

Concordia Innovative Financing Coalition: Partnership Accelerator

The Coalition (CIFC) serves as an organizer of Concordia-led discussions related to the deployment, evolution, or establishment of new funding streams directed towards the financing of the SDGs.

One of the goals of the 2019 Americas Summit was to leverage the Concordia Innovative Financing Coalition (CIFC) by connecting bankable projects with prospective investors for candid conversations about needs, challenges, and opportunities, with the goal of creating a shared roadmap and vision for action. To achieve this, Concordia held a special Partnership Accelerator, which combined expert curation, handpicked nascent initiatives applying blended financing for positive social impact, and the pressures of time to create real-time partnerships

and advance progress in key social issues in the Americas.

Participants from the public, private, civil society, and academia sectors were invited to share their actionable insight in small working groups on one of six topic areas, with Table Leads steering the discussion in a way that applied experience, know-how, and resources to developing opportunities. The community convened will continue to shape and define how the CIFC develops in the Americas. ♦

Climate Change Adaptation & Environmental Security

Table Lead:

Carolina Urrutia, Transforma

With increasingly uncertain climate patterns, Latin America needs to prioritize initiatives that focus on climate resilience and adaptation. This table explored the investment opportunities and challenges associated with projects that highlight adaptation, from soil regeneration to reforestation.

The table found that there is a lack of inclusive and strategic vision, with short-term thinking and an overreliance on the public sector characterizing the investment and project development ecosystem. As a result, there is a lack of institutional investment being directed to the field, particularly past the due diligence phase. Difficulty in mobilizing private resources, minimal large-scale insurance measures, and no pathway to scalability are drivers of this. Broadly, “talk” has not bridged to “action” in this space. Despite this, applying blended financing to climate adaptation and environmental security shows real promise: with the design of policy and combined methods of monitoring, Colombia could be a leader in incentivizing adaptation.

Colombia should look to existing projects and opportunities to begin this process. Regenerative agriculture, with a focus on soil health, could catalyze a wave of environmental adaptation benefits (increased resilience, capturing carbon emissions), and should thus be prioritized by government policies designed to support farmers’ transition to new crops and former combatants entering into the agriculture sector. Fundacion Guaicaramo is working with smallholder farmers across Colombia to train them on climate resilient techniques, with the affiliated Guaicaramo SAS palm oil plant serving as an offtaker for certain products. Private funds, such as South Pole’s or those being mobilized by Platform 17 (P17), can similarly be leveraged to incorporate adaptation and resiliency best practices into existing agriculture and rural land use strategies.

What’s needed to move Colombia into a space where potential is realized is, ironically, more talk: climate focused projects must adopt a lexicon that resonates with private investors and positions risk in financial terms. This, with the addition of strong technical advisors who can ensure holistic

and cross-sector interventions are designed for the region, community, and environmental conditions in place, can create a pathway for private investment in Colombia’s environmental security. ♦

International Partnerships for Livelihoods in Communities Affected by Migration

Table Lead:

Daniel Gonzales, Open Society Foundations

Colombia is a pioneer in impact investing, results-based financing, and information management systems for vulnerable populations. This discussion explored the role of innovative finance mechanisms in supporting specific options for employment and entrepreneurship-related initiatives relevant for both migrants and host communities in key regions. It recognized not only the large scale challenge Colombia faces based on volume and the short- as well as long-term needs of migrants and host communities, but also the potential of the nation to serve as a model for other middle-income countries facing similar migration flows, should it effectively leverage innovative financing for a whole-of-government, human rights-based response.

Partnerships are essential to this goal. According to the discussants, partnerships can mobilize participants in order to transcend humanitarian attention through a development approach, channeling resources towards models that highlight a longer-term approach, as well as the stabilization of migrants in receiving communities. Further, they can help create local capacities and capabilities in migrant-heavy territories that balance social and productive inclusion of migrants with the needs of the host community.

Members of the discussion are continuing this workstream, with next steps entailing a mapping exercise of funders, initiatives, and other supportive partners interested in crafting a cohesive and human-rights based response, as well as the formation of a ‘Propulsion Group’ of international experts capable of transferring insight from other middle-income countries responding to large migrant flows. Concrete milestones to this include the

identification of barriers in generating income and jobs for migrants and mapping impact investment opportunities in communities with high migratory flows, with the mid-to-long-term goal of creating one or several impact investment vehicles for the inclusion of vulnerable communities. Concordia will continue to support this work through its convening and partnership development efforts. ♦

Food Security & Access

Table Lead:

Luc Lapointe, the BC Lab

Food security in Colombia is plagued by systemic challenges: value chain inefficiencies, a failure to take into account population needs, and poor communication between the government and private sector companies relevant to this social issue. Fortunately, innovative partnerships and “pay for success” models that more effectively connect people in poverty to the food security value chains, such as a developing Chiper & Gates Foundation partnership, are presenting a new way of doing things and creating a model for others to follow.

As additional actors, including project funders, policy makers, private sector stakeholders, and civil society, embrace the challenge of food security and nutrition in Latin America, there is a recognition of information challenges. According to the discussion, improved data collection and analysis is key to develop initiatives at scale, and to create efficiencies in the project design and implementation process, so that partnerships like Chiper/Gates Foundation can take hold. It’s not just about mapping the food security ecosystem: data and insights drawn from other sectors—such as health and workforce/labor—can be essential to structuring “pay for success” models. While a government agency should be created to source and centralize data, the private sector’s innovation and technology, such as the proprietary technology developed by Quadratyx, will be essential to develop machine-learning capabilities that effectively leverage the available information and design the requisite holistic solution.

The Partnership Accelerator participants assembled are taking this challenge forward, working collectively and with others to further develop and refine initiatives that address societal, systemic, and technical barriers to food security in Colombia. ♦





Social & Economic Integration for Venezuelan Migrants

*Table Lead:
Juan Lucio, Paso Colombia*

The escalating economic, political, and humanitarian crisis in Venezuela has forced at least three million people to flee the country, most of them since 2015. Colombia, being the country that hosts the majority of these migrants, has the major challenge of successfully integrating these migrants into the labor force. According to a recent Brookings report, the most recent wave of migrants remains geographically concentrated in a handful of border municipalities, where their per capita concentration reaches up to 23.5% in Puerto Santander, for example. Given this context, two major impediments to the successful integration of Venezuelan migrants include limited government assistance to local municipalities (those border municipalities bearing the brunt of the migration) and local municipalities having a false assumption that these migrants are just “passing through”. In reality, a large percentage, if not a majority, of these migrants are intending to stay in Colombia.

The discussion sought to explore partnership-based strategies to support local municipalities managing Venezuelan migrants who have decided to stay, and where a blended finance project to fund an integration project might be successful. As the conversation developed, the participants strongly agreed upon the notion that these conversations on interventions cannot be had without also considering market creation (product demand) and structural challenges (e.g. land rights). But if these dual aspects are addressed, we might expand the activity scope beyond traditional Development Finance Institution projects.

As follow-up steps, Paso Colombia is partnering with Bancamia on a micro-lending agreement that will seek to offer innovative and alternative options to funding Venezuelan migration integration projects in border municipalities. Additionally, Paso Colombia is working with table participants and others from the Partnership Accelerator to structure an impact fund or bond. ♦



Educational Advancements & Workforce Development

Table Lead:

Maria Alejandra Urrea Garavito, Sibs.co

The dynamics of education in Latin America are a critical link in the intergenerational transfer of poverty, and the region has seen a number of social impact bonds (SIBs) constructed to support this link. This table explored how investments can support the educational and workforce goals that Latin America should focus on, and drew from regional examples to generate best practices for future SIBs.

A key finding was that there remains a lack of willing players in the game. The government lacks incentives to participate, as success indicators are process or output oriented, rather than outcome or impact defined. The private sector doesn't have enough successful cases to refer to, constraining innovation in this space. Fortunately, the Duque Administration is prioritizing the increased use of SIBs and other outcome fund models through a new bill, and has created a National Planning Department tasked with growing the market. The demonstrative effect that comes with more projects—alongside micro adjustments to the public-private sector relationship that helps create a culture where SIBs are better understood and innovation is rewarded—could alter the incentive structure and create necessary champions in the public, private, and education sectors.

Partnership Accelerator participants are continuing to work together to craft a joint market-building strategy, and are currently refining their outreach focus. While the strategy will not be exclusive to workforce development, including for example opportunities and ecosystem information about nutrition and childhood development, many of the actors (IDB, Fundación Corona, Sibs.co, and the Department of National Planning) are drawing on their experiences in education and workforce SIBs and anticipate the resulting strategy to play a positive role in the growth and development of Latin America's workforce. ♦



Rural Development & Agriculture, Disruptive Technology, and Peacebuilding

Table Lead:

Sergio Figueredo, Choco4Peace

Colombia's agriculture future will be data driven and technology enabled, even while returning to organic or other conventional farming techniques to meet market demand. The industry must encompass more organic approaches to production in order to capture market premiums. Furthermore, agricultural systems and production models need to become more sustainable in order to prevent soil degradation and water pollution, to protect and restore natural ecosystems, and to limit agricultural land-shifting and deforestation. For a post-conflict country like Colombia to tackle all of these challenges and others related to the peace process, industry and market should work together to create a more flexible framework that aligns with on-the-ground conditions.

According to the discussion, there are opportunities to leverage technological interventions to address the challenge set. Technology integration into rural agricultural systems might help decrease production inefficiencies, while equipping farmers with leverage to utilize modern seed varieties, employ better processes, and ultimately place them higher in the agricultural market value chain. A more inclusive legal and regulatory framework, facilitated through transparent and technology-driven platforms, will further the conceptualization of innovation, reduce production bottlenecks, and increase access to markets. Artificial intelligence should be employed for the measurement and management of impact investments and their projections in external and internal markets, as well as their social impact for the communities.

With regard to market linkages, access, and distribution, Colombia's agricultural markets need to generate intermediaries between projects and buyers, in order to avoid stalling any projects that are ready to launch. Additionally, markets need to add more value and security to smallholder farmers by deploying agricultural microinsurance programs, establishing proper crop substitution and distribution

systems, fostering farmer entrepreneurship, and ultimately building a path towards more transparent and fair-trade networks. Although Colombia has spent resources on productive projects, project financing is still a major challenge, especially with regards to generating high-quality products and creating the necessary regulatory frameworks to support those. Agricultural markets need to communicate and attract more capital funds while enhancing connections with international markets and, most importantly, building trust with investors by using more transparent financing platforms, thus allowing information sharing without jeopardizing security. From the investor's perspective, social impact measurement is essential in order to attract capital that can then be invested in sustainable long-term projects.

Lastly, Colombian agricultural systems need to redefine their internal capital allocation processes by increasing transparency and allowing clear information flows to include new and unknown, but sustainable, initiatives. An imperative next step would be to improve land registration processes by establishing more transparent land ownership legal frameworks to protect farmer assets and create a more business-friendly environment for smallholder farmers, who cover around 80% of the country's

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