effectiveness](#), the [Citizen Security Special Program](#), the [Broadband Special Program](#), and the [Emerging and Sustainable Cities Special Program](#)²³. As of December 31, 2013, this cluster has approved TC operations for approximately \$101 million.
- 6.12 ***The Integration Cluster*** finances TC operations within the IDB-9 Strategic Priority Areas of Competitive Regional and Global International Integration and Infrastructure for Competitiveness and Social Welfare. Programs in the cluster include [Initiative for the Promotion of Regional Public Goods \(RPG\)](#) and the [Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration](#)²⁴. As of December 31, 2013 the Bank has approved TC operations from this cluster for approximately \$118 million and there are projects for \$10.5 million in pipeline.
- 6.13 ***Non-Clustered Programs*** include the [Social Entrepreneurship Fund](#) (SEF), the [Intraregional Technical Cooperation Program](#) (CT/INTRA), and the [Small and Vulnerable Countries Program](#)²⁵. As of December 31, 2013, operations approved with SEF, CT/INTRA, and SVC resources amounted to \$25 million, \$1.4 million, and \$45.6 million, respectively. There are projects corresponding to SEF and CT/INTRA in pipeline for \$2 million and \$0.2 million, respectively.

²² FIRII and Sustainable and Emerging Cities, which fall into the Regional Integration and Institutions for Development Clusters, respectively, according to Resolution DE-242/12, also fall into the Infrastructure Cluster given their thematic scope.

²³ Sustainable and Emerging Cities also falls into the Infrastructure Cluster given its thematic scope.

²⁴ The Fund for the Financing of Technical Cooperation for Initiatives for Regional Integration also falls into the Infrastructure Cluster given its thematic scope.

²⁵ Approval and pipeline amounts reported for SVC include both Window 1 FSO eligible countries except for Haiti) and Window 2 (Action Plan for C&D Countries).

Table 6.1. 2014 Approved Special Programs/Grants Financed by Ordinary Capital (\$Million)

Thematic Cluster	IDB-9 Priority	Special Programs/Grants Financed by Ordinary Capital	2005-12 Funding Approved	2013 Funding Approved	Total Availability as of Jan 1st 2013 (includes funding approved, carryovers, and cancellations)	2014 Funding Approved	Total Availability as of Jan 1, 2014 (includes funding approved, carryovers, and cancellations)	Average Annual Approvals (2005-2013) ⁸	Lifetime Approvals (2005-2013)
Social Cluster	1	Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals (Social Fund) ¹	64.00	13.50	13.93	15.00	15.39	11.26	78.82
	1	IDB Gender and Diversity Special Program	14.00	2.00	6.09	3.50	3.50	3.18	15.92
			78.00	15.50	20.03	18.50	18.90	14.44	94.74
Institutions for Development Cluster (IFD)	3	Program to Implement the External Pillar of the MTAP for Development Effectiveness (PRODEV)/Institutional Capacity ²	75.20	4.50	10.65	6.50	6.78	9.48	85.32
	3	Citizen Security Special Program	4.00	6.00	6.33	6.00	6.00	6.12	12.24
	3	Broadband Special Program		3.00	3.00	3.00	3.00	3.50	3.50
			79.20	13.50	19.98	15.50	15.78	19.10	101.06
Multi-Cluster Institutions for Development and Infrastructure (IFD/INE)	5	Emerging and Sustainable Cities Special Program	5.00	5.00	6.04	5.30	5.30	5.00	10.00
			5.00	5.00	6.04	5.30	5.30	5.00	10.00
Infrastructure Cluster (INE)	2	IDB AquaFund	48.00		11.96	2.00	2.24	8.69	52.16
	5	Fund for the Financing of Disaster Prevention	16.00	1.00	4.52		2.79	1.88	15.06
	5	IDB Food Security Fund ³	18.50	2.50	4.34	0.50	2.18	3.30	19.81
	2	Infrastructure Project Preparation Fund - InfraFund	69.00	12.00	20.00	6.75	9.71	10.59	84.70
	5	Sustainable Energy and Climate Change IDB Special Program	70.00	10.00	21.44	6.75	8.35	11.76	82.34
	5	Biodiversity and Ecosystems Services Special Program		3.00	3.00	2.50	2.50	3.00	3.00
	1	Emergency Assistance for Natural Disasters	13.50		1.58		0.27	1.70	13.56
			235.00	28.50	66.83	18.50	28.04	40.92	270.62
Multi-Cluster Integration and Infrastructure (INT/INE)	2	Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration ⁴	46.00	0.50	15.07	5.00	9.51	4.77	42.95
			46.00	0.50	15.07	5.00	9.51	4.77	42.95
Integration Cluster (INT)	4	Initiative for the Promotion of Regional Public Goods (RPG) ⁵	75.00	8.00	11.51	8.00	18.75	8.35	75.13
			75.00	8.00	11.51	8.00	18.75	8.35	75.13
Non-Clustered Special Programs	6	Social Entrepreneurship Fund (SEF) ⁶	16.00	9.00	9.70	9.00	9.00	8.33	25.00
	7	Small and Vulnerable Countries Program	20.00	10.00	10.03	10.00	10.01	10.00	30.00
	7	Action Plan for C&D Countries	10.00	5.00	5.17	5.00	5.21	5.21	15.63
	4	Intraregional Technical Cooperation Program	2.00		1.23	0.20	0.76	0.47	1.40
			48.00	24.00	26.13	24.20	24.98	24.01	72.03
		Flexibilization Resources ⁷		5.00	5.00	5.00	8.98		
				5.00	5.00	5.00	8.98		
Total Special Programs/Grants			566.20	100.00	170.58	100.00	130.24	116.60	666.53

¹ Increase in the 2014 Allocation for the Social Fund with respect to the previous year will be directed to support preparation of investment programs.

² 2014 Allocation for the transformation of this program includes PRODEV mainstreaming, strengthening fiduciary country systems (up to \$2 m/year), and institutional strengthening and capacity building activities.

³ Lifetime approvals for the Food Security Fund include operation H1N1 virus for (\$3 m).

⁴ At least \$3 m of the 2014 Allocation to the updated FIRII will support trade internationalization efforts and initiatives such as ConnectAmericas (SMEs), as well as private sector integration and dissemination activities.

⁵ RPG operations follow an annual call for proposals: The list of operations for 2013 (\$10 m) was approved by the BOD in December. Therefore, no carryover from the RPG was transferred to Flex Resources.

⁶ The Social Entrepreneurship allocation should "be considered year-by-year as part of the Bank's regular budgetary process", per BFA/11/13. 2015 will be the last year for this contribution of new resources from OC Special Programs

⁷ The Availability of Flexibilization Resources is based on the allocation of (\$5 m) approved by the BOD and the transfer made of 30% of the accumulated carryover resources available as of December 31, 2013 in each special program (excluding the Initiative for Promotion of Regional Public Goods) for (\$3.98 m). Approvals from Flex Resources are recorded directly by the program that benefited from this mechanism.

⁸ Average approvals are calculated for each program based on their year of creation.

IDB-9 Priorities

1. Social Policy for Equity & Productivity.
2. Infrastructure for Competitiveness & Social Welfare.
3. Institutions for Growth & Social Welfare.
4. Competitive Regional & Global International Integration.

5. Protecting the Environment, Responding to Climate Change & Enhancing Food Security.
6. Private Sector Development.
7. Cross-cutting.

APPROVED RESOLUTIONS

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE-217/13

Administrative Budget and Capital Improvements
Program of the Inter-American Development
Bank for Fiscal Year 2014

The Board of Executive Directors

RESOLVES:

A. Administrative Budget of the Inter-American Development Bank for Fiscal Year 2014

1. To approve the Administrative Budget of the Inter-American Development Bank for fiscal year 2014 in the total amount of US\$593,988,546 to be financed from the Bank's income. This amount shall be applied to the following budgetary categories:

I. Board of Governors	US\$ 5,576,933
II. Board of Executive Directors	22,257,800
III. Independent Consultation and Investigation Mechanism	2,452,176
IV. Office of Evaluation and Oversight	8,894,269
V. Headquarters and Country Offices	554,807,368

2. To authorize payments to be charged against the Bank's income, up to the amounts specified in each of the above-mentioned categories. Any payment exceeding the total amount provided under any of these categories should be submitted for prior approval to the Board of Executive Directors, except when it is necessary to cover unforeseen expenditures in excess of the amount allocated to any category or categories, in which case the President of the Bank is authorized to transfer thereto up to a total of 2% of the amount allocated to any other category, provided that the amount so transferred is not in excess of 10% of the total already authorized for the category to which it is transferred. Any transfers made as provided herein shall be included in the periodic Program and Budget Execution Reports mentioned in paragraph A.7 of this Resolution.

3. To authorize the President of the Bank to make adjustments between this budget and the Administrative Budget for the Social Progress Trust Fund as a result of the allocation of expenses pursuant to the Social Progress Trust Fund Agreement.

4. To provide that, during fiscal year 2014, administrative expenses be charged: (a) to the income from the Ordinary Capital and, in accordance with Resolution DE-107/10, to the Fund for Special Operations; and (b) to the resources of the Social Progress Trust Fund or any other trust fund under administration, as it may be applicable, in accordance with the terms of their agreements.

5. To provide that any savings for the fiscal year 2014, up to 1.5% of the 2014 Budget, may be transferred to the Budget for fiscal year 2015. These savings will be reported to the Board of Executive Directors following the close of the accounting cycle for fiscal year 2014.

6. To take note of the estimated contribution to the Bank's Retirement Plans in the amount of US\$ 91,028,000 and that the allocation for the actual contribution shall be authorized by separate resolution.

7. To provide the Board of Executive Directors with periodic Program and Budget Execution Reports detailing the 2014 administrative expenses.

B. Capital Improvements Program of the Inter-American Development Bank for Fiscal Year 2014

1. To approve the Capital Improvements Program for fiscal year 2014 in the amount of US\$ 52,667,000.

2. To authorize that payments and commitments may be made up to the total amount specified in this program.

3. To provide the Board of Executive Directors with periodic Program and Budget Execution Reports detailing the 2014 Capital Improvements Program.

(Adopted on 13 December 2013)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE-218/13

Administrative Budget for the Social Progress Trust Fund for Fiscal Year 2014

The Board of Executive Directors

RESOLVES:

1. To approve the Administrative Budget for the Social Progress Trust Fund for fiscal year 2014 in the amount of US\$184,994.
2. To authorize that payments and commitments to cover expenses pertaining to services provided by the Bank as Administrator of the Social Progress Trust Fund may be made up to the amount specified including external auditor fees. Should it be necessary to make adjustments between this budget and the Administrative Budget of the Bank as a result of the allocation of expenses, in accordance to the Social Progress Trust Fund Agreement, the President of the Bank is authorized to make transfers and to modify the two budgets accordingly.

(Adopted on 13 December 2013)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE-219/13

Special Programs/Grants from the Ordinary Capital
For Fiscal Year 2014

WHEREAS:

1. Document GA-220-12, *Criteria for appraising Bank programs eligibility for funding from the Special Programs/Grants of OC resources*, as amended by Resolution DE-241/12, provides that “The Board will review the special programs as part of the overall budget review approval process or separately, if so required. If the special programs are approved, a resolution authorizing Management access to the OC resources should be included in addition to the standard budget authorization resolutions. Such resolution may establish thematic clusters of special programs, authorize Management to transfer resources within clusters during the course of the fiscal year, and allocate an amount of flexibilization resources that Management could transfer to special programs that have exhausted their availability of OC resources.”

2. Resolution AG-7/10 approved Document AB-2764, *Report on the Ninth General Increase in the Resources of the Inter-American Development Bank*, which indicates that “...IDB-9 will strengthen the Fund for Special Operations as an important tool to mobilize resources in support of the less developed countries in the LAC region. To this end..., funding for the non-reimbursable technical cooperation [previously financed with FSO income] will be transferred to the OC...”

The Board of Executive Directors

RESOLVES:

I. Social Cluster:

A. Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals (Social Fund)

1. To approve, for the year 2014, an allocation in the amount of US\$15,000,000, to be charged to the ordinary capital resources of the Bank to finance the Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals (Social Fund), in accordance with Resolutions DE-30/07 and DE-75/11 and documents GN-2426-3 and GN-2426-6.

2. That any unused funds in 2014 shall be carried over to the following year.

B. IDB Gender and Diversity Special Program

1. To approve, for the year 2014, an allocation in the amount of US\$3,500,000, to be charged to the ordinary capital resources of the Bank to finance the Gender and Diversity Special Program, in accordance with Resolution DE-36/09 and document GN-2513-3.

2. That any unused funds in 2014 shall be carried over to the following year.

II. Infrastructure Cluster:

C. Infrastructure Project Preparation Fund (InfraFund)

1. To approve, for the year 2014, an allocation in the amount of US\$6,750,000, to be charged to the ordinary capital resources of the Bank, to finance the Infrastructure Project Preparation Fund (InfraFund), in accordance with Resolution DE-29/06, as amended by Resolution DE-48/07 and documents GN-2404-4, GN-2404-8 and GN-2404-9.

2. That any unused funds in 2014 shall be carried over to the following year.

D. Sustainable Energy and Climate Change IDB Special Program (SECCI)

1. To approve, for the year 2014, an allocation in the amount of US\$6,750,000, to be charged to the ordinary capital resources of the Bank to finance the Sustainable Energy and Climate Change IDB Special Program (SECCI), in accordance with Resolutions DE-82/07 and DE-116/09 and documents GN-2435-6 and GN-2435-9.

2. That any unused funds in 2014 shall be carried over to the following year.

E. Biodiversity and Ecosystem Services Special Program

1. To approve, for the year 2014, an allocation in the amount of US\$2,500,000, to be charged to the ordinary capital resources of the Bank, to finance a special program for Biodiversity and Ecosystems Services, in accordance with document GN-2703 and Resolution DE-017/13.

2. That any unused funds in 2014 shall be carried over to the following year.

F. Food Security Fund

1. To approve for the year 2014, an allocation in the amount of US\$500,000, to be charged to the ordinary capital resources of the Bank, to finance the Food Security Fund, in accordance with Resolution DE-103/08, as amended by Resolution DE-50/09, and Resolution DE-201/11, and documents GN-2486-4 and GN-2486-6.

2. That any unused funds in 2014 shall be carried over to the following year.

G. IDB AquaFund

1. To approve, for the year 2014, an allocation in the amount of US\$2,000,000, to be charged to the ordinary capital resources of the Bank to finance the IDB AquaFund, in accordance with Resolutions DE-106/08 and DE-146/09 and documents GN-2487 and GN-2487-2.

2. That any unused funds in 2014 shall be carried over to the following year.

III. Institutions for Development Cluster:

H. Program to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness (PRODEV). Development Effectiveness Program Account (DEPA)

1. To approve for the year 2014 an allocation in the amount of US\$6,500,000 to the “Development Effectiveness Program Account” (DEPA), from resources of the ordinary capital of the Bank, in accordance with Resolution DE-34/05, as amended by Resolutions DE-117/06, DE-62/08 and DE-6/09; document GN-2346-2, as amended by document GA-220-4 and Resolutions DE-62/08 and DE-6/09; and document GN-2346-14. Management is authorized to distribute the above-mentioned allocation to Sub-account B and Sub-account C. During the first quarter of 2014, Management will submit a proposal to be considered by the Board of Executive Directors for the transformation of this special program into a special program that will include management for results, country systems and other institutional strengthening activities. If such proposal is approved, the allocation contemplated in this paragraph will be used in accordance with such approved proposal.

2. That any unused funds in 2014 shall be carried over to the following year.

I. Citizen Security Special Program

1. To approve, for the year 2014, an allocation in the amount of US\$6,000,000, to be charged to the ordinary capital resources of the Bank, to finance the Citizen Security Special Program, in accordance with Resolution DE-31/12 and document GN-2660.
2. That any unused funds in 2014 shall be carried over to the following year.

J. Broadband Special Program

1. To approve, for the year 2014, an allocation in the amount of US\$3,000,000, to be charged to the ordinary capital resources of the Bank, to finance a Broadband special program in accordance with Resolution DE-028/13 and document GN-2704.
2. That any unused funds in 2014 shall be carried over to the following year.

K. Emerging and Sustainable Cities Special Program

1. To approve, for the year 2014, an allocation in the amount of US\$5,300,000, to be charged to the ordinary capital resources of the Bank, to finance a special program for Sustainable Emerging Cities, in accordance with Resolution DE-13/12 and documents GN-2652 and GN-2652-3 (Minutes DEA/13/06).
2. That any unused funds in 2014 shall be carried over to the following year.

IV. Integration Cluster:**L. Initiative for the Promotion of Regional Public Goods (RPG)**

1. To approve, for the year 2014, an allocation in the amount of US\$8,000,000, to be charged to the ordinary capital resources of the Bank, to finance the Initiative for the Promotion of Regional Public Goods (RPG), in accordance with Resolutions DE-122/05, as amended by Resolution DE-73/13, and documents GN-2275-5, GN-2275-23 (Minutes DEA/2012/02), and GN-2275-28.
2. That any unused funds in 2014 shall be carried over to the following year.

M. Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII)

1. To approve, for the year 2014, an allocation in the amount of US\$5,000,000, to be charged to the ordinary capital resources of the Bank, to finance the Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII), in accordance with Resolution DE-10/06 and documents GN-2344-4, GN-2344-8, GN-2344-11 and GN-2344-15.

2. That any unused funds in 2014 shall be carried over to the following year.

V. Non-Clustered Special Programs:

N. Social Entrepreneurship Fund (SEF)

1. To approve, for the year 2014, an allocation in the amount of US\$9,000,000, to be charged to the ordinary capital resources of the Bank, to finance the Social Entrepreneurship Fund (SEF), in accordance with Resolution DE-36/11 and document GP-75-11.

2. That any unused funds in 2014 shall be carried over to the following year.

O. Small and Vulnerable Countries Program

1. To approve, for the year 2014, an allocation in the amount of US\$10,000,000, to be charged to the ordinary capital resources of the Bank, to finance technical assistance for small and vulnerable countries eligible to receive financing from the Fund of Special Operations, except for Haiti.

2. To approve, for the year 2014, an allocation in the amount of US\$5,000,000, to be charged to the ordinary capital resources of the Bank, to finance technical assistance for C & D countries.

3. Use of the resources allocated in the previous two paragraphs shall be in accordance with Resolution DE-35/11 and document GN-2616-1.

4. That any unused funds in 2014 shall be carried over to the following year.

P. Intraregional Technical Cooperation Program (CT/INTRA)

1. To approve, for the year 2014, an allocation in the amount of US\$200,000, to be charged to the ordinary capital resources of the Bank, to finance the Intraregional Technical Cooperation Program, in accordance with Resolution DE-34/11 and document GN-2620-1.

2. That any unused funds in 2014 shall be carried over to the following year.

VI. Transfer of Resources Within Clusters:

1. To authorize the President of the Bank to approve transfers of up to 20% of the total uncommitted resources available in any special program to any other special program within each of the thematic clusters contemplated in Sections I to IV of this Resolution.

2. For the purpose of the transfers authorized in the previous paragraph:

a) The Infrastructure Cluster shall include the following special programs: the Emergency Assistance for Natural Disasters (established in accordance with the Bank's policy for assistance in case of disasters and as stipulated in Resolution DE-74/04 and document GA-225-12) and the Fund for the Financing of Disaster Prevention (established in accordance with Resolution DE-24/06 and documents GN-2405-3 y GN-2405-6).

b) The Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration (FIRII) and the Sustainable Emerging Cities Initiative may also receive or make transfers from or to special programs in the Infrastructure Cluster.

VII. Flexibilization Resources:

1. To approve for the fiscal year 2014, an allocation in the amount of US\$5,000,000, to be charged to the ordinary capital resources of the Bank, and to authorize the President of the Bank to approve transfers of such allocation to any special programs within the thematic clusters contemplated in Sections I to IV of this Resolution (including those mentioned in Section VI.2.a) of this Resolution), provided that the special program receiving such transfer has exhausted during the course of fiscal year 2014 all of its uncommitted resources, including any carryover and any resources received from other special programs pursuant to Section VI of this Resolution. The President is authorized to approve direct transfers from Flexibilization Resources to the program for Emergency Assistance for Natural Disasters (established in accordance with the Bank's policy for assistance in case of disasters and as stipulated in Resolution DE-74/04 and document GA-225-12), provided that available resources from this program have been exhausted during the course of fiscal year 2014. Unused Flexibilization Resources in 2014, including those transferred pursuant to Section VII, paragraph 2 of this Resolution, will not be carried over to the following year.

2. To authorize the President of the Bank to approve a transfer of 30% of the accumulated carryover resources available as of December 31st, 2013 in each special program (except for the Regional Public Goods special program) to the Flexibilization Resources provided for in Section VII, paragraph 1, of this Resolution, and to be used in accordance with that paragraph.

(Adopted on 13 December 2013)

ANNEXES

Annex A. Net Income for the Ordinary Capital and the Fund for Special Operations

	Actual ^{/1} (\$million)								Projected ^{/2}
	2006 ^{/3 /4}	2007	2008	2009	2010	2011	2012	2013	2014
<i>Gross Income</i>									
OC	3,097	2,942	1,393	2,848	2,482	1,980	2,189	2,284	1,717
FSO	212	146	73	140	91	73	78	69	64
<i>Operating Income</i>									
OC	627	283	(972)	1,294	1,252	836	910	881	602
FSO ^{/5 /6}	(3,248)	32	(39)	9	(768)	11	58	45	40

Source:

1/ Annual Report .

2/ Projected amounts are based on financial information as of December 31, 2013, and Board approved lending spread of 85bp for the year 2014. Operating income figures are prior to transfers to the Grant Facility (\$ 200 million in 2014).

3/ Operating Income figures for FSO 2006 have been restated as a result of the change from Special Accounting Basis to U.S. GAAP.

4/ Operating Income figures for FSO 2006 have been restated in 2008 as a result of misstatement in the Debt relief expense.

5/ The FSO Operating Income figures are prior to Technical Cooperation expenses, but after the annual allocation to the Intermediate Financing Facility Account and the IDB Grant Facility Account.

6/ Includes the debt service relief provided under the Enhanced HIPC Initiative and the IDB-07 Relief Initiative.

Annex B. 2014 Approved Administrative Budget by Item of Expense and Major Budget Category

Item of Expense (\$000)	BOG	EXD	MEC	OVE	HQS	COF	TOTAL
<i>Personnel Cost</i>							
Salaries - Int'L Professional Staff		12,478	576	3,940	148,545		165,540
Salaries Int'L Staff in COF						39,662	39,662
Salaries - Int'L Administrative Staff		2,388	81	81	6,021		8,570
Salary Increase Reserve - Int'l					5,947		5,947
Salary Increase Reserve Int'l Staff in COF						1,377	1,377
Salaries - Local Professional Staff						20,576	20,576
Salaries - Local Administrative Staff						2,473	2,473
Salary Increase Reserve - Local						2,284	2,284
Differential Payment Expenses						34	34
Overtime & Sec. Admin. Bonus - International	45	27		9	329		410
Overtime & Sec. Admin. Bonus - Local						11	11
Special Payments - International Staff					1,506		1,506
Special Employees				8	1,821	65	1,894
Salaries - Young Professionals					1,627	192	1,819
Remuneration	45	14,893	657	4,037	165,796	66,673	252,102
Tax Reimbursement - Int'L Staff					20,902	2,350	23,252
Dependency Allowance - Int'L Staff					1,875	750	2,625
Life Insurance - Int'L Staff					450	110	560
Medical And Dental Insurance-Int'L Staff					12,300	3,200	15,500
Medical Services - Int'L Staff					225	35	260
Administration of Taxes - Int'L Staff					850		850
Education Allowance - Int'L Staff					3,950	3,150	7,100
Expense Allowance - Int'L Staff					81		81
Mission Travel Benefit - Int'L Staff					50	25	75
Home Leave Travel - Int'L Staff					2,200	918	3,118
Post Allowance - Int'L Staff						23,875	23,875
SRP Administration Costs - Int'L Staff					3,699		3,699
Allocated Benefits - Int'L Staff		4,460	276	1,689			6,424
Appointment Expenses					1,875	1,000	2,875
Relocation Expenses					1,500	3,550	5,050
Repatriation Expenses					1,400	976	2,376
Pre-Employment Expenses					1,584		1,584
Wellness Programs					11		11
Accrued Vacation - Sick Leave -Int'L Staff					4,602	1,193	5,795
Termination Payments - Int'L Staff					3,288	861	4,149
Administration of Medical and Dental Insurance					1,740	400	2,140
Administration of Medical Services					650		650
Benefits - Int'L Staff		4,460	276	1,689	63,231	42,393	112,049
Accrued Vacation Leave - Local Staff						664	664
Termination Payments - Local Staff						1,214	1,214
Dependency Allowance - Local Staff						310	310
Life Insurance - Local Staff						115	115
Medical Dental Insurance - Local Staff						1,550	1,550
Admin. of Medical & Dental Insurance - Local Staff						420	420
Other Benefits - Local Staff						1,200	1,200
Local Staff-Developmental Assignment Benefits						700	700
Local Staff Medical Services						65	65
Benefits - Local Staff						6,238	6,238
<i>Personnel Cost</i>	45	19,353	933	5,726	229,028	115,304	370,388
<i>Staff Development</i>							
Learning and Tuition Fees		239	42	33	1,322	19	1,654
Training Travel		80	26	7	2,116	120	2,349
Learning Firms					1,184	0	1,184
Learning Logistics					1,262	4	1,266
Learning Defined Term Contractual (DTC)					453		453
Learning-DTC - Benefits					61		61
Learning-TTC Fees					1,729		1,729
Learning-TTC Benefits					93		93
Learning-PEC Fees					965		965
<i>Staff Development</i>		319	67	40	9,184	143	9,754
<i>Complementary Workforce Employees and Outside Services</i>							
Consultants			295	67	1,819	5,584	7,764
Employment Agencies and Freelancers	221	86		73	1,542	2,769	4,692
Business Consulting Firms	1,119	200	20	16	19,073	989	21,417
Audit Fees					1,352		1,352
Other Outside Services					2,638	594	3,232
Research Fellowship Program (RFP)					180	445	625
Legal Fees					20	5	25
Defined Term Contractual (DTC) - Fees			312	997	13,412	134	14,854
DTC - Benefits			35	137	1,716		1,888
Temporary Term Contractual (TTC) - Fees	151		143	327	9,051	368	10,041
TTC - Benefits			7	49	477	19	551
Products and External Services Consultant (PEC) - Fees			108	512	8,232	3,014	11,866
<i>Complementary Workforce Employees and Outside Services</i>	1,491	286	919	2,177	59,511	13,921	78,307

Annex B. 2014 Approved Administrative Budget by Item of Expense and Major Budget Category (Cont.)

Item of Expense (\$000)	BOG	EXD	MEC	OVE	HQS	COF	TOTAL
<i>Business Travel</i>							
Int'L Business Travel	2,802	1,729	230	691	14,312	1,270	21,034
Local Business Travel					26	687	712
<i>Business Travel</i>	2,802	1,729	230	691	14,338	1,957	21,746
<i>SG & NSG Transactional Budget</i>							
Consulting and Other Services - Country Business Plan					24,523		24,523
Business Travel (Loc & Int) - Country Business Plan					15,597		15,597
<i>SG & NSG Transactional Budget (Cons. & Bus. Travel)</i>					40,120		40,120
<i>General Administrative Costs</i>							
Office/Space Rental					3	1,371	1,374
Alterations and Improvements		36				90	126
Headquarters Building Security					3,166		3,166
Parking					9	64	74
Country Offices Security					2,178	413	2,591
Ops and Maintenance - 1300 New York Ave					5,826		5,826
Ops and Maintenance - 1330 New York Ave					493		493
Ops and Maintenance - 1350 New York Ave					1,063		1,063
Ops and Maintenance - Ashburn					508		508
Utilities and Administration - Country Offices					75	2,848	2,923
Maintenance and Repair Program - Country Offices					60	2,665	2,726
Office Occupancy		36			13,381	7,452	20,868
Office Furniture and Furnishings (Incl. Art Purchases)		11		2	11	25	49
IT Equipment and Maintenance	94	85	1	16	1,564	64	1,823
Copying and Printing Equipment and Maintenance	12	100	5	20	964	219	1,320
Software and Maintenance	41		15	8	7,307	46	7,416
Vehicle Expenses					25	585	610
Vehicle Replacement Program					143		143
Other Equipment and Maintenance	36				142	55	234
Supplies	22	38	12	12	618	401	1,103
Equipment and Supplies	205	233	33	57	10,774	1,396	12,699
Specialized Services					1,938		1,938
Telecommunications	127	173	4	12	6,900	1,042	8,258
Mail And Related Shipping Services	150	14	1	5	301	221	692
Publication Purchases - Books and Reference Material		5			64	6	74
e-Resources, Periodicals, and Newspapers		49		3	1,188	68	1,308
Printing and Publishing Expenses			3	9	678	108	799
Communications and Publications	277	241	7	29	11,070	1,445	13,069
Conferences, Workshops, and Seminars	530		6	17	3,081	1,704	5,338
Special Events and Representation Expenses	205	53	7	1	1,185	387	1,837
Staff Relations	10				774	396	1,180
Contributions, Fees, and Dues				155	1,144	23	1,322
Events, Conferences & Outreach	745	53	13	172	6,183	2,511	9,676
Property and Liability Insurance						1	1
Miscellaneous Expenses	12	8	250	1	114	44	429
Other Expenses	12	8	250	1	114	44	430
<i>General Administrative Costs</i>	1,239	571	303	260	41,522	12,848	56,742
IDB-9 Related Decentralization and GAC					739		739
Staff in Transition and Reassignment					1,200		1,200
Termination Payments					1,500		1,500
Central Accounts					8,543	2,479	11,022
Ethics/Conduct/Grievance Systems Reform					482		482
Recurring Administrative Expenses from Capital Projects Completed					1,987		1,987
Sub-Total					14,452	2,479	16,931
BANK TOTAL (BOG, EXD, MEC, OVE, and Management Discretionary Items)	5,577	22,258	2,452	8,894	408,155	146,652	593,989

Annex B.1. 2014 Estimated Bank Contributions to Retirement Plans by Item of Expense

Item of Expense (\$000)	HQS	COF	TOTAL
Bank Contributions			
Retirement Contributions - Int'L Staff	50,200		50,200
Complementary Retirement Plan - Int'L Staff	1,810		1,810
Staff Retirement Plan - Local Staff		8,300	8,300
Sub-total Retirement Plans	52,010	8,300	60,310
Post-Retirement - Pensioner Expenses Life Insurance	218		218
Post-Retirement - Medical and Dental Insurance	17,700	2,300	20,000
Post-Retirement - Tax Reimbursement Reserve	10,500		10,500
Sub-total Post-Retirement Benefits	28,418	2,300	30,718
Total Bank Contributions ^{/1}	80,428	10,600	91,028

1/ Figures shown are for disclosure purposes only. Actual final contribution to be authorized via the "Proposal for an Alternate Process for Consideration of the Bank's Pension Contributions" (GN-2599-26) in the second quarter of 2014.

Annex C. 2014 and 2013 Administrative Budget Income and Reimbursements

(\$000)		Income					Sub-Total Income	Reimbursement		Sub-Total Reimb.	Trust Funds Income / Reimb.	TOTAL
Year	Dept.	Lease	Private Sector	INTAL	MIF	Other ^{1/}		HQ Parking ^{2/}	IIC/MIF			
2014	OVE					150	150					150
	Total					150	150					150
	CSC	32				12	45					45
	Sub-Total	32				12	45					45
	KNL					90	90		7	7		97
	INT/INL			500			500					500
	SCF		1,500				1,500					1,500
	Sub-Total		1,500	500		90	2,090		7	7		2,097
	Total Oper. Depts.	32	1,500	500		103	2,135		7	7		2,142
	AUG								218	218		218
	MDN								10	10		10
	OII								9	9		9
	EXR								23	23		23
	SEC								258	258		258
	VPF/VPF								13	13		13
	FIN								19	19		19
	HRD								366	366		366
	ITE								79	79		79
	HQ Facilities	2,343					2,343	1,174		1,174		3,517
	MIF and Trust Funds				1,059		1,059				3,000	4,059
	Total Other Depts.	2,343			1,059		3,403	1,174	995	2,169	3,000	8,571
	TOTAL	2,376	1,500	500	1,059	253	5,688	1,174	1,002	2,176	3,000	10,863

1/ Other includes Income from Training Fees (INDES), COF Parking and Other Administrative Income.

2/ Parking reimbursement corresponds to the parking fees collected from employees.

(\$000)		Lease	Parking	Other ^{1/}	Sub-Total	Private Sector	Trust Funds, MIF, & INTAL	TOTAL
Year	Dept.							
2013	OVE			150	150			150
	Total			150	150			150
	CSC	30	12		43			43
	Sub-Total	30	12		43			43
	KNL			80	80			80
	INT/INL						500	500
	SCF					1,500		1,500
	Sub-Total			80	80	1,500	500	2,080
	Total Oper. Depts.	30	13	80	123	1,500	500	2,123
	CAU	2,585	1,260		3,845			3,845
	OTHER ^{2/}						4,452	4,452
	Total Other Depts.	2,585	1,260		3,845		4,452	8,298
	TOTAL	2,616	1,273	230	4,118	1,500	4,952	10,571

1/ Other includes Income from Training Fees (INDES), and Other Administrative Income.

2/ Other includes Administration Fees from Funds Under Administration and MIF Reimbursement.

Annex D. 2014 Approved Budget for Central Accounts by Item of Expense

(\$000)	2013 Adjusted Approved Budget	2014 Approved Budget	2014 Approved vs. 2013 Adj. Approved	
			\$	%
Utilities	2,822	2,877	54	1.9%
Parking	1,659	1,707	48	2.9%
Security	2,325	2,479	153	6.6%
Office Space Rental and Vault Space	743	741	(2)	-0.2%
Printing and Publishing Expenses	581	551	(30)	-5.2%
Corporate Environmental & Social Responsibility (CSR)	541	555	14	2.5%
Property and Liability Insurance	673	750	77	11.5%
Financial Institution Bond	415	400	(15)	-3.6%
Additional Cost for Administrative Services Contracts	463	473	11	2.3%
Country Offices Communications Services	478	489	11	2.3%
TOTAL	10,701	11,022	322	3.0%

**Annex E. 2014 Approved Administrative Budget by Budget Program
(Management Discretionary Items Only)**

Budget Program (\$000)	2013 Approved Budget		2014 Approved Budget		2014 Approved vs. 2013 Approved
	Total	% of Total	Total	% of Total	%
Operational and Operational Support Programs					
Operational Programs (for all Bank units)					
Knowledge Creation and Dissemination	34,344	6.5%	38,192	6.9%	11.2%
Operations Client Management /1	11,070	2.1%	13,611	2.5%	23.0%
Operations Strategy and Programming	27,529	5.2%	20,314	3.7%	-26.2%
Operations Management & Development Effectiveness and Evaluation	201,379	38.0%	215,940	38.9%	7.2%
Public Awareness, Partnerships and Outreach	4,547	0.9%	3,725	0.7%	-18.1%
Sub-Total Operational Programs	278,868	52.6%	291,782	52.6%	4.6%
Operational Support Programs (VPC, VPS, VPP only)/2	74,874	14.1%	79,540	14.3%	6.2%
Sub-total Operational and Operational Support Programs	353,742	66.7%	371,322	66.9%	5.0%
Non-Operational Programs (STC, VPF, and Bankwide only)					
Corporate Management	54,722	10.3%	53,453	9.6%	-2.3%
Corporate Support	110,409	20.8%	121,486	21.9%	10.0%
Other Programs /3	11,299	2.1%	8,547	1.5%	-24.4%
Sub-total Non-Operational Programs	176,431	33.3%	183,486	33.1%	4.0%
TOTAL MANAGEMENT DISCRETIONARY	530,173	100.0%	554,807	100.0%	4.6%

1/ Operations Client Management is defined as activities that involve relations with governments, civil society, and private sector within the framework of origination and enhancing the operational program.

2/ Includes the following programs: Corporate Management (does not include the Public Awareness, Partnerships and Outreach Program for the three operational Vice-Presidencies), Corporate Support, and Other Programs budgeted by operational departments.

3/ Includes Budget Program Miscellaneous and Management Support to the following Budget Programs: Board of Governors, Board of Executive Directors, and Staff Retirement Plan.

Annex F. 2013 Expenditures by Organizational Unit as of December 31, 2013

Organizational Unit (\$000)	Approved Budget ^{1/}	Revised Budget as of 12/31/13	Expended as of 12/31/13			Expended as % of Rev. Budget
			PC	NPC	TOTAL	
Board of Governors	3,765	3,833	9	3,411	3,420	89.2%
Board of Executive Directors	21,888	21,888	17,433	2,276	19,709	90.0%
Independent Consultation and Investigation Mechanism	2,431	2,463	679	1,276	1,955	79.4%
Office of Evaluation and Oversight	8,649	8,772	4,650	3,576	8,226	93.8%
Sub-Total	36,733	36,956	22,771	10,539	33,309	90.1%
Administrative Carryover for BOG, EXD, MEC, & OVE ^{2/}	547	324				
Sub-Total BOG, EXD, MEC, & OVE	37,280	37,280	22,771	10,539	33,309	89.3%
Management Discretionary Items						
<i>Strategic Core</i>						
Office of the President	3,895	3,829	3,179	626	3,805	99.4%
Office of Institutional Integrity	3,060	2,829	1,683	1,101	2,784	98.4%
Office of the Executive Vice President	2,296	2,319	1,938	339	2,277	98.2%
Office of the Executive Auditor	4,944	4,998	4,002	774	4,777	95.6%
Office of External Relations	10,622	11,464	7,544	3,912	11,455	99.9%
Office of Outreach and Partnerships	12,000	10,953	7,007	3,946	10,953	100.0%
Office of Risk Management	7,598	7,452	4,401	3,012	7,413	99.5%
Office of the Secretary	12,499	12,710	9,471	3,094	12,566	98.9%
Office of Strategic Planning and Development Effectiveness	10,447	11,461	5,156	6,032	11,188	97.6%
SPD - Dev. Effectiveness Transactional Budget		949		949	949	100.0%
Office of Ethics	1,786	1,872	1,237	627	1,864	99.5%
Sub-total Strategic Core Departments	69,147	70,837	45,618	24,412	70,030	98.9%
Vice Presidency for Private Sector and Non-Sovereign Guaranteed Operations	1,840	1,825	1,206	385	1,590	87.2%
VPP – Operational Support Budget [Transactional]	6,468	6,106		5,703	5,703	93.4%
Structured and Corporate Financing	18,675	19,553	15,724	3,471	19,195	98.2%
Opportunities for the Majority Sector	3,402	3,985	2,788	1,076	3,864	97.0%
Micro, Small and Medium Enterprise Unit (resources assigned to MIF)	3,713	3,799	2,866	827	3,693	97.2%
Sub-total Vice Presidency for Private Sector and Non-Sovereign Guaranteed Operations	34,099	35,268	22,584	11,462	34,045	96.5%
Vice Presidency for Countries	3,264	3,053	2,132	884	3,016	98.8%
VPC – Operational Support Budget [Transactional]	31,912	31,472		31,306	31,306	99.5%
Country Department Haiti	6,962	5,689	2,390	3,269	5,659	99.5%
Country Department Southern Cone	19,325	18,744	9,796	8,805	18,601	99.2%
Country Department Central America, Mexico, Panama, and the Dominican Republic	23,523	23,962	14,216	9,689	23,905	99.8%
Country Department Andean Group	15,281	15,268	9,583	5,484	15,067	98.7%
Country Department Caribbean Group	13,503	14,159	8,886	5,133	14,018	99.0%
Operations Financial Management and Procurement Services Office	17,112	18,059	16,490	1,474	17,964	99.5%
Sub-total Vice Presidency for Countries	130,883	130,405	63,493	66,043	129,536	99.3%
Vice Presidency for Sectors and Knowledge	3,485	3,496	2,515	915	3,430	98.1%
Environmental Safeguards Unit	7,085	7,251	4,773	2,464	7,237	99.8%
Department of Research and Chief Economist	8,844	9,294	5,212	4,073	9,284	99.9%
Infrastructure and Environment Sector	42,325	41,416	34,785	6,270	41,055	99.1%
Social Sector	25,338	25,978	20,488	5,456	25,944	99.9%
Institutions for Development	38,096	37,764	31,867	5,813	37,680	99.8%
Knowledge and Learning Sector	15,054	15,288	5,194	10,052	15,246	99.7%
Integration and Trade Sector	11,152	11,664	7,035	4,575	11,610	99.5%
Sub-total Vice Presidency for Sectors and Knowledge	151,379	152,150	111,868	39,619	151,487	99.6%
Sub-total VPP, VPC, VPS Departments	316,360	317,824	197,945	117,123	315,068	99.1%
Vice Presidency for Finance and Administration	1,601	1,519	1,341	151	1,492	98.2%
Mediation Office ^{3/}		532	290	222	511	96.0%
Finance Department	20,984	21,241	16,306	4,896	21,203	99.8%
Human Resources Department	15,387	15,978	9,904	6,073	15,978	100.0%
Information Technology Department	34,546	38,167	15,716	22,450	38,167	100.0%
Budget and Administrative Services Department	25,731	27,045	8,359	18,576	26,935	99.6%
Legal Department	11,067	12,032	9,815	2,140	11,955	99.4%
Sub-total Vice Presidency for Finance and Administration	109,316	116,514	61,731	54,509	116,240	99.8%
Sub-total Strategic Core, VPP, VPC, VPS, VPF Departments	494,823	505,175	305,294	196,044	501,338	99.2%
<i>Centrally Held Accounts</i>						
IDB-9 Related Decentralization	1,000	815				
COF Expansion for IDB-9	1,229	1,229				
Staff in Transition & Reassignment	1,200	1,023	654		655	64.0%
Termination Payments	1,500	5,276		5,227	5,227	99.1%
Bankwide ^{4/}	7,302	7,378	3,136	1,572	4,708	63.8%
Sanctions Office	807	822	363	418	781	95.0%
Central Accounts, Benefits Centralization, Previous Year Accounts, and others ^{5/}	10,701	14,107	1,738	6,798	8,536	60.5%
Promotions	1,540	935				
Funding for Salary Structure Increase	8,270	814				
Ethics/Conduct/Grievance Systems Reforms ^{3/}	776	68		44	44	63.8%
Recurring administrative expenses from capital projects completed in 2012	1,024					
Sub-total Centrally Held Accounts	35,350	32,469	5,892	14,059	19,951	61.4%
Administrative Carryover for HQS & COF ^{2/}	7,471					
Sub-total HQS & COF Discretionary	537,644	537,644	311,186	210,103	521,289	97.0%
BANK TOTAL (BOG, EXD, MEC, OVE, Management Discretionary, and Carryover)	574,924	574,924	333,956	220,642	554,598	96.5%

1/ As per Board approved (GA-252-9).

2/ Includes Regular Carryover \$8.0 million (\$7.5 million for HQS & COF and \$547.2 thousand for BOG, EXD, MEC & OVE).

3/ The Mediation Office initiated activities on April 1, 2013 and was funded mainly with carryover and funds budgeted under the Ethics/Conduct/Grievance Systems Reforms

4/ Includes: Administrative Tribunal, Staff, Family and Retirees Association, Office of the Ombudsperson, Young Professionals, Internship Program, Staff Relations, and Staff on Secondment.

5/ Includes: Central Accounts, Central benefits, Parking expenses, Departments end of year surplus, and Other Centrally Paid Administrative Expenses.

Annex G. Budget Program Matrix

Budget Program			Definition
Knowledge Creation and Dissemination			
1	KCA	Knowledge and Capacity Building	Products and services with high intrinsic value added.
Operations Client Management			
2	OPC	Operations Client Management	Activities that involve relations with governments, civil society, and private sector within the framework of origination and enhancing the operational program.
Operations Strategy and Programming			
3	OPR	Operational Strategy and Policy Setting	Activities related to Country and Regional Strategy, updates, and studies that serve as input to document as debt sustainability assessments and fiduciary. Also includes consultations presentations to government, policy and regional dialogue or country/thematic dialogue.
4	OPP	Operational Programming	Products and services used in Bank internal processes that assist in programming and execution of country-specific financial operations and other interventions.
Operations Management (Design, implementation and administration)			
5	OPD	Operations Design and Management	Activities for the preparation, analysis and approval of Bank's Lending Instruments
6	OPS	Environmental and Social Safeguards	Due diligence and supervision of environmental and social safeguards activities related to the preparation, analysis, approval and execution of the Bank's lending instruments.
7	OPE	Operations - Technical Supervision	Activities related to the supervision and monitoring of projects in execution including risk management.
8	OPF	Operations - Fiduciary <u>and Loan Administration</u>	Activities related to the fiduciary supervision of projects in execution including procurement and disbursements and loan servicing (administration).
9	OPT	Global / Regional / Country Grants and Resource Mobilization	Trust Funds and Other official Resource Mobilization Modalities, Regular & Supplementary, Complementary fund mobilization and co-financing of loan projects.
Development Effectiveness and Evaluation			
10	OPV	Evaluation and Review	Activities related to the evaluation of the external operational effectiveness of the Bank.
Corporate Management			
11	PPO	Public Awareness, Partnerships and Outreach	Activities related to building public awareness, outreach, partnering with other international organization and creating strategic alliances.
12	CMT	Corporate Planning, Strategy and Management	Activities that formulate the Bank's strategy in operations, human resources, ITE, etc.
13	RMT	Risk Management	Activities related to executive management and coordination.
14	OEV	Evaluation and Review	Activities related to credit, financial, and operational risk management.
15	COR	Corporate Governance	Activities related to the evaluation of internal processes efficiency of the Bank.
			Activities related to the building and strengthening of the Bank's processes to better adheres to accepted ethical standards, best practices and formal law. Activities that improve internal controls, transparency, accountability and external impact.
Corporate Support			
16	FMT	Financial Management, Treasury and Accounting	Activities related to the development, implementation and monitoring of financial, resourcing, accounting, and treasury.
17	KNX	Knowledge Exchange and Learning	Activities related to the delivery of training and development of staff.
18	HRM	Development and Management of Human Resources	Activities related to work force planning and attraction, HR strategy and communications, compensation and benefits, employee relations and career development.
19	ITM	Management of Information Technology	Activities related to IT infrastructure, Help Desk, IT Solutions, Knowledge Databases and IT Governance.
20	ADS	Administrative Services	Activities related to the day-to-day operations of the Bank and the uninterrupted continuity of the Bank's business.
Other Programs			
21	BOG	Board of Governors	Activities performed and costs incurred to plan the logistics and hold the meetings of Board of Governors. Includes provision of Secretariat, legal and other readily identifiable and significant general support (including interpretation and translation).
22	EXD	Board of Executive Directors	Activities performed by the Board of Executive Directors. Includes provision of Secretariat, legal and other readily identifiable and significant general support (including interpretation and translation).
23	SRP	Staff Retirement Plan	Support to the Staff Retirement Plan.
24	MSC	Miscellaneous	For BGT internal use only.

Annex H. Staff on Board, Vacancies and Headcount – HQS and COF as of December 31, 2013

VP	Dept.	Staff on Board															Vacancies	Total		
		Executive			Managerial ^{1/}			Technical			Support			Total Staff						
		Int'l	Local	Total	Int'l	Local	Total	Int'l	Local	Total	Int'l	Local	Total	Int'l	Local	Total				
Headquarters																				
STC	PRE	3		3				7		7	5		5	15		15	2	17		
	OII	1		1				11		11	1		1	13		13		13		
	EVP	2		2				4		4	2		2	8		8	1	9		
	AUG	1		1				22		22				23		23		23		
	EXR	1		1	2		2	34		34	3		3	40		40	3	43		
	ORP	1		1	1		1	25		25	3		3	30		30	3	33		
	RMG	1		1	1		1	20		20	1		1	23		23	2	25		
	SEC	2		2	4		4	43		43	10		10	59		59	3	62		
	SPD ^{2/}	1		1	2		2	32		32	2		2	37		37	2	39		
	ETH				1		1	4		4	1		1	6		6	1	7		
Sub-total STC		13		13	11		11	202		202	28		28	254		254	17	271		
VPP	VPP							5		5	1		1	6		6	1	7		
	SCF	1		1	5		5	59		59	5		5	70		70	7	77		
	OMJ	1		1				13		13	1		1	15		15		15		
	MIF							12		12				12		12		12		
Sub-total VPP		2		2	5		5	89		89	7		7	103		103	8	111		
VPC	VPC	1		1				9		9	2		2	12		12		12		
	CSC							9		9	2		2	11		11		11		
	CID	1		1				16		16	2		2	19		19	1	20		
	CAN	1		1				9		9	1		1	11		11	1	12		
	CCB							11		11	2		2	13		13	1	14		
	FMP				1		1	14		14	2		2	17		17	2	19		
	CDH	1		1				5		5	1		1	7		7	1	8		
	Sub-total VPC		4		4	1		1	73		73	12		12	90		90	6	96	
VPS	VPS	1		1				8		8	4		4	13		13		13		
	ESG				1		1	22		22	4		4	27		27	3	30		
	RES	1		1				26		26	2		2	29		29	2	31		
	INE	1		1	5		5	80		80	13		13	99		99	3	102		
	SCL	1		1	4		4	45		45	11		11	61		61	6	67		
	IFD	1		1	3		3	76		76	9		9	89		89	11	100		
	KNL	1		1	3		3	23		23	3		3	30		30	7	37		
	INT	1		1	1		1	24		24	5		5	31		31	1	32		
Sub-total VPS		7		7	17		17	304		304	51		51	379		379	33	412		
VPF	VPF	1		1				6		6				7		7		7		
	FIN	2		2	5		5	78		78	9		9	94		94	11	105		
	HRD	1		1	5		5	39		39	8		8	53		53	9	62		
	ITE	1		1	3		3	65		65	3		3	72		72	4	76		
	BDA	1		1	5		5	43		43	4		4	53		53	3	56		
	LEG	1		1	3		3	46		46	9		9	59		59	2	61		
Sub-total VPF		7		7	21		21	277		277	33		33	338		338	29	367		
SRE/VAC	Unfunded Vacancies from Departments																14	14		
SIT	Staff in Transition and Reassignment										3		3	3		3	5	8		
IDB	Bankwide ^{3/}							7		7	3		3	10		10	1	11		
Sub-total Headquarters		33		33	55		55	952		952	137		137	1,177		1,177	113	1,290		
Country Offices																				
STC	EXR							1		1				1		1		1		
	ORP				1		1	3		3	1		1	4		4	2	10		
	SPD							1		1				1		1		1		
Sub-total STC					1		1	4		3	1		1	5		5	2	12		
VPP	VPP							1		1				1		1		1		
	SCF							11		5	16			11		5	16	1	17	
	OMJ							2		2	2			2		2		2		
	MIF							2		2	4			2		2	4	4		
Sub-total VPP								14		9	23			14		9	23	1	24	
VPC	CSC	1		1	5		5	6		27	33			12		47	59	6	65	
	CID				9		9	15		34	49			24		59	83	8	91	
	CAN				5		5	9		30	39			14		48	62	4	66	
	CCB	1		1	6		6	8		22	30			15		32	47	7	54	
	FMP							48		18	66			48		18	66	1	67	
	CDH							1		7	8			1		10	11		11	
Sub-total VPC		2		2	25		25	87		138	225			76		76	214	328	26	354
VPS	ESG							1		1	2			1		1	2		2	
	INE							52		36	88			52		36	88	8	96	
	SCL							36		12	48			36		12	48	1	49	
	IFD							52		19	71			52		19	71	1	72	
	INT	1		1				1		7	8			2		8	10		10	
Sub-total VPS		1		1				142		75	217			143		76	219	10	229	
VPF	HRD							1		2	3			1		2	3		3	
	ITE							24		24	24			24		24	24		24	
Sub-total VPF								1		26	27			1		26	27		27	
Sub-total Country Offices		3		3	26	1	27	248		251	499			78		78	330	607	39	646
Total Headquarters and Country Offices		36		36	81	1	82	1,200		251	1,451			1,454		330	1,784	152	1,936	

1/ Country Representatives, Division Chiefs, Section Chiefs, and Unit Chiefs.

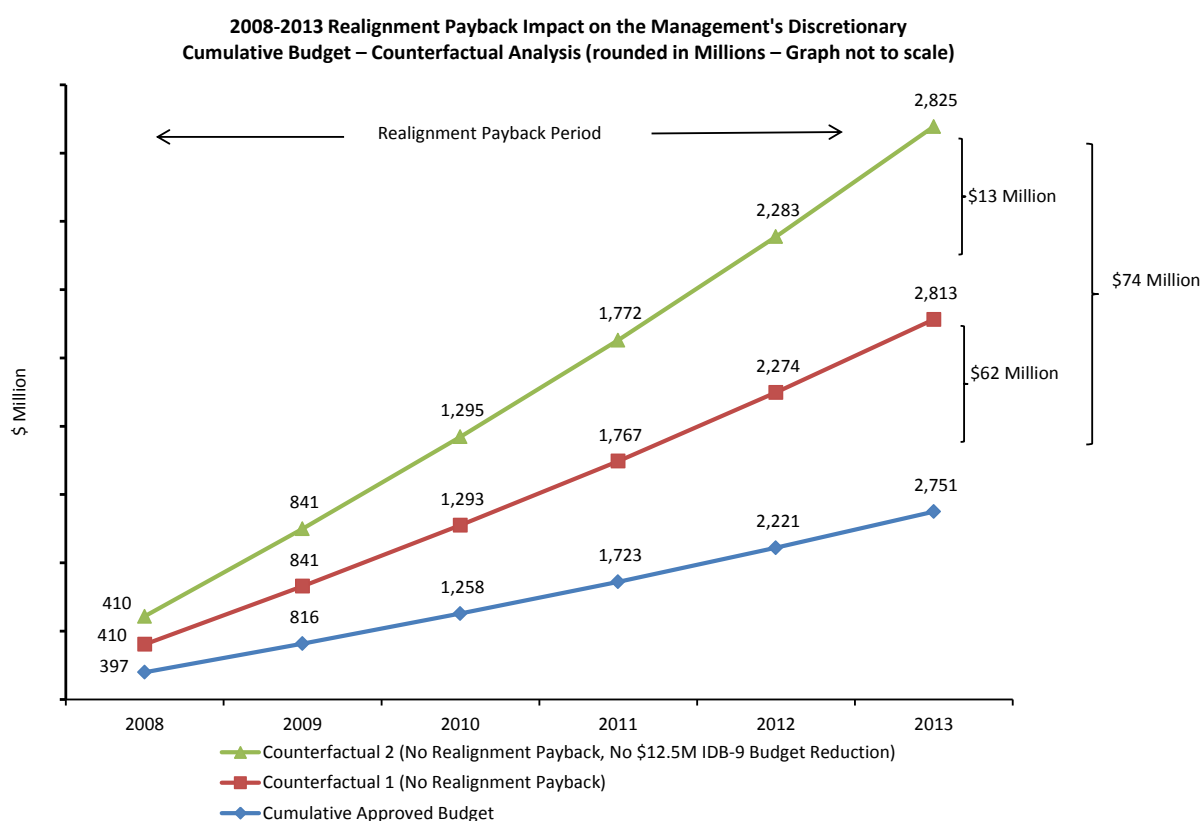
2/ Includes 11 staff from OPTIMA.

3/ Includes Administrative Tribunal, Staff, Family and Retirees Associations, the Office of the Ombudsperson and the Sanctions Office.

Annex I. Further Analysis on the Realignment Payback

To better illustrate the effect of the Realignment Budget Payback on the level of the Administrative Budget, Figure below presents the 2008-2013 cumulative Board Approved Administrative Budget of \$2,751 million as a baseline that includes Management's Realignment cost repayments over the six-year period.

Counterfactual 1 shows that for this six-year period, the total Administrative cumulative budget assuming no Realignment cost repayments (totaling \$2,813 million) would have been higher versus the cumulative approved budget baseline by \$61.5 million. Counterfactual 2 shows that for the same period, the total Administrative cumulative budget assuming no Realignment cost repayments and no \$12.5 million in IDB-9 2011-13 Budget Reductions (totaling \$2,825 million) would have been higher versus the cumulative approved budget baseline by \$74 million.



	FY08	FY09	FY10	FY11	FY12	FY13
Cumulative Approved Budget Baseline	397	816	1,258	1,723	2,221	2,751
Counterfactual 1 (No Realignment Payback)	410	841	1,293	1,767	2,274	2,813
Counterfactual 2 (No Realignment Payback, No \$12.5M IDB-9 Budget Reduction)	410	841	1,295	1,772	2,283	2,825
Annual Approved Budget	397	419	442	465	498	530
Counterfactual 1 (No Realignment Payback)	410	431	452	474	507	539
Counterfactual 2 (No Realignment Payback, No \$12.5M IDB-9 Budget Reduction)	410	431	454	477	510	543
Cumulative Realignment Payback Approved	12	25	35	44	53	62
Annual Realignment Payback Approved 1/	12	12	10	9	9	9

1/ For 2010 Payback was reduced to \$10.3M and in 2011 Payback was further reduced to \$8.8M.

Annex J. Acronyms

ABB	Agenda for a Better Bank
ASABE	Annual Salary Adjustment Budget Envelope
AUG	Office of the Executive Auditor
BDA	Budget and Administrative Services Department
BOG	Board of Governors
BFMP	Budget and Financial Management Program
BUFIPO	Budget and Financial Policies Committee
CAN	Country Department Andean Group
CCB	Country Department Caribbean
CDH	Country Department Haiti
CID	Country Department Central America, Mexico, Panama and Dominican Republic
CIP	Corporate Input Products
COF	Country Offices
CPD	Country Programming Documents
CT/INTRA	Intraregional Technical Cooperation Program
CRF	Corporate Results Framework
CS	Country Strategy
CSC	Country Department Southern Cone
CSO	Civil Society Organizations
CSS	Compliance Screening System
CWE	Complementary Workforce Employee
DE	Development Effectiveness
DEM	Development Effectiveness Matrix
DEPA	Development Effectiveness Program Account
DSF/EPBA	Debt Sustainability Framework and Enhanced Performance-Based Allocation
DTC	Defined Term Contractual
EMF	Employment Model Framework
ESC	Eligibility and Strategic Committees
ESW	Economic and Sector Work Products
ETH	Office of Ethics
EVP	Office of the Executive Vice President
EXD	Board of Executive Directors
EXR	Office of External Relations
FDP	Fund for the Financing of Disaster Prevention
FIN	Finance Department
FIRII	Fund for the Financing of Technical Cooperation for Initiatives for Regional Infrastructure Integration
FSO	Fund for Special Operations
HCS	Human Capital Strategy
HQS	Headquarters
HRD	Human Resources Department
IDB-9	Ninth General Capital Increase
ICS	Institutional Capacity Strengthening
IFD	Institutions for Development
IMM	Income Management Model

INE	Infrastructure and Environment Sector
INE	Infrastructure Cluster
InfraFund	Infrastructure Project Preparation Fund
INT	Integration and Trade Sector
IT	Information Technology
ITE	Information Technology Department
KNL	Knowledge and Learning Sector
LAC	Latin American Countries
LEG	Legal Department
LTFP	Long-Term Financial Projections
MBF	Main Business Functions
MDG	Millennium Development Goals
MEC	Independent Consultation and Investigation Mechanism
MIF	Office of the Multilateral Investment Fund
MSA	Macroeconomic Sustainability Assessments
NASV	Net Average Salary Variance
NPC	Non-Personnel Costs
NSG	Non-Sovereign Guarantee Operations
OC	Ordinary Capital
OII	Office of Institutional Integrity
OMJ	Opportunities for the Majority Sector
OPR	Operational Programming Report
ORP	Office of Outreach and Partnerships
OVE	Office of Evaluation and Oversight
PC	Personnel Costs
PCR	Project Completion Reports
PEC	Product and Services External
PMR	Progress Monitoring Report
PRE	Office of the President
PRODEV	Program for Development Effectiveness
RBB	Results Based Budgeting
RES	Department of Research and Chief Economist
RF	Results Framework
RMG	Office of Risk Management
RPG	Regional Public Goods
SCF	Structured and Corporate Finance Department
SCL	Social Sector
SEC	Office of the Secretary
SECCI	Sustainable Energy and Climate Change IDB Special Program
SEF	Social Entrepreneurship Fund
Social Fund	Special Program for Employment, Poverty Reduction and Social Development in Support of the Millennium Development Goals
SG	Sovereign Guarantee
SMEs	Subject Matter Experts
SP/G	Special Programs/Grants
SPD	Office of Strategic Planning and Development Effectiveness
SRP	Staff Retirement Plan
SSI	Salary Structure Increase

STC	Strategic Core
SVC	Small and Vulnerable Countries
TC	Technical Cooperation
TRF	Total Rewards Framework
TTC	Temporary Term Contractual
VPC	Vice Presidency for Countries
VPF	Vice Presidency for Finance and Administration
VPF/MDN	Mediation Office
VPP	Vice Presidency for Private Sector and Non-Sovereign Guaranteed Operations
VPS	Vice Presidency for Sectors and Knowledge