



Inter-American Development Bank Education, Youth, and Employment (EYE) Bond

About the IADB:

The Inter-American Development Bank (“IADB”) was founded in 1959 and is the oldest regional multilateral development institution. It is owned by 48 member countries - 26 Latin American & Caribbean countries and 22 non-borrowing member countries. IADB is the largest government-owned regional source of development finance for Latin America and the Caribbean (“LAC”).

- IADB Bonds are rated AAA/Aaa, stable outlook; triple-A rated since 1962 when IADB received its first credit rating
- Under BIS Basel II, IADB Bonds are 0% risk weighted

Specific Criteria and Definitions of the EYE Bond Program:

The Education, Youth, and Employment (EYE) Bond program provides funding for IADB’s eligible EYE project loans. IADB has a “life cycle” approach to building human capital from early childhood care and education, through formal primary and secondary education, as well as programs that facilitate labor market placement by improving the transition from school to work through vocational training. In this way, the IADB assists LAC countries to increase productivity and improve social inclusion of young people throughout key intervention stages.

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

Youth: IADB interventions are designed to promote the building of human capital from early childhood care to youth programs, through the acquisition of practical life skills to reduce the likelihood of young people engaging in high-risk behavior that has economic and social costs not only for the individual, but for society as a whole.

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

Projects supported by the EYE Bond program must meet the defined IADB eligibility criteria for education, youth, and employment programs, as described in Table 1 below. A project’s conformity with these criteria is determined by IADB’s social sector specialists and then tracked upon the initial registration of the project within the IADB’s internal systems.

Table 1: Eligibility Criteria for EYE Bond Program Projects (“Eligible Projects”)

Sector/Area	Definition
Early Childhood Development	Support parents and caregivers to improve the quality of child care.

Preschool & Early Childhood Education	Support programs directed to ensure that all children enter first grade ready to learn and have the basic competencies required to benefit from a full cycle of schooling (e.g., increasing enrollment in pre-school (3-5 years of age); transition to primary; pedagogical and management practices; educational materials; participation of families to foster positive learning outcomes; school infrastructure; teacher training; curriculum).
Primary Education	Support Primary Education Programs (e.g., teacher training, initial and in-service; aligning high expectations of student learning with the curriculum; literacy, math and science education; bilingual education; school infrastructure, teaching materials, texts and technology; targeting disadvantaged children; improving internal efficiency; extended school day programs; learning environments for children to facilitate the teaching-learning process; learning assessments).
Secondary Education	Support Secondary Education Programs (e.g., improved retention and graduation rates at secondary level; quality of student learning; school infrastructure, teaching materials, texts and technology; teacher training, initial and in-service; differentiated instructional models; targeting disadvantaged children; scholarships and teaching support to reduce dropout; learning assessments; improvement of education management processes and institutional strengthening).
Compensatory Education	Support compensatory programs to reduce education inequalities by improving the access and achievement of all students.
Teacher Education & Effectiveness	Support programs directed to ensure teacher quality (e.g., all teachers have the appropriate pedagogical skills and knowledge, use effective teaching methods tailored to students' socio-economic status, race, ethnicity, gender, or other characteristics; attracting, developing, motivating and retaining the best professionals in teaching; strengthening the roles of principals and school networks).
e-Education	Support programs that increase access to information and communication technologies (ICTs) in educational processes to improve the quality of student learning.
Youth-At-Risk	Direct support to interventions, policy design, and/or impact evaluations to benefit at-risk youth or those already engaging in high-risk behavior.
School-to-Work Transition	Support programs to improve the match between learning, skills, and competencies provided in school and those required by the labor market to improve the transition to productive work.
Vocational & Technical Education	Support programs directed to Vocational and Technical Education (e.g., access to knowledge and professional skills development for insertion in occupational areas in different sectors).
Human resources & workforce development	Support development of skills and competencies for the job throughout the life cycle of the worker, including improving resources for the school-to-work-transition.
Labor Intermediation Systems	Support the development of information systems, labor market counseling and training services for job-placement in better jobs.
Vocational and Workforce Training	Support training programs to accelerate the social and labor insertion of job seekers, including youth, unemployed adults and active workers.

EYE Project Selection Process:

IADB EYE Bond program projects, like all IADB projects, are designed to promote sustainable growth, poverty reduction and social equity. However, EYE projects specifically focus on education, youth and employment. In addition to meeting eligibility criteria for the EYE Bond program, the EYE projects, like all IADB-financed projects, are evaluated and reviewed by IADB's operational staff. The project lending cycle consists of the following stages: preparation, approval, implementation and completion and reporting. With certain exceptions, where the authority has been delegated to Management, the IADB's Board of Executive Directors must approve each loan. The resident Board consists of 14 Directors representing the member countries.

Monitoring and Reporting on Individual Projects:

The IADB supervises the implementation of all of its lending projects. The supervision process consists of ongoing reviews, including a semi-annual report of the activities and outcomes through the Progress Monitoring Report ("PMR"). Implementation includes supervision and monitoring activities on disbursement, financial management, procurement procedures, risk management and/or safeguards compliance policy. The PMR is a tool to enable results-based management with a focus on different dimensions of the project's performance during the various stages of the project's life cycle, serving as an important input for project follow-up and decision making. The PMR strives to identify delays and deviations during the project implementation phase and changes needed during execution, using a quantitative and qualitative approach, including tracking the achievement of a project's outputs and outcomes relative to its estimated time and cost parameters.

Project information is available on the IADB website and includes documents, such as the PMR. In addition, a list of Eligible Projects (including web-links to the relevant documentation) funded by the EYE Bond program will be published annually on a dedicated section of the IADB website.

Use of Proceeds Language for EYE Bonds:

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

Funds shall be reduced from the account on a semi-annual basis by amounts matching the disbursements made during such semi-annual period in respect of Eligible Projects.

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If any offer of securities is made, it will be made pursuant to a definitive offering document, prepared by the IADB, which would contain material information not contained herein and to which prospective purchasers are referred. In the event of any such offering, this information shall be deemed superseded, amended and supplemented in its entirety by such offering document.

Any decision to invest in such securities should be made solely in reliance upon such offering document. Potential investors should also conduct appropriate investigations and consult their legal, accounting and tax advisors in order to make an independent determination of the data contained herein and of the suitability and consequences of an investment in the securities of the IADB.

