54TH REGULAR MEETING OF THE ALIDE GENERAL ASSEMBLY
Fortaleza, Ceará, Brazil, May 15 to 17, 2024

AGENDA

DEVELOPMENT FINANCE IN CONFRONTATION WITH PRESENT GLOBAL CHALLENGES

Today's global economy is in a phase of low economic growth with relatively high levels of inflation, a decline in investment, greater geo-economic fragmentation and a reconfiguration of globalization, growing geopolitical tensions, continuous extreme climate events, important technological advances, and large-scale migratory flows: elements that have created a complex environment of interlinked risks that sharpen chronically unstable political, economic and social tensions, fueling fear of a serious rise in poverty and economic and social inequalities among regions and countries and within them.

Compounding that dark scenario is the strong macro attention being focused on the challenge of climate transition and sustainability in all spheres of our countries' production processes at the global level; inclusive growth that will make it possible to return to the forward leading course in the fight against poverty and inequality; and food security with sustainable agri-food systems that would ensure access to food products by the world's growing population.

These objectives of global and regional concern are among the sustainable development goals (SDGs) and growing pressure is being is being brought today to ensure that sufficient public and private financing are raised for their accomplishment. But major gaps lie ahead, complicated by rising international financial costs, together with economic restrictions imposed in many countries due to their high borrowing levels and --most likely—by reduced public income that could occur in the short term. Reaching those goals would require raising funds from different financial sources that work together and in alignment, developing innovative mechanisms and products, and channeling entrepreneurial resources, together with those of philanthropic entities, aside from other public and private sources available, into productive and social investment. The skill building and capacity development of the needed human capital would be advanced at the same time for a sustainable future.

That is why the general purpose of the 54th Meeting of the ALIDE General Assembly will be to examine and share knowledge about how to move ahead towards a higher stage of sustainable finance in the region, commensurate with the need to broadly finance the SDGs; descending to the financing of productive transformation focused on boosting sustainable production and consumption, supplemented by effective action to further impact investment that would lead us to advance toward the achievement of the social SDGs.

It is in that connection that we ask ourselves questions like How can an adequate transition be financed to achieve climate neutrality and sustainability? Are we boosting inclusive growth sufficiently and how? How are we doing in the fight against poverty and inequality in a context of slow economic growth? And we truly laying the groundwork for a more sustainable, inclusive and resilient future?

On the other hand, from the outlook of the development finance institutions in particular What is their effective contribution towards the achievement of these major goals? How can more financing de raised? What new innovative instruments have been developed to catalyze private investment? Just how important is impact investment for bridging social and economic gaps? and lastly What are they doing insofar as financial, social and gender inclusion are concerned?

Plenary I: Scaling up sustainable finance in Latin America and the Caribbean

In the opinion of UNCTAD, although the need is huge, so also are the opportunities. The cost of reaching the sustainable development goals (SDGs) range from a ballpark figure of between US$5.4 and US$6.4 billion a year from 2023 to 2030.[1] At the same time, there is an annual spending deficit of US$337,000 million in climate change, biodiversity loss and pollution related indicators alone. Furthermore, the developing countries require US$2.8 billion in resources to implement the Paris Agreement commitments and climate finance funds barely reached an average of US$653 million during the 2019/2020[2] period.

As a result, interest in sustainable finance was sparked throughout the world as a means for activating the financial sector, capital markets and the various markets involved in that financing, to contribute towards reaching the SDGs.

Recognizing this, a growing number of regulatory institutions, banking associations and financial institutions have adopted policies, regulations and practices for managing the ESG principles of financial sector activities, including the climate change risk and boosting the flow of capital towards projects, sectors and enterprises that would produce environmental and social climate benefits.

We should ask ourselves in this connection What kind of significant efforts are needed to strongly boost sustainable finance? What should financial institutions, particularly development banks, do in this case? How can the private sector be mobilized to become involved in sustainable finance? What are the main limitations to this happening? What are the opportunities opened up by sustainable finance and how can they be capitalized?

Plenary 2: Productive transformation focusing on sustainable production and consumption

During the past decade, LAC entered on a course of low economic growth, reviving the debate over the imperative need for productive transformation and seeking sustainable and resilient growth over time that would help to ward off economic and other shocks, such as, for example, the pandemic, and which would permit more equitable distribution of the benefits of development. A transformation that would mean giving raw materials a greater value added, insertion of more technified links in the value chain; and taking advantage of the transition towards a neutral climate and sustainable economy with the impetus of sustainable finance.

This means, in light of the basic principles declared by the United Nations regarding sustainable consumption and production, improving the people's welfare without further degrading the environment and while safeguarding natural resource sustainability; making efficient use of those resources --energy, land, water, etc. with zero waste; reducing emissions, regenerating the ecosystem and conserving the biodiversity; as well as working a change in the patterns of consumption of goods and services with less intense use of energy and materials, among other considerations.

Therefore, Can development banking help boost this process by supporting the different stages of the life cycle of the production and consumption process? Does it possess the necessary resources and tools to accomplish this aim? Can it support the supplier chain in waste management and reutilization for a zero waste economy along the full length of the value chain? How can development and innovation be deepened in order to encourage the adoption of technology and favor efficient resource use?

---

[1] ODS en 90 países, incluidos 48 países en desarrollo, que abarcan tres cuartas partes de la población mundial. Si se amplía el cálculo a todas las economías en desarrollo, utilizando el costo medio per cápita de las 48 economías estudiadas, las necesidades anuales totales se situarían entre los US$6.9 y US$7.6 billones al año. Estos valores corresponden a entre US$1,179 y US$1.383 por persona y año,

[2] Climate Chance Association & Finance (2022). "Global Synthesis Report On Climate Finance 2022", October.

Plenary 3: Impact investment for social inclusion as a key element for development with opportunities for all

It is estimated that some 201 million people (32.1% of the region's total population) live in poverty in Latin America and the Caribbean, of which 82 million (13.1%) are existing in extreme poverty and lack basic services. Unemployment, for its part, showed a 22 year lag. Women, in particular, were those most affected, for whom joblessness rose from 9.5% in 2019 to 11.6% in 2022[3], compounded by the slowdown or low growth rate which could worsen this situation in the short term.

It is here that social or impact investment becomes more relevant, as a powerful source of growth and innovation with which to address them. Furthermore, these investments yield important returns and generate a multiplier effect by affecting people's wellbeing in a positive way, favoring social cohesion, reducing social tensions, creating a better business environment, and empowering people, particularly the most vulnerable sectors. It is also important for purposes of fund raising with which to finance the social SDGs: housing, health, education, water, sanitation, putting an end to poverty, enhancing gender equality, and reducing inequality.

Development banks have a primary role to play as catalyzers in shoring up an efficient market and ecosystem for investment with a social impact in the region, while at the same time incorporating it among their activities and projects. What innovative impact investment programs are development banks equipped with? How well are they taking advantage of their positioning to assist and ensure that no people are left behind in the transition towards a low carbon economy? Are they actively supporting and promoting new financial intermediaries, investment funds and institutional/public investors, and developing new mechanisms for collaborating with the private sector and utilizing private investment to raise impact investment that will lead us to accomplish our social SDGs?

[3] Cepal (2022) "informe Panorama Social 2022.