

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK GROUP

IDBG CLIMATE CHANGE ACTION PLAN 2016-2020

November 2017

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ACRONYMS

CCB	Country Department Caribbean
CCS	Climate Change Division
CDC	Country Development Challenges
CF	Climate Finance
CID	Country Department Central America, Mexico, Panama, and the Dominican Republic
COP	Conference of the Parties
CRF	Corporate Results Framework
CS	Country Strategy
CSD	Climate Change and Sustainable Development Sector
DCO	Public and Private Synergies Division (IDB Invest)
DRA	Disaster Risk Assessment
DVF	Development Effectiveness Division (IDB Invest)
ESG	Environmental and Social Safeguards Unit (IDB)
ERM	Eligibility Review Meeting
ESCI	Emerging and Sustainable Cities Initiative
GCF	Green Climate Fund
FMP	Operations Financial Management and Procurement Services Office
GHG	greenhouse gas
HUD	Housing and Urban Development Division
IATI	International Aid Transparency Initiative
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IDB-9	Ninth General Capital Increase of the Inter-American Development Bank
IDB Invest	Inter-American Investment Corporation
INE	Infrastructure and Energy Sector
INO	Investment Operations Department (IDB Invest)
IO	Investment Officers
KNL	Knowledge and Learning Sector
LAC	Latin America and the Caribbean
MDB	Multilateral Development Bank
MIF	Multilateral Investment Fund
NDCs	Nationally Determined Contributions
NFP	Advisory Services and Blended Finance Team (IDB Invest)
NSG	Non-Sovereign Guaranteed
OECD	Organization for Economic Cooperation and Development
PMR	Progress Monitoring Report
PPP	Public Private Partnership
PTM	Portfolio Management Division (IDB Invest)
QRR	Quality and Risk Review
RND	Environment, Rural Development, and Disaster Risk Management Division
SDG	Sustainable Development Goals

SEG	Environmental, Social and Governance Division (IDB Invest)
SFD	Sector Framework Document
SG	Sovereign-Guaranteed
TC	Technical Cooperation
UIS	Update to the Institutional Strategy 2010-2020
UNFCCC	United Nations Framework Convention on Climate Change
VPC	Vice Presidency for Countries
VPS	Vice Presidency for Sectors and Knowledge

I. INTRODUCTION

- 1.1 Climate change presents challenges to ensuring global sustainable and inclusive development. The United Nations Framework Convention on Climate Change (UNFCCC) [Paris Agreement](#) and the new [Sustainable Development Goals](#) (SDG) reflect an unprecedented level of commitment to deliver sustainable development to meet these challenges. The transformation of the global economy needs to start immediately if we are to meet the Paris objective for keeping global temperature rise well below 2°C by the end of the century, which most estimate will mean achieving net zero greenhouse gas (GHG) emissions by 2050. The Agreement entered into force in November 2016 and as of July 2017, 153 of 197 Parties to the Convention have ratified it. The Agreement recognizes the need to achieve zero net emissions, calls for the alignment of all financial flows to a pathway for low-carbon and climate-resilient development, and urges industrial countries to jointly increase climate finance (CF) to US\$100 billion per year by 2020.
- 1.2 Latin America and the Caribbean (LAC) is particularly vulnerable to the effects of climate change such as sea level rise, natural disasters, water and vector-borne diseases, and changing precipitation and temperature patterns that jeopardize health, productivity, and food-producing crops. These impacts threaten poverty and inequality reduction and sustainable growth in the region. In the context of the Paris Agreement, 25 of the Inter-American Development Bank Group's (IDBG) 26 borrowing member countries have submitted Intended Nationally Determined Contributions or Nationally Determined Contributions (referred to as NDCs throughout this document),¹ that include emissions reduction commitments and climate resilience plans (as of September 2017). Progress toward implementation of pledges will determine the rate at which the world will be able to act to tackle climate change.
- 1.3 The private sector will also play an integral role in responding to this urgent issue. At the 21st Conference of the Parties (COP 21), chief executives from industries ranging from cement to technology made pledges to decrease their carbon footprint, buy more renewable energy, and engage in sustainable resource management. During COP 22, *We Mean Business* announced that in total, 471 companies with over US\$8 trillion in market capitalization have undertaken well over a thousand ambitious commitments to climate action.²
- 1.4 In response, the Multilateral Development Banks (MDBs) committed to increase CF. In April 2016, at the Annual Meeting in the Bahamas, the Inter-American Development Bank (IDB) and Inter-American Investment Corporation (IDB Invest) Boards of Governors endorsed “the goal of increasing the financing of climate change related projects in LAC to 30 percent of the IDB’s and IDB Invest’s combined total approvals of loans, guarantees, investment grants, technical cooperation (TC), and equity operations by December 31, 2020, subject to demand

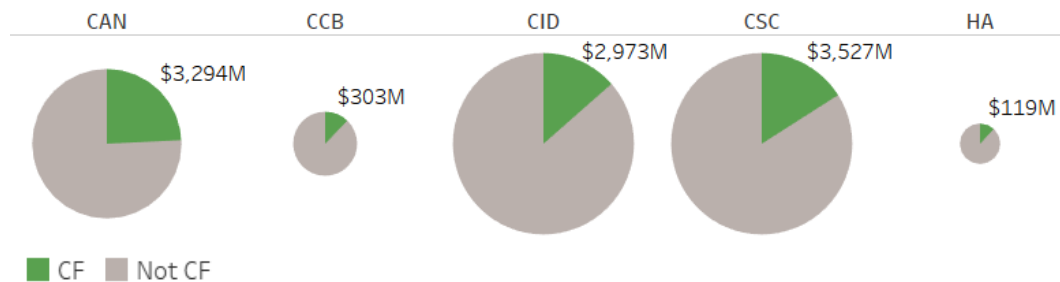
¹ These can be found on the [United Nations Framework Convention on Climate Change Registry](#). Under the Paris Agreement, Intended NDCs become the first NDC when a country ratifies the agreement, unless a new NDC is submitted at that time.

² <http://climateaction.unfccc.int/event-calendar/events/cop22-gca-industry-business>. *We Mean Business* is a coalition of organizations working under a “common platform to amplify the business voice, catalyze bold climate action by all, and promote smart policy frameworks”.

from borrowing countries and clients and access to external sources of concessional financing.” Governors also welcomed “Management’s objective to improve the evaluation of climate risk and to identify opportunities for resilience and adaptation measures at the project concept stage.” The resolution also acknowledges that the IDB and the IDB Invest have taken a leadership role in supporting climate change and that they plan to “accelerate efforts to mainstream climate change, as well as to give particular consideration to climate change and environmental sustainability, throughout their operations”.³

- 1.5 **Objective.** This document presents the IDB⁴ and IDB Invest Managements’ joint action plan for achieving the 30 percent CF goal and systematically mainstreaming climate change into operations, capturing the planned approach of both organizations—collectively referred to here as the IDBG. While the goal is specific to 2020, the intention is to set the IDBG on a long-term trajectory to mainstream climate change across the IDBG portfolios, in line with one of the overarching objectives of the Ninth General Capital Increase of the IDB⁵ (IDB-9) to “achieve sustainable growth”.
- 1.6 In the 2012-2016 period, the IDBG approved a total of US\$10 billion in CF. See Figures 1 and 2 below for the percentage of financing qualifying as CF by region and the distribution of that climate financing across sectors and regions. Notably, in the 2012-2016 period, energy and transportation accounted for more than half of the IDBG CF. In all regions, sustainable energy-related projects predominate. Notably, CF numbers have been influenced by few large projects (e.g. the Lima metro accounts for most of the transport contribution in CAN and the CLIPP in Brazil with BNDES for sustainable energy in CSC). The [Annex](#) of this document presents CF data by country and type.

Figure 1. IDBG CF by Region (Total Amount Approved 2012-2016)



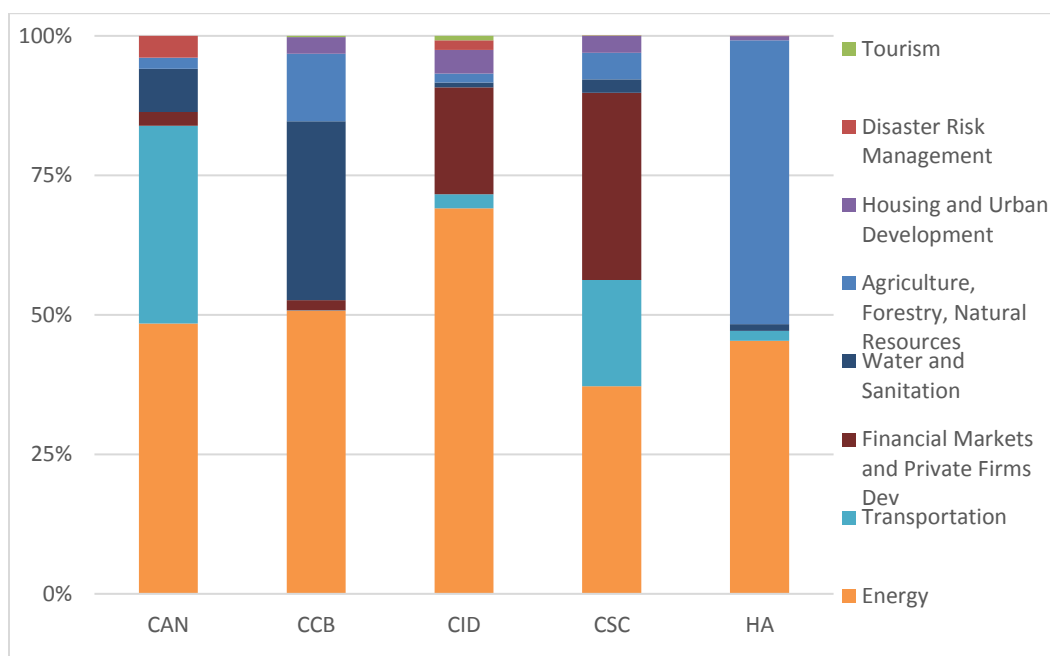
Source: Climate Change Division (CCS)

³ Climate Change Goal of the IDB and the IIC (AB-3067).

⁴ The IDB includes the Multilateral Investment Fund (MIF), its development laboratory.

⁵ Report on the Ninth General Increase in the Resources of the Inter-American Development Bank ([AB-2764](#)).

Figure 2. IDBG CF by Sector (as percent of total CF approved 2012-2016)



Source: CCS

- 1.7 This action plan was developed through an extensive internal consultation process across the IDBG. At the IDB, following series of workshops with divisions in the Vice Presidency for Sectors and Knowledge (VPS) and country offices at the IDB, VPS sector focal points provided inputs and iterative feedback to develop this action plan, taking existing strategic documents into account. At the Multilateral Investment Fund (MIF), an all-staff workshop was held and focal points were appointed. At the IDB Invest, a cross-sectoral working was formed and in 2016, an IDB Invest climate action plan was prepared establishing four action lines, which are reflected in the relevant sections below. A cross-institutional group was convened to prepare this IDBG action plan.⁶ Additionally, the activities and lessons from other MDBs were taken into consideration.⁷
- 1.8 This document is divided into three sections. This introduction is followed by a description of the five lines of action. Section III presents information about implementation and responsibilities. There is also an annex presenting a breakdown of CF by country.

II. LINES OF ACTION

- 2.1 This section presents the lines of action, including actions that are planned, in progress, or completed. First, actions related to the IDBG strategies are presented in part A. Next, strengthening collaboration and mobilizing external resources are discussed in part B. Actions to further mainstream climate change into IDBG operations are covered, followed by sector-specific opportunities, respectively in

⁶ [List of Participants](#) in the working groups.

⁷ Information about other MDBs' CF goals can be found in Annex A of the *Climate Change Goal of the IDB and the IIC* document (AB-3067).

parts C and D. Finally, part E describes approaches for tracking CF and measuring results, which is important for understanding how IDBG CF is contributing to addressing climate change in the region. As the IDBG progresses toward its goal, some actions are expected to evolve to remain responsive to the changing regional and institutional context.

A. ALIGNING WITH IDBG STRATEGIES

- 2.2 Significant steps toward providing the right institutional setting have already been taken with the creation of the Climate Change and Sustainable Development Sector (CSD)⁸ in 2016, to consolidate responsibility for the Bank's strategic direction of the topic and benefit from cross-sectoral synergies. As indicated, when the adjustment was proposed, the new sector is responsible for mainstreaming climate change and sustainability considerations in the design and execution of projects and country strategies.
- 2.3 Many of the recent strategic documents that direct the IDBG's work—including the *Update to the Institutional Strategy 2010-2020: Partnering with Latin America and the Caribbean to Improve Lives* (UIS) ([AB-3008](#)) and accompanying *Corporate Results Framework 2016-2019* (CRF) ([GN-2727-6](#)), the *IIC Business Plan 2016-2019*,⁹ and the *MIF 2018-2020 Business Plan and Strategic and Financial Plan 2019-2023*¹⁰—already prominently feature climate change.
- 2.4 In the UIS, the IDBG identified three main comparative advantages: client focus, focus on development effectiveness, and catalytic role. These comparative advantages can be used to show how the IDBG can add value in the context of responding to climate change. IDBG's strong on-the-ground presence positions it to understand and integrate country and client-specific needs for responding to the effects of a changing climate. Development effectiveness means applying a range of IDBG tools to help countries and clients to understand what does and does not work by building knowledge, operationalizing it, and closing the loop with lessons-learned. Additionally, the IDBG has a catalytic role not just by mobilizing financing for specific operations—including concessional finance—but also by convening policy actors at the global, regional, and national levels, strengthening cross- and multi-sectoral dialogues within and between governments, the private sector, civil society, and other relevant stakeholders.
- 2.5 IDBG Country Strategies (CS) are prepared when new governments take office, offering an important opportunity to raise awareness, among government officials and clients, about considering climate change across sector and ministry lines, and ways to reduce GHG emissions and vulnerabilities to climate change. The revised CS Guidelines emphasize the importance of mainstreaming climate change and provide an active role to the Climate Change Division (CCS) in supporting the preparation and implementation of the CS.¹¹ Since 2016, greater effort has gone into upstreaming climate change considerations in the CS-related products—

⁸ GN-2845-1.

⁹ CII/GN-310.

¹⁰ MIF/GN-209-3.

¹¹ GN-2468-9, November 2015.

including the systematic mainstreaming of climate change into all Country Development Challenges (CDC) diagnostics and the CS. Whenever is pertinent and agreed with the government, climate change-related indicators will be included in the CS results matrices.¹² Given that the 30 percent goal is subject to demand from borrowing member countries and clients, identifying climate change opportunities during the dialogue with governments and the annual programming exercise will be a key driver of the IDBG's ability to reach its goal.

- 2.6 The CS dialogue will also be important for aligning CS priorities with the mitigation and adaptation objectives identified in countries' Nationally Determined Contributions NDCs. CCS is preparing NDC Country Profiles, which include a summary of the country's NDC commitments, relevant domestic legislation and regulatory frameworks, potential opportunities for IDBG support, and the status of the country's IDBG CF portfolio. This internal report will be prepared back-to-back with the CDCs, with the objective of providing the Vice Presidency for Countries (VPC) with the information to engage the government on these issues. To date, profiles have been prepared for countries for which the IDBG is expected to approve a CS in 2017.¹³
- 2.7 In addition, when identifying priority sectors and opportunities in the countries, IDB Invest teams are now including a discussion of the climate risks and opportunities. IDB Invest clients are becoming increasingly aware of the opportunities that low-carbon and climate-resilient investments provide. However, the risk return profile and a range of financial and non-financial barriers are hindering investments at scale. In addition to the opportunities, the private sector is also seeing the risk that climate change poses for their business. From sea level rise to the increasing frequency and intensity of extreme weather events, these impacts are starting to being considered as part of companies' and investors' risk management strategies to avoid future standing of assets.
- 2.8 The MIF serves as an innovation laboratory for the IDBG to promote development through the private sector by identifying, supporting, testing, piloting new solutions to development challenges, and seeking to create opportunities for the poor and vulnerable populations in the LAC region. The MIF's *Business Plan 2016-2018: Increasing Impact through Effectiveness and Efficiency*¹⁴ explicitly included climate change as a key organizational principle and its three thematic areas—Climate-Smart Agriculture, Inclusive Cities, and Knowledge Economy—target climate change in their operations. The business plan was updated and further refined in the *Final Report on the Future and Financing of the Multilateral Investment Fund*.¹⁵ This last report reinforces the role of the MIF as an innovation lab for the Bank, and explicitly: (i) mentions the MIF's important role in developing solutions that can be brought to scale by the IDBG; (ii) recognizes the ongoing importance of leveraging and channeling external resources; (iii) defines environmental sustainability as a cross-cutting topic for all MIF programming; and (iv) defines the MIF's three thematic areas mentioned previously. Going forward,

¹² All CS approved in 2016 presented at least one climate-related indicator in the results matrix.

¹³ As of June 2017, the following profiles have been prepared: Bahamas, Chile, Dominican Republic, Ecuador, Guatemala, Guyana, Haiti, Honduras, Nicaragua, Paraguay, Peru, and Trinidad and Tobago.

¹⁴ MIF/GN-208-1.

¹⁵ MIF/CA-581, approved by the Board of Governors in April 2017.

as part of its framework strategy for 2019-2023, as approved at the Annual Meeting in Paraguay, the MIF will align strategically and operationally to other parts of the IDBG to pilot and test climate change approaches that can later be scaled up. The innovative approaches the MIF offers will contribute to the IDBG's work to tackle the challenges climate change is presenting for the region and to draw further private finance into the sector.

- 2.9 Two IDB Sector Strategies are particularly relevant for climate change—the Integrated Strategy for Climate Change Adaptation and Mitigation, and Sustainable and Renewable Energy,¹⁶ and the Sustainable Infrastructure for Competitiveness and Inclusive Growth Strategy.¹⁷ The rolling, three-year updates to the Sector Framework Documents (SFDs) provide an important opportunity to highlight links with climate change and identify operational opportunities. A CCS staff member is formally responsible for coordinating the review of SFDs to ensure climate change concerns are adequately incorporated. [Part D](#) of this document presents information about sector-specific approaches.
- 2.10 In addition, transversal working groups are providing venues to discuss cross-cutting issues, joint projects, scaling MIF projects, potential public-private partnerships, and knowledge products. Three groups have been formed thus far. The “Sustainable Infrastructure” group includes the Infrastructure and Energy Sector (INE), CCS, the Environmental and Social Safeguards Unit (ESG), the Housing and Urban Development Division (HUD), VPC, and IDB Invest. This group is working to build a shared definition of sustainable infrastructure, improve upstream support to enhance sustainability of infrastructure portfolios and projects, and improve access to financing for sustainable infrastructure investments that deliver objectives related to SDG and NDCs commitments. The “Sustainable Islands” group is developing a platform for addressing high climate risks faced by Caribbean and Central American Islands, and current participants include CCS, Country Department Caribbean Group (CCB), and Country Department Central America, Mexico, Panama, and Dominican Republic (CID). A community of practice on resilience (Environment, Rural Development, and Disaster Risk Management Division (RND), ESG, and CCS) has formed to integrate approaches toward disaster risk and climate risk. A fourth working group on “Sustainable Landscapes” is being considered to better capture synergies on sustainable agriculture-related initiatives and projects across RND, CCS, MIF, and IDB Invest teams.
- 2.11 Internal alignment between IDBG's objectives and sector strategies is critical to ensure that project selection and implementation supports the IDBG in achieving its core development targets. In 2016-2017, CCS, collaborating with a global consulting firm (Mercer), analyzed challenges and opportunities to invest and mobilize resources in sustainable infrastructure, including internal processes and incentives. The analysis recommended the following: (i) develop a clear strategy to support sustainable infrastructure goals, aligned broadly with the Paris Agreement; (ii) formalize a definition of sustainable infrastructure; (iii) establish clear and effective incentives to increase sustainable infrastructure operations;

¹⁶ [OP-1011](#), March 2011.

¹⁷ [OP-1012](#), December 2013.

and (iv) work with VPC to develop national and cross-national sustainable infrastructure strategies.

- 2.12 Strengthening the IDBG's human capital is also a priority. With the support of the Knowledge and Learning Sector (KNL), CCS and IDB Invest's Advisory Services and Blended Finance Team (NFP) are providing training and relevant resources to IDBG employees to build internal capacity for considering climate change in strategy and operations, understanding the basics of climate change, understanding the CF tracking methodology (see [Part E](#) of this document), identifying sector-specific needs and approaches, and developing a clear communication approach to raise awareness among government officials and clients. During 2017, CCS conducted 22 trainings, across VPS and VPC, with the objective of raising awareness and understanding of the instruments to support climate change mainstreaming into operations and each division's role in delivering the Bahamas Resolution mandate. Furthermore, as CCS specialists participate on IDB project teams, knowledge sharing will be ongoing and ESG specialists are also being trained in climate risk assessment. One of the action lines of IDB Invest's plan refers to mainstreaming climate change into IDB Invest to be a climate-capable institution, focusing on having the tools and knowledge to seize the opportunities related to climate.

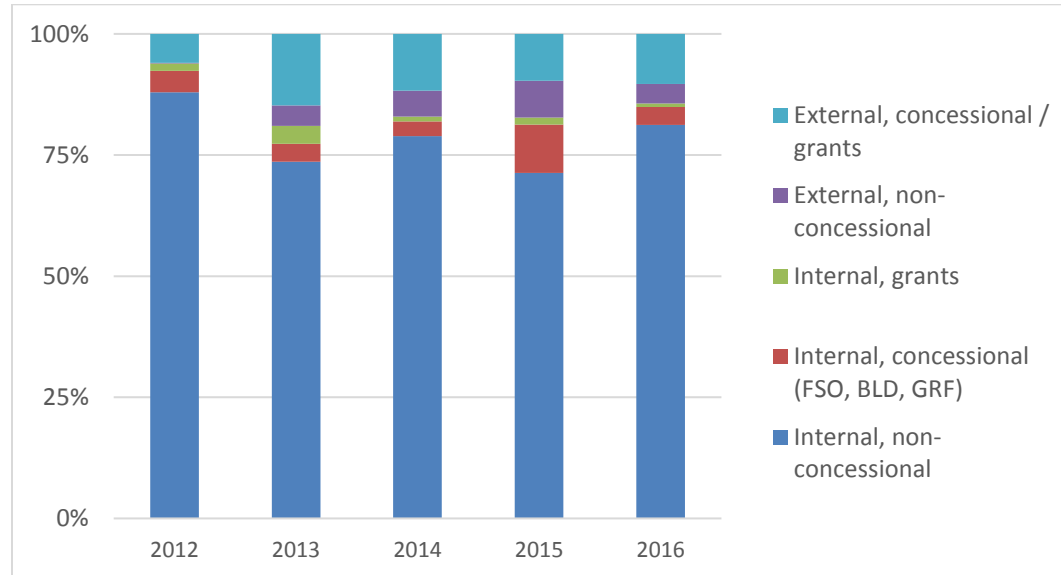
B. STRENGTHENING COLLABORATION AND MOBILIZING EXTERNAL RESOURCES

- 2.13 Multilateral institutions have a critical role to ensure that development finance is aligned with the objective of a low-carbon, climate-resilient future. As agreed in their climate action plan for 2017-2019, MDBs will seek to intensify their collaboration with the UNFCCC Standing Committee on Finance, the Organization for Economic Cooperation and Development (OECD), the International Development Finance Club, private sector, and other key CF and industry actors. MDBs will also continue to share knowledge on measuring and evaluating the impact of their investments for resilience-building outcomes. During COP 21, various International Financial Institutions also committed to the [Climate Action in Financial Institutions Initiative](#).
- 2.14 To help ensure an effective, efficient, and impactful use of concessional resources, IDB Invest is working with a group of MDBs and European Development Finance Institutions to establish a common understanding of the term blended finance for private sector operations and common practices for its use. The goal of the working group is to further strengthen the [five guiding principles](#), agreed by a group of development finance institutions in 2013: Additionality, Crowding in (minimum concessional), Commercial sustainability, Reinforcing markets, and Promoting high standards (including environmental).
- 2.15 With respect to resources, the IDBG's own resources—Ordinary Capital, Ordinary Capital Strategic Development Programs, MIF funds, and Social Entrepreneurship Funds—and funds managed by the IDBG (both multilateral and bilateral), all count as CF. External sources of concessional finance have been instrumental in overcoming barriers and addressing real and perceived risks of low-carbon and resilient investments. The 30 percent CF goal is based on doubling the 2012-2014 baseline subject to demand and continued access to external sources of

concessional finance. Achieving the Bahama's Resolution goal will require targeted resource mobilization for climate change projects.

- 2.16 The IDBG mobilizes substantial resources to contribute to both climate change mitigation and adaptation in the region. Among the US\$10 billion in CF approvals from 2012-2016 mentioned earlier, US\$1.3 billion was accessed through external CF (see Figure 3). Needs for external CF are expected to increase as 2020 approaches and CCS' enhanced coordination can facilitate access to it.

Figure 3. CF by Source of Finance



Source: CCS

- 2.17 The IDBG has been successful in accessing CF resources from numerous climate funds. See Table 1 for a list of the top funds.

Table 1. CF by Fund

Fund	CF Mobilized Since 2008 (US\$ Million)	Areas Benefited
Climate Investment Funds (CIF)	608	Forestry, sustainable energy
China Co-Financing Fund for LAC	391	Energy efficiency, renewable energy, financial markets, transportation
Green Climate Fund (GCF)	257	Geothermal energy, energy efficiency, capital markets (green bonds)
Canadian Climate Fund for the Private Sector in the Americas (C2F)	177	Sustainable energy
Global Environmental Facility (GEF)	137	Sustainable energy, transport, sustainable cities, climate change technologies
Norway International Climate and Forest Initiative	80	Forestry
Nordic Development Fund (NDF)	55	Circular economy, sustainable energy, ecological restoration, agroforestry, capacity building (including for local communities, indigenous and African descendant peoples)
Korea Infrastructure Development Co-Financing Facility (KIF)	33	Geothermal energy, capacity building
NAMA Facility	11	Sustainable energy (biomass)
International Climate Initiative (IKI)	5	Capital markets

Source: ORP, OPUS, and Convergence

- 2.18 As shown in the table, the IDBG continues to be a key partner of the Climate Investment Funds (CIF), which co-invests with MDBs in large-scale renewable energy and energy efficiency projects through its Clean Technology Fund (CTF) and supports pilot investments in adaptation, forestry, and small scale sustainable energy through its Strategic Climate Fund (SCF). The IDB and the People's Bank of China approved the China Co-financing Fund for Latin America and the Caribbean to support public and private sector projects that promote sustainable economic growth in the region.
- 2.19 The IDB was accredited to collaborate with the Green Climate Fund (GCF) in July 2015 and recently strengthened this collaboration by signing the Accreditation Master Agreement between the GCF and IDB in September 2017. Since October 2015, the GCF Board has approved five operations presented by the IDB. These include: a geothermal energy financing platform for the Eastern Caribbean (see next paragraph for details); a securitization vehicle for energy efficiency project portfolios which is aimed at spearheading the green bonds market in LAC; a package of innovative risk-mitigation instruments for energy efficiency in El Salvador (i.e. energy savings insurance); a sustainable agriculture and agroforestry risk-sharing facility for MSMEs in Guatemala and Mexico with the MIF; and co-financing for the growing renewable energy market in Argentina, structured in collaboration with IDB Invest.
- 2.20 The Sustainable Energy Facility for the Eastern Caribbean illustrates the important role the IDB plays in structuring projects and programs with multiple sources of CF. The project was approved in 2016 to finance commercial geothermal energy

projects and strengthen legal and regulatory frameworks to underpin the development of geothermal energy potential in the East Caribbean region. It brought together a US\$60 million loan and US\$20 million grant from the GCF, a US\$20 million loan and US\$500,000 grant from the IDB, an additional US\$19.1 million from the CTF, US\$10 million from the Caribbean Development Bank, US\$41 million from Japanese International Cooperation Agency, US\$1.9 million from the Global Environmental Facility (GEF), and US\$18 million from the UK's Department for International Development. The program is expected to mobilize an estimated US\$340 million in additional private sector investments and expected to reduce GHG emissions by 9.4 million tons of carbon dioxide equivalent (CO₂e).

- 2.21 The continued availability of these resources will be an important, but challenging to predict, factor contributing to the success of the CF goal. At present, the CIF's resources have been fully committed with no new pledges foreseen (although a decision with respect to reusing reflows to the CTF is expected in the coming months). The GCF's initial resource mobilization period lasts from 2015 to 2018 and the fund accepts new pledges on an ongoing basis. Once 60% of contributions have been approved toward projects and programs, the fund will rely on a systematic process to replenish these resources. This target is expected to be reached by the end of 2018. It is assumed that the GEF-6 climate change resources have already been fully committed and the replenishment process is ongoing (to be concluded by first semester 2018). The replenishment process entails setting specific priorities and while climate change has traditionally been among them, it is uncertain how prominently it will feature in the GEF-7. Given the uncertainty over multilateral sources of CF, CCS –working with ORP– will put greater effort toward attracting bilateral sources. A recent success in this effort is the approval of the UK Sustainable Infrastructure Program, which will provide US\$232 million to mobilize private investment for sustainable, low-carbon infrastructure to facilitate implementation of NDCs. The program will support IDBG technical cooperation activities and IDB Invest blended finance, initially focusing on Brazil, Colombia, Mexico, and Peru.
- 2.22 Targeting resources to reduce pressures on deforestation in the region and accessing resources on behalf of the IDBG's more vulnerable member countries will be particularly important. The Caribbean Basin Sustainable Islands platform with the development of its Sustainable Islands Facility presents a new financing option for adaptation and mitigation programs in the Caribbean. The platform brings with it an innovative approach to economic growth based on Blue and Circular Economy principles.
- 2.23 Projects with concessional CF directly contribute to the IDBG's CF goal, but more importantly they play a key role in leveraging IDBG and private sector resources and enable testing new financial instruments and business models that can be later replicated in further IDBG operations. At the same time, the IDBG serves as an important partner to multilateral and bilateral providers of CF, particularly to ensure these resources have a transformative impact in support of countries' climate change agendas.
- 2.24 Considering the relatively high transaction costs and required lead time for preparing CF funding proposals, the IDBG is moving toward a more strategic

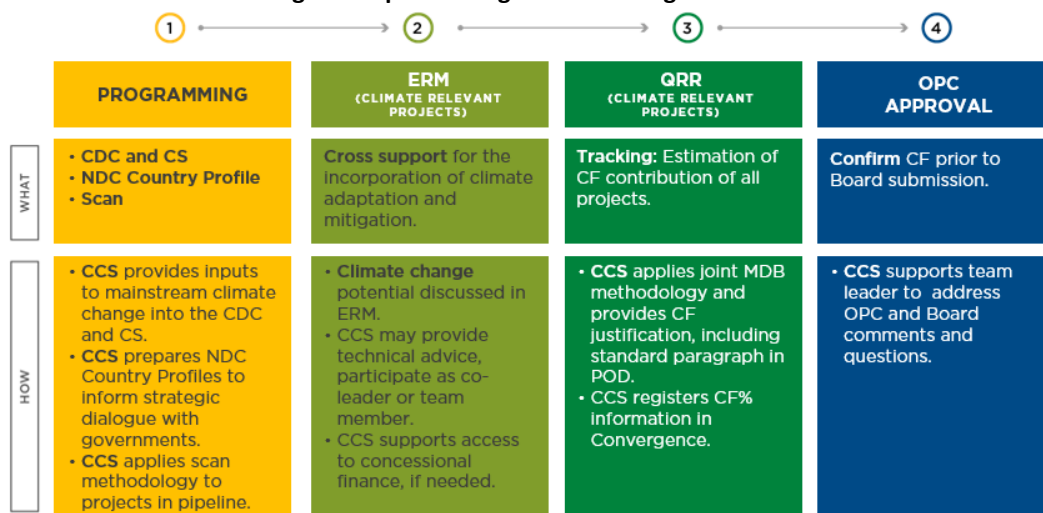
approach in preparing such proposals. When seeking concessional funds from external funds, the IDBG will prioritize programs that combine activities designed to have a transformational impact. At the same time, the IDBG will continue to seek a climate change portfolio that is balanced across country groups (see Annex for a distribution of CF to date).

- 2.25 Working in collaboration with the Office of Outreach and Partnerships (ORP), CCS and NFP will continue to collaborate with donors and multilateral sources of climate finance to help attract reimbursable and non-reimbursable financing opportunities for the region, securing accreditation with multi-donor and bilateral climate finance funds as required. CCS and NFP will continue to assist teams in navigating the complex CF architecture, providing strategic internal coordination, technical guidance, and inputs on project submissions to climate funds (including aligning operation preparation with the climate finance project cycle), implementation and reporting requirements, and promoting the effective use of climate funds to leverage other resources and truly maximize the IDBG's capacity to scale up climate-related activities. This will include the design of Public-Private Partnerships (PPPs) looking at innovative financial schemes that can access climate finance resources (for more on PPPs, please also see paragraph 2.50). This experience will then be used to develop and disseminate case studies to further elaborate the business case for climate finance. CCS will also continue collaborating with other development finance institutions: (i) to identify joint activities to achieve economies of scale; and (ii) on methods and approaches to track these resources, including their ability to mobilize the private sector (see [Part E](#) of this document). Efforts to help build country capacity to efficiently and transparently access, manage, and report on climate finance will also be coordinated.

C. MAINSTREAMING CLIMATE CHANGE INTO OPERATIONS

- 2.26 To achieve its climate change mainstreaming goal, the IDBG must consider climate change throughout the project cycle—from knowledge generation to programming through execution—and in all types of operations—from TCs to Loans (Investment, Policy and Results based) to Guarantee and Equity products.
- 2.27 At the IDB, greater effort will be made to upstream climate change in the operational cycle to effectively incorporate it up-front, in particular during the strategic dialogue with clients, programming exercise, and pre-Eligibility Review Meeting (ERM) phase. Figure 4 summarizes the key tools applicable to the project cycle.

Figure 4 Upstreaming Climate Change at the IDB



1. Knowledge Agenda

- 2.28 In 2015, the Climate Change SFD (OP-2018) set out an important knowledge agenda for the Bank. Considering the evolving international landscape, particularly with the commitments made at the SDG Summit and the Paris Agreement, the IDBG continues to advance this knowledge agenda moving beyond climate change as an environmental issue to consider the challenges and opportunities that countries are facing from a social and economic perspective. Developing and strengthening partnerships with academic, intergovernmental, civil society, and private sector organizations to generate and disseminate the knowledge needed for the region to transition onto pathways for low-carbon and resilient growth is key. This knowledge will also generate demand for TCs and lending operations from a wider range of sectors to deliver on the Bahamas Resolution. The knowledge agenda will be guided by adding long-term value and aligning with country and client needs. Putting the knowledge to use will require technical understanding of the NDCs at the ministry level, particularly ministries of finance. Through NDC Invest, the IDBG is encouraging cross-ministerial dialogue to promote policy consistency, create synergies, and translate NDC commitments into specific sector investments. For example, supporting ministries of finance to lead the NDC conversations and identify NDC investment opportunities in existing portfolios.
- 2.29 Based on the outcome of a knowledge platform workshop facilitated by KNL, CCS-led knowledge and dissemination activities at the IDB will focus on the following priorities: (i) deepening and applying sustainable infrastructure knowledge, particularly for bridging the investment gap;¹⁸ (ii) building an understanding of climate risks and increasing the uptake of measures for

¹⁸ A TC with the objective of promoting the adoption of commonly agreed sustainability criteria and definitions, and assisting relevant public and private sector stakeholders in the management of challenges related to ensuring assets' sustainability and mobilizing financial resources for sustainable investments, was approved in July 2017 ("Delivering Sustainable Finance: Connecting Financial Markets with Sustainable Assets", [RG-T2956](#)). This operation will also contribute to strengthen a partnership between the IDBG and investors and financial actors in LAC capital markets to support the mobilization of long-term capital for sustainable infrastructure investments.

- improving climate resilience across sectors; (iii) generating knowledge and capacity for economic decision-makers on design and implementation of decarbonization pathways aligned to inclusive growth and long-term sustainable development; and (iv) making knowledge available for mainstreaming and promoting its integration to improve the quality and quantity of climate financed operations.
- 2.30 Another action line in the IDB Invest plan refers to its capacity to influence the private sector ecosystem in the region to leverage momentum and support the pace and scale of change needed to transition to a low-carbon and climate-resilient economy. IDB Invest provides thought leadership and shares lessons learned from its more than ten years of experience working on innovative solutions in low-carbon and resilient projects. By creating knowledge products, platforms, and joining global and regional initiatives, IDB Invest can help the private sector in the region reduce emissions and be resilient to future impacts. IDB Invest will work to generate climate products that can help clients in priority sectors understand how climate investments are a market opportunity or a means to reduce present and future costs.
- 2.31 The MIF is currently defining knowledge agendas that support the new MIF strategy and knowledge needs at the IDBG. A number of publications and tools dealing with climate change are under consideration, including studies, open-source risk mapping tools, and continued incorporation of climate change themes into MIF-hosted IDB regional events (e.g. Foromic).¹⁹ The MIF and the Nordic Development Fund (NDF) launched [Proadapt](#) in 2013 to promote climate resilience and business opportunities among smaller companies in LAC. Proadapt has conducted knowledge activities in two important areas: (i) a study on private markets for climate resilience; and (ii) a financial tool—in collaboration with the MIF and NDF's EcoMicro green finance program—to promote lending for climate-smart agriculture, quantify the climate risks in their loan portfolios, and assess and value interventions that improve climate resilience.

2. Aligning IDBG Resources with Paris Agreement Objectives

- 2.32 [NDC Invest](#) is an important platform to position the IDBG as the partner of choice for climate change-related investments in the region. The platform aims to bring together efforts to mainstream climate change considerations at the IDBG under one umbrella to facilitate interactions for member countries and private sector clients. It has four elements to assist countries throughout the project cycle. First, the NDC Programmer helps member countries integrate NDCs into national development and sector planning and identify a portfolio of potential projects. It will help assess the enabling conditions that allow transformational change, for example analyzing policies and regulations, designing monitoring and reporting systems.²⁰ Second, for potential pipelines of projects that require additional

¹⁹ For several years, the MIF has included panels on topics such as resilience, green finance, the blue economy, and forestry finance in events it hosts for the private sector. The MIF, as it consolidates as the IDBG's laboratory, will build on this base and continue to share best practices with its audiences.

²⁰ The NDC Programmer is already supporting Brazil, Chile, Guatemala, Jamaica, and Mexico. Negotiations are underway with Argentina, Colombia, Costa Rica, the Dominican Republic, and Ecuador.

financial and technical assistance to get off the ground, the NDC Pipeline Accelerator offers support to upstream planning and design of programs or portfolios that can have transformational impact, alongside necessary pre-feasibility and other preparation studies. A Proposal for the Establishment of the NDC Pipeline Accelerator Multi-Donor Trust Fund²¹ was approved by the Board of Executive Directors in May 2017. Using the Accelerator to consider climate change further upstream in the planning process will also facilitate a smoother execution of more complex projects and help attract investors. The resources from the fund will also serve as an important internal incentive for IDBG divisions to explore more innovative and complex operations. Third, the NDC Market Booster aims to correct market failures associated with private sector projects by financing pilots of new business and financial models. It is foreseen that IDB Invest and the IDB's MIF will be particularly relevant as sources of funding, conveners of partners, and channels for external finance for clients of the NDC Market Booster. Finally, the NDC Finance Mobilizer aims to increase countries' access to concessional resources to reduce costs and manage the risks to scale up investments that are needed to meet NDC commitments.

- 2.33 In addition, lending instruments—Policy and Results-Based Loans, in particular—can support the process of aligning country institutions, norms, regulations, and policies with climate change commitments and develop stronger capabilities for monitoring and reporting related actions, as required under the Paris Agreement. Through these instruments, the IDBG can help borrowing member countries set up institutional and regulatory environments that incentivize public and private investments in low-carbon, climate-resilient development and help deliver the reforms needed for systemic impact.

3. Early Assessment and Identification of Climate Risks and Opportunities

- 2.34 Early assessment is essential for operational teams to be able to identify and effectively incorporate climate change mitigation and adaptation opportunities, particularly resilience measures in response to climate-related risks, into project design. With this in mind, two tools have been elaborated to further improve mainstreaming of climate change upstream within the IDB's project cycle—scanning and screening.
- 2.35 At the programming stage, a methodology has been developed to scan for climate-related opportunities as projects enter the IDB pipeline. CCS, in coordination with VPC, will scan the Sovereign-Guaranteed (SG) pipeline “A” back-to-back with the annual preparation of the Country Program Documents (CPDs) in November of each year. Projects that are identified through the scanning, as having significant or potential climate change opportunities, will then be discussed with the project team to identify specific measures to incorporate mitigation and/or adaptation aspects, and the additional technical and financial support that might be required. At the ERM stage, for cases considered pertinent, CCS will support VPC in the discussion of these climate change aspects. Given the volatility of the pipeline, the scan process will be repeated in the second quarter of each year and, if needed,

²¹ Proposal for the Establishment of the NDC Pipeline Accelerator Multi-Donor Trust Fund (GN-2890).

again in the third, following the IDB country allocation approach which allows new projects to enter the pipeline during the year.²² Independent of the scanning exercise, which is limited to those projects formally registered in the pipeline, it is expected that VPC and VPS will bring to CCS' attention opportunities that are flagged in dialogue with governments so climate-related considerations are part of the broader discussion and not only specific project design. Following the 2017 pilot, an internal protocol will be prepared to further standardize and detail the scanning exercise.

- 2.36 Through the Bahamas Resolution, the IDBG also committed to screen all relevant projects for climate risks by 2018 to increase investments in resilience, particularly for countries that are most vulnerable to the impacts of climate change. Rooted in the existing Policy for Disaster Risk Management, the IDB is enhancing the existing tool for screening of disaster and climate change risk of projects. As indicated in the policy, projects that are classified as high-risk will continue to require a Disaster Risk Assessment (DRA). ESG, with the support of CCS and RND, is improving the screening process, including strengthening the informational map database on current and future hazards. In addition, a DRA methodology is being developed for high- and medium-risk projects, including guidelines and terms of reference, as well as vulnerability criteria for at least three project typologies.
- 2.37 A similar, but private-sector oriented approach is being taken in the MIF and IDB Invest to scan and screen operations for opportunities and risks. For MIF projects, officers have been designated as responsible for screening projects at the Quality and Risk Review (QRR) stage to ensure that all the risks and opportunities related to climate change are taken into consideration and that funds directed to climate change activities are tracked.
- 2.38 Another of the action lines in the IDB Invest plan is to scan and screen IDB Invest projects for opportunities of intervention from a climate perspective. At IDB Invest, scanning refers to the early identification of projects that may need support, either because there are significant opportunities to include climate resilience or GHG mitigation activities or because the project potentially faces major climate risks that require further detailed analysis. This initial scan is not conceived as a detailed process like the one the IDB Invest's Environmental, Social and Governance Division (SEG) conducts, but rather as a filtering exercise to guide the early prioritization of human and monetary resources toward those projects that require more urgent attention. At IDB Invest, scanning will be done as the CPD is prepared or at the origination stage (Investment Operations Department (INO) pipeline meetings) when potential project leads are discussed.
- 2.39 IDB Invest screening of investments refers to both the initial screening that Investment Officers (IO) can carry out when identifying potential projects and the

²² In 2012, the IDB Board of Executive Directors agreed on a flexibility mechanism for the allocation of Ordinary Capital resources for SG approvals among borrowing member countries (LTFP and Programming Room for Flexibility Audiovisual Presentation, PP-325). Using this methodology, VPC initially allocates approximately 85 percent of total resources, setting aside the remaining 15 percent for allocation throughout the year.

detailed screening process conducted by SEG during due diligence.²³ For the IO to carry out this screening process, IDB Invest will use existing GHG emission tools used by IDB. In the case of adaptation, IDB Invest will design tools to provide IO, portfolio managers, and investors with a simple way to assess the exposures to climate change of different investments. The outcomes should not be detailed climate change studies, but rather simple risk determinations into three general climate change risk categories: no particular additional risk, some exposure (including the nature of the increased risk), and potentially high risk (requiring a detailed study).

- 2.40 Failure to manage climate risk could lead to systemic shocks that may have major economic and financial implications. Recognizing this, G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board (FSB) to review how the financial sector can take climate change into account. The FSB Task Force on Climate-Related Financial Disclosure “identified the need for better information to support informed investment, lending, and insurance underwriting decisions to improve understanding and analysis of climate-related risks and opportunities, and over time, to help promote a smooth rather than an abrupt transition to a lower-carbon economy” (see [Draft TCFD Recommendations Report](#)). While the extent of these risks and the best methodology to approach them remain uncertain,²⁴ it is likely that disclosure will become mandatory. The Paris Agreement also calls for aligning all financial flows to the objective of low-carbon, resilient pathways. Given these, the IDBG is exploring the potential for conducting a climate stress-test on the portfolio to determine the extent to which it is aligned with the Paris Agreement and its level of exposure to climate risk.

4. Other Considerations for Project Preparation

- 2.41 **Economic Analysis.** In line with the actions of borrowing and non-borrowing member countries, clients and other international financial institutions, CCS—working with SPD—will prepare a technical note to offer support to teams working on climate change-related projects about how to adequately capture the long-term benefits of combating climate change in their economic analysis, relying on current technical literature and practice emerging with other MDBs. To ensure coherence of methods and metrics across the IDBG, IDB Invest will also be part of this discussion through the Development Effectiveness Division (DVF) and SEG. As indicated in the *Climate Change Goal of the IDB and IIC* document, the appropriate (social) discount rate to be used in evaluating projects has been subject to considerable debate since the 1950s. This question has become more pertinent in the present context as governments are increasingly concerned with long-term sustainability—particularly the social and economic threats posed by climate change. The use of impact evaluations will also be explored, given the importance of assessing the effectiveness of interventions, particularly innovative solutions such as may be used to address climate change.

²³ SEG needs support to acquire screening and mainstreaming tools applicable to IDB Invest clients that give investment insights and risk management tools (e.g. Reprisk, ibat, (biodiversity) Global Forest Watch Finance Platform).

²⁴ Battiston, S., Mendel, A., Monasterolo, I., and Shütze, F., and Visentin, G. (2016). A Climate Stress-Test of the Financial System.

- 2.42 **Green Procurement.** In addition, CCS and the Operations Financial Management and Procurement Services Office (FMP) are jointly preparing a manual to promote good practices for sustainable procurement of goods, services, and works in those projects that involve procurement bids to build schools, hospitals, housing, and government facilities, among others. This manual will promote energy and water efficiency, the use of environmentally friendly building materials and specifications, waste reduction, and other aspects. The manual is expected to be disseminated with sector and procurement specialists in 2018, along with capacity building with some executing agencies.

5. Project Execution

- 2.43 While the financing goal is based on climate financing approvals, ultimately the desired impacts can only be achieved if those operations are properly executed. Greater mainstreaming of climate change into IDB operations will increase demand for CCS support during preparation and execution. CCS team members will focus on providing operational cross-support to divisions and an internal dashboard is being created to track the support CCS provides to projects to adequately deploy resources.
- 2.44 In addition, efforts to consider climate change further upstream in the design process will facilitate the execution of more complex projects. CCS is exploring how Bank operational systems could facilitate the efficient tracking of climate-related components, and will be working closely with the Chiefs of Operations to tackle execution-related issues. With respect to results, progress against the approved CRF indicators and project specific indicators can be tracked using the Progress Monitoring Report (PMR) during project execution (see [Part E](#) of this document).
- 2.45 From the private sector side, PTM, SEG and NFP will be able to support clients with climate-related advice to address climate risks and opportunities in the existing IDB Invest portfolio. To ensure development impacts, transactions will be monitored yearly and the results will be included in the Annual Supervision Report. Technical Assistance complementing IDB Invest's loans from a climate angle will also be tracked during supervision, including specific outputs and outcomes using a revised Delta Project Score, by a joint task between the PTM and NFP officers with the support of DVF officers.

D. OPPORTUNITIES AND ACTIONS BY SECTOR

- 2.46 The general approach described in part C of this section of the document, must be tailored to each sector. This part presents an overview of sector-specific actions and opportunities for the IDBG to help countries, in the region, meet the objectives of their NDCs and the Paris Agreement. It also represents another action line in the IDB Invest plan, which aims to prioritize investments in climate opportunities per sector and lead investment project preparation. A few common principles that emerged based on the sector analysis include: alignment to country NDCs, early identification of potential opportunities, integrated solutions, collaboration between public and private actors, and innovative approaches. These principles are summarized below and followed by discussion of the sector-specific opportunities.

- 2.47 Climate change actions should be aligned to country objectives as described in the NDCs. Climate change should be an intrinsic element of the strategic dialogue with the countries. The NDC country profiles that are being prepared will help raise awareness on the NDC commitments and support directing IDBG CF toward development interventions that fit within countries' own climate change agendas.
- 2.48 **Opportunities and risks must be identified early to address climate change concerns.** In addition to bringing the NDC objectives into the dialogue with countries, the scanning and screening exercises will be important tools to identify climate opportunities and risks early in the project process. These will also help reduce the incidence of missed opportunities across sectors. As operations move into execution, procuring green materials and tracking results should also be pursued.
- 2.49 **Tackling climate change requires integrated solutions across sectors and IDBG products.** Many of the opportunities below will be incorporated in multisector approaches.²⁵ Double booking will serve as an important incentive in that regard. For example, developing a solid business case for sustainable infrastructure will require climate change considerations to be integrated into the analytical agenda, country dialogues and strategies, and will require that all operations with infrastructure components, regardless of sector, consider resiliency and energy efficiency measures.
- 2.50 **Public and private sector collaboration is needed.** PPPs are critical for meeting the challenge of sustainable development as public-sector resources alone are insufficient. The complexity of PPPs requires a skill set that combines knowledge of the private and public sectors, which the IDBG can offer. Moving forward, the IDBG has set up a one-stop shop for PPPs in the region—the IDBG PPP Single Window, an IDB-IDB Invest coordination mechanism led by VPC—to support Country Representatives in delivering PPP support to countries. Climate change considerations should be mainstreamed in the work of this new IDBG PPP Unit, which will have dedicated staff and resources to provide quality technical assistance.²⁶
- 2.51 **Promotion of innovative new technologies, institutional arrangements, financial instruments, and business models is needed to drive the transformation to low-carbon and climate-resilient economies.** The IDBG will continuously innovate across sectors to support the transition to low-carbon and climate-resilient economies. For example, the MIF, on behalf of the IDBG, is partnering with the World Economic Forum to serve as LATAM focal point with the [Platform for Accelerating the Circular Economy](#).
- 2.52 Sector opportunities identified here include examples of existing (i.e. that the IDBG should do more of), planned, and potential areas of intervention, subject to borrowing member country demand. The opportunities span across all areas of the IDBG's work, to account for the emerging knowledge about how climate change is impacting all sectors and to enable the continued diversification of IDBG CF. Thus

²⁵ The opportunities are presented by sector for the purposes of organization only.

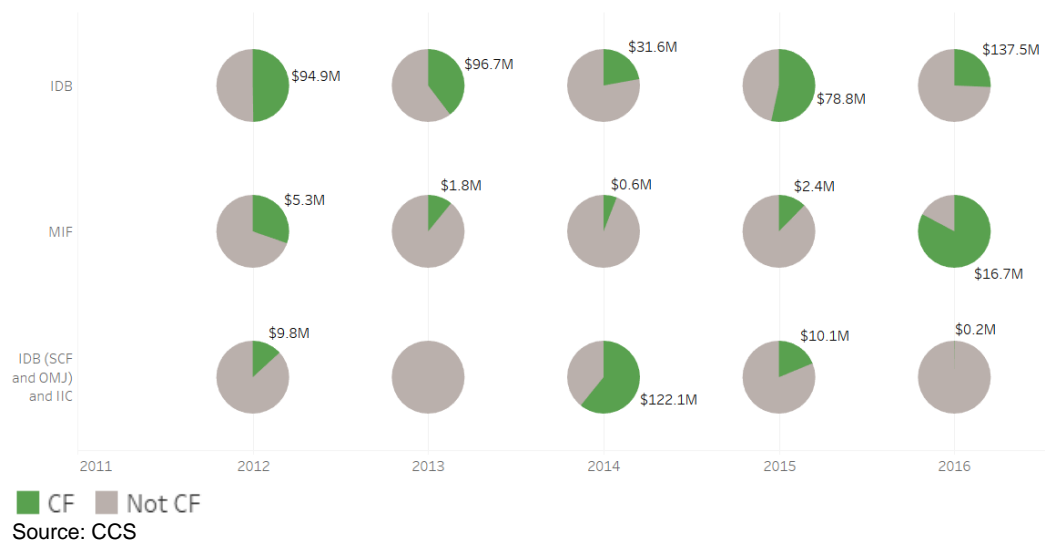
²⁶ Technical Briefing on the Organizational Recommendations from the Evaluation of Public-Private Partnerships on Infrastructure (PP-789-1).

far, some emerging key areas of CF for the IDBG include sustainable land use, agriculture, forest conservation and protection of natural ecosystems, transition to low-carbon infrastructure and energy generation systems, and urban sustainability and resilience. Ultimately, country demand will be the most important driver of the IDBG's specific climate finance interventions. In addition to the sectors listed below, the IDBG will work with its clients to drive the transformation toward low-carbon, climate-resilient economies through dedicated climate change operations.

1. Agriculture, Forestry, Natural Resources, and Coastal Management

- 2.53 The world's population is expected to increase by one third by 2050, increasing demand for food and adding pressure on natural resources. Natural disasters and climate change affect food availability since agricultural production in the region is exposed to droughts and floods.²⁷ LAC is also the second largest producer of agricultural emissions²⁸ and for each degree Celsius of global warming, crop yields are expected to decline by up to five percent, which would endanger food security. Common property or open-access natural resources (e.g. forest, fishery, and water) require appropriate policy and governance frameworks to avoid exploitation and possible irreversible exhaustion.²⁹
- 2.54 During the 2012-2016 period, around 40 percent of IDBG financing for agriculture and natural resource operations counted as CF.³⁰ The 2016 spike in the MIF's contribution can likely be explained by the approval of the new business plan, which explicitly defines climate-smart agriculture as one of its thematic areas (see Figure 5).

Figure 5. CF in Agriculture, Forestry, Natural Resources, and Coastal Management Operations



²⁷ Food Security SFD (GN-2825-3).

²⁸ Based on [FAOSTAT emissions data](#).

²⁹ Agriculture and Natural Resources Management SFD (GN-2709-5) based on Gordon, 1954 and World Bank, 2009.

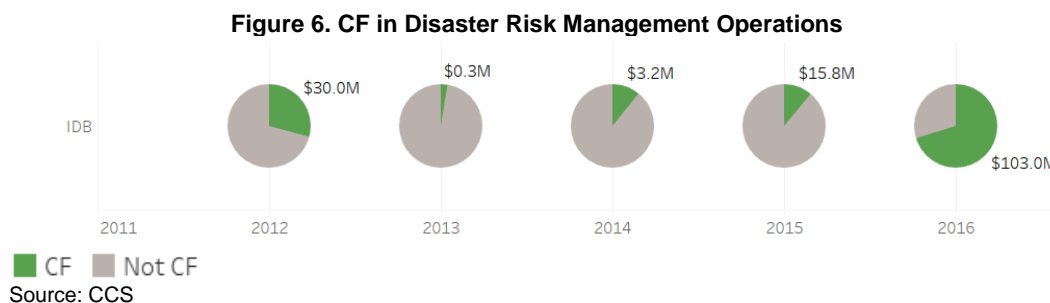
³⁰ 2015 was an exception, with two loans that made significant contributions to CF—Natural Disaster Mitigation Program II (HA-L1097) and Direct Support for the Creation of Rural Agri-food Initiatives II (BO-L1096).

- 2.55 IDB Invest will continue identifying opportunities in the different stages of the value chain, per crop and per type of agribusiness companies, and support the design of products that foster clean energy solutions, climate smart agriculture practices such as improved soil management, switching to climate-adapted crops or efficient irrigation, women-targeted extension services, as well as resiliency in supply chains. It will draw lessons of different technologies and financing solutions from projects like TicoFrut, Ecom Coffee Renovation, Ejido Verde, and Subsole, among others.
- 2.56 In identified projects, the following actions will be prioritized:
- a. Mitigation and Climate Resilience:
 - i. Include forestry-friendly and climate-smart technology and innovation elements to improve agriculture adaptation to climate impacts while also reducing emissions.
 - ii. Include climate-smart land-use components in natural resource projects.
 - iii. Develop climate-smart agricultural services.
 - iv. Increase climate-adaptive, integrated coastal zone management projects.
 - v. Support the adaptive capacity of farmers, coastal and other local communities, and indigenous peoples.
 - vi. Develop private-sector models for conservation, habitat conservation, and carbon sequestration.
 - vii. Leverage anchor companies and value chains to deploy climate-smart technologies across producers.
 - viii. Invest in equity funds related to landscapes and oceans.
 - ix. Develop green finance products so that farmers can implement climate-smart technologies.
 - b. Enabling Environment and Capacity Building:
 - i. Mainstream climate mitigation and adaptation measures into agricultural policies and legal frameworks.
 - ii. Boost the agenda on sustainable forestry, reforestation, biosphere conservation, and protection of endangered ecosystems.
 - iii. Develop an Environmental Governance Index that includes climate-related indicators.

2. Disaster Risk Management

- 2.57 Climate change is increasing the frequency and intensity of natural hazards. This, compounded with increased vulnerability—due to insufficient natural resource management and land use planning, weak mainstreaming of risk analysis in investment decisions, and feeble enforcement of safe construction regulations, among other factors—is expected to further increase the impact of disasters in many LAC countries. Disaster Risk Management (DRM) is called upon to reduce

vulnerabilities before hazard events strike and to respond quickly to overcome the consequences of such events. DRM and climate change adaptation are intrinsically linked³¹ and most DRM operations have a climate-related component. In addition to TCs, the IDB has approved one DRM project in Panama (PBL)³² and two in Bolivia³³ that qualified as CF (see Figure 6).³⁴



2.58 In addition to screening all relevant projects for climate risks to increase investments in resilience (see [Part C.3.](#) of this document), in identified projects the following actions will be prioritized:

- a. Assessing Climate Risk and Vulnerability:
 - i. Assess climate risk and vulnerability of infrastructure and communities.
- b. Enabling Environment and Capacity Building:
 - i. Work with governments on governance for disaster risk management through the Index of Governance and Public Policy in Disaster Risk Management (IGOPP).³⁵
 - ii. Enhance consideration and treatment of climate and geological risks in public financial management and improve financial resilience for such risks.

3. Tourism

2.59 Many tourism destinations in the region are highly vulnerable to the effects of climate change. Visitor numbers could be reduced by rising temperatures, greater water scarcity, sea level rise, deteriorating beaches and coral reefs, and increasing numbers of hurricanes and tropical diseases in the destination countries, among

³¹ *Managing the risks of extreme events and disasters to advance climate change adaptation*. IPCC 2012.

³² Program to Reduce Vulnerability to Natural Disasters and Climate Change II (PN-L1074).

³³ Disaster Risk Management Program I (BO-L1104) and Disaster Risk Management Program II (BO-L1107).

³⁴ Historical DRM CF figures should be interpreted with caution as the understanding of DRM links with climate change adaptation has evolved thanks to better coordination between CCS and RND. At the time of approval, a DRM in Peru (PBL) Program to Reduce the Vulnerability of the State to Disasters III (PE-L1138) did not count as CF, and BO-L1104 was counted as only 11 percent CF.

³⁵ In addition to DRM indicators, the IGOPP includes specific climate change adaptation indicators.

other consequences of climate change.³⁶ At the same time, the tourism industry is carbon-intensive, given its heavy reliance on air travel.

- 2.60 Three sustainable tourism loans and two TCs³⁷ have contributed US\$11 million to IDB's CF since 2012. To enhance the incorporation of climate change aspects into tourism projects, the IDBG will study the vulnerability of the different tourism segments to the effects of climate change and map tourism destinations according to country vulnerability to climate impacts.
- 2.61 In identified projects, the following actions will be prioritized:
- a. Mitigation and Climate Resilience in Tourism Infrastructure:
 - i. Include resiliency aspects in infrastructure and supply chain components of tourism projects.
 - ii. Support good environmental practice by the tourism private sector, including energy efficiency certification, adoption of resource efficiency practices, and use of bioclimatic construction practices.
 - b. Enabling Environment for Green Tourism:
 - i. Support policies and activities geared toward low-carbon tourism activities, including supporting tourism destinations aiming toward carbon neutrality.
 - ii. Identify best practices for environmental management and resilience practices in the tourism industry.

4. Housing and Urban Development³⁸

- 2.62 With eight out of ten people living in cities, LAC is the second most urbanized region on the planet. Between 1950 and 2014, the region urbanized at an unprecedented rate. Its urban population increased from 50 to 80 percent of the total, and is expected to reach 86 percent by 2050. Cities are the key driver of growth, accounting for 60 percent of LAC's GDP, but also for 80 percent of the region's emissions (energy, transport, and construction).³⁹ Additionally, cities' vulnerability to the negative effects of climate change is extremely high,⁴⁰ with 60 of the 77 most-populated cities in LAC located near the coast (since 1980, the sea level rise has already reached 3mm per year).⁴¹ After more than 50 years of urban growth, the region exhibits an unsustainable urbanization pattern of expansion and low population density.

³⁶ Tourism SFD (GN-2779-3) based on Mimura et al., 2007.

³⁷ National Tourism Development Program in Salvador (BR-L1412); Sustainable Tourism Program II (BL-L1020); Tourism Corridor Development Program (UR-L1113); Mainstreaming Biodiversity, Ecosystem Services, and Coastal Resilience in Tourism (BL-T1064); and Support to Climate-Resilient Tourism Development in San Salvador (BH-T1052).

³⁸ Urban Development and Housing Sector Framework Document (GN-2732-6).

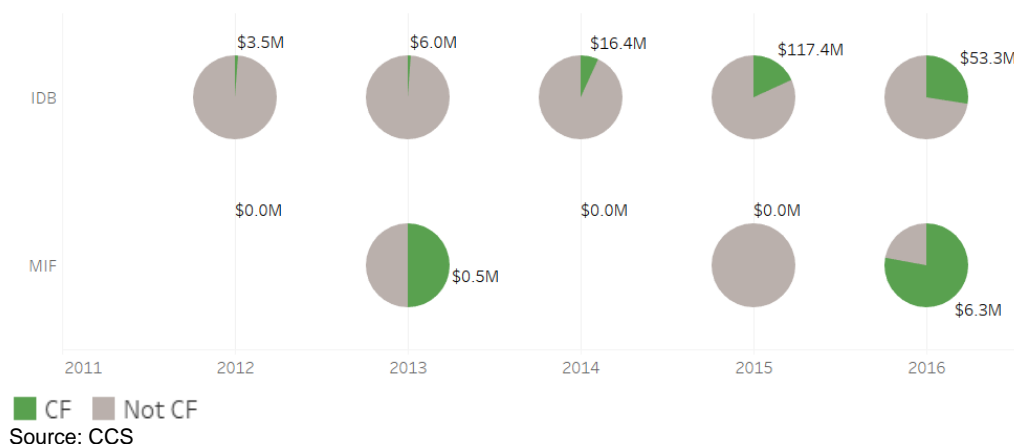
³⁹ Cities and Climate Change: Global Report on Human Settlements, UN-Habitat, 2011.

⁴⁰ ICLEI, 2014.

⁴¹ State of Latin American and Caribbean Cities, UN-Habitat, 2012.

- 2.63 From 2012-2016, over US\$2 billion was mobilized in the housing and urban development sector across the IDBG, about 10 percent of which was counted as CF (see Figure 7).

Figure 7. CF in Housing and Urban Development Operations



- 2.64 The IDB is involved in various sustainable housing projects, the best known of which is ECOCASA,⁴² which finances low-income green housing units (20% lower GHG emissions than homes built using traditional techniques). The ESCI program applied its methodology in 70 cities in LAC, and has become a testing ground for new ideas. This space for experimentation is being preserved in the new division (HUD) with the CityLab. With the creation of HUD, the climate change aspects in IDB housing and urban development operations emerged more clearly, accounting for almost 30 percent in 2016.
- 2.65 A lack of comprehensive planning coupled with insufficient investment in infrastructure has helped fuel a proliferation of informal neighborhoods and degraded urban areas. Neighborhood improvement programs, revitalization of urban centers programs, and preservation programs seek to improve the quality of the urban habitat, including well-designed and well-maintained public and green spaces, and better utilization of existing urban infrastructure systems (drainage, water, electricity), to contribute to urban sustainability.
- 2.66 On the private sector side, the pioneering use of blended finance to support energy efficiency business models, like Itelecom in Chile and Optima in Mexico, were among the few Non-Sovereign Guaranteed (NSG) housing and urban projects during the period.
- 2.67 The following principles will guide teams to deepen climate change in operational activities: (i) sustainable and effective interventions to boost resilience and minimize the contribution of urban areas to climate change; and (ii) interventions to serve all residents, focusing on improving the quality of life of the most vulnerable households to climate-change related and geophysical environmental risks.

⁴² Designed by the Mexican Government, through Sociedad Hipotecaria Federal, S.N.C. (SHF), jointly with the IDB and the German bank KfW.

2.68 In identified projects, the following actions will be prioritized:

- a. Mitigation and Climate Resilience in Urban Infrastructure and Services:
 - i. Promote housing programs adapted to the local bioclimate and geophysical conditions, including resiliency elements and energy efficiency standards.
 - ii. Promote integrated investments based on land-use plans to expand and improve the quality of basic urban services, minimizing their vulnerability, helping to mitigate climate change, and ensuring a sustainable provision of basic services.
 - iii. Support integrated land-use planning for more efficient, dense, and compact cities, allowing for more resilient urban dwellers.
- b. Enabling Environment for Sustainable and Resilient Urban Development:
 - i. Work with national and subnational governments to identify opportunities for new financial instruments to foster local low-carbon and resilient investments.
 - ii. Use data and communication technologies to feed local public policies and programs, as these tools allow to monitor, assess, and respond to urban management challenges.

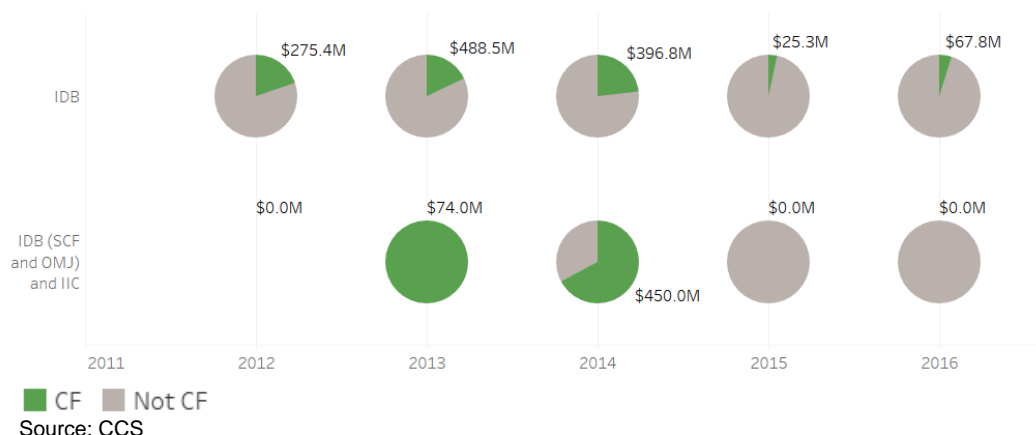
5. Transportation

2.69 The world is rapidly transforming and the way people and goods travel within and across cities, regions, and countries is changing with it. By 2030, annual passenger traffic will exceed 80 trillion passenger-kilometers—a fifty percent increase. Some countries—including Brazil, Colombia, Argentina, Ecuador, Costa Rica, and Guatemala—have quantified targets to reduce transportation sector emissions in their NDCs. Transportation infrastructure is vulnerable to changes in climate variables, but is also key to ensure the resilience of communities and economies to climate change impacts. In this context, the sector urgently needs to take steps toward mitigating climate change and increasing its resilience to hydrological and climatological changes.⁴³

2.70 In the 2012-2016 period, the IDBG transportation sector approved roughly US\$9 billion, of which 20 percent counted as CF (see Figure 8).

⁴³ The incorporation of adaptation criteria into infrastructure design is more beneficial than any other mitigation measure (Pielke, 2007; Stern and Britain, 2006). Design modifications based on hydrological and climatological changes enhance infrastructure resilience and allow greater response capacity (Becker, Fischer, and Schwegler, 2011); Intergovernmental Panel on Climate Change, 2014).

Figure 8. CF in Transportation Operations



2.71 From 2012 to 2014 the transportation operations with climate change elements focused on urban transportation, which helps to mitigate climate change directly and through synergies with urban planning (reducing mobility needs and increasing access). The high percentage of CF (almost 20 percent), during the three-year period, can be attributed to the significant expense of urban transportation projects. A couple of large-scale operations are particularly relevant—in 2012 a loan of US\$100 million was counted for the Quito Metro⁴⁴ and in 2014, US\$750 million in SG and NSG financing was counted as CF for the expansion of the Lima Metro.⁴⁵ Some operations supporting low-carbon transportation modes (rail- or water-way) also contributed to reducing emissions. The contribution to CF in 2015 and 2016 was primarily to design modifications to enhance infrastructure resilience and allow greater response capacity (e.g. infrastructure with higher drainage capacity) to adapt the infrastructure to potential hydrological and climatological changes.⁴⁶ Unlike urban transportation, only the incremental cost of the specific resiliency measures can be counted as CF for road construction, amounting to less than five percent of the IDB resources invested in the sector every year.

2.72 In identified projects, the following actions will be prioritized:

- a. Mitigation and Climate Resilience in Transportation Infrastructure:
 - i. Support big mass transit systems (including buses, trams, metros and ferries).
 - ii. Promote the use of cleaner technologies in transportation systems (e.g. clean buses).
 - iii. Support transportation demand management measures dedicated to reducing GHG emissions (e.g. speed limits, high-occupancy vehicle

⁴⁴ Quito Metropolitan Urban Transport System (EC-L1111).

⁴⁵ Line 2 and 4, Lima Metro (PE-L1147), Lima Metro Line 2 and Line 4 PPP (PE-L1160), and Support to the Urban Transport System of Lima (PE-T1312).

⁴⁶ To define the design modifications, the report [Climate change projections in Latin America and the Caribbean: Review of Existing Regional Climate Models' Outputs](#) is being taken into consideration.

lanes, parking management, and license plate auctioning); and supporting transit-oriented development.

- iv. Enable planning to complement transportation systems with green infrastructure: maximizing non-motorized transportation (e.g. pedestrian and bicycle space, bike-sharing). Promote vehicle fuel efficiency (through a shift to low-carbon fuel and more efficient vehicles).
- v. Promote the use of technology for vehicle sharing, ride-hailing, and carpooling.
- vi. Support multi-modal transportation systems and promote a modal shift of freight and passenger transportation from roads to railways and waterways, which have lower per-mile emissions.
- vii. Incorporate adaptation criteria into infrastructure and operation, taking climate scenarios into consideration to design climate-resilient infrastructure to more negative scenarios (e.g. bigger drains and higher bridges).

b. Enabling Environment for Sustainable Transportation:

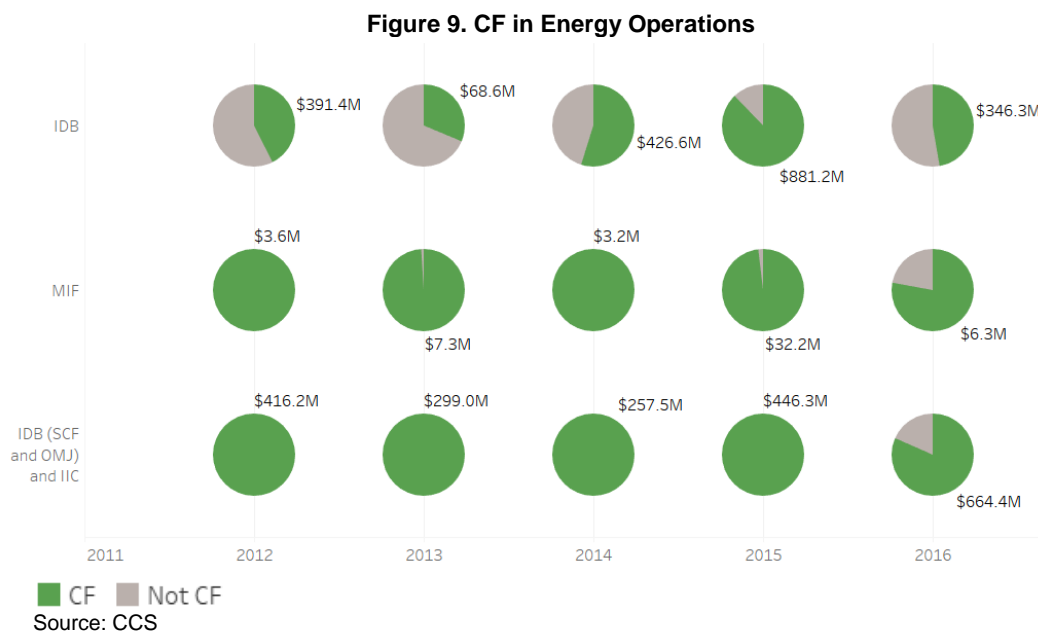
- i. Promote vehicle fuel efficiency (through a shift to low-carbon fuel and more efficient vehicles).
- ii. Help build capacity of local and national transportation agencies on climate change.⁴⁷

6. Energy

- 2.73 Power generation contributes modestly (11.7 percent) to total GHG emissions in LAC. In terms of primary energy, however, fossil fuels dominate supply and almost 75 percent of all energy needs in the region are met with oil, gas, and coal. The electricity matrix is characterized by a low CO₂ emission factor due to the high share of hydropower (49 percent), but non-conventional renewable energy (NCRE)—such as solar, wind, or biomass—account for less than eight percent of generation. NCRE are increasingly the most economical solution for new grid-connected capacity where good solar or wind resources are available. Investments in these two technologies have increased remarkably in the last couple of years, and the IDBG has played a key role in supporting these investments, as well as those in energy efficiency.
- 2.74 In the last five years (2012-2016), the public and private windows of the IDBG financed around US\$6 billion in energy investments. In 2016, 77 percent of the IDBG's climate change mitigation finance went to renewable energy, making this a critical area of engagement for meeting the goal in 2020. Some investments have also been made in off-grid renewable energy systems as more than 26 million people still lack access to a sustainable source of energy. Finally, there has been significant work by the different windows on energy efficiency finance, mostly

⁴⁷ From a series of workshops on climate change in Mesoamerica to the study on Adaptation to Climate Change for the Port of Manzanillo, Mexico (the only assessment of its type in LAC), the Transport Division has worked in coordination with other areas of the Bank to build capacity of local and national agencies on climate change and adaptation.

through public and private financial intermediaries. From 2012-2016, 27 percent of CF in the energy sector went toward energy efficiency activities (see Figure 9).



2.75 The region faces multiple challenges for providing sustainable energy, especially in a context where climate change is affecting water availability for hydropower, one of the main sources of electricity. First, as the penetration of variable renewable sources increases, power systems need to increase their flexibility. Second, the increase in distributed generation calls for a review of regulation that incentivizes efficiency and cost reductions considering its impacts on the utility business model. The electrification of other sectors, such as transport and industrial processes, presents new opportunities for innovation and decarbonization at the same time. These systemic transformations require designing new policies and regulations for energy markets, strengthening energy sector institutions, and making large upfront investments.

2.76 In identified projects, the following actions will be prioritized:

- a. Diversifying Energy Matrix and Increasing Efficiency to Reduce Emissions and Make Energy More Resilient:
 - i. Invest in renewable energy resources—including solar, wind, sustainable hydropower⁴⁸, sustainable biomass, and geothermal—and in transmission infrastructure assets, energy storage, and advanced metering systems to accommodate higher shares of variable renewable energy.

⁴⁸ Sustainable hydropower refers to hydropower projects that are planned, designed, constructed, operated, maintained, and decommissioned in a manner so as to ensure economic, financial, social, environmental, and institutional sustainability over the entire lifecycle of the project. For IDB's definition of sustainable infrastructure and associated dimensions please refer to: *What is Sustainable Infrastructure? A Framework to Ensure Sustainability Across the Project Cycle*. IDB, forthcoming.

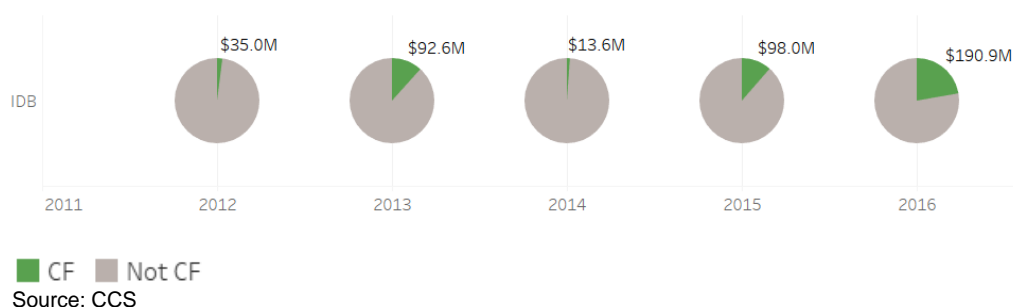
- ii. Invest in clean, high quality, and modern cooking facilities as appropriate for local conditions contribute to the eradication of the health-damaging use of firewood and other solid fuels for cooking in the region.
 - iii. Develop tools for planning, designing, and operating climate-resilient infrastructure; and analyzing vulnerability of inputs to electricity generation and energy infrastructure assets.
 - iv. Utilize private sector financing options, such as securitization platforms for small-scale renewable energy and energy efficiency projects and guarantees and subordinated note subscription facilities for project bonds for large-scale renewable energy projects.
- b. Enabling Environment for Sustainable Energy and Capacity Building:
- i. Seek reforms to legal, policy, and regulatory frameworks to promote sustainable energy, increase the flexibility of electricity systems, and reform subsidy systems, by developing long-term, cross-sectoral national energy plans; adopting international energy standards, and improving data.
 - ii. Act as a neutral party to support regional electricity integration.
 - iii. Serve as a source of data and knowledge for the deployment of new energy technologies in the region; developing local capabilities in the design, planning, implementation, and operation of sustainable energy-friendly markets.
 - iv. Formulate methodologies to determine the economic benefits, incentives, and business models for distributed (on-site) generation based on renewable energy; formulate technical specifications to connect distributed generation to the grid; and determine the optimum paths for higher penetration of renewable energy in electricity systems.

7. Water and Sanitation

- 2.77 Countries in the region are facing flooding and droughts because of climate change. Integrated water resource management solutions are needed to increase water security and strengthen utilities' environmental and social management. Solid waste and wastewater have increased in the region and several waste disposal methods are themselves significant producers of GHGs. The combination of rising temperatures, increasing CO₂ concentration levels, and nutrient over-enrichment of rivers, streams, and lakes (due to deficient water treatment) is exacerbating the environmental degradation of local ecosystems and putting rural communities' livelihoods at risk given their dependence on this natural capital.
- 2.78 From 2012 to 2016, around 60 loans and TCs in the water and sanitation sector have incorporated climate change elements (mostly public sector), accounting for almost US\$430 million in CF. These operations focused primarily on water resource management and solid waste and wastewater management. The highest

contribution to CF was in 2016, with three large operations—one in Brazil⁴⁹ and two in Bolivia⁵⁰ (see Figure 10).

Figure 10. CF in Water and Sanitation Operations



2.79 Efficient planning and management of wastewater and solid waste management projects can lead to important GHG emission reductions and climate risk reduction. Integrated watershed management/restoration projects aim at increasing climate resilience, while contributing to environmental and economic development priorities and objectives. In addition, drainage has been identified as a key area of work in the water and sanitation field, mainly as a response to the deficient storm water drainage coverage and investment challenges to address climate hazards and risks.

2.80 In identified projects, the following actions will be prioritized:

- a. Mitigation and climate resilience in water and sanitation infrastructure:
 - i. Increase wastewater treatment capacity and coverage and improve wastewater treatment by implementing effluent treatment solutions that include business models for water reuse and commercialization to the industrial sector.
 - ii. Reduce emissions through methane capture, waste-to-energy, solid waste reduction, recycling, energy efficiency, and operational improvements.
 - iii. Reduce exposure to climate risks by adopting adequate climate adaptation measures in project design.
 - iv. Widen drainage infrastructure to increase flood protection in response to increased exposure and risks to extreme weather events.
 - v. Consider expected changes in climatic conditions in water and sanitation governance schemes to ensure equity and efficiency in services allocation and distribution and to balance the needs of socio-economic activities and ecosystems.

⁴⁹ Federal District Environmental Sanitation and Land Management Program - Sustainable Brasilia Program II (BR-L1383).

⁵⁰ Lake Titicaca Cleanup Program (BO-L1118) and Reform Program for the Water, Sanitation, and Water Resources sectors in Bolivia (BO-L1100).

- vi. Employ innovative methods for water infrastructure planning such as robust decision making to better characterize policy and strategy vulnerabilities.
- b. Enabling Environment and Capacity Building:
 - i. Adopt financial mechanisms to guarantee long-term conservation of water resources, the promotion of sustainable low-carbon development practices, and smart infrastructure.
 - ii. Foster the use of integrated watershed management approaches to facilitate mainstreaming of climate risks and further identification of climate resilience measures, including ecological restoration activities and new technologies (e.g. constructed wetlands).
 - iii. Monitor and model hydro-meteorological conditions at the watershed level to better assess expected climatic changes that will affect local infrastructure services.
 - iv. Assess climate-related risks to the viability of critical water and sanitation infrastructure as needed.

8. Education

- 2.81 According to UNESCO, education is an essential element of the global response to climate change. It helps societies and individuals understand the causes of and address the impact of global warming, encourages changes in attitudes and behavior, and helps people adapt to climate change-related trends. LAC countries may also contribute to a more sustainable world by developing culturally appropriate curriculum and pedagogy, improving educational institutional management and financing modern, sustainable educational infrastructure.
- 2.82 From 2012-2016, the IDBG invested US\$3 billion in the education sector, with just a small percentage counting as CF (US\$2.6 million in 2016 to install renewable energy).⁵¹ Other climate change investments may have been financed, but there was little or no evidence presented in project approval documents since resource efficiency solutions are often incorporated at the time of execution rather than preparation.
- 2.83 In identified projects, the following actions will be prioritized:
- a. Mitigation and Climate Resilience in Education Infrastructure
 - i. Finance resource-efficient (energy and water) and climate-resilient schools and other education infrastructure projects, including better management of sanitation, solid waste, and school grounds.
 - ii. Help identify locations and introduce construction standards for building schools and other education infrastructure projects to avoid the riskiest areas and to increase preparedness in the face of an expected increase

⁵¹ Program of Support for Secondary Education and Teacher Training: Toward Seamless and Complete Learning Pathways (UR-L1116).

in extreme weather events (e.g. water and electricity continuity, emergency shelters).

b. Mainstreaming Climate Change into School Curricula:

- i. Integrate environmental sustainability and climate change education into school curricula (particularly in primary and secondary education) and into teacher training, using the IDB [Rise Up](#) Against Climate Change Lesson Plans, Green School Toolkits, Online Learning Games, Teacher Training MOOC, and Instructional Videos.

9. Health

2.84 Climate change is directly affecting human health. Air pollution, in particular, impacts health and there are clear synergies between climate change mitigation and improved air quality. There are also opportunities for reducing emissions from within the health sector through renewable energy and energy efficiency investments in health sector facilities, which must operate special equipment 24 hours/day. Warmer temperatures and heavier rains associated with climate change in the Americas have already influenced epidemic patterns, for example by favoring the spread of mosquitoes and other vectors associated with infectious disease and the health sector can help households to become more resilient to the effects of climate change (e.g. by promoting risk prevention measures and providing care for worsening epidemics of mosquito-transmitted diseases).

2.85 From 2012-2016, the IDBG invested over US\$4 billion in the health sector and, as with education, climate change investments may have been financed, but there was little to no evidence presented in project approval documents, leaving potential to further incorporate climate change elements.

2.86 In identified projects, the following actions will be prioritized:

a. Mitigation and Climate Resilience in Health Infrastructure:

- i. Finance resource-efficient (energy and water) hospitals, health clinics, and other health infrastructure projects.
- ii. Help to identify locations, building standards, and network organization for hospitals, health clinics, and other health infrastructure projects to avoid the riskiest areas and to increase preparedness for the effects of climate change (e.g. water and electricity continuity in emergency situations).

b. Knowledge Generation:

- i. Build knowledge on impacts of climate change on health and collaborate with health systems on using the knowledge to plan responses.

10. Social Protection

2.87 Disasters disproportionately affect the poor, who typically settle in more at-risk areas and lack formal savings and insurance to help them cope with and recover from climate change-related shocks. What savings they do have is often in kind

(e.g. cement bags or cattle), and therefore vulnerable to floods and droughts that are occurring more frequently due to the changing climate. Strong social protection schemes can help households and workers cope with the adverse consequences of climate mitigation policies. While to date the IDBG has not financed any social protection interventions that have qualified as CF,⁵² there are opportunities in the sector.

2.88 In identified projects, the following actions will be prioritized:

- a. Cash Transfer Schemes for Resiliency:
 - i. Implement cash transfer schemes to help poor households manage the effects of natural disasters, including cash transfer programs in areas subject to frequent extreme weather and contingency plans that temporarily expand the value and coverage and relax conditionality compliance requirements for cash transfer programs in areas affected by natural disasters (effectively providing insurance to these households).
- b. Supporting Social Protection Schemes to Reduce GHG Emissions
 - i. Use social protection schemes to make emission reduction policies more politically feasible. For example, promote the elimination of fossil fuel subsidies for the poor by replacing them with targeted cash transfers, given that the subsidies are inefficient at redistributing income to poor people and their elimination would reduce waste and GHG emissions.
- c. Mitigation and Climate Resilience in Social Infrastructure
 - i. Finance resource-efficient (energy and water) infrastructure (e.g. care facilities for children and the elderly and community centers).

11. Gender Equality and Women's Empowerment

2.89 Climate change threatens to harm the health and well-being of us all, but may impact women and men differently due to the distinct roles they play in society, the characteristics of their livelihoods, and their socio-economic status. The majority of the population living in extreme poverty are women. A large portion of women's livelihoods is dependent on natural resources, and yet women have unequal access to and control of land, water, and other natural resources impacted by climate change. Women can also be powerful agents of change—they may take up to 80 percent of the decisions related to household consumption in some countries. The economic transformation required to develop along a low-carbon, climate-resilient pathway could create opportunities for women in the 'jobs of the future' or the current small number of women in STEM careers could persist.

2.90 To date, climate change mitigation or adaptation investments have not been financed in operations whose principal objective is gender equality and women's empowerment. There are, however, areas of overlap. For example, IDB Invest has

⁵² In a number of cases the ineligibility was due to a lack of evidence in the project documentation that may have qualified it under the MDB approach.

integrated gender in renewable energy investment through the C2F, which provides concessionality for gender outcomes. This concessionality has allowed clients to promote internships at corporate offices for female students enrolled in STEM degrees, local gender equality certification, and the integration of female semi-skilled labor force in the construction phase of the project.

2.91 In identified projects, the following actions will be prioritized:

a. Capacity Building and Knowledge Generation:

- i. Increase women's preparedness for and access to quality jobs and economic opportunities in the transition to a low-carbon economy.
- ii. Enable and strengthen women's participation through leadership training, public consultations, decision-making systems support at multiple levels.
- iii. Increase women's access to finance in key climate action areas: agricultural insurance, lines of credit for SME development, micro-credit, etc.
- iv. Explore the gender dimension in climate change-related natural disasters.
- v. Foster the role of women as caretakers of water and other natural resources which are increasingly sensitive to climate change impacts.

12. Diversity and Social Inclusion

2.92 As indicated in the Gender and Diversity SFD,⁵³ high levels of poverty, historical marginalization, and limited access to public services in rural areas make indigenous peoples among those most vulnerable to climate change. Indigenous peoples are also highly dependent on the quantity and quality of natural resources available in their territories—thus the effect of climate change on natural resources has a direct and immediate impact on them.

2.93 Over the 2012-2016 period, approximately 8 percent of the IDBG's investments in diversity issues has been classified as CF (totaling about US\$7.2 million), mainly focusing on the role of indigenous peoples and African descendant communities and ecological restoration, agroforestry, and climate change. The Paris Agreement recognizes the importance of traditional knowledge for climate change dialogue.⁵⁴

2.94 In identified projects, the following actions will be prioritized:

a. Capacity Building and Knowledge Generation:

- i. Raise stakeholder awareness of climate change among indigenous populations through the dissemination of traditional knowledge and the use of climate change education.
- ii. Promote the use of sustainable agriculture practices, alternative energy sources, wastewater treatment, and watershed management in indigenous territories.

⁵³ GN-2800-3.

⁵⁴ Article 7, Number 5.

- iii. Given the significant surface footprint of renewable energy infrastructure consider carefully the effect of this infrastructure on indigenous and traditional communities.
 - b. Enabling Environment:
 - i. Strengthen governance of indigenous territories as a means of protecting forests and conserving biodiversity.
 - ii. Support models of payment for ecosystems.
- 2.95 As indicated in the [Gender Action Plan 2017-2019](#), the Bank will promote the integration of a focus on differential effects of climate change on women and men and the roles they can play to help mitigate them into operations that are supported by key instruments that support climate investments, including the GCF, the CIF, the GEF,⁵⁵ and the NDC Pipeline Accelerator.

13. Labor Markets

- 2.96 There is growing awareness that employment and labor policies can contribute to a smooth transition to a net-zero emission economy by identifying opportunities for green jobs, greening existing jobs, and easing the phase out of unsustainable jobs. Green job strategies are set to become an increasingly important part of employment and labor ministers' responsibilities and of the activities of employee organizations and trade unions.
- 2.97 From 2012-2016, the IDBG has invested around US\$1.5 billion in the labor market sector (mostly in the public sector), yet nothing has counted as CF.
- 2.98 In identified projects, the following actions will be prioritized:
- a. Capacity Building and Knowledge Generation:
 - i. Build knowledge on how climate change and climate change policies will impact demands for labor to avoid stranding human capital assets and to promote a just transition to a zero-carbon economy.
 - ii. Support countries (ministries of labor, education, and/or production) to improve skills policies and skills development systems to reduce potential shortages that could occur during the transition to greener economies.
 - iii. Develop capacity to inform and stimulate interest in green careers among future workers and the unemployed by providing information on vocational training, and professions in green sectors.
 - iv. Build knowledge on regulations for enabling pension funds to invest in low-carbon assets.
 - v. Add capacity building components for retraining of employees made redundant in the transition to a net-zero carbon economy to infrastructure and other projects.

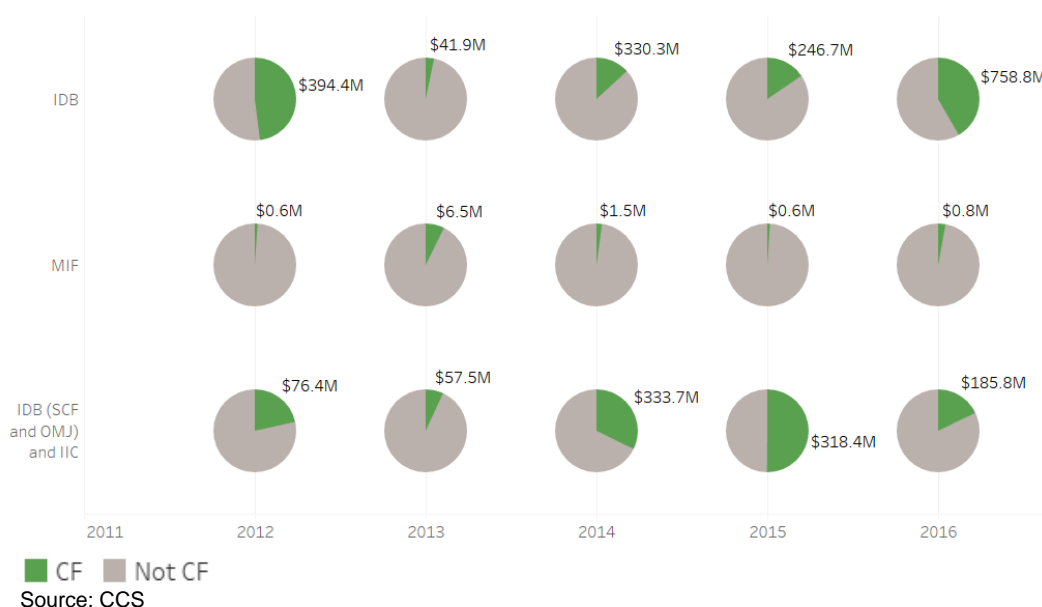
⁵⁵ All three of these funds have their own gender policies and actions plans that call for gender mainstreaming.

14. Capital Markets and Financial Institutions

2.99 Creating the right conditions for financial institutions to boost green investments as business opportunities can transform the financial markets in the medium and long term. The development of public-private financial mechanisms and National Development Banks (NDBs) can strategically address many of the shortcomings in the CF architecture—in particular, resolving market failures private actors often face when they want to invest in mitigation and adaptation projects. In addition, developing appropriate regulations and policies can set conditions that induce banks and private investors to value climate change adaptation and mitigation projects.

2.100 Figure 11 shows the contributions from this sector to CF in recent years. The substantial CF contribution in 2016 is attributed to the approval of the first line of credit of a CCLIP in Brazil.⁵⁶

Figure 11. CF in Capital Markets and Financial Institutions Operations



2.101 The IDB will share experiences and lessons learned and disseminate best practices on green finance through different channels, including the www.greenfinancelac.org and www.finanzascarbono.org websites and through regional and global networks.

2.102 In identified projects, the following actions will be prioritized:

a. Fostering Green Investment:

i. Address financial barriers by developing adequate innovative green instruments (e.g. credit guarantees, performance guarantees, insurance,

⁵⁶ CCLIP Financing Program for Sustainable Energy (BR-L1442).

contingent credit lines for sustainable development, agricultural and energy savings insurance, and green bonds).⁵⁷

- ii. Address non-financial barriers, including structuring the demand for finance (promote business models and project incubation, and support technology and service providers).

b. Capacity Building for Green Investment:

- i. Work with NDBs to integrate climate change concerns in their businesses through capacity building (e.g. good practice for portfolio classification) and developing financial strategies geared to promote green finance in the region and catalyze private investments.
- ii. Support governments and NDBs in accessing and blending funding with international CF to scale innovative green financial strategies.
- iii. Prioritize green finance by helping financial institutions develop lending and risk sharing products for private sector clients to finance the incorporation of energy efficiency, renewable energy, and climate smart technologies.
- iv. Support the structuring of pipelines of bankable projects and scale up private sector climate investments in coordination with market stakeholders.
- v. Support regulators to develop green financial markets, including promoting good practices for environmental risk management and developing new markets and assets (e.g. green bond and carbon markets).
- vi. Promote the understanding and use of the digital economy, distributed ledger technology, fintech, and other new technologies.

15. Innovation in Citizen Services

2.103 Transparent public policy, effective and efficient government solutions, and managing for results all have an important role to play as borrowing member countries work toward the goals they have set in their NDCs. Although in the 2012-2016 period, no ICS operations were counted as CF, there are several opportunities for investments going forward.

2.104 In identified projects, the following actions will be prioritized:

a. Reducing Travel Demand:

- i. Promote changes in regulations and procedures and develop e-government solutions to reduce GHG emissions.

b. Climate Change-related Statistics:

- i. Include climate change indicators in official environment statistics to provide evidence upon which to formulate public policy related to climate change-related natural disasters (e.g. to link climate change considerations to social programs).
- c. Capacity Building and Knowledge Generation:
 - i. Strengthen the institutional capacity of environment entities and ministries on climate change issues to promote implementation of the NDCs.
 - ii. Explore transparency tools to support countries with the accountability aspects of their NDC commitments and to identify and evaluate climate change related expenditures.
 - iii. Increase transparency and mainstream sustainable practices in the extractive industries to address key governance issues in the oil, gas and mining sectors.

16. Fiscal and Municipal Management

2.105 From 2012 to 2016, less than 0.5 percent of the IDB's work in fiscal management counted as CF—two operations supported incorporating climate change adaptation and risk management criteria into the national public investment systems in Colombia⁵⁸ and Uruguay.⁵⁹ Yet, fiscal policies at the national and subnational levels of government represent a key sector for establishing the right incentives for the transition toward low-carbon, climate-resilient economies.

2.106 In identified projects, the following actions will be prioritized:

- a. Enabling Environment:
 - i. Promote politically-acceptable fiscal reforms benefiting low-carbon development—especially creating or increasing taxes or removing subsidies on energy, water, extraction of minerals and other natural resources, or GHG emissions.
 - ii. Promote fiscal reforms to incentivize climate-resilient investments.
 - iii. Promote fiscal management policies (contingent lines, fiscal reserves, etc.) that build the resilience of the governments to climate shocks.
 - iv. Promote climate-sensitive public investment mechanisms and public investment management tools.
 - v. Foster sustainable procurement guidelines at the national and subnational levels of government.
- b. Capacity Building and Knowledge Generation:

⁵⁸ Fiscal and Public Investment Expenditure Strengthening for Subnational Entities (CO-L1165) is now managed by HUD.

⁵⁹ Program for Development and Strengthening of Fiscal and Subnational Service Management (UR-L1111).

- i. Help countries understand how the existing fiscal framework (including fiscal policies that are not prima facie related to climate change) incentivizes (or disincentivizes) investment in low-carbon and climate-resilient options.
- ii. Build national and local capacity to identify current climate-change-related expenditure.

17. Competitiveness, Technology, and Innovation

- 2.107 Addressing climate change impacts will require substantial investment in science, technology, and innovation to transform the way LAC produces goods, provides services, and uses energy. Such investments have made climate adaptation and mitigation viable and attractive to the public and private sectors alike. Incorporating technology and innovation into most of the areas listed in this action plan is a core element to meeting member countries' NDC commitments.
- 2.108 While until now CTI operations have not been explicitly focused on CF, most of them have financed public instruments promoting the incorporation of new technology and innovation processes in the private sector, some of which could be directed toward combatting climate change. Looking forward, CTI will more systematically include in its analytical and operational work support for adopting low-carbon and climate-resilient technology in LAC firms and for generating innovation and entrepreneurship with substantial climate benefits.
- 2.109 In identified projects, the following actions will be prioritized:
- a. Knowledge Generation and Dissemination:
 - i. Support high quality research in disciplines related to climate change adaptation and mitigation.
 - ii. Support advanced human capital formation in relevant areas (e.g. renewable energy or energy efficiency).
 - iii. Support social innovation platforms aimed at identifying innovation solutions to tackle climate change.

18. Regional Integration and Trade

- 2.110 There is increasing consumer interest in purchasing “green” goods and services with a smaller carbon footprint. This interest will play an important role in the transition toward zero net emissions. To foster this nascent market, trade-related regulations must evolve accordingly. The incorporation of climate change considerations in trade and investment policies and programs can help to catalyze private investments in green value chains and thereby contribute toward Paris Agreement goals.
- 2.111 There is limited literature available on the subject in LAC, presenting the IDBG an opportunity to build a cutting-edge and robust knowledge agenda, including publications on green or carbon neutral value chains, eco-industrial or economic zones, and carbon neutral and eco-certifications and standards. Until now, IDBG

trade-related operations have contributed very little to CF,⁶⁰ and this knowledge agenda will form the basis for a structured dialogue with governments that could be operationalized.

2.112 In identified projects, the following actions will be prioritized:

- a. Mitigation and Climate Resilience:
 - i. Develop logistics systems and transportation that consider CO₂ emissions, optimization of trade routes, promotion of low-carbon transport modes (railway and waterways), environmentally friendly logistic hubs, and eco-industrial zones.⁶¹
 - ii. Support regional efforts toward sustainable infrastructure, including renewable energy and climate-resilient transportation projects.
- b. Enabling Environment and Capacity Building:
 - i. Support the development of low-carbon, green Special Economic Zones that incorporate effective measures for pollution control and environmental compliance, which have the potential to attract low-carbon sources of foreign direct investment at a regional level.
 - ii. Incorporate climate change into existing and new trade promotion operations (e.g. fostering exports of carbon-neutral goods and services).

E. TRACKING FINANCING AND MEASURING RESULTS

2.113 The IDBG will continue applying the MDB harmonized methodology to track CF, covering operations financed with the Group's own resources and the external resources that the IDBG manages. This methodology has been applied since 2011 and is becoming the reference point for other organizations seeking to measure their efforts toward the Paris Agreement. MDBs have defined CF as "the financial resources committed by MDBs to development activities with climate change mitigation and adaptation benefits in developing and emerging economies." In the methodology, climate mitigation finance refers to resources to adopt and deploy low-emission approaches and technologies and adaptation finance refers to resources allocated to projects, or components thereof, that explicitly define a context of vulnerability, intend to reduce such vulnerability, and allocate resources to specific vulnerability-reduction tasks. Further details on the methodology and detailed MDB data can be found in the joint MDB [report](#) on CF. In light of the need for higher ambition in MDBs' climate action after the Paris Agreement, the IDB will work with other MDBs to develop metrics (including revised finance tracking metrics) to be applied after 2020.

2.114 A module has been developed for Convergence to capture CF data at Board approval stage for the IDB and the MIF. At the IDB, as provided for in the

⁶⁰ IDBG trade-related projects contributed the most to CF in 2015 (slightly less than US\$1 million).

⁶¹ Eco or green economic zones are logistics and trade zones that emphasize production and market processes that account for low-carbon footprints, and consider climate change in their business model. These projects can have great potential in terms of attracting new sources of foreign direct investment.

Procedures for Processing SG Operations, prior to the QRR meeting, CCS reviews project documentation to estimate the percentage of the financial resources that are CF according to the MDB approach. This estimation is now included in all loan documents using standardized language. At the MIF, CF data will be screened by designated officers from each operational unit during the QRR meeting and entered into Convergence. Starting in May 2017, if a MIF project has CF, this is reflected in the project document, with the associated percentage noted. At IDB Invest, CF data will be tracked using the MAESTRO system, where the NFP officers will confirm CF percentages for specific projects. A specific paragraph will be included in project documents and a specific CF Annex for each project will track the contribution of loans and estimated progress toward the yearly CF goal.

- 2.115 There are some lessons learned from the application of the MDB methodology, which requires a level of specificity describing climate change investments that has not always been explicitly reflected in documents at the project approval stage. While significant investments have been made in infrastructure in social sectors,⁶² very little could be counted as CF due to a lack of evidence in the loan documents. Although in some cases the team included efficiency measures or green materials during execution, this was too late to be counted as CF. Working further upstream, closer collaboration among divisions, and a clearer understanding of the methodology among teams will help to capture new opportunities. Relying on IDBG systems for tracking will improve both the transparency and integrity of the CF data. Several MDBs have already taken steps to introduce an audit process to further ensure the integrity of the CF classification. The IDBG will consider how best to introduce such a process.
- 2.116 The CF data will continue to be reported in the annual Joint Report on MDBs' Climate Finance, the [IDB Sustainability Report](#), the CRF, and annual technical briefings, if requested by the Board of Executive Directors. Furthermore, the IDB's submissions to the OECD-DAC development finance Creditor Reporting System and International Aid Transparency Initiative will be consistent methodologically. CCS will continue to share information on the IDBG's climate change agenda with FIN/TRY to support transparent reporting to investors.
- 2.117 Beyond dollars, the IDBG will continue to measure results relying on the CRF, taking advantage that this is a Group-wide tool designed to monitor progress against the UIS, minimizing additional reporting burden. The main indicator for measuring results on climate change mitigation has been GHG emissions. The IDB is required to calculate and record gross emissions on category A and B projects that produce significant quantities of GHG emissions in accordance with section B11 of the Environmental and Safeguards Compliance Policy. For some of these projects, net emission reductions have also been calculated. In line with the commitment to report on the reduction of emissions with the support of IDBG financing in the CRF, CCS will review how to best calculate net emissions for a greater portion of the portfolio and seek greater consistency between these calculations and reporting on CF. To this end, CCS will establish a methodology and guidance materials for ongoing GHG accounting and reporting on the contribution of IDB projects for the reduction of emissions in key sectors, including

⁶² For example, 67 percent of the education portfolio is funding school infrastructure (see the Education and Early Childhood Development SFD (GN-2708-5)).

building internal and external capacity and understanding of standardized approaches to measuring and reducing GHG emissions from projects. At IDB Invest, SEG, DVF and NFP will continue to calculate net emission reductions of projects and track ex-ante estimated annual emission reductions of loans and other instruments supporting climate change mitigation that are approved. The IDBG will also continue to participate in the Multilateral Financial Institutions working group on GHG accounting, working toward a standardized methodology.

- 2.118 At the same time, the IDB recognizes the limitations of measuring emission reductions and will continue to explore alternatives that better reflect efforts to align operations with long-term decarbonization pathways. Relying on the flexibility of the CRF⁶³, CCS plans to work with SPD to refine and develop additional indicators and ways to better report on the results of the IDBG's work on climate change issues and to encourage the use of the existing indicators. IDBG progress on the CRF indicators will be presented annually in the Development Effectiveness Overview.
- 2.119 At IDB Invest, to put the right incentives in place DVF, SEG and NFP will work to ensure different metrics throughout the operational cycle (i.e. CRF, Delta, CF accounting) use consistent methodologies that build on existing private sector tracking and reporting practices. This will help raise awareness among IO and facilitate tracking at the institutional level while also facilitating dialogue and capacity building with clients.

III. KEY MESSAGES AND IMPLEMENTATION OF THE BAHAMAS RESOLUTION

- 3.1 The overall percentage of CF has been increasing, a trend which must continue for the IDBG to achieve its CF goal. So far, the CF figure has been influenced by a few large projects, although balanced across country groups (see Annex), which have boosted the figures of several sectors. Moving forward, greater effort will be placed on mainstreaming climate change across all relevant projects, especially in countries that are most vulnerable to the effects of climate change. This will increase the number of projects that incorporate climate considerations, yet delivery of the 30 percent goal is likely to remain influenced by larger projects.
- 3.2 Much greater effort will be placed upstream in the project cycle. Climate change considerations will be fully integrated within the CDCs and the strategic dialogue with the governments. This will aim to ensure countries' NDCs are aligned to the Bank's programming exercise and provide more timely consideration of relevant climate aspects at an early stage of project design. In this respect, achieving the 30 percent goal will entail a joint effort from VPC and VPS, whereby VPC ensures climate considerations are part of the dialogue and programming exercise with governments and VPS works to prepare projects in response to country demand.

⁶³ In 2014 the Board of Governors delegated authority to the Board of Executive Directors to approve the update to the IDB's CRF 2016-2019 and any subsequent updates or changes to the CRF the Board of Executive Directors may deem appropriate, provided that such updates or changes are consistent with the Institutional Strategy in effect at the time. Updating of the IDB's Corporate Results Framework: Proposal to Request Delegation of Authority from the Board of Governors ([AB-2993](#)).

- 3.3 The IDBG needs to take advantage of the different opportunities presented for each sector (see [Section II, Part D](#) of this document). However, it is important to recognize that some sectors, given the nature of their interventions and size of their portfolio, present bigger opportunities than others. Energy and capital markets have been relatively successful at mainstreaming climate change activities within their operations, and are expected to maintain their contribution toward the CF figures. Other sectors that could increase their contribution considerably vis-a-vis the previous five-year average include transportation, water and sanitation, urban development, and agriculture. Lastly, some sectors that have not traditionally incorporated climate considerations, such as health, education, innovation and competitiveness, fiscal and municipal management, and institutional capacity of the state, among others, can make important contributions toward the 30 percent goal.
- 3.4 From the private sector perspective, given the emphasis on climate change already placed in IDB Invest's and MIF's business plans and strategies, it is expected that IDB Invest's portfolio will provide an important contribution to achieving the Bahamas Resolution mandate and that MIF will play a key role in bringing innovative projects to be scaled up.
- 3.5 **IDB Policies and guidelines.** The existing Disaster Risk Management Policy, the changes introduced to the CS Guidelines, and adjustments to the SFDs already reflect this action plan and no further changes are expected. Some internal protocols have been or are being adjusted, including the Procedures for Processing SG operations and enhancements to the tool for screening of disaster and climate change risks.
- 3.6 **Risks.** As mentioned in the introduction, the 30 percent goal is subject to demand from borrowing countries and clients and continued access to external sources of concessional financing; these two aspects also represent the two principle risks to achieving the goal. A focus on early identification of climate change opportunities during the dialogue with governments and private sector clients and aligning the annual programming exercise with countries' NDCs will be important means of mitigating the first risk. Regarding resources, continued engagement and strengthened partnerships with multilateral and bilateral sources of CF will be needed to maintain access to concessional resources.
- 3.7 While external concessional resources are important to bridge the additional incremental costs and risks of climate-related projects, a sufficient level of internal resources is required to support activities for mainstreaming climate change across the IDBG. To date, the actions presented in this plan have been implemented using existing transactional and non-transactional funds. Resource needs will be analyzed after the completion of the 2017 pilot activities and discussed as part of the normal budgeting process. Human resources will be particularly important both for accessing and deploying concessional resources as well as for mainstreaming to ensure capacity on climate change is developed throughout the IDBG. With this in mind, CCS is preparing a workforce plan with HRD to be implemented in 2018-2019. Under the plan, CCS will be reorganized to have three coordinated programs—climate mainstreaming, climate institutions, climate finance—and two cross-cutting functions for planning and strategy and knowledge and communications.

3.8 It is also worth highlighting that the delivery of this action plan will require an IDBG effort. The 30 percent goal cannot be delivered by any single department or division—it will require a joint effort. Further work is underway to ensure incentives are aligned with the Bahamas Resolution, including potential options for cascading incentives for contributing toward delivering this action plan, fostering collaboration across organizational boundaries, and ensuring continued alignment with the international agenda on climate change. As the climate change agenda increasingly becomes a social, economic, and financial challenge for countries, the IDBG will need to continue to evolve mainstreaming efforts and align itself to objectives of countries under the Paris Agreement and the SDG. By continuing to advance the knowledge frontier, support for effective institutional arrangements and innovative use of financial instruments, the IDBG can assist LAC governments and the private sector in realizing the opportunities that will accompany a low-carbon and resilient economic paradigm of development.

3.9 Table 2 summarizes the planned actions, timeframe, and responsible units.

Table 2. Timeline of Actions

Line of Action	Action	Timeframe	Responsible Units
Aligning with IDBG Strategies	Mainstream climate change into CSs and CDCs	Ongoing	CCS, VPC, and VPS
	Prepare NDC Country Profiles	8 completed; others expected according to CDC schedule	CCS
	Include climate change in Country Selectivity Documents	Ongoing	Public-Private Synergies Division
	Mainstream climate change into SFDs	Ongoing	VPS divisions
	Training and knowledge sharing to build internal IDBG capacity on climate change	Initial workshops by December 2017; knowledge sharing ongoing	CCS and NFP
	Create and leverage transversal working groups	December 2017	CCS
Strengthening Collaboration and Mobilizing External Resources	Collaborate with MDBs and other international organizations on CF	Ongoing	CCS
	Mobilize external CF and assist project teams in navigating CF options	Ongoing	CCS, NFP, and ORP
Mainstreaming Climate Change into Operations	Define IDBG knowledge agenda for climate change	December 2017	CCS, CSD, MIF, KNL, and NFP
	Implement NDC Invest	Partially complete	CCS
	Scan for climate-related opportunities (IDB)	Rekurs annually (pilot completed with 2017 pipeline)	CCS, VPC, and project teams
	Prepare internal protocol for scanning	December 2017	CCS in coordination with VPS and VPC
	Enhance climate risks screening tool with improved geographic and sector-specific capabilities (IDB)	By 2018	ESG, CCS, RND, and project teams

Line of Action	Action	Timeframe	Responsible Units
	Develop DRA methodology for high and medium risk projects	By 2018	ESG, CCS, and RND
	Scan for climate-related opportunities (IDB Invest)	Ongoing	INO
	Screen all relevant projects for climate risks (IDB Invest)	TBD	SEG and IO
	Consider whether a climate stress test on the IDBG portfolio is warranted	TBD	CCS
	Prepare technical note on climate change considerations for economic analysis	December 2018	CCS and SPD
	Prepare manual to promote good practices for procuring sustainable material	December 2017	CCS and FMP
Opportunities and Actions by Sector	Strengthen incentive structure for achieving the goal	December 2017	CCS
Tracking CF and Measuring Results	Apply MDB methodology to track CF	Ongoing	CCS and NFP
	Strengthen CF module in Convergence to capture data and develop audit process to ensure data integrity	2018	CCS
	Establish methodology and guidance materials to calculate GHG emissions for key sectors	2018-2019	CCS
	Report CF data in MDB joint report, IDB Sustainability Report, the CRF, and as requested by the BOD	Annually	CCS
	Measure results through the CRF and refine indicators	Ongoing	CCS and SPD

CLIMATE FINANCE DATA BY COUNTRY

This annex provides a breakdown of CF data by country and country group:

Country		Approvals 2012-2016 (US\$ millions)	CF 2012- 2016 (US\$ millions)	Percent CF	Mitigation	Adaptation	Overlap
CAN	Bolivia	2,359	603	25.5%	1.2%	24.4%	0.0%
	Colombia	5,035	681	13.5%	13.0%	0.6%	0.0%
	Ecuador	3,251	1,089	33.5%	32.9%	0.6%	0.0%
	Peru	2,543	902	35.5%	34.9%	0.6%	0.0%
	Venezuela	404	1	0.2%	0.1%	0.1%	0.0%
CCB	Barbados	155	31	20.0%	19.4%	0.7%	0.0%
	Bahamas	176	3	1.5%	0.7%	0.7%	0.0%
	Guyana	284	82	29.1%	26.7%	2.3%	0.0%
	Jamaica	866	39	4.5%	1.6%	2.9%	0.0%
	Suriname	422	55	13.0%	12.9%	0.2%	0.0%
	Trinidad and Tobago	591	93	15.7%	0.00	15.4%	0.2%
CID	Belize	76	47	61.7%	4.8%	56.9%	0.0%
	Costa Rica	1,848	676	36.6%	36.5%	0.0%	0.0%
	Dominican Republic	2,216	97	4.4%	4.3%	0.0%	0.0%
	El Salvador	1,109	293	26.4%	8.2%	18.2%	0.0%
	Guatemala	1,488	45	3.0%	2.6%	0.3%	0.1%
	Honduras	1,316	178	13.6%	10.8%	0.5%	2.2%
	Mexico	10,275	1,357	13.2%	13.2%	0.0%	0.0%
	Nicaragua	1,388	136	9.8%	7.8%	2.0%	0.0%
	Panama	2,258	49	2.2%	0.4%	1.8%	0.0%
CSC	Argentina	5,917	695	11.8%	9.8%	2.0%	0.0%
	Brazil	10,230	1,642	16.1%	15.9%	0.2%	0.0%
	Chile	1,589	407	25.6%	25.6%	0.0%	0.0%
	Paraguay	1,620	9	0.5%	0.1%	0.5%	0.0%
	Uruguay	2,720	766	28.2%	27.2%	0.9%	0.0%
HA	Haiti	999	119	11.9%	5.4%	6.5%	0.0%
RG	Regional	1,604	452	28.2%	24.7%	3.4%	0.1%

Country Group	Approvals 2012-2016 (US\$ millions)	CF 2012-2016 (US\$ millions)	Percent CF
A: AR, BR, ME, VE	26,826	3,695	13.8%
B: CH, CO, PE	9,167	1,990	21.7%
C: BH, BA, CR, JA, PN, SU, TT, UR	9,037	1,712	18.9%
D: BL, BO, DR, EC, ES, GU, GY, HA, HO, NI, PR	16,105	2,697	16.7%