



**REGULAR MEETING
OF THE ALIDE GENERAL
ASSEMBLY**

BEYOND THE THREE-FOLD CRISIS: CONTINUITY OR CHANGE?



MAY 25 AND 26, 2021

FINAL REPORT

**ALIDE General Secretariat
June 2021**

51st REGULAR MEETING OF THE ALIDE GENERAL ASSEMBLY

The Fifty-first Regular Meeting of the Latin American Association of Development Financing Institutions' (ALIDE) General Assembly, organized by ALIDE and with the sponsorship of the Inter-American Development Bank (IDB), was held as a virtual event on May 25 and 26, 2021.

AIMS

The Meeting addressed the issue of “Beyond the Three-fold crisis: continuity or change” as its key topic, with a view to examining the priorities to be confronted in the new scenario created by the three-fold crisis –health, economic and environmental– and the financial innovations needed for its mitigation and for promoting change, based on weaknesses accentuated by our region’s crisis and from the vantage point of the role corresponding to development banks in financing the development of production, business, society and the environment. With a focus on the gaps in digital technology, financial inclusion and investment for combatting climate change, it was the meeting’s intention to discuss three main aspects of the challenges and opportunities that exist for financial institutions: 1) the digital revolution in the banking sector and SME and production sector digitalization, 2) the financial inclusion of women and their enterprises, and 3) sustainable and ecological recovery.

AGENDA

In order to address the cited aspects, the Agenda for the Meeting was the following:

KEY TOPIC: Beyond the three-fold crisis: continuity or change?

PANEL I: Innovation, digitalization and automation for changing production patterns and economic recovery and development

PANEL II: Development Bank strategies for mainstreaming gender and financial inclusion issues

PANEL III: Development banking sustainable finance and development

The following matters were also taken up as special activities:

SPECIAL MESSAGE: D20-LTIC Long Term Investment Club + Finance in Common II on the occasion of Italy’s chairmanship of the Group of 20 | promoting collaboration with the LAC DFI community

SESSION: Regional PPP Development Group: Challenges to and Opportunities for Subnational Public Private Partnerships

SESSION: Presentation of the IDB-ALIDE-CEPALC Cooperation Agreement for the development of a digital information platform and financial innovation practice community for sustainable development

PARTICIPANTS

A total of 920 participants representing development banks and finance institutions, non-governmental and civil society organizations and international organizations and cooperation agencies registered for the meeting, attending in the capacity of delegates and guests. Of these registered participants, 760 belonged to institutions of 24 Latin American and Caribbean countries; 60 to extra-regional entities; and 100 to 18 international organizations.

PROCEEDINGS OF THE MEETING

The General Assembly Meeting was held as a virtual event on May 25 and 26, from 9:00 a.m. to 1:00 p.m., over a Zoom platform in webinar format. A series of different events took place over the two-day meeting, in the form of panels, sessions and special activities. An opening session was held on the first day, with Mr. Werner Hoyer, President of the European Investment Bank (EIB), as special guest. This was followed by two panel discussions and a special message from Mr. Enrico Petrocelli, Head of International Institutional Relations of the Italian Cassa Depositi e Prestiti (CDP), and the day's activities came to a close with the session of the Regional PPP Group. The session on institutional matters launched the second day's work and was followed by the third panel discussion. The IDB-ALIDE-ECLAC Agreement was then presented and the Assembly came to an end with a reading of the conclusions of the Meeting.

OPENING SESSION

The speakers during the opening session were ALIDE President Carlos Linares and the President of the European Investment Bank (EIB), Werner Hoyer.

In his address, the President of ALIDE, Carlos Linares, pointed out that “the Latin American and Caribbean public and development banks helped the countries mitigate the COVID-19 crisis. During the course of the pandemic, the banks have provided a rapid and well-timed response and, in some cases, one more significant than that of the financial system, highlighting their countercyclical performance in benefit of the region's national economies.” Mr. Linares drew attention specifically to the fact that “in 2020, these institutions alone allocated the equivalent of US\$93,000 million in financial pandemic assistance across the region.”

EIB President Werner Hoyer stated at the opening session that “the development banks of Europe and Latin America should join forces to promote investments that would improve people's wellbeing and create wealth sustainably and inclusively. As the EU's climate bank and largest multilateral financing source of projects to fight climate change, the EIB could play an important role in promoting sustainable investment as Latin America recovers from the pandemic. We fully intend to do so in cooperation with the ALIDE members.”

PANELS

- The **first panel** addressed the topic of “**Innovation, Digitalization and automation for changing production patterns and for economic recovery and development**” ([Video](#)). The moderator was Mrs. Jeannette Ruiz, Chairman of the Board of Directors of the Banco Nacional de Costa Rica, and the panel members consisted of Messrs. Juan Ketterer, Chief, Connectivity, Markets and Finance Division, IDB ([Presentation](#)), who made the initial presentation on “Challenges and opportunities for digital transformation in development banks: how development banks can support enterprise digitalization and the provision of financial services”; Sergio Gusmão Suchodolski, President, Banco de Desenvolvimento de Minas Gerais (BDMG), “Financial services digitalization as a financial inclusion strategy”; Juan Pablo de Botton, Director General, Nafin/Bancomext, “Boosting digital transformation and industry in Mexico”; Cecilia Valdés, Manager, Corporate Affairs, Corporación de Fomento de la Producción (CORFO), “Programs for promoting innovation and attracting innovators in Chile”; and Juan Cuattromo, President, Banco de la Provincia de Buenos Aires (BAPRO), “Digital wallet and other financial inclusion applications” ([Presentation](#)).
- The **second panel** examined the topic of “**Development bank strategies for mainstreaming gender and financial inclusion issues**” ([Video](#)). Mrs. Mayra Falck, Executive President of the Banco Hondureño para la Producción y la Vivienda (BANHPROVI) acted as moderator and the participating panelists were Mmes. Mar Merita Blat, French Development Agency (AFD) ([Presentation](#)) & Robyn Oates, UN Women ([Presentation](#)), “Presentation of the Work Group on gender equity in development banks and women's empowerment”; Gabriela Andrade, Inter-American Development Bank (IDB), “Financing of women-led enterprises: challenges to and opportunities for Public Development Banks” ([Presentation](#)); Alan Elizondo, Director General, Fideicomisos Instituidos en Relación con la Agricultura (FIRA), “Gender-denominated bond: fund-raising to increase available financing for women entrepreneurs and women-led enterprises” ([Presentation](#)); and Maria Gabriela Garcia, Strategic alliances and international cooperation executive, Central American Bank for Economic Integration (CABEI), “Challenges to and opportunities for gender-denominated project finance” ([Presentation](#)).

- **“Development banking sustainable finance and development”** ([Video](#)) was the topic dealt with in the **third panel**. Mr. Javier Manzanares, Deputy Executive Director of the Green Climate Fund (GCF), made a video presentation on “GCF Readiness Project approved for ALIDE and the national development banks – Strengthening climate investments and finance in the LAC banking sector” ([Video](#)).

Mrs. Doris Arevalo, consultant, acted as moderator and the panelists were Messrs. Javier Diaz, President, Banco de Comercio Exterior de Colombia (BANCOLDEX), “Bancoldex’s transition toward the comprehensive address of sustainability in keeping with the country’s ambition in regard to the 2030 Agenda”; José Carlos García de Quevedo, President, Instituto de Crédito Oficial (ICO), “The role of sustainable finance and Ibero-American cooperation in boosting the ecological transition and social sustainability”; Bianca Nasser Patrocinio, Chief Financial Officer, Banco Nacional de Desarrollo Económico y Social (BNDES), “Green and Sustainable Bonds – potential for promoting green and sustainable loan portfolio finance for a green/sustainable economic recovery;” Juan Bofill, Senior Water Engineer, European Investment Bank (EIB), “EU taxonomy. Developing criteria for sustainable finance” ([Presentation](#)); José Ignacio De Mendiguren, President, Banco de Inversión y Comercio Exterior (BICE), “A new role for the continent’s development banks: finance at the service of a sustainable global economic order”; Maria Netto, Financial Market Principal Specialist, Inter-American Development Bank (IDB), “New opportunities in regional collaboration with Public Development Banks: new financial solutions, new financing sources and alignment with the Paris Agreement targets” ([Presentation](#)); and Jorge Villarreal Wood, Planning DGA, Banco Nacional de Obras y Servicios Públicos, S.N.C. (BANOBRAS), “Sustainable finance strategy for resilient green projects with a strong social impact on economic recovery” ([Presentation](#)).

SPECIAL ACTIVITIES

- Mr. Enrico Petrocelli, Head of International Institutional Relations of the Cassa Depositi e Prestiti (CDP) of Italy, made the special presentation ([Presentation](#)): **“D20-LTIC Long Term Investment Club + Finance in Common II on the occasion of the Italian presidency of the Group of 20 / promoting collaboration with the community of LAC DFIs”** ([Video](#)).
- The moderator for the session on the **“Regional PPP Development Group: Challenges to and Opportunities for Subnational Public Private Partnerships”** ([Video](#)) was Mrs. Pauline Debaeke, EIB Seconded at the IDB PPPs Unit, and the panelists were Messrs. Alfredo Rueda, Structuring Manager of the Bogotá Municipal Government, “Bogotá, Colombia Hospital” ([Presentation](#)); Henrique Amarante Da Costa Pinto, Vice-President, Banco de Desenvolvimento de Minas Gerais (BDMG), “Subnational Finance in Brazil: Banco de Desenvolvimento de Minas Gerais”; Carlos Andrés Puente López, Water, energy and environment Director, Banco Nacional de Obras y Servicios Públicos, S.N.C. (BANOBRAS), “PPP Water Project in Los Cabos, BCS; FONADIN-BANOBRAS” ([Presentation](#)).
- Speakers at the session on **“Presentation of the IDB-ALIDE-ECLAC Cooperation Agreement for development of a digital information platform and a financial innovation practice community for sustainable development”** ([Video](#)), were Messrs. Edgardo Alvarez, Secretary General of ALIDE; Daniel Titelman, Director of ECLAC’s Economic Development Division; and Juan Antonio Ketterer, Head of the IDB Connectivity, Markets and Finance Division.

ALIDE 2021 PRIZES. The “ALIDE 2021 Prizes” for good development bank practices were awarded during the General Assembly ([Video](#)).

The ALIDE Prizes are awarded for works and proposals that make it possible to identify and distinguish best product and service practices and innovations in Latin American and Caribbean Development Banks, with a view to recognizing and highlighting the work of those institutions in financing the economic and social development of the LAC countries.

The following programs were prizewinners in the categories of:

- **Category: Financial Products**
 - **Program: Financing a Better Life, of the Banco Hondureño para la Producción y la Vivienda (BANHPROVI).** Social housing finance program with two credit lines: one for low-income families and the other targeting the middle class, known as the “Dream of Owning,” and both bearing preferential interest rates. Between 2017 and 2020, the program benefited more than 17 100 families and injected a figure in the neighborhood of US\$ 578 million into the Honduran economy.
 - **Program: National Supplier Factoring via Suppliers Pay Cash (SpC) Electronic Program, of Mexico’s Banco Nacional de Comercio Exterior, S.N.C. (Bancomext).** This is a last generation 100% electronic financial factoring platform that offers enterprises a complementary liquidity finance system to ensure that SMEs are supplied with working capital, thereby facilitating their access to international markets by incorporating them into global value chains. The program’s potential market encompasses 51 471 economic units, consisting for the most part of medium and large enterprises that supply 71 % of Mexico’s gross production.
- **Category: Technological Management and Modernization**
 - **Product: Digital Wallet DNI Account, of Argentina’s Banco de la Provincia de Buenos Aires (BAPRO).** This product makes it possible to carry out multiple transactions during the 24 hours of the day over a mobile phone. It is widely used by all sectors of the Argentinian population. Between April 2020 and 2021, over 3 million users engaged in 36 million transactions for a value of some US\$ 1,500 million. It served as a key tool for massive financial inclusion during the pandemic.
- **Category: Information, Technical Assistance and Social Responsibility**
 - **Product: Saving Lives Matchfunding, of Brazil’s Banco Nacional de Desenvolvimento Econômico e Social (BNDES).** This is a philanthropic fund that operates under a «matchfunding» logic –in other words, a supporting institution matches the donations of the other donors, with the aim of supporting Brazilian philanthropic hospitals in their mission to save lives. The BNDES will donate R\$1 for each R\$1 granted by the donors, thereby doubling the value of their donations. At April 9, 2021, the Fund had benefited 627 philanthropic institutions or public hospitals.
- **Category: Green ALIDE**
 - **Product: Fne Sol: “Produce your Own Energy and the Planet will Thank You,” of the Banco do Nordeste (BNB) do Brasil.** This is one of the Bank’s finance lines for instituting micro and mini food generating systems by means of renewable resources. The loans target rural producers and enterprises capable of producing their own energy. All told, 7 226 operations have been carried out since its launch, with contracts valued at US\$ 42.3 million. The line has already reached 33.4 % of the municipalities in its area of influence: 664 municipal governments have been served.
 - **Program: Nama Facility, of Mexico’s Sociedad Hipotecaria Federal (SHF).** This is a technical assistance and subsidy program for tailor-made SME investment. Its purpose is to facilitate the progressive incorporation of small and medium developers into the low-carbon housing market by eliminating barriers to investment and financing. At March 2021, the Nama Facility Program reported a total of 5 250 homes financed, corresponding to 40 projects distributed among 25 small and medium developers. A total of US\$78 million raised through financial institutions funded by SHF were allocated through bridge loans for construction purposes.

EXPRESSIONS OF APPRECIATION

The ALIDE Secretary General, Mr. Edgardo Alvarez, expressed special appreciation for and recognition of the efforts of all institutions that collaborated in the 2020-2021 Work Program, as set out in the report of the Session on Institutional Matters held during the Annual Meeting.

SESSION ON INSTITUTIONAL MATTERS

The Session on Institutional Matters of the 51st Meeting of the ALIDE General Assembly took place on Wednesday, May 26 under the chairmanship of ALIDE President Carlos Linares ([Video](#)). The General Assembly adopted the following agreements:

- a) Approved ALIDE's [Annual Report](#) and [Financial statements](#) for 2020.
- b) Ratified the **incorporation** of the following institutions **as members of ALIDE**:
 - The Instituto de Financiamiento, Promoción y Desarrollo de Caldas (INFICALDAS), Colombia
 - The Banco de Comercio Exterior de Colombia (BANCÓLDEX)
 - The Instituto Financiero para el Desarrollo del Valle del Cauca (INFIVALLE), Colombia
- c) Approved the [ALIDE Work Program for 2021-2022](#) and the [budget](#) for 2021.
- d) Testified to the Association's **appreciation** of the efforts of the member institutions, international organizations, agencies for cooperation and national institutions that supported and collaborated in the execution of ALIDE's programs and activities from May 2020 to May 2021: Garantizar SGR, Sociedad de Garantía Recíproca, of Argentina; Brazil's Banco de Desenvolvimento de Minas Gerais (BDMG); the Banco Nacional de Costa Rica (BNCR); the Chilean Corporación de Fomento de la Producción (Corfo); the Federación de Cajas de Crédito y de Bancos de los Trabajadores (Fedecrédito), of El Salvador; Guatemala's Banco Desarrollo Rural (Banrural); the Banco Hondureño para la Producción y la Vivienda (BANHPROVI); Financiera Emprendedores, of Mexico; Peru's Office of the Superintendent of Banking, Insurance and PFAs (SBS); the French Development Agency (AFD); the Inter-American Development Bank (IDB); CAF-Development Bank of Latin America; the International Development Finance Club (IDFC); the Smallholder and Agri-SME Finance and Investment Network (Safin); and S&P Global Market Intelligence.
- e) **Venue for the 52nd Meeting of the General Assembly.** Acceptance of the invitation extended by the Curaçao Development Corporation (KORPODEKO) to host the Fifty-second Regular Meeting of the General Assembly (ALIDE 52) in Curaçao was ratified.
- f) Mr. Edgardo Alvarez was appointed **Secretary General** for the period 2021-2026.

g) The **Executive Committee** that will lead and guide the Association's activities over the 2021-2023 period was elected, as follows:

CHAIRMAN (PRESIDENT OF ALIDE)



Carlos Linares
Chairman of the Board
Corporación Financiera de Desarrollo de Perú (Cofide)

VICE-CHAIRS (VICE-PRESIDENTS OF ALIDE)



Sergio Gusmão
Director - President
Banco de Desenvolvimento de Minas Gerais (BDMG)
Brazil



María Jeannette Ruiz
President
Banco Nacional de Costa Rica (BNCR)

DIRECTORS



Chesron D.A. Isidora
Executive Director
Curaçao Development Corporation (Korpodeko)



Sandra Gómez
President
Financiera de Desarrollo Territorial (Findeter)
Colombia



Juan Pablo de Botton Falcón
Director General
NAFIN/BANCOMEXT
Mexico



Juan Cuattromo
President
Banco de la Provincia de Buenos Aires (BAPRO)
Argentina

CLOSING SESSION

The session opened with a reading of the conclusions of the General Assembly Meeting by Mr. Romy Calderón, ALIDE's Head of Economic Studies. Mr. Carlos Linares, the Association's President then dwelled on the importance of the topics discussed at the Assembly that will make it possible to continue improving as Development Banks and thanked the team for its excellent work in organizing the event and those attending for their continuing participation and proceeded to formally close the Meeting.

DOCUMENTATION

The documentation for the Meeting can be found on ALIDE's website: <https://www.alide.org.pe/en/51-ordinary-meeting-of-the-general-assembly/> together with the presentations made, photographs taken, news and videos.

CONCLUSIONS AND RECOMMENDATIONS

- The year 2020 came to a close, marked by the Covid-19 crisis, which has had a strong economic and social impact on our lives, particularly on the entrepreneurial system, and above all on the small and medium enterprises. This is a complicated time, but one that is growing more and more positive, as indicators emerge giving credence to the progressive recovery of the Latin American and Caribbean economies, together with the improving prices of raw materials and remittances. The role of Development Banks is to continue their countercyclical efforts to transform or adjust the international financial system by targeting small and medium enterprises more closely and creating a sustainable economy with equitable growth. Ergo, **to work on public policy measures for sustainable development in a striving for fuller governance.**
- Latin America and the Caribbean are experiencing very difficult moments because of the pandemic, a tense situation that can be traced to public policies that are not yielding positive responses to the most pressing problems of society, which in the main are economic problems that make it impossible to resolve the key issue hampering sustainability, namely the existing inequality. A development model biased in favor of the production and export of raw materials cannot be expected to contribute heavily to a reduction of inequality. This is compounded by progressive international prioritizing of the added value of the goods that are sold, with the result that our region receives products with a greater added value. It is also very difficult to talk about sustainability in societies with the degree of inequality of those of Latin America. No development project can be sustainable unless the underlying problem of inequality is resolved. Despite LAC's plentiful resources –both natural and human, -- the Gini coefficient reveals it to be the most unequal region on earth, as indicated by international organizations like ECLAC and the OECD. The region's countries endowed with natural resources are able to experience economic growth, but development will be beyond their capabilities. Development is not achieved spontaneously, but must be induced, boosted; priorities must be set; complementary public investments must be made as private investment is encouraged –**that is the challenge the region faces today.** Guided by a raw material production-intensive model and without taking steps toward their transformation, the Latin American countries will be hard put to grow and develop; they must first add value to their resources if they are to reduce their inequality.
- In recent decades, Latin America and the Caribbean has been lagging behind other regions. Up until 1960, the region's production complexity was similar to that of emerging Asia; fully 70% of the exports of those regions consisted of the 20% least complex products, which in turn represented 70 and 75% of the products created in those regions, respectively, while, at the same time, exports of the most complex products were almost nonexistent. Between 1970 and 1980, the two regions began to incorporate specializations in more complex goods. But starting in 1990, the courses followed by emerging Asia and Latin America began to diverge; as the quality of our exports declined, those of emerging Asia became increasingly complex. Today, the least complex products account for only 20% of Asia's exports, while in Latin America that figure is above 50%.
- Private investment must be accelerated by means of a comprehensive strategy: 1) portfolio development and support for project structuring and financial closing (*project finance*); 2) support for concession contract / PPP negotiation and standardization capable of large-scale replication; 3) leveraging of private investment through long-term finance at appropriate interest rates; and 4) provision of risk mitigation instruments (guarantees and insurance). Development banks must be made aware of the existence of an opportunity to henceforth classify their activities in terms of the potential socio-environmental impact of those investments.

I. INNOVATION AND DIGITAL TRANSFORMATION

- **True situation of SMEs in electronic commerce.** Although they account for 67% of total employment, 28% of GDP and over 75% of the export companies in Latin America and the Caribbean (LAC), barely 1% of SMEs participate in electronic commerce on platforms like Amazon, E-bay, Mercado Libre, etc. A bare 2% of the sales of LAC SMEs are of a B2C type and are concentrated for the most part in three countries --Argentina, Brazil and Mexico--, which together represent 70% of the total value of the transactions. Furthermore, the average number of transactions per capita in the region is 9.2 compared with 22.1 in Asia. This undoubtedly is not conducive to SME access to new markets or integration into global value chains; increase in productivity; formalization; and access to credit and other financial services.

- **SME's low level of participation in electronic commerce could stem in part from a shortcoming inherent to the enterprises themselves**, but it could also be due to the existence of structural barriers that severely limit their possibilities, like: 1) deficient connectivity and limited penetration of the Internet. Fixed broadband penetration in Latin America and the Caribbean stands at barely 13.6% --that is to say, 2.5 times less than in the Organization for Economic Cooperation and Development (OECD) countries and 1.75 times less if compared with mobile broadband penetration. By OECD estimates, the region would need to invest US\$69,000 to reach those levels. 2) limited access to credit; and 3) training and technical assistance.
- In seeking to **overcome limitations on boosting digital transformation, development banks should:** 1) lead through their example, inasmuch as early and preliminary estimates reveal that only 27% of public development banks have made a start on their digital transformation; 2) implement credit lines and guarantees for entrepreneurs and MSMEs in order to boost global value chains and digital sales; 3) include fintechs as retail institutions; 4) made a review of developments in startup and fintech initiatives in complementary areas of interest that offer potential alliances, or of open banking initiatives for public development bank digital transformation; 5) study the transformation of operational and automation processes in order to determine the costs, effects, advantages, and associated risks involved in being able to benefit from the advantages offered by existing technologies; 6) formulate proposed methodologies and reinforcement plans using economic, financial and development assessment techniques; and 7) make an assessment of public development banks' internal capacities for digital transformation in terms of personnel and resources. This series of measures need to be taken jointly by the public and private sectors.
- **Guidance is impossible without knowledge; it is necessary to first develop the necessary capacities within the institutions** and decide as a society which ecosystem we aspire to. Exponential growth is understood in terms of the possibilities and potential offered by the technology, meaning that it is almost impossible to think about financing without first having a clear vision of the future and of the technological component involved. In that sense, however, not only is the technological transformation important, but also the transformation of the personnel, and this is tied in with capacity-building. In that way, any new technology that is available can be used by the personnel, taking advantage of their potential.
- Digital transformation and technology are being incorporated as essential elements of public development bank strategy. They also serve as a transforming element of the economic sectors financed by those banks, making **enterprise digitalization a priority of these development finance institutions**. In that connection, some experiences in digitalization and its impact on banks and their customers were highlighted. The Banco de Desenvolvimento do Minas Gerais (BDMG) has been working actively on a digitalization and renewal agenda for over eight years and has established a digital platform (Digital BDMG) for granting MSMEs loans that has enabled it to continue operating normally during the current pandemic. That technology adds agility and speed, reducing credit application analysis and response times. In addition, its flexibility enables the bank to work with different products, representing an important productivity gain because of the optimizing of the teams involved, reduction of the administrative structure, risk mitigation and greater concentration in the commercial area for working with customers. As a result, in 2020, the BDMG made record disbursements of more than US\$548 million, for an increase of over 160% compared with 2019. The digital platform's growth was three times greater.
- **Bank innovation is not limited to innovation within the organization, but also extends to action taken to boost innovation in the enterprises**. In that connection, another BDMG innovation is the innovation hub, based on the innovative use of technology. The bank first brought together starring emerging enterprises in an environment of exchanges and interconnection with large corporations and Venture Capital funds to improve entrepreneurial performance. Despite the challenges posed by the pandemic, the startups that received support showed 50% more growth than the previous year. In addition to these efforts, the BDMG continued to provide direct financing to entrepreneurial innovation projects, drawing from resources earmarked for these specific purposes. In the area of sustainable recovery, the bank started implementing a new strategy in 2021, based on segmenting the offer by type of enterprise. It expects, through these changes, to see more SME earnings and benefits from innovation.
- **In the current circumstances, contributing to the country's economic recovery, working diligently on innovation in order to create employment through the scalability of undertakings with a strong impact**, adapting and converting enterprises to enable them to survive in this scenario and enhancing access to financing conditions, as Chile's Corporación de Fomento de la Producción (Corfo) is doing, inasmuch as people's capacity for undertakings now, more than ever, opens up better opportunities and this culture helps to achieve more sustainable and equal development.
- **Developing digital means of payment in a country like Argentina**, with its low level of bank use, to which we must add the impact of pandemic-driven policies, **is quite a challenge**. It proved to be a two-fold challenge for the Banco Provincia de Buenos Aires (Bapro) at the moment of creating digital solutions. The bank was confronting the need to

produce a digital instrument that would enable it to carry out its normal operating processes and at the same time permit the government to implement resource transfer programs. In order to accomplish this, Bapro restructured one of its applications to give the financial system a comprehensive experience in inclusion. That application is the wallet known as the DNI Account, a digital instrument that allows for simple and integral management of finances and offers a payment solution adapted to each type of commerce, whether of microentrepreneurs and fair participants, businesses, professionals, SMEs or large enterprises. The bank developed a series of benefit and discount programs, emphasizing nearby businesses in order to protect them against the pandemic and its economic consequences. It has become the country's most heavily downloaded banking wallet program with over 3.2 million users (more than 51% being new customers). The DNI Account enabled government assistance funds to be transferred to more than 1.2 million people; it was used in 6.2 million business purchases valued at more than US\$131 million; and 22.1 million transfers were made for a total value of US\$950 million, among other results.

- **Experience with development bank initiatives has revealed that large segments of Latin American society confront a major cultural challenge** to perform the following: 1) promote financial education and work to change habits based on the use of cash and in-person handling of administrative processes and procedures; 2) promote a digital service model allowing for massive access to customers; 3) serve the population sector that is currently not receiving service; 4) provide financial management tools, use financial products and carry out banking operations by digital means; and 5) continue to coach businesses, particularly the smallest establishments, in their economic recovery.
- **It was recommended that the LAC countries, in order to move ahead with their digitalization, value certain critical points.** First, boost fintech development and advance their digital transformation, considering that some 2,300 platforms are already operating in the region and that loans totaling US\$6,500 million were granted in 2020. Fully 60% of the credit they provide targets SME financing, having served 217 thousand enterprises of that kind. Second, develop digital payment systems and transactions in the region by furthering digitally-based financial inclusion strategies; innovate in the regulation and supervision area --supotech, sand-boxes and innovation labs-- and implement digital payment systems connected with government services and electronic commerce transfers. Third, develop connectivity in the region: universalize broadband access by strengthening the legal and regulatory environment, develop digital skills among the population, promote the demand for digital services, develop relevant digital contents and services and move ahead with the logistics for electronic commerce.

II. FINANCIAL INCLUSION AND GENDER-BASED APPROACH

- **Women's working situation and access to financing were already complicated before the outbreak of COVID-19 and worsened with the emergence of the pandemic.** The LAC countries had a US\$92,000 million gap in financing, which clearly represented a problem, but also an opportunity. By IDB estimates, the gender gap has widened unfavorably, for before the outbreak of COVID-19, bank working capital loans to finance that gap totaled 19.9%, and today that figure stands at 25%. This undoubtedly represents a challenge that public banks must meet, above all considering the lack of detailed information available. What is needed here is, first, an appropriate definition of women's enterprises, in order to be able to collect differentiated data that would enable them to provide those enterprises with due services using adequate approaches. Systemic lack of data constitutes a widespread challenge at the national level, and although data collection at the individual level has improved, the challenge at the entrepreneurial level remains in abeyance throughout the entire region.
- **Women have become creators of development,** making the search for equal opportunities and rights to enable them to activate their involvement in economic and social processes a necessity. Insofar as facilitating women's access to productive assets is concerned, support policies and instruments are lacking. It was emphasized that facilitating guarantees would do much to help in that regard to overcome the limitations, such as the fact that women lack asset ownership titles or do not receive the same treatment as men in obtaining loans.
- **To help change how women are being viewed by financial institutions, it was recommended that training be given to heighten personnel awareness** of women's enterprises. The importance was also stressed of boosting guarantee programs for women's enterprises, with specific financing programs and lines incorporating non-financial services that would enable them to move up from the microenterprise stage to that of SMEs. The findings of an IDB investigation of gender bias in loan allocation in Chile provides evidence of the need to implement such measures. An experiment revealed that the loan approval rate for women was 15% lower than that applying to men, despite their both having the same risk profile. These are biases that hamper the capacity for growth of both women and the financial institutions themselves, which fail to receive income from such transactions.

- **Gender-denominated bond issues are only the tip of the iceberg in a strategy to give women access to credit. It is a tool that seeks to influence society and that, above all, involves third parties in the problem –in this case the investors.** From the outlook of Mexico’s FIRA, the strategy to be applied rests on three pillars: 1) being careful not to magnify the problem. In doing so, the institution bases its strategy on environmental and social risk management (SARAS) which, in loans larger than US\$10 million, mitigates environmental, labor or social risks in keeping with the Principles of Ecuador; 2) improving and creating loan programs used for the most part by women; 3) making the gender issue a priority once again and involving third parties, which, in its role of promotional element, should pave the way for third parties in the financial system to adopt the frames of reference that have been created to back this bond and do the same in the debt markets.
- The credit model behind FIRA’s gender-denominated bond issue is important, because it makes it possible to grant financial resources for women’s agricultural activities and **also requires the support of a technological system, women’s training in the standards required to open commercial channels.** What FIRA does is to ensure that companies / industries that have already secured a market serve as a driving force for the development of small rural producers who supply a product to that enterprise or industry. In bringing the two together, they have encountered large numbers of women who receive technical training from specialized consultants, experts, who furnish them with the technical standards and the factories or facilities they require for the management and processing of their products; in that way, they are able to accede to a commercial channel and the technical training they need for their activities, backed by funding from financial intermediaries. In order to compensate for their lack of guarantees, FIRA channels liquid guarantee funds to back women’s loans that serve as artificial collateral in the absence of their ownership of land. This has a positive impact on the industry, which is able to accede to a supply of quality products and establishes a long-term relationship with its suppliers; while producers are able to increase their output, enlarge their market and obtain good prices ensured by that industry, and access to technical assistance and credit.
- Inasmuch as the gap between men and women’s access to financing is large and its reduction and the move toward financial inclusion constitutes a challenge, the Central American Bank for Economic Integration (CABEI) **has a gender equity and equality policy and strategy that provide guidance in specific project finance and gender-driven activities.** In 2015, CABEI, together with the Central American Integration System (SICA) and the Center for MSME Promotion, launched the Women’s Regional Entrepreneurial Finance Program (FEM), to get development banks to create financial products specifically designed for women’s MSMEs, thereby heightening their economic importance. Coordination with allies has been fairly important in getting each institution to share its experiences and on that basis improve the focus of this financial inclusion program that by May 2021 had disbursed US\$27 million throughout Central America through financial intermediaries that grant loans to MSMEs based on certain criteria: that the MSMEs be owned by women, that the enterprise shareholders be mainly women, or that women account for more than 50% of the MSME payrolls.
- Aside from its projects with the public and private financial sectors in line with a gender-based approach, **CABEI is on the lookout for allies and other types of programs associated with this gender-based approach.** Along this line, approval has been given to a US\$55 million Program for Strengthening Protective Measures against Gender-driven Violence in Argentina to support the Women’s Ministry in enhancing prevention and providing comprehensive assistance, protection and access to justice by persons subject to gender-driven violence. In El Salvador, the US\$200 million My New School project was launched to build 186 schools and reinforce educational infrastructure, with emphasis on inclusion and gender equity; as was the Decent Housing and Life Program, which gives women access to homes through loans granted with government guaranteed collateral. All of these projects benefit from government sovereign guarantees and involvement.
- **Alliances are key for attracting funds and broadening knowledge.** One of the most important challenges is to achieve the necessary strategic alliances to attract support for the Central American region. CABEI, in confronting the pandemic, launched an emergency program of roughly US\$3,600 million, one of whose elements is to support the financial system in bringing about the region’s economic recovery. The aim was to provide financing to MSMEs that had been able to maintain or restore 70% of their payrolls. This was complemented by the activation of a Guarantee Fund with a US\$14 million contribution from CABEI, in order to give women access to credit. The German KfW Development Bank and the European Union (EU) are going to contribute another US\$14 million to that guarantee fund, bringing its total up to US\$28 million with which to provide support for women’s undertakings during the post-pandemic period. In Alliance with UN Women, CABEI obtained an additional US\$1 million for a guarantee fund established specifically for women. It is also important to draw attention to the alliance with the French Development Agency (AFD), insofar as the strategy for equity and equality in regard to related projects with an impact on climate change is concerned. In Finance in Common (FIC), UN Women and AFD belong to a working group formed to study the boosting of women’s access to credit, inclusion and gap in financing.

III. INFRASTRUCTURE FINANCE BY MEANS OF PUBLIC PRIVATE PARTNERSHIPS

Public private partnerships (PPPs) have proven to be a highly useful instrument for providing infrastructure and services of public interest in different economic sectors. **A large percentage of PPP infrastructure development efforts have been handled by central governments, but not by subnational ones.** Although efforts have been stepped up in recent years to develop subnational PPPs, the principal challenge has been to guarantee the structuring of well-designed projects capable of attracting the interest of private partners. What is needed in particular are: 1) a subnational legal and institutional framework for PPPs; 2) the building of capacities for PPP identification, selection and implementation; 3) adequate scaling and regulation gains; 4) a political commitment and strategic communication **to overcome these drawbacks and from which most cities would benefit. It is important to move ahead in creating standard legal documents to facilitate PPP structuring,** such as, for example, model laws, contracts or provisions for local governments; also, to facilitate technical assistance for municipal government use of the models. It is important to note that subnational governments are not empowered to collect taxes; their resources come from the central government and, as a result, development bank guarantees could help them to lower finance costs.

- **Small PPPs confront major challenges,** which can be broken down into three groups: 1) PPPs have a transaction cost that keeps them from being viable in small projects with a capital investment of less than US\$50 million. The way to overcome these difficulties is by standardizing contracts, financial models and performance indicators that measure quality in ways better suited to projects of this kind. These contracts should be bankable in order to attract the private sector and fulfil a series of requirements that would make competition for their financing attractive. The financial model should also be well-structured so that reliable information is available and private sector confidence can be obtained. Standardization in the long term can reduce transaction costs, make lower-cost project contracts viable, and produce gains in efficiency. Project packaging offers another solution for reducing transaction costs. Uruguay, for example, was able to enjoy a highly successful educational PPP cycle two years ago by preparing four packages with, in some cases, as many as 20 or 25 educational centers per package; 2) financing. Many PPP project financing sources have thresholds, and projects that are too small could become an obstacle. In order to avoid this, it is necessary to work with the enterprises on sounding out the market from a very early stage; 3) transparency, not because small projects are less transparent than large ones, but because transparency and compliance legislation has a cost and less expensive projects do not meet all of the requirements stipulated in PPP model contracts.
- **Development banks as subnational PPP structurers.** The BDMG plays a key role in promoting and financing the economic, social and environmental development of Minas Gerais. Brazil has a total of 5,570 municipalities, 853 of them in Minas Gerais, of which 96% have less than 100,000 inhabitants each. Many of these municipalities are very hard put to provide basic services (water and sanitation, solid waste disposal, public lighting and medical care, for example) and to tackle pressing infrastructure deficits. And very few municipalities have any experience in structuring PPPs. The BDMG, in its capacity of subnational development bank, acts as a structurer of subnational PPPs. It also plays an active role in subnational fund-raising in the public and private sectors to support high-impact investments in projects connected with sustainable development goals (SDGs) in Minas Gerais. The Bank is currently structuring a series of subnational projects in the areas of highways, water and sewerage, public lighting and solid waste disposal. The Public Sector Finance Unit manages a loan portfolio with a contract value approaching R\$650 million (US\$121.9 million) in over 450 municipalities. That unit also provides specialized municipal infrastructure project planning and implementation services using non-reimbursable funds.
- **Mexico's PPP system has been based on restructuring projects to reduce local authority discretionality over resource use in investments and asset startups.** This is obtained by appropriating federal transfers or taxes collected by the federal government and transferred to local authorities, of which part can be taken and transferred to managed trusts to ensure project payments. The National Infrastructure Fund (Fonadin), administered by the Banco Nacional de Obras y Servicios Públicos S.N.C. (Banobras), serves as a federal public administration vehicle for coordinating infrastructure investment with private participation, whose objectives are: to support the implementation of the national infrastructure program; maximize and facilitate raising private capital for infrastructure projects; promote public, private and social sector involvement in infrastructure development; take risks the market is not willing to run; and make projects with high social returns bankable. The Promagua is Fonadin's strategy for promoting the operational and financial sustainability of public institutions working in the water sector; it seeks to boost PPP project implementation to enhance public water and sanitation service coverage and quality and the efficiency of the operating agencies. It targets states and municipalities, mainly through state water commissions or operating agencies responsible for providing services and finances up to 49% of the total cost of water projects like: aqueducts, desalination plants, wastewater treatment facilities and operational and financial sustainability.

- **PPP projects vary in nature and each has its own unique characteristics.** This is borne out by the cases presented by Colombia and Mexico. **The BOSA public hospital project (Bogotá, Colombia):** The aim of the project is to contract out a highly complex public hospital with a very insecure infrastructure that did not comply with existing regulations, under a PPP arrangement. A new infrastructure was needed to be able to provide health services. The project has a hospital component and an outpatient component. Furthermore, the PPP hospital project is intended to operate side-by-side with other hospitals that do not use that model; therefore, if the chosen approach is to provide services through a network, this PPP would serve an entire geographic area yet to be defined and would operate jointly with the other institutions. As a result, the project execution sector would have to understand that this type of project links up different areas of knowledge, which should all be coordinated harmoniously, have a collective understanding, understand the requirements from the other's point of view and work in coordination with it. The community also needed to be involved from the project's very formulation, for a fuller acceptance of the project and to participate in its creation. Colombia's Financiera de Desarrollo Nacional (FDN) and the International Finance Corporation (IFC) served as project co-structurers and a group of companies with specialized expertise were also involved in the project's implementation. Its development called for coordinated efforts with some 10 public institutions and 100% of the financing came from the subnational level. **The lessons learned from this project were the following: 1) that we are living in a world of specialization; 2) that good planning takes time, is complicated, but is essential for the success of the projects; 3) that projects of this kind are complex by their very definition –in other words, many variables interact at the same time and must be properly synchronized in order to ensure the projects' success.**
- **The PPP desalination plant and integral management improvement project cases (Los Cabos, Mexico):** Some 212 m³/s of wastewater are collected at the national level, of which the plants assisted by Fonadin contribute to the sanitation of 44 m³/s, or 21% of the total. Non-reimbursable assistance for studies adds up to \$396 mdp (US\$19.9 million) for 47 projects, 20% of which have materialized. The project involves the supply of potable, or drinking, water through the construction and operation of a desalination plant with a 250 lts/s capacity. The project included the design, elaboration, construction and equipment, conservation and maintenance, conduction, delivery, treatment and disposal of wastewater. A 25-year PPP contract has been signed, with a 24-month investment period, including 2 months of tests and a 23-year operating and maintenance period. The initial project cost is \$1,179 mdp (US\$59 million), and seeks to increase and maintain the system's physical efficiency (that 70% of the water reach the users), furnish potable water continuously, and operate and maintain the system efficiently. The desalination and integral management improvement projects are one of the Fonadin's most important commitments of the past decade in light of their strategic nature, deriving from the importance of the city as one of the country's principal tourist destinations and of the great pressure on the operating agency to furnish the people with adequate services. The desalination project was originally conceived as a project with a 400 lts/s capacity, but the financial pressure that this would represent for the operating agency was such that it was decided to adjust the capacity to 250 lts/s and tie it in with a project for integral improvement of the management to ensure the operating agency's operational and financial sustainability in the medium term. The Los Cabos integral management improvement project is the first of its kind to be implemented under a PPP arrangement and financed in part by the Fonadin.

IV. DEVELOPMENT BANKING SUSTAINABLE FINANCE AND DEVELOPMENT

- In the current situation, given the need for a green recovery, **coordination and cooperation efforts among international financial organizations are key for reaching the Paris Agreement targets, as a means to long-term sustainable development.** At the same time, the impact of the Covid-19 crisis has adversely affected decades of socioeconomic progress, heightening differences that still set the LAC countries apart. The consequences of climate change are expressed in losses from damage to production and a greater perception of future risk. The region's need for financing to fight climate change and develop sustainable infrastructure could reach as high as US\$50,00 million a year. Efforts must be accelerated and their scale increased in order to achieve common aims. This is one of the main occasions on which development banking can be seen to play a key role in the region. National development banks have a very important part to play in the transformation and transition toward increasingly sustainable growth models. All asset or asset-backed green bond issues should be in line with the market and not against it, and should introduce positive incentives. In this connection, public and private collaboration play an unprecedented role when resources are needed for targeted customers.
- **Climate change is one of the most important environmental problems today. Latin America and the Caribbean are highly vulnerable to that change** and could sustain potential damage in the range of up to US\$100,000 million, according to the Banobras representative, who stated that Mexico in particular is highly exposed due to its geographic composition. The economic cost of exploiting resources like hydrocarbons, forestry products and underground waters is equivalent to 4.3% of GDP. Public consciousness-raising is needed for an awareness that severe climate events had an average annual cost of 46,000 million pesos (US\$2.365 million) over the period 2000-2018.

- **National efforts to mitigate the effects of climate change have become essential, and the financial sector has become a key player in that connection.** The role of the development banking system is to provide funds with which to boost sustainable infrastructure development. The transforming effect sought by development banks can be summarized in three points: 1) helping to incorporate the effects of climate change in development goals; 2) encouraging commercial banking investment in order to multiply financing for sustainable project development; and 3) aligning their investment portfolios with the Paris Agreement and in that way limiting greenhouse gas emissions.
- **The urgent need and pressure exerted for economic recovery are very great due to the present crisis and compound existing medium- and long-term imperatives.** This is a great opportunity in the degree to which finances are available for creating sustainability, making investments less risky and more governance- and transparency-oriented. Thematic green bond markets have risen to a level of US\$1.2 billion and, according to IDB representatives, that market reached US\$13,000 million in Latin America last year, despite the crisis. Public banking has a great opportunity to play a countercyclical role and contribute to sustainable economic recovery at a time when the region suffers from a lack of investment funds. Infrastructure investment needs, which existed even before the crisis, have been calculated at some US\$150,000 million a year. Millions of resources do exist, but are often not available for those investments. The question to be asked is how can regional and multilateral financial organizations work together with public development banks to leverage such investments and bring in the private sector to find solutions for undertaking those investments and buttressing the region's economic recovery?
- **Climate change is a dramatic problem and constitutes a huge challenge for the European Union, leading it to adopt an action plan known as the Green Deal.** One of the goals of this plan is to bring down greenhouse gas emissions by 55% in 2030 and to a level of zero by 2050. In order to do this, financing is needed for activities that will contribute heavily toward reaching those goals. The EU published a piece of legislation called the taxonomy regulation with a view toward creating a regulatory framework. Published in 2020, it defines five basic objectives: 1) mitigation of and adaptation to climate change; 2) transition to a circular economy; 3) pollution prevention and control; 4) sustainable use and protection of water and marine resources; and 5) biodiversity and ecosystem protection and restoration. The activities included in the taxonomy should contribute very positively to one of those objectives and not damage any of the other five significantly. This type of taxonomy will be used by EU markets that offer products that are called sustainable. The taxonomy is expected to be adopted in 2023 and the six objectives to be published, in order to reorient investors toward more sustainable technologies. The European Investment Bank (EIB), for example, approved the roadmap to climate change in 2020, committing it to ensure that by 2025 at least 50% of its investments will contain a substantial contribution to fighting climate change and to environmental sustainability.
- **In aiming toward transformation and transition toward increasingly sustainable growth models, entities like the Green Climate Fund (GCF) are focusing their efforts on supporting national and regional climate and green recovery initiatives; and are important allies** in identifying and monitoring financing proposals, given their greater tolerance for risk in financing and scaling projects with a strong impact on climate. The GCF is equipped to provide climate financing, channeled through designated national officials and accredited institutions. It has a regional portfolio of approximately US\$1,600 million, with 40 financing proposals valued at US\$2,700 million, if all co-financing is included. Readiness preparatory assistance has consisted of the approval of 153 proposals to date, for a total of US\$100 million and work has been started on implementing 116 proposals, for which over US\$147 million have been disbursed for their implementation by the close of the first year.
- **Incorporating products, strategies and anticipating challenges.** In this sense, the Banco de Comercio Exterior de Colombia (Bancoldex) has already been wagering on greenness for almost a decade. The breakthrough that really marked it as a sustainable bank were its green bond issues in 2017. The bank was the first institution to issue instruments of this kind in Colombia. The first was a 400,000 million-peso (some US\$134 million) bond issue. Bancoldex understood that, if it issued green bonds from a liability standpoint, it also needed to build a green portfolio. Efforts were then focused on a portfolio targeting MSMEs, with emphasis on energy efficiency, process improvement, and CO₂ gas emission reduction, among other things. Support lines were incorporated for activities like the creative and cultural economy, where the bank already has a portfolio larger than its green holdings. Insofar as financial inclusion is concerned, it has credit lines with discounted rates for women, for the handicapped, and for municipalities with persons suffering violence. In 2020, Bancoldex operated countercyclically, creating a range of different products, and experienced a historically positive year with disbursements that had a strong impact. As part of its funding policy, this year the bank will create enterprise economic recovery bonds to add to its green and social or orange bond issues.
- The BNDES issued green and sustainable bonds for the first time in 2017, it also being the first time a Brazilian bank issued bonds of this kind and with great success. The greater part of these bonds were focused on energy project finance as part of its green agenda strategy as a development bank. The bank's primary funding comes from public

resources, but it now has a more diversified strategy for fund-raising in the market. It is also more closely involved with projects that already enjoy financing, in order to share the market risk. During the pandemic, the bank took advantage of this experience to issue green bonds in the local market for the first time, and these were very well received. Due to the importance of the green agenda, it has announced an improvement and a more sustainable framework, including other issues like reducing contamination, sanitation and social care projects.

- **Banobras focused its efforts in 2020 on supporting Mexico's economic recovery and sustainable development.** This approach could be summarized in four points: 1) implementation of temporary programs to support sectors suffering the effects of the sanitary contingency; 2) project finance in strategic sectors needed by the country and that help to create jobs; 3) allocation of loan resources to sectors in which commercial banks have decided not to participate; and 4) channeling of finance to carry out works that benefit the most vulnerable population groups by contributing to environmental conservation and creating well-being. Its capacity and strength for continuing to finance infrastructure projects needed by the country have made Banobras Mexico's fifth largest bank as to direct holdings, equivalent to 8% of Mexico's total banking system. It is also the country's largest development bank with a total direct portfolio valued at 498,000 million pesos (some US\$26.210 million). A priority is to serve states and municipalities, in order to reduce social gaps and cover the needs of individuals, making Banobras the top financing source with 49% of the total direct loan portfolio of the 32 federative units.
- **In order to contribute to climate change commitments, Banobras made a sustained effort to create environmental, social and gender-based policies for preventing environmental and social risks in the projects it financed** and to aspire to a more just and sustainable society. Insofar as the Fonadin is concerned, among its actions taken in 2019 was the signing of the principles for responsible investment and the inclusion of environmental, social and government elements in its investment strategies. It also has a platform integrating all national infrastructure projects and where the sustainability practices of projects promoted on the basis of IDB methodology are identified, in that way identifying investment opportunities so as to join in those projects. There are six strategic areas involved in fulfilling its aim of firmly establishing a financing chain: 1) governance; 2) internal processes and strategic alliances; 3) strengthening environmental and social risk management; 4) obtaining access to social indicators of well-being in order to determine the impact of its activities on the city's quality of life; 5) promoting sustainable projects; and 6) transparently communicating all actions taken by the bank. It is also working on the environmental and social risk management system (SARAS) in order to be able to identify and mitigate risks in projects that are financed and create a virtuous and competitive circle for environmental and social projects. These analyses enable the bank to foresee obstacles in projects that neither evaluate nor mitigate the social and environmental risks that could affect their productivity and returns. Its lending activities aim to increase its portfolio of green projects and those with a strong social impact. The portfolio of sustainable projects amounts to US\$2,577 million in sustainable transport, energy efficiency, renewable energy, and contamination prevention and control projects, among others. As for the bank's sustainable bond issues, to date 11 bond issues have been made for a total value of US\$ 1,923 million, Banobras being the first issuer of a 15-year bond.
- The year **2020 was a key year for the sustainability of Spain's Instituto de Crédito Oficial's (ICO)**, for that year a sustainability policy was approved for the first time. A total of nine social and green bond emissions were issued in 2019 and 2020. They have to fulfil a series of parameters, with the principles of Ecuador constituting a reference for green loans or ones connected with sustainability goals, in line with the SDGs and the COP21 Paris Agreements. In 2020, the ICO allocated 2,760 million euros to sustainable finance projects, 30% of them carried out in Latin America (828 million euros), where major challenges exist as to sustainability and also the means, resources and will to confront them.
- Under a public and private collaboration approach, the ICO has been able to formalize more than one million guaranteed loan operations by raising over 125,000 million euros. **Collaboration with Ibero-America is of key importance to the ICO, where its efforts are in line with the strategic areas and its principal actions concern the transformation, digitalization and implementation of a more sustainable economic model.** Special attention is given to other alternative SME financing sources, complementary to banking. Crosscutting areas are in common, for both the European Union with the new framework of the related fund and the 2021-2027 pluriannual financial framework; and also, for the Spanish government recovery, transformation and resiliency plan. Fully 40% of the resources contributed will be allocated to sustainability, and this will produce a spillover effect on the activities of Spanish enterprises in Latin America and the Caribbean. Instruments have been put into operation to reinforce the economy and to finance enterprises jointly with public and private banks, using a project finance system. Furthermore, more than 14 counterparts in Latin America have been formalized as an international wholesale funding channel endowed with over 2,500 million euros to finance sustainable projects.