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Technical Guidance Note

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## ACRONYMS

CCS	Climate Change Division
CRF	Corporate Results Framework
CSD	Climate Change and Sustainable Development Sector
DELTA	Development Effectiveness Learning, Tracking, and Assessment Tool
DEM	Development Effectiveness Matrix
DEO	Development Effectiveness Overview
DIS	Discovery Unit of IDB Lab
DSP	Strategy and Development Department
DVF	Development Effectiveness Division
FNP	Financial Products
GDI	Gender and Diversity Division
IDB	Inter-American Development Bank
iDELTA	Innovation Development Effectiveness Learning, Tracking, and Assessment Tool
INO	Investments and Operations
INV	Investment Unit of IDB Lab
LGBTQ+	Lesbian, gay, bisexual, transgender and other sexual orientations and gender identities
MDB	Multilateral Development Bank
MSME	Micro, Small and Medium-sized Enterprise
NSG	Non-Sovereign Guaranteed
OPC	Operations Policy Committee
PBL	Policy Based Loan
PCR	Project Completion Report
PMR	Progress Monitoring Report
PTM	Portfolio Management
QRR	Quality and Risk Review
SDG	Sustainable Development Goal
SDV	Strategy Development Division
SG	Sovereign-Guaranteed
SMO	Strategy Monitoring Division
SPD	Office of Strategic Planning and Development Effectiveness
STI	Strategy and Impact Unit of IDB Lab
TC	Technical Cooperation
TCM	TC Monitoring and Reporting System
TFFP	Trade Finance Facilitation Program
UIS	Update to the Institutional Strategy

## 1. INTRODUCTION

- 1.1 The purpose of this Technical Guidance Note is to provide guidelines for reporting on the Inter-American Development Bank Group (IDB Group) Corporate Results Framework (CRF) 2020-2023 ([GN-2727-12](#)), which was approved in 2019 following the approval of the Second Update to the IDB Group Institutional Strategy ([AB-3190-2](#)). This document aims to ensure reporting consistency, data quality and transparency in the CRF reporting process. These guidelines apply for reporting on CRF progress throughout the 2020-2023 period in the Development Effectiveness Overview (DEO), [CRF website](#), and other reports relying on CRF indicators.
- 1.2 The CRF is the IDB Group's highest-level tool for monitoring performance and achievement of its strategic objectives as articulated in its strategy. It consists of three levels of indicators as outlined in the table below.

**Table 1.1 CRF 2020-2023 Levels**

CRF Level	Purpose
<b>Level 1. Regional Context</b>	Track the region's progress with regards to the three challenges and three cross-cutting issues of the IDB Group strategy
<b>Level 2. IDB Group Contributions to Development Results</b>	Track the magnitude of IDB Group contributions to the three challenges and three cross-cutting issues of the IDB Group strategy
<b>Level 3. IDB Group Performance</b>	Assess performance of the IDB Group entities against operational and organizational targets set for the 2020-2023 period

- 1.3 IDB Group Management will update this document over time as indicators are updated, needs for clarifications arise and/or if there are changes to relevant systems or processes. This Technical Guidance Note is subject to approval by the Operations Policy Committee.<sup>1</sup>
- 1.4 This Technical Guidance Note is divided into three sections, including this introduction, and also includes six electronic annexes. Section II describes the processes for gathering data for CRF reporting for each of the three levels. Section III describes the detailed classification methodology for the strategic alignment indicators forming part of Level 3 of the CRF. Annex I provides detailed indicator definitions. Annex II provides transition guidelines for the Level 2 indicators of the CRF. Annex III provides additional details on the tracking of Level 2 indicators for IDB. Annex IV includes the detailed guidance on disaggregation options related to climate change. Annex V holds the list of IDB sub-sector codes and their relationship to IDB Group strategic priorities. Annex VI includes examples for documenting IDB strategic alignment justifications.
- 1.5 For questions related to this Technical Guidance Note, please contact the joint IDB Group CRF team at [crf@iadb.org](mailto:crf@iadb.org).

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<sup>1</sup> The Operations Policy Committee rules ([OR-203](#)) provide that the General Manager of the Inter-American Investment Corporation may be invited to participate when the committee deals with IDB Group-wide issues, as determined by the Chair. Changes to this Technical Guidance Note that are editorial in nature, apply only to the annexes or reflect Board-approved changes to the CRF may be made with the approval of the Managers of SPD (IDB) and DSP (IDB Invest). Material changes to details of processes as described in this Technical Guidance Note are subject to approval by the Operations Policy Committee.

## 2. CRF PROCESSES FOR DATA COLLECTION BY LEVEL

- 2.1 This section describes the processes for CRF data collection, validation, and analysis. Accuracy in CRF data capture and reporting is a shared responsibility of the Office of Strategic Planning and Development Effectiveness (SPD) at IDB, the Strategy and Development Department (DSP) at IDB Invest, IDB Lab, and the subject matter experts and data owners throughout the IDB Group. CRF reporting for both IDB and IDB Invest is subject to their respective Access to Information Policies. Final data and sources for annual reporting of CRF indicators are stored on the CRF Teams site. Details for collecting and validating data at each level of the CRF as well as the responsible parties are presented below.

### Level 1. Regional Context

- 2.2 Data for the Level 1 indicators is collected annually based on the sources noted for each indicator in Annex I. The CRF team will contact the relevant subject matter experts and data owners annually to update data for CRF reporting. The CRF website (<http://www.iadb.org/crf>) includes links to results disaggregated by country, where available.

### Level 2. IDB Group Contributions to Development Results

- 2.3 Data for the Level 2 indicators is drawn from the distinct reporting tools and processes used by IDB, IDB Invest, and IDB Lab. Level 2 data for a given calendar year is finalized in the following year after the reporting cycle has closed and the data has been validated. The following sections provide information on how data on project contributions to CRF indicators is collected.<sup>2</sup>

#### **IDB**

- 2.4 For IDB, data for Level 2 indicators is primarily captured through the Progress Monitoring Report (PMR), though in selected cases data may also come from the TC Monitoring and Reporting System (TCM) and/or other sources, as indicated in Annex I.<sup>3</sup>
- 2.5 For projects subject to PMR reporting, Team Leaders are responsible for the quality and accuracy of the information submitted through the PMR in accordance with the CRF indicator definitions in Annex I and the PMR guidelines. Sector Focal Points support project teams during the PMR reporting process, including the review of the flagging of project indicators/outputs as contributing to CRF indicators.<sup>4</sup> SPD assists in this review, highlighting any apparent major inconsistencies in the data for the review of the project team and Sector Focal Point. For more information on the process of capturing this data, see Annex III and the [PMR resource page](#) with its Guidelines and Annexes.<sup>5</sup>

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<sup>2</sup> See Annex II for the transition rules from CRF Level 2 indicators forming part of the CRF 2016-2019 and those forming part of the CRF 2020-2023.

<sup>3</sup> Some CRF indicators (e.g., those which use countries as the unit of measure) are not likely to be included in a project's results matrix by their nature and, therefore, may require data capture outside the PMR. The PMR is used for SG lending operations and investment grants with approved amounts greater than \$3 million and the TC Monitoring and Reporting System is used for technical cooperation operations and grants up to \$ 3 million.

<sup>4</sup> For more information, please see [The Role of the Focal Point in the PMR methodology](#) (internal use only).

<sup>5</sup> The information contained in these documents is confidential and will not be disclosed to external audiences. This is in accordance with the "Deliberative Information" exception referred to in paragraph 4.1 (g) of the Bank's Access to Information Policy (GN-1831-28).

- 2.6 For operations subject to reporting through the TCM, the operation team will populate the results matrix in Convergence as part of the TC preparation and approval process.<sup>6</sup> The system encourages the use of standardized indicators and their corresponding units of measure and prompts the user to select fields for relevant disaggregation(s). As with SG lending, Team Leaders, with the support of the respective Sector Focal Point hold the primary responsibility of reviewing the use of CRF indicator flags in the system to ensure consistent application of the definitions, compatibility between indicators (e.g., definition, unit of measure), and accuracy of data reporting.

### **IDB Invest**

- 2.7 At project eligibility and structuring/approval process, the project team will define indicators and include them in the Development Effectiveness Learning, Tracking, and Assessment Tool (DELTA) and the results matrix.
- 2.8 During the portfolio management cycle, data from NSG lending operations is drawn from the development results data reported annually by the clients. All the information will be managed in MAESTRO.
- 2.9 The Development Effectiveness officers of DSP/DVF will work together with the Portfolio Management Officers of INO/PTM to ensure the data collection, including the quality of the indicators, from the clients.

### **IDB Lab**

- 2.10 At project eligibility and structuring/approval process, the project team will define indicators and include them in the results matrix.
- 2.11 During the portfolio management cycle, data from operations is drawn from the development results data reported semi-annually by the clients. All the information will be managed in Project Status Report (PSR) or Project Status Update (PSU).
- 2.12 IDB Lab will work with portfolio management officers to ensure the quality of data collection from the clients.

### **Disaggregation**

- 2.13 Project teams are strongly encouraged to collect disaggregated information on Level 2 indicators where feasible. Disaggregated information on Level 2 indicators is presented on the CRF website where available. The specific type(s) of disaggregation vary by indicator and data availability. The approved CRF 2020-2023 notes which types of disaggregation will be prioritized for each Level 2 indicator. In general, the priority disaggregation options for Level 2 indicators include:
- a) **Sex:** Collecting data disaggregated by sex is strongly encouraged for all projects that have indicators capturing individual beneficiaries.<sup>7</sup> In addition, where the unit of measure is an enterprise, teams are encouraged to capture data on whether the enterprise is women-owned/led. A women-led business is defined as an enterprise which: is controlled at least fifty one percent (51%) by women (control would be 51% or 50%+ 1 share depending on local law) or where the Chief Executive Officer (CEO) and/or Chief Operations Officer (COO) or equivalent (highest managerial) position(s) (e.g. General Manager, President) is held by a woman.

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<sup>6</sup> For detailed guidance on how to flag indicators in the system and for step-by-step instructions on reporting, please refer to the "How To" guides for Convergence (available [here](#)).

<sup>7</sup> Per the Operational Policy on Gender Equality in Development, this is required for operations that record information on the beneficiary population.

- b) **Indigenous peoples:** Collecting disaggregated data by ethnicity to count the number of indigenous peoples benefiting from the intervention is strongly encouraged where relevant to the project's logic and objectives. The definition of indigenous peoples should be consistent with the IDB policy on indigenous peoples.<sup>8</sup> IDB project teams should work with GDI to ensure that capturing data disaggregated by ethnicity does not result in unintended discriminatory practices.
  - c) **African descendants:** Collecting disaggregated data by ethnicity to count the number of African descendant beneficiaries is strongly encouraged where relevant to the project's logic and objectives.<sup>9</sup> Disaggregation will be encouraged particularly in countries and sub-regions where African descendant populations face exclusion due to their racial or ethnic status or origin. IDB project teams should work with GDI to ensure that capturing data disaggregated by ethnicity does not result in unintended discriminatory practices.
  - d) **Climate:** Climate-related disaggregation options are available for several CRF indicators in order to report on what portion of the total results reported support climate change mitigation and/or adaptation activities. The specific disaggregation options by indicator are available in Annex IV.
  - e) **Other:** A few indicators have a specific type of disaggregation associated with it to address the need to report more nuanced information (e.g., capturing the type of habitat for the indicator *habitat that is sustainable managed using ecosystem-based approaches*).
- 2.14 For **IDB operations**, disaggregated data to be reported for CRF indicators through the DEO and the CRF website will be captured through Convergence. In coordination with the Executing Agency, project teams should define their project's data disaggregation strategy during project design. For detailed instructions on how to enter disaggregated information for SG loan operations using the PMR system, please see the [PMR resource page](#) with its Guidelines and Annexes (for internal use only). The following general guidelines apply to capturing disaggregated data for CRF indicators:
- a) **Direct capture of disaggregated data.** For projects that have identifiable beneficiaries, where possible, the preferred option is for the Executing Agency to measure and report on disaggregated data in their semi-annual reports, based on the specific information available from execution. For example, if an indicator measures the number of professionals trained on a specific topic, the Executing Agency should keep a record of the people who were trained and disaggregate them by sex in their six-month progress reports.
  - b) **Estimating disaggregated data.** When the Executing Agency knows it is reaching the specific type of beneficiaries prioritized for disaggregation, but is not able to capture precise disaggregated data, the disaggregated progress may be estimated based on specific information available at the project level, or at the level of the

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<sup>8</sup> As of April 2020, IDB's operational policy on indigenous peoples ([OP-765](#)), defines indigenous peoples as those who meet the following three criteria: i) they are descendants from populations inhabiting Latin America and the Caribbean at the time of the conquest or colonization; ii) irrespective of their legal status or current residence, they retain some or all of their own social, economic, political, linguistic and cultural institutions and practices; and iii) they recognize themselves as belonging to indigenous or pre-colonial cultures or peoples. This definition is expected to be updated as part of the Environment and Social Policy Framework that is currently under development.

<sup>9</sup> The Bank's work on African descendants focuses on contexts where they face exclusion due to their racial or ethnic status or origin. Historically, the work of the Bank has focused on Spanish and Portuguese speaking countries; the Bank's work can be undertaken in areas of the Caribbean where race and/or ethnicity are factors for exclusion, and where there are persistent development gaps for African descendants.

municipality/province benefited by the project. These estimations should be based on relevant and updated sources, such as recent census data available on the government's statistical agency website. The disaggregation estimation criteria and their means of verification should be defined during the design phase in coordination with the Executing Agency, to assess feasibility and ensure that the Executing Agency has set up an appropriate plan for data gathering during execution. The criteria used to estimate the disaggregated progress should be specific to the area of the intervention. This implies, for example, avoiding as much as possible the use of information referring to the population at a national level (which may not apply to the specific execution context). When reporting on gender or diversity disaggregation, the estimation methodology for IDB projects should be discussed with GDI and/or with the person responsible for gender and diversity issues within the business unit supervising the project.<sup>10</sup>

- 2.15 For **IDB Invest projects**, the data disaggregation by gender and enterprise size has been implemented and will be continued in accordance with the same criteria as IDB operations. In both cases, disaggregation can be done only to the extent feasible under the commercial practices of the clients.
- 2.16 For **IDB Lab projects**, the data disaggregation by gender has been implemented and will be continued in accordance with the same criteria as IDB operations. Disaggregation can be done only to the extent feasible under the practices of the clients.

### Level 3. IDB Group Performance

- 2.17 Data for Level 3 of the CRF is collected from various IDB Group systems, as noted for each indicator in Annex I. SPD and DSP are responsible for coordinating the collection and validation of data for indicators at this level corresponding to IDB and IDB Invest, respectively, with the support of the relevant data owners and subject matter experts. At IDB Lab, LAB/STI is responsible for collecting and validating data for indicators at this level.
- 2.18 A traffic light methodology is used to classify the progress on indicators as achieved, on track, on watch, or off track. Once data has been collected and aggregated, progress against targets is measured using different methodologies specific to the nature of each indicator (see <http://crf.iadb.org/traffic-light-methodology>).
- 2.19 The strategic alignment indicators that form part of Level 3 are described in more detail in the following section.

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<sup>10</sup> When possible, GDI recommends that project teams implement evaluations or studies which can confirm the intervention has reached beneficiaries that belong to groups prioritized for disaggregation.



### 3. STRATEGIC ALIGNMENT CLASSIFICATION METHODOLOGY

#### A. General Considerations and Methodology

- 3.1 The IDB Group tracks strategic alignment of its newly approved/committed projects to monitor how projects align with the IDB Group's strategic priorities (i.e., the three challenges and three cross-cutting issues established in the UIS).<sup>11</sup> This section provides general guidelines for the process of classifying strategic alignment of projects beginning in 2020 for all priorities included as strategic alignment indicators in the CRF 2020-2023. These include: social inclusion and equality (indicator 3.1), productivity and innovation (indicator 3.2), economic integration (indicator 3.3.), gender equality (indicator 3.7), diversity (indicator 3.8), climate change (indicators 3.5, 3.6 and 3.6.a) and institutional capacity and rule of law (indicator 3.9).<sup>12</sup> The operational areas of emphasis outlined by the Second Update to the Institutional Strategy are not directly subject to strategic alignment reporting, but will be tracked through other indicators wherever possible.<sup>13</sup> The CRF 2020-2023 will measure the strategic alignment of new approvals for IDB and IDB Lab, and of commitments for IDB Invest. Reporting will be made on a specific universe of projects, which covers the largest portion of the IDB Group's annual approvals/commitments (see indicator definitions in Annex I).<sup>14</sup>

#### **General Criteria**

- 3.2 The specific guidance regarding the types of interventions that may be considered under each strategic priority are contained in paragraphs 3.8 to 3.21. Strategic alignment for IDB, IDB Invest, and IDB Lab operations generally requires that the project documentation include all of the following three elements:<sup>15</sup>
- (i) an analysis of the development problem or gap related to the strategic priority;
  - (ii) at least one activity/solution that addresses the development problem or gap; and
  - (iii) at least one indicator in the project results matrix (or policy matrix for PBLs) that relates to the development problem or gap. The indicator may be at any level – an output indicator, specific objective indicator, or general objective indicator.
- 3.3 In the case of IDB operations and as a reference for project teams, the guidance for some areas includes a list of sub-sectors that have historically been associated with strategic alignment to that area due to the close relationship between the sub-sector and the strategic priority. The complete list can be found in Annex V.<sup>16</sup>

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<sup>11</sup> Two of the three cross-cutting issues of the UIS (Gender Equality and Diversity and Climate Change and Environmental Sustainability) are pillars of the Mainstreaming Action Plan for Environmental and Social Sustainability, which accompanies the Modernization of the IDB's Environmental and Social Policies.

<sup>12</sup> Environmental sustainability will no longer be tracked as part of the CRF strategic alignment indicators since the CRF 2020-2023 targets for the cross-cutting issue of climate change and environmental sustainability focus on climate change.

<sup>13</sup> For example, resource mobilization will be reported through CRF indicators 3.16 and 3.17. The criteria to capture IDB Group projects that promote technology and innovation is under development.

<sup>14</sup> For IDB, CRF reporting is based on loans, guarantees, investment grants with an approved amount greater than \$3 million, and projects financed through the IDB grant facility. However, strategic alignment for other types of IDB operations (e.g., TC operations) is also captured in Convergence and may be reported outside the CRF.

<sup>15</sup> These elements should be part of the central vertical logic of the project, but in the case of gender equality and diversity projects may be aligned if they have a parallel vertical logic specifically related to gender equality and/or diversity. The vertical logic refers to the cause and effect relationship between the project's inputs, activities, outputs, outcomes, and impacts, representing a hypothesis postulated at entry concerning how the intervention will bring about the desired results. For more information, consult the DEM toolkit.

<sup>16</sup> At registration, project teams must select a single sub-sector code for the project based on a list of 150 codes and document this selection in Convergence (under the basic data section, within the project's operation data tab). See Appendix I for the complete list or the document OA-123. If the project design changes during preparation, the sub-sector may be updated accordingly, but it cannot be modified after approval.

### **Process for determining strategic alignment of operations**

- 3.4 The process for determining strategic alignment varies by strategic priority and institution (see Table 3.1).

#### **a) IDB**

- 3.5 For **IDB**, the project team proposes the project's strategic alignment at registration and updates it as the project matures as described below.<sup>17</sup> Project teams must ensure the consistency and accuracy of strategic alignment information in all project documentation and in Convergence throughout the project's development. For gender equality and diversity, technical specialists in GDI are responsible for making the final alignment determination. For climate change, technical specialists in CCS are responsible for making the final alignment determination. Alignment for the remaining areas is subject to quality control by SPD (see Table 3.1). The CRF captures the final strategic alignment at approval.

- **Project registration.** Project teams register the project's preliminary strategic alignment in Convergence, including only alignments that are expected to meet the alignment criteria at approval.
- **Project Profile (PP) and Eligibility Review Meeting (ERM).** Project teams update the strategic alignment classifications as the PP is developed to reflect any changes in scope as well as following the ERM to reflect committee feedback.
- **Proposal for Operation Development (POD) and Quality and Risk Review (QRR):** Project teams update the strategic alignment classifications as needed as the POD is developed and following the QRR process. For climate change, CCS estimates the project's climate finance and communicates its findings to the project team. A project with any amount of climate finance is aligned to climate change.<sup>18</sup> For gender equality and diversity, GDI reviews the proposed alignment and communicates to the team whether the project meets the alignment criteria.<sup>19</sup> For the remaining areas, SPD/SDV reviews the alignment and provides feedback to the project team. If as a result of the QRR process the project design changes in any way that may alter the alignment to gender equality, diversity, or climate change, the project team must inform the corresponding technical experts in GDI and CCS and update the classification in Convergence.
- **Draft Loan Proposal (DLP) and Operations Policy Committee (OPC):** Project teams update the strategic alignment classifications as needed as the DLP is

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<sup>17</sup> See the [Procedures for Processing Sovereign Guaranteed Operations](#) for more details Operations Processing Guidelines

<sup>18</sup> For SG loans, project teams should coordinate with CCS to pre-identify components with the potential to support climate change mitigation and/or adaptation during preparation. After the climate finance analysis has been conducted, CCS (CF-Tracking@iadb.org) contacts the project team as part of the QRR process with the percentage of the project's total approval amount that will be considered climate finance. Project teams incorporate this information into the Proposal for Operation Development (and later the Draft Loan Proposal and Loan Proposal). The climate finance value is documented in the Climate Finance tab of each operation in Convergence and in the Climate Finance dashboard by CCS. CSD/CCS produces the required reports on climate finance using data in IDB Group systems and provided by the corresponding focal point in each institution for audiences within and beyond the IDB Group. Additional details are available in the [Procedures for Processing Sovereign Guaranteed Operations](#). Note that climate finance estimates may be updated before OPC if there is any change in the project that affects the climate related activities and correspondent budget. It is the responsibility of the project team to inform CCS of project changes that affect climate finance estimates post-QRR.

<sup>19</sup> After this analysis has been conducted, SCL/GDI contacts the project team and SPD as part of the QRR process to confirm alignment. Project teams incorporate this information into the Proposal for Operation Development (and later the Draft Loan Proposal and Loan Proposal).

developed and following OPC. Prior to submission to OPC, project teams must ensure that Convergence reflects accurate strategic alignment information, including the justification for alignment based on fulfillment of the criteria in paragraph 3.2. See Annex VI for example justifications. If after OPC the project design changes in any way that may alter the alignment to gender equality, diversity, or climate change, the project team must inform the corresponding technical experts in GDI and CCS and update the classification in Convergence.

- **Project Approval (AP):** After approval, the strategic alignment of the operation is final and will not be modified unless the project is reformulated.

#### b) IDB Invest

- 3.6 For **IDB Invest**, the project team<sup>20</sup> is responsible for making the final determination regarding all strategic alignments, except for climate change. (see table below). INO/FNP is the business unit responsible for determining climate finance values, which are reported in Maestro during the operation's structuring. Strategic alignment of projects is registered in the DELTA system. Alignment is performed and confirmed by the DVF officer assigned to the project.

#### c) IDB Lab

- 3.7 For **IDB Lab** operations, DVF is responsible for making the final determination regarding all strategic alignments, with the support of the project team (see table below). Team leaders should register the operation's strategic alignment in Convergence, ensuring consistency with the strategic alignment registered in iDELTA. Alignment is performed and confirmed by the DVF officer assigned to the project.

**Table 3.1 Responsibility for Determining Strategic Alignment by Priority and Institution**

Challenges	IDB	IDB Invest	IDB Lab
<b>Social Inclusion and Equality</b>	Project Team (with SPD review)	Project Team (including DVF)	DVF
<b>Productivity and Innovation</b>	Project Team (with SPD review)	Project Team (including DVF)	DVF
<b>Economic Integration</b>	Project Team (with SPD review)	Project Team (including DVF)	DVF
Cross-Cutting issues	IDB	IDB Invest	IDB Lab
<b>Gender Equality</b>	SCL/GDI	Project Team (including DVF)	DVF
<b>Diversity</b>	SCL/GDI	Project Team (including DVF)	DVF
<b>Climate Change</b>	CSD/CCS	INO/FNP	DVF
<b>Institutional Capacity and Rule of Law</b>	Project Team (with SPD review)	-	-

<sup>20</sup> Every project team includes a DVF Officer as team member.

## B. Specific Alignment Criteria

### I. Social Inclusion and Equality

3.8 Projects aligned to Social Inclusion and Equality must support one of the three specific areas of intervention outlined below.

Areas of Intervention	Project examples
<b>1. Improving services for social inclusion</b> , enabling people to improve their welfare, develop their potential, and participate in social, political, and economic life on equal terms.	<ul style="list-style-type: none"><li>• Improving the access and quality of social services such as health, education, early childhood development, childcare, social protection, unemployment insurance, social housing, social security and water and sanitation. This includes Public-private partnerships (PPPs) and contracts for private delivery with a focus on social inclusion</li></ul>
<b>2. Supporting redistributive policies and social investments to reduce inequality.</b>	<ul style="list-style-type: none"><li>• Supporting reforms and programs that strengthen distributive fiscal policy</li><li>• Supporting redistributive instruments such as generalized subsidies, tax exemptions, cash transfers (universal or targeted), food vouchers, etc.</li><li>• Supporting social protection arrangements, such as social investment funds</li><li>• Enabling access of low-income households to credit (e.g., for housing, consumption, professionalization)</li></ul>
<b>3. Fostering economic development of lower-income segments of the population.</b>	<ul style="list-style-type: none"><li>• Improving employability (e.g., career counseling, closing skills gaps) and labor intermediation services</li><li>• Supporting job creation for vulnerable populations (e.g. low-income, rural, migrant)</li><li>• Enabling access to finance for MSMEs</li><li>• Enhancing social mobility for vulnerable populations, including through private income generating opportunities</li><li>• Supporting the expansion of value chains to include firms owned or led by traditionally excluded populations or minority groups</li></ul>

- 3.9 For an **IDB**, **IDB Invest** or **IDB Lab** project to demonstrate its strategic alignment to Social Inclusion and Equality, it must fulfill the three criteria described in paragraph 3.2 (i.e., an analysis of the development problem or gap related to the strategic priority; at least one activity/solution that addresses the development problem or gap; and at least one indicator in the project results matrix (or policy matrix in the case of PBLs) that relates to the development problem or gap). For IDB projects, the following IDB sub-sectors may be used as a guide for project teams to identify potential alignment as these sub-sectors have historically been associated with strategic alignment to this area.

Sub-sectors with historical strategic alignment to Social Inclusion and Equality	
AS-AGR	Water supply rural and peri-urban
AS-AGU	Water supply urban
AS-SAR	Sanitation rural and peri-urban
AS-SAU	Sanitation urban
AS-SOS	Solid waste, social projects
DU-NEI	Neighborhood Upgrading
DU-VIV	Housing
ED-COM	Compensatory Education
ED-DOC	Teacher Education and Effectiveness
ED-NUM	Literacy & Numeracy
ED-PRE	Preschool & Early Childhood Education
ED-PRI	Primary Education
ED-SEC	Secondary Education
EN-ERT	Rural Electrification
FM-INC	Financial Inclusion
IS-AFR	Afro-Descendants Development
IS-ECD	Early Childhood Development
IS-GDI	Gender Equality & Women's Empowerment
IS-IND	Indigenous Peoples Development
IS-POV	Poverty Alleviation
IS-PSS	Pensions & Social Security
IS-YAR	Youth at Risk
SA-DPC	Disease Prevention & Control
SA-FIN	Health Financing
SA-HSS	Health System Strengthening
SA-NUT	Nutrition
SA-PHC	Primary Health Care
SA-SER	Health Services Packages

## II. Productivity and Innovation

3.10 Projects aligned to Productivity and Innovation must support one of the four specific areas of intervention outlined below.

Areas of Intervention	Project examples
<b>1. Improving productivity through Infrastructure and services</b>	<ul style="list-style-type: none"> <li>Supporting the enhancement of infrastructure and public services that increases productivity or access to markets, such as transportation, telecoms or energy supply.</li> <li>Providing urban planning</li> </ul>
<b>2. Improving the efficiency of factors of production, access to finance and risk mitigation</b>	<ul style="list-style-type: none"> <li>Supporting institutional reforms, developing instruments and promoting and supporting investments that contribute to more efficient and sustainable use of factors of production</li> <li>Increasing access to finance for productive sectors through traditional and alternative forms of finance (e.g. supply chain finance), programs, policies and improved institutional and regulatory arrangements.</li> <li>Supporting investments that increase production capacity, competitiveness and/or productivity of firms and value chains of large anchor companies (e.g. improving access to credit, new technologies, new markets)</li> <li>Developing capital markets and risk management instruments</li> <li>Redrafting social policy to reduce incentives to informal employment</li> </ul>
<b>3. Supporting policies and investments that encourage technological development, foster innovation and strengthen innovation ecosystems.</b>	<ul style="list-style-type: none"> <li>Supporting investments and policies that strengthen research and development (e.g., developing research programs and collaboration initiatives, supporting research centers)</li> <li>Supporting investments that enable innovation, technology adoption or knowledge transfer among firms, entrepreneurs or farmers</li> <li>Establishing smart institutional frameworks and building institutional capacity to foster innovation and strengthen innovation ecosystems (e.g., enabling the development and commercial application of new technologies, intellectual property rights, technology transfer capabilities)</li> </ul>
<b>4. Developing human capital and enhancing its allocation efficiency</b>	<ul style="list-style-type: none"> <li>Promoting better matching of workers to vacancies through labor intermediaries and information systems</li> <li>Supporting the development of work-relevant skills throughout the lifecycle of workers</li> <li>Supporting policies that enhance human capital, focusing on improving productivity, employability and/or innovation</li> <li>Supporting firm-level investments in training, knowledge transfer and human capital development</li> <li>Providing scholarships for doctoral and post-doctoral studies abroad and/or developing domestic research programs to accommodate new doctorates</li> <li>Developing educational programs in technical areas and/or supporting programs to insert researchers into industry</li> </ul>

- 3.11 For an **IDB**, **IDB Invest** or **IDB Lab** project to demonstrate its strategic alignment to Productivity and Innovation, it must fulfill the three criteria described in paragraph 3.2 (i.e., an analysis of the development problem or gap related to the strategic priority; at least one activity/solution that addresses the development problem or gap; and at least one indicator in the project results matrix (or policy matrix in the case of PBLs) that relates to the development problem or gap). For IDB projects, the following IDB sub-sectors may be used as a guide for project teams to identify potential alignment as these sub-sectors have historically been associated with strategic alignment to this area.

Sub-sectors with historical strategic alignment to Productivity and Innovation	
AG-ADM	Land Administration and Management
AG-AGB	Agrobusiness
AG-DEV	Sustainable Agricultural Development
AG-POL	Agricultural Policy
AG-RES	Agricultural Research and Innovation
AG-RIE	Irrigation and Drainage
AG-SAN	Agricultural Health and Food Safety
AG-TEC	Agricultural Technology Adoption
EN-BIO	Bioenergy
EN-D&T	New Power Distribution & Transmission Projects
EN-EEC	Energy efficiency and renewable energy in end use
EN-ERT	Rural Electrification
EN-HID	New Hydropower Projects
EN-INS	Energy Institutional strengthening and capacity building
EN-INT	Energy Integration
EN-PET	New Oil and Gas and Extractive Industries
EN-REH	Energy sector rehabilitation and efficiency
EN-TBC	Low-carbon Energy Technologies
EN-TER	New Thermal Power Plants
FM-CAP	Capital Market Development
FM-REG	Financial Regulation and Supervision
IN-BAS	Basic industry (Cement industry)
IN-MAN	Manufacturing industry
IN-PET	Petrochemical industry
IS-EMP	Human resources & workforce development
IS-LIS	Labor Intermediation Systems
PA-COS	Coastal Zone Management
PS-EMP	Enterprise Development, Clusters and Innovation
PS-MDF	Market Development and Functioning
PS-NEG	Business Climate and Competitiveness
PS-REG	Integrated Regional/Local Economic Development
ST-DIF	Technology Diffusion
ST-HRD	Advanced Human Capital
ST-ICT	ICT (Information and Communications Technology)
ST-RDH	Regional R&D and regulatory harmonization
ST-RDI	R&D and Innovation Funding
ST-REG	STI Policy & Institutions
TR-INT	Transport Networks Connectivity
TR-LUR	Urban logistics
TR-UMA	Public transport (bus/train/cable). Infrastructure and equipment

Sub-sectors with historical strategic alignment to Productivity and Innovation (continued)	
TR-VMA	Road Maintenance
TR-VRU	Rural Roads
TU-DES	Development Tourism Destination & Product Management

### III. Economic Integration

- 3.12 Projects aligned to Economic Integration must support one of the four specific areas of intervention outlined below.

Areas of Intervention	Project examples
<b>1. Improving the connectivity of national infrastructure investments</b> in transport, energy and communications with the goal of reducing cross-border transaction costs, boosting external competitiveness through productive integration and balanced territorial development.	<ul style="list-style-type: none"> <li>Improving regional infrastructure to promote greater cross-border connectivity (feeding roads, international transport corridors, airport, seaports, etc.)</li> <li>Investment in electricity generation for export or development of the national portion of a multinational power gridline</li> <li>National investment in a customs facility designed in coordination with a neighboring country</li> </ul>
<b>2. Strengthening regulatory frameworks or building institutional capacity of public entities</b> to facilitate the movement or transaction of goods, services, capital, direct investments, people and technology across borders	<ul style="list-style-type: none"> <li>Modernization of Trade Ministry</li> <li>Modernizing regulatory regimes to facilitate market access</li> <li>Modernization of customs procedures</li> <li>Improving regulatory regimes in energy and transport to facilitate regional integration</li> </ul>
<b>3. Supporting regional or global value chains' integration and expansion</b> as well as increasing trade or FDI.	<ul style="list-style-type: none"> <li>Fostering production sharing schemes</li> <li>Increasing access to finance for firms integrated in regional or global value chains through traditional and alternative forms of finance</li> <li>Facilitating foreign direct investment in businesses integrated in the global or regional economy</li> <li>Supporting firm-level investments that further the integration of business activities within the international economy</li> </ul>
<b>4. Supporting cooperation initiatives and regional trade agreements.</b>	<ul style="list-style-type: none"> <li>Providing incentives to participate in and supporting the development of formal regional cooperation initiatives</li> <li>Revenue sharing mechanisms for the management of an international toll road</li> </ul>

- 3.13 For an **IDB, IDB Invest** or **IDB Lab** project to demonstrate its strategic alignment to Economic Integration, it must fulfill the three criteria described in paragraph 3.2 (i.e., an analysis of the development problem or gap related to the strategic priority; at least one



activity/solution that addresses the development problem or gap; and at least one indicator in the project results matrix (or policy matrix for PBLs) that relates to the development problem or gap). For IDB projects, the following IDB sub-sectors may be used as a guide for project teams to identify potential alignment as these sub-sectors have historically been associated with strategic alignment to this area.

Sub-sectors with historical strategic alignment to Economic Integration	
AG-SAN	Agricultural Health and Food Safety
EN-INT	Energy Integration
RI-ENA	Enabling Environment for Sustainable Integration
RI-RCC	Regional and Cross-border Cooperation
ST-RDH	Regional R&D and regulatory harmonization
TD-EIP	Export and Investment Promotion
TD-TAA	Trade Adjustment Assistance
TD-TFL	Trade Facilitation, Trade Logistics and Customs
TD-TIA	Trade and Investment Agreements and Regulations
TR-AED	Airport Infrastructure
TR-FRA	Border Crossings and infrastructure, equipment for border crossings.
TR-INT	Transport Networks Connectivity
TR-LPM	Logistic Planning, Multimodal Transport and Logistic Platforms
TR-PDO	Port infrastructure

## IV. Gender Equality

- 3.14 Projects aligned to Gender Equality must contribute to closing gender gaps and/or addressing gender-specific issues.<sup>21</sup> Examples of these two types of interventions are provided in the table below. Given Gender Equality's cross-cutting nature, a project may be aligned if: (a) the project contributes to closing gender gaps and/or addresses gender-specific issues through its central vertical logic; or (b) the project includes interventions and/or actions that address gender gaps and/or gender-specific issues, but are not part of its central vertical logic (e.g., actions that address gender gaps or gender-specific issues that were incorporated as a result of the project's risk analysis).

Types of Intervention	Project examples
<b>1. Addressing gender gaps</b>	<ul style="list-style-type: none"> <li>Supporting women entrepreneurs in STEM by financing activities that help connect them with the global entrepreneurial ecosystem.</li> <li>Including actions to reduce male student dropout rates and learning achievements in primary and secondary schools.</li> <li>Including actions to address challenges faced specifically by women in a project targeting closing skills gaps for youth (e.g., organizing job fairs for women, providing workshops on wage negotiation for women).</li> <li>Including actions to ensure women's participation in nontraditional and managerial positions, such as a plumber training program, or recruiting women engineers in a water and sanitation project</li> <li>Including actions to increase the share of female participation in the retirement and pensions system</li> <li>Including incentives and trainings to increase and sustain the participation of women in water governance decision-making in a rural water service expansion project</li> <li>Including a component to incorporate both paternity and maternity leave for public officials in a project focused on civil service modernization</li> </ul>
<b>2. Addressing gender-specific issues</b>	<ul style="list-style-type: none"> <li>Supporting the implementation of Women Centers that provide integrated services for women and girls, with a focus on specific issues such as sexual and reproductive health, intimate partner violence, and adolescent pregnancy.</li> <li>A neighborhood improvement project that supports rehabilitation activities for male gang members including counseling and job-skills trainings.</li> <li>A government modernization project implementing a one-stop-shop for transactions that includes lactation rooms to enable mothers to use the service.</li> </ul>

- 3.15 For an **IDB**, **IDB Invest** or **IDB Lab** project to demonstrate its strategic alignment to Gender Equality, all three criteria described in paragraph 3.2 must be met (i.e., an analysis of the gender gap and/or gender-specific issue; at least one activity/solution within the project's components that addresses the gap(s)/issue(s); and at least one related

<sup>21</sup> According to the World Economic Forum, a gender gap is the difference between women and men as reflected in social, political, intellectual, cultural, or economic attainments or attitudes. Gender specific issues include all aspects and concerns related to women's and men's lives and situation in society, to the way they interrelate, their differences in access to and use of resources, their activities, and how they react to changes, interventions and policies.

indicator<sup>22</sup> in the project results matrix (or policy matrix for PBLs)). Note that simply disaggregating project indicators by gender or targeting a single gender (e.g., females) is not sufficient to meet the criteria described in paragraph 3.2 (disaggregation of beneficiary data is, however, called for in the CRF as noted in paragraph 2.13). In the case of **IDB Invest**, projects that score on the gender additionality criterion captured in the DELTA are also considered to be strategically aligned to gender equality.

## V. Diversity

- 3.16 Projects aligned to Diversity must contribute to closing diversity gaps and/or addressing diversity-specific issues faced by any of the targeted diversity groups (i.e., indigenous peoples, persons with disabilities, African descendants, and LGBTQ+).<sup>23</sup> Examples of these two types of interventions are provided in the table below. Given Diversity's cross-cutting nature, a project may be aligned if: (a) the project addresses diversity gaps and/or specific issues related to one of the targeted diversity groups through its central vertical logic; or (b) the project includes interventions and/or actions that address gaps or issues specific to one of the targeted diversity groups, but are not part of its central vertical logic (e.g., actions that address diversity gaps or diversity-specific issues that were incorporated as a result of the project's risk analysis).

Types of Intervention	Project examples
<b>1. Addressing diversity gaps</b>	<ul style="list-style-type: none"> <li>Supporting the economic empowerment of African descendants through productive initiatives and job-intermediation activities that facilitate access to higher quality jobs in the formal sector.</li> <li>Promoting the commitment of private companies to include targeted diversity groups in their workforce, value chains and markets.</li> </ul>
<b>2. Addressing diversity-specific issues</b>	<ul style="list-style-type: none"> <li>Improving the access and quality of public education for indigenous peoples, including cultural adaptations and native language integration to curriculum.</li> <li>Incorporating considerations to enable the full participation of LGBTQ+ individuals and persons with disabilities into a project focused on modernization of citizen services.</li> <li>Promoting inclusive access to social services for persons with disabilities by eliminating barriers and/or designing a differentiated disability approach to service delivery.</li> </ul>

- 3.17 For an **IDB**, **IDB Invest** or **IDB Lab** project to demonstrate its strategic alignment to Diversity, all three criteria described in paragraph 3.2 must be met (i.e., an analysis of the diversity gap and/or diversity specific issue; at least one activity/solution within the project's components that addresses the gap(s)/issue(s); and at least one related indicator

<sup>22</sup> A gender-related indicator in either the results matrix or policy matrix of a project is considered to be a gender-related result (GRR).

<sup>23</sup> The four targeted diversity groups are the same as those contemplated in IDB's Diversity Action Plan for Operations ([link](#)). A diversity gap refers to a wide range of social, political, or economic gaps faced by any of the targeted groups as compared to other populational groups. Diversity specific issues include all aspects and concerns related to the lives and situations of indigenous peoples, African descendants, people with disabilities, and LGBTQ+ individuals, including the way they interrelate through their development with identity, their differences in access to and use of resources and opportunities, their activities, and how they are affected by changes, interventions and policies.

in the project results matrix (or policy matrix for PBLs)). Note that simply disaggregating project indicators by ethnicity or only targeting a specific population (i.e., indigenous peoples, persons with disabilities, African descendants, and LGBTQ+) is not sufficient to meet the criteria described in paragraph 3.2 (disaggregation of beneficiary data is, however, called for in the CRF as noted in paragraph 2.13). In the case of **IDB Invest**, projects that score on the diversity and inclusion additionality criterion captured in the DELTA are also considered to be strategically aligned to diversity.

## **VI. Climate Change**

- 3.18 For climate change, the IDB Group determines the volume of financing allocated to climate change adaptation and mitigation activities according to the Joint MDB Approach on Climate Finance Tracking and Reporting.<sup>24</sup> Any project with a climate finance value greater than zero is considered to be strategically aligned to climate change. Climate change mitigation and adaptation finance of the IDB Group may be national, sub-national or regional in scope, and may be public- or private-sector based through any of the available financial instruments, including loans, TC operations, grants, guarantees, and equity.
- 3.19 The Joint MDB Approach for Tracking and Reporting Climate Finance is described in the latest Joint Report on MDBs' Climate Finance.<sup>25</sup> The methodology identifies climate finance as those components or elements of projects that contribute directly to mitigation and/or adaptation. Adaptation finance is a context- and location-specific approach while mitigation finance is that which promotes efforts to reduce or limit greenhouse gas emissions or enhance greenhouse gas sequestration. As the methodology is continuously evolving in order to capture new approaches or knowledge, the IDB Group will adopt the most updated joint MDB approach by default, except when substantial, material changes occur which would be subject to internal review prior to adoption.

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<sup>24</sup> In the case of PBLs and PBPs, the climate finance is estimated by identifying the fraction of policies in the policy matrix that contribute to climate change mitigation and/or adaptation and applying this percentage to the approved amount (e.g., if the policy matrix has 10 policies and 5 are identified for climate finance, then the climate finance is 50 percent)

<sup>25</sup> Available at: <https://publications.iadb.org/en/2018-joint-report-multilateral-development-banks-climate-finance>.

## VII. Institutional Capacity and Rule of Law

3.20 Projects aligned to Institutional Capacity and Rule of Law must support one of the five specific areas of intervention outlined below and must target the public sector at any level of government.

Areas of Intervention	Project examples
<b>1. Improving the state's capabilities to capture and manage resources</b>	<ul style="list-style-type: none"> <li>• Strengthening countercyclical fiscal policy instruments</li> <li>• Strengthening public expenditure, debt management or asset management</li> <li>• Strengthening public investment systems</li> </ul>
<b>2. Improving the state's capabilities to provide public services with adequate volume, accessibility and quality (effectiveness, efficiency and timeliness)</b>	<ul style="list-style-type: none"> <li>• Improving human capital in the public sector (e.g., trainings, improved hiring, modernizing the civil service)</li> <li>• Reforming organizational structures and building capacity of public institutions, such as center of government, national statistical systems, monitoring and evaluation systems, innovation agencies and financial systems, among others</li> <li>• Modernizing of administrative processes (front-office integration) and services (citizen centered design), including e-Government (digitalization of processes, transactions and services), cybersecurity, national identity systems and national data policy, among others</li> <li>• Strengthening public procurement and public investment management</li> <li>• Supporting decentralization, intergovernmental relations and strengthening subnational governments</li> </ul>
<b>3. Improving the state's capabilities to maintain social order and enforce agent compliance with established rules and processes</b>	<ul style="list-style-type: none"> <li>• Modernizing justice administration and judicial independence</li> <li>• Improving contract and court order enforcement</li> <li>• Improving land tenure and the protection of property rights (including intellectual property)</li> </ul>
<b>4. Supporting the state's fight against corruption and enhancing government's transparency and accountability practices</b>	<ul style="list-style-type: none"> <li>• Strengthening public sector integrity, including reforms to regulate ethics in public administration and conflict of interest, among others</li> <li>• Building capacity of control and auditing entities</li> <li>• Fostering open government</li> <li>• Strengthening financial transparency</li> <li>• Strengthening resource accountability</li> <li>• Improving transparency, access to information, and anti-corruption policies</li> <li>• Strengthening police professionalization and reducing the incidence of crime and violence.</li> </ul>

**5. Strengthening institutional, legal and regulatory frameworks of the state**

- Strengthening the regulatory capacity of governments
- Strengthening institutional and regulatory frameworks for digital transformation
- Developing or reforming legal and regulatory frameworks that foster investments and business growth, competition, public private partnerships, innovation and technological development
- Strengthening financial institutional, legal and regulatory frameworks (e.g., financial system, national public development banks)
- Strengthening legal and regulatory frameworks for greening the economy
- Strengthening legal and regulatory frameworks for environmental and social governance

3.21 For an **IDB** project to demonstrate that it is strategically aligned to Institutional Capacity and Rule of Law, all three criteria described in paragraph 3.2 must be met (i.e., an analysis of the development problem or gap related to the strategic priority; at least one activity/solution that addresses the development problem or gap; and at least one indicator in the project results matrix (or policy matrix for PBLs) that relates to the development problem or gap). For IDB projects, the following IDB sub-sectors may be used as a guide for project teams to identify potential alignment as these sub-sectors have historically been associated with strategic alignment to this area.

Sub-sectors with historical strategic alignment to Institutional Capacity and Rule of Law	
FM-REG	Financial Regulation and Supervision
IS-SEC	Citizen Safety
PS-MDF	Market Development and Functioning
PS-NEG	Business Climate and Competitiveness
RM-CEN	National Statistics Systems and Censuses
RM-DBT	Public Debt Management
RM-DES	Decentralization & Intergovernmental Relations
RM-EGO	e-Government
RM-ETI	Transparency and Anti-Corruption
RM-FIN	Public Expenditure Management
RM-FIS	Fiscal Policy for Sustainability and Growth
RM-JUS	Modernization & Administration of Justice
RM-MFR	Management for Development Results
RM-PRO	Economic Registries
RM-PUB	Reform and Public Sector Support
RM-REA	Revenue Administration
RM-REG	Civil Registries
RM-SOC	Protection or Enhancement of Priority Expenditures
RM-SUB	Subnational and Local Governments

#### **4. ELECTRONIC ANNEXES**

[Annex I: Indicator Definitions](#)

[Annex II: Transition Guidelines for Level 2 Indicators](#)

[Annex III: CRF Level 2 Data Capture through the PMR](#)

[Annex IV: Climate Change Disaggregation for Level 2 CRF Indicators](#)

[Annex V: IDB Sub-sector List and IDB Group Priorities](#)

[Annex VI: Examples for Documenting IDB Strategic Alignment Justifications](#)