



From Millions to Trillions Innovative Financing in Latin America

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Latin America, like the rest of the world, will require innovative financing to close the anticipated \$2.5 trillion funding gap associated with the United Nations’ Global 2030 Agenda. Innovative financing—or the deployment of new funding sources, the enhancement of efficiency in financial flows, integrated thinking to reduce risk, and the creation of results-oriented financial instruments—will be critical for Colombia to continue on its positive path towards the goal. Country-specific context contributes to this need: having joined the OECD in early 2018, Colombia no longer qualifies for official development assistance (ODA) funds. At the same time, the global economic crisis and peace consolidation process will constrict other international assistance from traditional public and non-state donors. The 2018 Concordia Americas Summit brought together key stakeholders to articulate priorities and challenges in the innovative financing space, chart financing initiatives

already underway, and generate recommendations for the incoming government to enact in Colombia.

Stakeholders the world over debate whether the global Sustainable Development Goal (SDG) funding gap is the result of inadequate funding or non-bankable projects. Recognizing validity to either argument, innovative financing serves as a bridge to this debate. The Americas Summit clearly illustrated that there is a strong “pipeline” of investment-ready impact initiatives and clear examples of successful impact investing/social impact bonds (SIBs); the challenge lies in linking the two through efficiencies in the enabling environment and attracting additional investment.

Participants spoke of the need for capacity building of local partners and the importance of reframing project

strategies from philanthropy to profit-oriented to further bolster the set of investment-ready projects, the value of standardized impact metrics and showcasing profitable initiatives to encourage investment, and Colombia-specific priorities (to include housing, education, the peace process,

“We firmly believe in the importance of creating sustainable alliances with governments and with communities.”

Angela María Zuluaga

Vice President of Public Affairs and Communications for Latin America, Coca-Cola Company

and the environment). Throughout the discussion, it was clear that innovative financing mechanisms are seen as most successful when they’re community informed, led, or designed and there is an appetite for additional, local Colombian funds.

A series of recommendations were provided to the newly inaugurated Duque Administration to create an enabling environment conducive to innovative financing:

- Address legal hurdles preventing the establishment of contracts that are based on long-term results, potentially through the establishment of a Private Secretariat on Innovative Finance to oversee the entirety of these processes. Two primary functions of said Secretariat could be to: 1) collaborate with the Coalition to present a series of position papers (or proposal) to effectively leverage innovative finance mechanisms in support of the peace process, agriculture, small infrastructures, education, and the orange economy initiatives; and 2)

create the necessary mechanisms to better track and assess the trajectory of domestic and international funds, particularly for the implementation of Colombia’s Agreement to End Conflict and Build Peace. There is precedence for this recommendation based on learnings stemming from the Colombian National Council on Economic and Social Policy (CONPES).

- Invest in human capital; by building up potential recipients of investment, supporting accelerators, and structuring more social impact bonds, more funds will be made available for a more robust pipeline of bankable projects.
- Prioritize partnerships that increase transparency and information sharing across and intra government; not only will this lead to better quality and availability of information and, presumably, synergistic investment, it will help generate a repository of successful examples that can be used to deepen and scale investment.
- Leverage public policy to signal Colombia’s openness to foreign direct investment; consider creating national frameworks on specific SDGs (e.g. SDG 4: Education) to standardize impact metrics based on local context, or exploring the multidimensional nature of the SDGs to shape foreign direct investment (FDI) opportunities linked to the 2030 Agenda.

Outcomes

- The Inter-American Foundation (IAF), an agency of the United States Government that funds development projects undertaken by grassroots groups and nongovernmental organizations in Latin America and the Caribbean, is launching a Peace-Building Fund to finance community-designed initiatives in Colombia. The IAF has already committed USD 600,000 to the fund and invites other partners to help double the fund and support the strong pipeline of vetted projects.
- The Americas Summit provided a foundational discussion towards the ultimate launch of a Concordia fund, with planned initial target investments in Colombia.



Concordia will be highlighting programming and Member efforts related to financing the SDGs through its Innovative Financing Coalition. Learn more about how to be a part of the conversation at the 2018 Concordia Annual Summit and beyond at www.concordia.net/CIFC.