



PUBLIC

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**2020 APPROVED PROGRAM AND BUDGET  
FINAL VERSION**

**February, 2020**

**GA-274-3**

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



## **2020 Approved Program and Budget Book – Final Version**

### **Purpose**

The purpose of this document is to provide Board members and Management with a single 2020 budget reference document, for information, that reflects all final budgetary adjustments and recommendations as approved by the Board on December 11, 2019, and shown in document [GA-274-2](#), *“2020 Program and Budget Proposal. Report of the Chairperson of the Budget and Financial Policies Committee”*.

### **Contents**

This document contains: (i) the final 2020 approved budget resolutions; and (ii) 2020 administrative, capital, OC strategic development programs and other budget tables and annexes presented originally in document [GA-274-1](#), *“2020 Program and Budget Proposal”*, submitted to the Board on October 31, 2019 and updated appropriately to reflect content of document [GA-274-2](#).

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

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



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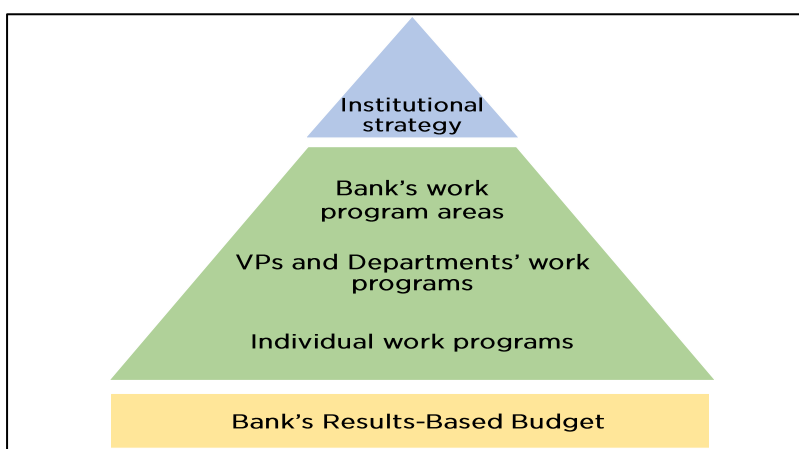


## 1. EXECUTIVE SUMMARY

### A. 2020 Institutional Work Program

- 1.1 The institutional strategy<sup>2</sup> provides the overarching strategic orientation for this Program and Budget document. The recently approved Second Update maintains its focus on the three challenges, three cross-cutting issues and six operational guiding principles<sup>3</sup> established in the First Update, while fine-tuning the Bank's approach considering significant developments<sup>4</sup> observed since the latter was approved in 2015.
- 1.2 In chapter 2 of this document, Management presents its annual work program for delivering on the institutional strategy through the Bank's existing planning and reporting instruments, more explicitly discussing the contribution of the 2020 approved Program and Budget to the achievement of IDB Group's higher order objectives. In this vein, with the 2020 program and budget planning exercise, Management devoted conscious efforts to strengthen the link between the institutional strategy (and its associated corporate results framework), the Bank's, Vice Presidencies', Departments' and individuals' work programs, and the Bank's results-based budget (as illustrated in Figure 1.1 below). This alignment will enable a more strategic dialogue around resource allocation, more closely tying budget resources to programmatic objectives and results, measured through outputs and performance indicators.

**Figure 1.1. Institutional Strategy, Work Program and Budget Alignment**



- 1.3 The Bank's 2020 work program is structured around four high-level areas in line with the institutional strategy, namely: (i) Further strengthen the Bank's responsiveness to clients; (ii)

<sup>2</sup> This term refers to the Institutional Strategy set forth in the [Report on the Ninth General Increase in the Resources of the Inter-American Development Bank](#), and updated through the [First Update to the Institutional Strategy 2010-2020: Partnering with Latin America and the Caribbean to Improve Lives](#) (approved in 2015) and the [Second Update to the Institutional Strategy: Development Solutions that Reignite and Improve Lives](#) (approved in 2019).

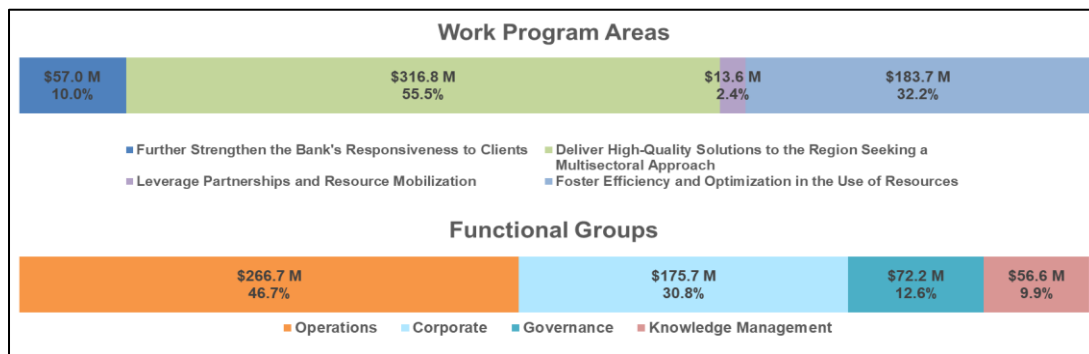
<sup>3</sup> The three challenges are: social inclusion and equality; productivity and innovation; and economic integration. The three cross-cutting issues are: gender equality and diversity; climate change and environmental sustainability; and institutional capacity and the rule of law. The six operational guiding principles are: responsiveness, multisectorality, effectiveness and efficiency, leverage and partnerships, knowledge and innovation, and strategic alignment.

<sup>4</sup> These include disruptions associated with the proliferation of exponential technologies, the vital role of the private sector in addressing the Latin American and Caribbean's (LAC) development challenges, and the need to further boost transparency and integrity given the rise in corruption scandals facing the region.

Deliver high-quality solutions to the region seeking a multisectoral approach; (iii) Leverage partnerships and resource mobilization; and (iv) Foster efficiency and optimization in the use of resources. Within these areas, Management will place special emphasis on technology and innovation, resource mobilization, and transparency and integrity, as described in the recently approved Second Update.

- 1.4 The work program areas also entail cross-cutting actions such as strengthening the IDB Group's institutional dimension and meeting the Governors' mandated triple-A ratings, which underpin the Bank's ability to lend and mobilize resources, as well as leveraging synergies among the IDB Group's entities to strengthen its public-private value proposition, and strengthening knowledge programs as critical components of the services the Bank provides to its borrowing member countries and clients. Of note, the Bank's 2020 work program will also provide special attention to the ongoing migration emergency facing several countries in the region given its possible long-term impact on development outcomes.
- 1.5 Since 2011, Management has presented budgets consistent with the Results-Based Budgeting (RBB) Framework ([GA-245-12](#)), as mandated by the Ninth General Increase in the Resources of the Bank (IDB-9) and approved by the Board in 2010 to improve transparency and accountability of budgetary resource allocations by linking inputs with outputs and performance indicators. The 2020 Administrative Budget presents a structure that has evolved, in which the budget is presented in a new programmatic view with a simplified Main Business Function (MBF) structure, within the RBB Framework. This new presentation of the budget represents a first step in the process of strengthening the link between budget resources and programmatic objectives and results. This process requires continuous monitoring and enhancement which may result in future reporting adjustments to better reflect such a link, using business intelligence, analytics and visualization tools.
- 1.6 In this context, Management Budget resources for 2020 are distributed into the four high-level work program areas (programmatic view of the budget) together with results, measured through key outputs and performance indicators aligned with the Corporate Results Framework (CRF) for the period 2020-2023. Furthermore, Management is also introducing a simplified and more consistent MBF structure for the Bank that enables a closer alignment with its work program areas. As described in Chapter 3 of this document, this structure consists of a reorganization of existing MBFs into four major functional groups (together with 11 functional subgroups) representing the Bank's key business functions (functional view of the budget): (i) governance, representing activities geared toward transparency and accountability including risk management and internal controls, strategic planning, management and coordination, amongst others; (ii) operations, encompassing activities that support the operational business activities of the Bank; (iii) knowledge management, in support of training programs for the region and the Bank's human capital technical development; and (iv) corporate, including human resources management, financial, budget, information technology, and administrative services, amongst others.
- 1.7 To illustrate this, Figure 1.2 below shows the \$571.2 million approved Management Budget for 2020 and presented in the following section, distributed by work program area and by functional group.

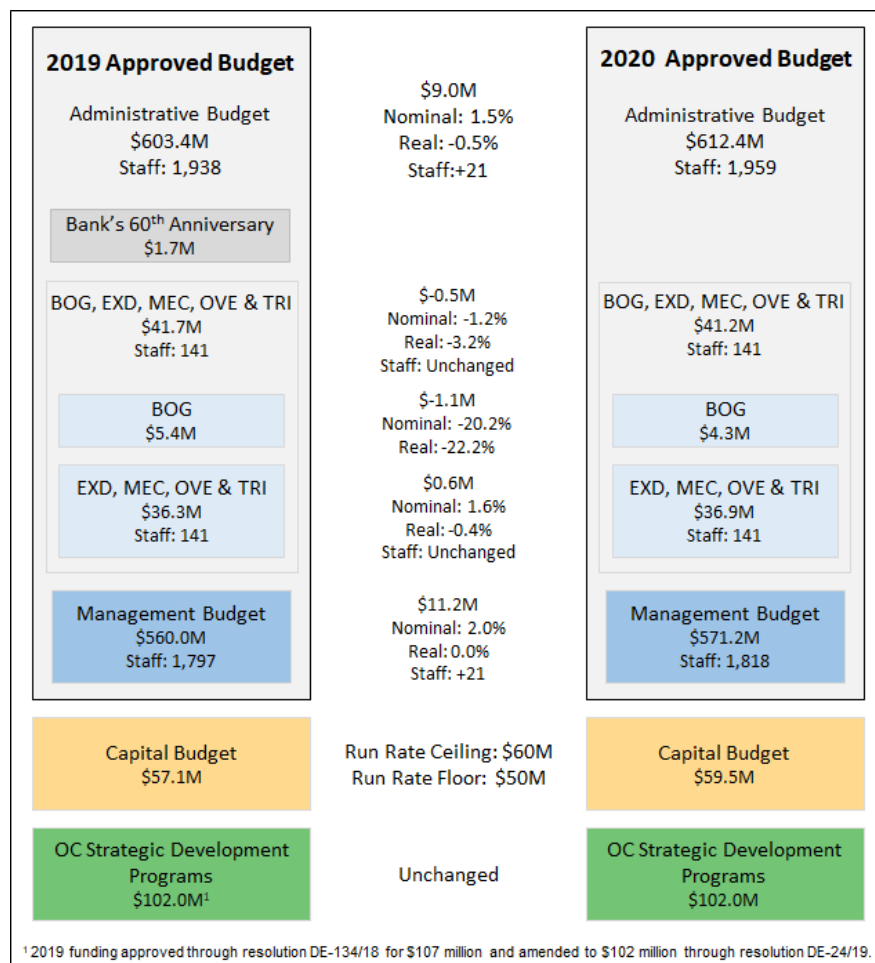
**Figure 1.2. 2020 Approved Management Budget by Work Program Area and by Functional Group**



## B. 2020 Approved Budgets for Administrative, Capital and Ordinary Capital (OC) Strategic Development Programs

- 1.8 Figure 1.3 below provides an overview of the envelopes approved for 2020 for the Administrative, Capital, and OC Strategic Development Programs (OC-SDPs) budgets.

**Figure 1.3. 2019 and 2020 Approved Budgets for Administrative, Capital, and OC Strategic Development Programs (Bank Total Composite Cost Adjustment Component of 2.0% for 2020)**



- 1.9 As described in Chapter 3, the total approved Administrative Budget envelope for all categories totals \$612.4 million for 2020, corresponding to a 1.5% nominal growth and a -0.5% negative real budget growth, using a Composite Cost Adjustment Component (CCAC) of 2.0%. This overall negative real budget growth is driven primarily by two factors: (i) an expected reduction in travel costs for the Bank's 2020 Annual Meeting in Colombia as compared to 2019 (Board of Governors' budget category); and (ii) the 2019 one-time expenditure nature of the Bank's 60 Year Anniversary.
- 1.10 Within the total Administrative Budget, the approved results-based Management Budget of \$571.2 million represents a zero-percent real growth and a nominal growth of 2.0%. This nominal budget growth amounts to \$11.2 million (corresponding to 2.0% CCAC) to cover the expected market-based price increases for Labor Costs and Non-Labor Costs in 2020.
- 1.11 The Management Budget includes resource demands of \$3.1 million beyond the CCAC for recurring administrative expenses related to capital projects completed in 2019. These will be funded through internal budget reallocations and efficiencies, to maintain the zero-percent real budget growth.
- 1.12 Furthermore, following Board approval of the Flexible and Efficient Workforce Management Framework ([GN-2606-21](#)) in March 2019, to replace the headcount control mechanism with a budget-based control for 2020 and beyond, Management has shifted \$3.2 million from the Complementary Labor Costs (CLC) consultant budget to Staff Labor Costs (SLC) to fund 21 additional staff for 2020 with the corresponding reduction of 32 consultant Full-Time Equivalents (FTEs), to maintain the budget neutrality principle. Given Management's conservative approach, the shift of resources between CLC and SLC ratios (as a percentage of the 2019 approved Management Budget) represents 0.6 percentage points, which is lower than the established 2 percentage points annual budget shift limit committed with the Board.
- 1.13 Chapters 4 and 5 of this document contain additional details on the approved Capital Budget and OC-SDPs funding for 2020, respectively.
- 1.14 The 2020 Capital Budget, as presented in the 2020-2022 Medium-Term Capital Budget Plan ([GA-269-6](#)) and approved by the Board on October 16, 2019, amounts to \$59.5 million, which is in line with the established Run Rate for 2020.
- 1.15 The 2020 approved budget for the OC-SDPs is \$102 million, consistent with the 2019 level subsequent to Board approval of the repurposing of \$5 million as part of the "Proposal for Expanding the Scope of the IDB Grant Facility to Support Countries with Large and Sudden Intraregional Migration Inflows" ([DE-24/19](#)). Consistent with the institutional strategy, the funding level is expected to facilitate the OC-SDPs ongoing role in supporting clients with the design and execution of relevant and effective programs and reforms and developing applicable research and knowledge that is important to maintaining the Bank's relevance as a strategic partner.
- 1.16 Finally, Chapter 6 of this document presents information on the 2020 estimated administrative income recorded directly to the OC, and estimated reimbursements and payments to be received outside the Administrative Budget from IDB Invest, IDB Lab, and other sources.

## 2. 2020 INSTITUTIONAL WORK PROGRAM

### A. Strategic Context

- 2.1 All countries in the region are, to varying degrees, tackling macroeconomic imbalances and vulnerabilities and seeking ways to improve medium-term growth prospects. Although the IDB has consolidated its role as the Latin American and Caribbean's (LAC) largest multilateral public sector lender, it faces challenges in acting to respond to slower growth within a tighter fiscal environment. At the same time, the growing pressure surrounding the achievement of the Sustainable Development Agenda by 2030, and the long-standing calls for greater value for money across the Multilateral Development Banks (MDBs) require that the Bank continue pursuing the highest quality standards in meeting its borrowing member countries' unique development needs. This calls for a heightened focus on the most effective interventions, a greater emphasis on resource mobilization, and the use of tools that support the greatest possible leverage of the available capital.
- 2.2 Within this general context, the Bank's 2020 work program was formulated in line with the institutional strategy including the recently approved Second Update to the Institutional Strategy (Second Update), which maintains its focus on the strategic priorities<sup>5</sup> established under the First Update, while fine-tuning the Bank's approach considering significant developments observed<sup>6</sup> since its approval in 2015. Thus, the Bank's work program for 2020 pays special attention to several key issues: first, strengthening the IDB Group's institutional dimension and meeting the Governors' mandated triple-A ratings, which underpin the Bank's ability to lend and mobilize resources; second, leveraging synergies among the IDB Group's entities to strengthen its public-private value proposition; third, strengthening knowledge programs as critical components of the services the Bank provides to its borrowing member countries and clients; and finally, providing special attention to the ongoing migration emergency facing several countries in the region given its possible long-term impact on development outcomes.
- 2.3 Moreover, in addition to the achievement of the Bank's objectives set forth in the institutional strategy, running an efficient operation and optimizing the use of resources are paramount to ensuring that the Bank remains on a sustainable financial path. By continuing to develop business intelligence tools, the Bank will be better positioned to make evidence-based decisions on budget resources focused on business objectives. In addition, business units within the Bank can leverage their work to streamline processes and adopt new tools to optimize cost management.

### B. 2020 Work Program Areas

- 2.4 The Bank's 2020 work program is structured around four high-level areas (work program areas): (i) Further strengthen the Bank's responsiveness to clients; (ii) Deliver high-quality solutions to

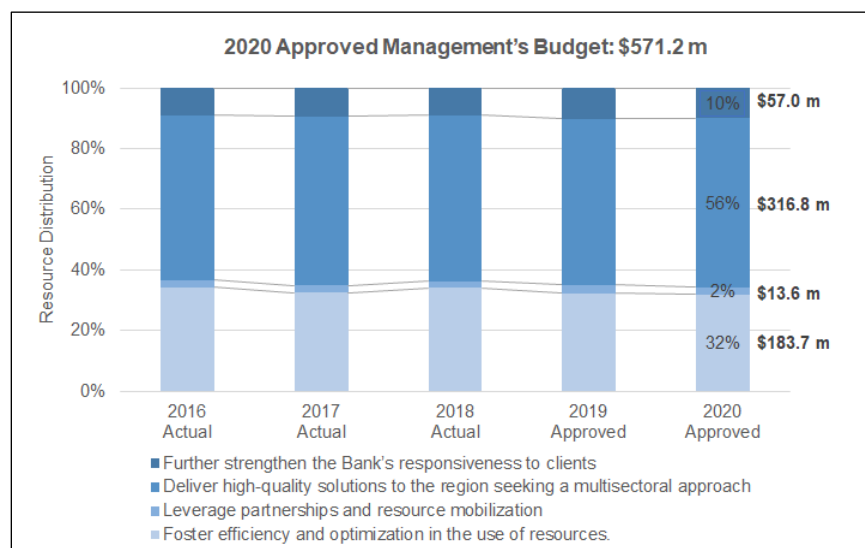
<sup>5</sup> The strategic priorities are: (i) the three challenges (social inclusion and equality; productivity and innovation; and economic integration); (ii) the three cross-cutting issues (gender equality and diversity; climate change and environmental sustainability; and institutional capacity and the rule of law); and (iii) the six operating guiding principles (responsiveness, multisectorality, effectiveness and efficiency, leverage and partnerships, knowledge and innovation, and strategic alignment).

<sup>6</sup> These include disruptions associated with the proliferation of exponential technologies, the vital role of the private sector in addressing the LAC's development challenges, and the need to further boost transparency and integrity given the rise in corruption scandals facing the region.

the region seeking a multisectoral approach; (iii) Leverage partnerships and resource mobilization; and (iv) Foster efficiency and optimization in the use of resources.

- 2.5 Each work program area is described in detail in the following sections including budget resources estimates for 2020 and short- and medium-term expected results, as per the RBB Framework and in line with the institutional strategy's proposed CRF.
- 2.6 Figure 2.1 below illustrates the distribution of the 2020 Management Budget among the four work program areas as well as the trend observed in recent years (2016-2019).

**Figure 2.1. 2016-2020 Management Budget by Work Program Area**



- 2.7 Some of the outputs and performance indicators proposed to assess the results of the Bank's work program as described in the following sections, originate from the approved CRF; others are used by Management to support the day-to-day decision-making process and the effective allocation of resources. The combination of these outputs and performance indicators allows Management to closely monitor and report on resource utilization with respect to immediate short-term as well as strategic medium-term expected results<sup>7</sup>.

## 1. Further Strengthen the Bank's Responsiveness to Clients

- 2.8 The region is facing a very volatile economic and political context. Besides the cycle, the regional slowdown reflected structural elements such as low investment rates and limited contribution of productivity to growth. Moderating demand in China, the USA and other large economies and ongoing trade tensions further affect this picture. Fiscal vulnerabilities restrict the room for active policies to spur growth and income stagnation is affecting social outcomes. Unprecedented migration flows are impacting social indicators, taxing fiscal expenditure, quality of public

<sup>7</sup> Estimates for outputs and performance indicators are expected to be attained in 2020 while other results measurements are expected to show progress towards objectives set forth in the institutional strategy in 2023. Baselines for outputs and performance indicators were calculated as the average of the 2016-2018 period with few exceptions where shorter periods were used when historical information was not available.

services and employment trends. Ability to manage these pressures will rely on sound institutions and crafty policy making.

- 2.9 Against this unpredictable global scenario, all countries in the region, to different extents, are tackling their macroeconomic imbalances and vulnerabilities and seeking ways to boost their medium-term growth prospects. Achieving faster productivity growth and beefing up investment remain paramount tasks, which require a more active private sector participation.
- 2.10 The Bank has been and will continue in 2020 to actively support client countries to pursue these goals, in particular the implementation of reform packages in distressed countries, growth enhancing measures and social protection programs. For a more effective planning of their financing decisions and a strategic medium-term engagement, the Bank expanded the programming horizon to two years, and renewed its commitment to achieve mandated lending levels for Small and Vulnerable Countries.
- 2.11 In 2020 strategic dialogue will revolve around LAC development challenges, in particular climate change, social development with emphasis on migration, productivity, institutions and regional integration. The ongoing macroeconomic monitoring and research agenda on growth will tackle the analysis of broader public reform issues and the role of the private sector to close the infrastructure gap and promoting economic growth.
- 2.12 The Bank will continue striving for excellence and timeliness in serving borrowing member countries grounded on effective dialogue and versatility to assume different roles as needed. This includes actions to: (i) offer concessional resources and engage with bilateral partners to mobilize additional resources; (ii) engage extensively with new and diverse stakeholders; (iii) foster Public-Private Partnerships (PPPs); (iv) engage with civil society; and (v) harmonize with other MDBs.
- 2.13 In addition, the Bank will work on increasing its value proposition through sharing best practices, aligning efforts with institutional objectives and implementing analytical initiatives and communication plans to foster strategic dialogue with clients and bolster responsiveness beyond financing. The Bank will also strengthen its capacity to learn and disseminate knowledge through the development of messages and strategies to guide the content of its communications channels to: (i) increase visibility with regards to the institutional strategy and progress on it; (ii) contribute to building and protecting the Bank's reputation through a focused action plan seeking to enhance the value proposition and boost the institutional profile; (iii) leverage data and analytical techniques by effectively reaching strategic audiences, monitoring, measuring and preserving the reputation of the Bank; and (iv) continue to provide and strengthen technological tools and platforms to facilitate the interaction with external clients, stakeholders and potential partners.
- 2.14 Management has budgeted \$57.0 million in 2020 for this work program area, which represents 10% of the Management Budget. In addition to the above-mentioned expected results and activities for 2020, these resources will support ongoing functions related to strategic outreach, communication strategy, country strategies, country and regional programming, and country and regional specific knowledge generation, among others.
- 2.15 Table 2.1 below summarizes the 2020 approved results-based budget by functional group and subgroup<sup>8</sup>, together with outputs and performance indicators for this work program area.

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<sup>8</sup> The detailed description of each functional subgroup can be found in Annex C.



**Table 2.1. 2020 Approved Results-Based Budget and Outputs and Performance Indicators: Further Strengthen the Bank's Responsiveness to Clients**

Outputs and Performance Indicators	Budget (000)	Baseline	Target
<b>Further strengthen the Bank's responsiveness to clients</b>	<b>\$57,008</b>		
<b>Operations</b>	<b>\$57,008</b>		
Knowledge Generation	\$9,799		
Stakeholder Dialogue and Resource Mobilization	\$37,512		
Net Promoter Score: IDB Group as a provider of innovative solutions (NPS) (2)		14	>=27
Net Promoter Score: IDB Group as a provider of relevant knowledge (NPS) (2)		28	>=38
<b>Strategy and Programming</b>	<b>\$9,697</b>		
Percentage of approved amount for small and vulnerable countries (1)		37%	>=35%
Number of country strategies delivered to the Board (3)		4	5
Percentage of country strategies delivered within the transition period (3)		74%	100%
Percentage of projects aligned to country strategies (1)		90%	>=90%
Percentage of new Country Strategies considering country's official commitments on climate (1)		54%	100%
(1) CRF indicator. Denotes target for 2020-2023.			
(2) CRF indicator with targets for 2023.			
(3) RBB indicators with target for 2020.			

## 2. Deliver High-quality Solutions to the Region Seeking a Multisectoral Approach

- 2.16 The strategic priorities and areas of emphasis<sup>9</sup> derived from the institutional strategy call for a holistic, multidisciplinary approach in responding to countries' current and emerging needs, leveraging synergies among the three entities comprising the IDB Group and following the highest accountability, ethical, integrity and transparency standards in delivering all operational and analytical products and activities.
- 2.17 In **Social Inclusion and Equality**, the Bank will continue to support social protection expenditure and improvements in service quality across multiple fronts, such as: (i) promoting better quality of public spending, with greater fiscal transparency and more sustainable fiscal management; (ii) integrating primary healthcare into health service networks, to improve health conditions including the delivery of quality services to local and migrant populations; (iii) fostering innovations in Science, Technology, Engineering, Arts and Mathematics (STEAM) at the primary and the secondary levels, and high demand skill development through vocation training<sup>10</sup>; (iv) financing regulatory reforms and investment in the water and sanitation sector, housing and urban services and revitalization to enhance access while promoting climate change mitigation; and (v) supporting social protection programs to safeguard the sustainability of monetary transfers to vulnerable populations as well as their educational progress and labor training. **Activities in 2020** include: (i) projects under the Regional Malaria Elimination Initiative; (ii) projects with support from Public Private Partnerships and national governments, aimed at keeping the young in schools and providing secure learning environments; (iii) projects in skills development, some of which will focus on skills for the future and validation of skills for the insertion of migrants into labor markets; and (iv) projects in social protection that aim at

<sup>9</sup> The operational areas of emphasis of the Second Update to the Institutional Strategy (technology adoption and innovation; resource mobilization; and strengthening the IDB Group's work on the cross-cutting issues of the First Update) reflect developments around the proliferation of exponential technologies, the vital role of the private sector in addressing LAC's development challenges, and the need to further boost transparency and integrity given the rise in corruption scandals facing the region. Please see [AB-3190-2](#) for a detailed diagnostic of the region's main challenges at the current juncture as well as further information regarding the areas of emphasis.

<sup>10</sup> To ensure skills with high demand among private firms.



improving the living conditions of households living in extreme poverty as well as promoting the generation of human capital.

- 2.18 In **Productivity and Innovation**, the focus will be on supporting growth-enhancing agendas aimed at: (i) closing the infrastructure and productive development gaps; (ii) removing obstacles to private sector development; (iii) tackling climate change through sustainable infrastructure and migration shock resilience; (iv) fostering productive transformation and innovation; and (v) supporting efforts in the region's digital transformation. **Activities in 2020** include: (i) projects that feature the application of cutting-edge technologies to accelerate the achievement of 100% of electricity access in the region, including the use of satellite images, crowdsourcing and drones; (ii) projects that support disruptive technologies to facilitate the design, digital planning and implementation of rural electrification programs; (iii) energy storage projects, such as systems with batteries in electrical networks, which incorporate advanced technologies regarding power electronics solutions, control software and facilities optimization; (iv) the Social Entrepreneurship Program (SEP) that will continue to aim at increasing productivity and technology adoption among smallholders, and the “*2020 Foro Interamericano sobre la Microempresa*” that will continue seeking to reinvent inclusion through innovative solutions based on digital technologies and new business models; (v) the promotion of an innovation and digital transformation (I&DT) culture, to increase internal technology adoption and to develop the capacities to implement innovative initiatives, identifying pilots, scaling the pilots on course, and replicating successful initiatives across countries; and (vi) the new procurement methods within the updated IDB Procurement Policies that will provide modern tools such as competitive dialogue, innovation partnership, and multistage procedures and will facilitate the adoption of new technologies and innovation in projects financed by the Bank.
- 2.19 In **Economic Integration**, Management will focus on regional and global integration, especially in infrastructure development, export performance, economic corridors, trade facilitation and border integration initiatives, including migration management issues. Such efforts are embedded in a wider regional competitiveness agenda that combines national and transnational efforts. As such, the continued support to existing regional initiatives (e.g. Pacific Alliance, Northern Triangle, Caribbean Climate Smart Accelerator, etc.) will be at the core of the Bank's economic integration dialogue. Among other **activities in 2020**, the Bank will prioritize digital transformation as an essential element in national and regional trade and investment projects, including: (i) the promotion of exports of global services, including those related to the orange economy; (ii) electronic foreign trade and investment single windows and port community systems; and (iii) advanced technological solutions in coordinated border management. The Bank also remains committed to supporting the development of energy projects that foster economic integration, such as: SIEPAC in Central America; SINEA in the Andean region; SIESUR in the Southern Cone; and ArcoNorte in the Caribbean. Furthermore, the Bank will continue to contribute to the Americas Business Dialogue (ABD) to promote a public-private engagement opportunity for the region's private sector to play an active, responsible and constructive role in the discussion and formulation of public policies and regional initiatives for the Americas<sup>11</sup>.
- 2.20 In **Gender Equality and Diversity**, the Bank will prioritize its support to macro- and firm- level policies that promote gender equality and diversity. The Bank will also continue its efforts to include commitments and key performance indicators to mainstream gender and diversity in

<sup>11</sup> The ABD brings together over 320 of the leading companies and major business associations from the hemisphere (in the context of the Bank's Annual Meeting) to construct a Public-Private regional agenda around ten thematic working groups including infrastructure, finance, energy, trade facilitation, transparency, agribusiness, natural resources, innovation and human capital, regulatory cooperation, and the digital economy.

operations through its Gender Action Plan (GAP) and its new Diversity Action Plan (DAP)<sup>12</sup>. In terms of gender equality, the Bank will support women's empowerment and economic growth as well as innovative approaches to reduce violence against women and provide quality services to victims and the promotion of women's leadership in both the public and private sectors. In terms of diversity, the Bank will work on laying the foundation to expand and improve the quality of its operational and analytical work in support of the development with identity and the inclusion of diverse populations. **Activities in 2020** include projects that promote: (i) policy changes to close gender gaps and promote inclusion; (ii) inclusive learning and the reduction of barriers faced by people with physical and intellectual disabilities to promote their full and effective engagement in society with equal conditions; and (iii) the development with identity of indigenous peoples. Given that closing the gender gap is a key element for enhancing productivity growth in the region, the Bank's knowledge program will also feature an analysis of how gender equality can foster productivity, including areas such as women participation in the labor market and STEAM careers and the impact of gender-based violence on firm productivity.

- 2.21 In **Climate Change and Environmental Sustainability**, a key focus for 2020 will be the achievement of the 30% climate finance target mandated by Governors for the IDB Group<sup>13</sup>. The Sustainable Infrastructure Framework will also be an important element of the Bank's approach to climate change, to complement the environmental focus with national economic growth opportunities resulting from climate action. The Bank will continue to work with clients on structuring sustainable finance options, such as the green bonds recently issued by Chile. With respect to environmental sustainability, the Bank will prioritize plastics and the waste streams they generate, as well as innovations in the use and management of natural capital, especially forested regions, and nature-based approaches to reducing vulnerability to climate and disaster risks<sup>14</sup>. **Activities in 2020** include: (i) the continued support to the development of sustainable cities in the region, offering integrated solutions that tackle constraints to the sustainable growth of emerging cities; (ii) projects that promote integrated sustainable solutions for socio-economic development in urban and rural contexts; and (iii) the implementation of countries' long-term sustainability plans, therefore facilitating a transition towards a green economy while promoting the sustainable use of natural resources.
- 2.22 In **Institutional Capacity and the Rule of Law**, the Bank will focus on enhancing the efficiency and quality of public expenditure and tax administration using information technologies and fostering transparency of public financial management. **In 2020**, the Bank will prioritize (i) the modernization of public institutions at central and subnational levels, through innovative ways to provide and organize services; (ii) the efforts to achieve safe, orderly and regular migration; (iii) the improvement of tax revenue collection; (iv) the strengthening of strategic planning to define

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<sup>12</sup> The first DAP includes actions to address the needs of indigenous peoples, African descendants, peoples with disabilities and Lesbian, gay, bisexual, transgender, and queer (LGBTQ)+ in LAC countries. These population groups have unique identities and characteristics vis-a-vis the dominant culture and, together, they account for around 40% of the region's population. They also face several common challenges related to exclusion, discrimination, and statistical invisibility, as well as specific needs that shape the kinds of actions and interventions that are needed to promote their development with identity and inclusion.

<sup>13</sup> The "IDB Group Climate Change Action Plan 2016-2020" included further strengthening the IDB Group and its counterpart capacities to identify climate mitigation and adaptation opportunities, and to assess and manage climate and disaster risks. Such efforts resulted in an increase in the number and diversity of operations with climate finance component compared to previous years. In this context, the Bank also developed a new, more robust and responsive methodology for integrating disaster and climate risks into all its operations.

<sup>14</sup> Also, with the application of the Bank's expanded procurement policies, 2020 should see a considerable increase in 'green procurement' and the use of sustainable building technologies in projects financed by the Bank. Support will continue to be provided in the astute and effective application of digital and biotechnologies that promote resilient and sustainable socioeconomic development.

spending priorities; (v) the enhancement of efficiency and quality of public service provision through information technologies; and (vi) the transparency of public financial management.

2.23 Table 2.2 below provides a summarized overview of the main challenges for each of these strategic priorities as well as additional work program activities for 2020.

**Table 2.2. Strategic Priorities - Main Challenges and Additional 2020 Work Program Activities**

Main Challenges <sup>15</sup>	Additional 2020 Work Program Activities
<b>Social inclusion and Equality</b>	
<ul style="list-style-type: none"> <li>• Moving beyond access to basic services into service quality</li> <li>• Reversal of key social indicators and risks to the sustained expansion of the middle class</li> <li>• Guarding the poor and most vulnerable from the business cycle</li> <li>• Migration challenges exerting pressure on public services and labor market conditions</li> <li>• Rapid demographic change (i.e. percentage of people 60 and older increasing while working age population expected to decrease by 2050)</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening health services networks, including for the prevention and management of non-communicable (chronic) diseases and enhancing nutrition among the vulnerable population (including young pregnant women and children)</li> <li>• Increasing minimum income and expanding social protection services to households in extreme poverty</li> <li>• Improving the quality and relevance of vocational training with an emphasis on skills for the future, including boosting women's access to better jobs</li> </ul>
<b>Productivity and Innovation</b>	
<ul style="list-style-type: none"> <li>• Gaps in infrastructure assets and low quality of infrastructure services</li> <li>• Weak institutional capacity for long-term, strategic vision around infrastructure planning</li> <li>• Tightening fiscal policy, uncertainty about demand, and greater frequency and intensity of natural disasters calling for climate-resilient infrastructure</li> <li>• Concerns regarding the region's preparedness to adapt to rapid technological change to ultimately underpin a knowledge economy</li> <li>• Low Research and Development expenditure, limited technology adoption among firms, regulatory barriers, among other factors, leading to weak innovation ecosystems</li> <li>• Limited access to finance</li> </ul>	<ul style="list-style-type: none"> <li>• Financing gaps in infrastructure investment, improving the quality of services, and mobilizing private sector investment (including sustainable infrastructure and resilience to migration shocks)</li> <li>• Promoting innovation and leadership in the infrastructure sector, innovative research and collaboration of multilaterals, government and the private sector to help developing countries solve the most complex infrastructure challenges</li> <li>• Supporting the transition to electric mobility through the design of public policies and strategies, technical and economic regulations, and the introduction of technologies with viable business models and convergence between the electricity and transportation sectors</li> <li>• Promoting programs that aim at reducing gaps that affect productivity growth, through policy reforms to promote the transformation of the public sector and the development of frameworks for private sector's participation</li> <li>• Promoting sustainable and robust growth among startups and Micro, Small, and Medium Enterprises with high potential and scalability while creating a</li> </ul>

<sup>15</sup> For further details on the region's main challenges, please see the [Update to the Institutional Strategy: Development Solutions that Reignite Growth and Improve Lives](#).

Main Challenges <sup>15</sup>	Additional 2020 Work Program Activities
	<p>strong ecosystem to support entrepreneurs at all stages through the SEP</p> <ul style="list-style-type: none"> <li>• Expanding digital government and digital identity as well as strengthening cybersecurity</li> <li>• Promoting programming bootcamps to boost talent for innovation and digital transformation</li> </ul>
<b>Economic Integration</b>	
<ul style="list-style-type: none"> <li>• Slowdown of LAC's growth rate of exports of goods</li> <li>• Inadequate domestic and cross-border infrastructure</li> <li>• Cumbersome administrative processes for conducting trade</li> <li>• Limited access to finance</li> <li>• Divergent rules and missing links in the network of trade agreements including among some of the largest economies in the region, reducing the potential for scale economies and limiting participation in international value chains</li> </ul>	<ul style="list-style-type: none"> <li>• Fostering innovation in trade and investment projects such as artificial intelligence and blockchain to enhance Coordinated Border Management systems</li> <li>• Contributing to the efficiency of physical border crossings, enhancing Foreign Trade Single Windows (FTSW), Foreign Investment Single Windows and Port Community Systems and advancing their interoperability</li> <li>• Expanding Global Services programs to promote exports of high value-added services, including those related to the orange economy, complemented by the development of talent and skills through Finishing Schools</li> <li>• Providing support to the development of energy integration projects to reinforce, expand and optimize transmission infrastructure</li> <li>• Supporting customs modernization, strengthening transport interconnectivity and improving logistics services</li> <li>• Promoting high quality export and investment promotion services tailored to the needs of companies in the region</li> <li>• Improving access to reliable, updated and transparent international trade regulatory information</li> <li>• Increasing access to financing for exporting companies in the region</li> </ul>
<b>Gender Equality and Diversity</b>	
<ul style="list-style-type: none"> <li>• Social exclusion based on race, ethnicity, disabilities, sexual orientation and gender identity</li> <li>• Barriers to female labor force participation and significant wage and earnings gaps</li> <li>• Severe underrepresentation of women in leadership in both the public and private sectors</li> <li>• Violence at the hands of an intimate partner</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening policies for social and productive inclusion of people with disabilities, reducing the many barriers that impede the interaction of people with physical or intellectual disabilities and their full and effective engagement in society with equal conditions</li> <li>• Improving access to inclusive quality education and expanding educational opportunities for children who are being left behind by the current education system, including children with disabilities</li> <li>• Promoting the participation of women in the labor market in the productive and infrastructure sectors</li> </ul>

Main Challenges <sup>15</sup>	Additional 2020 Work Program Activities
<b>Climate Change and Environmental Sustainability</b>	
<ul style="list-style-type: none"> <li>• High vulnerability to the effects of climate change</li> <li>• Constraints to the sustainable development of emerging cities</li> <li>• Lack of climate-resilient infrastructure to withstand extreme climate events</li> </ul>	<ul style="list-style-type: none"> <li>• Applying the sustainability criteria identified in the Sustainable Infrastructure Framework throughout different project teams and documenting lessons learned with a view to their use in future infrastructure projects</li> <li>• Facilitating countries' transition towards a green economy that promotes the sustainable use of natural resources in an inclusive manner with gender equity</li> </ul>
<b>Institutional Capacity and the Rule of Law</b>	
<ul style="list-style-type: none"> <li>• Citizens' trust in institutions deteriorated</li> <li>• Dissatisfaction with public services, especially vis-à-vis citizen security</li> <li>• Political challenges of policy reform resurfacing in several countries</li> <li>• Corruption hampering the efficient allocation of public resources</li> </ul>	<ul style="list-style-type: none"> <li>• Continuing knowledge generation on transparency and integrity in the infrastructure sector and applying it to projects</li> <li>• Generating knowledge on crime and insecurity to contribute to the IDB's strategic agenda in the area and promote the dialogue with the Bank's clients on how best to tackle this issue</li> <li>• Supporting subnational governments to access private and multilateral financing by regaining fiscal sustainability</li> </ul>

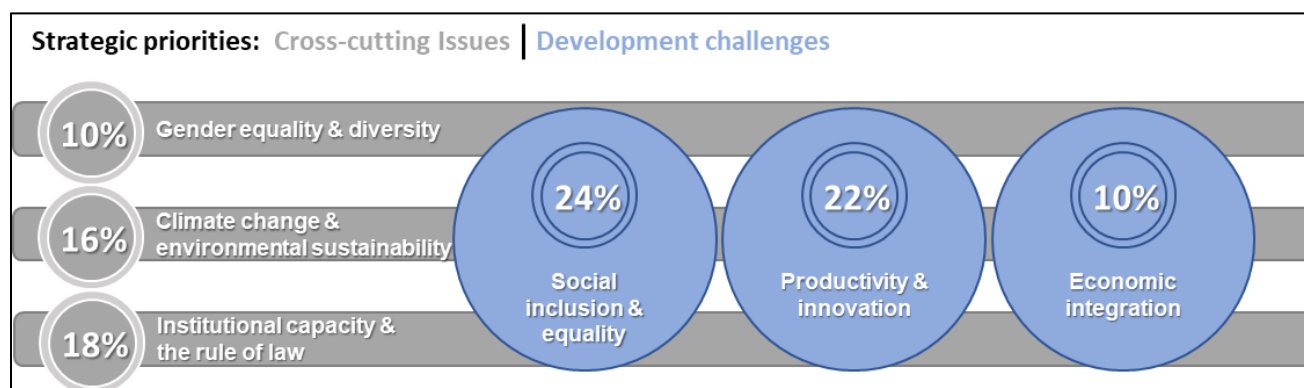
- 2.24 While performing activities related to the production of operations and knowledge products as described before, Management will ensure the highest accountability, ethical, integrity and transparency standards. As such, Management will carry on activities related to knowledge management, innovation, and environmental and social safeguards, among others. Such activities are also considered under this work program area and are explained below.
- 2.25 For instance, **knowledge management** is implemented through a Knowledge and Learning Program with the objectives of: (i) strengthening skills and technical knowledge of counterparts in the region and Bank's personnel to address current and emerging development challenges; (ii) facilitating the documentation, exchange, dissemination and reuse of learning to support improvements in Bank's operations lifecycle; and (iii) promoting open knowledge and knowledge exchange in the region and within the Bank. **Activities in 2020** include: (i) developing Massive Open Online Courses (MOOCs) in topics such as extractive industries, cybersecurity and sustainable development in partnership with prestigious academic institutions; and (ii) training Bank's personnel on matters such as (a) leveraging the intervention of environmental and social safeguard experts in kickoff workshops for operations considered of high or substantial risk; (b) expanding the training program within the Bank for the application of environmental and social safeguards; and (c) developing a training program for facilitators of risk identification and mitigation workshops.
- 2.26 In addition, the Bank strives to strengthen its **innovative and creative capabilities** by: (i) supporting the creation of institutional conditions to innovate; (ii) enhancing the capacity to use design thinking and other methodologies to foster innovation and creativity in its operations and corporate processes; (iii) connecting the Bank to the global ecosystem of innovators and entrepreneurs to accelerate the experimentation and implementation of new solutions; (iv) advocating for the value of the Creative Economies in LAC's development, offering products

and services to help increase the demand for projects; and (v) using Arts as a tool to unleash creativity and promote the dialogue about development pressing issues in LAC. **Activities in 2020** include: (i) Design Studio: Roll-out of Design Service, powered by IDEO, a platform to provide human-centered design and other innovative methodologies to transform corporate processes and provide social innovation within Bank's operations; (ii) Innovation Insights: Roll-out of Innovation Scout service to provide sectors and countries curated information about trends and startups in each of the areas where the Bank has projects; (iii) Open Innovation: conceptualize and deliver for the 2020 Annual Governors Meeting of the IDB Group 60-year open innovation challenge with MIT Solve; and (iv) Eureka, a platform to share innovations throughout the Bank.

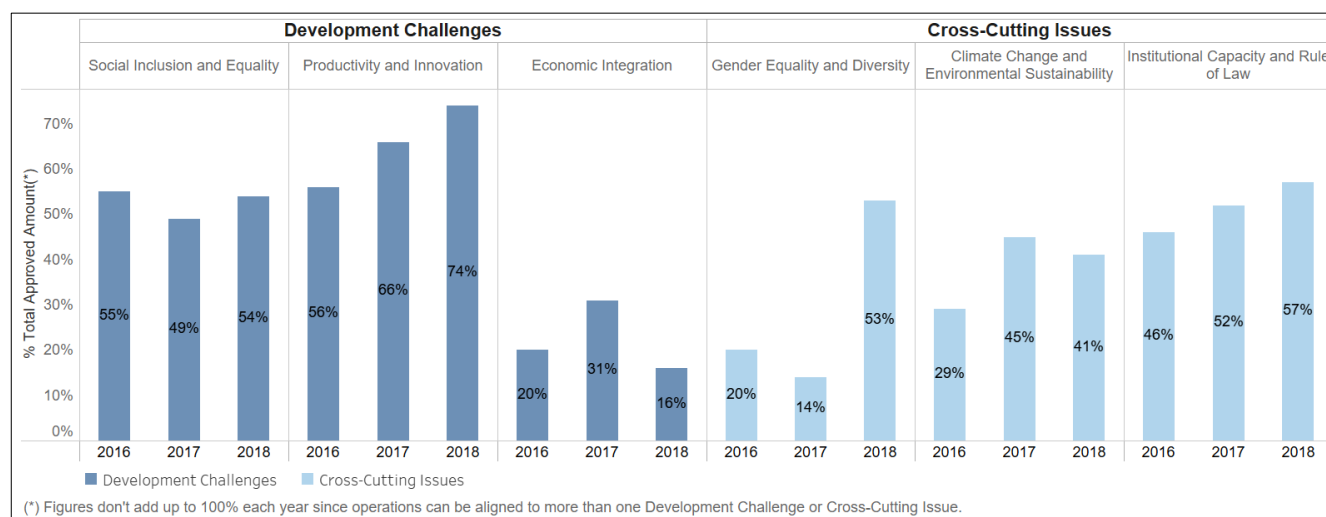
- 2.27 Furthermore, in order to enhance the **environmental and social (E&S) sustainability** of Bank operations, and to better align with international standards and best practices, Management has committed to the implementation of a multi-year roadmap to strengthen E&S safeguards management. The roadmap includes the update and consolidation of the E&S Safeguards into a more coherent, integrated and effective policy framework. It also includes the development of a capacity building program to enhance both IDB and client capabilities in managing safeguards risks in the project cycle. Additional efforts will also be placed in enhancing risk-based safeguards supervision and bringing safeguards support closer to IDB's clients and projects.
- 2.28 Management has budgeted \$316.8 million in 2020 for this work program area, which represents 56% of the Management Budget. Such resources will support activities related to the preparation and supervision of operations and knowledge products (e.g. Economic and Sector Work - ESW) estimated at \$196.2 million for 2020. Moreover, in order to ensure the highest accountability, ethical, integrity and transparency standards, Management also budgeted resources estimated at \$120.6 million, for activities related to knowledge management, innovation, and environmental and social safeguards, among others.
- 2.29 In terms of results, Management will monitor and report on projects (loans, grants and technical cooperation projects) and knowledge products, which are the main products delivered under this work program area. Given the alignment of these products to one or more strategic priorities derived from the development challenges and cross-cutting issues, Management is able to estimate a referential<sup>16</sup> distribution of budget resources for each strategic priority. Figure 2.2 below illustrates this referential distribution by strategic priority of the estimated \$196.2 million budget for 2020 for the preparation and supervision of operations, and research and dissemination of knowledge products.

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<sup>16</sup> Management estimated a notional distribution of resources for each strategic priority based on the 2016-2018 average budget execution for knowledge products and the preparation and supervision of operations. Actual figures for 2020 will be reported in the Program and Budget Execution Reports.

**Figure 2.2. Strategic Priorities - Estimated Distribution of Budget Resources**

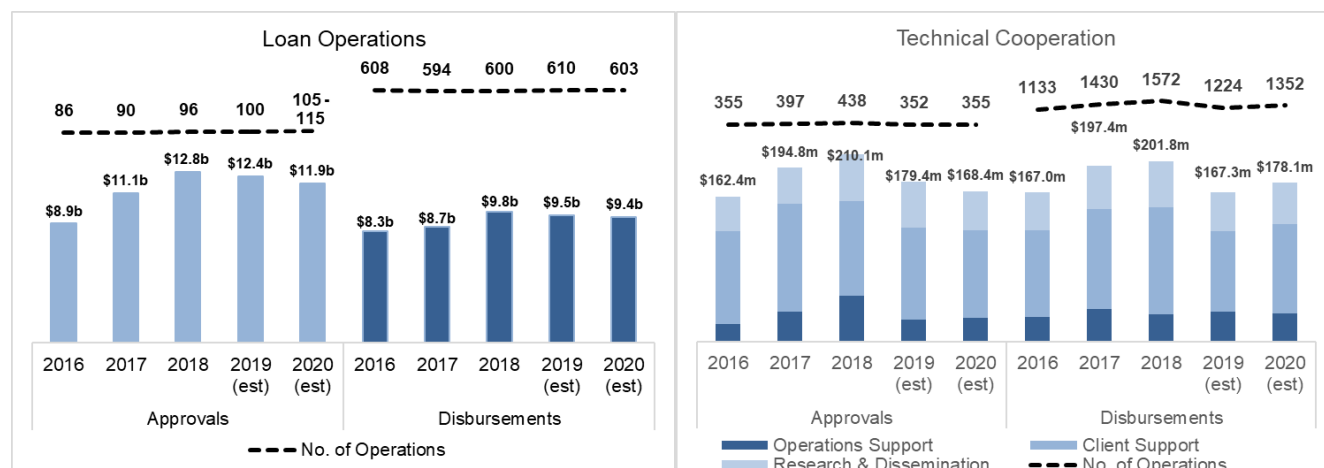
2.30 Within the RBB context, Management will continue to report on the strategic alignment of its approved operations to the strategic priorities. Figure 2.3 below illustrates the historical alignment of new loan approvals (as a percentage of total approved amount) with the strategic priorities set forth in the institutional strategy derived from the development challenges and cross-cutting issues.

**Figure 2.3. 2016-2018 Operations Approved Amount Aligned to Strategic Priorities**

2.31 Furthermore, Management will continue to monitor and report on approvals and disbursements as well as number of operations. Figure 2.4 below illustrates historical and estimated approvals and disbursements for Loans and Technical Cooperation that will be monitored and reported in the Program and Budget Execution Reports.



**Figure 2.4. 2016-2020(e) Approvals and Disbursements for Loan Operations and Technical Cooperations**



2.32 Finally, Management will also monitor and report on outputs and performance indicators that support the decision-making process and keep in sight higher order objectives set forth in the institutional strategy. Table 2.3 below summarizes these outputs and performance indicators, together with the 2020 approved results-based budget for this work program area, divided by functional group and subgroup.

**Table 2.3. 2020 Approved Results-Based Budget and Outputs and Performance Indicators: Deliver High-quality Solutions to the Region Seeking a Multisectoral Approach**

Outputs and Performance Indicators	Budget (000)	Baseline	Target
<b>Deliver high quality solutions to the Region seeking multisectoral approach</b>	<b>\$316,802</b>		
<b>Operations</b>	<b>\$196,167</b>		
Knowledge Generation	\$30,371		
Average number of downloads of IDB Group publications (2)		2,568	>=3,000
Total IDB Group Blog readership (2)		4.7 M	>=5.5 M
Percentage of economic sector work deliverables completed (3)		100%	>=96%
Operations Preparation	\$57,487		
Percentage of approved amount in climate finance in IDB operations (1)		25%	>=30%
Percentage of projects with considerable disaster and climate change risk that applied risk analysis to identify resilience actions (2)		16%	100%
Operations Supervision	\$107,862		
Percentage of projects with higher environmental and social risks rated satisfactory in the implementation of mitigation measures (2)		81%	>=84%
Percentage of projects with satisfactory development results at completion (1)		59%	>=70%
Percentage of active projects (Loans) with satisfactory performance classification (1)		80%	>=80%
Percentage of active projects (TCs) with satisfactory performance classification (1)		59%	>=75%
Strategy and Programming	\$447		
<b>Governance</b>	<b>\$67,951</b>		
Institutional Governance	\$67,951		
Number of credit rating agencies granting targeted rating to IDB Group entities (1)		3	3
Number of actions to promote diversity and inclusion at the IDB Group (1)		41	80
Aid Transparency Index Score (2)		83	90
<b>Knowledge Management</b>	<b>\$48,249</b>		
Knowledge and Innovation Management	\$48,249		
Percentage of corporate input products deliverables completed (3)		85%	92%
<b>Corporate</b>	<b>\$4,435</b>		
Financial and Budget services	\$3,993		
Human Resources Management	\$442		

(1) CRF indicator. Denotes target for 2020-2023.  
(2) CRF indicator with targets for 2023.  
(3) RBB indicators with target for 2020.



### 3. Leverage Partnerships and Resource Mobilization

- 2.33 The Bank will leverage its knowledge, proximity to the region, and overall expertise to enhance the mobilization of additional resources with a focus on domestic, private and international financing sources consistent with the 2030 Agenda for Sustainable Development. In addition, the Bank will identify co-financing opportunities that could be leveraged in countries where the demand for financial resources exceeds the Bank's lending capacity and will explore a new fiduciary approach to donor and co-financing agreements to reduce transactional costs. The Bank will continue ramping-up activities in PPPs in several sectors, especially infrastructure, given that PPP project preparation and technical assistance are key for leveraging private investment in infrastructure and utilizing credit enhancement mechanisms to increase IDB's ability to mobilize resources in order to bridge the region's infrastructure gap. Actions will focus on the following three pillars: (i) enhancing existing mobilization efforts, (ii) promoting domestic mobilization, and (iii) catalyzing private financing.
- 2.34 To scale-up domestic resource mobilization and private financing to support the 2030 Agenda, the Bank will scale up efforts to build partnerships and devise innovative instruments to leverage the Bank's capital to enhance resource mobilization. The Bank will keep fostering its close relationship and policy dialogue with public and private clients, leveraging its position as a major development finance institution in the region. This includes engaging partners to raise more reimbursable and non-reimbursable financing to support the Bank's objectives, and expanding partnerships with bilateral and multilateral financiers, corporate and institutional private investors, and philanthropic foundations.
- 2.35 Management budgeted \$13.6 million in 2020 for this work program area, which represents 2% of the Management Budget. Resources will finance activities related to the development and management of partnerships, resource mobilization and processing of funding agreements with donors and partners.
- 2.36 Table 2.4 below summarizes the 2020 approved results-based budget by functional group and subgroup, together with expected outputs and performance indicators under this work program area.

**Table 2.4. 2020 Approved Results-Based Budget and Outputs and Performance Indicators: Leverage Partnerships and Resource Mobilization**

Outputs and Performance Indicators	Budget (000)	Baseline	Target
<b>Leveraging partnerships and resource mobilization</b>	<b>\$13,630</b>		
<b>Operations</b>	<b>\$13,502</b>		
Operations Preparation	\$1,953		
Operations Supervision	\$3,063		
Stakeholder Dialogue and Resource Mobilization	\$5,526		
Amount of direct third-party financing deployed (in billions of US\$) (1)		6	>=9
Amount of private direct third-party financing deployed (in billions of US\$) (1)		3.7	>=6
Amount of indirect third-party financing deployed (in billions of US\$) (1)		12.5	>=16.5
Percentage of stakeholders that consider the IDB Group to be effective in fostering public-private synergies (2)		68%	75%
Percentage of Repeat Partner (3)		61%	60%
Strategy and Programming	\$2,961		
<b>Governance</b>	<b>\$128</b>		
Institutional Governance	\$128		
(1) CRF indicator. Denotes target for 2020-2023.			
(2) CRF indicator with targets for 2023.			
(3) RBB indicators with target for 2020.			

#### 4. Foster Efficiency and Optimization in the Use of Resources

- 2.37 Management will ensure the optimal use of resources --human, technological and financial-- for enhanced effectiveness and efficiency to meet the needs of the business in alignment with the institutional strategy. The Bank's footprint in the region and beyond (26 Country Offices, 2 Special Offices and Headquarters) is an essential component of the ability to deliver on an operational work program that is responsive to its stakeholders. This broad footprint requires a corporate work program that focuses on delivering services to the IDB Group in a cost-effective manner and supporting the business in increasing efficiency by reallocating resources to emerging demands. Continuous improvement, process redesign and re-engineering, a focus on learning, use of analytics, and technological tools should help the Bank improve productivity and consolidate the efficiency gains achieved over the last years.
- 2.38 To advance its goals, the Bank aims at having the right person in the right place, with greater flexibility in the allocation of human capital while ensuring an inclusive and diverse workforce. As part of the continued commitment to optimizing the Bank's human capital, the Board of Executive Directors approved the Flexible and Efficient Workforce Management Framework in 2019 for implementation in 2020. An increased number of retirements in the coming years will demand that the Bank focuses on succession planning in 2020, leveraging its business intelligence and analytics capabilities to undertake workforce planning exercises that can address business needs in the short- and medium-term. Management is proposing adjustments to the workforce composition<sup>17</sup> with these milestones in mind, in order to meet identified priorities aligned to the institutional strategy.
- 2.39 Moreover, optimizing the Bank's human capital requires a workforce engaged with the mission and vision of the organization. To build on the results of the 2018 Engagement Survey, Management implemented a series of initiatives and Department Action Plans in 2019 to address gaps in areas identified as key to improving staff engagement such as innovation, career development and collaboration. In 2020, a new survey will be conducted to measure progress and identify additional actions. Furthermore, attracting and retaining talent with a commitment to the mission, requires that the Bank offers a competitive rewards package. In 2020, Management will carry out a Full Survey to assess compensation competitiveness against the Bank's markets under the Total Rewards Framework. The Bank will also conduct a Total Remuneration Study which includes key benefits in order to provide insight into the alignment of the value of the Bank's remuneration against that of the marketplace.
- 2.40 To support the efficient delivery of the Bank's work program, Management will foster the use of technology to optimize processes through: (i) automation and modernization of systems to support the Boards of Directors and its permanent Committees; (ii) application of new tools and techniques in internal audit, including the exploration of blockchain auditing techniques; (iii) stabilization of systems deployed in 2018, including the Loan and Cash Management Systems; (iv) upgrade of the Treasury Management System; (v) continued enhancement to Convergence to improve business agility and the deployment of the new Web Loan Management System (WLMS); (vi) improvement of Technical Cooperation (TC) reporting through the deployment of the TC subledger in the Bank's Systems Application and Products in Data Processing (SAP) through the integration with Convergence; (vii) expansion of the use of Robotic Process Automation for selected financial and fiduciary processes; (viii) expansion of tools to support greater personnel mobility and collaboration; and (ix) deployment of additional functionalities in Salesforce across the IDB Group. In addition, the Bank will finalize the deployment of key IDB

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<sup>17</sup> Please see Chapter 3 for further details.

applications in the Cloud, allowing for efficiency gains through reduced on-site infrastructure requirements and the provision of new functionalities with greater frequency.

- 2.41 Optimizing the use of resources is paramount to ensuring that the Bank remains on a sustainable financial path. To that end, Management will devote efforts to: (i) oversee the Bank's financial planning and modeling activities to meet its triple-A rating mandate by enhancing its financial modeling capabilities, and in 2020 will pursue the structuring of a weather-related insurance instrument; (ii) continue to strengthen the link of the Bank's objectives set forth in the institutional strategy, the Bank's work program, and the budget allocation; and (iii) continue to develop business intelligence, analytics and visualization tools that support this alignment, which will improve the Bank's position to make evidence-based decisions focused on business objectives. In addition, all business units within the Bank can leverage their work to streamline processes and adopt new tools to optimize cost management. In 2020, Management will focus on training all Country Offices (COFs) to optimize their corporate procurement and contract management functions and continue to enhance the Bank's Corporate Sustainability Program to reduce its footprint through projects that improve energy efficiency and reduce non-recyclable materials consumption.
- 2.42 Management has budgeted \$183.7 million in 2020 for this work program area, which represents 32% of the Management Budget. These resources support the Bank's strategic objectives through activities related to human resources management, budget and financial services, and administrative services, among others.
- 2.43 Table 2.5 below summarizes the 2020 approved results-based budget by functional group and subgroup, together with expected outputs and performance indicators under this work program area.

**Table 2.5. 2020 Approved Results-Based Budget and Outputs and Performance Indicators: Foster Efficiency and Optimization in the Use of Resources**

Outputs and Performance Indicators	Budget (000)	Baseline	Target
<b>Fostering Efficiency and Optimization in the Use of Resources</b>	<b>\$183,733</b>		
<b>Governance</b>	<b>\$4,169</b>		
Institutional Governance	\$4,169		
<b>Knowledge Management</b>	<b>\$8,312</b>		
Knowledge and Innovation Management	\$8,312		
<b>Corporate</b>	<b>\$171,251</b>		
Facilities Management and Administrative Services	\$57,133		
IDB Group facilities and fleet emissions (Tons of CO2 equivalent) (2)		11,200	<=9,600
Financial and Budget services	\$22,020		
Cost to income ratio (1)		37%	<40%
Cost to portfolio ratio (1)		0.75%	<0.8%
Human Resources Management	\$36,134		
Percentage of mid and senior level IDB staff who are women (2)		38%	>=43%
Information Technology Management	\$55,965		
Percentage of 2016-2020 information technology strategy implementation indicators at or above target (3)		97%	97%

(1) CRF indicator. Denotes target for 2020-2023.  
(2) CRF indicator with targets for 2023.  
(3) RBB indicators with target for 2020.

## **C. 2020 Approved Management Budget by Work Program Area and by Functional Group**

- 2.44 As described in the Executive Summary and further explained in this Chapter, the 2020 Management Budget is presented in a new programmatic view with resources allocated by work program area. In addition, this budget is presented by functional group. Figure 2.5 below, shows

the approved \$571.2 million Management Budget for 2020, combining the programmatic and functional views.

**Figure 2.5. 2020 Approved Management Budget Combined by Work Program Area and by Functional Group**

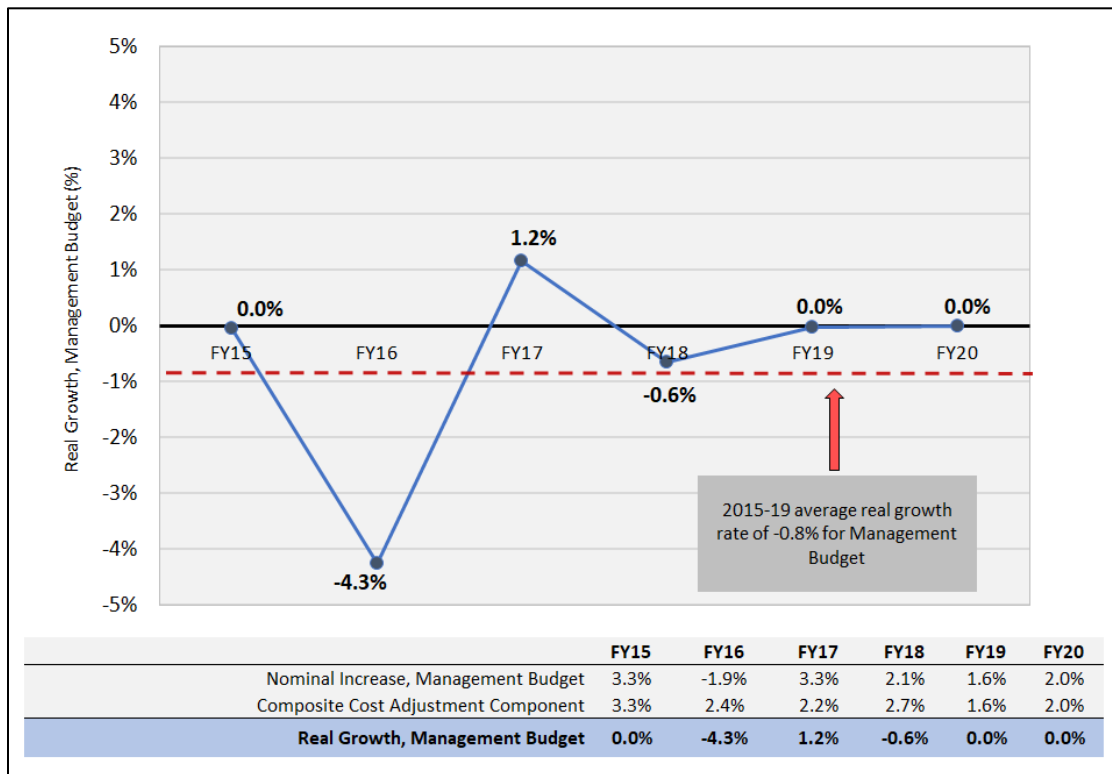
Functional Group Work Program Area	Operations	Corporate	Governance	Knowledge Management	Amount and % of Management Budget by Work Program Area
Further Strengthen the Bank's Responsiveness to Clients	\$57.0 M				\$57.0 M 10.0%
Deliver High-quality Solutions to the Region Seeking a Multisectoral Approach	\$196.2 M	\$4.4 M	\$68.0 M	\$48.2 M	\$316.8 M 55.5%
Leverage Partnerships and Resource Mobilization	\$13.5 M		\$0.1 M		\$13.6 M 2.4%
Foster Efficiency and Optimization in the Use of Resources		\$171.3 M	\$4.2 M	\$8.3 M	\$183.7 M 32.2%
Amount and % of Management Budget by Functional Group	\$266.7 M 46.7%	\$175.7 M 30.8%	\$72.2 M 12.6%	\$56.6 M 9.9%	\$571.2 M 100.0%

- 2.45 This new presentation of the budget is a first step in the process of strengthening the link between budget resources and programmatic objectives and results, which will enable a more strategic dialogue around resource allocation.
- 2.46 Management is cognizant of the fact that this process requires continuous monitoring and enhancement which may result in future reporting adjustments to better reflect such a link, using business intelligence, analytics and visualization tools. Management will continue to work on this refinement, which will be reflected in future budget documents.

### 3. 2020 IDB APPROVED ADMINISTRATIVE BUDGET

- 3.1 Management has and continues to address commitments made during the 2019 budget discussions, including:
- (a) Further strengthening the alignment between the institutional strategy (and its associated corporate results framework), the Bank's, Vice Presidencies', Departments' and individuals' work programs, and the Bank's results-based budget;
  - (b) Conducting a review of the RBB/MBFs Framework;
  - (c) Implementing a budget-ratio based workforce control mechanism as part of the Flexible and Efficient Workforce Management Framework ([GN-2606-21](#));
  - (d) Supporting Board discussion on IDB's budget and salary approval process ([GA-273](#)); and
  - (e) Continuing to improve the alignment between approved and executed budgets, by refining projected spending estimates on Staff Labor Costs (SLC), Complementary Labor Costs (CLC) and Non-Labor Costs (NLC), and by maintaining an internal target limit for budget transfers in CLC and NLC account groups during execution.
- 3.2 Management is also continuing with the second year of the pilot biennial sovereign guaranteed programming exercise.
- 3.3 The total approved Administrative Budget envelope for all categories is \$612.4 million for 2020, corresponding to a 1.5% nominal growth and a -0.5% negative real budget growth, using a CCAC of 2.0%. This 2020 total Administrative Budget includes an approved results-based Management Budget envelope of \$571.2 million for 2020, representing a zero-percent real budget growth and a 2.0% nominal budget growth compared to the 2019 Approved Budget.
- 3.4 Management's continuous commitment to resource optimization, enhanced cost management, and financial sustainability have led to the implementation of a variety of measures aimed at containing costs and performing internal budget reallocations and reductions. Management will continue these efforts while delivering on the multiple mandates given by the Board of Executive Directors and the Board of Governors, many of them captured under the Institutional Strategy and its updates, the IDB-9 and the Agenda for a Better Bank.
- 3.5 As shown in Figure 3.1 below, during the period 2015-2019, Management has had two annual budgets with zero-percent real growth, two with negative real growth, and one with a modest increase in real terms as a consequence of the negative real growth experienced in 2016. Continuing with this budget discipline, the 2020 budget presents a zero-percent real growth.

**Figure 3.1. 2015-2020 Management Budget Real Growth vs. 2015-2019 Average Real Growth**



3.6 Furthermore, in this same period 2015-2019, additional resources requests, such as the recurring administrative expenses related to completed capital projects totaling \$13.9 million for this period, were internally funded through budget reallocations and efficiencies in order to maintain the zero percent or negative real budget growths.

#### **A. 2020 Approved Management Budget Nominal Growth Relative to the 2019 Approved Budget**

3.7 To deliver on the work program areas described in detail in Chapter 2, the approved nominal growth of Management Budget is 2.0% for 2020, equivalent to a zero-percent real budget growth considering a CCAC of 2.0%.

3.8 This nominal growth amounts to \$11.2 million (corresponding to 2.0% CCAC) to cover expected market-driven increases in Labor Costs (\$8.9 million) and Non-Labor Costs (\$2.3 million). In addition, there are resource demands of \$3.1 million beyond the CCAC for recurring administrative expenses related to capital projects completed in 2019. These will be funded through internal budget reallocations and efficiencies, as in previous years.

#### **1. 2020 Approved CCAC (\$11.2 million)**

3.9 The 2020 CCAC computation reflects the specialized cost structure of the Bank. In particular, it represents expected market-based price increases impacting the Bank operating costs. As in

past years, the CCAC sets the threshold in nominal terms for computing the zero-real budget growth level<sup>18</sup>.

- 3.10 While the cost adjustment components for both SLC and CLC are calculated using methodologies that consider the competitive marketplace, the Funded Salary Increase (FSI) for SLC and the Fee Matrix Increase (FMX) for CLC are intended to capture the unique nature of each type of resource<sup>19</sup>. The NLC cost adjustment component is set by the expected U.S. Consumer Price Index (CPI) and projected Latin American regional inflation levels in U.S. dollars.
- 3.11 As illustrated in Table 3.1 below, the 2020 CCAC is 2.0%, corresponding to \$11.2 million.

**Table 3.1. 2020 Composite Cost Adjustment Component**

Item	Cost Adjustment Component	Weight <sup>1</sup>	Weighted Cost Adjustment Component
Labor Costs	2.0%	81.5%	1.6%
Non - Labor Costs	2.2%	18.5%	0.4%
<b>2020 Composite Cost Adjustment Component</b>			<b>2.0%</b>

<sup>1</sup> Determined based on 2019 Approved Budget.

#### **a) 2020 CCAC - Labor Costs**

- 3.12 Table 3.2 below shows detailed information on the construction of the Labor Cost portion of the CCAC. Labor Costs include both SLC and CLC, i.e. consulting services that are directly engaged in business-related activities, including contractuels (Consultants, and Products and External Services Contractuels - PECs), business consulting firms, firms that support knowledge management and training, employment agencies and freelancers, and audit and legal services.

**Table 3.2. 2020 Labor Cost Adjustment Component**

Item	Source	Cost Adjustment Component	Weight <sup>1</sup>	Weighted Cost Adjustment Component
<b>Labor Costs</b>		<b>2.0%</b>	<b>81.5%</b>	<b>1.6%</b>
SLC - International Staff (HQS & COF)	HRD - Funded Salary Increase (FSI) for 2020	2.3%	57.4%	1.3%
SLC - National Staff (COF) <sup>2</sup>	HRD - Funded Salary Increase (FSI) for 2020	-0.4%	4.7%	0.0%
CLC - International Modality <sup>3</sup>	HRD - Fee Matrix Index Increase (FMX) for 2020	2.2%	17.7%	0.4%
CLC - National Modality <sup>3,4</sup>	HRD - Fee Matrix Index Increase (FMX) for 2020	-3.4%	1.7%	-0.1%

<sup>1</sup> Determined based on 2019 Approved Budget.

<sup>2</sup> Although national SLC in local currency is estimated to increase, this figure is adjusted by overall offsetting impact of exchange rate fluctuations.

<sup>3</sup> Includes Consultants (TTC, DTC and consultant modality), PECs, and Business Firms (firms to support the Bank's business activities and knowledge management & training, employment agencies and freelancers, audit and legal services).

<sup>4</sup> Although national CLC in local currency is estimated to increase, this figure is adjusted by overall offsetting impact of exchange rate fluctuations.

<sup>18</sup> IDB Composite Cost Adjustment Component Methodology ([GA-266-3](#)).

<sup>19</sup> Please refer to the document Update to the Bank's Total Rewards Framework. Revised Version. ([GN-2799-16](#)) for the FSI, and to the presentation IDB Composite Cost Adjustment Component Methodology – Adjustment Applicable to Complementary Workforce Labor Costs (CLC) ([PP-888](#)) for the FMX.



### i. 2020 Funded Salary Increase (FSI)

- 3.13 In 2016, the Board of Directors approved an update to the Total Rewards Framework<sup>20</sup>, a Board-approved strategy document that contains the philosophy and methodology for maintaining competitiveness of salary ranges and identifying the salary increase budget for staff. As part of this update, a confirmed approach for identifying the incremental nominal budget request for SLC (i.e. FSI) was adopted and, following this methodology, an indexation survey was conducted to yield the FSI figures for 2020 for international and national staff.
- 3.14 The FSI for SLC is therefore 2.3% and -0.4%<sup>21</sup> for international and national staff, respectively. The FSI also considers a budget for mid-year salary increases for national staff in certain country offices. Table 3.3 below shows the FSI amount for 2020, which represents the incremental nominal budget request for SLC. In the case of National FSI, the 2020 budget request is lower than the 2019 approved budget by \$0.1 million, given the impact of exchange rate fluctuations.

**Table 3.3. 2020 FSI**

Concept (\$ million)	International	National	Total
Funded Salary Increase (FSI)	\$7.1	(\$0.1)	\$7.0

### ii. 2020 Fee Matrix Index (FMX)

- 3.15 Like the indexation survey for staff, survey data for the complementary labor force was collected. The 2020 FMX for CLC is therefore 2.2% for the International Modality and -3.4% for the National Modality<sup>22</sup>, as shown in Table 3.2 above.
- 3.16 Table 3.4 below shows the FMX amounts for 2020. In the case of National FMX, the 2020 budget request is lower than the 2019 approved budget by \$0.3 million, given the impact of exchange rate fluctuations.

**Table 3.4. 2020 FMX**

Concept (\$ million)	International	National	Total
Fee Matrix Index (FMX)	\$2.2	(\$0.3)	\$1.8

### b) 2020 CCAC - Non-Labor Costs

- 3.17 Table 3.5 below provides details on the construction of the approved Non-Labor Cost adjustment component for 2020. Non-Labor Costs includes contractual services that do not directly support the Bank's business activities (outside services such as security, cleaning, etc.), as well as business and training travel, learning logistics and fees, and general administrative costs.

<sup>20</sup> Update to the Bank's Total Rewards Framework. Revised Version. (GN-2799-16), October 17, 2016.

<sup>21</sup> The FSI number for national staff is negative due to the impact of overall depreciation in foreign exchange rates in several countries, generating a reduction in the requested funding for this cost source.

<sup>22</sup> The FMX for the national CLC is negative due to the impact of overall depreciation in foreign exchange rates in similar countries as for the FSI numbers for national staff.



- 3.18 While the NLC cost adjustment component for Headquarters is set by the expected U.S. CPI, this component for Country Offices is based on the projected Latin American regional inflation levels in local currency, weighted by the Bank's budget by country and adjusted by the overall offsetting impact of exchange rate fluctuations.

**Table 3.5. 2020 Non-Labor Cost Adjustment Component**

Item	Source	Cost Adjustment Component	Weight <sup>1</sup>	Weighted Cost Adjustment Component
<b>Non - Labor Costs</b>		<b>2.2%</b>	<b>18.5%</b>	<b>0.4%</b>
Outside Services <sup>2</sup>	2020 average projected U.S. Consumer Price Index (CPI): Congressional Budget Office, Fed, IMF, and the Economist Intelligence Unit	2.1%	0.5%	0.0%
Travel <sup>3</sup>	2020 average projected U.S. Consumer Price Index (CPI): Congressional Budget Office, Fed, IMF, and the Economist Intelligence Unit	2.1%	4.6%	0.1%
General Administrative Costs COF	2020 projected regional inflation: Latin Focus Consensus (independent economic forecast) <sup>5</sup>	2.6%	2.9%	0.1%
Learning Logistics and Fees <sup>4</sup> and General Administrative Costs HQS	2020 average projected U.S. Consumer Price Index (CPI): Congressional Budget Office, Fed, IMF, and the Economist Intelligence Unit	2.1%	10.4%	0.2%

<sup>1</sup> Determined based on 2019 Approved Budget.

<sup>2</sup> Includes contractual services that do not directly support the Bank's business activities.

<sup>3</sup> Includes international and local business travel and training travel to support knowledge management.

<sup>4</sup> Includes learning tuition fees and learning logistic costs to support knowledge management.

<sup>5</sup> Projected inflation in local currency weighted by the Bank's budget by Country adjusted by overall offsetting impact of exchange rate fluctuations.

## **2. 2020 Resource Demands Beyond the CCAC (\$3.1 million) Funded with Internal Budget Reallocations and Efficiencies**

- 3.19 Additional resources will be required in 2020 to fund recurring administrative expenditures generated by capital budget Information Technology (IT) and Facilities projects completed in 2019. These additional resources amount to \$3.1 million and reflect the net increase over the existing administrative costs or new resource required for IT systems and facilities (additional details can be found in Chapter 4).
- 3.20 Given Management's continued commitment to contain costs, the \$3.1 million in resource demands for 2020 beyond the CCAC will be funded through internal budget reallocations and efficiencies in the areas of Labor Costs and Non-Labor Costs.

## **B. 2020 Approved Management Budget by Functional Group and Subgroup**

- 3.21 Since 2011, Management has presented budget proposals consistent with the RBB Framework<sup>23</sup>, as mandated by the IDB-9 and approved by the Board in 2010 to improve transparency and accountability of budgetary resource allocations by linking inputs with outputs and performance indicators.

<sup>23</sup> Results-Based Budgeting at the Inter-American Development Bank ([GA-245-12](#)).

- 3.22 The 2020 budget presents a structure that has evolved, in which the budget is presented in a new programmatic view in line with the institutional strategy (as presented in Chapter 2) with a simplified MBF structure, within the RBB Framework. MBFs are used as the backbone of the resource allocation process; they facilitate the integration between SAP, the time reporting system (Time and Attendance), and the employee annual work program and performance review system (Career Point), aligning the Bank's inputs, outputs, and performance indicators with staff performance.
- 3.23 The simplified and more consistent MBF structure for the Bank enables a closer alignment with its work program areas. This structure consists of a reorganization of existing MBFs into four major functional groups (together with 11 functional subgroups) representing the Bank's key business functions: (i) governance, (ii) operations, (iii) knowledge management, and (iv) corporate. The detailed description of each functional subgroup can be found in Annex C.
- 3.24 Table 3.6 below provides an overview of this new functional view. As shown in the table, the 2020 approved budget for all four major functional groups is in line with trends from past years. In particular:
- (a) 46.7% of the 2020 approved Management Budget or \$266.7 million is allocated to support the operational business activities of the Bank (operations functional group);
  - (b) 30.8% or \$175.7 million is allocated to support corporate services delivered by all Vice Presidencies, that encompass human resources management; financial, budget, information technology, and administrative services; and facilities management (corporate functional group);
  - (c) 12.6% or \$72.2 million is assigned to activities geared toward transparency and accountability such as risk management and internal controls; strategic planning, management and coordination; corporate legal affairs, amongst others (governance functional group); and
  - (d) 9.9% or \$56.6 million is earmarked to manage training programs for the region and the Bank's human capital technical development (knowledge management functional group).

**Table 3.6. 2016-2020 Management Budget by Functional Group and Subgroup**

Functional Groups		Budget Execution (\$000)			2019 Approved Budget <sup>1</sup> (\$000)	2020 Approved Budget (\$000)	2020 Approved vs. 2019 Approved
		2016	2017	2018			
<b>Governance</b>	<b>Budget</b>	<b>62,417</b>	<b>67,404</b>	<b>67,231</b>	<b>69,504</b>	<b>72,249</b>	<b>3.9%</b>
	<b>Percent of total</b>	<b>12.2%</b>	<b>12.5%</b>	<b>12.3%</b>	<b>12.4%</b>	<b>12.6%</b>	
	Institutional Governance	62,417	67,404	67,231	69,504	72,249	3.9%
<b>Operations</b>	<b>Budget</b>	<b>236,384</b>	<b>250,431</b>	<b>244,171</b>	<b>265,372</b>	<b>266,677</b>	<b>0.5%</b>
	<b>Percent of total</b>	<b>46.2%</b>	<b>46.4%</b>	<b>44.7%</b>	<b>47.4%</b>	<b>46.7%</b>	
	Stakeholder Dialogue and Resource Mobilization	33,643	39,060	37,516	43,882	43,038	-1.9%
	Strategy and Programming	15,367	12,982	13,120	13,127	13,104	-0.2%
	Knowledge Generation	40,682	40,662	40,696	39,597	40,170	1.4%
	Operations Preparation	41,215	49,931	55,087	57,744	59,439	2.9%
	Operations Supervision	105,476	107,795	97,752	111,022	110,926	-0.1%
<b>Knowledge Management</b>	<b>Budget</b>	<b>44,118</b>	<b>52,180</b>	<b>50,657</b>	<b>51,085</b>	<b>56,561</b>	<b>10.7%</b>
	<b>Percent of total</b>	<b>8.6%</b>	<b>9.7%</b>	<b>9.3%</b>	<b>9.1%</b>	<b>9.9%</b>	
	Knowledge and Innovation Management	44,118	52,180	50,657	51,085	56,561	10.7%
<b>Corporate</b>	<b>Budget</b>	<b>169,039</b>	<b>169,649</b>	<b>175,945</b>	<b>174,038</b>	<b>175,687</b>	<b>0.9%</b>
	<b>Percent of total</b>	<b>33.0%</b>	<b>31.4%</b>	<b>32.2%</b>	<b>31.1%</b>	<b>30.8%</b>	
	Human Resources Management	39,693	40,158	42,713	37,978	36,576	-3.7%
	Information Technology Management	48,470	51,461	54,955	53,904	55,965	3.8%
	Financial and Budget Services	27,425	28,216	26,476	27,446	26,014	-5.2%
	Facilities Management and Administrative Services	53,451	49,814	51,801	54,710	57,133	4.4%
<b>Administrative Carryover<sup>2</sup></b>				<b>8,081</b>			
<b>Total</b>		<b>511,958</b>	<b>539,662</b>	<b>546,085</b>	<b>559,998</b>	<b>571,174</b>	<b>2.0%</b>

<sup>1</sup> As per Board approved (GA-269-4).<sup>2</sup> Administrative Carryover applies only for budget execution. Starting in 2018, carryover amounts are executed within the carryover category rather than in each Main Business Function.

3.25 Although the approved Management Budget for 2020 is in line with trends from past years at the functional group level, some internal budget reallocations and reporting adjustments have occurred between functional subgroups to better align resources to current budget execution levels and business needs, as described below:

- (a) **Institutional Governance** refers to activities geared toward transparency and accountability including strategic planning, management and coordination; secretariat services, amongst others. This functional subgroup shows a 3.9% increase for 2020 when compared to the 2019 approved budget, mainly due to: (i) a reallocation of resources previously reported under the **Human Resources Management** functional subgroup so as to reflect the transfer of the Analytics and Processes Unit (HRD/ANP) from the Human Resources Department (HRD) to the new Analytics and Decision Support Unit (VPF/ADS) reporting directly to the Vice Presidency of Finance and Administration (VPF) created in order to promote the use of analytics in support of organizational performance across the Bank; and (ii) a reallocation of resources to continue improving key secretariat services such as access to information and processes innovation, and the modernization of systems, practices and processes.
- (b) **Knowledge and Innovation Management** refers to activities related to training programs for the region and the Bank's human capital technical development. The increase of 10.7% observed for 2020 when compared to 2019 is mainly due to: (i) a reallocation of resources from other functional subgroups in order to maintain consistency with the Knowledge, Innovation and Communication Sector's (KIC) guidelines on time reporting of training taken by staff and consultants; (ii) additional resources for Software as a Service (SaaS), third-party support, licenses and labor costs to maintain technology systems sponsored by

KIC that support knowledge and innovation management; (iii) the promotion of activities that expand innovation, communication, digital transformation, and collaboration in line with institutional priorities and actions plans resulting from the 2018 Bank's Engagement Survey; and (iv) an increased investment in the training of personnel and adoption of new technologies in key areas such as information technology and financial tools in order to improve control environment or achieve efficiencies.

- (c) **Information Technology Management** involves activities associated with the development and maintenance of business technology solutions and applications, information technology management, and telecommunications, as well as the design and implementation of IT capital projects. This functional subgroup reflects an increase of 3.8% in 2020 when compared to the 2019 approved budget, mainly due to additional resources for SaaS, third-party support, cloud infrastructure, licenses and labor costs to maintain technology systems for the Bank that are managed by the Information Technology Department (ITE).
- (d) **Financial and Budget Services** refers to activities and services related to the management and mobilization of the Bank's financial resources. This functional subgroup reflects a decrease of -5.2% in 2020 when compared to the 2019 approved budget, given the reduction in transactional tasks due to improvements in financial systems and processes, and the corresponding reallocation of resources to higher added value activities in the Knowledge and Innovation Management functional subgroup.
- (e) **Facilities Management and Administrative Services** encompasses activities and services devoted to HQS and COF real estate management, including the design and implementation of facilities' improvement or replacement capital projects, as well as administrative services, such as corporate procurement, travel, records management, amongst others. This functional subgroup reflects an increase of 4.4% in 2020 when compared to the 2019 approved budget, mainly due to: (i) additional resources for the operations and maintenance of facilities; (ii) a reallocation of resources from other functional subgroups to reflect a more accurate planning of time reporting of some staff and consultants supporting administrative services activities; and (iii) additional resources for the modernization and optimization of the records function as well as its monitoring and compliance.

## **C. 2020 Approved Administrative Budget by Labor and Non-Labor Costs, Organizational Unit and Major Item of Expense**

### **1. Flexible and Efficient Workforce Management Framework Implementation – Budget-Based Control**

- 3.26 As approved by the Board in March 2019, Management has implemented for 2020 the new Workforce Management Framework<sup>24</sup> whereby a budget-based control has been established for 2020 and beyond to manage the Bank's total workforce mix, replacing the Board-mandated Management Budget's staff headcount control previously in place.
- 3.27 Within this context, Management is presenting a 2020 budget with adjustments in its mix of resources between staff and consultants, to carry out its work program based on the institutional

<sup>24</sup> Flexible and Efficient Workforce Management Framework ([GN-2606-21](#)).

strategy. Management has therefore shifted \$3.2 million from the consultant category within CLC to SLC, while maintaining the budget neutrality principle. Furthermore, given Management's conservative approach, the shift of resources between CLC and SLC ratios (as a percentage of the 2019 approved Management Budget) represents 0.6 percentage points, which is lower than the established 2 percentage points annual budget shift limit committed with the Board. Table 3.10 shown further below provides additional details on the budget shift and proposed SLC and CLC ratios as a percentage of the 2020 proposed Management Budget.

- 3.28 As seen in Table 3.7 below, Management has identified the need for 21 additional staff for 2020, which will be offset by an estimated reduction of 32 consultant FTEs and funded with a concomitant reduction in the CLC consultant budget to maintain budget neutrality. These additional staff positions were prioritized based on the following institutional criteria: mission-critical functions and responsibilities, operational business continuity, knowledge retention, reputational and institutional exposure, and new initiatives within the context of the Second Update to the Institutional Strategy.

**Table 3.7. 2020 Additional Staff as per the Workforce Management Framework**

	Staff	Estimated Consultant FTEs
Strategic Core	8	(12)
Vice Presidency for Sectors and Knowledge	4	(7)
Vice Presidency for Finance and Administration	8	(12)
Sanctions Office	1	(1)
<b>Management Budget</b>	<b>21</b>	<b>(32)</b>

- 3.29 The additional staff for 2020 will support the Bank as follows:

- Eight additional staff will support the **Strategic Core** (STC) by (i) conducting audits on new emerging topics such as cybersecurity, machine learning, and cloud computing, among others; (ii) supporting the mission-critical function of safeguarding the Bank's financed activities against reputational risks and promoting the integrity in Bank operations; (iii) ensuring the operational continuity and knowledge retention in the area of operational risk management, in light of the new processes covered within the Operational Risk Management Framework; (iv) supporting in a sustainable way the Strategic Risk Management area through the retention of critical and technical expertise; and (v) supporting the quality review of Project Completion Reports, while ensuring operational business continuity and retention of knowledge.
- Four additional staff will support the **Vice Presidency for Sector and Knowledge** (VPS) by (i) providing better support and expanding the sustainable and urban operational portfolio in some countries; (ii) supporting innovation and technological processes related to trade and investment issues; and (iii) enhancing the link between ongoing research and operational demand in trade and investment issues.
- Eight additional staff will support the **Vice Presidency for Finance and Administration** by (i) maintaining tools for policy compliance oversight support across all processes of Bank-Executed Operations as well as providing strategic guidance for risk mitigation and contract negotiations of such operations; (ii) performing system analysis, design and data

warehouse models to support decision-making; (iii) managing the Bank's collaboration platform and email system; (iv) supporting and enhancing IT corporate solutions in the procurement, budget and travel areas; (v) exploring and prototyping key technologies such as blockchain, artificial intelligence, drones, among others; (vi) performing legal services in the corporate area and SG operations, while ensuring retention of knowledge; and (vii) complementing the Operations and Maintenance program for buildings in Headquarters and Country Offices.

(d) One additional staff will support the operation of the **Sanctions Committee**.

## 2. 2020 Approved Administrative Budget by Labor and Non-Labor Costs

- 3.30 Table 3.8 below shows the 2020 Administrative Budget split into Labor and Non-Labor Costs. Labor Costs represent 81.7% of the Total Bank's Budget and are comprised of SLC and CLC, which as a percentage of the Total Bank's Budget are 63.1% and 18.7%, respectively; Non-Labor Costs represents 18.3%.
- 3.31 The 2020 Labor Costs under Management Budget represent \$466.0 million or 81.6% of the respective budget, of which \$357.0 million correspond mainly to staff salaries and benefits, and \$109.0 million to Complementary Labor Costs (including \$21.8 million to Complementary Labor Costs under the Transactional Budget). Non-Labor Costs under Management Budget amount to \$105.2 million or 18.4% of the respective budget (including \$12.1 million of travel and \$0.9 million of general administrative costs, both under the Transactional Budget). Such budget is consistent with Management's commitment to keep Labor and Non-Labor Costs at 82% and 18%, respectively, as part of the Board-approved Flexible and Efficient Workforce Management Framework.
- 3.32 Labor Costs for Operational departments (Vice Presidency for Counties (VPC) and Vice Presidency for Sectors and Knowledge (VPS), including the Transactional Budget) total \$287.5 million or 85.8% of their respective budget, whereas for Corporate departments (Strategic Core (STC) and VPF) these numbers are \$167.7 million or 77.8%, respectively.



Table 3.8. 2020 Approved Administrative Budget by Labor and Non-Labor Costs

Organizational Unit (\$000)	Labor Costs				Total Labor Costs		Non-Labor Costs				Total Non-Labor Costs		TOTAL COSTS
	SLC		CLC				NLC						
	Staff Costs <sup>1 2</sup>	%	Complementary Labor Costs <sup>3</sup>	%	\$	%	Outside Services <sup>4</sup>	Learning Logistics and Fees <sup>5</sup>	Travel <sup>6</sup>	General Administrative Costs	\$	%	
A. BOG, EXD, MEC, OVE, Tribunal	29,171	70.8%	5,257	12.8%	34,428	83.5%		373	3,230	3,183	6,787	16.5%	41,214
Management Budget													
Vice Presidency for Countries	76,190	68.3%	15,983	14.3%	92,173	82.6%	42	290	4,404	14,712	19,447	17.4%	111,620
Vice Presidency for Sectors and Knowledge	147,010	77.9%	26,607	14.1%	173,617	92.0%	166	2,318	5,388	7,160	15,032	8.0%	188,649
Transactional Budget (Operational Support Budget)			21,755	62.5%	21,755	62.5%			12,100	940	13,040	37.5%	34,795
Sub-total VPC, VPS, and Transactional	223,200	66.6%	64,345	19.2%	287,545	85.8%	208	2,608	21,891	22,811	47,519	14.2%	335,064
Strategic Core	52,368	74.8%	10,430	14.9%	62,798	89.6%	162	362	2,384	4,349	7,257	10.4%	70,055
Vice Presidency for Finance and Administration	73,574	50.6%	31,282	21.5%	104,856	72.1%	2,528	1,211	1,194	35,543	40,476	27.9%	145,332
Sub-total STC and VPF	125,942	58.5%	41,712	19.4%	167,654	77.8%	2,691	1,573	3,578	39,892	47,733	22.2%	215,387
Bankwide Units <sup>7</sup>	1,828	60.4%	697	23.0%	2,526	83.5%		46	58	397	501	16.5%	3,026
Centrally Managed Programs <sup>8</sup>	6,069	71.5%	1,488	17.5%	7,557	89.0%	50	48	43	791	932	11.0%	8,489
Central Accounts <sup>9</sup>			728	7.9%	728	7.9%			10	8,470	8,480	92.1%	9,208
Sub-total	7,898	38.1%	2,912	14.1%	10,810	52.2%	50	94	111	9,658	9,913	47.8%	20,723
B. Management Budget	357,040	62.5%	108,969	19.1%	466,009	81.6%	2,949	4,275	25,580	72,361	105,165	18.4%	571,174
BANK TOTAL (A+B)	386,211	63.1%	114,226	18.7%	500,437	81.7%	2,949	4,648	28,811	75,544	111,952	18.3%	612,388

<sup>1</sup> Includes Salaries, Benefits, Overtime, Special Employees, and termination payments.

<sup>2</sup> VPs/Departments include the Funded Salary Increase of 2.3% for International Staff and -0.4% for National Staff, for illustrative purposes only.

<sup>3</sup> Includes consulting services that are directly engaged in business-related activities: Consultants (TTC, DTC and consultant modality), PECs, and Business Firms (firms to support the Bank's business activities and knowledge management & training, employment agencies and freelancers, audit, and legal services).

<sup>4</sup> Includes contractual services that do not directly support the Bank's business activities.

<sup>5</sup> Includes learning tuition fees and learning logistic costs to support knowledge management.

<sup>6</sup> Includes international and local business travel and training travel to support knowledge management.

<sup>7</sup> Includes Staff, Family and Retirees Associations, Office of the Ombudsperson, and Sanctions Office.

<sup>8</sup> Includes Young Professionals, Internship Program, Staff on Secondment, Staff Relations, Termination Payments, Staff in Transition & Reassignment, Ethics/Conduct/ Grievance Systems Reforms, Maternity and Mobility Programs, and other centrally held items.

<sup>9</sup> Includes utilities, office space rental, vault space, security, garage operations & commuter programs, corporate environmental and social responsibility (CSR), among others.

### **3. 2020 Approved Administrative Budget by Organizational Unit and by Major Item of Expense**

- 3.33 Table 3.9 below shows the 2020 approved budget by organizational unit. The overall negative real budget growth of -0.5% is driven primarily by two factors: (i) an expected reduction in travel costs for the Bank's 2020 Annual Meeting in Colombia as compared to 2019, which translates into a negative real budget growth of -22.2% under the Board of Governors; and (ii) the 2019 one-time expenditure nature of the Bank's 60 Year Anniversary.
- 3.34 Within the Management Budget category, the 2020 approved budget by organizational unit reflects the 21 additional staff as per the Flexible and Efficient Workforce Management Framework (with no impact on departmental resources given the budget neutrality principle). Furthermore, staff numbers for 2020 include other internal interdepartmental movements of staff that took place in 2019 and hence affected departmental base budgets but were budget neutral within the total Management Budget. Staff numbers for 2020 (shown under Table 3.9) therefore reflect the 21 additional positions for 2020 net of any interdepartmental movement of staff that took place in 2019.
- 3.35 In particular, variations between the 2019 and 2020 approved budgets can be observed as a result of 2019 interdepartmental movements of staff and corresponding resources that funded: (i) the Migration Initiative under VPS, created with Labor and Non-Labor budget resources coming mainly from the Integration and Trade Sector (INT); and (ii) the Analytics and Decision Support Unit under VPF, created to promote the use of analytics to support organizational performance across the Bank with resources coming from HRD.
- 3.36 Some other variations between the 2019 and 2020 approved budgets are observed in: (i) the Office of the Secretary (SEC) where resources were reassigned to continue improving key areas of work such as access to information and processes innovation, and address the modernization of systems, practices and processes; and (ii) ITE and the Country Department Central America, Haiti, Mexico, Panama and the Dominican Republic (CID), where 46.1% and 8.6%, respectively, of the \$3.1 million resource demand for recurring administrative expenses related to completed capital projects will be executed in 2020. Furthermore, the 2020 budget for SLC in CID is higher than the 2019 approved budget, reflecting higher costs and interdepartmental staff movements that took place in 2019.



Table 3.9. 2020 Approved Administrative Budget by Organizational Unit

Organizational Unit (\$000)	2019 Approved Budget <sup>1</sup>		2020 Approved Budget <sup>2</sup>		2020 vs. 2019 Approved		
	Staff	\$	Staff	\$	\$	% Nominal	% Real
Board of Governors		5,398		4,310	(1,088)	-20.2%	-22.2%
Board of Executive Directors	102	23,881	102	24,316	435	1.8%	-0.2%
Independent Consultation and Investigation Mechanism	7	2,554	7	2,607	54	2.1%	0.1%
Office of Evaluation and Oversight	30	8,336	30	8,417	81	1.0%	-1.0%
Administrative Tribunal	2	1,564	2	1,564		0.0%	-2.0%
<b>A. BOG, EXD, MEC, OVE, Tribunal</b>	<b>141</b>	<b>41,733</b>	<b>141</b>	<b>41,214</b>	<b>(518)</b>	<b>-1.2%</b>	<b>-3.2%</b>
<b>Management Budget</b>							
<i>Strategic Core</i>							
Office of the President	20	6,045	20	6,214	169	2.8%	0.8%
Office of Institutional Integrity	13	3,767	15	3,881	114	3.0%	1.0%
Office of the Executive Vice President	9	2,762	8	2,586	(176)	-6.4%	-8.4%
Office of the Executive Auditor	23	5,594	24	5,763	170	3.0%	1.0%
Office of Outreach and Partnerships	41	12,629	41	12,826	197	1.6%	-0.4%
Office of Risk Management	24	8,813	28	8,972	159	1.8%	-0.2%
Office of the Secretary	62	13,533	64	14,294	760	5.6%	3.6%
Office of Strategic Planning and Development Effectiveness	30	10,264	31	10,480	216	2.1%	0.1%
Office of Ethics	7	2,018	7	2,072	54	2.7%	0.7%
Micro, Small and Medium Enterprise Unit	10	2,969	9	2,968		0.0%	-2.0%
<b>Sub-total Strategic Core Departments</b>	<b>239</b>	<b>68,392</b>	<b>247</b>	<b>70,055</b>	<b>1,663</b>	<b>2.4%</b>	<b>0.4%</b>
Vice Presidency for Countries	14	5,151	15	5,361	210	4.1%	2.1%
Country Department Southern Cone	76	18,902	76	19,195	293	1.6%	-0.4%
Country Department Central America, Haiti, Mexico, Panama and the Dominican Republic	122	29,596	123	30,636	1,040	3.5%	1.5%
Country Department Andean Group	77	16,302	77	16,067	(235)	-1.4%	-3.4%
Country Department Caribbean Group	67	16,178	67	16,715	537	3.3%	1.3%
Operations Financial Management and Procurement Services Office	88	23,513	87	23,646	132	0.6%	-1.4%
<b>Sub-total Vice Presidency for Countries</b>	<b>444</b>	<b>109,642</b>	<b>445</b>	<b>111,620</b>	<b>1,978</b>	<b>1.8%</b>	<b>-0.2%</b>
Vice Presidency for Sectors and Knowledge	10	2,913	9	2,998	86	2.9%	0.9%
Migration Initiative			12	3,801	3,801		
Environmental and Social Safeguards Unit	29	7,119	29	7,183	64	0.9%	-1.1%
Department of Research and Chief Economist	32	10,129	32	10,365	237	2.3%	0.3%
Infrastructure and Energy Sector	134	31,187	134	31,337	151	0.5%	-1.5%
Social Sector	118	30,045	118	30,462	417	1.4%	-0.6%
Institutions for Development	145	36,535	145	37,077	543	1.5%	-0.5%
Integration and Trade Sector	42	13,061	32	9,525	(3,535)	-27.1%	-29.1%
Climate Change and Sustainable Development Sector	101	23,299	103	23,809	510	2.2%	0.2%
Knowledge, Innovation and Communication Sector	85	31,348	84	32,090	742	2.4%	0.4%
<b>Sub-total Vice Presidency for Sectors and Knowledge</b>	<b>696</b>	<b>185,634</b>	<b>698</b>	<b>188,649</b>	<b>3,014</b>	<b>1.6%</b>	<b>-0.4%</b>
Transactional Budget (Operational Support Budget)		34,078		34,795	717	2.1%	0.1%
<b>Sub-total Transactional Budget</b>		<b>34,078</b>		<b>34,795</b>	<b>717</b>	<b>2.1%</b>	<b>0.1%</b>
<b>Sub-total VPC, VPS, and Transactional Budget</b>	<b>1,140</b>	<b>329,354</b>	<b>1,143</b>	<b>335,064</b>	<b>5,709</b>	<b>1.7%</b>	<b>-0.3%</b>
Vice Presidency for Finance and Administration	7	2,488	7	2,448	(41)	-1.6%	-3.6%
Mediation Office	1	501	1	520	19	3.8%	1.8%
Analytics and Decision Support Unit			6	1,470	1,470		
Finance Department	100	25,137	100	25,672	535	2.1%	0.1%
Human Resources Department	71	19,907	66	18,896	(1,010)	-5.1%	-7.1%
Information Technology Department	97	53,955	101	55,792	1,837	3.4%	1.4%
Budget and Administrative Services Department	58	30,316	59	30,669	352	1.2%	-0.8%
Legal Department	45	9,606	47	9,865	258	2.7%	0.7%
<b>Sub-total Vice Presidency for Finance and Administration</b>	<b>379</b>	<b>141,911</b>	<b>387</b>	<b>145,332</b>	<b>3,420</b>	<b>2.4%</b>	<b>0.4%</b>
<b>Sub-total Strategic Core, VPC, VPS, Transactional Budget, and VPF</b>	<b>1,758</b>	<b>539,658</b>	<b>1,777</b>	<b>550,451</b>	<b>10,792</b>	<b>2.0%</b>	<b>0.0%</b>
Central Vacancies - Temporary	23		24				
Bankwide Units <sup>3</sup>	8	2,858	9	3,026	169	5.9%	3.9%
Centrally Managed Programs <sup>4</sup>	8	8,456	8	8,489	33	0.4%	-1.6%
Central Accounts <sup>5</sup>		9,027		9,208	181	2.0%	0.0%
<b>Sub-total</b>	<b>39</b>	<b>20,340</b>	<b>41</b>	<b>20,723</b>	<b>383</b>	<b>1.9%</b>	<b>-0.1%</b>
<b>B. Management Budget</b>	<b>1,797</b>	<b>559,998</b>	<b>1,818</b>	<b>571,174</b>	<b>11,176</b>	<b>2.0%</b>	<b>0.0%</b>
<b>BANK TOTAL (A+B)</b>	<b>1,938</b>	<b>601,731</b>	<b>1,959</b>	<b>612,388</b>	<b>10,657</b>	<b>1.8%</b>	<b>-0.2%</b>
C. Bank's 60 Year Anniversary (one-time expenditure)		1,671			(1,671)	-100.0%	-102.0%
<b>Grand Total (A+B+C)</b>	<b>1,938</b>	<b>603,402</b>	<b>1,959</b>	<b>612,388</b>	<b>8,986</b>	<b>1.5%</b>	<b>-0.5%</b>

<sup>1</sup> As per Board Approved GA-269-4.<sup>2</sup> VPs/Departments include the Funded salary increase of 2.3% for International Staff and -0.4% for National Staff, for illustrative purposes only, as well as \$1.4 million in ITE, \$1.2 million in KIC, \$15 thousand in SEC, \$210 thousand in BDA, and \$268 thousand in CID for recurring administrative expenses from completed capital projects.<sup>3</sup> Includes Staff, Family and Retirees Associations, Office of the Ombudsperson, and Sanctions Office.<sup>4</sup> Includes Young Professionals, Internship Program, Staff on Secondment, Staff Relations, Termination Payments, Staff in Transition & Reassignment, Ethics/Conduct/ Grievance Systems Reforms, Maternity and Mobility Programs, and other centrally held items.<sup>5</sup> Includes utilities, office space rental, vault space, security, garage operations & commuter programs, corporate environmental and social responsibility (CSR), among others.

- 3.37 Table 3.10 below provides the approved 2020 Management Budget by major item of expense. The table shows the construction of the 2020 budget, starting from the 2019 approved budget and adding (i) the estimated \$11.2 million of 2020 CCAC increases (as referenced in Section A.1. of this Chapter), (ii) the \$3.2 million budget shift from the consultant category within CLC to SLC to fund the 21 additional staff proposed for 2020, and (iii) other internal budget reallocations made by Management aimed at funding the \$3.1 million in recurring administrative expenses for completed capital projects and at improving the alignment between budget formulation and execution.
- 3.38 In particular, internal budget reallocations were made in 2020 on a net basis from the SLC and NLC categories (\$711 thousand and \$510 thousand, respectively) to the CLC category, as well as within NLC, as follows:
- (a) Staff Labor Costs reflect planned levels of staff salaries in 2020, taking into account vacancies' estimated hiring date. As such, Departments/Vice Presidencies were allowed to reallocate projected under-executed staff salary resources **from SLC to CLC** while vacancies are being filled. As a result, a total of 782 consultant FTEs (Defined Term Contractual - DTC, Temporary Term Contractual - TTC, and consultant modality) are projected for 2020, which include the estimated reduction of 32 consultant FTEs from the 2019 projected level of 823, to fund the 21 additional staff. Furthermore, the 2020 projected level is lower than those observed in recent years (836 and 800 consultant FTEs were observed in 2017 and 2018, respectively).
  - (b) Resources were shifted **from NLC to CLC** to support an increase in PECs and Business Consulting Firms needs and **within NLC** to support an increase in Training and Business Travel, as part of Management's efforts aimed at improving the alignment between budget formulation and execution. Although the 2020 approved budget for such categories represents an increase of 3.1% and 4.8%, respectively, over the 2019 approved budget, executed levels as a percentage of approved budget in these categories have been significantly higher in 2017 (126.7% and 109.8%, respectively) and in 2018 (109.8% and 126.8%, respectively).
- 3.39 Continuing with the measures adopted in 2019 aimed at further improving the alignment between budget formulation and execution, Management will implement within the 2020 approved Management Budget an internal target limit for budget transfers during execution, whereby the CLC and NLC account groups shown in Table 3.10 will be limited to an increase of not more than 6% of their respective 2020 approved budget amounts.

Table 3.10. 2020 Approved Administrative Budget by Item of Expense

Items of Expense (\$000)	a		b	c	d	e = a + b + c + d		f = e - a	g = f / a	h = g - % CCAC
	2019 Approved Budget <sup>1</sup>		CCAC	Workforce Management Framework – Budget Shifts	Other Internal Management Reallocations	2020 Approved Budget		2020 vs. 2019 Approved		
	\$	%				\$	%	\$	% Nominal	% Real
<b>Management Budget</b>										
<b>Labor Costs</b>										
SLC - Staff Costs <sup>2</sup>	347,466	62.0%	7,093	3,192	(711)	357,040	62.5%	9,574	2.8%	0.8%
CLC - Complementary Labor Costs	109,107	19.5%	1,834	(3,192)	1,220	108,969	19.1%	(138)	-0.1%	-2.1%
DTC, TTC & Consultants - Contractual Modalities <sup>3</sup>	41,244					39,283		(1,960)	-4.8%	-6.8%
PECs - Contractual Modalities <sup>3</sup> & Business Consulting Firms <sup>4</sup>	46,482					47,931		1,449	3.1%	1.1%
Contractuals & Business Consulting Firms - Transactional Budget	21,382					21,755		373	1.7%	-0.3%
Sub-total Labor Costs	456,573	81.5%	8,926		510	466,009	81.6%	9,436	2.1%	0.1%
<b>Non-Labor Costs - NLC</b>										
Outside Services <sup>5</sup>	3,076					2,949		(127)	-4.1%	-6.1%
Learning Logistics and Fees	4,114					4,275		161	3.9%	1.9%
Travel	25,559					25,580		21	0.1%	-1.9%
Training Travel & Business Travel - Local & International	12,863					13,481		618	4.8%	2.8%
Business Travel - Transactional Budget	11,796					12,100		304	2.6%	0.6%
Operational Support - Transactional Budget <sup>6</sup>	900							(900)	-100.0%	-102.0%
General Administrative Costs	70,676					72,361		1,685	2.4%	0.4%
General Administrative Costs - Non - Transactional Budget	70,676					71,421		745	1.1%	-0.9%
Operational Support - Transactional Budget <sup>6</sup>						940		940		-2.0%
Sub-total Non-Labor Costs	103,425	18.5%	2,249		(510)	105,165	18.4%	1,740	1.7%	-0.3%
A. Management Budget	559,998	100.0%	11,176			571,174	100.0%	11,176	2.0%	0.0%
BOG, EXD, MEC, OVE & Tribunal	41,733					41,214		(518)	-1.2%	-3.2%
B. BOG, EXD, MEC, OVE, Tribunal	41,733					41,214		(518)	-1.2%	-3.2%
BANK TOTAL (A+B)	601,731					612,388		10,657	1.8%	-0.2%
C. Bank's 60 Year Anniversary (one-time expenditure)	1,671							(1,671)	-100.0%	-102.0%
Grand Total (A+B+C)	603,402					612,388		8,986	1.5%	-0.5%

<sup>1</sup> As per Board Approved GA-269-4.<sup>2</sup> SLC includes Salaries, Benefits, Overtime, Special Employees, and termination payments. The 2020 SLC CCAC includes \$7.0 million for salaries and benefits, and \$0.1 million for overtime and special employees.<sup>3</sup> Includes contractuals to support knowledge management and training programs.<sup>4</sup> Includes employment agencies and freelancers, business consulting firms, firms to support knowledge management and training, audit and legal fees.<sup>5</sup> Includes contractual services that do not directly support the Bank's business activities.<sup>6</sup> Operational support expenses were moved from the Travel category to General Administrative Costs in 2020, to better reflect the nature of such expenses.

3.40 Additional information can be found in Annex B which illustrates the expenditures by Organizational Unit as of December 31, 2019.

3.41 Furthermore, disclosure of the 2020 estimated Bank contributions to the Retirement Plans is provided in Annex A. Under the established process, the results of final year-end actuarial valuations prepared by the Bank's Actuary, as well as the 2020 recommended contributions by the governing committees of the IDB Retirement Plans will be presented to the Board for approval during the fourth quarter of 2020.

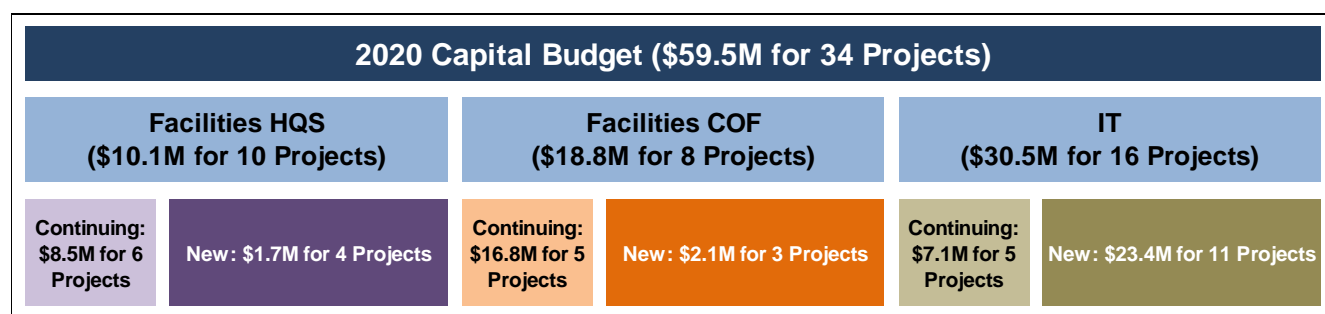
#### 4. 2020 APPROVED CAPITAL BUDGET

- 4.1 The 2020 Capital Budget has been presented with comprehensive details in the 2020-2022 Medium-Term Capital Budget Plan (GA-269-6) approved by the Board on October 16, 2019. The present Chapter summarizes the key elements of the information presented in that document.

##### A. Prioritization Exercise for 2020 Projects

- 4.2 As part of the prioritization exercise, all project proposals submitted for funding in 2020 were assessed and considered using a robust and comprehensive project prioritization process<sup>25</sup>. As a result of this exercise, 18 new projects were ultimately considered, prioritized, and included in the 2020 Plan, together with 16 continuing projects. Figure 4.1 below illustrates the outcome of this evaluation.

**Figure 4.1. Outcome of the 2020 Project Prioritization Exercise**



- 4.3 For details on the 2020 Capital Budget Plan by project category, namely HQS, COF and IT, as well as the corresponding estimated requirements for 2021 and 2022, please refer to Annexes D1, D2, and D3.

##### B. 2020 Capital Budget Plan – Overview

- 4.4 Management conducted an evaluation of the Capital Budget resource requirements initially requested by project sponsors, taking into consideration sponsors' capacity to execute their respective projects and estimated expenses and milestones foreseen for each individual project during 2020.
- 4.5 The result of the 2020 evaluation shows a Capital Budget for 2020 of \$59.5 million (versus \$83.3 million initially requested by project sponsors), which corresponds to the resources required to fund the set of achievable milestones foreseen for these 34 projects for 2020, as follows:
- \$29.0 million for Facilities, in both, Headquarters and Country Offices (18 projects): \$25.3 million for 11 continuing projects and \$3.7 million for seven new projects.
  - \$30.5 million for Information Technology (16 projects): \$7.1 million for five continuing projects and \$23.4 million for 11 new projects.

<sup>25</sup> The project prioritization process was enhanced in 2019, based on a 2018 study.

- 4.6 Table 4.1 below provides an overview of the 2020 approved Capital Budget Plan by Project Category.

**Table 4.1. 2020 Capital Budget by Project Category – Overview**

Project Categories (\$000)	2020 Continuing Projects (a)	2020 New Projects (b)	Total 2020 Approved Budget (a+b)
Headquarters & Country Offices			
Headquarters	8,470	1,675	10,145
Country Offices	16,780	2,050	18,830
<b>Total Headquarters &amp; Country Offices</b>	<b>25,250</b>	<b>3,725</b>	<b>28,975</b>
Information Technology	7,129	23,410	30,539
<b>Total Information Technology</b>	<b>7,129</b>	<b>23,410</b>	<b>30,539</b>
<b>Total Capital Budget Plan</b>	<b>32,379</b>	<b>27,135</b>	<b>59,514</b>

## **5. 2020 APPROVED OC STRATEGIC DEVELOPMENT PROGRAMS (OC-SDPs)**

### **A. Background Information and Overview**

- 5.1 In 2005, the IDB began employing income from the OC to support special programs deemed strategically relevant to both the Bank and the region. After a decade of operations which witnessed the creation of 19 special programs, Management began working collectively with the Board of Executive Directors to enhance the planning and management of TC operations financed by the OC, an effort that culminated in the Board's unanimous approval of the document establishing the OC-SDPs ([GN-2819-1](#)). This document brought to fruition the complete restructuring of the programs, including reducing them in number (from nineteen to six), developing standardized results frameworks for each to facilitate robust monitoring and reporting, and aligning each with the challenges and cross-cutting issues of the institutional strategy. Since they became effective on January 1, 2017, the restructured OC-SDPs, along with the accompanying improvements to procedures and policies, have ushered in greater levels of flexibility, transparency, and accountability in the management of OC-SDP resources. Importantly, OC-SDP rationalization and streamlining, together with the Bank's monitoring and reporting tools, facilitated delivery of a comprehensive report on results of the 2018 OC-SDPs. This report was delivered to the Board in May of 2019 through document [GN-2819-6](#).

### **B. 2020 OC Strategic Development Programs**

- 5.2 The approved OC-SDP allocation for 2020 is \$102 million, leaving it unchanged from the 2019 approved level subsequent to Board approval of the repurposing of \$5 million as part of the "Proposal for Expanding the Scope of the IDB Grant Facility to Support Countries with Large and Sudden Intraregional Migration Inflows" ([DE-24/19](#)). This funding level for 2020 includes an allocation of five percent to Flexibilization Resources such that, as in years past, Management may efficiently reallocate resources in accordance with needs during the second semester.
- 5.3 Table 5.1 below shows the allocation of 2020 resources to all six OC-SDPs.

**Table 5.1. 2020 Approved Funding for Strategic Development Programs  
Financed by Ordinary Capital (\$ Millions)**

Ordinary Capital Strategic Development Program (OC-SDP)	2019 Funding Approved (DE-134/18) <sup>1</sup>	Total Availability 2019 <sup>2</sup>	2020 Funding Approved (DE-144/19)	Total Availability as of Jan 1, 2020 <sup>3</sup>
OC-SDP for Countries <sup>4</sup>	22.50	23.20	20.80	23.08
OC-SDP for Infrastructure	18.60	20.06	17.57	17.83
OC-SDP for Institutions	18.55	19.22	18.80	20.03
OC-SDP for Integration	12.50	14.46	11.83	12.39
OC-SDP for Social Development	15.50	17.26	14.65	14.99
OC-SDP for Sustainability <sup>5</sup>	14.00	15.69	13.24	14.84
Flexibilization Resources <sup>6</sup>	0.35	0.35	5.10	5.10
<b>Total</b>	<b>102.00</b>	<b>110.24</b>	<b>102.00</b>	<b>108.26</b>

<sup>1</sup>2019 funding approved through Resolution DE-134/18 initially for the amount of \$107 million. Resolution DE-24/19 "IDB Grant Facility Support to Countries with Large and Sudden Intraregional Migration Inflows" amended the 2019 funding level to \$102 million through a \$5 million reduction in approved funding for Flexibilization Resources.

<sup>2</sup>Includes \$108.7 million available at the beginning of 2019, as well as cancellations realized in 2019 that were employed to finance 2019 approvals. This approach was utilized to mitigate the impact of the \$5 million reduction outlined in footnote 1.

<sup>3</sup>Includes 2020 fresh allocation of \$102 million, 2019 unused resources of \$0.2 million, and unutilized 2019 cancellations of \$6.1 million

<sup>4</sup>Funding approved for 2020 includes \$7 million from the OC-SDP for Countries for Growth Priority Technical Cooperation.

<sup>5</sup>Up to \$2 million of the 2020 approved funding to the OC-SDP for Sustainability may be used to finance Natural Disaster Assistance.

<sup>6</sup>2020 Flexibilization Resources level corresponds to 5 percent of the 2020 approved funding level.

- 5.4 The 2020 OC-SDP work program is expected to contribute significantly to the regional challenges and cross-cutting issues of the institutional strategy, including the areas of emphasis outlined in its Second Update; these expected contributions are detailed below.

## 1. Social Inclusion and Equality

- 5.5 In 2020, the OC-SDPs will promote social inclusion and equality through operations that seek to improve access to health and education, build human capital, promote financial inclusion, and address deficits in basic infrastructure, among others. The OC-SDP for Social Development (SOC), a significant source of support to this challenge, will focus efforts on improving cross-sectoral economic opportunities and social services through inclusion initiatives that support marginalized groups, including migrants. One such initiative will include addressing challenges associated with the ageing population, including measures to cope with an unprecedented demographic transition and reforms in labor markets and healthcare systems. The SOC will also promote the responsible and ethical use of technology as a means to enhance the definition and delivery of social services throughout the region. Lastly, the OC-SDP for Countries' (CTY) support to small and vulnerable countries will continue throughout 2020 as Guyana, Honduras, and Nicaragua continue to receive a special allocation of resources to support their development efforts.



## 2. Productivity and Innovation

- 5.6 In 2020, the OC-SDPs will continue supporting efforts to address LAC's chronically low levels of productivity and innovation. The OC-SDP for Institutions (INS) will contribute to addressing the challenge through comprehensive solutions for leveraging the opportunities of the digital economy. This work will focus on supporting governments as enablers of the digital economy, including: (i) policy priorities such as citizen-centered service delivery, inclusion, future of work, regulation, trade facilitation, the orange economy and accountability; (ii) the development, use and adoption of digital technologies by governments, firms and citizens; and (iii) digital talent in the public sector, private sector, and other ecosystem actors. The OC-SDP for Infrastructure's (INF) contribution will come through its continued support to activities aimed at strengthening innovation within processes and technology in infrastructure to foster efficiency and quality of infrastructure services, implementation capacity, and cutting-edge knowledge products in relevant infrastructure areas in LAC, complemented by the OC-SDP for Integration (RIN) that harnesses the latest technologies to reduce administrative inefficiencies related to trade and the transaction costs of border and customs procedures. Moreover, the SOC will also make a significant contribution to this institutional challenge by making a push for stronger skill development initiatives that respond to the upcoming changes brought about by automation in labor markets and promoting human capital investments in inclusive education and productivity growth programs. Lastly, the OC-SDP for Sustainability (SUS) will support the productivity and innovation challenge through its work on sustainable agriculture, specifically with respect to establishing agricultural value chains and determining institutional frameworks and policy environments for agricultural productivity, innovation, and sustainable production systems.

## 3. Economic Integration

- 5.7 In 2020, the OC-SDPs will continue to contribute to enhancing the economic integration of the region, fostering innovation in trade and investment projects, and democratizing trade gains by facilitating the participation of more Small and Medium Enterprises and more women in the global marketplace. The RIN will continue to pursue interventions in three areas: (i) connectivity and trade facilitation, (ii) strengthening of trade and investment promotion, and (iii) supporting regulatory compliance of trade agreements. Some RIN-financed projects are taking advantage of the latest technological tools such as: (i) Artificial Intelligence and Blockchain to support trade facilitation and logistics, contributing to the efficiency of physical border crossings, enhancing FTSW and their interoperability as well as FTSW+, and increasing mutual recognition of Authorized Economic Operators; (ii) export promotion and investment attraction to diversify export markets and increase the sophistication of LAC's goods and services, including those of the orange economy; and (iii) negotiation and implementation of trade agreements. The RIN will continue to foster collective action and regional cooperation through the Regional Public Goods Initiative, which will continue to finance the promotion of cross-sector alliances focused on tackling regional issues and increasing efficiencies when producing multisector public goods in all areas where the Bank is active, with a special focus on IDB challenges and priorities of the institutional strategy and LAC's emerging challenges. Furthermore, through its support of skill development initiatives relevant to current and future labor markets, the SOC will also strengthen its commitment to increasing economic integration by boosting productivity and innovation in the region. In particular, the SOC will continue to focus on the expansion and improvement of the quality of interventions that seek to promote gender equality and women's empowerment through



programs that reduce gender barriers focused on digital transformation, future of work, and 21st century skills.

#### **4. Gender Equality and Diversity**

- 5.8 In 2020, the OC-SDPs will continue supporting efforts to directly address the structural inequities faced by women, indigenous peoples, and afro-descendants through several approaches, including direct support and mainstreaming. The SOC will continue to act as a major source of support to this cross-cutting issue through its work in expanding and improving the quality of interventions that seek to promote gender equality and women's empowerment, along with the betterment of strategies that focus on fostering the inclusion of diverse groups in the region including indigenous people, afro-descendant people, people with disabilities, LGBTQ+, and migrants. The INF will also support gender and diversity mainstreaming in LAC by helping plan, prepare, and execute multi-sectorial infrastructure projects that incorporate gender equality and diversity considerations. The INS support to this cross-cutting issue in 2020 will include supporting improvements in the quality of institutions and policies to further gender equality and promote development with identity and social inclusion. The RIN will support greater participation of women in international trade. This will translate into interventions in areas such as citizen security and prevention of violence against women, economic empowerment of women and other vulnerable populations, including migrants, and the strengthening of policy frameworks and tools to mainstream social inclusion in public sector agencies.

#### **5. Climate Change and Environmental Sustainability**

- 5.9 In 2020, the OC-SDPs will continue supporting: (i) the preparation of sustainable policies and investment projects to alleviate challenges related to rapid urban growth, climate change, and sustainability; (ii) interventions to increase agricultural productivity, quality, and access to food; and (iii) the design and implementation of investment plans associated with countries' Nationally Determined Contributions in different sectors. The SUS will work to advance the agenda on biodiversity and ecosystem services, including the development of practical tools to continue mainstreaming natural capital; it will also support the Bank's work on eliminating plastic and microplastic pollution. This OC-SDP's work in climate change mitigation and adaptation will continue in earnest through activities that include: (i) identifying strategies in areas such as sustainable infrastructure; (ii) identifying climate change risks and resilience opportunities in projects during country dialogue, programming and project design; and (iii) increasing awareness, knowledge, and understanding of climate change and disaster risk in LAC.

#### **6. Institutional Capacity and the Rule-of-Law**

- 5.10 All six OC-SDPs will support the cross-cutting issue of Institutional Capacity and the Rule of Law throughout 2020, but the INS will continue to occupy a unique role as a key channel of support. This support will come about by prioritizing efforts to build effective institutions involving institutional development initiatives to strengthen LAC public sector entities, including priority areas such as innovation and technology, transparency and integrity, migration, and citizen security, among others. The INF will also actively support this cross-cutting issue through TCs that provide institutional support and capacity building to the infrastructure and energy sector aimed at expanding capacities within borrowing member countries to facilitate successful project preparation and implementation and effective

undertaking of regulatory, institutional, and legal reforms aimed at enhancing the quality and quantity of infrastructure services. Lastly, the SOC will seek to improve government and institutional capacity to strengthen public institutions in order to achieve greater efficiency and effectiveness in social programming, group targeting, and project execution.

## 6. 2020 ESTIMATED ADMINISTRATIVE INCOME AND REIMBURSEMENT FLOWS OUTSIDE THE ADMINISTRATIVE BUDGET

### A. 2020 Estimated Administrative Income

- 6.1 The Bank's administrative income is not accessible for use by the Bank's departments. It is recorded directly as income to the OC and reflected in the Bank's OC financial statements.
- 6.2 Table 6.1 below provides details on the \$9.0 million estimated administrative income to be recorded directly to the OC in 2020: (i) \$92 thousand from the Inter-American Institute for Social Development (INDES) training fees; (ii) \$500 thousand from Argentina's Contribution to the Institute for the Integration of Latin America and the Caribbean (INTAL); (iii) \$347 thousand from leasing the Bank's HQS and COF facilities and parking to third parties; (iv) \$5.0 million from leasing the Bank's HQS and COF facilities and parking to the IDB Invest; (v) \$2.1 million from staff benefit costs paid by IDB Lab to the Bank; and (vi) \$0.9 million from the standard 5% fee received from donors to help defray the management of Donor Trust Funds and Project Specific Grants (PSGs).

**Table 6.1. 2020 Sources of Estimated Administrative Income Recorded  
Directly to the Ordinary Capital**

Sources of Estimated Income	(\$000)
INDES Training Fees	92
Argentina Contribution to INTAL	500
HQS & COF Space Lease and Parking	347
IDB Invest - HQS & COF Space Lease and Parking	5,039
IDB Lab - Staff Benefit Costs	2,134
Donor Trust Funds and PSGs Standard Fee	880
<b>Total Estimated Income</b>	<b>8,993</b>

### B. 2020 Estimated Reimbursement Flows

- 6.3 Reimbursements are received by IDB's departments for additional Bank services. These reimbursements are allocated and executed outside the Administrative Budget, keeping a "firewall" between the two sources and preventing the commingling of funds.

6.4 As shown in Table 6.2 below, the 2020 total estimated reimbursements to be received and executed outside the Bank's Administrative Budget amounts to \$23.3 million:

(a) Reimbursements of \$8.7 million will come from:

- (i) Specific Donor Trust Fund agreements established a customized fee under a cost-sharing modality<sup>26</sup> instead of the 5% standard fee to cover all or part of the costs incurred by the Bank in preparing, executing and monitoring projects, as well as in administering the funds. This fee is distributed among the departments that perform this work;
- (ii) Similar to the above-mentioned specific Donor Trust Funds, Bank departments receive reimbursements from PSGs requiring special and extraordinary partnership services and arrangements for which additional workload is generated by the preparation, execution and monitoring of PSG operations (TCs and investment grants) and by the administration of PSG resources. The distribution of the fee is stated in the individual PSG;

(b) Reimbursements of \$1.3 million are expected from parking garage users and paying agency fees;

(c) A total of \$11.7 million are estimated to be reimbursed to IDB departments by IDB Invest for services provided under the Service Level Agreements (SLAs); and

(d) A total of \$1.6 million are estimated to be reimbursed to IDB departments by IDB Lab for services provided.

6.5 Furthermore, a total of \$64.7 million are estimated to be paid to the IDB Invest by the IDB from the SLA for Non-Sovereign Guaranteed (NSG) services related to new operations, portfolio, and special assets services provided by the IDB Invest. This payment is also executed outside the Administrative Budget, to keep a "firewall" between the two sources and prevent commingling of funds.

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<sup>26</sup> In all cases, for trust funds as well as PSGs, the customized cost-sharing modality has been presented to and authorized by the Board.

**Table 6.2. 2020 Estimated IDB Invest and Other Reimbursements and Payments to be Received Outside the Administrative Budget**

Estimated Reimbursements and Payments from SLAs Between IDB and IDB Invest (\$000)	Donor Trust Funds & PSGs (Cost Sharing) <sup>2</sup>	HQS Parking & Other <sup>3</sup>	IDB Invest SLAs <sup>4</sup>	Services to IDB Lab <sup>5</sup>	Total
VPC	976		1,035		2,011
VPS	5,869		1,022	320	7,211
<b>Total Operational Departments</b>	<b>6,845</b>		<b>2,057</b>	<b>320</b>	<b>9,222</b>
MEC & OVE			2,051		2,051
STC	250		3,286	317	3,852
VPF	1,640	75	3,767	919	6,401
OMB & SRP			515		515
HQS Facilities		1,210			1,210
<b>Total Non - Operational Support Departments &amp; Others</b>	<b>1,890</b>	<b>1,285</b>	<b>9,617</b>	<b>1,236</b>	<b>14,029</b>
<b>Total Estimated Reimbursements to be Received by the IDB <sup>1</sup></b>	<b>8,735</b>	<b>1,285</b>	<b>11,675</b>	<b>1,556</b>	<b>23,250</b>
<b>Total Estimated IDB Payments to IDB Invest for NSG Services <sup>6</sup></b>			<b>64,712</b>		<b>64,712</b>

<sup>1</sup> Reimbursements are provided to the corresponding departments in cost centers maintained outside of the Administrative Budget, to keep a “firewall” between the two sources of funds and prevent commingling of funds.

<sup>2</sup> These reimbursements are from Donor Trust Funds and PSGs such as Global Environmental Facility, Mesoamerica Health Facility, and China Co-financing Fund for LAC, among others, to cover departments' additional workload related to loans/TCs/investment grants.

<sup>3</sup> Corresponds to the parking fees collected from employees to cover the overhead cost of operating the garage (repairs, guards, access control equipment, painting, etc.) and paying agency fees.

<sup>4</sup> Related to different corporate, oversight and other services provided by the IDB.

<sup>5</sup> Related to services provided by the IDB as per “Framework for the Service Provision and Reimbursement of Charges of the MIF” (MIF/GA-1-1).

<sup>6</sup> Related to new operations, portfolio, and special assets services provided by the IDB Invest.

## **APPROVED RESOLUTIONS**

## DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## RESOLUTION DE-143/19

Administrative Budget and Capital Improvements Program  
of the Inter-American Development Bank  
for Fiscal Year 2020

The Board of Executive Directors

## RESOLVES:

**A. Administrative Budget of the Inter-American Development Bank for Fiscal Year 2020**

1. To approve the Administrative Budget of the Inter-American Development Bank for fiscal year 2020 in the total amount of US\$ 612,388,143 to be financed from the Bank's income. This amount shall be applied to the following budgetary categories:

I.	Board of Governors	US\$	4,309,670
II.	Board of Executive Directors		24,316,360
II.	Independent Consultation and Investigation Mechanism		2,607,477
IV.	Office of Evaluation and Oversight		8,417,232
V.	Administrative Tribunal		1,563,711
VI.	Headquarters and Country Offices		571,173,693

2. To authorize payments to be charged against the Bank's income, up to the amounts specified in each of the above-mentioned categories. Any payment exceeding the total amount provided under any of these categories should be submitted for prior approval to the Board of Executive Directors, except when it is necessary to cover unforeseen expenditures in excess of the amount allocated to any category or categories, in which case the President of the Bank is authorized to transfer thereto up to a total of 2% of the amount allocated to any other category, provided that the amount so transferred is not in excess of 10% of the total already authorized for the category to which it is transferred. Any transfers made as provided herein shall be included in the periodic Program and Budget Execution Reports mentioned in paragraph A.6 of this Resolution.

3. To provide that, during fiscal year 2020, administrative expenses be charged: (a) to the income from the Ordinary Capital; and (b) to the resources of any trust fund under administration, as it may be applicable, in accordance with the terms of its agreement.

4. To provide that any savings for fiscal year 2020, up to 1.5% of each of the budgetary categories in paragraph A.1 above, may be transferred to the corresponding budgetary categories

in the budget for fiscal year 2021. These savings will be reported to the Board of Executive Directors following the close of the accounting cycle for fiscal year 2020.

5. To take note of the estimated contribution to the Bank's Retirement Plans in the amount of US\$ 87,390,778 and that the allocation for the actual contribution shall be authorized by separate resolution.

6. To provide the Board of Executive Directors with periodic Program and Budget Execution Reports detailing the 2020 administrative expenses.

**B. Capital Improvements Program of the Inter-American Development Bank for Fiscal Year 2020**

1. To approve the Capital Improvements Program for fiscal year 2020 in the amount of US\$ 59,513,604.

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

3. To provide the Board of Executive Directors with periodic Program and Budget Execution Reports detailing the 2020 Capital Improvements Program.

(Adopted on 11 December 2019)



## DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## RESOLUTION DE-144/19

Ordinary Capital Strategic Development Programs  
for Fiscal Year 2020

The Board of Executive Directors

## RESOLVES:

1. To approve, for fiscal year 2020, the following allocations to be charged to the ordinary capital resources of the Bank, to finance the OC-SDPs in accordance with Resolution DE-34/16:

OC-SDP	Fiscal Year 2020 Allocation
OC-SDP for Countries	US\$ 20,800,000
OC-SDP for Infrastructure	US\$ 17,567,000
OC-SDP for Institutions	US\$ 18,800,000
OC-SDP for Integration	US\$ 11,834,000
OC-SDP for Social Development	US\$ 14,654,000
OC-SDP for Sustainability	US\$ 13,245,000

2. To approve, for fiscal year 2020, an allocation in the amount of US\$ 5,100,000 to be charged to the ordinary capital resources of the Bank for use as Flexibilization Resources in accordance with Resolution DE-34/16 and document GN-2819-1. Unused Flexibilization Resources in fiscal year 2020 will not be carried over to the following fiscal year.

(Adopted on 11 December 2019)

## **ANNEXES**

### Annex A. 2019 Approved and 2020 Estimated Bank Contributions to Retirement Plans

Organizational Unit (\$000)	2019 Approved Budget <sup>1</sup>	2020 Estimated Budget <sup>2</sup>	2020 Estimated vs. 2019 Approved Budget		
	\$	\$	\$	% Nominal 3	% Real <sup>3</sup>
<b>Bank Contributions</b>					
Retirement Plans	54,697	56,417	1,720	3.1%	1.1%
Post-Retirement Benefits	29,529	30,974	1,445	4.9%	2.9%
<b>Total Bank Contributions</b>	<b>84,226</b>	<b>87,391</b>	<b>3,164</b>	<b>3.8%</b>	<b>1.8%</b>
Total Administrative Budget	603,402	612,388	8,986	1.5%	-0.5%
<b>Grand Total Including Bank Contributions <sup>3</sup></b>	<b>687,628</b>	<b>699,779</b>	<b>12,151</b>	<b>1.8%</b>	<b>-0.2%</b>

<sup>1</sup> Figures shown for 2019 are per Resolution DE-128/19 approved by the Board of Executive Directors on December 4, 2019.

<sup>2</sup> Bank contribution figures are for disclosure purposes only. Pursuant to Document "Proposal for an Alternate Process for Consideration of the Bank's Pension Contributions" (GN-2599-26), Management will present actual final contributions to be considered and approved by the Board in the fourth quarter of 2020.

<sup>3</sup> For illustrative purposes only.

## Annex B. 2019 Expenditures by Organizational Unit as of December 31, 2019

Organizational Unit (\$000)	Approved Budget <sup>1</sup>	Expended as of 12/31/2019			Expended as % of Approved Budget
		Labor Costs	Non-Labor Costs	TOTAL	
Board of Governors	5,398	1,460	2,607	4,067	75.3%
Board of Executive Directors	23,881	19,421	2,456	21,877	91.6%
Independent Consultation and Investigation Mechanism	2,554	1,810	256	2,067	80.9%
Office of Evaluation and Oversight	8,336	5,390	818	6,207	74.5%
Administrative Tribunal	1,564	680	206	886	56.6%
<b>Sub-Total</b>	<b>41,733</b>	<b>28,760</b>	<b>6,343</b>	<b>35,103</b>	<b>84.1%</b>
Administrative Carryover for BOG, EXD, MEC, OVE & Tribunal	604				
<b>A. BOG, EXD, MEC, OVE, Tribunal</b>	<b>42,337</b>	<b>28,760</b>	<b>6,343</b>	<b>35,103</b>	<b>82.9%</b>
<b>Management Budget</b>					
Office of the President	6,045	4,868	846	5,714	94.5%
Office of Institutional Integrity	3,767	3,237	394	3,631	96.4%
Office of the Executive Vice President	2,762	2,116	371	2,487	90.0%
Office of the Executive Auditor	5,594	5,027	422	5,449	97.4%
Office of Outreach and Partnerships	12,629	10,071	1,931	12,002	95.0%
Office of Risk Management	8,813	6,548	2,106	8,654	98.2%
Office of the Secretary	13,533	13,306	257	13,563	100.2%
Office of Strategic Planning and Development Effectiveness	10,264	9,247	607	9,854	96.0%
Office of Ethics	2,018	1,567	277	1,844	91.4%
Micro, Small and Medium Enterprise Unit	2,969	2,288	133	2,421	81.6%
<b>Sub-total Strategic Core Departments</b>	<b>68,392</b>	<b>58,275</b>	<b>7,345</b>	<b>65,620</b>	<b>95.9%</b>
Vice Presidency for Countries	5,151	4,291	982	5,273	102.4%
Country Department Southern Cone	18,902	13,655	4,628	18,283	96.7%
Country Department Central America, Haiti, Mexico, Panama, and the Dominican Republic	29,596	22,607	7,315	29,922	101.1%
Country Department Andean Group	16,302	12,475	2,597	15,072	92.5%
Country Department Caribbean Group	16,178	12,954	3,131	16,085	99.4%
Operations Financial Management and Procurement Services Office	23,513	21,133	1,394	22,527	95.8%
<b>Sub-total Vice Presidency for Countries</b>	<b>109,642</b>	<b>87,115</b>	<b>20,046</b>	<b>107,161</b>	<b>97.7%</b>
Vice Presidency for Sectors and Knowledge	2,913	2,983	575	3,558	122.2%
Migration Initiative		3,114	496	3,610	
Environmental and Social Safeguards Unit	7,119	6,586	312	6,898	96.9%
Department of Research and Chief Economist	10,129	9,118	1,030	10,148	100.2%
Infrastructure and Environment Sector	31,187	29,538	1,702	31,241	100.2%
Social Sector	30,045	27,952	1,280	29,233	97.3%
Institutions for Development	36,535	34,521	1,499	36,020	98.6%
Integration and Trade Sector	13,061	8,151	1,401	9,552	73.1%
Climate Change and Sustainable Development Sector	23,299	22,895	1,022	23,917	102.7%
Knowledge, Innovation and Communication Sector	31,348	24,564	8,278	32,842	104.8%
<b>Sub-total Vice Presidency for Sectors and Knowledge</b>	<b>185,634</b>	<b>169,423</b>	<b>17,596</b>	<b>187,019</b>	<b>100.7%</b>
Transactional Budget (Operational Support Budget)	34,078				
VPC Resources – Transactional Budget (Operational Support Budget)		2,969	583	3,552	
VPS Resources – Transactional Budget (Operational Support Budget)		15,710	13,271	28,981	
SPD Resources – Transactional Budget (Development Effectiveness)		988		988	
<b>Sub-total Transactional Budget</b>	<b>34,078</b>	<b>19,668</b>	<b>13,854</b>	<b>33,522</b>	<b>98.4%</b>
<b>Sub-total VPC, VPS &amp; Transactional Budget</b>	<b>329,354</b>	<b>276,206</b>	<b>51,497</b>	<b>327,702</b>	<b>99.5%</b>
Vice Presidency for Finance and Administration	2,488	2,018	450	2,468	99.2%
Mediation Office	501	446	28	474	94.6%
Analytics and Decision Support Unit		1,291	59	1,350	
Finance Department	25,137	21,102	3,672	24,774	98.6%
Human Resources Department	19,907	18,940	912	19,853	99.7%
Information Technology Department	53,955	37,717	17,490	55,207	102.3%
Budget and Administrative Services Department	30,316	10,819	20,104	30,923	102.0%
Legal Department	9,606	8,700	388	9,087	94.6%
<b>Sub-total Vice Presidency for Finance and Administration</b>	<b>141,911</b>	<b>101,033</b>	<b>43,104</b>	<b>144,137</b>	<b>101.6%</b>
<b>Sub-total Strategic Core, VPC, VPS, Transactional Budget &amp; VPF</b>	<b>539,658</b>	<b>435,514</b>	<b>101,945</b>	<b>537,460</b>	<b>99.6%</b>
Bankwide <sup>2</sup>	6,813	1,807	561	2,368	34.8%
Sanctions Office	913	903	77	980	107.4%
Funded Salary Increase	400				
<b>Sub-total Bankwide, Sanctions Office, and Funded Salary Increase</b>	<b>8,125</b>	<b>2,710</b>	<b>638</b>	<b>3,348</b>	<b>41.2%</b>
Staff in Transition & Reassignment	1,200	1,741		1,741	145.1%
Termination Payments	1,500	4,575		4,575	305.0%
Central Accounts	9,027	583	8,062	8,645	95.8%
Central Benefits and Other Centrally Paid Administrative Expenses <sup>3</sup>		(6,969)	481	(6,488)	
Ethics/Conduct/Grievance Systems Reforms	488	596		596	122.2%
<b>Sub-total</b>	<b>12,215</b>	<b>526</b>	<b>8,543</b>	<b>9,069</b>	<b>74.2%</b>
<b>Management Budget before Carryover</b>	<b>559,998</b>	<b>438,750</b>	<b>111,126</b>	<b>549,876</b>	<b>98.2%</b>
Administrative Carryover for Management Budget	8,268	6,875	922	7,797	94.3%
<b>B. Management Budget</b>	<b>568,266</b>	<b>445,625</b>	<b>112,048</b>	<b>557,674</b>	<b>98.1%</b>
<b>BANK TOTAL (A+B)</b>	<b>610,603</b>	<b>474,386</b>	<b>118,391</b>	<b>592,777</b>	<b>97.1%</b>
C. Bank's 60 Year Anniversary (one-time expenditure)	1,671	160	1,211	1,371	82.0%
<b>Grand Total (A+B+C)</b>	<b>612,274</b>	<b>474,546</b>	<b>119,602</b>	<b>594,148</b>	<b>97.0%</b>

<sup>1</sup> As per Board approved (GA-269-4). Includes Regular Carryover of \$8.9 million.

<sup>2</sup> Includes: Staff, Family and Retirees Association, Office of the Ombudsperson, Young Professionals, Internship Program, Staff Relations and Staff on Secondment.

<sup>3</sup> As of December 31, 2019 the central benefit expenditure rate is lower than the amounts allocated to organizational units based on standard benefits' ratio for actual Labor Cost expenditure.

## Annex C. Functional Subgroups Description

<b>Governance</b>	
Institutional Governance	Activities geared toward transparency and accountability including: (i) risk management and internal controls; (ii) strategic planning, management and coordination; (iii) corporate legal affairs; (iv) secretariat services; and (v) special ad-hoc studies supporting the Bank's governance.
<b>Operations</b>	
Stakeholder Dialogue and Resource Mobilization	Activities related to: (i) the Bank's strategic outreach, dialogue and resource mobilization with stakeholders, partners, and donors that are not directly linked to the preparation of country/regional strategies or country/regional programming activities; (ii) civil society engagement; (iii) concessional lending and public-private partnerships; and (iv) the Bank's communication strategy, which includes effectively reaching out to strategic audiences, as well as monitoring and preserving the reputation of the IDB Group.
Strategy and Programming	Activities associated with the design and implementation of country strategies, including: (i) preparation of Country Development Challenges; (ii) preparation of sector and IDB Group inputs; (iii) management of country/regional programming; and (iv) management and reporting of the OC-SDPs resources as well as those from external partners.
Knowledge Generation	Activities related to the research and generation of the Bank's and clients' knowledge or capacity on topics related to the countries and key sectors, such as: (i) economic studies; (ii) macroeconomic assessments; (iii) fee for advisory and knowledge services; (iv) Economic and Sector Work (ESW); and (v) Research and Dissemination technical cooperation operations.
Operations Preparation	Activities related to: (i) the design and approval of loan operations (with and without sovereign guarantee), investment grants, technical cooperation operations, and guarantees; and (ii) cross-cutting activities covering development effectiveness, environmental and social safeguards, legal and fiduciary (financial and procurement) support during the preparation of operations.
Operations Supervision	Activities related to: (i) the oversight, management, and execution of loan operations (with and without sovereign guarantee), investment grants, and technical cooperation operations; and (ii) cross-cutting activities covering environmental and social safeguards, portfolio management, disbursement management, reformulations, project completion activities, legal and fiduciary (financial and procurement) support during the supervision of operations.
<b>Knowledge Management</b>	
Knowledge and Innovation Management	Activities related to training programs for the Region and the Bank's human capital technical development, including: (i) knowledge and innovation management under the responsibility of the Knowledge, Innovation and Communication Sector, encompassing the implementation of knowledge, innovation and communication integrated action plans; and (ii) efforts to promote open knowledge and knowledge sharing within the Bank and in the Region.
<b>Corporate</b>	
Human Resources Management	Activities related to the management of the Bank's human capital, including: (i) strategic workforce planning; (ii) talent management; (iii) labor relations; (iv) compensation and benefits administration; and (v) leadership and career development services.
Information Technology Management	Activities related to: (i) the development and maintenance of business technology solutions and applications; (ii) information technology management; (iii) telecommunications; and (iv) the design and implementation of Information Technology capital projects.
Financial and Budget Services	Activities and services related to: (i) financial and debt management; (ii) financial transactions and statements; (iii) financial policies, guidelines, and advice; and (iv) the formulation, approval, execution and evaluation of the administrative and capital budgets.
Facilities Management and Administrative Services	Activities and services related to: (i) Headquarters and Country Offices real estate management, including the design and implementation of facilities' improvement or replacement capital projects; (ii) corporate procurement; (iii) travel management; (iv) corporate security; (v) records management; and (vi) other general services such as catering, printing, and custodial services.

## Annex D1. Approved Capital Budget for Headquarters 2020-2022

Headquarters (\$000)	Estimated Total Cost	Approved until 2018	Approved 2019 <sup>1</sup>	Approved for 2020	Estimated for 2021	Estimated for 2022	Recurrent Admin. Costs Upon Project Completion
<b>Continuing Projects</b>							
CP-F5055 HQS Office Space Modification 2017-19	1,500	761	439	300			83
CP-F5056 IDB Art Collection Restoration and Facilities Renovation	790	189	451	150			
CP-F5057 Bank-wide Space Maximization and Collaborative Workplace Phase II	14,500		3,600	3,400	7,500		
CP-F5064 HQS Building Exterior Safety	1,875	68	7	300	1,500		
CP-F5065 1300 Roof Replacement	3,795		75	3,720			
CP-F5077 1350 NYA Floors 6 and 8 Facility Improvements	750		150	600			
<b>Sub Total Continuing Projects</b>	<b>23,210</b>	<b>1,018</b>	<b>4,722</b>	<b>8,470</b>	<b>9,000</b>		<b>83</b>
<b>New Projects</b>							
CP-F5072 1350 Fire Alarm System and Generator Replacement	1,920			500	1,420		
CP-F5076 1330 NYA Audiovisual Systems Upgrade and SE-280 Improvements	2,960			475	1,255	840	
CP-F5082 Cafeteria Refresh Kitchen Equipment Replacement	1,985			100	775	1,110	
CP-F5083 Pre-Investment for Global Security Operations Center	600			600			
<b>Sub Total New Projects</b>	<b>7,465</b>			<b>1,675</b>	<b>3,450</b>	<b>1,950</b>	
FY19 Approved Projects with no continued funding			3,657				
<b>Total</b>	<b>30,675</b>	<b>1,018</b>	<b>8,379</b>	<b>10,145</b>	<b>12,450</b>	<b>1,950</b>	<b>83</b>

<sup>1</sup> The approved amount for 2019 includes Flexible Resources for CP-F5057.

## Annex D2. Approved Capital Budget for Country Offices 2020-2022

Country Offices (\$000)	Estimated Total Cost	Approved until 2018	Approved 2019	Approved 2020	Estimated for 2021	Estimated for 2022	Recurrent Admin. Costs Upon Project Completion
<b>Continuing Projects</b>							
CP-F5051 COF Furniture Replacement Project 2016-18	2,400	814	486	500	500		50
CP-F5053 O&M Bundle III	7,425	2,342	1,003	1,763	1,140	1,178	
CP-F5067 COF - Argentina Replacement	24,375	1,250	13,000	10,125			300
CP-F5074 COF - Panama Expansion	3,685		2,655	1,030			98
CP-F5075 COF - Ecuador Office Replacement	11,452		384	3,362	7,568	138	74
<b>Sub Total Continuing Projects</b>	<b>49,337</b>	<b>4,406</b>	<b>17,528</b>	<b>16,780</b>	<b>9,208</b>	<b>1,316</b>	<b>522</b>
<b>New Projects</b>							
CP-F5079 COF Suriname Expansion and Renovation	1,500			750	750		30
CP-F5080 Sustainable Energy Initiative for COFs	3,200			1,000	1,100	1,100	
CP-F5081 Pre-Investment for COF Mexico Replacement	300			300			
<b>Sub Total New Projects</b>	<b>5,000</b>			<b>2,050</b>	<b>1,850</b>	<b>1,100</b>	<b>30</b>
FY19 Approved Projects with no continued funding			4,537				
<b>Total</b>	<b>54,337</b>	<b>4,406</b>	<b>22,065</b>	<b>18,830</b>	<b>11,058</b>	<b>2,416</b>	<b>552</b>

### Annex D3. Approved Capital Budget for Information Technology 2020-2022

Information Technology (\$000)		Estimated Total Cost	Approved until 2018	Approved 2019 <sup>1</sup>	Approved for 2020	Estimated for 2021	Estimated for 2022	Recurrent Admin. Costs Upon Project Completion
<b>Continuing Projects</b>								
CP-I0363	Treasury and Risk Solutions Program 2018-2020 (Process Improvement and Technology Upgrades)	8,830	495	3,030	3,870	1,435		
CP-I0378	Country Office Audio Visual Equipment Renewal	1,200	570	330	300			
CP-I0382	Strategic Core Solutions Program 2018-2020 (Process Improvement and Technology Upgrade)	3,681	946		2,735			
CP-I0399	IDB Audience Intelligence (CRM) Phase II	2,524		1,500	24	1,000		990
CP-I0400	Connecting People, Learning and Knowledge Phase II	1,700		1,500	200			200
<b>Sub Total Continuing Projects</b>		<b>17,935</b>	<b>2,011</b>	<b>6,360</b>	<b>7,129</b>	<b>2,435</b>		<b>1,190</b>
<b>New Projects</b>								
CP-I0384	Personal Computer Renovation - 2020	13,800			3,400	6,900	3,500	
CP-I0385	Corporate Solutions Program 2020-2022 (Process Improvement and Technology Upgrade)	2,020			1,880	140		30
CP-I0386	Operations Solutions Program 2020-2022 (Process Improvement and Technology Upgrade)	13,100			4,950	4,750	3,400	280
CP-I0387	Business Intelligence Program 2020-2022	6,990			2,990	2,000	2,000	248
CP-I0388	IT Security Renewal Program 2020-2022	4,155			1,155	1,500	1,500	450
CP-I0389	IT Infrastructure Lifecycle Refresh and Upgrade 2020-2022	5,850			1,950	1,950	1,950	100
CP-I0394	System Center SA Update Project	860			860			
CP-I0402	Correspondence Management Improvements Project	830			650	180		
CP-I0403	Transition from LIBOR to a replacement index	3,860			2,160	1,700		
CP-I0404	Salesforce Solutions Program (Process Improvement and Technology Deployment)	4,653			2,815	1,143	695	1,045
CP-I0405	HR Services Delivery Platform - HR SNOW 3.0	600			600			
<b>Sub Total New Projects</b>		<b>56,718</b>			<b>23,410</b>	<b>20,263</b>	<b>13,045</b>	<b>2,153</b>
FY19 Approved Projects with no continued funding				20,284				
<b>Total</b>		<b>74,653</b>	<b>2,011</b>	<b>26,644</b>	<b>30,539</b>	<b>22,698</b>	<b>13,045</b>	<b>3,343</b>

<sup>1</sup> The approved amount for 2019 includes Flexible Resources for CP-I0399.



### Annex E. Acronyms

ABD	Americas Business Dialogue
BDA	Budget and Administrative Services Department
BOG	Board of Governors
BUFIPO	Budget and Financial Policies Committee
CABEI	Central American Bank for Economic Integration
CAF	Development Bank of Latin America
CCAC	Composite Cost Adjustment Component
CID	Country Department for Central America, Haiti, Mexico, Panama and Dominican Republic
CLC	Complementary Labor Costs
COF	Country Office
CPI	Consumer Price Index
CRF	Corporate Results Framework
CRM	Client Relationship Management
CSR	Corporate Environmental and Social Responsibility
CTY	OC-SDP for Countries
DAP	Diversity Action Plan
DTC	Defined Term Contractual
E&S	Environmental & Social
ESW	Economic and Sector Work
EXD	Board of Executive Directors
FMX	Fee Matrix Index
FSI	Funded Salary Increase
FTE	Full-time Equivalent
FTSW	Foreign Trade Single Window
GAP	Gender Action Plan
HQS	Headquarters
HRD	Human Resources Department
HRD/ANP	Analytics and Processes Unit
IDB	Inter-American Development Bank
IDB-9	Ninth General Increase in the Resources of the Bank
I&DT	Innovation and Digital Transformation
IFD	Institutions for Development Sector
INDES	Inter-American Institute for Social Development
INF	OC-SDP for Infrastructure

INS	OC-SDP for Institutions
INT	Integration and Trade Sector
INTAL	Institute for the Integration of Latin America and the Caribbean
IT	Information Technology
ITE	Information Technology Department
KIC	Knowledge, Innovation and Communication Sector
LAC	Latin American and the Caribbean
LGBTQ	Lesbian, gay, bisexual, transgender, and queer
LTFP	Long-Term Financial Projections
MBF	Main Business Function
MDB	Multilateral Development Bank
MEC	Independent Consultation and Investigation Mechanism
MOOCS	Massive Open Online Courses
MSM	Micro, Small and Medium Enterprise Unit
NLC	Non-Labor Costs
NPS	New Promoter Score
NSG	Non-Sovereign Guaranteed Operation
OC	Ordinary Capital
OC-SDPs	Ordinary Capital Strategic Development Programs
OMB	Office of the Ombudsperson
OVE	Office of Evaluation and Oversight
PECs	Products and External Services Contractual
PPP	Public-Private Partnerships
PSG	Project Specific Grant
RIN	OC-SDP for Integration
RBB	Results-Based Budgeting
SaaS	Software as a Service
SAP	Systems Application and Products in Data Processing
SEC	Office of the Secretary
SEP	Social Entrepreneurship Program
SLA	Service Level Agreement
SLC	Staff Labor Costs
SOC	OC-SDP for Social Development
SRP	Staff Retirement Plan
STEAM	Science, Technology, Engineering, Arts and Mathematics
STC	Strategic Core

SUS	OC-SDP for Sustainability
TC	Technical Cooperation
TRI	Administrative Tribunal
TTC	Temporary Term Contractual
VPC	Vice Presidency for Countries
VPF	Vice Presidency for Finance and Administration
VPF/ADS	Analytics and Decision Support Unit
VPS	Vice Presidency for Sectors and Knowledge
WLMS	Web Loan Management System