

Comunicado 002 PRESS RELEASE 002 FICS



PLENARY 2

Development banks discussed innovative alternatives in Cartagena to accelerate the socioeconomic progress of Latin America and the Caribbean

- *In the coming decades, the role of public development banks will be paramount to attracting investment that will enable materializing high-impact social and environmental projects in Latin America.*

Cartagena (Colombia), September 4, 2023. Public development banks from around the world will play a decisive role during the next decade in attracting and multiplying – even tripling – public and private investment in Latin America and the Caribbean towards high-impact social and environmental projects by applying novel, alternative, and intelligent mechanisms that bring capital closer to those in need and contribute to

the achievement of the United Nations Sustainable Development Goals (SDGs).

In this region, extreme poverty affects more than 100 million people who live on less than \$2 a day. Brazil, Mexico, Colombia, Argentina, and Peru face the most significant challenges in terms of generating new job opportunities, sustainable development, and effective assistance to basic needs.

The second plenary of the Fourth Common Finance Summit shed light on how countries that have aligned their financing strategies with local SDG objectives have made more effective progress towards attaining the results they seek.

However, experts participating in this event made it clear that multiplying multiple sources is paramount for these projects to break the trend of poverty stagnation, while creatively and innovatively attracting much more private investment to the region.

The following individuals were part of this second plenary of the Summit: Colombian writer Héctor Abad Faciolince; Ana María Ibáñez, Vice President of Sectors and Knowledge at the Inter-American Development Bank (IDB); Christian Asinelli, Corporate Vice President of Strategic Programming at CAF – Latin American and Caribbean Development Bank; Hyginus ‘Gene’ Leon, President of the Caribbean Development Bank; Ricardo Mourinho Félix, Vice President of the European Investment Bank; and Natália Dias, Director of Capital Markets and Sustainable Finance at the National Bank for Economic and Social Development (BNDES) of Brazil.

Ana María Ibáñez, Vice President of Sectors and Knowledge at the Inter-American Development Bank (IDB), stated that Latin America faces significant challenges, including poverty, economic growth, and adaptation to climate change. “There are persistent and structural challenges such as lack of growth, low productivity, high levels of poverty and inequality, as well as significant gaps in digital and physical infrastructure.”

Helping to mobilize a greater volume of resources for the region’s countries and providing technical assistance to successfully carry out complex projects, said Ibáñez, are some of the tasks that Latin American

and Caribbean development banks have to undertake to change the course of the region.

The President of the Caribbean Development Bank, Hyginus “Gene” Leon, emphasized that, “we must establish where we want to be by 2050. Investments in food security, renewable energy, education, health, and housing are necessary.”

Secondly, Leon said, it is necessary to secure more sources to make these investments and to additionally have the capacity to successfully implement said priorities. Doing so collectively with innovation and a strong sense of responsibility, he noted, is essential.

Christian Asinelli stated, “At CAF, we apply a very strict governance strategy for our institutional work, which involves applying principles, regulations, and practices of good governance, transparency, integrity, and anti-corruption.”

The lessons highlighted by bank leaders and experts included the work of BNDES in promoting green hydrogen, the semiconductor industry, and financial support for ecological restoration and water protection. They also showed how innovative financing models, such as the 30-year green bonds from Germany’s KfW, which gave a new impetus to the sustainable green bonds market, attract private investment.

The meeting further highlighted the experience in developing capacity, as seen in Cofide’s programs in Peru by injecting capital into investment funds, which promotes the growth and development of high impact innovative technology-based ventures in Peru and Latin America.

Another noteworthy initiative is the IDB’s “*Prospera*” program, which combines cash transfers with health and education services, thus improving a reduction in poverty. Local participation ensures contextually relevant projects.

Furthermore, the Caribbean Development Bank’s “Basic Needs Trust Fund” empowers communities by developing infrastructure. As seen in the “Youth Entrepreneurship Plan,” economic diversification reduces unemployment.

Prioritizing sustainability with initiatives such as the IDB’s “Ecomicro” supports innovative approaches to provide sustainable solutions for

SMEs. Technological innovation, public-private partnerships, results-based financing, capacity development, and knowledge exchange collectively amplify positive change.

Other public development banks can use these lessons effectively to achieve sustainable progress driven by the SDGs. Jointly addressing the challenges of Latin America and the Caribbean enables generating new ideas, forming alliances, and promoting experience-based programs.

One of the objectives of this Fourth Summit is for public development banks from around the world to establish partnerships among governments, the private sector, and civil society organizations in new concrete and immediate initiatives that have an impact on society.

Additionally, the purpose of creating working groups to align strategies and pooling resources to fulfill the SDGs with innovative measurements and new standards for assessing social impact is at stake.