The IDB Group’s blueprint for achieving economic and social development in Latin America and the Caribbean, 2021-2025
THE REGION AT A CROSSROADS
NEARLY 1/3

The proportion of global COVID-19 deaths in our region, which contains just 8% of the world’s population – underscoring weak healthcare systems and struggling institutions.

44 MILLION

The number of people estimated to have fallen into poverty in 2020 – bringing the total to 31% of the region’s population and threatening the future of an entire generation.
52 MILLION

The number of people estimated to have dropped out of the middle class in 2020 – eroding years of work to grow this segment and worsening already-historic inequality.

39 MILLION

The number of full-time jobs estimated to have been lost in 2020 – worsening pre-pandemic stagnation and tearing at the social fabric.
80%

The average debt-to-GDP ratio expected to reach by the end of 2022, a pandemic-driven spike of 22% - restricting access to financing and the space for urgently needed spending.

$100 BILLION

The estimated annual cost of climate-induced damage in the region by 2050 if warming is not kept below 2°C - threatening development gains after the pandemic and into the distant future.
The estimated level of labor informality after a pandemic-driven jump – limiting families’ access to the social safety net and governments’ ability to support recovery.

Most countries will not return to pre-pandemic levels of GDP until 2023 or real income per capita levels until 2025.
OPPORTUNITIES FOR RECOVERY AND GROWTH
THREE MEDIUM-TERM STRATEGIC GOALS:

1. Reactivate the productive sector.
2. Promote social progress.
3. Strengthen good governance and institutions.
FIVE PRIORITIES FOR INVESTMENT
Vision 2025 focuses on 5 opportunities for lending and technical assistance that can most effectively spur recovery and bring lasting structural benefits.

1. Regional integration
2. The digital economy
3. Support for SMEs
4. Gender and diversity
5. Climate-change action
REGIONAL INTEGRATION
IDB investment in activities that strengthen value chains, improve processes and support regionalization could lead to a $70 billion shot in the arm for the region.

- “Nearshoring” value chains can be a powerful driver of recovery, growth and development.
- Help countries boost FDI and become more competitive exporters.
- Streamline and unify logistical and administrative procedures to make trade more efficient and cost-effective.
- Invest in regional projects, ranging from port modernization to digital connectivity, to help close the trade-infrastructure gap.
THE DIGITAL ECONOMY
The IDB is ready to support policies, finance initiatives and catalyze public- and private-sector investments to improve connectivity and deploy cross-cutting digital tools.

- Public and private sectors must accelerate digital transformation.
- Doing so can mean better, more equal opportunities for citizens, more responsive governments, and a more competitive, innovative private sector.
- Up to 540 million people could benefit from online job-intermediation platforms by 2025.
- A 10% increase in broadband penetration is associated with a 3% increase in GDP per capita.
3 SUPPORT FOR SMEs
The IDB will support policies and regulatory frameworks that promote productive financing for SMEs and financial inclusion.

- Small and medium-sized enterprises are the backbone of the region’s economy, representing 99% of all businesses and 61% of formal jobs.
- Bridging the enormous SME financing gap, which stands at more than $1 trillion; promoting entrepreneurship; and unleashing innovation are critical goals.
- Key to support new business models, incubators, accelerators; seed venture capital; and upgrade value chains.
- Promote reforms to improve the business climate and strengthen the capacity of public institutions to promote entrepreneurship, competition and innovation.
GENDER AND DIVERSITY
The IDB is committed to mainstreaming gender-based business and to being a leader in ensuring financial access and opportunities for all marginalized groups.

- Empowering women and other marginalized populations who bear most of the burden of the health and economic crisis will result in a faster, more lasting recovery and fairer societies.
- Promote gender equality and women’s empowerment by co-financing women-based initiatives, increase financing for women-led businesses.
- Support innovative and inclusive projects that strike the economic empowerment of all marginalized groups, including indigenous peoples, Afro-descendants, persons with disabilities, LGBTQ+ individuals, and migrants.
5 CLIMATE-CHANGE ACTION
The IDB will continue to design and use innovative financing tools to leverage private-sector investment and promote climate-resilient development.

• Investing in the region’s future means confronting the stark reality of climate change.
• Adaptation, mitigation, and low-carbon growth means both safeguarding and spurring economic and social development.
• Ramp up financing for countries’ efforts to reach net-zero emissions and comply with Paris Agreement commitments, including through regulatory support and investments in areas such as clean energy, and biodiversity.
• Help the region build resilience to worsening climate-change impacts and be ready as a first responder through the contingent credit facility.
MAKE IT HAPPEN: EXPANDING OUR FINANCIAL CAPACITY
The IDB must scale up its financial capacity to effectively address the historic development needs of the region.

- Optimizing our balance sheet, such as through portfolio first-loss guarantees and exchanges, can make maximum use of funds.
- Increased, more efficient mobilization of resources, including through innovative financial instruments and private co-financing, can make investments go farther.
- Better coordination with financial institutions and partners, such as via Country Platforms, means new synergies and possibilities.
- Reviewing our capital adequacy limits will be critical to right-sizing capital needs.
- A 10th capital increase will empower the Bank to respond to unprecedented demand, securing the building blocks of recovery and transformative growth.
MAKE IT HAPPEN: STRENGTHENING OUR VALUE PROPOSITION
The IDB should modernize its approach to upgrade offerings and increase efficiency – getting the most from every dollar loaned or leveraged.

- Updated financial offerings can increase our market competitiveness, boost our flexibility and expand our liquidity.
- More efficient use of resources in technical cooperations, project preparation and project management will be enabled by a digitalized, more agile IDB.
- Developing a Group-wide knowledge agenda can maximize our effectiveness and improve our competitiveness.
- Systematizing public-private synergies at the strategic level will ensure a comprehensive response to development needs.
- Better monitoring and measuring results means a clearer focus on real-life impact.
VISION 2025
REINVEST IN THE AMERICAS
The implementation of this Vision will allow the IDB Group to play a key role in:

• The provision of a sound COVID-19 response, to include equitable access to vaccines.
• Restored and increased levels of economic growth, which could lead to lower poverty rates and a more resilient middle class.
• Higher levels of formal employment.
• Better integration into international markets in goods and capital.
• Stronger innovation and entrepreneurial ecosystems.
• Climate-change resilience.
• Greater access for women to financial markets.

Recovery  →  Jobs  →  Growth
THANK YOU