

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**MAINSTREAMING ACTION PLAN FOR
ENVIRONMENTAL AND SOCIAL SUSTAINABILITY 2021-2022**

VICE PRESIDENCY FOR SECTORS AND KNOWLEDGE

September 2020

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CONTENTS

List of Annexes	ii
Abbreviation	iii
I. Objectives	1
II. Background	1
A. Introduction	1
B. Mainstreaming aspects of IDB's environmental and social policies	3
C. Sustainability: A corporate priority	5
1. Addressing climate change and environmental sustainability	5
2. Promoting gender equality	7
3. Promoting diversity and inclusion.....	7
4. Enhancing Institutional Capacity and the Rule of Law	8
III. IDB's Lessons Learned on Environmental and Social Sustainability	9
A. Results of the Audit Report on Mainstreaming	9
B. Additional lessons learned from current Action Plans.....	10
IV. Mainstreaming Action Plan for Environmental and Social Sustainability	11
A. Thematic and Cross-Cutting Lines of Action	13
B. Country dialogue, strategies & programming	16
C. Integrating Sustainability in IDB's Operations	18
D. Knowledge Products and Capacity Building.....	19
1. Capacity Building	19
E. Resource Mobilization & Sustainable Finance	19
V. Mainstreaming Coordination	20
VI. Reporting and Implementation	21
VII. Results Matrix	22

LIST OF ANNEXES

Annex I	CRF Indicators (Level 1 and 2)
Annex II	Summary of Mainstreaming Directives of Environmental and Social Policies
Annex III	Interdepartmental working groups in environmental and social sustainability
Annex IV	Where we are so far

ABBREVIATION

CCAP	Climate Change Action Plan
CCS	Climate Change Division
CDCs	Country Development Challenges
CRF	Corporate Results Framework
CS	Country Strategies
DAP	Diversity Action Plan
DCCRA	Disaster and Climate Change Risk Assessment
DRM	Disaster Risk Management
DSA	Diversity Strategic Alignment
ERM	Eligibility Review Meeting
ESG	Environment and Social Solutions Unit
ESR	Environment and Social Risk Management Unit
ESW	Economic Sector Work
GAP	Gender Action Plan
GDP	Gross Domestic Product
GDI	Gender and Diversity Division
GDLab	Knowledge Initiative on Gender and Diversity
GHG	Greenhouse Gas
GRRs	Gender-related Results
GSA	Gender Strategic Alignment
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group
IEEM	Integrated Economic-Environmental Modelling Platform
IFD	Institutions for Development Sector
INE	Infrastructure and Energy Sector
INT	Integration and Trade Sector
IGOPP	Index of Governance and Public Policy in Disaster Risk Management
IGRs	Investment Grants
KIC	Knowledge Innovation and Communication
LAC	Latin America and the Caribbean
LGBTQ+	Lesbian, gay, bisexual, transgender, queer and other sexual orientations and gender identities
LTS	Long-term low greenhouse gas emission development strategy
MDB	Multilateral Development Banks
NDCs	Nationally Determined Contributions
ORP	Office of Outreach and Partnerships
PCRs	Project Completion Reports
PMRs	Project Monitoring Reports
PWD	Persons with disabilities
RES	Department of Research and Chief Economist
RPD	Regional Policy Dialogues
SCL	Social Sector
SDBs	Sustainable Development Bonds

SPD	Office of Strategic Planning and Development Effectiveness
SPOC	Small Private Online Courses
TCs	Technical Cooperations
UIS	Update of the Institutional Strategy
VPC	Vice-Presidency of Countries
VPS	Vice-presidency of Sectors and Knowledge

I. OBJECTIVES

- 1.1. The main objective of the Mainstreaming Action Plan for Environmental and Social Sustainability 2021-2022 is to expand and improve the quality of the Bank's operational and analytical work in considering the environmental and social sustainability dimensions in the development process of IDB's member countries.
- 1.2. The Mainstreaming Action Plan has four specific objectives:
 - (i) Promote more opportunities for integrating environmental and social sustainability dimensions in dialogue with countries.
 - (ii) Integrate, formally and systematically, all dimensions of environmental and social sustainability as structural areas in IDB operations.
 - (iii) Generate more country-specific knowledge and build capacity to mainstream sustainability.
 - (iv) Promote the mobilization of resources towards environmental and social sustainability in LAC.

II. BACKGROUND

A. Introduction

- 2.1. Latin America and the Caribbean (LAC) countries can transform their development pathways into more sustainable ones while improving the lives of their citizens. The IDB Group (IDBG) is committed to helping LAC countries develop more inclusive and prosperous societies, based on the intrinsic relationship between economic development and environmental and social sustainability. For the IDBG, sustainable economic development encompasses equal access to services and opportunities for all,¹ including for the poor and most vulnerable,² and is achievable only without compromising the health of the environment.
- 2.2. The IDBG has embraced sustainability as a core element of its work in Latin America and the Caribbean. To that end, the IDB has made a commitment to maximizing the positive environmental and social outcomes of our work ("do good") while minimizing risks and negative impacts on people and the environment ("do no harm"). From the establishment of environmental and social policies, which proactively mainstream environmental and social³ sustainability, to their modernization into an integrated Environmental and Social

¹ This includes Indigenous Peoples, who contribute to the development of the Region, especially in relation to social and environment management and traditional knowledge. The Bank also acknowledges the collective rights of indigenous peoples as per national and international legislation.

² By virtue of disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable individuals and/or groups may include people or groups in vulnerable situations including the poor, the landless, the elderly, single-headed households, refugees, internally displaced people, natural resource dependent communities or other displaced persons who may not be protected through national legislation and /or international law.

³ For the purpose of this document social sustainability is sociocultural, which entails, besides consideration of how IDB-financed activities affect people in terms of poverty, equity, social cohesion, diversity, and quality of life, the recognition that there are different cultures with distinct beliefs systems, different social organizations, distinct economic systems, territorial management, among others.

Policy Framework (ESPF)⁴ that manages environmental and social risks in IDB operations, the IDB is making sure that both actions, the “do good” and the “do no harm”, are considered in its work.

- 2.3. The Mainstreaming Action Plan focuses on IDB’s proactive action to maximize environmental and social outcomes. The IDB has evolved to meet this objective with the formation of the Climate Change and Sustainable Development Department, the Labor Markets and the Gender and Diversity divisions, which working in coordination with the rest of departments at the IDB, focus their work on these challenges. Consistently, the IDB is well-positioned to offer multiple multisectoral activities on issues such as resilience and disaster risk management, sustainable cities, sustainable infrastructure, social infrastructure, and gender and diversity.
- 2.4. This focus is reflected in the [“Update to the Institutional Strategy, Development Solutions that Reignite Growth and Improve Lives”](#) (UIS) (AB-3190-2), which renews IDBG’s commitment to accelerate progress on gender equality, diversity, and inclusion; climate change and environmental sustainability; and institutional capacity and the rule of law in order to enhance IDB’s ability to mainstream these critical issues in meeting the region’s development challenges. The IDBG’s [Corporate Results Framework](#) (CRF 2020-2023) (GN-2727-12), which complements the UIS, is the Bank’s highest-level tool for monitoring performance and achievement of its strategic objectives. The CRF has specific indicators on IDB’s contributions to country’s environmental and social sustainability results (see Annex I).
- 2.5. The IDB considers environmental and social challenges and opportunities in all areas of its work, including country strategies, sector strategies, and its operational program. The IDB’s value proposition relies on its capacity to provide member countries and clients tailored products, knowledge, and instruments (financial and non-financial) to address their specific challenges and conditions in all aspects of sustainability.
- 2.6. In addition, the IDB also adds value by forging alliances with strategic partners to generate cutting-edge knowledge and mobilize resources to the region. Some examples of these alliances are in the Natural Capital Lab, which promotes the innovation of financial solutions for the enhancement of the region’s biodiversity and natural resources, and the Knowledge Initiative on Gender and Diversity (GDLab), which will be launched in the second half of 2020 to generate applied research that informs the design of LAC public policies and IDB- and IDB Lab-financed operations.⁵
- 2.7. The IDB is also contributing to the green bond market, which is a key financial instrument for the environmental and social sustainability of the region. Between 2014 and 2019, green bonds worth US\$12.6 billion were issued in Latin America and the Caribbean. And it is a sector that continues to grow rapidly. The IDB, through the LAC Green Finance Facility and other instruments, helps support this expanding market and to strengthen the

⁴ The ESPF is currently in preparation. When it goes into effect in 2021, the ESPF will supersede, with the exception of their mainstreaming aspects, IDB’s environmental and social policies.

⁵ The GDHub, which will be jointly managed by SCL/GDI and RES/RES, proposes to prioritize studies in the following areas: (i) labor markets; (ii) social assistance and social insurance; (iii) education (including STEM); (iv) health; (v) migration; (vi) financial markets; (vii) violence against women and children; (viii) political representation; and (ix) external shocks and crises. For the 2020-2021 period, the GDLab will focus on: (i) developing a website that curates and synthesizes evidence generated by the Bank or by other researchers on gender and diversity issues in LAC; and (ii) supporting the design and implementation of a first cohort of studies.

region's institutional framework, for example with the [Green Bond Transparency Platform](#). Another example is the first social bond (orange bond) in Colombia and in Latin America, issued by Bancoldex for COP\$400 billion with the technical support from the IDB. Furthermore, IDB's own issuance of Sustainable Development Bonds fosters awareness amongst investors of its strategic priorities and rigorous sustainability framework.

- 2.8. This institutional evolution has moved the frontier of the Bank's work in sustainability. Yet, the work is far from complete. This Action Plan for Mainstreaming Environmental and Social Sustainability ("the Mainstreaming Action Plan" for short) builds on this evolution and drives the Bank's work to offer more and better comprehensive, sustainable, and inclusive solutions.
- 2.9. This document is structured in seven parts. Part I proposes the objectives of the Mainstreaming Action Plan. Part II, including this introduction, presents a description of the institutional importance of environmental and social sustainability at the IDB, through its environmental and social policies, and the corporate priorities set out in its UIS and Corporate Results Framework. Part III presents an overview of lessons learned on environmental and social sustainability and recommendations from the internal audit reports on IDB's work on mainstreaming UIS's cross-cutting challenges. Part IV presents the IDB's Action Plan for Mainstreaming Environmental and Social Sustainability 2021-2022, its "umbrella" nature, and its lines of action and instruments to achieve them. Part V presents the coordination arrangements for its implementation. Finally, Part VI includes the Mainstreaming Action Plan monitoring and reporting, and part VII includes its Results Matrix. The document is complemented by four annexes: Annex I describes the indicators on regional context and IDB's contributions to country's development results under the CRF, Annex II summarizes the mainstreaming directives of each policy, Annex III shows the existing and proposed interdepartmental working groups, and Annex IV presents IDB's progress and where we are so far in achieving IDB's environmental and social sustainability objectives.

B. Mainstreaming aspects of IDB's environmental and social policies

- 2.10. The IDB currently has four Environmental and Social Policies that mandate the Bank to mainstream environmental and social sustainability aspects. They are the Environmental and Safeguards Compliance Policy (OP-703), the Disaster Risk Management Policy (OP-704), the Gender Equality in Development (OP-761), and the Indigenous Peoples Policy (OP-765). In this document, the focus is on the mainstreaming directives of the policies and the required aspects necessary for their implementation. These directives will remain in effect after the new ESPF, which supersedes the policies except for their mainstreaming aspects, is effective. The mainstreaming directives instruct IDB's proactive actions to address environmental and social issues strategically as cross-cutting dimensions of development. The mainstreaming directives under these policies seek to enhance the incentive framework to foster environmental and social opportunities, new business opportunities for the Bank, and greater development benefits for the countries.

The mainstreaming objectives under these four policies are described in the following paragraphs. A summary of their mainstreaming directives⁶ can be found in Annex II.

- 2.11. **Environment and Safeguards Compliance Policy (OP-703)**, “the Environment Policy”, aims to enhance long-term development benefits to its members countries by integrating environmental sustainability outcomes in all Bank operations and activities and strengthening environmental management capacities in its borrowing member countries. Through the implementation of this policy, the Bank proactively supports borrowing member countries in identifying and financing operations designed specifically to: (i) enhance environmental governance, policy development and institutional capacity building; (ii) reverse environmental deterioration; and (iii) promote the conservation and sustainable use of natural resources and ecological services.
- 2.12. **Disaster Risk Management Policy (OP-704)**, “the Disaster Risk Policy”, aims to: (i) strengthen the Bank’s effectiveness in supporting its borrowers to systematically manage risks related to natural hazards by identifying these risks, reducing vulnerability and by preventing and mitigating related disasters before they occur; and (ii) facilitate rapid and appropriate assistance from the IDB to its member countries, in response to disasters. These efforts aim at efficiently revitalize countries’ development and avoid rebuilding vulnerability.
- 2.13. **Gender Equality in Development (OP-761)**, “the Gender Policy”, aims to strengthen the Bank’s response to the goals and commitments of its member countries in Latin America and the Caribbean (LAC) to gender equality. Through the implementation of the Gender Policy, the Bank supports specific actions aimed at: (i) addressing the specific needs of both women and men, recognizing that, because of gender differences, women and men enjoy different advantages and face different barriers to participating in and benefiting from development; and (ii) investment in the empowerment of women as a key factor in accelerating progress toward gender equality, recognizing that inequality affects women to a larger extent. The Gender Policy recognizes that gender inequalities interact with other inequalities that are based on socioeconomic, ethnic, and racial factors, exacerbating the barriers and vulnerabilities of poor, indigenous, and Afro-descendant women. For this reason, the Bank pays particular attention to these groups.⁷
- 2.14. **Indigenous Peoples Policy and Strategy (OP-765)**, “the Indigenous Peoples Policy”, aims to support the development with identity of indigenous peoples, including strengthening their capacities for governance. The Bank uses its best efforts to support the region’s national governments and indigenous peoples, as well as relevant private sector and civil society actors, in mainstreaming indigenous issues in local and national development agendas and in the Bank’s project pipeline. It pursues this through specific initiatives and, where technically feasible and appropriate, the integration of complementary activities, operations, and general initiatives.
- 2.15. The four Environmental and Social Policies mandate the Bank to include the discussion of these issues in the dialogue agenda with borrowing member countries. This approach begins at the level of the Bank’s early programming processes and addresses issues of

⁶ Mainstreaming directives related to IDB’s corporate (internal) activities in Policy OP-703 and OP-761 are out of the scope of this Action Plan, and therefore, not described in this section.

⁷ The Gender Policy recognizes that the situation of Afro-descendants may be different in countries where they constitute the majority population group.

governance, policy, incentives, and priority setting for sound environmental and social sustainability, including the interactions among the three dimensions of development: the economic, social and environmental. To this end, the Bank must undertake country analytical work to identify the main potential environmental and social opportunities and risks associated with key areas of social and economic development, assess the state of enabling conditions for sound management, and establish a set of strategic priorities for Bank action.

- 2.16. Furthermore, the policies also mandate the Bank to proactively support borrowing member countries in identifying and financing operations designed specifically to enhance institutional, legal, and regulatory frameworks related to environmental and social issues, policy development and institutional capacity building; and address environmental and social issues through direct interventions. Finally, the policies require the Bank to actively seek opportunities to mainstream the environmental and social sustainability perspectives as strategic dimensions of its development interventions.

C. Sustainability: A corporate priority

- 2.17. The UIS recognizes the linkages between the three dimensions of sustainable development.^{8,9} It renews the IDBG's commitment to accelerate progress on gender equality, diversity, and inclusion; address the challenges of climate change and promote environmental and social sustainability. It also emphasizes the need to strengthen LAC's institutional capacity and the rule of law as a key aspect of sustainable development.
- 2.18. These institutional commitments are materialized in three cross-cutting action plans in climate change, gender, and diversity. There are also other initiatives such as, the Natural Capital Lab, the Sustainable Infrastructure Framework, and the IDB's Strategy on Strengthening and Use of Country Systems aligned with these objectives. Responsibility for implementing these instruments is shared across the departments and divisions of the Bank and further described in Part V. Mainstreaming Coordination.

1. Addressing climate change and environmental sustainability

- 2.19. Climate change is threatening social and economic outcomes in LAC. To fulfill international climate change objectives and commitments, including those of the Paris Agreement, LAC needs to: (i) transition towards net zero emissions before the end of the century; and (ii) improve its capacity for resilience and adaptation to climate change. The region is slowly decreasing greenhouse gas (GHG) emissions per unit of GDP, suggesting it is possible to achieve economic growth in LAC while reducing emissions. However, the pace of these decreases has been slower than in other regions of the world. In 2016, the IDBG's Board of Governors endorsed the goal of doubling climate finance to 30 percent of combined IDBG operational approvals by the end of 2020. The IDBG has made progress in several areas to mainstream climate change considerations across its operations and strategic documents such as country strategies and Sector Framework Documents (SFD). It has also approved a joint **IDBG Climate Change Action Plan 2016-2020**, which has allowed increasing the proportion of the Bank's climate financing.

⁸ Update to the IDB Institutional Strategy: Development Solutions that Reignite Growth and Improve Lives. AB-3190-2.

⁹ In accordance with Agenda 2030.

It also created [NDC Invest](#), a platform for channeling access to resources for transforming countries' national commitments (known as Nationally Determined Contributions or NDCs) into achievable investment plans. As part of its commitment to small and vulnerable countries, the IDBG also supports the Caribbean Climate-Smart Coalition, a public-private initiative to transform the region into a "climate-smart" zone and has launched its Sustainable Islands Platform to help islands pursue sustainability and climate-resilient investments.

- 2.20. **Promoting resilience and disaster risk management.** The promotion of disaster risk management (DRM) and resilience is intricately linked to addressing climate change and environmental sustainability. The effects of climate change and disasters triggered by natural hazards pose a significant threat to sustainable development in the region. This particularly true for Small Islands Development States. The IDB has made significant progress in systematically integrating disaster and climate change risk assessment and management in operations through the [Disaster and Climate Change Risk Assessment \(DCCRA\) methodology](#). The Bank has also made progress in measuring disaster risk in the most vulnerable countries, as well as identifying the disaster risk governance gaps that hinder a more resilient and, therefore sustainable, development. In this respect, firstly, Country Risk Profiles have been completed in 14 borrowing countries for several geophysical and hydro-meteorological hazards, including in some cases, the effects of climate change. In some countries, these assessments have provided the information basis for investment programs in resilience. Secondly, the Bank also developed –and has applied to its 26 borrowing member countries– the [Index of Governance and Public Policy in Disaster Risk management \(iGOPP\)](#) and, based on this diagnosis, has supported policy reforms in a few countries. Studies confirm a robust positive correlation between the index score and the reduction of human and economic losses caused by disasters. Lastly, the IDB has provided contingent loans to finance post-disaster emergency response and short-term rehabilitation in several borrowing countries.
- 2.21. **Natural Capital Lab.** In addition to climate-change pressures, the region also faces local challenges on habitat destruction and overharvesting/exploitation of resources, local pollution, and gaps in environmental governance. The region's natural capital is one of its greatest comparative advantages; and if harnessed effectively, a powerful engine of sustainable economic development. Therefore, the Bank also incorporates solutions to these challenges in its interventions, and has recently created the Natural Capital Lab. There are two main mechanisms to fill the finance gap to sustainably manage the region's natural capital:¹⁰ (i) mainstreaming biodiversity across governments' institutions to align activities and to "capture" budget from other ministries; (ii) and attracting private finance through innovative financial mechanisms. The Natural Capital Lab focuses on these two activities, supporting a range of pilots, knowledge products, blended finance projects, institutional reform activities, and toolkits that make the case for biodiversity from an asset-based approach. Given that the solutions to many natural capital problems are

¹⁰ Biodiversity conservation and restoration projects require an estimated US\$400 billion annually worldwide, yet only receive US\$50 billion, mainly in the form of public finance and philanthropy, with an increasing interest from private investors.

cross-cutting, it pursues an agenda of projects with all parts of the IDBG (IDB, IDB Invest, IDB Lab), in addition to its own projects, knowledge, and strategic partnerships.¹¹

- 2.22. **The Sustainable Infrastructure Framework.** In 2018, the Bank published its [Sustainable Infrastructure Framework](#) based on two tenets, namely: (i) infrastructure projects must incorporate considerations across four main sustainability pillars—social, environmental, economic/financial, and institutional; and (ii) sustainability must be addressed by working across the entire infrastructure project cycle—including nation and sector-wide planning and prioritization processes, project preparation and design, construction, financing, operation and closure. Since then, this Framework has been used to promote sustainability considerations both in Bank-financed project, as well as in countries' planning systems.

2. Promoting gender equality

- 2.23. Gender equality and empowerment are critical elements of inclusive development. There have been substantial improvements across Latin America and the Caribbean (LAC) over the past decade in reducing gender inequalities, for example in educational attainment and women's labor market participation, as well as legal rights and protections for diverse populations. However, persistent inequalities across sectors continue to limit the full inclusion of all members of society, including issues related to sexual and gender-based violence and harassment. This is especially true for women from historically marginalized or disempowered populations, such as indigenous peoples, afro descendants, persons with disabilities, LGBTQ+ individuals, and migrants, who often experience compounded inequalities.
- 2.24. **The IDB's Gender Action Plan for Operations (GAP)** is one of IDB's main instruments for translating institutional commitments to gender equality and empowerment, articulated in the Gender Policy and the UIS, into actions. In 2019, the Bank completed the implementation of the third GAP since the approval of the Gender Policy, and in the second half of 2020, the Bank will approve an update of the GAP that covers the 2020-2021 period.

3. Promoting diversity and inclusion

- 2.25. Social exclusion based on race, ethnicity, disability, sexual orientation, and gender identity, affects large segments of LAC's population. Indigenous households, for example, are 43% more likely to live in poverty than non-indigenous households,¹² and African descendant and indigenous individuals earn, on average, 17 and 23% less, respectively, than workers of similar qualification.¹³ For more than a decade, the Bank has had a strong

¹¹ The Natural Capital Lab is currently working on a portfolio of projects with IDB Lab, VPS sectors, and IDB Invest. Some recent examples of its work are: (i) workshops on mainstreaming nature-based solutions and biodiversity for Ministries of Finance of Costa Rica and France, in the context of Pre-COP meetings; (ii) natural capital mainstreaming activities in Panama, Costa Rica, and Chile; (iii) provision of inputs to the UK Government for the Dasgupta Review on the Economics of Biodiversity; and (iv) With IDB Lab, developed tools to support sustainable natural capital use in Chile and Colombia.

¹² The World Bank. 2015. *Indigenous Latin America in the Twenty-First Century*. Washington, DC: World Bank. License: Creative Commons Attribution CC BY 3.0 IGO.

¹³ IDB. 2020. *The Inequality Crisis: Latin America and the Caribbean at the Crossroads*. Washington, DC: Inter-American Development Bank. Creative Commons IGO 3.0 Attribution-Noncommercial-NoDerivatives (CC-IGO BY-NC-ND 3.0 IGO).

commitment to promote development with identity of indigenous peoples, in line with the Indigenous Peoples Policy, in place since 2006. The UIS also targets this issue, along with the inclusion of vulnerable segments of the population such as African descendants, persons with disabilities, and LGTBQ+ individuals.

- 2.26. **The IDB's Diversity Action Plan (DAP)** promotes an IDB-wide effort that includes development with identity and social inclusion as a core component of the operations and analytical work the IDB supports. The first DAP, that covers the 2019-2021 period, collects information to serve as inputs for policy design and decision making, and helps create a common understanding of diversity. The first DAP includes actions to support the development with identity of indigenous peoples and the social inclusion of: African descendants, persons with disabilities (PWD) and LGTBQ+ individuals in LAC countries. These population groups have unique identities and characteristics vis-a-vis the dominant culture and, together, they account for around 40% of the region's population. They also face several challenges related to exclusion, discrimination, and statistical invisibility, as well as having specific needs that shape the actions and interventions that are needed to promote their development with identity and inclusion.

4. Enhancing Institutional Capacity and the Rule of Law

- 2.27. Sustainability requires a long-term vision that considers the benefits provided by natural capital, social capital, and ecosystem services over long-term horizons. In this regard, the Bank supports countries in strengthening existing institutional and legal frameworks, through policy-based loans, investment projects, and technical assistance, so that institutional, legal, and regulatory frameworks related to environmental and social issues operate efficiently and effectively. The quality of these frameworks, the involvement of civil society and the availability of timely and high-quality environmental information enhances sustainability. Moreover, integrating environmental considerations into sectoral policies and across levels of governance is essential to bridge tensions between environmental and economic targets. This work is laid out in the IDB's Strategy for Strengthening and Use of Country Systems which, for institutional, legal, and regulatory frameworks related to environmental and social issues, focuses on long-term strengthening and diagnostic exercises. The Strategy recognizes that unlike the central areas of public administration, such as budget, strategic planning and acquisitions, the systems for the protection of environmental and social issues are more complex and disaggregated, involving various topics, institutions, as well as laws, regulations, standards and procedures applicable at the national, sub-national and sectoral levels.
- 2.28. Addressing LAC's development challenges including climate change and environmental sustainability, gender equality and diversity, requires strengthening the capacity of the region's public sector to efficiently deliver public services, make available transparent environmental and social information, and enforce the rule of law. Public institutions also set policies essential for considering the environmental and social sustainability perspectives in their economic and social activities and can provide incentives and remove barriers to sustainable development. Thus, building and strengthening institutions and policies play a central role in fostering a more sustainable, effective, open and citizen-centered public sector.

- 2.29. The IDB is well-positioned to be the partner of choice for LAC in scaling up sustainability efforts. The IDB considers that investments in well-designed institutional, legal, and regulatory frameworks related to environmental and social issues are cost-effective interventions with long-term benefits. Efforts to strengthen LAC institutional capacity, and hence citizen trust in governments and government responsiveness to citizens' needs and demands, are increasingly incorporating social and environmental considerations in public policy reforms as well as service delivery and policy implementation. Areas of intervention of these institutional development initiatives include public procurement, fiscal policy and management, sustainable public investment, and citizen security and justice, as well as green and inclusive innovation, economic empowerment, and digital and financial inclusion of women and other vulnerable groups.

III. IDB'S LESSONS LEARNED ON ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

A. Results of the Audit Report on Mainstreaming

- 3.1. In 2020, the Office of the Executive Auditor conducted two audits on the processes to identify, mainstream, monitor, and report **gender and climate change**, respectively, during the IDB sovereign guaranteed project lifecycle. Below, we present a summary of their main findings and recommendations.
- 3.2. **Country dialogue should continue to be informed by systematic assessments of gender and climate change and more effectively translate them into action.** Although 90% of the Country Development Challenges (CDCs), 18 of 20, addressed gender issues through analysis and policy recommendations during 2017-19, only 63% of the CSs included a gender perspective. Inadequate country-level data and lack of country interest on gender issues was identified by IDB staff as the main obstacle limiting gender mainstreaming. The audit noted that GDI does not have a formal role to review gender alignment in the QRR of the CSs. In the case of climate change, all CSs approved since 2016 meet the current IDB criteria for climate change mainstreaming;¹⁴ however, only 54% of the CS approved between 2016 and 2018 consider the country's official climate change-related commitments.
- 3.3. **Systematic screening of the project pipeline and technical support to project teams are instrumental to seize most opportunities to mainstream gender and climate change.** The audits found several positive aspects of the implementation of the CCAP and the GAP. Between 2017 and 2018, the percentage of SG loans with Gender Strategic Alignment (GSA) tripled, moving from 19% to 60%, in part because the GSA criteria changed to be more flexible, but also because there is a process, carried out jointly between the Gender and Diversity Division (GDI) and all VPS divisions, to screen 100% of the project pipeline to identify gender mainstreaming opportunities and needs for technical assistance early in the year that is updated mid-year. In 2017, the IDB began scanning its operational pipeline to flag climate-related risks and opportunities to project teams early in the project cycle, reaching an average of 53% of operations aligned with

¹⁴ The criteria are: (i) climate change is considered in the Country Development Challenges (CDC); (ii) climate change solutions are proposed for at least two sectors in the CS; and (iii) the CS results matrix includes at least one climate change indicator.

climate change in the 2016-2020 period. This process differs from other aspects of sustainability, for which the screening is not systematic.

- 3.4. **The project cycle should include checking points from the beginning to review alignment and catch “missed” opportunities.** In addition to a systematic screening process, the Bank must implement a series of checking points throughout the project cycle to consider the gender and climate change perspectives in all operations. This process is being implemented by GDI, in the areas of gender and diversity, in 2020.
- 3.5. **Offering guidelines and internal training on how to mainstream gender and climate change in IDB operations can improve supervision, monitoring and reporting of mainstreaming activities at closure.** Given that the design and implementation of sustainable solutions is a shared responsibility among departments, the Bank should focus on increasing training and capacity building activities to focal points, environment and social sustainability specialists, project team leaders, chief of operations, and country representatives on mainstreaming opportunities. There is also the need to improve the disaggregation of project beneficiaries. In the case of Climate Change, mainstreaming during project preparation and approval has improved significantly with online activities,¹⁵ however, there are opportunities to strengthen the capacity during project monitoring and supervision.
- 3.6. **The current COVID-19 context may reduce the demand of direct interventions on environmental and social sustainability aspects, and it may also impact the execution of the current aligned portfolio.** The Bank should analyze the impact of COVID-19 through an assessment of a sample of the portfolio in execution that is strategically aligned to gender and climate change, to verify if the activities initially designed remain prioritized and are implemented.

B. Additional lessons learned from current Action Plans

- 3.7. **There is still room for improving the mainstreaming of sustainability aspects in CSs.** Reports in the implementation of the DAP (2019), the GAP (2017-2019), and the CCAP (2016-2020) have found that although in many cases CSs mention cross-cutting issues, they do not include them in the socioeconomic context, nor in the strategic/priority areas of the CS. As the quality and quantity of analysis is strengthened, it is expected that the dialogue will be better informed for a sound inclusion of the three dimensions of sustainable development.
- 3.8. **More country-level data and baseline information can facilitate the mainstreaming of social aspects.** Both the GAP and the DAP reports found that lack of information is a key barrier at the entrance in country strategies and individual operations. There is a

¹⁵ A capacity building program that has reached over 600 IDB employees each year between 2016 and 2019 on topics such as green procurement and green buildings. Project teams are also offered operational guidance and engage in climate finance estimation. IDB staff can also access a video-based course in IDB's Onboarding program that introduces IDB's Climate Change agenda and processes for mainstreaming. The “The ABC of Climate Change at IDB: Meeting Institutional Commitments” course is open to all members of the Bank and available through the KIC website. Over 80% of team leaders that took the course and were surveyed in 2019 said that they have increased their understanding of climate change compared to 2016.

persistent need to generate and disseminate more sector-specific data and baseline information to address this gap.

- 3.9. **Placing more personnel with environmental and social sustainability expertise in country offices can provide greater support for project execution and increase interactions with country counterparts.** Having staff with sustainability-related expertise present in country is essential for driving the agenda and strengthening the dialogue with sectoral ministries.
- 3.10. **Time constraints could deter mainstreaming efforts at the preparation stage.** Incorporating environmental and social sustainability issues can be time consuming and complex tasks for project teams. This is particularly relevant in the current COVID-19 context when more technical support may be needed to incorporate sustainability aspects in IDB’s response to the crisis.
- 3.11. **Investing in capacity building for counterparts can increase demand for mainstreaming sustainability.** Engaging governments on key policy issues, sharing knowledge, and concentrating on upstream actions in the operational cycle builds country capacity and demand that is aligned to countries’ long-term priorities. Furthermore, providing training activities to personnel in project executing units can increase their capacity to carry out sustainability activities as planned, and improve outcomes for all beneficiaries.

IV. MAINSTREAMING ACTION PLAN FOR ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

- 4.1. The Mainstreaming Action Plan reflects IDB’s vision and commitment to environmental and social sustainability, as stated in the UIS and in the IDB Group’s 2020-2023 Corporate Results Framework. The Mainstreaming Action Plan is an “umbrella” instrument. It presents processes and expected outputs of mainstreaming environmental and social sustainability at the IDB.
- 4.2. The Mainstreaming Action Plan’s activities are aligned with the UIS cross-cutting issues of “gender equality, diversity, and inclusion”, “climate change and environmental sustainability” and “institutional capacity and the rule of law”, and will report to the CRF 2020-2023, accordingly (see Table 1).

Table 1. Mainstreaming topics according to UIS challenges

Gender equality and diversity		Climate change and environmental sustainability	Institutional Capacity and Rule of Law
Diversity	Gender equality	Environment/Natural Capital (e.g., biodiversity, ecosystem services, circular economy)	Institutional, legal, and regulatory frameworks related to environmental and social issues
	Development with identity of Indigenous Peoples		
	Inclusion of diverse populations, such as African descendants, persons with disabilities and LGBTQ+	Climate change (mitigation and adaptation)	
		Disaster risk management	

- 4.3. The activities of the Plan also contribute to the region’s development challenges, particularly in reducing poverty and income inequality. Activities on climate change and

disaster risk management are poverty reducing actions that result in less income inequalities¹⁶ due to the disproportionate effect of these challenges on the poor and vulnerable populations, who have less resilience and recovery capacity.¹⁷ Furthermore, gender and diversity inequalities can diminish trust and social cohesion and contribute to the perpetuation of poverty.¹⁸ Therefore, actions towards gender equality and diversity contribute to poverty reduction, higher levels of human capital for future generations, and more effective public investments. The activities of the plan will promote co-benefits related to reduction of poverty and income inequality in the region.

- 4.4. Despite remarkable gains with the implementation of the climate change, gender equality and diversity action plans over the past years (see Annex IV – where we are so far), IDB's mainstreaming action could benefit from a more coordinated approach, where potential synergies among opportunities in all dimensions of sustainability can be identified, and seized upon.
- 4.5. The Mainstreaming Action Plan is not meant to replace but rather to facilitate and help to further advance the implementation of existing thematic action plans. Under this Plan, VPS will also coordinate the development of two new action plans on environmental sustainability (natural capital) and disaster risk management. The Mainstreaming Action Plan will generate additional value to the thematic action plans by:
 - (i) **Standardizing, for all aspects of sustainability, current practices, implemented by GDI and CCS, of systematically assessing countries' environmental and social aspects to inform country dialogue, and screening the pipeline to identify sustainability opportunities.** This standardization of processes for all the thematic areas will provide a cohesive approach to achieve: (i) greater coordination among VPS and VPC on prioritizing challenges and opportunities to ensure the inclusion of sustainability in the dialogue and programming; and (ii) the identification of synergies among environmental and social opportunities to develop integrated solutions. Having a uniform process also creates efficiencies, as project teams can have a better understanding of what is expected, from the sustainability perspective, in the preparation and supervision of IDB operations.
 - (ii) **Providing institutional support to mainstreaming sustainability throughout the project cycle.** As the sustainability perspective is incorporated in the checkpoints made by VPS throughout the project cycle, project teams, and divisions responsible for supporting mainstreaming activities, will have a formal mechanism to propel their sustainability proposals and make sure there are no missed opportunities. In addition, VPS will analyze mechanisms to systematically include sustainability related indicators at the project level, formally review all IDB operations to promote more disaggregation of data, and implement greater capacity building efforts to facilitate the monitoring of environmental and social

¹⁶ Hallegatte, S., A. Vogt-Schilb, M. Bangalore, y J. Rozenberg. (2017). "Unbreakable. Building the Resilience of the Poor in the Face of Natural Disasters." World Bank, Washington, DC.

¹⁷ Gentle, P., R. Thwaites, D. Race, y K. Alexander. (2014). "Differential Impacts of Climate Change on Communities in the Middle Hills Region of Nepal." *Natural Hazards* 74: 815–36. doi:10.1007/ s11069-014-1218-0. Guerrero, R. (2013). "Essays in Climate and Development." Massachusetts Institute of Technology, Cambridge, MA.

¹⁸ UNDP (2019). The 2019 Human Development Report. New York, NY. Accessed on September 9th 2020 in: <http://hdr.undp.org/sites/default/files/hdr2019.pdf>

outcomes during execution. Finally, VPS will consolidate reporting efforts, which will serve as a repository of lessons learned and provide further visibility to IDB's mainstreaming work inside and outside the Bank.

- (iii) **Promoting sustainability aspects beyond the project cycle.** The Bank will promote the inclusion of sustainability aspects in national planning, where Ministries of Finance can assure that strategic management is linked to fiscal priority setting, national expenditure and revenue generation. This task will be developed through country dialogue, the generation of more country-specific knowledge, and the application of tools aimed at transforming the way that countries conceive and plan their development strategies. By focusing on the upstream, beyond mainstreaming sustainability through IDB's interventions, the Bank can create a virtuous cycle which develops more interest in setting a sustainable agenda with LAC countries.

- 4.6. The Mainstreaming Action Plan is presented in five sections: Section A explains the thematic and cross-cutting lines of action. Section B presents the Action Plan's activities in Country Dialogue, strategies, and programming to integrate sustainability at the upstream level. Section C presents the measures to incorporate a sustainability perspective in IDB's operations, both in preparation and execution. Section D presents the knowledge and capacity building agenda, and Section E presents how the Bank will proactively mobilize resources for sustainability.

A. Thematic and Cross-Cutting Lines of Action

- 4.7. The Bank will continue offering operations (loans, investment grants, and technical cooperation (TC) projects) and knowledge products that have the environmental and social sustainability perspective or that directly support one or more of its dimensions. The topics covered under the Mainstreaming Action Plan are structured in two: (i) thematic priorities, defined under each specific action plan; and (ii) cross-cutting issues on institutional, legal, and regulatory frameworks related to environmental and social issues, sustainable infrastructure and data disaggregation. To promote a more systematic and complete integration of the dimensions of environmental and social sustainability in IDB sector activities, the IDB will develop two new thematic action plans focused on Disaster Risk Management and Natural Capital.
- 4.8. **Thematic Lines of Action.** The Mainstreaming Action Plan will follow the thematic priority actions of each of the Action Plans in effect or in the process of being updated (climate change 2021-2025, gender 2020-2021, and diversity 2019-2021),¹⁹ as well as those of the two new thematic action plans in Natural Capital and Disaster Risk Management.
 - (i) **The IDBG's Climate Change Action Plan (CCAP) 2021-2025**, to be approved in the second semester of 2020, will follow a shared approach among MDBs, working in the following areas: (1) provide policy support; (2) align operations with mitigation and temperature goals; (3) align operations with climate-resilient development pathways; (4) accelerate contributions to the transition through climate finance; (5) report; and (6) align internal activities. The CCAP 2021-2025 will include actions aimed at helping countries and clients meet their Nationally Determined

¹⁹ The gender and diversity action plans will be updated in 2021 under the Mainstreaming Action Plan.

Contributions (NDCs) and design and implement long-term low GHG emission development strategies (LTSs). Notably, climate action during this period will be inextricably linked to the response to COVID-19. Considering this context, as part of its annual progress briefings on the CCAP 2021-2025, the IDBG will identify annual priority actions to help member countries build a better future and allow the plan to remain relevant amidst shifting country and client demand.

- (ii) **Natural Capital Action Plan (new).** The Natural Capital Action Plan will prioritize two dimensions: (i) mainstreaming the enhancement of natural capital in sectors and infrastructure investments; and (ii) developing and implementing innovative instruments and financial mechanisms that promote an astute management of natural capital as one of the great riches of the LAC region. The former dimension includes critical initiatives, including, among others, one focused on the Amazon region, to promote more sustainable land uses, approaches to development, and the application of nature-based solutions. The latter dimension includes natural capital assessments and accountability, with a scaling up of IDB's work in Integrated Economic-Environmental Modelling Platform²⁰ and innovative solutions accelerated by the IDBG's Natural Capital Lab.
- (iii) **Disaster Risk Management Action Plan (new).** In alignment with The Sendai Framework for Disaster Risk reduction 2015-2030, the Disaster Risk Management Action Plan will focus on generating and transferring actionable disaster risk knowledge and developing instruments and financial mechanisms to: (1) understand, measure and analyze disaster risk; (2) strengthen disaster risk governance to manage disaster risk; (3) invest in disaster risk reduction and integrate resilience in public and private investment; and (4) enhance disaster preparedness for an effective response to build back better in the recovery.
- (iv) **Gender Action Plan (GAP) 2019-2021,** to be approved in the second semester of 2020. The specific lines of action for the update of the GAP for 2020-2021 fall under the following thematic areas: (i) women's economic opportunities and productivity; (ii) women's human capital development; (iii) violence against women and girls; (iv) sexual and reproductive health; (v) gendered adaptation of public services; (vi) strengthening institutional capacity to address gender equality; (vii) women's leadership and participation; (viii) gender-specific responses to the COVID-19 pandemic and to the economic recovery; (ix) masculinities and the inclusion of boys and men; and (x) human trafficking.
- (v) **Diversity Action Plan 2020-2021.** The first DAP (2020-2021) includes five strategic lines of action to support the development of identity and/or social inclusion of indigenous peoples, African descendants, PWD and LGBTQ+ individuals in LAC countries: (i) agenda setting; (ii) mainstreaming; (iii) direct investment; (iv) knowledge and dissemination; and (v) technological innovation. The thematic lines of actions proposed in the Gender and Diversity Sector Framework Document are: (i) improve the living conditions of indigenous peoples and Afro-descendants

²⁰ The IEEM is based on a dynamic computable general equilibrium model integrating environmental data organized under the System of Environmental Economic Accounting (SEEA). IEEM provides powerful insights to decision-makers in how to prioritize actions relevant to achieving the Sustainable Development Goals and green growth.

by expanding access to quality public services; (ii) support the economic empowerment of indigenous peoples and Afro-descendants through partnership-based production initiatives and access to higher-quality jobs in the formal sector; and (iii) strengthen the governance of indigenous peoples and Afro-descendants through sustainable management of their lands and natural resources, knowledge recovery, and the strengthening of traditional authorities. The DAP also places an emphasis on the role of analytical work to identify evidence-based policy actions to support the development with identity and inclusion of all four diverse groups.

4.9. **Cross-cutting Lines of Action.** The following cross-cutting lines of action will also guide the operational work of the Bank in this regard:

- (i) **Institutional, legal, and regulatory frameworks and direct interventions.** VPS departments in coordination with VPC will promote activities aimed at strengthening and improving the performance of institutional, legal, and regulatory frameworks related to environmental and social issues at the national, sub-national and sectoral levels through direct interventions and technical assistance. VPS departments will also work in direct interventions that focus on specific aspects of environmental and social sustainability. In addition to government agencies and entities from the environmental and social policy arenas, efforts could further encompass other actors such as Ministries of Finance, sectoral ministries the judicial, and innovation agencies. The implementation of these activities will be the result of the Bank's dialogue with the country and will be reflected in the Country Strategy and other strategic planning documents of the Bank. The Bank will continue mainstreaming these issues in its response to the COVID-19 crisis and working upstream to provide sector and country-specific data to inform the Bank's dialogue with countries in this regard, in consistency with the IDBG strategic framework for the programming cycle 2021-2022.
- (ii) **Sustainable Infrastructure Framework.** From 2020 onwards, the Sustainable Infrastructure Framework will continue to be adapted, and used to guide the IDBG's approach—not only going beyond promoting a wide range of sustainability considerations in our projects, but supporting countries' efforts to generate economic growth opportunities from sustainable projects and initiatives. Given LAC's urbanized nature, opportunities will be sought to devise integrated solutions that tackle constraints to sustainable growth of emerging cities—quality of urban services, strengthen citizen security, environmental protection, natural resources management, and climate change mitigation and adaptation through sustainability assessments, regulatory reforms, and better planning decisions. The Sustainable Infrastructure Framework will also promote public-private partnerships, which might be relevant to finance sustainable infrastructure in a fiscally constrained context.
- (iii) **Disaggregated Data.** VPS will promote the collection of disaggregated information on IDB contributions to development results (CRF's Level 2 indicators) where feasible. To achieve this, VPS will conduct a formal review at the project design stage to analyze the feasibility to disaggregate project indicators. In accordance with the CRF 2020-2023, the priority disaggregation options for Level 2 indicators include: (i) sex; (ii) indigenous peoples; (iii) African descendants; and (iv) climate-related disaggregation to report on what portion of the total results reported support climate

change mitigation and/or adaptation activities. VPS will also analyze other types of disaggregation where there is the need to report more nuanced information. In addition, VPS departments will promote strengthening the ability of national statistic agencies to collect disaggregated data.

B. Country dialogue, strategies & programming

- 4.10. There are two key challenges that the Bank seeks to tackle to incorporate environmental and social sustainability perspectives in IDB's work. On the one hand, recognizing not only the importance of environmental and social aspects, but also the interaction between them, as considered in the Sustainable Infrastructure Framework (2.22). And on the other hand, the need to start upstream and beyond the realm of IDB-funded interventions, to achieve a "trickle down" effect on the way countries plan and execute their investments. To help meet these challenges, and to incentivize country demand for IDB and IDB Lab support on these issues, the Mainstreaming Action Plan presents a coordinated approach of the environmental and social aspects of sustainability, and has a heavy focus on upstreaming activities aimed at incorporating them in the development processes of LAC countries. These activities include: (i) generating country diagnostic assessments that inform Country Strategies (CSs); (ii) promoting sustainability in national planning with Ministries of Finance or equivalent entities; (iii) promoting sustainable and inclusive recovery pathways post COVID-19 and any other future shock; (iv) policy dialogues and high-level meetings on sustainability issues, including interactions between horizontal inequalities and poverty;²¹ (v) ensuring continuous dialogue and providing capacity building to our clients; and (vi) developing IDB Lab early-stages solutions to ignite environmental and social perspectives. The implementation of these activities requires a close collaboration among VPS and VPC departments, including the country offices.
- 4.11. **Multidimensional country diagnostic assessment.** The IDB will actively promote the consideration of environmental and social dimensions during early dialogue with countries and at the programming stage. For that, VPS departments will systematically conduct country diagnostic assessments of multiple dimensions of sustainability to inform dialogue with countries. The diagnostic assessment aims to identify a country's main challenges to inclusive and sustainable development. Many of these problems can be intrinsically related and have simultaneous impacts. The assessments will make these links explicit whenever possible but, for ease of exposition, will present the challenges by the cross-cutting categories of the UIS (see Table 1). The assessments will be timed to feed Country Development Challenges documents and their results will be incorporated in Country Strategies, when agreed with the country's government and consistent with its priorities. The IDB will promote the inclusion of environmental and social sustainability indicators in Country Strategies, when appropriate. VPS will coordinate this input with the network of champions and the inter-departmental working groups.
- 4.12. **Promoting sustainability in national planning.** VPS departments in coordination with VPC will promote activities aimed at strengthening the institutional capacity of the region's Ministries of Finance for the mainstreaming of sustainability actions within fiscal policies and management systems, considering the demand and fiscal context of each country.

²¹ Horizontal inequalities refer to disparities among groups and could occur due to differences in race, ethnicity, gender, among other characteristics.

Areas of intervention include, among others: (i) application of the Integrated Economic-Environmental Modelling Platform (IEEM) to evaluate strategies to achieve the sustainable development goals; (ii) measuring the impact of extreme natural events on fiscal sustainability; (iii) identification, tracking, monitoring and evaluation of public expenditures on disaster resilience and climate change, gender equality, and diversity issues; (iv) identifying resilience governance gaps at the national level planning through the iGOPP, and promoting best practices to fill in these gaps, for instance, in the incorporation of resiliency considerations on public investment management; (v) promote the use of environmental taxes in the region; (vi) setting sustainable infrastructure criteria to guide public and private partnerships; (vii) establishing green procurement and acquisition policies based on the principle of “value for money”; and (viii) promoting a better articulation between fiscal policy and climate change. These activities are novel in the region and have a high impact potential on sustainability action on fiscal management and policies. The implementation of these activities will be the result of the Bank’s dialogue with the country and will be reflected in the Country Strategy and other strategic planning documents of the Bank.

- 4.13. **Sustainable and inclusive recovery pathways.** The current COVID-19 crisis has shifted priorities globally to respond to the effects of the pandemic. This may result in a decreased demand for direct interventions on environmental and social issues to accommodate the immediate, urgent needs of IDB borrowing member countries. However, the situation presents an imperative need for countries to embark on sustainable pathways, as they move from crisis response to recovery. Governments need to focus on areas in which the COVID-19 recovery and decarbonization priorities are best aligned, while ensuring an equitable recovery. The IDB and the IDB Lab will identify these alternatives from the dialogue stage onwards. The IDB and IDB Lab will help LAC countries identify options to enable a clean, inclusive, and resilient recovery from the COVID-19 pandemic and subsequent economic downturn, minimizing trade-offs between economic recovery and environmental and social sustainability. This applies also to other shocks, like natural disasters, that may occur during the lifespan of the Mainstreaming Action Plan. To this end, the IDB and IDB Lab will provide analytical work on possible stimulus policies that consider environmental and social focused alternatives. These include, among others, sustainable infrastructure investment and nature-based solutions, green jobs and training,²² natural capital investment for ecosystem resilience and regeneration, green innovation, circular economy, fiscal policies, and sustainable agriculture. In this task, the IDB will also pay attention to generating co-benefits by reallocating fiscal means to help vulnerable segments of the population, including women, indigenous peoples, African descendants and persons with disabilities, and migrants.
- 4.14. **Continuous dialogue.** The IDB will explore ways to increase field presence of environmental and social sustainability staff to maintain a closer and continuous dialogue with countries. This can be achieved by relocating specialists and/or by using local consultants. Assigning specialists to country offices will depend on business needs, available resources for relocation, and restrictions on relocations due to COVID-19. Priority locations for future staff are the IDBG hubs in Argentina, Colombia, Jamaica, and Panama.

²² Particularly for the young, who are disproportionately affected by labor negative impacts of the crisis.

- 4.15. **Regional policy dialogues.** The IDB will continue to promote the discussion on how to integrate environmental and social sustainability to sectors. Therefore, VPS departments will ensure all Regional Policy Dialogues (RPD) are developed with this environmental and social perspective.
- 4.16. **IDB Lab's early-stage solutions.** The IDB Lab will deploy initiatives to accelerate the development of early-stage solutions, through pilots, complementing Bank operations, and/or promoting knowledge creation for gender, environment, and climate action.

C. Integrating Sustainability in IDB's Operations

- 4.17. Mainstreaming is a task that requires the involvement of all sectors at the IDB. VPS will formalize processes throughout the project cycle, including during execution, that help all parties to identify and integrate environmental and social opportunities into IDB's operations. These include: (i) a systematic and coordinated pipeline screening; (ii) checkpoints throughout the project cycle to "catch" new or missed opportunities during screening; and (iii) support during supervision, including technical assistance to support executing agencies, and a systematic reporting of environmental and social results in supervision documents.
- 4.18. **Pipeline screening.** Consolidating and expanding the current practice in gender and climate change, VPS, in coordination with VPC and all VPS divisions, will conduct a systematic and coordinated screening of the biannual pipeline early each year to identify environmental and social sustainability opportunities. The exercise will be updated mid-year to adjust for pipeline fluctuations. The IDB Lab conducts annually screening of 100% of its operations to ascertain their potential for mainstreaming, beginning with the review of the project pitch by the IDB Lab Eligibility Committee.
- 4.19. **Checkpoints during project cycle – preparation.** VPS' participation in in all instances of the project cycle will guarantee there are no missed opportunities for integrating environmental and social sustainability and will identify new opportunities that arise from project changes. This task will be performed with the focal points from VPS divisions responsible for mainstreaming.
- 4.20. **Supervising sustainability: support during execution and closure.** To improve the supervision and monitoring of environmental and social indicators, the IDB will continue assigning dedicated technical assistance resources to support executing agencies in achieving and reporting on environmental and social goals in IDB-financed operations. These resources will come from the Ordinary Capital Strategic Development Programs, and Donor Trust Funds resources eligible for this purpose, and will be monitored by GCM and ORP.
- 4.21. In addition, VPS will encourage the systematic reporting of environmental and social indicators in project monitoring reports (PMRs), and Project Completion Reports (PCRs), as well as in the Technical Cooperation Monitoring and Reporting module. VPS will work with SPD to develop guidance tools for project teams to manage and report environmental and social sustainability indicators during execution and closure.

D. Knowledge Products and Capacity Building

4.22. **Analytical work on environmental and social sustainability.** The IDB will continue generating knowledge in the areas of climate change, environmental sustainability, disaster risk management, gender, and diversity. The IDB will prioritize analytical work that: (i) generates evidence on sustainable recovery pathways; (ii) explores what synergies, trade-offs, and overlapping vulnerabilities exist among these issues and the condition of poverty; (iii) analyzes institutional, legal, and regulatory frameworks related to environmental and social issues in LAC countries; and (iv) supports the disaggregation of data. The IDB will use inhouse expertise, research and dissemination technical assistance resources, economic sector work (ESW), and widely disseminate its work among IDB personnel, government entities, civil society, and other strategic partners.

1. Capacity Building

4.23. **Internal Capacity Building.** The IDB will conduct training for IDB personnel to better understand how to incorporate the environmental and social sustainability perspective in sectors and the tools available to do so. To this end, VPS divisions in coordination with KIC will: (i) expand the delivery of “ABC” online courses²³ to all the thematic areas under the Mainstreaming Action Plan, using the example of the climate change course; and (ii) deliver targeted online sessions to Country Offices, including Country Representatives and Chiefs of Operations, on how to assess sustainability opportunities in IDB operations. Furthermore, VPS divisions will continue to collaborate in deploying online learning events aimed at improving sector-specific knowledge on addressing environmental and social sustainability in operations. These events will share lessons learned of good mainstreaming practices in IDB operations, with a focus on the COVID-19 response.

4.24. **Capacity building to the Region.** The IDB will devote resources to building the capacity of governments and executing agencies in planning and implementing sustainable and inclusive development pathways. To this end, the IDB will offer capacity building programs and material to governments entities that provide tools and knowledge on targeted themes under the lines of action of the Mainstreaming Action Plan. Given the current context, the capacity building with a format of live online courses and tailored training modules.²⁴ This training will be skewed towards C/D countries.²⁵ VPS departments and KIC will be responsible for the delivery of these activities.

E. Resource Mobilization & Sustainable Finance

4.25. In 2019, the IDBG mobilized US\$324.8 million from partners for activities related to environmental and social sustainability, around 7% of the total resources mobilized. The IDB recognizes the importance of deepening coordination and proactively engaging with donor. VPS will work with ORP in forging and maintaining strategic partnerships that can help advance the sustainability agenda.

²³ The ABC courses will also be available to members of the IDB Board of Directors.

²⁴ In some cases, and if the situation allows it, the capacity building events may be “in person”, only if there are associated benefits to this type of format.

²⁵ This may not be the case for diversity issues, for instance in areas such as opportunities for African descendants.

- 4.26. In addition, the IDB will set an annual goal of the percentage of TC resources allocated²⁶ to the cross-cutting challenges of climate change and environmental sustainability and gender and diversity. In 2019, 57% of the total approvals of TCs were aligned with environmental sustainability, and 38% with gender and diversity.
- 4.27. As of July 17, 2020, the IDB has issued 21 Sustainable Development Bonds (SDB) totaling US\$8 billion. These transactions demonstrate the commitment of a global investor base to the IDB's strategic priorities and rigorous sustainability framework. The net proceeds from the SDBs are included in the ordinary capital resources of the IDB, allowing to finance more sustainable and inclusive interventions. The IDB will monitor and report IDB's SDB issuances and it will incorporate in its reporting specific aspects of interest to investors, to signal IDB's commitment to sustainable development.

V. MAINSTREAMING COORDINATION

- 5.1. Even with established mandates and available instruments to mainstream environmental and social sustainability, the greatest challenge to achieve an effective mainstreaming is to manage the tensions of the economic, social, and environmental dimensions of development. This challenge requires both solid technical expertise from IDB environmental and social specialists, as well as awareness and understanding of those said dimensions of both IDB personnel and counterparts in countries.
- 5.2. To help meet this challenge, the IDB has established institutional arrangements for environmental and social sustainability that facilitate the transfer of knowledge and the development of sustainable and inclusive solutions. These institutional arrangements are built from an already good network of champions and interdepartmental groups²⁷ working to mainstream environmental and social sustainability. The GDI and CCS divisions, in coordination with the sectoral divisions, have a track record in this work, upon which these arrangements will be empowered to improve and expand it.
- 5.3. As of July 2020, the Vice Presidency for Sectors and Knowledge (VPS) includes a sustainability advisor in its front office who coordinates with this network of sector champions in VPS operational departments, interdepartmental working groups, and other IDB departments to implement the Mainstreaming Action Plan and bolster specific thematic agendas on environmental and social sustainability (see Annex III). Furthermore, mainstreaming environmental and social sustainability is not possible without a strong commitment to incorporate this perspective in our dialogue with countries. Therefore, the Vice Presidency for Countries (VPC) departments and country offices are key players in IDB's mainstreaming efforts. VPS and VPC coordinate to ensure that, from the early programming stage, the IDB is ready to inform the country dialogue with diagnostic assessments, knowledge, and evidence on the efficacy of sustainable solutions in development. VPS also coordinates with IDB Lab and IDB Invest, the private sector arm of the IDB Group, activities related to cross-fertilization of learned lessons and strategic alliances on sustainability.
- 5.4. Furthermore, other IDB departments are also relevant in carrying this agenda forward, such as the Office of Strategic Planning and Development Effectiveness (SPD) in the

²⁶ This includes both OC and Donor resources.

²⁷ Some of the groups listed in Annex I are being proposed under the CCAP 2021-2025.

monitoring of related CRF's indicators; the Knowledge, Innovation and Communication (VPS/KIC) in developing learning resources for IDB staff and external audiences; the Office of Outreach and Partnerships (ORP) department in mobilizing resources to support the sustainability agenda; the Department of Research and Chief Economist (RES/RES) in partnering with VPS departments to develop applicable knowledge in sustainability; and the Information and Technology Department (ITE) in providing technological solutions to ensure the digital delivery of Action Plan's activities. Finally, the Environmental and Social Solutions Unit (VPS/ESG), who, in designing and supervising solutions to manage environmental and social risks in IDB operations, jointly with the Environmental and Social Risk Unit (RMG/ESR) who oversees those risks in the overall portfolio, may identify potential mainstreaming opportunities and convey them to the Sustainability Advisor.

VI. REPORTING AND IMPLEMENTATION

- 6.1. The Results Matrix, presented in Part VII, proposes a set of indicators to monitor the implementation and results of the Mainstreaming Action Plan 2021-2022. The Results Matrix focuses on IDBG Performance indicators under the CRF 2020–2023 and with complementary indicators for monitoring purposes only. CRF Regional Context and IDB Group Contributions to Development Results are reported directly through the CRF and specific thematic action plans.
- 6.2. Project-level indicators are disaggregated by theme and/or diverse groups. To ensure the correct reporting on this disaggregation, VPS will work with ITE in exploring how to flag indicators by topic and be able to track them from the preparation to closure.
- 6.3. The IDB will report the results of the Mainstreaming Action Plan, annually. To this end, it will expand the existing sustainability report to incorporate the social dimension of sustainability. The IDB will present a progress briefing of these results to the IDB's Policy and Evaluation Committee of the Board.
- 6.4. The IDB is taking administrative austerity measures to adapt to the current economic conditions. Therefore, VPS will make use of existing budgetary and technical cooperation resources for the implementation of the Mainstreaming Action Plan during the period 2021-2022. Based on the lessons learned during the execution of the Mainstreaming Action Plan 2021-2022, the scope of its next update will be dimensioned, as well as the resources necessary to achieve its targets.

VII. RESULTS MATRIX

Objective	Area	Indicators	Baseline	Baseline Year	Target	Unit	Target Year	Disaggregation	Indicators' source	
Promote more opportunities for integrating environmental and social sustainability dimensions in dialogue with countries.	Programming and Country Strategies	% of CDCs that incorporate environmental and social sustainability analysis and policy recommendations	n/a	2020	100	%			Mainstreaming Action Plan	
		% of Country Strategies approved that include:	(i) environment-related results indicators, (ii) analysis of environmental issues, and (iii) policy actions to strengthen environmental governance	n/a	n/a	TBD	%	2021-2022		Natural Capital Action Plan (new)
			gender equality	63	2017-2019	80	%	2020-2021		Gender Action Plan
			(i) diversity-related results indicators, (ii) analysis of diversity issues, and (iii) policy actions to address diversity	8	2016-2018	25	%	2019-2021	Indigenous, African Descendants, PWD, LGBTQ+	Diversity Action Plan
			country's official commitments on climate	54	2016-2018	100	%	2020-2023		Climate Change Action Plan
			(i) disaster risk management-related indicators; (ii) disaster risk analysis; (iii) policy actions to strengthen disaster risk management governance and performance.	n/a	n/a	TBD	%	2021-2022		Disaster Risk Action Plan (new)
			% of Regional Policy Dialogues and/or High-level Meetings with Public and/or Private Sector Stakeholders that include an environmental or social sustainability perspective	n/a	n/a	100	%	2021-2022		transversal

Objective	Area	Indicators	Baseline	Baseline Year	Target	Unit	Target Year	Disaggregation	Indicators' source		
Integrate, formally and systematically, the dimensions of environmental and social sustainability as structural areas in IDB operations.	Promoting Sustainability in IDB's Operations	Projects (% of new approvals/commitments) supporting:	environment-related issues	29	2016-2019	TBD	%	TBD		Natural Capital Action Plan (new)	
			gender equality	IDB: 47	2017-2019	IDB: ≥70	%	2023	Sex	CRF and Gender Action Plan	
				IDB Lab: 27	2017-2018	IDB Lab: ≥60		2020-2023			
			diversity	IDB: 7	2016-2018	IDB: ≥20	%	2020-2023	Indigenous, African Descendants, PWD, LGTBQ+	CRF and Diversity Action Plan	
				IDB Lab: 8	2017-2018	IDB Lab: ≥20					
			climate change mitigation and/or adaptation	IDB:54	2016-2019	IDB: ≥ 65	%	2020-2023	Mitigation; Adaptation	CRF and Climate Change Action Plan	
				IDB Lab: 34	2016-2018	IDB Lab: ≥40					
			disaster risk management	n/a	n/a	TBD	%	TBD	Projects with mainstreamed DRM; Direct interventions (excluding contingent credit and financing protection); contingent credit loans and financing protection	Disaster Risk Action Plan (new)	
			Projects (% of new approvals/commitments) with beneficiaries indicators disaggregated by diverse groups	Sex	40	2017-2019	60	%	2020-2021		Gender Action Plan
				Indigenous	n/a	n/a	Monitor	%	2021-2022		Mainstreaming Action Plan
African Descendants	n/a	n/a		Monitor	%	2021-2022		Mainstreaming Action Plan			

Objective	Area	Indicators	Baseline	Baseline Year	Target	Unit	Target Year	Disaggregation	Indicators' source
Generate more knowledge and build capacity to mainstream sustainability	Knowledge products and capacity building	# of Ministries of Finance or equivalent that received capacity building activities or tools to mainstream environmental and social sustainability	n/a	2019	10	#	2021-2022		Mainstreaming Action Plan
		# of Online Courses or training modules to government agencies delivered	0	2019	5	#	2021-2022		Mainstreaming Action Plan
		# of Country Offices with completed training programs in environmental and social sustainability	0	2020	26	#	2021-2022	C/D countries	Mainstreaming Action Plan
Mobilize resources towards environmental and social sustainability		% of TC resources that are aligned to climate change and environmental sustainability	57	2019	60	%	2021-2022		Mainstreaming Action Plan
		% of TC resources that are aligned to gender and diversity	38	2019	40	%	2021-2022		Mainstreaming Action Plan
		Climate finance in IDB Group operations (% of approved/committed amount)	IDB: 25	2016-2018	≥30	%	2020-2023	Mitigation; Adaptation	Climate Change Action Plan
			IDB Lab: 28	2016-2018	≥30	%	2020-2023	Mitigation; Adaptation	Climate Change Action Plan

Complementary Indicators

Objective	Area	Indicators	Disaggregation	
Integrate, formally and systematically, the dimensions of environmental and social sustainability as structural areas in IDB operations.	Promoting Sustainability in IDB's Operations	%PMRs for projects reporting on results that were included in their results matrix in design and that are:	environment-related	
			gender-related	Sex, gender
			diversity-related	Indigenous, African Descendants, PWD, LGTBQ+
			climate change related	
			disaster risk management related	
		% of PCRs for projects reporting on results that were included in their results matrix in design and that are:	environment-related	
			gender-related	Sex
			diversity-related	Indigenous, African Descendants, PWD, LGTBQ+
			climate change related	
			disaster risk related	
		% of associated results included in project results matrices that are achieved during project execution	environment-related	
			gender-related	
diversity-related				
climate change related				
disaster risk management related				
Generate knowledge and build capacity to mainstream sustainability	Knowledge products and capacity building	Sustainable Development Bonds issued by the IDB (\$)	Sustainable Development Goals	
		% of regional hubs with environmental and social specialists	Environment; gender and diversity; resilience	
		# of Bank personnel trained in gauging environmental and social sustainability opportunities		

ANNEX I. CRF Indicators (Level 1 and 2)

Regional Context		
Gender Equality and Diversity	Baseline	Baseline Year
11. Global Gender Gap Index	0.72	2018
Climate Change and Environmental Sustainability		
12. CO2 emissions from fuel combustion (tons)	1.6 B	2016
13. Forest area as a proportion of total land area (%)	46.2	2016
14. Annual reported economic losses from natural disasters (\$)	4.6 B	2018

IDB Group Contributions to Development Results		
Gender Equality and Diversity	2016-2018 Results	Disaggregation
16. Women beneficiaries of economic empowerment initiatives (#)	461,299	Indigenous; African descendant
17. Countries with strengthened gender equality and diversity policy frameworks (#)	Unavailable*	
18. Targeted beneficiaries of public services that have been adapted for diverse groups (#)	Unavailable*	Indigenous; African descendant
Climate Change and Environmental Sustainability		
19. Emissions avoided (annual tons CO2 equivalent)	12,156,188	
20. Beneficiaries of enhanced disaster and climate change resilience (#)	Unavailable*	Sex Forest and forest dominated; Grasslands; Wetlands and freshwater systems; Coastal & marine; Other
21. Habitat that is sustainably managed using ecosystem-based approaches (hectares)	Unavailable*	
22. Installed power generation capacity from renewable sources (MW)	4,448	
23. Value of investments in resilient and/or low-carbon infrastructure (\$)	Unavailable*	Resilient; Low-carbon

*Results data for 2016-2018 is unavailable neither this indicator nor a closely related indicator was part of the previous CRF.

ANNEX II. Mainstreaming Directives in IDB’s Environmental and Social Policies

Policy	Summary of Mainstreaming Directives
<p>Environment and Safeguards Compliance Policy (OP-703)</p>	<p>The Bank, as requested by borrowing member countries, finances environmental and natural resources management components or activities across different sectors, with loans and technical assistance, beyond required environmental mitigation actions to increase value added and long-term sustainability. The Bank supports regional and transboundary environmental and natural resources management initiatives, including those addressing global and regional environmental public goods and services. Also, the Bank assists borrowing countries, at their request, to meet their agreed national obligations under ratified international environmental agreements. The Environment Policy also calls for including relevant indicators to track the Bank’s effectiveness in pursuing environmental goals as well as general country-level environmental performance. The Bank seeks to identify early-on potentially highly sensitive programs/projects or sectors considered for possible Bank financing in its operational programming documents to plan for possible courses of action to manage risk.</p>
<p>Disaster Risk Management Policy (OP-704)</p>	<p>The Bank follows a comprehensive approach with an emphasis on actions taken before a hazard results in a disaster rather than on post-disaster response. This approach, which seeks to make resilience and disaster risk management an integral part of governance, involves (i) risk analysis to identify the types and magnitude of potential impacts faced by member countries and that affect development investments; (ii) prevention and mitigation measures to address the structural and non-structural sources of vulnerability; (iii) financial protection to spread financial risks over time and among different actors; (iv) emergency preparedness to enhance a country’s readiness to cope quickly and effectively with an emergency; and (v) post-disaster rehabilitation and reconstruction to support effective recovery and to safeguard against future disasters (i.e. build back better). The Disaster Risk Policy establishes that the Bank will identify countries according to their level of risk to natural disasters based on existing indicators, such as IDB’s Index of Governance and Public Policy in Disaster Risk Management (iGOPP) and Risk Management Index (RMI), and Bank experience. For countries highly exposed and vulnerable to natural hazards, with weak governance conditions and low disaster risk management performance, the Bank conducts a country level comprehensive disaster risk assessment called Country Risk Profile. When these assessments identify that potentially important disruptions in the country’s social and economic development could be caused by disasters resulting from natural hazards, the Bank encourages the inclusion of disaster risk management activities in the country strategy and operational program agreed with the borrower. In order to provide timely assistance at different stages after a disaster, the Bank may employ special procedures for processing and reformulating loans to streamline preparation and expedite execution. The Disaster Risk Policy mandates that a significant share of the redirected funds or new investment is to be earmarked to build back better, i.e. to reduce vulnerability to future disasters and improve the country’s capacity for comprehensive disaster risk management.</p>
<p>Gender Equality in Development (OP-761)</p>	<p>The Bank supports its borrowing member countries in identifying financial operations whose primary objectives are to address strategic gender issues, generate knowledge to enhance value added in this area, and build institutional capacity. The Bank gives priority to direct investment in areas with a significant impact on gender equality and the empowerment of women, including equality in the labor market, addressing gaps in education that are increasingly affecting men, caring for persons (children, the ill, the disabled, or dependent older adults), social security reform, participation and leadership of women in decision-making, promotion of reproductive health, at-risk youth, and prevention of gender-based violence. The Bank also provides direct support through technical-cooperation operations for knowledge and capacity-building products. Lastly, the Bank seeks to have gender equality and the needs of women and men be heard and addressed in the design, implementation, monitoring, and evaluation of the Bank’s interventions. Therefore, the Bank actively seeks opportunities to mainstream the gender perspective in its operations</p>

	and incorporates actions to address gender inequalities and promote equal access to and the effective delivery of project benefits.
Indigenous Peoples Policy (OP-765)	<p>The Bank promotes the various facets of development with identity, as far as is feasible and appropriate. In particular: (i) improving the visibility and understanding of the challenges to indigenous development, in rural and urban contexts; (ii) developing socio-culturally appropriate solutions to increase the availability and quality of social services, particularly health and education; (iii) in the recognition, articulation, and implementation of indigenous rights; (iv) supporting indigenous culture, identity, language, traditional arts and techniques, cultural resources, and the intellectual property of indigenous peoples; (v) strengthening of titling and physical management processes for territories, lands, and natural resources and access to infrastructure; (vi) promotion of mechanisms for appropriate consultation, participation in natural resources management, and benefit sharing;²⁸ (vii) specific initiatives to implement socio-culturally appropriate project alternatives for better access by indigenous peoples to labor, production, and financial markets, technical assistance, and information technology; (viii) support for indigenous peoples governance; (ix) support for the participation and leadership by, and protection of women, the elderly, youth and children, and for the promotion of equal rights; (x) strengthening the institutional capacity of indigenous peoples, government entities, the private sector, civil society, and the Bank itself to address indigenous issues in all areas.</p>

²⁸ In natural resource management and extraction and protected area management projects.

ANNEX III. Interdepartmental Working Groups in Environmental and Social Sustainability

Working groups or Networks	Description	INE	IFD	INT	CSD	SCL	ESG	VPS	VPC	Others
Climate Change Agenda in countries (new)	This working group is proposed under the CCAP 2021-2025 to consider means of furthering the climate agenda in Country Development Challenges and Country Strategies, according to country needs.	✓	✓		✓			✓	✓	IDB Lab, IDB Invest
Climate Change issues in fiscal management	This working group aims to develop and implement a work program to prioritize climate change issues in fiscal management. A coordinated effort is needed in the policy dialogue with governments to emphasize the links between climate change, fiscal management, and social protection.		✓		✓	✓		✓		
Shock-responsive cash transfers (new)	This working group aims to promote the practice of using cash transfer programs to provide immediate, time-bound, and transparent support to populations hit by disasters.		✓		✓	✓		✓		
Residual climate exposure of the IDB portfolio (new)	This working group has been recently established to consider how to manage the residual climate exposure of the IDB portfolio at a country level.				✓			✓	✓	RMG, TRY
Community Practice in Resilience	This community of practice promotes disaster and climate resilience and applies the DDCRA methodology to integrate disaster and climate change risk considerations into operations in a meaningful and relevant way.	✓			✓	✓	✓	✓		ESR
Sustainable Infrastructure	The sustainable infrastructure working group, jointly created between IDB Invest, INE and CSD, seeks to improve IBD-funded infrastructure projects, proposing a holistic and well-planned perspective, which takes into consideration sustainability considerations.	✓		✓	✓			✓	✓	IDB Invest
Social Infrastructure	The social infrastructure group is a team of infrastructure experts that provide services to several areas across the Bank that prepare operations with infrastructure components. This group provides technical advice to improve infrastructure design, with emphasis of environmental sustainability and universal access.	✓				✓		✓		

Working groups or Networks	Description	INE	IFD	INT	CSD	SCL	ESG	VPS	VPC	Others
Gender Equality	The Inter-Departmental Gender Policy Working Group (IPWG) is composed of focal points from all VPS divisions, VPC country departments and country offices, as well as SPD, ORP, RES, and the IDB Lab. Members of the working group serve as institutional gender focal points; their roles include (i) coordinating and monitoring the implementation of GAP proposed actions and commitments in their respective divisions and country offices; (ii) serving as peer reviewers for sector or country-specific analytical and operational work that supports gender equality; (iii) facilitating the exchange of good practices; and (iv) contributing to the reporting of results. IPWG members also lead or participate as team members to facilitate the inclusion of gender issues in operational, analytical and/or capacity building work within their own divisions. SCL/GDI chairs the IPWG and coordinates the GAP implementation. The IPWG also includes IDB Invest, which helps to foster collaboration across the IDBG. The role of focal points is reflected in staffs' annual work within the Bank's performance management system.	✓	✓	✓	✓	✓	✓	✓	✓	SPD, ORP, RES, ESR, IDB Lab, IDB Invest
Diversity	The Diversity working group fosters the inclusion of quality mainstreaming into operations. The group has focal points from priority countries and sectors/divisions from VPC and VPS to identify opportunities for mainstreaming in sector lending, coordinating multisectoral approaches, and sharing knowledge of good practices. In addition, coordination and opportunities for collaboration with IDB Lab and IDB Invest are being pursued.	✓	✓	✓	✓	✓	✓	✓	✓	ESR, IDB Lab, IDB Invest

ANNEX IV – Where we are so far

1. Through the different initiatives and instruments described above, the IDB has positioned itself as a region-wide reference when it comes to environmental and social best practices in development projects. The IDB recognizes that actual mainstreaming involves going beyond doing no harm, to obtain the greatest possible value of every intervention—thus increasing the benefit for LAC societies. Importantly, IDB's work on mainstreaming environmental and social sustainability has contributed to increase the demand by LAC countries for more comprehensive operations, which speaks to a better recognition of the importance of focusing on sustainability.

Climate Change and Environmental Sustainability

2. **With the implementation of the Climate Change Action Plan (CCAP) 2016-2020, the IDBG's climate finance increased from US\$1.7 billion in 2015 to US\$4.9 billion in 2019 (from 16% to 29% of total IDB Group approvals), which amounts to around 60% of MDB-sourced climate finance to the LAC region during the 2016-2019 period.** IDB climate finance includes amounts from Ordinary Capital (OC) and OC Strategic Development Programs, as well as, through dedicated climate finance entities such as the Global Environment Facility (GEF) and Climate Investment Funds (CIF). Importantly, an increasing share of climate finance has been devoted to investing in adaptation: from an average of 10% in 2012-2015, to an average of 22% in 2016-2019.²⁹ This increase has been in part the result of systematically integrating disaster and climate change risk assessment and management in operations; plus the increased use of specialized operational and financial instruments, such as contingent loans for natural disasters. More efforts are required to monitor and report climate-related results during project execution.
3. The IDB chaired the MDB-IDFC Adaptation Working Group; this work included the joint MDB publication [*Framework and Principles for Climate Resilience Metrics in Financing Operations*](#). We have also built substantial internal capacity through training to deliver climate action, tailored to VPS divisions and VPC country offices (from 300 to 600 personnel trained each year from 2017 onwards). With the Environment, Rural Development, and Disaster Risk Management Division (RND) and the Environmental and Social Safeguards Unit (ESG), we are developing a small personalized online course (SPOC) targeting government officials on disaster and climate risk assessment. Climate change is also now part of the on-boarding process for all new personnel joining the IDB. We also launched in 2019 an initial on-line training course for climate action in operations (The ABC of Climate Change at IDB: Meeting Institutional Commitments).

²⁹ Source: Draft CCAP 2021-2025.

4. In addition, the IDB continues to make progress in formulating more complex and far-reaching projects with a focus on dealing with climate change. For instance, the IDB is leading³⁰ the Deep Decarbonization Pathways in Latin America and the Caribbean Project and proposes approaches to developing and delivering long-term pathways to net-zero emissions by 2050. Under this project, domestic universities and think tanks from six LAC Countries (Argentina, Colombia, Costa Rica, Ecuador, Mexico, and Peru) are investigating decarbonization pathways.

The Support the Decarbonization Plan of Costa Rica, a policy-based loan, includes measures to minimize emissions through better agricultural practices and environmental conservation, and the substitution of fossil fuels for electricity, particularly in the transportation sector. It also includes measures to induce the financial sustainability of the electricity sector, as well as the creation of the necessary institutional framework for the effective implementation of the country's ambitious decarbonization plan.

- Moreover, In 2019, Costa Rica revealed its national decarbonization plan in 2019, which is one of the first in the world to map a transition to net-zero emissions by 2050. The IDB is supporting this plan with a US\$230 million policy-based loan, approved in March 2020. The policy-based loan supports the implementation of political reforms focused on strengthening the management and monitoring of climate action in Costa Rica in the planning, investment and public budget process; conserve and restore high-carbon ecosystems; replace emitting agricultural practices; and encourage the use of electric energy, particularly moving towards electro-mobility and modern and efficient public transport.
5. **The IDB has progressed in incorporating a climate-change perspective into its Country Strategies.** During the 2016-2018 period, 54% of the country strategies included country's official commitments on climate.³¹ There is still room for improvement to achieve the goal of 100% by 2023, bearing in mind that country strategies are Bank/country documents and inclusion of specific goals and activities in these areas would require government's agreement.
6. To promote awareness of the benefits of considering climate change and environmental sustainability, **the IDB provided US\$383.9 million from 2016 to 2019 in technical cooperation resources that are aligned with the cross-cutting issues of climate change and environmental sustainability.** In addition, the IDB has generated several knowledge products to inform both IDB's internal as well as external audiences. Some examples are: the IDB's [Green Procurement Guide](#), which presents practical ideas, adapted to the IDB's project cycle, to incorporate green procurement practices in projects funded with Bank resources; (ii) the [IEEM and Ecosystem Services Modeling: Valuing Natural Capital and Ecosystem Services' Contribution to Economic Development](#), a platform that helps estimate the potential economic impacts of investing in natural capital and ecosystem services; and (iii) the [Environmental Governance Indicators for Latin America & the Caribbean](#): A Cross-Country Assessment of Environmental Governance in

³⁰ In partnership with the 2050 Pathways Platform and the Agence Française de Développement (AFD) and drawing on the experience of the Institute for Sustainable Development and International Relations (IDDRI).

³¹ Although all CSs approved since 2016 meet the current IDB criteria for climate change mainstreaming.

Practice in Argentina, Bolivia, Brazil, Colombia, Costa Rica, the Dominican Republic, El Salvador, Jamaica, Peru and Uruguay.

Gender equality and empowerment

7. Results obtained during the 2017-2019 GAP period demonstrates important progress in terms of the Bank's work on gender ([GAP Report 2017-2019](#)). **Almost half (47%) of SG loan approvals between 2017 and 2019 included support for gender equality**, and specifically had "gender strategic alignment" (GSA).³² This result surpassed the target set for the 2017-2019 period (40%) and represented a significant improvement from the 2016 baseline (22%).
8. **Direct investments in gender equality equaled US\$522.5 million in 2017-2019, about 150% above the 2014-2016 level of US\$202.5 million.** This significant increase was largely due to the greater number of loans approved that have gender equality as their priority objective (five in 2017-2019 compared to two in 2014-2016), including the Bank's first three gender policy-based loans, totaling US\$480 million. The highest annual amount of direct investment through TCs, IDB Lab projects and investment grants (IGRs) were approved in 2017 at US\$15.4 million.
9. **Progress was modest in the portion of projects monitoring gender-related results (GRRs) during execution.** Specifically, seventy-five percent of SG loans with a GRR in their design were tracking them in their project monitoring reports (PMRs) over the 2017-2019 period, which represented only a slight increase from the previous GAP period (72%). Without the regular gathering and reporting on GRR data, it is difficult to monitor the implementation of gender-specific actions and make any necessary course corrections. It also increases the likelihood that information related to GRR performance will be limited at the time of preparation of Project Completion Reports (PCRs).
10. **More projects that mainstreamed gender in their design reached completion during the 2017-2019 period, increasing the reported achievement of gender-related results (GRRs).** Ninety-four percent of the Project Completion Reports (PCRs) approved between 2017-2019 for lending operations that included in their original design GRRs reported on their results at completion, exceeding the GAP target of 80%. What is even more important is that of all GRRs reported on in PCRs (146), 62% fully reached or exceeded their targets at the end of the project's life. Of the remaining, 51% reported partial achievement. While there is limited information in the PCRs on partial or nonachievement of GRR targets, some reasons cited were delays in project execution or fiscal restrictions.
11. **Sixty-three percent of Country Strategies (CSs) approved in 2017-2019 highlighted gender equality as a cross-cutting strategic issue.** Most of the gender issues addressed in the CSs approved were social sector topics, such as education, labor markets, and health, with the latter focusing mostly on issues such as pregnancy and maternal mortality.
12. **From 2016 to 2019, the IDB provided US\$220.6 million in technical cooperation resources that are aligned with gender equality and diversity.** The Bank's gender analytical work increased significantly between the two GAP periods. From 2017-2019,

³² Requires for the project to include a gender analysis, specific gender actions, and track at least one gender-related result.

the IDB produced 128 new gender knowledge products which represented a 36% increase compared to the 2014-2016 period.

13. Some remarkable examples of the Bank's efforts to advance gender equality are: (i) the [Transport Gender Lab](#), developed with the Bank's Regional Public Goods initiative, seeks to create a LAC-wide network of cities to share and promote technical ideas to increase gender mainstreaming efforts in cities' public transport; (ii) [ConnectAmericas for Women](#), a dedicated Business-to-Business (B2B) online platform that connects women-led SMEs to procurement and trade opportunities, and offers management and business capacity building. It is the only platform in the region that captures and analyzes data on the profiles of companies led by women, and has impacted over 130,000 women entrepreneurs to date; (iii) the global initiative "**Women's Financial Inclusion Data**"³³ to promote the use and generation of disaggregated data in the financial sector; (iv) the **Gender Parity Accelerators** (IPG, for its initials in Spanish)—a high-level public-private collaboration model that seeks to support countries interested in reducing the economic gender gap;³⁴ (v) a program to mainstream gender into the public procurement market, which has enabled the IDB Group to be a global leader in the topic contributing to over 15,000 women-owned businesses being registered as government suppliers, 60,000 contracts awarded, and amounts awarded to women-owned firms increasing from US\$15 million in 2012 to US\$125 million per year on average from 2013-2019; (vi) a cutting-edge research program on **the costs of gender gaps in Science, Technology, and Innovation** in the region; and (vii) a loan aimed at promoting gender equality within the Honduran Police force which yielded greater trust in the Police force among its citizens.
14. The IDB has also made efforts to increase gender awareness and knowledge within IDB's personnel. One example is the [INE Gender Toolkit](#) supports INE specialists to mainstream gender within their operations, providing practical ideas to be considered in the preparation. The toolkit offers a menu of activities by country and subsector. Complementary ideas are presented in the Report [How to integrate a gender perspective in the Infrastructure Sector?](#) (in Spanish).

³³ In collaboration with the Financial Alliance for Women (FAW) and Data 2X of the UN Foundation. Currently, partners include the Alliance for Financial Inclusion (AFI), IDB Invest, the International Finance Corporation (IFC), the International Monetary Fund (IMF), the World Bank Group (WBG) and the OECD.

³⁴ The Gender Parity Accelerators (IPG) are a partnership initiated in 2016 between the Bank and the World Economic Forum to boost female labor market participation, reduce gender wage gaps, and increase female leadership. These public-private collaborations have been launched in Chile, Argentina, Panama, and Colombia and are soon-to-be launched in Costa Rica and the Dominican Republic. In the process, the IDB has supported the preparation of country diagnostics on the barriers that women face for greater economic participation, which have, in turn, served as a baseline to create an action plan per country with the commitment and participation of CEOs and public leaders at the highest level. Today, over 180 companies are part of the accelerator in Chile, and over one third of them have created company-level action plans to achieve gender parity at an internal level. In Argentina, early results include the creation of a gender parity certification for private sector companies. In Panama, the IPG has managed to pass laws on gender salary gaps and women's participation at the c-suite of public companies. The Accelerators have been also been instrumental in generating policy-based lending on gender in Argentina and Panama.

Diversity

15. In 2019, the Bank approved more loans with diversity strategic alignment (DSA)³⁵ than the combined total from the previous three years. **Nineteen percent (20 operations) of total approvals were aligned with diversity.** This percentage surpasses the current 2019-2021 DAP target of 15 percent for this indicator. Of the 20 loans approved in 2019 with DSA, 14 included project activities geared towards persons with disabilities, 7 toward indigenous peoples, and one toward African descendants. While efforts in 2019 concentrated in persons with disabilities, in previous years, the majority of DSA loans approved were for indigenous peoples. In addition, **two new direct investment SG loans were approved in 2019, putting the Bank on its way to meeting the DAP target of four approvals by 2021.** One was a PBL led by SCL/SPH to promote the inclusion of PWD in Colombia, and the other one was an investment loan to support indigenous businesses in Panama led by SCL/GDI. Also, in 2019, 12 TCs with diversity as their main objective were approved, totaling more than US\$8 million in non-reimbursable resources.
-
- The Program to Strengthen Policies for the Social and Labor-market inclusion of PWD (CO-L1252) is a policy based loan that focuses on autonomy of people with disabilities, reducing barriers to access to health and education services and recreational activities. In employment, the aim is to improve labor-market outcomes for PWD by improving the inclusion of public intermediation services.*
-
16. The Bank has supported policymakers in setting their diversity agendas. Three recent Regional Policy Dialogues on Indigenous Peoples (2016 and 2018) and Racial and Ethnic inclusion (2017), as well as a conference on Persons with disabilities (2018), highlighted countries' successes in support of the region's diversity agenda.
17. **Fifty-seven percent of Country Strategies (CSs) (four out of seven) approved in 2019 included both an analysis and a policy action related to at least one of the four diverse populations.** While this exceeded the DAP target of 25 percent for the 2019-2021 period, in most cases, the analyses included no hard data, due to the lack of it. Therefore, there is the need to a more sustained effort to generate data as part of mainstreaming activities
18. The Bank has invested directly in diversity using loans and technical assistance resources. Between 2016 and 2019, the IDB approved *two loans* and 49 technical cooperation projects with diversity objectives or sub-objectives totaling *US\$ 80 million and over US\$23 million, respectively*. The loans in Chile and Panama focused on financial inclusion and business development of indigenous peoples. Through such efforts, the IDB is spearheading efforts in the Region to provide differentiated programs that allow indigenous peoples to capitalize on their rich and diverse asset base to advance in their development with identity. The Panama program creates new financial instruments specifically targeted to indigenous peoples with a sociocultural protocol to access credit,

³⁵ To qualify as a project with DSA, loans must include: (i) a diversity analysis that identifies the specific development needs of the diverse population group; (ii) related diversity-specific activities that attend the previously identified needs; and (iii) at least one diversity results indicator that tracks progress with these actions (see CRF Technical Guidance Note).

introduces a proven execution mechanism for small infrastructure construction in remote areas, and contributes to the strengthening of indigenous human capital. In addition, in 2019, **the Bank financed the development of a digital platform that maps public investment in indigenous territories in Panama.** The platform provides much-needed visibility for all indigenous communities and territories. Fifteen percent of Panama's population self-identifies as indigenous. The digital platform is a monitoring tool to allow the Government and Indigenous Peoples to map and follow implementation progress of the National Development Plan for the Indigenous Peoples of Panama.

19. The IDB's Innovation Lab (I-Lab) is a good example of IDB initiatives aimed at working with communities in disadvantage situations to understand their needs and generate innovative solutions. I-Lab has designed and implemented several social innovation projects to improve the quality of life of PWD in the region through innovation and technology, including a [project in Ecuador](#) that helped to boost the educational achievement of more than 230 children with hearing disabilities through information and communication technologies (ICT) tools and educational equipment.
20. During the COVID-19 crisis, the Bank also developed **two important instruments** that have been widely disseminated: first, a guide for governments to inform public policy on how to coordinate and work with indigenous authorities during the pandemic; and second, a community guide that has been translated into 17 indigenous languages that details health recommendations to prevent further contagion and handle infected cases. In addition, promotional videos to explain the pandemic effects and preventive measures and radio messages have been developed and disseminated. A new generation of ethno-engineering projects is already going in the Bank's portfolio with projects including direct execution arrangements and participatory and culturally adequate design for rural indigenous people.

Integral solutions

21. The *Metro de Bogotá*, a mega-project that the IDB is financing along with other MDBs, is a good example of the interaction between different sustainability aspects. The project was envisioned as a major transport-led development program, to be integrated within the city's public transport systems and the local community. Not only will it help **decrease pollution** in such a congested city, it is also **designed to guarantee universal access to PWD**, and measures to **prevent gender-based violence** are being conceived, along with the use state-of-the-art technology to effectively manage the service.

Sustainability in planification processes

22. Although much progress remains to be done, the IDBG has led and supported projects and initiatives with a deep transformational impact on countries' planning strategies. For instance, in the Dominican Republic, TC resources were used to develop **an inventory of the country's road network, while identifying the areas vulnerable to climate change risks**, so as to allow the country to model scenarios and prioritize transport interventions with focus on its resilience. The government now counts on a tool to support its decisions ensuring that, well beyond any IDB loan, it makes the wisest use of public investment funds.
23. Another example is **an approach to integrate sustainability into the infrastructure planning processes of Mexico**, developed with key institutions in the country with technical assistance resources. A set of social, environmental, and institutional

sustainability indicators were jointly developed with the Ministry of Finance and will be used in the Cost Benefit Analysis conducted in the Ministry to prioritize public investments. Furthermore, a “Sustainable Infrastructure Scorecard” was created to track the sustainability dimensions of infrastructure assets registered in Mexico’s Infrastructure Hub [Proyectos Mexico](#). The scorecard helps disclose projects’ sustainability features, thus attracting impactful private investment.