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What are the main gaps in IDB Invest's environmental and social performance?

As the private sector lending arm of the Inter-American Development Bank (IDB) Group, IDB Invest must enhance its value by consistently applying its [Sustainability Policy](#) and [Access to Information Policy](#) across its portfolio. However, monitoring of IDB Invest's projects reveals a troubling tendency of failing to comply with its environmental, social, and access to information policies across every stage of the project cycle: appraisal, implementation, remedy, and exit. These findings align with a recent [evaluation](#) by the IDB's independent Office of Evaluation and Oversight (OVE),¹ which documented

gaps in IDB Invest's policies and processes, raising concerns that a significant portion of its investment portfolio is failing to contribute to the IDB's goals.

Moreover, the [OVE's annual evaluation](#) of the IDB Group's performance underscores this issue, highlighting that only 25 percent of IDB Invest projects are effective.² This means that three out of four projects are falling short of the goals they were designed to achieve, signaling a critical misalignment between IDB Invest's development projects and the broader objectives of the IDB Group.

¹ OVE is independent from the Bank's Management and reports directly to the Board.

² Effectiveness is defined by OVE as the degree to which the project achieved the specific objectives for which it was approved.

IDB Invest's value add: Additionality and its impact on project selection

According to OVE's evaluation, IDB Invest lacks a clear and shared definition of "additionality," which should be central to project selection and supervision. Additionality refers to key inputs provided by the IDB to a client and project that are not available from other funding sources. It can be both financial (e.g., providing financing or innovative financing structures) and non-financial (e.g., helping clients structure more sustainable projects in terms of environmental, social, and governance standards). Nevertheless, OVE mentions that the lack of a clear definition has led the IDB Invest Board and Management to have different interpretations of its meaning.

The [Sal de Vida Project](#) provides an example of how this ambiguity affects project selection and evaluation mechanisms. In 2023, IDB Invest approved a \$50 million project for the construction and operation of a lithium production plant in Northwest Argentina. Ahead of the project's approval by the Board, BIC and civil society partners raised [concerns](#) about weak stakeholder engagement, failure to protect cultural Indigenous heritage, and flawed criteria in the definition of the project area of influence. BIC's partners also reported that members of local Indigenous communities were arrested for opposing the project.

CSOs also criticized how the IDB Board's approval of Sal de Vida was carried out without the disclosure of a cumulative impacts assessment on the Salar del Hombre Muerto water basin,³ a fragile ecosystem where nine other lithium mining projects were in different stages of development. A provincial court later objected to the lack of the cumulative impact assessment, halting all new operations⁴ and permits in the area due to environmental risks.

Despite these environmental and social impacts and risks, IDB Invest still has not explained what additionality (either financial or non-financial) they bring to an already profitable⁵ and hazardous operation, which is causing permanent environmental harm to a unique ecosystem on the promise of unclear and meager benefits to local

3 There is a published Environmental and Social Impacts Assessment (ESIA) but with limited mention to the cumulative impacts.

4 Sal de Vida, nevertheless, continues to operate with the current permit.

5 Allkem, which recently merged with former rival Livent to form Arcadium, is one of the main global producers of lithium, with projects in Argentina, Canada, Australia, and Japan. In 2023, [Allkem reported \\$1.2 billion in yearly revenue](#), which meant a 1.6 times increase yearly. Also, in the area where Sal de Vida is in operation, there are six other operational lithium mining operations.

communities.⁶ IDB Invest Management has asserted that the Sal de Vida project "has been structured as a green loan linked to sustainability, with objectives to address the participation of women in the workforce, the increase of renewable energy in the project matrix, and the reduction of greenhouse gas emissions intensity." However, it is unclear how this project will benefit the local communities and the environment.

Why are strategic selectivity and project and client screening important?

OVE's evaluation uncovered challenges in IDB Invest's project and client selection process, noting it is neither strategic nor aligned with IDB's institutional priorities. The evaluation highlighted that IDB Invest lacks an integrated selectivity approach to effectively guide the screening of operations and clients.⁷

The Guatemala [Trecsa project](#) exemplifies problems in project selection and client screening. In 2021, IDB Invest appraised a \$145 million loan proposal from [Trecsa](#) for an electricity transmission line. During appraisal, IDB Invest disregarded reports from project-affected communities alleging that Trecsa was involved in retaliating against and criminalizing at least 28 individuals, with accusations of collusion with the government and human rights violations. These risks were overlooked during the due diligence process. Moreover, the contextual risks analysis in the Environmental and Social Review Summary (ESRS) failed to describe the alleged criminalization of community members and activists who opposed the project. It is unclear why IDB Invest's management decided to support a project under these conditions and in disregard of IDB Invest's commitments not to tolerate reprisals and to protect affected communities.

The ESRS also failed to identify expected negative impacts and risks on cultural and natural heritage sites, such as Antigua, Guatemala (recognized by UNESCO as a National World Heritage site), and possible changes in river basins due to the deforestation of water recharge areas. Local communities also raised concerns about the

6 Following a lawsuit presented by local communities, in 2024, a provincial court ordered the province of Catamarca (where the project is located) to refrain from approving new Lithium projects as a result of Sal de Vida's lack of information about cumulative impacts and stakeholder engagement, including of Indigenous Peoples.

7 OVE identifies that the existing tool, the Strategic Selectivity Scorecard, is "not a useful guide" because it does not adequately address key dimensions of the selection process, such as development gaps, client demand and perspectives, and IDB Invest's comparative advantages, priorities, and mandates. Moreover, the methodology does not draw upon other analyses and data developed by the IDB Group to prioritize its activities, such as the dialogue with governments and the development of country strategies.

disrespect to Indigenous Peoples, lack of consultations, and the company's initiation of construction works without the required municipal construction licenses. Also noteworthy is the fact that the company was already operating without a formal contract with the Guatemalan government, which had expired by the time the project design was under assessment. There were also suspicions regarding the use of funding. During the design of the extension line, Trecca reported that the overall project was 85 percent complete. Communities voiced concerns that the project's high costs could be a way of hiding cost overruns and serve as a justification for increases in the prices of electricity. It is important to mention that this project is currently inactive on the IDB Invest project page. This decision does not seem to be related to the repeated concerns of E&S violations, but as a result of complaints of corruption submitted to IDB's [Office of Institutional Integrity](#).

Another example of challenges related to strategic selectivity is the [20 million dollar loan for the Jilamito project in Honduras](#), involving the construction of a hydroelectric project in late 2020. Communities and activists opposed the project, and two people were [murdered](#) in retaliation for the protests, which led to the U.S. Government withdrawing its support at IDB Invest and the U.S. International Development Finance Corporation. The client, Hermacasa S.A., was charged with [corruption](#) and found to be complicit with the government of Honduras in cases of violence against activists.

As part of the due diligence process, IDB Invest disclosed their [response](#) to a [letter](#) from Honduran groups and project-affected communities, stating that the project had a valid license to operate and was approved by the community in a town hall held in the Municipality of Arizona in 2015. However, local stakeholders contested the legitimacy of this environmental license and the town hall due to irregularities,⁸ alleging that the Mayor paid attendees to support the project.⁹ This project appears to be on hold on the IDB Invest project page.

The Trecca and Jilamito projects exhibit IDB Invest's inappropriate defense of clients and inadequate protection for project-affected communities, as IDB Invest won't sever ties with clients that cause environmental and social harm. Furthermore, the projects are another example of how IDB Invest fails to review and scrutinize the information provided by clients and stakeholders. This demonstrates that there is a serious and almost irresponsible lack of knowledge and understanding about the region and the context in which IDB Invest

and its team operate. **These examples demonstrate that IDB Invest does not have a broad understanding of the different contexts in the region, nor do they have connections with local actors who have first-hand knowledge of the situation where IDB Invest operates. This undermines IDB Invest's capacity to effectively screen and select clients and projects** that align with the institution's priorities and mandates for sustainable and inclusive development, reduction of poverty, and improvement of lives in the LAC region. Without knowledge of the context in which IDB Invest works, there is a greater likelihood that they will always depend on the information provided by clients about what is happening in the territory.

Strategic selectivity and lack of transparency?

In 2018, IDB Invest proposed a \$1 billion loan for the construction of the [Radomiro Tomic Desalination Plant](#) in Chile. Sustentarse, a Chilean CSO, collaborated with a local association of artisanal fishermen (comprising seven unions) that filed administrative and legal complaints on the project. The association has requested that the Chilean government repeal environmental permits granted to the company due to the project's human rights violations, environmental impacts and risks related to pollution and intensive use of water, and non-compliance with the bank's policies and safeguards.

As a result of these complaints, the fishermen's association and Sustentarse engaged in discussions with IDB Invest staff to highlight the risks and impacts. Although the project approval was postponed multiple times, in February 2020, the bank's Board approved a loan of \$350 million. Despite the ongoing discussions that lasted almost a year and a half, communities and civil society organizations could not genuinely engage with bank management regarding this project. Neither the project team nor management would openly engage with Sustentarse or consider the community's proposed measures to better address the project's risks and impacts. In January 2020, the project-affected communities submitted a complaint to the IDB's Independent Consultation and Investigation Mechanism (MICI). However, the complaint was not eligible because IDB Invest granted conditional approval for the operation. IDB Invest did not explain to communities and civil society organizations what this meant or what IDB Invest's role was in the project. The project has remained on hold for many years on the IDB Invest website.

This project demonstrates IDB Invest's lack of

⁸ See the [letter](#) sent by project-affected communities to Secretary Yellen, April 2021.

⁹ See [letter](#) to Secretary Yellen, April 2021 for details.

transparency and unclear criteria when selecting projects and engaging with clients. In this case, a project was approved, but the loan was given conditionally, and this information was not disclosed until the project-affected communities filed a complaint to the MICI.

This project and many others show a clear pattern of **IDB Invest continuing to select projects that shift away from its mandate to support investments with the highest sustainable development impact on the environment and local communities.**

This project also highlights the need for a stronger environmental and social team at IDB Invest. The absence of early identification of environmental and social risks and impacts points to significant weaknesses in the team's ability to conduct thorough due diligence and assessments.

Is the IDB Invest learning lessons from past projects?

In connection with monitoring, evaluation, and learning from projects, OVE observed that while there is a mechanism for identifying lessons learned from past operations, the integration of these lessons into the design of new projects remains at an early stage. OVE has emphasized the need for a robust strategy to manage and apply this knowledge effectively.

This need for better integration is underscored by IDB Invest's approval of the Jilamito project in Honduras, despite an ongoing MICI compliance investigation into two similar hydroelectric projects in nearby Guatemala—San Mateo and San Andrés. While Jilamito's proposal was under consideration, IDB Invest was aware that there were two other nearby projects in the same sector with similar contextual issues were under investigation due to reports of problems related to stakeholder engagement, reprisals, differentiated harm on women, and negative environmental impacts. These cases highlight a significant gap in technical capacity to effectively analyze and address key environmental and social issues in projects.

These cases not only expose a significant gap in technical capacity to analyze and address key environmental and social issues but also highlight the risk of repeating past mistakes.

If IDB Invest is truly committed to learning from its past and improving future investments, it should delay the approval of projects in sectors or regions with similar contexts until any ongoing MICI processes are fully completed. Moving forward, it is crucial that IDB Invest

integrates the outcomes of MICI investigations into the planning and approval of new projects to prevent similar harms from occurring again.

Why is operational effectiveness important?

Operational effectiveness, which refers to the capacity of IDB Invest to achieve development objectives,¹⁰ ranked among the worst-rated dimensions of IDB Invest in OVE's assessment. The evaluation noted that about one-third of IDB Invest's operations "show signs that their development objectives may be difficult to achieve and require corrective measures." In other words, **a significant number of IDB Invest's operations are completely or partially failing to achieve their goals.**¹¹ Given the lack of operational effectiveness, it is hard to argue that IDB Invest provides additionality in making projects more socially and environmentally responsible. This undermines the credibility and mission of the IDB Group.

For the 2023 cycle, OVE stated that IDB Invest effectiveness ratings were negative for 38 of 51 operations (75 percent) and only positive for 13 of 51 operations (25 percent). OVE notes that among the 38 operations rated negative in effectiveness, 22 (58 percent) were affected by the combination of underachievement and poor oversight. This means that the operation did not achieve most of its development objectives and had poor monitoring and evaluation, underscoring insufficient evidence to demonstrate the achievement of objectives due to measurement issues.

Several projects that BIC and partners have monitored reveal examples of how these problems materialized in real projects:

- An investigation by MICI into the [San Mateo and San Andres projects](#) in Guatemala revealed the client's failure to implement Performance Standards and IDB's Operational Policies. IDB Invest's inadequate supervision of the project led to severe harms on Indigenous Peoples, women, and girls. IDB Invest failed to identify the affected population as Indigenous, impeding a proper impact assessment and application of relevant safeguards. This lack of oversight led to adverse impacts and exclusion

¹⁰ For a specific definition of the concept, read [Development Effectiveness in the "New Normal": What Do the Changing Roles and Purposes of ODA Mean for the Effectiveness Agenda?](#)

¹¹ OVE highlights that the tool designed to measure the expected impact of an operation and supervision, the "Frameworks Development Effectiveness, Learning, Tracking, and Assessment tool" (DELTA) is not effective as a decision-making tool.

from project benefits for Indigenous communities. Moreover, non-compliance with gender assessment requirements resulted in mitigation measures that were not designed and implemented in consultation with women. Consequently, MICI identified negative impacts on ecosystem services, water access, food insecurity, and gender-based violence. One week after the [MICI report](#) on recommended remedial actions was disclosed, in September 2022, IDB Invest exited the project. By exiting the project before the client implemented the MICI report recommendations, IDB Invest lost all leverage to push for the client to provide remedy to the affected communities. Further, the MICI report recommended that if IDB Invest decided to exit, it should make the necessary provisions to ensure a responsible exit from operations and prepare a transition plan in consultation with the communities. Clearly, this didn't happen since IDB Invest exited only a week after the MICI report was published. In March 2022, IDB Invest published the Management Action Plan approved by the Board of Directors, outlining a belated action to develop a transition or responsible exit plan through a collaborative process, consulting leaders of affected communities. More than two years after the Action Plan was approved, IDB Invest still has not developed a responsible exit or transition plan in consultation and collaboration with complainants from the project-impacted communities, even though it exited two years ago.¹²

- Another example is the \$200 million [Paracel Paper Mill Project](#) in Paraguay, which has caused environmental and social harm and exhibits more lack of supervision from IDB Invest. Local communities have reported harm to the region's biodiversity and habitat transformation due to an irresponsible expansion of eucalyptus plantations to feed the paper mill. There are also concerns from Indigenous communities about how the consultations to obtain free, prior, and informed consent were carried out by Paracel. Local communities also raised concerns about stakeholder engagement due to a lack of information provided about the project's risks, impacts, and benefits. Moreover, campesino communities are being pushed away from lands recently acquired by Paracel. Also, poor, unstable, and unsafe labor conditions exist for workers in the Paracel project and supplier companies. This is another example of the inconsistencies between IDB Invest's social and environmental due diligence policies and what impacted communities have

experienced from the project and the company.

- In another case that gained notoriety in Ecuador, IDB Invest approved a \$50 million loan in December 2021 to [Pronaca](#), a pork and poultry processor and repeat IDB Invest client.¹³ However, IDB Invest once again failed to acknowledge the impacts on Indigenous Peoples affected by the company's operations, including the Tsachilas of Santo Domingo. As a result, the local Tsachilas community saw its livelihood from fishing and tourism devastated, destroying their livelihoods. There is also no information on how the money to the client was disbursed or used to support the project development objectives outlined in the IDB Invest project documents. One of the main objectives of the loan, described in project documents, is the expansion of Pronaca's activities in Ecuador, but the company and IDB Invest claim that the money was not used for this.¹⁴ The lack of transparency and opacity of information about this project is deeply concerning. There is also an active [MICI complaint](#) on the project, because regardless of how Pronaca allocated the funds it got from the IDB Invest, it still has to uphold PSs in its operations in Ecuador.
- IDB Invest has also financed [Corporación Multi Inversiones \(CMI\) Global](#), also known as CMI Alimentos, since at least December 2019, with direct loans totaling US\$250 million and up to US\$475 million in syndicated loans granted by partner banks in Guatemala. One of the main problems BIC's local partners identified in Guatemala was that the company never conducted consultations to inform local communities about the project's risks, impacts, and benefits. When interviewed, CMI responded that they were mandated to carry out surveys, not consultations. Clearly, there is a problem with how clients are implementing and understanding the requirements under Performance Standard (PS) 1, which requires a consultation process to provide project-affected communities with opportunities to express their views on the project's risks, impacts, and mitigation. Ultimately, IDB Invest is responsible for supervising the client so that the client understands the requirements of the Sustainability Policy and implements them correctly.

These cases are just a few examples of the low performance levels of IDB Invest's projects. According

¹³ Pronaca received prior loans from IDB Invest in 2013 and 2020.

¹⁴ IDB Invest [stated](#) the objectives are "to partially finance: (i) the 2019-2020 investment plan for organic growth in Ecuador; (ii) refinance the existing IDB Invest loan; and (iii) La Estancia's inorganic growth in the region through the acquisition of a shareholder stake in Panavícola I, S.A. ("Toledano") in Panama." Regardless of how Pronaca allocated the funds it got from IDB Invest, it still is required to uphold PSs in its operations in Ecuador, and according to what is documented in the complaint to MICI, failed to do so.

¹² This issue is acknowledged in the second MICI monitoring report, which states that action 29.1 has not been complied with (paragraph 5.43).

to OVE, only 51 percent of IDB Invest projects in the [2023 validation cycle](#) were successful in the four core areas of relevance, effectiveness, efficiency, and sustainability—falling short of the 65 percent target of the 2020–2023 Corporate Results Framework.

Poor project appraisal and supervision

The above cases reveal systemic deficiencies embedded in IDB Invest's staff culture and institutional structures, as Performance Standards are not part of IDB Invest's decision-making and client selection processes. These cases represent a small sample of what might be happening at a broader level.

In line with this, the OVE [2023 validation cycle](#) showed that the **quality of IDB Invest's work during project preparation (screening, appraisal, and structuring) and supervision had negative ratings for 30 of 51 operations (59 percent) analyzed**. The report highlights that most of the problems identified in projects are related to deficiencies in design, and monitoring and evaluation, such as weak analysis of country context, needs assessments, or inadequate client selection. During supervision, OVE points out that monitoring and evaluation problems are not addressed in a timely manner, and there are also insufficient corrective measures and efforts to collect key data from the client. The low ratings are indicative of the poor overall quality of IDB Invest's projects, the lack of effective mechanisms for monitoring and evaluation during project design and implementation, as well as its failure to adjust processes based on the results of such assessments, ultimately, undermining IDB Invest's E&S additionality.

What needs to happen for IDB Invest to improve Environmental and Social (E&S) performance and maximize additionality?

In March 2024, during the IDB Group annual meeting in Punta Cana, the Board of Governors approved the [new institutional strategy](#) for the IDB Group for the years 2024-2030. The new institutional strategy seeks to substantially improve the IDB Group's development effectiveness. Moreover, the recent publication of the [IDB Invest new vision and business model](#) presents a new opportunity to review the recommendations from

OVE and develop systematic approaches to additionality, selectivity, transparency, and disclosure, as well as monitoring, evaluation, and learning. The new vision puts forth the development of a new framework for additionality and selectivity, as well as improvements for aligning sustainability and the social agenda.

As a first step to effectively address the structural and systemic issues presented above, we urge IDB Invest to take into account the following recommendations:

- **Elevate the institutional standing of the Sustainability Policy.** E&S risks must be evaluated in tandem with financial risks and weighted equally. Every level of IDB Invest must acknowledge that compliance with the Sustainability Policy is as important as project approval, completion, and financing. Compliance with Performance Standards has to be a priority for IDB Invest because while the client's priority is access to public finance, IDB Invest has an obligation to invest in sustainable development.
- **Strengthen the role of the Environmental, Social, and Corporate Governance Division (SEG) at the IDB Invest.** If the main message that IDB Invest wants to give to private sector clients is that it will help them be more sustainable because it has strong E&S standards, the SEG must be prepared for a strong and robust implementation of the IDB Invest Sustainability Policy. The MICI compliance investigations on recent IDB Invest projects¹⁵ continue to highlight how the SEG needs to improve the implementation of E&S standards, particularly for Indigenous Peoples. IDB Invest must adequately fund its Environmental and Social team to enable highly skilled and experienced personnel conduct fieldwork on all high- and medium-risk projects.
- **Improve project supervision.** IDB Invest needs to enhance project oversight to systematically identify and address issues in project design and implementation that might hinder the achievement of development objectives and expected additionality. IDB Invest must also be prepared to develop and implement corrective measures when clients fail to meet Environmental and Social (E&S) compliance standards. This requires allocating sufficient financial resources to ensure the effective execution of these measures.
- **Avoid relying on client self-reporting.** This point is connected to the previous point and how IDB Invest assesses the information they receive from the client. IDB Invest must verify and validate

¹⁵ See the [MICI compliance investigations for the San Mateo San Andres projects](#).

data provided by clients through multiple sources, including project-affected communities and independent civil society groups. Also, IDB Invest should encourage independent monitoring and evaluation reports of the information provided by the client to confirm that the information provided is based on verifiable data. In addition, to verify the accuracy of client reports and identify any potential discrepancies, IDB Invest must conduct regular field visits and collaborate with other stakeholders, such as civil society organizations and local communities, to gather diverse perspectives.

- **Develop a more systematic approach to additionality.** IDB Invest must demonstrate how the institution is adding value to commercial operations. This must be based on objective and measurable indicators rather than supporting specific clients for reasons that are not in line with IDB Invest's development objectives.
- **Learn from its mistakes and develop a system to incorporate lessons into the design of new projects.** As mentioned by OVE, IDB Invest should identify lessons learned from operations and use those lessons to inform the design and implementation of new operations. In addition, a strategy should be developed to manage and integrate that knowledge across the institution.
- **Improve project and client selection.** IDB Invest needs to implement a strategic, integrated selectivity approach and thorough client screening that aligns with IDB's new institutional priorities. OVE mentions that the existing strategic selectivity tool is not a useful guide for identifying operations and clients. Therefore, there is no clarity about what is the additionality that the bank could bring to these operations.
- **Postpone the approval of similar projects with ongoing MICI compliance investigations until the results and action plan are published.** Here we refer to projects either from the same client and/or in the same sector where the context and the risks and impacts are alike. This was the case with Jilamito, a hydro project in Honduras with contextual issues similar to Guatemala's San Mateo and San Andrés hydro projects. IDB Invest should incorporate the lessons and recommendations from projects and MICI cases into future projects. The examples of San Mateo and San Andrés illustrate the importance of waiting to approve similar projects to see the results of a MICI process and have more information around risks and impacts, as in this case both projects encountered similar issues on the ground.
- **Enhance transparency and proactive disclosure of E&S documents.** IDB Invest should proactively disclose all information related to the project's risks, impacts, and benefits that are required and provided by the client. IDB Invest currently discloses only summaries of the main E&S risks and impacts identified in a project, but not other relevant environmental and social documents or evaluations produced by the client. For example, there is no proactive disclosure of gender action plans, cumulative impact assessments, biodiversity action plans, or resettlement action plans. Also, IDB Invest should make evaluation and monitoring reports publicly available and be prepared to provide regular updates on project performance to stakeholders.
- **Foster a culture of accountability and learning to enhance the institution's transparency.** IDB Invest should foster a cultural shift at the institution, whereby IDB Invest opens space for civil society and project-affected communities, recognizing the important role they play in certifying that IDB Invest-sponsored investments benefit and do not harm people and the planet. IDB Invest should foster an institutional culture where the organization accepts that it makes mistakes sometimes and is genuinely receptive to its internal accountability mechanisms, as well as to interaction and constructive criticism from external stakeholders.
- **Develop a responsible exit framework.** In several IDB Invest-financed projects, when social and environmental negative impacts arise within a project, the IDB Invest has exited before remedying project-related harm. Exiting before affected communities receive remedy leaves them without proper recourse. Concerningly, we see that IDB Invest exits before communities receive remedy even in cases where the MICI has detected non-compliance with the bank's standards. By divesting from such projects, IDB Invest loses its leverage with clients. We recommend IDB Invest to commit to developing plans for exit through a collaborative process that consults with leaders of project-affected communities in a culturally and gender appropriate manner, preserving the security of participants. The plan should also be guided by the principles of do no harm, transparency, and aim to prevent escalation of social conflicts and risks of reprisals.
- **Develop a remedy policy.** IDB Invest should develop a standalone remedy policy, through public consultation, which clarifies the exceptional circumstances under which IDB Invest will contribute

financially to remedy (including direct financial contributions); develop a plan for the types of remedy IDB Invest will provide; commit to remediating E&S harm as a component of responsible exit and to not exit projects subject to ongoing MICI cases without the consent of community complainants; deliver remedy to communities experiencing harm from projects that have already been approved; and clarify how IDB Invest will exercise necessary leverage, including contractual leverage, to require clients to prevent and remediate harm.

By addressing these gaps, IDB Invest can better align with its institutional goals and significantly enhance its

overall impact. These improvements will not only lead to more effective environmental and social compliance but also foster greater accountability and transparency in its operations. Adopting these recommendations will ultimately contribute to the achievement of IDB's broader development objectives and reinforce its commitment to sustainable development.

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