

2020

EYE BOND OVERVIEW

(EDUCATION/ YOUTH / EMPLOYMENT)

Reporting Period from April 1, 2019 to March 31, 2020

INTER-AMERICAN DEVELOPMENT BANK

About the IDB

Since its founding in 1959 the Inter-American Development Bank (IDB) has worked to find innovative and effective approaches to address the economic, social, institutional, and environmental aspects of Latin America and the Caribbean’s development challenges. We work to improve lives in Latin America and the Caribbean. Through financial and technical support for countries working to reduce poverty and inequality, we help improve health and education, and advance infrastructure. Our aim is to achieve development in a sustainable, climate-friendly way.

For more information, visit www.iadb.org

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Improving lives



IDB GROUP STRATEGIC PRIORITIES & EYE BOND PROGRAM

Our institutional strategy reinforces the critical role sustainability plays in the region's development, stating as its vision to work in partnership with the region to increase productivity and reduce inequality in a sustainable way, and to ultimately transform Latin America and the Caribbean into a more inclusive and prosperous society.

All IDB projects are closely aligned to at least one of the United Nations Sustainable Development Goals.



EYE BOND PROGRAM

Solving the challenges of poverty and inequality in Latin America and the Caribbean requires a multi-faceted, carefully planned approach that coordinates investments in human capital – people – over the course of a lifetime.

The IDB, a pioneer in the realm of social bonds, has been working for decades to improve lives in Latin America and the Caribbean to fund programs in three prioritized areas: Education, Youth, and Employment (EYE).The IDB has focused on a “life cycle” approach to build 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.

The EYE Bond promotes the following:

Education: IDB 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: IDB 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. IDB-supported projects also increase the coverage and sustainability of social security, while improving efficiency and productivity.

The EYE bond program is focused on SDGs 4,5,8 and 10.



EYE bonds carry the triple-A credit rating of the IDB, not the risk of the underlying projects. **EYE Bonds provide investors not only with a financial return commensurate to a triple-A credit but a social return-developing human capital in Latin America and the Caribbean – as well.**



OVER THE NEXT 4 YEARS, PROJECTS SUPPORTED BY THE IDB’S EYE BONDS ARE EXPECTED TO^{1, 2}:



EDUCATION

BENEFIT 2,900,000 STUDENTS

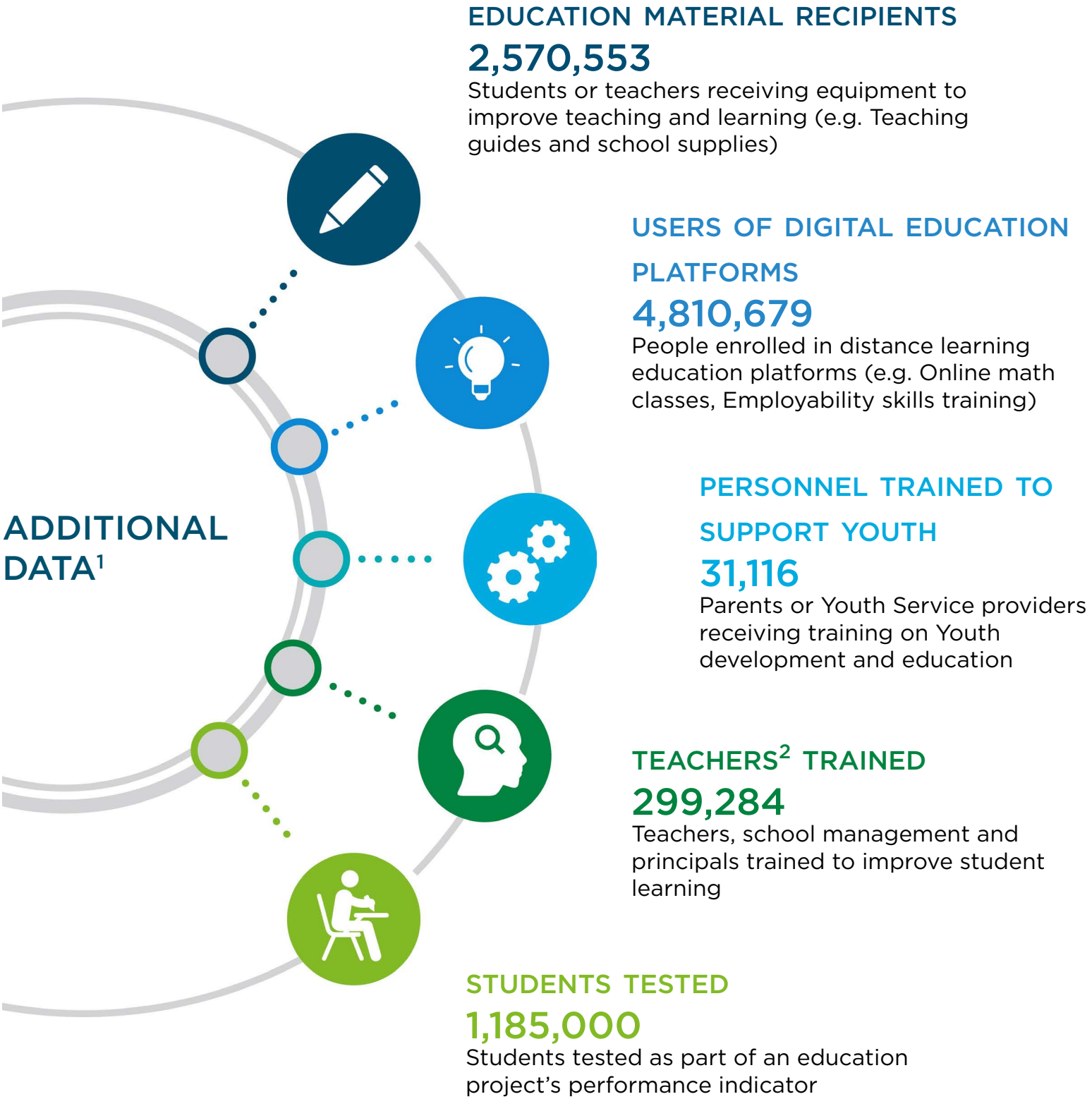
YOUTH

BENEFIT 105,000 PEOPLE



EMPLOYMENT

BENEFIT 540,000 PEOPLE



1. Based on project allocations for the 2019 reporting period (April 2019 - March 2020).
2. A person receiving support from multiple IDB initiatives may be counted towards each initiative's impact metric.

1. The numbers reported in the Additional Data section are not included in the impact metrics reported on the previous page.
2. The definition for "Teachers Trained" was broadened from the 2019 EYE Bond Program Report. In 2020, school management and principals were included in the Teachers Trained impact metric.

FEATURED PROJECT

GUATEMALA: EDUCATION QUALITY AND COVERAGE IMPROVEMENT PROGRAM (GU-L1087)

Guatemala has substantially increased school coverage in recent years, particularly at the primary level. However, it continues to have significant challenges of low coverage at the pre-primary level and retaining students at the secondary level. The access and retention problems are coupled with the poor quality of learning, which is one factor that contributes to students dropping out of school.

IDB investment of \$150,000,000 through the EYE Bond program has the objective to support efforts to improve pre-primary and primary education at the national level. The specific objectives are to: (i) increase coverage and quality in pre-primary schools; and (ii) help improve the quality of pre-primary and primary education.

The program focus its actions on increasing coverage for 5 and 6 year old children in primary schools where there are no pre-primary facilities, on improving the physical conditions for instruction in rural and urban fringe schools and on increasing graduates from teacher training and development programs and changes in classroom teaching practices.

By helping to close gaps in the coverage and quality of education, this operation seeks to create more opportunities for the vulnerable population, the lack of which is one of the main reasons for emigration.

The program is aligned with the Bank's strategies and relevant sector frameworks and further IDB's goal to improve school infrastructure and education quality at the pre-primary and primary level in Guatemala.

For more details about this project, [click here](#)



BARBADOS: SKILLS FOR THE FUTURE (BA- L1016)

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 technical and vocational training and education by forging close partnerships between business and training institutions. These partnerships are key to ensure that training is demand-driven and responds to the needs of employers while also resulting in skills certification for the trainees.

For more details [click here](#).



MEXICO: STRENGTHENING THE MANAGEMENT OF EMPLOYMENT PROMOTION POLICIES (ME-L1258)

The project's general objective is to modernize Mexico's National Employment Service (SNE) in order to help job seekers find a formal job.

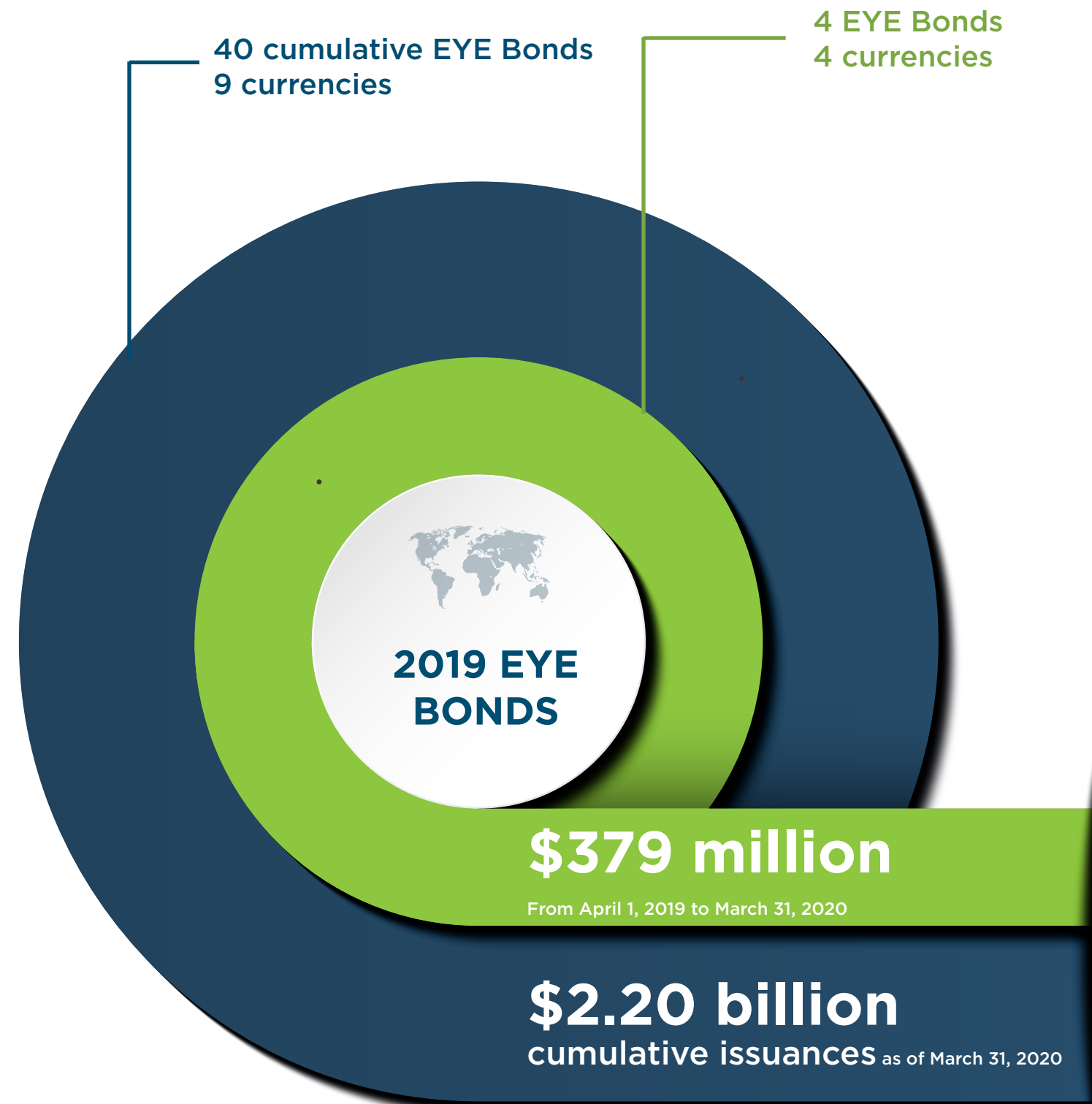
The specific objectives are to improve the effectiveness of: (i) job placement services; and (ii) targeted support for formal employment, while promoting gender equality. The project is expected to directly or indirectly improve all services offered by making organizational and technology improvements.

For more details [click here](#).

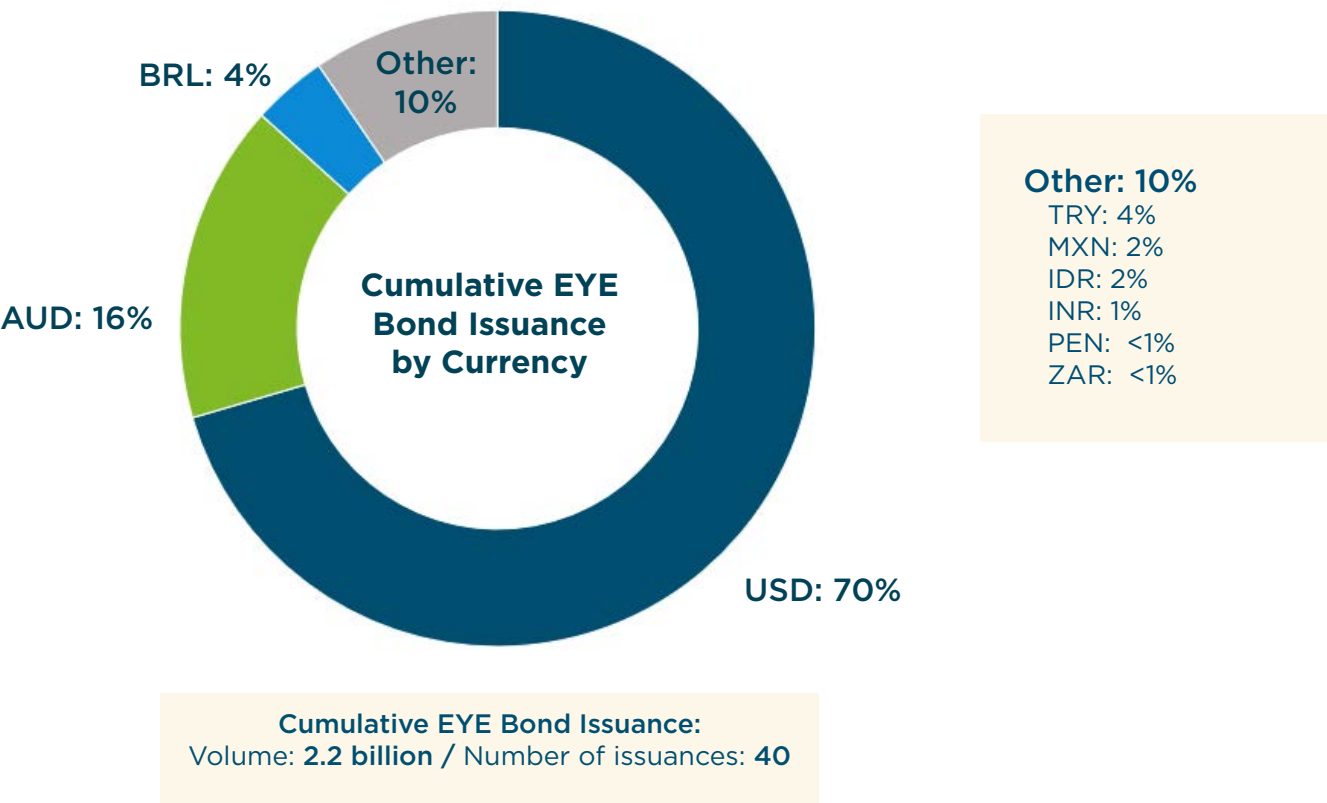




ISSUANCE HIGHLIGHTS



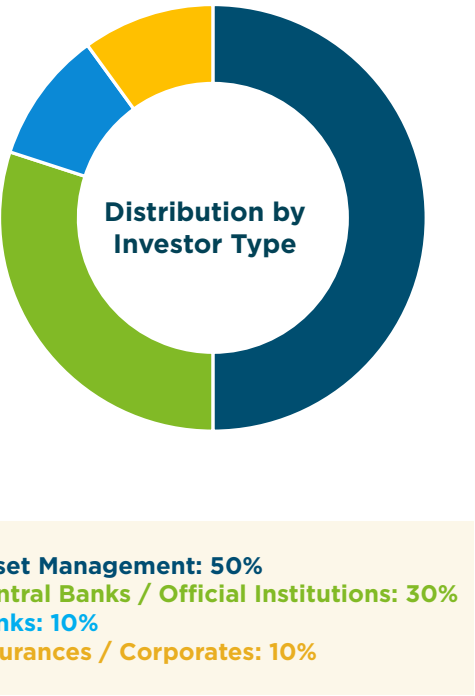
ISSUANCE HIGHLIGHTS



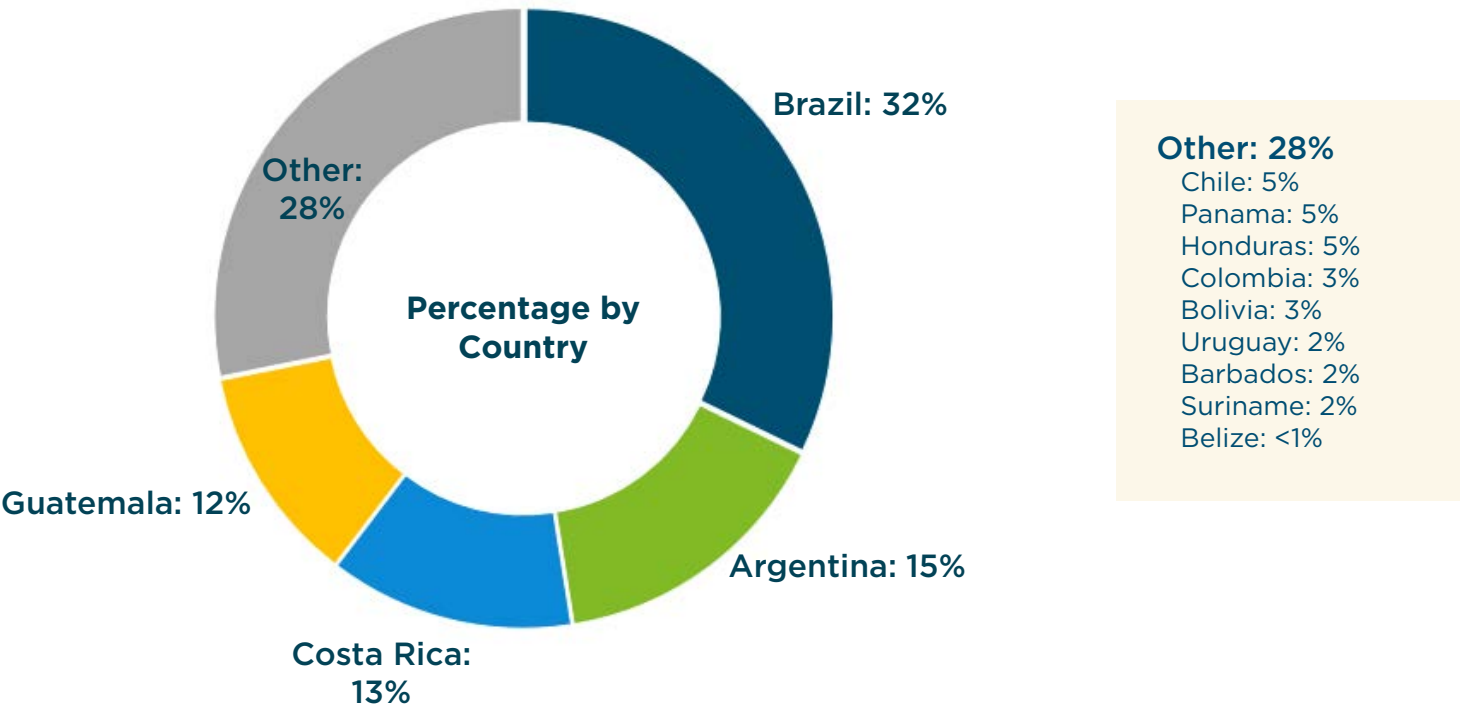
SELECT BOND ISSUANCE
AUD500 MILLION 5-YEAR EYE BOND BENCHMARK

MATURITY DATE	April 24, 2024
COUPON (SEMI-ANNUAL)	1.95% (23 April and October)
LEAD MANAGERS	ANZ, CBA, and JP Morgan
ISIN	AU3B0262483
BLOOMBERG TICKER	IADB

This transaction marks IADB’s first Kangaroo ‘EYE’ bond benchmark, the proceeds of which will be directed to fund IDB project loans eligible under the EYE Bond program criteria. The transaction was oversubscribed, in excess of AUD 640 mln with 30 accounts participating. The deal received a strong reception from the Australian Dollar investor community. [Click here](#) for more details.

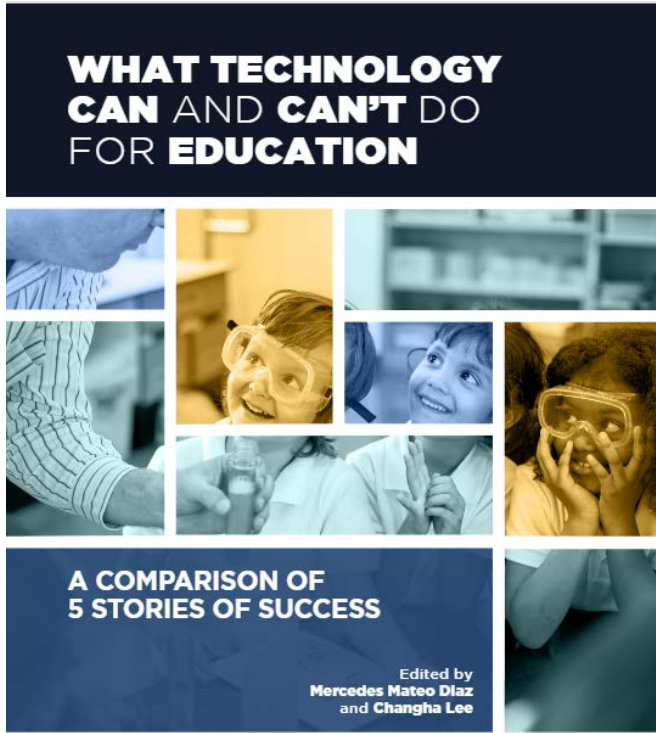


\$1.3 BILLION CURRENTLY COMMITTED TO EYE PROJECTS



IDB & EDUCATION

The IDB also supports the region by formulating public policy solutions and by promoting effective teaching through various initiatives, publications and research.

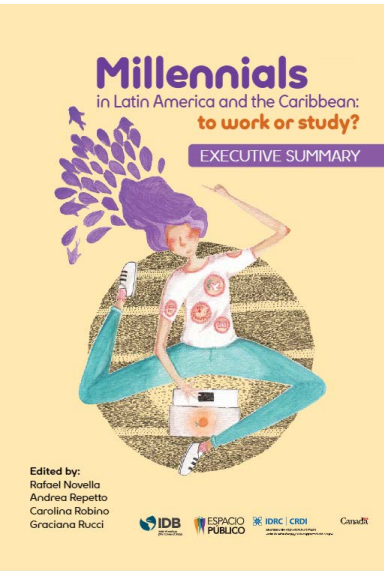
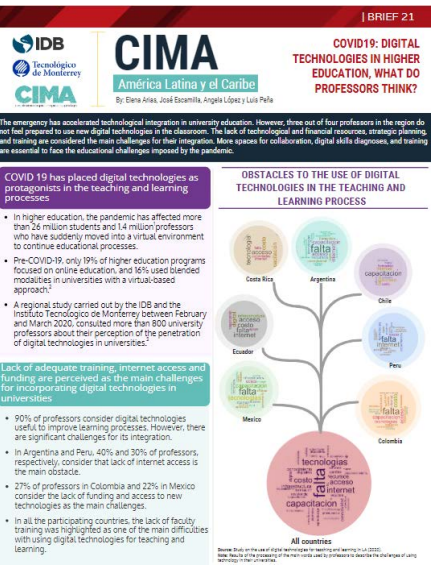
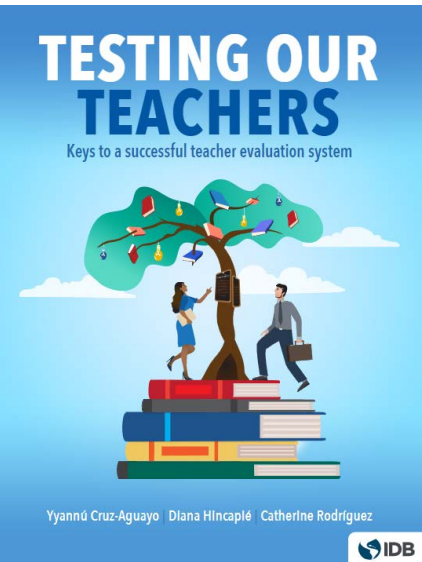


As a consequence of the rapid spread of COVID-19, the entire world is suddenly engaged in the biggest distance learning experiment in history. Technology is a powerful tool, if not the only tool to ensure the continuity of learning during a time of emergency. Learn how some countries have been able to leverage technology to improve learning and better respond to the potential learning loss during the pandemic.

For more details [click here](#).

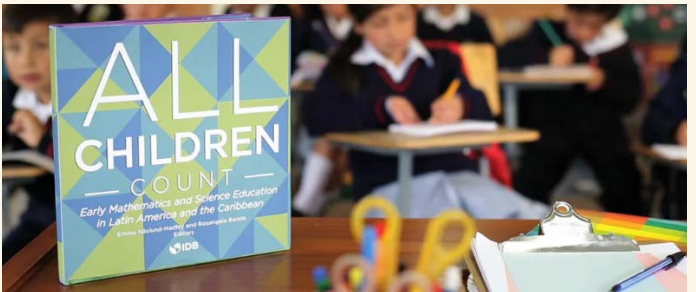
IDB & EDUCATION

Click on the image to explore additional publications and initiatives from the IDB.



The IDB and HundrED.org , a global education nonprofit, announced the launch of a Spotlight project. This aims to identify effective models for cultivating 21st century skills, also called transversal skills, in students by looking for innovations in learning from Latin America and the Caribbean. This launch takes place within the framework of the United Nations World Youth Skills Day, which this year focuses on the theme “Skills for a resilient youth in the era of COVID-19 and beyond”

For more details [click here](#).



PROJECT COMMITMENTS & EYE BOND ALLOCATIONS

EDUCATION

Project Name	Project ID	Project Country	IDB Committed Project Amount (US\$mIn) ¹	EYE Bond Allocated (US\$mIn) ²
Quality and Equity of Education. Promedu IV	AR-L1180	Argentina	200	100.0
Skills for the Future	BA-L1016	Barbados	20	18.1
Education Quality Improvement	BL-L1018	Belize	10	10.0
Productive Communitarian Secondary Education	BO-L1071	Bolivia	40	33.1
Program to improve the quality and expand coverage of basic education	BR-L1327	Brazil	201	155.2
Program for accelerating progress of Education in Amazonas	BR-L1328	Brazil	117	85.1
Expansion and improvement program of early childhood education and elementary education	BR-L1329	Brazil	59	52.9
Expansion and Improvement Project of the Public Education Network of Manaus	BR-L1392	Brazil	52	16.1
Early Childhood Education Expansion and Improvement Program	CH-L1082	Chile	70	69.6
Support Program to Quality Education Plan for Prosperity	CO-L1093	Colombia	45	35.1
Building and Equipping of Education Infrastructure	CR-L1053	Costa Rica	168	121.6
Education Quality and Coverage Improvement Program	GU-L1087	Guatemala	150	32.9
Improvement of school quality to develop capacities for the Employment: Youth Program	HO-L1188	Honduras	60	7.0
Innovation in School Infrastructure	PN-L1072	Panama	70	57.9
Second Basic Education Improvement Program (2nd BEIP) Phase II	SU-L1038	Suriname	20	11.8
Generation C: Strengthening education innovations for 21st Century skills and competencies	UR-L1141	Uruguay	30	14.0
Total				820.5

20

1. Committed amount for eligible projects for which the loans are outstanding.

2. EYE bond proceeds allocated to support financing of disbursement to eligible projects net of loan repayments. Not adjusted for matured bonds that were not replaced with new EYE bonds.

PROJECT COMMITMENTS & EYE BOND ALLOCATIONS

YOUTH

Project Name	Project ID	Project Country	IDB Committed Project Amount (US\$mIn) ¹	EYE Bond Allocated (US\$mIn) ²
Program to Support the National Early Childhood Plan and the Policy for Universalization of Early Childhood Education	AR-L1254	Argentina	200	2.0
Grow Well to Live Well Early Childhood Development Program	BO-L1064	Bolivia	20	15.4
Support to Early Childhood Development	PR-L1051	Paraguay	27	18.9
Program to Support the National Integrated Care System	UR-L1110	Uruguay	50	32.9
Strengthening of quality services of early childhood development	EC-L1235	Ecuador	50	3.8
Total				73.1

EMPLOYMENT

Project Name	Project ID	Project Country	IDB Committed Project Amount (US\$mIn) ¹	EYE Bond Allocated (US\$mIn) ²
Program to Support Employment II	BO-L1121	Bolivia	40	11.7
Human Resources Training Program (Proforhcom)	ME-L1142	Mexico	170	52.8
Improvement and Expansion of employment Center Services for Formal Job placement	PE-L1152	Peru	30	5.7
Program to Support Job Placement	PR-L1066	Paraguay	5	3.7
Strengthening of the management of employment promotion policies	ME-L1258	Mexico	160	48.6
Skills for Current and Future Jobs in the Bahamas	BH-L1037	Bahamas	25	0.5
Skills Development for Global Services in Jamaica	JA-L1079	Jamaica	15	0.6
Total				123.5

1. Committed amount for eligible projects for which the loans are outstanding.

2. EYE bond proceeds allocated to support financing of disbursement to eligible projects net of loan repayments. Not adjusted for matured bonds that were not replaced with new EYE bonds.

EYE BOND FRAMEWORK

The EYE Bond program is defined by a framework that follows ICMA’s Social Bond Principles (SBP), structured on the four components of the SBP: use of proceeds, process for project evaluation and selection, management of proceeds, and reporting.

I. Use of proceeds

The EYE Bond program provides funding for eligible project loans related to Education, Youth, and Employment:

- **Education:** effective teaching and learning among children and youth
- **Youth:** building of human capital from early childhood care to youth programs, through the acquisition of practical life skills
- **Employment:** improve job opportunities and develop workforce skills

II. Process for Project Evaluation and Selection

PROGRAMMING

- We align our sustainability actions with those of our borrowing member countries through the country strategies prepared every time a new administration takes office
- We prepare sector framework documents to provide guidance to project teams on what IDB seeks to accomplish in a given sector
- We scan the pipeline of operations each year for climate change opportunities
- We screen all operations for potential environmental and social risks and disaster and climate

PREPARATION

- We prepare an environmental and social strategy for the project profile
- Project teams present a results matrix and a monitoring and evaluation plan for tracking the project’s achievements, including for sustainability
- Climate change and gender and diversity specialists get involved early to provide technical advice
- We prepare an environmental and social management report for the Proposal for Operation Development. We help clients prepare any additional environmental and social impact assessments

APPROVAL

- Teams consider how projects align to IDB’s strategic priorities
- The multilateral development bank (MDB) climate finance tracking methodology is applied to each IDB Group project to determine the portion of climate-related financing
- Loan agreements include key environmental and social clauses.

EXECUTION

- We determine the level of safeguards supervision required using an environmental and social risk rating.
- Project teams work closely with executing agencies, building capacity along the way, and submit two progress monitoring reports per year.
- We analyze safeguards performance across the portfolio.

III. Management of Proceeds

An amount equal to the net proceeds of the issue of the Notes (which proceeds may be converted into other currencies) shall be recorded by the Bank in a separate sub-account supporting Eligible Projects. These proceeds will be invested in accordance with the Bank’s conservative liquidity investment guidelines until used to support the Bank’s financing of Eligible Projects. So long as the Notes are outstanding and the account has a positive balance, the Bank shall direct an amount equal to such net proceeds to its lending projects within the fields of Education, Youth, and Employment, subject to and in accordance with the Bank’s policies. The Bank shall allocate amounts from the sub-account to support the financing of Eligible Projects on a semi-annual basis.

IV. Reporting

On an annual basis, IDB will publish a newsletter to highlight progress and status of eligible projects.



ELIGIBILITY CRITERIA FOR EYE BOND PROGRAM PROJECTS

Eligible Category	Eligible Projects	Definition
EDUCATION	Preschool & Early Childhood Education	Support programs directed to ensure that all children enter first grade ready to learn and have the basic competencies required to benefit from a full cycle of schooling
	Primary Education	Support Primary Education Programs
	Secondary Education	Support Secondary Education Programs
	Compensatory Education	Support compensatory programs to reduce education inequalities by improving the access and achievement of all students.
	Teacher Education & Effectiveness	Support programs directed to ensure teacher quality
	e-Education	Support programs that increase access to information and communication technologies (ICTs) in educational processes to improve the quality of student learning.
	Vocational & Technical Education	Support programs directed to Vocational and Technical Education - access to knowledge and professional skills development for insertion in different sectors
YOUTH	Early Childhood Development	Support parents and caregivers to improve the quality of childcare.
	Youth-At-Risk	Direct support to interventions, policy design, and/or impact evaluations to benefit at risk youth or those already engaging in high-risk behavior.
EMPLOYMENT	School-to-Work Transition	Support programs to improve the match between learning, skills, and competencies provided in school and those required by the labor market to improve the transition to productive work.
	Human resources & workforce development	Support development of skills and competencies for the job throughout the life cycle of the worker, including improving resources for the school-to-work-transition.
	Labor Intermediation Systems	Support the development of information systems, labor market counseling and training services for job-placement in better jobs.
	Vocational and Workforce Training	Support training programs to accelerate the social and labor insertion of job seekers, including youth, unemployed adults and active workers.

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