

Press release

Paris - Belo Horizonte 22th April 2021

Launching of the Alliance of Subnational Development Banks in Latin America and the Caribbean

Financing a sustainable urban and territorial transition aligned with the Sustainable Development Goals and the Paris Agreement on Climate

Following the Finance In Common Summit held in November 2020, Banco de Desenvolvimento de Minas Gerais (**BDMG**), the French Development Agency (**AFD**), the Global Fund for Cities Development (**FMDV**), and the Institute for Sustainable Development and International Relations (**IDDRI**) have joined forces to launch the first Alliance of Subnational Development Banks (SDBs) in Latin America and the Caribbean on April 6th, 2021.

The event mobilized 240 participants and invited high level representatives from SDBs and Development Financing Institutions engaged in the region along with representatives of National and Local Governments to express their recommendations and commitment to enhance their cooperation through the Alliance.

The event has been opened and closed by Sergio Gusmão Suchodolski, President of BDMG and Remy Rioux, CEO of AFD and has mobilized three key note speakers: Emilia Saiz, General Secretary of UCLG, Rebeca Grynspan, Ibero-American Secretary-General and Jean-François Habeau, Executive Director of FMDV.

A first round table focused on "SDBs as Policy and Market makers for local urban transition" and invited representatives from SDBs to share their visions and interests towards the Alliance and mobilized executives representatives from Banco Regional de Desenvolvimento do Extremo Sul (BRDE, Brazil), Banco da Amazônia (Brazil), the Fideicomisos Instituidos en Relación con la Agricultura (FIRA, Mexico), the Corporación Financiera de Desarrollo S.A (COFIDE-Peru), the Banco de Desarrollo

Territorial (Findeter, Colombia) and the Fondo de Garantías de Buenos Aires (FOGABA, Argentina).

The second round table focused on Enhancing the cooperation of Technical and Financial partners and Local governments with SDBs and invited representatives from development institutions to share their experience of cooperation with SDBs and their interests towards the Alliance. It mobilized high level representatives from Fonplata Development Bank, the Corporación Andina de Fomento (CAF), the European Commission, the Central American Bank for Economic Integration, the Inter-American Development Bank (IADB) and the World Bank.

SDBs as key stakeholders to finance a just urban and territorial transition

As the world faces the COVID-19 crisis, which has exacerbated the dramatic underfinancing of Local and Regional Governments and urban infrastructures, SDBs have an important role to play in financing the implementation of the Global Agendas in Latin American cities and territories.

These institutions have been recognized by the international community as key stakeholders to bridge the growing financial gap and address the systemic failure of subnational financial markets where it is estimated that a 90 trillions USD urban infrastructure investment is needed to reach the objectives of a just urban transition by 2030.

Subnational Development Banks are public banks mandated to provide financing to local and regional governments or subnational entities for local public services provision and infrastructure projects. As financial intermediary they can provide a large panel of instruments to unlock and broaden the sources of public and private funding at the local level. They can also improve local capacities to develop strong pipelines of investment worthy projects. They are considered as market and policy makers to drive local development aligned with the Sustainable Development Goals and the Paris Agreement on Climate.

Objectives of the Alliance of SDBs in Latin American and Caribbean

The Alliance is launched with the aim to invite all SDBs in Latin America and the Caribbean, along with Development Financing Institutions engaged in the Region and the networks of local governments, to join the movement. This is the second regional chapter of the Global Alliance of SDBs launched at the UN Secretary General's Climate Action Summit in 2019 after the creation of the Alliance for Africa in 2015.

The Alliance ambitions to strengthen the capacity of SDBs to broaden and improve their services offered to local governments and local stakeholders through the 4 following objectives:

- Align their strategies, standards, initiatives, investments, and portfolios with the 2030 Agenda and its sustainable development goals (SDGs) and the Paris Agreement on Climate
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- Promote sustainable investments through portfolios of urban and territorial development projects and boost the financial urban and municipal markets;
- Develop a strategic space for dialogues with peers, development institutions, governments, municipalities, and technical and financial partners in the region;
- Enhance the strategic role of SDBs and the contribution of the Alliance to the Global Agendas in international fora.

The Alliance will facilitate the coordination of activities such as specific programs (training, peer to peer exchanges, cooperation with partners), the development of common instruments (data collection, standards, reporting instruments, project preparation frameworks), technical assistance to support the development of pipelines of projects and advocacy.

Next steps

The founding members of the Alliance invite all interested SDBs and their institutional, technical and financial partners to endorse [the declaration on-line](#) here to join the Alliance as members or partners.

To endorse and join the Alliance, we kindly invite you to send an email to the following address: contact@financeincommon.org indicating your interest to join the Alliance and providing the name of your institution and the contact persons. Our teams will contact you back for follow up.

For any additional information regarding the endorsement please contact the emails mentioned at the end of this document

A first workshop will be organized on June 23rd as a multi stakeholder dialogue between SDBs, national and local governments, DFIs, the private sector that will contribute to refine the areas of cooperation & to design the work plan of the Alliance.

In parallel a study on SDBs in the Region, exploring their governing structures, operating modalities, portfolio of project has been launched and funded by AFD.

Quotes

“SDBs are diverse in their mandates, funding and operating models but they share common objectives, beneficiaries and partners, as last mile banks.. The Alliance will help to bring us together, creating a positive environment for an effective engagement. In addition, it will be a platform to exchange best practices and experiences and get closer to our continental and global partners that are key for the financial and technical support. ”

“The Alliance aims to build a permanent platform to facilitate dialogue between institutions in the region so that they can share experiences and reinforce their engagement towards more effective sustainable development programs and projects. I invite all Development Finance Institutions of Latin America and the

Caribbean to endorse the joint statement of the Alliance and to disseminate the document on their networks and channels"

Sergio Gusmão Suchodolski, President of BDMG.

"Gathering for the first time the 450 public development banks of the world, the Finance in Common Summit enabled the development community to reassess the specific role of Subnational Development Banks. We must now operationalize these findings in order to achieve the Sustainable Development Goals. In Latin America and the Caribbean, SDBs can contribute to respond efficiently to the currently strong need of countercyclical support, but also and more importantly support sustainable and long-term recovery of the region. The Alliance of SDBs is a concrete illustration of this way forward and a message with global resonance," said Rémy Rioux, IDFC Chairman and AFD Group CEO." said Rémy Rioux, IDFC Chairman and Agence Française de Développement CEO.

"Subnational Development Banks are transformative instruments for the development of stronger municipal credit markets, especially for medium size cities. They can play the role of Market Makers to develop the enabling environment for urban investment and develop strong pipelines of projects and Policy Makers by integrating SDGs and the Paris Agreement objectives in their strategies, standards, datas and reporting methodologies in their operating procedures " Jean-François Habeau, Executive Director of FMDV

More information [about the Alliance here](#)

About the Finance in Common Summit

Taking place 9-12 November 2020 in Paris and online, the Finance in Common Summit addresses our common need to build new forms of prosperity that take care of the living (people and planet) in a resilient manner. This first-of-its-kind event gathers the world's Public Development Banks (PDBs), along with other key stakeholders such as Heads of State and Government, supervisors, and representatives from the private sector, civil society, think tanks and academia, to stress the crucial role of PDBs in reconciling short-term countercyclical responses to the crisis with sustainable recovery measures. By rallying and challenging a new and significant global community with enhanced capacity of action, and by promoting sustained collective action, the Finance in Common Summit is a key milestone on the way to the crucial events of 2021, notably the COP26, the COP15 and the Generation Equality Forum.

About

Banco de Desenvolvimento de Minas Gerais (BDMG)

BDMG is a subnational development bank supporting sustainable development in Minas Gerais and neighboring states in Brazil. BDMG supports the public and private sectors, providing credit to companies of all sizes and sectors, municipalities and municipal public service concessionaires. Its 5-year strategy is aligned with Sustainable Development Goals (SDGs).

Agence Française de Développement (AFD)

The Agence Française de Développement (AFD) funds, supports and accelerates the transitions to a fairer and more sustainable world. Focusing on climate, biodiversity, peace, education, urban development, health and governance, our teams carry out more than 4,000 projects in France's overseas departments and territories and another 115 countries. In this way, we contribute to the commitment of France and French people to support the sustainable development goals.

The Global Fund for Cities Development (FMDV)

FMDV is a global network of local and regional governments initiated by the members of United Cities and Local Governments (UCLG), with the mission to develop and promote investment and financing solutions for an integrated and sustainable urban development aligned with the SDGs.

Institute for Sustainable Development and International Relations (IDDRI)

IDDRI is an independent policy research institute and a multi-stakeholder dialogue platform that identifies the conditions and proposes tools to put sustainable development at the heart of international relations and public and private policies.

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