

PUBLIC

Document of the Inter-American Development Bank

2017 Approved Program and Budget Final Version

In accordance with the Access to Information Policy, this document is being made publicly available simultaneously with its distribution to the Board for information.

March 2017

GA-263-6

Budget and Administrative Services Department



2017 Approved Program and Budget Book – Final Version

Purpose

The purpose of this document is to provide Board members and Management with a single 2017 budget reference document, for information, that reflects all final budgetary adjustments and recommendations as approved by the Board on December 14, 2016, and shown in document [GA-263-5](#), *“2017 Program and Budget Proposal. Report of the Chairperson of the Budget and Financial Policies Committee”*.

Contents

This document contains: (i) the final 2017 approved budget resolutions; and (ii) 2017 administrative, capital, OC strategic development programs and other budget tables and annexes presented originally in document [GA-263-1](#), *“2017 Program and Budget Proposal”*, submitted to the Board on October 31, 2016, and updated appropriately to reflect contents of document [GA-263-5](#).

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

For all inquiries or clarifications by Management departments/offices, please contact your Budget Division (BDA/BGT) Budget Officer or Carlos Herrera; Board members should contact Yeshy Edwin.

Table of Contents

1.	EXECUTIVE SUMMARY	1
	A. Regional Outlook and the Bank	1
	B. Strategic Context and Priorities of the 2017 Program	1
	C. 2017 Approved Budgets for Administrative, Capital and Ordinary Capital Strategic Development Programs.....	3
2.	STRATEGIC CONTEXT OF THE 2017 APPROVED PROGRAM AND BUDGET	6
	A. Work Program Priorities for 2017	6
	B. Trends in Bank Products and Services	7
3.	2017 IDB ADMINISTRATIVE BUDGET GROWTH UNDER MANAGEMENT’S DISCRETION, RATIONALE FOR 1.2% REAL BUDGET GROWTH FOR 2017 NEW DEMANDS, AND BUDGET SAVINGS INTERNALLY REALLOCATED .	12
	A. 2017 IDB Administrative Budget Growth under Management’s Discretion	12
	B. Rationale for 1.2% Real Budget Growth for 2017 New Demands	13
	C. 2017 Budget Savings Internally Reallocated (\$3.0 million)	14
4.	2017 MAIN BUSINESS FUNCTIONS AND RESULTS BASED BUDGETING (RBB) PERFORMANCE INDICATORS	16
	A. Operations Main Business Functions.....	16
	B. Corporate Main Business Functions	21
5.	2017 COMPOSITE COST ADJUSTMENT COMPONENT, 2017 APPROVED ADMINISTRATIVE BUDGET (BY LABOR/NON-LABOR COSTS, ORGANIZATIONAL UNIT AND ITEM OF EXPENSE), AND 2017 OC ESTIMATED INCOME AND REIMBURSEMENT FLOWS OUTSIDE THE ADMINISTRATIVE BUDGET	26
	A. 2017 Composite Cost Adjustment Component.....	26
	B. 2017 Approved Budget by Labor and Non-Labor Costs	28
	C. 2017 Approved Budget by Organizational Unit and Major Item of Expense.....	30
	D. 2017 Estimated Income Recorded Directly to the Ordinary Capital and Estimated Reimbursement Flows Outside the Administrative Budget	31
6.	2017 APPROVED CAPITAL BUDGET.....	34
	A. Outcome of the Prioritization Exercise for 2017 Projects	34
	B. 2017 Approved Capital Budget Plan – Overview.....	34
7.	2017 APPROVED OC STRATEGIC DEVELOPMENT PROGRAMS	36
	A. Background Information and Overview	36
	B. 2017 OC Strategic Development Programs	36
	APPROVED RESOLUTIONS.....	39

Annex A. 2017 Approved Administrative Budget by Item of Expense and Major Budget Category ..	46
Annex A.1. 2016 Approved and 2017 Estimated Bank Contributions to Retirement Plans	48
Annex B. 2016 Expenditures by Organizational Unit as of December 31, 2016	49
Annex C.1. RBB Historical Trends 2012-2016 – Operations Main Business Functions	50
Annex C.2. RBB Historical Trends 2012-2016 – Corporate Main Business Functions	51
Annex D. Key Main Business Functions Description	52
Annex E1. Approved Capital Budget for Headquarters 2017-2019	53
Annex E2. Approved Capital Budget for Country Offices 2017-2019	53
Annex E3. Approved Capital Budget for Information Technology 2017-2019	54
Annex F. Acronyms	55

List of Tables¹

Table 1.1. 2017 Selected RBB Performance Indicators by Main Business Function	3
Table 1.2. 2017 Approved Budget/Funding for Administrative, Capital, and OC Strategic Development Programs (Bank Total Composite Cost Adjustment Component of 2.2% for 2017).....	4
Table 3.1. 2017 Incremental Budget Allocation (3.3% Nominal, 1.2% Real) (Management Discretionary Items)	13
Table 4.1. 2017 Key RBB Performance Indicators by Operations Main Business Function and Link with the Update to the Institutional Strategy Operational Guiding Principles	17
Table 4.2. 2017 Consolidated Key RBB Outputs.....	18
Table 4.3. 2017 Consolidated Key RBB Performance Indicators by Corporate Main Business Function	21
Table 5.1. 2017 Composite Cost Adjustment Component	26
Table 5.2. 2017 Labor Cost Adjustment Component	27
Table 5.3. 2017 Non-Labor Cost Adjustment Component.....	28
Table 5.4. 2017 Labor and Non-Labor Costs	29
Table 5.5. 2017 Approved Administrative Budget by Organizational Unit.....	30
Table 5.6. 2017 Approved Administrative Budget by Item of Expense	31
Table 5.7. 2017 Sources of Estimated Income Recorded Directly to the Ordinary Capital.....	32
Table 5.8. 2017 Estimated Reimbursements and Payments Outside the Administrative Budget.....	33
Table 6.1. 2017 Approved Capital Budget by Project Category – Overview	35
Table 7.1. 2017 Approved Funding for Strategic Development Programs Financed by Ordinary Capital (\$ Millions).....	38

¹ In some tables, figures and annexes, individual items may not add to totals due to rounding.

List of Figures¹

Figure 1.1. 2007-2017 Management's Discretionary Budget Real Growth vs. 2007-2016 Average Real Growth (%)	5
Figure 2.1. Volume of SG Loan Project Approvals as of December 31 (\$ billions)	8
Figure 2.2. Number of SG Loan Project Approvals as of December 31	8
Figure 2.3. Value of SG Loan Projects in Portfolio in Execution as of December 31 (\$ billions)	8
Figure 2.4. Number of SG Loan Projects in Portfolio in Execution as of December 31	8
Figure 2.5. SG Loan Project Disbursements as of December 31 (\$ billions)	8
Figure 2.6 Volume of OC TC Approvals as of December 31 (\$ millions)	9
Figure 2.7 Value of OC TC Portfolio as of December 31 (\$ millions)	9
Figure 2.8 Evaluability Levels of SG Loan Approvals per DEM Scores (% of Approved Projects)	9
Figure 2.9 PMR Classification of SG Portfolio (% of Operations in Portfolio)	10
Figure 2.10 Percentage of SG Projects with Satisfactory Rating on Development Results at Completion (CRF 2012-2015 Indicator 4.2.4)	11
Figure 2.11 Partner Satisfaction with Selected IDB Products in 2015	11
Figure 6.1. Outcome of the Prioritization Exercise for 2017 Projects	34

1. EXECUTIVE SUMMARY

A. Regional Outlook and the Bank

- 1.1 Although there is considerable variation in growth across countries, the economies of Latin America and the Caribbean (LAC) as a whole are expected to grow at a weighted average rate of just 2% per annum during the period 2017-2019². Fiscal positions in the Region vary widely and have continued to weaken for commodity exporters, and despite falling inflation, monetary policy remains constrained. Several countries have embarked on fiscal adjustment measures. In the 2017 Latin American and Caribbean Macroeconomic Report³, it is noted that 15 countries have explicit adjustment plans and the average planned fiscal adjustment is about 2% of Gross Domestic Product (GDP). The Report suggests the composition of these plans has improved and the likelihood of successful adjustments without significant growth impacts has improved.
- 1.2 These circumstances may result in a growing demand for Inter-American Development Bank (IDB) financing, particularly for Policy-Based Loans (PBL), if the fiscal adjustment plans do not succeed and financial volatility leads to tighter financing conditions for emerging economies. The extent of the economic recovery in LAC will also have an impact on the demand for investment loans from the IDB, which will be greater if the LAC economies shift to a stronger growth path. For 2017, Management expects the Sovereign Guaranteed (SG) operational program, including new concessional lending of \$0.3 billion, to reach approximately \$10.3 billion, and disbursements to reach \$8.7 billion, in line with the Ordinary Capital (OC) Long-Term Financial Projections (LTFP) Final document ([FN-706-4](#)).

B. Strategic Context and Priorities of the 2017 Program

- 1.3 In line with the Region's development challenges included in the Update of the Institutional Strategy (UIS) approved in March 2015, the SG loan program for 2017 is aligned with the IDB Strategic Goals of Social Inclusion & Equality, Productivity & Innovation and Regional Integration as well as cross-cutting priorities such as Gender Equality and Diversity, Climate Change and Environmental Sustainability, and Strengthening Institutional Capacity and the Rule of Law. Given the multisectorial nature of development challenges, the 2017 SG loan program will also strive to optimize the mix of instruments to respond in the most effective manner to this principle as established in the UIS.
- 1.4 Furthermore, the 17 Sustainable Development Goals (SDGs) that underpin the 2030 Agenda for Sustainable Development, including the Paris Agreement, officially came into force on January 1, 2016. Notably, at the Bank's last Annual Meeting in Nassau, Bahamas, the Board of Governors resolved *"to endorse the goal of increasing the financing of climate change related projects in LAC to 30% of the IDB's and Inter-American Investment Corporation (IIC's) combined total approvals of loans, guarantees, investment grants, technical cooperation and equity operations by December 31, 2020, subject to demand from borrowing countries and clients and*

² These projections may vary depending on three major factors: (i) the combined impact of potential US stimulus, monetary normalization and uncertainty in global trading arrangements; (ii) a steeper slowdown in China; and (iii) recovery in economies in the Region currently in recession through 2016 in particular Argentina and Brazil.

³ "Routes to Growth in a New Trade World", 2017 IDB Latin American and Caribbean Macroeconomic Report.

access to external sources of concessional financing". The Bank has already begun to develop an internal process to screen SG loans for their impact on this agenda⁴, ensuring also that infrastructure projects incorporate adaptation and resiliency measures. Achieving the SDGs will be challenging in particular because they will demand greater financial flows than is currently being provided by all Multilateral Development Banks (MDBs) and the International Monetary Fund (IMF)⁵.

- 1.5 In light of the UIS and the subsequent update to the Corporate Results Framework (CRF) used to measure its implementation, the Bank reinforced its commitment to manage for development results and strengthened the CRF as a managerial tool to drive the Bank's work program and the use of its financial, budgetary, and human resources.
- 1.6 To develop the 2017 Approved Program and Budget, Management examined the evolution of the operational program in light of the institutional changes set in motion in 2007 and cemented with the approval of the Ninth General Increase in the Resources of the IDB (IDB-9, [AB-2764](#)) in 2010. The Bank has succeeded in implementing all Governors mandated institutional reforms in the Agenda for a Better Bank (ABB) ([GN-2518-49](#)) and, as reported in the 2015 Development Effectiveness Overview ([GN-2860](#)), the Bank met, and in some cases surpassed, the majority of the targets in the CRF 2012-2015. While the Bank strived for and achieved cost efficiencies, the IDB-9 also marked a turning point, raising the SG lending volume by more than half and increasing the complexity of the Bank's operational program.
- 1.7 The Bank has made significant progress towards more efficient use of its budgetary resources and of shareholders capital by strengthening and modernizing its financial policy framework. Since 2008, Management has delivered a total of approximately \$180.0 million in cost savings and cost avoidance measures in both the Administrative and Capital budgets.
- 1.8 Given that 2016 was the first year of the Updated CRF 2016-2019 reporting period, the work program priorities for 2017 were identified based on the Bank's progress on the CRF Performance indicators. In 2017, Management will focus on five key priority areas: (i) project execution; (ii) innovation; (iii) knowledge sharing; (iv) multisector and IDB/IIC collaboration; and (v) efficiency. In addition to these priorities, the Bank is committed to continue working towards improving responsiveness and aligning its operational program with the development challenges and cross-cutting themes established in the UIS, as well as supporting its borrowing member countries on the implementation of the 2030 Sustainable Development Agenda.
- 1.9 Since 2011, Management has presented budget proposals consistent with the Results-Based Budgeting (RBB) Framework ([GA-245-12](#)) as mandated by the IDB-9 and approved by the Board in 2010 to improve transparency and accountability of budgetary resource allocations by linking inputs with performance targets, indicators and outputs. The 2017 Approved Budget is articulated around RBB based Main Business Functions (MBFs) that reflect the Bank's core production processes. RBB based MBFs are also incorporated in the Bank's Systems Application and Products in Data Processing SAP- time reporting system (Time and Attendance) and the employee annual work program and performance review system (Career Point), so as to align the Bank's RBB framework inputs, indicators and outputs with staff performance.

⁴ Particularly, since the IDB has pledged to substantially increase climate-smart investments and to ensure that development programs going forward consider climate risks and opportunities, special attention must be paid to incorporating sustainability concerns in the design and execution of loans and grants, and to promoting a constructive agenda on sustainability issues through the Bank's analytical work, policy dialogue, and country strategies.

⁵ Despite ongoing efforts to increase the efficiency of MDBs' own capital and resources, more is needed to meet the demand for resources in support of the ambitious 2030 Agenda.

- 1.10 In the context of the implementation of the Bank's second (2014-2016) RBB Action Plan ([GA-245-23](#)) in 2016, Management has also been working on reinforcing the link between the CRF and the RBB framework.
- 1.11 Table 1.1 below provides an overview of selected RBB performance indicators by MBF for 2017, together with indicator targets for year-end that are consistently higher than the baseline figures. Further details are provided in Chapter 4 under Table 4.1 and Table 4.3 for Operations and Corporate MBFs, respectively.

Table 1.1. 2017 Selected RBB Performance Indicators by Main Business Function

Operations Main Business Functions	2017			
	Indicator Baseline	Indicator December Estimate	Approved Budget (\$'000)	Percent of Budget
Stakeholder Engagement			\$44,036	8.2%
Percentage of partners satisfied with IDBG development solutions	70%	82%		
Strategy and Programming			\$15,652	2.9%
Percentage of country strategies delivered within the transition period	58%	100%		
Preparation			\$50,412	9.3%
Percentage of SG operations with impact evaluation design	39%	40%		
Supervision			\$102,896	19.1%
Percentage of SG operations in "satisfactory" status	70%	71%		
Knowledge Development			\$40,515	7.5%
Percentage of economic sector work deliverables completed	93%	96%		
Operations Main Business Functions			\$254,293	47.1%
Corporate Operations Support ¹ Main Business Functions			\$89,210	16.5%
Subtotal Operations Main Business Functions and Operations Support			\$343,503	63.6%
Corporate Non-Operational Main Business Functions			\$196,397	36.4%
Total Management Discretionary			\$539,899	100.0%

Notes: SG - Sovereign Guaranteed

¹ Includes all corporate activities performed by the operational vice presidencies as well as costs for country office operations and maintenance, and security.

C. 2017 Approved Budgets for Administrative, Capital and Ordinary Capital Strategic Development Programs

- 1.12 Table 1.2 below provides an overview of the envelopes approved for 2017 for the Administrative, Capital and OC-SDPs budgets.
- 1.13 The total approved Administrative Budget envelope of \$580.0 million for 2017 represents a 3.1% nominal budget growth, or 0.9% real budget growth when considering a Composite Cost Adjustment Component (CCAC) of 2.2%, and a 1.2% real growth or \$6.1 million for Management's Discretionary portion of the budget. The approved Management real growth is composed of \$3.5 million (56.9%) to meet the Office of the Executive Auditor (AUG) recommendations on funding promotions and recurrent administrative expenses related to completed capital projects, and \$2.6 million (43.1%) to fund other work program needs.
- 1.14 The CCAC computation factors in expected market-driven Labor Cost (\$9.2 million or 81.1%) and Non-Labor Cost (\$2.1 million or 18.9%) increases for 2017 on a weighted average basis

applicable to the specialized cost structure of the Bank, as computed in previous years. The Labor costs are established considering the market-driven salary increase methodology established in the Total Rewards Framework (TRF) Update⁶ while the Non-Labor costs are set by the expected U.S. CPI and Latin America regional inflation levels, and the impact of exchange rate fluctuations.

- 1.15 The Capital Budget approved for 2017 amounts to \$47.8 million, as presented in the 2017-2019 Medium-Term Capital Budget Plan ([GA-261-6](#)) approved by the Board on August 3, 2016.
- 1.16 Finally, the 2017 approved budget for the OC-SDPs is \$100 million.

**Table 1.2. 2017 Approved Budget/Funding for
Administrative, Capital, and OC Strategic Development Programs
(Bank Total Composite Cost Adjustment Component of 2.2% for 2017)**

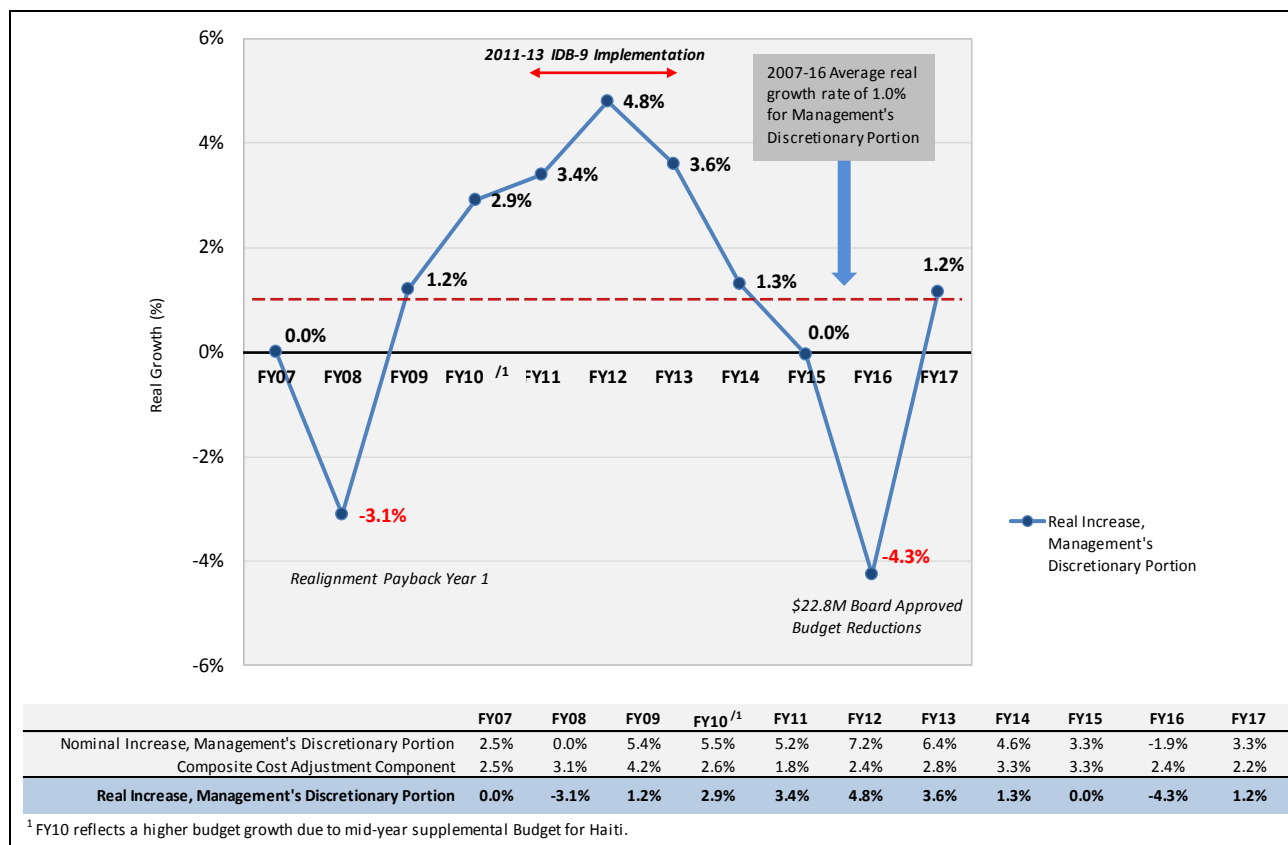
	2016 Adjusted Approved Budget/Funding ¹		2017 Approved Budget/Funding		2017 Approved vs. 2016 Adjusted Approved Budget/Funding				
	HC	\$	HC	\$	HC	\$	% Nominal	% CCAC	% Real
Administrative Budget	1,936	\$562.5m	1,937	\$580.0m	1	\$17.4m	3.1%	2.2%	0.9%
<i>BOG, EXD, MEC, OVE & Tribunal</i>	139	\$40.0m	140	\$40.1m	1	\$0.1m	0.2%	2.2%	-2.0%
<i>Management Discretionary</i>	1,797	\$522.5m	1,797	\$539.9m		\$17.4m	3.3%	2.2%	1.2%
<hr/>									
Capital Budget		\$48.4m		\$47.8m		(\$0.5m)	-1.1%		
<hr/>									
OC Strategic Development Programs		\$93.0m		\$100.0m		\$7.0m	7.5%		
<hr/>									

¹ Reflects the transfer of the Administrative Tribunal budget and headcount out of Management's Discretionary Portion into the Sub-total BOG, EXD, MEC, OVE, and Tribunal (as per AUG recommendation # 11, document GA-264).

⁶ Update to the Bank's Total Rewards Framework. Revised Version. ([GN-2799-16](#)).

- 1.17 Figure 1.1 below provides an overview of the historical real growth trend of Management's discretionary budget.

Figure 1.1. 2007-2017 Management's Discretionary Budget Real Growth vs. 2007-2016 Average Real Growth (%)



- 1.18 Chapter 2 of this document presents the work program priorities for 2017 and trends in the Bank's products and services. Chapter 3 provides additional details on the 2017 approved Administrative Budget growth under Management's discretion, the rationale for the 1.2% real budget growth for 2017 new demands, and budget savings internally reallocated. Chapter 4 offers a 2017 Bank-wide consolidated RBB based business plan by MBF, including corresponding key activities and expected deliverables for both Operations and Corporate MBFs, together with an overview of the respective main outputs, inputs and performance indicators. Detailed information on the 2017 CCAC, 2017 approved Administrative Budget by labor/non-labor costs, organizational unit and major item of expenses is included in Chapter 5, which also presents information on the estimated reimbursements flow between the IDB and the Inter-American Investment Corporation (IIC), among others. Finally, Chapters 6 and 7 contain additional details on the 2017 approved Capital Budget and OC-SDPs funding, respectively.
- 1.19 Finally, disclosure of the 2017 estimated Bank contributions to the Retirement Plans is provided in Annex A1. Under the established process, the results of final year-end actuarial valuations prepared by the Actuary, as well as the 2017 recommended contributions made by the governing committees of the IDB Retirement Plans, will be presented to the Board for approval during the third quarter of 2017.

2. STRATEGIC CONTEXT OF THE 2017 APPROVED PROGRAM AND BUDGET

- 2.1 The current chapter presents the work program priorities for 2017 and trends in Bank products and services.
- 2.2 For 2017, Management expects the SG operational program, including new concessional lending of \$0.3 billion, to reach approximately \$10.3 billion, and disbursements to reach \$8.7 billion, in line with the OC LTFP Final document ([FN-706-4](#)). In line with the Region's development challenges included in the UIS, the SG loan program for 2017 is aligned with the IDB Strategic Goals of Social Inclusion & Equality, Productivity & Innovation and Regional Integration as well as cross-cutting priorities such as Gender Equality and Diversity, Climate Change and Environmental Sustainability, and Strengthening Institutional Capacity and the Rule of Law. Consistent with international agreements regarding climate change, the Bank will also ensure that the loan program for 2017 will contribute towards the 2020 goal (30% total lending amount) and that infrastructure projects incorporate adaptation and resiliency measures. Given the multisectorial nature of development challenges, the 2017 SG loan program will also strive to optimize the mix of instruments to respond in the most effective manner to this principle as established in the UIS.
- 2.3 The graphs in this chapter cover different time periods. Data for SG loan project approvals, in portfolio in execution, and disbursements is shown for the period 2003-2017 (projected) to portray historical trends and the volume the Bank expects to reach by 2017 with a high degree of confidence. In other cases, the starting point of the graphs depends on: (i) the availability of data (Progress Monitoring Report - PMR classifications data became available in 2010); (ii) the approval in 2011 of Guidelines that provide a consistent taxonomy to classify Technical cooperation (TC) products (OC TC approvals and portfolio); and (iii) the need to be consistent with the 2012-2015 CRF reporting period (SG projects with satisfactory rating on development effectiveness), among others.

A. Work Program Priorities for 2017

- 2.4 Given that 2016 was the first year of the Updated CRF 2016-2019 reporting period, the work program priorities for 2017 were identified based on the Bank's progress on the CRF IDB Group (IDBG) Performance indicators⁷:
 1. **Project execution:** Management will continue to focus on factors that hinder project effectiveness and eligibility, as well as mechanisms to improve the accuracy of estimates for both project duration and disbursement. Common factors contributing to non-satisfactory performance (i.e., "problem" or "alert" performance classifications in the PMR) have included delays in reaching legal effectiveness and/or eligibility (for instance, due to changes in administration or delays in fulfilling conditions for signature) and project duration estimates that did not adequately account for the complexities of the project.
 2. **Innovation:** Management will continue building an environment conducive to promoting innovation and technology both in its projects and within the Bank.
 3. **Knowledge sharing:** Management will focus on maintaining the Bank's relevance in the Region, broadening the use of technology to foster knowledge sharing internally and externally, with emphasis on lessons learned and experiences that can be applied to other

⁷ Data measuring strategic alignment of new approvals to the UIS Challenges and Cross-Cutting Themes will be available after the September PMR Cycle as well.

IDB-financed operations. Since partner feedback from the External Feedback Survey (EFS) has consistently ranked this dimension among the lowest, there are continued opportunities to more effectively share experiences from other countries.

4. **Collaboration:**

- a. **Multisector collaboration:** Management will further promote a multi-sector approach in Country Strategies and continue to break silos when preparing and executing operations, in order to provide comprehensive development solutions that meet the needs of IDB clients.
- b. **IDB/IIC collaboration:** Management will continue to enhance the coordination between the IDB and IIC as a means to contribute to the CRF goal of engaging private sector organizations and facilitating partnerships between public and private sector. Also, opportunities for enhanced coordination include reinforcing the strategic alignment between public and private sector activities; strengthening Service Level Agreements (SLAs) for corporate services and developing new ones as needed; expanding employees' understanding of private sector operations; and sharing public sector knowledge and experience with the IIC to better identify and benefit from opportunities for collaboration.

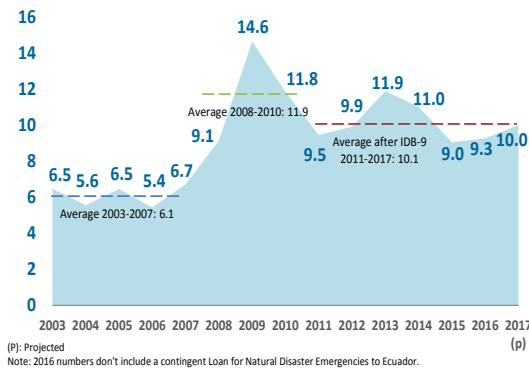
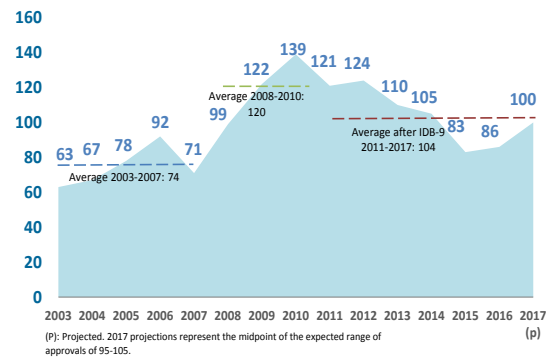
5. **Efficiency:** Management will place continued emphasis on refining current business practices and increasing budget efficiencies by leveraging technology and human capital. It is important to note that the efficiency indicators measured in the CRF capture only certain elements of the IDB's continuous efforts to improve operational efficiency.

- 2.5 In addition to these priorities, the Bank is committed to continue working towards improving responsiveness and aligning its operational program with the development challenges and cross-cutting themes established in the UIS, as well as support its borrowing member countries on implementing the 2030 Sustainable Development Agenda.

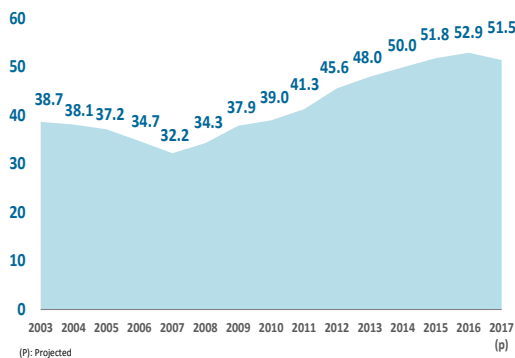
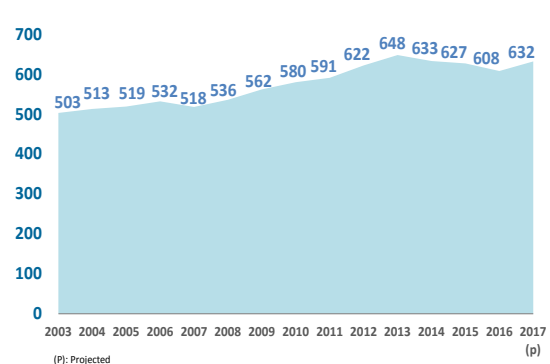
B. Trends in Bank Products and Services

- 2.6 With the 2010 approval of the IDB-9, the Board of Governors recapitalized OC resources to increase lending capacity and better respond to the Region's needs and called for deepening a number of reforms, which aimed at improving the Bank's work program by ramping up several key aspects of its performance: development effectiveness, institutional efficiency, transparency, and accountability. While the Bank strived for efficiency, IDB-9 also marked a turning point in terms of the Bank's growth, raising the volume by more than half and increasing the complexity of the Bank's operational program.
- 2.7 As illustrated in Figure 2.1, the annual volume of SG lending grew in average terms, from \$6.1 billion during the period 2003-2007 to \$10.1 billion during the years 2011-2017⁸ after IDB-9. Average lending reached \$11.9 billion in the period 2008-2010, with the peak observed in 2009 as a result of the Bank's countercyclical response to the 2007-2009 financial crisis. The growth trend is similar in terms of number of approvals, as portrayed in Figure 2.2. In average terms, the number of SG loan project approvals increased from 74 in the period 2003-2007 to 104 in the years 2011-2017 post IDB-9.

⁸ 2017 projections in line with the OC LTFF Final document ([FN-706-4](#)).

Figure 2.1. Volume of SG Loan Project Approvals as of December 31 (\$ billions)**Figure 2.2. Number of SG Loan Project Approvals as of December 31**

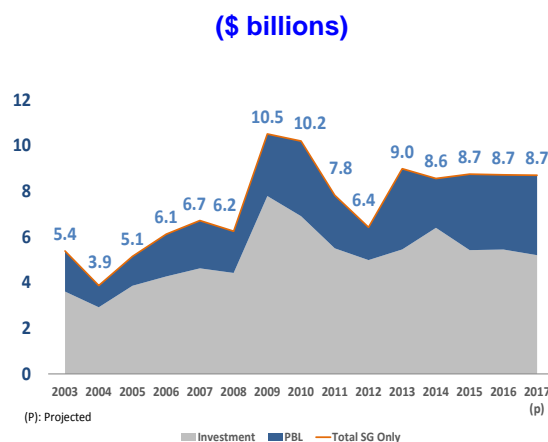
2.8 Meanwhile, the value of SG loan projects in the portfolio in execution has grown by 33.0% from 2003 to 2017 (Figure 2.3). Figure 2.4 depicts growth in the number of SG loan projects in the portfolio in execution since 2003, from 503 to 632 projected in 2017, representing an overall increase of 25.6%.

Figure 2.3. Value of SG Loan Projects in Portfolio in Execution as of December 31 (\$ billions)**Figure 2.4. Number of SG Loan Projects in Portfolio in Execution as of December 31**

2.9 As Figure 2.5 below shows, while SG loan projects disbursements fluctuated throughout most of the period, they evened out between 2013 and 2016, with projected disbursements totaling \$8.7 billion in 2017⁹.

Figure 2.5. SG Loan Project Disbursements as of December 31

⁹ 2017 projections in line with the OC LTFF Final document ([FN-706-4](#)).



2.10 As Figures 2.6 and 2.7 below show, OC TC operations approvals and the OC TC portfolio also grew over the period 2011-2016¹⁰.

Figure 2.6 Volume of OC TC Approvals as of December 31 (\$ millions)

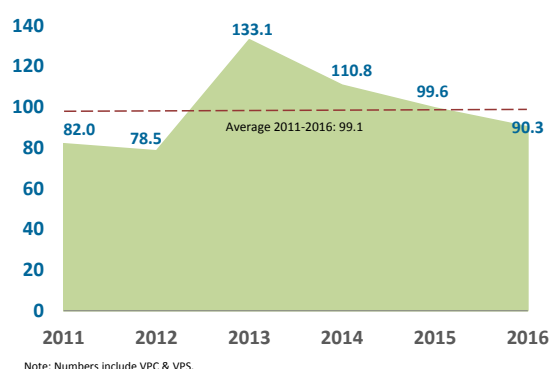
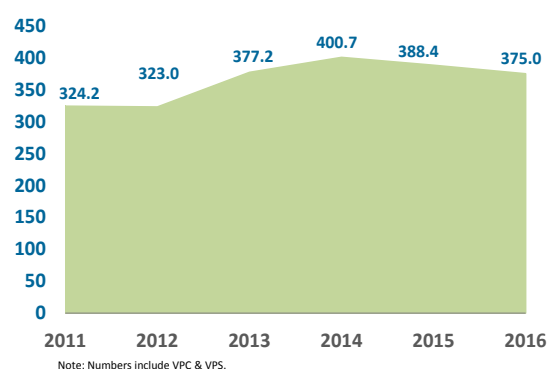


Figure 2.7 Value of OC TC Portfolio as of December 31 (\$ millions)

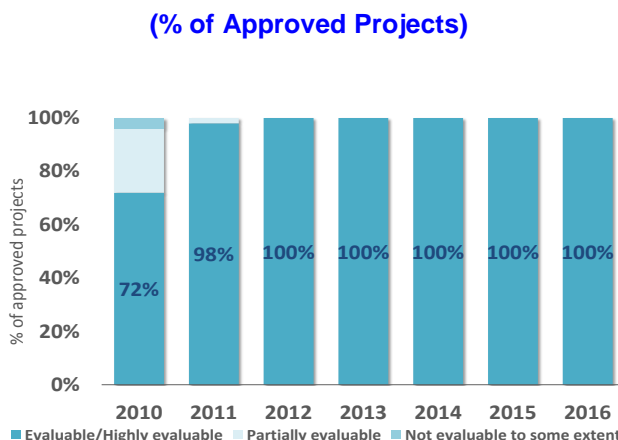


2.11 In addition to the increase in quantitative results, the Bank has experienced qualitative improvements in its services; advances in effectiveness and responsiveness also accompanied the raised level of activity. The average loan preparation time for SG projects (profile to approval) decreased from 11.5 months in 2008 (the first year for which data for this indicator is available) to 5.4 months in 2016¹¹. Moreover, the evaluability levels of SG loan approvals, as measured by the Development Effectiveness Matrix (DEM) scores, has remained consistently high over the years 2012-2016 across all scoring categories (Figure 2.8). In this respect, Management has identified process improvements, while maintaining high evaluability standards in SG projects, to increase the efficiency associated with the validation process of the DEM score.

Figure 2.8 Evaluability Levels of SG Loan Approvals per DEM Scores

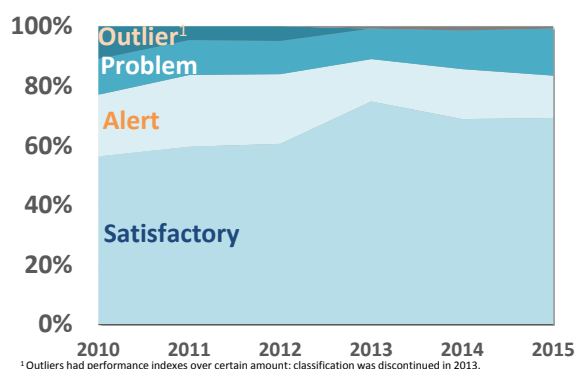
¹⁰ For data consistency, the year 2011 was selected as the starting point for these trends given that the Operational Guidelines for TC Products ([GN-2629-1](#)) were approved in 2011. The Guidelines established a consistent taxonomy to classify TC products.

¹¹ 2016 Annual Business Review.



- 2.12 In addition to growing in number, SG loan projects have become increasingly complex as evidenced by the rise in the number of projects that require a multi-disciplinary approach. In 2012, the first year for which multiple bookings were recorded, that number reached 20. At the end of 2016, it had reached 35.
- 2.13 The continuous enhancements to the PMR system have enabled the Bank to ensure an even more rigorous assessment of performance¹². The results indicate that overall performance in project execution has been satisfactory, with 69%¹³ of projects having achieved satisfactory status as of December 31, 2015¹⁴ (Figure 2.9). This number is expected to exceed 70% in 2016.

**Figure 2.9 PMR Classification of SG Portfolio
(% of Operations in Portfolio)**



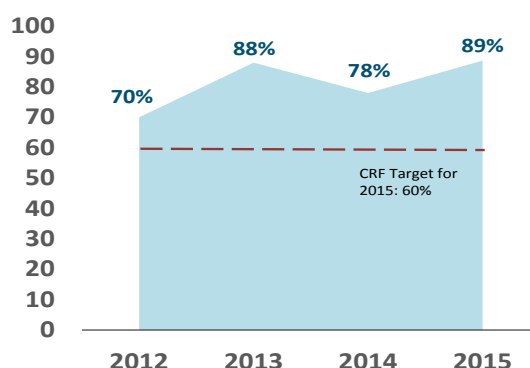
¹² The year 2010 was the first year for which PMR data (reflecting the performance of the 2009 portfolio) is available.

¹³ This percentage, which was the same in 2014, declined relative to 2013 (75%) in part due to the change in the PMR methodology. As the 2015 Development Effectiveness Overview (DEO) explains, "Although this decline can be in part attributed to performance factors, it also relates to measurement effects. Because older operations in the portfolio had less data than newer ones, those were classified using only three performance indicators. Newer operations have more available data, and thus are classified using five performance indicators." 1% of operations in portfolio had "N/A" classification.

¹⁴ 2016 figures will be available in the 2016 Development Effectiveness Overview.

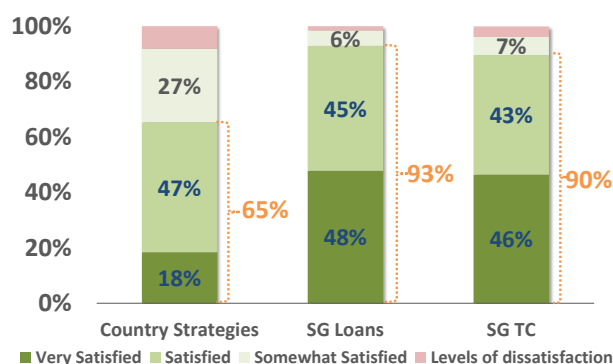
- 2.14 Project Completion Report (PCR) results show that 89% of completed projects achieved a satisfactory rating on development results in 2015¹⁵ (Figure 2.10). This attests to consistently high PCR scores over the four-year period¹⁶, exceeding the CRF target for 2015 of 60%.

Figure 2.10 Percentage of SG Projects with Satisfactory Rating on Development Results at Completion (CRF 2012-2015 Indicator 4.2.4)



- 2.15 Partner satisfaction with the Bank's delivery of loans and TCs, as measured through the EFS, has been consistently high throughout 2012-2015. As shown in Figure 2.11 for 2015¹⁷, 65% of partners reported being very satisfied and satisfied for Country Strategies¹⁸, 93% for SG loans, and 90% for SG TCs.

Figure 2.11 Partner Satisfaction with Selected IDB Products in 2015



¹⁵ 2016 figures will be available in the 2016 Development Effectiveness Overview.

¹⁶ As indicated in the 2015 DEO, the PCR methodology "was modified in 2014 to be more evidence-based, objective, analytical and in line with efforts to further improve monitoring and evaluation". Both the original and current methodologies were applied in 2014 and 2015 to fulfill PCR requirements for operations approved prior to and after the implementation of the DEM.

¹⁷ For 2016, partner satisfaction with Country Strategies will be available in the second quarter of 2017. However, for 2016, 91% of partners reported being very satisfied and satisfied with SG loan operations and 89% with SG TC operations.

¹⁸ This feedback was used in the preparation of the revised Country Strategy guidelines, approved in November 2015.

3. 2017 IDB ADMINISTRATIVE BUDGET GROWTH UNDER MANAGEMENT'S DISCRETION, RATIONALE FOR 1.2% REAL BUDGET GROWTH FOR 2017 NEW DEMANDS, AND BUDGET SAVINGS INTERNALLY REALLOCATED

A. 2017 IDB Administrative Budget Growth under Management's Discretion

- 3.1 The IDB has made considerable efforts to utilize its budgetary resources more efficiently. During the last ten years, the Bank's Management Discretionary budget has experienced an average annual real growth of only 1%, impacted mainly since 2008 by the multiple mandates given to Management by the Board of Executive Directors and/or the Board of Governors, many of them captured under the IDB-9 and the ABB, and subsequently those which emanated from the G20 declaration to optimize the use of balance sheets. Furthermore, in the last two years, the Bank has experienced budgets with negative real growth: 0% approved real growth in 2015 in addition to a \$10 million reduction by year-end; and negative 4.3% real growth in 2016, amounting to a reduction of \$22.8 million.
- 3.2 Management's commitment to continue finding internal savings, containing costs, and performing budget reallocations has enabled the Bank to produce more elevated output levels with fewer resources. A variety of measures to increase efficiencies and enhance cost management and financial sustainability have been undertaken. As a result of these measures, Management has delivered a total of approximately \$180.0 million in cost savings and cost avoidance measures in both the Administrative and Capital budgets since 2008¹⁹. These costs consist primarily of the Realignment payback, savings in the implementation of the IDB-9 Mandates, capital budget cancellations, and policy and process reforms. These savings were not recorded as expenses in the Income Management Model (IMM) and, hence, did not affect loan charges, but in fact flowed from retained earnings into accumulation of Bank capital.
- 3.3 In order to adequately address Bank needs and the demands on its operational program, the approved Administrative Budget for 2017 entails a 1.2% real growth, or \$6.1 million, translating into a nominal growth of 3.3% under Management discretion (with a CCAC of 2.2%). This budget includes \$3.5 million to fund the AUG recommendations for promotions and recurrent administrative budget resources for completed capital projects and an additional \$2.6 million to fund other work program needs.
- 3.4 Table 3.1 below provides details on Management's Discretionary budget growth. The 2017 approved budget of \$539.9 million is \$17.4 million higher than the 2016 adjusted approved budget of \$522.5 million²⁰. This increase is composed of (i) \$11.3 million to cover all expected market-driven increases in Labor and Non-Labor Costs for 2017 (CCAC); and (ii) additional resources of \$6.1 million beyond the CCAC that will be financed by the proposed real growth of 1.2%. Management has also identified \$3.0 million in internal budget savings that are being redirected to cover other areas with budget needs.

¹⁹ Costs savings and cost avoidance measures totaling \$136.5 million up to April 2015 were highlighted in the presentation to BUFIPO on Cost Savings and Cost Avoidance Measures ([GA-258-13](#)).

²⁰ Adjustments were made to reflect the transfer of the Administrative Tribunal budget and headcount out of Management's Discretionary Portion into the Sub-total Board of Governor (BOG), Executive Directors (EXD), MEC, OVE, and Tribunal (as per AUG recommendation # 11, document [GA-264](#)).

**Table 3.1. 2017 Incremental Budget Allocation (3.3% Nominal, 1.2% Real)
(Management Discretionary Items)**

Incremental Budget Allocation (\$000)		Total
2016 Adjusted Approved Budget ¹ (A)		\$ 522,541
2017 Labor Costs Adjustment Component Increases		\$ 9,198
2017 Non-Labor Costs Adjustment Component Increases		\$ 2,089
2017 Composite Cost Adjustment Increases (B)		\$ 11,286
2017 Approved Budget Before Budget Resources for New Demands and Budget Savings Internally Reallocated (C = A+B)		\$ 533,827
<i>% Nominal Growth Before Budget Resources for New Demands and Budget Savings Internally Reallocated</i>		<i>2.2%</i>
<i>% Real Growth Before Budget Resources for New Demands and Budget Savings Internally Reallocated</i>		<i>0.0%</i>
Promotions		\$ 1,500
Recurring Administrative Expenses from completed Bank Capital Projects (IT)		\$ 1,958
Funding for Other Work Program Needs		\$ 2,615
Subtotal Budget Resources for New Demands in 2017		\$ 6,072
Budget Savings Internally Reallocated ²		<i>(\$ 3,010)</i>
Departmental Budget Needs		\$ 2,902
Recurring Administrative Expenses from completed Bank Capital Projects (IT) Funded with Internal Savings		\$ 108
Subtotal Budget Savings Internally Reallocated		\$ 0
Net Budget Resources for New Demands (D)		\$ 6,072
Net Incremental Budget (E = B+D)		\$ 17,359
2017 Approved Budget (F = A+E)		\$ 539,899
<i>% Nominal Growth</i>		<i>3.3%</i>
<i>% Real Growth</i>		<i>1.2%</i>

¹ Adjusted to reflect the transfer of the Administrative Tribunal budget out of Management's Discretionary Portion into the Sub-total BOG, EXD, MEC, OVE and Tribunal (as per AUG recommendation #11, document GA-264).

² Budget savings identified in the following areas: (i) the expiration of the 1300 NYA building 30-year parking lease arrangement in July 2016; (ii) cost savings associated to the process re-engineering in the hiring of the Complementary Workforce (CW) ; and (iii) reduction in costs associated with Country Department Haiti, among others.

B. Rationale for 1.2% Real Budget Growth for 2017 New Demands

- 3.5 The new demand for 2017 amounts to \$6.1 million and will fund AUG recommendations for promotions and recurring administrative expenses related to completed capital projects, and other work program needs.
- 3.6 Since 2012, Management has included a separate request to fund promotions and recurring administrative expenses related to completed capital projects. This approach has been implemented to address recommendations issued by AUG and to align requests for promotions with the Human Capital Strategy (HCS) approved by the Board of Executive Directors in 2011.
- 1. Promotions (\$1.5 million)**
- 3.7 Consistent with market practices and past AUG recommendations, Management has included a budget for funding promotions, representing 0.5% of total payroll, or \$1.5 million (including salaries and benefits) for international and national staff.
- 2. Incremental funding for recurring administrative expenses related to completed capital projects (\$2.0 million)**

- 3.8 Additional resources will be required in 2017 to mainstream recurrent administrative expenditures generated by capital budget IT projects foreseen for completion by the end of 2016. These additional resources amount to \$2.1 million²¹ and reflect the net increase over the existing administrative costs for the products that are being replaced and fresh resources for new products. The \$2.1 million needed will be mostly funded with the 1.2% real budget growth (\$2.0 million), but a small portion will be funded through the budget savings identified (\$0.1 million), as explained in Section C of this Chapter.

3. Funding for Other Work Program Needs (\$2.6 million)

- 3.9 A total of \$1.0 million will be used by the operational Vice Presidencies to fund activities such as: (i) operationalizing regional integration initiatives (e.g. the Mesoamerican Plan and the Northern Triangle); (ii) preparing diverse economic studies and advisory services for origination and client management; (iii) participating and coordinating procurement fairs to share procurement plans with potential providers in an effort to increase the numbers of qualified participants in IDB-financed operations; (iv) producing and disseminating knowledge in the Region, maintaining engagement in accordance with Countries' requests and expectations; (v) strengthening dissemination activities that will enhance Bank's visibility on sectorial topics and sharing knowledge through participation at international conferences and fora; and (vi) increasing participation of Bank's staff in University Specialized Executive Courses as well as in leadership and soft skills programs.
- 3.10 On the corporate side, a total of \$1.6 million will be used by the Vice Presidency for Finance and Administration (VPF) and Strategic Core (STC) departments to: (i) expand service levels in two IT support contracts to increase response time and access to expertise from external sources; (ii) prepare and implement the 2017-2019 RBB Action Plan; (iii) fund travel costs for legal support and outreach activities of mediation services to Country Offices (COFs); (iv) obtain consulting services to improve human resources processes and to support studies; (v) hire complementary workforce to support legal services, the protocol section, the institutional integrity investigation team, and the completion of the Risk Based Audit Plan; (vi) resume and strengthen the support to COFs in the implementation of the UIS by delivering workshops on the implementation of the new Project Risk Management Framework; (vii) follow up on key strategic actions with MDBs and the IMF through meetings and public events as well as draft papers/joint statements; (viii) resume priority work on the Declaration of Interests (DoI) Program; (ix) accelerate the implementation of a skills-based pro-bono volunteer program for staff members in Headquarters (HQS); and (x) support the operational risk assessments related to new and ongoing key corporate initiatives, such as process reorganizations.

C. 2017 Budget Savings Internally Reallocated (\$3.0 million)

- 3.11 Given its commitment to contain costs and find internal savings and budget reallocations, Management will fund some departmental budget needs through internal budget savings and will reallocate resources accordingly, taking into account the institutional and departmental priorities for 2017.

²¹ Resources for capital projects such as the Business Intelligence Tools and Data Warehouse Rationalization, the Treasury Risk Control, Compliance and Portfolio (TRAC), the Oracle Planning and Budget and eight other projects.

- 3.12 Internal budget savings of \$3.0 million were identified in the following areas: (i) the expiration of the 1300 New York Avenue building 30-year parking lease arrangement with Parking Management Inc. (PMI) in July 2016; (ii) additional cost savings associated to the process re-engineering in the hiring of the Complementary Workforce (CW), which started in 2014 and already generated budget savings in 2016 and 2017; (iii) cumulative efforts made by Management to reduce costs in the Country Department Haiti via the reduction of travel expenses and short-term consultancies and the absorption of the cost of the international security managers within 2016 base budgets; and (iv) the reduction of Micro, Small and Medium Enterprise Unit's (MIF/MSM) costs given the Social Entrepreneurship Program's (SEP) projected workload and future definitions of the program.
- 3.13 These internal budget savings will be reallocated to cover some recurrent departmental expenses that are not in 2016 base budgets, in areas such as: (i) the operation of Connect Americas Initiative, launched in 2014 as an online business platform supporting the internationalization of small and medium enterprises in LAC; (ii) additional support to the Bank's Treasury Investments Group in the Finance Department to sustain the growth in the Bank's liquidity portfolio and the analytical capacity of the team as per the revised Liquidity Policy; (iii) additional support to the financial model validation function in the Office of Risk Management; (iv) the recurrent maintenance cost of an automated tool for prioritizing capital budget projects (Expert Choice); (v) the functions of the Strategic Coordination Group that were previously funded by the One-Time IDB IIC Transition Budget through the Implementation Management Office, to harmonize the work of the IDB and the IIC and maximize the synergies and administrative efficiencies of both entities; (vi) additional support to the Climate Change and Sustainable Development Sector (CSD); and (vii) a portion of the recurring administrative expenditures generated by capital budget IT projects foreseen for completion by the end of 2016, amongst others.

4. 2017 MAIN BUSINESS FUNCTIONS AND RESULTS BASED BUDGETING (RBB) PERFORMANCE INDICATORS

- 4.1 This Chapter provides a Bank-wide consolidated business plan by MBF for 2017, including corresponding key activities and expected deliverables for both Operations and Corporate MBFs, along with an overview of the respective main outputs, inputs and performance indicators.
- 4.2 To ensure that the 2017 business plans are specific, results-oriented and measurable, departments have been asked to describe under each relevant MBF the specific activities planned for 2017, the extent to which they will contribute to operationalizing the Update to the Institutional Strategy (IS), and the RBB indicators that will be used to measure the corresponding results. More detailed information on the 2017 Business Plans and RBB Performance Indicators consolidated by Vice Presidency (VP) and STC can be found on the SEC website ([Business Plans](#)). Furthermore, information on RBB historical trends for operations and corporate MBFs is presented in Annex C1 and Annex C2, respectively; whereas Annex D contains a description of key MBFs.

A. Operations Main Business Functions

- 4.3 Table 4.1 below provides an overview of the 2017 key RBB performance indicators by Operations Main Business Functions (mostly structured along the operational business flow) and alignment with the Update to the Institutional Strategy, and Table 4.2, an overview of the 2017 consolidated key RBB outputs.

Table 4.1. 2017 Key RBB Performance Indicators by Operations Main Business Function and Link with the Update to the Institutional Strategy Operational Guiding Principles

Operations Main Business Functions	2017 Plan				Operations Approved Budget (\$000)	Total Operations as a % of Total Mgmt. Discretionary Budget
	Update to the Institutional Strategy Operational Guiding Principle	Indicator Baseline	Indicator June Estimate	Indicator December Estimate		
Stakeholder Engagement					\$44,036	8.2%
Stakeholder Dialogue					\$35,874	6.6%
Percentage of partners satisfied with IDBG development solutions ¹	Multi-Sectorality	70%		82%		
Percentage of returning and recurrent partners	Leverage & Partnerships	36%	36%	36%		
Client Support Technical Cooperations					\$5,287	1.0%
Resource Management of Donor Trust Funds and Ordinary Capital Programs					\$2,876	0.5%
Strategy and Programming					\$15,652	2.9%
Country Strategies					\$6,034	1.1%
Percentage of country strategies delivered within the transition period ²	Effectiveness & Efficiency	58%		100%		
Country and Regional Programming					\$6,371	1.2%
Percentage of new approvals aligned with UIS challenges and cross-cutting themes ³	Alignment					
Development Effectiveness in Strategy and Programming					\$3,248	0.6%
Origination					\$781	0.1%
Business Development					\$781	0.1%
Preparation					\$50,412	9.3%
Preparation of Public Sector Operations					\$45,914	8.5%
Percentage of SG operations with impact evaluation design	Effectiveness & Efficiency	39%	36%	40%		
Preparation of Private Sector Operations					\$981	0.2%
Preparation of Operational Support Technical Cooperations					\$3,425	0.6%
Percentage of amount approved from Ordinary Capital Strategic Development Programs for technical cooperations ⁴	Effectiveness & Efficiency	69%	15%	70%		
Preparation of Investment Grants					\$91	0.0%
Supervision					\$102,896	19.1%
Supervision of Public Sector Operations					\$77,737	14.4%
Percentage of SG operations in "satisfactory" status	Effectiveness & Efficiency	70%	71%	71%		
Percentage of loans in supervision rated satisfactory for safeguards implementation	Effectiveness & Efficiency	85%	75%	80%		
Portfolio Management					\$15,717	2.9%
Supervision of Private Sector Operations					\$2,841	0.5%
Supervision of Operational Support Technical Cooperations					\$3,066	0.6%
Supervision of Investment Grants					\$1,325	0.2%
Fiduciary Country Systems					\$2,210	0.4%
Percentage of SG loan operations using fiduciary country systems to manage operations financed by the IDB ²	Effectiveness & Efficiency	42%		44%		
Knowledge Development					\$40,515	7.5%
Sector Knowledge					\$31,478	5.8%
Percentage of economic sector work deliverables completed	Effectiveness & Efficiency	93%	20%	96%		
Country Knowledge					\$9,037	1.7%
Subtotal Operations Main Business Functions					\$254,293	47.1%
Operations Support ⁵					\$89,210	16.5%
Total Operations Main Business Functions and Operations Support					\$343,503	63.6%

Notes: UIS - Update to the Institutional Strategy, SG - Sovereign Guaranteed

¹ Survey takes place during the second semester.

² Data to be reported at year end.

³ Alignment indicators are for tracking purposes only and have no targets.

⁴ Values shown correspond to VPS only.

⁵ Includes all corporate activities performed by the operational vice presidencies as well as costs for country office operations and maintenance, and security.

Table 4.2. 2017 Consolidated Key RBB Outputs

	2016 Plan		2017 Plan	
	June	December	June	December
Operations Main Business Functions				
Stakeholder Engagement				
Approval amount of client support technical cooperation (in millions of USD)	\$23.5	\$87.2	\$25.8	\$94.4
Number of client support technical cooperation approvals	56	191	41	206
Disbursement amount of client support technical cooperation (in millions of USD)	\$32.4	\$74.8	\$35.0	\$78.1
Number of client support technical cooperation in portfolio	458	516	504	593
Strategy and Programming				
Number of country strategies delivered to the Board	1	7		6
Number of country programming documents delivered to the Board		26		26
Preparation				
Approval amount of SG loans (in billions of USD)	\$2.6	\$9.0 ¹	\$2.8	\$10.0 ²
Approval amount of operational support technical cooperation (in millions of USD)	\$12.3	\$33.0	\$5.7	\$21.9
Number of operational support technical cooperation approvals	27	71	14	47
Supervision				
Disbursement amount of SG loans (in billions of USD)	\$2.3	\$8.6 ¹	\$2.2	\$8.7 ²
Number of SG operations active in portfolio	618	636	609	632
Number of country portfolio reviews	17	32	12	27
Disbursement amount of operational support technical cooperation (in millions of USD)	\$13.8	\$32.2	\$14.7	\$33.9
Number of operational support technical cooperation in portfolio	229	249	219	234
Knowledge Development				
Number of economic sector work deliverables	328	366	304	326
Approval amount of research & dissemination technical cooperation (in millions of USD)	\$15.1	\$34.5	\$16.8	\$51.0
Number of research & dissemination technical cooperation approvals	22	68	28	83
Disbursement amount of research & dissemination technical cooperation (in millions of USD)	\$18.5	\$34.4	\$16.7	\$42.1
Number of research & dissemination technical cooperation in portfolio	268	285	273	287
Corporate Main Business Functions				
Learning and Collaborative Knowledge Management				
Number of corporate input products deliverables	151	172	170	174
Notes: SG - Sovereign Guaranteed				
Technical cooperation figures include all funds and operation type TCP for operational vice-presidencies (excluding MIF).				
¹ In line with the Long-Term Financial Projections of the Ordinary Capital 2016 Final Document (FN-700-4).				
² In line with the Long-term Financial Projections of the Ordinary Capital 2017 Final Document (FN-706-4).				

1. Stakeholder Engagement

- 4.4 The Bank will continue to focus on knowledge sharing and collaboration, fostering regional integration and productivity in the areas of infrastructure, energy, deforestation and climate change, among others. To achieve these goals, the Bank will: (i) promote and implement regional strategies and initiatives (i.e., Central American Strategy to Facilitate Trade & Competitiveness; Central American Regional Policy Framework for Mobility and Logistics; Electrical Andean interconnection system and partnerships to encourage creation of financial instruments supporting environmental sustainability); (ii) prepare border integration operations in several countries; (iii) foster synergies between public and private windows of the IDB Group; and (iv) continue holding workshops and other opportunities for dialogue with national and subnational authorities, as well as civil society.
- 4.5 Throughout 2017, the Bank will engage in the following activities: (i) a Civil Society and Institutional Capacity Program in its 26 member countries; (ii) specific efforts to contribute to a better relationship among extractive industries, government and civil society; (iii) dialogue and participation strategy with civil society through two fora with all regional civil society, as well as

regular Civil Society Consultative Groups (ConSoC) meetings; and (iv) organization and hosting of meetings and participation in discussions about regional and country development issues with other MDB's, regional entities, the public sector and academia.

2. Strategy and Programming

- 4.6 In accordance with its continuous improvement effort, the Bank will foster an operational program that supports country financing needs and priorities, ensuring their alignment with the UIS and corresponding CRF, and guaranteeing that projects address development challenges per the UIS mandates. A total of six Country Strategies (CS) are expected to be submitted by the end of 2017: Peru, Guatemala, Guyana, Dominican Republic, Nicaragua and Ecuador.
- 4.7 Management will prepare and present to the Board the 2017 Operational Program Report (OPR) and Country Programming Documents (CPD) for its 26 borrowing member countries. Additionally, it will continue with the development and dissemination of innovative solutions for streamlining the preparation, monitoring, and knowledge sharing of operational products, such as the new CS and CPD module in Convergence and the Dip-Data platform ("Decision-making Information Platform").
- 4.8 During 2017, through its Country Representatives, the Bank will continue to foster coordination with the IIC in order to achieve public-private synergies for origination and early project identification and programming.

3. Preparation

- 4.9 The SG Operational work program will include approximately \$10.3 billion in projects, including new concessional lending of \$0.3 billion, to be prepared and delivered to the Board for approval, of which approximately 40% will include an impact evaluation design.
- 4.10 The Bank will also prepare approximately 47 Operational Support TCs with special emphasis on reaching IDB's Strategic Goals, addressing the Region's challenges and cross-cutting issues such as Gender Equality and Diversity; Climate Change and Environmental Sustainability; and Strengthening Institutional Capacity and the Rule of Law.
- 4.11 In addition, the effective environmental and social management of the Bank's projects will continue to be evaluated and promoted. At the preparation stage, all projects entering the pipeline will be screened, identifying impacts and risks levels.
- 4.12 In 2017, the CSD will begin pilot projects to identify opportunities to enhance the climate change resiliency of operations and to incorporate, where appropriate, mitigation measures.

4. Supervision

- 4.13 The Bank will supervise an active portfolio of approximately 632 SG operations, which will result in roughly \$5.2 billion in disbursements of investment loans. Additionally, the Bank will also supervise approximately 234 Operational Support TCs.
- 4.14 As part of its institutional priorities, the Bank will continue to strengthen the supervision of its portfolio through better planning, ongoing monitoring, and proactive corrective actions. Some specific tasks in this regard include: (i) close oversight of activities programmed in supervision plans, supported by technical interventions to review the progress of executing projects; (ii) periodic and proactive review of the loan portfolio for each country sector department and country; (iii) monitoring of the 2017 disbursement cycle in order to improve accuracy of

investment loan projections; (iv) continue efforts to implement the Project Completion Reports to capture findings and recommendations for future operations; and (v) strengthen the capacity of project teams to supervise projects while collaborating with Country Office teams to improve client dialogue and strengthen the executing agencies' project management capacities.

- 4.15 Additionally, the Bank will further expand the use of the aforementioned multifaceted Decision-making Information Platform to facilitate portfolio monitoring, dialogue and coordination in Country Offices.
- 4.16 The Bank will ensure that supervision efforts are strictly adhering to safeguards policies, and that key performance indicators are being identified as part of the environmental and social management reports, including related conditions in loan documents and operating manuals.

5. Knowledge Development

- 4.17 The Bank will work on 87 Economic and Sector Work Products ([ESWs list](#)) that will produce nearly 326 deliverables, which will include publications, databases, conferences and dissemination activities. The Bank's ESW program aims to address the Region's challenges by including knowledge products that foster social inclusion and equality, productivity and innovation, economic integration, as well as knowledge work for gender equality and diversity, climate change sustainability and institutional capacity.
- 4.18 As in the past, the Bank will continue supporting the Regional Policy Dialogue through its 18 networks, addressing its main areas of work. Its activities include seminars and events, with the participation of high-level authorities from all countries in the Region.
- 4.19 Approximately 52 draft Independent Assessments of Macroeconomic Conditions (IAMCs) will be prepared, in accordance with the established new guidelines to provide the framework for the operational program.
- 4.20 The Bank's country knowledge program will enhance and support dialogue to deepen our engagement with the Region, producing studies to match the Bank's expertise with country needs. These products and activities are aligned with the key priorities of knowledge sharing and collaboration, respectively.
- 4.21 Technical sector inputs will be provided to Country Strategies and Programming Country Documents, according to the new Country Strategy guidelines. In addition, seven Sector Framework Documents will be prepared.

B. Corporate Main Business Functions

Table 4.3. 2017 Consolidated Key RBB Performance Indicators by Corporate Main Business Function

Corporate Main Business Functions	2017 Plan							
	Update to the Institutional Strategy Operational Guiding Principle	Indicator Baseline	Indicator Estimate June	Indicator Estimate December	Operations Support ¹ (\$000)	Non-Operational (\$000)	Total Approved Corporate Budget (\$000)	Non-Operational as a % of Total Mgmt. Discretionary Budget
Corporate Services					\$36,554	\$139,773	\$176,327	25.9%
Administrative Services					\$18,618	\$37,548	\$56,166	7.0%
Facilities management cost per square meter at headquarters	Effectiveness & Efficiency	\$107	\$41	\$98				
Information Technology Services					\$1,720	\$40,979	\$42,699	7.6%
Percentage of 2016-2020 Information Technology Strategy implementation Indicators at or above target ²	Effectiveness & Efficiency		80%	80%				
Human Resources Management					\$9,846	\$23,632	\$33,478	4.4%
Participant satisfaction rating with the delivery of Leadership and Employee Development (L&ED) Programs	Effectiveness & Efficiency	4.0	4.5	4.5				
Percentage of clients satisfied or very satisfied with mediation services	Effectiveness & Efficiency	70%	75%	75%				
Financial Services					\$1,401	\$18,918	\$20,319	3.5%
Percentage of borrowing program executed	Effectiveness & Efficiency	100%	60%	100%				
Budgeting Services					\$4,920	\$4,793	\$9,714	0.9%
Percentage of client satisfaction with budgeting services ³	Effectiveness & Efficiency	67%		70%				
Secretariat Services					\$11	\$8,275	\$8,286	1.5%
Percentage of client satisfaction with SEC services provided to the Board of Directors ⁴	Effectiveness & Efficiency			85%				
Legal Services					\$34	\$5,613	\$5,648	1.0%
Average number of legal documents prepared, reviewed, commented and negotiated per attorney	Effectiveness & Efficiency	43	22	45				
Corporate Governance					\$9,346	\$42,811	\$52,157	7.9%
Strategic Governance, Risk and Control					\$1,879	\$27,617	\$29,496	5.1%
Percentage of active recommendations tracked in the ReTS whose corresponding action plans are being implemented within the established time frame ⁵	Effectiveness & Efficiency	88%		92%				
Percentage of AUG audits completed	Effectiveness & Efficiency	87%	10%	100%				
Percentage of OII cases in which the final decision results in sanction	Effectiveness & Efficiency	89%	80%	80%				
Percentage of investment portfolio risks managed consistent with the Board risk appetite to ensure adequate liquidity for the Bank	Effectiveness & Efficiency	100%	100%	100%				
Percentage of ethics consultations answered within 10 business days	Effectiveness & Efficiency	80%	80%	80%				
Corporate Management					\$5,072	\$14,056	\$19,128	2.6%
Policies, Guidelines, Reports and Advice					\$1,063	\$1,128	\$2,191	0.2%
Process Improvement					\$1,332	\$10	\$1,342	0.0%
Learning and Collaborative Knowledge Management					\$37,849	\$7,160	\$45,009	1.3%
Staff and Regional Training					\$18,940	\$3,084	\$22,024	0.6%
Average number of training hours per person	Innovation & Knowledge	70	36	70				
Knowledge Dissemination					\$10,866	\$1,517	\$12,383	0.3%
Percentage of corporate input products deliverables completed	Effectiveness & Efficiency	93%	19%	93%				
Internal Knowledge Sharing					\$5,660	\$2,491	\$8,151	0.5%
Management of Knowledge Products						\$67	\$67	0.0%
Capital Improvements Management					\$2,729	\$7,884	\$10,613	1.5%
Delivery of Technology Solutions					\$1,210	\$7,155	\$8,365	1.3%
Facilities Improvement, Replacement and Operations					\$1,519	\$729	\$2,248	0.1%
Subtotal Corporate Main Business Functions					\$89,210	\$196,397	\$285,606	36.4%

Notes: SEC - Office of the Secretary, SPD - Office of Strategic Planning and Development Effectiveness, OII - Office of Institutional Integrity, AUG - Office of the Executive Auditor
¹ Includes all Corporate activities performed by the Operational Vice Presidencies as well as costs for Country Office Operations & Maintenance and Security.
² New indicator for 2016 for which no historical data is available.
³ The survey is scheduled to take place during the second semester.
⁴ New survey scheduled to take place during the second semester.
⁵ Data to be reported at year end when OVE conducts its annual assessment of progress made by Management in implementing the evaluation recommendations endorsed by the Board.

1. Corporate Services

4.22 During 2017, the Bank will continue contributing to the UIS operational Effectiveness and Efficiency guiding principles by enabling a more efficient use of resources and an effective delivery of corporate services, while contributing to the 2017 work program priorities, namely project execution, innovation, knowledge sharing, collaboration and efficiency, through: (i) supporting the Bank's operational program by providing quality and timely legal and financial services to operations, as well as to the review of IDB's financial instruments and the implementation of the Ordinary Capital/Fund Special Operations (OC/FSO) merger; (ii) implementing the HCS Update, the Total Rewards Framework Update, the 2016-2020 Information and Technology Strategy, and the 2017-2019 RBB Action Plan; and (iii) enhancing

collaboration with the IIC under the SLAs environment, building upon lessons learned, among others.

a) Administrative Services

- 4.23 The Bank will focus service delivery and management of resources by: (i) leveraging the ServiceCentral work order platform to expand services and better utilize performance metrics; (ii) managing COF and HQS capital projects with a focus on more efficient execution; (iii) continuing the implementation of the document management system EzShare; (iv) developing an analysis and proposal for a Bank-wide external meeting management function; (v) implementing the Assurance system to modernize Business Continuity Plans; (vi) launching the Operational Consulting Services guidelines, system and training; (vii) developing, in conjunction with the Finance Department and Information Technology Department (ITE), the Procurement Vendor Portal; (viii) redefining the Corporate Sustainability Program in collaboration with the new Climate Change and Sustainable Development Sector; and (ix) providing services to the IIC, including procurement, travel, real state, records, and security, among others.

b) Information Technology Services

- 4.24 ITE will follow the 2016-2020 IT Strategy and will focus on: (i) managing several strategic projects expected to contribute to increasing client focus, knowledge and decision making, such as the Business Intelligence (BI), Analytics and Data Governance project and the Audience Intelligence project; (ii) improving and extending external access to the Bank's information by deploying new technology to facilitate a user friendly access platform to provide better connectivity with clients and external partners; (iii) moving selected infrastructure and applications to cloud services based on readiness and risk assessment for mobility and efficiency; (iv) providing expertise and collaboration to business areas across the IDBG for innovative and digital technologies relevant to fulfill internal needs and for Bank's operations; (v) delivering IT services to the IIC, including infrastructure and application support; and (vi) mitigating IT security risks associated through the continued execution and update of the multi-year cyber-security roadmap.

c) Human Resources Management

- 4.25 The Human Resources Department (HRD) will implement the HCS and TRF Updates and will focus on: (i) providing improved and efficient mechanisms to address talent identification, retention, career management, and staff development needs; (ii) delivering the centralized Complementary Workforce contract management service; (iii) deploying the Leadership Development learning programs to strengthen leadership and management capabilities, including new innovative programs for leaders and staff, such as Client Engagement and Relationship Management; (iv) developing, implementing, and administering incentives and rewards that promote collaboration and synergies as part of the TRF Update; and (v) further supporting the implementation of human capital activities with the IIC.
- 4.26 The Office of Mediation will continue its work as an additional resource to help solve work-related disputes thus contributing to improve workplace relations, and will continue focusing on: (i) providing consultations, formal and informal mediation services to IDBG employees, including the support to the IIC, in preventing and resolving potential conflicts at their earliest stages; (ii) carrying out outreach activities, with a renewed focus on COFs; and (iii) helping IDBG employees learn new ways to resolve conflict and further develop problem-solving skills.

d) Financial Services

- 4.27 The Finance Department (FIN) will work with internal and external clients to drive best in class client and shareholder satisfaction by mobilizing the Bank's strong financial resources through effective, innovative and integrated financial solutions, including: (i) focusing on efficiency and results throughout its operations, such as the execution of the Bank's treasury activities, the Bank-wide provision of financial and accounting resources to secure financial reporting for the Bank's own funds and under its administration, and the regular review of the Bank's financial strategy in line with revised IMM rules, including the delivery of the 2018 OC LTFP; (ii) exploring new products and services such as asset management and hedging instruments to increase offerings to clients; and (iii) developing innovative tools and dashboards to better convey financial information and strengthen communication and coordination with other corporate and operational areas throughout the IDBG.

e) Budgeting

- 4.28 The Budget and Administrative Services Department (BDA) will focus on: (i) delivering six program and budget documents and presentations to Senior Management and the Board; (ii) looking for efficiencies to improve its services, tools, and training delivery; (iii) maintaining and enhancing its budget systems, and completing the second phase of the new Budget Planning system; (iv) finishing the preparation of the 2017-2019 RBB Action Plan and implementing it; and (v) improving transparency and rigor in the capital projects selection process and in project execution monitoring and reporting.

f) Secretariat Services

- 4.29 The Bank will provide training and technical support to increase staff knowledge of the Access of Information Policy as well as new content management systems being implemented at the Bank, including ezShare, emphasizing workflows and timely information disclosure.
- 4.30 The Bank will continue working to improve quality and efficiency in terms of planning, timing and service delivery through innovative measures and knowledge sharing within and outside the Office of the Secretary (SEC). The *Intrasec* and *Dashboard* platforms are tools specifically designed to align business activities, improve communications and monitor performance against strategic goals. These platforms allow SEC to provide statistical reports and forecasts related to the timing of services, availability and workload in real time, as well as optimize recurring procedures to better address the client's needs and improve planning. These tools are expected to lead to the automation of five processes related to the Board of Directors, provide real-time information regarding Board Members' on-going processes (such as voting), provide real-time statistics and indicators related to services provided by each SEC section, and integrate data and knowledge sharing (templates, formats, forms) across sections in one single accessible platform.

g) Legal Services

- 4.31 The Legal Department (LEG) will continue providing high quality, efficient and timely legal services to the Bank in relation to its lending and non-lending activities, with a focus on: (i) preparing, negotiating and executing Bank legal agreements, and developing and updating model agreements and forms; (ii) preparing and reviewing documents to support SG operations; (iii) preparing and reviewing documents related to institutional areas; (iv) providing legal opinions and advice on the implementation of Bank policies, strategies and regulations, such as the Independent Consultation and Investigation Mechanism (MEC) policy and cases; (v)

collaborating with the IIC by providing substantial legal services, including governance and reporting for cross-booking operations, financial policy interpretation and development, and legal representation of the Bank and the IIC before the internal grievance system; and (vi) supporting the IDBG in activities such as the climate change goal and the use of Country Procurement Systems, among other strategic initiatives.

2. Corporate Governance

a) Strategic Governance, Risk and Control

- 4.32 Office of Strategic Planning and Development Effectiveness (SPD) will advance the implementation of the Project Risk Management (GRP) Framework by updating the Project Risk Management Guidelines, designing and testing (in collaboration with the Knowledge and Learning Sector, KNL) the methodology for the Risk Workshop, and supervising the integration of all project risk management tools in Convergence.
- 4.33 The Office of Institutional Integrity (OII) will contribute to the implementation of the GRP, bringing a more systemized, technology-based approach (through Convergence) for its provision of advice on integrity risk management to project teams. OII will also gather lessons learned from investigative findings and will share them through Reports of Investigations and Advisory Notes with specific recommendations to Bank Management and executing agencies.
- 4.34 The Office of Outreach and Partnerships (ORP) will continue to support the rollout of the TC monitoring system supporting operational units to improve their management of TC project cycle as well as the accountability of donor reporting prepared by ORP.
- 4.35 The Office of External Relations (EXR) will continue working with the IIC on its communications and branding efforts under the existing SLA. This includes the rollout of the new IIC identity and designing relevant messaging, media and branding products, and providing communications and branding training to IIC staff. EXR will also gather strategic, Bank-wide data and trends about audiences to improve the effectiveness of the Bank's communications investments. In addition, through new audience intelligence and Customer Relations Management services, EXR will provide feedback to country offices and departments to fine-tune communications and marketing strategies for knowledge products.
- 4.36 The Office of Risk Management (RMG) will work on the efficient and transparent implementation of the cross-booking governance framework as well as monitor the legacy and cross-booked portfolio and exceptions requiring IDB approval. In addition, RMG will continue to deploy the SLA for the establishment of an operational risk management framework at the IIC.
- 4.37 The Office of Ethics (ETH) will continue striving for greater responsiveness and efficiency by aiming to: (i) respond to approximately 300 consultations related to the interpretation of the IDBG's Codes of Ethics and Professional Conduct within 10 business days of receipt; (ii) conduct the initial assessment of allegations of Misconduct within 45 days of receipt; (iii) provide the initial report of investigations within 180 days from the date the notice of investigation was issued; and (iv) commence work to replace the Declaration of Interests program, with a new platform which will be faster, more user-friendly, and will build in innovative features such as advanced data analytics and machine-based learning.
- 4.38 AUG will continue providing advisory and assurance services and insight on specific topics to the IDB, IIC, and Multilateral Investment Fund (MIF) to help them achieve their objectives. In the engagements included in the 2017 Risk Based Audit Plan, as appropriate, AUG will gauge the

degree to which existing SLAs between the Bank and the IIC deliver the expected level of quality and efficiency.

b) Corporate Management

- 4.39 The engagement of the IDBG with other MDBs on multiple fronts will continue, including: (i) participation in the four work streams set up by the MDB Heads in 2016 (climate action, infrastructure, forced displacement and private investment); (ii) preparation of the 2017 Global Infrastructure Forum; (iii) representation of the IDBG in the G20 Development Working Group and in the Infrastructure and Investment Working Group, (iv) coordination of the IDBG's participation with MDBs and the IMF for the Development Committee (DevCom) and related events during the 2017 Spring and Fall IMF/World Bank meetings; and (v) coordination with counterparts in the strategy departments of the other MDBs to follow up on the commitments made in the Third International Conference on Financing for Development.

3. Learning and Collaborative Knowledge Management

- 4.40 Approximately 174 deliverables for 39 Corporate Input Products (CIPs) ([CIP list](#)) will be prepared, which include activities related to Gender, Climate Change and most of KNL's program.
- 4.41 Regarding the Gender Action Plan (GAP) (2016-2018), a CIP will provide an important contribution for the achievement of GAP's main outcome of expanding the number of IDB operations seeking to promote gender equality and women's empowerment, as well as increasing the development effectiveness of these operations.
- 4.42 Focus will be placed on promoting open knowledge (Numbers for Development, MOOCs and others) as a catalyst for development and strengthening the capacities of the Bank and its stakeholders in the Region to address development challenges and cross-cutting issues identified in the Update to the UIS.
- 4.43 An online ethics refresher course and a Values and Respect employee training will be delivered. Ethics services will be provided to the IIC in managing cases of potential employee misconduct, consultations, the DoI program and through the delivery of specialized ethics training to IIC employees under its SLA.

4. Capital Improvements Management

- 4.44 During 2017, the Bank will focus on: (i) upgrading the Loan Financial Management and Cash Management Solutions, which aim to increase the Bank's agility in responding to new market-challenges, deliver improved disbursement processes, and provide consolidated billings; (ii) enhancing Local Currency implementation through greater automation; and (iii) expanding Short-Term Investment Options through the roll out of Repurchase Agreements. The Bank will execute the Corporate and Operational Improvement Programs, delivering additional features to drive efficiencies and support evolving business practices in SAP and Convergence, and SAP functionality enhancements will be supported. BDA will manage (i) the build-out of space to consolidate IIC's personnel in the 1350 New York Avenue building; (ii) Phase II of the Ashburn Conference and Training Center; and (ii) the replacement of COFs Jamaica and Dominican Republic, among others.

5. 2017 COMPOSITE COST ADJUSTMENT COMPONENT, 2017 APPROVED ADMINISTRATIVE BUDGET (BY LABOR/NON-LABOR COSTS, ORGANIZATIONAL UNIT AND ITEM OF EXPENSE), AND 2017 OC ESTIMATED INCOME AND REIMBURSEMENT FLOWS OUTSIDE THE ADMINISTRATIVE BUDGET

A. 2017 Composite Cost Adjustment Component

- 5.1 The CCAC computation factors in expected market-driven Labor and Non-Labor Cost increases for 2017 on a weighted average basis applicable to the specialized cost structure of the Bank. The Labor costs are established considering the market-driven salary increase methodology established in the TRF Update²², while the Non-Labor costs are set by the expected U.S. CPI and Latin American regional inflation levels, and the impact of exchange rate fluctuations.
- 5.2 As illustrated in Table 5.1 below, the Administrative Budget involves a CCAC of 2.2% based on a weighted Labor Cost Adjustment Component of 1.9% and a weighted Non-Labor Cost Adjustment Component of 0.3%. This CCAC is used to reflect all expected market-driven increases in Labor Costs and Non-Labor Costs for 2017 and, as in past years, sets the threshold in nominal terms for computing the zero real budget growth level.

Table 5.1. 2017 Composite Cost Adjustment Component

Item	Cost Adjustment Component	Weight ¹	Weighted Cost Adjustment Component
Labor Costs	2.3%	81.1%	1.9%
Non-Labor Costs	1.7%	18.9%	0.3%
2017 Composite Cost Adjustment Component			2.2%

¹ Determined based on 2016 Approved Budget.

1. 2017 Labor Costs

- 5.3 Table 5.2 below shows detailed information on the construction of the Labor Cost portion of the Cost Adjustment Component. Labor costs include traditional personnel costs (i.e. remuneration and benefits for Bank staff, overtime, and special employees), and the international and national contractual modalities under the Board-approved Employment Model Framework (EMF), including EMF contractuels directly engaged in the preparation and supervision of the Bank's operations (financed with the Transactional Budget).

²² Update to the Bank's Total Rewards Framework. Revised Version. ([GN-2799-16](#)).

Table 5.2. 2017 Labor Cost Adjustment Component

Item	Source	Cost Adjustment Component	Weight ¹	Weighted Cost Adjustment Component
Labor Costs		2.3%	81.1%	1.9%
International Staff (HQS & COF)	HRD - Approved Funded Salary Increase (FSI) for 2017	2.5%	57.4%	1.4%
National Staff (COF)	HRD - Approved Funded Salary Increase (FSI) for 2017 ³	0.0%	5.3%	0.0%
Employment Model Framework (EMF) Contractual Modalities - International ²	HRD - Projected increase in International EMF Contractual Modalities fees ⁴	2.5%	16.6%	0.4%
Employment Model Framework (EMF) Contractual Modalities - National	HRD - Projected increase in National EMF Contractual Modalities fees ⁴	0.0%	1.8%	0.0%

¹ Determined based on 2016 Approved Budget.

² Includes EMF contractual modalities hired under the umbrella of the K&L Fund.

³ Funded Salary Increase (FSI) for national staff takes into account the overall depreciation of regional currency against the U.S. dollar.

⁴ Source used for EMF Contractual Modalities is the Funded Salary Increase, as it is used to derive consulting fee matrix increases.

a) 2017 Funded Salary Increases

- 5.4 In line with the TRF Update²³ approved by the Board in October 2017, a compensation benchmarking survey was conducted for international and national staff as an input to determine the Funded Salary Increase (FSI) recommended by Management for 2017. The resulting annual FSI is 2.5% for international staff, which was used to calculate the CCAC. In the case of national staff, the FSI is 0% after taking into account the overall depreciation of regional currencies against the U.S. dollar.
- 5.5 In addition, the reward elements of variable pay and recognition were also addressed in the TRF Update. For 2017, variable pay and recognition are being financed with internal resources. Therefore, Management is not requesting additional budget for these items.

b) Increases for Promotions

- 5.6 Consistent with market practices and past AUG recommendations, Management has included a budget for funding promotions, representing 0.5% of total payroll, or \$1.5 million (including salaries and benefits) for international and national staff.

2. 2017 Non-Labor Costs

- 5.7 Table 5.3 below provides details on the construction of the 0.3% Non-Labor weighted cost adjustment component for 2017.

²³ Update to the Bank's Total Rewards Framework. Revised Version. ([GN-2799-16](#)).

Table 5.3. 2017 Non-Labor Cost Adjustment Component

Item	Source	Cost Adjustment Component	Weight ¹	Weighted Cost Adjustment Component
Non-Labor Costs		1.7%	18.9%	0.3%
Outside Services	2017 Average projected U.S. Consumer Price Index (CPI): Congressional Budget Office, Fed, IMF, and the Economist Intelligence Unit	2.0%	0.7%	0.0%
Business & Training Travel ²	2017 Average projected U.S. Consumer Price Index (CPI): Congressional Budget Office, Fed, IMF, and the Economist Intelligence Unit	2.0%	5.7%	0.1%
General Administrative Costs COF	No CAC Adjustment ³	0.0%	2.8%	0.0%
Staff Development and General Administrative Costs HQS ⁴	2017 Average projected U.S. Consumer Price Index (CPI): Congressional Budget Office, Fed, IMF, and the Economist Intelligence Unit	2.0%	9.5%	0.2%

¹ Determined based on 2016 Approved Budget.

² Includes both travel on official missions and training travel funded under the umbrella of the K&L Fund.

³ Management will finance internally General Administrative Costs for COFs (though projected at 6.4% by LatinFocus Consensus) due to the overall offsetting impact of exchange rate fluctuations.

⁴ Staff Development excludes training travel and EMF contractual modalities.

B. 2017 Approved Budget by Labor and Non-Labor Costs

- 5.8 Table 5.4 below shows the 2017 Administrative Budget split into labor and non-labor costs. The approved 2017 labor costs under Management's discretionary portion of the budget represent 81.9% of the total cost, or \$441.9 million, of which \$337.5 million corresponds mainly to staff salaries and benefits, \$83.7 million to the EMF contractual modalities (including staff development accounts), and \$20.7 million to EMF contractual modalities under the Transactional Budget. Non-labor costs total \$98.0 million or 18.1% of all costs.

Table 5.4. 2017 Labor and Non-Labor Costs

Organizational Unit (\$000)	a	b		c = a + b		Non-Labor Costs					d		e = c + d
	Labor Costs			Total Labor Costs		NPC					Total Non-Labor Costs		TOTAL COSTS
	PC	NPC											
	Staff Costs ^{1 2}	EMF Contractual Modalities (DTC, TTC, and PEC) ^{3 4}	EMF Contractual in Transactional Budget	\$	%	Other Outside Services	Staff Development	Business Travel	Business Travel in Transactional Budget	General Administrative Cost & Other	\$	%	
Total BOG, EXD, MEC, OVE, and Tribunal	27,614	4,728		32,342	80.7%		416	4,780		2,533	7,728	19.3%	40,070
Management Discretionary Items													
Vice Presidency for Countries ⁵	74,290	16,858	20,685	111,834		45	617	4,200	12,688	12,341	29,891		141,725
Vice Presidency for Sectors and Knowledge	130,296	23,585		153,881		350	3,478	4,286		3,958	12,072		165,952
Sub-total VPC and VPS	204,586	40,443	20,685	265,714	86.4%	395	4,095	8,486	12,688	16,299	41,963	13.6%	307,677
Strategic Core	57,538	12,434		69,972		146	434	2,462		5,942	8,984		78,956
Vice Presidency for Finance and Administration	68,673	28,396		97,069		2,622	568	600		30,150	33,940		131,009
Sub-total STC and VPF	126,211	40,831		167,041	79.6%	2,768	1,002	3,062		36,092	42,924	20.4%	209,965
Bankwide ⁶	4,415	858		5,273			44	34		1,604	1,682		6,955
Sanctions Office	486	324		810			10	28		35	73		883
Funded Salary Increase	634			634									634
Sub-total Bankwide, Sanctions Office & Funded Salary Increase	5,534	1,183		6,717	79.3%		54	62		1,640	1,755	20.7%	8,472
Staff in Transition and Reassignment	1,200			1,200									1,200
Termination Payments										1,500	1,500		1,500
Central Accounts		763		763		712		25		9,097	9,834		10,597
Ethics/Conduct/ Grievance Systems		488		488									488
Sub-total	1,200	1,251		2,451	17.8%	712		25		10,597	11,334	82.2%	13,785
Total Management Discretionary Items	337,530	83,708	20,685	441,924	81.9%	3,875	5,150	11,635	12,688	64,627	97,976	18.1%	539,899
BANK TOTAL (BOG, EXD, MEC, OVE, Tribunal & Management Discretionary Items)	365,144	88,436	20,685	474,265	81.8%	3,875	5,566	16,415	12,688	67,160	105,704	18.2%	579,969

¹ Includes Salaries, Benefits, Overtime, and Special Employees.² VPs/Departments include promotions and an approved Funded Salary Increase of 2.5% for International Staff and 0% for National Staff, for illustrative purposes only.³ Includes EMF Contractual Modalities to support Knowledge Management and Training.⁴ Includes Employment Agencies and Freelancers, Business Consulting Firms, Research Fellowship Program and Audit and Legal Fees.⁵ Transactional budget will be executed primarily by VPS.⁶ Includes Staff, Family and Retirees Associations, Office of the Ombudsperson, Young Professionals, Internship Program, Staff Relations, Staff on Secondment, and other centrally held items.

C. 2017 Approved Budget by Organizational Unit and Major Item of Expense

5.9 Table 5.5 and Table 5.6 show the 2017 approved budget by organizational unit and by major item of expense, respectively.

Table 5.5. 2017 Approved Administrative Budget by Organizational Unit

Organizational Unit (\$000)	2016 Adjusted Approved Budget ^{1 2}		2017 Approved Budget ³		2017 Approved vs. 2016 Adjusted Approved		
	HC	\$	HC	\$	\$	% Nominal % Real	
Board of Governors		4,498		4,964	466	10.4%	8.2%
Board of Executive Directors	102	22,306	102	22,992	686	3.1%	0.9%
Independent Consultation and Investigation Mechanism	5	2,542	6	2,536	(6)	-0.2%	-2.4%
Office of Evaluation and Oversight	30	9,148	30	9,064	(84)	-0.9%	-3.1%
Office of Evaluation and Oversight - Gross to Net Adjustment				(1,051)	(1,051)		
Sub-total Office of Evaluation and Oversight	30	9,148	30	8,014	(1,135)	-12.4%	-14.6%
Administrative Tribunal	2	1,495	2	1,564	69	4.6%	2.5%
Sub-total BOG, EXD, MEC, OVE and Tribunal	139	39,989	140	40,070	81	0.2%	-2.0%
Management Discretionary Items							
Strategic Core							
Office of the President ⁴	22	4,078	22	5,610	1,532	37.6%	35.4%
Office of Institutional Integrity	13	3,284	13	3,427	142	4.3%	2.2%
Office of the Executive Vice President	9	2,507	9	2,575	68	2.7%	0.5%
Office of the Executive Auditor	23	5,150	23	5,394	244	4.7%	2.6%
Office of External Relations	44	11,876	44	12,359	483	4.1%	1.9%
Office of Outreach and Partnerships	41	11,815	41	12,128	313	2.6%	0.5%
Office of Risk Management	24	7,676	24	8,145	469	6.1%	3.9%
Office of the Secretary	62	12,581	62	13,014	433	3.4%	1.3%
Office of Strategic Planning and Development Effectiveness	29	10,109	29	10,414	305	3.0%	0.8%
Office of Ethics	7	1,849	7	1,926	77	4.2%	2.0%
Micro, Small and Medium Enterprise Unit	16	4,471	14	3,963	(507)	-11.3%	-13.5%
Sub-total Strategic Core Departments	290	75,397	288	78,956	3,558	4.7%	2.6%
Vice Presidency for Countries	13	4,437	14	4,460	23	0.5%	-1.7%
VPC – Operational Support Budget [Transactional] ⁵		32,874		33,374	500	1.5%	-0.6%
Country Department Haiti	19	5,122	19	4,821	(301)	-5.9%	-8.0%
Country Department Southern Cone	76	20,762	76	21,112	351	1.7%	-0.5%
Country Department Central America, Mexico, Panama and the Dominican Republic	108	25,352	108	26,567	1,216	4.8%	2.6%
Country Department Andean Group	78	16,205	77	16,253	48	0.3%	-1.9%
Country Department Caribbean Group	68	15,741	68	15,743	3	0.0%	-2.1%
Operations Financial Management and Procurement Services Office	88	18,743	88	19,394	651	3.5%	1.3%
Sub-total Vice Presidency for Countries	450	139,235	450	141,725	2,489	1.8%	-0.4%
Vice Presidency for Sectors and Knowledge	13	3,068	12	3,073	5	0.2%	-2.0%
Environmental Safeguards Unit	30	7,012	30	7,088	76	1.1%	-1.1%
Department of Research and Chief Economist	31	9,576	31	9,868	292	3.1%	0.9%
Infrastructure and Environment Sector	133	30,168	134	30,450	282	0.9%	-1.2%
Social Sector	117	27,909	117	28,938	1,029	3.7%	1.5%
Institutions for Development	147	35,338	147	35,607	270	0.8%	-1.4%
Knowledge and Learning Sector	37	15,086	37	15,739	653	4.3%	2.2%
Integration and Trade Sector	42	12,595	42	13,306	711	5.6%	3.5%
Climate Change and Sustainable Development Sector	95	19,674	95	21,882	2,208	11.2%	9.1%
Sub-total Vice Presidency for Sectors and Knowledge	645	160,427	645	165,952	5,525	3.4%	1.3%
Sub-total VPC and VPS	1,095	299,662	1,095	307,677	8,015	2.7%	0.5%
Vice Presidency for Finance and Administration	6	1,769	6	1,929	160	9.1%	6.9%
Mediation Office	1	542	1	567	25	4.6%	2.4%
Finance Department	100	23,210	100	24,107	897	3.9%	1.7%
Human Resources Department	69	17,626	69	18,050	424	2.4%	0.2%
Information Technology Department	96	45,245	96	48,315	3,071	6.8%	4.6%
Budget and Administrative Services Department	58	28,002	58	29,074	1,072	3.8%	1.7%
Legal Department	45	8,691	45	8,966	275	3.2%	1.0%
Sub-total Vice Presidency for Finance and Administration	375	125,085	375	131,009	5,924	4.7%	2.6%
Sub-total Strategic Core, VPC, VPS, and VPF	1,760	500,145	1,758	517,642	17,497	3.5%	1.3%
Bankwide ⁶	6	6,530	6	6,955	425	6.5%	4.3%
Sanctions Office	2	850	2	883	33	3.9%	1.8%
Funded Salary Increase		634		634			-2.2%
Sub-total Bankwide, Sanctions Office, and Funded Salary Increase	8	8,013	8	8,472	458	5.7%	3.6%
Unfunded Vacancies from Departments	21		23				
Staff in Transition and Reassignment	8	1,200	8	1,200			-2.2%
Termination Payments		1,500		1,500			-2.2%
Central Accounts		11,210		10,597	(613)	-5.5%	-7.6%
Ethics/Conduct/ Grievance Systems		472		488	16	3.4%	1.2%
Sub-total	29	14,382	31	13,785	(597)	-4.1%	-6.3%
Sub-total Management Discretionary Items	1,797	522,541	1,797	539,899	17,359	3.3%	1.2%
BANK TOTAL (BOG, EXD, MEC, OVE, Tribunal and Management Discretionary Items)	1,936	562,530	1,937	579,969	17,439	3.1%	0.9%

¹ Adjustments were made to the Approved Budget (GA-261-4) for interdepartmental transfers of funds and functions until 08/16/2016, excluding 3 headcount under Optima Program effective 1/1/2017.

² Reflects the transfer of the Administrative Tribunal budget and headcount out of Management's Discretionary Portion (under Bankwide) into the Sub-total BOG, EXD, MEC, OVE, and Tribunal (as per AUG recommendation # 11, document GA-264).

³ VPs/Departments include promotions and an approved funded salary increases of 2.5% for International Staff and 0% for National Staff, for illustrative purposes only, as well as \$1.6 million in ITE, \$333 thousand in BDA, and \$100 thousand in EXR for recurring administrative expenses from completed capital projects.

⁴ The nominal and real budget increases reflect the reallocation of resources (from Management's internal savings) to finance the functions of the Strategic Coordination Group (PCY/SCG) that were previously funded by the One-Time IDB IIC Transition Budget through the Implementation Management Office. Since May 2016, PCY/SCG was mainstreamed in the structure of the Office of the President. A portion of the reallocated resources comes from the reduction in MIF/MSM's budget in order to support the coordination of strategic matters and supervision of the MIF.

⁵ Transactional budget will be executed primarily by VPS.

⁶ Includes Staff, Family and Retirees Associations, Office of the Ombudsperson, Young Professionals, Internship Program, Staff on Secondment, Staff Relations, and other centrally held items.

Table 5.6. 2017 Approved Administrative Budget by Item of Expense

Items of Expense (\$000)	2016 Adjusted Approved Budget ^{1 2}	2017 Approved Budget	2017 Approved vs. 2016 Adjusted Approved		
			\$	% Nominal	% Real
Management Discretionary Items					
Personnel Costs	324,649	336,330	11,681	3.6%	1.4%
Sub-total Personnel Costs	324,649	336,330	11,681	3.6%	1.4%
EMF Contractual Modalities (DTC and TTC)	34,832	34,625	(207)	-0.6%	-2.8%
PEC and Outside Services	40,353	45,007	4,654	11.5%	9.4%
EMF Contractual Modalities (DTC, TTC, and PEC) and Outside Services	75,184	79,631	4,447	5.9%	3.7%
Transactional Budget ³	33,325	33,374	49	0.1%	-2.0%
Staff Development	9,223	11,138	1,915	20.8%	18.6%
Business Travel	12,943	11,610	(1,333)	-10.3%	-12.5%
General Administrative Costs	52,835	54,030	1,196	2.3%	0.1%
Sub-total Non-Personnel Costs	183,509	189,784	6,274	3.4%	1.3%
Staff in Transition and Reassignment	1,200	1,200			-2.2%
Termination Payments	1,500	1,500			-2.2%
Central Accounts	11,210	10,597	(613)	-5.5%	-7.6%
Ethics/Conduct/Grievance Systems	472	488	16	3.4%	1.2%
Sub-total Management Discretionary Items	522,541	539,899	17,359	3.3%	1.2%
BOG, EXD, MEC, OVE, Tribunal	39,989	40,070	81	0.2%	-2.0%
BANK TOTAL (BOG, EXD, MEC, OVE, Tribunal, and Management Discretionary Items)	562,530	579,969	17,439	3.1%	0.9%

¹ Adjustments were made to the Approved Budget (GA-261-4) for interdepartmental transfers of funds and functions until 08/16/2016.

² Reflects the transfer of the Administrative Tribunal budget out of Management's Discretionary Portion into the Sub-total BOG, EXD, MEC, OVE and Tribunal (as per AUG recommendation #11, document GA-264).

³ Includes EMF contractual modalities and business travel.

5.10 Additional information on the 2017 approved budget by Item of Expense and Major Budget Category is shown in Annex A. Annex B illustrates the expenditures by Organizational Unit as of December 31, 2016.

D. 2017 Estimated Income Recorded Directly to the Ordinary Capital and Estimated Reimbursement Flows Outside the Administrative Budget

- 5.11 The Bank's income is not available for direct use by the Bank's departments that generated it, but is recorded directly to the OC and reflected in the Bank's OC financial statements. On the other hand, reimbursements received by IDB's departments for Bank services performed are allocated and executed outside the Administrative Budget, to keep a "firewall" between the two sources and prevent co-mingling of funds.
- 5.12 Table 5.7 below provides details on the \$5.0 million in estimated income by source to be recorded directly to the OC in 2017: (i) \$609 thousand will be generated by the Inter-American Institute for Social Development (INDES) training fees and Argentina's Contribution to the Institute for Latin American Integration (INTAL); (ii) \$361 thousand will be generated by leasing the Bank's HQS and COF facilities and parking; (iii) \$2.7 million are estimated for overhead charges and staff benefit costs paid by the MIF to the Bank; and (iv) \$1.4 million represent the standard 5% fee received from donors to help defray the management of Donor Trust Funds (DTFs) and Project Specific Grants (PSGs).

Table 5.7. 2017 Sources of Estimated Income Recorded Directly to the Ordinary Capital

Sources of Estimated Income	(\$000)
INDES Training Fees	109
Argentina Contribution to INTAL	500
HQS & COF Space Lease and Parking	361
MIF - Overhead & Staff Benefit Cost	2,664
Donor Trust Funds and PSGs Standard Fee	1,404
Total Estimated Income	5,039

- 5.13 As shown in Table 5.8 below, the total estimated reimbursements to be received and executed outside the Administrative Budget by the IDB in 2017 amount to \$23.3 million. Out of this total, \$9.8 million will come from DTFs for: (i) a few specific trust fund agreements that establish a customized cost-sharing modality²⁴ instead of the 5% standard fee recorded directly to the OC as described in the Table above. This fee covers all or part of the costs incurred by the Bank in preparing, executing and monitoring projects, as well as in administering the funds, and is distributed among the departments that perform this work in addition to their regular RBB work program. The use of these resources is accounted for within the fund's account (outside of the Administrative Budget of the Bank) and therefore does not affect the Bank's financial statements; and (ii) a few PSGs requiring special and extraordinary partnership services and arrangements. Similar to the above-mentioned trust funds, Bank departments for which additional workload is generated by the preparation, execution and monitoring of PSG operations (TCs and Investment Grants) and by the administration of PSG resources, will receive such reimbursement. The distribution of the fee is stated in the individual operational PSG. In addition, \$1.3 million in reimbursements are expected from parking garage users, paying agency fees, and MIF reimbursements for services rendered. Finally, a total of \$12.2 million are estimated to be reimbursed by the IIC to the IDB, out of which: (i) \$8.0 million will be reimbursed to departments for services provided by the IDB under the SLAs related to different corporate, oversight and other services; and (ii) \$4.2 million will be generated by leasing to the IIC the Bank's HQS and COF facilities and parking.
- 5.14 Furthermore, a total of \$52.0 million are estimated to be paid to the IIC by the IDB from the SLA for NSG services related to new operations, portfolio and special assets services provided by the IIC.

²⁴ In all cases, for trust funds as well as PSGs, the customized cost-sharing modality has been presented to and authorized by the Board.

**Table 5.8. 2017 Estimated Reimbursements and Payments
Outside the Administrative Budget**

Estimated Reimbursements and Payments from SLAs Between IDB and IIC (\$000)	Donor Trust Funds (Cost Sharing) ²	HQS Parking & Other ³	IIC SLAs ⁴	Total
VPC	2,545			2,545
VPS	5,548		528	6,075
Total Operational Departments	8,092		528	8,620
MEC & OVE			1,580	1,580
STC	668	80	2,607	3,355
VPF	1,025	136	2,944	4,105
OMB & SRP			329	329
HQS Facilities		1,080		1,080
HQS & COFs Space Lease			4,244	4,244
Total Non- Operational Support Departments & Others	1,693	1,296	11,703	14,692
Total Estimated Reimbursements to be Received by the IDB ¹	9,786	1,296	12,231	23,312
Total Estimated IDB Payments to IIC for NSG Services ⁵			52,000	52,000

¹ Reimbursements are provided to the corresponding departments in cost centers maintained outside of the Administrative Budget, to keep a “firewall” between the two sources of funds and prevent co-mingling of funds.

² These reimbursements are from Donor Trust Funds and PSGs such as Global Environmental Facility, Mesoamerica Health Facility, and China Co-financing Fund for LAC, among others, to cover departments' additional workload related to loans/TCs/investment grants, independent of the Bank's regular work program.

³ Corresponds to the parking fees collected from employees to cover the overhead cost of operating the garage (repairs, guards, access control equipment, painting, etc.), paying agency fees, and MIF reimbursements for services

⁴ Related to different corporate, oversight and other services provided by the IDB, as well as space lease.

⁵ Related to new operations, portfolio, and special assets services provided by the IIC.

6. 2017 APPROVED CAPITAL BUDGET

- 6.1 The 2017 approved Capital Budget has been presented with comprehensive details in the “2017-2019 Medium-Term Capital Budget Plan” ([GA-261-6](#)) approved by the Board on August 3, 2016. The present Chapter summarizes the key elements of the information presented in that document.

A. Outcome of the Prioritization Exercise for 2017 Projects

- 6.2 After a review of all project proposals initially submitted for funding in 2017, 23 new projects were ultimately considered, further prioritized and included in the 2017 Plan (together with 28 continuing projects) (Figure 6.1). For further details on the 2017 Approved Capital Budget Plan by project category, namely HQS, COF and IT (as well as corresponding estimated requirements for 2018 and 2019) please refer to Annexes E1, E2 and E3.

Figure 6.1. Outcome of the Prioritization Exercise for 2017 Projects

2017 Capital Budget (51 Projects for \$47.8M)					
Facilities HQS		Facilities COF		IT	
12 Projects for \$6.6M		11 Projects for \$9.6M		28 Projects for \$28.7M	
Continuing: 6 Projects for \$5.4M	New: 6 Projects for \$1.2M	Continuing: 8 Projects for \$7.1M	New: 3 Projects for \$2.5M	Continuing: 14 Projects for \$15.5M	New: 14 Projects for \$13.2M
Flexible Resources: \$3.0M					

B. 2017 Approved Capital Budget Plan – Overview

- 6.3 Management conducted an evaluation of the Capital Budget resource requirements initially requested by project sponsors, taking into consideration sponsors’ capacity to execute their respective projects and estimated expenses and milestones foreseen for each individual project during 2017.
- 6.4 The result of the 2017 evaluation shows an approved Capital Budget for 2017 of \$47.8 million (versus \$63.4 million initially requested by project sponsors), that includes:
- \$44.8 million for all continuing and new projects which corresponds to the resources required to fund the set of achievable milestones foreseen for these projects in 2017.
 - \$3.0 million of Flexible Resources to enable funding of subsequent milestones for fast executing projects during 2017.
- 6.5 Table 6.1 below provides an overview of the 2017 approved Capital Budget Plan by Project Category.

Table 6.1. 2017 Approved Capital Budget by Project Category – Overview

Project Categories (\$000)	2016 Approved Budget	2017 Continuing Projects (a)	2017 New Projects (b)	Flexible Resources (c)	Total 2017 Approved Budget (a+b+c)
Headquarters & Country Offices					
Headquarters	1,150	5,418	1,150		6,568
Country Offices	8,958	7,112	2,450		9,562
Total Headquarters & Country Offices	10,108	12,530	3,600		16,130
Information Technology ^{/1}	35,263	15,530	13,170		28,700
Total Information Technology	35,263	15,530	13,170		28,700
Flexible Resources	3,000			3,000	3,000
Total Flexible Resources	3,000			3,000	3,000
Total Capital Budget Plan	48,371	28,060	16,770	3,000	47,830

^{/1} 2016 Approved Budget amount includes Program Optima.

7. 2017 APPROVED OC STRATEGIC DEVELOPMENT PROGRAMS

A. Background Information and Overview

- 7.1 The 19 OC Special Programs have been consolidated into a new architecture consisting of six Core Funds (Ordinary Capital Strategic Development Plan - OC-SDP for Countries, OC-SDP for Infrastructure, OC-SDP for Institutions, OC-SDP for Integration, OC-SDP for Social Development, and OC-SDP for Sustainability) and one Seed/Transitory Fund (Broadband), positioning them as a contributor to the Update to the Institutional Strategy 2010-2020²⁵. The Core OC-SDPs will support the strategic policy objectives to address the three main challenges of the UIS (Limited Economic Integration, Low Productivity and Innovation, and Social Exclusion and Inequality), as well as the permeation of the cross-cutting themes therein (Climate Change and Environmental Sustainability, Institutions and the Rule of Law, and Gender Equality and Diversity).

B. 2017 OC Strategic Development Programs

- 7.2 The OC-SDP approved allocation for 2017 is \$100 million, allocated to the following OC-SDPs:

1. OC-SDP for Countries

- 7.3 For its first year of operations subsequent to restructuring, the OC-SDP for Countries will support activities in each of its main areas of intervention. Such support will include financing activities related to strengthening technical and managerial capacities of Public Agencies through the application of good practices, the prioritization of activities to address portfolio cross-pattern issues, and the removal of project preparation and implementation bottlenecks. Resources from this OC-SDP will also be directed towards robust dialogue with governments, and knowledge exchanges that benefit key actors in borrowing member countries.

2. OC-SDP for Infrastructure

- 7.4 In 2017, the OC-SDP for Infrastructure will focus on supporting infrastructure ministries in developing long-term plans in infrastructure works, and promoting the practice of public and stakeholder participation in infrastructure planning. Secondly, this OC-SDP will support analyses of tools that improve transparency and facilitate procuring of infrastructure projects. This would involve evaluating changes in procurement policies among the Region to foster competitive dialogue with contractors, allowing for an early assessment of project risks, and promoting public participation in public procurement. OC resources will continue to finance rigorous studies to ensure project feasibility. Special consideration would be given to support early stage Public-Private Partnership (PPP) projects, at both national and subnational level.

²⁵ [AB-3008](#), approved by the Board of Governors on March 15, 2015.

3. OC-SDP for Institutions

- 7.5 In 2017, this OC-SDP will focus on supporting the three main areas of intervention defined in [GN-2819-1](#). First, this OC-SDP will support enhancements to the quality of Institutions and policies by fostering inclusiveness, plurality, broad participation, transparency, rule of law, opportunities and investment and innovation incentives. It will also involve enhancing policy making, including evidence-based policy and inter-sectoral and intergovernmental coordination. Second, supporting implementation capacity in 2017 will involve fostering effectiveness and efficiency in public service delivery and achieving policy objectives, including strengthening country systems and results-based management, improving the cost efficacy in service delivery, and innovations in service delivery. Finally, the OC-SDP for Institutions will support advances in technological innovation by promoting digital economy interventions as a cross-cutting strategy to foster institutional and policy quality, and implementation capacity.

4. OC-SDP for Integration

- 7.6 In 2017, the OC-SDP for Integration will continue to support Bank efforts to promote productive integration. Broadly, this requires export promotion and investment attraction, regulatory convergence, and the reduction of transport and logistics costs, which the Bank's integration agenda addresses through a focus on investment in Integration Hardware (infrastructure for regional connectivity), Integration Software (regional policies and regulatory frameworks), and hardware and software connections through a comprehensive agenda for functional cooperation and the generation of Regional Public Goods. The OC-SDP for Integration's areas of intervention reflects these priorities of the integration agenda, and provides direct support to it through activities supporting improvements to regional infrastructure and connectivity, harmonizing integration policies and procedures, and leveraging South-South and Triangular cooperation.

5. OC-SDP for Social Development

- 7.7 In 2017, the OC-SDP for Social Development will be concentrated on supporting the UIS regional challenge of Social Exclusion and Inequality through interventions in health, social protection, education, gender, diversity, and improvement of labor markets, supporting the provision of rigorous evidence to inform policy and innovations in the delivery of social services. Specific plans for 2017 include never before attempted programs in early childhood development focused on scaling and evaluating parenting programs, improving process quality at daycares and schools, and developing strategies targeted to include interventions that will promote cognitive development on existing health programs.

6. OC-SDP for Sustainability

- 7.8 In 2017, the OC-SDP for Sustainability will focus on supporting borrowing member countries efforts to implement and design future investment plans associated with their Intended Nationally Determined Contributions (INDC) in different sectoral areas. This OC-SDP will also focus on developing practical tools and knowledge products that serve purposes ranging from informing key decision makers in general and mainstreaming agricultural capital in agriculture in particular. With respect to agriculture, this OC-SDP will support efforts in the Region conducive to increasing agricultural productivity and innovation to meet the growing demand, availability, quality and access to food. Lastly, the OC-SDP for Sustainability will support

municipal governments in their efforts to prepare, through sustainable policies and investments, for challenges related to rapid urban growth.

7. Seed Funds

- 7.9 The Broadband Seed Program, which will be mainstreamed into the OC-SDP for Institutions at the end of 2017, will use the year to work towards meeting countries' demand through applications that promote the use and adoption of broadband services.

**Table 7.1. 2017 Approved Funding for Strategic Development Programs
Financed by Ordinary Capital (\$ Millions)**

Ordinary Capital Strategic Development Program (OC-SDP)	2005-15 Funding Approved ¹	2016 Funding Approved (DE-180/15)	Total Availability as of Jan 1, 2016 ²	Average Annual Approvals (Creation -2016) ³	Lifetime Approvals (Creation - 2016) ⁴	2017 Approved Funding
OC-SDP for Countries	77.29	15.50	16.04	15.80	94.80	15.50
OC-SDP for Infrastructure	149.48	16.63	19.09	16.56	182.11	22.60
OC-SDP for Institutions	133.63	12.97	14.24	11.90	142.79	16.70
OC-SDP for Integration	152.45	11.73	13.16	14.21	170.52	11.70
OC-SDP for Social Development	123.33	14.09	15.03	16.97	152.76	15.10
OC-SDP for Sustainability	152.69	15.08	16.94	18.39	202.27	11.40
Broadband Seed Fund	8.95	2.00	2.01	3.09	12.36	2.00
Flexibilization Resources	15.00	5.00	5.00			5.00
Social Entrepreneurship Fund (SEF) ⁵	41.98		2.49	7.60	45.59	
Total	854.81	93.00	104.00	104.51	1003.20	100.00

¹ Total funding approved for this period is net of \$6.8 million (\$5 million in 2015 Board mandated underspend and \$1.8 million in 2015 unused resources returned to the Ordinary Capital).

² Total availability as of Jan 1, 2016 includes funding approved for 2016 (\$93 million), 2015 cancellations (\$9.6 million), and SEF reflows (\$1.4 million).

³ Average annual current approved amounts.

⁴ Current approved amounts.

⁵ Pursuant to GP-75-11, 2015 was the final year in which the Social Entrepreneurship Fund (SEF) received contributions from OC resources. It is included in this table only to provide data on historical resource allocations and approvals. Any SEF reflows and/or cancellations will revert to the fund for future approvals.

APPROVED RESOLUTIONS

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE-143/16

Administrative Budget and Capital Improvements Program of the
Inter-American Development Bank
for Fiscal Year 2017

The Board of Executive Directors

RESOLVES:

A. Administrative Budget of the Inter-American Development Bank for Fiscal Year 2017

1. To approve the Administrative Budget of the Inter-American Development Bank for fiscal year 2017 in the total amount of US\$ 579,969,330 to be financed from the Bank's income. This amount shall be applied to the following budgetary categories:

I.	Board of Governors	US\$ 4,964,308
II.	Board of Executive Directors	22,992,304
III.	Independent Consultation and Investigation Mechanism	2,536,104
IV.	Office of Evaluation and Oversight	8,013,600
V.	Administrative Tribunal	1,563,712
VI.	Headquarters and Country Offices	539,899,302

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.8 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 2017, administrative expenses be charged: (a) to the income from the Ordinary Capital; 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 the savings for the fiscal year 2016, up to US\$600,000, originally allocated in subparagraph A.1.II of Resolution DE-178/15 (as amended by Resolution DE-30/16), to the “Board of Executive Directors”, be transferred to the budget for fiscal year 2017, to the same category contemplated in subparagraph A.1.II of this Resolution, for the purpose of financing the cost of an external evaluation of the Office of Evaluation and Oversight and the cost of the selection and hiring of a new Director for said office. The estimates of such costs are based on information provided by the Human Resources Department and similar expenses from previous years. These savings shall be transferred prior to, and shall be independent from, any savings to be transferred to the budget for fiscal year 2017 pursuant to paragraph 5 of Resolution DE-178/15 (as amended by Resolution DE-30/16).

6. To provide that any savings for the fiscal year 2017, up to 1.5% of each of the budgetary categories in subparagraphs A.1.I-VI above, may be transferred to the corresponding budgetary categories in the budget for fiscal year 2018. These savings will be reported to the Board of Executive Directors following the close of the accounting cycle for fiscal year 2017.

7. To take note of the estimated contribution to the Bank’s Retirement Plans in the amount of US\$ 85,305,156 and that the allocation for the actual contribution shall be authorized by separate resolution.

8. To provide the Board of Executive Directors with periodic Program and Budget Execution Reports detailing the 2017 administrative expenses.

9. As indicated in subparagraph A.1.V above, a separate budgetary category will be created for the Administrative Tribunal, pursuant to the recommendation of the Office of the Executive Auditor.

B. Capital Improvements Program of the Inter-American Development Bank for Fiscal Year 2017

1. To approve the Capital Improvements Program for fiscal year 2017 in the amount of US\$ 47,830,039.

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 2017 Capital Improvements Program.

(Adopted on 14 December 2016)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE- 144/16

Administrative Budget for the Social Progress Trust Fund for Fiscal Year 2017

The Board of Executive Directors

RESOLVES:

1. To approve the Administrative Budget for the Social Progress Trust Fund for fiscal year 2017 in the amount of US\$170,672.
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 14 December 2016)

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

RESOLUTION DE-145/16

Ordinary Capital Strategic Development Programs
For Fiscal Year 2017

WHEREAS:

1. Document GN-2819-1, *Ordinary Capital Strategic Development Programs (OC-SDPs)*, provides that “the allocation of OC resources to each OC-SDP will be considered by the Board of Executive Directors as part of the review process of the Bank’s annual Program and Budget Proposal for the Bank’s corresponding budget period, or separately, if so required.”
2. Document GN-2819-1 also provides that “the annual allocation may include an amount of resources (Flexibilization Resources) that Management could transfer to: (a) any OC-SDP that has exhausted the availability of its allocated OC resources; and/or, (b) the OC-SDP for Sustainability, regardless of whether it has exhausted the availability of its allocated OC resources, for the purpose of financing natural disaster assistance TCs....”
3. Document GN-2819-1 further provides that “the resources referred to in this document as OC resources shall be expensed against the ordinary capital income in a separate line item in the Ordinary Capital’s Annual Statement of Income and General Reserve approved by the Board of Governors.”
4. Resolution DE-34/16 establishes that “the use of resources for all OC-SDP[s] is subject to the provisions contemplated in Section I, Part C, of document GN-2819-1.”

The Board of Executive Directors

RESOLVES:

A. Ordinary Capital Strategic Development Programs (OC-SDPs)

To approve, for fiscal year 2017, the following allocations to be charged to the ordinary capital resources of the Bank, to finance the OC-SDPs in accordance with Resolution DE-34/16:

OC-SDP	Fiscal Year 2017 Allocation
OC-SDP for Countries	US\$ 15,500,000
OC-SDP for Infrastructure	US\$ 22,600,000
OC-SDP for Institutions	US\$ 16,700,000
OC-SDP for Integration	US\$ 11,700,000
OC-SDP for Social Development	US\$ 15,100,000
OC-SDP for Sustainability	US\$ 11,400,000

B. Seed/Transitory OC-SDP

1. To approve, for fiscal year 2017, an allocation in the amount of US\$ 2,000,000 to be charged to the ordinary capital resources of the Bank to finance the Broadband Special Program as a Seed/Transitory OC-SDP in accordance with Resolution DE-34/16 and document GN-2819-1.
2. That fiscal year 2017 shall be the last fiscal year in which the Broadband Special Program shall receive an allocation from the ordinary capital resources of the Bank.
3. That any unused funds in fiscal year 2017 from the Broadband Special Program shall be carried over to the OC-SDP for Institutions as of January 1, 2018.

C. Flexibilization Resources

To approve, for fiscal year 2017, an allocation in the amount of US\$ 5,000,000 to be charged to the ordinary capital resources of the Bank for use as Flexibilization Resources in accordance with Resolution DE-34/16 and document GN-2819-1. Unused Flexibilization Resources in fiscal year 2017 will not be carried over to the following fiscal year.

(Adopted on 14 December 2016)

ANNEXES

Annex A. 2017 Approved Administrative Budget by Item of Expense and Major Budget Category

Item of Expense (\$000)	BOG	EXD	MEC	OVE	Tribunal	HQS	COF	TOTAL
<i>Personnel Cost</i>								
Salaries - Int'L Professional Staff		13,730	853	4,145	244.69	147,323		166,296
Salaries Int'L Staff in COF							39,388	39,388
Salaries - Int'L Administrative Staff		1,553	86	85		3,780		5,503
Salaries - Effect Turnover Dynamics (ETD) - International						883		883
Salaries - Effect Turnover Dynamics (ETD) - International Staff in COF							399	399
Salaries - Funded Salary Increase (FSI) - International						3,511		3,511
Salaries - Funded Salary Increase (FSI) - International Staff in COF							970	970
Salaries - Promotions - International						670		670
Salaries - Promotions - International Staff in COF							200	200
Salaries - Local Professional Staff							18,586	18,586
Salaries - Local Administrative Staff							1,890	1,890
Salaries - Funded Salary Increase (FSI) - Local							2,619	2,619
Salaries - Promotions - Local							133	133
Differential Payment Expenses Other than overtime						53	63	116
Overtime and Sec. Admin. Bonus - International	10	27				233		270
Overtime and Sec. Admin. Bonus - Local							34	34
Special Payments - Int'L Staff						1,352		1,352
Special Payments - Local Staff							33	33
Salaries Special Employees					5	1,916		1,921
Salaries - Young Professionals				17		2,695	30	2,742
Remuneration	10	15,309	938	4,248	250	162,418	64,346	247,519
Tax Reimbursement - Int'L Staff						18,067	1,928	19,995
Dependency Allowance - Int'L Staff						1,762	877	2,640
Life Insurance - Int'L Staff						406	157	563
Medical And Dental Insurance - Int'L Staff						13,379	5,293	18,672
Medical Services - Int'L Staff						188	24	212
Administration of Taxes - Int'l Staff						2,301		2,301
Education Allowance - Int'L Staff						4,456	3,089	7,545
Expense Allowance - Int'L Staff						92		92
Mission Travel Benefit - Int'L Staff						78	56	133
Home Leave Travel - Int'L Staff						3,986	1,868	5,855
Post Allowance - Int'L Staff							21,117	21,117
SRP Administration Costs - Int'L Staff						3,567		3,567
Short-Term Assignment - Int'L Staff						351	565	916
Allocated Benefits - Int'L Staff		4,585	394	1,777	103			6,858
Appointment Expenses						493	372	866
Relocation Expenses						1,363	3,199	4,562
Repatriation Expenses						2,493	614	3,107
Pre-Employment Expenses						1,532		1,532
Wellness Programs						391		391
Accrued Vacation - Sick Leave - Int'L Staff						4,089	1,062	5,151
Termination Payments - Int'L Staff						2,075	522	2,597
Administration of Medical and Dental Insurance						3,400	178	3,577
Administration of Medical Services						791	1	792
Benefits - Int'L Staff		4,585	394	1,777	103	65,263	40,921	113,042
Accrued Vacation Leave - Local Staff							477	477
Termination Payments - Local Staff							627	627
Dependency Allowance - Local Staff							99	99
Life Insurance - Local Staff							35	35
Medical Dental Insurance - Local Staff							549	549
Admin of Medical and Dental Insurance - Local Staff							217	217
Social Security and Local Regulations - Local Staff							1,011	1,011
Local Staff-Developmental Assignment Benefits							72	72
Local Staff Short Term Assignments							246	246
Local Staff Medical Services							50	50
Benefits - Local Staff							3,383	3,383
Personnel Cost	10	19,894	1,333	6,025	353	227,681	108,650	363,944
<i>Staff Development</i>								
Learning and Tuition Fees		252	20	35	12	1,639	95	2,054
Training Travel		90		7		1,789	233	2,118
Learning Logistics						1,374	20	1,394
Learning Firms						1,783		1,783
Learning Defined Term Contractual (DTC)						1,169		1,169
Learning - DTC - Benefits						250		250
Learning - TTC Fees						835		835
Learning TTC - Benefits						56		56
Learning - PEC Fees						1,881	15	1,896
Staff Development		342	20	42	12	10,775	363	11,555

Annex A. 2017 Approved Administrative Budget by Item of Expense and Major Budget Category (cont.)

Item of Expense (\$000)	BOG	EXD	MEC	OVE	Tribunal	HQS	COF	TOTAL
<i>EMF Contractual Modalities and Outside Services</i>								
Defined Term Contractual-Fees			288	528	68	15,594	425	16,904
DTC - Benefits			39	72	11	2,325	31	2,478
National Defined Term Contractual (DTC) - Fees						391	2,242	2,633
National Defined Term Contractual (DTC) - Benefits						106	184	290
Temporary Term Contractual (TTC) - Fees	340		344	172	36	6,915	325	8,131
TTC - Benefits	10		18	26	2	594	17	667
National Temporary Term Contractual (TTC) - Fees				17		1,099	4,242	5,357
National Temporary Term Contractual (TTC) - Benefits				2		4	132	138
Products and External Services Contractual - Fees			110	269	263	8,369	1,080	10,091
National Products and External Services Contractual (PEC) - Fees			53	55		98	1,795	2,001
Employment Agencies and Freelancers	501	111	41	77	485	979	2,053	4,246
Business Consulting Firms	680	85	9	16		23,414	2,157	26,361
Audit Fees						1,420		1,420
Research Fellowship Program (RFP)							99	99
Legal Fees							6	6
Internship Program						369	5	374
Other Outside Services						3,123	40	3,163
EMF Contractual Modalities and Outside Services	1,531	196	902	1,235	864	64,799	14,832	84,359
<i>Business Travel</i>								
Int'L Business Travel	2,374	1,501	170	564	170	9,739	1,268	15,786
Local Business Travel						32	571	603
Business Travel	2,374	1,501	170	564	170	9,771	1,839	16,389
<i>Transactional Budget</i>								
EMF Contractual Modalities and Other Services - Country Business Plan						20,685		20,685
Business Travel (Loc and Int) - Country Business Plan						12,688		12,688
Transactional Budget						33,374		33,374
<i>General Administrative Costs</i>								
Office - Space Rental							1,111	1,111
Alterations & Improvements		6				26		32
Headquarters Building Security						3,353		3,353
Parking						28	40	68
Country Offices Security						2,216	62	2,278
Ops and Maintenance - 1300 New York Ave						5,307		5,307
Ops and Maintenance - 1330 New York Ave						546		546
Ops and Maintenance - 1350 New York Ave						1,157		1,157
Ops and Maintenance - Ashburn						535		535
Utilities and Administration - Country Offices							2,764	2,764
Maintenance and Repair Program - Country Offices							3,765	3,765
Office Occupancy		6				13,169	7,741	20,915
Office Furniture and Furnishings (Including Art Purchases)				2	20	32	11	65
IT Equipment and Maintenance	60	70	3	13		1,451	148	1,745
Copying and Printing Equipment and Maintenance	12	100	2	15	19	730	191	1,069
Software and Maintenance	35	4	8	8		7,384	41	7,481
Vehicle Expenses						32	469	500
Vehicles Replacement Program						190		190
Other Equipment and Maintenance	35		1			247	77	360
Supplies	22	33	6	12	11	647	347	1,078
Administrative Expenses of Capital Projects						2,066		2,066
Equipment and Supplies	165	207	20	51	50	12,779	1,283	14,555
<i>Specialized Services</i>								
Telecommunications	187	170	5	10	8	5,060	850	6,290
Mail And Related Shipping Services	160	11	1	6	5	494	140	816
Publication Purchases-Books and Reference		5			1	35	31	72
e-Resources, Periodicals and Newspapers		47		3		1,024	68	1,142
Printing And Publishing Expenses	5		10	9	5	621	111	760
Communications and Publications	352	233	16	27	18	10,099	1,199	11,945
Conferences, Workshops and Seminars	317		26	7	61	3,214	2,071	5,697
Special Events and Representation Expenses	205	606		1	35	602	237	1,686
Staff Relations Expenses	3		0			599	276	878
Contributions, Fees & Dues				61		632	16	709
Events, Conferences & Outreach	525	606	26	69	96	5,047	2,601	8,971
Miscellaneous Expenses	7	7	50	1		53	59	178
Other Expenses	7	7	50	1		53	59	178
General Administrative Costs	1,049	1,059	112	148	165	41,147	12,883	56,563
Staff in Transition and Reassignment						1,200		1,200
Termination Payments						1,500		1,500
Central Accounts						7,866	2,732	10,597
Ethics/Conduct/Grievance Systems						488		488
Sub-Total						11,054	2,732	13,785
BANK TOTAL (BOG, EXD, MEC, OVE, Tribunal, and Management Discretionary Items)	4,964	22,992	2,536	8,014	1,564	398,600	141,300	579,969

Annex A.1. 2016 Approved and 2017 Estimated Bank Contributions to Retirement Plans

Organizational Unit (\$000)	2016 Approved Budget ¹	2017 Estimated Budget ²	2017 Estimated vs. 2016 Approved Budget		
			\$	% Nominal ³	% Real ³
Bank Contributions					
Retirement Plans	52,306	55,008	2,703	5.2%	3.0%
Post-Retirement Benefits	28,842	30,297	1,455	5.0%	2.9%
Total Bank Contributions	81,148	85,305	4,158	5.1%	3.0%
Total Budget from Table 5.6	562,530	579,969	17,439	3.1%	0.9%
Grand Total Including Bank Contributions ³	643,678	665,274	21,597	3.4%	1.2%

¹ Figures shown for 2016 are per Resolution DE-142/16 approved by the Board of Executive Directors on December 14, 2016.

² Bank contribution figures are for disclosure purposes only. Pursuant to Document "Proposal for an Alternate Process for Consideration of the Bank's Pension Contributions" (GN-2599-26), Management will present actual final contributions to be considered and approved by the Board in the third quarter of 2017.

³ For illustrative purposes only.

Annex B. 2016 Expenditures by Organizational Unit as of December 31, 2016

Organizational Unit (\$000)	Approved Budget ¹	Revised Budget as of 12/31/2016	Expended as of 12/31/2016			Expended as % of Rev. Budget	Expended as % of Appr. Budget
			PC	NPC	TOTAL		
Board of Governors	4,498	4,582		3,203	3,204	69.9%	71.2%
Board of Executive Directors	22,306	22,436	19,224	2,099	21,324	95.0%	95.6%
Independent Consultation and Investigation Mechanism	2,542	2,542	940	1,187	2,127	83.7%	83.7%
Office of Evaluation and Oversight	9,148	9,286	5,207	3,024	8,230	88.6%	90.0%
Sub-Total	38,495	38,846	25,371	9,513	34,885	89.8%	90.6%
Administrative Carryover for BOG, EXD, MEC & OVE ²	591	240					
Sub-total BOG, EXD, MEC & OVE	39,086	39,086	25,371	9,513	34,885	89.3%	89.3%
Management Discretionary Items							
Office of the President	4,055	5,146	4,270	860	5,130	99.7%	126.5%
Office of Institutional Integrity	3,259	3,290	2,159	1,062	3,221	97.9%	98.8%
Office of the Executive Vice President	2,481	2,308	1,944	197	2,141	92.7%	86.3%
Office of the Executive Auditor	5,260	4,945	4,181	550	4,731	95.7%	89.9%
Office of External Relations	11,825	11,802	7,733	4,042	11,775	99.8%	99.6%
Office of Outreach and Partnerships	11,755	11,364	7,592	3,472	11,064	97.4%	94.1%
Office of Risk Management	7,758	7,814	4,349	3,394	7,743	99.1%	99.8%
Office of the Secretary	12,619	12,501	9,677	2,358	12,035	96.3%	95.4%
Office of Strategic Planning and Development Effectiveness	11,059	9,228	5,174	3,856	9,030	97.9%	81.7%
<i>SPD - Development Effectiveness Transactional Budget</i>		909		905	905	99.6%	
Office of Ethics	1,839	1,829	1,329	499	1,829	100.0%	99.4%
Micro, Small and Medium Enterprise Unit	3,993	3,917	2,797	704	3,501	89.4%	87.7%
<i>MIF/MSM - Operational Support Budget [Transactional]</i>	451	451		187	187	41.4%	41.4%
Sub-total Strategic Core Departments	76,355	75,504	51,204	22,088	73,292	97.1%	96.0%
Vice Presidency for Countries	4,404	4,013	2,843	1,166	4,009	99.9%	91.0%
<i>VPC - Operational Support Budget [Transactional]</i>	32,874	1					
<i>VPC Resources - Operational Support Budget [Transactional]</i>		3,889		3,848	3,848	98.9%	
Country Department Haiti	5,288	5,229	2,439	2,730	5,169	98.8%	97.8%
Country Department Southern Cone	20,685	18,609	9,534	9,031	18,565	99.8%	89.8%
Country Department Central America, Mexico, Panama, and the Dominican Republic	25,464	25,877	15,875	9,999	25,874	100.0%	101.6%
Country Department Andean Group	16,126	15,791	10,068	5,677	15,746	99.7%	97.6%
Country Department Caribbean Group	15,613	15,457	9,613	5,838	15,451	100.0%	99.0%
Operations Financial Management and Procurement Services Office	18,706	18,263	16,473	1,762	18,235	99.8%	97.5%
Sub-total Vice Presidency for Countries	139,159	107,129	66,846	40,051	106,897	99.8%	76.8%
Vice Presidency for Sectors and Knowledge	3,404	3,364	2,697	667	3,364	100.0%	98.8%
<i>VPS - Operational Support Budget [Transactional]</i>		28,086		27,822	27,822	99.1%	
Environmental Safeguards Unit	7,100	6,045	4,037	1,940	5,977	98.9%	84.2%
Department of Research and Chief Economist	9,538	9,593	5,249	4,158	9,407	98.1%	98.6%
Infrastructure and Environment Sector	44,011	32,140	26,964	4,827	31,791	98.9%	72.2%
Social Sector	27,911	28,112	22,220	5,885	28,105	100.0%	100.7%
Institutions for Development	40,204	36,591	31,298	5,201	36,499	99.7%	90.8%
Knowledge and Learning Sector	15,052	16,111	6,209	9,877	16,086	99.8%	106.9%
Integration and Trade Sector	12,593	12,904	6,736	6,111	12,847	99.6%	102.0%
Climate Change and Sustainable Development Sector		11,087	9,578	1,460	11,038	99.6%	
Sub-total Vice Presidency for Sectors and Knowledge	159,812	184,033	114,988	67,948	182,935	99.4%	114.5%
Sub-total VPC & VPS Departments	298,971	291,162	181,834	107,999	289,833	99.5%	96.9%
Vice Presidency for Finance and Administration	1,748	1,731	1,525	203	1,728	99.8%	98.8%
Mediation Office	536	491	360	125	486	98.9%	90.5%
Finance Department	23,220	23,595	15,685	7,867	23,553	99.8%	101.4%
Human Resources Department	17,657	20,039	11,810	8,212	20,022	99.9%	113.4%
Information Technology Department	44,289	47,262	15,216	32,031	47,247	100.0%	106.7%
Budget and Administrative Services Department	28,056	27,920	9,257	18,375	27,632	99.0%	98.5%
Legal Department	8,633	8,986	7,417	1,561	8,978	99.9%	104.0%
Sub-total Vice Presidency for Finance and Administration	124,140	130,024	61,270	68,375	129,644	99.7%	104.4%
Sub-total Strategic Core, VPC, VPS & VPF Departments	499,466	496,690	294,307	198,461	492,769	99.2%	98.7%
Bankwide ³	7,937	5,897	2,392	1,973	4,365	74.0%	55.0%
Sanctions Office	843	943	460	474	934	99.0%	110.8%
Funded Salary Increase	1,407	1,626					
Sub-total Bankwide, Sanctions Office, and Funded Salary Increase	10,187	8,466	2,852	2,447	5,299	62.6%	52.0%
Staff in Transition & Reassignment	1,200	1,626	1,577	2	1,580	97.2%	131.6%
Termination Payments	1,500	4,587		4,444	4,444	96.9%	296.3%
Central Accounts	11,210	9,080		7,292	7,292	80.3%	65.0%
Benefits Centralization, Previous Year Accounts, and others ⁴		9,218	738	(357)	381	4.1%	
Ethics/Conduct/Grievance Systems Reforms	472	226		194	194	85.9%	41.0%
Sub-total	14,382	24,736	2,316	11,574	13,890	56.2%	96.6%
Administrative Carryover for HQS & COF ²	8,039	2,181					
Sub-total Management Discretionary Items	532,074	532,074	299,475	212,483	511,958	96.2%	96.2%
BANK TOTAL (BOG, EXD, MEC, OVE, Management Discretionary & Carryover)	571,160	571,160	324,846	221,996	546,842	95.7%	95.7%

¹ As per Board approved (GA-261-4).

² Includes for 2016 Regular Carryover of \$8.6 million (\$8.0 million for HQS & COF and \$591 thousand for BOG, EXD, MEC & OVE).

³ Includes: Administrative Tribunal, Staff, Family and Retirees Association, Office of the Ombudsperson, Young Professionals, Internship Program, Staff Relations and Staff on Secondment.

⁴ Includes: Central benefits, Departments end of year surplus, variable pay, and Other Centrally Paid Administrative Expenses.

Annex C.1. RBB Historical Trends 2012-2016 – Operations Main Business Functions

Operations Main Business Functions (\$000)	Actuals					% Variance 2012 vs. 2016
	2012	2013	2014	2015	2016	
Stakeholder Engagement	\$40,704	\$41,529	\$44,110	\$51,065	\$51,536	27%
Approval amount of client support technical cooperation (in millions of USD)	\$75.0	\$128.5	\$103.7	\$98.1	\$104.8	40%
Number of client support technical cooperation approvals	186	238	234	245	215	16%
Disbursement amount of client support technical cooperation (in millions of USD)	\$61.4	\$74.2	\$82.4	\$85.3	\$97.6	59%
Number of client support technical cooperation in portfolio	518	578	613	661	662	28%
Percentage of client satisfaction with country strategies	72%	75%	85%	65%	n/a	
Percentage of client satisfaction with SG loans	87%	87%	90%	93%	91%	5%
Percentage of client satisfaction with technical cooperations	80%	87%	88%	90%	89%	11%
Strategy and Programming	\$9,936	\$10,067	\$10,566	\$12,245	\$12,173	23%
Number of country strategies approved by the Board	8	4	4	6	5	-38%
Number of country programming documents delivered to the Board	52	26	26	26	26	-50%
Percentage of new approvals strategically aligned with the social inclusion and equality challenge of the UIS					55%	
Percentage of new approvals strategically aligned with the productivity and innovation challenge of the UIS					56%	
Percentage of new approvals strategically aligned with the economic integration challenge of the UIS					20%	
Percentage of new approvals strategically aligned with the gender equality and diversity cross-cutting theme of the UIS					20%	
Percentage of new approvals strategically aligned with the sustainability and climate change cross-cutting theme of the UIS					28%	
Percentage of new approvals strategically aligned with the institutional capacity and rule of law cross-cutting theme of the UIS					45%	
Percentage of lending for small and vulnerable countries	43%	35%	36%	50%	37%	-14%
Percentage of lending for poverty reduction and equity enhancement (CRF Target: 50%)	44%	50%	45%	57%		-100%
Percentage of lending for climate change initiatives (CRF Target: 25%)	33%	20%	33%	35%		-100%
Percentage of lending for regional cooperation and integration (CRF Target: 15%)	16%	33%	30%	26%		-100%
Preparation	\$41,020	\$37,903	\$39,735	\$42,762	\$39,836	-3%
Approval amount of SG loans (in billions of USD)	\$9.3	\$11.3	\$10.3	\$8.5	\$8.9	-4%
Percentage of SG operations with impact evaluation design	38%	48%	43%	43%	51%	34%
Supervision	\$81,429	\$91,306	\$95,442	\$108,245	\$88,372	9%
Disbursement amount of SG loans (in billions of USD)	\$5.9	\$8.4	\$8.0	\$8.5	\$8.3	41%
Number of SG operations active in portfolio	622	648	633	627	608	-2%
Percentage of SG operations in "satisfactory" status	61%	75%	69%	69%	n/a	
Percentage of SG portfolio in "alert" status	23%	14%	17%	14%	n/a	
Percentage of SG portfolio in "problem" status	11%	10%	13%	16%	n/a	
Knowledge Development	\$33,052	\$34,065	\$34,095	\$38,856	\$40,049	21%
Number of economic sector work deliverables	395	385	349	425	409	4%
Approval amount of research & dissemination technical cooperation (in millions of USD)	\$34.0	\$62.8	\$54.6	\$51.0	\$38.7	14%
Number of research & dissemination technical cooperation approvals	68	119	80	79	82	21%
Disbursement amount of research & dissemination technical cooperation (in millions of USD)	\$35.9	\$42.5	\$50.4	\$50.5	\$42.0	17%
Number of research & dissemination technical cooperation in portfolio	238	290	294	289	280	18%
Percentage of economic sector work deliverables completed	102%	121%	97%	91%	91%	-11%

Notes: SG - Sovereign Guaranteed; UIS - Update to the Institutional Strategy 2016-2019; n/a - not available
When an indicator was not in effect for a given year there is no data present for that period.
Technical cooperation figures include all funds and operation type TCP for operational vice-presidencies (excluding MIF).
Loan approval and disbursement amount figures include ordinary capital resources only.

Annex C.2. RBB Historical Trends 2012-2016 – Corporate Main Business Functions

[illegible]

Annex D. Key Main Business Functions Description

Operations Main Business Functions	
Stakeholder Engagement	Products and activities related to the Bank's strategic outreach and cooperation with stakeholder, partners, and donors.
Strategy and Programming	Products and activities related to the preparation of sector inputs for the design and implementation of country/regional strategies, management of country and regional programming.
Origination	Activities related to business development, leading to new private sector operations and/or products.
Preparation	Products and activities related to the design and obtaining approval of operations to finance economic and social development through lending and grants to public entities.
Supervision	Products and activities related to the oversight, management, and execution of Bank operations (including portfolio monitoring, disbursement management, restructuring, and project completion activities).
Knowledge Development	Products and activities related to the generation of institutional capacity supporting country and sector knowledge across the Bank. Includes: economic studies, macroeconomic assessments, advisory and knowledge services, Economic and Sector Work (ESW), research and dissemination technical cooperation.

Corporate Main Business Functions	
Corporate Services	Services delivered across the Bank that encompass the efficient use and management of human and financial resources, and the effective provisioning of services to support the operations of the Bank.
Corporate Governance	Processes and mechanisms through which objectives are set and pursued, including monitoring of actions, policies and decisions of corporate affairs.
Learning and Collaborative Knowledge Management	Products and services whose primary objective is to respond to the Bank's needs in terms of training and human capital development, knowledge management, sector strategies, action plans and tools to support Bank operations.
Capital Improvements Management	Products and activities related to the design and implementation of capital projects.

Annex E1. Approved Capital Budget for Headquarters 2017-2019

Headquarters (\$000)	Estimated Total Cost	Approved until 2015	Approved 2016	Approved for 2017	Estimated for 2018	Estimated for 2019	Future Recurrent Admin. Costs Upon Project Completion
Continuing Projects							
CP-F5037 Furniture Replacement Project 2014-16	660	400	100	100			
CP-F5038 HQS Office Space Modification 2014-16	1,625	1,000	250	250			
CP-F5042 A/C Equipment Replacement for Critical Systems	1,747	100	600	100			
CP-F5043 HQS Security Infrastructure Improvements	2,368	500	100	1,768			17
CP-F5047 Ashburn Power Redundancy	2,300		50	1,950			36
CP-F5048 1330 Facilities Improvements	1,800		50	1,250	500		
Sub Total Continuing Projects	10,500	2,000	1,150	5,418	500		53
New Projects							
CP-F5052 HQS Parking Areas Restoration	2,700			100	2,600		15
CP-F5055 HQS Office Space Modification 2017-19	1,500			250	300	500	
CP-F5058 HQS Furniture Replacement Project 2017-19	600			100	100	200	50
CP-F5060 Ortiz Mena and Cecilio Morales Board Rooms AV/SI, Technology and Facilities Renovation	2,270			150	900	1,220	5
CP-F5062 Ashburn Conference & Training Improvements - Phase II	2,160			200	1,960		300
CP-F5066 1300 UPS and Battery Replacement	350			350			
CP-F5056 Cultural Center Gallery Renovation	790					100	244
CP-F5057 Bank-wide Space Maximization and Collaborative Workplace, Phase II	14,500					3,000	
CP-F5059 Building Exterior and Skylight Restoration	1,300				100	1,200	
CP-F5063 Ortiz Mena and Cecilio Morales Board Rooms HVAC Equipment	675				75	600	
CP-F5064 HQS Building Exterior Safety	1,875				75		
CP-F5065 1300 Roof Replacement	2,900				100	300	20
Sub Total New Projects	31,620			1,150	6,210	7,120	634
Total	42,120	2,000	1,150	6,568	6,710	7,120	687

Annex E2. Approved Capital Budget for Country Offices 2017-2019

Country Offices (\$000)	Estimated Total Cost	Approved until 2015	Approved 2016	Approved for 2017	Estimated for 2018	Estimated for 2019	Future Recurrent Admin. Costs Upon Project Completion
Continuing Projects							
CP-F5002 Brazil Maximization Scope Update	7,997	4,100	2,400	697			24
CP-F5003 Trinidad & Tobago Expansion	6,812	5,000		550			65
CP-F5007 Jamaica - Kingston Replacement - Scope Update	13,645	8,000	2,500	1,202	1,660	283	227
CP-F5012 Bundled II (COF Capital Improvements)	6,602	5,102	550	100			
CP-F5045 Guyana - Remediation and Assessment	1,500	750	450	300			234
CP-F5046 Dominican Republic -Replacement	14,028	11,000	1,528		1,500		50
CP-F5050 Colombia Maximization	4,863		1,000	3,863			
CP-F5051 COF Furniture Replacement Project 2016-18	2,400		100	400	1,000	800	50
Sub Total Continuing Projects	57,847	33,952	8,528	7,112	4,160	1,083	650
New Projects							
CP-F5053 O&M Bundle III	7,424			700	1,642	1,603	
CP-F5061 Service Center in Costa Rica Phase II	6,518			500	4,000	2,018	120
CP-F5067 COF Argentina Replacement	10,500			1,250	9,250		22
Sub Total New Projects	24,442			2,450	14,892	3,621	142
FY16 Approved Projects with no continued funding			430				
Total	82,289	33,952	8,958	9,562	19,052	4,704	792

Annex E3. Approved Capital Budget for Information Technology 2017-2019

Information Technology (\$000)	Estimated Total Cost	Approved until 2015	Approved 2016	Approved for 2017	Estimated for 2018	Estimated for 2019	Future Recurrent Admin. Costs Upon Project Completion
Continuing Projects							
CP-I0296 BDA Integrated Services Management Solution	754	404	128	222			148
CP-I0318 Web Upgrade and Migration	2,965	675	600	808	682		100
CP-I0321 Telephony Upgrade	2,493	773	800	307	296		128
CP-I0322 Personal Computer Renovation	14,000	3,000	4,500	3,233	2,950		
CP-I0323 BI Tools and Data Warehouse Rationalization	1,700	500	700	500			390
CP-I0325 IT Infrastructure Lifecycle Refresh and Upgrade 2016	2,900		2,415	485			
CP-I0326 Security Renewal Program 2016	985		650	335			475
CP-I0327 IDB Unified Remote Access for Partners	600		450	150			229
CP-I0330 Enterprise Identity Governance and Secure Access Management	1,800		850	665	285		55
CP-I0333 Enterprise Mobile Computing 2016	600		300	300			180
CP-I0336 Loan Financial Management and Cash Management Solutions Renewal Program	14,500		3,000	6,500	5,000		1,700
CP-I0337 New Governors's Extranet & Website	650		250	280	120		45
CP-I0364 Local Currency Implementation Project	3,000		1,000	1,150	850		206
CP-I0365 Repurchase Agreements (REPO) Short-Term Investments	1,500		650	595	255		295
Sub Total Continuing Projects	48,447	5,352	16,293	15,530	10,438		3,951
New Projects							
CP-I0338 IT Security Program	3,100			750	1,250	1,100	212
CP-I0339 IT Infrastructure Lifecycle Refresh and Upgrade Program	5,500			2,000	2,000	1,500	
CP-I0341 End User Computing Upgrade	720			720			
CP-I0360 Corporate Solutions (Process Improvement and Technology Upgrade) Program	7,750			2,750	2,500	2,500	
CP-I0361 Operations Solutions (Process Improvement and Technology Upgrade) Program	8,350			3,000	2,850	2,500	
CP-I0369 Cloud Risk Security Program	925			380	365	180	572
CP-I0370 Increasing the findability and openness of the Bank's data and knowledge	1,995			700	750	545	208
CP-I0371 IDB Audience Intelligence	1,400			100	700	600	350
CP-I0373 Connecting People, Learning and Knowledge	1,290			750	500	40	140
CP-I0374 IDB Group Declaration of Interest Technology Replacement	370			370			79
CP-I0375 Balance Sheet Stress Testing and Dashboard Reporting	1,925			550	1,375		
CP-I0376 SWIFT System Upgrade	300			300			
CP-I0377 Business Intelligence Program	2,900			500	1,400	1,000	200
CP-I0378 Country Office Audio Visual Equipment Renewal	1,200			300	300	300	
CP-I0342 Authentication Solution Revamp for Web applications	1,000					800	75
CP-I0345 Enterprise Mobile Computing Program	875					475	40
CP-I0349 Testing Framework and Application Implementation	500				500		60
CP-I0350 Foundational Integration Components for Operations, Corporate and Treasury	1,500					500	60
CP-I0363 Treasury and Risk Solutions (Process Improvement and Technology Upgrades) Program	4,500					2,500	
CP-I0372 Treasury Management System Replacement	9,500					6,400	
Sub Total New Projects	55,600			13,170	14,490	20,940	1,996
FY16 Approved Projects with no continued funding ^{/1}			18,970				
Total	104,047	5,352	35,263	28,700	24,928	20,940	5,947

^{/1} Includes \$17 million of the 2016 Approved Capital Budget assigned to Program Optima

Annex F. Acronyms

ABB	Agenda for a Better Bank
AUG	Office of the Executive Auditor
BDA	Budget and Administrative Services Department
BI	Business Intelligence
BOG	Board of Governors
BUFIPO	Budget and Financial Policies Committee
CAN	Country Department Andean Group
CareerPoint	Work Program and Performance Review System
CCAC	Composite Cost Adjustment Component
CIP	Corporate Input Product
COF	Country Office
ConSoc	Civil Society Consultative Group
CPD	Country Programming Document
CRF	Corporate Results Framework
CS	Country Strategy
CSC	Country Department Southern Cone
CSD	Climate change and Sustainable Development Sector
CW	Complementary Workforce
DEM	Development Effectiveness Matrix
DEO	Development Effectiveness Overview
DEVCOM	Development Committee
DOI	Declaration of Interest
DTC	Defined Term Contractual
DTF	Donor Trust Fund
EFS	External Feedback Survey
EMF	Employment Model Framework
ESG	Environmental Safeguards Unit
ESW	Economic and Sector Work Product
ETH	Office of Ethics
EVP	Office of the Executive Vice President
EXD	Board of Executive Directors
EXR	Office of External Relations
ezShare	Document Management System ezShare
FIN	Finance Department
FSI	Funded Salary Increase

FSO	Fund for Special Operations
GAP	Gender Action Plan
GDP	Gross Domestic Product
GRP	Project Risk Management
HC	Headcount
HCS	Human Capital Strategy
HQS	Headquarters
HRD	Human Resources Department
IAMC	Independent Assessments of Macroeconomic Conditions
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IDB-9	Ninth General Capital Increase
IIC	Inter-American Investment Corporation
IMF	International Monetary Fund
IMM	Income Management Model
INDC	Intended Nationally Determined Contributions
INDES	Inter-American Institute for Social Development
INT	Integration and Trade Sector
INTAL	Institute for Latin American Integration
IS	Institutional Strategy
IT	Information Technology
ITE	Information Technology Department
KNL	Knowledge and Learning Sector
LAC	Latin American and the Caribbean
LEG	Legal Department
LTFP	Long-Term Financial Projections
MBF	Main Business Functions
MDB	Multilateral Development Bank
MEC	Independent Consultation and Investigation Mechanism
MIF	Multilateral Investment Fund
MOOC	Massive Open Online Courses
NPC	Non-Personnel Costs
NSG	Non-Sovereign Guarantee Operation
OC	Ordinary Capital
OC-SDP	Ordinary Capital Strategic Development Program
OC SP	Ordinary Capital Special Program

OC/FSO	Ordinary Capital/Fund for Special Operations
OII	Office of Institutional Integrity
OPR	Operational Program Report
ORP	Office of Outreach and Partnerships
OVE	Office of Evaluation and Oversight
PBL	Policy-Based Loans
PC	Personnel Costs
PCR	Project Completion Report
PEC	Product External Services Contractual
PMR	Progress Monitoring Report
PMI	Parking Management Inc.
PPP	Public Private Partnership
PRE	Office of the President
PSG	Project Specific Grants
RBB	Results-Based Budgeting
REPO	Repurchase Agreements
RES	Department of Research and Chief Economist
RMG	Office of Risk Management
RPG	Regional Public Goods
SAP	Systems Application and Products in Data Processing
SCL	Social Sector
SDG	Sustainable Development Goals
SEC	Office of the Secretary
SEF	Social Entrepreneurship Fund
SEP	Social Entrepreneurship Program
SG	Sovereign Guarantee Operation
SLA	Service Level Agreement
SPD	Office of Strategic Planning and Development Effectiveness
SRP	Staff Retirement Plan
STC	Strategic Core
TC	Technical Cooperation
TTC	Temporary Term Contractual
TRAC	Treasury Risk Control, Compliance and Portfolio
TRF	Total Rewards Framework
TTC	Temporary Term Contractual
UIS	Update to the Institutional Strategy

USD	US Dollars
VP	Vice Presidency
VPC	Vice Presidency for Countries
VPF	Vice Presidency for Finance and Administration
VPS	Vice Presidency for Sectors and Knowledge