



# Improving Lives

**in Latin America and the Caribbean**

Investor Presentation 2017

**INTER-AMERICAN DEVELOPMENT BANK**



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## **1. OVERVIEW OF IADB**

2. IADB'S FINANCIAL STRENGTH

3. IADB IN THE CAPITAL MARKETS



## OVERVIEW OF IADB

### About the Inter-American Development Bank (IADB)



IADB HEADQUARTERS IN WASHINGTON DC

- Multilateral development institution founded in 1959.
- **IADB's Mission**  
**To improve lives in Latin America and the Caribbean countries by supporting efforts to reduce poverty and inequality in a sustainable, climate friendly way.**
- IADB finances sovereign and private sector projects and programs through loans, guarantees, grants and technical assistance in the Latin American and Caribbean countries.
- **Owned by 48 member countries** – 26 Latin American and Caribbean countries and 22 non-borrowing countries.
- 2,000 employees across 4 continents with headquarters in Washington DC.
- **IADB is rated AAA/Aaa/AAA with stable outlook; triple-A rating since 1962.**

# OVERVIEW OF IADB

## The IADB Group



### **IADB (AAA/Aaa/AAA)**

Inter-American Development Bank  
est.1959

**ISSUER  
OF IADB  
BONDS**

#### **ORDINARY CAPITAL**

- Debt and equity funded
- Provides loans, guarantees and technical cooperation to sovereigns

#### **FUND FOR SPECIAL OPERATION**

- Debt and equity funded
- Funds raised from donors
- Provides loans to Sovereigns (lower income countries)

#### **IADB GRANT FACILITY**

- Fully equity funded
- Funds derived from annual conditional transfers from IADB
- Provides financing to Haiti

### **IIC (AA/Aa1/AAA)**

Inter-American Investment Corporation  
est.1984

**ISSUER  
OF IIC  
BONDS**

- Debt and equity funded
- Provides loans, guarantees and equity investments to private enterprises

### **MIF**

Multilateral Investment Fund  
est.1993

- Funds raised from donors
- Provides equity investments grants and small loans



# OVERVIEW OF IADB

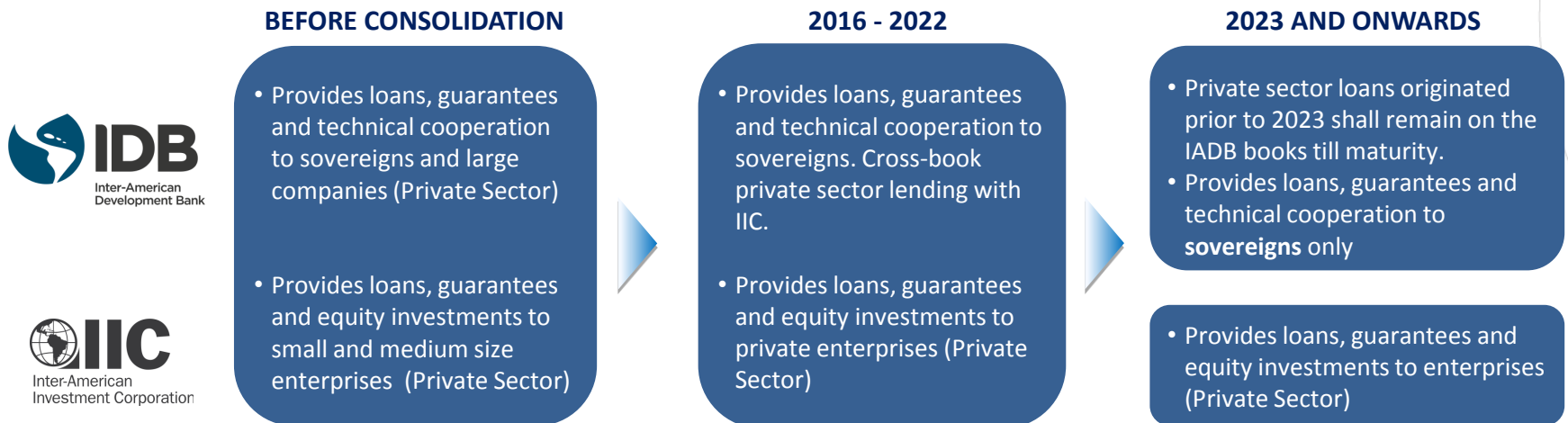
## Recent Developments

In 2016 the Board of Governors approved a proposal to transfer all assets and liabilities of the Fund for Special Operations (FSO) to the Bank, effective January 1, 2017.

- Transfer would result in approximately USD5.2 billion of additional equity for the Bank, thus strengthening the Bank's financial position

In 2015 the Board of Governors approved a consolidation of private sector activities of the IADB Group:

- IADB's Structured and Corporate Finance (SCF) Department, Opportunities for the Majority (OMJ) Sector and Inter-American Investment Corporation (IIC) will consolidate into the new IIC.
- The aim is to maximize the development impact of private sector activities with improved efficiencies and synergies.
- IIC capital increase of USD2.03 bln:  $\left\{ \begin{array}{l} \text{USD1.305 bln new contributions (2016 through 2023)} \\ \text{USD725 mln transfers from IADB (2018 through 2025)} \end{array} \right.$



1. OVERVIEW OF IADB

**2. IADB'S FINANCIAL STRENGTH**

3. IADB IN THE CAPITAL MARKETS



## IADB'S FINANCIAL STRENGTH

### Solid Triple-A Credit Rating

Rating Agency	Date <sup>1</sup>	Long-Term Rating	Short-Term Rating	Outlook
S&P	28-Jul-16	AAA	A-1+	Stable
Moody's	17-Mar-17	Aaa	P-1	Stable
Fitch	01-Mar-17	AAA	F1+	Stable



**IADB bonds: rated triple-A since 1962**

### Ratings Rationale

Strong capitalization

Quality loan portfolio (preferred creditor treatment)

Prudent financial/risk management

<sup>1</sup>The dates are the latest credit rating report

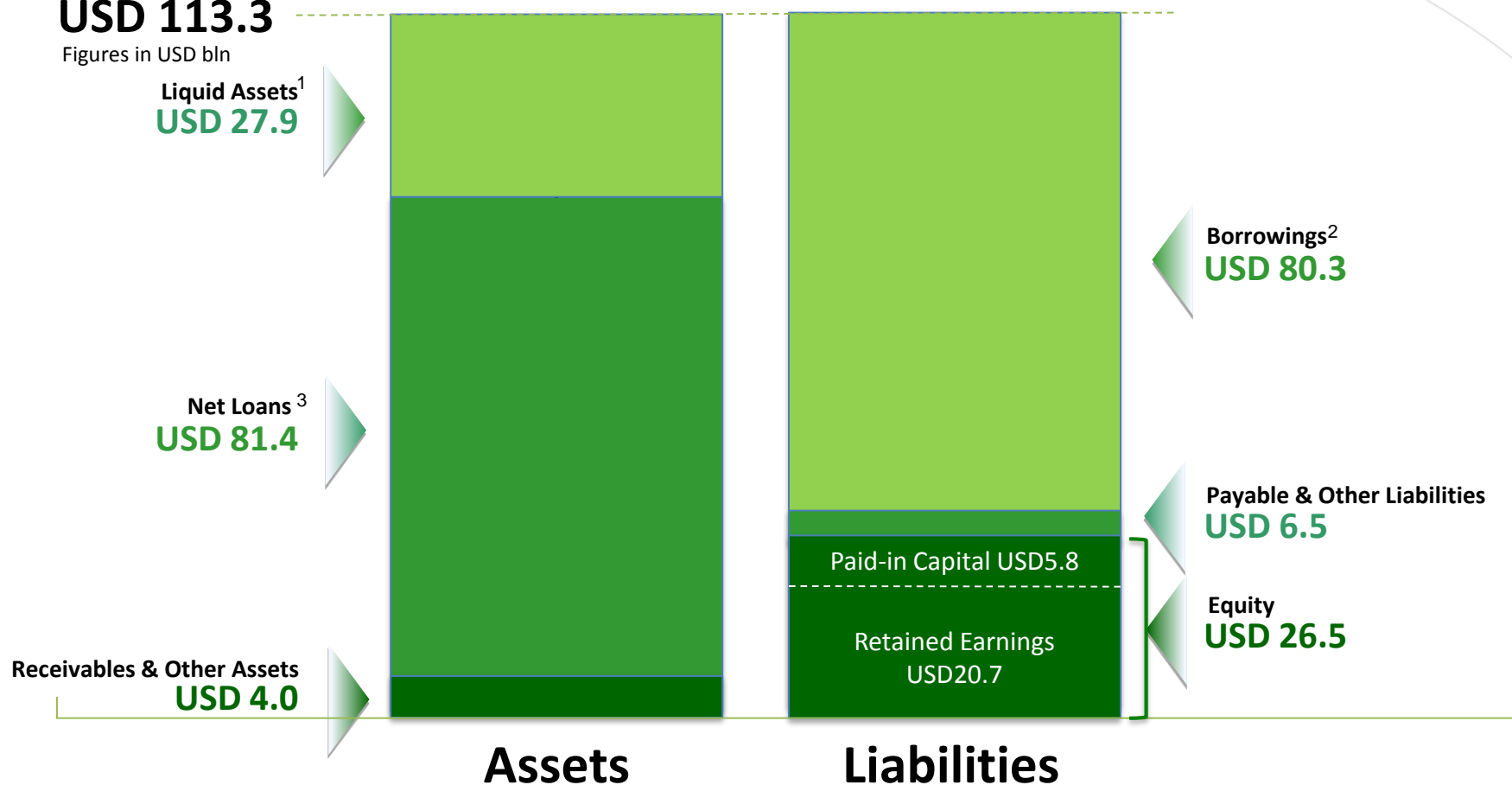


# IADB'S FINANCIAL STRENGTH

## Balance Sheet Structure

**USD 113.3**

Figures in USD bln



Numbers may not add up due to rounding.

<sup>1</sup> Before receivable for investment securities sold and payable for investment securities purchased.

<sup>2</sup> Before swaps.

<sup>3</sup> After allowances for loan losses.

[WWW.IADB.ORG/INVESTORS](http://WWW.IADB.ORG/INVESTORS)

All figures are as of December 31, 2016 unless otherwise noted.

## IADB'S FINANCIAL STRENGTH

### Capital Structure of the IADB

- IADB has raised its capital nine times since 1959.
- Ninth Capital Increase authorized in 2012 by the Board of Governors is the largest in the IADB's history—USD70 bln in authorized capital (paid-in portion of USD1.7 bln) over a 5-year period.
- Callable capital is subject to call only to meet borrowing obligations. The IADB has never made a call on its callable capital.

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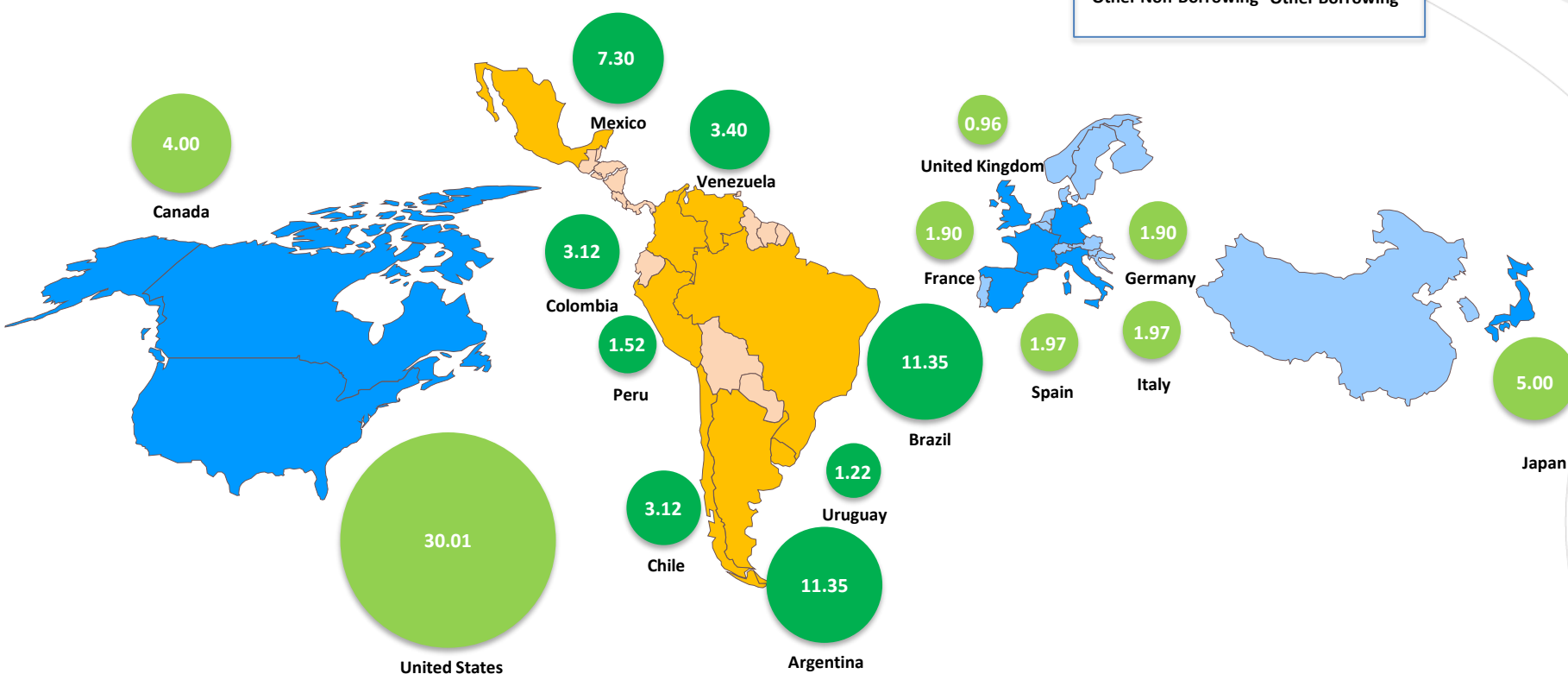
12/31/2016		
Paid-in Capital <sup>1</sup>	USD	5.8bln
Callable Capital	USD	164.9bln
Total Subscribed Capital	USD	170.7bln

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<sup>1</sup> Net of capital subscriptions receivable and receivable from members.

# IADB'S FINANCIAL STRENGTH

## Shareholder Structure of the IADB



### ■ Top 8 Non-Borrowing Shareholders

### ■ Other Non-Borrowing Shareholders

Austria, Belgium, China, Croatia, Denmark, Finland, Israel, Netherlands, Norway, Portugal, Slovenia, South Korea, Sweden, Switzerland

### ■ Top 8 Borrowing Shareholders

### ■ Other Borrowing Shareholders

Bahamas, Barbados, Belize, Bolivia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Suriname, Trinidad & Tobago

49.99  
%

Total Voting Shares  
(Non-Borrowing)

50.01  
%

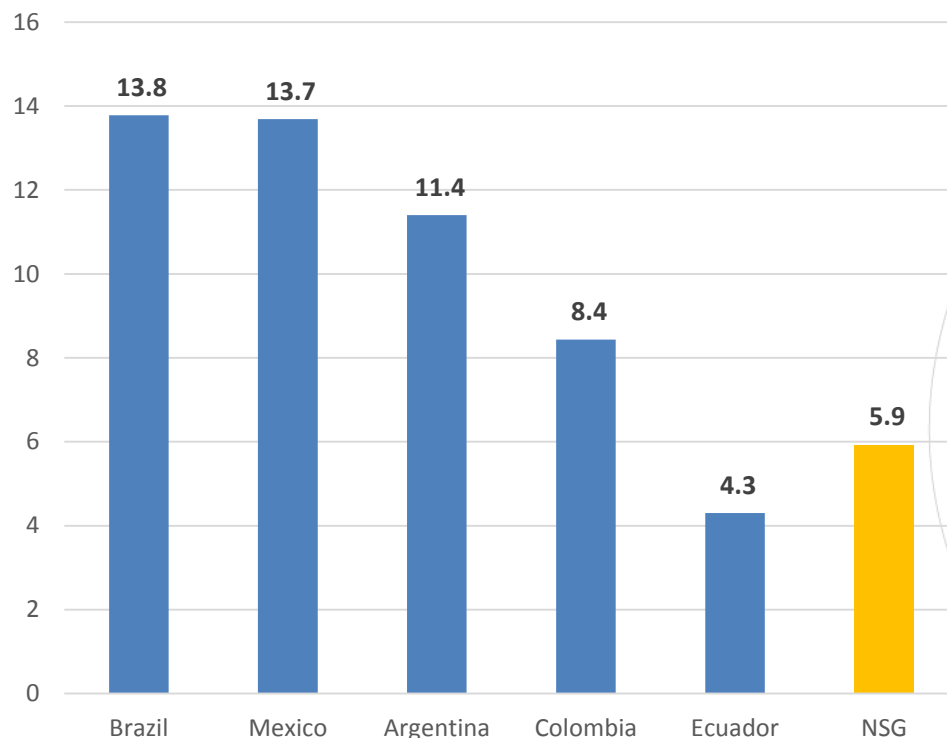
Total Voting Shares  
(Borrowing)

## IADB'S FINANCIAL STRENGTH

### Quality Loan Portfolio

- IADB has never rescheduled nor written off a sovereign guaranteed loan.
- Recognized Preferred Creditor Treatment from borrowing members.
- Single borrower limits.
- Total impaired loans were 0.6% (2015—0.6%) of loan portfolio, all related to the non-sovereign guaranteed portfolio.
- Lending spread adjusted annually to ensure compliance with financial policies and added to outstanding and newly approved sovereign guaranteed loans to borrowing members.

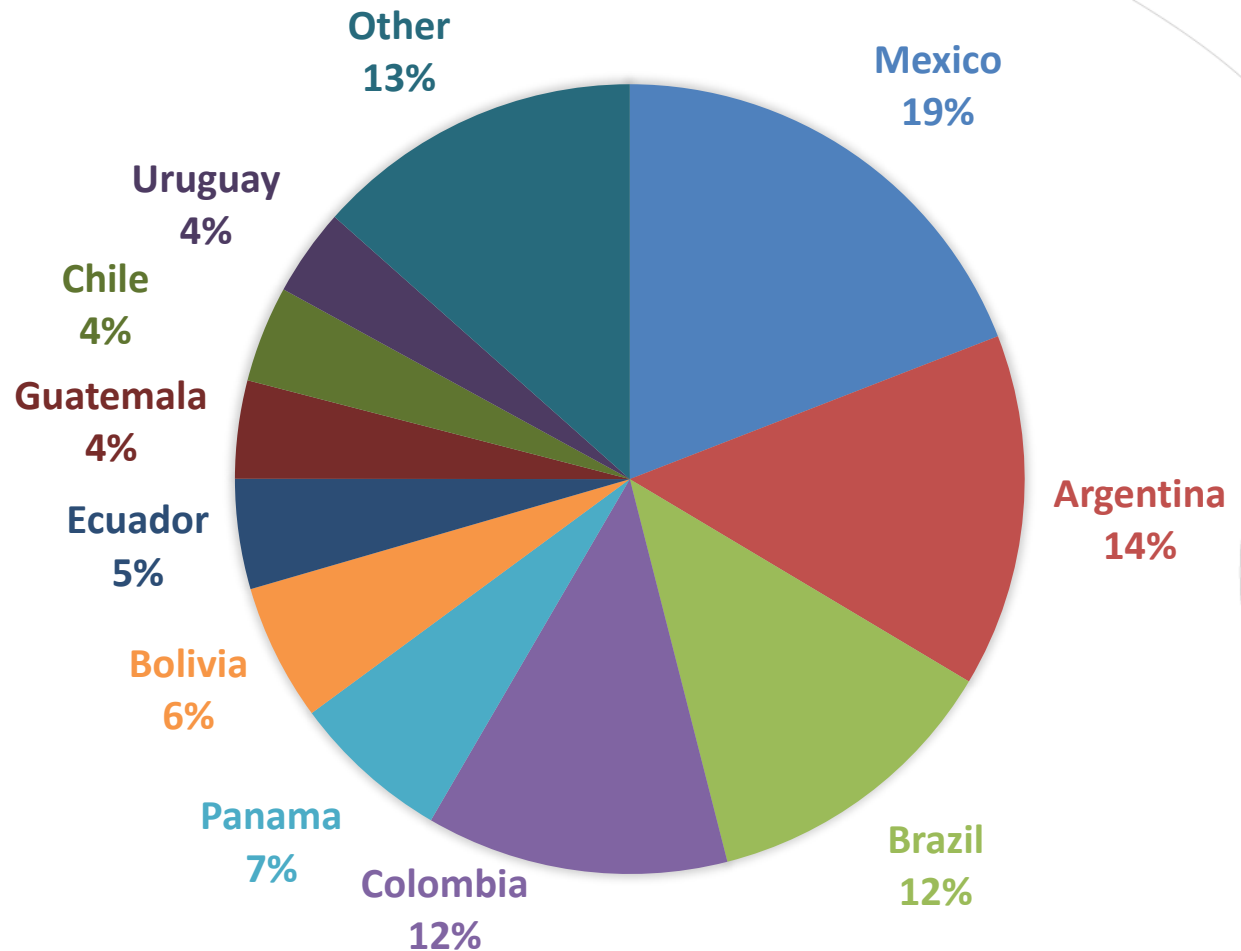
**2016 Top 5 Sovereign and NSG (Non-Sovereign Guaranteed) Outstanding Loans (USD bln)**



## IADB'S FINANCIAL STRENGTH

### 2016 Loan Approvals by Country

▶ There were 169 loan operations totaling USD10.7 bln approved in 2016.



Numbers may not add up due to rounding.

[WWW.IADB.ORG/INVESTORS](http://WWW.IADB.ORG/INVESTORS)

All figures are as of December 31, 2016 unless otherwise noted.

# IADB'S FINANCIAL STRENGTH

## IADB Lending Targets 5 Main Areas

### Infrastructure

Transportation  
Water and Sanitation



### Social Services

Health  
Education  
Housing



### Climate Change

Renewable Energies  
Energy Efficiency  
Environmental Sustainability



### Institutional Building

Credit and Capital Markets Reform  
Public Finance/Tax Reform



### Integration

Trade  
Cross Border Investments





# IADB'S FINANCIAL STRENGTH

## Typical Lending Cycle

### Proposal

- Borrowers submit detailed proposal to IADB
- The proposal includes:
  - developmental impact
  - evaluation of the project's expected environmental risks and impact as well as the impact on gender and indigenous groups
  - proposed mitigation measures for expected risks/negative impact

### Assessment

- The IADB evaluates the proposal taking into consideration:
  - capacity of the borrower to carry out its financial obligations under the loan agreement
  - technical, economic and developmental merits

### Authorization

- Goes to Board of Executive Directors for approval

### Implementation

- IADB staff reviews progress and monitors compliance with IADB policies to achieve the operation's objectives and ensures that funds lent are utilized as intended

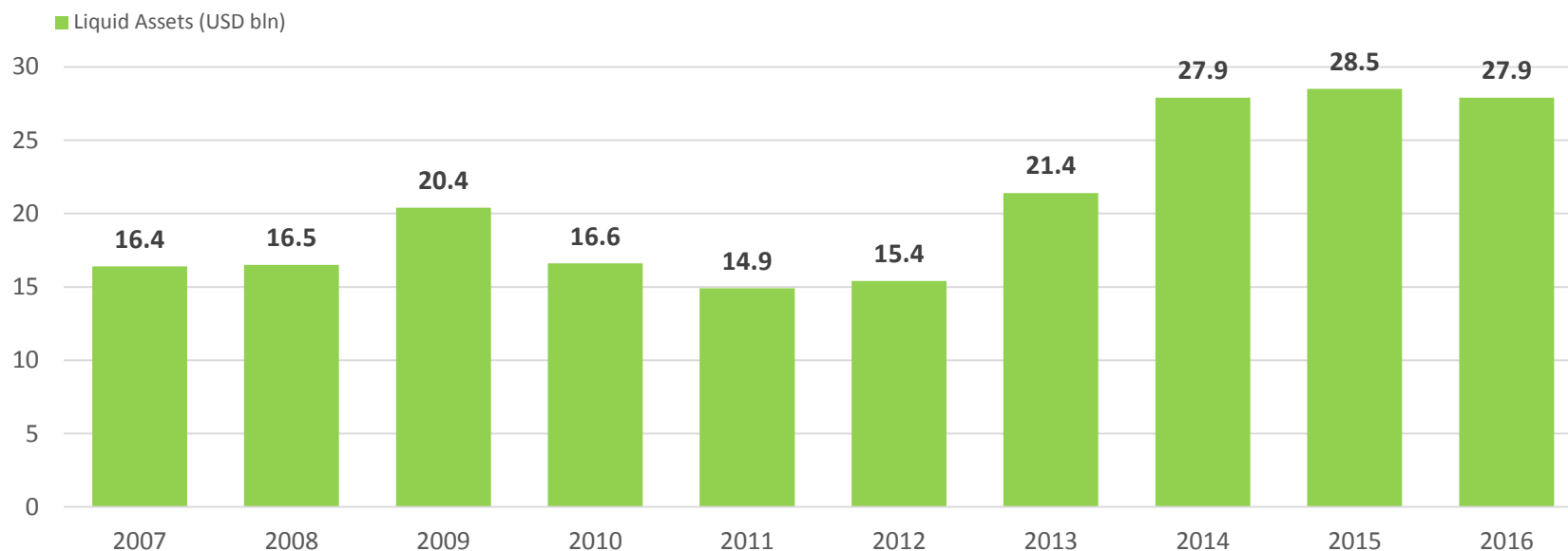
### Evaluation

- An independent unit of the IADB – Office of Evaluation and Oversight - evaluates lending operations to determine the extent to which they have met their objectives
- Evaluations are reported directly to the Board of Executive Directors

## IADB'S FINANCIAL STRENGTH

### Summary of Key Financial and Risk Management Policies

- Liquid holdings sufficient to cover at a minimum, 12 months of net cash requirements after haircuts.
- Objective: preservation of capital balancing risks and returns within risk constraints.
- Eligible investments include government, sub-sovereign, agency and corporate obligations rated double-A or better; supranational, asset and mortgage backed securities rated triple-A; and bank obligations rated single-A or better.
- Liquid assets funded by debt with similar rate reset characteristics.



## IADB'S FINANCIAL STRENGTH

### Summary of Key Financial and Risk Management Policies

- **Borrowing Capacity Policy:** net outstanding debt<sup>1</sup> is limited to the subscribed callable capital of the non-borrowing member countries (the United States, Canada, Japan and other non-regional members).
- Maturing debt (on a 12-month rolling period) cannot exceed 25% of outstanding debt.
- IADB's charter requires matching of assets and liabilities by currency.
- Derivatives (currency and interest rate swaps) are used for economic hedging purposes to achieve the desired currency composition and interest rate structure. Lowest permissible rating for a swap counterparty is A3/A-. Credit exposure is mitigated through netting and collateralization.

<sup>1</sup> "Net Outstanding Debt" is defined as borrowings (after swap) plus gross guarantee exposure, less qualified liquid assets (after swap), which include the special reserve assets.

1. OVERVIEW OF IADB

2. IADB'S FINANCIAL STRENGTH

**3. IADB IN THE CAPITAL MARKETS**



# IADB IN THE CAPITAL MARKETS

## Funding Strategy

### Objectives

- Volume
- Investor diversification
- Cost effectiveness

### Strategy

- Large global benchmark issues
- Bond issues targeted to strategic markets
- MTN transactions targeted to particular segments of demand

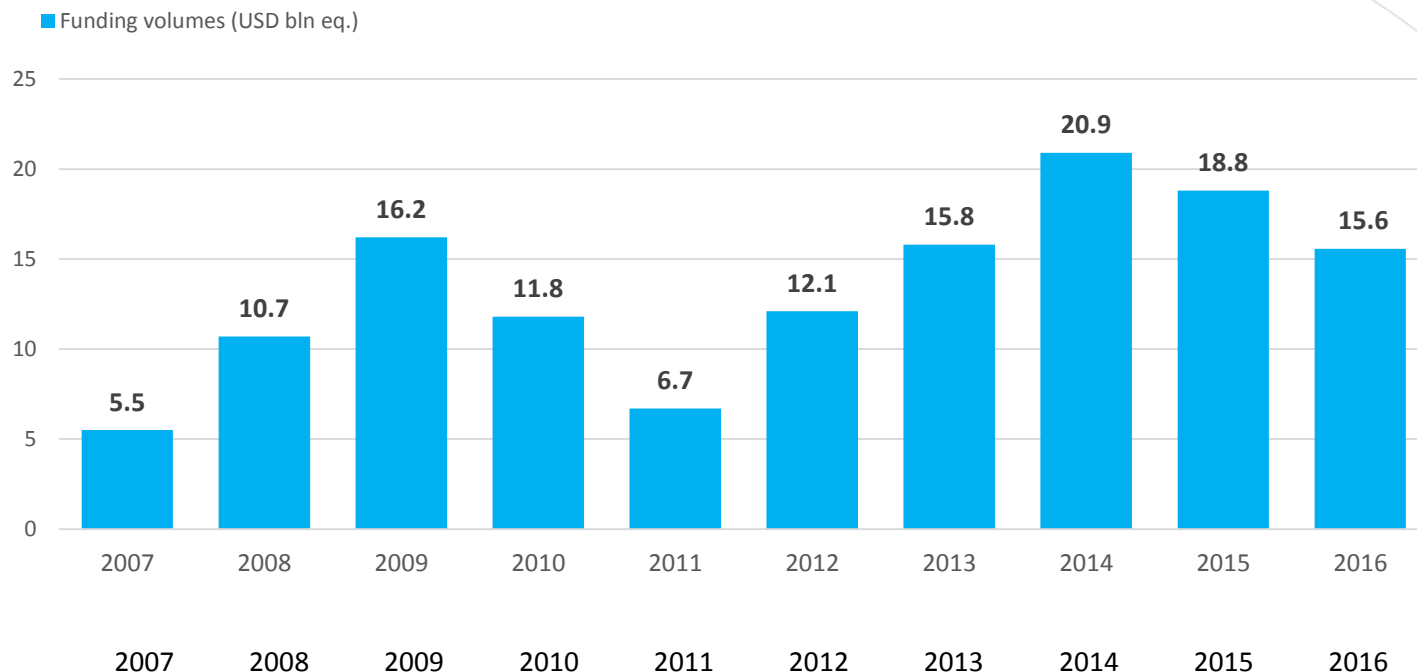
### Goals

- Issue fairly priced benchmark securities through a transparent price discovery process
- Ensure solid primary distribution to a diversified investor base with the support of our underwriters
- Obtain broad support from underwriters in the secondary market

**2017 Borrowing Program: USD equivalent 18.5 bln of securities.  
Transform newly issued debt into US dollar liabilities.**

# IADB IN THE CAPITAL MARKETS

## Funding Program Highlights 2007 – 2016



Funding volumes (USD bln eq.)	5.5	10.7	16.2	11.8	6.7	12.1	15.8	20.9	18.8	15.6
Range in Maturities (in Years)	1 to 20	1 to 15	1 to 10	1 to 10	1 to 30	1 to 30	2 to 10	2 to 30	2 to 10	2 to 10
Number of Currencies	12	13	10	10	8	9	10	12	9	8

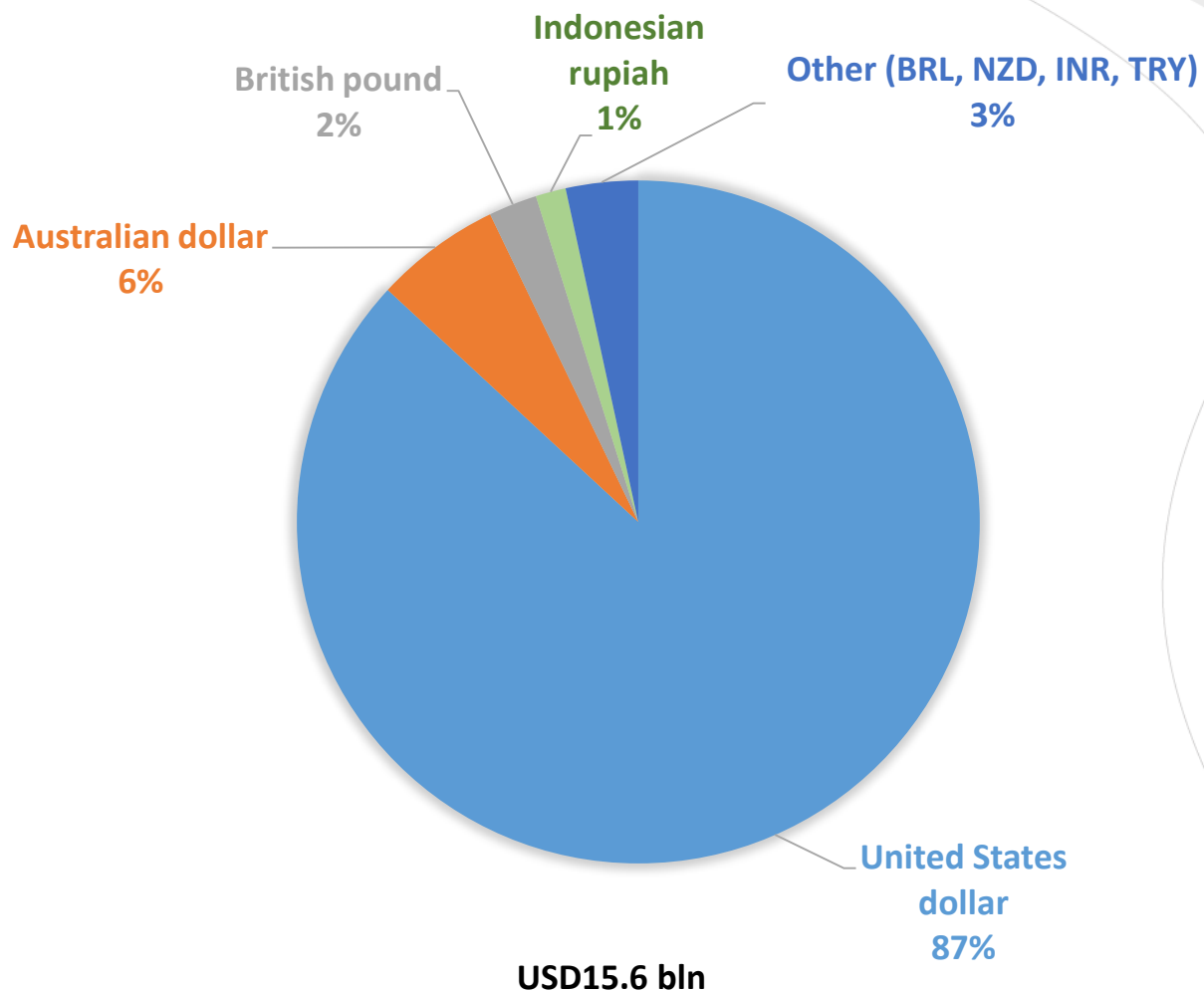


## IADB IN THE CAPITAL MARKETS

### 2016 New Borrowings by Currency (before swap)

Historically, IADB has issued bonds in 26 currencies:

AUD	BRL	CAD	CHF
CLP	COP	CRC	EUR
GBP	HKD	HUF	IDR
INR	ISK	JPY	KRW
MXN	NOK	NZD	PEN
PLN	RUB	TRY	TWD
USD	ZAR		



Numbers may not add up due to rounding.

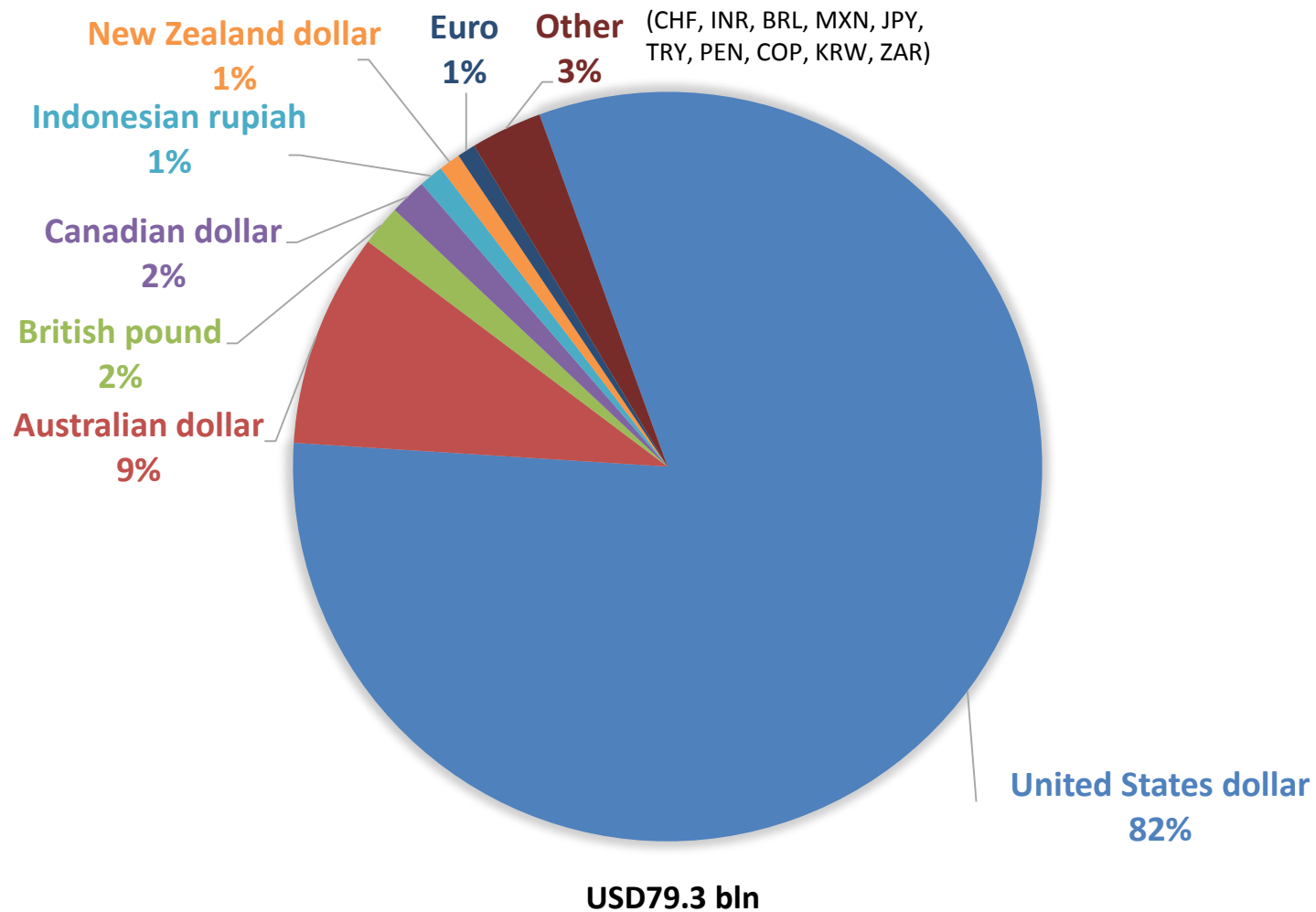
[WWW.IADB.ORG/INVESTORS](http://WWW.IADB.ORG/INVESTORS)

All figures are as of December 31, 2016 unless otherwise noted.



## IADB IN THE CAPITAL MARKETS

### Total Outstanding Borrowings by Currency (before swap)



Numbers may not add up due to rounding.

[WWW.IADB.ORG/INVESTORS](http://WWW.IADB.ORG/INVESTORS)

All figures are as of December 31, 2016 unless otherwise noted.

# IADB IN THE CAPITAL MARKETS

## Emerging Market Issuance Highlights

As of May 2017

	BRL	50 mln	10.250%	18-May-18
		520.9 mln	7.100%	26-Jul-19
	COP	14.4 bln	5.000%	21-Sep-20
		21.8 bln	4.920%	26-Jan-22
		19.4 bln	5.400%	27-Feb-25
	IDR	325.0 bln	8.000%	11-Jun-18
		1.75 tln	7.350%	12-Sep-18
		250.0 bln	7.000%	4-Feb-19
		1.00 tln	9.500%	15-Apr-19
		65.0 bln	6.380%	5-Aug-20
	INR	4.7 bln	5.400%	27-Nov-17
		1.1 bln	5.300%	27-Sep-19
		4.7 bln	3.970%	20-Feb-20
	TRY	44.3 mln	7.180%	23-Feb-18
		40.0 mln	Zero	15-Apr-26
	ZAR	87 mln	0.500%	28-Dec-17
		270 mln	0.500%	20-Oct-26

- AAA credit quality bonds that provide exposure to currencies.
- Standardized documentation issued off IADB's Global Debt Program, typically under New York Law.
- Customized issuance by currency, volume, and maturity to meet investor needs.

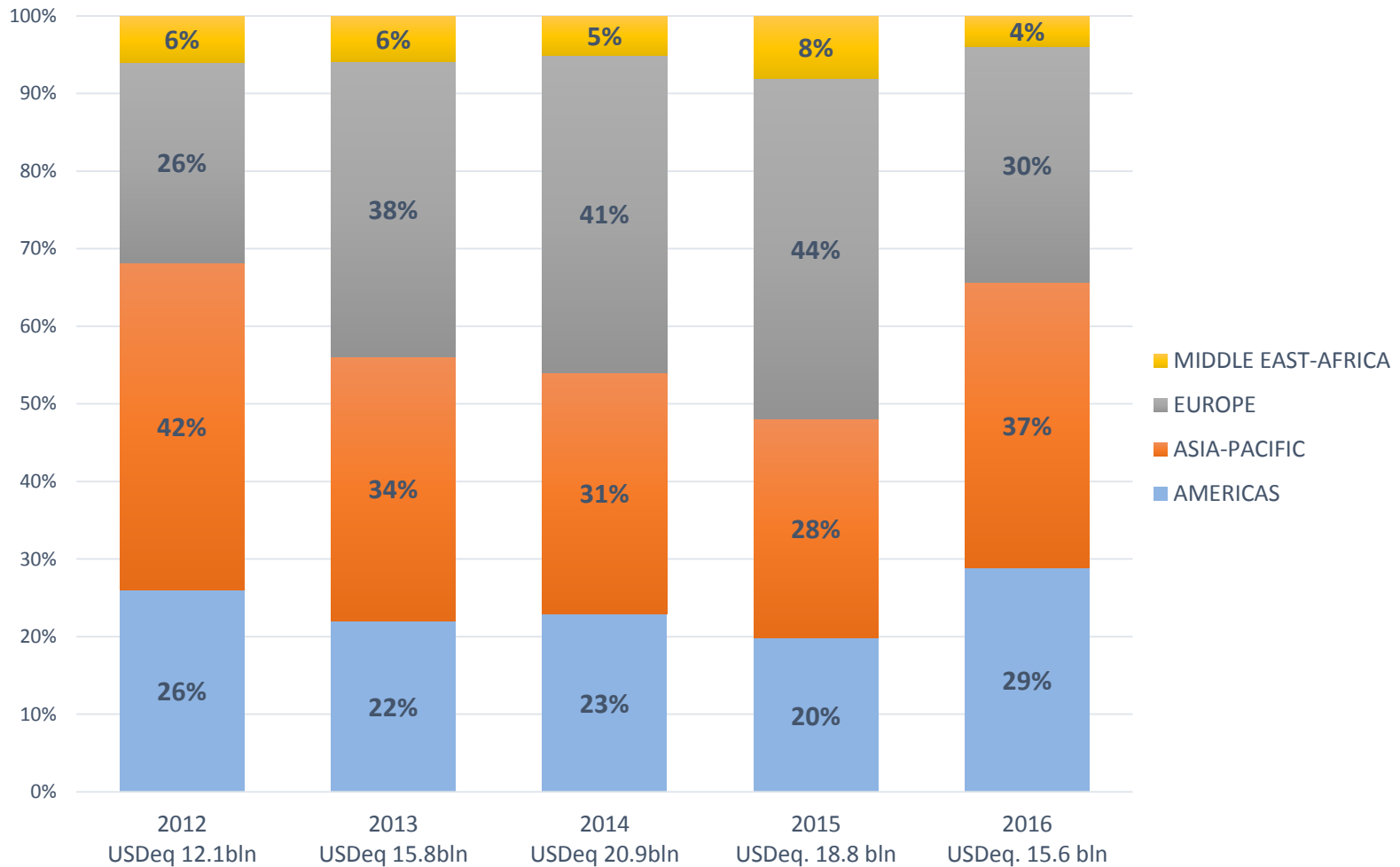
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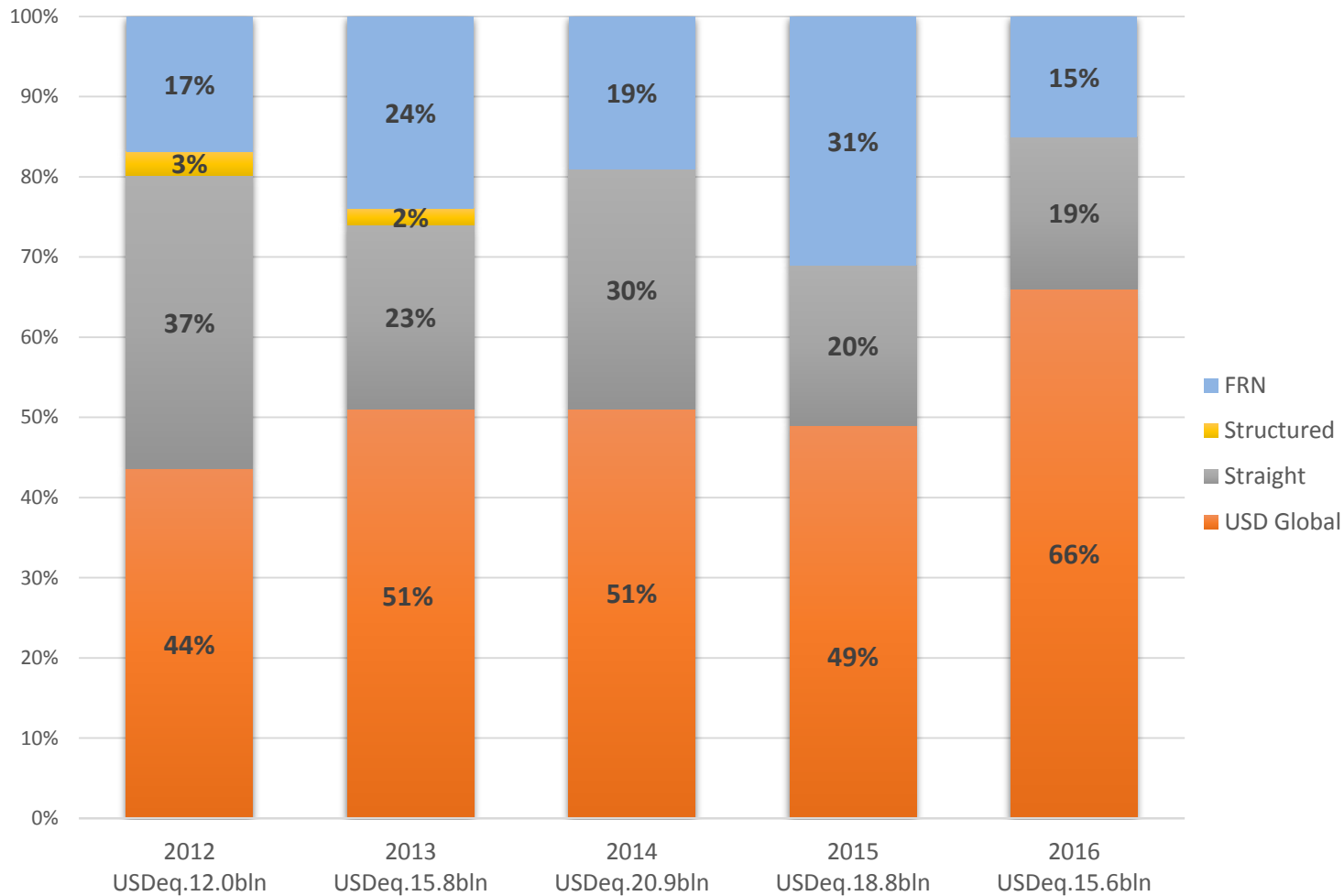
## IADB IN THE CAPITAL MARKETS

### Yearly Distribution of all Bond Issues by Geography



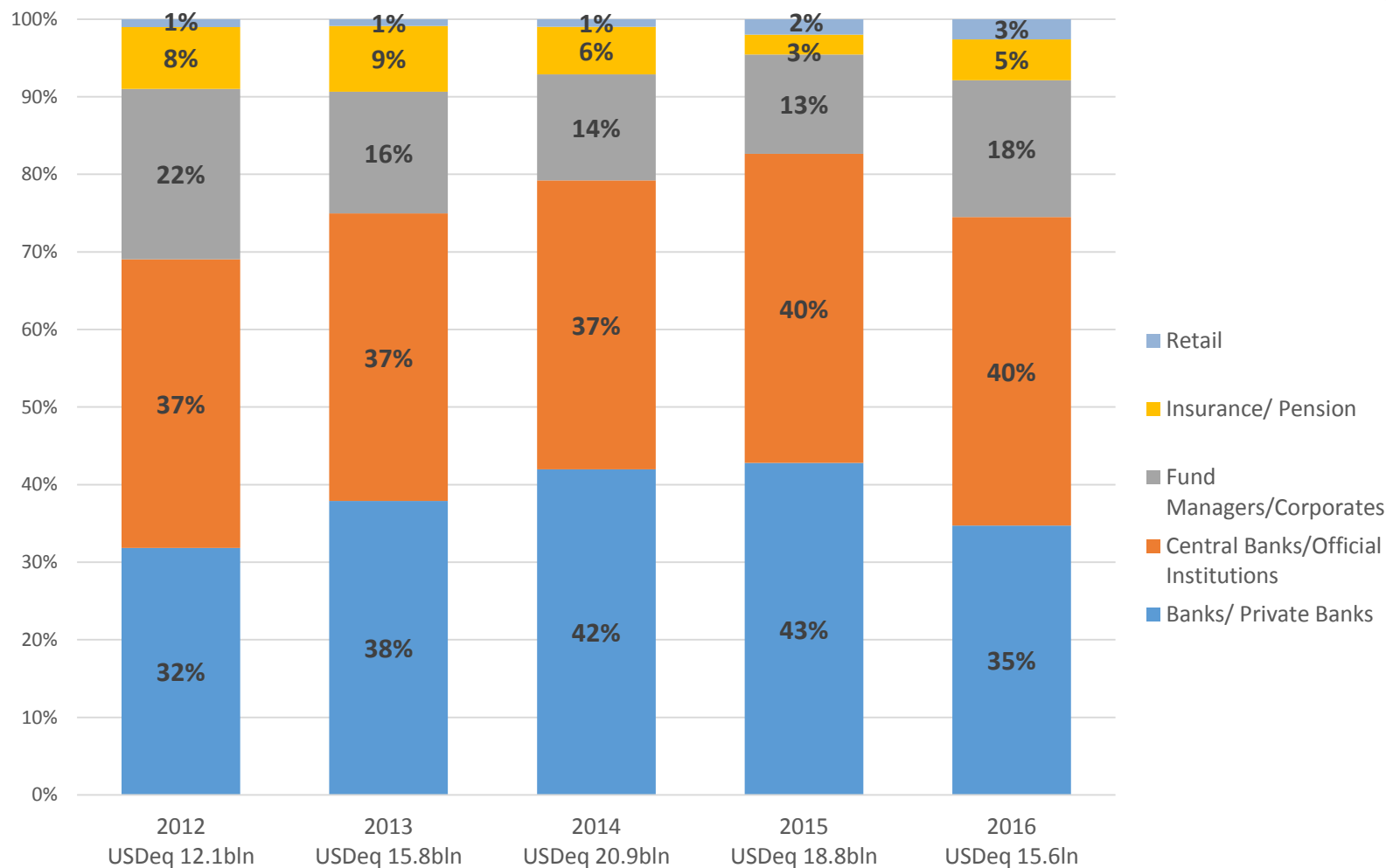
## IADB IN THE CAPITAL MARKETS

### Yearly Distribution of all Bond Issues by Product Type



## IADB IN THE CAPITAL MARKETS

### Yearly Distribution of all Bond Issues by Investor Type





## IADB IN THE CAPITAL MARKETS

### USD Fixed Rate Global Benchmark Commitments

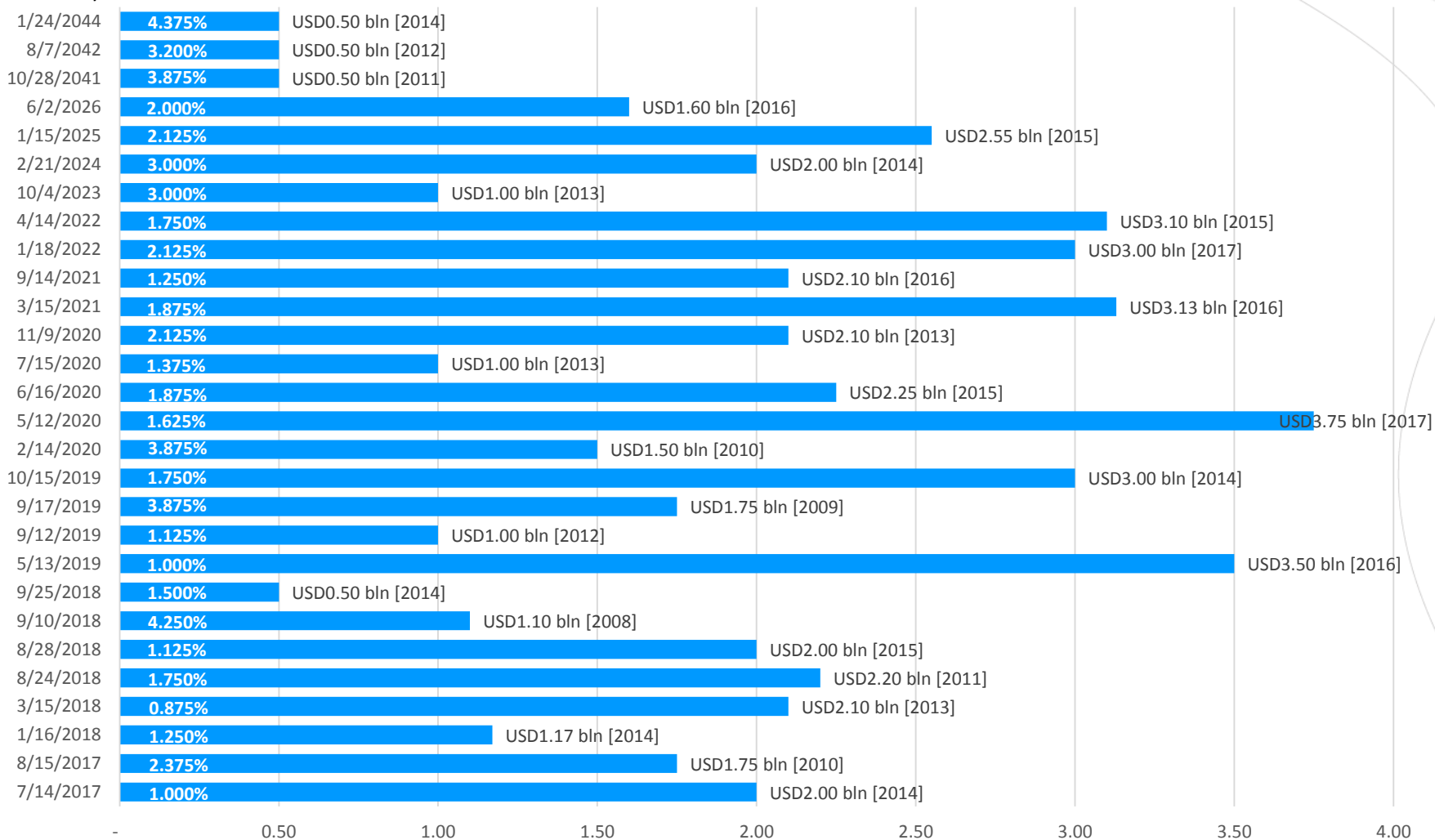
- Committed to issuing at least one global benchmark USD bond per year
- Committed to maintaining a yield curve of benchmark USD securities
- Promote liquidity for benchmark bonds by:
  - Obtaining broad sponsorship from underwriters
  - Deepening the investor universe by cultivating different types of investors in various regions
  - Debt repurchase program



# IADB IN THE CAPITAL MARKETS

## USD Fixed Rate Global Benchmark Bonds

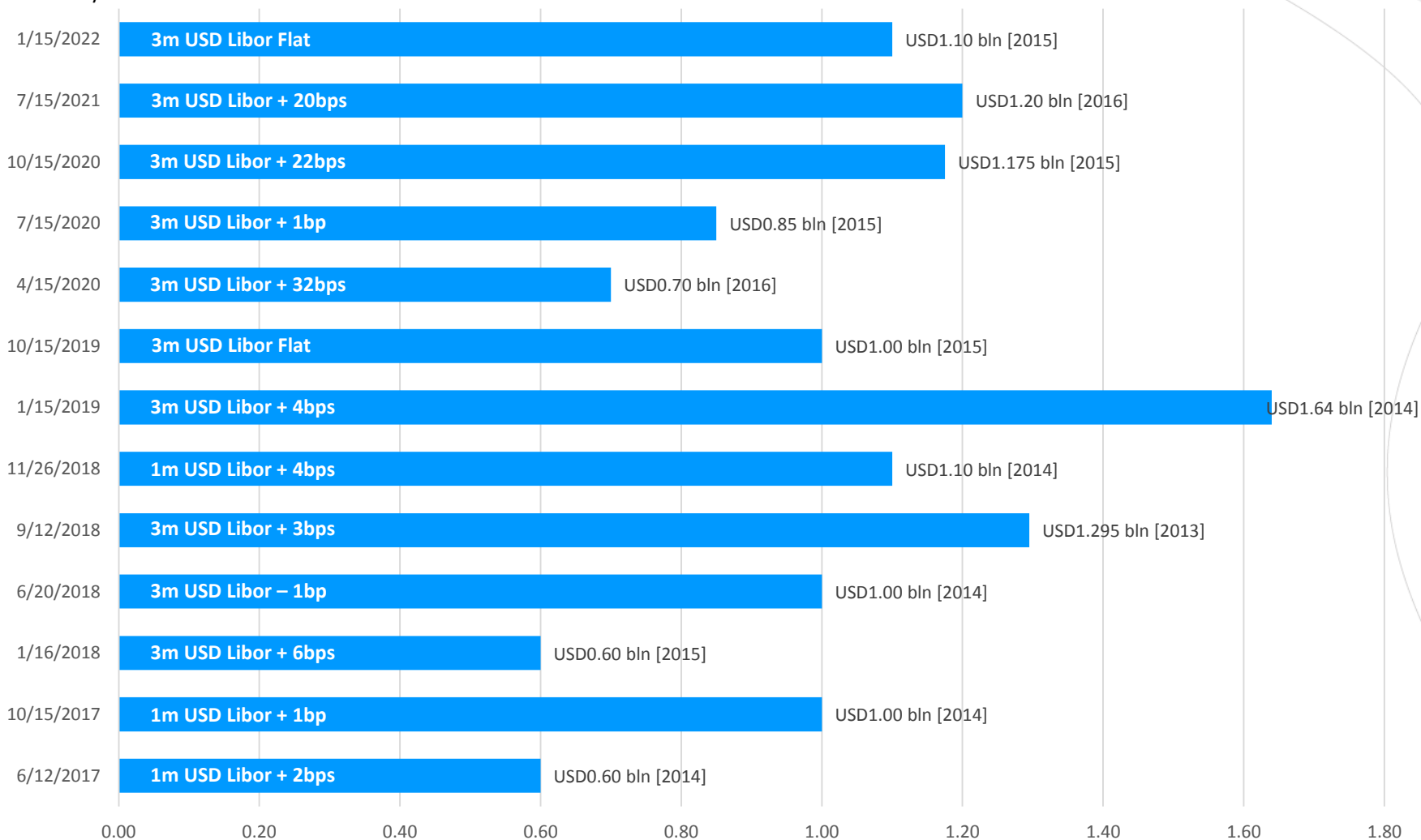
As of May 2017



# IADB IN THE CAPITAL MARKETS

## Select USD Floating Rate Notes (FRNs)

As of May 2017



# IADB IN THE CAPITAL MARKETS

## Recent USD Global Benchmark Case Studies

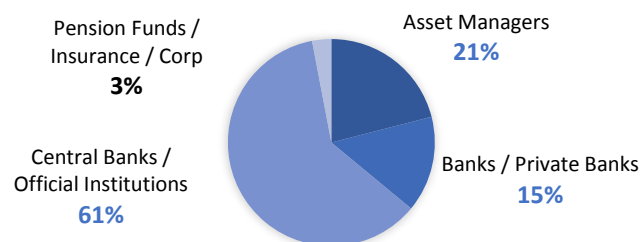
Bond	USD 3.75 billion 3-year Benchmark	USD 3.0 billion 5-year Benchmark
Issue Rating	AAA/Aaa	AAA/Aaa
Pricing Date	05-April-17	06-January-17
Settlement Date	12-April-17	18-January-17
Maturity Date	12-May-20	18-January-22
Coupon (S.A.)	1.625%	2.125%
Re-Offer Spread	UST 3 year + 23.75bps (MS - 6bps)	UST 5 year + 28.2 bps (MS + 24bps)
Lead Managers	Citi, Deutsche Bank, Nomura, RBC	BofA Merrill Lynch, BMO Markets, HSBC, J.P. Morgan
ISIN	US4581X0CX43	US4581X0CW69

Final order books were in excess of USD 5.3bn with 88 accounts participating – it was IADB's largest USD global benchmark

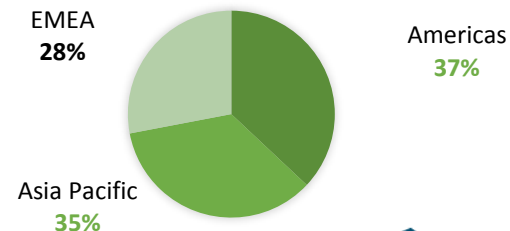
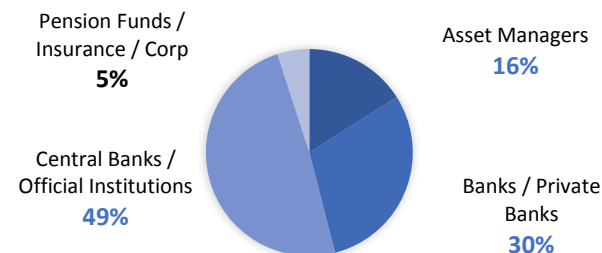
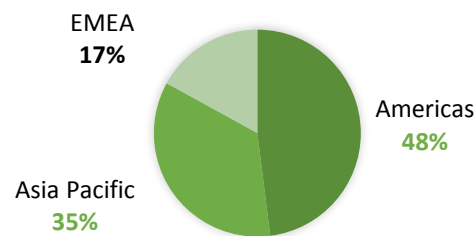
Impressive support with an order book over USD 4bn with 70 accounts participating, despite a challenging market environment



### Investors



### Regions



# IADB IN THE CAPITAL MARKETS

## Select USD Global Benchmark Case Studies

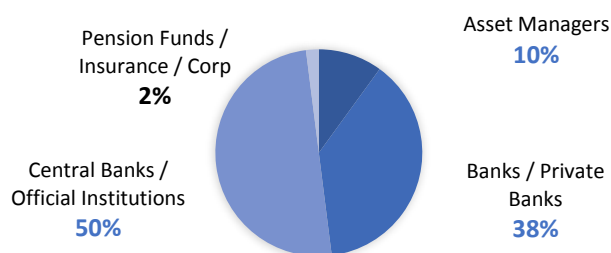
Bond	USD 2.1 billion 5-year Benchmark	USD 1.5 billion 10-year Benchmark
Issue Rating	AAA/Aaa	AAA/Aaa
Pricing Date	7-September-16	25-May-16
Settlement Date	14-September-16	2-June-16
Maturity Date	14-September-21	2-June-26
Coupon (S.A.)	1.250%	2.000%
Re-Offer Spread	UST 5 year + 23.1 bps (MS + 22bps)	UST 10 year + 24.3 bps (MS + 38bps)
Lead Managers	BofA Merrill Lynch, JP Morgan, Nomura, RBC	BNP Paribas, Citi, Toronto Dominion
ISIN	US4581X0CV86	US4581X0CU04

Order book in excess of USD 2.65 billion with 65 accounts participating

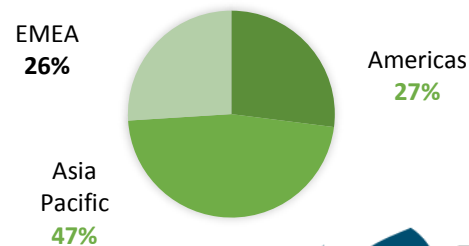
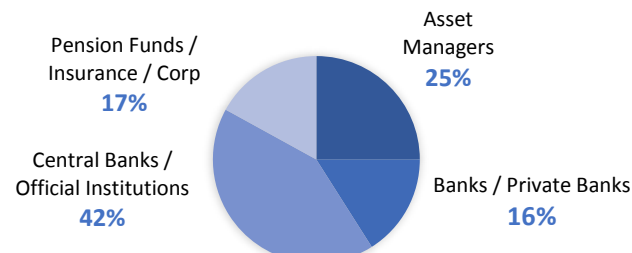
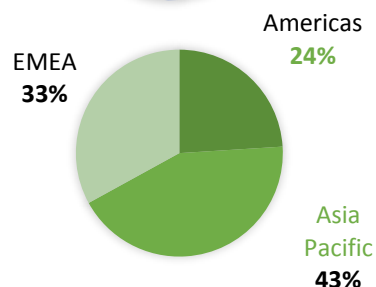
Order book in excess of USD 2.2 billion with 59 accounts participating



### Investors



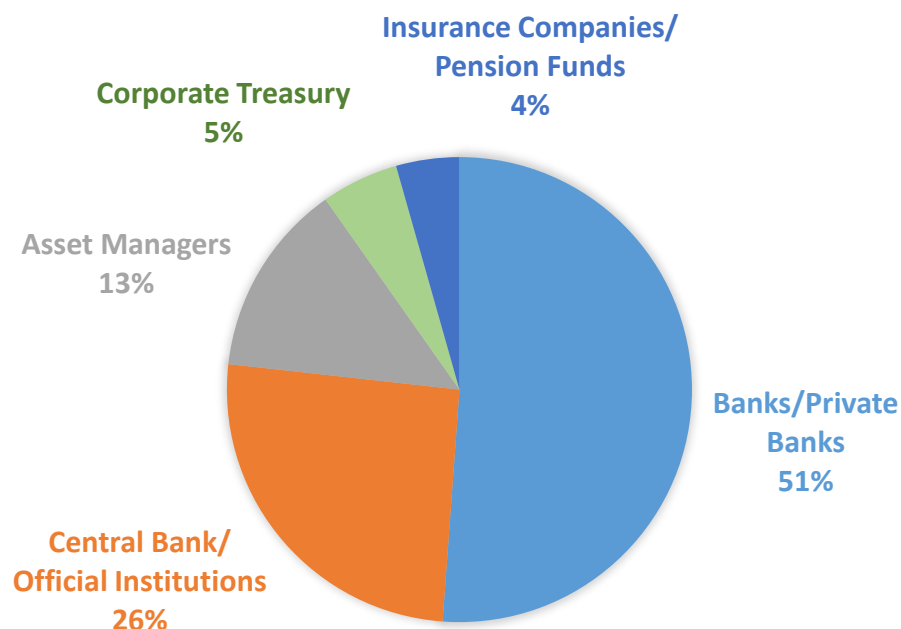
### Regions



# IADB IN THE CAPITAL MARKETS

## Short Term Funding: Discount Note Program

### 2016 Investor Distribution



Ratings	A-1+ (S&P), P-1 (Moody's)
Maturities	360 days or less
Documentation	Bank's Discount Note Program
Clearing	Book Entry via Federal Reserve Bank of NY
Bloomberg Page	IADN <Go>
Reuters Page	IADB
2016 Year-End Balance	USD540 mln
2016 Average Daily Balance	USD620 mln

#### Dealers:







BofA Merrill Lynch  
Barclays  
Mizuho Securities  
Morgan Stanley  
TD Securities  
Wells Fargo Securities



# IADB IN THE CAPITAL MARKETS

## Select Benchmark IADB Bonds in Non-USD Currencies

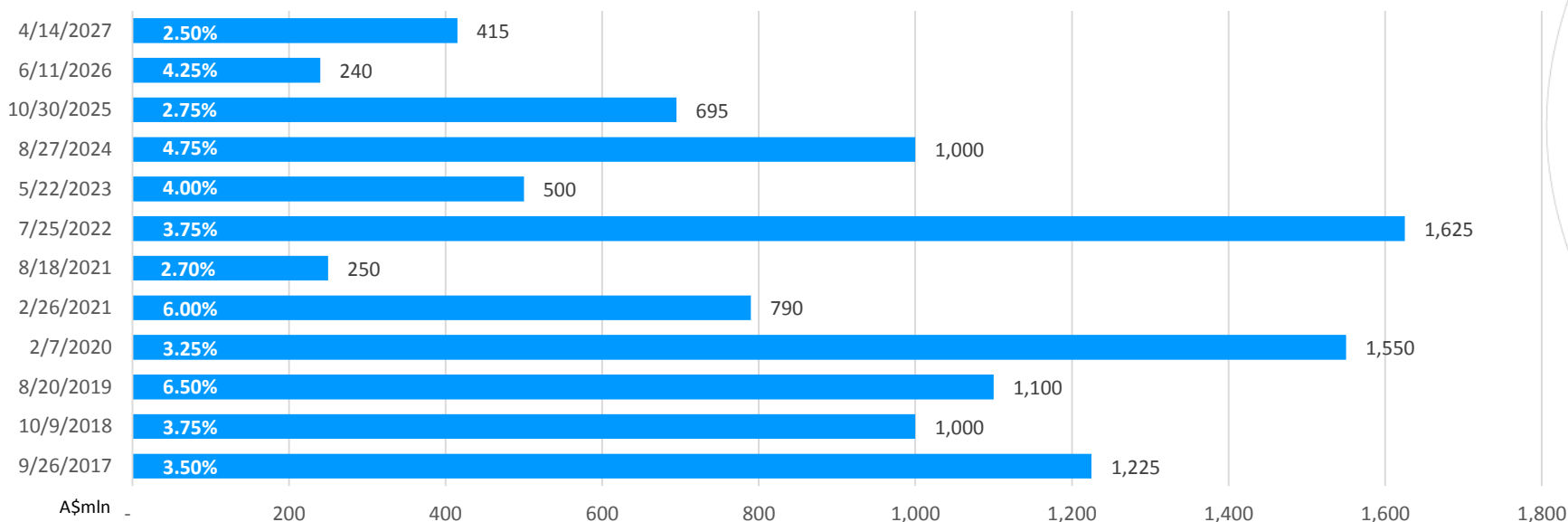
As of May 2017

	AUD	1,225 mln	3.500%	26-Sep-17
		1,000 mln	3.750%	09-Oct-18
		1,100 mln	6.500%	20-Aug-19
		1,550 mln	3.250%	07-Feb-20
		790 mln	6.000%	26-Feb-21
		250 mln	2.700%	18-Aug-21
		1,625 mln	3.750%	25-Jul-22
		500 mln	4.000%	22-May-23
		1,000 mln	4.750%	27-Aug-24
	CAD	695 mln	2.750%	30-Oct-25
		240 mln	4.250%	11-Jun-26
		415 mln	2.500%	14-Apr-27
	CHF	300 mln	1.875%	20-Mar-20
		1,000 mln	4.400%	26-Jan-26
	GBP	100 mln	2.450%	19-Mar-19
		400 mln	2.750%	15-Apr-19
	MXN	450 mln	1.250%	15-Dec-17
		250 mln	1.125%	17-Dec-19
		250 mln	0.625%	15-Dec-21
	NZD	6,700 mln	7.500%	05-Dec-24
		660 mln	6.000%	15-Dec-17
		100 mln	6.250%	15-Dec-17
		300 mln	3.500%	15-May-21

# IADB IN THE CAPITAL MARKETS

## IADB in the AUD Capital Markets

- AUD is a strategic market for IADB
  - Since 2001, IADB has issued in Australian dollars with maturities ranging from 2 to 15 years.
- IADB's commitment to AUD market reflected in:
  - Kangaroo bonds outstanding as of May 2017: AUD10.4 bln.
- Offer attractive yield pickup versus Australian government bonds
- Repo-eligible with the RBA
- Included in the UBS Supra-Sovereign Index



## IADB IN THE CAPITAL MARKETS

### IADB Bonds: A Sustainable Investment Option

- Long-term economic growth and the reduction of poverty and inequality in Latin America and the Caribbean depend on development that is both socially inclusive and environmentally sustainable.
- IADB is committed to maximizing the positive environmental and social impact of our work while minimizing the risks and negative impacts to people and natural capital.
- The IADB is rated by two sustainability rating agencies:
  - oekom research AG rated IADB “prime” in 2015
  - Sustainalytics scored IADB 73 out of 100 points (ranked 3rd out of 80 rated banks) in 2011
- Learn more at:

[www.iadb.org/sustainability](http://www.iadb.org/sustainability)



## Ensuring environmental and social sustainability through investments in Latin America and the Caribbean

# IADB IN THE CAPITAL MARKETS

## Sustainability in Our Operations



- **IADB is investing in climate change and environmental sustainability:** 35% of IADB lending of USD 10.7 billion in 2015 targeted environmental sustainability, climate change mitigation & adaptation, and sustainable energy, surpassing our goal of 25% by 2015.
- **IADB is adding value to its projects through the implementation of safeguards:** 89% of projects with high environmental and social risks rated satisfactory in safeguard mitigation measures, exceeding our goal of 85% by 2015.
- **IADB is implementing a new strategy and vision for sustainable infrastructure,** one that sees a shift from infrastructure being a fixed asset to infrastructure that is planned, built, and maintained as a service for people.
- **IADB innovate through special initiatives that support the sustainability agenda:** IADB's Emerging and Sustainable Cities Initiative (ESCI) won the **United Nations Framework Convention on Climate Change (UNFCCC) 2015 Momentum for Change Award.**
- **IADB is improving gender and diversity mainstreaming:** incorporating gender related results and sex-disaggregated indicators into more of our projects, to ensure that the benefits are felt by all, irrespective of sex, race and ethnicity.

## Ensuring environmental and social sustainability through investments in Latin America and the Caribbean

## IADB IN THE CAPITAL MARKETS

### Sustainability at Home



- We have an established **Corporate Sustainability Program** to manage day to day operations of the Bank to manage and report on the Bank's institutional environmental footprint and to provide ongoing education and awareness activities.
- We continue to meet our “**carbon-neutral**” commitment: since 2007 IADB is recognized by the United States Environmental Protection Agency (EPA) Green Power Partnership Program (GPP) as a 100% Green Power Purchaser.
- We have extensive **volunteer and awareness programs**: in 2015 the Bank's Community Relations Program mobilized 261 volunteers and ran a series of campaigns, drives, and community projects.
- We partner with **over 50 local community-based organizations**: we work with organizations through grants, volunteerism, surplus equipment donation, and technical assistance.
- We embrace **diversity and inclusion** in our own workplace: in 2016 IADB received EDGE certification. EDGE stands for Economic Dividends for Gender Equality. It is a leading global assessment methodology and a business certification standard to measure a company's commitment on gender equality.

**Empowering neighborhood communities, maximizing the potential of employees, and minimizing the environmental impact of our facilities (our footprint)**

## IADB IN THE CAPITAL MARKETS

### Education, Youth, Employment (EYE) Bond Framework

1. Defined Project Eligibility Criteria - Defined eligible projects to support IADB's "life cycle" approach to building human capital from early childhood care and education, through formal primary and secondary education, as well as programs that facilitate labor market placement by improving the transition from school to work through vocational training.
2. Established project selection process coordinated with lending specialists and treasury division.
3. EYE Bond proceeds recorded in a separate sub-account and tracked against disbursements of eligible projects.
4. Reporting - a list of Eligible Projects (including web-links to the relevant documentation) funded by the EYE Bond program will be published annually on a dedicated section of the IADB website.

Learn more at:

[www.iadb.org/investors](http://www.iadb.org/investors)

# IADB IN THE CAPITAL MARKETS

## Education, Youth, Employment (EYE) Bond

### Education



IADB promotes effective teaching and learning among children and youth in Latin America and the Caribbean by supporting high standards, investing in early childhood development and school readiness, enhancing teacher training, ensuring adequate resources for learning, improving school infrastructure, and providing graduates with the skills needed for work and life.

### Youth



IADB interventions are designed to promote the accumulation of human capital from early childhood care to youth programs, through the acquisition of practical life skills to reduce the likelihood of young people to engage in high risk behavior that may translate into economic and social costs for the individual, as well as society as a whole.

### Employment



These projects assist the design, implementation and evaluation of policies to improve job opportunities and develop workforce skills. IADB supported projects also increase the coverage and sustainability of social security, while improving efficiency and productivity.



# IADB IN THE CAPITAL MARKETS

## Education, Youth, Employment (EYE) Bond

### Select EYE Bond Investors:

Accion  
 AP2  
 The Bank of Korea  
 Breckinridge Capital Advisors  
 The Chugoku Bank, Ltd.  
 Dai-ichi Life Insurance Company  
 Mirabaud & Cie Geneva  
 Mito Securities  
 Nikko Asset Management Europe  
 Nordea Funds  
 Praxis Intermediate Income Fund  
 QBE Insurance Group Limited  
 Retela Crea Securities  
 Taiyo Life Insurance Company  
 Threadneedle UK Social Bond Fund  
 TIAA-CREF Asset Management  
 United Nations Development Programme  
 Zurich Insurance Group

<b>Total Amount Issued</b>	USD895 mIn (20 bonds)
<b>Amount Outstanding</b> (as of Dec 31, 2016)	USD890 mIn (19 bonds)
<b>Number of EYE projects Allocated</b>	37
<b>Currencies</b>	USD BRL IDR INR MXN TRY ZAR
<b>Maturities</b>	3, 4, 5yrs
<b>Formats</b>	Uridashi, Private Placement, Global Benchmark
<b>Documentation</b>	Global Debt Program





## EYE ELIGIBLE PROJECTS

### Belize: Education Quality Improvement (BL-1018)

**Challenge:** The Government of Belize has prioritized and invested heavily in education over the past few years. Yet, the impact of primary schooling on student outcomes is extremely poor. The discouraging results of primary education, in a context of relatively high spending, can be explained by various factors, which include lack of governance mechanisms for quality assurance, and low quality of instruction in primary school classrooms.

**Objective:** The objective is to improve the quality of primary education and the governance of the Belize education system. The specific objectives are to: (i) train approximately 50% of TEI (Teacher Education Institutes) pre-service instructors teaching methods courses and 46% of in-service teachers at the primary level; (ii) train approximately 37% of primary school principals in instructional leadership and administration; (iii) develop and implement an EMIS (Education Management Information System) for 100% of schools at the primary and secondary levels; and (iv) improve the profile of teacher candidates.

EYE Bond Criteria	Education
Project Number	BL-L1018 (Approved on June 12, 2014)
Expected Results include:	By project end: <ul style="list-style-type: none"> <li>• Increase proportion of teacher candidates and teachers in targeted schools with an overall grade of B or higher on content exam</li> <li>• Facilitating performance feedback by increasing the proportion of teachers appraised by their principals</li> </ul>
IADB Loan Amount	USD10 million (Ordinary Capital)
Additional Information	<a href="http://www.iadb.org/en/projects/project-description-title,1303.html?id=BL-L1018">http://www.iadb.org/en/projects/project-description-title,1303.html?id=BL-L1018</a>



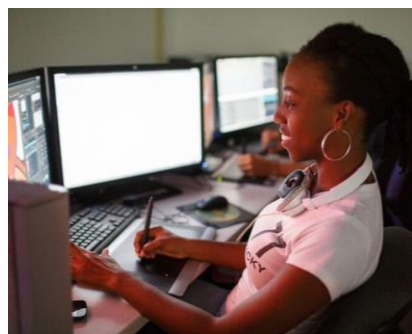
## EYE ELIGIBLE PROJECTS

### Barbados: Skills for the Future (BA-L1016)

**Challenge:** Barbados has long put a premium on education and provides free access to education including technical and vocational education (TVET). Nevertheless, the quality of education provided remains a concern as one out of five students in secondary education receives unsatisfactory grades in English and two out of five in Math; and many TVET programs are not aligned with needs of business.

**Objective:** The objective of this program is to support the Government's Human Resource Development Strategy, with an emphasis on improving the quality and relevance of Secondary Education and the effectiveness of TVET. By ensuring that graduates from secondary and post-secondary education have the academic, technical and life skills necessary to enter the labor market or continue further education, and by expanding opportunities for demand driven training and skills certification, the program aims to facilitate the school to work transition and improve the level of success among the youth in Barbados.

EYE Bond Criteria	Education
Project Number	BA-L1016 (Approved on Jun 21, 2012)
Expected Results include:	<p>By project end:</p> <ul style="list-style-type: none"> <li>• Improve the employability of youth (16-24 years) through vocational and life-skills training</li> <li>• Increase number of trained and certified employees in businesses</li> <li>• Increase partnerships between business/industry and TVET institutions to provide demand driven training programs</li> </ul>
IADB Loan Amount	USD20 million (Ordinary Capital)
Additional Information	<a href="http://www.iadb.org/en/projects/project-description-title,1303.html?id=ba-l1016">http://www.iadb.org/en/projects/project-description-title,1303.html?id=ba-l1016</a>



## EYE ELIGIBLE PROJECTS

### Chile: Program to Support SENCE's Effectiveness (CH-L1064)

**Challenge:** The Chilean labor market faces important challenges in terms of productivity and equity. In response to this situation, the Chilean Government is investing important resources in training programs implemented by the National Service for Training and Employment (SENCE). However, the quality and relevance of training policies and SENCE's institutional capacity is still low.

**Objective:** The objective of this operation is to improve the efficiency and effectiveness of labor policies for productivity, employability and equity. A central element will be the modernization of the current Chilean labor markets institutions.

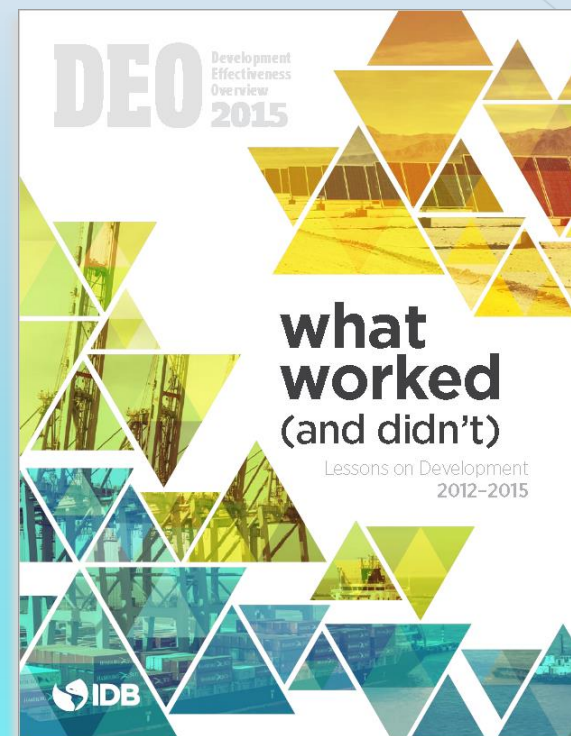
This objective will be achieved through a program comprising the following three components: (i) Improve efficiency and effectiveness in public spending in job training and training to improve formal employment; (ii) Improve quality and relevance of training policies; and (iii) Improve administrative management



EYE Bond Criteria	Employment
Project Number	CH-L1064 (Approved on October 10, 2012)
Expected Results include:	<p>By project end:</p> <ul style="list-style-type: none"> <li>• Improve the share of beneficiaries from the National Service for Training and Employment (SENCE) with a higher income than the control group</li> <li>• Increase the positive income differential between SENCE's beneficiaries and the control group</li> <li>• Improve the share of formal employment of SENCE's beneficiaries in comparison to the control group</li> </ul>
IADB Loan Amount	USD7.5 million (Ordinary Capital)
Additional Information	<a href="http://www.iadb.org/en/projects/project-description-title,1303.html?id=CH-L1064">http://www.iadb.org/en/projects/project-description-title,1303.html?id=CH-L1064</a>

## EFFECTIVENESS FOR IMPROVING LIVES

# EFFECTIVENESS FOR IMPROVING LIVES



Learn more at:

<http://publications.iadb.org/handle/11319/6822>

# EFFECTIVENESS FOR IMPROVING LIVES

## Honduras: To a Great Start

### Primary Education and Technology Integration

**Challenge:** Honduras has made significant progress in expanding coverage of preschool and primary education (grades 1 to 6), and has taken promising actions to better address the challenges of the quality of education. However, gaps in coverage and problems with quality, internal efficiency, and equity in the educational system still remain. The evaluation showed that many students did not attain the knowledge and skills expected of them: **20 percent of students had to repeat the first grade, and during the first three years of primary school 10 percent of students were either left back or dropped out.**

**Objective:** To address the problem, the government of Honduras worked with the IDB to design the Primary Education and Technology Integration Program. The program, financed by a **US\$37 million** sovereign guaranteed (SG) **loan** aimed to **improve learning by children in preschools and primary schools that serve the very poor.** The initiative sought to expand access to primary education, provide educational materials and training for teachers, and introduce technologies such as laptop computers and network connections.

**Results:** This program established **624 community preschool education centers**, furnishing them and providing educational materials and stipends for volunteer teachers. **Teachers also received training** in a guided learning method known as “Play and Learn.” By the time the project had ended, in 2014, **5,128 Honduran children from poor families had benefited** from the new preschool education centers. As a result, the children were better prepared to face the challenges of entering primary school. An evaluation of students who received the preschool training during the first year of the project found that repetition rates for first grade declined by 7 percent, surpassing the program goal of 4 percent.



Loan	Primary Education and Technology Integration Program (HO-L1062)
Sector	Education
Loan Amount	USD37 million

For more information:

<http://www.iadb.org/en/projects/project-description-title,1303.html?id=HO-L1062>



# EFFECTIVENESS FOR IMPROVING LIVES

## Brazil: Bringing a River Back to Life

### Improving the Quality of Water of the São Domingos River

**Challenge:** Catanduva, the capital of Brazil's ceiling fan industry, is located in the exuberant hinterland of the state of São Paulo and is home to 120,000 people. Catanduva is one of the most promising regional economic centers in Northern São Paulo, thanks to its bustling service industry and household appliance manufacturing industry. In spite of Catanduva's booming economy, for decades the city **neglected one of its most valuable resources, the São Domingos River**. Until recently, Catanduva **poured almost all of its sewage into the river**. As **pollution increased**, the vegetation near the banks of the São Domingos River slowly stopped growing. The city urgently needed to **find a solution to clean the river and bring it back to life**.

**Objective:** In 2009, the city of Catanduva obtained a **US\$8.4 million** sovereign guaranteed (SG) **loan from the IDB** to supplement the financing of an ambitious US\$26 million initiative known as the Catanduva Integrated Development Program. The program's goal was to **expand the city's green spaces and leisure areas and find a lasting solution to restore the São Domingos River**.

**Results:** Through the program, **the city's sewage treatment system was completed and a sewage treatment plant was constructed**. Today, the plant **treats 100 percent of the municipality's sewage**. The quality of the water in the São Domingos River and its ability of sustain aquatic life have also improved. The program also **modernized the operations, processes, and services of the local sanitation agency**, the Catanduva Water and Sanitation Superintendence (SAEC). The SAEC, which had been troubled by inefficiencies in service provision, now runs a revenue surplus. In addition to the environmental benefits, the program financed the rehabilitation of important areas of the city, offering more leisure space for the inhabitants of Catanduva.



Loan	Catanduva Integrated Urban Development Program (BL-L1171)
Sector	Urban Development and Housing
Loan Amount	USD8.4 million

For more information:

<http://www.iadb.org/en/projects/project-description-title,1303.html?id=BR-L1171>

# EFFECTIVENESS FOR IMPROVING LIVES

## Ecuador: Cows and Kilowatts

### Electricity to Create New Opportunities

**Challenge:** Although Ecuador's electricity coverage has expanded in recent years, there are still people living without access to electricity services. Every morning at 4 a.m., women in the communities of Prado in Ecuador's Pichincha Province wrap themselves in shawls, put on their bowler hats, and head out to lead their cows to pasture lands in the mountains. The **cows are milked twice a day**, a difficult and tiring task, and until recently the **work was hardly profitable** because **the communities did not have the equipment necessary to refrigerate and store the milk**. As a result, instead of enjoying the benefits of their hard work, the families had to throw away some of the milk that was produced. To make matters worse, a large portion of the small profits went to intermediaries who owned the storage and refrigeration tanks needed to keep the milk fresh until it reached processing plants.

**Objective:** In May 2012, the **IDB extended a US\$40 million** sovereign guaranteed (SG) **loan to the government of Ecuador**, aimed at funding a project that aimed to **provide quality electricity service to rural communities** and marginal urban areas **by installing 3,871 kilometers of power lines**.

**Results:** Thanks to having electricity in their community, along with financing and technical assistance provided through the project, the producers now have a certified milk collection facility that allows 3,000 liters of milk to be refrigerated. The facility also has a small laboratory to evaluate the quality of the milk. They no longer depend on intermediaries to sell their milk. **Instead, their cooperative negotiates the price and sells their milk directly to processing plants. This has not only increased their income by 21.5 percent, but has also opened the door to start additional marketing initiatives with new dairy products.**



Loan	Electrification Program for rural and marginal urban areas of Ecuador (EC-L1087)
Sector	Energy
Loan Amount	USD40 million

For more information:

<http://www.iadb.org/en/projects/project-description-title,1303.html?id=EC-L1087>

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Bloomberg: IADN <GO> / Reuters: IADB

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