



# QUARTERLY REPORT

## Q2-2022

1 April – 30 June

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## EXECUTIVE SUMMARY

As of 30 June, IDB Lab had approved 21 projects for US\$24.9 million. Of the total approved so far, 16 projects (US\$14.0 million) correspond to IDB Lab funds, and five (US\$10.9 million) to core mobilization. The pipeline currently contains 44 projects totaling US\$48 million, with a significant increase in the volume of approvals expected in the third quarter. As of 30 June, IDB Lab had obtained financial returns totaling US\$15.6 million, generating US\$8.6 million in financial flows during the quarter.

The thematic distribution of the projects approved in 2022 is as follows: financial inclusion (19%); education, talent, and employment (33%); health (19%); agriculture and natural capital (24%); and essential infrastructure services (14%); as well as projects addressing the crosscutting themes of climate change and environmental sustainability (19%) and gender and diversity (29%).<sup>1</sup> In terms of the geographic distribution of approvals in 2022, 57% of the approved projects correspond to Group C and D countries, including 10% for small and island (S&I) countries. By subregion, 24% of approvals correspond to the Country Department Central America, Mexico, Panama, and the Dominican Republic (CID), 5% to the Country Department Caribbean Group (CCB), 29% to the Country Department Andean Group (CAN), 19% to the Country Department Southern Cone (CSC), and 23% to projects supporting more than one subregion.

The ongoing challenges, [BlueTech for Waste](#) for the Caribbean and [Digital Tokens for Biodiversity](#) will make it possible to align with the targets set for S&I countries and climate change, respectively, and to hire personnel with expertise in this sector. The challenge to be launched in July, to promote the ethical and responsible use of artificial intelligence to reduce social inequality gaps, will also contribute to generating a substantial portfolio of projects that address the different operational targets.

At the close of the second quarter, IDB Lab's active portfolio has a total of 452 operations (312 nonreimbursable and 140 reimbursable) for US\$629.7 million, while the active portfolio Social Entrepreneurship Program (SEP) has a total of 148 operations (18 nonreimbursable and 130 reimbursable) for an approved amount of US\$73.9 million.

At the close of the second quarter, IDB Lab's liquidity balance is US\$183.3 million and the fund balance is US\$215.5 million, both down from the Q1-2022 figures of US\$205.5 million and US\$216.7 million, respectively. These reductions reflect the fact that payments by MIF III donor countries did not reach the expected levels. With the payments made by El Salvador and The Bahamas, at the close of the second quarter 27 countries have made partial or full payments under the MIF III Agreement (70.3% of the total projected amount of US\$309 million). Progress continues to be made with the rest of the countries.

With regard to Future Sustainability, document was approved in the second quarter, and consultations began with Donors on the Resolution for the document and the Resolution to be submitted to the IDB/IDB Invest Boards, to authorize its circulation to the IDB/IDB Invest Governors. At the same time, IDB Lab is working very closely with IDB Invest on developing IDB Invest's new value proposition, which highlights IDB Lab as a key element of the continuum between the two organizations.

In its connector and knowledge generator role, IDB Lab held the tenth edition of "[WeXchange: Connecting Women STEMpreneurs with Investors](#)" and the **Annual Fund Managers Meeting** in Miami. It also continued its efforts to connect the region's ecosystems with others outside the region. The knowledge events that were organized included "Fifteen Years of the Global Microscope for Financial Inclusion: Evolution, Perspectives, and Trends" and presentation of the report "[Educational Transformation in Latin America and the Caribbean](#)." Meanwhile, its two ecosystem building initiatives, fAIr LAC and LACChain, continued to advance with major achievements.

In collaboration with the rest of the IDB Group, IDB Lab continued its work of collective value creation with several initiatives, such as [Source of Innovation](#), co-led with the Water and Sanitation Division (WSA); Silver Economy with the Social Sector (SCL) and the Social Protection and Health Sector (SPH); and [FinLAC](#) together with IDB Invest and the IDB (specifically the Connectivity, Markets and Finance Division (CMF), the Knowledge, Innovation and Communication Sector (KIC), and the Office of Outreach and Partnerships (ORP). In addition, in this second quarter, it launched [GovTech LATAM](#), an open innovation platform for providing digital solutions to municipal challenges, together with the Cities Network (Housing and Urban Development Division (HUD)), and the aforementioned [Digital Tokens for Biodiversity](#) challenge, in collaboration with the Natural Capital Lab and with support from LACChain.

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<sup>1</sup> Projects categorized in more than one vertical and/or crosscutting area are counted for all the selected categories.

# B

## OPERATIONAL AND FINANCIAL PERFORMANCE

			Unit	Target 2022	Actual Q2-2022	Q2-2021	Status G/Y/R	Notes	
OPERATIONS	PROJECTS	Approved Operations	# projects approved (cumulative)	#	83	21	28	Y	
		Amount of TC Approved (IDB Lab Account)	\$ amount of TC operations approved (cumulative)	\$mm	29	4.5	9.3	Y	
		Amount of LON/EQU approved (IDB Lab Account)	\$ amount of LON/EQU operations approved (cumulative)	\$mm	29	9.5	10.4	Y	
		Core Mobilization	\$ cumulative amount of third-party financing mobilized (managed by IDB Lab)	\$mm	30	10.9	15.1	G	
		Catalytic Mobilization	\$ cumulative amount of counterpart and cofinancing mobilized	\$mm	300	83.4	166.3	G	
		Social Entrepreneurship Program (SEP)	\$ cumulative amount of SEP operations approved	\$mm	5	0	2	Y	
		Prototyping	# approved prototypes (cumulative)	#	19	7	2	Y	
		Scale	% of completed projects replicated/scaled by IDB Group or key partners	%	20%	N/A	29%	G	1
		C&D Countries 2021 (**)	% approved operations in C&D Countries in terms of #	%	45%	57%	67%	G	
	S&I Countries 2021 (**)	% approved operations in S&I Countries in terms of #	%	17%	10%	19%	Y		
	STRATEGIC ALIGNMENT	Poverty and Vulnerable	% of approved projects addressing poverty and vulnerable populations	%	60%	62%	60%	G	
		Gender Gaps	% of approved projects addressing gender gaps	%	60%	67%	48%	G	
		Diversity Gaps (IDB CRF)	% of approved projects addressing diversity gaps (IDB's CRF)	%	20%	14%	12%	Y	2
		Diversity Gaps (IDB Lab)	% of approved projects addressing diversity gaps	%	20%	48%	20%	G	3
		Climate Change	% of approved projects addressing climate change	%	40%	33%	24%	G	
PORTFOLIO	Size of Active TC Portfolio(***)	# TC active operations	#	N/A	312	309			
	Size of LON/EQU Portfolio(***)	# LON/EQU active operations	#	N/A	140	134			
	Disbursed TC Amount of Active Portfolio(**)	\$ disbursed TC amount of active portfolio	\$mm	N/A	97.27	107.8			
	Outs. Amount of LON&EQU(***)	\$ outstanding amount of LON/EQU active operations	\$mm	N/A	234.3	223.2			
	Loan Portfolio Quality	\$ outstanding amount of loan operations past due (>90)	\$mm	0	2.5	1.17			
	Equity Performance	# total value to paid-in multiple of IDB Lab active operations	#	1	1.28	0.96	G		
	Size of SEP Portfolio	# SEP active operations	#	210	148	169	G		
FINANCIAL	LIQUIDITY & BALANCE	Liquidity	\$ cash and investments	\$mm	147.7	183.3	195.3	G	
		Fund Balance	\$ fund balance	\$mm	173.8	215.5	225.9	G	
	DONOR FUNDING	Received Contributions towards MIF III	\$ amount of first payments received	\$mm	103.9	72.9	68.6	R	
			\$ amount of second payments received	\$mm	103.9	72.3	65.9	R	
			\$ amount of third payments received	\$mm	103.88	72.1	60.1	R	
	BUDGET	Administrative Budget Execution	\$ total expensed	\$mm	17.58	8.61	6.1	G	

\* These numbers include TCs that have contingent recovery features.  
 \*\* Targets as weighted average of the period 2019-2023.  
 \*\*\* Includes third-party resources (core mobilization).

1. Indicator corresponding to scale is calculated twice a year; an updated value will be used as of August 2022.  
 2. IDB's CRF includes disability, LGBTQ, and indigenous peoples.  
 3. Expanded definition that comprises more excluded groups.

# C

## PROGRESS ON WORK PROGRAM PRIORITIES

### Financing for inclusion through transformative innovations

**New projects.** In the second quarter of 2022, IDB Lab approved seven projects for a total of US\$8.5 million. By type of financing, these break down as follows: (i) IDB Lab funds: six projects for US\$7.8 million; and (ii) core mobilization: one project for US\$0.6 million.

In the vertical area of **Agriculture and Natural Capital**, two projects were approved. The first was a regional project with Zuraley S.A. to invest in the GridX II Fund. Its aim is to promote science/technology-based startups capable of sustainably addressing environmental, inequality, and health problems with technological improvements in the life sciences (“Bio Revolution”). The corresponding coinvestment right will also be offered to IDB Invest, to strengthen the IDB Lab-IDB Invest continuum. The second was a project to create the first indigenous fund capitalized by the sale of INDII tokens, the initial value of which is based on the commercial development of natural capital in Colombia’s Amazon region. The project, which was identified by the Bank’s Amazon Coordination Unit, seeks to improve the living conditions of indigenous communities and enhance conservation of the Amazon biome ecosystem. It could be scaled up to 64 other indigenous peoples and their territories by the Organization of Indigenous Peoples of the Colombian Amazon. Both projects also contribute to the crosscutting area of **Climate Change and Environmental Sustainability**.

In the vertical areas of **Financial Inclusion** and **Essential Infrastructure Services**, a project in Uruguay with NudaProp was approved to structure a financial vehicle that would facilitate property purchase and sale transactions, targeted to low-income older adults and particularly women. This is a prototype, identified through the Silver Economy challenge, which complements loan operation UR-T1246, “The Future is Silver: Generating an Ecosystem for the Silver Economy,” which will help HUD transfer the knowledge acquired to policy-makers in Uruguay and other countries of the region.

In the vertical area of **Education, Talent, and Employment**, the regional project with “Bridge for Billions,” to create a “Glocal” network of incubation programs, will strengthen incubation services in the entrepreneurial ecosystems of Costa Rica, El Salvador, Honduras, Guatemala, and Panama. The project will set up an inclusive and sustainable support network to enable incubated small and medium-sized enterprises (SMEs) and entrepreneurs to survive and create jobs, avoiding the need to emigrate, especially in the Northern Triangle. This project is aligned with the strategy of the Competitiveness, Technology, and Innovation Division (CTI) and with priorities related to the promotion of technology and innovation financing for SMEs and startups, as well as the creation of an enabling environment for business and innovation.

In the vertical area of **Health**, the two projects were also identified through the Silver Economy challenge. Firstly, the project in Mexico with Paz Mental S.A.P.I. de C.V. will make it possible to professionalize the home-based model of care for supporting the functional dependency of older adults and patients. It will incorporate Automated Nursing Assistant (ANA) technology into the training of caregivers, to improve their employment and personal conditions. The project is aligned with IDB operation ME-T1439, “Support for the Development of a Long-term Care System for the Mexican Social Security Institute (IMSS)”. Secondly, in Brazil, with support from the Japan Initiative to Improve Infrastructure Quality, Disaster Resilience, and Health, an innovative model will provide ophthalmological care to indigenous populations, particularly women, improving their access to effective diagnosis through artificial intelligence and portable medical devices. The project was designed in collaboration with SPH, with the aim of contributing to the identification and structuring of similar projects from the IDB Group’s portfolio of more than 10 operations.

In the crosscutting area of **Gender and Diversity**, the equity investment for the “Ya Ventures” project, the first fund of its type in the region, will support enterprises led by underrepresented founders (women or Afrodescendants) by providing them with flexible capital, adapted to their needs, to increase their scale potential. The project complements the strategic objectives of IDB Invest, which is considering a similar fund for more

mature firms led by underrepresented founders and could finance some of the businesses that result from this fund as they reach scale.

**New investments and exits of regional venture capital funds with IDB Lab equity.** In the second quarter, nine venture capital funds invested a total of US\$46.1 million in 55 companies of various types, using resources raised with a group of investors, including IDB Lab. In terms of exits, in April, Brazilian retailer Lojas Renner acquired 100% of Uello Tecnologia, a company in which the Invest Tech fund had invested. Created in 2017, Uello is a logistics (logtech) firm specialized in urban deliveries that provides logistics management solutions for medium-sized and large customers, including last-mile deliveries with route management, order tracking and notifications, as well as an app for drivers. In addition, in April, UOL Edtech acquired Qulture.Rocks, a Brazilian company invested in by the Redpoint eventures fund. Qulture.Rocks is a software-as-a-service (SaaS) team performance management platform that has synergies relevant to UOL Edtech's business vertical, which is the education business unit of one of Brazil's largest online news media outlets.

**Financial returns on the reimbursable portfolio.** As of 30 June, IDB Lab has obtained financial returns totaling US\$15.57 million, generating US\$8.58 million in financial flows during the second quarter (consisting of principal repayments of US\$6.83 million, plus interest income and capital gains of US\$1.75 million). In addition to reflows from a number of venture capital funds that made distributions upon their exits from invested companies, total second quarter returns include US\$2.0 million from the Resilience Trust, in Ecuador. This fund provided loans to small businesses that had been affected by the 2016 earthquake for the rehabilitation, recovery, and expansion of their businesses and productive assets (a 100% recovery of the amount disbursed by IDB Lab). As part of the dynamic portfolio management strategy, secondary sale opportunities are being explored for certain reimbursable operations. The first deal of this type, encompassing seven current IDB Lab investments in venture capital funds, is under negotiation. These "vintage" funds have already achieved their impact targets, are not strategically aligned with IDB Lab's current focus, or are not displaying strong financial performance. The deal is expected to close in the third quarter.

**Investments in venture capital funds.** The second quarter saw approval of the investment in GridX II, a fund with a sector strategy in deep tech and a special emphasis on science/technology-based startups. Due diligence was also completed on Valor Venture Fund IV, a fund with a regionalization strategy, for approval early next semester. In addition, after reviewing proposals from more than 20 fund managers received during the first quarter through the [Venture Capital Investment challenge](#), the BuenTrip Ventures II Fund, from Ecuador, which targets emerging ecosystems, was declared eligible to move forward with the due diligence process.

**Going forward.** As part of the 2021 first round of the "Amazon Bioeconomy Challenge: A Trillion Trees," developed in conjunction with the World Economic Forum and 1t.org, one initiative was identified to support the regenerative bioeconomy in Ecuador and is currently being designed. In April 2022 the second round of the challenge attracted 64 proposals, which are now being evaluated. IDB Lab and the Amazon Initiative have set aside US\$1.5 million to cofinance the best of these. Similarly, to reinforce the crosscutting area of gender and diversity, the Gender and Artificial Intelligence challenge will launch on 7 July, to promote the ethical and responsible use of artificial intelligence (AI) to narrow social inequality gaps. Further details on the challenge can be found in Annex I.

## Knowledge management and connections

**fAIr LAC.** Two acceleration programs were completed: PASIA 2.0 at Mexico's Monterrey Tech innovative entrepreneurship zone, and the first APPS.CO Powered by fAIr LAC. Both attracted participation from 22 firms, 14 mentors, and support from entities such as AWS, Microsoft, Google, IBM, and Universidad de los Andes. These programs not only give fAIr LAC greater traction in the use of frameworks and tools to support technological ventures but serve as a source of detailed knowledge on technological development practices in the regional ecosystem. In addition to the acceleration programs, fAIr LAC offers specialized sessions in academic spaces, such as those with Universidad de los Andes and the Pontifical Catholic University of Chile. In terms of events, fAIr LAC collaborated with the Catholic University of the United States to organize the "[Second Meeting: Ethical AI and the Role of Universities in LAC](#);" three sessions with the Madrid Innovation Lab: "[Overview of Artificial Intelligence in LAC, Take Your Solution to Another Level!](#)" and "[Ethical AI in HealTech and EdTech](#)." fAIr LAC also participated in the Brazil Investment Forum and in the "[IFAD Innovation Day: Leveraging AI for Transformative Country Programs](#);" and it shared its progress in the [IDB Invest Sustainability Week](#).

**LACChain.** LACChain confirmed its participation as one of the strategic partners of the [LACPass](#) program, a multicountry initiative to implement the digital vaccination certificate in nine of the region's countries. During the [Conectaton](#) event, the leader of the World Health Organization (WHO) invited LACChain to a G20 working group on global interoperability. In addition, the [partnership between Brazil's National Economic and Social Development Bank \(BNDES\) and National Audit Office \(TCU\)](#) was announced to launch the Brazilian Blockchain Network in production, which is based on LACChain protocols. Among its global recognitions, new specifications were published in the [International Organization for Standardization \(ISO\)](#) and the [European Telecommunications Standards Institute \(ETSI\)](#), with LACChain as contributor and benchmark. Lastly, two knowledge products were published: the [network gas distribution protocol](#) and the [rotation protocol for validator nodes](#).

**WeXchange.** IDB Lab held the tenth edition of "[WeXchange: Connecting Women STEMpreneurs with Investors](#)," which included a session for 15 women STEM entrepreneurs to pitch to over 120 potential investors from across the region and from Miami. The entrepreneurs were selected through a regional call for proposals that drew 349 applicants from 24 countries. The 15 selected startups participated in a bootcamp, organized with Google, which included workshops and expert mentoring. The aim of this event was to connect women-led enterprises with funding opportunities. The women entrepreneurs reported that on average they will continue conversations with at least five contacts (mentors and investors) made through WeXchange.

**Point Zero Forum.** IDB Lab participated in this [event held](#) in Zurich in June, organized by the governments of Switzerland and Singapore. It brought together global leaders, founders, and investors to discuss the future of decentralized financial services, Web 3.0, and other related topics. It also sought to foster investment activity by bringing leading founders together with venture capital funds, private banking clients, family businesses, and private equity firms. The panel in which IDB Lab participated focused on the market opportunity for environmental, social, and corporate governance issues, how sustainable investment can create value, and specifically how IDB Lab can serve as a gateway to the region.

**Annual Fund Managers Meeting.** This event, organized jointly by IDB Lab and IDB Invest, was held in Miami prior to the VC Latam Summit. It brought together over 80 managers of venture capital and private equity funds that form part of the IDB Lab and IDB Invest investment portfolio. The purpose of the event was to share views on the current state of the venture capital industry, and to encourage the exchange of lessons learned and best practices in fund formation and management. Speakers included fund managers from Riverwood Capital, Nazca, Dila, and GridX, who addressed topics such as coinvestment with global investors, as well as bridging the gap between venture capital and private equity in the region. The event concluded with IDB Lab's formal entry as an investor in the Nazca III, The Yield Lab, and SP Ventures – GEF funds. In addition, a networking event was organized as part of the VC Latam Summit. This was attended by Brian Requarth, founder of LATITUD, who spoke about the future of venture capital at the regional level to an audience of nearly 300.

**How to build bridges between ecosystems?** An [event](#) was held to share lessons learned from the "LAC-Korea Deep Tech Exchange Program." Project partners Born2Global and Centraal gave presentations on lessons learned, best practices, and recommendations on how to structure international collaboration programs, drawn from examples of international joint ventures to drive impacts in the region through technology companies (a report will be published at a later date).

**Connections with the Spanish entrepreneurial ecosystem.** IDB Lab and ICEX Invest In Spain launched the [ScaleUp Latam](#) challenge. This is open to IDB Lab investees and startups/scaleups from the IDB Lab network that are interested in establishing a presence in Spain as a gateway to the European market. Up to 10 participant firms will be selected by IDB Lab and ICEX Invest in Spain for a five-day immersion program in Madrid and Barcelona (to be run by ICEX in October), where they will meet and establish contact with key players in the Spanish entrepreneurial ecosystem. Registration is free, but participating firms will be responsible for their travel and accommodation expenses.

**Digital payments.** The publication "[Accelerating Digital Payments in Latin America and the Caribbean](#)" was launched, highlighting the status and use of digital payments as a key feature of economic activity, financial inclusion, and business growth in the region. The publication draws attention to a number of barriers to the

adoption of digital payments, while also highlighting a series of key principles and solutions for the growth of digital payments in the region. The study was published in conjunction with the World Economic Forum under the IDB Lab's "Payments to Advance Growth for All" initiative.

**Microscope.** The event "Fifteen Years of the Global Microscope for Financial Inclusion: Evolution, Perspectives, and Trends" was held to share trends and regulations impacting the financial inclusion ecosystem as a result of the more extensive use of digital technologies. The event also presented the findings of the study "[Rethinking the Global Microscope for Financial Inclusion: Key Findings Report 2021](#)," ending a 15-year arc to then move on to integrated work as the IDB Group under the FinLAC initiative. All Microscope reports can be accessed [here](#).

**Going forward.** In the third quarter, IDB Lab will join with Meta in launching a knowledge and exploration challenge to identify a new generation of creators of metaverse solutions with social impact and a responsible approach. Different use cases will be mapped, as well as entities practicing immersive technologies. A report will also be produced for policy-makers, innovators, and audiences interested in technology in the region. Experts have called the metaverse the next multidimensional sphere of Web 3.0, a space that combines real interaction with extended reality (XR). For low-income persons, these virtual interaction spaces have the potential to bridge social and economic gaps. Education/training and urban development are two areas with potential use cases in which the metaverse could speed up job creation for individuals in this population group by enabling them, for example, to participate in decision-making on urban planning. The challenge will give IDB Lab the opportunity to identify where these experiences are emerging, with a view to supporting them with a more holistic, responsible, and ethical approach to social impact.

## Operational excellence

**Audited financial statements.** KPMG concluded its 2021 audit of IDB Lab's financial statements, which were presented to the Donors Committee on 1 June. No material misstatements were identified, so a clean/unqualified audit report is expected.

**OVE evaluation of IDB Lab.** In May, OVE finalized its validation of the relevance and evaluability of IDB Lab's action plan to address the evaluation recommendations and declared this planning step completed. Internal processes were put in place to track implementation of the action plan using the Evaluation Recommendation Tracking System (ReTS). Annex II summarizes the progress of the activities associated with the three recommendations addressed to IDB Lab Management and planned for 2022.

**Update of the IDB Lab administrative budget and MSM budget.** Although actual expenditures are running slightly ahead of projections, they are broadly in line with the previous year's figures. The main difference relative to the second quarter of 2021 is the much higher level of execution of service level agreements (SLAs) and other internal agreements. In 2022 the agreement with IDB Invest was signed and disbursed in this quarter; whereas in 2021 the equivalent agreement was signed in the third quarter. Moreover, the development and implementation of a new training plan, and the resumption of mission travel, have increased nonlabor costs relative to the same quarter last year. The execution of other administrative funds has also progressed according to plan.

**Progress on the Risk Management Framework.** Implementation of the project risk management guidelines and tool continued through follow-up with the teams that have projects in design. Testing for the digitalization of tools in the project status update (PSU) and project status report (PSR) will be completed in the third quarter. Risk appetites were also defined for reimbursable and non-reimbursable products. At the corporate level, risks that could impair achievement of the objectives of the 2022-2023 Business Plan were identified by the different IDB Lab units. These risks will be reviewed by the management group, and the units will subsequently identify action plans to mitigate them. This exercise will also make it possible to update the risk appetite for 2022-2023.

**Progress on going digital.** The four deliverables of the digital growth plan are well along. Version 2.0 of BASECAMP, the repository of IDB Lab documents and processes, has already been launched. GENOMA, an AI-powered tool for extracting knowledge from the portfolio, underwent testing during the quarter to improve its performance. Work is ongoing on an improved version of the IDB Lab Web PORTAL. Deployment of DRIVE operational processes and customer relationship management in Salesforce continued with improvement and redesign of the PSU and PSR operational management tools, to integrate risk and impact data at the portfolio

level, and with extension of the client integrity and capacity assessment tool, DIC1, to incorporate digital signature, guided by the Office of Institutional Integrity (OII). A module has also been created to track opportunities, shared with the Bank and/or IDB Invest. In addition, work continues on data-driven management with improved visualizations and harmonization with the Bank's Corporate Results Framework (CRF). Lastly, work has started on the design of a dashboard that uses data from the time log reported by workers to inform resource management.

**Review of the active portfolio.** For the purpose of monitoring non-reimbursable and contingent recovery operations in each country, a tool has been developed to systematize six-monthly reviews. This uses data from the Bank's systems and makes it possible to visualize consolidated data, facilitating country portfolio monitoring and decision-making. Among other improvements, the risk matrix will be integrated with the monitoring of recovery/collection of contingent recovery operations. As a result of the work done in the first half of the year, the performance of 16% of operations was rated as exceptional, 73% as good, and 11% as poor; and expired contractual clauses were reduced by 59%. Additionally, the review of the portfolio of reimbursable operations (loans and equity investments) based on PSUs also made it possible to validate their performance (green, yellow, and red flags) and identify actions for improvement. Among other results, nine operations were transferred to the special assets category (seven equity investments and two loans), and operations with undisbursed balances to be cancelled were identified (US\$7.57 million). The review also confirmed that the 2022 level of reflows is on track to reach the projected amount of US\$27 million.

**Going forward.** With regard to IDB Lab Future Sustainability, the document was approved on 1 June, and consultations began with Donors on the Resolution for the document and the Resolution to be submitted to the IDB/IDB Invest Boards, to authorize its circulation to the IDB/IDB Invest Governors. IDB Lab is working very closely with the IDB Invest team on developing IDB Invest's new value proposition (IDB Invest 2.0). Although the IDB Lab and IDB Invest processes are independent, they run in parallel, so synergies are being identified between IDB Lab's future vision and the IDB Invest 2.0 model, to strengthen the two institutions' continuum of offerings to the private sector.

## Joint value creation with the IDB Group

**Silver economy.** Three additional projects were approved during the second quarter in collaboration with SCL and other units of the IDB Group (see details in the first section). This quarter, Paz Mental, the executing agency of the project in Mexico, won the Fundación MAPFRE Social Innovation Award in Spain (IDB Lab served on the jury). IDB Lab also participated in virtual events on the topic in Chile and Spain.

**Innovation challenges.** In line with IDB Lab's commitments to combat climate change, as highlighted in the 2022-2023 Business Plan, the [Digital Tokens for Biodiversity](#) challenge was launched on 6 June in collaboration with the Natural Capital Lab and with support from LACChain. The challenge will remain open until 12 August and seeks to attract innovative solutions that leverage the power of digital tokens as a tool to advance climate action. The [BlueTech for Waste](#) innovation challenge, launched in collaboration with the Global Environment Facility (GEF) and WSA to find innovative solutions for the sustainable management of chemicals and hazardous waste in the Caribbean region, closed on 31 May with 50 applications, 36 of which are now being evaluated. For further details, see Annex I.

**MIGnnovación.** This joint initiative with the Migration Unit (MIG) held a [presentation event](#) for the regional study on labor market access barriers faced by migrant populations with disabilities. The study "[Labor Inclusion of Persons with Disabilities: The Case of Venezuelan Migration in Argentina](#)" was conducted in partnership with the International Organization for Migration (IOM) in Argentina and the Incluyeme.com platform, in coordination with MIG and the Gender and Diversity Division (GDI). In addition, an investment was approved in the Chilean fintech startup, Migrante, to enhance access to loans and financial services for migrants. It will target Venezuelan migrants in particular, who, in their exodus leave behind records containing financial, educational, or identification history that are essential for their effective inclusion in the host countries. This startup offers financial products tailored to the migrants' specific needs, and the IDB Lab investment will make it possible to explore new financial products, in order to reach underserved migrants, particularly women.

**Source of innovation.** This [partnership](#), co-led with WSA and KIC, held several virtual events: "[Pilot Design and Validations](#)" (together with [Isle Utilities](#), which had 90 attendees); "[Digital Water: Lessons Learned About Technology Pilots in Latin America and the Caribbean](#)" (where four pilots developed in Argentina, Brazil, and

Peru were presented to 117 attendees); “[Cooperation and Financing Opportunities](#)” (together with [Isle Utilities](#), which had 303 attendees); “Open Innovation Day Brazil” (a closed event with the Brazil Country Office, which had 389 attendees) to promote structured knowledge on open innovation and public procurement for innovation; and Pitch Day: telemetry systems in the water sector in Peru (a closed event, which had 72 attendees), where four innovative solutions were presented for improving information on water and sanitation services in rural areas of Peru. Discussions were held with potential donors, and additional contributions are expected in the short term to expand the interventions.

**Corporate Impact Venturing – CIV LAC.** The initiative of IDB Lab and IDB Invest in conjunction with Telefónica’s Wayra, which seeks to foster the relationship between corporations and technology startups, launched its first open innovation challenge in June to attract climate tech startups. The challenge was constructed through a series of working sessions involving eight corporates. The prioritized subareas are: (i) transportation and logistics; (ii) circular economy; (iii) low-impact materials and construction methods; (iv) renewable energy use, storage, and distribution; (v) greenhouse gas capture, removal, and storage; (vi) greenhouse gas management and storage. In addition, as part of the VC Latam Summit, a workshop was held with 25 firms to add more members and publicize the ClimaTech challenge. Of the 25 firms that expressed interest, 11 are now being reviewed for potential membership. A series of webinars and workshops were also held, including the webinar “[Collaboration and Innovation in Response to Climate Change](#)” (password Xeb^%7\$L) and the closed workshop for firms on scouting processes.

**GovTech LATAM.** The open innovation [platform](#) to apply digital solutions to municipal challenges was launched together with the Cities Network (HUD). This year it will work with teams from the local governments of Santo Domingo, Renca, and Guayaquil, which are already receiving training and are working to identify the challenges to be addressed. Startup scouting has also been launched this quarter for the GovTech bootcamp to be held in July.

**Digital Social Security Lab.** A presentation event was held for the [Digital Social Security Lab](#), which is a continuation of IDB Lab’s Retirement Savings Lab with the Labor Markets Division (LMK). This was one of the initiatives that won the Economic Growth Award presented by the Vice Presidency for Countries (VPC). At the event, special emphasis was put on interventions targeting workers on digital platforms, to gather lessons learned on behavioral economics and new technologies, with a view to trialing new insurance products tailored to the needs of the self-employed.

**FinLAC.** This financial inclusion [initiative](#) promotes digital payments, the digitalization of traditional actors, and open finance by developing knowledge products and communication for internal and external stakeholders, to nurture partnerships with IDB Lab, IDB Invest, and the Bank (specifically CMF, KIC and ORP). The initiative began work on creating a financial inclusion dashboard, which will contain country-level indicators to monitor progress on financial inclusion, as well as indicators from third parties supplemented by the Bank’s own indicators.



# QUARTERLY REPORT

**Q2-22**  
April - June 2022

# ANNEXES

**ANNEX I: Innovation challenges**

**ANNEX II: Status of action plan on OVE  
recommendations**

# ANNEX I: INNOVATION CHALLENGES

Name	Objective	Geographic scope (beneficiary countries)	Launch date	Closing date	Selected applications	Projects in pipeline	Approved projects
<b>Silver Economy</b>	Challenge led by IDB Lab, partnering with SCL and SPH, to identify innovation solutions that meet the needs of older adults, in order to increase their autonomy and improve their quality of life, with a special focus on the poor and vulnerable population.	LAC	16 June 2021	31 July 2021	9 applications AR, BR, CH, JA, ME, PE, PR, RD, UR	2 projects AR, PR	7 projects DR "FÁCIL: Financial Inclusion for the Silver Economy" (DR-T1232) PE "Peru's Silver Ecosystem: Maximizing the Value of Experience" (MIF/AT-1738) JA "Innovative Community Based Caregiving for Older Adults in Jamaica" (MIF/AT-1736) CH "Open Seniors" (MIF/AT-1739) ME "ANA Care: Improving Dependent Care for the Low-income Older Population through Technology" (MIF/AT-1743) UR "NudaProp: Investment Opportunities with Impact on Improving the Quality of Life of Elderly People" (ATN/ME-19291-UR) BR "Prevention of Blindness and Visual Impairment in Brazil by Utilizing Smartphone Attachment Medical Devices for Ophthalmology" (ATN/JF-19297-BR)
<b>Blue-Tech for Waste</b>	Challenge led by IDB Lab, partnering with the Global Environment Facility (GEF), which will also cofinance the initiative, to support the Caribbean islands in adopting innovative solutions to control the flow of chemical substances, products, and waste in their territories. In collaboration with WSA and CSD.	CCB and some OECS countries	19 April 2022	31 May 22	50 received, 36 under evaluation		
<b>Digital Tokens for Biodiversity</b>	Regional challenge to identify new solutions that make use of digital tokens to promote biodiversity conservation and facilitate climate action.	LAC	6 June 2022	12 August 2022			
<b>Gender and Artificial Intelligence</b>	Regional challenge led by IDB Lab under the fAIr LAC initiative to promote the ethical and responsible use of artificial intelligence for narrowing the social gaps of gender inequality.	LAC	7 July 2022	31 August 2022			
<b>Responsible Innovation for the Metaverse</b>	Regional exploration challenge that will have two components: (i) identification of creators of immersive solutions for the Metaverse with social impact; and (ii) applied research on adoption ethics and responsibility.	LAC	Q3 2022				

## ANNEX II: STATUS OF ACTION PLAN ON OVE RECOMMENDATIONS

RECOMMENDATION	PROGRESS	COMMENTS
<p><b>#3.</b> Further focus, clarify, and communicate IDB Lab’s strategic priorities.</p>	<p>66%</p>	<p>Through a process of consultation and analysis, IDB Lab has revised its strategic priorities and thematic areas, adding focus and clarity in various strategic documents such as the Business Plan and documents on IDB Lab Future Sustainability. The process of fine-tuning IDB Lab's strategic priorities and value proposition continues, as discussions progress about IDB Lab's future. IDB Lab's value proposition within the IDB Group has also been reaffirmed in coordination exercises, such as the Barranquilla working groups, as also reflected in IDB Group strategic documents.</p> <p>After identifying strategic priorities and thematic areas reflected in the Business Plan, a series of communication campaigns have been carried out within IDB Lab and in other areas of the IDB and IDB Invest, to build awareness of IDB Lab's renewed approach.</p>
<p><b>#4.</b> Strengthen IDB Lab’s ability to track and report results and to learn from its activities.</p>	<p>15%</p>	<p>Nearly all activities related to improving IDB Lab's ability to track the active portfolio are in progress. These activities call for the development of guidelines, processes, data capture tools, and changes to digital information systems for more efficient data capture and systematization to generate intelligence and support operational and strategic decision-making. The remaining activities are expected to be completed by the end of 2022.</p>
<p><b>#5.</b> Improve IDB Lab’s ability to better understand how supported solutions evolve after project completion.</p>	<p>0%</p>	<p>Activities associated with better understanding scaling processes have begun and are well on their way to completion by the end of 2022. The main consulting engagement associated with this recommendation is in progress and has begun the process of analyzing and capturing the necessary operational and strategic information for the development of a new conceptual framework and processes for systematically documenting the scaling of projects.</p>