

IN PURSUIT OF LASTING IMPACT

SUSTAINABILITY UPDATE 2023/24:
COVERING JANUARY 2023 TO JUNE 2024



Welcome to IDB Invest’s 2023/24 Sustainability Update

In this report, covering an 18-month period from January 2023 to June 2024,¹ we share our latest achievements and the progress we have made since we published our inaugural Sustainability Report in 2022. While this update outlines the headline achievements we have made over this period, our refreshed [2023 GRI Index](#) also provides greater detail of our ESG impacts and progress. We also see this as an opportunity to demonstrate to all our stakeholders that sustainability remains core to our purpose and values and embedded in the way we run our business every day.



James P. Scriven
CEO, IDB Invest

About us*

48

member countries own IDB Invest, 26 of which are in Latin America and Caribbean (LAC)

455

employees in 28 offices across LAC, Asia, and Europe

60+ years

of experience in the region as the IDB Group

\$10.7B

in total activities

\$5.4B

in core mobilization

Over \$1.2B

of sustainable bonds

Our impact (2016–2023)

749,575

jobs supported

4.85M

MSMEs financed

183,800

training beneficiaries

1.37M

women beneficiaries

67.41M

tons of emissions avoided

7,113 MW

installed power

For information on IDB Invest’s results and impact, see our [Development Effectiveness Overview](#) and the IDB Group’s [Corporate Results Framework](#) and [UN Sustainable Development Goals \(SDGs\)](#) websites.

Achievements against our 2023 goals

Focus area	Micro, small, and medium-sized enterprises (MSMEs)	Climate finance	Gender, diversity, and inclusion (GDI)	Small and island countries	C&D countries ² (small and vulnerable)
Goal	30% of our financing to support MSMEs’ access to finance	30% of our financing to foster green growth through climate finance	30% of our transactions to have a GDI component	10% of our financing for small and island countries long term and short term	40% of our portfolio in C&D countries
2023 achievements	35% total commitments toward MSMEs	32% of total commitments toward climate finance	47% of total commitments toward GDI	11% of total short-term commitments toward small and island countries	38% of total commitments toward C&D countries
	35% GOAL 30%	32% GOAL 30%	47% GOAL 30%	11% GOAL 10%	38% GOAL 40%

* B refers to Billion, M refers to Million. MW refers to megawatts.

¹ The reporting period of the sustainability update covers January 2023 to June 2024; however, all data is presented on a calendar year basis of January 2023 through to December 2023.

² The Inter-American Development Bank (IDB) classifies its borrowing member countries into four categories (A, B, C, and D) based on their level of development. Groups C and D comprise the lower-income and more vulnerable countries that need the most financial assistance.

Investing in sustainability

Our mission is to promote sustainable development in the region by connecting investors with growth opportunities in emerging markets. We finance projects to advance clean energy, modernize agriculture, strengthen transportation sectors and expand access to financing, attracting additional lenders to maximize impact. Through loans, bonds, and credit guarantees, we offer tailored financial solutions to meet diverse needs across various risk levels, timeframes, and return expectations.

Measuring and managing our impact

As interest in sustainable and impact investing has grown in recent years, so has the push for greater transparency and integrity in how investors and companies measure and report on impact. At IDB Invest, we do this through our end-to-end [Impact Management Framework](#). This includes a series of tools and practices to support the full investment lifecycle, allowing us to build, measure, and manage a portfolio of financially sustainable investments that maximize development impact and contribute to reaching the UN Sustainable Development Goals (SDGs) in the region.

Our annual impact report, the [Development Effectiveness Overview 2023](#),³ showcases the impact of our operations during execution and final evaluation.

Stakeholder engagement

Social inclusion, active stakeholder engagement, and grievance redress are important components of our vision. They ensure the participation and involvement of affected and interested stakeholders in the development process. We constantly engage with stakeholders at the global, regional, and project level and work with IDB Invest clients to promote meaningful stakeholder engagement. As part of our stakeholder engagement plan, we establish open dialogue with civil society organizations (CSOs), local community representatives, academia, and other stakeholders.

Our [Management Grievance Mechanism \(MGM\)](#) is a channel for individuals, communities, and groups to submit complaints and concerns around environmental or social issues related to projects financed, or being considered for financing, by IDB Invest. In 2023, we published a [second annual report about the MGM](#), showing the power of collaboration between project stakeholders and clients when managing environmental and social risks.



XOCHI: FLOWER ROAD

The Xochi Highway in Guatemala is a private 31-kilometer road that runs from San Antonio Suchitepéquez to San Andrés Villa Seca. The four-lane highway is designed to improve mobility, while generating positive impacts for the local community through innovative benefit-sharing mechanisms and enhanced environmental and social initiatives.

Xochi: Flower Road enhances connectivity and transportation by analyzing climate risk and vulnerability of the road and defining resilience measures to be adopted during the design and construction of a bypass, prioritizing nature-based solutions. The project involves various initiatives to drive consultation with local communities, identify local talent, and provide employment. Additionally, it helps local small businesses and entrepreneurs become suppliers, while landowners along the highway have been given the opportunity to become shareholders in the project, creating new sources of income and thereby increasing the number of beneficiaries.

RESPONSIBLE GOVERNANCE IN ACTION



IDB Invest is actively developing a climate governance training methodology designed to enhance the knowledge of its clients' Boards of Directors, foster their active engagement, and support the integration of climate-related considerations into strategic and operational decisions. We help our clients transform climate risks and opportunities into actionable strategies, ensuring long-term sustainability and success in an evolving global landscape.

In 2023, we helped two financial institutions – Cordada in Chile and Maua Capital Fund in Brazil – develop tools to assess and manage corporate governance risks, providing them with tailor-made training to help identify and assess governance-related risks and create action plans to adopt and promote good practice in their portfolios.

³ By the time this Sustainability Update was published, the 2024 version of the [Development Effectiveness Overview](#) was available.

Investing in sustainability
continued

Originate to share

To successfully transition to a business model where we originate and then share assets, we need to significantly increase our ability to mobilize resources. This “originate-to-share” approach relies on maintaining a strong pipeline of viable, high-quality projects that can be structured and shared, helping us issue multiple rounds of investments and ultimately creating a more liquid asset class for MDBs. The design and preparation of some of those projects might require technical assistance and upstream support, which will help create investable opportunities and foster a supportive environment for private sector involvement.

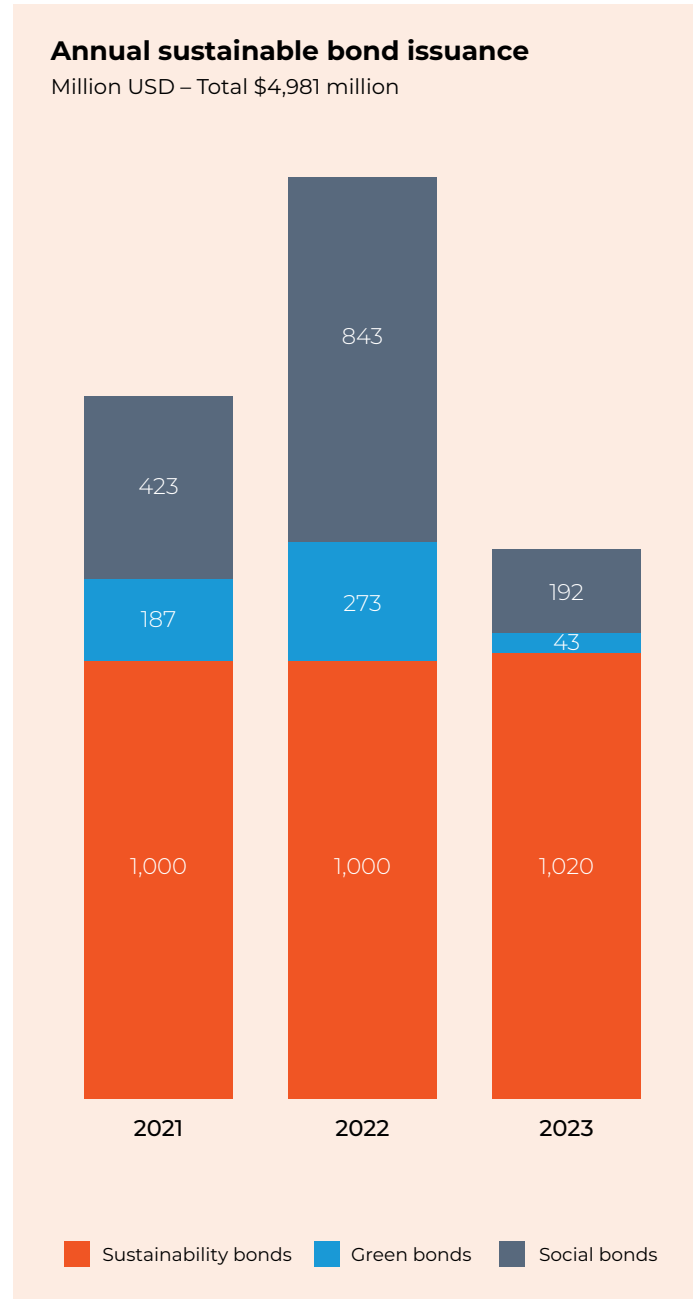
In 2023, our total activities reached

\$10.7B

of which \$5.4 billion came through core mobilization. This far exceeded our \$2.5 billion target

Sustainable Debt Framework

Our Sustainable Debt Framework (SDF) is a key element of our funding strategy. Through the Framework, we issue green, social, and sustainability bonds across 11 distinct environmental and social categories. In 2023, IDB invest issued more than \$1.2 billion of sustainable bonds, taking our total sustainable bond issuance above \$4.9 billion.



**FINANCING PROJECTS
IN LOCAL CURRENCIES**

In November 2023, IDB Invest issued a five-year sustainability bond in the international market to the value of 82 billion Colombian pesos (USD \$20 million). It marks our inaugural sustainability bond denominated in Colombian pesos and is the first issuance dedicated to funding local currency projects. Proceeds will finance eligible green and social projects in Colombia, support inclusive finance, and provide technical and financial support for projects critical to improving well-being in the country.

Investing in sustainability continued

Investing in the Amazon region

Amazonia Forever

In June 2023, the IDB Group launched **Amazonia Forever**. This holistic program aims to scale up financing, share strategic knowledge for decision-makers, and enhance regional coordination to accelerate the sustainable, inclusive, and resilient development of the Amazon region.

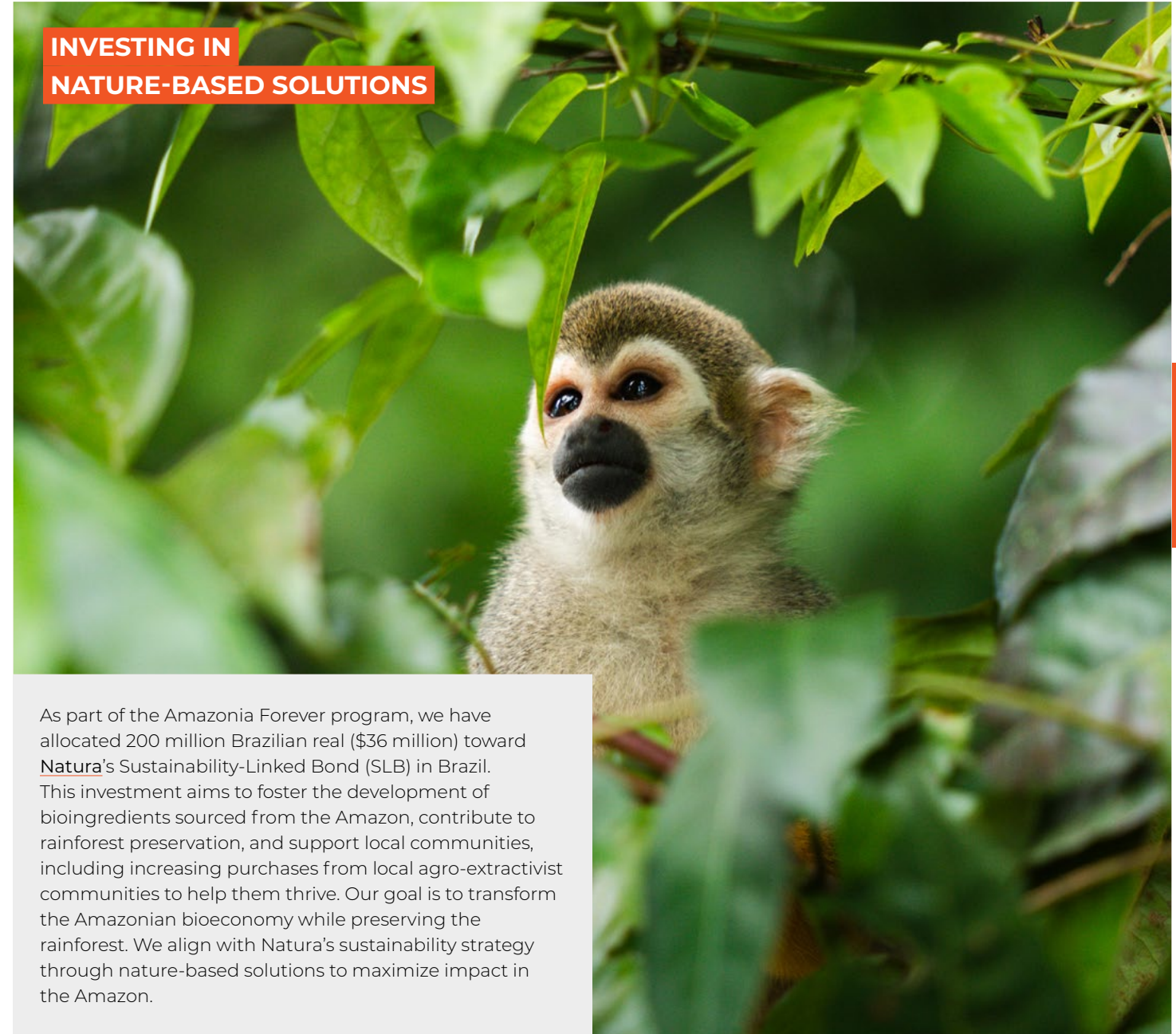
Amazonia Forever will focus on local people, sustainable agriculture and forestry, the bioeconomy, infrastructure, sustainable cities, and connectivity. Coordinating donors and partners to maximize impact in the region, it will seek to promote the inclusion of women, Indigenous peoples, Afro-descendants, and local communities, as well as promote climate action and forest conservation.

Amazonia Finance Network

Through our partnership with the World Bank and to complement Amazonia Forever, IDB Invest and the International Finance Corporation (IFC) launched the Amazonia Finance Network at COP28 in Dubai. This alliance of 45 financial institutions aims to promote greater sustainable investment flows through five principal work streams: financial inclusion; micro and small enterprises; agricultural finance and reforestation; innovative investment products and structures; and carbon credits.



INVESTING IN NATURE-BASED SOLUTIONS



As part of the Amazonia Forever program, we have allocated 200 million Brazilian real (\$36 million) toward **Natura's** Sustainability-Linked Bond (SLB) in Brazil. This investment aims to foster the development of bioingredients sourced from the Amazon, contribute to rainforest preservation, and support local communities, including increasing purchases from local agro-extractivist communities to help them thrive. Our goal is to transform the Amazonian bioeconomy while preserving the rainforest. We align with Natura's sustainability strategy through nature-based solutions to maximize impact in the Amazon.

Advising on sustainability

As part of our integrated, value-added proposition, we advise our clients to help them deliver the greatest impact, enhance their inclusive and sustainable business practices, and understand and respond to key sustainability trends.

Climate change

In 2023, we surpassed our goal of having 30% of our financing to foster green growth through climate finance by achieving 32% of our total lending, equivalent to \$2.17 billion. We have financed several projects that include adaptation considerations. For example, in Mexico, we supported Naturasol in improving the climate resilience of more than 350 beekeepers in Yucatán, who also benefited from increased yields and hive numbers.

Since January 2023, all new projects are assessed for compatibility with the Paris Agreement's climate goals. Based on Joint MDB Methodological Principles, the IDB Group published its Paris Alignment Implementation Approach and IDB Invest introduced its own Paris Alignment Approach. This ensures all new investments consider climate mitigation, adaptation, resilience, low-carbon pathways, and climate-related risks.

IDB Invest has also updated its physical climate and natural disaster methodology, reinforcing its commitment to climate-resilient private sector development in Latin America and the Caribbean, in line with the Joint MDB Principles.

67.4M tons

of CO₂ equivalent (CO₂e) emissions avoided through our investments (2016–2023)

\$10.4B

committed to climate finance through our investments (2016–2022)

In 2023, we surpassed our target of 30% of climate financing by achieving 32% of our total lending, equivalent to almost \$2.2 billion.

In 2023, we doubled the total amount of climate geared toward adaptation from \$180 million in 2022 to \$360 million in 2023.

RENEWABLE ENERGY IN THE DOMINICAN REPUBLIC



IDB Invest provided a \$368 million loan to AES for the development and refinancing of six renewable energy projects in the Dominican Republic, totaling 390 MW of installed capacity. The financing, which included \$37 million from IDB Invest and \$331 million from 21 financial institutions, represents the largest syndicated loan and the largest financing for renewable energy projects for a Caribbean economy. The projects are expected to diversify the country's energy matrix, which is 71% reliant on fossil fuels (as of 2022), and support AES' goal of achieving net zero emissions by 2040.

The new renewable energy projects are expected to generate 824 GWh annually, reducing the Dominican Republic's greenhouse gas (GHG) emissions by approximately 441,000 tons of CO₂e per year – equivalent to removing 96,000 vehicles from the road. Additionally, the initiative supports the country's nationally determined contribution (NDC) to lower GHG emissions by 27% by 2030 and contributes to six of the United Nations Sustainable Development Goals (SDGs).⁴

NATURE AND BIODIVERSITY



IDB Invest and Banco Bolivariano issued the world's first blue bond with performance-based incentives, totaling \$80 million. Ecuador's marine territory is more than five times larger than its land, with 45% of the population living along its coast. Fishing and aquaculture are key industries, employing over 200,000 people, but local fishermen face challenges from illegal fishing. The blue bond aims to promote ocean conservation by supporting sustainable shellfish production, water and waste management, and wastewater treatment, contributing to a more sustainable blue economy in Ecuador. Inspired by this initiative, Banco Bolivariano became an early adopter of the TNFD in 2024 to further integrate nature-related risk management into its strategy.

⁴ The projects contribute to Affordable and Clean Energy (SDG 7); Decent Work and Economic Growth (SDG 8); Industry, Innovation and Infrastructure (SDG 9); Responsible Consumption and Production (SDG 12); Climate Action (SDG 13); and Partnerships for Goals (SDG17). The projects are also expected to create around 1,300 jobs during construction and 80 permanent positions.

Advising on sustainability continued

Circular economy

In 2023, we published two reports: [General Diagnosis of Financing of the Circular Economy](#) and [Circular Economy Categorization System](#).⁵ These reports are part of a broader program initiated in 2022 in Colombia, where we also helped the banking sector develop a Circular Economy Categorization System and built the skills needed to implement it. By creating an agreed taxonomy for the circular economy, these reports aim to increase transparency in the financial sector and help close the financing gap. They also highlight the importance of ensuring a fair transition to a circular economy, particularly by emphasizing the key role that MSMEs play in driving this change.

IDB Invest is also collaborating with United Nations Environment Programme Finance Initiative (UNEP FI) to further promote the Circular Economy Categorization System in Chile, Uruguay, Mexico, and the Dominican Republic. Additionally, we contributed to the development and publication of the Circularity GAP Report for LAC, released in June 2023.

Toward the end of 2023, IDB Invest supported and subscribed to Banco de Bogotá's sustainable bond, which included circular economy as an eligible use of proceeds.

Gender, diversity, and inclusion

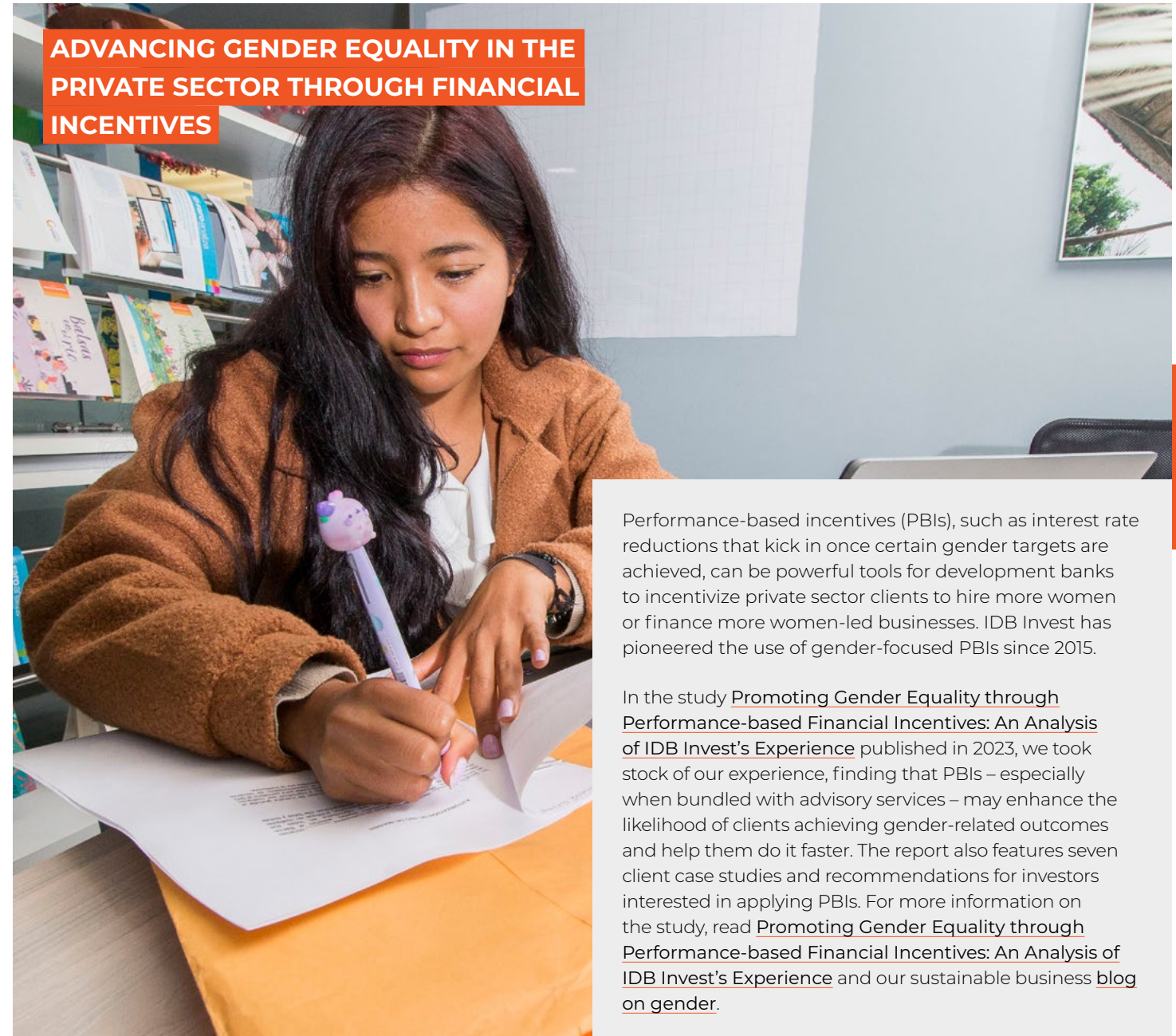
IDB Invest surpassed its 2023 goal of long-term transactions that contribute to closing gender equality gaps and/or promoting diversity and inclusion, with 47% of our transactions having a gender, diversity, and inclusion (GDI) component.

To strengthen efforts for data disaggregation in the financial sector and informed decision-making toward financial inclusion of women-owned small and medium-sized enterprises (SMEs), IDB Invest and IDB Lab were awarded \$1.5 million as part of the Women Entrepreneurs Finance Code. The Dominican Republic was selected as the first country in the region, among 24 countries worldwide, to test this initiative. The Code will allow the country's financial intermediaries to work collaboratively to standardize the collection, monitoring, and reporting of sex-disaggregated data. It will also support capacity building by expanding financing opportunities to businesses run by women.

In February 2024, an IDB Invest and ConsumerCentriX study revealed that financial institutions in LAC could lose millions by not catering to women. The Women Rising study, using data from 240 institutions across 13 countries, shows that women own nearly a quarter of small businesses, highlighting their significant market potential. Financial institutions are beginning to adopt gender-focused products, data-driven decision-making, and inclusive credit approval processes.

We made significant progress in our commitment to MSMEs in 2023 with 35% of financing supporting MSMEs, surpassing our goal of 30%.

ADVANCING GENDER EQUALITY IN THE PRIVATE SECTOR THROUGH FINANCIAL INCENTIVES



Performance-based incentives (PBIs), such as interest rate reductions that kick in once certain gender targets are achieved, can be powerful tools for development banks to incentivize private sector clients to hire more women or finance more women-led businesses. IDB Invest has pioneered the use of gender-focused PBIs since 2015.

In the study [Promoting Gender Equality through Performance-based Financial Incentives: An Analysis of IDB Invest's Experience](#) published in 2023, we took stock of our experience, finding that PBIs – especially when bundled with advisory services – may enhance the likelihood of clients achieving gender-related outcomes and help them do it faster. The report also features seven client case studies and recommendations for investors interested in applying PBIs. For more information on the study, read [Promoting Gender Equality through Performance-based Financial Incentives: An Analysis of IDB Invest's Experience](#) and our sustainable business [blog on gender](#).

⁵ Both reports are only available in Spanish.

Inspiring sustainability

Driven by experiences and insights gained through our projects, engagement with our clients and stakeholders, and the expertise of our people, we share a wide range of knowledge and solutions to inspire and inform others.

2024 Sustainability Week in Amazonia

The choice of the Brazilian city of Manaus to host our biannual flagship event, Sustainability Week (SW) 2024, was a tribute to the uniqueness and global importance of the Amazonia, a priceless treasure that sustains our lives and connects eight countries in a common cause. The event is a space in which like-minded institutions and players committed to impact investments come together to collaborate, accelerate, and amplify this agenda. By building a community of sustainability doers we create a path of increased collaboration, giving visibility to transactions that can be financed and attracting investors to inclusive and sustainable development opportunities in Latin America and the Caribbean.

Our flagship event focused on environmental, social, and governance (ESG) good practices and impact investing connects global leaders and experts in development finance, and sustainability, enabling them to share, learn, and explore new business opportunities. SW has become the leading sustainability event for the private sector in LAC.

The event's agenda included five key themes: impact investing, Amazonia, inclusion, bioeconomy, and climate change. Sustainability at the event was prioritized, with recycled materials, minimal plastic use, food donations, and carbon offsetting projects in Region. Go to our website to find out more about the [IDB Invest Sustainability Week](#).

enlaces: A regional network to boost sustainable finance

IDB Invest launched [enlaces](#), a regional network that promotes dialogue on sustainable finance among public and private commercial banks. The network includes initiatives from 10 countries aiming to drive the sustainable finance agenda by creating synergies and promoting collaboration, knowledge sharing, and the adoption of ESG good practices in the region.

IDirectores Professionalization Pledge

Supported by IDB Invest, the 10-point Professionalization Pledge encourages Board members in Latin America to go beyond local requirements and provide better guidance to their organizations. The initiative is led by IDirectores, a network of more than 300 directors from 17 countries. To date, 100 directors from 14 countries have committed to comply with the Pledge and are benefiting from training opportunities that will enhance their skills and create value for local communities.

SW 2024: Our reach in numbers

Participation

15,500

online and onsite attendees

12,500+

companies represented

116

countries represented

46

sponsors and partners

Knowledge generation

5

agenda topics

78

sessions

13

online training sessions with 2,692 participants

16

publications released during the event

Outreach

160,000+

website views

17M

social media impressions



Inspiring sustainability continued

Innovation, knowledge, and technology

Innovation and knowledge generation is a pillar in IDB Invest's role as the partner of choice for regional sustainable development. Leveraging our expertise in the region, we develop tools and support capacity building for internal and external audiences to promote best practices, foster knowledge sharing, and enhance the capacity of businesses in the region to address ever-changing sustainability challenges. We do this through guidance notes, workshops, virtual courses, webinars, and events, produced in a range of languages. For more on our sustainability-linked knowledge products, please refer to the [IDB Invest Sustainability Week 2024 Knowledge Hub](#).

Our team of experts is constantly looking for ways to improve day-to-day operations that would also benefit businesses in the region. In 2023, we launched and updated several tools:

- The Sustainable Finance Scorecard for financial institutions measures the maturity of FIs in sustainable finance by assessing strategy, governance, risk management, and product offerings. It streamlines our ESG due diligence by centralizing document requests, using a self-assessment scoring technique, and retaining ESG data for future operations. The tool also gives clients access to a sustainability dashboard that benchmarks their performance against peers.
- In May 2024, we launched our updated Corporate Governance Assessment Tool (CGTool) and integrated it into our digital platforms to serve as the primary source of client governance information. It incorporates the latest corporate governance and sustainability practices, expanding our ability to provide advice and technical support to our clients. As transaction volumes grow, the CGTool will streamline due diligence, enhance data reporting, and provide insights on sustainability issues such as climate change and diversity to improve client performance.

- To address climate risks in agribusiness, IDB Invest developed Agriadapt, an innovative climate risk assessment tool. The first of its kind, this decision-making tool combines climate hazard projections with data on agricultural vulnerability, enabling us to assess investment exposure and resilience to climate change in every agribusiness project.

Fostering good practices in business and human rights

To help advance the business and human rights agenda in the region, we supported the launch of a pilot self-assessment tool that will help major companies evaluate their performance on business and human rights. Created by a Brazilian consulting firm specializing in ESG and human rights, the Human Rights Thermometer uses more than 400 data points based on global regulations and standards to identify strengths, areas for improvement, and progress to date. The pilot was launched in Argentina in June 2024.

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT: SARAS IN ACTION



As part of the Sustainability Platform initiative and under a long-term knowledge partnership with Finance in Motion, in June 2024, we launched a free, virtual course for E&S and non-E&S specialists from financial intermediaries on Environmental and Social Risk Management Systems (SARAS). [The course](#) consists of six modules: four focused on people involved in credit management in FIs; and two additional modules for those interested in increasing their knowledge and acquiring tools for deeper environmental and social risk analysis.

Embedding sustainability in our own operations

As an MDB, we understand the strong correlation between corporate governance culture and sustainability. We have a responsibility to be sustainable and make returns on our investments while acting with the utmost integrity.

Governance model

Our Sustainability Framework is driven by a governance structure designed to promote sustainable business practices among our clients. This approach is instilled into everything we do so that we finance projects that support the sustainable economic, environmental, and social development of the region. For more information regarding IDB Invest’s governance, see pages 5–7 of the [2023 GRI Index](#).

Human capital⁶

To help address the most pressing issues affecting our region, we seek diverse, creative and talented people, and offer a range of development opportunities and benefits.

IDB Invest’s senior management is a gender-balanced team of professionals from both regional developing member countries and other member countries of the IDB Group.

To promote staff mobility and foster opportunities for professional development, we launched the STAMP program, allowing employees to embark on short-term assignments across the region and at headquarters to boost their knowledge, client collaboration, and career growth. So far, 29 employees benefited from this opportunity in the first edition of the program.

During the 2023 Engagement Survey, IDB Invest increased its employee satisfaction by 10%, outperforming every component of the last survey.

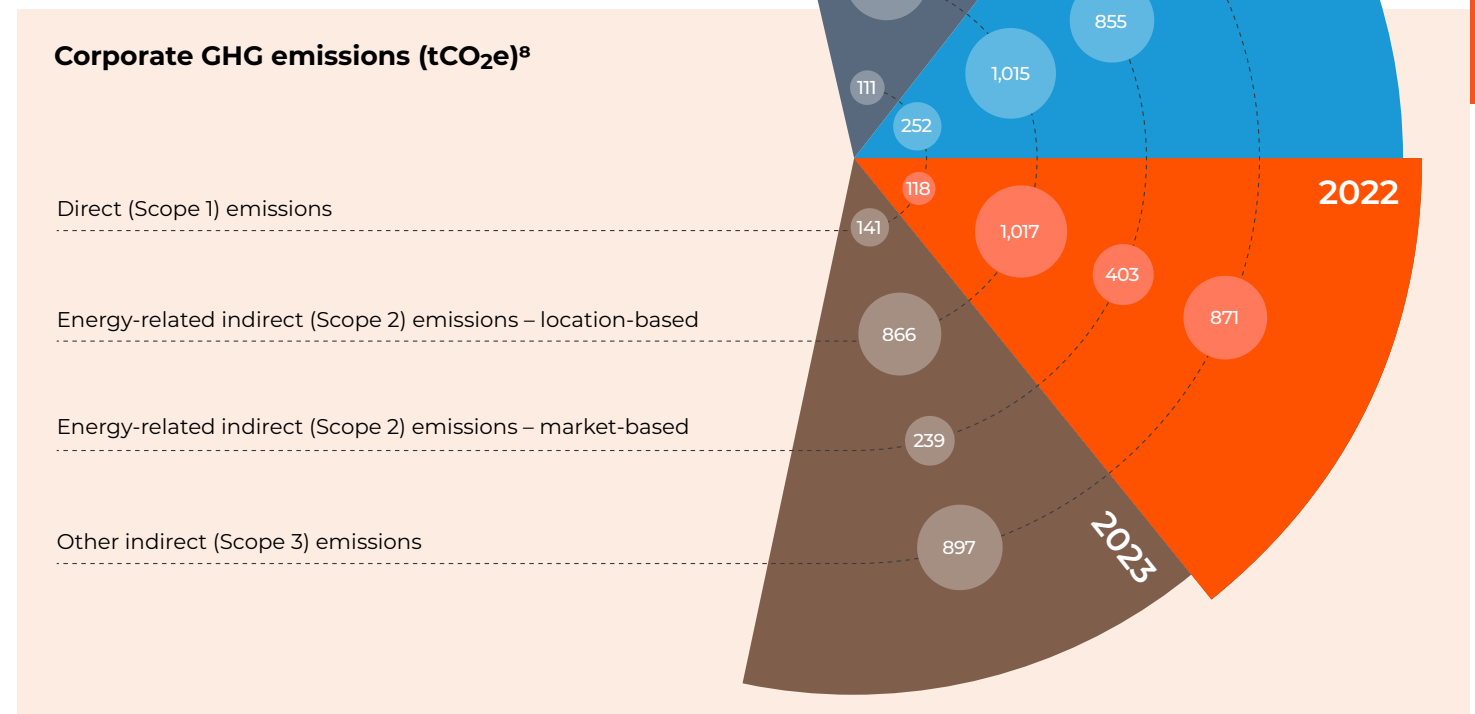
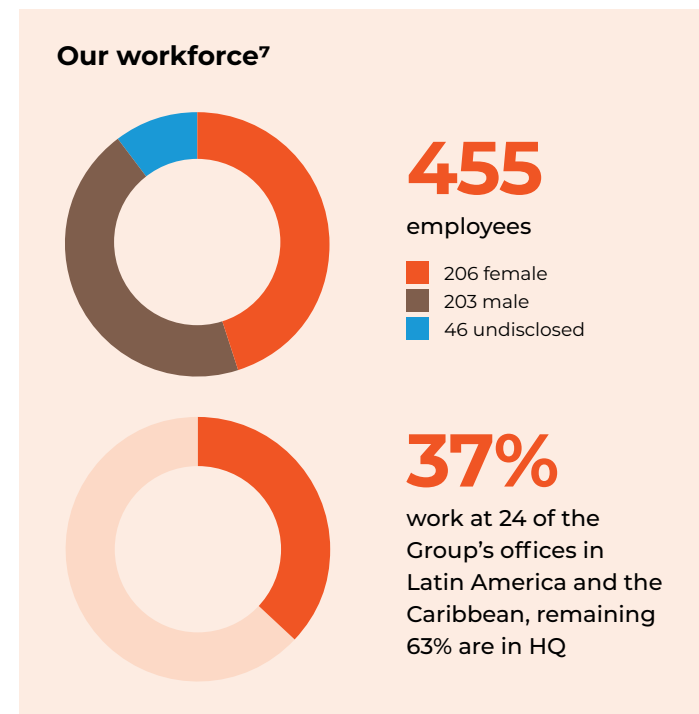
In 2023, our staff employees received 32,095 hours of training.

Reducing our environmental footprint

Beyond financing a portfolio of sustainable projects, we are committed to reducing the impact of our own by reducing energy and water use, waste, and transport emissions.

Measuring, managing, and reducing our emissions

As the first MDB to commit to a carbon neutrality goal, in 2019, the IDB Group set a target to reduce overall Scope 1 and Scope 2 emissions, covering all facilities and fleet emissions, by 14% by 2023 from a 2018 baseline. In 2023, Scope 1 and 2 emissions were 38% lower than 2018, exceeding our target for that period.



⁶ IDB Invest’s shareholders recently approved a \$3.5 billion capitalization to support a transformative business model, “Originate to Share,” to attract greater private investment that drives development and climate impact in Latin America and the Caribbean. This will enable IDB Invest to nearly double its annual regional investments from approximately \$8 billion to \$19 billion.

⁷ As at December 31, 2023.

⁸ Metrics relate to the IDB Group, prorated with the proportion of employees working for IDB Invest (13.8% in 2020, 15.1% in 2021, 14.9% in 2022, and 14.8% in 2023).

Embedding sustainability in our own operations continued

Climate change risk management in corporate activities

In 2023, we analyzed and identified climate-related physical and transitional risks and opportunities, relevant to our facilities, mobility, and procurement corporate activities. As a result, we are prioritizing reputational risk of missing targets; energy and carbon costs from missing net zero; and the cost and execution risks of implementing our net-zero strategy. For more information regarding IDB Invest's sustainability, please refer to the [GRI Index](#).

Sustainable buildings

We continue to seek ways to improve our headquarters and country offices to benefit the environment and improve employee health. As we renovate or construct new offices, we seek more efficient and sustainable designs, allowing us to pursue building sustainability standards such as LEED (Leadership in Energy and Environmental Design), EDGE (Excellence in Design for Greater Efficiencies), and WELL (Wellness, Health, and Safety).

In 2023, our headquarters building was certified as LEED Platinum for Operations and Maintenance, the highest level. Our offices in Brazil, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Panama, and Peru are also LEED certified.



As global demand for sustainable investments grows and the region faces funding needs, IDB Invest has introduced a new business approach raising the level of ambition and impact to attract investors and help close development gaps. This originate-to-share model makes IDB Invest a key link between development projects and investors. As the first MDB to implement this model, IDB Invest focuses on generating high-impact projects and structuring them to meet the needs of both local and international investors. By using tools that manage financial and non-financial risks, the model spreads investments more widely while keeping enough involvement to ensure both positive outcomes and investor trust.

This model aligns with international discussions on reforming MDBs and the recommendations from the G20's capital review panel. It helps make better use of limited public funds and brings in additional private investment. By taking on more calculated risks, increasing risk-sharing, and using innovative ways to attract investments, IDB Invest aims to expand its lending capabilities.

To sustain this model, it's important to have a strong pipeline of well-prepared projects. This will be supported by technical assistance to encourage private sector growth and create a market for MDB-backed investment products.