

IJGlobal ESG DFI of the Year – IDB Invest

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IJGlobal’s independent panel of judges chose IDB Invest to win the award for ESG development finance institution, with one of them recognising that “projects it has supported have clear environmental and social impact”.

Another of the IJGlobal ESG Awards 2024 judges said: “The role that IDB Invest has played in driving investments into infrastructure and energy across Latin America has been transformative. It looks set to maintain its presence and continue to do good across the region, bringing ESG to every table it sits at.”

IDB Invest supports businesses and projects in applying best practices on ESG issues and provides ESG risk management and value addition to clients. As part of this, the ESG appraisal of the activities it supports is central to its strategic goal of positive development outcomes.

According to the statement: “We have a robust and defined process for conducting due diligence; each project considered for investment must first be assessed for potential ESG risks, impacts, and opportunities for value add, as well as compliance with host country laws and regulations.

“The expected overall outcome is that projects should result in no net ESG harm, and ideally net positive gain. To achieve this, our risk management framework is based on a comprehensive set of factors that should be considered in different project settings.

“Risk factors include potential adverse impacts that projects may cause or contribute to, such as displacement of local populations or degradation of the natural environment.

“They also include contextual risk factors such as existing vulnerabilities among affected communities, weak corporate governance, weak local institutions, sensitivity to natural disaster and climate change impacts, sensitive biodiversity areas, or fragility, conflict, and violence.

“Our management system for ESG risk is dynamic and evolving. There are always new lessons to reflect on and incorporate into the ways we handle environmental and social issues, both internally and in our requirements and guidance for clients.”

The key transaction that IDB Invest points to is [Águas do Rio](#) – a project to provide clean water and sanitation to 10 million Brazilians in the state of Rio de Janeiro.

IDB Invest is providing a long-term local currency loan package for up to BRL 1,500 million (\$300m) to the Águas do Rio 1 and Águas do Rio 4 concessionaires, jointly Águas do Rio, to strengthen water and sanitation services in the state.

Part of the facility will be mobilised from Proparco, which will provide a BRL 500 million (\$100m) guarantee to IDB Invest, essential to secure long-term funds in local currency from other DFIs.

Águas do Rio 1 will benefit around 3 million people and Águas do Rio 4 another 7 million across 27 municipalities,

including vulnerable communities. The projects include rehabilitation, maintenance and expansion of sanitation infrastructure and water distribution, including new water and sewage pipelines.

The projects are required to achieve universal sanitation services by 2033 given the new sanitation legal framework in place, ensuring that 99% of the population in the region will have access to drinking water and 90% to sewage collection and treatment, from the 87% and 44% estimated in the bidding process, respectively.

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