

# THE ROLE OF PUBLIC POLICIES IN ATTRACTING WORLD-CLASS INVESTORS AND THE CHALLENGES FOR THE DEVELOPMENT BANKING SYSTEM

Daniel Fonseca  
Connectivity, Markets and Finance Division



# MAIN DEVELOPMENT CHALLENGES FOR LAC

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- **Market size:**

Lack of depth in the region's banking systems and capital markets which limits access to long-term financing.

- **Regulations:**

Institutional and regulatory framework weaknesses that increase uncertainty and limit market development.

- **Investors:**

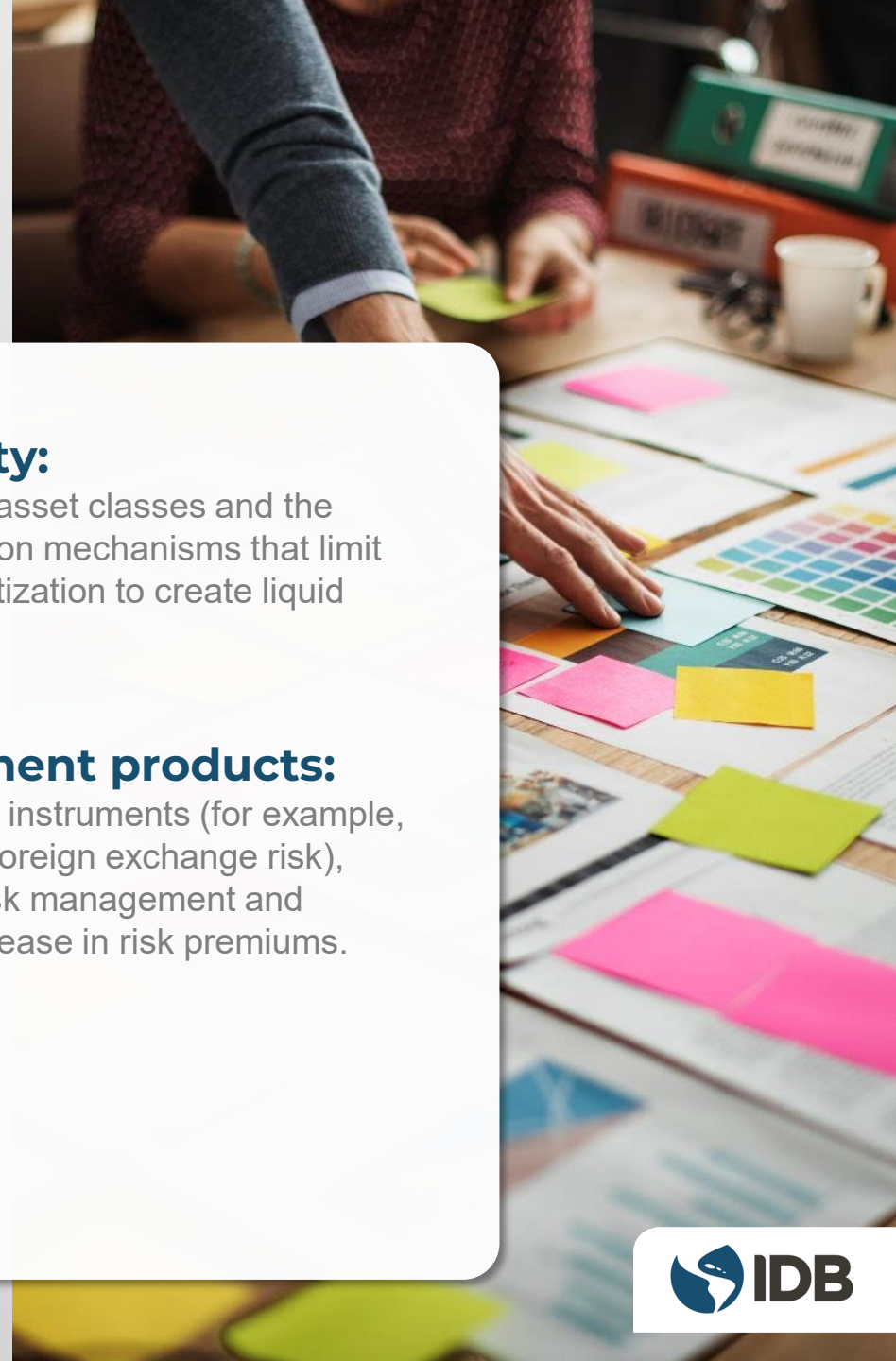
Private investors with limited risk appetite to channel of their accumulated resources towards investment financing.

- **Market liquidity:**

Lack of standardized asset classes and the scarcity of securitization mechanisms that limit the potential of securitization to create liquid secondary markets.

- **Risk management products:**

Lack of risk mitigation instruments (for example, interest rate risk and foreign exchange risk), which limits project risk management and contributes to the increase in risk premiums.



# THE VIEW FROM IDB

- **Development Financial Institutions must work with the public sector to design funding solutions that mobilize private investments and ensure inclusive and sustainable development.**



# HOW DFI CAN ATTRACT PRIVATE INVESTMENT?

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## 1 *Pipeline*

- Transparent and predictable pipeline of projects

## 2 *Standardization*

- Uniform bidding processes and legal documentation

## 3 *Mobilization*

- Priority on crowding-in private sector – value for money

## 4 *Financial Structures*

- Anchor investment & risk mitigation for private investment

## 5 *Capacity Building*

- Project finance, monitoring and evaluation capacities

# LENDING & ADVISORY

## FINANCIAL MARKETS OPERATIONS – LAST 5YRS

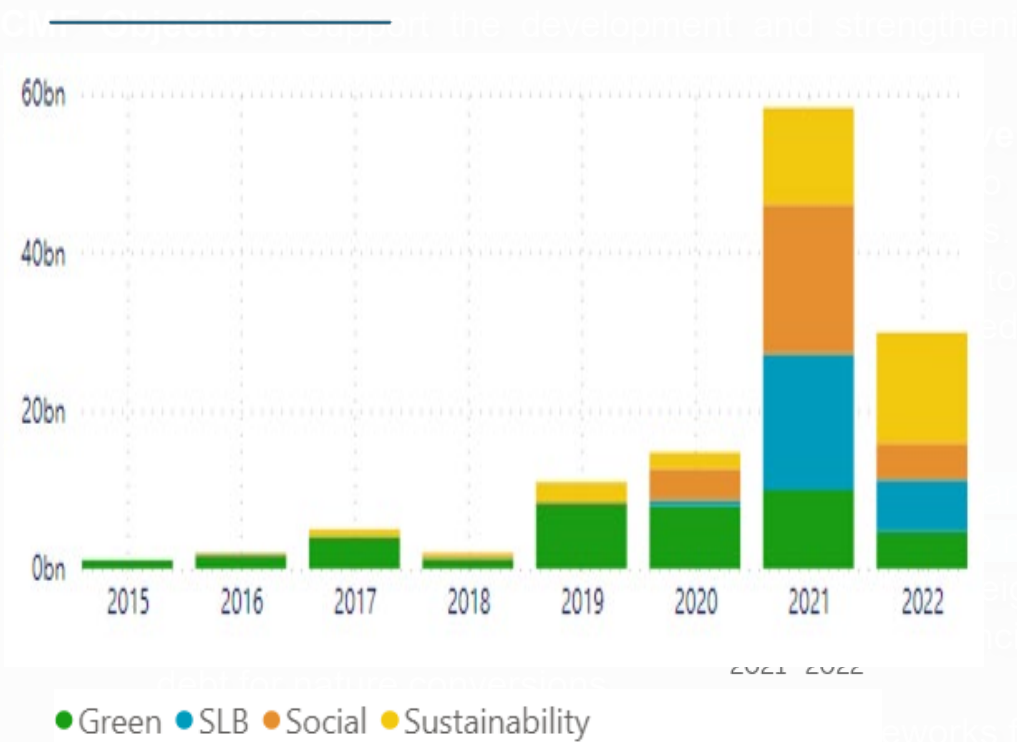
Sovereign Guaranteed:	50 projects USD 6.36B IDB Financing
Technical Cooperation:	107 projects USD 62.25M IDB Financing
Facilities, Credit Lines and Programs:	16 projects USD 4.98B IDB Financing

## FINANCIAL MARKETS NETWORKS



**IDBG has supported more than 30% of the volume issued in the region, 41 clients to issue 78 thematic bonds (green, social, SLB and sustainable)**

**LAC Thematic Bonds by Theme**  
(US\$ billion)



Source: Green Bond Transparency Platform (2022)

**Bonds by Country**  
(IDB Group)



**IDB GROUP:**

**78**

**THEMATIC BONDS**

**\$ 37.7 billion**



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THANK  
YOU