



2011 Partnership Report






In 2011, IDB's public and private
partners brought in more than

\$2 billion

to address development challenges in
Latin America and the Caribbean.



IDB, as the partner of choice for addressing development challenges in the LAC region, can help provide greater visibility, scalability and impact to our partners' efforts through its convening power, policy dialogue, specialized knowledge and vast network in 26 countries in the region.

IDB actively seeks to partner with public and private sector institutions. We believe that innovative, sustainable and effective approaches to combat poverty and promote sustainable growth require combined strengths of multiple actors.





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About this Report

The IDB's donor partners – public sector institutions, private enterprises and philanthropic organizations – are vitally important to achieving the Bank's goals in advancing sustainable development and reducing poverty throughout Latin America and the Caribbean. Their funding and activities are channeled through a range of specialized funds, project specific grants and co-financing arrangements that the Bank administers.

From the rebuilding effort in Haiti to the strengthening of critical social, infrastructure and financial institutions across the Latin American and Caribbean region, the IDB and its donor partners are collaborating on new and innovative ways to raise the level of participation and development effectiveness. This report provides a window into how those collaborations worked in 2011 and the impact they are having on economic and social progress throughout the region.

Who We Are

The IDB Group is composed of the Inter-American Development Bank (IDB), Multilateral Investment Fund (MIF) and the the Inter-American Investment Corporation (IIC).

Inter-American Development Bank (IDB):

Provides more financing to Latin America and the Caribbean than any other government-owned regional financial institution. With an average annual approval of \$11.9 billion, in 2011 the Bank approved a program of 167 projects with a total of \$10.9 billion in lending. Grant financing approvals, including investment grants, reached a total of \$404 million in 2011.

Multilateral Investment Fund (MIF):

The Largest donor for inclusive private sector development in Latin America and the Caribbean (LAC). MIF finances about 100 projects each year, with a total finance volume of about \$100 million.

Inter-American Investment Corporation (IIC):

Has pioneered the use of loans, grants and equity for small and medium-size enterprises (SMEs) for more than 25 years. The IIC focuses on providing medium and long-term financing for these companies either directly or through local financial institutions.

Message from the President

With each passing day, it becomes increasingly evident that this is an era of enormous possibility and opportunity in Latin America and the Caribbean. Financial, monetary and fiscal institutions across the region are sounder than they have ever been. New institutions and social policies are enabling governments to make real progress in reducing structural poverty and setting the stage for more robust human capital formation. As they become healthier and more educated, growing numbers of Latin Americans are joining the middle class.



In 2011, even in the midst of continuing global financial turmoil, the region has performed well. As a whole, the LAC economy grew by 4.5 percent in 2011 and accounted for 14 percent of global growth over the last two years, well above its historical average of 8 percent. Looking ahead, we can envision overall income in the region doubling between now and 2025, something that could cut the poverty rate by two-thirds.

To be sure, there remain a number of formidable challenges to address and obstacles to overcome. Despite its recent resilience, the region does not stand immune from the economic difficulties that continue to afflict major economies throughout the world, and the performance of the global economy is still a concern for LAC. On top of this, average income distribution is still the most unequal of any region, standardized testing shows that students are still underperforming their peers in other parts of the world, too many neighborhoods lack access to sanitation and proper health care, serious crime has reached unprecedented levels and the region's fastest growing cities are struggling to manage their development to ensure it is sustainable.

Finding ways to tackle these root causes is critical to enabling LAC countries to live up to their enormous potential as dynamic economies where opportunity and prosperity are broadly shared. This is where the Inter-American Development Bank, as both a lender and a specialist in development approaches, can have its largest impact. But whether the goal is better access to water, sanitation, health or education – or promoting regional integration, private sector competitiveness or poverty reduction – we know from experience that the IDB cannot work in a vacuum. The surest way to raising economic performance and reducing poverty is through innovative partnerships with a range of actors, from private companies, philanthropists and foundations to the public sector institutions in LAC and around the world that rely on the IDB's experience and comparative advantages in the region to help them advance their development objectives.

Within the pages of this report, you will discover how the IDB is working with a range of partners across many sectors to achieve broadly shared objectives for the Latin American and Caribbean region. I expect you will conclude that our institution has the expertise, the relationships, the flexibility and the innovative spirit to enable your development initiatives to take flight.

In partnership,

A handwritten signature in dark ink, consisting of a stylized 'L' and 'M'.

Luis Alberto Moreno
President

2011 Partnership Highlights

50+

new private sector partners joined IDB efforts in 2011 in more than 163 projects.

\$42 million

provided for Salud Mesoamérica 2015 by the Government of Spain as it joins an innovative partnership with the IDB, the **Bill and Melinda Gates Foundation** and the **Carlos Slim Health Institute**.

\$200 million

new trade finance credit line with China Ex-im Bank for Latin America and the Caribbean.

PepsiCo Foundation

became the first private sector organization to support an IDB trust fund with a **\$5 million** donation to facilitate access to water and sanitation.

\$14 million

mobilized with the **Secretary of Sports of Rio de Janeiro** to strengthen 18 “Vilas Olímpicas” by promoting social inclusion through sports activities in partnership with **Visa**, the **National Basketball Association**, **FC Barcelona** and **Colgate**.

\$125 million

was mobilized to Haiti projects, including \$52 million to revamp education, and a state of the art project management solution was developed to increase efficiency of the reconstruction efforts in partnership with **Microsoft**.

50 million

people got access to water, thanks to a \$27 million IDB partnership with **The Nature Conservancy**, the **Global Environment Facility** and **FEMSA**.

Australia

provided a **\$10 million** contribution to promote poverty reduction among historically disadvantaged populations.

\$9.4 million

in grants for climate change and renewable energy by the **Nordic Development Fund**.

47

institutional agreements were signed to renew and implement development solutions.

A One-Stop Shop for Co-operation: IDB's Office of Outreach and Partnerships

At the IDB we believe that finding innovative approaches in the region that are comprehensive and effective in combating poverty and promoting equitable growth, and which are sustainable and competitive, requires the combined efforts of many actors. That is why we offer exceptional opportunities for partnership in areas of high social impact, leveraging our unique position as the largest source of development financing for Latin America and the Caribbean.

Our specialized knowledge of the region, which gives the Bank an important edge in identifying needs and opportunities and creating synergies among development partners, is what makes the Bank a partner of choice for addressing the region's development challenges.

The Office of Outreach and Partnerships (ORP) was created in response to the Bank's growing importance at the center of the development ecosystem, as well

as to the need for specialized assistance in aligning the activities of various actors. ORP operates as a single window to strengthen the Bank's dialogue and alliances with key partners, including donor governments, co-financing agencies, foundations, individual philanthropists and the private sector. With our commitment to innovation and to building a strong culture of flexibility, adaptability and client-focus, we work to "connect the dots" between development priorities, project goals and the interests of both public and private sector organizations.

For the opportunities in Asia and Europe, the IDB has offices in Tokyo and Paris to support your organization.

Talk to us and let us show you how the IDB can leverage your interest and resources into compelling and effective development solutions that make life better for people across the LAC region.

Bernardo Guillamon
*Manager of the Office of
Outreach
and Partnerships*



A Variety of Ways to Partner

IDB partners with institutions that provide financial and non-financial resources to the region.

Single Donor Trust Funds

The IDB administers a large number of single donor trust funds, many of which have been created to pursue targeted objectives along critical themes and issues. These trust funds are vital to the effectiveness of IDB programs throughout the LAC region, providing resources to supplement the Bank's lending with targeted grants and other financial instruments, and enabling the Bank to creatively leverage monies from multiple sources in order to craft innovative solutions to key development challenges. Donor trust funds at the IDB are a critical source of not only grant financing for technical cooperation and investment grants, but also of know-how, expertise and transfer of knowledge.

Multi-Donor Thematic Funds

The IDB's thematic multi-donor funds broadly reflect the region's priorities and the Bank's development strategies, with each fund focused on a specific area of development need – from water/sanitation and climate change to trade development, knowledge economy, disaster prevention and gender/diversity. The IDB itself often contributes to them in order to help attract support from other donors in both the private and public sectors. These multi-donor thematic funds have emerged as an important tool for generating grant financing opportunities and innovative approaches to improve quality of life, create opportunities for the majority and strengthen institutions needed by successful, modern societies. The projects they have championed have introduced the IDB and its partners to new constituencies and new beneficiaries, and many lay the groundwork for large-scale Bank investment programs.

Project-Specific Grants (PSGs)

IDB donors often provide support in the form of Project-Specific Grants (PSGs) and investment grants as additional sources of grant financing at the IDB. These are contributions administered by the Bank on behalf of one or more donors, public and private, to finance specific IDB projects, programs or other activities benefiting borrowing member countries. PSGs offer a level of flexibility that enables IDB and the donor to work together in project design and implementation, with a particular focus on scaling up successful interventions.

Promoting Social Investment to the Region

The IDB has positioned Latin America and the Caribbean in the main partnership platforms such as **World Economic Forum**, the **Clinton Global Initiative** and the **Global Philanthropy Forum** by making commitments, speaking on the main issues and opportunities for social investment in the region, and engaging others. Within the region, the IDB also works with organizations to promote and make social investment more strategic in the individual countries such as in Brazil with GIFE and IDIS, in Colombia with **Give to Colombia** and **Filantropia Transformadora**, and in Mexico with **CEMEFI**.

Financial Intermediary Funds (Global Funds)

The IDB is a key partner with other development agencies in a number of global thematic funds for which the Bank is an implementing agency. As such, the IDB is able to draw upon them to co-finance and/or leverage its own resources to assist its donor partners in harmonizing their activities toward important development goals. Currently, the Bank participates in four global funds: the **Haiti Reconstruction Fund (HRF)**, a partnership between the international community and the Government of Haiti to help finance post-earthquake reconstruction; the **Global Agriculture and Food Security Program (GAFSP)**, a multi-donor financial intermediary fund that addresses the underfunding of country and regional agriculture and food security strategic investment plans; the **Global Environment Facility (GEF)**, which provides grants to developing countries for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer and persistent organic pollutants; and the **Clean Technology Fund (CTF)**, which promotes scaled up financing for demonstration, deployment and transfer of low-carbon technologies with significant potential for long-term greenhouse gas emissions savings.

Co-Financing Arrangements

The IDB also partners with co-financiers to provide grants or reimbursable funds in two modalities: parallel or joint. Parallel co-financing is where the IDB and one or more co-financiers make separate grants or loans that complement each other in financing a larger common program. The co-financier provides its own execution, disbursement and evaluation mechanisms. Joint co-financing is where the IDB provides the co-financier with monitoring services for the co-financier's loan or grant. In 2011 the Bank's major cofinanciers were the **Japanese International Cooperation Agency (JICA)**, the **Korean Import-Export Bank (K-EXIM)**, the **European Investment Bank (EIB)**, the **International Finance Corporation (IFC)**, **Proparco**, the **World Bank**, the **Overseas Private Investment Corporation (OPIC)**, the **Export-Import Bank of China**, **CIDA**, **KfW Bankengruppe**, **USAID**, the **European Commission**, the **Caixa Econômica Federal** and **FINNVERA** of Finland.

“Soft Resources”

The IDB takes an inclusive view of the term “resources” and how they can be leveraged to meet development goals. Important to the Bank's efforts and goals are the knowledge, ideas and opportunities for technology transfer that are often the products of its strategic relationships with both public donors and private sector enterprises. For example, IDB partners with universities to generate joint knowledge products. In addition, these partnerships and collaborations can bring with them new opportunities to build greater public awareness and support for overall development initiatives in the region. While financing and grants remain the central focus of the IDB's work, the “soft resources” that many partners bring to the table in the form of visibility and knowledge are vitally important to elevate the value and effectiveness of projects.

In 2011, the Bank partnered with organizations such as **Abengoa**, **German Technical Cooperation**, **Deutsche Gesellschaft für Internationale Zusammenarbeit, GmbH (“GIZ”)**, **European Investment Bank**, **Korean Gas Corporation**, the **Korean Communications Commission**, **Global Health Corps**, **Grupo BBVA**, the **Export-Import Bank of Korea**, **Dewey & LeBoeuf LLP**, and the **US Department of Commerce**, all of whom provided secondees and professionals to the Bank. In addition, the Bank collaborated with Trust Fund Appointees from France, Germany, Japan, Spain, and the UK.

IDB Partners 2011

3M	Cafeteros de Colombia	Korea Trade-Investment Promotion Agency (KOTRA)	Save the Children
Accenture	Federation Internationale de Football Association (FIFA)	Korea Transport Institute	Schwab Foundation for Social Entrepreneurship
Accion Social	Felleskraft (Norway)	Korean Export-Import Bank (KEXIM)	SEBRAE
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	FIA Foundation	Latin Trade	Secretaria de Energia-Mexico
Agronomes et Vétérinaires Sans Frontieres	FINNVERA	Le Groupe Savoie	Sistema de Integración Centroamericana
Alcaldía de Cali	First Citizens Bank Limited	MasterCard Foundation	Spri
Alibaba	Food for the Poor	Microsoft Corporation	Sumitomo Mitsui Banking Corporation
American Red Cross	Fundação Dom Cabral	Ministerio de Economia y Hacienda de España	Swiss Agency for Development and Cooperation (SDC)
AusAID Australian Agency for International Development (AusAID)	Fundación Carolina	Ministerio de Finanzas de Austria	Switzerland-State Secretariat for Economic Affairs - SECO
B Lab Corporation	Fundación FC Barcelona	Ministerio de Hacienda Costa Rica	The Coca Cola Company
Banco Centroamericano de Integración Económica (BCIE)	Fundación Femsa AC	Ministerio de Hacienda de la Republica de Paraguay	The Export-Import Bank of China
Bank Im Bistum Essen eG (Germany)	Fundación Pies Descalzos	Ministry of Agriculture New Zealand	The Federation Internationale de Football Association FIFA
Bank of Tokyo-Mitsubishi	Fundación Real Madrid	Ministry of Finance, Republic of Korea	The Grameen Creative Lab
Barbados Tourism Authority	GE International	Ministry of Public Administration and Security of Korea	The Nature Conservancy
BBVA	Global Development Network (GDN)	Ministry of Strategy and Finance of Korea	The World Bank
Blue Orchard Finance S.A.	Global Health Corps	Ministry of the Economy, Finance, and Industry-France	Thunderbird
Brightstar Corporation	Goldman Sachs Foundation	Mitsubishi	The New York Forum Institute
Camargo Correa	Government of Barbados	Movimento Brasil Competitivo - MBC	Trilogy International Partners LLC
Canadian International Development Agency (CIDA)	Government of Finland	Municipio de Rio de Janeiro	U.S. Agency for International Development (USAID)
Center for Development Enterprise (CDE)	Government of Korea	Municipio del Alto	U.S. Chamber of Commerce
CHTA/CAST	Government of Switzerland	National Basketball Association (NBA)	U.S. Department of State
Citi Foundation	Grupo Camargo Correa	Netherlands Development Organisation (SNV)	UNASUR
Clinton Bush Haiti Fund	Happy Hearts Fund-HHF	Nordic Development Fund (NDF)	Unibanco
Clinton Foundation	Hivos	NovaCaixaGalicia	United Nations Environment Programme (UNEP)
Coldeportes	INCOFIN (Belgium)	OikoCredit	United States Department of Treasury
Coldeportes	Instituto Unibanco	OPEC Fund for Intl. Development (OFID)	Univision
Columbia University	Intel Corporation	Overseas Private Investment Corporation (OPIC)	VDK Spaarbank (Belgium)
Confederação Nacional da Indústria (CNI)	Intel Foundation	PepsiCo Foundation	Visa
Corporacion Andina de Fomento	International Aid Transparency Initiative	Petrobras	We are the World Foundation
Departamento Nacional de Estadística de Colombia	International Atomic Energy Agency	PricewaterhouseCoopers	
Department for International Development, U.K. (DFID)	International Federation of Accountants (IFAC)	Proparco	
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	International Finance Corporation	Quebec Housing Corporation	
Dutch International Guarantees for Housing Foundation	Itaú BBA	Quebec Ministry of Economic Development	
Ecopetrol S.A.	Itau Unibanco	Responsability	
European Commission	Japan Firefighters Association		
European Investment Bank	Japan International Cooperation Agency (JICA)		
Federación Nacional de	KFW Development Bank		

Includes entities that signed agreements with IDB and/or made in-kind contributions to IDB projects during 2011. Does not include some other private sector partnerships arrangements, including A/B loan program and non-sovereign-guarantee operations, or partners with whom IDB did not have a transaction in 2011.

Integrating Partnerships into the IDB's Work: Developments in 2011

There were 210 active partners in 2011.

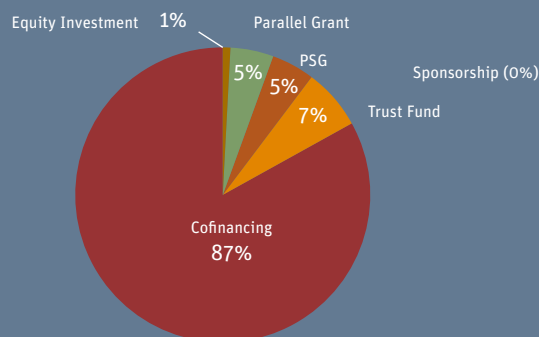
Total resources mobilized during 2011 amounted to \$2 billion – of which, approximately \$165 million went to trust funds and grant facilities, \$112 million was contributed through project specific grants, \$134 million in parallel grants and \$1.4 million was through sponsorships.

Nineteen partners contributed to trust funds, 46 partners to specific projects, 114 partners sponsored events and collaborated through parallel financing to programs and projects.

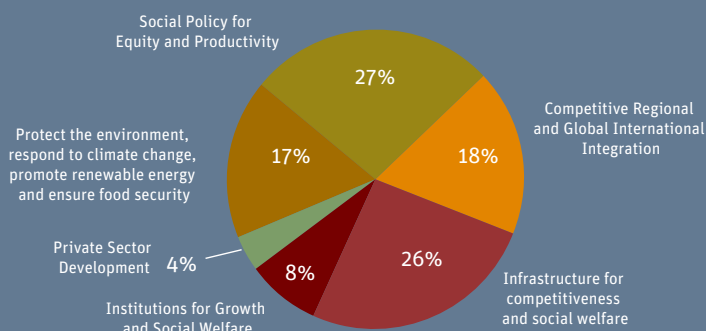
In 2011, the average size of operations remained at approximately \$500,000 (excluding investment grant operations).

Disbursements of grants in 2011 amounted to \$238 million, 42 percent more than in 2010.

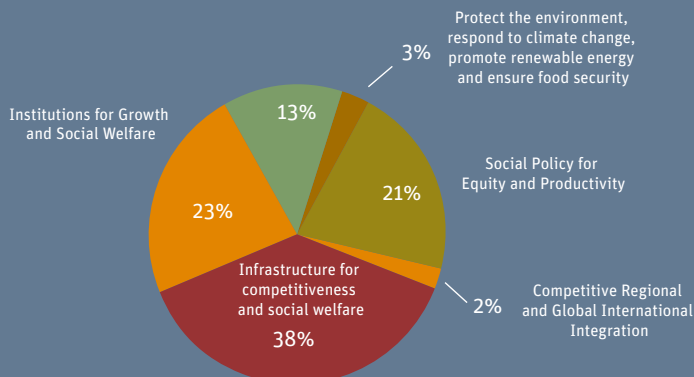
By Type of Financing



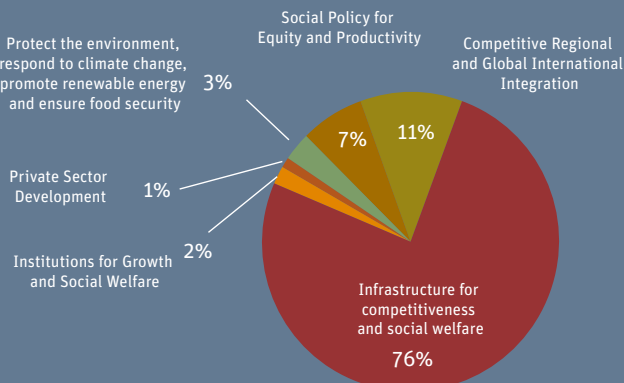
Contributions made to IDB's Sector Priorities



Total Contributions by Private



Total Contributions by Public



In the Spotlight 2011



Targeting the Base of the Pyramid: The IDB's Opportunities for the Majority

There are about 360 million low-income people in Latin America and the Caribbean, and together they comprise some 70 percent of the region's population. What if they were viewed not so much as an obstacle to development, but rather as a \$500 billion a year market for goods and services that can drive successful enterprises and overall business growth? That's the approach of the IDB's Opportunities for the Majority (OMJ) initiative. Since 2008, the Bank has invested more than \$150 million in OMJ to develop profitable business models to improve the delivery of such services and products for this lucrative "base of the pyramid." With donor participation, the program's special funding facility is now at \$250 million.

IDB Multi-Donor Thematic Fund

Market Solutions to Mobilize Social Change

OMJ's Market Solutions to Mobilize Social Change fund was created to support the shared commitment and approach of applying sustainable, innovative and market-based models to address market failures that directly affect low-income communities in Latin America and the Caribbean. Through this fund, OMJ is working to leverage resources to support innovative grants to address the needs of low-income populations, as well as the dissemination of lessons learned and good practices or what works and why with respect to base of the pyramid business models across the region.

A New Type of Partnership: Impact Investing for Development

Impact investing is an emerging type of investing conducted by high net worth individuals, foundations and asset managers, among others, focusing on profitable projects that also produce social and/or environmental benefits. While the term may be new, in many respects the IDB helped pioneer this “triple bottom line” approach many years ago, and the growing interest in it among private investors has brought with it promising new opportunities for the Bank to expand its activities and channel private capital to areas of longstanding development interest.

Today, there are four specific units of the IDB Group that work directly with impact investors. The IDB's Structured and Corporate Finance Department partners with investors to finance large-scale projects, while its Opportunities for the Majority unit invests in and supports innovative projects focused on base of the pyramid business models. Meanwhile, the Multilateral Investment Fund works closely with impact investors

on venture capital funds and is a major player in microfinance, while the Inter-American Investment Corporation directly finances the business development of small and medium-sized firms.

Over the course of 2010 and 2011, the Bank mobilized more than \$110 million from a dozen impact investors – including **Blue Orchard, Oikocredit, Incofin, responsAbility, Deutsche Bank Social Finance** and the **Calvert Foundation** whose overall goals are to support private sector projects and

businesses that seek to address social and environmental problems while also turning a profit. Seventy percent of these syndications have been in small and vulnerable countries including Ecuador, El Salvador, Honduras and Paraguay. In these deals, the IDB has acted as sole bookrunner and lead arranger and has invested \$146 million of its own resources. Projects that were financed through these means include those that will improve housing conditions for low-income populations, benefit female entrepreneurs, help small farmers become more productive and improve rural communities.

“Over the past year we have established a strong partnership with the IDB in which we participated in three of its syndicated loans. This partnership has allowed us to expand our lending operations to include some very high credit quality borrowers, engaging in activities that support microenterprises and SMEs that we most likely would not have been able to lend to directly.”

*Yolanda Chenet,
regional manager
for Latin America,
BlueOrchard*

In the Works for 2012

Boosting Venture Capital in LAC: A New “Fund of Funds”

Innovative entrepreneurs in LAC are advancing cutting edge technologies, new solutions to energy and climate change challenges, creative use of the region's biodiversity and products for the poor and for upwardly mobile populations. However, capital market development has not kept pace with the creativity of these entrepreneurs, and venture capital and start-up capital remain scarce. The IDB (MIF) is joining government and private leaders to develop region-wide initiatives to promote investment in innovative start-up firms in sectors with high impact potential.

The IDB and Microsoft:

A Pioneering Partnership

Microsoft was the IDB's first private sector partner for development in the LAC region. The relationship continues to grow through collaborations in areas such as youth development, education, e-government and ICT security.

In response to an enormously high jobless rate among people under 30 years of age – as well as the need to prepare Latin American youth for growing opportunities as knowledge workers and digital entrepreneurs and help them realize their potential, the two organizations in 2007 created the **Youth Fund**, which has provided \$1 million in grants and software donations to focus on youth leadership and job training programs in 16 countries.

In 2011, the Bank and Microsoft took its partnership on youth skills training to a new level when they announced a \$2.8 million joint initiative to finance job training programs for as many as 6,000 youth across the region. A centerpiece of this collaboration is the creation of a new **Youth Technology for Job Insertion Fund** to broaden information technology skills and economic opportunities for disadvantaged youth. The fund will provide grants to eligible non-profit organizations across Latin America and the Caribbean to finance capacity building, mentorship and labor insertion programs for youth. The **SES Foundation** in Buenos Aires, Argentina will serve as the regional executing agency for the fund and contribute an additional \$200,000.

“Tackling youth unemployment is an increasingly critical challenge for the public and private sectors. Our new partnership initiative with the IDB is aimed at improving livelihoods and providing the real skills necessary for greater economic opportunities for Latin American and Caribbean youth.”

*Hernán Rincón,
President for
Microsoft Latin
America.*

The IDB and the PepsiCo Foundation:

A Deepening Relationship is Taken to a New Level

The IDB's partnership with the international food and beverage company **PepsiCo** was launched in 2010 with an agriculture initiative that seeks to significantly expand commercial sunflower production grown by small Mexican farmers, through the IDB's Opportunities for the Majority Initiative. In 2011, this relationship broke new ground as the PepsiCo Foundation became the first private-sector organization to support an IDB thematic trust fund, with its \$5 million contribution to the AquaFund, as part of a new landmark partnership with IDB to spur social and economic growth in 26 countries across Latin America and the Caribbean.

With its contribution to the AquaFund, the PepsiCo Foundation has joined the IDB's effort to invest in strategic social development initiatives around safe access to water and sanitation that will yield tangible economic benefits for a wide range of communities in the region. Collaboration between the two institutions also includes a \$500,000 contribution from the PepsiCo Foundation to combat Neglected Tropical Diseases (NTDs) in the region. And the partnership will expand on successful projects across the region, such as expanding to more countries a program launched two years ago in Peru and Colombia to help waste collectors generate a sustainable income stream by creating a sustainable market for recycled materials.

PepsiCo's initial project with IDB, launched in Mexico, is an agriculture initiative that seeks to create a sustainable market for sunflowers – a once-thriving commercial crop which has diminished in recent years – while providing loans and a source of income for some 850 Mexican farmers and their families. For PepsiCo, the sunflowers will provide a source of heart-healthy high-oleic sunflower oil (HOSO) for cooking potato chips, biscuits, nuts and other snacks PepsiCo produces in Mexico under the Sabritas and Gamesa-Quaker brands.

PepsiCo has committed to purchase 100 percent of the crop, for an estimated \$52 million over seven years. Additionally, PepsiCo will invest \$2.6 million to support crop management and to provide technical training to farmers. Financial partner **Citi**, an institution specializing in supply chain finance, will make available \$40.4 million for microloans to provide the farmers working capital.

“Our initiative to develop the Mexican sunflower market is a powerful example of how we can bring together the resources of public and private sectors to work together to deliver real value for local communities, for our consumers and for our business. We look forward to collaborating with the IDB on a wide range of sustainable development projects across the region.”

*Indra Nooyi,
Chairman and CEO,
PepsiCo*

The Ties that Help Drive LAC Development:

The IDB and Spain

Given its strong historical and cultural ties to the region, Spain is a key strategic partner and contributor to development cooperation in Latin America and the Caribbean. Within the framework of its partnership with the IDB, **Spain** has made an enormously generous contribution exceeding \$550 million in grants for water and sanitation projects in the region, while the IDB has provided about \$300 million in grants and loans while financing a large part of the project preparation and execution costs. Nearly four million people living in the region's low-income peri-urban and rural communities are expected to benefit from these projects. In 2011, Spain's wide ranging support to IDB initiatives

included a \$10.7 million contribution to the Multilateral Investment Fund (MIF), \$7 million to the Mesoamerican Health Facility (of its \$42 million commitment), a \$10 million grant co-financing for education reform in Haiti, \$25.5 million in loan co-financing for Nicaragua's National Sustainable Electrification and Renewable Energy Program and \$2.5 million for the IDB's multi-donor Disaster Prevention Trust Fund. Spain has also supported the IDB's Knowledge Economy Fund and its Reimbursable Fund on Climate Change and Rural Development.

Priorities for Latin America and the Caribbean

Social policy
for equity and
productivity.

Infrastructure for
competitiveness
and social welfare.

Institutions for
growth and
social welfare.

Competitive
regional and
global international
integration.

Protecting the
environment,
responding to
climate change,
promoting
renewable
energy and
ensuring food
security.



Social Policy

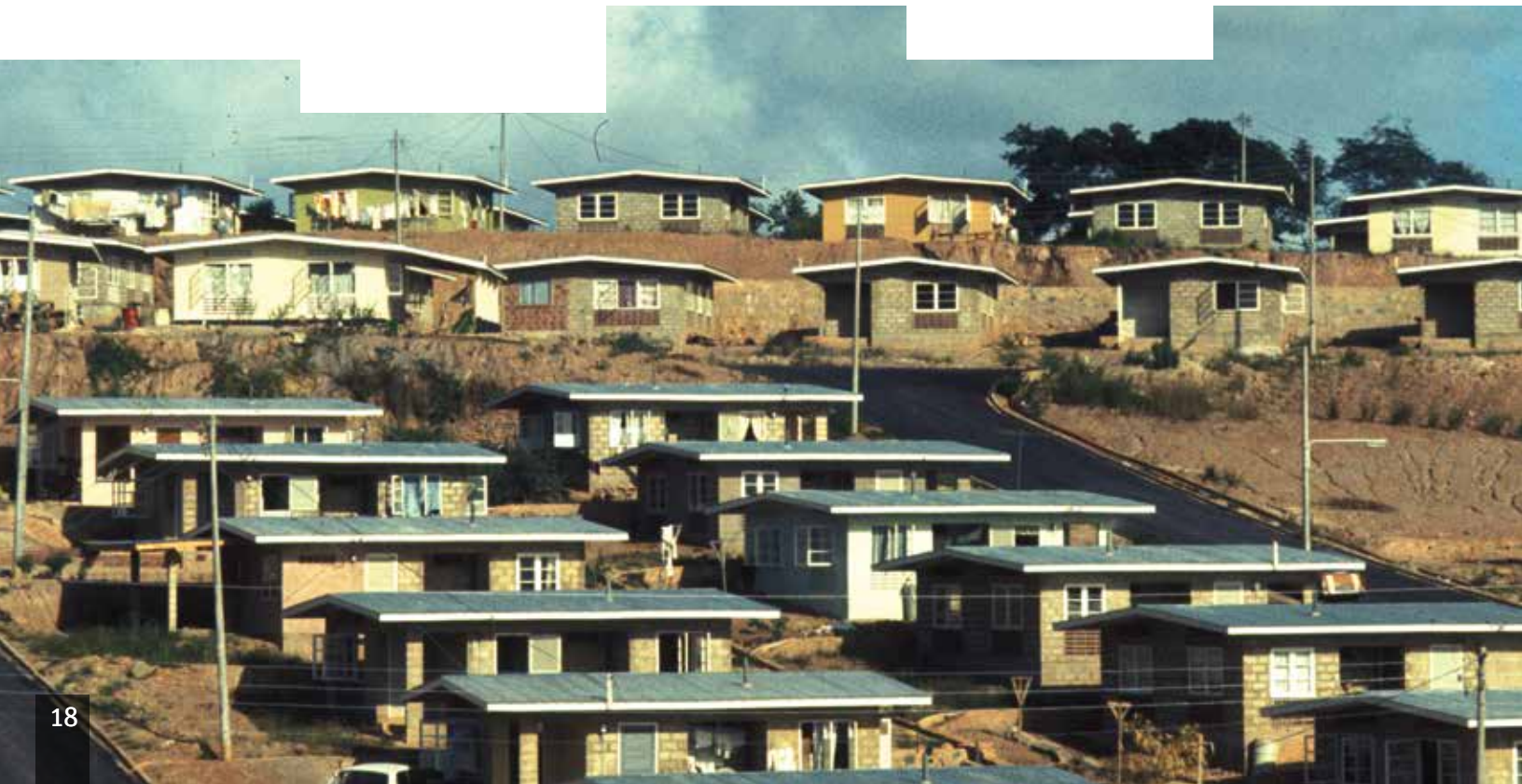
for Equity and Productivity

Partnering to expand opportunity, reduce poverty, improve education, build equality and achieve social progress

While there have been vast improvements over the past decade, Latin America and the Caribbean is still the world's most unequal region. For too many people, high levels of inequality pervade both opportunities and outcomes, exacting enormous social costs and suppressing economic growth. The region is also beset by low levels of productivity, which are hampering long term gains in real wages, which in turn are essential to sustained reductions in poverty in the region.

Accordingly, the IDB's strategic priority ***social policy for equity and productivity*** aims to give all people in the region the opportunity to become productive members of society. In order to achieve sustainable reduction in poverty and inequality, LAC countries need a new generation of social programs that foster equality of opportunities regardless of labor status, race, ethnicity or gender, with a focus on increasing the quality and

relevance of education, improving health outcomes, protecting households against risks, and ensuring a more effective and fair distribution of income while fostering increases in labor productivity.



Housing

In Nicaragua: Support for Families Who Build their Homes Gradually

In Nicaragua, as in other developing countries, most houses are built gradually as the families that own them are able to find the resources – a process that can take decades. A partnership involving the IDB, the **Dutch International Guarantees for Housing Foundation**, the Nicaraguan government and the **Central American Bank for Economic Integration** aims to create a new approach for supporting housing development in low-income communities. A key component of the program will focus on promoting the improvement and progressive construction of homes in which people already live, with those families getting subsidies for the purpose of making the improvements or to start building new units with contributions they themselves make through labor, materials, accumulated savings or financing that they are able to secure.

The program will also work with community organizations in neighborhoods lacking basic services, financing the provision of potable water, sewage systems, storm drains, public lighting, electricity or road infrastructure.

In 2011, the IDB approved \$20 million in financing to support the program, with further funding being provided by the other partners, and additional backing coming from the twin cities program for Nicaragua and **The Netherlands**. The program is expected to enable improvements to 4,250 existing homes while supporting progressive construction of another 4,000 new units. Local infrastructure will be improved for 4,000 families in neighborhoods lacking basic services and 5,000 families will get titles to their property as a result of the program.

Health

Salud Mesoamérica 2015: A Critical Health Partnership Moves Forward

Salud Mesoamérica 2015, a public-private partnership between the **Bill & Melinda Gates Foundation**, the **Carlos Slim Health Institute**, the **Government of Spain** and the IDB, is working to improve health outcomes in Central America and the State of Chiapas in Mexico. Targeted at women and the youngest children in the poorest 20 percent of the population, the program seeks to reduce the equity gap in coverage and quality of basic health services for millions of people living in poverty. The initiative applies an innovative, results-based financing approach to close health equity gaps in reproductive health, maternal and neonatal health, maternal and child nutrition, immunization and malaria and dengue.

Salud Mesoamérica 2015 now has \$142 million available to provide grants to countries and will leverage \$54 million in counterpart funding from governments, for a total of nearly \$200 million in investments for the target population. The funds will finance maternal, newborn, reproductive and child health services with emphasis on nutrition and vaccination for the poorest segments.

Over the course of 2011, governments in the sub-region have played a crucial role in the design of the initiative's first eight operations that will triple the existing per capital expenditure in many poor areas of the region.



Education

Equipping LAC Youth with Knowledge and Skills for the Future

The IDB works with borrowing countries to improve school systems and enable children and young people in Latin America and the Caribbean to obtain a high-quality education, develop their own potential and break the cycle of poverty in their communities. The success of this initiative is critical to the region's economic competitiveness and growth, which is firmly linked to the development of a strong, educated and productive labor force.

Despite recent progress, some 23 million school-age children in Latin America and the Caribbean are still outside the education system. A large portion of them live in extreme poverty, reside in remote areas or are Afro-descendant. Beyond the challenge of simply getting these children into school lies another problem that is widespread in the region, and that is poor student learning outcomes. Learning achievement in many LAC countries is lower than in other countries with similar per capita income levels, and that it is highly unequal across different socioeconomic groups.

The bottom line is that the current generation of the LAC region's young people, like those before them, are not acquiring the skills that are highly valued in the labor market or can enable them to move on to higher education – and which are crucial to building democratic, peaceful and nonviolent societies.



The IDB and the **Government of Costa Rica** are partnering with **Intel**, **Microsoft**, and **Cisco** on the ATC21S initiative, a global academic alliance led by the University of Melbourne that aims to better define the skills students will need to live and work in the 21st century – as well as how these skills can be effectively taught and measured.

IDB Multi-Donor Thematic Fund

Gender and Diversity Fund

The IDB's **Gender and Diversity Fund** promotes cross cutting strategies to foster equality and to fight discrimination and social exclusion due to gender, racial or ethnic origin.

Participating donors: Austria, Canada, Norway, UK

In the Works for 2012

In 2011, the IDB's Multilateral Investment Fund (MIF) invested \$3 million in Colombia's **Inversor** fund, a venture capital fund that will invest in companies that engage the population at the base of the socio-economic pyramid as consumers, service providers or employees.

In 2011, **Instituto Unibanco** and **Banco Itau BBA** entered into a partnership with the IDB to pilot a math tutoring program in Sao Paulo, marking the first time a foundation and corporation have joined with the Bank to improve education in Brazil.

New Employment Opportunities (NEO) partnership to bring new focus to the Job Skills Gap among Latin American Youth

There is an enormous paradox in the Latin American job market. On the one hand, 20 million young people in the region are not working and not in school. Yet, at the same time, a 2011 Manpower survey of 40,000 private companies across LAC found that fully half are struggling to find qualified employees. To address this, the IDB's Multilateral Investment Fund and the **International Youth Foundation** have created NEO, a partnership initiative aimed at foster alliances among private sector companies, governments and civil society organizations to boost job entry for disadvantaged youth in Latin America and the Caribbean. The goal is to integrate one million disadvantaged and unemployed young people – half of them young women – into the region's economy by equipping them with the technical and life skills they'll need to be employable, by helping governments in the region upgrade their investments in high-impact youth employment policies, and by rallying up to 1,000 private sector companies to get involved in job skills training for youth and by offering jobs and internships.

Sports for Development:

New Partnership Aims to Boost the Success of Youth

Across Latin America, more than one in five people aged 15 to 24 do not work or go to school. Millions more young people are trapped in informal or temporary jobs with no social protection or prospects for advancement. Studies have shown that unemployment can destroy a young person's productive potential and diminish future employment opportunities, largely by engendering low self-esteem and a sense of despair that can also lead to further social problems.

The IDB's Sports for Development partnership program seeks to build on the catalytic role that sports can have in children and youth, providing them with key training activities for conflict

resolution and violence prevention, education, health and also workplace skills to improve their employability – as well as building community cohesion and addressing a range of challenges that are related to social exclusion. Working with partners that have strong channels into the professional sports community and youth markets, the program strives to build interventions

to target large numbers of at-risk children and youth and to help them improve their self-esteem, employability and teamwork skills.

In 2011, the IDB program announced a number of new partnership initiatives that will leverage channels into the professional sports community and youth markets.

“This initiative will help highlight the unifying nature of sports and promote the core values of our game – hard work, dedication, teamwork and sportsmanship – which can help in the development of young people and have a lasting impact on communities.”

*Philippe Moggio,
Vice President for
Latin America,
National Basketball
Association*

Alliance for Sport and Development

As Rio de Janeiro prepares to host the 2014 World Cup and 2016 Olympic Games, the IDB is leading a partnership to promote social transformation through sports with the **FC Barcelona Foundation** the **National Basketball Association (NBA)** in the United States, **VISA**

and **Colgate**, with the goal of improving the lives of 4,000 underprivileged children and youth in the host city. This program is being developed in partnership with the Secretary of Sports of the city of Rio de Janeiro and the City

itself, which has worked jointly with the IDB on long term efforts to address conditions in the *Favelas*. The new alliance will strengthen 18 “Vilas Olímpicas” in Rio de Janeiro by promoting social inclusion through sports activities.



Football for Hope

With partners **FIFA** and **The Coca-Cola Company**, the IDB with the support of the **Government of Korea** launched the first *Football for Hope* program in Latin America to benefit 1,400 at-risk children in Ciudad Bolívar in Bogotá, Colombia, and in Siloe (Commune 20) Cali. The program will support social activities run by multidisciplinary teams of professionals, giving children greater opportunity not only to play organized football but also to develop social skills, core values and a healthy lifestyle. The program is supported locally by the mayors of Bogotá and Cali, the national government and strategic partners operating through the **Colombianitos Foundation** in Bogotá and the **SIDOC Foundation** in Cali. The program consists of interventions aimed at 700 children in each community, with the goal of using football to help them develop life skills and lead them away from life in the streets and its associated dangers. It is envisioned that resulting gains in addressing social problems such as drug abuse, juvenile delinquency and domestic violence will indirectly affect another 5,000 family members and neighbors in the communities.



“Children living in these areas do not have sports facilities, or access to recreational programs that can generate healthy habits. With Football for Hope we can make a difference and it is our commitment to contribute to the development of these vulnerable communities through the generation of active lifestyles. “

*Ricardo Cortez,
Manager for the
Andean Region,
The Coca-Cola
Company*

New in 2011

Australia and the IDB: A New Partnership to Combat Poverty in LAC

Historically, the **Government of Australia's** foreign assistance programs have been primarily focused on Africa and the Asia-Pacific region. In 2009, however, the government's international development agency AusAID extended its activities to Latin America by supporting an IDB/MIF program to provide business training to 10,000 women micro-entrepreneurs in Peru.

In 2011, the AusAID stepped up its commitment in the region as it joined with the MIF to establish a partnership fund to finance innovative poverty reduction projects in Latin America and the Caribbean.

The agreement calls for AusAID to contribute \$10.2 million, with the MIF providing a matching contribution. The new fund will give priority to the poorest countries of this region, with technical assistance grants focusing on financial inclusion projects that help historically disadvantaged populations and other groups lacking access to tools to overcome poverty. Leveraging the MIF's emphasis on microenterprises and small businesses, key areas of focus will be financial services, skills training, effective farming technologies and basic services.

Infrastructure

for Competitiveness and Social Welfare

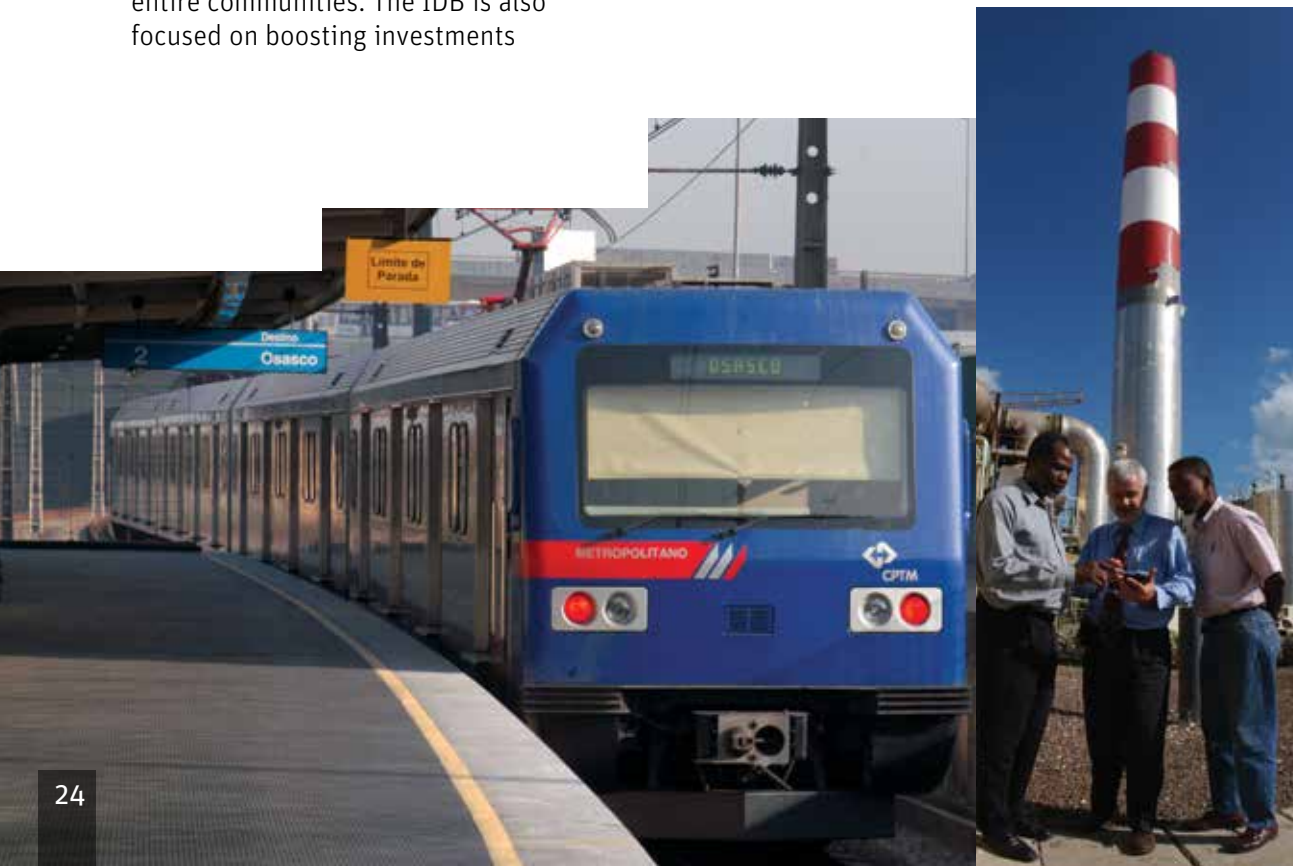
Partnering to Create Jobs, Improve Productivity and Enhance Services in Transportation, Water and Sanitation, Energy and Telecommunications

There is a critical need in Latin America and the Caribbean region to step up investments in productive infrastructure as a fundamental way of closing gaps with other emerging markets and ensuring sustainable growth for the long term. Among these, investments in transportation are among the most basic and critical – and have been for some time – given the enormous positive impacts that improved transport networks can have on lowering costs of doing business, ensuring balanced development and breaking geographical isolation for entire communities. The IDB is also focused on boosting investments

in infrastructure that is critical to raise basic household welfare, such as providing access to water and sanitation, these investments as well can raise the overall climate for growth, development and rising standards of living.

But the IDB's agenda also recognizes that new technologies such as those that create and deliver sustainable sources of energy and provide access to

modern telecommunications networks have also become critically important to raising labor and capital productivity, improving the quality of life and expanding opportunity in both rural and urban communities. Indeed, these have become essential to the infrastructure that is needed for firms to create and sustain jobs with higher labor productivity and to enhance their competitiveness in a globalized world.



The IDB's Water and Sanitation Initiative

In Latin America, more than one-fifth of the rural population does not have access to safe water and nearly half the population lacks adequate sanitation.


Studies show that access to water and sanitation services can reduce water-related diseases such as diarrhea and cholera by up to 80 percent. And according to the Pan American Health Organization, improved access to sanitation and water produces economic benefits that range from \$3 to \$34 per \$1 invested, increasing a country's gross domestic product by an estimated two percent to seven percent.

Consequently, water and sanitation is the biggest area of investment for the IDB, with some \$2 billion in annual investments in the Latin American and Caribbean region. The Bank's Water and Sanitation Initiative, launched in 2007, offers a new set of tools and flexible financing and has developed strategic guidelines, specific targets and special financial products to support solutions tailored to each country's needs – as well as a range of opportunities for public and private institutions to partner with the Bank.

Spanish Water Fund

The IDB and the **Government of Spain** have established a partnership to mobilize at least \$500 million in grants for projects to expand water and sanitation services to low-income people in the region. This partnership brings together the IDB's ample water and sanitation projects portfolio, the Bank's experience in this area, and its network of sector specialists in its country offices, and the vision and experience of Spanish cooperation. This has paved the way for the quick and efficient implementation of projects assigned top priority by the Bank's borrowing members.

The Fund provides grants for projects related to drinking water, sewage systems, wastewater treatment, urban rainwater drainage systems, water resources management, solid waste management (when it contributes to the sustainability of water and sanitation infrastructure) and efficiency and operations management. Grants are used for project preparation, strengthening of government entities and service providers, training and research, as well as to finance expansion and rehabilitation of services, and for wastewater treatment.



*One of Opportunities for the Majority's 11 approved projects in 2011 was a \$2 million loan to El Salvador's **Banco ProCredit**, aimed at improving access to potable water and sanitation in the country's rural and peri-urban areas.*

Going to the Source:

A Partnership to Protect Critical Watersheds

Grasslands, cloud forests, tropical rainforests and even deserts and dry forests provide the water that supports our lives. Their ecosystems capture, retain, filter and supply vast quantities of fresh water.

Yet many of these watersheds are under threats from pollution, development and climate change, leaving millions in the LAC region at the risk of disease due to the lack of clean water and threatening local businesses and economies that depend on it.

In recent years, private enterprises have taken a greater interest in finding cost-effective ways to preserve these critical watersheds because of their own need for safe and abundant supplies of water to drive their operations. Accordingly, the IDB is involved in a unique public-private partnership to establish a series of water funds aimed at protecting threatened resources that impact 50 million people in the region. In 2011, the Bank and the **Nature Conservancy**,

FEMSA Foundation and the **Global Environment Facility (GEF)** announced the creation of a Latin American Water Funds Partnership that will work to protect seven million

acres of watersheds in Ecuador, Colombia, Peru, Brazil, Mexico and other countries. FEMSA is the world's largest bottler of Coca-Cola soft drinks.

The partnership will mobilize investments of over \$27 million dollars to create, implement and capitalize at least 32 water funds in the region, supporting the conservation of more than seven million acres of watersheds.

"This partnership will bring benefits to millions of people in Brazil, Mexico, Colombia, and other Latin American countries in just five years. It is also a sound way of creating economic and social value at the same time, creating a legacy for future generations, which is at the core of our philosophy."

*José Antonio
Fernández, CEO,
FEMSA and
President of FEMSA
Foundation's Board*

IDB Multi Donor Thematic Fund

AquaFund

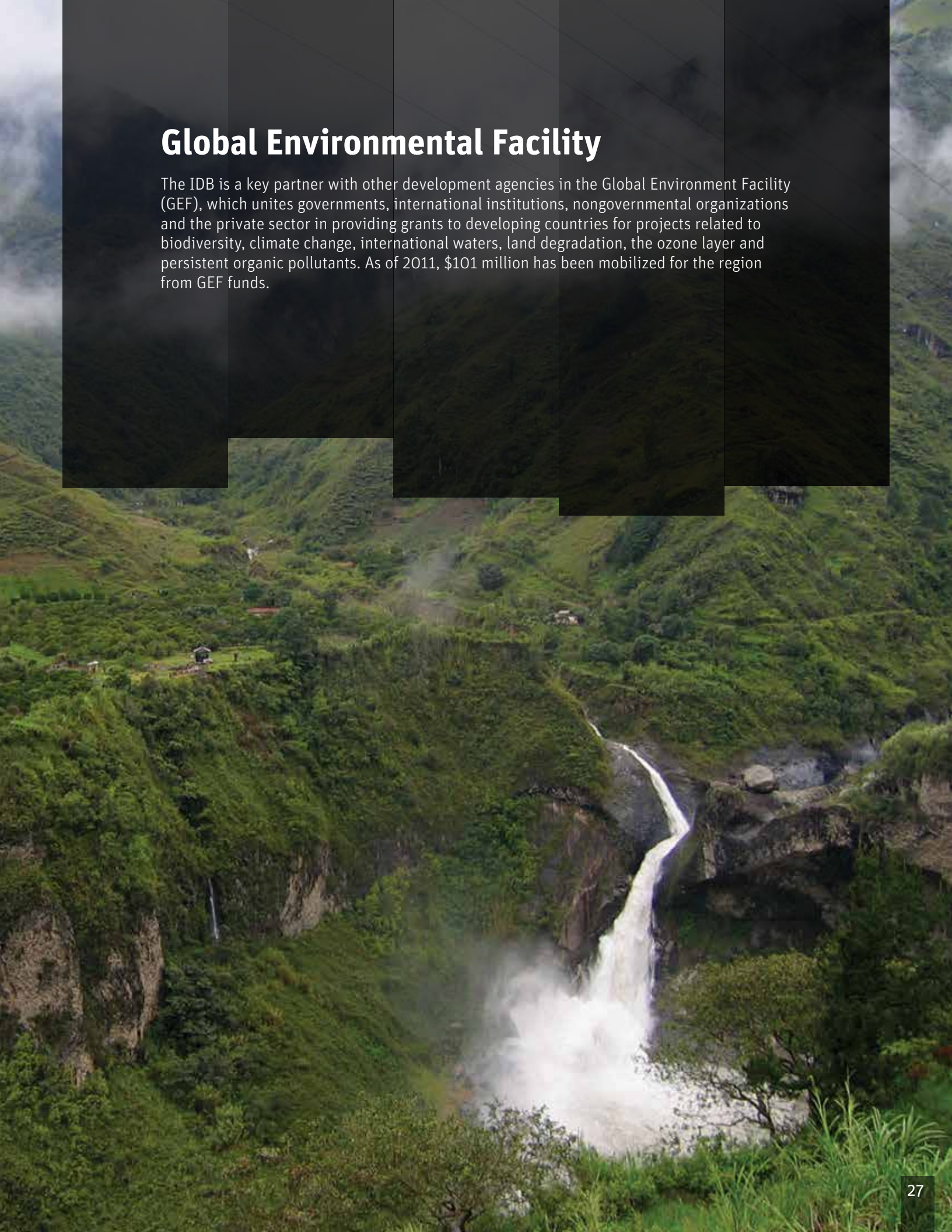
The AquaFund garners resources from the IDB, traditional public sector donors, and the private sector to provide much-needed funding for high-impact interventions in the water and sanitation sector and to assist in water resource planning and management at the municipal, state and national levels.

It looks to catalyze financing and technical assistance to cities and rural communities that are looking to build or improve their water and sanitation systems, as well as address the challenges of protecting water sources and providing adequate decontamination and treatment of their waste water. Priority is given to the poorest communities, with an eye toward initializing work on projects that can be scaled up with larger financing from the Bank and its donor partners.

Participating donors: IDB, Switzerland, Austria, PepsiCo Foundation.

Global Environmental Facility

The IDB is a key partner with other development agencies in the Global Environment Facility (GEF), which unites governments, international institutions, nongovernmental organizations and the private sector in providing grants to developing countries for projects related to biodiversity, climate change, international waters, land degradation, the ozone layer and persistent organic pollutants. As of 2011, \$101 million has been mobilized for the region from GEF funds.





IDB Multi-Donor Thematic Fund

Knowledge Economy Fund

The IDB's Knowledge Economy Fund seeks to bolster competitiveness in the region by developing and strengthening innovation systems and supporting key scientific, technological and business actors, so that they can become fully integrated participants in worldwide knowledge networks. Through links with leading companies and laboratories, the Fund works to promote and support the development of a scientifically and technologically literate labor force, technology infrastructure and services, and innovation-focused entrepreneurship. It seeks to work with countries in the region to strengthen education and skills training in essential areas such as math, science and technology, as well as to promote the inclusion of science and technology into their policy and programming agendas.

Participating donors: Finland, Spain

Energy

A Multi-donor Approach to Improving Electricity Service in Nicaragua

In Nicaragua, the National Sustainable Electrification and Renewable Energy Program (Spanish acronym PNESER) is seeking to enhance the quality of life for more 1.7 million Nicaraguans by reducing dependence on fossil fuel-generated electrical power, and to increase electricity coverage from 65 percent to 85 percent of the population. Not only is the IDB supporting this effort with loans totaling \$50.5 million, but also by coordinating up to \$400 million in additional external funding for PNESER through partnerships with

the **Nordic Development Fund, Korean Eximbank, Latin American Investment Facility, European Investment Bank, Central American Bank for Economic Integration, World Bank, International Finance Corporation and the Spanish Agency for International Development.**

With this support, over the next four years PNESER will provide service to 117,000 new households in more than 3,600 rural communities around the country. It will also normalize service for another

164,000 homes that currently have illegal connections to the power grid. The program will also support the construction of 214 kilometers of new transmission lines that will carry electricity generated by renewable resources such as wind and geothermal.

IDB Broadband Platform

Broadband has moved decisively to the center of the development agenda. In the global information age, it has become vitally important to economic and social progress in the LAC region. Broadband connectivity is now essential for almost any business, anywhere and of any size, to conduct operations, gain access to markets and to prosper. Access to and adoption of broadband services are critical to sustainable growth and job creation in both rural and urban communities, as well as to an ever-increasing standard of living for the population. Around the world and in LAC, widespread broadband adoption via computers and mobile devices is a proven catalyst for enhancing social inclusion by opening new doors to innovation in education and health care, and for improving government efficiency and transparency.

In 2011, the IDB worked to gather private sector partners from across the ICT, telecommunications and broadband industries, for the purpose of establishing a common industry position on the regulatory and economic framework that can help move broadband forward in the region and narrow significant gaps between LAC and industrialized regions of the world. The resulting statement and report, signed by 26 companies from across the industry, is expected to serve as a platform

for further dialogue between government officials and industry experts on a wide range of approaches for addressing barriers to more robust broadband deployment in the region. This partnership is also expected to serve as a catalyst for identifying and mobilizing funding for demonstration projects throughout the region to test and showcase the effectiveness of broadband in a variety of countries and sectors.

For its part, the IDB has financing available which governments and private sector can access to significantly leverage the results in an effort to accelerate the penetration and use of broadband, meeting the principles of universal access and affordable pricing.

The IDB, the U.K.'s Department of International Development (DFID) and the South Korean Government have teamed up to extend the IDEAS energy innovation contest to the Caribbean. IDEAS offers inventors and entrepreneurs cash prizes of up to \$200,000 for winning submissions of innovative projects and ideas promoting renewable energies, and improving energy efficiency and the access to energy.



Photo courtesy of Bill & Melinda Gates Foundation, Global Libraries Initiative

Institutions

for Growth and Social Welfare

Partnering for Greater Effectiveness and Accountability in Government and Markets

The presence of strong and effective civic and governmental institutions is a key determining factor of a country's development. There is ample evidence that countries that have benefited the most from economic reforms are those that have advanced the furthest in implementing successful institutional reforms. Effective regulatory capabilities are indispensable for the development of credit and financial markets which have a direct effect on the

emergence of strong private sector institutions. Equally important is the introduction of effective and socially balanced tax systems. Furthermore, the role of well-functioning institutions responsible for citizens' security and safety plays a critical role for democracy and social welfare.

The IDB works with both public and private sector partners across a variety of initiatives aimed at strengthening institutions across society and thereby laying the foundation for accelerated growth and development.





IDB Initiative

Leveraging Social Investors to Modernize Municipal Markets in El Salvador

What began with a \$10 million loan from the IDB's Opportunities for the Majority to help upgrade municipal markets throughout El Salvador became a showcase for impact investing, as the IDB brought in three social investors to nearly the double the overall loan amount.

El Salvador has more than 260 markets administered by municipal governments, and these are particularly important to women heads of low-income households, many of whom depend on them for selling food, fruits and vegetables, clothing and crafts. The three impact investors, **Oikocredit**, **VDK Spaarbank** (a Belgian Bank with a microfinance investment portfolio managed by **Incofin Investment Management**), and **BANK IM BISTUM ESSEN eG** have joined as B-lenders to the facility. Each is contributing \$3 million to a new facility that will be managed by the **Federation of Savings and Loan Associations and Workers' Banks (Fedecrédito)**, a privately-owned cooperative financial institution.

IDB Multi-Donor Thematic Fund

Anti-Corruption Activities Trust Fund

Supports innovative activities that further the institutional capacity of the Bank's borrowing member countries as a means to foster transparency and accountability.

Participating donor: Norway

The IDB's Road Safety Initiative

Road accident fatalities in the LAC region, already almost twice the world average, are projected to double over the next decade. Road accidents are the leading cause of death among 15- to 29-year-olds in the region, and the second leading cause of death for those aged five to 14. Low-income countries in the region lose between 1 and 2 percent of their GDP a year due to the economic cost of crash-related deaths and injuries.

In response to the UN's "Decade of Action for Road Safety 2011-2020," the Bank is leading a change process that seeks to promote awareness among governments, academic

institutions, private sector and civil society on the urgency of undertaking actions in the context of road safety.

The IDB works with borrowing country governments, as well as with other public and private sector partners, to make roads safer, to mobilize resources for a wide range of education and technology improvement initiatives, and to include critical road safety components in Bank-financed infrastructure and transportation projects as well other projects that are not financed by the IDB. Inaugurated in 2010 with a \$10 million loan to help Jamaica increase

traffic safety through improvements to its road network, the IDB Road Safety Initiative in 2011 continued to forge partnerships with the private sector in an effort to increase both the knowledge base and the resources available for reducing the terrible toll of traffic death and injury on roads throughout the region.

Raising the Yellow Flag in Brazil

In 2011, the IDB and the **Dom Cabral Foundation**, a Brazilian business school, teamed up to study and report on the main causes of traffic accidents in Brazil. The report revealed that the majority of accidents recorded on 25,000 km of roads in Brazil between 2005 and 2009 were linked to human behavioral factors such as speeding, recklessness, dangerous maneuvers and lack of

driving experience. While overall traffic collisions and pedestrian accidents have decreased in Brazil in recent years, the study highlighted the need for authorities to focus on road safety education and awareness.

Highway Safety in Haiti Benefits from Private Sector Partnership

As Haiti's leading multilateral donor, the IDB was keen on supporting the rehabilitation of one of the country's principal highways, Route National 1. But providing \$70 million for an important 80-kilometer stretch of the highway was not the full extent of the Bank's participation in the effort. In order to turn the improved stretch into a model corridor for traffic safety, the IDB has partnered with technology leader **3M**, which sent engineering specialists to evaluate the road's conditions and is donating state-of-the-art signage and safety materials. It's all part of a wider road safety campaign in Haiti, which was financed by the **Korean government** and includes international organizations, donor governments and nonprofit organizations.

IDB Multi-Donor Thematic Fund:

Disaster Prevention Fund

Generates documentation, prepares projects and establishes networks on disaster prevention in order to assist countries in managing risks related to natural hazards by reducing vulnerability, and addressing risks before disasters occur. In 2011, the **Government of Spain** contributed \$2.5 million to the fund.

Participating donors: Canada, Japan, Korea, Spain

The IDB's Citizen Security Initiative

The IDB's Initiative for Citizen Security, to which the Bank committed an initial pledge of \$4 million, builds on the Bank's longstanding Citizen Security Platform and its 15 years of experience and support to national and local governments and communities to prevent crime and violence. This support has spanned across multiple sectors, including social, urban planning and infrastructure, police, criminal justice and rehabilitation in the penitentiary system. In addition, the IDB has been supporting the strengthening of the public sector capability across the policy spectrum to tackle insecurity.

The initiative aims to improve the effectiveness of citizen security policies in Latin America and the Caribbean through targeted and catalytic support in three critical areas – information, institutional

management and evaluation, and horizontal cooperation. It focuses on developing quality data and information to support analyses and assessments will help target and monitor public policies more effectively, as well as effective public policy management, planning and evaluation tools. The initiative also seeks to promote the sharing experiences and best practices among countries in order to expand access to technical expertise and to strengthen regional and non-regional coordination and collaboration.

Since its initial design, the initiative has enlisted the participation of world-renowned technical advisors with high profile experience in policing and citizen security.

A recent survey found that although four out of five Latin Americans are satisfied with their homes, three out of five said they felt unsafe walking the streets at night. Homicide rates have soared in some countries. Citizens want safer streets and neighborhoods.

The IDB has created a new Multi-donor Trust Fund to leverage and mobilize additional resources from donors seeking to support and improve the effectiveness of citizen security policies in LAC, and it is developing partnerships with governments in Italy, Canada and Israel to leverage their contributions toward expanding the reach of the initiative. The Bank is also cooperating with the **European Commission** in the Citizen Security strategies for Panama, Costa Rica other countries in Central America.

The IDB was the first multilateral financial institution to offer major financing for citizen security, and in recent years some countries

and municipalities in the region have dramatically improved citizen security with IDB assistance despite seemingly impossible odds. But more needs to be done, particularly in elevating the role of knowledge as a crime-fighting tool.

*In 2011, the United Kingdom's **Department for International Development (DFID)** contributed \$1.2 million to the expansion of the IDB's Citizen Security and Justice Program in Jamaica.*





New in 2011

CSR Innolabs: Bringing Together Champions of Corporate Social Responsibility

The IDB and **Forética** – a leading Spanish non-profit association of more than 200 organizations dedicated to advancing corporate social responsibility worldwide – have established CSR Innolabs, a unique partnership aimed at bringing together leading LAC companies to share methodologies, tools and case studies that will boost their CSR efforts. More specifically, the initiative seeks to foster greater collaboration among companies present in Latin American in developing innovative strategies and business models for delivering needed products and services in low-income communities – and boost their own competitiveness in the process.

To inaugurate its work, CSR Innolabs will conduct a series of workshops in the region in 2012, each focusing on highlighting a particular area where companies can find opportunity to increase their competitiveness through the advancement of business strategies that serve socially progressive goals such as reducing poverty and addressing climate change. For its part, Forética will serve as the technical secretariat for the workshops and provide its experts to lead discussions that focus on identifying and advancing synergies among participating companies, which include **CEMEX, Gas natural FENOSA, Microsoft, PepsiCo, Sab Miller and Citi.**

Competitive Regional and Global International Integration

Partnering to Open New Opportunities to Compete and Succeed Internationally

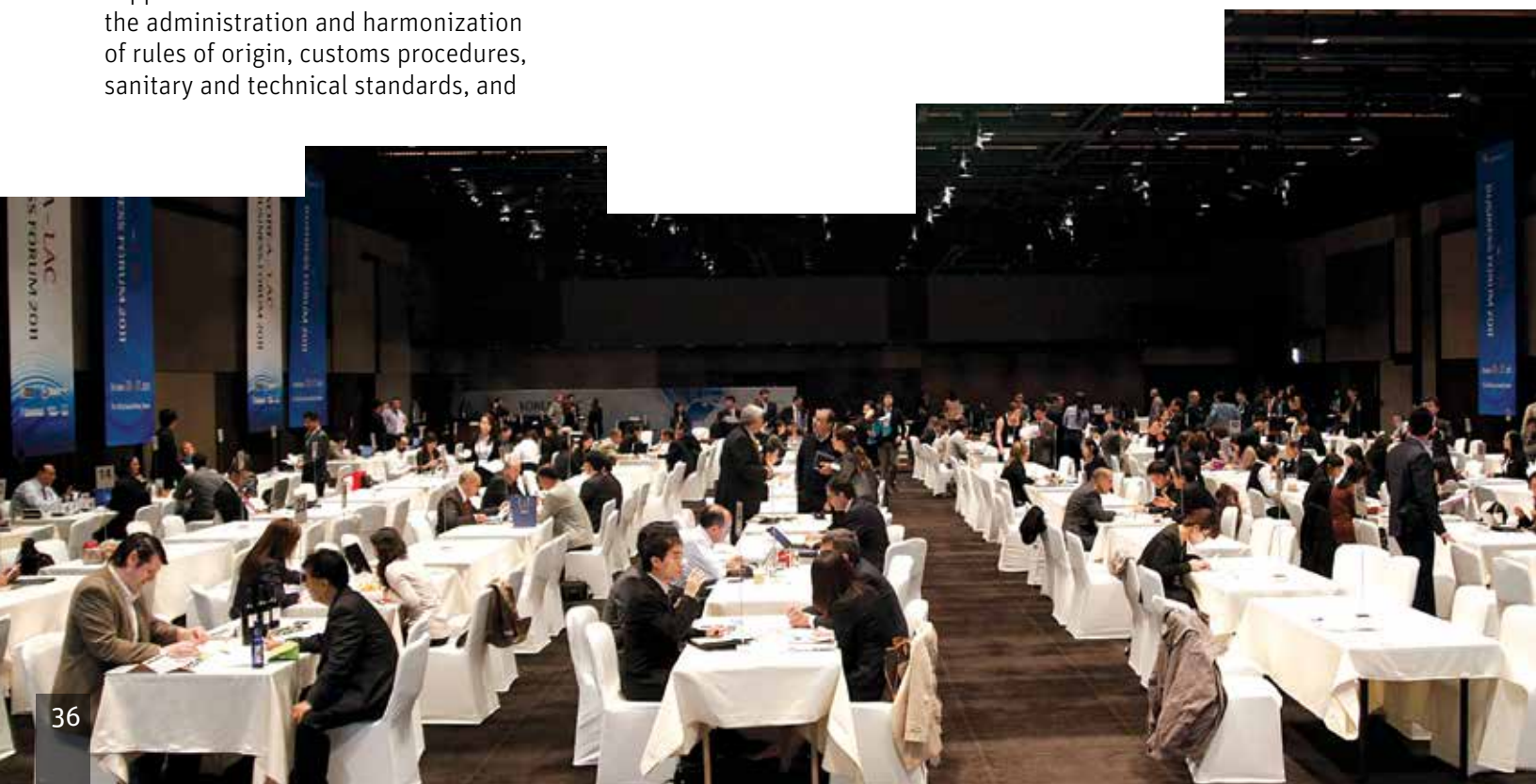
A more dynamic, multi-polar economic integration strategy is taking hold in Latin America and the Caribbean. Over the past two decades, most countries in the region have signed and implemented multilateral and regional trade agreements, while having pursued unilateral commercial liberalization. Yet despite considerable progress, trade performance in LAC is still lackluster compared with Organization for Economic Co-operation and Development (OECD) and Asian developing countries.

To address this, the IDB has long worked with borrowing countries to support investments in areas such as the administration and harmonization of rules of origin, customs procedures, sanitary and technical standards, and

upgrading trade-related institutions are needed to take full advantage of the benefits of opening markets. The Bank has worked to expand this agenda to include new issues associated with trade in services, such as technical knowhow and financial flows, and it should design convergence mechanisms among existing bilateral and regional trade investment agreements.

More recently, the IDB has worked to mobilize public sector donors in other regions of the world – most recently in Asia – to strengthen their development partnerships with LAC countries and, importantly, to facilitate economic ties and

help private sector investors make important connections with potential business partners in the region and gain access to Latin American markets. In particular, there is strong interest in Asia in Latin America's wealth of natural resources, trainable and low-cost labor force, policies to promote a favorable foreign investment climate and market access, increasingly open economies and democratic institutions that support participatory approaches for advancing sustainable development.



The Korea-LAC Business Forum 2011

Over the past two decades, trade between **Korea** and LAC countries has expanded rapidly, growing at an annual average rate of 16 percent, twice as fast as Latin America's trade expanded with the U.S. and the European Union. In 2010 alone, the increase amounted to a record 29 percent to \$43.8 billion. Yet there is still ample room for further growth, as this relationship now accounts for just 2.5 percent of LAC's total international commerce and 5.1 percent of Korea's.

In an effort to increase ties between Latin American and Asia, the IDB has held a series of forums in Asian countries to bring together representatives of LAC trade and investment promotion agencies with business executives who are looking for opportunities to invest in the region. In 2011, that forum was held in Seoul, Korea, with more than 500 business executives attending. It was organized by the IDB's Trade and Integration Sector and its Office of Outreach and Partnerships, along with the **Korean Ministry of Strategy**

and Finance, in close collaboration with the **Korean Export-Import Bank** and the **Korea Trade-Investment Promotion Agency (KOTRA)**.

Attendees heard from leading corporate executives and government officials, who described the most promising sectors for trade and investment between the two regions, which are among the fastest growing in the world today. Representatives from leading Latin American oil companies, including Ecopetrol of Colombia, Pluspetrol of Argentina and Brazil's Petrobras, as well as the Korean National Oil Corporation, discussed opportunities for investment in

energy efficiency, while key officials from LAC's telecommunications ministries joined with executives of leading Korean IT firms, including

Samsung and LS Cable and Systems, to discuss the potential of e-government initiatives and the importance of quickly developing countries' IT infrastructure.

A popular element of the Asian-LAC business forums that was continued in Seoul was the "matchmaking" activity that featured more than 100 companies from LAC and another 200 from Korea participating in some 500 separate

meetings aimed at linking companies looking for trade opportunities and investment partners.

"Now the world is going through a fundamental shift in economic power. And, at the center of this movement, there are Asia and Latin America. The Korean government is making all-out efforts to facilitate cooperation with LAC."

Je-Yoon Shin, Korea's Vice Minister of Strategy and Finance

The IDB and Korea

With its interest in finding and developing businesses opportunities in the LAC region, the **Government of Korea** has supported IDB initiatives in the areas of green growth, sustainable energy and climate change mitigation and adaptation. The IDB's partners in Korea are the **Ministry of Strategy and Finance** and **The Export-Import Bank of Korea**. Single donor trust funds supported by Korea include the Knowledge Partnership Korea Fund for Technology and Innovation, Korean Poverty Reduction Fund, Capacity Building, Public Capacity Building Korea Fund for Economic Development and the Korea-IIC SME Development Trust Fund. Korea also contributes to the Multi-Donor Disaster Prevention Fund and the IDB's Multilateral Investment Fund. The IDB's partnership with the Korean Knowledge Sharing Program grew from \$600,000 to \$1 million and expanded into areas such as national identification systems, base of the pyramid projects, land tenure security programs and sustainable cities.

The IDB's has also partnered with the **Ministry of Foreign Affairs and Trade**, the **Korean International Co-operation Agency**, the **Economic Development and Co-operation Fund** and the **Korea Expressway Corporation**.

New Joint Efforts to Promote Infrastructure Improvements and Private Investment in LAC

In 2011, Latin America's relationship with China took another step forward as **China's Eximbank** joined with the IDB to set up an infrastructure facility and a public-private investment fund to forge sustainable economic partnerships between China and the LAC region.

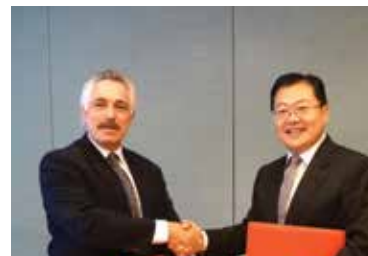
"The IDB has been the partner of Bank of China in Latin America and that supported your expansion of activities in the region".

*Mr. Wu Tianpeng,
Executive Manager
of Financial
Institutions, Bank of
China Limited*

The initiatives are intended to promote investments in key sectors of interest to both regions, and to foster expanded trade and investment activities. In 2011, the Eximbank contributed \$100 million to this facility.

The investment fund will bring together Chinese and other international investors with producers in Latin America and the Caribbean, further expanding the pool of financing available to support the regional economic development.

Using a variety of instruments and currencies, the fund would invest in infrastructure, energy and natural resource projects as well as in small and medium-sized enterprises active in the distribution chain of these industries.



The Bank of China has granted a 160 million renminbi credit facility to provide financing to small and medium-sized enterprises in LAC countries that have trade relations with China.

The IDB and China

IDB partners with its primary donor in the country, the **People's Bank of China**, and a range of government ministries and agencies, to pursue development opportunities in the Latin American and Caribbean region, as well as to identify business opportunities for Chinese companies in the region and facilitate trade and investment relationships. Through the People's Bank, China is a donor to IDB's Institutional Capacity Building Fund, the Multilateral Investment Fund and the IIC Equity Fund.

Central to the IDB's focus in this partnership is offering a platform for Chinese institutions and businesses to enhance their involvement in LAC countries. The Bank is active in the Latin Finance Forum in China as well as the World Economic Forum's meetings in China, at which it sponsors sessions for Chinese companies on how to do business through the IDB. The Bank also cooperates with the **China Council for the Promotion of International Trade (CCPIT)** to promote initiatives to benefit the IDB borrowing member countries in Latin America and the Caribbean. And four Chinese banks participate in the IDB's Trade Finance Facilitation Program (TFFP), which provides loans and guarantees to cover documentary and stand-by letters of credit, promissory notes and other instruments used in the financing of international trade transactions.

Trade between China and Latin America and the Caribbean has surged from \$12 billion in the year 2000 to more than \$188 billion in 2011.

The IDB and Japan

Japan joined the IDB in 1976 as the first Asian member and has already contributed over \$5 billion to the Bank's financial resources. Japan has made historical contributions to the weathering of the Latin American debt crisis in the 1980s and the Central American peace processes, and today the country continues to be one of Latin America's main sources of official development assistance. The IDB administers two trust funds provided by Japan: the Japan Special Fund, and the Japan Special Fund Poverty Reduction Program. The country has also contributed to the Multidonor Disaster Prevention Trust Fund, the SECCI Fund and the IDB Graduate Scholarship Program. The country's **Ministry of Finance** continues to be the IDB's partner within the country's official ODA structure, while the IDB also works with the **Japan International Cooperation Agency (JICA)** and the **Japan Bank for International Cooperation (JBIC)** on co-financial arrangements aimed at advancing the country's priorities for development in the LAC region – most particularly on efforts supporting global climate change mitigation, water and sanitation improvements and development of the agricultural sector.

In the Works for 2012

A new IDB platform to connect LAC's small and medium enterprises with each other and with those in other regions will aim to integrate SMEs with global value chains and access new markets. The IDB will support SMEs through its various windows to articulate a more integrated response to SME growth in the region. This initiative will integrate and systematize information and services in three areas: (1) commercial and investment facilitation, (2) access to financing and (3) business services.





Photo: Laszlo Halasi / Shutterstock.com

Strengthening the Relationships Between Colombia and Brazil

The first Colombia-Brazil Investment Forum, organized by the IDB and the Colombian government, was held in Bogota in 2011 as a means of underscoring the potential benefits of greater integration between South America's two most populous countries. The event drew more than 600 leaders from business and government in the two countries, as well as Colombian President Juan Manuel Santos and former Brazilian president Luiz Inácio

Lula da Silva. The event featured panel discussions on trade and investment opportunities between the two countries and covered activities such as transport and telecommunications infrastructure, agribusiness, mining and energy and financial services.

"It's time to think about our shared mission to promote South-South integration, not only in terms of purchases and sales among businesses, but also in terms of models that foster innovative businesses and generate income and employment, especially for the poor."

Former Brazilian President Luiz Inácio Lula da Silva



The New York Forum

The rise of the multinationals

Building Inroads on Global Services

The global services industry accounts for more than \$200 billion in annual revenues, but less than 10 percent of the share went to Latin America. However, with its growing reputation for economic and political stability, skilled human resources and government support, the region has excellent potential to increase its participation in the international services market. In April 2011, the IDB joined with other partners to convene the first Latin American and Caribbean Forum on Offshoring and Outsourcing – known as “OUTSOURCE2LAC”

– in Montevideo, Uruguay. The event attracted representatives of export and investment promotion agencies from more than 15 countries from across the LAC region – as well as from firms and associations from India, the Philippines, the United States and Europe – to introduce the region’s entrepreneurs to developments and global trends in the services industry and to opportunities available in the international market.

IDB Multi-Donor Thematic Fund

Aid for Trade Fund

This fund, created in close cooperation with the Organization for Economic Cooperation and Development and the World Trade Organization, strengthens both governments’ and the private sector’s capacity to integrate into the global economy and to benefit from liberalized trade and increased market access.

Participating donors: United Kingdom, Switzerland, Canada

The IDB was the only multilateral development institution to present at the The New York Forum 2011, hosted by founder Richard Attias, which brought together more than 500 business leaders, sovereign fund managers, policymakers and Nobel prizewinning economists to explore solutions to the world’s diverse challenges. IDB President Luis Alberto Moreno led a discussion on the rise of the *multilatinas* – companies based in the LAC region that have expanded globally – with the discussion emphasizing their access to resources and technology, their innovative business models and the new generation of entrepreneurs that has accompanied their rise.

Protect the Environment,

respond to climate change, promote renewable energy, and ensure food security

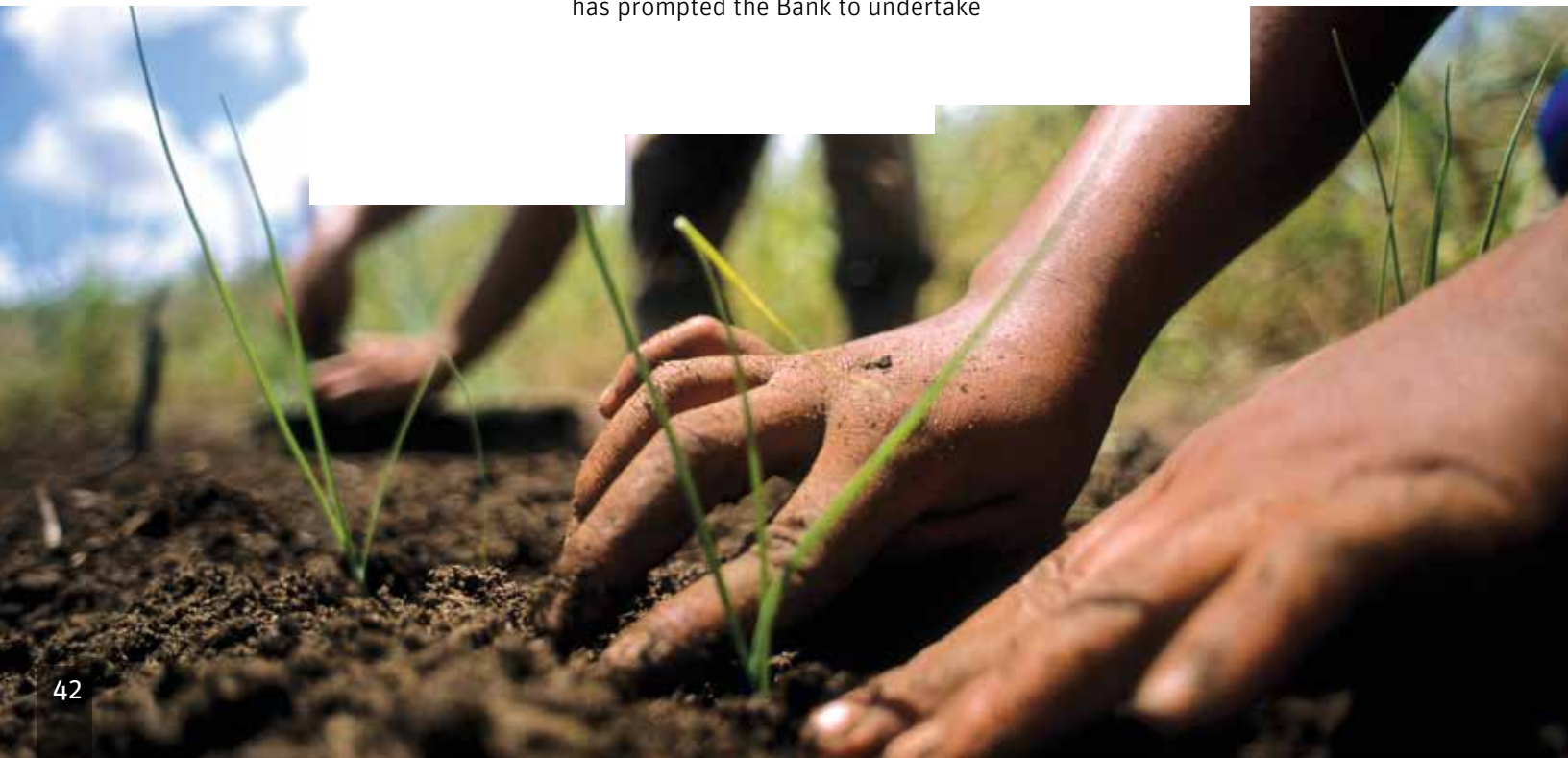
Partnering for economic growth through initiatives to protect air, land and water

Home to vast and unique ecosystems of global importance, and with its natural habitats, human communities and economic potential facing long term threats from global warming, the Latin American and Caribbean region has much to gain from efforts to protect the environment. That's why environmental sustainability has moved to front and center of the IDB's development agenda.

The region's global greenhouse gas emissions rate is currently 12 percent, which is relatively small but is expected to grow. In addition, the LAC region contributes more of these emissions per capita compared with other developing countries, such as China and India.

Under a recent agreement to increase the Bank's capital, a quarter of the IDB's total annual lending will be directed to projects addressing climate change, renewable energy and environmental sustainability – a five-fold increase from previous levels. The scope of the need in this area has prompted the Bank to undertake

extraordinary efforts to mobilize public and private sector partners to help countries in the region better understand these phenomena, design policies necessary for the transition to a green economy and enhance the countries' institutional capacities to implement those policies.



Nordic Development Fund (NDF) Partners with IDB to Promote Investments in Clean Tech

Energy efficiency is not only good for the environment, but also a low-cost source of financial savings for companies that pursue it successfully. Yet opportunities for investing in energy efficiency with existing, proven technologies are still largely unexploited in Latin America and the Caribbean.

To help turn this around in Central America, in 2011 the IDB entered into a partnership with the **Nordic Development Fund (NDF)** to launch a \$2 million investment program to help companies in the sub-region

adopt clean technologies and improve their energy efficiency. The program, which will target companies in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, will provide grants to finance energy audits and clean-energy feasibility studies that will help companies identify concrete investment opportunities for climate-friendly improvements.

With these grants, it is hoped that the project will incentivize participating companies to invest more than \$15 million of their own in energy efficiency improvements over the next two years, potentially generating a reduction in greenhouse gas emissions of more than two million metric tons.



An Agricultural Approach to Climate Change Mitigation

Globally, agriculture and deforestation are responsible for nearly a third of the greenhouse gas emissions that cause climate change. In Uruguay, Argentina and Colombia, agriculture is one of the primary contributors to greenhouse emissions – largely due to the presence of a large livestock industry in each country.

To ramp up activities aimed at addressing these emissions sources, a new partnership between the IDB, the **Government of New Zealand** and the **Regional Fund for Agricultural Technology (FONTAGRO)** will focus on the livestock sectors of these and two other LAC countries to identify and help implement options for more climate-friendly farming practices.

For this initiative, FONTAGRO received contributions from New Zealand (\$432,250). The project is being implemented in Argentina, Chile, Colombia, the Dominican Republic and Uruguay to improve the national greenhouse gas inventories and develop mitigation options and strategies that are tailored to the farming conditions of each country.

New Zealand brings enormous knowledge resources to the table. The country's Agricultural Greenhouse Gas

Research Centre (NZAGRC) has a world class research program. New Zealand leads the “Livestock Emission Abatement Research Network” (LEARN) and led the establishment of the “Global Research Alliance on Agricultural Greenhouse Gases,” that links 33 countries working in this topic.

New contributions to FONTAGRO

During 2011, Argentina, Colombia and Honduras contributed with more than US\$15 million to FONTAGRO, an expression of the region's continuous support to this strategic south-south cooperation instrument on agricultural research. More than US\$90 million have been received for the Fund since its creation.



"This program provides us with the opportunity to contribute to the development of sustainable communities in two areas of particular relevance: social and economic inclusion of people living under very adverse conditions, and environmental protection. It also contributes to our vision of 'zero waste' for our packaging, where increased use of recycled materials in our bottles constitutes a central part of this vision."

*Jose Octavio Reyes,
President, Coca-Cola
Latin America*

Partnership Profile

Reduce, Reuse, Recycle – Bringing Decent Work to Those Who Make Their Living From It

More than four million people in Latin America live on income earned from the collection of recyclable waste materials. And while the image of recycling tends to be a positive one for most people, those who work informally in this industry – often entire families – often do so in unhealthy conditions with materials that may pose risks to health. In some cases, informal collectors are responsible for recovering up to 90 percent of recycled consumer products materials.

With \$4 million in financing, the IDB's Multilateral Investment Fund (MIF) is leading a public-private partnership to integrate informal waste collectors into the formal recycling market. Partners include the **Coca-Cola**

Company, which has contributed \$2 million to the effort, and **Fundación Avina**, a private foundation that contributes to sustainable development in Latin America, which has provided \$1.4 million. In addition, the **Bill and Melinda Gates Foundation**, together with the IDB's multi-donor AquaFund, have provided a \$1 million contribution to the effort.

The program seeks to improve the socio-economic status of waste collectors, involve the private sector as an active partner in facilitating their access to the formal market, and improve the regulatory framework to facilitate market functions. It brings together recyclers, consumer products companies, municipalities, educational institutions and civil

society organizations to discuss proposals and develop action plans for incorporating informal workers into local value chains. The program will make use of lessons learned from projects underway in Argentina, Bolivia, Brazil, Colombia, Peru and other developing countries, and provide these experiences as models for stakeholders.

The IDB's Sustainable Cities Initiative

There are more than 140 fast-growing cities in Latin America and the Caribbean with populations between 100,000 and 2 million people. Typically located near agricultural or manufacturing centers, these cities are growing two to three times faster than the region's megacities. At that pace, these cities will double in size in just 20 years. Over three quarters of Latin American and Caribbean citizens already live in urban areas.

The IDB's new Sustainable Emerging Cities initiative seeks to build partnerships with these cities in an effort to help them craft comprehensive plans that will harness sustainable solutions to housing, transportation, water and energy use, public services and related areas.

It's all about enabling these cities to capitalize on the IDB's deep expertise in sustainable urban development and on projects involving bus rapid transit, affordable housing, energy efficiency, fiscal reform, water supply, low-income neighborhood improvements, downtown revitalization, municipal governance and climate change adaptation.

In 2011, a new multi-donor trust fund was created to support the Sustainable Cities initiative.

Currently, the initiative is underway in five pilot cities: Trujillo, Peru, Santa Ana, El Salvador, Goiania, Brazil, Port of Spain, Trinidad and Tobago and Montevideo, Uruguay. Once the diagnostic assessments and action plans have been completed for each city, the initiative will focus its efforts on developing and deepening prioritized projects which have been identified in the action plans. The initiative had a pledge of \$4 million in funds for the pilot phase and it's in the process of \$5 million approval of IDB ordinary capital resources for 2012.

The IDB and the Nordic Development Fund (NDF)

NDF is a multilateral financing institution established by the Nordic countries Denmark, Finland, Iceland, Norway and Sweden. NDF provides financing for climate change related interventions in low-income countries in cooperation with other financing institutions. To date, the Fund has contributed \$30 million through IDB to climate change related projects. In 2011, the NDF and IDB/MIF launched a pioneering \$7 million program to pilot green microfinance products for both mitigation and adaptation to climate change in Latin America and the Caribbean.



IDB Multi-Donor Thematic Fund

Sustainable Energy and Climate Change Initiative (SECCI)

Established by the IDB in 2009 for the purpose of mainstreaming climate change in the Bank's operations, the SECCI has evolved – with strong support from donor partners – into an effective funding tool for driving new climate change policies and projects in the LAC region. With the broad aim of advancing effective options for national efforts to address climate change impact, curb greenhouse gas emissions and facilitate the transfer of green technologies, the SECCI focuses on generating studies, data and pilot projects that can be used to demonstrate the value of particular strategies and solutions and to mobilize further resources so they can be scaled up. Thus far, SECCI has approved more than XX technical cooperation projects totaling \$XX million and X investment grants totaling \$X million. These projects, along with the IDB's loans, have contributed significantly to the development and implementation of new, greener technologies that have the potential to leapfrog the region's more traditional methods of powering its economies.

Participating donors: Finland, Germany, Italy, Japan, Spain, United Kingdom

The Government of Finland provided a \$350,000 contribution to the SECCI fund in 2011.

Japan-IDB Partnership Supports Efforts to Combat Climate Change

The **Japan International Cooperation Agency (JICA)**, the world's largest bilateral aid agency, has taken a strong interest in supporting renewable energy and energy efficiency for the mitigation of climate change in the LAC region. Accordingly, JICA and the IDB in 2011 established a new co-financing framework to proactively support renewable energy and energy efficiency promotion programs and projects in Central America and the Caribbean. The framework includes JICA's long-term concessional loans of up to \$300 million for the next five years, and will enhance JICA's support for the IDB's

Energy Innovation Center that it launched with the **U.S. Department of Energy**. The center serves as a regional incubator for cooperation, resource mobilization and knowledge dissemination. A JICA technical specialist has been appointed to the center to promote effective and efficient cooperation with Japan.

MIF: Opening the Carbon Markets to Small Enterprises and Communities

The Multilateral Investment Fund's MicroCarbon Development² Fund (MCD² F) is a \$50 million facility created in 2010 to help small enterprises and low-income municipalities launch energy efficiency programs tap into the carbon market so they can do their part to combat climate change. The Fund's investments over the next decade will consist of residential, commercial and municipal appliance and equipment replacement programs such as compact fluorescent lamps, LED-powered street lighting, air conditioners, refrigerators, solar water heaters and other systems that promote greater energy efficiency and reduce greenhouse gas emissions.



Haiti

Few nations in modern history have suffered a catastrophe the size and magnitude of the earthquake that struck Haiti on January 12, 2010. The disaster killed more than 200,000 people, injured hundreds of thousands more and left more than a million people homeless. The government of Haiti also estimated that 250,000 residences and

30,000 commercial buildings had collapsed or were severely damaged. Much of the country's vital infrastructure, including all hospitals in the capital Port-au-Prince, vital transport facilities, and communications systems, were incapacitated. More than 1,300 schools and 50 health care facilities were destroyed.



The IDB is the largest multilateral donor to Haiti in the wake of the 2010 earthquake.

Immediately following the quake, the IDB pledged to provide Haiti with \$200 million in grants annually – more than \$2.3 billion over the next decade – to fund its recovery efforts and long-term development plans. The Bank also cancelled all of Haiti's \$484 million in outstanding debt and converted undisbursed loan balances of \$144 million into grants.

The current challenge for Haiti is to build on this momentum and turn the aid-underpinned rebound into sustainable growth and more formal sector jobs. Its new authorities have pledged to push reforms to improve their country's business climate, while development partners such as the IDB are committed to helping finance indispensable investments to rebuild and modernize its infrastructure and public sector agencies.

In the two years since the earthquake it has approved \$442 million in new grants and disbursed nearly \$355 million to support projects in education, transport, energy, agriculture, water and sanitation and private sector development. These are the six priority sectors identified in a five-year strategy agreed with the Haitian government, under which the IDB plans to provide around \$1 billion in grants.

IDB and Partners Host Successful Investment Forum

In November 2011, more than 1,000 businesspeople and government officials took part today in the *Invest in Haiti Forum*, one of the largest meetings of its kind ever held in the Caribbean, underscoring the strong private sector interest in the country's economic potential. During the meeting, organized by the IDB, the **Clinton Foundation** and the Haitian government, participants discussed concrete business opportunities in sectors such as apparel, tourism and agribusiness, as well as infrastructure projects related to Haiti's reconstruction and long term development efforts.

The two-day conference featured companies, NGOs and government agencies from 29 countries and overseas territories, as well as more than 700 "matchmaking" sessions between foreign and local businesspeople. The event also was the scene of a number of major announcements, including plans by Marriott and Digicel to build a new \$45 million hotel in Port-au-Prince, and a new partnership

between the IDB and **Colombia's National Coffee Federation** to work on transferring agricultural, reforestation and cooperative organization best practices to Haitian coffee growers. The **Government of Colombia** and **Nestlé**, the world's largest foods company, also plan to support the project, which is being prepared by the IDB's Multilateral Investment Fund (MIF).

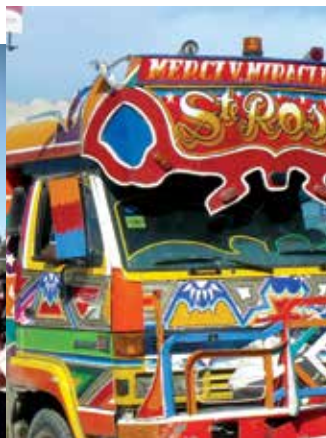
Impact Investing for Haiti

In 2011, through a partnership with the Spanish Government, the Inter-American Investment Corporation (IIC) created a EUR 50 million fund that provides financing to local micro, small and medium-sized financial institutions in Haiti.



"I am proud that the Clinton Foundation is partnering with the Inter-American Development Bank and the Haitian government to create new business opportunities for both Haitians and foreign investors, and help Haiti build back better."

*Former U.S. President
Bill Clinton at the
Invest in Haiti Forum*



IDB Priorities for Haiti

Water & Sanitation

In water and sanitation the IDB works closely with Spain's government to help Haiti improve services in Port-au-Prince, five mid-size cities and dozens of rural communities. For example, a recent \$20 million grant, in partnership with the **Government of Spain**, to address cholera has enabled local water and health authorities to work together to assure that DINEPA, the local water authority, will be able to purchase more chlorine, water purification tablets and soap. Through this support, the Haitian Ministry of Public Health and its partners have established and now operate a network of 2,000 oral rehydration posts, 190 cholera treatment units and 10 cholera treatment centers in priority areas, such as the poor coastal neighborhoods of Port-au-Prince. Besides providing money for medical supplies and logistics, the program will fund mass communication campaigns on cholera prevention and treatment.

Transportation

In transport, the IDB is providing assistance to upgrade Haiti's principal roads, including the RN1, RN2, RN5, RN7 and RN8 highways. These investments help improve communication between the country's main cities and with the neighboring Dominican Republic. A grant approved in December 2011 also includes resources for paving urban streets, a labor-intensive project that will generate thousands of temporary jobs in several towns and cities.


The IDB is collaborating with the **American Red Cross** and the **U.S. Agency for International Development** on a partnership in which the Red Cross would spend as much as \$30 million to build homes with water and sanitation at two locations to be identified and prepared by USAID. The project will also include the building of roads, sanitary systems, electricity service and other infrastructure.

Energy

In energy, the IDB is working with other donors such as the **World Bank** and the **U.S. Agency for International Development** to help Haiti carry out a comprehensive reform of its electricity sector. In 2011 the IDB approved grants to secure the financing needed to revamp the Péligre hydroelectric plant, the country's main source of renewable energy. By refurbishing its three turbines and electromechanical equipment, the plant will recover its 54 megawatt installed capacity.

The IDB and Canada

After the Haitian earthquake, Canada became a leader in the international response to that country. In 2011 it provided \$20 million through the IDB to advance education reform. Previously, Canada made substantial contributions to the Compete Caribbean Program and the IDB's Aid for Trade Fund. Canada is the Bank's third largest shareholder among non-borrowing countries, as well as one of IDB's largest current donors.



The **Global Agriculture and Food Security Program (GAFSP)** is a multi-donor financial intermediary fund that addresses the underfunding of country and regional agriculture and food security strategic investment plans already being developed by countries. In 2011, GAFSP provided \$25 million through the IDB for to increase farmers' access to agriculture inputs and technology, allowing them to boost their productivity.

Agriculture

Agriculture is a top priority for Haiti, as nearly half of its population lives in rural areas. The IDB is supporting the national rural development plan, providing resources for a wide variety of activities, from irrigation to watershed management. The most recently approved operation will finance a technology transfer program that will provide subsidies to farmers to improve their productivity.

Working with the IDB, the global management consulting firm **Accenture** has provided \$500,000 to support an ICT strategy for education reform in Haiti.

The IDB's Multilateral Investment Fund (MIF), which has traditionally focused on microenterprises, continues to test innovative solutions. One of its most recent projects seeks to restore Haiti as a producer of high quality coffee, working with farming cooperatives and organizations. The project is supported by the French development agency AFD, the Colombian Coffee Growers Federation and food giant Nestlé.

Education

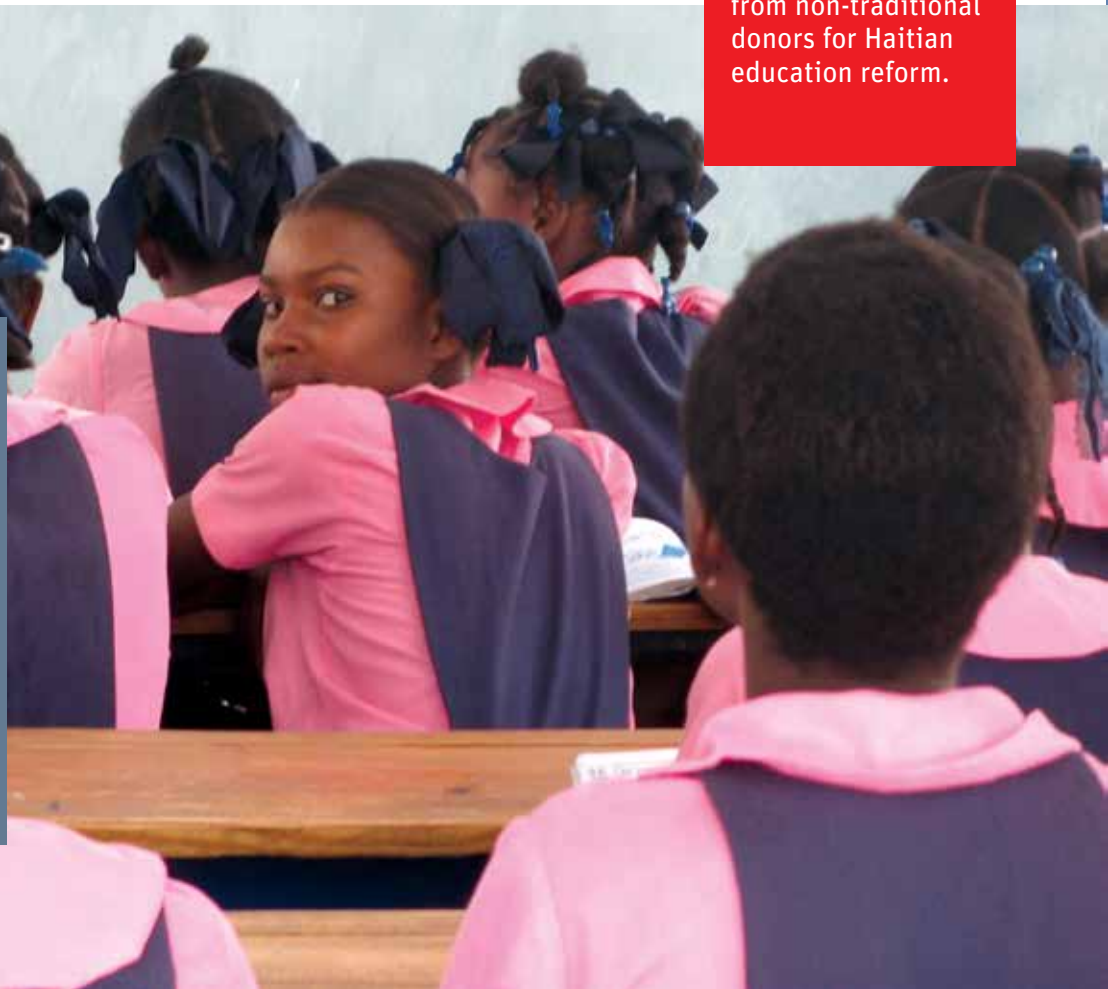
Even before disaster struck, education was a rare privilege in Haiti. Lacking a universal public education system, the country has long relied on a loose network of uncertified private schools, with fees beyond the reach of most families. Today, the IDB is working with the Haitian government to build a new and better education system to help secure the country's future. The Bank has approved a five-year, \$250 million grant program to help make free, quality education available to all Haiti's children, as well as a commitment to raise an additional \$250 million from other donors. Of this, \$100 million has already been disbursed, and a major portion will help finance the construction of 50 new public schools. Another portion will go toward a tuition waiver program that allows some 220,000 children to attend non-public schools for

free. Meanwhile, the IDB has financed the construction of 800 temporary classrooms in 57 school sites and the distribution of 100,000 backpacks with books and supplies for students. It has provided financial support to 1,200 schools, enabling some 70,000 children to resume their lessons. The IDB is also working to raise additional contributions from other donors interested in supporting education reform in Haiti.

The European Commission has provided a \$7.4 million grant through the IDB to support a vocational training program in Haiti.

First Citizens Bank of Trinidad and Tobago has contributed \$1 million for the construction of a new school in Haiti, as part of the IDB's effort to raise \$250 million from non-traditional donors for Haitian education reform.

CIDA has contributed CAD \$20 million for school construction and school subsidies and the **U.S. Department of the Treasury** has contributed through the Haiti Reconstruction Fund \$10 million for school reconstruction through the IDB to Haiti's education reform program.





The IDB and the **Barefoot Foundation**, founded by the international pop star Shakira, are partnering to support the Haitian government's effort to rebuild the historic Elie Dubois school, located in downtown Port-au-Prince, which suffered heavy damage in the earthquake. Founded in 1913, the school has provided secondary education and vocational training to generations of young Haitian women, under the guidance of the Daughters of Mary, a Catholic order. The partnership also includes **Architecture for Humanity**, an NGO specialized in the design and construction of schools, clinics and housing in areas affected by natural disasters. Since the earthquake, 240 Elie Dubois students have been attending classes at a nearby school. In September they will be able to return to their own campus, as the Ministry of Education, with UNESCO's support, is building semi-permanent classrooms part of the school's grounds.

Infrastructure to Attract Jobs

Building an employment base and job opportunities for Haitians has been a key challenge in the effort to move the country toward a prosperity and self-sufficiency. To that end, in 2011 the IDB approved a \$55 million grant to help finance the construction of an industrial park designed to employ tens of thousands of workers in northern Haiti.

The Northern Industrial Park (NIP) near the town of Caracol will be owned by the Haitian state, which has another manufacturing facility in Port-au-Prince. The IDB grant will contribute to the first phase of construction on a 250-hectare site, with the resources financing diverse investments within the perimeter of the park, such as factory buildings, internal roads, water storage tanks and waste water treatment plants.

In partnership with the **U.S. Department of State**, the IDB has been helping Haiti attract tenants to the new park. The U.S. government will support the NIP project by building a power plant to supply electricity to the industrial park and to surrounding communities, as well as by investing in housing for factory workers and their families and improvements to port facilities in nearby Cap Haitien.







Inter-American Development Bank
1300 New York Ave., N.W.
Washington, D.C. 20577

www.iadb.org/partnerships