



# IDB GROUP SDG PROJECT CLASSIFICATION METHODOLOGY

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## 1. Introduction

- 1.1 This guide provides an overview of the *ex-ante* approach used by the Inter-American Development Bank Group (IDB Group) to determine the contribution to the Sustainable Development Goals (SDGs) of the projects it supports.
- 1.2 The IDB Group is the leading source of development finance for Latin America and the Caribbean. It helps to improve lives by providing financial solutions and development knowhow to public and private sector clients. The group comprises the IDB, which has worked with governments for 60 years; IDB Invest, which serves the private sector; and IDB Lab, which tests innovative ways to enable more inclusive growth.
- 1.3 As the SDGs are a globally recognized language for expressing development impact, it is important for the Group to identify how its projects support the region's progress on the goals and targets set out in the SDGs. This process is facilitated by the alignment between the IDB Group's institutional priorities and the aims of the SDGs. Each of the IDB Group's strategic priorities relates to at least one SDG and all 17 SDGs are covered by the institutional strategy, as shown [here](#).
- 1.4 The SDGs to which a project is anticipated to contribute at approval and a snapshot of results during execution are presented on the IDB Group's SDG website at [www.iadb.org/sdgs](http://www.iadb.org/sdgs). For more information, contact [sdgs@iadb.org](mailto:sdgs@iadb.org).

## 2. Methodology

- 2.1 The IDB Group's approach to determining its contribution to the SDGs is shared across the entities of the Group.<sup>1</sup> The cornerstone of this approach is that projects must be able to measure their contribution to a given SDG target through an indicator that will be monitored throughout the life of the project. Specific guidance regarding the types of interventions that may be considered under each SDG is guided by the official UN definition of the SDG and its associated targets. The IDB Group has also created a toolkit which provides specific guidance by type of intervention to promote consistency when mapping contribution to the SDGs across the portfolio.
- 2.2 Mapping a project to an SDG at approval generally requires that the project include in its results matrix, or policy matrix in the case of policy-based loans, an indicator that is expected to contribute to a specific SDG target.<sup>2</sup> A project may be aligned to multiple targets within a single SDG and/or across several SDGs. Project indicators are not required to match the list of UN-designated SDG indicators, but should be directly related to the SDG target.<sup>3</sup> Where no direct indicator can be tracked, a proxy indicator may be used to measure contribution to an SDG target only if its validity is substantiated by a theory of change model, comprehensive literature review, or other rigorous evidence.
- 2.3 For a limited set of SDG targets, specific project characteristics may be used to map the contribution of a project to the target when the characteristic is sufficient in and of itself for the project to be contributing to a specific SDG target.<sup>4</sup> The specific project characteristics and their associated SDG targets include:

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<sup>1</sup> Specific aspects of the guidelines may vary based on the nature of the projects or clients (i.e., public/private sector).

<sup>2</sup> In the case of IDB Invest, indicators from the Environmental and Social Action Plan (ESAP) may also be used.

<sup>3</sup> The UN-designated indicators associated with the targets are not comprehensive in nature and therefore represent only one method by which progress towards the SDG targets may be tracked. In addition, many of the UN-designated indicators were designed to track progress at the global, national or sub-national level, rather than at a project-specific level.

<sup>4</sup> General project characteristics, such as the sector of intervention, are not considered to be specific enough to provide concrete information on whether the project contributes to a given SDG target.

- a) **Country of Implementation.** Projects implemented in small and island countries, those eligible for concessional resources, and landlocked countries are considered to be contributing to SDG target 10.B, provided they align with national plans and programs, because they channel financial flows to least developed countries within the IDB Group's purview.<sup>5</sup>
- b) **Resource Mobilization.** Projects with deployment of third-party resources (public and private, as defined in the IDB Group's 2020-2023 [Corporate Results Framework](#))<sup>6</sup> are considered to contribute to SDG target 17.3, for mobilizing resources for developing countries from multiple sources.<sup>7, 8</sup>
- c) **Regional Projects.** Regional projects are considered to contribute to SDG target 17.16 when they bring together stakeholders from a least two countries to work towards a common objective related to sustainable development.<sup>9</sup>
- d) **Projects with Climate Finance.** Projects with a positive climate finance value according the MDB joint approach are considered to contribute to SDG 13 (Climate Action), with the specific SDG target dependent upon the details of the project.<sup>10</sup>

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<sup>5</sup> Target 10.B aims to *Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programs.*

<sup>6</sup> The Corporate Results Framework definition is aligned with international and market best practices, particularly the [joint MDB and Development Finance Institution \(DFI\) methodology](#) to measure private capital mobilized in project activities.

<sup>7</sup> Target 17.3 aims to *Mobilize additional financial resources for developing countries from multiple sources.*

<sup>8</sup> IDB Invest and IDB Lab projects are only considered to support target 17.3 if there is direct and active involvement in mobilizing resources. For the case of mobilization of private finance in IDB sovereign-guaranteed operations, both direct and indirect deployment of private third-party resources are considered.

<sup>9</sup> Target 17.16 aims to *Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.*

<sup>10</sup> Tracking of MDB climate finance is based on a joint approach articulated in the [annual MDB report on climate finance](#).

### **3. Key Considerations**

- 3.1 Given that SDG targets apply at the global level, while project indicators are tailored for the specific intervention context, a project indicator mapped to an SDG target is expected to measure progress in the same area of intervention, but not at the same scale. For example, a project which produces renewable energy may support SDG target 7.2 (increase substantially the share of renewable energy in the global energy mix) because the project contributes to reaching this goal even when it does not have a substantial impact globally.
- 3.2 Project indicators contributing to SDG targets that aim to improve relative wellbeing (i.e., those associated with reducing inequality) should measure relative improvements for the group targeted by the project intervention. For example, SDG 5 focuses on gender equality, and therefore indicators related to the relative well-being of women (e.g., share of female beneficiaries) are generally more appropriate for measuring contribution to the SDG 5 targets than indicators related to the absolute benefits for women (e.g., number of female beneficiaries).
- 3.3 Project indicators mapped as contributions to SDG targets must come from interventions that aim to produce a positive impact and not activities related to the mitigation of a negative impact caused by the project itself. For example, if an infrastructure project includes the implementation of mitigation measures to reduce environmental risks associated with construction, the project would not be considered to contribute to sustainability targets, such as those under SDG 15 (Life on Land).
- 3.4 Project teams should be conservative in the determination of SDG contribution and only include elements which have clear contribution to the SDGs, supported by a tracked indicator. As such, while the IDB Group tracks each operation's demonstrable contribution to the SDGs, projects may have additional positive impacts on the region.

## **4. Documentation and Reporting**

- 4.1 Each IDB Group project's expected contribution to the SDGs at approval is recorded in a project-specific SDG profile. This constitutes the official expectations for SDG contribution for the project based on the project scope defined at approval. The SDG profile documents the rationale for mapping to each SDG, including the SDG target(s), the relevant indicator(s), and any additional information to justify the SDG target and/or indicator selection.
- 4.2 During project implementation, actual contributions to the SDGs are tracked and select standardized results are disclosed externally. While contributions to the SDGs are tracked at the target level, due to the breadth of the SDG targets, results are typically reported at the SDG level for more concise messaging. Results are available at the IDB Group level but can also be viewed by IDB Group entity (IDB, IDB Invest, or IDB Lab) and/or by country of implementation on the IDB Group SDG website.



For questions, please contact  
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