

IDB Invest Branding Launch
Friday, Nov. 3, 2017
Council of the Americas Symposium
Miami, Florida

Buenas tardes. Good afternoon.

I want to thank Susan Segal and the Council of the Americas for inviting me to speak at their symposium. It's not every day one gets to address a group of leaders with such influence in our region.

So far this morning you've heard about what our countries need to do to grow to their full potential.

You've also heard about how the digital revolution is changing the world.

And you've been reminded that this revolution is unstoppable, whether we join it or whether we stand on the sidelines.

In other words, you've been thinking about growth, technology and the risk of falling behind, probably the three most urgent challenges that both governments and companies are facing today.

I run a development bank, and we hear every day from governments who need support in responding to these pressures. They know that they will not be able to compete and generate jobs if they don't improve modernize their infrastructure and improve their productivity.

But our governments also know that they can't close this gap on their own. They know they need the resources, the talent and the ingenuity of the private sector, and of the companies that are so well represented in this room today.

And so I'd like to talk to you briefly about what the private sector can do to accelerate development in Latin America and the Caribbean.

And more specifically, I'd like to challenge your assumptions about what an institution such as the IDB can do to help you to grow in our region.

Chances are that when you think of IDB, you think of a development bank in the traditional mold. You imagine that we build roads and schools, assist countries that are recovering from natural disasters, and finance modernization projects in areas such as logistics and education.

That's all true. But in recent years, more and more governments have been asking us to focus on a tougher challenge.

They've been asking us to help create the conditions to make it easier for private companies and investors to take bigger risks in their countries.

Take the case of energy. Over the next 20 years, demand for electricity will double in our region. But to be able to supply that much power, we will need to double our spending on infrastructure.

We also need to diversify our energy matrices and reduce our dependence on fossil fuels. But some of the most promising alternative sources are risky to develop. They have long time horizons and require regulatory reforms to become more financially viable.

How do we overcome all these obstacles? Governments don't have the fiscal space to step up infrastructure investments. The private sector has the resources and the know-how, but you can't shoulder all the financial, regulatory and political risks.

Here's what the IDB is doing. You may have recently read a story in the New York Times about how Chile has revolutionized its energy sector, ramping up renewables such as solar and wind power. What the story didn't say was that multilateral assistance played a key role in that revolution.

You'd think that in a country with 300 sunny days a year, a stable economy and reasonable regulations, everyone would be rushing in to finance solar power plants. But that wasn't the case. The uncertainties were still too high.

However, through our private sector arm and the donor trust funds we manage, we put together a blended financing solution that enabled the private sector to build Chile's first large-scale solar farm.

More recently, we provided a \$30 million loan to a company that's developing Chile's first geothermal plant, specifically to finance its exploration drilling, a phase most lenders are unwilling to cover.

Simply put, we have the local knowledge and the experience to make these kinds of bets, and when we do, private lenders and investors are more likely to become comfortable backing these ventures.

PAUSE

A second way in which we are helping private companies to have development impact is by enabling them to reach underserved areas.

In Paraguay, for example, we're financing the network expansion of a mobile communications company. The goal is to provide broadband service to public hospitals, schools, and police stations. They will also use mobile units to improve Internet access in rural communities.

An interesting feature of this deal is that we made it in local currency, eliminating the exchange risk for the borrower. We did this through the Social Security Institute by offering it a full credit guarantee.

So, not only are we expanding Internet access, we're also enabling the development of Paraguay's capital market.

PAUSE

A third way we can help is by bringing parties together in complex infrastructure projects and finding a way forward when conflicts arise.

In Jamaica we're financing the modernization of Kingston's port to accommodate Panamax vessels, for example. That sounds like a pretty straightforward proposition. But the catch is that between the harbor and an oil refinery there's a fishing village with 4,000 people.

To avoid the kinds of protests that can ultimately sink this kind of project, we sat down with the national port authority, the container terminal operator and the fishing village leaders to work out a deal that everyone could live with.

We came up with a plan that will minimize the impact of the project by providing the fishermen financial aid while the canal is being dredged, cleaning up the harbor's waters and creating an artificial reef outside the port, where new fishing grounds can develop.

As you can imagine, it takes a lot of credibility to be able to negotiate with such a diverse group of actors. And because of our experience in the region, I'm proud to say that the IDB is uniquely suited to this role.

We want to do more projects like these, not only because we love the challenge but also because our member countries want us to promote development through private sector investments.

To do this, we decided to completely revamp our private sector operations.

Our goal was to become much more agile and responsive, but also to increase our lending capacity and our presence on the ground.

It was a complicated process, because we had to convince a board with seats for 48 member countries.

But in the end, we succeeded in putting all our private sector operations under a single roof. We brought in new management – our general manager, James Scriven,

was on the previous panel. We expanded their mandate, and we secured new resources to enable us to reach \$5 billion in private sector loans each year.

James leads an all-star team with experience in both the public and the private sectors. They combine a deep knowledge of development issues with the reflexes of those who make a living in the financial markets.

They are expanding into new sectors, testing new financial products and increasing their presence in the region. We recently opened a new office in Sao Paulo, for example.

So, if you have a bold idea, talk to us.

If you want to push into underserved markets, give us a call.

And if you are the kind of company that takes big risks in areas like energy, transportation or agribusiness, then we are the partner you want at your side.

In fact, they have transformed our private sector operations to such a degree that we felt it called for a rebranding.

This wouldn't be unusual in the private sector, but it's almost unheard of in the change-averse multilateral space. And I'm proud to say that you're the first ones to hear about this outside of our organization.

In closing, let me show you a little video about that shows what we're all about.

[ROLL BRAND REVEAL VIDEO]